# 2012 HALF YEAR RESULTS

**€10 billion**

**Portfolio**

***"Despite the weak environment, the first half of 2012 was marked by many achievements. We are now in a position to reaffirm all our targets for 2012",***

*Christophe Kullmann*
*Chief Executive Officer of Foncière des Régions*

# FONCIERE DES REGIONS

## A strategy that works

### A solid positioning that is well suited to the environment

- One of the leaders in the office and service sector market
- Diversified geographical exposure: France - Italy - Germany
- A partnership strategy that generates sound real estate indicators

| | | |
|---|---|---|
| Occupancy rate: | 95.8% | In line with the 2012 target (>95%) |
| Increase in rental income: | +2.8% on a LFL basis* | In line with the 2012 target (>2%) |
| Fixed residual lease term: | 5.7 years | |

### Sustained real estate activity

- Strengthening of the "Key Accounts – Offices" segment
  - Signing of a 45,000 sq.m turnkey development in Vélizy with Thalès
  - Acquisition of the Citroën Head Office in Paris
  - Launch of the Euromed Center in Marseille
  - Exclusive discussion for acquisition of 167 B&B hotels
- €627 million in new disposals — 2012 target exceeded (€600 million)

### Simplification of the organisational structure

- Increased interest in Foncière Europe Logistique, and planned delisting of the company

### Controlling debt and anticipating debt maturities

- LTV ratio of 45.6% at the end of June 2012 — In line with the 2012 target (<45%)
- €1.4 billion in financing agreed — 2012 target exceeded (€1 billion)
- Average cost of debt of 4.07% — In line with the 2012 target (<4.3%)

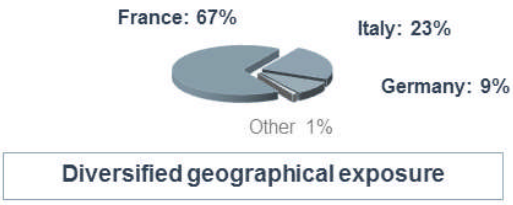
### Strong Recurring Net Income

- €148 million: + 3.1% vs. H1 2011
- €2.69 per share: + 3.1% vs. H1 2011 — In line with the 2012 target (stable)

* Constant scope

## A solid positioning that is well suited to the environment

Foncière des Régions has a portfolio worth close to €10 billion, 76% of which is dedicated to the “Key Accounts – Offices” segment (Offices and Service Sector). This portfolio benefits from diversified geographical exposure, primarily in France, but also in Italy and Germany.


The Company is rolling out a long-term partnership strategy, which guarantees it a consistent stream of rental income**.**

## A profitable partnership strategy

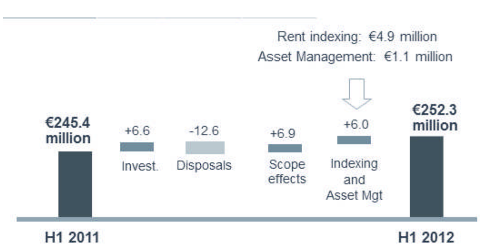
In a weak economic environment, our partnership strategy has paid off. In fact, several partnerships with key tenants were strengthened during the half-year, including:

- The signing or delivery of several turnkey rental assets:
    - Signing of a 45,000 sq.m turnkey development in Vélizy (New Vélizy) with Thalès, which represents an investment of €192 million (on a 100% basis). This project will be delivered in mid-2014, and leased under a fixed 9-year lease.
    - At the same time, a 3,100 sq.m turnkey project in Montpellier was delivered to Veolia Environnement. This project is the subject of a fixed 12-year lease.
- The signing of green leases with France Telecom, Accor and Jardiland for 128, 152, and 57 sites respectively
- The continued partnership disposals of “Premises & Business Assets” hotels with Accor (€58 million over the first half of the year)
- Lease extensions with several key partner-tenants, thereby renegotiating most of the leases that expire in 2012, and a portion of the 2013 lease maturities
- Lastly, the beginning of exclusive negotiations between ANF and Foncière des Murs, with a view to acquiring 167 B&B hotels, in partnership with La Française REM. B&B is already a Group partner.

The group share real estate indicators benefited from this strategy, and are at a high level:

- The occupancy rate stands at 95.8%, in line with the 2012 target (above 95%)
- The fixed residual lease term worked out at 5.7 years, while 2012 and 2013 lease expiries represented less than 15% of overall annualised rental income
- Rental income increased by 2.8% on a like-for-like basis, an increase that was in line with the 2012 growth target of over 2%. Rental income also increased by 2.8% overall, reaching €252.3 million for the half year. The impact of disposals was offset by investments, scope effects (increase in the interest held in Foncière Europe Logistique and Foncière des Murs), a positive rent indexing effect, and by asset management work.

| € million Group share | H1 2011 | H1 2012 | Change | LFL Change | Occ.rate |
|---|---|---|---|---|---|
| France - Offices | 133.5 | 133.3 | -0.1% | +4.3% | 95.9% |
| Italy - Offices | 55.8 | 57.6 | 3.3% | + 2.7% | 97.2% |
| **Total Offices** | **189.3** | **190.9** | **+0.8%** | **+3.8%** | **96.3%** |
| Service Sector | 25.8 | 24.6 | -4.6% | +0.3% | 100% |
| Logistics | 30.3 | 36.8 | 21.5% | 0.0% | 90.3% |
| **Total rental income** | **245.4** | **252.3** | **2.8%** | **2.8%** | |
| **Total net rental income** | **235** | **239.1** | **1.8%** | | |




- The value of the Group's portfolio remained stable on a like-for-like basis over the half-year. The 0.3% increase in the "Key Accounts – Offices" segment, which consists of Offices and Service Sector, offset a slight 2.2% decrease in the Logistics portfolio.

| € million | Value H1 2012 | Value H1 2012 (GS) | LFL chg. over 6 months | Yld ex. duties H1 2012 |
|---|---|---|---|---|
| France - Offices | 4,391 | 4,139 | +0.5% | 6.8%* |
| Italy - Offices | 4,360 | 2,218 | -0.3% | 5.5%* |
| **Total Offices** | **8,750** | **6,357** | **+0.2%** | **6.3%** |
| Service Sector | 2,887 | 817 | +1.2% | 6.3% |
| **Total "Core "** | **11,637** | **7,174** | **+0.3%** | **6.3%** |
| Logistics and Business Parks | 1,138 | 1,015 | -2.2% | 7.7% |
| Car Parks | 223 | 133 | 0.1% | n/a |
| **Total consolidated portfolio** | **12,998** | **8,321** | **0%** | **6.5%** |
| Equity interests** | 539 | 539 | | |
| **Total** | **13,537** | **8,860** | | |
| *France Residential* | *900* | *284* | *+5.2%* | *4.1%* |
| *Germany Residential* | *2,322* | *734* | *+0.7%* | *6.9%* |
| ***Total Residential*** | ***3,222*** | ***1,018*** | ***+ 2.0%*** | ***6.1%*** |

* Excluding development
**Mainly Foncière Développement Logements (€421 million) and Altaréa (€91 million)

## Strengthening of the "Key Accounts – Offices" segment

Since early 2012, Foncière des Régions has pursued its goal of strengthening the weight of the "Key Accounts - Offices" segment, and the continuous improvement of its portfolio.

In fact, in early July, Foncière des Régions acquired the Citroën Head Office (Paris 17th arrondissement) for €62 million including duties. This building, which includes 16,700 sq.m of office space and 4,300 sq.m of showroom and business space, was rented under a firm 6-year lease. This investment is in addition to the signing of a 45,000 sq.m turnkey development for Thalès (New Vélizy). These two transactions boost the weighting of Paris and the inner suburbs, which now account for 70% of the France - Offices portfolio.

At the same time, the first phase of the Euromed Center was launched in Marseille. This development, which represents a budget of €48 million (for Foncière des Régions' share, i.e. 50%), is located at the heart of the largest redevelopment project in Europe, and includes 14,000 sq.m of office space, a four-star, 210-room hotel, and an 846-space car park.

Lastly, Foncière des Murs, a subsidiary of Foncière de Régions, began exclusive negotiations with ANF, with a view to acquiring 167 B&B hotels, in partnership with La Française REM.

**A €1.2 billion pipeline, €350 million of which are already committed, and have been 87% pre-let**

The developments represent an investment budget of €1.2 billion, €350 million of which has already been committed, while 87% of them have been pre-let (€181 million in outstanding CAPEX for potential rental income of €27 million from the projects committed).

These projects mainly involve building redevelopments and turnkey rental projects (offices, hotels, etc.), with a target average yield of over 7%. They are contributing to the ongoing gradual renewal of the portfolio.

**€627 million in new disposals year-to-date: 2012 target achieved**

Foncière des Régions has exceeded its 2012 disposal target of €600 million as part of its ongoing portfolio turnover strategy, by making further disposals and signing disposal agreements amounting to €627 million since the beginning of the year, one-third of which are in the Logistics sector.

On average, these disposals were made at prices that were in line with the appraised values at the end of December 2011, based on an average yield of 6.9%. Taking the 2011 backlog into account, the total amount of disposals and disposal agreements reached €917 million.

## Simplification of the organisational structure: Increased interest in Foncière Europe Logistique, and projected delisting of the company

Foncière des Régions, Foncière Europe Logistique, and Sophia GE (a unit of GE Capital Real Estate France) have signed an agreement regarding the acquisition by Foncière des Régions  the Sophia GE's 9.7% interest in Foncière Europe Logistique.

Following these transactions, Foncière des Régions will own 98.9% of FEL and will launch a public buy-out offer for the remainder of the shares, followed by their mandatory delisting. The offer is expected to be filed in August 2012, and the offer price will be €3.20 per share.

These operations are in line with Foncière des Régions' aim of holding 100% of FEL, and of simplifying its organisational structure.

## Controlling debt and anticipating debt maturities

**€1.4 billion in financing agreed (€1.9 billion on a consolidated basis)**

Since the beginning of the year, €1.4 billion in new financing has been agreed (€1.9 billion on a consolidated basis), based on an average spread of 250 bps and a maturity of 5 years. These financings, including 25% corporate loans and the first financing with a life insurance company, have enabled all of the 2012 maturities to be renegotiated, as well as 75% and 20% of the 2013 and 2014 maturities.

In addition, Foncière des Régions has €750 million in cash and undrawn credit lines.

**Improvement in the terms of the debt; 2012 LTV ratio target upheld**

In addition, this refinancing enabled an improvement to be made in the principal terms of the debt, on a Group share basis. In fact, the average cost of debt now stands at 4.07%, compared with 4.2% as at the end of 2011. The ICR ratio increased to 2.74 from 2.48 at the end of 2011, while the maturity of the debt increased to 3.7 years (+0.4 years).

Given the results achieved, and the disposals made during the period, as well as the take-up rate for the share-based dividend payment option (66%, for an issue price of €51.20 per share), the 2012 cost of debt (below 4.3%) and LTV ratio (below 45%) targets have been upheld.

## EPRA Net Asset Value: €78.5 per share

The EPRA net asset value remained unchanged at €4,494 million over 6 months. On a per share basis, it fell by 5.5% to €78.50 due mainly to the distribution of a dividend of €4.20, and to the dilutive impact of the share-based payment option taken up by our shareholders.

The EPRA triple net NAV fell slightly (by 2.3%) to €3,904 million, due to the effect of negative value adjustments to the debt and financial instruments, as a result of the ongoing decrease in interest rates over the period.

## Strong EPRA Recurring Net Income: €148 million (+3.1%)

Net Income, Group share, amounted to €31.4 million, compared with €315 million in the first half of 2011, due to a stable asset values evolution in the first half of 2012 (compared with an increase of 1.3% in the first half of 2011), and to the negative impact of fair value adjustments of financial instruments, following the decrease in interest rates.

Meanwhile, EPRA Recurring Net Income increased by 3.1% to €148 million, in line with the objective set for 2012 of achieving slight growth.

This increase was the result of the positive impact of the like-for-like rental income trend, of the acquisitions made, of the fall in the cost of debt, and of the increase in the interests held in Foncière Europe Logistique and Foncière des Murs, despite the impact of disposals.

EPRA Recurring Net Earnings per Share increased by 3.1% to €2.69, compared with €2.61 for the first half of 2011, upholding the target of remaining stable for 2012.

## Outlook

Based on the strength of its economic model, as well as on its real estate positioning, and given the results achieved during this first half of 2012, Foncière des Régions is upholding all its 2012 targets.

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

The presentation relating to the conference call will be available
on the Foncière des Régions website: www.foncieredesregions.fr/finance

**Financial calendar**

Publication of Q3 2012 Turnover: Wednesday 9 November 2012
before the stock market opens; Conference call at 8:30 a.m.

**Contacts**

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

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

## Foncière des Régions, Foncière Partenaire

A benchmark player in the office real estate market with an asset base valued at close to €10 billion, comprised of high-quality meeting users' needs, Foncière des Régions works with a value-creating strategy based on:

- Long term partnerships with large corporate tenants: Accor, Aon, Cisco, EDF, Eiffage, France Telecom, IBM, Lagardère, SNCF, Suez Environnement, Thalès, etc.
- Continuous adaptation of its portfolio via restructurings or asset repositioning, and a real estate development pipeline that meets the market's expectations.

Foncière des Régions shares are listed in the Euronext Paris A compartment (FR0000064578 - FDR), are admitted for trading on the SRD, and are included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, and in the "FTSE4 Good" ethics index.

www.foncieredesregions.fr

# Appendix

"A limited review has been performed on the half-yearly consolidated financial statements.
The limited review report is currently being prepared."

# 1. MAJOR TRANSACTIONS DURING THE YEAR

## 28 June 2012 - Foncière des Régions received an IPD European Investment Award 2012 for the performance of its real estate portfolio

On 28 June 2012, Foncière des Régions received an IPD European Property Investment Award 2012, in the Specialist* category for French players. This prize, which was awarded at the annual IPD conference, held in Frankfurt, rewards the best long-term return for real estate investors.

Foncière des Régions, the only listed investment company to receive an award, was selected for delivering the highest annualised return over the past three years. The overall performance of Foncière des Régions' asset portfolio was 8.8%, a 4.5 point performance differential compared with the sample in this category.

*70% in the same asset class

## 26 June 2012 - Foncière des Régions topped the 2012 Novethic Barometer

Foncière des Régions achieved the best score in the Novethic 2012 Barometer, tied with Altarea-Cogedim. This Barometer assesses the quality of listed real estate companies' reporting on their energy efficiency and $CO_2$ emissions. The results of the 5th Novethic Barometer, which were published on 26 June, highlight a significant improvement in Foncière des Régions' rating, which rose from 47% in 2011 to an average performance of 78% in 2012. Specifically, Foncière des Régions obtained the highest rating (over 90%) for the "Building energy and $CO_2$ efficiency" section, which is one of the three key benchmarks of the Novethic rating system.

## 5 June 2012 – Foncière des Régions purchased Sophia GE's interest in FEL - Plan to delist FEL

Foncière des Régions, Foncière Europe Logistique ("FEL"), and Sophia GE (a GE Capital Real Estate France entity) have signed an agreement with a view to:

- the purchase of Sophia GE's 9.7% interest in FEL by Foncière des Régions, at a price of €3.00 per share, i.e. a total amount of €33.5 million;
- the sale of two warehouses to Sophia GE by FEL at their 31 December 2011 appraisal values, for a net sale price of €23.1 million.

Upon completion of these operations, Foncière des Régions will own 98.9% of FEL and will launch a public buy-out offer for the remainder of the shares, followed by their mandatory delisting. The offer is expected to be launched in August 2012, and the offer price will be €3.20 per share. Détroyat Associés is acting as an independent appraiser in the context of the offer. These operations are in line with Foncière des Régions' objectives of holding 100% of FEL, and of simplifying its organisational structure.

## 24 May 2012 - Foncière des Régions boosted its shareholders' equity by €150 million by opting to pay the 2011 dividend in shares

Foncière des Régions announced a €150 million boost to its shareholders' equity through offering shareholders a share-based dividend payment option, which was 66% subscribed, for payment of the 2011 dividend.

Indeed, the General Shareholders' Meeting of 25 April 2012 had approved a method for payment of the 2011 dividend (€4.20 cash payment per share) that offered the option of receiving payment in new Foncière des Régions shares to all shareholders who wished to do so. The General Shareholders' Meeting of 25 April 2012 had set the issue price for the new Foncière des Régions shares given as payment at 95% of the average closing price for the 20 trading sessions prior to said Meeting, less the net amount of the dividend, i.e. at €51.20.

As a result, 2,930,739 new shares were created, delivered, and admitted for trading on 29 May 2012. The amount of the cash dividend paid was restricted to €77.9 million. Following the transaction, there were 57,896,147 shares outstanding, with a par value of €3.00 each.

## 25 April 2012 - Two new directors appointed at Foncière des Régions

Foncière des Régions' General Meeting of Shareholders appointed two new directors to the Board of Directors: Micaela Le Divelec and Christophe Kullmann.

Micaela Le Divelec is Executive Vice-President and Chief Financial Officer of Gucci, a subsidiary of the PPR Group. She is primarily responsible for finance, legal affairs, and human resources. Her appointment will strengthen and complement the Board of Directors' financial expertise.

Christophe Kullmann is Foncière des Régions' Chief Executive Officer. He has played a key role in the development of Foncière des Régions', which he has headed up since the Company was founded in 2001. His appointment as a director will mean that he will become even more closely involved in the Company's strategy.

Following these two appointments, 17% of the Board of Directors are women (2 of the 12 directors are female), and 42% of the Board members are independent directors.

## 19 April 2012 - Foncière des Régions is developing a 49,000* sq.m campus in Vélizy-Villacoublay for Thalès, and is putting the DS Campus and New Vélizy transactions into a joint venture

Foncière des Régions and Thalès have strengthened their partnership through the design of a new-generation 49,000 sq.m urban campus to be located at Avenue Morane Saulnier in Vélizy-Villacoublay. This Campus, which is the logical next step in a partnership that began in 2003, will be delivered in 2014 and occupied by Thalès under a 9-year lease. Both partners are thereby confirming their presence in this promising commercial market. The project represents an investment of €192 million, €110 million of which is being financed by two German banks over a period of 6 years.

Including the new building developed for Thalès, Vélizy will ultimately account for around 8% of Foncière des Régions' overall portfolio (i.e. around €700 million). Therefore, in order to maintain an exposure to this market that is consistent with the size of its portfolio, Foncière des Régions entered into a draft 50/50 joint venture agreement with Prédica in May 2012, which involves two of the operations on this site: DS Campus (60,000 sq.m leased to Dassault Systèmes) and New Vélizy. Foncière des Régions will remain in charge of Asset and Property Management.

*available surface area of 45,000 sq.m

## 13 April 2012 – Foncière des Régions strengthened its service sector segment through its participation in the capital increase

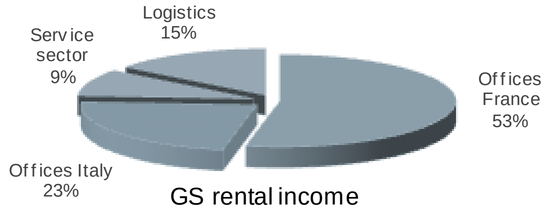
Foncière des Régions has subscribed to €56 million of Foncière des Murs' €125 million capital increase (at €16.00 per share). Following this transaction, Foncière des Régions has increased its interest in Foncière des Murs, and now holds 28.3% of the company, compared with 26.0% before the transaction.

# 2. BUSINESS DATA REVIEW

Unless indicated otherwise, all the valuation data provided in this section is based on fair value.

## A. RENTAL INCOME ACCOUNTED

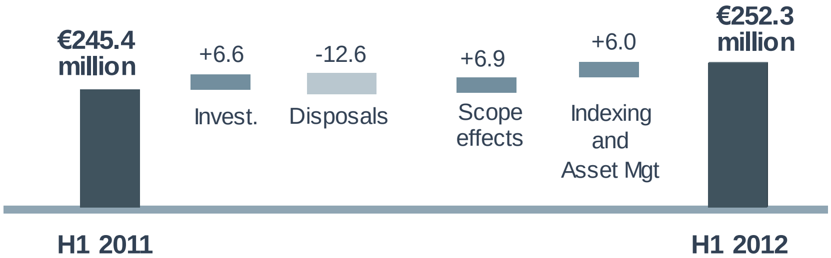
| (€ million) | Consolidated | | | Group Share | | | | |
|---|---|---|---|---|---|---|---|---|
| | H1 2011 | H1 2012 | Change (%) | H1 2011 | H1 2012 | Change (%) | Change (%) LFL | % of rental income |
| **Offices France** | **136,3** | **138,1** | **1,3%** | **133,5** | **133,3** | **-0,1%** | **4,3%** | **53%** |
| Paris | 39,4 | 38,6 | -2,1% | 39,3 | 36,4 | -7% | | 14% |
| Paris Region | 53,2 | 57,6 | 8,4% | 50,5 | 55,0 | 9% | | 22% |
| Other French regions | 43,7 | 41,9 | -4,1% | 43,7 | 42,0 | -4% | | 17% |
| **Offices Italy** | **109,7** | **113,3** | **3,2%** | **55,8** | **57,6** | **3,3%** | **2,7%** | **23%** |
| Core portfolio | 100,8 | 110,8 | 9,9% | 51,3 | 56,4 | 10% | | 22% |
| Dynamic portfolio | 6,4 | 2,4 | -61,9% | 3,2 | 1,2 | -61% | | 0% |
| Development portfolio | 2,5 | 0,0 | -100,0% | 1,3 | 0,0 | -100% | | 0% |
| **Total Offices** | **246,0** | **251,3** | **2,2%** | **189,4** | **190,9** | **0,8%** | **3,8%** | **76%** |
| **Service sector** | **103,1** | **90,7** | **-12,0%** | **25,8** | **24,6** | **-4,6%** | **0,3%** | **9%** |
| Hotels | 60,0 | 47,0 | -21,7% | 15,0 | 12,8 | -15% | | 5% |
| Restaurant | 21,7 | 22,1 | 1,8% | 5,4 | 6,0 | 10% | | 2% |
| Leisure facilities | 8,0 | 8,3 | 3,4% | 2,0 | 2,2 | 12% | | 1% |
| Healthcare | 13,5 | 13,4 | -0,6% | 3,4 | 3,6 | 8% | | 1% |
| **Logistics** | **42,6** | **41,3** | **-3,1%** | **30,3** | **36,8** | **21,5%** | **0,0%** | **15%** |
| Logistics - France | 22,4 | 22,3 | -0,3% | 15,9 | 19,9 | 25% | | 8% |
| Logistics - Germany | 4,5 | 4,5 | 0,5% | 3,2 | 4,0 | 26% | | 2% |
| Business parks | 8,4 | 8,4 | 0,1% | 6,0 | 7,5 | 25% | | 3% |
| Garonor | 7,3 | 6,0 | -17,6% | 5,2 | 5,4 | 3% | | 2% |
| **Total rental income** | **391,7** | **383,3** | **-2,1%** | **245,4** | **252,3** | **2,8%** | **2,8%** | **100%** |




Rental income increased sharply on a like-for-like basis in the France - Offices (+4.3%) and Italy - Offices (+2.7%) segments. Rental income grew by 2.8% on a Group share basis.

When compared with H1 2011: consolidated rental income was down 2.1%. Rental income, Group share, was up 2.8%, due mainly to:

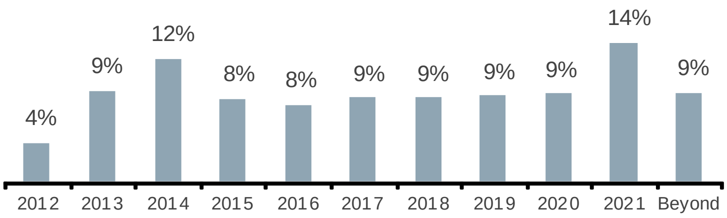
- Investments (+€6.6 million)
- Disposals (-€12.6 million)
- A €6.9 million consolidation scope effect that was primarily related to the increased interest in Business Premises and Logistics
- Rent indexation and asset management (+€6.0 million)



# B. ANNUALISED LEASE EXPIRY SCHEDULE AND VACANCIES

## Lease expiry schedule: a fixed residual lease term of 5.7 years

| (€ million) GS | By lease end date | % of total |
|---|---|---|
| 2012 | 19,9 | 4% |
| 2013 | 47,6 | 9% |
| 2014 | 64,4 | 12% |
| 2015 | 43,7 | 8% |
| 2016 | 40,8 | 8% |
| 2017 | 44,1 | 9% |
| 2018 | 44,8 | 9% |
| 2019 | 45,4 | 9% |
| 2020 | 46,2 | 9% |
| 2021 | 73,5 | 14% |
| Beyond | 46,6 | 9% |
| **Total** | **517,0** | **100%** |




The average residual lease term as at 30 June 2012 was 5.7 years, compared with 6.0 years as at 31 December 2011. The fixed residual lease terms for each segment are as follows:

| GS | Firm residual term on leases (years) H1 2011 | H1 2012 |
|---|---|---|
| Offices - France | 5,7 | 5,5 |
| Offices - Italy | 7,8 | 7,4 |
| **Total Offices** | **6,3** | **6,1** |
| Service sector | 8 | 7,7 |
| Logistics | 2,2 | 2,3 |
| **Total** | **6,0** | **5,7** |

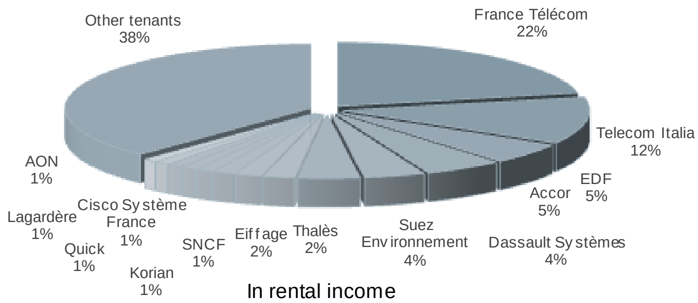
## Occupancy rate: 95.8% - Unchanged compared with the end of 2011

| GS | Occupancy rate (%) H1 2011 | H1 2012 |
|---|---|---|
| Offices - France | 96,0% | 95,9% |
| Offices - Italy | 96,1% | 97,2% |
| **Total Offices** | **96,0%** | **96,3%** |
| Service sector | 100,0% | 100,0% |
| Logistics | 91,4% | 90,3% |
| **Total** | **95,8%** | **95,8%** |

# C. BREAKDOWN OF RENTAL INCOME

## Breakdown by principal tenants: Broadly diversified rental income

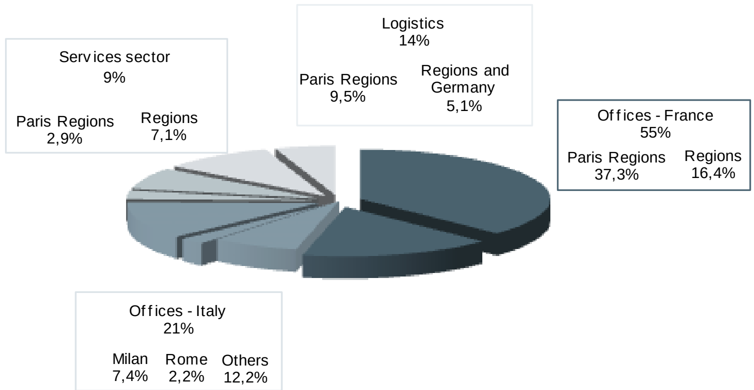
| (€ million) | Annualised ren |
|---|---|
| GS | H1 2012 |
| France Télécom | 111,9 |
| Telecom Italia | 61,1 |
| EDF | 27,1 |
| Accor | 26,5 |
| Dassault Systèmes | 20,8 |
| Suez Environnement | 20,8 |
| Eiffage | 10,8 |
| Thalès | 8,9 |
| SNCF | 7,5 |
| Korian | 5,7 |
| Quick | 5,5 |
| Lagardère | 5,2 |
| AON | 5,0 |
| Cisco Système France | 4,6 |
| Other tenants | 195,6 |
| **Total rental income** | **517,0** |




In rental income

## Geographic breakdown: The Ile-de-France region, Milan, Rome and Major Regional Cities (MRCs) accounted for 69% of rental income

| (€ million) | Annualised rental income | |
|---|---|---|
| GS | H1 2012 | % |
| Paris CBD | | 6,2% |
| Paris excl. CBD | 42,7 | 8,3% |
| Inner suburbs | 96,5 | 18,7% |
| Outer suburbs | 21,6 | 4,2% |
| **Total Paris Region** | **192,7** | **37,3%** |
| MRC | 39,9 | 7,7% |
| Other French regions | 44,7 | 8,6% |
| **Offices - France** | **277,2** | **53,6%** |
| Milan | 38,3 | 7,4% |
| Rome | 11,3 | 2,2% |
| Other | 62,8 | 12,2% |
| **Offices - Italy** | **112,5** | **21,8%** |
| Paris CBD | 0,0 | 0,0% |
| Paris excl. CBD | 5,8 | 1,1% |
| Inner suburbs | 5,1 | 1,0% |
| Outer suburbs | 4,1 | 0,8% |
| **Total Paris Region** | **15,0** | **2,9%** |
| MRC | 10,1 | 2,0% |
| Other French regions | 18,2 | 3,5% |
| International | 8,2 | 1,6% |
| **Service sector** | **51,5** | **10,0%** |
| Paris CBD | 0,0 | 0,0% |
| Paris excl. CBD | 9,7 | 1,9% |
| Inner suburbs | 8,9 | 1,7% |
| Outer suburbs | 30,6 | 5,9% |
| **Total Paris Region** | **49,2** | **9,5%** |
| North West | 2,7 | 0,5% |
| Rhône-Alpes | 9,4 | 1,8% |
| PACA | 6,2 | 1,2% |
| Germany | 8,3 | 1,6% |
| **Logistics** | **75,8** | **14,7%** |
| **Total rental income** | **517,0** | **100,0%** |



## D. DISPOSALS: €626.5 million in the first half of 2012, in line with appraisal values as at the end of 2011

| (€ million) | | Disposals (agreements as of end of 2011 closed) | Agreements as of end of 2011 closed | New disposals H1 2012 | New agrements H1 2012 | TOTAL 2012 | Margin vs 2011 value | Yield on new disposals and agreements | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Offices - France | 100 % | 155,8 | 103,6 | 48,4 | 219,5 | 267,9 | 0,0 | 0,1 | 527,3 |
| Offices - Italy | 100 % | 22,0 | 4,6 | 5,7 | 62,3 | 68,0 | -1,2% | 4,3% | 94,6 |
| | GS | 11,2 | 2,4 | 2,9 | 31,7 | 34,6 | | | 48,1 |
| Service sector | 100 % | 38,1 | 25,3 | 63,9 | 75,0 | 139,0 | 5,2% | 6,3% | 202,4 |
| | GS | 10,8 | 7,2 | 18,1 | 21,2 | 39,3 | | | 57,3 |
| Logistics* | 100 % | 0,0 | 0,0 | 0,0 | 220,9 | 220,9 | -3,9% | 8,7% | 220,9 |
| | GS | 0,0 | 0,0 | 0,0 | 196,9 | 196,9 | | | 196,9 |
| Other | 100 % | 0,0 | 0,0 | 36,8 | 0,0 | 36,8 | 0,0% | 5,5% | 36,8 |
| | GS | 0,0 | 0,0 | 21,9 | 0,0 | 21,9 | | | 21,9 |
| **Total asset disposals** | 100 % | 215,9 | 133,6 | 154,8 | 577,7 | 732,5 | 0,6% | 6,7% | 1 082,0 |
| | **GS** | **177,8** | **113,1** | **91,3** | **469,4** | **560,7** | **0,0%** | **6,9%** | **851,6** |
| Equity interests | 100 % | 0,0 | 0,0 | 65,9 | 0,0 | 65,9 | | | 65,9 |
| **Total disposals** | 100 % | 215,9 | 133,6 | 220,7 | 577,7 | 798,4 | | | 1 147,8 |
| | **GS** | **177,8** | **113,1** | **157,1** | **469,4** | **626,5** | | | **917,4** |

*net yield from building leases

In the first half of 2012, Foncière des Régions made new disposals and entered into disposal agreements with a total value of €626.5 million, at prices that were in line with appraisal values at the end of 2011.
If the promises signed in late 2011 are taken into account, the total amount of disposals in the first half of 2012 was €334.9 million, while total sale agreements amounted to €582.5 million, i.e. €917 million overall.

## E. ASSET ACQUISITIONS

No significant acquisitions were made during the first half of the year.

## F. DEVELOPMENT PROJECTS: €1.2 billion

- Commited projects of €350 million on a Group share basis (of which 87% have been pre-rented)

| Projects | Type | Location | Area | Surface (sq.m) ** | Delivery | Target rent (€/sq.m/year) | Pre-leased (%) | Total Budget (M€) * | Share of affiliates |
|---|---|---|---|---|---|---|---|---|---|
| New Vélizy (QP FDR - 50%) | Offices - France | Vélizy | Paris Regions | 45 000 | 2 014 | 250 | 100% | 182 | 50% |
| Le Floria | Offices - France | Fontenay-Sous-Bois | MRC | 8 600 | 2 012 | 280 | 100% | 31 | 100% |
| Eiffage Clichy | Offices - France | Clichy la Garenne | MRC | 4 600 | 2 013 | 340 | 100% | 23 | 100% |
| Euromed center - tranche 1 (QP FDR - 50%) | Offices - France | Marseille | Paris Regions | 24 000 | 2 014 | 250 | 66% | 96 | 50% |
| Louis Guérin | Offices - France | Lyon | MRC | 12 500 | 2 013 | 180 | 20% | 31 | 100% |
| Le Divo | Offices - France | Metz | Paris Regions | 5 300 | 2 012 | 175 | 50% | 12 | 100% |
| Milan - Garibaldi complex | Offices - Italy | Milan | Milan | 23 194 | 2 012 | 379 | 100% | 167 | 51% |
| B&B Porte des Lilas | Service Sector | Paris | Paris Regions | 5 562 | 2 013 | 270 | 100% | 21 | 28% |
| Extensions Accor | Service Sector | Aix en Provence + Yutz | MRC | 1 579 | 2 012 | 190 | 100% | 4 | 28% |
| Garonor N01 | Logistics | Aulnay sous bois | Paris Regions | 9 190 | 2 012 | 60 | 100% | 9 | 89% |
| Garonor N07 | Logistics | Aulnay sous bois | Paris Regions | 1 765 | 2 012 | 164 | 100% | 4 | 89% |
| Garonor N02 Phase 1 | Logistics | Aulnay sous bois | Paris Regions | 16 385 | 2 012 | 61 | 100% | 12 | 89% |
| **Total Consolidated** | | | | **157 675** | | | **89%** | **592** | |
| **Total - GS** | | | | **103 703** | | | **87%** | **350** | |

*100% budget, including land cost and excluding financial cost
**surface 100%

On a Group share basis, the CAPEX still outstanding in relation to these projects amounted to €75 million in 2012, €66 million in 2013, and €40 million in 2014.

- Projects controlled: amounting to €844 million on a Group share basis, in attractive locations

| Projects | Type | Location | Area | Surface (sq.m) | Delivery timeframe | Share of affiliates |
|---|---|---|---|---|---|---|
| Cœur d'Orly Bureaux (QP FDR 25%) | Offices - France | Orly | Paris Regions | 70 000 | 2015 - 2017 | 25% |
| Cœur d'Orly Commerces (QP FDR 25%) | Offices - France | Orly | Paris Regions | 30 000 | 2 015 | 25% |
| Dassault Systemes Extension (QP FDR 50%) | Offices - France | Vélizy | MRC | 24 000 | 2 015 | 50% |
| Green Corner | Offices - France | Saint-Denis | MRC | 20 500 | 2 014 | 100% |
| Extension Thales (QP FDR 50%) | Offices - France | Vélizy | MRC | 15 000 | 2015 - 2016 | 50% |
| Lyon Silex (1ère tranche) | Offices - France | Lyon | Paris Regions | 11 500 | 2 015 | 100% |
| Lyon Silex (2ème tranche) | Offices - France | Lyon | Paris Regions | 41 000 | 2 017 | 100% |
| Euromed Center - tranche 2 (QP FDR 50%) | Offices - France | Marseille | Paris Regions | 33 500 | 2014 - 2016 | 50% |
| Bordeaux | Offices - France | Bordeaux | MRC | 20 000 | 2 016 | 100% |
| EDF Avignon | Offices - France | Avignon | MRC | 4 100 | 2 014 | 100% |
| Milan, San Nicolao | Offices - Italy | Milan | | 9 292 | 2 013 | 51% |
| Milan, Ripamonti | Offices - Italy | Milan | | 69 466 | ON HOLD until pre-let is found | 35% |
| Milan, Schievano | Offices - Italy | Milan | | 23 737 | ON HOLD until pre-let is found | 51% |
| Garonor N02 Phase 2 | Logistics | Aulnay sous bois | Paris Regions | 25 041 | 2 014 | 0% |
| Garonor N03 | Logistics | Aulnay sous bois | Paris Regions | 2 013 | 2 013 | 0% |
| Garonor N06 | Logistics | Aulnay sous bois | Paris Regions | 2 013 | 2 013 | 0% |
| Bollène | Logistics | Bollène | MRC | N/A | N/A | 0% |
| **Total Consolidated** | | | | **524 456** | | |
| **Total - GS** | | | | **335 127** | | |

* surface 100%

## G. PORTFOLIO

- Portfolio valuation and changes: asset values remained stable in the first half of 2012

| (€ million) | Value 2011 | Value H1 2012 | Value H1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED H1 2012 | % of Commercial portfolio | % of Commercial portfolio (incl. equity affiliates) |
|---|---|---|---|---|---|---|---|---|
| **Offices - France** | **4 539** | **4 391** | **4 139** | **0,5%** | **6,8%** | **6,8%** | **50%** | **47%** |
| **Offices - Italy** | **4 347** | **4 360** | **2 218** | **-0,3%** | **5,5%** | **5,5%** | **27%** | 25% |
| **Total Bureaux** | **8 886** | **8 750** | **6 357** | **0,2%** | **6,4%** | **6,3%** | 76% | 72% |
| **Service sector** | **2 949** | **2 887** | **817** | **1,2%** | **6,3%** | **6,3%** | **10%** | **9%** |
| **Logistics** | **1 147** | **1 138** | **1 015** | **-2,2%** | **7,6%** | **7,7%** | **12%** | **11%** |
| **Parking facilities** | **260** | **223** | **133** | **0,1%** | **na** | **na** | **2%** | **1%** |
| **Portfolio** | **13 241** | **12 998** | **8 321** | **0,0%** | **6,5%** | **6,5%** | **100%** | 94% |
| Equity affiliates* | 624 | 539 | 539 | | | | | 6% |
| **Total - Consolidated** | **13 865** | **13 537** | **8 860** | | | | | **100%** |
| **Total - GS** | **8 984** | **8 860** | | | | | | |

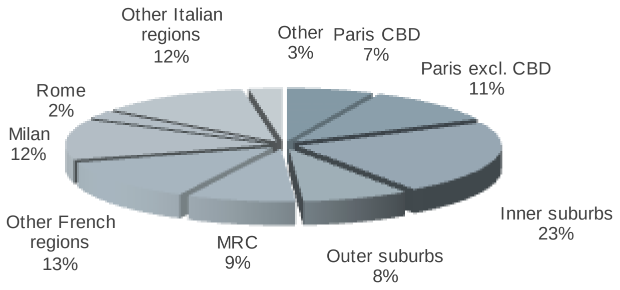
*Under equity methode of Foncière Développement Logements (452 € million)

Foncière des Regions' portfolio amounted to €8,860 million as at 30 June 2012, compared with €8,984 million at 31 December 2011. There was no change on a like-for-like basis over the period. The fall in Logistics asset values was offset by an increase in the France - Offices segment (+0.5% thanks to the resilience of "prime" areas), and to the increase in Business Premises asset values (2.2% increase in the Healthcare sector). The Italy - Offices segment posted a limited decline of 0.3%.

- Geographic breakdown: the Ile-de-France region, Milan, Rome and MRCs accounted for 72% of the portfolio on a Group share basis

| (€ million) GS* | H1 2012 |
|---|---|
| Paris CBD | 562 |
| Paris excl. CBD | 898 |
| Inner suburbs | 1 848 |
| Outer suburbs | 693 |
| MRC | 705 |
| Other French regions | 1 043 |
| Milan | 1 021 |
| Rome | 204 |
| Other Italian regions | 993 |
| Other | 221 |
| **Total portfolio** | **8 189** |

*Excluding parking facilities



In asset value

## H. LIST OF THE TEN MAIN ASSETS

| Top 10 Assets | Town | Tenants | Surface (sq,m) | Share of affiliates |
|---|---|---|---|---|
| Tour CB21 à la Défense | Courbevoie | Suez Environnement, Chartis | 68 077 | 75% |
| DS Campus | Vélizy Villacoublay | Dassault Systèmes | 56 193 | 100,0% |
| Carré Suffren | Paris 15ème | AON, Institut Français, Ministère Education | 24 863 | 60,0% |
| Via Montebello 18 | Milan | INTESA GROUP | 25 802 | 51% |
| Centro Direzionale SNC | Naples | TELECOM ITALIA | 63 477 | 50,9% |
| Corso Matteotti Giacomo 4 - 6 | Milan | BOSCOLO | 12 166 | 50,9% |
| Via Marco Aurelio 24-26 | Milan | TELECOM ITALIA | 61 400 | 51% |
| Immeuble au 23 rue Médéric | Paris 17ème | France Télécom | 11 159 | 100% |
| Via Lorenteggio 266 | Milan | INTESA GROUP | 31 942 | 50,9% |
| Immeuble au 15/17 rue Traversière | Paris 12ème | SNCF | 13 699 | 100% |

The Group's share in the asset value of the ten main assets amounted to 16% of the portfolio on a Group share basis.

# 3. BUSINESS DATA REVIEW BY SEGMENT

## A. FRANCE - OFFICES

### 1. RENTAL INCOME ACCOUNTED: €133.3 million, up 4.3% on a like-for-like basis

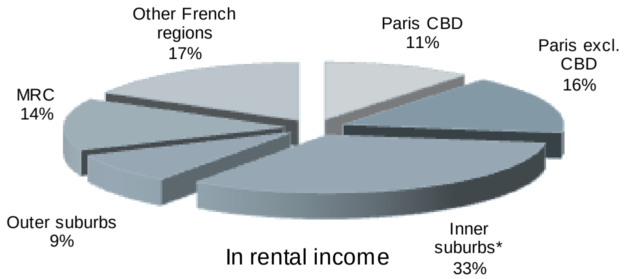
- Geographical breakdown: strategic locations (Ile-de-France and Major Regional Cities - MRCs) accounted for 83% of rental income

Rental income is shown in full, and as a Group share (GS). The assets in which the Group holds a share are as follows:

- CB 21; 75%-owned
- Carré Suffren; 60%-owned
- Le Ponant (19 Rue Leblanc, Paris); 83.5%-owned

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 100% | Rental income H1 2011 GS | Rental income H1 2012 100% | Rental income H1 2012 GS | Change (%) | Change (%) LFL | % of rental income |
|---|---|---|---|---|---|---|---|---|---|
| Paris CBD | 70 892 | 11 | 15,9 | 15,9 | 14,5 | 14,5 | -8,5% | | 11% |
| Paris excl. CBD | 138 645 | 17 | 23,5 | 22,8 | 24,0 | 21,8 | -4,5% | | 16% |
| Inner suburbs* | 422 253 | 40 | 40,8 | 38,6 | 46,3 | 43,6 | 13,1% | | 33% |
| Outer suburbs | 204 228 | 76 | 12,5 | 12,5 | 11,4 | 11,4 | -9,0% | | 9% |
| **Total Paris Region** | **836 017** | **144** | **92,7** | **89,8** | **96,2** | **91,3** | **1,7%** | | **69%** |
| MRC | 412 738 | 92 | 20,3 | 20,3 | 19,2 | 19,2 | -5,2% | | 14% |
| Other French regions | 606 410 | 231 | 23,4 | 23,4 | 22,6 | 22,7 | -2,8% | | 17% |
| **Total** | **1 855 165** | **467** | **136,3** | **133,5** | **138,1** | **133,3** | **-0,1%** | **4,3%** | **100%** |

* Inner suburbs includes Vélizy




Rental income, Group share, remained unchanged in relation to H1 2011, but increased by 4.3% on a like-for-like basis. This change was the result of a combination of:

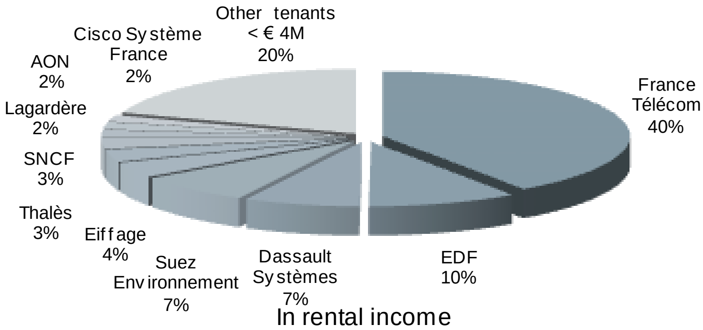
- The sales of assets made during the year (-€7.8 million)
- The vacation of assets with a view to them being sold or redeveloped (-€1.9 million)
- Acquisitions and additions to the scope of consolidation (+€4.8 million): including the assets leased to Eiffage Construction in Vélizy, to Issy Grenelle in Issy-les-Moulineaux, to Degrémont in Rueil Malmaison, and to Veolia in Montpellier and Frontignan.
- Of like-for-like growth of 4.3%, relating to:
  - Rent indexation (+€2.8 million)
  - Asset management work (+€1.9 million), including:
    - Lettings (+€3.9 million)
    - Releases (-€1.9 million)
    - Renewals (-€0.1 million)

The Ile-de-France region's share increased from 68% to 69%, while the share of rental income generated in other French regions decreased from 19% to 17% over a year, following the work undertaken with regard to lettings, to the acquisitions in the Ile-de-France Region made during the year, and to the sale of non-strategic assets, which were mainly located in other French regions.

# 2. ANNUALISED RENTAL INCOME: €277.2 million

## Breakdown by major tenants

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) |
|---|---|---|---|---|---|
| France Télécom | 744 139 | | 122,6 | 111,9 | -8,7% |
| EDF | 240 937 | | 28,6 | 27,1 | -5,2% |
| Dassault Systèmes | 58 602 | | 16,7 | 20,8 | 24,6% |
| Suez Environnement | 56 192 | | 19,1 | 20,8 | 8,7% |
| Eiffage | 147 233 | | 5,9 | 10,8 | 84,3% |
| Thalès | 79 376 | | 8,4 | 8,9 | 6,7% |
| SNCF | 13 207 | | 7,1 | 7,5 | 5,0% |
| Lagardère | 11 481 | | 5,0 | 5,2 | 3,1% |
| AON | 15 042 | | 5,0 | 5,0 | 0,0% |
| Cisco Système France | 11 291 | | 4,4 | 4,6 | 3,1% |
| Other tenants < € 4M | 477 666 | | 56,5 | 54,6 | -3,4% |
| **Total** | **1 855 165** | **467** | **279,4** | **277,2** | **-0,8%** |




The concentration of Foncière des Régions' rental income among large customers reflects our ongoing strategy. The top ten tenants currently account for 80% of our annualised rental income.

The 0.8% fall in our annualised rental income is due to the impact of sales, which were partly offset by the acquisitions made during the year.

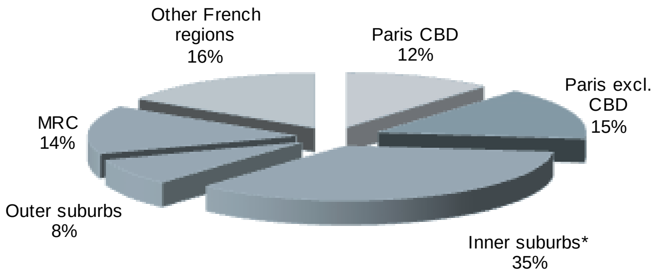
- Sales of mature France Telecom assets in Paris and other French regions.
- Release of EDF assets, which enabled them to be redeveloped or sold (Le Chesnay, Saint Mandé, and Nîmes)
- Acquisition during the second half of 2011 of the Degrémont Head Office (a Suez Environnement subsidiary – Continuation of the partnership), representing a surface area of 13,800 sq.m.
- Delivery of the Eiffage Construction Head Office in Vélizy, representing a surface area of 10,000 sq.m.
- Letting of a 9,100 sq.m. building in Meudon to Thalès

The increase in the rents from other tenants is due to rent indexation.

## Geographic breakdown: the Ile-de-France region accounts for 70% of rental income

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) |
|---|---|---|---|---|---|
| Paris CBD | 70 892 | 11 | 34,0 | 31,8 | -6,4% |
| Paris excl. CBD | 138 645 | 17 | 47,5 | 42,7 | -10,0% |
| Inner suburbs* | 422 253 | 40 | 85,6 | 96,5 | 12,8% |
| Outer suburbs | 204 228 | 76 | 24,8 | 21,6 | -12,7% |
| **Total Paris Region** | **836 017** | **144** | **191,9** | **192,7** | **0,4%** |
| MRC | 412 738 | 92 | 40,1 | 39,9 | -0,7% |
| Other French regions | 606 410 | 231 | 47,4 | 44,7 | -5,8% |
| **Total** | **1 855 165** | **467** | **279,4** | **277,2** | **-0,8%** |

* Inner suburbs includes Vélizy




In rental income

The breakdown of rental income by geographic area is in line with the rental income posted, and confirms the dominant share generated by the Ile-de-France region (70% of annualised rental income).

The main changes in the rental income for each area are due to rental business trends since 30 June 2011:

- An 8.6% reduction in our annualised rental income within Paris, due primarily to the disposal of France Telecom assets over the period
- A withdrawal from secondary areas in the Regions (-5.8%) and from the outer suburbs
- A 12.7% decrease, following the sale of non-strategic assets, which were primarily rented to France Telecom
- Growth of 12.8% in inner suburbs income, thanks to the acquisitions made in H1 2012, the delivery of Eiffage Construction's Head Office in Vélizy, and our work on lettings, including the letting of 9,100 sq.m in Meudon to Thalès, and 6,000 sq.m in the CB 21 Tower to Chartis.

# 3. RENTAL INDEXATION

The indexation effect is €2.8 million over 12 months.

51% of our rental income is indexed on the French Cost of Construction Index (ICC), while 45% is indexed on a combination of the ICC and the CPI indices. New leases indexed on the French Service Sector Rental Index (ILAT) have been signed, and account for 4% of rental income.

As a reminder, the latest ICC indices published were as follows: Q3 2011 ICC: +6.84%, Q4 2011 ICC: +6.85%, Q1 2012 ICC: +4.05%

Moreover, rents that benefit from indexing floors (0% or 1% depending on the leases) accounted for 45% of annualised rental income; 16% of these rents are indexed on the ICC, and 84% on a combined ICC/CPI index. 81% of the balance is indexed on the ICC, as well as on a combined index, on the ILAT, and on the French Commercial Rental Index (ILC) or the French Rental Reference Index (IRL).

Following the publication of the ILAT*, a joint review process with our tenant-partners is currently underway regarding the gradual switch to this index for current leases.

*French Service Sector Rental Index

# 4. RENTAL BUSINESS OVER THE FIRST HALF OF THE YEAR

| (€ million) | Surface (sq.m) | Annualised rental income | Annualised rental income (€/m²) |
|---|---|---|---|
| Vacating | 27 142 | 6,0 | 221 |
| Letting | 16 257 | 2,1 | 129 |
| Renewal* | 131 291 | 19,3 | 147 |

The releases recorded in the first half of the year totalled 27,000 sq.m, which corresponds to an annualised rental income of €6 million. They mainly involved the EDF Nimes Verdun asset (under agreement), a building in Puteaux (under agreement) that is leased to Havas, and the surrender of the France Telecom assets, as provided for in our agreements.

These releases were partially offset by lettings representing an annualised rental income of €2.1 million, which primarily relate to two Veolia buildings in Montpellier and Frontignan, and the letting of 882 sq.m in the 32 Grenier asset in Boulogne to Grass Valley, as well as the re-letting to Chloé of the 565 sq.m vacated in the Percier asset in Paris' Central Business District (*Quartier Central des Affaires* – QCA).

Lastly, rent renewals (131,300 sq.m) represented a total rental income of €19.3 million. These renewals are the result of a partnership strategy that enables us to retain our Key Accounts in our properties over the long-term. This figure includes the non-termination of leases that expire at the end of 2012, which amounts to around €9 million.

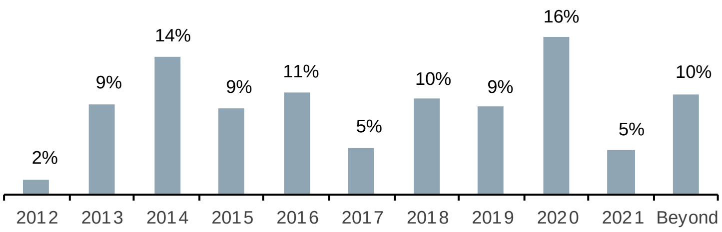
Overall renewals were actually in line with existing rents, except for five leases that were reviewed as they had been set above market value.

# 5. EXPIRY SCHEDULE AND VACANCIES

## Lease expiry schedule: a fixed residual lease term of 5.5 years.

Rental income for the "France – Offices" segment breaks down as follows, based on the expiry date for current fixed-term leases:

| (€ million) | By lease end date | % of total |
|---|---|---|
| 2012 | 4,4 | 2% |
| 2013 | 26,0 | 9% |
| 2014 | 39,5 | 14% |
| 2015 | 24,9 | 9% |
| 2016 | 29,3 | 11% |
| 2017 | 13,6 | 5% |
| 2018 | 27,4 | 10% |
| 2019 | 25,2 | 9% |
| 2020 | 45,0 | 16% |
| 2021 | 13,0 | 5% |
| Beyond | 28,9 | 10% |
| **Total** | **277,2** | **100%** |




€2.1 million of the €4.4 million in leases that expire in 2012 involves a lease that is currently being renegotiated, and is expected to be signed by the end of the year.

The fixed residual term of the leases amounted to 5.5 years, slightly less than as at the end of 2011 (5.7 years). The theoretical loss of a residual term of 6 months was offset by re-rentals, with an average term of 7.8 years, and renewals, with an average term of 8.2 years.

As at 31 December 2011, the France - Offices segment had leases worth €25 million expiring in 2012, including:

- €2 million in notice periods (of which €0.7 million relates to assets under sale agreements), planned as part of the France Telecom partnership;
- €6 million in releases (of which €1.5 million relates to assets under sale agreements), which had already been anticipated in 2011 and involve assets under redevelopment in markets with high rental potential;
- Leases worth €17 million have been secured on a long-term basis through renewals, negotiations that are currently being finalised, and extensions.

Lastly, 90% of the leases expiring in 2012 were addressed during the first half of the year.

EDF accounts for one third of the 2013 maturities, and our visibility on these sites is good thanks to our partner relationship.

With one quarter of its leases expiring between 2012 and 2014, Foncière des Régions continues to have a very secure rental income base.

### Vacancy rate and type: a vacancy rate of 4.1% as at 30 June 2012

| (%) | 2011 | H1 2012 |
|---|---|---|
| Paris CBD | 0,0% | 0,0% |
| Paris excl. CBD | 0,0% | 0,1% |
| Inner suburbs* | 8,3% | 8,2% |
| Outer suburbs | 2,8% | 3,7% |
| **Total Paris Region** | 4,4% | 4,7% |
| MRC | 2,5% | 3,5% |
| Other French regions | 3,5% | 1,9% |
| **Total** | **4,0%** | **4,1%** |

* Inner suburbs includes Vélizy and Meudon

The operating vacancy rate stands at 4.1%, unchanged since 31/12/2011.

In the Ile-de-France region, Foncière des Régions' vacancy rate is highest in the inner suburbs, with 8.2% vacancy rate, in line with the average vacancy rate for the various markets.

The main vacant areas are currently as follows: the CB 21 Tower (with a total surface area of around 17,500 sq.m), which accounts for 55% of total vacancies, as well as three other assets, one in Nice, and two in the Ile-de-France inner suburbs (Levallois-Perret and Fontenay).

## 6. OUTSTANDING PAYMENTS

| (€ million) | H1 2011 | H1 2012 |
|---|---|---|
| As % of annualised rental income | 0,97% | 1,76% |
| In value | 2,7 | 4,9 |

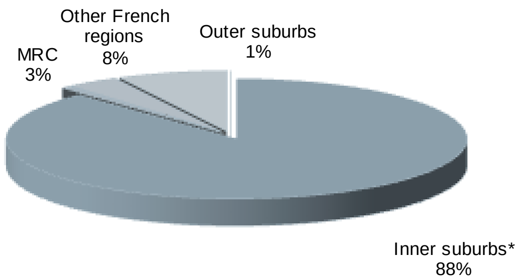
Outstanding payments increased compared with the first half of 2011, amounting to €4.9 million.

Over 50% of the outstanding payments relate to an asset where the allocation of the financing for building works is currently under discussion between Foncière des Régions and the tenant.
Aside from this one-off situation, the level of outstanding payments remained in line with the level observed in the first half of 2011.

# 7. DISPOSALS AND DISPOSAL AGREEMENTS: €268 million in the first half of 2012

| (€ million) | Disposals (agreements as of end of 2011 closed) | Agreements as of end of 2011 closed | New disposals H1 2012 | New agrements H1 2012 | TOTAL H1 2012 | Margin vs 2011 value | Yield on new disposals and agreements | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Paris CBD | 24,5 | 15,2 | 0,0 | 0,0 | 0,0 | - | - | 39,7 |
| Paris excl. CBD | 91,8 | 10,8 | 0,0 | 0,0 | 0,0 | - | - | 102,6 |
| Inner suburbs* | 1,6 | 49,7 | 37,9 | 197,9 | 235,8 | 3,1% | 5,9% | 287,1 |
| Outer suburbs | 7,8 | 1,8 | 0,0 | 1,8 | 1,8 | -11,8% | 9,4% | 11,4 |
| **Total Paris Region** | **125,7** | **77,5** | **37,9** | **199,7** | **237,6** | **3,0%** | **6,1%** | **440,8** |
| MRC | 20,8 | 11,3 | 0,9 | 8,8 | 9,7 | -2,4% | 3,2% | 41,8 |
| Other French regions | 9,3 | 14,8 | 9,6 | 11,0 | 20,6 | -2,2% | 7,9% | 44,7 |
| **Total** | **155,8** | **103,6** | **48,4** | **219,5** | **267,9** | **2,4%** | **6,0%** | **527,3** |

* Inner suburbs includes Vélizy and Meudon




In value

New commitments as at 30 June 2012 amounted to €268 million (including sales of €48 million). They were characterised by the continuation of the partnership strategy, primarily through a draft cost-sharing arrangement for the Dassault Campus and the New Vélizy project (€171 million). The balance of new commitments (€96 million) represents 18 agreements, which mainly relate to non-strategic assets.

# 8. DEVELOPMENT PROJECTS: A €762 million pipeline

## Asset deliveries

A "green" 3,100 sq.m building development for Veolia in Montpellier was delivered on 15 March 2012. This building is the subject of a 12-year fixed-term lease, and further strengthens our partnership with Veolia Environnement.

## Commited projects of €236 million, of which 80% have been pre-rented

| Projects | Location | Area | Surface** (sq.m) | Delivery | Target offices rent (€/sq.m/year) | Pre-leased (%) | Total Budget* (M€) |
|---|---|---|---|---|---|---|---|
| New Vélizy (QP FDR - 50%) | Vélizy | IDF | 45 000 | 2014 | 250 | 100% | 91 |
| Le Floria | Fontenay-Sous-Bois | IDF | 8 600 | 2012 | 280 | 100% | 31 |
| Eiffage Clichy | Clichy la Garenne | IDF | 4 600 | 2013 | 340 | 100% | 23 |
| Euromed center - tranche 1 (QP FDR - 50%) | Marseille | GMR | 24 000 | 2014 | 250 | 66% | 48 |
| Louis Guérin | Lyon | GMR | 12 500 | 2013 | 180 | 20% | 31 |
| Le Divo | Metz | GMR | 5 300 | 2012 | 175 | 50% | 12 |
| **Total** | | | **100 000** | | | **80%** | **236** |

*In Group share, including land cost and excluding financial cost
**surface 100%

A new project was launched during the first half of 2012, on land owned by Foncière des Régions in the Vélizy area. The aim of the project is to build a 45,000 sq.m real estate complex for Thalès, which complies with French 2012 Thermal Regulations, is HQE-certified, and has a "Very Good" BREAAM rating. The building permit was obtained in mid-April 2012, and the works are expected to begin in late July 2012, with delivery scheduled for the second half of 2014.

The development of the Euromed Center in Marseille was confirmed by the launch of the first phase, which includes a 14,000 sq.m office building, and an 857-space car park. The subsequent phases will be launched as the office buildings are brought to the market.

Works are ongoing on:

- The redevelopment of the Floria asset in Fontenay-sous-Bois (8,600 sq.m), including renovation works to make the building HQE-compliant and low-energy. The building, which will be delivered in late September 2013, has already been leased to Société Générale.
- The restructuring of the Le Patio (formerly Louis Guérin) asset in Lyon-Villeurbanne (12,500 sq.m), including renovation works to make the building HQE-compliant and low-energy, as well as BREEAM-rated. A first lease for 2,500 sq.m has already been signed. Advanced discussions regarding an additional 5,500 sq.m are ongoing. Delivery is scheduled for late January 2013.

The CAPEX outstanding in relation to these projects amounts to €150 million (€48 million in 2012, €63 million in 2013, and €39 million in 2014) for a potential annualised rental income of over €17 million (€3 million in 2012, €4 million in 2013, and €10 million in 2014).

## Projects managed represent investments of around €526 million (Group share)

Foncière des Régions has reviewed around 270,000 sq.m where projects are likely to be launched.

| Projects | Location | Area | Surface* (sq.m) | Delivery timeframe |
|---|---|---|---|---|
| Cœur d'Orly Bureaux (QP FDR 25%) | Orly | IDF | 70 000 | 2015 - 2017 |
| Cœur d'Orly Commerces (QP FDR 25%) | Orly | IDF | 30 000 | 2015 |
| Dassault Systemes Extension (QP FDR 50%) | Vélizy | IDF | 24 000 | 2015 |
| Green Corner | Saint-Denis | IDF | 20 500 | 2014 |
| Extension Thales (QP FDR 50%) | Vélizy | IDF | 15 000 | 2015 - 2016 |
| Lyon Silex (1ère tranche) | Lyon | GMR | 41 000 | 2015 |
| Lyon Silex (2ème tranche) | Marseille | GMR | 33 500 | 2017 |
| Euromed Center - tranche 2 (QP FDR 50%) | Bordeaux | GMR | 20 000 | 2014 - 2016 |
| Bordeaux | Lyon | GMR | 11 500 | 2016 |
| EDF Avignon | Bordeaux | GMR | 20 000 | 2014 |
| **Total** | | | **269 600** | |

*surface 100%

With regard to DS Campus, Dassault Systèmes' Head Office in Vélizy, discussions over the programme outline are still ongoing, and a decision is expected to be taken by the end of October 2012.

Discussions with a major customer are ongoing regarding Green Corner (20,500 sq.m in Saint-Denis) As a final building permit has been issued, the project could be launched as soon as an agreement regarding the building's lease is approved.

Regarding the Lyon Silex 1 project, the building permit has been obtained, and the pre-marketing process will begin between now and 2012, with building works scheduled to commence in late 2013 once the existing building has been vacated.

A new building for ERDF will be built on the site occupied by EDF in Avignon. The programme and the lease are expected to be finalised in September 2012.

Delivery of these developments will improve the residual term of the leases and the average quality of the portfolio, while also contributing to making the portfolio more "green".

The potential annualised rental income relating to all these projects amounts to a total of over €40 million, for an estimated cost of around €526 million.

# 9. PORTFOLIO VALUATION

## Changes in the portfolio

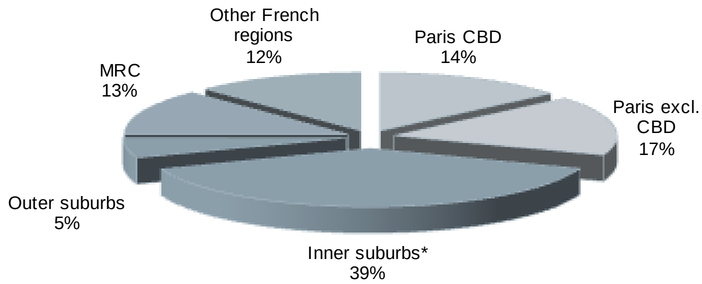
| (€ million) | Value ED 2011 | Yield ED 2011 | Value adjustment | Acquisitions | Disposals | Invest. | Transfer | Value ED S1 2012 |
|---|---|---|---|---|---|---|---|---|
| Assets in operation | 4 461,5 | 6,8% | 28,5 | 0,0 | -204,2 | 14,5 | -1,7 | 4 298,7 |
| Assets under developement | 77,5 | na | -5,9 | 0,0 | 0,0 | 18,7 | 1,7 | 92,0 |
| **Total** | **4 539,0** | **6,7%** | **22,6** | **0,0** | **-204,2** | **33,2** | **0,0** | **4 390,7** |

## Like-for-like change of +0.5%

| (€ million) | Consolidated value ED 2011 | Consolidated value ED S1 2012 | Value ED S1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED S1 2012 |
|---|---|---|---|---|---|---|
| Paris CBD | 573,5 | 562,3 | 562,3 | 2,4% | 6,2% | 5,7% |
| Paris excl. CBD | 856,9 | 780,7 | 676,1 | 1,5% | 6,3% | 6,3% |
| Inner suburbs* | 1 750,2 | 1 712,1 | 1 564,6 | 0,3% | 5,9% | 5,9% |
| Outer suburbs | 236,4 | 227,1 | 227,1 | -0,4% | 9,3% | 9,5% |
| **Total Paris Region** | **3 417,0** | **3 282,3** | **3 030,1** | **0,9%** | **6,3%** | **6,2%** |
| MRC | 524,7 | 518,6 | 518,6 | 0,3% | 7,6% | 7,7% |
| Other French regions | 519,8 | 497,8 | 497,8 | -0,8% | 9,0% | 9,0% |
| **Total in operation** | **4 461,5** | **4 298,7** | **4 046,5** | **0,6%** | **6,8%** | **6,8%** |
| Assets under developement | 77,5 | 92,0 | 92,0 | -6,0% | na | na |
| **Total** | **4 539,0** | **4 390,7** | **4 138,6** | **0,5%** | **6,7%** | **6,7%** |

* Inner Suburbs included Vélizy and Meudon

The first half of 2012 was characterised by a slight 0.5% increase in the value of the portfolio on a like-for-like basis. The “Paris Central Business District”, where most of the Paris assets with long leases are located, was the most resilient area (+2.4%). Conversely, assets located in secondary commercial areas experienced a slight fall in value of 0.8%, which was limited by the long terms of their leases.




In GS value

# 10. STRATEGIC SEGMENTATION OF THE PORTFOLIO

## “Core” Portfolio

The “Core” portfolio, which consists of resilient assets that provide a regular income, is the strategic cornerstone of the portfolio. Mature buildings can be sold as the opportunity arises, on a limited basis, and the resulting income generated can be reinvested in value-creating operations, primarily through unlocking the value of our portfolio or of new investments.

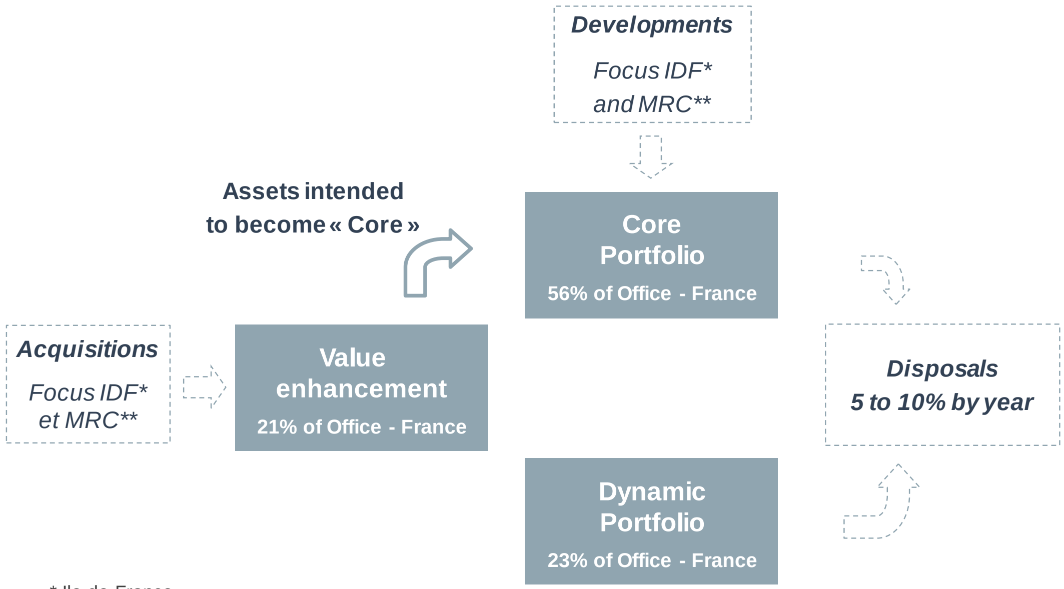
## “Dynamic” Portfolio

The “Dynamic” portfolio is primarily the result of outsourcing transactions with our major tenant partners. This portfolio represents an asset pool with returns that are higher than the average for the office building portfolio, and with a historically high lease renewal rate. The small unit size of these assets and their liquidity on local markets enable their gradual disposal to be envisaged.

## ”Under Development” Portfolio

The “under development” portfolio consists of assets earmarked for specific redevelopment or rental added-value measures. For the most part, these assets are intended to become “Core” assets once the asset management work has been completed.

France - Offices – An ongoing portfolio improvement strategy




* Ile-de-France
** Major Regional Cities

| | Core Portfolio | Dynamic Portfolio | Value enhancement Portfolio | Total |
|---|---|---|---|---|
| Number of assets | 62 | 351 | 54 | **467** |
| Value ED GS | 2 296,8 | 953,3 | 888,5 | **4 138,6** |
| | *55,5%* | *23,0%* | *21,5%* | ***100%*** |
| Yield | 6,1% | 8,0% | 6,8% | **6,7%** |
| Residual firm duration of leases | 7,3 | 4,7 | 2,6 | **5,5** |
| Vacancy rate | 4,6% | 5,0% | 2,3% | **4,1%** |

“Core” Portfolio: 94% of vacancies are attributable to a vacant 17,500 m² area in CB 21 Tower

The share represented by “Core” assets decreased slightly during the first half of the year, and amounted to 55.5% of the France - Offices portfolio (compared with 56.5% as at 31 December 2011). This situation is primarily due to the sale of several “Core” assets that had reached maturity.

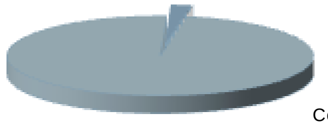
The value of the “Dynamic” portfolio fell from €1,081 million at the end of 2011 to €953 million at the end of June 2012. This 12% decrease in the portfolio’s value was due to the disposal strategy implemented in 2012, which focuses primarily on “dynamic” assets.

# B. ITALY - OFFICES

Listed on the Milan Stock Exchange since 1999, Beni Stabili is Italy's leading listed real estate company. Beni Stabili's portfolio is primarily composed of offices located in cities in northern and central Italy, especially Milan and Rome.
Beni Stabili opted to become a REIT (an Italian version of the French SIIC structure) in January 2011. The value of the company's portfolio totalled €4.4 billion at 30 June 2012.
Foncière des Régions holds a 50.9% stake in Beni Stabili.

## 1. RENTAL INCOME ACCOUNTED: UP 2.7% ON A LIKE-FOR-LIKE BASIS

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 | Rental income H1 2012 | Change (%) | Change (%) LFL |
|---|---|---|---|---|---|---|
| Core portfolio | 1 828 | 235 | 102,4 | 110,8 | 8,2% | |
| Dynamic portfolio | 157 | 53 | 7,2 | 2,4 | -66,0% | |
| **Subtotal** | **1 986** | **288** | **109,6** | **113,3** | **3,3%** | |
| Developement portfolio | 34 | 6 | 0,1 | 0,0 | -100,0% | |
| **Total** | **2 020** | **294** | **109,7** | **113,3** | **3,3%** | **2,7%** |




In rental income

The change in rental income between 30 June 2011 and 30 June 2012 amounted to €3.6 million, or an increase of 3.3%: This change was mainly due to:

- Acquisitions: +€3.1 million
- Asset management and rent indexing (CPI): +€2.3 million
- Disposals: -€1.9 million

The increase on a like-for-like basis was €1.5 million, or 2.7%.

## 2. ANNUALISED RENTAL INCOME

### Breakdown by portfolio

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) |
|---|---|---|---|---|---|
| Milan | 447 | 41 | 68,1 | 75,3 | 10,7% |
| Rome | 170 | 37 | 22,4 | 22,2 | -0,9% |
| Other | 1 370 | 210 | 125,3 | 123,5 | -1,5% |
| **Total** | **1 986** | **288** | **215,8** | **221,0** | **2,4%** |

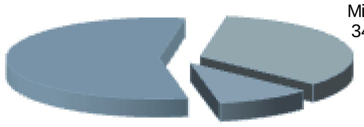
Annualised rental income at year-end excluding developement


In rental income

## Geographic breakdown

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) |
|---|---|---|---|---|---|
| Milan | 447 | 41 | 68,1 | 75,3 | 10,7% |
| Rome | 170 | 37 | 22,4 | 22,2 | -0,9% |
| Other | 1 370 | 210 | 125,3 | 123,5 | -1,5% |
| **Total** | **1 986** | **288** | **215,8** | **221,0** | **2,4%** |

Annualised rental income at year-end excluding developement

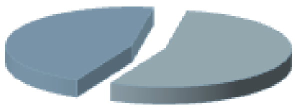



In rental income

## Breakdown by tenant

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) |
|---|---|---|---|---|---|
| Telecom Italia | 1 233 | 183 | 118,9 | 120,1 | 1,1% |
| Other | 753 | 105 | 97,0 | 100,9 | 4,0% |
| **Total** | **1 986** | **288** | **215,8** | **221,0** | **2,4%** |

Annualised rental income at year-end excluding developement




In rental income

# 3. RENT INDEXATION

The annual rent adjustment for indexing purposes is calculated by taking 75% of the increase in the consumer price index (CPI) applied on each anniversary of the date on which the contract was signed. For the first half of 2012, the average CPI was 3.2%*.

*Source: ISTAT

# 4. RENTAL BUSINESS

The following asset management activities were undertaken during the first half of 2012:

| (€ million) | Surface (sq.m) | Annualised rental income | Annualised rental income (€/m²) |
|---|---|---|---|
| Letting | 14 963 | 3,3 | 218 |
| Renewal* | 9 905 | 1,2 | 126 |

*Renewals 2,8% higher than passing rent

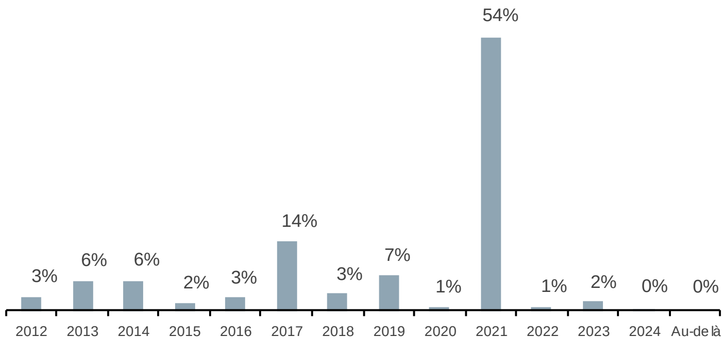
The two major new leases involved the Via Cornaggia asset in Milan (€1.2 million) and the Corso Marconi property in Turin (€0.6 million). Renewals primarily involved assets in Via Rombon in Milan, and in Via Falcone in Turin.

# 5. EXPIRY SCHEDULE AND VACANCIES

## Lease expiry schedule: a fixed residual lease term of 7.4 years.

The breakdown of rental income for the Italy - Offices segment based on the expiry date of current fixed-term leases is as follows:

| (€ million) | By lease end date | % of total |
|---|---|---|
| 2012 | 6,2 | 2,8% |
| 2013 | 13,1 | 5,9% |
| 2014 | 12,6 | 5,7% |
| 2015 | 3,4 | 1,6% |
| 2016 | 5,6 | 2,5% |
| 2017 | 30,6 | 13,8% |
| 2018 | 7,7 | 3,5% |
| 2019 | 15,8 | 7,2% |
| 2020 | 1,6 | 0,7% |
| 2021 | 118,8 | 53,8% |
| 2022 | 1,2 | 0,6% |
| 2023 | 4,1 | 1,9% |
| 2024 | 0,2 | 0,1% |
| Beyond | 0,0 | 0,0% |
| **Total** | **221,0** | **100,0%** |




The leases expiring after 2020 relate mainly to Telecom Italia. The residual lease term as at 30 June 2012 was 7.4 years.

## Vacancy rate and type: 2.8% vacancy rate

The spot financial vacancy rate at 30 June 2012 was 2.8% for the core portfolio, compared with 3.9% at 31 December 2011.

# 6. OUTSTANDING PAYMENTS

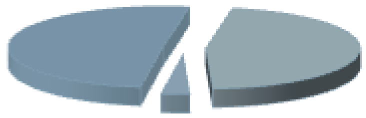
| (€ million) | H1 2011 | H1 2012 |
|---|---|---|
| As % of annualised rental income | 1,3% | 3,3% |
| In value | 1,4 | 3,6 |

# 7. DISPOSALS AND DISPOSAL AGREEMENTS: €68 million in the first half of 2012, in line with 2011 appraisal values

The new commitments made in 2012 amounted to €68 million, or a total of €94.6 million including the 2011 sale agreements. These new commitments made in 2012 had been realized:

- 1% were below the appraisal value
- The return on disposals and sale agreements was 4.3%

| (€ million) | Disposals (agreements as of end of 2011 closed) | Agreements as of end of 2011 closed | New disposals H1 2012 | New agrements H1 2012 | TOTAL H1 2012 | Margin vs 2011 value | Yield on new disposals and agreements | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Milan | 0,0 | 0,0 | 0,0 | 31,6 | 31,6 | -2,5% | 1,9% | 31,6 |
| Rome | 0,0 | 0,0 | 2,1 | 0,0 | 2,1 | 19,9% | 0,0% | 2,1 |
| Other | 22,0 | 4,7 | 3,6 | 30,7 | 34,3 | -1,1% | 6,7% | 61,0 |
| **Total** | **22,0** | **4,7** | **5,7** | **62,3** | **68,0** | **-1,2%** | **4,3%** | **94,6** |




In value

# 8. ASSET ACQUISITIONS

No significant acquisitions were made during the first half of the year.

# 9. DEVELOPMENT PROJECTS

## Commited projects of €167 million

| Projects | Location | Area | Surface (sq.m) | Delivery | Target offices rent (€/sq.m/year) | Pre-leased (%) | Total Budget (M€) |
|---|---|---|---|---|---|---|---|
| Milan - Garibaldi complex | Milan | Milan | 23 194 | 2012 | 379,4 | 100,0% | 167 |
| **Total** | | | **23 194** | | **379,4** | **100,0%** | **167** |

The cost of the Garibaldi Complex in Milan totalled €167 million. Oustanding CAPEX for H2 2012 amounted to €33 million.

## Projects controlled

| Projects | Location | Area | Surface (sq.m) | Delivery timeframe |
|---|---|---|---|---|
| Milan, San Nicolao | Milan | Milan | 9 292 | 2013 |
| Milan, Ripamonti | Milan | Milan | 69 466 | ON HOLD until pre-let is found |
| Milan, Schievano | Milan | Milan | 23 737 | ON HOLD until pre-let is found |
| **Total** | | | **102 495** | |

# 10. PORTFOLIO VALUATION

## Changes in the portfolio

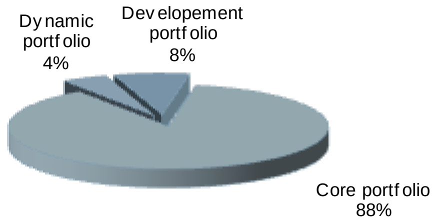
| (€ million) | Value ED 2011 | Change in value | Acquisitions | Disposals | Invest. | Reclass. | Value ED H1 2012 |
|---|---|---|---|---|---|---|---|
| Core portfolio | 3 826,1 | -12,1 | 5,4 | -16,3 | 22,1 | 0,0 | 3 825,1 |
| Dynamic portfolio | 214,9 | -5,1 | 0,0 | -10,7 | 0,7 | 0,0 | 199,9 |
| **Subtotal** | **4 041,0** | **-17,2** | **5,4** | **-26,9** | **22,8** | **0,0** | **4 025,0** |
| Developement portfolio | 305,5 | 1,5 | 0,0 | 0,0 | 27,5 | 0,0 | 334,6 |
| **Total** | **4 346,5** | **-15,7** | **5,4** | **-26,9** | **50,3** | **0,0** | **4 359,5** |

## Like-for-like change of -0.3%

The value of the Beni Stabili real estate portfolio fell by 0.3% on a like-for-like basis over the first half of 2012. The value of the long-term portfolio decreased by 0.3%. The economic environment in Italy resulted in a decrease in take-up, and a fall in investments. Specifically, the Telecom Italia portfolio contracted by 0.5% over the first half of 2012. This decrease was offset by the resilience of the Milan region (0.1% increase in asset values) and of shopping centres (+0.3%).

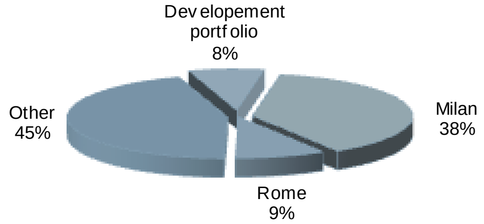
The portfolio under development increased by 0.5%, primarily because of the issuance of the Ripamonti project building permit (70,000 sq.m).

| (€ million) | Consolidated value ED 2011 | Consolidated value ED H1 2012 | Value ED H1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED H1 2012 |
|---|---|---|---|---|---|---|
| Core portfolio | 3 826,1 | 3 825,1 | 1 946,2 | -0,3% | 5,7% | 5,7% |
| Dynamic portfolio | 214,9 | 199,9 | 101,7 | -1,3% | 2,3% | 2,2% |
| **Subtotal** | **4 041,0** | **4 025,0** | **2 047,9** | **-0,4%** | **5,5%** | **5,5%** |
| Developement portfolio | 305,5 | 334,6 | 170,2 | 0,5% | 0,0% | 0,0% |
| **Total** | **4 346,5** | **4 359,5** | **2 218,1** | **-0,3%** | **5,1%** | **5,1%** |




In asset value

| (€ million) | Consolidated value ED 2011 | Consolidated value ED H1 2012 | Value ED H1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED H1 2012 |
|---|---|---|---|---|---|---|
| Milan | 1 664,4 | 1 672,4 | 850,9 | 0,1% | 4,5% | 4,5% |
| Rome | 403,5 | 401,8 | 204,4 | 0,0% | 5,5% | 5,5% |
| Other | 1 973,1 | 1 950,7 | 992,5 | -0,8% | 6,4% | 6,3% |
| **Subtotal** | **4 041,0** | **4 025,0** | **2 047,9** | **-0,4%** | **5,5%** | **5,5%** |
| Developement portfolio | 305,5 | 334,6 | 170,2 | 0,5% | 0,0% | 0,0% |
| **Total** | **4 346,5** | **4 359,5** | **2 218,1** | **-0,3%** | **5,1%** | **5,1%** |




In asset value

# C. SERVICE SECTOR

Foncière des Murs, which is 28.3% owned by Foncière des Régions, is a listed real estate investment company (SIIC) specialising in service sector, especially in the hotel, healthcare, retail, and leisure sectors. The Company's investment policy favours partnerships with the leading operators in their business sector, in order to offer secure returns to its shareholders.

## 1. RENTAL INCOME ACCOUNTED

### Breakdown by business sector

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 | Rental income H1 2012 | Change (%) | Change (%) LFL | % of rental income |
|---|---|---|---|---|---|---|---|
| Hotels | 729 885 | 171 | 60,0 | 47,0 | -21,7% | | 52% |
| Retail Premises | 239 924 | 234 | 21,7 | 22,1 | 1,8% | | 24% |
| Leisure | 179 371 | 5 | 8,0 | 8,3 | 3,4% | | 9% |
| Healthcare | 174 280 | 44 | 13,5 | 13,4 | -0,6% | | 15% |
| **Total** | **1 323 460** | **454** | **103,1** | **90,7** | **-12,0%** | **0,3%** | **100%** |

### Breakdown by tenant

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 | Rental income H1 2012 | Change (%) | Change (%) LFL | % of rental income |
|---|---|---|---|---|---|---|---|
| Accor | 682 703 | 153 | 58,5 | 44,6 | -23,8% | | 49% |
| Korian | 158 156 | 41 | 11,9 | 11,8 | -0,3% | | 13% |
| Quick | 47 141 | 106 | 9,5 | 9,7 | 2,3% | | 11% |
| Jardiland | 181 994 | 58 | 8,2 | 8,3 | 1,6% | | 9% |
| Sunparks | 133 558 | 4 | 6,4 | 6,6 | 3,0% | | 7% |
| Courtepaille | 10 789 | 70 | 4,0 | 4,1 | 1,2% | | 4% |
| Club Med | 45 813 | 1 | 1,6 | 1,7 | 5,1% | | 2% |
| Générale de Santé | 16 124 | 3 | 1,6 | 1,5 | -2,8% | | 2% |
| B&B | 47 182 | 18 | 1,5 | 2,4 | 63,0% | | 3% |
| **Total** | **1 323 460** | **454** | **103,1** | **90,7** | **-12,0%** | **0,3%** | **100%** |

### Geographic breakdown

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 | Rental income H1 2012 | Change (%) | Change (%) LFL | % of rental income |
|---|---|---|---|---|---|---|---|
| Paris CBD | 0 | 0 | 0,3 | 0,0 | -100,0% | | 0% |
| Paris excl. CBD | 83 346 | 14 | 12,2 | 10,2 | -16,4% | | 11% |
| Inner suburbs | 106 263 | 27 | 13,0 | 9,0 | -30,5% | | 10% |
| Outer suburbs | 86 570 | 44 | 8,0 | 7,2 | -10,2% | | 8% |
| **Total Paris Region** | **276 179** | **85** | **33,5** | **26,4** | **-21,1%** | | **29%** |
| MRC | 253 271 | 94 | 19,8 | 17,8 | -10,1% | | 20% |
| Other French regions | 510 413 | 242 | 34,6 | 32,1 | -7,3% | | 35% |
| International | 283 598 | 33 | 15,2 | 14,4 | -5,2% | | 16% |
| **Total** | **1 323 460** | **454** | **103,1** | **90,7** | **-12,0%** | **0,3%** | **100%** |

Foncière des Murs' consolidated revenues amounted to €90.7 million as at 30 June 2012, a 12% decrease compared with 30 June 2011. This change was mainly due to:

- The impact of the sales made in 2011 and 2012 (-€13.6 million)
- A 2.5% like-for-like decrease in the Accor hotels' revenues, which resulted in a €1 million reduction in rental income

These negative effects were partially offset by the impact of rent indexing (+€1.3 million) on the fixed-rent portfolios.

# 2. ANNUALISED RENTAL INCOME

## Breakdown by business sector

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) | % of rental income |
|---|---|---|---|---|---|---|
| Hotels | 729 885 | 171 | 117,7 | 98,3 | -16% | 54% |
| Retail Premises | 239 924 | 234 | 43,6 | 44,1 | 1% | 24% |
| Leisure | 179 371 | 5 | 16,3 | 16,8 | 3% | 9% |
| Healthcare | 174 280 | 44 | 26,1 | 22,6 | -13% | 12% |
| **Total** | **1 323 460** | **454** | **203,6** | **181,9** | **-11%** | **100%** |

## Breakdown by tenant

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) | % of rental income |
|---|---|---|---|---|---|---|
| Accor | 682 703 | 153 | 113,0 | 93,5 | -17% | 51% |
| Korian | 158 156 | 41 | 22,9 | 20,0 | -13% | 11% |
| Quick | 47 141 | 106 | 19,2 | 19,4 | 1% | 11% |
| Jardiland | 181 994 | 58 | 16,3 | 16,6 | 2% | 9% |
| Sunparks | 133 558 | 4 | 13,0 | 13,4 | 3% | 7% |
| Courtepaille | 10 789 | 70 | 8,1 | 8,1 | 0% | 4% |
| Club Med | 45 813 | 1 | 3,3 | 3,4 | 4% | 2% |
| Générale de Santé | 16 124 | 3 | 3,2 | 2,6 | -17% | 1% |
| B&B | 47 182 | 18 | 4,7 | 4,8 | 3% | 3% |
| **Total** | **1 323 460** | **454** | **203,6** | **181,9** | **-11%** | **100%** |

## Geographic breakdown

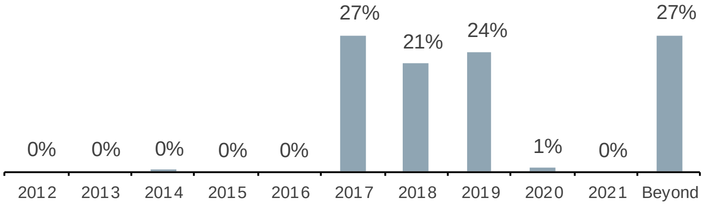
| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) | % of rental income |
|---|---|---|---|---|---|---|
| Paris CBD | 0 | 0 | 0,0 | 0,0 | 0% | 0% |
| Paris excl. CBD | 83 346 | 14 | 24,1 | 20,6 | -14% | 11% |
| Inner suburbs | 106 263 | 27 | 25,6 | 17,9 | -30% | 10% |
| Outer suburbs | 86 570 | 44 | 15,7 | 14,4 | -9% | 8% |
| **Total Paris Region** | **276 179** | **85** | **65,4** | **53,0** | **-19%** | **29%** |
| MRC | 253 271 | 94 | 39,2 | 35,7 | -9% | 20% |
| Other French regions | 510 413 | 242 | 68,9 | 64,3 | -7% | 35% |
| International | 283 598 | 33 | 30,1 | 28,9 | -4% | 16% |
| **Total** | **1 323 460** | **454** | **203,6** | **181,9** | **-11%** | **100%** |

# 3. RENT INDEXATION

- 49% of the annualised rental income is indexed on benchmark indices. Only the Korian portfolio was indexed to the Q4 2011 Rental Reference Index (IRL) in January 2012, which had a positive impact of €0.4 million compared with 30 June 2011.
- The indexing of Jardiland, based on the Business Rental Index (ILC), will take place in July 2012.
- The next annual indexing of the Quick and Courtepaille portfolios, based on the ILC, will take place in October 2012.

## 4. LEASE EXPIRY SCHEDULE AND VACANCIES

| (€ million) | By lease end date | % of total |
|---|---|---|
| 2012 | 0,0 | 0% |
| 2013 | 0,0 | 0% |
| 2014 | 0,4 | 0% |
| 2015 | 0,0 | 0% |
| 2016 | 0,0 | 0% |
| 2017 | 49,0 | 27% |
| 2018 | 39,0 | 21% |
| 2019 | 43,1 | 24% |
| 2020 | 1,3 | 1% |
| 2021 | 0,0 | 0% |
| Beyond | 49,0 | 27% |
| **Total** | **181,9** | **100%** |




The residual term of the leases was 7.7 years as at the end of June 2012, compared with 8 years at the end of 2011. The reduction in the term was partially offset by the signing of new leases, notably for 22 Korian assets with an average residual term of 9.7 years. There were no vacancies in the portfolio as at 30 June 2012, as was the case at 31 December 2011.

## 5. OUTSTANDING PAYMENTS

The portfolio was not affected by any outstanding payments during the first half of 2012, as was the case during 2011.

## 6. DISPOSALS AND DISPOSAL AGREEMENTS: €139 million in the first half of 2012

Foncière des Murs sold 18 assets in the first half of 2012, including 10 Healthcare assets (nine nursing homes and one clinic), 7 Accor hotels and one Courtepaille restaurant, for a total price of €102 million. In addition, disposal agreements relating to 29 assets were signed, for a total amount of €100.4 million.

| (€ million) | Disposals (agreements as of end of 2011 closed) | Agreements as of end of 2011 closed | New disposals H1 2012 | New agrements H1 2012 | TOTAL H1 2012 | Margin vs 2011 value | Yield on new disposals and agreements | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Hotels | 23,8 | 24,4 | 0,0 | 39,7 | 39,7 | 3,1% | 6,3% | 87,8 |
| Retail Premises | 1,8 | 1,0 | 0,0 | 35,4 | 35,4 | 14,2% | 5,9% | 38,1 |
| Leisure | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | na | na | 0,0 |
| Healthcare | 12,5 | 0,0 | 63,9 | 0,0 | 63,9 | 2,1% | 6,5% | 76,4 |
| **Total** | **38,1** | **25,3** | **63,9** | **75,0** | **139,0** | **5,2%** | **6,3%** | **202,4** |

## 7. ASSET ACQUISITIONS (excluding duties)

No acquisitions were made during the first half of the year.

# 8. DEVELOPMENT PROJECTS

## Ongoing projects of €25 million, of which 100% have been pre-rented

| Projects | Location | Area | Surface (sq.m) | Delivery | Target rent (€/sq.m/year) | Pre-leased (%) | Total Budget (M€) |
|---|---|---|---|---|---|---|---|
| B&B Porte des Lilas | Paris | Paris | 5562 | 2013 | 269,7 | 100,0% | 21,3 |
| Extensions Accor | Aix en Provence + Yutz | Multi locations | 1579 | 2012 | 190,0 | 100,0% | 3,5 |
| **Total** | | | **7 141** | | | **100,0%** | **24,8** |

On 30 May 2012, Foncière des Murs purchased a 2* 265-room hotel in the Portes des Lilas area in Paris (19th arrondissement) from Vinci Immobilier, with the sale being subject to the property's future completion.
The building will be operated under the B&B brand. This transaction is part of the partnership that was launched by Foncière des Murs and B&B Hôtels in 2010, and reflects Foncière des Murs' desire to support its hotel partners in their development. The hotel will be delivered in the second quarter of 2014.

# 9. PORTFOLIO VALUATION

## Changes in the portfolio

| (€ million) | Value ED 2011 | Yield ED 2011 | Value adjustment | Acquisitions | Disposals | Invest. | Value ED H1 2012 |
|---|---|---|---|---|---|---|---|
| Assets in operation | 2949,0 | 6,3% | 25,3 | 0,0 | -100,8 | 8,1 | **2881,6** |
| Assets under developement | 0 | n/a | | 0,0 | | 5,0 | **5** |
| **Total** | **2949,0** | **6,3%** | **25,3** | **0,0** | **-100,8** | **13,1** | **2886,6** |

As at 30 June 2012, Foncière des Murs' portfolio was valued at €2,887 million excluding duties, up 1.2% on a like-for-like basis over the first half of the year. The increase in asset values is primarily due to the indexing of fixed-rent assets, and to a decrease in capitalisation rates, which is consistent with the disposals made and the sale commitments signed.

## Like-for-like change of 1.2%

A like-for-like increase of 0.7% compared with 31 December 2011 was recorded in the hotel sector.

The healthcare sector increased by 2.2% over six months, due to the effect of a 2.2% increase in rental income, which was related to indexing over the period.

The like-for-like increase in the retail sector was mainly due to an increase in yields, which was consistent with the yields on disposals and sale commitments made for this asset class in the first half of 2012.

| (€ million) | Consolidated value ED 2011 | Consolidated value ED H1 2012 | Value ED H1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED H1 2012 | % of total value |
|---|---|---|---|---|---|---|---|
| Hotels | 1 581 | 1 573 | 445 | 0,7% | 6,2% | 6,2% | 54% |
| Retail Premises | 692 | 702 | 199 | 1,9% | 6,4% | 6,3% | 24% |
| Leisure | 253 | 255 | 72 | 0,7% | 6,5% | 6,6% | 9% |
| Healthcare | 423 | 356 | 101 | 2,2% | 6,3% | 6,4% | 12% |
| **Total** | **2 949** | **2 887** | **817** | **1,2%** | **6,3%** | **6,3%** | **100%** |

# D. LOGISTICS

Foncière Europe Logistique, in which Foncière des Régions owns an 89.2% interest, is a listed real estate investment company (SIIC) that specialises in logistics assets and business parks.

## 1. RENTAL INCOME ACCOUNTED

### Breakdown by business sector

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 | Rental income H1 2012 | Change (%) | Change (%) LFL | % of rental income |
|---|---|---|---|---|---|---|---|
| Logistics - France | 1 032 656 | 28 | 22,4 | 22,3 | -0,2% | -0,2% | 54% |
| Logistics - Germany | 204 170 | 7 | 4,5 | 4,5 | 0,9% | 0,9% | 11% |
| Light Industrials | 234 212 | 4 | 8,4 | 8,4 | -0,2% | -0,2% | 20% |
| Garonor | 305 523 | 1 | 7,3 | 6,0 | -17,8% | 0,1% | 15% |
| **Total** | **1 776 561** | **40** | **42,6** | **41,3** | **-3,1%** | **0,0%** | **100%** |

Rental income amounted to €41.3 million as at 30 June 2012, equating to a 3.1% decrease compared with 30 June 2011. This change is due to:

- The sale of Building 22 in Aulnay (-€0.6 million)
- The vacating of premises ahead of the Garonor-Aulnay redevelopment (-€0.7 million)
- Rent indexation (+€0.6 million)
- Tenant arrivals and departures, and renewals (-€0.6 million)

Rental income was unchanged on a like-for-like basis, as the decreases were offset by the effect of indexing, lettings, and renewals.

### Geographic distribution

| (€ million) | Surface (sq.m) | Number of assets | Rental income H1 2011 | Rental income H1 2012 | Change (%) | Change (%) LFL | % of rental income |
|---|---|---|---|---|---|---|---|
| Paris excl. CBD | 85 421 | 3 | 5,2 | 5,3 | 0,9% | | 13% |
| Inner suburbs | 213 620 | 2 | 4,9 | 4,8 | -2,6% | | 12% |
| Outer suburbs | 712 255 | 12 | 18,0 | 16,9 | -6,3% | | 41% |
| **Total Paris Region** | **1 011 296** | **17** | **28,2** | **27,0** | **-4,3%** | | **65%** |
| Nord Ouest | 69 609 | 4 | 1,7 | 1,6 | -4,8% | | 4% |
| Rhône-Alpes | 323 910 | 9 | 5,1 | 4,8 | -4,4% | | 12% |
| PACA | 167 576 | 3 | 3,1 | 3,3 | 4,8% | | 8% |
| Germany | 204 170 | 7 | 4,5 | 4,5 | 0,9% | | 11% |
| **Total** | **1 776 561** | **40** | **42,6** | **41,3** | **-3,1%** | **0,0%** | **100%** |

## 2. ANNUALISED RENTAL INCOME

### Breakdown by business sector

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) | % of rental income |
|---|---|---|---|---|---|---|
| Logistics - France | 1 032 656 | 28 | 46,6 | 46,4 | -0,6% | 55% |
| Logistics - Germany | 204 170 | 7 | 9,3 | 9,3 | 0,7% | 11% |
| Light Industrials | 234 212 | 4 | 17,5 | 17,3 | -1,4% | 20% |
| Garonor | 305 523 | 1 | 14,7 | 12,1 | -17,6% | 14% |
| **Total** | **1 776 561** | **40** | **88,1** | **85,1** | **-3,5%** | **100%** |

## Geographic breakdown: the Ile-de-France region accounted for 65% of rental income

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) | % of rental income |
|---|---|---|---|---|---|---|
| Paris excl. CBD | 85 421 | 3 | 10,6 | 10,8 | 2,1% | 13% |
| Inner suburbs | 213 620 | 2 | 10,4 | 10,0 | -3,6% | 12% |
| Outer suburbs | 712 255 | 12 | 36,6 | 34,3 | -6,1% | 40% |
| **Total Paris Region** | 1 011 296 | 17 | **57,6** | 55,2 | -4,1% | 65% |
| Nord Ouest | 69 609 | 4 | 3,5 | 3,1 | -12,7% | 4% |
| Rhône-Alpes | 323 910 | 9 | 10,9 | 10,5 | -3,7% | 12% |
| PACA | 167 576 | 3 | 6,8 | 6,9 | 1,8% | 8% |
| Germany | 204 170 | 7 | 9,3 | 9,3 | 0,7% | 11% |
| **Total** | **1 776 561** | **40** | **88,1** | **85,1** | **-3,5%** | **100%** |

## Breakdown by tenant: the 10 largest key accounts represent 34% of rental income

| (€ million) | Surface (sq.m) | Number of assets | Annualised rental income H1 2011 | Annualised rental income H1 2012 | Change (%) | % of rental income |
|---|---|---|---|---|---|---|
| Kuehne + Nagel | 127 443 | 5 | 6,4 | 6,4 | -0,9% | 7,5% |
| La Poste | 54 385 | 5 | 3,9 | 3,2 | -17,1% | 3,8% |
| Geodis | 49 091 | 5 | 3,7 | 3,7 | 1,4% | 4,4% |
| DHL | 60 219 | 4 | 3,5 | 3,0 | -15,3% | 3,5% |
| Castorama | 86 824 | 1 | 3,2 | 3,3 | 1,6% | 3,8% |
| Volkswagen | 45 033 | 1 | 2,2 | 2,2 | 0,0% | 2,6% |
| Vente-privée.com | 36 084 | 2 | 2,0 | 2,0 | 1,6% | 2,3% |
| Easydis | 40 846 | 1 | 1,8 | 1,6 | -8,4% | 1,9% |
| Décathlon | 40 917 | 3 | 0,7 | 1,6 | 135,5% | 1,9% |
| Toys'R'us | 24 939 | 1 | 1,5 | 1,5 | 2,0% | 1,8% |
| **Total** | **565 781** | **28** | **28,8** | **28,5** | **-1,0%** | **33,5%** |

# 3. RENT INDEXATION

The indices used for rent indexing calculations are the French Cost of Construction Index, and the German Consumer Price Index. Across the whole portfolio, some fifteen tenants have a restricted indexation, ranging for the most part between 1.5% and 3.5%.

# 4. RENTAL BUSINESS

Rental business volumes in the first half of 2012 were substantial, and included the signing of new leases for a surface area of 183,000 sq.m and €8.0 million in rental income, which is broken down as follows:

| (€ million) | Surface (sq.m) | Annualised rental income | Annualised rental income (€/m²) |
|---|---|---|---|
| Vacating | 77 425 | 4,4 | 57 |
| Letting | 53 278 | 2,3 | 42 |
| Renewal | 129 694 | 5,7 | 44 |

By portfolio over 2012:

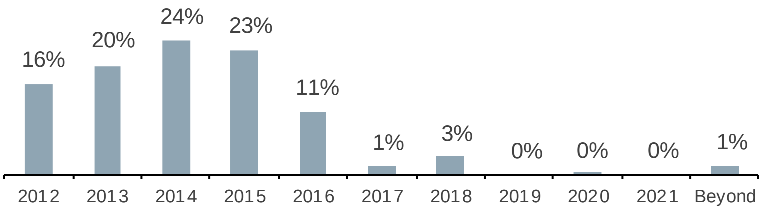
- 10.7% of Logistics rents were renegotiated or renewed, representing €5.9 million in annual rental income
- 6.6% of Business Park rental agreements were renegotiated or renewed, representing €4.1 million in annual rental income
- 7.2% of rental agreements at Garonor Aulnay were renegotiated or renewed, representing €0.9 million in annual rental income

## 5. EXPIRY SCHEDULE AND VACANCY

### Lease expiry schedule: a fixed residual lease term of 2.3 years.

The fixed residual term of existing leases as at 30 June 2012 was 2.3 years (2.6 years for the Logistics business, 2 years for the Business Parks business, and 1.7 years for Garonor Aulnay), and is broken down as follows:

| (€ million) | By lease end date | % of total |
|---|---|---|
| 2012 | 13,8 | 16% |
| 2013 | 16,8 | 20% |
| 2014 | 20,6 | 24% |
| 2015 | 19,2 | 23% |
| 2016 | 9,6 | 11% |
| 2017 | 1,2 | 1% |
| 2018 | 2,7 | 3% |
| 2019 | 0,0 | 0% |
| 2020 | 0,0 | 0% |
| 2021 | 0,0 | 0% |
| Beyond | 1,2 | 1% |
| **Total** | **85,1** | **100%** |




### Vacancy rate and type: 90.3% of occupancy rate

The financial vacancy rate for the portfolio amounted to 9.7% as at 30 June 2012, compared with 8.6% at 31 December 2011. The operating portfolio financial vacancy rate for each segment was as follows:

| (%) | 2011 | H1 2012 |
|---|---|---|
| Logistics - France | 8,5% | 9,5% |
| Logistics - Germany | 1,0% | 0,9% |
| Light Industrials | 9,9% | 14,4% |
| Garonor | 11,9% | 9,3% |
| **Total** | **8,6%** | **9,7%** |

## 6. OUTSTANDING PAYMENTS

| (€ million) | 2011 | S1 2012 |
|---|---|---|
| As % of annualised rental income | 3,7% | 3,7% |
| In value | 3,2 | 3,2 |

Outstanding payments amounted to €3.2 million as at 30 June 2012, unchanged in comparison with 31 December 2011.

## 7. DISPOSALS AND DISPOSAL AGREEMENTS: €221 million in the first half of 2012

| (€ million) | Disposals (agreements as of end of 2011 closed) | Agreements as of end of 2011 closed | New disposals H1 2012 | New agrements H1 2012 | TOTAL H1 2012 | Margin vs 2011 value | Yield on new disposals and agreements* | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Logistique France | 0,0 | 0,0 | 0,0 | 183,9 | 183,9 | | | 183,9 |
| Logistique Allemagne | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | 0,0 |
| Locaux activités | 0,0 | 0,0 | 0,0 | 37,0 | 37,0 | | | 37,0 |
| Garonor | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | 0,0 |
| **Total** | **0,0** | **0,0** | **0,0** | **220,9** | **220,9** | **-3,9%** | **8,7%** | **220,9** |

*net yield from building leases

Foncière Europe Logistique continued its portfolio rotation policy during the first half of 2012, by signing sale commitments spread across 12 sites for a total value of €220.9 million.

## 8. DEVELOPMENT PROJECTS

Foncière Europe Logistique launched two major developments during 2011, which are expected to be delivered in 2012:

- Redevelopment of Citrail in Pantin (149,000 sq.m) with a total budget of €23.7 million and delivery scheduled in late 2012.
- Garonor redevelopment: three pre-construction leases (BEFA) signed with Transport Vaquier (9,190 sq.m), AFT Iftim (1,750 sq.m), and Agora (16,385 sq.m), which mark the beginning of the redevelopment of the southern area of the site, with a total works budget of €19 million and delivery scheduled for 2012 and early 2013.

### Commited projects

| Projects | Location | Area | Surface (sq.m) | Delivery | Pre-leased (%) | Total Budget (M€) |
|---|---|---|---|---|---|---|
| Garonor N01 | Aulnay sous bois | Paris Regions | 9 190 | 2012 | 100% | 8,9 |
| Garonor N07 | Aulnay sous bois | Paris Regions | 1 765 | 2012 | 100% | 3,7 |
| Garonor N02 Phase 1 | Aulnay sous bois | Paris Regions | 16 385 | 2012 | 100% | 12,0 |
| **Total** | | | **27340** | | **0,0%** | **24,6** |

### Projects managed

| Projects | Location | Area | Surface (sq.m) | Delivery timeframe |
|---|---|---|---|---|
| Garonor N02 Phase 2 | Aulnay sous bois | Paris Regions | 25 041 | 2014 |
| Garonor N03 | Aulnay sous bois | Paris Regions | 51 080 | 2013 |
| Garonor N06 | Aulnay sous bois | Paris Regions | 6 240 | 2013 |
| Bollène | Bollène | Regions | 70 000 | N/A |
| **Total** | | | **152 361** | |

## 9. PORTFOLIO VALUATION

### Changes in the portfolio

| (€ million) | Value ED 2011 | Value adjustment | Acquisitions | Disposals | Invest. | Value ED H1 2012 |
|---|---|---|---|---|---|---|
| Logistics - France | 619,8 | -22,6 | 1,7 | 0,0 | 1,7 | 600,5 |
| Logistics - Germany | 107,2 | -0,2 | 0,0 | 0,0 | 0,3 | 107,3 |
| Light Industrials | 236,9 | -3,8 | 0,0 | 0,0 | 5,6 | 238,7 |
| Garonor | 183,5 | -0,7 | 0,0 | 0,0 | 8,8 | 191,6 |
| **Total** | **1 147,4** | **-27,3** | **1,7** | **0,0** | **16,3** | **1 138,1** |

## Changes on like-for-like basis

The overall change in like-for-like appraisal values for the portfolio over 6 months was a 2.2% decrease. This decrease was mainly related to the disposal agreements signed in the first half of 2012.

The overall operating portfolio was valued on the basis of an annual rental yield of 7.7% as at 30 June 2012, which was unchanged compared with 31 December 2011.

| (€ million) | Consolidated value ED 2011 | Consolidated value ED H1 2012 | Value ED H1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED H1 2012 | % of total value |
|---|---|---|---|---|---|---|---|
| Logistics - France | 619,8 | 600,5 | 535,4 | -3,5% | 7,6% | 8,0% | 53% |
| Logistics - Germany | 107,2 | 107,3 | 95,7 | 0,1% | 8,6% | 8,7% | 9% |
| Light Industrials | 236,9 | 238,7 | 212,8 | -1,5% | 7,5% | 7,3% | 21% |
| Garonor | 183,5 | 191,6 | 170,8 | 0,1% | 7,4% | 6,8% | 17% |
| **Total** | **1 147,4** | **1 138,1** | **1 014,6** | **-2,2%** | **7,6%** | **7,7%** | **100%** |

| (€ million) | Consolidated value ED 2011 | Consolidated value ED H1 2012 | Value ED H1 2012 GS | LFL change 6 months | Yield ED 2011 | Yield ED H1 2012 | % of total value |
|---|---|---|---|---|---|---|---|
| Paris CBD | 0,0 | 0,0 | 0,0 | 0,0% | 0,0% | 0,0% | 0% |
| Paris excl. CBD | 127,9 | 127,7 | 113,8 | -1,5% | 8,5% | 8,6% | 11% |
| Inner suburbs | 156,6 | 159,1 | 141,8 | -2,3% | 6,7% | 6,3% | 14% |
| Outer suburbs | 453,0 | 451,9 | 402,9 | -2,0% | 8,0% | 7,8% | 40% |
| **Total Paris Region** | **737,5** | **738,7** | **658,5** | **-2,0%** | **7,7%** | **7,6%** | **65%** |
| Nord Ouest | 46,1 | 45,2 | 40,3 | -1,9% | 7,6% | 6,8% | 4% |
| Rhône-Alpes | 171,4 | 159,6 | 142,3 | -6,9% | 6,3% | 7,6% | 14% |
| PACA | 85,1 | 87,3 | 77,8 | 2,5% | 8,0% | 8,1% | 8% |
| Germany | 107,2 | 107,3 | 95,7 | 0,1% | 8,6% | 8,7% | 9% |
| **Total** | **1 147,4** | **1 138,1** | **1 014,6** | **-2,2%** | **7,6%** | **7,7%** | **100%** |

# 4. FINANCIAL INFORMATION AND COMMENTS

Foncière des Régions' business activity is the acquisition, ownership, administration, and leasing of developed and undeveloped properties, including offices, business premises, logistics facilities, business parks, and car parks.

Registered in France, Foncière des Régions is a French limited liability company with a Board of Directors (*Société Anonyme à Conseil d'Administration*).

## A. CONSOLIDATION SCOPE

As at 30 June 2012, Foncière des Régions' consolidation scope includes companies based in France and in five other European countries (Italy for Offices, Germany for Logistics, Portugal and Belgium for Business Premises, Belgique and Luxembourg). The main holdings during the first half of the year were as follows:

| Subsidairies | 2011 | H1 2012 |
|---|---|---|
| Foncière Développement Logements | 33,6% | 31,6% |
| Foncière des Murs | 26,0% | 28,3% |
| Foncière Europe Logistique | 81,7% | 89,2% |
| Beni Stabili | 50,9% | 50,9% |
| CB 21 | 75,0% | 75,0% |
| Urbis Park | 59,5% | 59,5% |
| Carré Suffren (Fédérimmo) | 60,0% | 60,0% |
| Dassault Campus (SNC Latécoëre) | 100,0% | 100,0% |

In May 2012, Foncière des Régions exchanged Foncière Développement Logement securities for Foncière Europe Logistique securities on the basis of Triple Net NAV parity with Cardif, thereby increasing its stake in Foncière Europe Logistique to 89.2% as at 30 June 2012, compared to 81.7% at 31 December 2011, while the Company's interest in Foncière Développement Logement decreased from 33.6% to 31.6%.

Following the capital increase performed by its subsidiary, Foncière des Régions significantly increased its interest in Foncière des Murs, raising its interest to 28.3% at 30 June 2012, compared with 26.0% at 31 December 2011.

## B. ACCOUNTING PRINCIPLES

The consolidated financial statements are prepared in accordance with IAS 34 – Interim Financial Reporting. The financial statements were approved at the Board of Directors Meeting of 25 July 2012.

The consolidated financial statements as at 30 June 2012 were prepared in compliance with international accounting standards and interpretations, as issued by the International Accounting Standards Board (IASB), and adopted by the European Union as at the date the accounts were approved.

# C. EPRA INCOME STATEMENT

| (€ million) | Consolidated data | | GS Data | | Change GS |
|---|---|---|---|---|---|
| | H1 2011 | H1 2012 | H1 2011 | H1 2012 | % |
| Rental income | 391,7 | 383,3 | 245,4 | 252,3 | 2,8% |
| Unrecovered rental costs | -10,1 | -13,9 | -6,4 | -9,4 | 47,6% |
| Expenses on properties | -4,7 | -4,8 | -2,9 | -3,0 | 4,6% |
| Net expenses on unrecoverable receivables | -2,1 | -1,4 | -1,2 | -0,8 | -34,7% |
| **Net rental income** | **374,8** | **363,1** | **235,0** | **239,1** | **1,8%** |
| *ratio of costs to revenues* | *0,0* | *0,0%* | *4,3%* | *5,2%* | *0,0%* |
| Management and administration revenues | 11,8 | 10,8 | 11,6 | 9,7 | -17% |
| Activity-related costs | -2,2 | -2,1 | -1,8 | -1,7 | -3% |
| Committed fixed costs | -37,1 | -36,0 | -28,7 | -28,0 | -2% |
| Development costs | -0,1 | 0,0 | 0,0 | 0,0 | n.a |
| **Net cost of operations** | **-27,6** | **-27,2** | **-18,8** | **-20,0** | 6,2% |
| Income from other activities | 9,3 | 7,6 | 6,1 | 4,3 | -30% |
| Depreciation of operating assets | -7,5 | -6,4 | -5,1 | -4,1 | -19% |
| Net change in provisions and other | -1,4 | -1,8 | -0,2 | -2,3 | n.a |
| **Current operating income** | **347,5** | **335,4** | **216,9** | **217,0** | 0% |
| Net income from inventory properties | 0,0 | -1,6 | 0,0 | -0,9 | n.a |
| Income from asset disposals | 8,6 | 4,2 | 6,1 | 0,8 | n.a |
| Income from value adjustments | 162,2 | 2,6 | 91,4 | -10,5 | n.a |
| Income from disposal of securities | 0,0 | -3,2 | 0,0 | -3,2 | n.a |
| Income from changes in scope | -0,2 | 0,0 | 0,0 | 0,0 | n.a |
| **Operating income** | **518,0** | **337,4** | **314,3** | **203,2** | **-35%** |
| Income from non-consolidated companies | -0,3 | 8,1 | -0,3 | 8,1 | n.a |
| Cost of net financial debt | -149,0 | -145,5 | -91,2 | -93,5 | 3% |
| Value adjustment on derivatives | 53,9 | -128,4 | 34,4 | -99,5 | -390% |
| Discounting of liabilities and receivables | -0,9 | -2,0 | -0,8 | -1,1 | 39% |
| Net change in financial and other provisions | -11,3 | -9,7 | -6,8 | -5,5 | -19% |
| Share in earnings of affiliates | 52,1 | 24,6 | 50,7 | 19,9 | -61% |
| **Pre-tax income** | **462,6** | **84,8** | **300,3** | **31,6** | **-850%** |
| Deferred tax | 13,5 | 3,2 | 18,0 | 1,5 | n.a |
| Corporate income tax | -5,7 | -2,9 | -3,3 | -1,7 | n.a |
| **Net income for the period** | **470,3** | **85,1** | **315,1** | **31,5** | **-902%** |
| Minority interests | -155,2 | -53,6 | 0,0 | 0,0 | 0% |
| **Net income for the period** | **315,1** | **31,4** | **315,1** | **31,4** | **n.a** |

## ■ Rental income

Rental income increased by 2.8% to €252 million (vs. €245 million) on a Group share basis, due mainly to the Company increasing its interest in Foncière Europe Logistique, and to the impact of the office asset acquisitions made in 2011 over the full half-year.

The impact of the rental income from Carré Suffren (+€2.6 million), Degrémont (Rueil Malmaison) and Issy Grenelle (+€3 million) offset the impact of sales and the vacancy rate in the Offices - France segment.

In addition, the increase in the interest held in Foncière Europe Logistique between May 2011 and May 2012 had a positive impact of €6.9 million on rental income, Group share, for the half-year. Rental income from the Business Premises business fell by €1.2 million, despite the increase in the interest held in Foncière des Murs, due to the impact of the substantial sales plans made in 2011 and early 2012.

Beni Stabili's rental income increased by €1.8 million on a Group share basis, due mainly to the commissioning of assets, and especially the "Galeria del Corso" asset, during 2011.

On a consolidated basis, rental income decreased by 2.1% (-€8.4 million):

- France - Offices: +€1.7 million (+1.3%)
- Italy - Offices: +€3.6 million (+3.2%)
- Service sector: -€12.4 million (-12%)
- Logistics and Light industrials: -€1.3 million (-3.1%)

## Operating costs

| | H1 2011 | | H1 2012 | | Change (%) | |
|---|---|---|---|---|---|---|
| **(€ million)** | **GS** | **Total** | **GS** | **Total** | **GS** | **Total** |
| Management and administration revenues | 11,6 | 11,8 | 9,7 | 10,8 | -16,7% | -8,9% |
| Activity-related costs | -1,8 | -2,2 | -1,7 | -2,1 | -3,4% | -2,5% |
| Committed fixed costs | -28,7 | -37,1 | -28,0 | -36,0 | -2,4% | -3,1% |
| Development costs | 0,0 | -0,1 | 0,0 | 0,0 | n.a | n.a |
| **Total operating costs** | **-30,5** | **-39,4** | **-29,7** | **-38,0** | **-2,5%** | -3,7% |
| **Total Net operating costs** | **-18,8** | **-27,6** | **-20,0** | **-27,2** | **6,2%** | -1,6% |

Net operating costs, Group share, amounted to €20.0 million as at 30 June 2012 (€27.2 million on a consolidated basis), compared with €18.8 million at 30 June 2011 (€27.6 million on a consolidated basis), i.e. an increase of 6.2%.

This increase was solely due to a fall in management and administration income, Group share, which primarily includes the provision of services invoiced to subsidiaries (up to the level of minority interests), Property Management fees, the services provided by the Beni Stabili Gestioni SGR fund management company, and asset management fees.

Overheads, which decreased by 2.5% (on a Group share basis), reflecting our cost control policy, consisted mainly of payroll expenses, advisors' fees, the Statutory Auditors' fees, and the cost of premises, communications, and IT.

## Income from other activities

Income from other activities includes €7.6 million from disposal of the two car parks businesses (€4.3 million on a Group share basis, compared with €6.1 million in June 2011)

## Depreciation and provisions

Depreciation and provision charges for the half-year consisted mainly of depreciation on operating buildings and car parks.

## Change in the fair value of assets

The income statement recorded the changes in the fair value of assets, based on the appraisals carried out on the portfolio. The change in the fair value of investment assets in the first half of 2012 amounted to a decrease of €10.5 million on a Group share basis (+€2.6 million on a consolidated basis), compared with €91.4 million on a Group share basis as at 30 June 2011 (€162.2 million on a fully consolidated basis).

As a result, operating income, Group share, amounted to €203.2 million as at 30 June 2012, compared with €314.3 million as at 30 June 2011.

## Financial aggregates

Financial expenses amounted to €93.5 million on a Group share basis (compared with €91.2 million), and to €145.5 million on a consolidated basis (compared with €149 million).

The change in the fair value of financial instruments amounted to a decrease of €99.5 million on a Group share basis (-€128.4 million on a consolidated basis) as at 30 June 2012, compared with a €34.4 million increase on a Group share basis (+€53.9 million on a consolidated basis) as at 30 June 2011. This change was a result of a further decline in long-term interest rates between the two periods.

## Share of income from associates

| Consolidated data | % interest | Value H1 2012 | Contribution to earnings | Value 31/1211 | Change (%) |
|---|---|---|---|---|---|
| Foncière Développement Logements | 31,62% | 421,1 | 18,4 | 452,9 | -7,0% |
| OPCI Foncière des Murs | 4,99% | 67,2 | 6,6 | 61,1 | 10,0% |
| Other equity interests | na | 9,4 | -0,4 | 9,4 | 0,0% |
| **Total** | | **497,7** | **24,6** | **523,4** | **-4,9%** |

## Income from non-consolidated companies

Income from non-consolidated companies corresponds to €8.1 million in Altarea dividends.

## Tax

The tax recorded corresponds to the tax:

- On foreign companies that are not covered, or only partially covered by a specific scheme for real estate businesses
- On French subsidiaries that have not opted for the SIIC real estate trust scheme
- On French or Italian SIIC subsidiaries with a taxable business

## EPRA Net recurring income

| (€ million) GS | H1 2011 | H1 2012 | Change | % |
|---|---|---|---|---|
| Net rental income | 235,0 | 239,1 | 4,1 | 1,8% |
| Net operating costs | -19,1 | -19,4 | -0,3 | 1,6% |
| Income from other activities | 6,1 | 4,3 | -1,8 | -29,9% |
| Net change in provisions and other | 0,0 | -0,3 | -0,3 | n.a |
| Cost of net financial debt | -95,0 | -93,1 | 1,9 | -2,0% |
| Recurrent net income from equity affiliates | 18,4 | 11,3 | -7,1 | -38,6% |
| Income from non consolidated affiliates | 0,0 | 8,1 | 8,1 | n.a |
| Recurrent tax | -1,8 | -2,0 | -0,2 | 11,1% |
| **EPRA recurrent net income** | **143,6** | **148,0** | **4,4** | **3,1%** |
| **EPRA recurrent net earnings per share** | **2,61** | **2,69** | **0,1** | **3,1%** |
| Fair value adjustment on real estate assets | 91,4 | -10,5 | -101,9 | -111,5% |
| Other asset value adjustments | 32,3 | 0,0 | -32,3 | n.a |
| Fair value adjustment on financial instruments | 34,4 | -99,5 | -133,9 | -389,2% |
| Other | -3,3 | -8,1 | -4,8 | 145,5% |
| Non-recurrent tax | 16,7 | 1,5 | -15,2 | -91,0% |
| **Net income** | **315,1** | **31,4** | **-283,7** | **-90,0%** |
| Diluted average number of shares | 55 040 787 | 54 984 496 | -56 291 | -0,1% |

| | Net income GS | Restatements | | EPRA recurrent net income |
|---|---|---|---|---|
| **Net rental income** | **239,1** | **0,0** | | **239,1** |
| **Operating costs** | **-20,0** | **0,6** | | **-19,4** |
| Income from other activities | 4,3 | 0,0 | | 4,3 |
| Depreciation of operating assets | -4,1 | 4,1 | | 0,0 |
| Net change in provisions and other | -2,3 | 2,0 | | -0,3 |
| **Current operating income** | **217,0** | **6,7** | | **223,7** |
| Net income from inventory properties | -0,9 | 0,9 | | 0,0 |
| Income from asset disposals | 0,8 | -0,8 | | 0,0 |
| Income from value adjustments | -10,5 | 10,5 | | 0,0 |
| Income from disposal of securities | -3,2 | 3,2 | | 0,0 |
| Income from changes in scope | 0,0 | 0,0 | | 0,0 |
| **Operating income** | **203,2** | **20,5** | | **223,7** |
| Income from non-consolidated companies | 8,1 | 0,0 | | 8,1 |
| **Cost of net financial debt** | **-93,5** | **0,4** | | **-93,1** |
| Value adjustment on derivatives | -99,5 | 99,5 | | 0,0 |
| Discounting of liabilities and receivables | -1,1 | 1,1 | | 0,0 |
| Net change in financial provisions | -5,5 | 5,5 | | 0,0 |
| **Share in earnings of affiliates** | **19,9** | **-8,6** | **(a)** | **11,3** |
| **Pre-tax net income** | **31,6** | **118,4** | | **150,0** |
| Deferred tax | 1,5 | -1,5 | | 0,0 |
| **Corporate income tax** | **-1,7** | **-0,3** | | **-2,0** |
| **Net income for the period** | **31,4** | **116,6** | | **148,0** |

(a) Non cash amount from the result of affiliates

# D. BALANCE SHEET

## Consolidated balance sheet

| (€ million) | 2011,0 | H1 2012 | | 2011,0 | H1 2012 |
|---|---|---|---|---|---|
| Non-current assets | | | Shareholders' equity | | |
| | | | Capital | 165 | 174 |
| Intangible assets | 161 | 157 | Additional paid-in capital | 2 145 | 2 173 |
| | | | Treasury stock | -33 | -32 |
| Tangible assets | 128 | 131 | Consolidated reserves | 1 306 | 1 522 |
| Investment properties | 11 518 | 11 385 | Earnings | 350 | 31 |
| | | | **Total shareholders' equity Group share** | **3 933** | **3 868** |
| Financial assets | 229 | 168 | Minority interests | 2 107 | 2 108 |
| Equity affiliates | 523 | 498 | **Total shareholders' equity (I)** | **6 040** | **5 976** |
| Deferred tax assets | 47 | 54 | | | |
| Financial instruments | 14 | 12 | Non-current liabilities | | |
| | | | Long-term borrowings | 6 431 | 5 769 |
| | | | Financial instruments | 715 | 751 |
| **Total non-current assets (I)** | **12 618** | **12 405** | Deferred tax liabilities | 135 | 139 |
| Current assets | | | Pension and other liabilities | 3 | 3 |
| | | | Other long-term debt | 79 | 55 |
| Assets held for sale | 1 283 | 1 177 | **Total non-current liabilities (III)** | **7 363** | **6 716** |
| Loans and finance lease receivables | 4 | 12 | Current liabilities | | |
| Inventories and work-in-progress | 93 | 91 | Liabilities held for sale | 0 | 0 |
| Trade receivables | 202 | 235 | Trade payables | 89 | 105 |
| Current tax | 1 | 1 | Short-term borrowings | 845 | 1 203 |
| Other receivables | 204 | 154 | Tenant security deposits | 3 | 3 |
| Accrued expenses | 14 | 27 | Advances and deposits received on current orders | 97 | 57 |
| Cash and cash equivalents | 222 | 187 | Short-term provisions | 18 | 18 |
| | | | Current tax | 10 | 2 |
| | | | Other debt | 132 | 161 |
| | | | Accruals | 45 | 46 |
| **Total current assets (II)** | **2 024** | **1 883** | **Total current liabilities (IV)** | **1 240** | **1 595** |
| **Total assets (I+II+III)** | **14 642** | **14 287** | **Total liabilities (I+II+III+IV)** | **14 642** | **14 287** |

## Simplified consolidated balance sheet

| Assets | H1 2012 | Liabilities | H1 2012 |
|---|---|---|---|
| Fixed assets | 12 405 | Shareholders' equity | 3 868 |
| Current assets | 519 | Minority interests | 2 108 |
| Cash | 187 | **Shareholders' equity** | **5 976** |
| Non-current assets held for sale | 1 177 | Borrowings | 6 972 |
| | | Financial instruments | 751 |
| | | Deferred tax liabilities | 139 |
| | 0 | Other liabilities | 449 |
| **Total** | **14 287** | **Total** | **14 287** |

## Simplified balance sheet, Group share

| Assets | H1 2012 | Liabilities | H1 2012 |
|---|---|---|---|
| Fixed assets | 8 284 | Shareholders' equity | 3 868 |
| Equity affiliates | 448 | Borrowings | 4 643 |
| Deferred tax assets | 28 | Financial instruments | 476 |
| Financial instruments | 7 | Deferred tax liabilities | 82 |
| Cash | 134 | Other | 323 |
| Other | 491 | | 0 |
| **Total** | **9 391** | **Total** | **9 391** |

## Shareholders' equity

Consolidated shareholders' equity (Group share) fell from €3,933 million as at 31 December 2011 to €3,868 million as at 30 June 2012, i.e. a decrease of €65 million, which is mainly explained by:

- Net income for the period +€31 million
- Impact of the cash dividend payment -€77 million
- Financial instruments included in shareholders' equity -€10 million
- Impact of Altarea's fair value -€15 million
- Impact of the change in the interests held in Foncière Développement Logement, FDM, and FEL. +€4 million

## Net debt

Foncière des Régions' financial debt amounted to €4,643 million on a Group share basis, or €6,972 million on a consolidated basis. Net debt at 30 June 2012 amounted to €4,509 million on a Group share basis (€6,784 million on a consolidated basis), compared with €4,571 million on a Group share basis at 31 December 2011 (€7,054 million on a consolidated basis as at 31 December 2011).

## Other liabilities

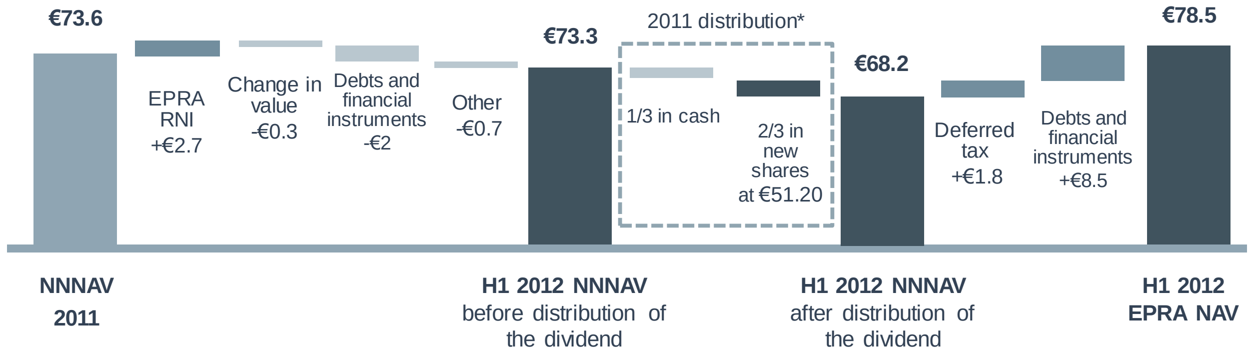
Other current and non-current liabilities primarily include financial instrument liabilities (€751 million, i.e. €476 million on a Group share basis) and foreign and non-SIIC companies' deferred tax liabilities (€139 million, i.e. €82 million on a Group share basis).

## Capitalised Interest

Financial expenses for assets under development are capitalised during the construction works phase, up until the date on which they are commissioned. Capitalised interest on assets under development amounted to around €9 million for the first half of 2012, compared with the properties' fair value of €446 million.

# 5. NET ASSET VALUE (NAV)

| | 2011 | H1 2012 | Change vs 2011 | Change (%) vs 2011 |
|---|---|---|---|---|
| **EPRA NAV (€ million)** | **4 508,8** | **4 494,0** | **-14,8** | **-0,3%** |
| EPRA NAV / share (€) | 83,1 | 78,5 | -4,6 | -5,5% |
| **EPRA triple net NAV (€ million)** | **3 995,1** | **3 904,1** | **-91,0** | **-2,3%** |
| EPRA triple net NAV / share (€) | 73,6 | 68,2 | -5,4 | -7,3% |
| Number of shares | 54 285 157 | 57 251 975 | 2 966 818 | 5,5% |




| | (€ million) | €/share |
|---|---|---|
| **Shareholders' equity** | **3 867,8** | **67,6** |
| Fair value assessment of buildings (operation + inventory) | 14,3 | 0,2 |
| Fair value assessment of parking facilities | 24,5 | 0,4 |
| Fair value assessment of goodwill | 9,5 | 0,2 |
| BENI STABILI inflation swap and fixed debt | -33,3 | -0,6 |
| Restatement of value ED | 21,3 | 0,4 |
| **EPRA triple net NAV** | **3 904,1** | **68,2** |
| Financial instruments and fix rate debt | 522,0 | 9,1 |
| Deferred tax | 104,5 | 1,8 |
| ORNANE | -36,6 | -0,6 |
| **EPRA NAV** | **4 494,0** | **78,5** |

The real estate portfolio held directly by the Group was fully appraised at 30 June 2012 by appraisers that are members of AFREXIM (the French Association of Property Valuation Firms), including DTZ Eurexi, CBRE, JLL, and Atis Real, based on common specifications drawn up by the Company in accordance with industry practices.

Assets are estimated at their value excluding and/or including duties, while rental income is estimated at market value. The estimates are performed based on the comparison method, the rental income capitalisation method, and the discounted cash flow method.

Car parks are valued based on the capitalisation of the gross operating surplus generated by the business.

Other assets and liabilities are valued based on the IFRS values in the consolidated financial statements; the application of fair value primarily concerns the valuation of debt hedges. The exit tax level is known and included in the financial statements for all companies that have opted for the tax transparency system.

Only the Group's share has been taken into account for companies owned jointly with other investors.

Main adjustments made:

## Fair value adjustments for 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 historical cost. The NAV was adjusted by a total amount of €14.3 million, in order to take the appraisal value into account.

Since no value is assigned to goodwill in the consolidated financial statements, the NAV was restated by €9.5 million in order to reflect its fair value (as calculated by appraisers) as at 30 June 2012.

## Fair value adjustment for car parks

Car parks are valued at historical cost in the consolidated financial statements. The NAV is restated to factor in the appraised value of these assets, together with the impact of land leases and subsidies received in advance. The impact on NAV as at 30 June 2012 was €24.5 million.

## Recalculation of the base for certain assets (excluding duties)

When the sale of the company, rather than of the assets that it owns, is achievable, transfer duties are recalculated based on the company's net asset value. The difference between the recalculated transfer duties and the transfer duties already deducted from the value of the assets resulted in a €21.3 million restatement as at 30 June 2012.

## Fair value adjustment to fixed-rate liabilities

The Group has contracted fixed-rate bank loans, primarily for its Italian subsidiary. In accordance with the principles published by the EPRA, the triple net NAV was adjusted for the fair value of the fixed-rate debt, which amounted to €33.3 million as at 30 June 2012.

# 6. FINANCIAL RESOURCES

## A. MAIN FEATURES OF THE DEBT

| GS | 2010 | 2011 | H1 2012 |
|---|---|---|---|
| Net debt, Group share (€ million) | 4 358 | 4 571 | 4 509 |
| Average annual rate of debt | 4,39% | 4,20% | 4,07% |
| Spot rate at 31 December | 4,23% | 4,04% | 3,99% |
| Average maturity of debt (in years) | 3,4 | 3,3 | 3,7 |
| Debt active hedging rate | 88% | 91% | 94% |
| Average maturity of hedging | 5,3 | 5,3 | 5,1 |
| **LTV*** | **49,0%** | **49,3%** | **47,4%** |
| **ICR** | **2,28** | **2,48** | **2,74** |

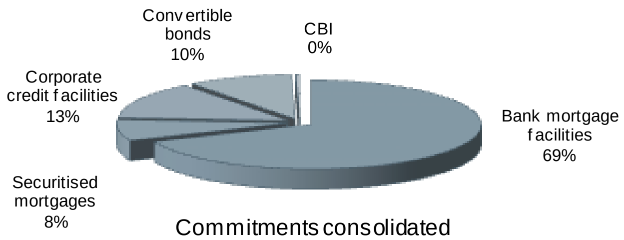
*LTV included transfert duties : 45,6%

### 1. DEBT BY TYPE

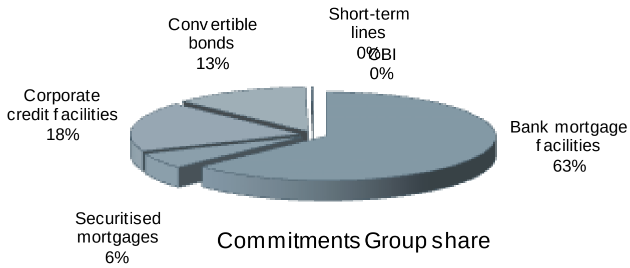
Foncière des Régions' net debt, Group share, amounted to €4.5 billion as at 30 June 2012 (€6.8 billion on a consolidated basis).

Foncière des Régions' commitments, Group share, amounted to €4.9 billion as at 30 June 2012 (€7.4 billion on a consolidated basis).

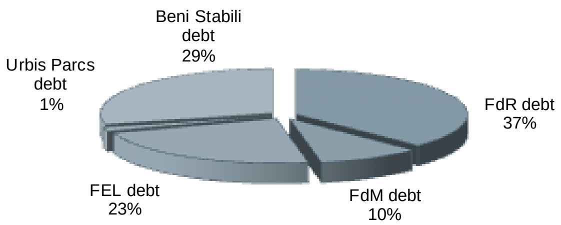
Most of Foncière des Régions' debt consists of mortgage financing that has been raised as the portfolios and real estate assets have been acquired.



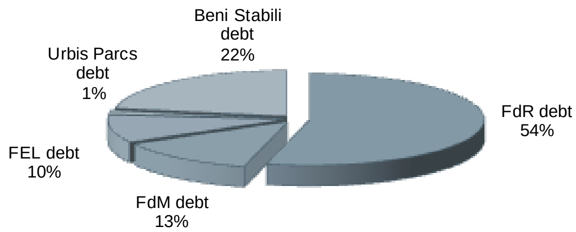

Commitments consolidated




Commitments Group share

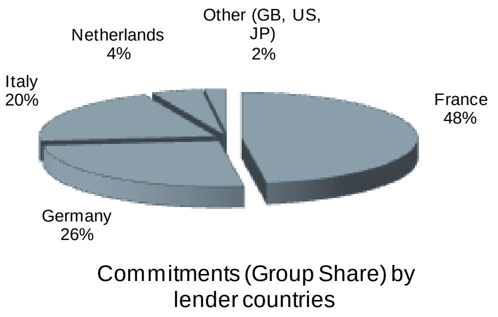



Consolidated Commitments per company




Commitments group share per company

In addition, Foncière des Régions' cash position amounted to around €750 million on a Group share basis as at 30 June 2012 (€1,068 billion on a consolidated basis).



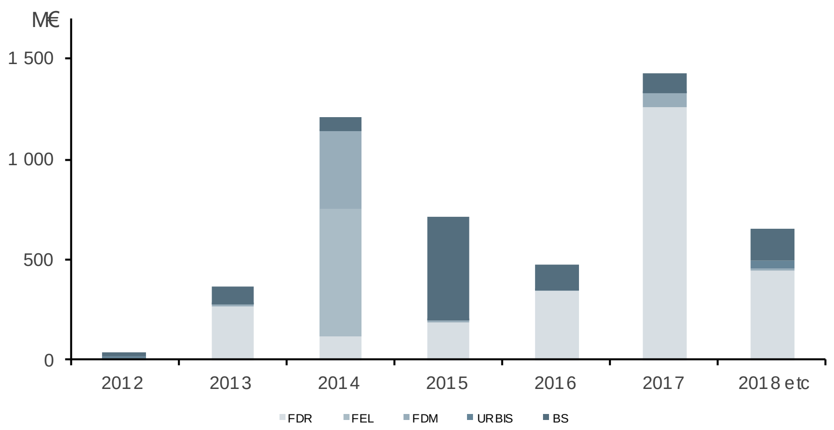

## 2. DEBT MATURITY

The average term of Foncière des Regions' debt was 3.7 years as at 30 June 2012, a longer term than as at the end of 2011.

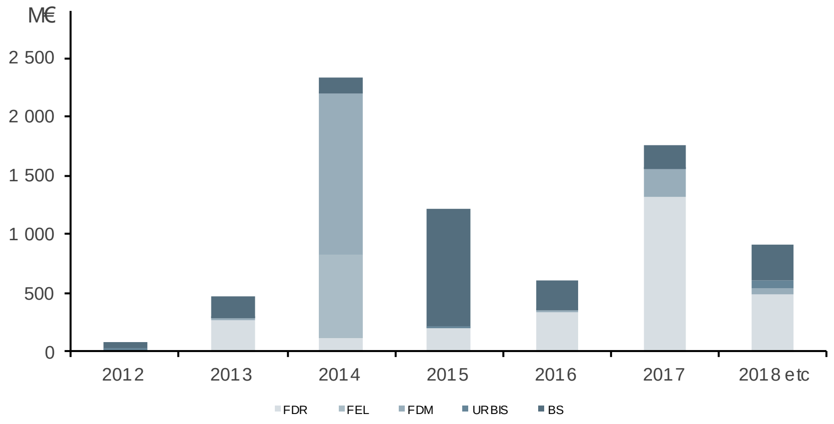
The main debt maturities are in 2014 and 2015, for €1,210 million and €710 million respectively on a Group share basis (€2,336 million and €1,213 million on a consolidated basis).

These maturities relate mainly to Foncière Europe Logistique (€632 million on a Group share basis) and to Foncière des Murs (€387 million on a Group share basis) in 2014, and to Beni Stabili (€508 million on a Group share basis) in 2015.

The following chart shows the maturity schedule for financing commitments on a Group share basis.




The following chart summarises the maturity schedule for consolidated debt (i.e. the total commitment amount).



# 3. MAIN CHANGES OVER THE PERIOD

## ■ New debt arrangements: €1.4 billion on a Group share basis (€1.9 billion on a fully consolidated basis)

- Financing of the New Vélizy campus project by Foncière des Régions

During the first half of the year, Foncière des Régions took out a 6-year €110 million loan for the partial financing of the construction and subsequent ownership of "New Vélizy", the new Vélizy campus.

- Renegotiation of the financing assigned to the Dassault Systèmes campus in Vélizy, for €160 million

Foncière des Régions has renegotiated the mortgage financing for the Dassault Systèmes Building, in order to extend the term of the €160 million financing extended in this way to 5 years and 3 months. This renegotiation occurred prior to the splitting of the transaction (the split also involves the New Vélizy transaction).

- €420 million refinancing of the Technical debt (France Telecom assets)

In May and June 2011, Foncière des Régions subscribed to two loans through its Technical subsidiary amounting to €275 million and €145 million respectively, with respective terms of seven and five years from the date on which they were made available. These loans were intended for the early refinancing or existing debt (which had been set to mature on 13/01/2013). The existing loan was effectively repaid after the 30/06/2012 closing date, on the first interest payment date following the conclusion of the refinancing agreements (i.e. on 13/07/2012).

- €375 million in new corporate loans raised by Foncière des Régions

Between June and July 2012, Foncière des Régions signed four new corporate loans (with no guarantees attached) on the same terms as the loans raised in 2011, for a total amount of €375 million and with average terms of 4 years. Two of these four financing agreements (for a total amount of €150 million) were signed after the closing date, in early July.

- €228 million refinancing of Foncière des Murs' debt maturing in 2013

Foncière des Murs has repaid all of its debt maturing in 2013, which related to the Accor 2 (hotels in France and Belgium) and Courtepaille portfolios, in advance, by subscribing to two new 5-year loans amounting to €163.3 million and €64.9 million respectively. Following these refinancing agreements, Foncière des Murs no longer had any debt maturing within two years as at 30/06/2012. The new Courtepaille loan was formally signed on 5 July 2012 (post-closing date), while the debt that it replaced was repaid on 30/06/2012, the usual interest payment date.

This financing amounted to €65 million on a Group share basis.

- €621 million Beni Stabili refinancing

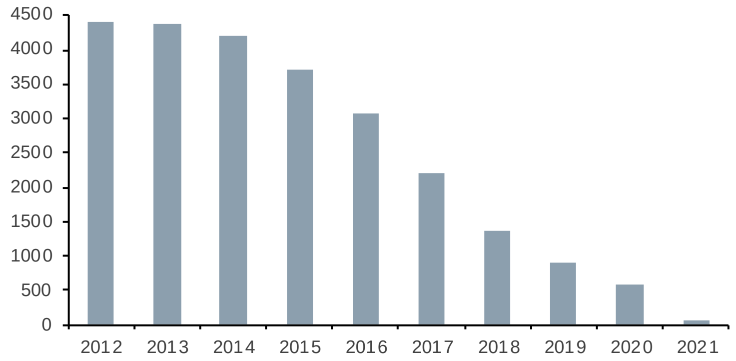
Beni Stabili has negociated/renegociated 3 corporate loans for a total amount of €621 million:
- €308 million for Intesa/Prada portfolio (2015)
- €150 milion for a real estate portfolio (2017)
- €163 extension for the Comit portfolio loan (maturing in 2015)

This financing amounted to €316 million on a Group share basis.

## 4. HEDGING PROFILE

The hedging policy framework did not change in the first half of 2012: 100% of the debt was hedged, including at least 75% on a firm basis, while the maturities of all the hedges were longer than those of the debt.

Based on the net debt as at 30 June 2012, Foncière des Régions was 92% hedged on a firm basis (on a Group share basis), compared with 89% as at the end of 2011, which was a level that was slightly higher than at the end of 2011. The average term of the hedges was 5.1 years on a Group share basis (and also 5.1 years on a consolidated basis).




## 5. AVERAGE INTEREST RATE ON THE DEBT, AND SENSITIVITY

The average interest rate on Foncière des Régions' bank debt worked out at 4.07% on a Group share basis, compared with 4.20% in 2011. This decrease was mainly due to the hedge restructuring performed in late 2011, which enabled the Group to benefit from low interest rates (average 3-month Euribor rate of 0.84% in the first half of 2012), and the full-year impact of the convertible bonds (ORNANEs) issued at 3.34%.

For information purposes, a 50 bps drop in the 3-month Euribor rate would have a positive impact of €0.2 million on 2012 recurring net income. In the event of a 50 bps rise in interest rates, there would be a negative impact of €0.8 million.

# B. FINANCIAL STRUCTURE

Excluding the loans raised with no recourse on the Group's real estate properties, Foncière des Régions and its subsidiaries' debt is usually subject to bank (ICR and LTV) covenants that apply to the consolidated financial statements, and would be likely to amount to an early debt repayment event in the event of non-compliance. The covenants are drawn up on a Group share basis for Foncière des Régions, and on a consolidated basis for the covenants that apply to Foncière des Régions' subsidiaries.

As at 30 June 2012, the most restrictive consolidated LTV covenants amounted to 60% for Foncière des Régions' overall funding, and to 65% for Foncière des Murs and Foncière Europe Logistique's funding. 38.2% of the total loans subscribed by Beni Stabili are subject to a consolidated LTV covenant, with a threshold ranging between 60% and 75%.

The consolidated ICR covenant threshold varies from one real estate company to another, primarily in terms of the type of assets held, and may vary from one loan to another for the same real estate company, depending on the precedence of the loans:

- 200% for Foncière des Régions
- 200% for Foncière des Murs
- 125% to 150% for Foncière Europe Logistique
- 140% (applicable to 17% of Beni Stabili's debt) for Beni Stabili

These financial covenants were complied with as at 30 June 2012.

Foncière des Régions' consolidated ratios as at 30 June 2012 were 47.4% for the LTV ratio, on a Group share basis, and 274% for the ICR ratio on a Group share basis, compared with 49.3% and 248% respectively at 31 December 2011.

## Breakdown of the LTV ratio calculation

| **(€ million)** | **2011** | **H1 2012** |
|---|---|---|
| Net book debt * | 4 650 | 4 537 |
| Receivables on disposals | -334 | -583 |
| Security deposits received | -22 | -3 |
| Finance lease-backed debt | -8 | -6 |
| **Net debt** | **4 286** | **3 945** |
| Appraised value of real estate assets | 8 354 | 8 315 |
| Preliminary sale agreements | -334 | -583 |
| Financial assets | 188 | 129 |
| Goodwill | 10 | 10 |
| Share of equity affiliates | 477 | 448 |
| **Value of assets** | **8 695** | **8 319** |
| **LTV ED** | **49,3%** | **47,4%** |
| **LTV ID** | **47,1%** | **45,6%** |

*Ajusted from from variation of ORNANE fair value (36,3 M€) and dividends to receive (-8 M€)

# 7. FINANCIAL INDICATORS FOR THE MAIN SUBSIDIARIES

| | Foncière des Murs | | | Fonciere Europe Logistique | | |
|---|---|---|---|---|---|---|
| | H1 2011 | H1 2012 | Change (%) | H1 2011 | H1 2012 | Change (%) |
| EPRA Recurrent net income (€ million) | 61,5 | 55,0 | -10,6% | 19,7 | 20,0 | 1,5% |
| **EPRA Recurrent net income (€/share)** | **1,09** | **0,92** | **-15,6%** | **0,17** | **0,17** | **1,0%** |
| EPRA NAV (€/share)* | 27,0 | 25,4 | -5,9% | 4,4 | 4,3 | -2,1% |
| **EPRA triple net NAV (€ million)*** | **22,6** | **21,3** | **-5,8%** | **3,2** | **3,0** | **-4,4%** |
| % of capital held by FDR* | 26,0% | 28,3% | | 81,7% | 89,2% | |
| LTV ID* | 45,8% | 40,4% | -5,4% | 52,7% | 44,1% | |
| ICR* | 2,58 | 2,59 | 0% | 2,28 | 2,46 | |

* Previous year datas refer to 2011

| | Beni Stabili | | | Foncière Développement Logements | | |
|---|---|---|---|---|---|---|
| | H1 2011 | H1 2012 | Change (%) | H1 2011 | H1 2012 | Change (%) |
| EPRA Recurrent net income (€ million) | 44,4 | 46,4 | 4,5% | 32,5 | 34,6 | 6,5% |
| **EPRA Recurrent net income (€/share)** | **0,02** | **0,02** | **na** | **0,50** | **0,50** | **na** |
| EPRA NAV (€/share)* | 1,150 | 1,12 | -2,6% | 23,0 | 22,2 | -3,5% |
| **EPRA triple net NAV (€ million)*** | **0,971** | **0,954** | **-1,7%** | **19,4** | **18,7** | **-3,6%** |
| % of capital held by FDR* | 50,9% | 50,9% | | 33,6% | 31,6% | |
| LTV ID* | 50,4% | 50,3% | 0% | 44,8% | 46,2% | |
| ICR* | 1,81 | 1,84 | 2% | 2,05 | 2,08 | |

* Previous year datas refer to 2011

# 8. DEFINITIONS, ACRONYMS, AND ABBREVIATIONS USED

- Change in values on a like-for-like basis

  This indicator is calculated on the basis of the operating portfolio at the end of the period, restated for acquisitions, disposals, building works, and development deliveries, etc.

- Cost of debt

  - Average cost:

$$\frac{\text{Financial Cost of Bank Debt for the period} + \text{Financial Cost of Hedges for the period}}{\text{Average Bank Debt Balance for the period}}$$

  - Spot rate:

  The definition is similar to that of the average rate over a timeframe limited to the last day of the period

- Cost of development projects

  This indicator is calculated excluding financing costs It includes the land value (at the appraisal value before building work commences) and the cost of the building works.

- Definition of the acronyms and abbreviations used:

  - MRCs : Major Regional Cities, i.e. Bordeaux, Grenoble, Lille, Lyon, Metz, Aix Marseille, Montpellier, Nantes, Nice, Rennes, Strasbourg, and Toulouse
  - ED: Excluding Duties
  - ID: Including Duties
  - IDF: Ile-de-France
  - PACA: Provence-Alpes-Cote-d'Azur
  - LFL: Like-for-like basis
  - GS: Group share
  - CBD: Central Business District
  - Rtn: Return
  - Chg: Change
  - MRV: Market Rental Value

- EPRA Recurring Net Income per Share (RNI per share)

  Recurring Net Income per Share is calculated pursuant to the EPRA recommendations, based on the average number of shares outstanding (excluding treasury shares) over the period under consideration (H1 2012) and adjusted for the effect of dilution.

- Loan To Value

The LTV calculation is detailed in Part 7 “Financial Resources”

- Net asset value per share (NAV per share), and Triple Net NAV per share

NAV per share (Triple Net NAV per share) is calculated pursuant to the EPRA recommendations, based on the shares outstanding as at 30 June 2012 (excluding treasury shares)

- Operating assets

Assets that are let or available for rent, and that are the subject of an active marketing approach.

- Portfolio

The portfolio includes fair value of investment properties, development properties, operating properties and inventory properties, of each business.

- Rental income

- The rental income accounted corresponds to the gross amount of rental income accounted for over the period, including the deferral of any relief granted to tenants, in accordance with IFRS.

- The like-for-like rental income posted allows comparisons to be made between rental income from one year to the next, before taking changes to the portfolio (e.g. acquisitions, disposals, renovations, building works, and development deliveries, etc.) into account.

- Annualised rental income corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any relief.

- Returns

- The portfolio returns are calculated according to the following formula:

$$\frac{\text{Gross annualised rental income (unadjusted for vacancies)}}{\text{Value excluding duties for the scope in question (in operation or under development)}}$$

- The returns on asset disposals or acquisitions are calculated according to the following formula:

$$\frac{\text{Gross annualised rental income (unadjusted for vacancies)}}{\text{Acquisition or disposal value, excluding duties}}$$

- Vacancies

The vacancies shown correspond to spot financial vacancies at the end of the period for operating assets, restated for vacant assets subject to a sale commitment, and are calculated according to the following formula:

$$\frac{\text{Total vacant surface area x MRV}}{\text{Gross annualised rental income +Total vacant surface area x MRV}}$$

**Philippe Le Trung**
**Tel: + (33) 1 58 97 52 04**
**Mob: + (33) 6 23 82 50 37**
**philippe.letrung@fdr.fr**

**Sébastien Bonneton**
**Tel: + (33) 1 58 97 52 44**
**Mob: + (33) 6 11 14 85 70**
**sebastien.bonneton@fdr.fr**

Foncière des Régions
FONCIÈRE PARTENAIRE

**Foncière des Régions**
**30, avenue Kléber**
**75116 Paris**
**France**