

Paris, 11 May 2010

**Strong rental income at the end of March 2010:  
+ 1.7% over the entire portfolio and + 2.6% for Offices (like-for-like)**

Foncière des Régions has an office-focused portfolio characterised by long leases and large tenants (France Télécom, 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 rental revenue (6.1 years average firm residual leases length at 2009-end).

Foncière des Régions' key real estate indicators remained strong at the end of March 2010:

- Growth in office rental income like-for-like: + 2.7% in France and + 2.4% in Italy
- Continuing high office occupancy levels: 94.7%<sup>1</sup> France and 93.7%<sup>2</sup> Italy
- €120m asset sales and asset sale agreements in terms of appraised value.

Over the period, the office market in France saw the first signs of an upturn in lease enquiries by large accounts (CAC 40 and SBF 120 companies) and public entities after a lacklustre second half 2009. In addition, the decline in the growth of availability in France suggests that rents will stabilise.

The commercial property investment market in France doubled in volume in Q1 2010 (vs Q1 2009) with renewed interest in major investments (€100m and over). Assets producing secure revenue were particularly sought after.

**Group share revenue €142m (+1.7% like-for-like)**

(€m)	Consolidated			Group share				
	Q1 2009	Q1 2010	(%) Change	Q1 2009	Q1 2010	(%) Change	(%) Change LFL	% of rental income
France Offices	65.7	68.1	+3.6%	65.2	68.1	+4.3%	+2.7%	50.7%
Italy Offices	53.8	53.4	-0.6%	39.3	39.1	-0.6%	+2.4%	29.1%
<b>Total Offices</b>	<b>119.5</b>	<b>121.5</b>	<b>+1.7%</b>	<b>104.5</b>	<b>107.1</b>	<b>+2.5%</b>	<b>+2.6%</b>	<b>79.8%</b>
Service sector	52.7	49.5	-6.1%	15.8	12.4	-21.5%	+3.6%	9.2%
Logistics	24.3	21.8	-10.1%	14.5	14.7	+1.0%	-5.2%	10.9%
<b>Total rental income</b>	<b>196.5</b>	<b>192.9</b>	<b>-1.8%</b>	<b>134.8</b>	<b>134.2</b>	<b>-0.5%</b>	<b>+1.7%</b>	<b>100.0%</b>
Services and other	10.0	11.6	+16.0%	7.0	8.2	+16.8%		
<b>Total revenues</b>	<b>206.4</b>	<b>204.4</b>	<b>-1.0%</b>	<b>141.8</b>	<b>142.4</b>	<b>+0.4%</b>	<b>+1.7%</b>	

<sup>1</sup> After delivery of Carré Suffren : 97.6% excluding Carré Suffren

<sup>2</sup> After delivery of Torre Garibaldi: 96.5% excluding Torre Garibaldi

In this context, consolidated revenue at the end of March 2010 was €204m. Group share revenue rose 0.4% to €142m, driven by an increase in rental income like-for-like (+1.7%), the impact of acquisitions in 2009 (€457m) and despite the €751m disposals in 2009.

### **Offices – France: Secured rents up 2.7% like-for-like**

Foncière des Régions continues to benefit from the security provided by the structure of its offices portfolio in France, made up largely from outsourcing operations to large companies with relatively low economic risk, whose assets are located in the Paris area and in the main French cities.

In addition, a large part of the Offices France lease portfolio benefits from indexation floors preventing FdR from negative indexation (c. 65% of annual rents benefitting from floors between 0% and 1%). Lastly, as a result of renegotiations during the past three years, 35% of Offices France rents are now linked to a combined Construction Cost / Inflation index.

Like-for-like, Offices France grew by 2.7% thanks to our lease characteristics and occupancy rates remaining high (94.7%<sup>3</sup> at the end of March 2010). In terms of rental activity, some 18,000 sqm were rented or re-rented during the period.

### **Offices – Italy: + 2.4% like-for-like and high occupancy rate**

Italy Office properties also benefited from a high occupancy rate (93.7%<sup>4</sup> in the long-term portfolio). The like-for-like 2.4% increase in rents is attributable to indexation and some good achievements in asset management. In fact, since the start of the year, more than 31,000 sqm have been rented or re-rented.

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

### **An acquisition in line with strategy: Repurchase of Morgan Stanley's 75% stake in the MSREF/FdR joint venture that holds a 115,000 m<sup>2</sup> office portfolio.**

During Q1 2010, Foncière des Régions repurchased the Morgan Stanley holdings in the MSREF/FdR joint venture (75% / 25%). The holdings have a portfolio of 115,000 sqm office located in Bordeaux, Orléans and Montpellier, 75% of it rented to IBM.

This portfolio, which rents from are in line with the market, has residual lease of 4.1 years, an average cap rate of about 9% and vacancy rate of 15%. Valued at €59m, it also has strong real estate potential.

In 2004, MSREF and Foncière des Régions acquired in a joint venture (75% / 25%), a portfolio of offices from IBM (7 buildings representing 127,500 sqm) as part of an outsourcing operation.

This acquisition, based on a portfolio of office assets leased to a major tenant and with a value creation potential, is fully in line with FdR's strategy and also contributes to simplifying its structures. It will have a positive impact in terms of net recurring income (+€1m) and NAV (+€15m).

### **€120m asset sales (Group share) in Q1 2010 based on price appraisals**

As part of its portfolio rotation policy, Foncière des Régions has made €120m in asset sales and sale agreements since the beginning of the year.

These transactions were negotiated in line with appraisal values and represent an average yield of 4%.

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<sup>3</sup> After delivery of Carré Suffren: 97.6% excluding Carré Suffren

<sup>4</sup> After delivery of Torre Garibaldi: 96.5% excluding Torre Garibaldi

## **2009 Dividend: A value creation system for shareholders of both Foncière des Régions and Beni Stabili**

Foncière des Régions reminds that at the General Meeting of 28th May 2010, it will recommend a dividend per share of:

- €3.30 cash + 6 Beni Stabili shares for Foncière des Régions ordinary shares<sup>5</sup> held at 9 June 2010, i.e. €6.90<sup>6</sup> total per share
- 3 Beni Stabili shares for Foncière des Régions shares effective 1 January 2010<sup>7</sup> acquired through the exercise of equity warrant, if they are exercised before 9 June 2010

This distribution of Beni Stabili shares will increase the float and reduce FdR's direct holdings in the Italian real estate company. This will constitute a decisive step towards obtaining SIIQ status.

The coupon is to be detached on 9 June 2010 (after market closing) and the dividend payment in cash as well as the delivery of Beni Stabili shares (eligible for PEA) will take place from 15 June 2010.

Lastly, to facilitate the management of the Beni Stabili shares that will be distributed to our shareholders as part of the Foncière des Régions 2009 dividend, Beni Stabili has applied to have its shares listed on Euronext Paris.

### **Process for obtaining SIIQ status for Beni Stabili**

As part of the process for obtaining SIIQ status, on 19 April 2010 Beni Stabili successfully placed its treasury shares (representing 7% of its share capital) with institutional investors. As a result of this operation, FdR's economic holding in Beni Stabili declined from 73% to 68%.

Note that upon payment of Foncière des Régions' 2009 dividend scheduled for 15 June 2010, FdR's direct holding in Beni Stabili will be reduced from 68% to 52%-52.5%<sup>8</sup>.

### **Reminder of objectives**

Foncière des Régions reiterates its desire to consolidate its real estate positioning focused on commercial real estate and major clients.

In a still-uncertain economic environment, the Company intends to pursue its active asset management strategy and continue to seize investment opportunities in a consolidating market, while continuing to reduce its debt level (target LTV between 50% and 55%).

Foncière des Régions' objectives also include increasing its net recurring income in 2010.

*"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 acquisition policy to support our high cash flow generation and active dividend policy"* says Christophe Kullman, CEO of Foncière des Régions.

***A conference call dedicated to analysts and investors  
will take place today at 2:30pm (Paris time)***

***A presentation about this conference call will be available  
on the Foncière des Régions website: [www.fonciere-des-regions.fr/finance](http://www.fonciere-des-regions.fr/finance)***

<sup>5</sup> ISIN : FR0000064578

<sup>6</sup> based on a value of €0.60 per Beni Stabili share

<sup>7</sup> ISIN : FR 0010827386

<sup>8</sup> depending on the number of equity warrants exercised at 9 June 2010 (Total nbr of equity warrants exercisable is 46,619,703 representing potentially 3,107,980 Foncière des Régions new shares)

## Financial schedule:

28 May 2010: Shareholders' General Meeting  
9 June 2010 after market closing: Ex-div date  
15 June 2010: Payment of 2009 dividend  
27 July 2010: Publication of half-year results 2010

### Investor Relations

Philippe Le Trung  
Tel: + 33 (0)1 58 97 52 04  
[philippe.letrung@fdr.fr](mailto:philippe.letrung@fdr.fr)

Sébastien Bonneton  
Tel: + 33 (0)1 58 97 52 44  
[sebastien.bonneton@fdr.fr](mailto:sebastien.bonneton@fdr.fr)

### Press Relations

Philippe Boyer  
Tel: + 33 (0)1 58 97 52 23  
[philippe.boyer@fdr.fr](mailto:philippe.boyer@fdr.fr)

### Shareholder Relations

**N° 0 805 400 865**

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## 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
- The real estate partner of large companies (France Telecom, EDF, Accor, Dassault Systèmes, Suez Environnement, Telecom Italia, etc)
- Highly visible rental income
- A continuous asset enhancement strategy (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, etc...).

Foncière des Régions is listed on Euronext Paris Compartment A (FR0000064578 - FDR) and admitted to the DSS. Foncière des Régions shares are a component of MSCI, SBF 120, Euronext IEIF "SIIC France" index, the CAD Mid100 as well as other European real estate indices including EPRA and the GPR 250.

### Key figures at the end of 2009

- €9.3bn assets (Group share)
- €526m rental income (Group share)
- 337 staff in France
- 7 regional departments in France

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

## Appendices:

### Summary of indexation mechanisms for the Foncière des Régions portfolio

Situation at end of 2009	Type of rent indexation % of rent protected against a negative indexation	% of rental income
France Offices	65% ICC & 35% ICC-IPC 65% is exempt from negative indexation	51%
Italy Offices	100% IPC No negative indexation possible	29%
Service sector	57% variable (Accor) & remainder ILC, IPC and IRL	9%
Logistics	100% ICC 30% is exempt from negative indexation	11%

ICC : Construction cost index

IPC : Consumer Price Index

### Sales at the end of April 2010

(€m)		Disposals	Disposal agreements	Total
France Offices	100 %	26.8	36.3	63.2
Italy Offices	100 %	45.9	19.0	64.9
	Group share (68%)	31.2	12.9	44.1
<b>Total Offices</b>	100 %	<b>72.8</b>	<b>55.3</b>	<b>128.1</b>
	<i>Group Share</i>	<i>58.0</i>	<i>49.2</i>	<i>107.3</i>
Service sector	100 %	24.0	0	24.0
	Group share (25%)	6.0	0	6.0
Logistics	100 %	0	8.7	8.7
	Group share (60%)	0	5.8	5.8
<b>Total</b>	100 %	<b>96.8</b>	<b>64.0</b>	<b>160.9</b>
	<i>Group Share</i>	<i>64.1</i>	<i>55.1</i>	<i>119.1</i>