

## **Strengthened financial structure Slight increase in like-for-like rental income**

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### **Strengthened financial structure enabled the LTV ratio to drop to 40.4%**

- Successful capital increase of €125 million

During the 1<sup>st</sup> quarter of 2012, Foncière des Murs, a Foncière des Régions subsidiary, completed a capital increase of €125 million, with the support of its main shareholders.

This capital increase gave Foncière des Murs the necessary funds to take advantage of investment opportunities, as well as to increase its financial flexibility by strengthening its equity capital.

- €230 million in new funds, which covers all loans maturing in 2013

At the beginning of July 2012, Foncière des Murs signed a refinancing agreement for a total amount of €230 million with Natixis and CACIB, covering all loans maturing in 2013. The new debt has a 5-year maturity.

- €202 million in asset sales, at a price 3.5% higher than the appraised value

Properties amounting to €202 million were sold during the half-year at a price 3.5% higher than the appraised valuations. These sales involved 47 properties including:

- 18 hotels including the buildings and business assets, for €88 million
- 10 Healthcare properties for €76 million
- 19 operating retail properties, as single units or as part of portfolios, for €38 million

These asset sales, which were realised directly, satisfy two objectives, namely asset rotation and debt reduction, in line with the 2011 asset sales.

As a result, Foncière des Murs' financial structure was markedly strengthened, with an LTV ratio of 40.4% compared with 45.8% as at 31 December 2011. LTV ratio dropped by 10 points compared to 31 December 2010.

	31 December 2011	30 June 2012	Change
LTV (excluding transfer duties)	48.4%	42.7%	-570 bps
LTV (including transfer duties)	45.8%	40.4%	-540 bps

Debt maturity increased slightly to 2.7 years.

Lastly, interest cover (ICR) amounted to 2.59 as at 30 June 2012, i.e. unchanged compared with the end of 2011.

### Slight increase in rental income: 0.3% like-for-like increase

(€ million)	H1 2012	H1 2011	Change (in € million)	% Change	Like-for-like % change
Hotels	47.0	60.0	-13.0	-21.7%	-2.5%
Retail	22.1	21.7	0.4	1.8%	2.3%
Healthcare	13.4	13.5	-0.1	-0.6%	5.5%
Leisure	8.3	8.0	0.3	3.4%	3.4%
<b>Rental income</b>	<b>90.7</b>	<b>103.1</b>	<b>-12.4</b>	<b>-12.0%</b>	<b>0.3%</b>

First half 2012 rental income decreased by €12.4 million in absolute value terms, which primarily reflects the impact of the 2011 and early 2012 disposals, mainly in the hotels sector. On a like-for-like basis, rental income increased by 0.3% over the half-year, despite the depressed economic context.

### Net recurring EPRA income of €55 million, and EPS of €0.92

Net recurring EPRA income amounted to €55 million, down 10.5% from €61.5 million in first half 2011. This decrease reflects the impact of the arbitrage and deleveraging strategy (asset sales amounting to €620 million since the beginning of 2011). On a per share basis, first half 2012 net recurring EPRA income amounted to €0.92, down 15.4% from €1.09 in first half 2011.

Meanwhile, net income, Group share, came in at €260.7 million compared with €158.5 million for first half 2011.

	H1 2011	H1 2012	% Change
Recurring net EPRA income (€ millions)	61.5	55.0	-10.5%
Recurring net EPRA earnings per share	€1.09	€0.92	-15.4%*
Net income, Group share	158.5	260.7	n/a

\*The average number of shares increased between 2011 and 2012, following the April 2012 capital increase.

### NAV of €1,631 million, up 7.1%

Wholly-owned assets were valued at €2,887 million (excluding charges) as at 30 June 2012, compared with €2,949 million as at 31 December 2011. This change reflects the impact of the asset sale programme. On a like-for-like basis, NAV increased by 1.2% compared with the end of 2011, and posted an average yield of 6.3% (excluding charges).

EPRA NAV increased by 7.1% to €1,630.9 million (i.e. €25.40 per share), up from €1,523.2 million (i.e. €27.00 per share) at the end of 2011. The EPRA Triple Net NAV increased by 7.2% to €1,369.6 million (i.e. €21.30 per share), up from €1,278 million (€22.60 per share) at

the end of 2011. The change in NAV per share relating to the dilutive effect of the capital increase amounted to €1.30 per share.

	31 December 2011	30 June 2012	Change
<b>Net asset value</b>	<b>2,949</b>	<b>2,887</b>	<b>+1.2% like-for-like</b>
EPRA NAV	1,523.2	1,630.9	+7.1%
EPRA NAV per share	27.00	25.40	-5.9%*
LTV (excluding charges)	48.4%	42.7%	-570 bps
<b>LTV (including charges)</b>	<b>45.8%</b>	<b>40.4%</b>	<b>-540 bps</b>

\*The number of shares increased between 2011 and 2012, following the April 2012 capital increase.

## Outlook for 2012

Foncière des Murs confirms its objective to improve its financial structure, while continuing to benefit from the development opportunities in the business properties sector, particularly in the hotel industry.

Indeed, in June 2012, Foncière des Murs entered into exclusive negotiations with ANF, in partnership with La Française Rem, for the purchase of 167 B&B hotels.

## CONTACTS

Cécile Boyer  
Tel: +33(0)1 58 97 54 47  
[cecile.boyer@fdr.fr](mailto:cecile.boyer@fdr.fr)

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

### About Foncière des Murs

Foncière des Murs, a subsidiary of Foncière des Régions, specialises in the ownership of business premises, especially in the hotel, healthcare, and retail sectors. As a listed real estate investment company (SIIIC), Foncière des Régions is a real estate partner for major players in the business properties sector. Foncière des Murs owns net assets amounting to €2.9 billion.

[www.foncieredesmurs.fr](http://www.foncieredesmurs.fr)

### About Foncière des Régions

As a major player in the office and key accounts properties sector, Foncière des Régions owns and manages a €9 billion portfolio that is primarily leased to key accounts who are leaders in their business sectors, including SUEZ Environnement, Thales, Dassault Systèmes, France Telecom, EDF, and Accor, etc.

While partnering companies in their real estate strategies, Foncière des Régions works with clients to develop innovative and sustainable real estate solutions.

[www.foncieredesregions.fr](http://www.foncieredesregions.fr)

## APPENDICES

### Appraised value as at 30 June 2012

<i>(in € millions)</i>	Value at 31.12.2011	Value at 30.06.2012	Like-for- like change over 6 months	Yield (excluding charges)
Hotels	1,658	1,573	0.7%	6.2%
Healthcare	348	356	2.2%	6.4%
Retail	689	702	1.9%	6.3%
Leisure	253	255	0.7%	6.6%
<b>Total directly-owned portfolio</b>	<b>2,949</b>	<b>2,887</b>	<b>1.2%</b>	<b>6.3%</b>
Total portfolios owned via partnerships	622	675	4.2%	6.3%
<b>Total portfolio under management</b>	<b>3,571</b>	<b>3,562</b>	<b>1.8%</b>	<b>6.3%</b>

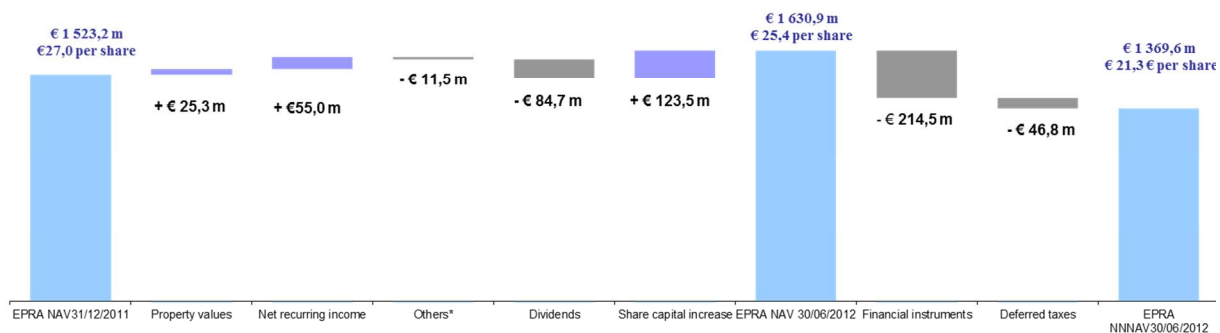
### Terms of debt

<b>Net debt</b> down 11% compared with 31.12.2011	<b>€1,324 m</b>
Average cost of debt 4.39% as at 31.12.2011	4.54%
<b>Average debt maturity</b> up 0.1 year compared with 31.12.2011	<b>2.7 years</b>
Active hedging debt ratio	98.4%

## Net asset value

	31.12.2011	30.06.2012	2011/2012 Change
EPRA Triple net NAV (€m)	1,278.0	1,369.6	+7.2%
<b>EPRA Triple net NAV per share (€)</b>	<b>22.6</b>	<b>21.3</b>	<b>-5.8%</b>
EPRA NAV (€m)	1,523.2	1,630.9	+7.1%
<b>EPRA NAV per share (€)</b>	<b>27.00</b>	<b>25.40</b>	<b>-5.9%</b>

## Analysis of the change in NAV



## Reconciliation of net income to recurring net income

€ millions	Net income	Restatements	Recurring net income
RENTAL INCOME	90.7		90.7
UNRECOVERED LEASE EXPENSE	-0.1		-0.1
BUILDING EXPENSES	-1.5		-1.5
EXPENSES NET OF UNRECOVERABLE RECEIVABLES	0.1		0.1
<b>NET RENTAL INCOME</b>	<b>89.2</b>	<b>-</b>	<b>89.2</b>
MANAGEMENT AND ADMINISTRATION INCOME	0.9	-	0.9
BUSINESS-RELATED EXPENSES	-0.5		-0.5
OVERHEADS	-3.7		-3.7
DEVELOPMENT EXPENSES	-	-	-
<b>OPERATING COSTS</b>	<b>-3.3</b>	<b>-</b>	<b>-3.3</b>
NET CHANGE IN PROVISIONS AND OTHER ITEMS	0.0	-0.0	-
<b>OPERATING INCOME FROM CONTINUING OPERATIONS</b>	<b>86.0</b>	<b>-0.0</b>	<b>85.9</b>
PROCEEDS FROM ASSET SALES	102.0	-102.0	-
BOOK VALUE OF ASSETS SOLD	-101.1	101.1	-
<b>NET GAINS/LOSSES FROM ASSET SALES</b>	<b>0.8</b>	<b>-0.8</b>	<b>-</b>
REVALUATION INCREASE IN INVESTMENT PROPERTIES	29.0	-29.0	-
REVALUATION DECREASE IN INVESTMENT PROPERTIES	-3.7	3.7	-
<b>NET REVALUATION INCREASE / DECREASE</b>	<b>25.3</b>	<b>-25.3</b>	<b>-</b>
<b>NET GAINS / LOSSES FROM SALE OF SECURITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING INCOME</b>	<b>112.1</b>	<b>-26.2</b>	<b>85.9</b>
NET COST OF FINANCIAL DEBT	-33.1		-33.1
ADJUSTMENT TO THE VALUE OF DERIVATIVE INSTRUMENTS, PAYABLES AND RECEIVABLES	-27.2	27.2	-
DISCOUNTING OF PAYABLES AND RECEIVABLES	-1.2	1.2	-
NET CHANGE IN FINANCIAL AND OTHER PROVISIONS	-1.8	1.8	-
SHARE OF INCOME FROM EQUITY ASSOCIATES	6.6	-4.3	2.4
<b>NET INCOME BEFORE TAX</b>	<b>55.4</b>	<b>-0.2</b>	<b>55.2</b>
DEFERRED TAX	-2.4	2.4	-
CORPORATE INCOME TAX	-0.2		-0.2
<b>NET INCOME FOR THE YEAR</b>	<b>52.9</b>	<b>-2.6</b>	<b>55.0</b>
MINORITY INTERESTS	0.0	-0.0	-
<b>NET INCOME FOR THE PERIOD, GROUP SHARE</b>	<b>52.8</b>	<b>-2.6</b>	<b>55.0</b>

## Consolidated balance sheet

€ millions	Net			Year	
	30 June 12	31 Dec 11		30 June 12	31 Dec 11
GOODWILL			CAPITAL	256.9	225.8
INTANGIBLE ASSETS			-() PREMIUMS	502.6	410.3
TANGIBLE ASSETS			TREASURY SHARES	-0.1	-0.1
Operating properties			CONSOLIDATED RESERVES	557.4	500.7
Other tangible assets	0.0	0.0	NET INCOME	52.8	141.3
Assets in progress			<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>1,369.6</b>	<b>1,278.0</b>
INVESTMENT PROPERTIES	2 557.6	2 593.6	MINORITY INTERESTS	-1.9	-1.9
FINANCIAL ASSETS	7.0	7.0	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 367.7</b>	<b>1 276.1</b>
INVESTMENTS IN EQUITY ASSOCIATES	67.2	61.1	LONG-TERM BORROWINGS	1 308.7	1 464.7
DEFERRED TAX ASSETS	1.0	1.2	FINANCIAL INSTRUMENTS	217.5	205.2
FINANCIAL INSTRUMENTS	7.0	7.4	DEFERRED TAX LIABILITIES	47.8	45.7
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2 639.8</b>	<b>2 670.3</b>	PENSION AND OTHER COMMITMENTS	0.0	0.0
ASSETS HELD FOR SALE	328.7	355.1	OTHER PAYABLES	1.5	4.1
LEASING LOANS AND RECEIVABLES			<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,575.5</b>	<b>1,719.7</b>
INVENTORIES AND WORK-IN-PROGRESS			LIABILITIES HELD FOR SALE		
TRADE RECEIVABLES	14.7	14.5	TRADE PAYABLES	9.4	8.6
TAX RECEIVABLES	0.0	4.1	SHORT-TERM BORROWINGS	35.2	30.8
OTHER RECEIVABLES	5.6	3.8	SECURITY DEPOSITS		
PREPAID EXPENSES	1.3	0.7	ADVANCES & PREPAYMENTS	0.2	0.5
CASH AND CASH EQUIVALENTS	20.6	1.2	ST PROVISIONS		
<b>TOTAL CURRENT ASSETS</b>	<b>370.8</b>	<b>379.3</b>	CURRENT TAXES	0.2	0.1
			OTHER PAYABLES	21.6	13.7
			ADJUSTMENT ACCOUNTS	0.8	0.1
<b>TOTAL ASSETS</b>	<b>3,010.6</b>	<b>3,049.6</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>67.4</b>	<b>53.8</b>
			<b>TOTAL LIABILITIES</b>	<b>3,010.6</b>	<b>3,049.6</b>