

Paris, 9 November 2009

## **Foncière des Régions: strong rental income at 30 September 2009 (+ 3.8% like-for-like)**

Foncière des Régions has an office-focused portfolio characterised by long leases and large tenants (France Telecom, EDF, Accor, Suez Environnement, Telecom Italia, etc.). This business model, as a real estate partner to large companies, gives Foncière des Régions strong visibility in terms of revenue streams, as well as solid business fundamentals in terms of occupancy rates and the solvency of its tenants, despite a still-depressed economic climate.

Although office investors have seemed more active in recent months with tangible green shoots such as the return of foreign investors and insurers, an increase in the average size of transactions and an easing in real estate financing, the rental market is still lacklustre, although it does not suffer from serious oversupply.

### **Group share revenue €488 m (+3.8% like-for-like).**

In this context, consolidated revenues at 30 September 2009 were €773 m. Group share revenue was €488 m, down slightly by 2.1% from the same period 2008, due to disposals that, were partially offset by an increase in shareholding<sup>1</sup> in Beni Stabili, by rental incomes up 3.8% like-for-like.

Group share (€m)	Consolidated			Group share				
	9 months 2008	9 months 2009	% Change	9 months 2008	9 months 2009	% Change	% Change like-for-like	% rental income
<b>France Office</b>	218.3	<b>195.1</b>	- 10.6%	210.4	<b>195.0</b>	- 7.3%	<b>+ 7.7%</b>	42%
<b>Italy Office</b>	159.7	<b>159.5</b>	- 0.1%	108.5	<b>116.6</b>	+ 7.4%	<b>+ 3.3%</b>	25%
<b>Total Offices</b>	378.0	<b>354.6</b>	- 6.2%	318.9	<b>311.6</b>	- 2.3%	<b>+ 6.0%</b>	67%
Logistics and business premises	72.5	69.6	- 4%	43.4	43.6	+ 0.4%	<b>- 3.3%</b>	9%
Service sector	148.5	148.3	- 0.1%	43.2	40.2	- 6.9%	<b>- 2.8%</b>	9%
<b>Commercial property</b>	<b>599.0</b>	<b>572.5</b>	- 4%	<b>405.5</b>	<b>395.4</b>	- 2.0%	<b>+ 4.0%</b>	85%
Residential	159.6	158.4	- 0.8%	61.7	61.3	- 0.7%	<b>+ 2.1%</b>	13%
Others	43.2	41.6	- 4.0%	30.9	31.1	+ 1.0	-	-
<b>Total revenues</b>	<b>801.8</b>	<b>772.5</b>	- 3.7%	498.1	<b>487.7</b>	- 2.1%	<b>+ 3.8 %</b>	-

<sup>1</sup> 73.08% stake in Beni Stabili at 30 September 2009 vs. 67.94% at 30 September 2008

25% stake in FdM at 30 September 2009 vs. 29% at 30 September 2008, following the sale of 4% in H1.

Note also the consolidation by equity method of FDL as from 10 November 2009 following the company's change of status to Société Anonyme (limited company)

## **Offices – France: Secured rents up 7.7% like-for-like**

Foncière des Régions continues to benefit from the security provided by the structure of its offices portfolio, largely from outsourcing operations to large corporates with relatively low economic risk whose assets are distributed throughout the main French cities.

Like-for-like, Offices France grew by 7.7% thanks to rent indexation, the effect of re-leasing over 2008 and occupancy rates remaining high. September-end 2008 saw 97.5%<sup>2</sup> (vs. 97.8% June-end 2009) while bad debts remained steady and low.

Following an agreement signed with France Telecom at 30 June 2009 relating to, among others, the renewal of the leases of 108 assets, the average residual term of fixed leases was 4.7 years at 30 September 2009, compared to 3.3 years at 30 June 2009.

As part of securing Foncière des Régions' rental income, asset management teams have over several quarters progressively put specific leasing structures in place with our tenants, to limit the volatility of indexation. Consequently, 1/3 of rents today are indexed to a composite index (50% Cost of Construction Index and 50% CPI). Furthermore, 70% of Offices France rents cannot be subject to negative indexation.

## **€191m acquisition of offices in Vélizy**

During the 3<sup>rd</sup> quarter of 2009, Foncière des Régions acquired from MSREF<sup>3</sup>, the 50% remaining stake in the Vélizy Campus Business Park, it did not own. Foncière des Régions now has a 100% stake in this business park valued on 30 June 2009 at €382 m.

The site includes the headquarter of Dassault Systèmes (56,000 m<sup>2</sup>, fixed lease until 2020, HQE building), some buildings leased to Thales and Alstom (83,000 m<sup>2</sup>) and also has over 100,000 m<sup>2</sup> medium term development potential. This acquisition was based on a net initial yield of 7.7%. The average residual firm lease term is 8.5 years.

## **Offices – Italy: High occupancy rate at 98% and good visibility**

Italy Office properties also benefit from a high occupancy rate (98% in the long-term portfolio). The like-for-like 3.3% increase in rents is attributable to indexation and some good achievements in asset management.

Since the start of the year, close to 28,000 m<sup>2</sup> have been leased. Indicators show this real estate activity is producing steady performance including average residual fixed leases remaining steady at 8.9 years (vs. 9 years at 30 June 2009), and improving occupancy rates - 98% at 30 September 2009.

Lastly, rental income from the Italy Offices portfolio, which is linked to inflation, cannot be subject to negative indexations.

## **Asset sale programmes 2009: €715m actual sales outstripping 2009 target of €500m**

As part of its portfolio turnover policy, since the start of the year Foncière des Régions has sold €715m of properties thereby beating the 2009 objective of €500m. These transactions were generally sold at prices in line with the appraised values at 31 December 2008 and represent an average 6.1% exit yield.

## **Progress on the FdR 2010 Action Plan**

At 31 December 2008, Foncière des Régions launched the FdR 2010 Action Plan aimed at increasing and securitising its earnings streams, while bolstering its balance sheet. This proactive initiative today allows Foncière des Régions to seize opportunities in the consolidating real estate market, via new partnerships with some large tenants and some major investors.

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<sup>2</sup> Excluding Carré Suffren, delivered end Q3 2009

<sup>3</sup> Morgan Stanley Real Estate Funds

These action plans are focused on assets, financing and organisation. The key achievements realised after the interim financial statements are as follows:

- **Signing of new leases and property sales following a major agreement signed with France Telecom** in June 2009. As a result of this agreement, close to 80% of France Telecom properties are subject to sale or lease extension.
- **Announcement of an acquisition and a strengthening of shareholder equity** via the €267m acquisition of office buildings owned by Groupama and Predica in return for an issue of 3.9 million new Foncière des Régions shares.
- **Project to issue bonus equity warrants (BSA) for Foncière des Régions shareholders.** Potential equity issue representing potentially €200 m additional capital, under economic conditions similar to the issue of shares as part of the asset acquisition.
- **Foncière Développement Logements'** change to the status of a *Société Anonyme* (limited company) as part of its growth operations. Therefore, FDL will be consolidated under the equity method in the FY09 accounts.

### **Confirmation of the net recurring income growth target for 2009**

Because of its unique positioning as an offices partner to large companies and the significant progress in its FdR 2010 action plan, Foncière des Régions remains confident that it will achieve its 2009 objectives in terms of net recurring income growth.

*"Our real estate management indicators confirm the soundness of our business model. Foncière des Régions continues to benefit from the quality of its portfolio of offices leased to large companies. We have also decided to go forward with a measured acquisitions policy to support our high cash flow generation and active dividend policy" said Christophe Kullman, Chairman of the Supervisory Board.*

*A presentation about this transaction is available  
on the Foncière des Régions website: [www.foncieredesregions.fr](http://www.foncieredesregions.fr)*

*A conference call dedicated to analysts and investors  
will take place today at 5:45pm (Paris time)*

#### **Financial schedule:**

15 December 2009: EGM

18 February 2010 after market close: Release of 2009 financial statements  
(analyst and conference-call meeting scheduled for 19 February)

## About Foncière des Régions

### Foncière des Régions, real estate partner

Foncière des Régions is a major listed real estate company with unique characteristics:

- Real estate company focused on offices
- Real estate partner to large companies (France Telecom, EDF, Accor, Dassault Systèmes, Suez Environnement, Telecom Italia, etc)
- Highly visible rental income
- Strategy of continuous asset enhancement (property quality and efficiency, environmental performance, etc)

A listed real estate investment company (SIIC), Foncière des Régions successfully operates its business model as a real estate partner in various business sectors (logistics, business premises, housing).

Foncière des Régions is listed on Euronext Paris Compartment A (FR0000064578 - FDR) and admitted to the SRD. Foncière des Régions shares are included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France", Euronext Mid, as well as the European real estate indices EPRA and the GPR 250.

### Key figures at 30 June 2009

- €15.8bn assets, of which €9.8bn group share
- 892 employees
- 7 regional departments in France, 2 expertise centres in Italy and 1 real estate management subsidiary in Germany

To learn more: [www.foncieredesregions.fr](http://www.foncieredesregions.fr)

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