

## **Foncière des Régions reinforcement in Germany**

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The Board of Directors of Foncière des Régions has approved a proposed public exchange offer for shares between Foncière des Régions on Foncière Développement Logements (FDL), which will increase Foncière des Régions presence in Germany. When the transaction is complete, Foncière des Régions expects to increase ownership of the capital of its residential subsidiary from 58.2% to 62.4%, compared to 31.6% at 31 December 2012, on the basis of an exchange of six new Foncière des Régions shares for 23 FDL shares.

*"With this real estate acquisition of nearly " 1 billion, Foncière des Régions is increasing its presence in Germany, which features a solid economy and an attractive real estate market, where we have been implementing an active property management strategy since 2005+ stated Christophe Kullmann, CEO.*

### **Choosing a strategic and secure real estate investment**

The proposed public exchange offer for shares will strengthen Foncière des Régions position on growth markets, increasing its exposure in Germany to 15%, compared to 10% at present.

With this bolstered position, Foncière des Régions hopes to garner the benefits of a particularly sound economy featuring low unemployment rates and the highest growth forecasts in the Euro zone.

Foncière des Régions has been the majority shareholder of FDL since the subsidiary was established, and now controls 31.6% of it. Three quarters of FDL's " 3.2 billion in property assets is located in Germany, with the rest in France. Foncière des Régions has partnered the development of FDL's German residential holdings, which now has a solid track record in this sector as well as a high quality real estate team.

The demographic perspectives in the country, rebounding since 2009, and the historically low level of new residential offerings available impart an optimistic perspective to this market, both in terms of rentals and property values.

In this way, FDL intends to pursue its strategy of geographic diversification in real estate, through disposals of mature assets and acquisitions in large, animated and high-potential cities, like Berlin.

This transaction reflects Foncière des Régions choice of investing in secure real estate assets with enhancement potential, and it confirms the company's business model favouring secure cash flows and value creation through an asset rotation policy.

## Positive financial impacts

Using a multi-criteria approach, the parity of the public exchange offer for shares on the 2012 EPRA NAV of Foncière des Régions and of FDL represents a discount of some 11%<sup>1</sup> on the price of FDL shares. The parity represents an overall neutral impact on share prices over one month, whereas 2012 EPRA net recurring income parity is favourable to FDL shareholders.

The terms of the public offer to exchange shares will be reviewed in a fairness opinion by an independent expert appointed by FDL.

Against a diverse economic backdrop, this bolstering of holdings in Germany should contribute to enhancing rental income and values.

The transaction will also have the effect of improving the Group's transparency because FDL will become a fully consolidated entity instead of being consolidated through the equity method under the current system.

## Methods and scheduling

Of FDL shareholders represented on the Board, ACM and Covéa have committed to contributing their shares, totalling 26.6% of share equity, to the offer, while Cardif, Crédit Agricole Assurances and Generali have opted to remain FDL shareholders.

Based on the rate of participation in the offer, Foncière des Régions will ultimately hold between 58.2% and 62.4% of the share capital of FDL.

With respect to scheduling, a General Meeting will be called for Foncière des Régions on 19 July. The public offer to exchange shares should begin in July and be completed in September.

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<sup>1</sup> Ex-div 2012

## **Foncière des Régions, Partner in Real Estate**

As a partner working with companies on their real estate strategy, Foncière des Régions designs lasting and innovative real estate solutions with a two-fold objective: increase the value of existing urban assets and design the real estate of tomorrow.

Foncière des Régions owns and manages a "9 billion portfolio ("16 billion in total), leased primarily to key accounts that are leaders in their sector (Suez Environnement, Thales, Dassault Systèmes, France Télécom, EDF, IBM, Eiffage, etc.). This partnership culture is based on key values and know-how: vision and expertise.

The Foncière des Régions share is listed on compartment A of Euronext Paris (FR0000064578 - FDR), eligible for deferred settlement and is included in the MSCI, SBF120, Euronext IEIF %IIC France+, and CAC Mid100 indices, in European real estate benchmarks %EPR+ and %GPR 250+, as well as the FTSE4 Good ethical index and ASPI Eurozone®.

Foncière des Régions is rated BBB- / Stable by Standard and Poor's.

[www.fonciere-des-regions.fr](http://www.fonciere-des-regions.fr)

## **About Foncière Développement Logements**

Foncière Développement Logements (FDL), a subsidiary of Foncière des Régions, specialises in real estate asset management in Germany and in France. It owns real estate assets valued at "3.2 billion (as at the end of December 2012).

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