Foncière des Régions

www.foncieredesregions.fr

HALF YEAR FINANCIAL REPORT 2009

CONTENT

A. MANAGEMENT REPORT

1. MAJOR TRANSACTIONS OVER THE FIRST HALF OF 2009

6 February 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.

2. BREAKDOWN BY BUSINESS

Except if something different is indicated, all value indication in this part are based on fair value

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**	**126.7**	**–10.4%**	**+7.8%**

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

The €15.3 million reduction in rental income between 2008 and 2009 was primarily due to:
– increase in like-for-like rental revenues: +€9.2m including +€7.6m linked to indexation
– the vacating by GAN of CB 21: –€5m
– disposals 2008/2009: –€19.5m

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

(€m)	Area (sqm)	Number of assets	Rents 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*

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 sqm 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 sqm of office space at an average rent of# 113 €/sqm 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 sqm by Astom in Meudon
– 18,900 sqm of office space by France Telecom at 8 sites

At 30/06/2009, the principal vacant spaces were:
– 11,480 sqm vacant in Diors, near Châteauroux
– 9,100 sqm vacant in Meudon,
– 3,942 sqm vacant in Gond Pontouvre; near Angoulême
– 3,932 sqm 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: Office building located in the 15th arrondissement in Paris, 60%-owned in partnership with Prédica: 25,000 sqm 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 / sqm. 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%**
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	**35,075**	**100%**

** Excluding development*

At 30/06/2009, the France Office assets were valued at €3,533 million on the Foncière des Régions balance sheet, i.e.:
– €3,295 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%	8.5%	+50 bps
EDF	384	–4.4%	+0.1%	–4.6%	8.9%	8.2%	+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:

Rents H1 2008 (€m)	**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. Rental activities

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

(€m)	Number of leases	Area in thousands of sqm	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 (sqm)
Via Strada – Rozzano	July 2009	30.8	11,628
Milan – Piazza Freud (Tower B)	January 2001	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%**

(€m)	Geographic breakdown Value excl TD 30/06/09	%
Milan	1,780.0	40.9%
Rome	412.3	9.5%
Other	2,156.3	49.6%
Total	**4,348.6**	**100.0%**

b. Change on a like-for-like basis

		Change in assets on like-for-like basis					
Italy Office (M€m)	**Value excl TD 30/06/09**	**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

FDL (€ millions)	Number of assets*	Rental income (€ millions) 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 (€ millions)	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.

c. Change in assets like-for-like basis

(€ millions)	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 service sector 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

		Change in assets on a like-for-like basis					
FDM (€m)	Value excl TD 30/06/09	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. Receipted rental income

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. Receipted rental income 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. Indexation

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 activities

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:

Renewals	Tenants	Area (sq.m)
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.

3. ANALYSIS OF CONSOLIDATED AND GROUP SHARE BUSINESS

Except if something different is indicated, all value indication in this part are based on fair value

A. CHANGE IN RENTAL INCOME

Consolidated

	Consolidated rental income			
(€ million)	**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 Residential	24	4.6%	23	4.5%
Germany Residential	82	15.5%	83	16.0%
Total Residential	**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%**	**+5.8%**
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 Residential	9	2.8%	9	3%	
Germany Residential	32	9.6%	32	10%	
Total Residential	**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 residential 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%	549	287	836	–2.5%	5.9%
	Group share	***454***	***179***	***633***	***–2.9%***	***6.5%***

D. PORTFOLIO

			Like-for-like change in portfolio					
(€ million)	Value excl. TD 30 Jun 09 consolidated	Value excl. TD 30 Jun 09 Group share	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 Residential	972	371.3	–1.7%	+2.2%	–3.9%	4.5%	4.7%	20 bp
Germany Residential	2,427.9	940.9	–0.1%	+1.6%	–1.7%	6.8%	6.9%	10 bp
Residential	**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

4. HALF YEAR FINANCIAL STATEMENTS

A. HALF YEAR 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.

Principal aggregates (M€)	30 June 2008	30 June 2009	Change
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
Cost of the net debt	–135.9	–116.2
Margin on residential 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 and depreciation	–9.4	–412
Others financial products and charges included fair value adjustment of financial instruments	111.3	–89.6
Margin on sales (excluding residential)	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**

B. NET ASSET VALUE BALANCE SHEET

Shareholders' equity

Consolidated group share 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).

5. NAV

At 30 June 2009, the value of the Group's consolidated portfolio was €14,649 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**
Unrealised tax (included actualisation)	71.1	**78.1**
Restatement of capital lease		**0.9**
Triple net NAV	**3,273.8**	**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.

6. 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

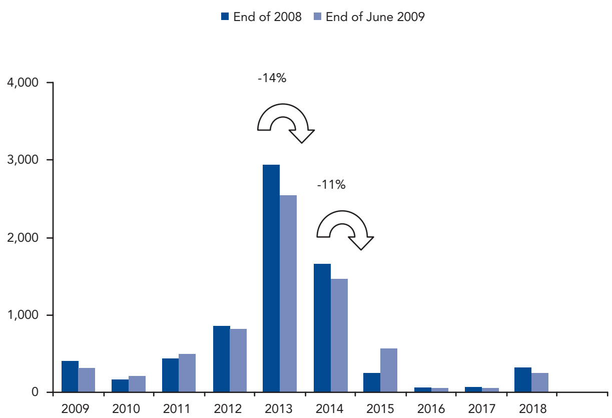
The average remaining term of the Foncière des Régions Group's debt was 4.5 years at 30 June 2009.

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)

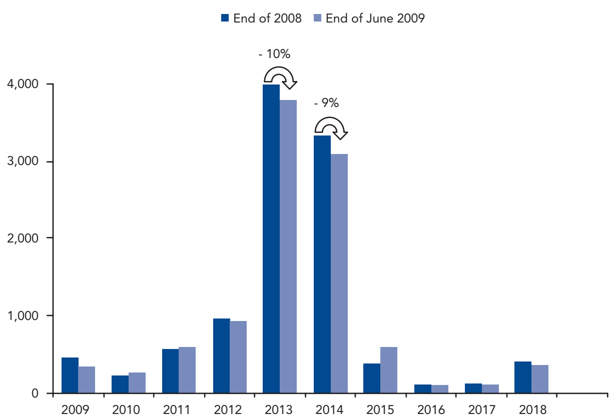
For 2010:
– Payments due on financing commitments (balance sheet debt + unused portion of confirmed loans) represent €283 million (Group share €198 million),
– Payments due for Foncière des Murs are mainly linked to the CT confirmed loan, renewed for €45 million in July 2009 (compared with €90 million 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.

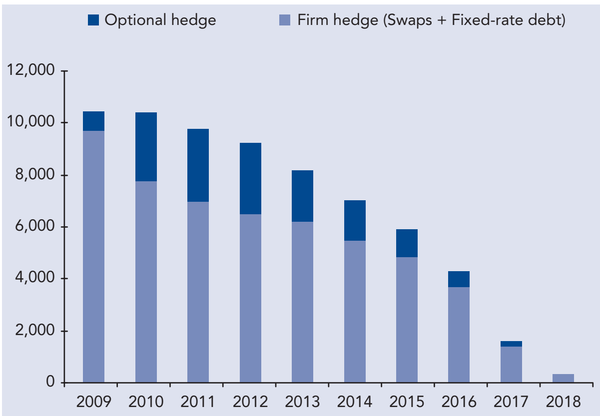
E. HEDGING

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.

7. POST-BALANCE SHEET EVENTS

See part B

8. ASSOCIATED COMPANIES

See part B

9. OUTLOOK

Foncière des Régions teams are continuing to work towards the objectives for the FdR2010 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.

B. CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2009

1. FINANCIAL STATEMENTS

Foncière des Régions' business activity is the acquisition, ownership, administration, and leasing of properties, whether developed or not, in particular offices, logistics warehouses, residential, and parking lots.

Registered in France, Foncière des Régions is a French limited corporation with a Management Board and a Board of Directors. It is consolidated within Batipart and Delfin by the equity method.

	Note	Net 6/30/2009	Net 12/31/2008	Net 12/31/2007
NON-CURRENT ASSETS				
INTANGIBLE ASSETS				
Goodwill		0	0	0
Other intangible assets	3.1	149,622	140,746	35,547
PROPERTY, PLANT & EQUIPMENT				
Land	3.1	56,830	56,830	54,244
Buildings	3.1	106,586	113,880	208,682
Other	3.1	7,099	8,077	6,152
Assets in progress	3.1	508,994	873,601	896,599
INVESTMENT PROPERTIES	3.1	13,630,709	13,746,867	15,154,902
FINANCIAL FIXED ASSETS				
Other assets available for sale				192
Loans	3.1	41,346	34,639	66,781
Other financial assets	3.1	57,219	56,998	
Financial instruments	3.7	1,392	908	155,313
Finance lease receivables	3.1	29,924	38,422	66,184
Share of income/loss of associates	4.5	147,985	190,624	321,428
DEFERRED TAX ASSETS	3.2	120,091	110,122	83,120
TOTAL NON-CURRENT ASSETS (I)		**14,857,797**	**15,371,714**	**17,049,144**
CURRENT ASSETS				
ST LOANS AND FINANCE-LEASE RECEIVABLES	3.3	22,024	30,645	48,060
INVENTORIES AND PRODUCTION IN PROGRESS	3.3	129,498	135,517	207,383
DUE FROM CUSTOMERS		239,874	174,010	170,024
OTHER RECEIVABLES		233,106	188,422	245,051
PREPAID EXPENSES		11,738	8,251	4,784
CASH AND CASH EQUIVALENTS	3.3	162,445	199,460	300,501
TOTAL CURRENT ASSETS (II)		**798,685**	**736,305**	**975,803**
NON-CURRENT ASSETS AND ASSET GROUPS HELD FOR SALE (III)	**3.1**	**1,018,845**	**1,338,733**	**948,626**
TOTAL ASSETS (I + II + III)		**16,675,327**	**17,446,752**	**18,973,573**

	Note	Period 6/30/2009	Period 12/31/2008	Period 12/31/2007
SHAREHOLDERS' EQUITY				
CAPITAL		139,734	123,263	124,824
ADDITIONAL PAID-IN CAPITAL		2,198,423	2,259,379	2,257,873
TREASURY SHARES		–33,503	–32,994	–25,690
CONSOLIDATED RESERVES		1,100,167	1,648,108	1,111,891
RESULTS		–325,557	–556,524	792,669
TOTAL GROUP SHAREHOLDERS' EQUITY	**3.4**	**3,079,264**	**3,441,232**	**4,261,567**
MINORITY INTERESTS	3.4	2,073,169	2,355,645	2,901,001
TOTAL SHAREHOLDERS' EQUITY (I)		**5,152,433**	**5,796,877**	**7,162,568**
EQUITY INTERESTS ISSUED (II)		**0**	**0**	**0**
NON-CURRENT LIABILITIES (III)				
INTEREST-BEARING BORROWINGS	3.6	9,006,940	9,463,516	9,279,294
FINANCIAL INSTRUMENTS	3.7	645,103	495,310	115,180
DEFERRED TAX LIABILITIES	3.2	458,462	481,105	512,761
PENSION AND OTHER COMMITMENTS	3.5	37,126	37,197	37,748
OTHER LONG-TERM LIABILITIES		16,915	16,416	7,832
TOTAL NON-CURRENT LIABILITIES (III)		**10,164,546**	**10,493,544**	**9,952,815**
CURRENT LIABILITIES (IV)				
TRADE PAYABLES		120,670	85,085	250,980
SHORT-TERM INTEREST-BEARING BORROWINGS	3.6	837,896	697,523	1,245,931
TENANT SECURITY DEPOSITS		17,235	17,876	26,533
ADVANCES & INSTALMENTS RECEIVED ON CURRENT ORDERS		188,920	142,356	122,523
ST PROVISIONS	3.5	27,439	41,500	41,810
CURRENT TAXES	4.6	8,778	28,796	6,497
OTHER LIABILITIES		109,012	98,705	121,821
ACCRUALS		48,398	44,490	42,095
TOTAL CURRENT LIABILITIES (IV)		**1,358,348**	**1,156,331**	**1,858,190**
HELD FOR SALE (III)		**0**	**0**	**0**
TOTAL LIABILITIES (I + II + III + IV + V)		**16,675,327**	**17,446,752**	**18,973,573**

GLOBAL TOTAL INCOME STATEMENT – PART 1 AT 30 JUNE 2009

	Note	Period 1st half 2009	Period 1st half 2008	Period 1st half 2007
INCOME FROM ORDINARY ACTIVITIES				
Rental income		487,961	502,529	362,017
Receipts from parking lots		10,041	9,940	9,604
Disposals of properties in inventory		8,284	8,563	3,634
Services		10,475	8,642	2,507
Net revenue	**4.1**	**516,761**	**529,674**	**377,762**
Other operating income		1,128	1,088	3,261
Total current operating income		**517,889**	**530,762**	**381,023**
EXPENSES ON ORDINARY ACTIVITIES				
Costs of disposals of inventory	4.1	6,984	8,746	–2,583
Other external purchases and expenses	4.1	46,143	59,945	46,239
Income and other taxes	4.1	12,693	14,097	7,071
Personnel expenses	4.1	35,606	32,980	30,124
Appropr. to amortisation, depreciation and provisions	4.1	21,770	37,322	4,938
Net provisions on current assets	4.1	–419	835	277
Net provisions for risks and contingencies	4.1	–13,554	521	2,375
Other operating expenses	4.1	713	1,084	3,387
Total expenses on current operations		**109,936**	**155,530**	**91,828**
1. OPERATING INCOME BEFORE SALES OF INVESTMENT ASSETS		**407,953**	**375,232**	**289,195**
Net sales of non-current assets	4.2	–33,157	16,214	2,334
Change in fair value of investment assets	3.1	–600,350	23,148	691,045
Other non-recurring income and expenses	4.3	15,255	–11,752	–28,500
Total other operating income and expenses		**–618,252**	**27,610**	**664,879**
2. CURRENT OPERATING INCOME		**–210,299**	**402,842**	**954,074**
Interest income on cash transactions		46,221	21,714	10,792
Income from finance lease transactions (CB)		2,273	5,139	8,228
Financial income from discounting		839	1,453	1,046
Positive change in fair value of financial assets & liabilities		703	198,389	184,371
Total financial income		**50,036**	**226,695**	**204,437**
Interest expense on financing operations		211,695	253,357	156,760
Expenses on finance lease transactions (CB)		1,061	1,241	1,382
Financial expense from discounting		10,499	10,168	3,900
Negative change in fair value of fin. assets and liabilities		140,496	1,347	–548
Net expenses on financial provisions		4,845	8,171	1,921
Total financial expenses		**368,596**	**274,284**	**163,415**

	Note	Period 1st half 2009	Period 1st half 2008	Period 1st half 2007
3. FINANCIAL INCOME	**4.4**	**–318,560**	**–47,589**	**41,022**
Share in income (loss) of associates	4.5	–34,150	13,369	39,910
4. INCOME BEFORE TAXES		**–563,009**	**368,622**	**1,035,006**
Income tax	4.6	14,880	16,983	9,666
Deferred taxes	3.2	–29,785	22,594	68,698
5. NET INCOME FROM CONTINUING ACTIVITIES		**–548,104**	**329,045**	**956,642**
Loss on discontinued operations for the period		0	0	0
6. NET INCOME FOR THE PERIOD		**–548,104**	**329,045**	**956,642**
ATTRIBUTABLE INCOME FOR THE PERIOD				
To Group share		–325,557	206,319	606,454
To Minorities		–222,547	122,726	350,188
INCOME FOR THE PERIOD		–548,104	329,045	956,642
NET GROUP INCOME PER SHARE	5.2	–7.844	5.02	19.52
DILUTED NET GROUP INCOME PER SHARE	5.2	–7.842	5.01	19.45

GLOBAL TOTAL INCOME STATEMENT – PART 2 AT 30 JUNE 2009

	6/30/2009	6/30/2008	6/30/2007
INCOME FOR THE PERIOD	–548,104	329,045	956,642
OTHER ELEMENTS OF GLOBAL INCOME			
Exchange gains (losses) on foreign operations	–327	–1,713	467
Effective income (loss) on hedging instruments	–9,340	1,480	8,872
OTHER ELEMENTS OF GLOBAL INCOME NET OF TAXES	–9,667	–233	9,339
TOTAL GLOBAL INCOME FOR THE PERIOD	–557,771	328,812	965,981
TOTAL ATTRIBUTABLE GLOBAL INCOME:			
To shareholders of the parent company	–332,591	206,564	610,131
To minorities	–225,180	122,248	355,850
TOTAL GLOBAL INCOME FOR THE PERIOD	–557,771	328,812	965,981

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Premium issue	Shares shareholder
At 31 December 2007	**124,824**	**2,257,873**	**–25,690**
Dividend distribution			
Capital increase	43	770	
Capital reduction	–1,680		
Total Global Income for the period			
Valuation of share purchase options and bonus-share allocation rights			
Treasury shares			17,167
Change in percentage held Beni Stabili			
Altarea operation			
Other			
At 30 Jun 2008	**123,187**	**2,258,643**	**–8,523**
Capital increase	76	892	
Expenses on capital operations		–156	
Total Global Income for the period			
Valuation of share purchase options and bonus-share allocation rights			
Treasury shares			–24,471
Change in percentage held Beni Stabili			
Altarea operation			
Other			
At 31 December 2008	**123,263**	**2,259,379**	**–32,994**
Dividend distribution	16,470	–60,969	
Capital increase	1	14	
Total Global Income for the period			
Valuation of share purchase options and bonus-share allocation rights			
Treasury shares			–509
Change percentage held FDM			
Change percentage held FEL			
Other			
At 30 June 2009	**139,734**	**2,198,424**	**–33,503**

Dividends paid during the six-month period:
- in cash: €28.5m
- in shares: 5,498,897 shares at a nominal value of €34

Reserves and income not distributed	Spreads on conversion	Operations heding	Total Capital shareholder of the Group	Interests minorities	Total capital shareholder
1,941,737	**662**	**–37,839**	**4,261,567**	**2,901,001**	**7,162,568**
–217,615			–217,615	–110,098	–327,713
			813		813
–44,777			–46,457		–46,457
206,319	–1,164	1,409	206,564	122,248	328,812
1,837			1,837		1,837
			17,167		17,167
			0	–63,381	–63,381
7,107			7,107		7,107
1,996			1,996	–13,826	–11,830
1,896,604	**–502**	**–36,430**	**4,232,979**	**2,835,944**	**7,068,923**
			968		968
			–156		–156
–761,419	–260	–42,928	–804,607	–413,497	–1,218,104
1,874			1,874		1,874
			–24,471		–24,471
33,985			33,985	–62,761	–28,776
926			926		926
–266			–266	–4,041	–4,307
1,171,704	**–762**	**–79,358**	**3,441,232**	**2,355,645**	**5,796,877**
15,988			–28,511	–93,527	–122,038
			15		15
–325,557	–239	–6,795	–332,591	–225,180	–557,771
1,401			1,401		1,401
			–509		–509
			0	42,562	42,562
			0	–5,146	–5,146
–1,773			–1,773	–1,185	–2,958
861,763	**–1,001**	**–86,153**	**3,079,264**	**2,073,169**	**5,152,433**

CASH FLOW TABLE

	30.06.09	31.12.08	30.06.08	31.12.07
Net consolidated income (including minorities)	**–548,104**	**–832,097**	**329,045**	**1,232,508**
Net appropr. to amortisation and provisions (excl those linked to current assets)	8,024	203,441	37,231	170,979
Latent gains (losses) related to changes in fair value	740,144	949,760	–220,190	–1,049,226
Expenses and income calculated on stock options and related benefits	1,401	3,711	1,837	2,611
Other income and expenses calculated	13,015	26,061	6,968	15,827
Gains (losses) on disposals	33,157	–25,671	–10,899	–26,790
Profit and loss on dilution – accretion	–8,445	–5,315	–5,315	529
Share of income/loss of equity associates	34,150	34,316	–13,369	–61,491
Dividends (unconsolidated shares)	–1,027	0		
Cash flow after cost of net financial debt and taxes	**272,315**	**354,206**	**125,308**	**284,947**
Cost of net financial debt	164,351	449,391	227,745	346,658
Income tax liability (including deferred taxes)	–14,905	5,935	39,577	7,082
Cash flow before cost of net financial debt and taxes	**421,761**	**809,532**	**392,630**	**638,687**
Taxes paid	–38,534	–36,018	–8,774	–29,537
Change in working capital requirements on cont. operations (including debt for employee benefits)	31,676	130,537	51,508	–31,237
CASH FLOW FROM OPERATIONS	**414,903**	**904,051**	**435,364**	**577,913**
Disbursals related to acquisitions of tangible and intangible assets	–126,537	–681,846	–461,492	–2,612,670
Receipts from disposals of tangible and intangible assets	208,062	889,918	302,753	311,277
Disbursals related to acquisitions of non-current financial assets (unconsolidated shares)	0		–19	
Receipts from sales of non-current financial assets (unconsolidated shares)	0		0	
Impact of changes in scope of consolidation	29,695	8,218	70,333	–710,438
Dividends received (equity associates, unconsolidated shares)	9,570	11,028	10,774	
Change in loans and advances made	9,628	–7,662	1,033	25,575
Investment subsidies received	1,813	1,192		
Other flow from investing activities				283,579
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**132,231**	**220,848**	**–76,618**	**–2,702,677**

	30.06.09	31.12.08	30.06.08	31.12.07
Sums received from shareholders in capital increases	0			
Paid by parent company shareholders	186,657			
Paid by minority shareholders of consolidated companies	1,199	1,874		
Amounts received from exercise of stock options	480	1,781	813	2,320
Redemption and resale of treasury shares	–93	–144,537	–93,037	–25,455
Dividends paid to parent company shareholders	–215,168	–217,216	–217,615	–348,507
Dividends paid to consolidated minorities	–93,527	–110,098	–109,739	–39,989
Receipts related to new borrowings	82,617	24,481,812	9,703,362	12,712,660
Repayment of borrowings (including finance lease agreements)	–526,734	–24,678,568	–9,581,005	–9,830,600
Net interest paid (including finance lease agreements)	–164,211	–457,133	–228,853	–346,658
Other cash flow from financial activities				
Impact of foreign currency differences				
NET CASH FLOW FROM FINANCIAL ACTIVITIES	**–728,780**	**–1,122,085**	**–526,074**	**2,123,771**
CHANGE IN NET CASH	**–181,646**	**2,814**	**–167,328**	**–993**
Cash at start	63,981	61,167	61,167	62,160
Cash at end (1)	–117,665	63,981	–106,161	61,167
Change in cash	–181,646	2,814	–167,328	–993

(1): Cash at period-end 30 June 2009 was (–€117.7m) corresponding to €162.4m in "Cash and cash equivalents" less €280.1m creditor bank accounts recognised under liabilities as "Interest-bearing short-term borrowing".

Borrowings are explained in detail in Note 3.6 – Debts.

2. APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT EVENTS IN THE SIX-MONTH PERIOD

1.1. Economic environment

Changes in the economic climate are one of the criteria affecting our real estate asset valuations. Broad economic uncertainty will be reflected in our 30 June 2009 asset valuations. Every expert analysis takes the current economic climate into account, and the 2009 analysis reflects these conditions.

Changes in the rates of return, which affect market players' expectations of the return on risk, is strongly impacted by the economic climate, and correlates to a certain extent with interest rate movements. The sharp drop in interest rates, since the fourth quarter of 2008 and continuing into 2009, is a factor stabilising the rates of return.

The sensitivity to rates of return is presented in Note 2.6.

1.2. Offices – France

1.2.1. Foncière des Régions and Suez Environnement: Lease of 42,000 sqm in the CB 21 Tower at La Défense

Foncière des Régions signed a 10-year 3-month lease with Suez Environnement for 42,000 sqm. The building is undergoing heavy renovation to produce a new building. Suez Environnement will move into part of it in November 2009 and into the rest in June 2010.

1.2.2. New strategic agreement between Foncière des Régions and France Télécom

Foncière des Régions and France Télécom signed an agreement to boost their real estate partnership to 173 buildings (€887m based on 2008-end appraisal values), owned by Foncière des Régions and occupied by France Télécom.

Following a first agreement signed in 2008 for 155 buildings and allowing for lease extensions and sales of buildings, this new agreement continues the process of adapting buildings occupied by France Télécom to the company's present and future needs.

The signed protocol has a triple focus:

- New leases: Foncière des Régions and France Télécom will sign new leases in the second half of the year for 108 properties in the Paris area and in regional metropolitan areas. These assets represent an appraisal value of €754m at 2008-end with an annual rent of €65m. The average term of the new leases signed will be six fixed years, compared with the previous two-residual-year agreements;
- Property sales: France Télécom has decided to acquire 65 primarily regional assets, in the amount of €133m;
- Increased flexibility: When the new leases expire, France Télécom will be able to, as necessary, redevelop technical and service spaces.

1.2.3. Strengthening of Foncière des Régions shareholders' equity by €187m

Foncière des Régions boosted shareholders' equity by €187m with an 87%-subscribed offer of stock dividends (dividends in the form of shares) to shareholders.

All the shareholders represented on the Board of Directors of Foncière des Régions opted for the option to take dividend payments in shares.

Based on a price of €34 per share, 5,489,897 new shares were created on 29 May 2009. At the end of the operation, the Company's share capital consisted of 46,578,028 shares.

1.2.4. Sale of 4% of the capital of Foncière des Murs

Foncière des Régions sold its 4% stake in Foncière des Murs to Générali for a total €28m on 11 May 2009 at €14 per share, incurring a capital loss of €14.2m. Foncière des Régions now owns 25.1% of Foncière des Murs.

1.2.5. Participation in the capital increase of Foncière Europe Logistique (FEL)

FEL increased its share capital by €50m in June 2009. Foncière des Régions participated in this capital increase in the amount of €47m, the balance having been subscribed by Cardiff. The transaction was based on €2/share (FEL's NAV per share at 30 June 2009 was €3.7). This operation produced a profit of €8.2m.

Foncière des Régions owns 67% of FEL.

1.2.6. Portfolio changes

In the first half of 2009, Foncière des Régions sold €82.8m worth of Offices France assets.

Three significant transactions are noteworthy:
- 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

1.3. Offices – Italy

1.3.1. Redemption of IMSER Bonds

During the first half of 2009, Beni Stabili redeemed several tranches of its so-called (securitised) "IMSER" debt at significant discounts. These redemptions had a net positive impact on financial profit in the amount of €30.7m. This impact consists of financial income (€41m) and a change in the fair value of hedging instruments linked to the redeemed tranches (€10.3m).

1.3.2. Portfolio changes

At 30 June 2009, the Beni Stabili Group had sold nine assets for a gross sale price of €37.5m and signed 12 draft agreements for a gross sale price of €202.0m, making a total of €239.5m.

1.4. ResidentialSegment

1.4.1. Consolidation changes Change in scope

The securitisation vehicle for the Lyndon debt, Immeo Residential Finance No 2 (an Irish company) was integrated in FDL's scope of consolidation at 30 June 2009. In fact, its exclusive purpose is securitisation management.

This integration, considered to be a consolidation correction, had no retroactive effect or impact on the share capital of the structure. The financial statements for the period ended 30 June 2009, however, were impacted as follows:
- Balance sheet: The loan was reclassified as a bond in the amount of €1.3bn
- Income statement: Financial expenses for the Immeo bank loan were replaced by financial expenses linked to bond coupons plus a small proportion of operating expenses (€165k). The total amount of these two items corresponds to the Immeo financial expenses (no income realised by the securitisation vehicle).

1.4.2. Portfolio changes

Over the six-month period, sales in terms of appraisal value were €34m in the French scope of consolidation and €27.5m in the German scope of consolidation.

1.5. Logistics Segment

1.5.1. Portfolio changes

The three following assets were sold during the six-month period:
- The assets of Sénart 7 on 10 March 2009 for €20m
- A warehouse in Steinhagen in Germany on 1 April 2009 for €3.6m
- Building 24 in Garonor Aulnay on 1 July 2009 for €3.9m.

1.5.2. Financing changes

Asset sales and capital increases enabled the Company to shed debt.

Over the six-month period the Company transacted early redemptions of Garonor loans in the amount of €53.7m, Roma loans in the amount of €36.4m, and German companies' loans in the amount of €4.6m. Total borrowing thereby fell from €818m at 31 December 2008 to €717.4m at 30 June 2009.

1.6. Service sector Segment

1.6.1. Sale of four Korian assets

On 5 June 2009, Foncière des Murs sold the bricks & mortar of four residential care facilities for the elderly *(Etablissements d'Hébergement pour Personnes Agées*

Dépendantes / EHPAD), acquired and leased to Korian since the end of 2004, for €38m (€35.8m before transfer duties and conveyancing fees) for 6.9%. These assets, located in Eaubonne, Bordeaux, Suresnes and Lyon, comprised a net floor area of 17,000 sqm and 410 beds. This sale incurred a capital loss of €3.8m.

These sales were conducted by Foncière Sagesse Retraite, a new investor specialising in healthcare real estate.

1.6.2. Sale of Italian real estate fund H1

On 6 May 2009, Foncière des Murs sold its entire stake in the Italian real estate fund H1, 80% of which it had owned via its Luxembourg subsidiary, the remaining 20% having been owned by Beni Stabili. The sale, for a total €5.5m, incurred a capital loss of €7m.

1.7. Post balance sheet events

1.7.1. Offices – France

On 23 July 2009, five banks agreed a firm line of financing in the amount of €305m, as follows:

- A medium long term tranche of €239.3m to refinance the bridging loan for CB21 (before its initial maturity at the end of November 2009)
- A medium long term tranche of €50.7m to partially finance the CB21 tower restructuring works
- A short term VAT loan of €15m as a revolving line of credit to carry the VAT on works.

This new mortgage-type financing has a fixed maturity date of 31 January 2015 (a $5^1/_2$ year loan term).

1.7.2. Offices – Italy

On 17 July 2009, the Italian tax authorities notified Beni Stabili of a reassessment of registration, mortgage and land registry taxes in the amount of €106.2m plus €8.7m interest. This reassessment relates to the purchase in 2006 of the entire holding in the company Immobilière Fortezza Srl from the Banca Commerciale Italiana (Fond Comit) Employee Pension Fund. Fond Comit received the same notification.

Beni Stabili considers that it has good arguments that will enable it to best protect its position. To this end, an appeal will be filed against the tax reassessment, in accordance with law.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. General principles – Accounting framework

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

The semi-annual short-form consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The accounting principles and methods are identical to those applied in the consolidated annual statements for the year ended 31 December 2008.

The new standards and the amendments to existing standards, which came into effect on 1 January 2009 and are extant in the Official Journal of the European Union at the date that the financial statements were prepared, have been applied. The standards are as follows:

- All standards amended as part of the IFRS improvements published on 23 January 2009 in the Official Journal of the European Union
- Revision to IAS 1 "Presentation of Financial Statements"
- Amendment to IAS 19 "Employee Benefits"
- Revision to IAS 23 "Borrowing Costs"
- Amendment to IAS 32 "Financial Instruments – Classification of Puttable Instruments"
- Amendment to IAS 40 "Investment Property undergoing construction or development"
- Amendment to IFRS 2 "Clarification of vesting conditions and cancellation" with no impact on financial statements
- Amendment to IFRS 1 / IAS 27: "Cost of investment in a subsidiary, co-enterprise or joint venture" with no impact on financial statements
- IFRS 8 "Operating Segments": Management's use of historical business-segment analysis for decision-making complies with IFRS 8. Consequently, the application of this standard has no impact on the financial statements.
- IFRIC 13 "Customer Loyalty Programmes"

Foncière des Régions has not applied and will not apply the latest published standards and interpretations before they became mandatory on or after 1 January 2009. These are as follows:

- All standards amended as part of the IFRS improvements published in April 2009 by the IASB and not yet adopted by the European Union
- Amendment to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", mandatory from 1 July 2009
- Revision to IAS 27 relating to "Business Combinations Phase II", mandatory from 1 July 2009
- Amendment to IAS 38 "Intangible Assets: Advertising and Promotion Expenses", mandatory from 1 July 2009
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement": Reclassification of financial assets, not adopted by the European Union
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39, not adopted by the European Union
- Revision to IFRS 3 "Business Combinations", mandatory from 1 July 2009
- Amendment to IFRS 7 "Financial Instruments Disclosures", not adopted by the European Union
- IFRIC 15 "Agreements for the Construction of Real Estate", not adopted by the European Union
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", mandatory from 1 July 2009
- IFRIC 17 "Distribution of Non-Cash Assets to Owners", mandatory from 1 July 2009
- IFRIC 18 "Transfers of Assets from Customers", mandatory from 1 July 2009

If these standards were applied early, they would have no impact on the financial statements for 30 June 2009.

2.2. Changes in accounting principles – Amendment to IAS 40

The amended IAS 40 takes effect from 1 January 2009. Consequently, real estate in the course of construction must now be valued by the general principle of fair value unless its fair value cannot be measured in a reliable and continuous way (see Note 2.6.1 Real Estate in Development).

The result of this change is, at 30 June 2009, the reclassification of the CB 21 Tower as real estate measured at fair value.

2.3. Consolidation principles

Companies over which Foncière des Régions directly or indirectly exercises majority control are fully consolidated. Companies in which Foncière des Régions has less than a 50% stake, but over which it exercises substantial control, i.e. the authority to manage financial and operating policies in order to obtain benefits, are also fully consolidated.

Companies over which Foncière des Régions exercises significant control are consolidated by the equity method, which is assumed to apply when it holds 20% or more of voting rights. Jointly controlled companies are consolidated by the equity method.

The rules and methods applied by the subsidiaries are consistent with those of the Parent Company, and reciprocal transactions between consolidated companies have been eliminated.

2.4. Estimates and judgments

The financial statements have been prepared in accordance with the historic cost convention, with the exception of investment properties and certain financial instruments, which are recognised using the fair value method. In accordance with the IFRS conceptual framework, the preparation of the financial statements requires making estimates and using assumptions that impact the amounts shown in these financial statements. Significant estimates made by Foncière des Régions in preparing the financial statements relate primarily to:

- Valuations used for testing impairment, in particular assessing the recoverable value of goodwill and intangible fixed assets
- Valuation of the fair value of investment properties and financial instruments
- Valuation of provisions
- Valuation of pension and similar commitments
- Valuation of options from stock option plans

Because of the uncertainty inherent in any valuation process, Foncière des Régions reviews its estimates on the basis of regularly updated information. The future outcome of the transactions in question may differ from these estimates.

As well as estimating, the Group's Management uses its judgment to define the appropriate accounting practices for any activities, transactions and problems that current

IFRS standards and interpretations do not specifically address. Specifically, Management will exercise its judgment in classifying leasing agreements (operating leases and finance leasing).

2.5. Operating segments

Foncière des Régions holds a wide range of real estate assets, in order to collect lease payments and to benefit from appreciation of the assets held. Segment reporting is based on client type and asset type. The operating segments are therefore:
- *Offices – France*: Offices and shops in France
- *Offices – Italy*: offices and shops in Italy
- *Residential*: the Group's residential assets
- *Logistics*: warehouses and other light industrial
- *Service sector*: operating facilities in hotels, restaurants, and leisure health establishments
- *Car parks*: parking lots wholly owned or under concession

The segments are monitored by the company's Management.

2.6. Valuation rules and methods applied by Foncière des Régions for principal balance sheet items

2.6.1. Investment properties

Investment properties are real estate assets held for the purpose of collecting lease payments, or for capital appreciation, or both, rather than
- for use in the production or supply of goods or services or for administrative purposes
- for sale as part of ordinary operations.

Investment properties are the bulk of the Group's asset portfolio. Properties occupied by Foncière des Régions are recorded under property, plant and equipment.

In accordance with the option offered by IAS 40, investment properties are recognised at fair value. Changes in fair value are released to profit or loss released to profit or loss. Investment properties are not amortised.

The value of Foncière des Régions' property portfolio is appraised by independent experts twice a year, once on 30 June and once on 31 December. The appraisal calculation methods are set out in an internal specifications document, based on regulatory body directives:
- Recommendations of the French securities commission *(Autorité des Marchés Financiers / AMF)*
- Guidelines in the COB report of 3 February 2000 on real estate appraisals ("Report by the working group on the real estate appraisal of the portfolio of companies engaging in public offerings", chaired by Mr. Georges Barthès de Ruyter).

All investment property owned (directly and indirectly) by Foncière des Régions was valued at 30 June 2009 by real estate expert members of AFREXIM, specifically DTZ Eurexi, Foncier Expertise, Lasalle, Atis Real and CBRE, on the basis of a common set of specifications prepared by Foncière des Régions in accordance with professional practices.

Assets are estimated at their value excluding transfer duties and/or including transfer duties, and leases are estimated at market value. They are recognised in the financial statements at their value excluding transfer duties.

Real estate in development

From 1 January 2009 and in accordance with the amended IAS 40, real estate under construction is valued according to the general principle of fair value unless its fair value cannot be determined reliably or continuously, which case the real estate is valued at cost.

Consequently, development, extension and restructuring programmes of existing but not yet operational real estate are measured at fair value and classified as investment property when the reliable fair value criterion is met (administrative, commercial and technical criteria). Up until 31 December 2008, such programmes were valued at cost in accordance with IAS 16.

In accordance with the revised IAS 23 and in line with the preceding financial year, borrowing cost during a construction and renovation period is included in the asset cost. The capitalised amount is determined on the basis of financial expenses paid or, as appropriate, on the average interest rate of the debt concerned.

2.6.2. Non-current assets in progress

Non-current assets in progress corresponds to work on assets that are not yet operational plus development programmes that cannot be measured at fair value reliably and continuously.

In accordance with IAS 16, they are valued at their historic cost. If such development programmes are audited and their appraisal value is less than the costs incurred and committed, an impairment is recognized at the close of the reporting period.

2.6.3. Non-current assets intended for sale

In accordance with IFRS 5, when Foncière des Régions decides to dispose of an asset or group of assets, it classifies them as assets intended for sale if

- the asset or group of assets is available for immediate sale in its current condition, subject only to normal and customary conditions for the sale of such assets
- the sale is probable within one year, this being reduced to six months for the Offices France, Logistics, and Service sector segments.

For Foncière des Régions, only properties meeting the above criteria and forming part of the disposal plans approved by the Board of Directors are classified as non-current assets intended for sale.

The valuation methods for these assets are identical to those explained above for investment properties if no sale commitment has been signed. If a sale commitment exists on the account closing date, the price of the commitment constitutes the fair value of the asset intended for sale.

2.6.4. Financial liabilities

Financial liabilities include borrowings and other interest-bearing debt.

When they are first recognised, they are valued at fair value against which are charged the transactions costs directly attributable to the issuance of the liability. They are then recognised at amortised cost on the basis of the effective interest rate. The effective rate includes the nominal rate and actuarial amortisation of issue expenses and issue and redemption premiums.

The short-term portion (less than a year) of a financial debt is classified as current financial debt.

In the case of financial debts relating to financial leasing agreements, the financial debt recorded against the tangible fixed asset is initially recognised as the leased asset's fair value, or if this is less, at the adjusted value of the minimum lease payments.

2.6.5. Derivative instruments and hedging instruments

Foncière des Régions uses derivatives to hedge its variable-rate debts against interest rate risk (hedging future cash flows). As of 1 January 2007, given the nature of its debt, Foncière des Régions (excluding Beni Stabili) no longer recognises hedging instruments in accordance with IAS 39. All derivative instruments are therefore recognised at fair value and changes are released to profit or loss. The revaluation difference of financial instruments recognised in shareholders' equity at 31 December 2006 is written back for the remaining duration of the hedging instruments.

Beni Stabili uses derivatives to hedge its variable-rate debts against interest rate risk (hedging future cash flows) and applies hedge accounting when the disclosure and effectiveness conditions (prospectively and retrospectively) are met. In this case, changes in the fair value of the derivative are recorded net of tax under shareholders' equity, until the hedged transaction is completed for the effective part of the hedge. The ineffective part is released to profit or loss.

Financial derivatives are recorded in the balance sheet at fair value. Fair value is calculated using valuation techniques that use mathematical calculations based on recognised financial theories and parameters that incorporate the prices of market-traded instruments. These valuations are performed by an external provider.

2.6.6. Revenues

Consolidated total revenue essentially includes revenue related to the following activities:

- Revenue from leasing
- Revenue from parking lots
- Sales of properties in inventory
- Revenue from services.

As a general rule, settlement is on a quarterly basis for tertiary assets (offices, etc.) and monthly for residential assets.

Leasing revenue from investment properties is recognised on a straight-line basis for the term of the current leases. Any benefits granted to tenants (lease deductions, instalments, works) are depreciated on a straight-line basis over the term of the leasing agreement.

Revenue from the provision of services is recognised at the time the service is performed.

For Marchand de Biens sales (sales of bricks & mortar), revenue is recorded at the date that the majority of the risks and benefits inherent in the property are transferred (the date of transfer of ownership).

2.6.7. IFRS 7 – Correspondence table

Credit risk	§2.6
Market risk	§2.6
Liquidity risk	§2.6
Sensitivity to rate of return	§2.6
Sensitivity to financial expenses	§3.6
Covenants	§3.6

2.7. Management of financial risks

The Group's operating and financial activities are exposed to the following risks

■ Market risk

Holding real estate assets intended for leasing exposes Foncière des Régions to the risk of fluctuation in the value of real estate assets and lease payments. This exposure is limited insofar as invoiced lease payments are based on leasing commitments, the duration and diversity of which smooth out the effect of fluctuations in the leasing market.

However, it is important to take into consideration the specifics linked to certain segments of the Group, in particular:

- As the Logistics segment is closely linked to general economic activity, it is subject to fluctuations and economic cycles: financial vacancy at 30 June 2009 was 10.96%;
- The evolution of rents in the Service sector segment depends on the indices that serve as the basis for index-linking rents and on Accor revenues for the hotels concerned. If property investment markets deteriorate, Foncière des Murs could suffer valuation corrections the extent of which, however, would be limited by the protection afforded by its tenancy agreements;
- The Logistics segment is set out in detail below (i.e. *rental counterparty risk*).

Sensitivity to rate of return by operating segment

Foncière des Régions Group level:

	Value chg –50 bp		Value chg +50 bp		Value chg +100 bp	
€m	**Group**	**Grp share**	**Group**	**Grp share**	**Group**	**Grp share**
Offices – France	179.9	179.9	–160.3	–160.3	–304.0	–304.0
Offices – Italy	423.4	309.5	–350.2	–256.0	–644.7	–471.2
FDR Hotels	4.0	4.0	–3.4	–3.4	–6.3	–6.3
Service sector	235.6	59.0	–202.9	–50.9	–379.5	–95.1
Residential	294.6	113.8	–251.0	–97.0	–467.5	–180.6
Logistics	68.9	46.2	–61.5	–41.3	–116.9	–78.4
TOTAL	**1,206.2**	**712.3**	**–1,029.3**	**–608.7**	**–1,918.8**	**–1,135.6**

Liquidity

Liquidity risk is managed in the medium term and long term via multi-year plans and, in the short term, by using confirmed and undrawn credit facilities.

The Group should confront no major debt maturity in the next four years. Maturities year by year represent no more than about 5% of total debt between 2009 and 2011, and less than 10% in 2012.

Interest rates

The aim of Foncière des Régions' interest-rate risk management policy as described above is to limit the impact on income of interest rate movements, as well as to secure the total cost of debt. To do this, the Group uses derivatives (principally swaps and caps) and thereby covers its overall interest rate risk.

Financial counterparties

The Group continually monitors its exposure to financial counterparty risk. The Group's policy is to enter into agreements only with top-quality counterparties.

Credit concentration

The Group's revenues from leasing are subject to a certain degree of concentration, as the principal tenants (France Télécom, EDF, Accor, Korian) generate most of the annual lease revenue. Despite this fact, Foncière des Régions does not believe it is significantly exposed to credit risk as tenants are selected on the basis of their financial soundness and the economic prospects in their market sectors. The operating and financial results of the principal tenants are continually monitored.

Rental counterparties

Benefiting as it does from a diversified portfolio of clients with the principal of them being extremely high-quality and generally leaders in their respective market sectors (France Telecom and Telecom Italia, EDF, Accor, Korian), the Foncière des Régions Group is not exposed to significant risk in this area.

In the Logistics segment, the diversified and thereby spread portfolio of tenants guarantees the absence of significant risk in this area.

The Group has not been impacted by any significant rent default or non-payment.

Asset value

Real estate investments are recognised in the income statement at fair value. As a result, changes in the price of real property could significantly impact the Group's operating performance.

Furthermore, part of the Group's operating results derives from arbitrage activity, an activity also influenced by the value of real property assets and the volume of potential transactions.

Rents and prices for real property assets are cyclical by nature; the duration of cycles is variable but, in general, they are always long term. The various domestic markets have different cycles, which vary in relation to each other depending on specific economic and commercial environments. Furthermore, within each domestic market, prices respond to cycles in a different way and with varying sensitivity depending on the location and type of asset.

The following macroeconomic factors have the most impact on the value of real property assets and therefore impact market trends the most:

- Interest rates
- Market liquidity and the availability of profitable alternative investments
- General economic growth.

Low interest rates, high market liquidity and the lack of profitable alternative investments generally induce a rise in the value of real property assets.

Economic growth generally induces rising demand for rental premises and stimulates rent increases, particularly in the offices segment, which increases real estate prices. However, in the medium term, economic growth also normally fuels inflation and thus a rise in interest rates creating more, profitable, investment alternatives. These alternatives push real estate prices downwards.

The Group's investment policy aims at minimizing the impact of the various stages of the cycle by careful investment selection, focusing on:

- Long-term leases and quality tenants, thereby attenuating the impact of declining market rents or falling real estate prices;

- Major urban agglomerations;
- Real estate with low vacancy rates to avoid the risk of having to re-let vacant spaces in an environment where demand may be limited.

Exchange rates

The Group operates in the eurozone and is therefore not exposed to foreign exchange risk.

Investments made, in exceptional circumstances, in currencies other than euros are generally financed by borrowing in the contracted currencies.

Shareholdings

The shares held are securities of listed subsidiaries. In principle, Foncière des Régions fully consolidates the results of these companies in its own accounts, whatever percentage it holds in them, and it is therefore not sensitive to changes in the stock market prices of subsidiaries' shares in terms of the consolidated accounts. It is the variations in the asset make-up of the listed subsidiaries and their results that are fully, continuously and entirely reflected in the published consolidated financial statements.

Only individual company accounts can be affected, not in terms of specific investment securities, but by reflecting investment policies that detract and contribute to the results of the Group, thereby clarifying the Group's structure.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1. Non-Current Assets

3.1.1. Table of changes in non-current assets

3.1.1.1. Tangible (property, plant and equipment) and intangible assets

€k	31-Dec-07	31-Dec-08	Acquisition	Increase	Disposal	Decrease	Change in fair value	Transfers	30-Jun-09 GROSS
Intangible assets									
Goodwill – NET	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**
Gross amounts	394,176	394,944							394,944
Amortisation	394,176	394,944							394,944
Other intangible assets – NET	**35,547**	**140,746**	**1,149**	**–1,111**		**1,373**	**0**	**7,465**	**149,622**
Gross amounts	50,118	210,680	1,149					8,362	220,191
Amortisation	14,571	69,934		1,111		–1,373		897	70,569
TOTAL property plant & equipment									
Land – NET	**54,244**	**56,830**	**0**	**0**		**0**	**0**	**0**	**56,830**
Gross amounts	54,244	56,830							56,830
Amortisation	0	0							0
Buildings – NET	**208,682**	**113,880**	**0**	**–7,294**		**0**	**0**	**0**	**106,586**
Gross amounts	243,797	127,124							127,124
Amortisation	35,115	13,244	0	7,294					20,538
Other prop plant & equip – NET	**6,152**	**8,077**	**405**	**–873**		**–1,014**	**0**	**504**	**7,099**
Gross amounts	18,476	22,591	405			–1,289		–635	21,072
Amortisation	12,324	14,514		873		–275		–1,139	13,973
Non-current assets in progress – NET	**896,599**	**873,601**	**87,023**	**–12,293**		**0**	**0**	**–439,337**	**508,994**
Gross amounts	896,599	993,985	87,023					–553,375	527,633
Amortisation	0	120,384		12,293				–114,038	18,639
Investment properties	**15,154,902**	**13,746,867**	**24,303**	**0**		**0**	**-562,480**	**469,678**	**13,678,368**
Occupied properties	15,154,902	13,746,867	24,303		–47,659		–495,727	44,425	13,272,209
Real estate in development	0	0					–66,753	425,253	358,500
Saleable properties	**948,626**	**1,338,733**	**2,140**		**–245,152**		**–37,865**	**–39,011**	**1,018,845**
Total	**17,304,752**	**16,278,734**	**115,020**	**–21,571**	**–292,811**	**359**	**–600,345**	**–701**	**15,478,685**

The "Transfer" column shows a balance of €0.7m, corresponding mainly to assets held by Beni Stabili, and reclassified during the period from inventory to investment properties.

Non-current assets in progress

The comparison of market value against non-current assets in progress includes a €12.3m impairment, specifically in the Offices Italy segment (€9.6m) and the Bagnolet building (€2.8m).

Total capitalised financial expenses at 30 June 2009 are as follows:

€k	30-Jun-09	31-Dec-08
Capitalised fin expenses		
Offices – France	14,210	29,288
Carré Suffren	2,713	6,160
CB 21 Tower	11,417	22,796
Bagnolet	80	332
Offices – Italy	1,904	5,150
Residential (VEFA)	262	631
Logistics	0	478
TOTAL	**16,376**	**35,547**

At 30 June 2009, the **CB 21 Tower** was reclassified as investment real estate (in line with the IAS 40 amendment).

Investment properties

Increases over the period concern mainly capitalised works in the Residential segment (€12.6) and additional works in the Service sector segment (Accor and Club Med works, €7.9m).

Disposals concern mainly the exit from consolidation of Fund H1, which held three hotels and a retirement home with a value of €41m.

Transfers concern mainly transfers between investment assets and saleable assets, as well as the CB 21 Tower.

Saleable properties

Assets intended for sale amounted to €1,018.8m. They are determined by reference to the annual sales budget approved by the companies' Boards of Directors.

Increases over the period relate to capitalised works in the Residential sector (€2.1m).

For details of the sales, see Note 4.2 below.

3.1.1.2. Non-current financial assets

€k	31 Dec 2007 NET	31 Dec 2008 NET	Increase	Decrease	Change in fair value	Change in scope	30 Jun 09 GROSS	Amort./ Provisions	30 Jun 2009 NET
Other assets available for sale	**192**	**-**					**-**		**-**
IBM subordinated loans	4,602	6,160	738	–2,121			4,777		4,777
Corton subordinated loans	3,445	16,839	2,354	–1,753			17,440		17,440
AKAMA sec. redemp. option	-	-	10,000				10,000		10,000
Cœur d'Orly subordinated loans	-	896					896	164	732
Subord. loans (to eq. assoc.)	8,047	23,895	13,092	–3,874	-	-	33,113	164	32,949
Ordinary loans	19,460	10,744	15,666	–18,907		894	8,397		8,397
Total loans	**27,507**	**34,639**	**28,758**	**–22,781**	**-**	**894**	**41,510**	**164**	**41,346**
OPCI Technical Fund securities		18,475			298		18,773		18,773
Beni Stabili fund securities	38,951	38,228		–94			38,134		38,134
Unconsolidated securities	323	323					323	11	312
Total other financial assets	**39,274**	**57,026**	**-**	**–94**	**298**	**-**	**57,230**	**11**	**57,219**
Outstanding finance leases (LT)	66,184	38,422		–8,498			29,924		29,924
Holdings in associates	321,428	190,624	449		–43,142	54	147,985		147,985
TOTAL non-current share	**387,612**	**229,046**	**449**	**–8,498**	**–43,142**	**54**	**177,909**	**-**	**177,909**

The increase in subordinated debt is due mainly to the constitution of a €10m surety following the signing of a promise to buy 50% of AKAMA (Vélizy CORTON).

The Technical OPCI (real estate) Fund securities are recognised at the net asset value of the OPCI.

Beni Stabili holdings in real estate funds are valued at their historical cost.

For details of holdings in associated companies see Note 4.5 below.

3.2. Deferred taxes at period-end

At 30 June 2009, deferred taxes corresponded to a deferred tax liability of €338.4m net of deferred tax assets (as against €371m at 31 December 2008).

The main changes over the period are the result of changes in the fair value of investments assets and in financial assets/liabilities (net impact on income being +€29.8m), the details of which are as follows:

3.2.1. Deferred tax assets

	BALANCE SHEET										IMPACT ON INCOME	
			Increase			Decrease						
€k	31-Dec-07	31-Dec-08	Changes in scope	Period	Transfer	Reversals	Disposal	Rate differential	Other	30-Jun-09	Expenses tax deferred	Income tax deferred
Def tx assets on loss c/fwd	**74,610**	**88,602**	**0**	**192**	**–73,911**	**350**	**0**	**0**	**–21**	**14,554**	**350**	**192**
Offices – Italy	56,075	73,968			–73,989				–21	0		
Residential Germany	18,534	14,633		192		346	0			14,479	346	192
Logistics Germany	0	0			79	4				75	4	
Def tx assets on reval diff	**0**	**0**	**0**	**2,685**	**11,725**	**0**	**0**	**0**	**–1,731**	**16,141**	**0**	**2,685**
Offices – Italy	0	0		2,685	11,725				–1,731	16,141		2,685
Def tx ass on IFT	**0**	**6,873**	**0**	**3,957**	**0**	**0**	**0**	**0**	**0**	**10,830**	**0**	**3,957**
Residential Germany	0	6,873		3,957			0			10,830		3,957
Def tax ass on timing difference	**8,510**	**14,647**	**–350**	**2,057**	**62,607**	**74**	**0**	**0**	**321**	**78,566**	**74**	**2,057**
Offices – France	2,199	355		0	621	10	0			966	10	
Offices – Italy	4,055	11,694		1,795	62,264				321	75,432		1,795
Service sector	374	549	–350		–199		0			0		
Residential Germany	1,882	1,540		21	0	64	0			1,497	64	21
Logistics Germany	0	509		241	–79					671		241
TOTAL	**83,120**	**110,122**	**–350**	**8,891**	**421**	**424**	**0**	**0**	**–1,431**	**120,091**	**424**	**8,891**

3.2.2. Deferred tax liabilities

€k	BALANCE SHEET										IMPACT ON INCOME	
			Increase			Decrease						
	31-Dec-07	31-Dec-08	Changes in scope	Period	Transfer	Reversals	Disposal	Rate differential	Other	30-Jun-09	Expenses tax deferred	Income tax deferred
Def tx assets on revaluation	**450,706**	**462,900**	**–1,579**	**4,371**	**290**	**38,707**	**0**	**0**	**218**	**427,057**	**4,371**	**38,707**
Offices – France	1,677	–545			621		0			76		
Offices – Italy	195,468	204,503				13,102			221	191,180		13,102
Business Premises	2,844	38,703	–1,579		–200	2,802	0		–3	34,125		2,802
Housing Germany	181,088	159,653		3,647		1,945	0			161,355	3,647	1,945
Logistique	55,593	57,491			–131	20,194				37,166		20,194
Parking	14,036	3,095		724		664	0			3,155	724	664
Def tax liab on timing difference	**62,055**	**18,205**	**0**	**13,845**	**131**	**827**	**0**	**0**	**–51**	**31,405**	**13,845**	**827**
Offices – France	1,412	–291				133	0			–424		133
Offices – Italy	20,172	16,132		11,463						27,595	11,463	
Business Premises	30,571	–2,368				689	0		–51	–3,006		689
Housing Germany	10,024	4,436		2,178		5	0			6,609	2,178	5
Logistics Germany	0	0		160	131					291	160	
Parking	–124	295		44			0			339	44	
TOTAL	**512,761**	**481,105**	**–1,579**	**18,216**	**421**	**39,534**	**0**	**0**	**167**	**458,462**	**18,216**	**39,534**

3.3. Current assets

3.3.1. Short term loans and leasing receivables – current

€k	31 Dec 2007 NET	31 Dec 2008 NET	Increase	Decrease	30 Jun 09 GROSS	Amort./ Provisions	30 Jun 2009 NET
Short term loans (ICNE)	139	3,228	3,156	–3,228	3,156	1,304	1,852
Outstanding finance leases (ST)	47,921	27,417		–7,245	20,172		20,172
TOTAL current share	**48,060**	**30,645**	**3,156**	**–10,473**	**23,328**	**1,304**	**22,024**

3.3.2. Inventory

Inventory corresponds primarily to assets held in the Group's real estate companies and in the Beni Stabili trading portfolio.

At 30 June 2009 these were composed mainly of assets held for trading in the Offices Italy segment (gross value €118.9m) and production-in-progress relating to existing real estate development in the Residentialsegment (gross value €12.2m).

The sharp drop against 31 December 2008 is due essentially to the sale of construction land in Villeurbanne (€7.2m).

A €2.3m provision exists for Residentialsegment inventory and was constituted when the company Gewo Datteln was acquired.

3.3.3. Cash and cash equivalents

Gross cash totalled €162.4m including €149.9m in cash and €12.5m in investment securities.

	30-Jun-09			
€k	Gross	Market value	31-Dec-08	31-Dec-07
SICAV	12,524	12,524	7,254	74,500
CDN		0	3,993	
Other		0	641	
Curr int not due on inv securities		0	126	
TOTAL	**12,524**	**12,524**	**12,014**	**74,500**

At 30 June 2009, the mutual fund portfolio consisted mainly of standard money-market sicavs. Group subsidiaries hold no investments subject to capital risk.

3.4. Changes in shareholders' equity

Shareholder's equity totalled €139,734,084 at 30 June 2009, compared to €123,263,163 at 31 December 2008.

Reserves corresponded to corporate reserves and amounts carried forward by the parent company, as well as reserves from the consolidation.

Over the period, shareholders' capital changed as a result of an 87%-subscribed offer of stock dividends (dividends in the form of shares), thereby creating 5,489,897 new shares, which were delivered and admitted for trading on 29 May 2009. Cash dividends amounted to €28.5m.

Shareholders' equity also changed due to the exercise of stock options involving the creation of 410 new shares.

The company's share capital at 30 June 2009 consisted of 46,578,028 shares, all of the same share class, each with a par value of €3, i.e. €139,734,084.

The composition of its share capital at 30 June 2009 was as follows:

– Number of authorised shares:		46,578,028
– Number of issued and fully paid-up shares:		46,578,028
– Number of issued shares not fully paid-up:		0
– Par value of the shares:	€	3.00
– All shares are of the same share class		
– There is no restriction on the distribution of dividends		
– Shares held by the company or its subsidiaries:		488,016

Foncière des Régions is governed by the regime applying to SIICs (listed real estate investment companies).

Change in the number of shares over the period

DATE	Operation	Shares issued	Treasury shares	Shares in circulation
12/31/2008	**Opened**	**41,087,721**	**494,008**	**40,593,713**
5/29/2009 Dividends paid in shares		5,489,897		
3/31/2009 Treasury shares Q1			16,204	
6/30/2009 Treasury shares Q2			–22,196	
31/04/2009 Stock options		410		
6/30/2009	**Closed**	**46,578,028**	**488,016**	**46,090,012**

3.5. Provisions for risks and contingencies

€k	31-Dec-07	31-Dec-08	Increases: Change in scope	Increases: Approp	Transfers	Decreases: Reversals of provisions used	Decreases: Reversals of provisions not used	30-Jun-09
Provisions for property risks	123	60		0		40	0	20
Other provisions for litigation	12,012	11,668		531	–98	908	0	11,193
Provisions for taxes	10,334	8,714	0	99	–81	25		8,707
Provisions for sustainable development	536	949					0	949
Other provisions	18,805	20,109	35	787	109	14,470		6,570
Subtotal Provisions – current liabilities	**41,810**	**41,500**	**35**	**1,417**	**–70**	**15,443**	**0**	**27,439**
Provisions – seniority bonuses	827	600		151		159		592
Provision – retirement	36,921	36,597		1,676	145	1,594		36,534
Subtotal Provisions – non-current liabilities	**37,748**	**37,197**	**0**	**1,827**	**145**	**1,753**	**0**	**37,126**
TOTAL	**79,558**	**78,697**	**35**	**3,244**	**75**	**17,196**	**0**	**64,565**

Provisions for risks and contingencies consist mainly of:
- Provisions for retirement and service bonuses (non-current liabilities) in the amount of €37.1m, most of which are constituted for the Residentialsegment (€34.1m)
- Other provisions for risks and contingencies (current liabilities) in the amount of €27.4m.

Other provisions for risks and contingencies at period-end were as follows:

Provisions for disputes:
– Provisions concerning assets (including the Sophia Mougins property, awaiting the conclusions of the investigator): €1.9m
– Provisions for real estate disputes (Offices France, awaiting reply from our consultants): €1.5m
– Provisions for risk of non-payment (Logistics): €2.5m
– Provisions for technical tax audit: €1.5m (awaiting reply from tax authorities)
– Provisions for tax audit (Offices Italy, on Telemaco holdings): €3.5m

Provisions for taxes
– Residential: €5.8m
– Contribution operation – Parking segment: €2.3m

Provisions for sustainable development
– Residential: €0.9m

Other provisions
– Provisions for renewal and works (Parking): €3.2m
– Provisions for land taxes (Parking): €1.2m

The change over the period is due mainly to the reversal of the property provision in the Offices Italy segment (removal of risk linked to lease restrictions, €13.2m).

3.6. Statement of financial debt at 30 June 2009

(in € millions)	12/31/2007	Reclassification of scope	Change in	12/31/2008	Change in	31/06/2009
Borrowings from credit institutions	10,078.5	146.3	–220.7	10,004.1	–511.6	9,492.5
Finance leasing	91.7	-	–47.5	44.2	42.0	86.2
Indexing of the Finance lease residual values and market value of fixed-rate finance lease debt	-	-	-	-	-	-
Deferral of set-up costs for bank borrowings	–61.5	-	14.1	–47.4	3.0	–44.4
ICNE	31.1	-	–7.6	23.5	5.6	29.2
Valuation of financial instruments	–40.1	-	534.5	494.4	149.3	643.7
Creditor banks	239.1	-	–103.6	135.5	144.6	280.1
Current Accounts	-	-	1.2	1.2	–0.0	1.2
Other	146.3	–146.3	-	-	-	
TOTAL	**10,485.1**	**-**	**170.4**	**10,655.5**	**–167.0**	**10,488.5**

3.6.1. Terms and conditions of the loans taken out by Foncière des Régions (exceeding €300m)

Name	Rate	Date of signature	Nominal Initial in €m	Maturity	Utilisation at 30 Jun 09 Amount in €m	Shareholder clauses	Principal sureties	Ratios
Securitisation – Lyndon (FDL)	Variable – Euribor 3 mths	12/1/2006	1430.0	12/15/2013	1339	Loss of control by FDL	Contractual mortgages on Immeo assets	Perimeter LTV < 75% ICR > 1.10
Refinancing Fin. Lease Accor / Jardiland (FdM)	Variable – Euribor 3 mths	7/3/2007	1,175.0	6/30/2014	1152	Loss of control by FdR	High quality contractual mortgages Disposal Dailly des Loyers	Consol LTV < 70%, 65% after 30 June 2012 Portfolio LTV < 75% ICR > 1.65
Securitisation – Imser (Beni Stabili)	Variable – Euribor 3 mths	6/19/2006	1039.8	9/20/2021	809	Yes	High quality contractual mortgages	LTV <= 80% ICR > 133% at 30 Jun 07 then increasing over time
FT Technical (FdR)	Variable – Euribor 3 mths	1/18/2006	950.0	1/18/2013	718	Yes (BIF or FdR holding)	High quality contractual mortgages Mortgage assignment promises Pledge of Technical shares	Technical ICR > 1.7 Technical DSCR > 1.15% Technical LTV < 62.5%
Securitised corp credit (FdR)	Variable – Euribor 3 mths	10/15/2006	850.0	10/18/2013	650	Yes	Pledge of FdM and FdL shares Contractual mortgages Pledge of SCI shares	Perimeter LTV <= 75% Consol LTV <= 65% ICR >= 1.9

Name	Rate	Date of signature	Nominal Initial in €m	Maturity	Utilisation at 30 Jun 09 Amount in €m	Shareholder clauses	Principal sureties	Ratios
Share backed credit – Korian / Quick (FdM)	Variable – Euribor 3 mths	9/27/2007	500.0	9/27/2014	392	Loss of control by FdR	High quality contractual mortgages Disposal Dailly des Loyers	Consol LTV <= 70%, 65% after 30 Jun 2012 Portfolio LTV <= 75%, 70% after 30 Jun 2012 ICR >= 1.65
Share backed syndicated credit – Beni Stabili (FdR)	Variable – Euribor 3 mths	12/20/2007	450.0	12/20/2012	330	Yes	Pledge of 45.9% of the capital and DDV of Beni Stabili	LTV PdG < 65% ICR PdG > 1,9
Initial financing of FEL (FEL)	Variable – Euribor 3 mths	5/3/2007	663.4	4/25/2014	437	Yes	Contractual mortgages high quality formalised 5% Pledged SCI	Consol LTV <=70% then 65% Credit LTV <=70% then 65% Consol ICR >= 125% Credit ICR >= 150%
Credit for acquisition of Garonor portfolio (FEL)	Variable – Euribor 3 mths	7/31/2007	396.0	7/31/2014	200	Loss of control by FdR	High quality contractual mortgages Disposal Dailly des Loyers	Consol LTV <= 70%, 65% after 30 Jun 2012 Perimeter LTV <= 70%, 65% after 30 Jun 2012 ICR >= 1.25 Perimeter ICR >= 1.50
Securitisation FT Telimob (FdR)	Variable – Euribor 3 mths	1/10/2004	355.5	1/10/2014	156	No while FdR is listed	High quality contractual mortgages	Portfolio LTV < 65% then decreasing Portfolio DSCR > 1.05 Portfolio ICR > 1.65
Beni Stabili Immobiliare Garibaldi Srl (Beni Stabili)	Variable – Euribor 3 mths	12/14/2005	350.0	12/31/2012	323	Yes	High quality contractual mortgages	LTV <= 70% DSCR >= 110%
Bridging loan CB21 (FdR)	Variable – Euribor 3 mths	12/12/2007	340.0	11/28/2009	239	Yes	FdR surety PPD on the tower	LTV < 65% ICR >=1,9 LTV CB21 < 60%
Milano Zerosei Srl (Beni Stabili)	Variable – Euribor 3 mths	12/19/2006	339.7	12/19/2013	277	Yes	High quality contractual mortgages	LTV <= 80% ICR > 110%
Share backed credit – Cardif / FdR Logement / Generali / GMF (FDL)	Variable – Euribor 3 mths	11/30/2007	327.2	11/30/2013	186	Yes	PPD on acquired assets Contractual or non-formalised mortgages on directly contributed assets Pledge on the securities of refinanced SCI	Consol & perim LTV <= 65% Consol ICR > 1.25 Consol ICR France > 1.25

Name	Rate	Date of signature	Nominal Initial in €m	Maturity	Utilisation at 30 Jun 09 Amount in €m	Shareholder clauses	Principal sureties	Ratios
Share backed credit – Sovaklé / Prédica (FDL)	Variable – Euribor 3 mths	12/21/2005	300.0	3/31/2014	270	Yes	Contractual mortgage of Sovaklé assets Pledge of SCI shares held by FdL Contractual mortgage on Saint Cloud and Vincennes assets	Consol & perim LTV < 65% Consol ICR > 1.25
Other debt					2,014			
Total interest-bearing borrowing from credit establishments					**9,492**			

3.6.2. Effective interest rate

Once initially posted, loans are valued at amortised cost on the basis of effective interest rate. The following list shows the effective interest rates for loans with a nominal value in excess of €300m:

Securitised loan – Lyndon (FdL):	4.36%
Bank loan – Accor / Jardiland lease refinancing (FdM):	4.86%
Securitised credit – Imser (Beni Stabili):	between 4.45% and 7.50% depending on the tranche
Bank loan, technical – €950m (FdR):	4.07%
Syndicated credit, corporate – €850m (FdR):	3.46%
Bank loan – refinancing Korian Assets and financing Quick (FdM):	4.76%
Syndicated credit – refinancing Beni Stabili shares (FdR):	3.67%
Syndicated credit – initial financing of FEL:	5.16%
Syndicated credit – acquisition of Garonor portfolio (FEL):	5.44%
Securitised loan – France Télécom €355m (FdR):	5.44%
Debt – Stabili Immobiliare Garibaldi Srl (Beni Stabili):	4.21%
Syndicated credit – Tour GAN debt (FdR):	6.20%
Debt – Milano Zerosei Srl (Beni Stabili):	4.50%
Credit – Orangerie refinancing, and FdR Logement, Generali and GMF contribution (FdL)	5.40%
Credit – Sovaklé refinancing and Prédica contribution	3.88%

3.6.3. Debt breakdown by remaining duration (€k)

€m	less than 1 year	1 to 5 years	more than 5 yrs	at 31 Dec 2009
LT financial debt				
Fwd borrowings from credit establ.	496.6	5,504.0	2,392.8	8,393.4
Borrowings from clients	-	-	-	-
Debt represented by securities	128.6	587.0	469.6	1,185.3
TOTAL	**625.2**	**6,091.1**	**2,862.4**	**9,578.7**

3.6.4. Debt breakdown by type of interest rate

In € million	Outstanding fixed-rate	Outstanding variable-rate
Foncière des Régions (*)	22.2	2,799.0
Foncière des Murs	23.6	1,828.5
Foncière Développement Logements	-	2,060.5
Foncière Europe Logistique	-	718.4
Beni Stabili	476.9	1,651.2
Groupe Foncière des Régions	**522.7**	**9,057.6**

(*) including Fédérimmo, Parcs GFR

3.6.5. Terms and conditions of derivative instruments

In carrying out its hedging policy, the treasury is authorized to use only simple, standard, liquid, market-traded derivatives, i.e. swaps, caps, option tunnels (purchase of caps and sale of floors).

€m	31 Dec 2008 NET	Consolidation changes	Impact on P/L	Impact on share capital	30 Jun 2009 NET
Residential France	–12.2		–5.9		–18.1
Residential Germany	–43.4		–25.0		–68.4
Logistics	–49.5		–12.4		–61.9
Parking	–7.8		–1.4	0.0	–9.2
Service sector	–102.2	2.5	–30.8	–1.1	–131.6
Offices – France	–106.2		–51.8	–0.8	–158.9
Offices – Italy	–173.0		–12.8	–9.7	–195.5
Total Impact IFT	**–494.4**	**2.5**	**–140.2**	**–11.6**	**–643.7**

3.6.6. Breakdown of derivatives by remaining duration (€k)

In € million	less than 1 year	1 to 5 years	more than 5 yrs	at 31 Dec 2009
LT financial debt				
Rate swaps in euros	188.1	1,669.4	5,144.8	7,002.3
Inflation swap in euros	–0.3	–1.3	27.7	26.1
Index swap in euros	–185.0	185.0	0.0	0.0
Cap purchases in euros	43.6	1,327.4	1,449.0	2,820.0
Cap sales in euros	0.0	200.0	0.0	200.0
Floor sales in euros	33.1	1,037.2	530.0	1,600.3
SALE OF CALL SWAPTION	0.0	0.0	20.0	20.0
TOTAL	**79.5**	**4,417.7**	**7,171.5**	**11,668.7**

3.6.7. Breakdown of derivatives by counterparty rating (€m)

The derivatives portfolio has been broken down by type of counterparty, with nominal value and market value broken down according to categories defined by Standard & Poor's and similar rating agencies, with no weightings applied. Mark to market was determined by applying the yield method.

	Nominal value		Market value	
In € million	**Amount**	**% of structure**	**Amount**	**% of structure**
Rated AA and above	171.5	1%	158.4	1%
Rated A	11,452.2	98%	10,705.5	98%
Rated BBB	45.0	0%	42.6	0%
Group company	0.0	0%	0.0	0%
Unlisted	0.0	0%	0.0	0%
TOTAL	**11,668.7**	**100%**	**10,906.5**	**100%**

3.6.8. Interest rate risk – key figures

Outstandings at 30 June 2009 (€m)

	Fixed rate	**Variable rate**
Financial debt & borrowings	522.7	9,336.1
Financial assets		–162.4
Net financial liabilities before management	**522.7**	**9,173.7**
Hedging		
Swaps	7,002.3	–7,002.3
Caps	2,620.0	–2,620.0
Total hedging	9,622.3	–9,622.3
Net financial liabilities after management	**10,145.0**	**–448.6**

The nominal values of hedging instruments represent all the Group's hedging instruments, whether or not they are eligible for hedge accounting.

The sensitivities shown below apply to interest rates as a whole, including fixed and variable-rate terms.

The impact of a 100-bp rise in interest rates at 30 June 2009 on the Group share of consolidated current cash flow would be (–€384k).

The impact of a 100-bp drop in interest rates at 30 June 2009 on the Group share of consolidated current cash flow would be +€140k.

The impact of a 100-bp rise in interest rates at 30 June 2009 on the Group share of current cash flow would be (–€190k).

The impact of a 100-bp drop in interest rates at 30 June 2009 on the Group's current cash flow would be (–€30k).

3.6.9. Bank covenants

With the exception of securitised borrowings, the debts of Foncière des Régions, Foncière des Murs, Foncière Développement Logements and Foncière Europe Logistique are associated with bank covenants affecting the consolidated financial statements and, if not honoured, could constitute grounds for a demand for early repayment:

- Loan-to-Value ratio (LTV): This is the relationship of the debt to the market value (net asset value) of the Group's total assets, excluding cash, cash equivalents and net debt;
- Interest Coverage Ratio (ICR): This is the relationship of operating revenue before asset disposals with net provisions reversed out, to net financial expenses, as calculated from the income statement.

These covenants are entered into on a consolidated Group share basis for Foncière des Régions and on a consolidated basis for FdR subsidiaries.

The thresholds vary from company to company (LTV ceiling set at 65% for Foncière Développement Logements and 70% for Foncière des Régions, Foncière des Murs and Foncière Europe Logistique) but are set company-wide for any particular company, so a single ceiling applies to all the debts of any particular company.

Consol LTV	**30 Jun 2009**	
Debt	**Perimeter**	**Covenant threshold**
Refinancing Fin. lease Accor / Jardiland	FdM	70%
Securitised corp credit	FdR	70%
Share backed credit – Korian / Quick	FdM	70%
Share backed syndicated credit – Beni Stabili	FdR	70%
Initial financing of FEL	FEL	70%
Credit for acquisition of Garonor portfolio	FEL	70%
CB 21 bridging loan	FdR	70%
Share backed credit – Cardif / FdR Logement / Generali / GMF	FDL	65%
Share backed credit – Sovaklé / Prédica	FDL	65%

Consol ICR	**30 Jun 2009**	
Debt	**Perimeter**	**Covenant threshold**
Refinancing Fin. lease Accor / Jardiland	FdM	165%
Securitised corp credit	FdR	190%
Share backed credit – Korian / Quick	FdM	165%
Share backed syndicated credit – Beni Stabili	FdR	190%
Initial financing of FEL	FEL	125%
Credit for acquisition of Garonor portfolio	FEL	125%
CB 21 bridging loan	FdR	190%
Share backed credit – Cardif / FdR Logement / Generali / GMF	FDL	125%
Share backed credit – Sovaklé / Prédica	FDL	125%

All disclosable financial covenants at 30 June 2009 have been disclosed with the exception of the Parcs GFR ratios, which require the debt to be reclassified as falling due within a year in the amount of €14m.

The consolidated ratios of Foncière des Régions at 30 June 2009 were 58.8% for consolidated Group share LTV and 206% for consolidated Group share ICR (not including margins on Residentialsales) compared with 58.8% and 202% at 31 December 2008, respectively.

The ratios of the listed subsidiaries are available in their respective reference documents.

These consolidated accounting covenants are normally associated with agreements specific to the perimeters financed (the Group's debt being basically portfolio-backed).

These "perimeter" covenants (referred to as cover ratio or more usually "Perimeter LTV") generally have less restrictive LTV thresholds for the Group's individual company perimeters than for the consolidated perimeter as a whole. Their purpose is essentially to ring-fence the financing facility by correlating it to the value of the underlying assets pledged as surety.

3.7. Weight of financial instruments in the balance sheet

The book values of the financial instruments by category in accordance with IAS 39 are as follows:

€k	Classification in terms of IAS 39	Fair value at 31 Dec 2007	Fair value at 31 Dec 2008	Value of Bilancielle at 30 Jun 2009	Bal Sh amts in terms of IAS 39: Amortised cost	Fair value recognised in share capital	Fair value recognised in income statement	Fair value at 30 Jun 2009
Assets								
Loans (non current, not ST)	P§C	66,781	34,639	41,346	41,346			41,346
Derivatives at fair value	AJVPR	155,313	908	1,392		0	1,392	1,392
Customers & related accts	P§ C	170,024	174,010	239,874	239,874			239,874
Receivables & loans (curr & non-curr ST)	P§ C	114,244	69,067	51,948	51,948			51,948
Other receivables	P§ C	245,051	188,422	233,106	233,106			233,106
Other assets available for sale	ADV	192	0	0	0			0
Cash & cash equivalents	ADV	300,501	199,460	162,445	162,445			162,445
		1,052,106	**666,506**	**730,111**	**728,719**	**0**	**1,392**	**730,111**
Liabilities								
Borrowings & debts / credit establishments	DACA	10,513,025	10,185,139	9,844,836	9,844,836			9,879,889
Derivatives at fair value	PJVPR	115,180	495,310	645,103		195,543	449,560	645,103
Sureties	DACA	26,533	17,876	17,235	17,235			17,235
Trade and other debts	DACA	372,801	183,790	229,682	229,682			229,682
		11,027,539	**10,882,115**	**10,736,856**	**10,091,753**	**195,543**	**449,560**	**10,771,909**

4. NOTES TO THE INCOME STATEMENT

4.1. Operating income

4.1.1. Revenues

Revenue (in €k)	30-Jun-09	30-Jun-08	€k	Var %	30-Jun-07
Offices – France	127,154	142,011	–14,857	–10.5%	136,299
Offices – Italy	107,080	106,751	329	0.3%	34,839
Total Office Rents	**234,234**	**248,762**	**–14,528**	**–5.8%**	**171,138**
Logistics	47,024	48,300	–1,276.0	–2.6%	24,718
Residential	105,773	106,465	–692	–0.6%	96,201
Service sector	100,930	99,003	1,927	1.9%	69,960
Parking	10,041	9,940	101	1.0%	9,604
TOTAL RENTS	**498,002**	**512,470**	**–14,468**	**–2.8%**	**371,621**
Provision of services	10,475	8,641	1,834	21.2%	2,507
Inventory sales	8,284	8,563	–279	–3.3%	3,634
TOTAL REVENUE	**516,761**	**529,674**	**–12,913**	**–2.4%**	**377,762**

Offices – France

The drop in rents in France (–10.5%) was due primarily to disposals realised during the second half of 2008 and at the start of the first half of 2009, as well as to the vacating of the CB 21 Tower.

Offices – Italy

Offices Italy rents remained steady over the period.

Logistics

The drop in Logistics rents was due primarily to the increase in vacancies (particularly in Germany) and to the recognition at 30 June 2009 of compensation for the early termination of a lease in Bingen.

Residential

The drop in rents from Residential(–0.6%) was due to asset sales realised in 2008.

Service sector

The rise in rents from Service sector (+1.9%) was due primarily to the integration of acquisitions realised in 2008 and to the impact of Accor rents due to the underestimation of 2008 provisions and the overestimation of 2007 provisions.

Parking

Revenues from Parking remained steady over the period.

Disposals of buildings in inventory

Disposals of buildings in inventory correspond primarily to sales of trading assets realised in Offices Italy as well as the sale of the Villeurbanne building in Offices France.

Provision of services

This line recognises the share of services realised with third parties, essentially in Offices France and Offices Italy. The change over the period was in Offices France and corresponds to development operations management (Cœur d'Orly, Euromarseille, etc.).

4.1.2. Other purchases and taxes

Other external purchases and expenses

At 30 June 2009, other external purchases and expenses were as follows:

				Variations 2009/2008	
€k	**30-Jun-09**	**30-Jun-08**	**30-Jun-07**	**€k**	**%**
Cost of supplies / merchandise	922	2,261	7,225	–1,339	–59.2%
Outsourcing contracts	2,828	2,880	1,929	–52	–1.8%
Uninvoiced rents and rent expenses	4,914	5,594	4,626	–680	–12.2%
Maintenance & repair	11,134	14,657	10,461	–3,523	–24.0%
Insurance premiums	1,937	1,821	1,721	116	6.4%
Personnel external to the company	1,687	1,917	1,476	–230	–12.0%
Remuneration to intermediaries & fees	15,213	22,389	12,337	–7,176	–32.1%
Other charges	7,508	8,426	6,464	–918	–10.9%
TOTAL	**46,143**	**59,945**	**46,239**	**–13,802**	**–23.0%**

The change in other external purchases and expenses was linked in particular to the internalisation of certain functions that had previously been externally managed.

The drop in merchandise purchases corresponds to the purchase of trading assets in the Offices Italy segment during the first half of 2008.

The drop in maintenance expenses was concentrated in the Residentialsegment (–€3.1m).

The sharp drop in fees was due to the reduction in legal and consultancy fees in the Offices Italy (–€1.8m) and Offices France (–€3.8m) segments.

Taxation

At 30 June 2009, levies and taxes were €12.7m compared to €14.1m at 30 June 2008 and consisted of the following:

- Land taxes and office taxes not invoiced to tenants; in particular, €5.5m for Offices Italy, €2.5m for Offices France, and €1.3m for Logistics
- Income tax and other earnings-based taxes: €0.7m
- Professional taxes €0.4m.

4.1.3. Personnel expenses

At 30 June 2009, personnel expenses amounted to €25.6m compared to €33m at 30 June 2008. This increase was due to the internalisation of certain functions.

				Change	
€k	**30-Jun-09**	**30-Jun-08**	**30-Jun-07**	**€k**	**%**
Employee remuneration	25,790	23,508	19,430	2,282	10%
Social security expenses	9,015	8,305	8,186	710	9%
Other	801	1,167	2,508	–366	–31%
TOTAL	**35,606**	**32,980**	**30,124**	**2,626**	**8%**

Geographic breakdown of personnel expenses

				Change	
€k	**30-Jun-09**	**30-Jun-08**	**30-Jun-07**	**€k**	**%**
France	18,101	15,686	15,600	2,415	15%
Germany	11,932	11,105	10,624	827	7%
Italy	5,573	6,189	3,900	–616	–10%
TOTAL	**35,606**	**32,980**	**30,124**	**2,626**	**8%**

4.1.4. Appropriations to amortisation and to provisions for non-current assets, current assets, risks and contingencies

Appropriations to amortisation and provisions for the period consisted primarily of:

- Depreciation recognised on the Bagnolet building (€2.3m) and assets in development in the Offices Italy segment (€9.6m)
- Reversal of provision for the Garibaldi Tower in Offices Italy (removal of risk linked to lease restrictions (€13.2m)).

4.2. Net disposals of non-current assets

Sales of non-current assets comprise sales of securities, of investment properties and of saleable real estate. These sales as at 30 June 2009 were as follows:

Real Est disposals – €k	**Selling price**	**Appraised value 31 Dec 2008**	**Disposal expenses**	**Net margin**
Offices – France	77,507	–82,813	–631	–5,937
Offices – Italy	37,545	–36,575	–161	809
Logistics France	23,900	–27,595	0	–3,695
Logistics Germany	3,610	–4,400	0	–790
Service sector	35,894	–39,145	–136	–3,387
Residential France	34,921	–33,913	–672	336
Residential Germany	30,176	–27,526	–624	2,026
TOTAL	**243,553**	**–251,967**	**–2,224**	**–10,638**

Sales of securities – €k	Selling price	Appraised value 31 Dec 2008	Net margin
Beni Stabili shares	627	–1,479	–852
FDM shares	27,969	–42,562	–14,593
H1 Fund shares	5,500	–12,228	–6,728
FDR treasury shares	739	–830	–91
FDL treasury shares	219	–474	–255
TOTAL	**35,054**	**–57,573**	**–22,519**

4.3. Other non-recurring income and expenses

Other operating income and expenses comprised essentially badwill from the FEL €8.4m capital increase and from the €3.4m differential on Beni Stabi results.

4.4. Financial income

€k	30-Jun-09	30-Jun-08	30-Jun-07	Change Jun 09/Jun 08 k€	%
Interest income on cash transactions	5,212	21,714	10,792	–16,502	–76%
Interest expense on financing operations	–211,695	–253,357	–156,760	41,662	–16%
NET COST OF DEBT	**–206,483**	**–231,643**	**–145,968**	**25,160**	**–11%**
Income from finance lease transactions (CB)	2,273	5,139	8,228	–2,866	–56%
Expenses on finance lease transactions (CB)	–1,061	–1,241	–1,382	180	–15%
Finance leasing	**1,212**	**3,898**	**6,846**	**–2,686**	**–69%**
Positive change in fair value of financial assets & liabilities	703	197,042	184,919	–196,339	–100%
Negative change in fair value of fin. assets and liabilities	–140,496	0	0	–140,496	n.a
Change in fair value	**–139,793**	**197,042**	**184,919**	**–336,835**	**–171%**
Financial proceeds from discounting	839	1,453	1,046	–614	–42%
Financial expenses from discounting	–10,499	–10,168	–3,900	–331	3%
Discounting	**–9,660**	**–8,715**	**–2,854**	**–945**	**11%**
IFRS effects	**–149,453**	**188,327**	**182,065**	**–337,780**	**–179%**
Repurch IMSER Bonds – BENI STABILI	41,009			41,009	n.a
Net expenses on financial provisions	–4,845	–8,171	–1,921	3,326	–41%
TOTAL	**–318,560**	**–47,589**	**41,022**	**–270,971**	**569%**

Financial income included primarily the following elements:

- Drop in the cost of debt (€25.2m)
- Impact on financial income (€41m) of the redemption of IMSER Bonds by Beni Stabili and on the change in the fair value of financial instruments (€10.3m due to the ineffectiveness of the derivatives connected with the redeemed bond tranches)
- Accruals impacted essentially by the calculation of the effective interest rate for Offices Italy, the discounting of sureties for Offices France and Logistics, and stock option expenses
- Net expenses on financial provisions relating mainly to amortisation of financial expenses.

4.5. Associates

Financial disclosure relating to associates

€K Companies	Percentage held	Value 30 Jun 2009	Contribution to income	Value 31 Dec 2008	Value 31 Dec 2007
ALTAREA	12.04%	117,559	–23,967	150,122	190,200
CORTON Group	50.00%	18,167	–7,921	26,073	10,200
IBM GROUP	25.00%	3,516	–1,214	4,589	6,000
Cœur d'Orly	25.00%	576	–137	714	0
EUROMED Group	25.00%	6,451	–132	6,587	0
VUC / ALMACIE	0.00%	0	0	0	96,100
Companies held by BENI STABILI – Italy	7.31%	1,716	–779	2,539	18,900
TOTAL		**147,985**	**–34,150**	**190,624**	**321,400**

The share in the income of associated companies amounted to (–€34.2m) and relates to the companies held directly or indirectly by Foncière des Régions via its subsidiaries GFR Externalisation and Beni Stabili.

Composition of shareholders

	Groupe Corton	Cœur d'Orly	Groupe Euromed	Groupe IBM	Altaréa
Groupe Foncière des Régions					
FDR	50%	25%	50%	25%	12.04%
Tiers Hors Groupe					
MSREF	50%			75%	6.80%
Actionnaires fondateurs					55.81%
ALTAREA		25%			
PREDICA			50%		10.87%
AEROPORTS DE PARIS		50%			
Autres					14.48%

Financial disclosures

in €K Name	Accounts closing date	Balance Sheet Total	Total non-current assets	of which Investment properties	Total debts	of which financial debt	Turnover	Consolidated Net income
CORTON Group	6/30/2009	411,723	386,585	381,500	374,130	323,969	13,289	–15,841
IBM Group	6/30/2009	77,911	57,387	56,900	56,193	48,115	2,839	–4,557
EUROMED	6/30/2009	35,139	4,699	0	8,368	0	0	–333
Cœur d'Orly	6/30/2009			not yet available				
ALTAREA	6/30/2009			not yet available				
Companies held by BENI STABILI – Italy	6/30/2009			not yet available				

Note

As the Altaréa financial statements were published later than the FdR financial statements, a method for estimating accounts was defined. Accordingly, the consolidated result at 30 June 2009 was estimated by extrapolating the 2008 financial year results by six months.

Non-recurring items were reversed out and not extrapolated. Only the changes in the Fair Value of Investment Assets and of Financial Instruments were estimated on the basis of a prudent review of 2009 results.

In addition, the variance between the estimate made at 31 December 2008 and the result published by Altaréa in 2008 occurs in the income statement for the period.

4.6. Taxes

€k	Tax payable	Deferred taxes	Total	Tax rate
France	1,335	–19,465	–18,130	33.33%
Italy	12,698	–6,119	6,579	31.40%
Belgium	71	–3,491	–3,420	33.99%
Luxembourg	0	377	377	30.00%
Germany	776	–1,087	–311	15.83%
TOTAL	**14,880**	**–29,785**	**–14,905**	

+ corresponds to tax expense ; – corresponds to tax receipt

The tax rate used for Luxembourg is 30%, for Belgium 33.99%, for Germany 15.825%, and for Italy 31.40%. Deferred taxes were calculated with a rate of 15.825% for Germany and 31.40% for Italy.

Taxes were calculated on the basis of actuals for the listed parent companies and for significant non-SIIC subsidiaries.

5. OTHER INFORMATION

5.1. Group personnel

At 30 June 2009, the Group had 877 employees, of which 347 were in France, 141 in Italy and 389 in Germany.

Its average workforce in the first half of 2009 was 801.6, of which 347.5 in France, 140.5 in Italy and 313.6 in Germany.

5.2. Earnings per share and diluted earnings per share

Per-share information (earnings per share, cash flow per share) takes into account dilution resulting from the inclusion of stock options and bonus shares that have been allocated but not yet issued.

The number of exercisable options at 30 June 2009 was 464,837. On the basis of the exercise prices (between €22.54 and €97.956) the result would be a contribution of €0.9m for FdR.

On the basis of the 30 June 2009 share price, this number of options would allow 16,650 shares at a full price of €53.6, which is a diluting effect of 8,763 shares, in addition to the 93,850 free shares not yet exercised at that date.

Net income group share at 30 Jun 2009	–325,557
Undiluted average number of shares	41,505,837
Diluted average number of shares – Stock options	8,763
Diluted average number of shares – Bonus shares	93,850
Diluted average number of shares	41,608,449
Net earnings per share, undiluted	–7.844
Net earnings per share, diluted – Stock options	0.00
Net earnings per share, diluted – Bonus Shares	0.02
Net earnings per share, diluted	–7,824

5.3. Commitments

5.3.1. Real sureties

€k	2009	2008	2007
Pledges, mortgages and real sureties (1)	15,199,111	15,836,922	16,388,136
TOTAL	**15,199,111**	**15,836,922**	**16,388,136**

The non-recourse financing of the assets of the EDF and France Télécom portfolios are secured by mortgages on 100% of the assets acquired and a pledge, to the lender, consisting of shares of the borrowing companies.

(1) of which:
- real sureties: €14,820,633k
- pledges of securities or guarantees: €378,478k (inc. 30.9% of FdL shares, 19.4% of FdM shares, 11.5% of Altaréa shares and 67.9% of Beni Stabili shares).

Pledges of issuer's assets as at 30 June 2009

Type of pledge/mortgage – €k	Amount of assets pledged	Total of balance sheet item	corresponding %
On intangible assets	0	149,629	0.0%
On property, plant & equipment	669,692	679,509	98.6%
On investment properties (incl properties held for sale) and securities (1)	14,440,718	14,854,758	97.2%
On inventories	88,701	129,498	68.5%
On non-current financial assets, excluding securities	0	41,346	0.0%
TOTAL	**15,199,111**	**15,854,740**	**95.9%**

(1) Direct and indirect subsidiaries of Foncière des Régions:
- 18,588,288 Foncière Développement Logements shares are pledged, or 30.9% of the company's share capital
- 9,667,088 Foncière des Murs shares pledged, or 19.4% of the company's share capital
- 6,000,999 GFR Kléber shares are pledged, or 100% of the company's share capital
- 1,169,223 Altapar shares are pledged, or 11.5% of the company's share capital.
- 1,300,599,733 Beni Stabili share are pledged, or 67.9% of the company's share capital.

The €16,388m in pledged assets represent 95.9% of the balance sheet total.

The start and expiry dates of the pledges correspond to the dates of the loans backed by these guarantees.

5.3.2. Commitment concerning MSREFF's option to sell holdings in Corton Group

As part of FdR's operation to repurchase MSREFF's stake in the Corton Group, a unilateral promise to buy company shares was concluded between the two parties.

Foncière des Régions (via its wholly-owned subsidiary, GFR-Externalisation) undertook to acquire from MSREFF, if the latter exercises its option to sell, full ownership of MSREFF's remaining 50% stake in the Corton Group for a price of €46m, less the amount of any intra-Group loans existing at the date that the option is exercised.

This commitment was subject to the following suspensive conditions:

- There exist no claims, expropriations or requisitions
- All share pledges are discharged
- The sell option must be exercised between 24 July and 15 September 2009.

The breach of any of these suspensive conditions causes the commitment to lapse.

5.3.3. Commitments concerning works in the Service sector segment

Commitments concerning the Sunparks works

Foncière des Murs signed a partnership agreement at the time the assets were acquired, which provides for work on the holiday villages to be spread over two years and a provisional completion date of 1 October 2009.

The total commitment for this was €20m. At 30 June 2009, €7.6m of works had been completed generating €14k in additional rents during the first half of 2009. There thus remained a commitment of €12.4m at 30 June 2009. On full completion of these works, additional rents are expected to represent 6.2% of the expenditures incurred.

Foncière des Murs undertook to buy the extension completed in the Sunpark de Mol village for the price of €15m.

Commitments concerning the Da Balaïa works

Portmurs SA and the Portuguese branch of Club Méditerranée SA signed a partnership agreement at the time the company was acquired by Foncière des Murs, which provides for work on the holiday village to be spread over two years and a provisional completion date of 30 April 2009.

The total commitment for this was €6.7m. At 30 June 2009, €4.8m of works had been completed generating €43k in additional rents during the first half of 2009. There thus remained a debt of €1.9m at 30 June 2009. On full completion of these works, the additional rents are expected to represent 6.5% of €5m of the expenditures incurred, and 7.25% of the remaining €1.7m.

Commitments concerning the Générale de Santé works

Foncière des Murs signed a partnership agreement with Générale de Santé, which provides for work to be carried out on the group's clinics.

The total commitment was for €0.7m to be spent by 31 December 2009.

Commitments concerning the Korian works

Foncière des Murs signed a partnership agreement with Korian, which provides for work to be carried out on the group's clinics and EHPADs (residential care facilities for the elderly).

The total commitment was for €0.9m to be spent by 31 December 2009.

5.4. Transactions between related parties

The disclosures below concern the principal related parties; specifically, disclosure of the assistance that Foncière des Régions' parent company, Batipart, provides to FdR.

The Chairman and CEO of the Batipart Group is Charles Ruggieri, who is also Chairman of the Board of Directors of Foncière des Régions.

Batipart provides Foncière des Régions with administrative services and business development support and also invoices rents. For this, FdR recognised expenses of €2m and €0.05m respectively for the first half of 2009.

In addition, Foncière des Régions sold 4% of its stake in Foncière des Murs to Generali (see Note 1.2.3 for details of the transaction). Generali is a member of the Board of Directors of Foncière des Régions and currently owns 20% of FdM.

6. SEGMENT REPORTING

On the basis of the Group's internal organisation and in accordance with IFRS 8, Foncière des Régions' operating segments are as follows:

– Offices – France
– Offices – Italy
– Residential
– Logistics
– Service sector
– Parking
– Corporate

The accounting principles used to prepare the sectoral financial data are the same as those used to prepare the overall financial statements.

6.1. Intangible assets by operating segment

31 Dec 2008 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Parking	Total
Goodwill							-
Other non-current assets	1,699	5,566	179	-	-	133,302	140,746
Net	**1,699**	**5,566**	**179**	**-**	**-**	**133,302**	**140,746**

30 Jun 2009 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Parking	Total
Goodwill							-
Other non-current assets	561	6,073	1,219	-	-	141,769	149,622
Net	**561**	**6,073**	**1,219**	**-**	**-**	**141,769**	**149,622**

6.2. Property, plant and equipment by operating segment

2008 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Parking	Total
Land	21,157	24,072	2,346	-	-	9,255	56,830
Buildings	26,211	25,774	7,298	-	1	54,596	113,880
Other non-current assets	1,894	2,135	2,388	62	557	1,041	8,077
Non-current assets in progress	581,209	263,942	13,681	14,430	108	231	873,601
Net	**630,471**	**315,923**	**25,713**	**14,492**	**666**	**65,123**	**1,052,388**

2009 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Parking	Total
Land	21,157	24,072	2,346	-	-	9,255	56,830
Buildings	23,109	25,367	7,184	-	-	50,926	106,586
Other non-current assets	1,752	2,021	2,243	124	11	948	7,099
Non-current assets in progress	193,769	282,786	16,459	14,924	155	901	508,994
Net	**239,787**	**334,246**	**28,232**	**15,048**	**166**	**62,030**	**679,509**

6.3. Investment properties / saleable properties by operating segment

2008 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Total
Investment properties	2,191,832	3,787,889	3,319,117	1,257,630	3,190,399	13,746,867
Assets held for sale	913,820	180,305	147,996	57,102	39,510	1,338,733
TOTAL	**3,105,652**	**3,968,194**	**3,467,113**	**1,314,732**	**3,229,909**	**15,085,600**

2009 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Total
Investment properties	2,717,872	3,611,374	3,239,690	1,132,050	2,929,723	13,630,709
Assets held for sale	577,243	266,859	151,353	22,990	400	1,018,845
TOTAL	**3,295,115**	**3,878,233**	**3,391,043**	**1,155,040**	**2,930,123**	**14,649,554**

6.4. Financial assets by operating segment

31 Dec 2008 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Parking	Corporate	Total
Loans	34,639					-		34,639
Other financial assets*	-	38,228	–17	-	21	2	18,764	56,998
Finance lease receivables	483						37,939	38,422
Share in income/loss of associates	188,068	2,539	17					190,624
Net	**223,190**	**40,767**	**-**	**-**	**21**	**2**	**56,703**	**320,683**

** Excluding financial instruments for which segmenting is shown below*

30 Jun 2009 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Parking	Corporate	Total
Loans	41,297		49	-				41,346
Other financial assets*	-	38,134	–17	-	21	2	19,079	57,219
Finance lease receivables	436						29,488	29,924
Share in income/loss of associates	146,230	1,716	17			22		147,985
Net	**187,963**	**39,850**	**49**	**-**	**21**	**24**	**48,567**	**276,474**

** Excluding financial instruments for which segmenting is shown below*

6.5. Financial liabilities by operating segment

2008 – Liabilities per business segment – €k	Offices – France	Offices –Italy	Residential	Logistics	Service sector	Car parks	Corporate	TOTAL
Total LT & ST Borrowing	1,519,403	2,253,631	2,087,656	814,690	1,911,586	123,729	1,450,344	10,161,039

30 Jun 2009 – €k	Offices – France	Offices –Italy	Residential	Logistics	Service sector	Car parks	Corporate	TOTAL
Total LT & ST Borrowing	1,506,428	2,151,600	2,142,981	718,426	1,876,788	128,566	1,320,047	9,844,836

6.6. Financial instruments by operating segment

31 Dec 2008 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Car parks	Corporate	TOTAL
Financial Instrument Assets	64	-	201	-	-	-	643	908
Financial Instrument Liabilities	54,319	173,025	55,836	49,536	102,216	7,778	52,600	495,310
Net Financial Instruments	54,255	173,025	55,635	49,536	102,216	7,778	51,957	494,402

30 Jun 2009 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Car parks	Corporate	TOTAL
Financial Instrument Assets	4	-	402	-	128	-	858	1,392
Financial Instrument Liabilities	85,101	195,543	86,956	61,935	131,734	9,179	74,655	645,103
Net Financial Instruments	85,097	195,543	86,554	61,935	131,606	9,179	73,797	643,711

6.7. Profit by operating segment

30 Jun 2008 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Car parks	Corporate	TOTAL
Rental income	142,011	106,751	106,465	48,300		-	-	403,527
Receipts from parking lots	-	-	-			9,940		9,940
Receipts from bus. premises	-	-			99,003			99,003
Disposals of properties in inventory	851	7,556	156					8,563
Services	713	6,280	683	453	1	-	512	8,641
Net Revenue	**143,575**	**120,587**	**107,304**	**48,753**	**99,004**	**9,940**	**512**	**529,675**
Other operating income	108	-	774	140	42	4	20	1,088
Total income from current operations	**143,683**	**120,587**	**108,078**	**48,893**	**99,046**	**9,944**	**532**	**530,763**
Costs of disposals of inventory	–901	–8,028	183					–8,746
Other external purchases and expenses	–5,418	–15,230	–19,072	–3,947	–2,477	–3,323	–10,478	–59,945
Income and other taxes	–2,101	–5,876	–2,137	–1,750	–273	–864	–1,096	–14,097
Personnel expenses	–1,825	–6,038	–12,800	–1,439	–858	–732	–9,288	–32,980
Appropr. to amortisation, depreciation and provisions	–31,190	–942	–378	–8	–10	–3,905	–889	–37,322
Net provisions on current assets	–455	92	–231	–807	–37	6	597	–835
Net provisions for risks and contingencies	21	60	–39	–572	–68	61	16	–521
Other operating expenses	–715	805	385	–689	–308	–472	–90	–1,084
Total expenses on continuing operations	**–42,584**	**–35,157**	**–34,089**	**–9,212**	**–4,031**	**–9,229**	**–21,228**	**–155,530**
OPERATING INCOME BEFORE DISPOSALS OF INVESTMENT ASSETS	**101,099**	**85,430**	**73,989**	**39,681**	**95,015**	**715**	**–20,696**	**375,233**
Net disposals of non-current assets	–33,505	39,640	5,515	–644	150	-	5,058	16,214
Change in fair value of investment assets	69,521	53,183	–90,581	–66,570	57,602		–7	23,148
Other operating income and expenses	–11,806	–1,291	10,954	–781	–4,517	3	–4,314	–11,752
Total other operating income and expenses	**24,210**	**91,532**	**–74,112**	**–67,995**	**53,235**	**3**	**737**	**27,610**
CURRENT OPERATING INCOME	**125,309**	**176,962**	**–123**	**–28,314**	**148,250**	**718**	**–19,959**	**402,843**
Interest income on cash transactions	6,697	2,815	2,324	4,012	891	110	4,865	21,714
Interest expense on financing operations	–35,283	–58,160	–47,986	–45,068	–22,429	–3,243	–41,188	–253,357
Net cost of debt	**–28,586**	**–55,345**	**–45,662**	**–41,056**	**–21,538**	**–3,133**	**–36,323**	**–231,643**
Income from finance lease transactions (CB)	-	-	-	-	-		5,139	5,139
Expenses on finance lease transactions (CB)	-	-	-	-	-		–1,241	–1,241
Finance leasing	**-**	**-**	**-**	**-**	**-**	**-**	**3,898**	**3,898**
Change in fair value	**178,577**	**–1,190**	**43,726**	**–52,697**	**252**	**717**	**27,657**	**197,042**
Positive change in fair value of financial assets & liabilities	125,880	157	43,726	-	252	717	27,657	198,389
Negative change in fair value of fin. assets and liabilities	52,697	–1,347	-	–52,697	-		-	–1,347
Discounting	**1,428**	**–5,316**	**–1,466**	**–1,566**	**351**	**-**	**–2,146**	**–8,715**
Financial proceeds from discounting	–162	1,242	-	22	351		-	1,453
Financial expenses from discounting	1,590	–6,558	–1,466	–1,588	-		–2,146	–10,168
IFRS effects	**180,005**	**–6,506**	**42,260**	**–54,263**	**603**	**717**	**25,511**	**188,327**
Net expenses on financial provisions	–7,045	-	-	–1,410	–144		428	–8,171
Total financial expenses	11,959	–66,065	–49,452	–100,763	–22,573	–3,243	–44,575	–274,712
Total financial income	132,415	4,214	46,050	4,034	1,494	827	38,089	227,123
FINANCIAL INCOME	**144,374**	**–61,851**	**–3,402**	**–96,729**	**–21,079**	**–2,416**	**–6,486**	**–47,589**
Shares of inc/loss of eq held cos	13,369		-					13,369
INCOME BEFORE TAXES	**283,052**	**115,111**	**–3,525**	**–125,043**	**127,171**	**–1,698**	**–26,445**	**368,623**

30 Jun 2009 – €k	Offices – France	Offices – Italy	Residential	Logistics	Service sector	Car parks	Corporate	TOTAL
Rental income	127,154	107,080	105,773	47,024	-	-	-	387,031
Receipts from parking lots	-	-	-	-	-	10,041	-	10,041
Receipts from bus. premises	-	-	-	-	100,930	-	-	100,930
Disposals of properties in inventory	-	-	8,284	-	-	-	-	8,284
Services	2,828	6,615	532	-	-	-	500	10,475
Net Revenue	**129,982**	**113,695**	**114,589**	**47,024**	**100,930**	**10,041**	**500**	**516,761**
Other operating income	77	-	706	170	37	59	79	1,128
Total income from current operations	**130,059**	**113,695**	**115,295**	**47,194**	**100,967**	**10,100**	**579**	**517,889**
Costs of disposals of inventory	518		–7,502	-	-	-		–6,984
Other external purchases and expenses	–3,513	–12,233	–14,557	–4,662	–1,629	–3,164	–6,385	–46,143
Income and other taxes	–2,446	–5,453	–1,967	–1,511	–325	–378	–613	–12,693
Personnel expenses	–1,580	–6,082	–13,691	–1,859	–673	–641	–11,080	–35,606
Appropr. to amortisation, depreciation and provisions	–13,860	–1,172	–411	–9	–1	–4,908	–1,409	–21,770
Net provisions on current assets	–804	266	–3	989	–25	–4	-	419
Net provisions for risks and contingencies	–2,125	16,222	–126	–401	26	–525	483	13,554
Other operating expenses	2,328		–983	–240	–113	–399	–1,306	–713
Total expenses on continuing operations	**–21,482**	**–8,452**	**–39,240**	**–7,693**	**–2,740**	**–10,019**	**–20,310**	**–109,936**
OPERATING INCOME BEFORE DISPOSALS OF INVESTMENT ASSETS	**108,577**	**105,243**	**76,055**	**39,501**	**98,227**	**81**	**–19,731**	**407,953**
Net disposals of non-current assets	–5,997	431	2,107	–4,485	–10,790	–24	–14,399	–33,157
Change in fair value of investment assets	–226,199	16,241	–32,642	–130,157	–227,586	-	–7	–600,350
Other operating income and expenses	–12,692	16,222	2,025	8,408	899	–31	424	15,255
Total other operating income and expenses	**–244,888**	**32,894**	**–28,510**	**–126,234**	**–237,477**	**–55**	**–13,982**	**–618,252**
CURRENT OPERATING INCOME	**–136,311**	**138,137**	**47,545**	**–86,733**	**–139,250**	**26**	**–33,713**	**–210,299**
Interest income on cash transactions	1,678	42,584	647	224	105	20	963	46,221
Interest expense on financing operations	–21,960	–53,059	–42,598	–18,388	–43,410	–3,498	–28,782	–211,695
Net cost of debt	**–20,282**	**–10,475**	**–41,951**	**–18,164**	**–43,305**	**–3,478**	**–27,819**	**–165,474**
Income from finance lease transactions (CB)	-		-	-	-	-	2,273	2,273
Expenses on finance lease transactions (CB)	-		-	-	-	-	–1,061	–1,061
Finance leasing	**-**	**-**	**-**	**-**	**-**	**-**	**1,212**	**1,212**
Change in fair value	**–30,099**	**–12,772**	**–30,919**	**–12,399**	**–30,789**	**–1,444**	**–21,371**	**–139,793**
Positive change in fair value of financial assets & liabilities	-		-	-	405		298	703
Negative change in fair value of fin. assets and liabilities	–30,099	–12,772	–30,919	–12,399	–31,194	–1,444	–21,669	–140,496
Discounting	**–356**	**–6,086**	**–1,558**	**–154**	**–1,506**	**-**	**-**	**–9,660**
Financial proceeds from discounting	2	753	-	10	74		-	839
Financial expenses from discounting	–358	–6,839	–1,558	–164	–1,580		-	–10,499
IFRS effects	**–30,455**	**–18,858**	**–32,477**	**–12,553**	**–32,295**	**–1,444**	**–21,371**	**–149,453**
Net expenses on financial provisions	4,940	-	-	–680	–46		–9,059	–4,845
Total financial expenses	–52,417	–72,670	–75,075	–31,631	–76,230	–4,942	–60,571	–373,536
Total financial income	6,620	43,337	647	234	584	20	3,534	54,976
FINANCIAL INCOME	**–45,797**	**–29,333**	**–74,428**	**–31,397**	**–75,646**	**–4,922**	**–57,037**	**–318,560**
Shares of inc/loss of eq held cos	–34,113	-	-	-	-	–37		–34,150
INCOME BEFORE TAXES	**–216,221**	**108,804**	**–26,883**	**–118,130**	**–214,896**	**–4,933**	**–90,750**	**–563,009**

7. SCOPE OF CONSOLIDATION

The following companies were consolidated for the first time:

- **At the Foncière des Murs level:**

Parcs du Ruban Bleu (Saint Nazaire) within the Parcs GFR perimeter, partnership with APSYS France: 50% Parcs GFR, 50% Apsys France; integrated at equity into FdR (rate: 29.24%)

- **At the Beni Stabili level:**

BS ATTIVITA' COMMERCIALE 1 SRL, integrated 100%

BS ATTIVITA' COMMERCIALE 2 SRL, integrated 100%

- **At the Foncière Développement Logements level:**

RRW-FdL Wohnen KG, 94% owned by FdL Wohnen Gmbh and 6% owned by BdL (RRW Verwaltungs Gmbh)

IMMEO Residential Finance Ltd, an Irish ad-hoc company

Companies no longer consolidated are

- **At the Beni Stabili level:**

BENI STABILI INVESTIMENTI SPA – SGR in liquidation

VALIM SRL

AGORA SRL

BUENA SUERTE SRL

FACERE SRL

- **At the Foncière des Murs level:**

Sale of the Italian companies H1 and H2 Firenze Srl on 6 May 2009.

C. Report of the statutory auditors on the 2009 semi-annual financial statements

To the shareholders,

In implementation of the mandate entrusted to us at your general meeting and pursuant to Article L.451-1-2 of the French Monetary and Financial Code:

- We have conducted a limited review of the short-form semi-annual consolidated financial statements of the company FONCIERE DES REGIONS, covering the period 1 January to 30 June 2009, which are attached to this report.
- We have reviewed the information in the semi-annual business report.

These short-form consolidated financial statements were prepared under the responsibility of your Management Board in the conditions described in Note 1.1 of the appendix, characterised by a certain difficulty in forecasting future prospects that already prevailed at the end of the previous financial year at 31 December 2008. Our mandate was to express our conclusion about these financial statements on the basis of our limited review.

I - Conclusion concerning the financial statements

We have conducted our limited review in accordance with the professional standards applicable in France. A limited review consists essentially of meeting with the management members in charge of the accounting and financial aspects of the company and carrying out analytical procedures. These analyses are less extensive than those required for an audit conducted according to the professional standards applicable in France. Consequently, from our limited review we can provide only moderate assurance that the financial statements as a whole do not contain significant anomalies, and such assurance is less certain than that obtainable from a full audit.

On the basis of our limited review, we have found no significant anomalies that might call into question the compliance of the short-form consolidated financial statements with accounting standard IAS 34, the IFRS standard for interim financial statements as adopted in the European Union.

Without questioning the conclusion expressed above, we wish to draw your attention to:

- Note 2.1 of the appendix on the new standards applicable from 1 January 2009
- Note 2.2, which explains the change of method for the initial application of the amended IAS 40 standard relating to investment property that is under construction or in development
- Note 1.7.2 “Post balance sheet events”, which discloses the tax reassessment received by the Group’s Italian subsidiary on 17 July 2009.

II - Specific verifications

We have also verified the disclosures in the semi-annual business report relating to the short-form consolidated financial statements to which our limited review refers. We have no observation to make concerning their truthfulness and their agreement with the consolidated financial statements.

Issued in Paris and Courbevoie on 30 July 2009

- The Statutory Auditors

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D. Certification from the preparer

Paris, 30 July 2009

I certify that, to my knowledge, the abridged accounts for this past semi-annual period have been prepared in accordance with the applicable accounting standards and give a faithful image of the assets, of the financial position and of the results of the company as well as of all of the companies included in the consolidation, and that the attached semi-annual business report presents a faithful picture of the important events occurring during the first six months of the financial year, of their impact on the accounts, of the major transactions between related parties, as well as a description of the main risks and main uncertainties for the remaining six months of the financial year.

Mr. Christophe Kullmann
Chief Executive Officer
Person in Charge of the Financial Information

Typesetting : RR Donnelley – 01. 53. 45. 19. 00

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