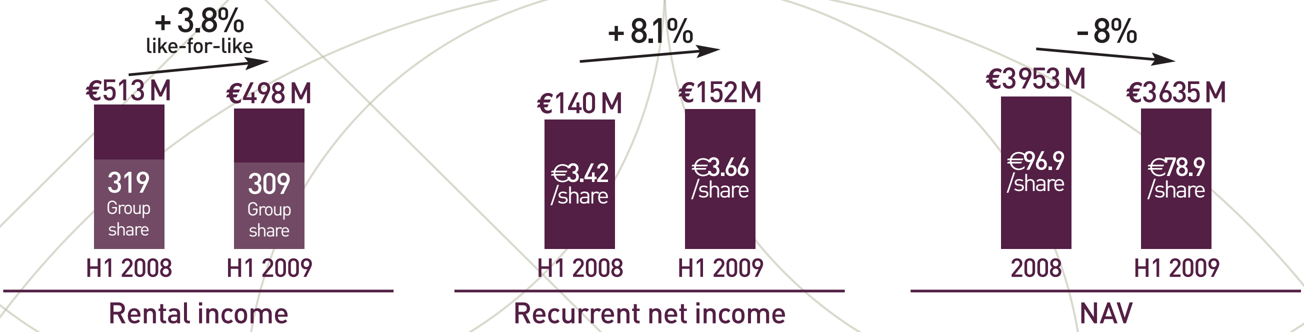
FONCIÈRE PARTENAIRE

FONCIÈRE DES RÉGIONS

Growth in earnings and 2009 objectives confirmed



Very active first half of the year: effective deployment of the FdR 2010 action plan

In January 2009, Foncière des Régions rolled out the FdR 2010 action plan in order to adapt to a deteriorated economic environment and maintain a moderate risk profile, while continuing to further strengthen its unique positioning:

- Property company specialising in offices
- Property partner for major companies
- Strong visibility over rental income
- Resilient and constantly improving portfolio (asset rotation, developments).

Despite sluggish property and financial markets, the first half of 2009 was active for the teams at Foncière des Régions, making significant progress in relation to the FdR 2010 action plan:

- Leasing of 72,000 sq.m of offices and 220,000 sq.m of logistics space
- Signing of a new partnership agreement with France Télécom covering 173 assets
- Exceeding of the annual target of €500 million for 2009, with €633 million of disposals[1]
- High level of success with the dividend paid in shares, chosen by 87% of shareholders
- Successful refinancing of CB 21 for €290 million due in 2015.

Particularly satisfactory half-year results

Rental income secured: +3.8% like-for-like

Rental income came to €309 million (+3.8% like-for-like), down 3.2% compared with the first half of 2008, on account of the disposals carried out in 2008 and 2009. In line with market rents and based on long-term leases with quality tenants, this rental income is ensured.

Recurrent net income up 8.1%

Recurrent net income is up 8.1% to €151.8 million (vs €140.3 million in H1 08) reflecting like-for-like rental income growth, an improvement in the operating margin (80.2% vs. 78.7% in H1 08) and a reduction in financial expenses thanks to the improvement in the average cost of debt (4.49% vs. 4.88% for the whole year in 2008).

Resilient portfolio despite the increase in capitalisation rates

In view of the appraisals for Foncière des Régions' property holding, the portfolio value is down 4% like-for-like. This limited downturn is due to the characteristics of Foncière des Régions' portfolio (term of leases, moderate values and rent per sq.m levels, diversification), and the asset management work carried out by Foncière des Régions' teams. Over the last 18 months, the portfolio's capitalisation rates have risen significantly, +140 bp on the France Office portfolio and +175 bp on logistics.

The NAV came to €3,635 million, down 8% in relation to the end of December 2008. Per share, the NAV excluding transfer duties and financial instruments represents €78.9, after factoring in the creation of 5.5 million shares at €34 in connection with dividend paid in shares.

Stronger financial structure

These good half-year performances have been combined with improved financial ratios: reduction in net debt by €775 million group share (including sale agreements), improved ICR of 2.09 (2.02 in 2008) and stable LTV at 58.8%.

Objective reconfirmed for recurrent net income growth

The Foncière des Régions teams are continuing to work towards the objectives for the FdR 2010 action plan, and more specifically the effective management of rental risks (continued leasing of development operations in 2009, objective to keep occupancy rates high, extend leases).

In light of its achievements during the first half of the year, Foncière des Régions is able to confirm its objectives for growth in recurrent net income over 2009.

(1) Disposals and sale agreements.

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Foncière des Régions

Conception – réalisation : PUBLICORP 9130. Crédits photo : O. Ouadah, P. Maurer, Room Services 3D - Wilmotte & Associés.

BALANCE SHEET	Net 30/06/2009	Net 31/12/2008
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Goodwill	0	0
Other intangible assets	149 622	140 746
PROPERTY, PLANT AND EQUIPMENT		
Land	56 830	56 830
Buildings	106 586	113 880
Other assets	7 099	8 077
Fixed assets in progress	508 994	873 601
INVESTMENT PROPERTY	13 630 709	13 746 867
NON-CURRENT FINANCIAL ASSETS		
Other assets held for sale		
Loans	41 346	34 639
Other financial assets	57 219	56 998
Financial instruments	1 392	908
Financial leases	29 924	38 422
Share of income/ loss of associates	147 985	190 624
DEFERRED TAX ASSETS	120 091	110 122
TOTAL NON-CURRENT ASSETS (I)	**14 857 797**	**15 371 714**
CURRENT ASSETS		
ST LOANS AND FINANCE-LEASE RECEIVABLES	22 024	30 645
INVENTORIES AND WORK IN PROGRESS	129 498	135 517
TRADE RECEIVABLES	239 874	174 010
OTHER RECEIVABLES	233 106	188 422
PREPAID EXPENSES	11 738	8 251
CASH AND CASH EQUIVALENTS	162 445	199 460
TOTAL CURRENT ASSETS (II)	**798 685**	**736 305**
NON-CURRENT ASSETS AND GROUPS OF ASSETS HELD FOR SALE		
HELD FOR SALE (III)	1 018 845	1 338 733
TOTAL ASSETS (I + II + III)	**16 675 327**	**17 446 752**

	Period 30/06/2009	Period 31/12/2008
SHAREHOLDERS' EQUITY		
CAPITAL	139 734	123 263
ADDITIONAL PAID-IN CAPITAL	2 198 423	2 259 379
TREASURY SHARES	-33 503	-32 994
CONSOLIDATED RESERVES	1 100 167	1 648 108
INCOME	-325 557	-556 524
TOTAL GROUP SHAREHOLDERS' EQUITY	**3 079 264**	**3 441 232**
MINORITY INTERESTS	2 073 169	2 355 645
TOTAL SHAREHOLDERS' EQUITY (I)	**5 152 433**	**5 796 877**
EQUITY INTERESTS ISSUED (II)	**0**	**0**
NON-CURRENT LIABILITIES (III)		
BORROWINGS BEARING INTEREST	9 006 940	9 463 516
FINANCIAL INSTRUMENTS	645 103	495 310
DEFERRED TAX LIABILITIES	458 462	481 105
PENSION AND OTHER LIABILITIES	37 126	37 197
OTHER NON-CURRENT LIABILITIES	16 915	16 416
TOTAL NON-CURRENT LIABILITIES (III)	**10 164 546**	**10 493 544**
CURRENT LIABILITIES (IV)		
TRADE PAYABLES	120 670	85 085
SHORT-TERM BORROWINGS BEARING INTEREST	837 896	697 523
TENANT SECURITY DEPOSITS	17 235	17 876
ADVANCES & INSTALMENTS RECEIVED ON CURRENT ORDERS	188 920	142 356
ST PROVISIONS	27 439	41 500
CURRENT TAXES	8 778	28 796
OTHER LIABILITIES	109 012	98 705
ADJUSTMENT ACCOUNTS	48 398	44 490
TOTAL CURRENT LIABILITIES (IV)	**1 358 348**	**1 156 331**
LIABILITIES INTENDED FOR DISPOSAL (V)	0	0
TOTAL LIABILITIES (I + II + III + IV + V)	**16 675 327**	**17 446 752**

CONSOLIDATED INCOME STATEMENT	Period H1 2009	Period H1 2008
REVENUE FROM ORDINARY ACTIVITIES		
Rental revenues	498 002	512 469
Sales of properties in inventory	8 284	8 563
Services	10 475	8 642
Net revenues	**516 761**	**529 674**
Other operating income	1 128	1 088
Total operating revenues	517 889	530 762
EXPENSES FROM ORDINARY ACTIVITIES		
Costs of sales of inventory	6 984	8 746
Other external purchases and expenses	46 143	59 945
Duties, taxes and similar payments	12 693	14 097
Personnel expenses	35 606	32 980
Allocation to amortisation and provisions	21 770	37 322
Net charge for provisions on current assets	-419	835
Net charge for provisions for risks and contingencies	-13 554	521
Other operating expenses	713	1 084
Total operating expenses	109 936	155 530
1. OPERATING INCOME BEFORE SALES OF INVESTMENT ASSETS	**407 953**	**375 232**
Net sales of non-current assets	-33 157	16 214
Change in fair value of investment assets	-600 350	23 148
Other non-recurring revenue and expenses	15 255	-11 752
Total other operating revenue and expenses	-618 252	27 610
2. OPERATING INCOME ON CONTINUING OPERATIONS	**-210 299**	**402 842**
Interest income on cash transactions	46 221	21 714
Financial leasing revenue (CB)	2 273	5 139
Financial income from discounting	839	1 453
Positive change in fair value of financial assets & liabilities	703	198 389
Total financial income	50 036	226 695
Interest expense on financing operations	211 695	253 357
Expenses on finance lease transactions (CB)	1 061	1 241
Financial expense from discounting	10 499	10 168
Negative change in fair value of financial assets and liabilities	140 496	1 347
Net financial charges for provisions	4 845	8 171
Total financial expenses	368 596	274 284
3. FINANCIAL INCOME	**-318 560**	**-47 589**
Share in income (loss) of associates	-34 150	13 369
4. INCOME BEFORE TAXES	**-563 009**	**368 622**
Income tax	14 880	16 983
Deferred taxes	-29 785	22 594
5. NET INCOME	**-548 104**	**329 045**
Minority interests	222 547	-122 726
6. NET INCOME GROUP SHARE	**-325 557**	**206 319**

INCOME STATEMENT GROUP SHARE	Period H1 2009	Period H1 2008
REVENUE FROM ORDINARY ACTIVITIES		
Rental revenues	309 014	319 097
Sales of properties in inventory	7 530	6 141
Services	8 360	6 227
Net revenues	**324 903**	**331 464**
Other operating income	588	527
Total operating revenues	325 491	331 991
EXPENSES FROM ORDINARY ACTIVITIES		
Costs of sales of inventory	6 432	6 172
Other external purchases and expenses	30 225	37 341
Duties, taxes and similar payments	9 116	9 668
Personnel expenses	25 061	23 704
Allocation to amortisation and provisions	16 727	35 154
Net charge for provisions on current assets	0	358
Net charge for provisions for risks and contingencies	-10 469	354
Other operating expenses	329	1 222
Total operating expenses	77 421	113 973
1. OPERATING INCOME BEFORE SALES OF INVESTMENT ASSETS	**248 070**	**218 018**
Net sales of non-current assets	-25 909	10 388
Change in fair value of investment assets	-352 110	35 121
Other non-recurring revenue and expenses	26 037	-16 459
Total other operating revenue and expenses	-351 982	29 050
2. OPERATING INCOME ON CONTINUING OPERATIONS	**-103 912**	**247 068**
Interest income on cash transactions	34 176	16 033
Financial leasing revenue (CB)	2 273	5 139
Financial income from discounting	578	971
Positive change in fair value of financial assets & liabilities	399	122 939
Total financial income	37 426	145 082
Interest expense on financing operations	131 317	161 477
Expenses on finance lease transactions (CB)	1 061	1 241
Financial expense from discounting	7 901	7 795
Negative change in fair value of financial assets and liabilities	89 223	915
Net financial charges for provisions	2 503	3 482
Total financial expenses	232 005	174 910
3. FINANCIAL INCOME	**-194 579**	**-29 828**
Share in income (loss) of associates	-33 940	16 573
4. INCOME BEFORE TAXES	**-332 432**	**233 813**
Income tax	10 852	11 949
Deferred taxes	-17 727	15 545
5. NET INCOME GROUP SHARE	**-325 557**	**206 319**
Minority interests	-222 547	122 726
6. NET INCOME	**-548 104**	**329 045**

1. Breakdown by business

a. France Office

The France Office assets of Foncière des Régions primarily derive from sale and lease back, including those of France Telecom, EDF and Eiffage...but also from development transactions, such as CB21 and Carré Suffren.

Change in rental income

1. Receipted rental income

(€m)	H1 2008	H1 2009	%	% Like-for-like
France Télécom	92.5	**84.1**	-9.1%	**+ 6.9%**
EDF	18.3	**18.0**	-1.6%	**+ 4.8%**
Other offices*	31.2	**25.1**	-19.6%	**+ 12.9%**
Total	**142.0**	**127.2**	**-10.4%**	**+ 7.8%**

** Includes rents on hotels held by FDR of €2.5m in H1 2008 and €1.4m in H1 2009*

The €12.7 million reduction in rental income between 2008 and 2009 was primarily due to:
- increase in like-for-like rental revenues: + €10m including + €7.6m linked to indexation
- the vacating by GAN of CB 21: - €5m
- disposals 2008 / 2009: - €17.7m

The like-for-like 7.8% increase in rents is principally due to:
- indexation to the EDF and France Telecom portfolios
- significant re-rentals in 2008, in particular:
    - a lease signed with Bourjois à Puteaux for €1.6m / year
    - a lease signed with Média Régie in Issy-les Moulineaux for €1.1m / year
    - a lease signed with Europe 1 for Levallois for €2.4m / year
    - two leases signed in Fontenay with BNO and Eurocis for a total of €1.1m
    - a lease signed with the Post Office in Lille for €1.1m / year

2. Annualised rents

	Area (m²)	Number of assets	Rents (€m) Annualised 30/06/09 *	%
France Télécom	1 212 709	403	**165.4**	65%
EDF	295 552	34	**34.0**	13%
Other offices**	593 259	215	**57.2**	22%
Total	**2 101 520**	**652**	**256.6**	**100%**
Potential reversion			**-9.4%**	

** spot annualised rental income at 30.06.09*

*** incl. CB21 and Carré Suffren*

Approximately 80% of rental income is paid by major companies, such as France Telecom and EDF.

3. Rental activities

Despite difficult economic conditions**, the rental business in the 1st half of 2009** showed significant successes, including:
- The signing of a 10 year 3 month lease with Suez Environnement for 42,000 m² the first part of which is to be delivered in the 4th quarter of 2009 and the rest in June 2010. The residential premises are now being marketed.
- The rental of 5,100 m² of office space at an average rent of# 113 €/m² on 4 sites for a total full-year rent of €0.6m

As part of property management and our partnership with our major leasers, approximately €10m in rental income have been secured against lease extensions, in particular to adjust rents that could be not in line with market conditions.

4. *France Telecom Partnership*

After signing an initial agreement with France Telecom in March 2008 aimed at growing portfolio visibility (signing 6 to 12 year leases for €31m in rental income), Foncière des Régions signed a new agreement with France Telecom on 22 June 2009 for 94 sites (€58m in rental income).

This agreement has 3 parts:
- The sale of €133m of assets to France Telecom.
- Lease extensions agreed by France Telecom for fixed terms of between 3 and 12 years (€55m in rental income), accompanied in some cases by sales of parts of properties to France Telecom
- Property redevelopment on 15 sites in which France Telecom will benefit from special flexibility

This win/win agreement allows Foncière des Régions to:
- protect is portfolio values by securing the leases by extending them (confirming the lasting nature of France Telecom)
- contribute to the sale plan for France Office, under favourable financial terms
- secure its cash-flow by extending the residual term of its lease portfolio (average term 3.4 to 5.6 years)
- maximise property value in an essential part of the portfolio which includes some very high quality assets, while promoting harmonious coexistence with its technical facilities.

Thanks to successive agreements signed with France Telecom between 2007 and 2009, FdR's call-centre portfolio visibility is 80% (as % of leases).

5. *Expiry schedule and vacancies*

a. *Lease Expiry Schedule*

France Office rental income by the expiry date of firm leases in progress is broken down as follows:

	Lease expiry schedule *	
	By date of end of lease	**As % of total**
2009	3,3	1,3%
2010	41,6	16,2%
2011	88,0	34,3%
2012	58,7	22,9%
2013	4,9	1,9%
2014	20,0	7,8%
2015	1,0	0,4%
2016	10,4	4,0%
2017	19,4	7,6%
2018	0,0	0,0%
2019	0,0	0,0%
Beyond	9,5	3,7%
€m	**256,6**	**100,0%**

** Based on 2008 annualised rental income*

The not renegotiated EDF leases will expire in 2010. Concerning the France Telecom assets, these range in particular between 2011 and 2012. The average residual lease is thus 3.3 years in the France office sector, as opposed to 3.7 years at the end of 2008.

Note that the leases renegotiated during the first half of the year will take effect in the second half with a positive impact on the total residual term being + 1.6 years

b. *Vacancy rate and type*

	31/12/08	**30/06/09**
France Télécom	0.1%	**0.3%**
EDF	0.0%	**0.0%**
Other offices	3.5%	**8.5%**
Total	**0.9%**	**2.2%**

NB: spot financial vacancy

Spot financial vacancy at 30/06/2009 was 2.2 %, i.e. an increase of 130 points on 31/12/2008. The change is due mostly to the freeing up of:
- 9,100 m² by Astom in Meudon
- 18,900 m² of office space by France Telecom at 8 sites

At 30/06/2009, the principal vacant spaces were:
- 11,480 m² vacant in Diors, near Châteauroux

- 9,100 m² vacant in Meudon,
- 3,942 m² vacant in Gond Pontouvre; near Angoulême
- 3,932 m² vacant in Marcq En Baroeul

6. Unpaid rent

€k	At end 2008	At end June 2009
As % of annualised rents	0.5%	**0.5%**
Arrears	1,151	**1,283**

Arrears have remained steady since 31/12/2008 at 0.5% of annualised rents.

Assets

1. Disposals

(€m)	Sales	Sale Agreements	Total	Margins vs latest appraised values	Yield rates
France Télécom	41.8	268.9	310.8		
EDF	0	0	0		
Other Offices*	45.7	11.9	57.5		
Total	**87.5**	**280.8**	**368.3**	**-4.7%**	**8.3%**

In the first half of 2009, Foncière des Régions sold €87/5m of office assets.

Sales and promises produced a global capital loss of €18m, or 4.7% less than the appraised value at 31/12/208. This margin is in line with the movement in values seen in the first half of 2009. The transactions produced an average yield of 8.3%, a return close to the average rate of the France Office portfolio.

Three significant transactions should be noted:
- a building complex in Lyon for €30.1m
- a building leased to France Telecom in Aubervilliers for €10m
- a building leased to France Telecom in Strasbourg for €15m

2. Development projects

(€m)	Book value at 31/12/08	Investment for the period (incl financial expenses)*	Fair Value change	Value at Balance sheet 30/06/09	Outstanding construction work
Carré Suffren / CB 21	562	44	- 67	**538**	125

Carré Suffren: The restructuring work was accepted at 30 June 2009; reserves should be removed in September.
Office building located in the 15th arrondissement in Paris, 60%-owned in partnership with Prédica: 25,000 m² entirely restructured near the Eiffel Tower. The works budget amounts to €69m of which €58m was already disbursed at 30/06/2009. This property is composed of three 10-14 sttorey buildings arranged around a central garden.

CB 21: Following the acquisition of the CB 21 Tower in La Défense, in July 2007, a 10 year 3 month lease was signed in February 2009 with Suez Environnement for 60% of the surface area. The total rent amounts to €20.2m which is €510 / m². Work began in January 2009. Twelve storeys are forecast for delivery in 4th quarter 2009, and the remaining areas at the end of June 2010. The residential areas are currently being marketed.

3. Property improvements

a. Changes in portfolio

(€m)	Value excl TD 31/12/08	Yld 31/12/08	Change in value	Reclass.	Acquisitions	Disposals	Investments*	Value excl TD 30/06/09	Yld excl TD 30/06/09
France Télécom	1 925	8.20%	-47		0.0	-44	2	**1 836**	**9.00%**
EDF	402	8.50%	-20		0.0	0	2	**384**	**8.90%**
Other Offices	812	7.50%	-38	-10	0.0	-45	0	**720**	**7.70%**
Operating assets	**3 140**	**8.10%**	**-105**		**0.0**	**-89**	**5**	**2 941**	**8.70%**

(€m)	Value excl TD 31/12/08	Yld 31/12/08	Change in value	Reclass.	Acquisitions	Disposals	Investments*	Value excl TD 30/06/09	Yld excl TD 30/06/09
Assets in development	626	NA	-111	8	0.0	0	44	**567**	**NA**
Total	**3 766**	NA	**-216**	**-2**	**0.0**	**-89**	**49**	**3 507**	**NA**

** Work and carrying cost*

(€m)	Geographic breakdown * Value excl TD 30/06/09	%
Paris	**1 001**	29%
IDF	**1 389**	40%
Regions	**1 117**	32%
Total	**3 5075**	100%

* Excluding development

At 30/06/2009, the France Office assets were valued at €3,487 million on the Foncière des Régions balance sheet, i.e.:

- €3,249 million in investment properties and properties intended for sale, recorded at appraised value, (including the CB 21 project)
- €238m operating assets and investments in progress, primarily the various premises dedicated to personnel, Carré Suffren. These assets have a appraisal value as indicated below.

b. Change on a like-for-like basis

(€m)	Value excl TD 30/06/09	Change in assets on a like-for-like basis: Change 6 months	Rent effect 6 months	Rates effect 6 months	Yld excl TD 30/06/09	Yld excl TD 31.12.08	Change in bps
France Télécom	**1 836**	-2.2%	+7.9%	-10.2%	**9.0%**	8.2%	+50 bps
EDF	**384**	-4.4%	+0.1%	-4.6%	**8.9%**	8.5%	+70 bps
Other Offices	**720**	-4.4%	-2.8%	-1.6%	**7.7%**	7.5%	+20 bps
Total in progress	**2 941**	-3.0%	+4.4%	-7.4%	**8.7%**	8.1%	+60 bps
Total incl development	**3 507**	-5.3%	+4.4%	-9.7%	**8,3%**		+62bps

On a like-for-like basis, the value of France Office assets fell by 3%: the 7.4% decline in capitalisation rates was partially offset by a 4.4% increase in rental income.

b. Italy Office

Founded in 1904 and listed on the Milan Stock Exchange since 1999, Beni Stabili is among the top Italian listed real estate companies. The portfolio of Beni Stabili is comprised primarily of offices located in cities in North and Central Italy, in particular Milan and Rome.

Change in rental income

1. Receipted rental income

(€m)	H1 2008	H1 2009	Change	%
Long-term portfolio	83.5	**86.9**	3.4	4.1%
Dynamic Portfolio	22.1	**19.5**	-2.6	-11.8%
Subtotal	**105.7**	**106.5**	**0.8**	**0.8%**
Development Portfolio	1.1	**0.6**	-0.5	-42.7%
Total	106.8	**107.1**	**0.3**	**0.3%**

The €0.3M increase in rental income between first-half 2008 and first-half 2009 is due primarily to:

(€m)	
Rents H1 2008	**106,8**
Indexation (CPI)	+2,1
Rentals and re-rentals	+2,0
Acquisition	+1,1
Disposals	- 2,5
Vacant assets for sale or being renovated	- 1,6
Rental release	- 0,8
Rents H1 2009	**107,1**

2. Annualised rental income

(€m)	H1 2008	H1 2009	% Like-for-like
Long-term Portfolio	173.9	**177.8**	+3.5%
Dynamic Portfolio	40.7	**36.3**	-2.2%
Development Portfolio	1.3	**1.2**	-5.5%
Total	215.9	**215.4**	+2.5% *
** Excluding development*			

The main tenant (Telecom Italia) represents 51,8% of the Long term portfolio rental revenues

3. Indexation

The annual indexation adjustment in rents is calculated by taking 75% of the increase in the consumer price index (CPI) and applying it at each anniversary of the date of signing the contract.

The following table shows the change in the CPI in Italy over the first six months of 2009:

%	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	Average
CPI	1,5	1,5	1,0	1,0	0,7	0,4	**1,0**

4. Leasing business

In the first half of 2009, the following property management business was also conducted:

(€m)	Number of leases	Area in thousands of m²	Annualised rents
New leases	3	0,9	0,2
Re-rentals	20	19,3	2,7
Total	**23**	**20,2**	**3,0**

5. Expiry date and vacancy

a. Lease Expiry Schedule

Italy Office rental income by the expiry date of firm leases in progress breaks down as follows:

	Lease payment schedule*	
	By lease expiry date	**As % of total**
2009	2.8	1.3%
2010	8.2	3.8%
2011	29.0	13.5%
2012	8.0	3.7%
2013	15.3	7.1%
2014	13.0	6.1%
2015	1.2	0.6%
2016	2.2	1.0%
2017	2.8	1.3%
2018	1.1	0.5%
2019	7.0	3.3%
2020	1.0	0.5%
2021	122.3	56.8%
2022	1.2	0.5%
2013 -	0.0	0.0%
€ millions	**215.4**	**100.0%**
Residual term of leases (in years)	**9.0**	

** Based on annualised rental income*

Leases expiring in 2021 relate to Telecom Italia.

b. Vacancy rate and type

The spot financial vacancy at 30/06/2009 was 2.1% for the long-term portfolio compared to 2.4% at 31/12/2008.
This contraction is due to the improvement in the financial vacancy of assets under light renovation and to assets maturing.

(€m)	Vacancy end June 2008	Vacancy end June 2009
Long-term portfolio	1.3%	**1.4%**
Dynamic Portfolio	35.8%	**36.9%**
Development portfolio	90.2%	**90.8%**
Total	**14.9%**	**15.3%**

Assets

1. Disposals

(€m)	Disposals*	Disposal agreements	Total	Margin vs latest appraised value	Yield rates
Total	37.8	202	239.8	+5,4%	2.3%

** Excluding H1 disposal of fund share for €6.7m*

At 30/06/2009, the Beni Stabili Group sold new assets for a gross sales price of €37.8m and signed 12 preliminary agreements for a gross sales price of €202.0m, the total coming to €239.8m.

The sales conducted in the first half of 2009 corresponds to the Beni Stabili Group's strategy aimed at improving its net debt and loan-to-value ratio as well as reducing its concentration in telecoms.

Gross capital gains realised relative to market value on completed sales plus promised sales were €12.4m.

2. Development projects

a. Asset deliveries

The following is the project development strategy for 2009:

- Completion of development projects in progress;
- Extension of development plans for projects that are not in pre-rental.

As of 30/06/2009, Milano via Bergamo/Fogazzaro (raising of 3 additionnal floors of existent building) was delivered:

b. Assets under development

Assets	Delivery	Budget (€m)	Area (m²)
Via Strada - Rozzano	July 2009	30,8	11 628
Milan – Piazza Freud (Tower B)	January 201	92,6	16 181
Milan –Galleria del corso	April 2011	77,3	5 750
Milan – Rippamonti	June 2013	167,0	57 914
Milan – Via Schievano	June 2013	61,6	21 292
Padova – Via Degli Zarabella	September 2013	45,3	8 513
Milan – Piazza Sigmund Freud (Accesori)	na	na	4 473
Milan – Piazza Sigmund Freud (Corpo C)	na	na	6 712
Milan – Via Vittorini	na	na	29 000
Total		**474,6**	**161 463**
Turin – Corso G Marconi 10	September 2009	12,3	17 169
Turin – Corso G Marconi 10	June 2010	18,4	16 896
Turin – Via Dante	September 2013	46,5	33 960
Turin – Via Caraglio	December 2015	66,7	58 399
Total		**143,8**	**126 424**
Total development projects		**618,4**	**287 887**

The book value of assets under development was €324.0m, up €21.7m in the first half of 2009 due to:

- Investment spending and other capitalised disbursements of €24.0m;
- Depreciation in the form of €9.6m impairment loss;
- Reclassification of the Garibaldi complex (originally split into two buildings, subsequenty into four) for +€7.3m.

The main projects in progress in 2009 are:

- 7 Rozzano Strada: Renovation of an office building near the Milan ring road.
- Turin, 10 via Marconi: Renovation of a property in the city centre (former Fiat headquarters) to renew and reorganise the interior spaces and restore the facades. The work will be completed next quarter;
- Milan, Tower B: Major restructuring of the Garibaldi Tower near one of Milan's main train stations. Works will be completed within January 2010;.

3. Asset valuation

a. Asset valuations

(€m)	Value excl TD 31.12.08	Yld 31/12/08	**Change in value**	**Acquisitions**	**Disposals**	**Investments**	**Reclassification**	**Value excl TD 30/06/09**	**Yld 30.06.09**
Long-term Portfolio	3 102.0	5.7%	-40.4	0.0	0.0	2.0	-7.3	**3 056.3**	**5.8%**
Dynamic Portfolio	1 050.1	3.8%	-16.2	0.0	-36.7	2.9	0.0	**1 000.1**	**3.6%**
Total excl development	**4 152.2**	**5.2%**	**-56.6**	**0.0**	**-36.7**	**4.9**	**-7.3**	**4 056.4**	**5.3%**
Development Portfolio	278.2	0.4%	-14.4	0.0	0.0	21.1	7.3	**292.2**	**0.4%**
Total	**4 430.4**	**4.9%**	**-71.0**	**0.0**	**-36.7**	**26.0**	**0.0**	**4 348.6**	**5.0%**

	Geographic breakdown	
(€m)	**Value excl TD 30/06/09**	**%**
Milan	1 780.0	40.9%
Rome	412.3	9.5%
Other	2156.3	49.6%
Total	**4348.6**	**100.0%**

b. Change on a like-for-like basis

Italy Office (M€m)	Value excl TD 30/06/09	Change in assets on like-for-like basis: Change 6 months	Rent effect 6 months	Rates effect 6 months	Yld excl TD 30/06/09	Yld excl TD 31.12.08	Change in bps
Long-term portfolio	**3 056.3**	-1.3%	0.2%	-1.5%	**5.8%**	5.7%	**+11 bps**
Dynamic Portfolio	**1 000.1**	-1.6%	0.3%	-1.9%	**3.6%**	3.7%	**-5 bps**
Total excl development	**4 056.4**	**-1.4%**	**0.2%**	**-1.6%**	**5.3%**	5.2%	**+7 bps**
Development portfolio	**292.2**	-5.1%	2.9%	-7.9%	**0.5%**	0.4%	**+2 bps**
Total	**4 348.6**	**-1.6%**	**0.2%**	**-1.8%**	**5.0%**	4.9%	**+8 bps**

Beni Stabili contracted by 1.6% like-for-like. Whereas the Long Term and Dynamic portfolios experienced similar changes dropping 1.4% like-for-like, the Development portfolio underwent the biggest change, falling 5.1%. The general downturn in development assets was €14.4m, related to significant uncertainties about these types of projects.

c. Residential (France and Germany)

Foncière Développement Logements, 38.2%-owned by Foncière des Régions, is a listed real estate investment company (SIIC) specialised in the ownership of residential properties, present in France and in Germany.

Changes in rental income

1. *Receipted rental income*

FDL (€ millions)	H1 2008	H1 2009	%
France	23,9	**23,1**	-3,2%
Germany	82,4	**82,6**	+0,1%
Total	106,4	**105,7**	-0,6%

Foncière Développement Logements generated €105.7m rents in the first half of 2009, which was largely in line with the first half of 2008.
This change includes:
- operational start of new programmes (Villenave d'Ornon and Datteln): + €0.2m
- disposals reallsed in second half 2008 and first half 2009: -€3.1m
- like-for-like increase in rental income: + €2.2m

2. *Receipted rents like-for-like basis*

FDL (€m)	H1 2008	Change on like-for-like basis	H1 2009	% Like-for-like
France	22,2	0,7	**22,9**	**+3,3 %**
Germany	81,1	1,5	**82,6**	**+1,8 %**
Total	103,3	2,2	**105,5**	**+2,1 %**

3. *Indexation*

Rents collected by FDL in France indexed to the rent price index (Indice de Révision des Loyers or "IRL"). The latest IRL which appeared in second half 2009 was 117.59, up 1.31% year on year.

4. *Annualised rents*

		Rental income (€ millions)	
FDL (€ millions)	**Number of assets***	**Annualised 30/06/09 ***	**Potential reversion**
France	3 800	**45,6**	16%
Germany	44 700	**167,4**	18%
Total	**48 500**	**213,0**	**17%**

** spot annualised rental income at 30.06.09*

Annualised rents at 30 June 2009 were €213m. On a like-for-like basis, this rental income increased by 2.2% in France and by 1.6% in Germany over six months; this change was due in particular to rental income from re-rentals and from maximising property occupancy rates.

5. *Vacancy*

The vacancy rate of operating assets held by Foncière Développement Logements were in line with 31 December 2008 at 1.7%.

FDL	Operating vacancy	Transferable vacancy	Total vacancy
France	1,5%	11,0%	7,1%
Germany	1,7%	6,6%	3,7%
Total	**1,7%**	**7,3%**	**4,0%**

6. Unpaid rent

As % of annualised rents	At end 2008	**At end June 2009**
France	6%	**7%**
Germany	2%	**2%**
Total	**3%**	**3%**

At June end 2009, French arrears represented 7% of annualised rental income excluding expenses. They remained steady in Germany at 2% of annualised rental income.

Assets

1. Disposals

FDL (€ millions)	Sales	Sale Agreements	Total	Margin vs latest appraised values
Germany	30,2	21,7	52,0	10%
France	34,9	44,5	79,4	3%
Total	**65,2**	**66,2**	**131,4**	**6%**

At 30 June 2009, proceeds from sales realised in France and Germany amounted to €65.2m After incorporating promises of sale, this figure was €131.4m.
Sales were made at margin levels that were 6% higher than appraisal values (overall) at the end of 2008 and amounted respectively to 3% (in France) and 10% (in Germany).
As a long-term residential operator, FDL follows a measured asset rotation policy. In terms of value, the assets sold in first half 2009 represented 1.8% of FDL's total assets at 31 December 2008 (3% in France and 1% in Germany).
Its buyer profile is as follows:

- individuals and renters 37%
- institutional investors 63%

2. Development projects

a. Asset deliveries

A residence for senior citizens comprising 17 dwellings in Datteln in Germany began operating in the first half of the year. At 30 June 2009 this building's overall valuation was €2.4m excluding transfer duties.

b. Assets under development

	Budget total (€ milllions)	Number of housing units	Delivery date	Book value at 31/12/08	Investment for the period (incl financial expenses)*	Start of operations / Provision	Book value at 30.06.09	Outstanding construction work
Lyon	10,9	40	Beguining Nov. 2009	7,5	1,8	0,0	**9,3**	1,6
Manosque	7,8	45	End July 2009	2,0	3,0	0,0	**4,9**	2,9
Total	**18,7**	85		**9,5**	**4,8**	**0,0**	**14,3**	**4,4**

Foncière Développement Logements is expecting the delivery in June and November 2009 of 85 homes purchased in pre-construction (VEFA)7 in Manosque (PACA region) and in Lyon. The total investment amounts to €18.7 million.

3. Property improvements

a. Changes in portfolio

FDL (€ millions)	Value excl TD 31/12/2008	Yld 31/12/2008	Change in appraised values €m	Acquisitions	Appraised value of disposals	Investments*	Value excl TD 30/06/2009	Yld 30/06/2009
France	1 022,6	4,5%	-16,7	_	33,9		**972,0**	**4,7%**
Germany	2 454,5	6,8%	-1,5	_	27,5	2,4	**2 427,9**	**6,9%**

Total	3 477,1	6,1%	-18,2	61,4	2,4	3 399,9	6,3%

** Work and carrying cost*

At 30 June 2009, the assets of Foncière Développement Logements were valued at €3.4 billion overall excluding transfer duties. The projects under development are posted on the balance sheet as investments in progress at their acquisition cost in the amount of €14.3 million.

b. Geographic breakdown

The assets owned by FDL are located in France and Germany.

FDL (€ millions)	**Value excl TD 30/06/2009**	**%**
France	**972,0**	29%
Germany	**2 427,9**	71%

The assets owned by FDL in France are located in Paris and the Ile-de-France (61%), and in large metropolitan regions (39%). The assets owned by FDL in Germany are located in North Westphalia in the Rhineland.

b. Change in assets like-for-like basis

(€ milllions)	**Value TD 30/06/2009**	**Var. Change 6 months**	**Impact rents Change 6 months**	**Impact rates Change 6 months**	**Yield excl. 31/12/08 31/12/2008**	**Yield excl. 31/12/08 30/06/2009**	**Change in bps**
France	**972,0**	-1,7%	2,2 %	-3,9 %	4,5%	**4,7%**	20
Germany	**2 427,9**	-0,1%	1,5 %	-1,7 %	6,8%	**6,9%**	10
Total	**3 399,9**	**-0,5%**	**1,7%**	**-2,3%**	**6,1%**	**6,3%**	**15**

On a like-for-like basis over six months, the overall value excluding transfer duties of the properties held by FDL decreased by 0.5% or €18.2m:

- The assets held by FDL in France, valued overall at €972.0 million excluding transfer duties, declined by 1.7%. This slide was due essentially to a 20 bps increase in the capitalisation rate offset by a 2.2% half-year increase in rents, on a like-for-like basis.
- In Germany, the 1.5% like-for-like increase in rents also just offset a 10 bps increase in interest rates, more so than in France, as the German business perimeter shrank by 0.1% over the six month period.

d. Services sector

Foncière des Murs, 25%-owned by Foncière des Régions, is a Listed Real Estate Investment Company (SIIC) specialised in business premises especially in the hotel, restaurant, health and leisure sectors. The company's investment policy promotes partnerships with leading business sectors operators to offer shareholders recurring returns.

Change in rental income

1. Receipted rental income

FDM (€m)	H1 2009	H1 2008	%	% like-for-like
Hotel	**59,1**	60,5	-2,3%	-5,2%
Health	**13,8**	13,4	+2,9%	+1,5%
Restaurants	**13,2**	12,7	+3,9%	+1,6%
Leisure	**14,9**	12,4	+19,8%	+5,6%
Total	**100,9**	**99,0**	**+1,9%**	**-1,8%**

Foncière des Murs revenue was €100.9m for the 1st half of 2009, a 1.9% increase on 2008, due to:

- acquisitions realised in 2008 amounting to €2.2m, in particular:
    - in the healthcare sector, the acquisition of two clinics operated by Korian or its subsidiaries for €0.2m
    - in the food service sector, the acquisition of 4 Quick for €0.2m
    - in leisure, the acquistion of the Kempense Meren Sunparks village and three Jardiland garden centers for €1.8m
- the impact of rent indexation on healthcare, food industry and leisure portfolios, for €1.1m
- the fall in rents in the hotel sector linked to the €1.4m drop in revenue posted by Accor hotels.

The Korian portfolio benefited in June from indexation to the 2.8% IRL for the current year in the first half.
The Jardiland portfolio posted in January its first indexation (of +3.5%) against the IRL since its acquisition in July 2007 A second indexation of one-third of the portfolio to the construction cost index (ILC) and two-thirds of the portfolio to the IRL will take place in July. The Sunparks portfolio benefits from indexation (to the Belgian Health Index) since September 2008.

2. Annualised rental income

FDM (€m)	Annualised rents 30/06/09*	%	Number assets
Hotel	**115,0**	59%	199
Health	**25,5**	13%	57
Restaurants	**26,3**	13%	174
Leisure	**29,8**	15%	63
Total	**196,6**	**100,0%**	**493**

** spot annualised rental income*

Annualised rental income breaks down primarily as Accor (59%), Korian (11 %), Quick (9%) and Jardiland (8%).

3. Lease expiry dates

FDM	By lease expiry date	As % of total
2009		
2010		
2011	2,9	1%
2012		
2013		
2014		
2015		
2016		
2017	71,6	37%
2018	42,4	22%
2019	55,6	28%
Beyond	24,1	12%
€m	**196,6**	**100%**

** Based on H1 2009 annualised rental income*

The residual term of leases was 9.5 years at 30/06/2009 compared to 9.9 years at 31/12/2008. The underlying reduction in term was offset somewhat by the Club Méditerranée lease extension.

Portfolio

1. *Disposals*

In June 2009, Foncière des Murs sold to Foncière Sagesse Retraite the buildings of four residential care facilities for the elderly (Etablissements d'Hébergement pour Personnes Agées Dépendantes or EHPAD), leased to the Korian Group for a book value of €39m. In May 2009, Foncière des Murs also sold shares in an Italian fund which wholly owned all its Italian assets with a book value of €41m.

2. *Development projects*

In acquiring the Sunparks portfolio, Foncière des Murs signed a partnership agreement with Pierre & Vacances to implement upgrades and renovations at four holiday villages.
Similarly, the agreement between Foncière des Murs and the Portuguese branch of Club Méditerranée SA provides for renovation work to upgrade the holiday village to 4-Trident category.

Overall, the work commitment is €26.7 million, of which €13.7 million was already financed at 30 June 2009.
Following this construction work, additional rent generated therefrom is expected to be 6.5% at Sunparks and 6.9% at Club Méditérranée.

3. *Asset valuation*

a. *Changes in portfolio*

FDM (€m)	Value excl TD 31.12.08	Yld 31/12/08	Change in value	Acquisitions	Disposals*	Investments**	Value excl TD 30/06/09	Yld 30.06.09
Hotel	1 919	6,4%	-150		-31	+2	**1 740**	**6,6%**
Health	430	6,5%	-19		-49		**362**	**7,1%**
Restaurants	408	6,4%	-35				**373**	**7,0%**
Leisure	473	6,2%	-23			+5	**455**	**6,6%**
Total	3 230	6,4%	-227		-80	+7	**2 930**	**6,7%**

** Including exit from business scope*
*** Work and carrying cost*

Foncière des Murs assets fell from €3,205 million to €2,930 million. This drop is due primarily to the change in the fair value of assets during the half year (down €227m) as well as sales of assets and deconsolidation (€30m).

b. *Geographic breakdown*

The assets of Foncière des Murs are located in France, Belgium, and Portugal.

FDM (€m)	Value excl TD 30/06/09	%
Paris	**400**	14%
Ile de France	**646**	22%
Regions	**1 544**	53%
Foreign	**340**	11%
Total	**2 930**	**100%**

c. *Change on a like-for-like basis*

FDM (€m)	Value excl TD 30/06/09	Change in assets on a like-for-like basis: Change 6 months	Rent effect 6 months	Rates effect 6 months	Yld excl TD 30/06/09	Yld excl TD 31.12.08	Var. Change in bps
Hotel	**1 740**	-7.8%	-5,1%	-2,7%	6,6 %	6,4 %	**20 bps**
Health	**362**	-5.1%	4,1%	-9,2%	7,1 %	6,4 %	**62 bps**
Restaurants	**373**	-8.5%	0,0%	-8,5%	7,0 %	6,4 %	**60 bps**
Leisure	**455**	-4.7%	1,8%	-6,4%	6,6 %	6,1 %	**41 bps**
Total	**2 930**	-7.0%	-2,2%	-4,7%	6,7 %	**6,4 %**	**33 bps**

Portfolio changes break down as follows:

- The hotel sector fell €147.2m, i.e. down 7.8% like-for-like compared to 31/12/2008, due to a combination of factors:
  - Drop in rents
  - Impact of the yield revision
- The healthcare sector posted a 5.1% reduction over the six months. The yields used by the auditors were 62 bps higher than those used for 31 December 2008. The 4.1% increase in rents did not match the increased yields over the period.
- In the food sector, the 8.5% like-for-like reduction compared with 31/12/2008 is due to the change in yield rates (up 60 bps).
- The 4.7% fall over six months in the leisure sector is linked to the 41 bps increase in yields, which is greater than the increase in rents generated by the financing of improvement works by Club Med and Sunparks, and by the indexation of Jardiland.

e. Logistics

Foncière Europe Logistique, a subsidiary of Foncière des Régions owned at 67.1%, is a listed real estate investment trust (SIIC) specialised in logistics assets and business parks.

Change in rental income

1. Rent billed

FEL (€ million)	H1 2008	H1 2009	%
France Logistics	25.1	**25.4**	1.2%
Germany Logistics	5.9	**4.2**	-29.5%
Light industrials	8.9	**9.2**	3.4%
Garonor	8.4	**8.3**	-1.5%
Total	**48.3**	**47.0**	**-2.6%**

The change in rental income between 30 June 2008 and 30 June 2009 represents -€1.3 million, with this contraction primarily due to revenues at 30 June 2008, which include a €1.2 million exit payment on the Germany logistics scope. Excluding this payment, the level of rent billed is down slightly.

2. Rent billed like-for-like

FEL (€ million)	H1 2008	Reletting	Termination	Indexing	Other *	H1 2009	% like-for-like
France Logistics	23.9	1.6	-2.2	0.7	-0.8	**23.2**	-2.8%
Germany Logistics	4.6	0.3	-0.6	0.0	-0.3	**4.1**	-10.9%
Light industrials	8.9	0.3	-0.5	0.4	0.0	**9.2**	+2.6%
Garonor	8.4	0.6	-1.0	0.4	0.0	**8.3**	-1.4%
Total	**45.8**	**2.8**	**-4.3**	**1.5**	**-1.1**	**44.7**	**-2.3%**

** Renegotiations*

The change in rental income on a like-for-like basis represents -2.3%.
Breakdown on a like-for-like basis:

- On the France and Germany Logistics scope, the reduction in annualised rental income primarily reflects the increase in the vacancy rate and the drop in new leases signed, although in line with market rental values.
- On the Light industrials scope, the 2.6% increase in rental income is due to relettings and indexing, which have offset the exits.
- Lastly, on the Garonor scope, the 1.4% drop is due to an increase in the vacancy rate.

3. Indexing

Indexing is calculated based on the cost of construction index (ICC) in France and the consumer price index in Germany. On the entire portfolio, around 15 tenants have restricted indexing, varying in most cases between 1.5% and 3.5%.

4. Annualised rental income

FEL (€ million)	Area (sq.m)	Number of assets ***	Annualised rental income (€ million) 30 Jun 09 *	%
France Logistics	1,068,725	29	**51.7**	55.0%
Germany Logistics	203,828	7	**8.4**	8.95%
Light industrials	238,863 **	4	**19.2**	20.4%
Garonor	357,275	1	**14.4**	15.65%
Total	**1,868,691**	**41**	**93.7**	**100%**
Potential reversion			**-7.7%**	

** Spot annualised rental income at 30 June 09*

***Excluding Halle Sernam and Tri Postal assets*

**** One site is considered to represent one asset*

5. Rental business

The rental business over the first half of 2009 was very active, with nearly 219,000 sq.m of leases signed, based on the following breakdown:

FEL (sq.m)	France Logistics	Germany Logistics	Business Parks	Garonor	Total
Total entries in 2009	181,593	15,010	6,885	15,390	**218,878**
Of which, renewals	*138,808*	*0*	*3,356*	*0*	***142,164***
Of which, new lets	*42,785*	*15,010*	*3,529*	*15,390*	***76,714***

The main transactions were as follows:

	Tenants	Area (sq.m)
Renewals		
Cergy 6	Lear	17,454
Bussy Saint George	Décathlon	24,939
Gennevillier	CAT	22,205
Reventin	Easydis	32,500
Salon de Provence	DHL Solutions	26,335
Corbas Corbège	ADG	15,375
Newly signed		
Wuppertal	Gefco	15,010
Saint Quentin Fallavier	MGF Logistique	9,660
Sénart bât 3	Herbrich Logistique	7,367
Corbas Corbège	ADG	6,089
Corbas 24 aout	SLS	4,677
Sénart bât 5	GOLS	3,892

During the first half of 2009, all of these leases signed can be broken down as follows for each portfolio:
- On logistics: 16.3% of leases renegotiated or newly signed over the first half of the year, representing €9.8 million in annual rental income
- On Light industrials: 4.6% of leases renegotiated or newly signed over the first half of the year, representing €0.9 million in annual rental income
- On Garonor Aulnay: 5% of leases renegotiated or newly signed over the first half of the year, representing €0.7 million in annual rental income.

Over the first half of 2009, the 10 largest accounts accounted for 30% of annualised rental income.

6. Lease schedule and vacancy

a. Lease schedule

The firm residual term of the leases in place was 2.9 years at 30 June 2009, stable in relation to the end of 2008 (2.9 years), with the following profile:

	Lease expiry schedule*	
FEL	**By lease end date**	**% of total**
2009	1.48	1.58%
2010	18.24	19.46%
2011	22.59	24.10%
2012	21.24	22.66%
2013	10.96	11.69%
2014	2.24	2.39%
2015	3.14	3.35%
2016	8.15	8.69%
2017	2.49	2.66%
2018	1.23	1.31%
2019	1.40	1.49%
Beyond	0.58	0.62%
€ million	**93.74**	**100.00%**

** Based on 2009 annualised rental income* *b. Vacancy rate and type*

FEL	Vacancy at 30 Jun 09 *		Vacancy at 31 Dec 08 *	
	sq.m	**%**	**sq.m**	**%**
France Logistics	**116,214**	**8.3%**	99,044	7.0%
Germany Logistics	**21,916**	**10.8%**	12,172	6.8%
Light industrials *	**22,818**	**9.7%**	4,907	2.2%
Garonor **	**83,494**	**20.7%**	71,461	19.5%
Total	**244,442**	**11.0%**	**187,584**	**8.5%**

** Spot financial vacancy rate*

*** Excluding vacancies not available for letting*

The level of vacancies has increased by 56,858 sq.m since 31 December 2008 following the departure of several tenants from assets that have been only partially relet since. On the entire portfolio, we have 133,672 sq.m for outgoing tenants, compared with 76,714 sq.m for incoming tenants and 142,164 sq.m in leases renewed over the same period.

7. Unpaid rent

	At end 2008	At end June 2009
% of annualised rental income	6.1%	**5.8%**
Unpaid rent	€6 million	**€5.5 million**

At 30 June 2009, the level of unpaid rent was down €0.5 million compared with 31 December 2008, with 45% for pre-litigation cases (unpaid for less than three months) and the rest under litigation cases.

Portfolio

1. Disposals

FEL (€ million)	Sales	Sale agreements	Total	Margin vs. latest appraised values	Yield rate
Sénart 7	20.0	0	20.0	- 4.0	7.7%
Steinhagen	3.6	0	3.6	- 0.8	10.1%
Aulnay 24	3.7	0	3.7	+ 0.1	8.3%
Total	**27.3**	**0**	**27.3**	**-4.7**	**8.1%**

Foncière Europe Logistique sold off three assets, with a total margin of -€4.7 million or -14.7% in relation to the appraised values.

2. Acquisitions

Fonciere Europe Logistique did not acquire any assets during the first half of 2009.

3. Development projects

a. Asset deliveries

In 2008, Foncière Europe Logistique delivered its four main development operations launched in 2007 in Bollène (30,000 sq.m), Dunkirk (22,000 sq.m), Corbas (15,000 sq.m) and Chalon sur Saône (11,500 sq.m).

No deliveries took place during the first half of 2009.

4. *Portfolio value*

a. *Change in the absolute portfolio value*

FEL (€ million)	Value excl. TD 31 Dec 08	Yield 31 Dec 08	Value adjustment	Acquisitions	Disposals	Investments*	Value excl. TD 30 Jun 09	Yield 30 Jun 09
France Logistics	722.9	8.2%	- 77.1	0	-24	1.3	**623.2**	**9.2%**
Germany Logistics	120.1	8.1%	- 5.7	0	-4.4	0.1	**110.1**	**8.5%**
Light industrials	224.8	8.6%	- 8.4	0	0	0.3	**216.7**	**9.0%**
Garonor	246.9	7.6%***	- 38.6	0	-3.6	0.4	**205.0**	**8.1%**
Assets under development **	25.8		-3	0	0	0	**22.8**	
Total	**1,340.5**		**-132.8**	**0**	**-32**	**2.1**	**1,177.8**	
Total excluding development	1,314.7	**8.1%**	-129.8	0	-32	2.1	**1,155**	**8.9%**

* *Work and carrying cost*
** *Appraised value*
*** *After restatement for flat-rate costs. Before restatement = 8.1%.*

The changes in scope over the first half of 2009 are linked to the disposals carried out.

	Regional breakdown	
	Value excl. TD 30 Jun 09	**%**
Paris	**122.3**	10.4%
Paris Region	**633.0**	53.7%
Other French regions	**312.4**	26.5%
Germany	**110.1**	9.4%
Total	**1,177.8**	**100.0%**

b. *Like-for-like change*

		Like-for-like change in portfolio					
FEL (M€)	**Value excl. TD 30 Jun 09**	**Change 6 months**	**Rent effect 6 months**	**Rate effect 6 months**	**Yield excl. TD 31 Dec 08**	**Yield excl. TD 30 Jun 09**	**Change (bp)**
France Logistics	**623**	-10.84%	-0.45%	-10.39%	8.21%	**9.17%**	**95 bp**
Germany Logistics	**110**	-4.84%	+0.23%	-5.07%	8.08%	**8.51%**	**43 bp**
Light industrials	**240**	-3.60%	0.12%	-3.72%	8.64%	**8.97%**	**33 bp**
Garonor	**205**	-15.73%	-9.58%	-6.15%	7.57% *	**8.13%**	**55 bp**
Total	**1,178**	**-9.99%**					
Total excluding development	**1,155**	**-9.96%**	**-1.89%**	**-8.07%**	**8.15%**	**8.88%**	**73 bp**

**After restatement for flat-rate costs. Before restatement = 8.1%.*

The overall like-for-like change in appraised values over six months comes out at –9.99% for the portfolio, with the two largest adjustments on Garonor (-15.73%) and France Logistics (-10.84%). This downturn is primarily due to the impact of the increase in rates linked to the current market.

The entire portfolio (excluding development) was valued based on an 8.9% yield at 30 June 2009.

2. Analysis of consolidated and Group share business

a. Change in rental income

Consolidated

(€ million)	Consolidated rental income 30 Jun 08	%	30 Jun 09	%
France Offices	142	26.8%	**127**	24.6%
Italy Offices	107	20.2%	**107**	20.7%
Total Offices	249	47.0%	**234**	45.3%
France Service Sector	99	18.7%	**101**	19.5%
Italy Service Sector	0	0.0%	**0**	0.0%
Total Service Sector	99	18.7%	**101**	19.5%
France Housing	24	4.6%	**23**	4.5%
Germany Housing	82	15.5%	**83**	16.0%
Total Housing	106	20.1%	**106**	20.5%
France Logistics	42	8.0%	**43**	8.4%
Germany Logistics	6	1.1%	**4**	0.8%
Total Logistics	48	9.1%	**47**	9.2%
Car Parks	10	1.9%	**10**	1.9%
Total consolidated rental income	512	96.8%	**498**	96.4%
Other	17	3.2%	**19**	3.6%
Total revenues	530	100%	**517**	100%

Consolidated rental income rose 17% between 2007 and 2008, primarily reflecting the full-year impacts of the acquisition of Beni Stabili, as well as the acquisitions made by FDM and FEL.

Group share

(€ million)	Rental income (Group share) 30 Jun 08	%	30 Jun 09	%	Like-for-like change %
France Offices	142	42.8%	**127**	39%	**+7.8%**
Italy Offices	73	21.9%	**78**	24%	**+2.5%**
Total Offices	215	64.7%	**205**	63%	
France Service Sector	29	8.7%	**28**	9%	
Italy Service Sector	0	0.0%	**0**	0%	
Total Service Sector	29	8.7%	**28**	9%	**-1.8%**
France Housing	9	2.8%	**9**	3%	
Germany Housing	32	9.6%	**32**	10%	
Total Housing	41	12.4%	**41**	13%	**+2.1%**
France Logistics	25	7.7%	**26**	8%	
Germany Logistics	4	1.1%	**3**	1%	
Total Logistics	29	8.7%	**29**	9%	**-2.3%**
Car Parks	6	1.7%	**6**	2%	
Total rental income (Group share)	319	96.3%	**309**	95%	**+3.8%**
Other	12	3.7%	**16**	5%	
Total revenues	332	100%	**325**	100%	

Office rental income is up slightly, accounting for more than two thirds of the Group share of rental income. The share of housing declined in favour of other service sector activities.

b. Lease schedule (Group share)

	Lease expiry schedule*	
	By lease end date	**% of total**
2009	**6.3**	**1%**
2010	**59.8**	**11%**
2011	**125.1**	**24%**
2012	**78.8**	**15%**
2013	**23.4**	**4%**
2014	**31**	**6%**
2015	**4**	**1%**
2016	**17.5**	**3%**
2017	**41.1**	**8%**
2018	**12.3**	**2%**
2019	**20**	**4%**
2020	**0.7**	**0%**
2021	**89.4**	**17%**
Beyond	**16.8**	**3%**
€ million	**526.2**	**100%**

** Based on 2008 annualised rental income excluding FDL and Parcs GFR*

On average, the residual term on leases came to 5.5 years at 30 June 2009, compared with 6.1 years at 31 December 2008 (Group share). The renegotiation of France Telecom leases during the first half of the year will take effect during the second six months, with a positive impact on the residual term (Group share) of +0.8 years, representing 6.3 years.

c. Disposals during the first half of 2009

(€ million)		**Sale agreements**	**Sales**	**Total**	**Margin vs. latest appraised values**	**Yield rate**
Foncière des Régions	**100%**	**281**	**88**	**368**	**-4.7%**	**8.3%**
Beni Stabili	**100%**	**202**	**45**	**247**	**+0.7%**	**2.5%**
	Group share	*148*	*33*	*180*	*+0.7%*	*2.5%*
Total Offices	**100%**	**483**	**132**	**615**	**-2.6%**	**5.9%**
	Group share	*428*	*120*	*548*	*-3.0%*	*6.7%*
Foncière des Murs	**100%**	**0**	**63**	**63**	**-12.8%**	**6.9%**
	Group share	0	16	16	-12.8%	6.9%
Foncière Europe Logistique	**100%**	**0**	**27**	**27**	**-14.6%**	**7.6%**
	Group share	0	18	18	-14.6%	7.6%
Foncière Développement Logements	**100%**	**66**	**65**	**131**	**+7.6%**	**4.6%**
	Group share	25	25	50	+7.6%	4.6%
Total	**100%**	**1,032**	**419**	**1 451**	**-2.5%**	**5.9%**
	Group share	**454**	**179**	**633**	**-2.9%**	**6.5%**

d. Portfolio

(€ million)	Value excl. TD 30 Jun 09 consolidated	Value excl. TD 30 Jun 09 Group share	Like-for-like change in portfolio					
			Change 6 months	Rent effect 6 months	Rate effect 6 months	Yield excl. TD 31 Dec 08	Yield excl. TD 30 Jun 09	Change (bp)
France Offices	**3,507.2**	**3,427.2**	- 5.3%	+4.4%	-9.7%	8.1%	**8.7%**	**62 bp**
Italy Offices	**4,348.6**	**3,179.3**	-1.6%	+0,2%	-1.8%	5.2%	**5.3%**	**7 bp**
Total Offices	**7,855.8**	**6,606.5**	-3.6%	+2.4%	-5.9%	6.6%	**7.0%**	**33 bp**
France Service Sector	**2,930.1**	**735.5**	-7%	-2.2%	-4.7%	6.4%	**6.7%**	**33 bp**
FdR Hotels	**46.1**	**46.1**	-4.4%	+3.7%	-8.1%	5.8%	**6.3%**	**50 bp**
Service Sector	**2,976.3**	**781.6**	-6.8%	-2.2%	-4.7%	6.4%	**6.7%**	**34 bp**
France Housing	**972**	**371.3**	-1.7%	+2.2%	-3.9%	4.5%	**4.7%**	**20 bp**
Germany Housing	**2,427.9**	**940.9**	-0.1%	+1.6%	-1.7%	6.8%	**6.9%**	**10 bp**
Housing	**3,399.9**	**1,312.2**	-0.5%	+1.7%	-2.3%	6.1%	**6.3%**	**15 bp**
France Logistics	**1,067.7**	**716.3**	-10.5%	-2.1%	-8.4%	8.2%	**8.9%**	**76 bp**
Germany Logistics	**110.1**	**73.9**	-4.8%	0.2%	-5.1%	8.1%	**8.5%**	**43 bp**
Logistics	**1,177.8**	**790.2**	-10.0%	-1.9%	-8.1%	8.2%	**8.9%**	**73 bp**
Car Parks	**240.9**	**139.1**	-4.8%	NA	NA	NA	**NA**	**NA**
FDR portfolio	**15,650.7**	**9,629.6**	-4.0%	+1,5%	-5.5%	6.6%	**7%**	**41 bp**
+ Share in assets of equity affiliates		***147.5***						
Total		**9,777.1**						

Nota : Yield are calculated on the portfolio excluding development

3. Annual financial statements

a. Basis for consolidation

At 30 June 2009, Foncière des Régions consolidated 325 companies located in six European countries (Italy for Offices, Germany for Logistics and Housing, Portugal and Belgium for Service Sector, and Luxembourg).

The main changes in holdings during the first half of the year concerned fully consolidated subsidiaries:
- Sale of 4% of the stake in FDM
- Participation in the FEL capital increase

	31 Dec 2008	30 Jun 2009
FDM	29.07%	**25.06%**
FDL	38.20%	**38.24%**
FEL	59.88%	**67.10%**
BENI STABILI	73.10%	**73.08%**
PARCS GFR	58.49%	**58.49%**

The basis for equity affiliates has remained unchanged, primarily with:
- Akama: company indirectly holding real estate complexes in Vélizy and Meudon, leased to Dassault Systèmes, Thalès and Alstom. 50% owned company, in partnership with Morgan Stanley Real Estate Fund,
- Altaréa: Foncière des Régions' stake has remained stable at 12%.

b. Accounting principles

The consolidated financial statements are prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the preparation date. These standards include IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), as well as their interpretations. The accounts were prepared by the Management Board on 15 July 2009.
The consolidated financial statements were prepared in accordance with IAS 1 Presentation of Financial Statements, as adopted by the European Union.

c. Consolidated and Group share income statement

Revenues

Revenues came to €516.8 million, compared with €529.7 million at 30 June 2008 (€324.9 million Group share, compared with €331.5 million), down only 2% due to the impact of the disposals carried out since 2008.

Operating expenses

Operating expenses (other purchases and external expenses, tax and personnel expenses) totalled €64.4 million Group share, compared with €70.4 million at 30 June 2008, reflecting the impact of the FDR 2010 plan notably aiming to reduce administrative expenses. Indeed, the ratio of expenses to revenues came to 19.8% at 30 June 2009, compared with 21.3% at 30 June 2008 (Group share).

Depreciation and provisions

Net depreciation and provisions totalled €6.2 million (Group share), compared with €36 million at 30 June 2008. 2009 saw €10.5 million (Group share) in provisions written back on the Garibaldi Tower in Italy following the end of the rental business-related risk, while impairments have been recognised on the Bagnolet asset (€2.3 million) and office assets under development in Italy (€5.4 million Group share). At 30 June 2008, a €29.5 million impairment had been recorded on the CB 21 Tower, and a €66.8 million provision has been booked in 2009, although recognised under fair value adjustments for investment assets in accordance with IAS 40 (revised).

The income statement records changes in asset values based on the appraisals carried out on the portfolio. For the first half of 2009, the change in the fair value of investment assets (Group share) was down €352.1 million (€600.4 million in total).

In this way, current operating income (Group share) is down from €247 million to -€103.9 million.

Financial result

At 30 June 2009, the Group recorded a financial expense of –€194.5 million.

	30 June 2008	**30 June 2009**	Change
Principal aggregates (M€)			
Cash income	16	**4.2**	-11.8
Interest expenses	-161.5	**- 131.3**	30.2
Net cost of debt	- 145.5	**-127.1**	18.4
Fair value adjustment of financial assets and liabilities	122	**- 88.8**	- 210.8
Discounting	- 6.8	**- 7.3**	- 0.5
Financial lease	3.9	**1.2**	- 2.7
Redemption of IMSER bonds	0	**30**	30
Net expenses on financial provisions	-3.5	**- 2.5**	1
Financial result	**-29.9**	**- 194.5**	**- 164.7**

-€131.3 million were booked in interest expenses, compared with -€161.5 million at 30 June 2008 in light of the favourable impact of the reduction in interest rates, which is reflected on the other hand by a negative fair value adjustment for financial assets and liabilities of -€88 million (fair valuation of hedging instruments). Since Foncière des Régions made the decision in 2007 not to adopt the hedge accounting system, value adjustments on financial instruments are recorded on the income statement. The redemption of IMSER debt at Beni Stabili with significant discounts has had a positive €30 million impact on the financial result (Group share).

Tax

The tax recorded corresponds to:
- Non-French companies not subject to a specific system for real estate activities,
- French subsidiaries that have not opted for the SIIC real estate trust system,
- French SIIC subsidiaries with a taxable activity (provision of services, etc.).

Cash flow

Group share (€ million)	**30 Jun 2008**	**30 Jun 2009**
Rental and service income	325.9	**318**
Recurring operating expenses	- 57.9	**-54.4**
Financial result	-135.9	**-116.2**
Margin on housing sales	5.3	**3.6**
Intra-group payments	8.5	**6.7**
Cash flow from equity affiliates	8.8	**9.2**
Cash flow	154.7	**166.9**
Recurrent tax	-14.4	**-15**
Recurrent net income	140.3	**151.8**
Fair value adjustment of real estate assets	-9.4	**- 412**
Fair value adjustment of financial instruments	111.3	**- 89.6**
Margin on sales (excluding housing)	5.1	**-29.5**
Other (extraordinary non-recurring expenses)	- 28.1	**31.8**
Non-recurrent tax	- 13	**21.9**
Net income	206.2	**-325.6**

d. Review of major consolidated balance sheet items

Shareholders' equity

Consolidated shareholders' equity is down from €3,441.2 million at 31 December 2008 to €3,079.3 million at 30 June 2009, a reduction of €361.9 million, primarily reflecting:
- €325.6 million in consolidated losses generated by the consolidated companies,
- €28.5 million in dividends paid to shareholders,
- €7 million impact of the fair valuation of financial instruments.

Net debt

The Group's financial debt totalled €9,845 million, down €315 million. At 30 June 2009, net debt came to €9,681 million, representing a Group share of €6,114 million.

Provisions for contingencies and liabilities

The €64.6 million in provisions for contingencies and liabilities primarily correspond to provisions for pensions and related (€37.2 million), particularly in Germany, as well as provisions linked to the portfolio (€6.6 million) and provisions for disputes (€12 million). Other current and non-current debt includes the deferred tax liability on the financial instruments and assets of foreign companies (€458 million).

e. NAV

At 30 June 2009, the value of the Group's consolidated portfolio was €14,809 million excluding transfer duties.

	Amount in €million	Diluted amount per share in €
Triple net NAV (block excluding duties)	3,273.8	71.0
Triple net NAV excluding financial instruments	3,635.3	78.9

Calculations are carried out based on the number of shares existing at 30 June 2009, corrected for the impact of dilution. The potential dilution results from the current exercising of warrants and bonus shares, in accordance with IFRS.

Between 31 December 2008 and 30 June 2009, the triple net NAV dropped €421.2 million to €3,273.8 million, representing €71 per share.

	Triple net NAV (€ million)	Triple net NAV per share	Fully diluted number of shares
30 June 2009	**3,273.8**	**71**	**46,098,775**
31 December 2008	3,695	90.5	40,811,173
Change	- 421.2	- 19.5	
%	- 11.4%	- 21.5%	
Of which, primarily:			
- Recurrent net income	+ 151.8		
- Fair value of real estate assets	- 352		
- Other fair value adjustments for assets	- 85		
- Fair value of financial assets and liabilities and discounting	- 96.1		
- Dividends paid	- 28.5		

Triple net NAV (€ million)	30 June 2009	31 December 2008
Shareholders' equity Group share	**3,079.3**	**3,441.2**
Fair valuation of operating buildings / inventory buildings / buildings under development / goodwill	**63**	98.6
Recalculation of asset values excluding TD	**29**	30.6
Fair valuation of car parks	**31.4**	45.6
Adjustment for unrealised tax	**71.1**	78.1
Restatement of capital lease		0.9
Triple net NAV	**3273.8**	3,695
Diluted number of shares at period-end	**46,098,775**	40,811,173
Diluted triple net NAV per share	**71**	90.5
Triple net NAV excluding financial instruments (€ million)		
Triple net NAV	**3,273.8**	3,695
Financial instruments	**412.4**	273.7
Unrealised tax on financial instruments	**- 50.9**	- 15.9
NAV excluding financial instruments	**3,635.3**	3,952.8
NAV excluding financial instruments per share	**78.9**	96.9

Calculation method

NAV base - shareholders' equity:

The real estate portfolio held directly by the Foncière des Régions Group was fully appraised at 30 June 2009 by AFREXIM-member real estate appraisers – DTZ Eurexi, CBRE, JLL, Atis Real, etc. – based on a common set of specifications prepared by the company in line with industry practices. Assets are estimated at their value excluding and/or including duties, with rental income at the market value. For residential properties, the appraiser applied two different valuation approaches: on the one hand, calculating a value of residential properties on a unit basis, and on the other determining an "institutional" value, corresponding to the value of the entire buildings. For offices, logistics and other service sector assets, there is no distinction between unit values and institutional values.The estimates are based on the comparison method, the rental income capitalisation method, and the discounted cash flow method. The car parks are valued based on a capitalisation of the EBITDA generated by the business.
Other assets and liabilities are valued based on the IFRS values from the consolidated financial statements; the application of fair value primarily relates to the valuation of hedges on the debt. The level of exit tax is known and incorporated into the financial statements for all the companies that have opted for the fiscal transparency system.
For companies owned jointly with other investors, only the Group share has been taken into account.

Principal adjustments made

Fair valuation of buildings and goodwill

In accordance with IFRS, operating buildings, buildings under development – except those covered by IAS 40 (revised) – and buildings in inventory are valued at their historical cost.
A value adjustment, to take the appraised value into consideration, is applied to NAV for a total of €46 million.
Since goodwill is not valued in the consolidated financial statements, a restatement is made to the NAV in order to recognise its fair value (as calculated by the appraisers) for a total of €17 million at 30 June 2009.

Recalculation of the base for certain assets (excluding duties)

When the company, rather than the assets it holds, can be sold off, transfer duties are recalculated based on the company's net asset value. The difference between these recalculated transfer duties and the transfer duties already deducted from the value of the assets gave rise to a €29 million restatement at 30 June 2009.

Fair valuation of car parks

Car parks are valued at their historical cost in the consolidated financial statements.
In the NAV, a restatement is applied in order to take into consideration the appraised value of these assets, as well as the impact of land leases and subsidies received in advance. The impact on NAV represents €31.5 million at 30 June 2009.

Adjustment for unrealised tax

In the consolidated financial statements at 30 June 2009, deferred tax on real estate assets is calculated in line with the current tax rate for foreign and non-SIIC companies.

In the NAV, unrealised tax has been adjusted in order to take into account:

- The likely opting for the SIIC real estate trust system (AGAMA Group companies: impact of €9.2 million at 30 June 2009 and €10 million at 31 December 2008)
- The discounting of this tax over 10 years in accordance with a standard disposal schedule, specifically for Italy and Germany. This tax is discounted at 6%. The impact of this restatement was €61.9 million at 30 June 2009, and €68.1 million at 31 December 2008.

4. Financial resources

Foncière des Régions' gross financial debt totalled €9,579 million (€6,015 million Group share).

a. Debt structure

Cash and cash equivalents

Over the first half of 2009, repayments of the debt on the Foncière des Régions Group's balance sheet totalled €470 million (€377 million Group share).

These repayments, concentrated more specifically on Foncière des Régions and Beni Stabili and Foncière Europe Logistique (since Foncière Développement Logements, Foncière des Murs and Foncière Europe Logistique did not experience any significant declines during the first half of the year), resulted primarily from:

- €100 million exceptional partial repayment on an €850 million corporate loan, initially on Foncière des Régions,
- €50 million in repayments on Foncière Europe Logistique for the capital increase carried out in June 2009,
- Disposals of assets split between all Group entities in line with the 2009 sales programme: a total of €245 million (€167 million Group share) of repayments for the Group, largely concentrated on Foncière des Régions (€92 million).
- For the balance, contractual repayments on loans

Foncière des Régions:
The reduction in outstanding debt primarily reflects the following:

- €100 million early repayment of the Séville debt (initial nominal amount of €850 million, reduced to €750 million in June 2009)
- Continued disposals (including France Telecom and EDF assets during the first half of the year)
- And more marginally, contractual repayments on debt,

While the dividend paid out by FdR over the first half of the year was based primarily on securities (only €28 million paid in cash).

Foncière Europe Logistique:
The €50 million from the capital increase carried out at the beginning of June 2009 were allocated in full to repay the real estate company's debt.

Beni Stabili:
The reductions during the period were primarily due to repayments on the IMSER securitisation (€22 million contractual repayment and €18 million repayments on disposals), heightened by the programme to buy back securitisation shares with a discount (resulting in the cancelation of €109 million of IMSER debt).

Debt by type

At 30 June 2009, the Foncière des Régions Group's consolidated gross financial debt comprised:

- €6,179 million in bank debt, not including financial leases (Group share €3,692 million),
- €3,194 million in securitised loans (€2,159 million Group share),
- €292 million in convertible bonds issued by Beni Stabili in Italy (Group share €214 million),
- €86 million in financial lease debt on Foncière des Murs and Beni Stabili (Group share €50 million).

Debt by maturity

The average remaining term of the Foncière des Régions Group's debt was 4.5 years at 30 June 2009.

For the second half of 2009:

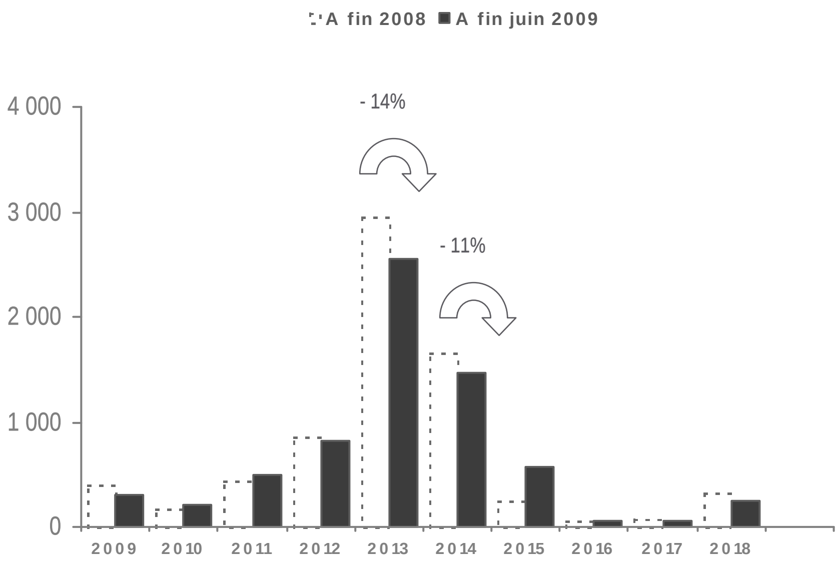
- Payments due on financing commitments (balance sheet debt + unused portion of confirmed loans) represent €111 million (Group share €92 million),
- Repayments to be made in connection with certain disposals at 30 June 2009 represent €264 million (€224 million Group share)

For 2010:

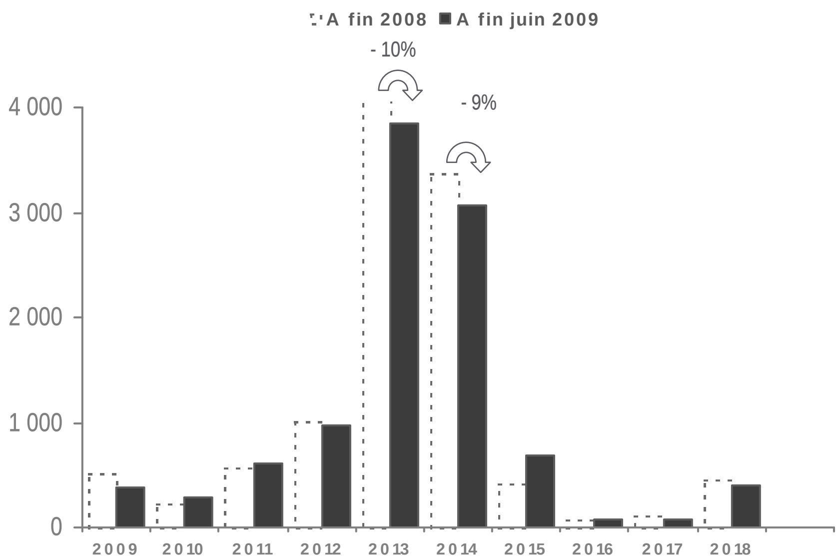
- Payments due on financing commitments (balance sheet debt + unused portion of confirmed loans) represent €283 million (Group share €198 million),
- Payments due for Foncière des Murs are mainly linked to the CT confirmed loan, renewed for €45 million in July 2009 (compared with €90 million previously); at 30 June 2009 this loan had not been used.
- Payments due for Beni Stabili include the final payment due on the Telma loan for €44 million.
- The Group's other real estate firms are not subject to any final payments, but rather regular repayments, which represent €192 million for 2010 (Group share €153 million), with €11 million for the IMSER securitisation at Beni Stabili.

Moreover, no significant reduction in debt compared with existing levels is forecast before 2013.

Group share



Consolidated



b. Financial covenants

Excluding securitised debt, the debt of Foncière des Régions, Foncière des Murs, Foncière Développement Logements and Foncière Europe Logistique is based on bank covenants concerning the consolidated financial statements which, in the event of any failure to comply, would be likely to represent an event requiring the debt to be paid back early:

- Loan-to-value ratio (LTV): this represents the ratio between the restated value of all the Group's assets, excluding cash and cash equivalents, and its net debt;
- Interest coverage ratio (ICR): this is calculated based on the consolidated income statement by dividing income from ordinary operations before the disposal of investment assets, restated for provisions and reversals, by net financial expenses.

Such covenants are prepared on a Group share consolidated basis for Foncière des Régions, and on a consolidated basis for Foncière des Régions subsidiaries.

Their thresholds vary from one real estate company to the next (at 30 June 2009, LTV cap set at 65% for Foncière Développement Logements and 70% for Foncière des Régions, Foncière Europe Logistique and Foncière des Murs), but are consistent from one debt facility to the next for a given real estate firm.

In this way, the consolidated Group share LTV covenant on Foncière des Régions' corporate debt was renegotiated during the first half of 2009 with a view to raising the cap from 65% to 70% for a two-year period (i.e. through to the first half of 2011 inclusive). This adjustment to the financial covenants concerned €1.3 billion of Foncière des Régions' debt.

All of these financial covenants were complied with at 30 June 2009.

At 30 June 2008, Foncière des Régions had consolidated ratios of 58.8% for the consolidated Group share LTV and 206% for the consolidated Group share ICR (compared with 58.8% and 202% respectively at the end of 2008).

The ratios for the Group's listed subsidiaries are available in their own financial communications.

These covenants, broken down by accounting type and consolidated, are also most often based on specific covenants for the scope being financed (most of the Group's debt is backed by portfolios).

Such "scope" covenants (more specifically "scope LTV) are based on thresholds that are systematically less restrictive for the Group's companies than the thresholds set in the consolidated covenants.

c. Average bank debt rate

The average rate of the Foncière des Régions Group's bank debt was 4.49% (Group share), compared with 4.88% for 2008 (4.71% in 2007). This 38 bp drop stems primarily from the reduction in interest rates (3 month Euribor averaging out at 4.65% over 2008, compared with 1.67% for 2009), affecting 20% of the debt not hedged by swaps, with this impact lessened by the activation of floors and the increase in our average margin.

On account of the interest rate risk hedging policy, which limits firm hedging to 75 to 80%, with the remaining amount being optional, the Group may continue to benefit over the second half of 2009 from the easing of interest rates see since the end of 2008.

d. Risk management

Liquidity

The liquidity risk is managed over the medium and long term under multi-year plans and, over the short term based on the use of confirmed and undrawn credit lines.

Moreover, the Group is not expected to face any major payments due on its debt over the next four years (annual repayments representing around 5% maximum of total debt between 2009 and 2011, and less than 10% in 2012).

Rates

Foncière des Régions' interest rate risk management policy, as presented hereafter, aims to limit the impact of a change in interest rates on earnings, as well as to secure the overall cost of debt. To achieve this, the Group uses derivatives (primarily swaps and caps), hedging its exposure to the overall interest rate risk.

Financial counterparties

The Group constantly monitors its exposure to the financial counterparty risk. The Group's policy is to only enter into contracts with first-rate counterparties.

Leasing counterparties

With a diversified portfolio of clients, the majority of which are top tier in terms of rental income and generally leaders in their respective sectors (France Telecom, Telecom Italia, EDF, Accor, Korian), the Foncière des Régions Group is not exposed to any significant risks in this area. There are no lease defaults or significant unpaid amounts to report for the Group.

Portfolio value

Real estate investments are recorded on the income statement at their fair value. Changes in building prices may therefore have a significant impact on the Group's operational performance.

Moreover, part of the Group's operating results derive from the arbitrage activity, which is also affected by the values of real estate assets and the volume of potential transactions.

Rents and prices for real estate assets are cyclical by their very nature; the duration of cycles varies, but in general, they are always long-term. The various national markets have different cycles, which vary from one to the next, depending upon specific economic and commercial environments. Moreover, within each national market, prices follow the cycle in different ways and with different levels of intensity, depending on the type of assets and their location.

The macroeconomic factors with the greatest impact on the value of real estate assets which, as a result, determine the various cyclical trends, are as follows:
- Interest rates
- Liquidity on the market and the availability of profitable alternative investments
- Economic growth

Low interest rates, high market liquidity and a lack of profitable alternative investments generally result in an increase in the value of real estate assets.

Economic growth generally increases demand for leased space and encourages an increase in rent levels, particularly in the office sector, which represents the Group’s core business segment, putting upward pressure on the prices of real estate assets. However, in the medium term, economic growth normally leads to an increase in inflation and therefore an increase in interest rates, which raises the likelihood of there being profitable alternative investments. Such factors put downward pressure on real estate prices.

The Group's investment policy aims to minimise the impact of various stages in the cycle, by selecting investments:
- Based on long-term leases and quality tenants, mitigating the impact of declines in market rents and the resulting drop in real estate prices
- Located in major towns and cities
- With low vacancy rates in order to avoid the risk of having to re-let vacant space in an environment in which demand may be limited.

Exchange rate

The Group operates in the eurozone and is therefore not exposed to any exchange rate risk. Investments made on an exceptional basis in non-euro currencies are generally financed by borrowings in the same currencies.

Shares

The shares held represent the securities of listed SCA-status subsidiaries, in which Foncière des Régions is the general partner. On account of their nature, Foncière des Régions fully consolidates the earnings of these companies in its own financial statements, regardless of the percentage it owns, and is therefore not sensitive to a change in the subsidiaries' share price in terms of the consolidated accounts. Changes in the listed subsidiaries' asset portfolios and their earnings are fully incorporated into the published consolidated earnings, on an ongoing and complete basis.

Only the corporate financial statements may be affected, but this does not concern investment securities; it represents an investment method that identifies responsibilities and contributions to the Group's earnings, making its organisational structure more transparent.

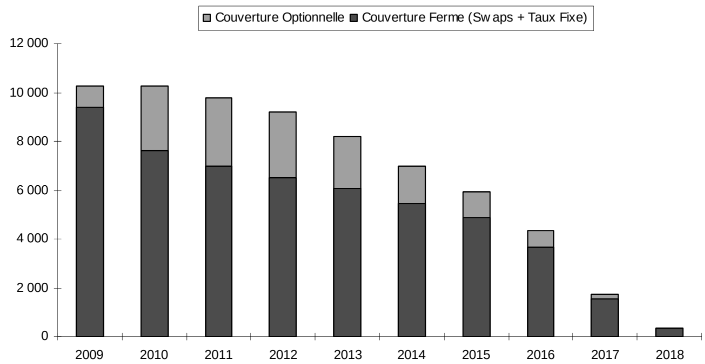
e. Hedging

Interest rate risk hedging operations

Foncière des Régions optimised its hedging portfolio during the first half of 2009, notably by relaying inactive optional instruments with short-term swaps, in order to set the potential gain generated thanks to the reduction in rates.
The framework for the Group's hedging policy remains the same; i.e. 100% hedged debt, with a minimum of 75% firm hedging, all at terms longer than the maturity of the debt.

More specifically, it has taken out:

- €125 million in swaps and €50 million in collars on FDR with a maturity of 1 to 1.5 years as of 31 March 2009
- €25 million in swaps on FDM with a maturity of 1.5 years as of 31 March 2009
- €50 million in swaps on FDL with a maturity of 1.5 years as of 30 June 2009



Measurement of the interest rate risk

At 30 June 2009, 107% of consolidated net debt (compared with 103% at 31 December 2008) was hedged against an increase in interest rates:
- 80% firm hedges, i.e. fixed-rate debt and swaps (vs. 77% at 31 December 2008)
- 27% optional hedges (primarily caps).

In the end, our debt is 94% hedged with active hedging (compared with 93% at 31 December 2008), including firm hedging for 80% and optional hedging triggered by changes in rates. This increase in the overall hedging of our debt is linked to the disposals carried out during the first half of the year and our hedging optimisation strategy (inactive caps followed by short term swaps), with this strategy also contributing to the increase in our firm hedging.

The average maturity of hedging is 5.7 years on a consolidated basis (5.5 years Group share), 1.2 years higher than the average maturity on debt, in line with the Group's objectives.

5. Major transactions over the first half of 2009

6 février 2009 : Foncière des Régions signed with Suez Environnement a lease regarding 42 000 sq.m in the Tour CB 21 in La Défense.

Foncière des Régions and Suez Environnement signed on the 6 of February a lease for the rent of 42 000 sq.m of the Tour CB 21 in La Défense, premier quartier d'affaires d'Europe.

This lease is fix on a 10 years and 3 months from the 2010. Surfaces will be delivered in two steps : 25% end 2009 and 75% mid-2010 (vs 2011 initially).

11 May 2009: sale of 4% of Foncière des Murs for €28 million

On account of the volume of disposals carried out, and in order to keep a portfolio structure focused on offices, Foncière des Régions decided to set the target level for its interests in Foncière Développement Logements and Foncière des Murs at 20%.

In this way, a 4% stake in Foncière des Murs was sold off for a total of €28 million on 11 May 2009 (€14 per share). Foncière des Régions now has a 25.1% stake in Foncière des Murs.

28 May 2009: strengthening of Foncière des Régions' capital by €187 million, with 87% of shareholders opting for the share-based dividend payment

Foncière des Régions announced the strengthening of its equity capital by €187 million as a result of 87% of shareholders taking up the share-based dividend payment option.

100% of the shareholders represented on the Foncière des Régions Supervisory Board opted for the share-based dividend option.

The issue price for shares reissued as payment was set in a resolution at the General Meeting on 24 April 2009 at €34, i.e. 95% of the average closing prices for the 20 trading days preceding the date of this shareholders' meeting, less the amount of the net dividend (€5.3).

As a result, 5,489,897 new shares were created, delivered and admitted for trading on 29 May 2009. In the end, the amount of cash dividend payments was limited to €28 million, paid out on 29 May 2009. Further to this operation, the company's capital comprised 46,578,028 shares.

8 June 2009: strengthening of Foncière des Régions' stake in Foncière Europe Logistique following the €50 million capital increase carried out by Foncière Europe Logistique in June 2009

Foncière des Régions saw its stake increase from 60% to 67% following the €50 million capital increase carried out in June by Foncière Europe Logistique, with Foncière des Régions subscribing for €47 million.

The operation represented a gross total of €51,112,884, with the creation of 25,556,442 new Foncière Europe Logistique shares at a subscription price of €2 per share. In this way, 17,272,132 new shares were subscribed as of right through the exercising of subscription rights, and 8,284,310 shares in excess of right.

23 June 2009: new strategic agreement for Foncière des Régions and France Telecom

Foncière des Régions and France Telecom have signed an agreement aimed at consolidating their real estate partnership on 173 buildings (€887 million based on the appraised values at the end of 2008), owned by Foncière des Régions and occupied by France Telecom.

Following a first agreement signed in 2008, covering 155 buildings and providing for leases to be extended and buildings sold off, this new agreement makes it possible to continue with the process to adapt the real estate occupied by France Telecom in line with the company's current and future requirements. This protocol illustrates the real estate partnership established with France Telecom for several years now, while demonstrating Foncière des Régions' ability to find real estate solutions that create value for both the tenant and the owner.

The protocol signed is based on three sections:

- New leases: during the second half of the year, Foncière des Régions and France Telecom will sign new leases on 108 buildings in the Paris Region and in other major regional cities. These assets represented an appraised value of €754 million at the end of 2008, with €65 million in annualised rental income. The average term on the new leases signed will be a firm seven-year period, compared with a residual term of two years previously.

- Disposals of buildings: France Telecom has decided to acquire 65 assets, mainly in other French regions outside of Paris, for €133 million
- Greater flexibility: at the end of its new leases, France Telecom may, in line with its requirements, get technical and service areas redeveloped.

6. Post-balance sheet events

NA