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Paris, May 16, 2011

Press Release

Foncière des Régions launches an offering of net share settled bonds convertible into new and/or exchangeable into existing shares (ORNANE), due January 1, 2017, for a nominal amount of approximately €480 million which may be increased to approximately €550 million in the event of the full exercise of the extension option

Paris, May 16, 2011 – Foncière des Régions (the "**Company**" or "**FdR**") announces today the launch of an issuance of net share settled bonds convertible into new and/or exchangeable for existing shares (ORNANE) (the "**Bonds**"), due January 1, 2017 for a nominal amount of approximately €480 million which may be increased to approximately €550 million in the event of the full exercise of the extension option (the "**Extension Option**") granted to the Underwriters (as defined below).

The net proceeds from the issuance of the Bonds will be used to diversify the Company's funding sources and to extend its debt maturity profile. The net proceeds will principally be used to refinance its existing credit facilities and on a residual basis to finance the general corporate purposes of the Company.

FdR shareholders as of May 13, 2011 will be entitled to subscribe by irrevocable entitlement (*à titre irréductible*) to the offer during the priority subscription period of three trading days (*délai de priorité*) from May 16 to May 18, 2011 at 5.00 pm (Paris time) inclusive (subject to applicable selling restrictions) for a maximum amount corresponding to their respective stake in the share capital of FdR applied to the maximum nominal amount of the offering, *i.e.* approximately €550 million. In the event of no or partial exercise of the Extension Option, subscription orders from FdR shareholders will be reduced proportionally. It will not be possible to place reducible subscription orders.

Delfin, which holds 28.92% of the Company's share capital at the date of the prospectus (which received the *Autorité des marchés financiers* visa on May 13, 2011 under number 11-155), has announced its intention to subscribe to this issue within the framework of the priority subscription period in proportion to its *pro rata* stake in the share capital of the Company, within the limit, in any event, of a maximum subscription amount of €150 million.

FdR is very pleased with the support shown by its largest shareholder, which testifies to the trust the latter places in the Company's strengths by contributing to its further development.

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The Company is not aware of the intentions of its other main shareholders.

The par value of each Bond will include an issue premium between 20% and 25% over the Reference Price¹ of the Company's shares traded on the regulated market of NYSE Euronext in Paris.

The Bonds will bear interest from the issue date (inclusive) at an annual nominal rate between (Reference Rate² -0.15)% and (Reference Rate +0.35)%, payable semi-annually in arrears on January 1 and July 1 in each year (or on the following business day if such date is not a business day) and for the first time on January 1, 2012, and will be redeemed at par on January 1, 2017. As an exception, for the period from May 24, 2011, the day of settlement of the Bonds, to December 31, 2011, interest will be calculated *pro rata temporis* and will be paid on January 1, 2012.

The Bonds will be offered as part of a public offering in France from May 16, 2011 to May 18, 2011 5:00 p.m. (Paris time) (inclusive), as well as through a private placement in and outside of France, on May 16, 2011, in a book-building process, outside the United States of America, Canada, Australia and Japan.

The Bonds will be issued at par on May 24, 2011, the expected settlement date of the Bonds, and will be redeemed at par on January 1, 2017 (or on the following business day if such date is not a business day). The Bonds may be redeemed earlier at the Company's option under certain conditions. In particular, the Bonds may be redeemed earlier at FdR's option from January 15, 2015 if the arithmetic average of the products of FdR's share price on Euronext Paris and the then prevailing conversion ratio (over a specified period) exceeds 130% of the principal amounts of the Bonds.

In the case of the exercise of their conversion right, the bondholders will receive an amount in cash and, as the case may be, an amount payable in new and/ or existing shares of FdR.

However, in order to optimize its financial structure upon exercise of the conversion right, the Company has the option to deliver new and/ or existing shares only.

The final terms of the offering will be determined on May 19, 2011.

FdR's share is listed on the regulated market of NYSE Euronext in Paris (*Compartiment A*) and is entitled to the Deferred Settlement Service (*Service de Règlement Différé* or *SRD*).

ISIN code: FR0000064578 (FDR)

This issue is lead-managed by BofA Merrill Lynch acting as Global Coordinator, Joint Lead Manager and Joint Bookrunner, and by HSBC, Lazard-Natixis and UniCredit acting as Joint Lead Managers and Joint Bookrunners (together, with the Global Coordinator, Joint lead Managers and Joint Bookrunners, the "**Underwriters**").

¹ The Reference Price will be equal to the volume-weighted average trading price of Foncière des Régions shares on NYSE Euronext in Paris from the beginning of trading on May 19, 2011 until noon (Paris time).

² The Reference Rate, will be equal to the 5.61 year linearly interpolated mid swap rate based on the 5 and 6 year euro mid swap rates as they will appear on Bloomberg EUSA 5 Index and EUSA 6 Index pages on May 18, 2011 at 5:40 p.m. (Paris time).

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Disclaimer

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No communication or information relating to the issuance by Foncière des Régions. (“FdR”) of net share settled bonds convertible into new shares and/or exchangeable for existing shares (the “Bonds”) may be transmitted to the public in a country where there is a registration obligation or where an approval is required. No action has been or will be taken outside of France, in any country in which such action would be required. The issuance or the subscription of the Bonds may be subject to legal and regulatory restrictions in certain jurisdictions and FdR assumes no liability in connection with the breach by any person of such restrictions.

This press release is an advertisement and not a prospectus within the meaning of the Prospectus Directive (as defined hereinafter).

This press release is not an offer to the public, an offer to subscribe or designed to solicit interest for purposes of an offer to the public.

In France, the sale and purchase of the Bonds are made by way of private placement to qualified investors in accordance with Article L. 411-2 of the Code monétaire et financier and a public offering in France after the Autorités des marchés financiers has granted its visa on the prospectus relating to the issuance and admission of the Bonds on the regulated market of NYSE Euronext in Paris.

European Economic Area

With respect to each Member State of the European Economic Area other than France which has implemented the Directive 2003/71/EC (the “Member State”), no action has been undertaken or will be undertaken to make an offer to the public of Bonds requiring a publication of a prospectus in any Member State. As a result, Bonds may only be offered in Member States:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or*
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EU, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Underwriters nominated by the Issuer for any such offer; or*
- (c) in any other circumstances falling within article 3(2) of the Prospectus Directive.*

For purposes of this paragraph, the expression an “offer to the public of Bonds” in any Member State having transposed the Prospectus Directive means the communication, to individuals or legal entities, in any form and by any means, of sufficient information on the terms and conditions of the offer and the Bonds to be offered to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

This press release is not being released and has not been approved by an authorized person falling within Article 21(1) of the Financial Services and Markets Act 2000. This press release is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); or (ii) persons falling within Article 49(2)(a) to (d) (high net worth entities, non incorporated associations, etc.) of the Order (all such persons together being referred to in (i) and (ii) as “Relevant Persons”). The Bonds and, if applicable, the shares of FdR to be allocated upon exercise of the conversion right (the “Securities”) are only directed only at Relevant Persons and no invitation, offer or any agreements to subscribe, purchase or otherwise acquire the

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Securities may be proposed or made other than to Relevant Persons. Any person that is not a Relevant Person should not act or rely on this press release or any of its contents.

United States

This press release may not be published, distributed or transmitted in the United States (including its territories and dependencies, any State of the United States and the district of Columbia). This press release does not constitute any offer or solicitation to purchase for securities in the United States. The securities mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States, except pursuant to an exemption (in accordance with Regulation S of the Securities Act) from, or a transaction not subject to, the registration requirements of the Securities Act. The Bonds will be offered or sold only outside of the United States in offshore transactions in accordance with Regulation S of the Securities Act. FdR does not intend to register any portion of the proposed offering in the United States and no public offering will be made in the United States.

Canada, Australia and Japan

The Bonds may not be offered, sold or purchased in Canada, Australia or Japan.

The distribution of this press release in certain countries may constitute a breach of applicable law. The information contained in this press release does not constitute an offer of securities for sale in Canada, Australia or Japan.