

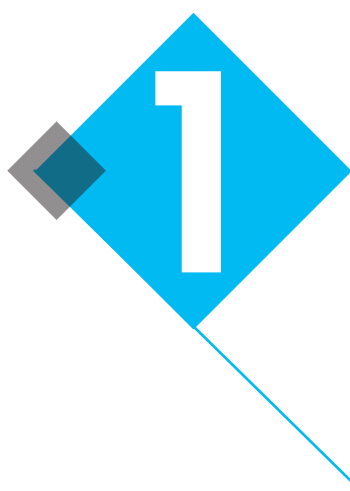
FIRST-HALF
FINANCIAL
REPORT

2014



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2014 FIRST-HALF MANAGEMENT REPORT

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1.1. Major transactions during the period

17 JULY 2014 – PARIS-LA DÉFENSE: FONCIÈRE DES RÉGIONS WELCOMES THREE NEW TENANTS IN THE CB 21 TOWER

Over 7,000 sq. m let

Foncière des Régions has signed three new green leases in CB 21, representing 7,144 sq. m in new leases: 3,486 sq. m with Groupon, 2,157 sq. m with a leading telecommunications company and 1,501 sq. m with Wano, the World Association of Nuclear Operators. After these transactions, CB 21 has an occupancy rate of over 97%.

CB 21, a landmark tower in the business district, which already houses the headquarters of several large corporations (including Suez Environnement, AIG Europe Limited, Informatica and Nokia), now boasts several rental successes from companies in the "new economy".

These companies chose La Défense, either by moving to the area or by reaffirming their location, and they chose CB 21

in particular because it meets their needs and expectations: quality of services, size and flexibility of the office spaces, comfort and services offered.

These leases prove that the market in La Défense, the 1st European business district, is very attractive. In fact, over the first six months of the year, approximately 100,000 sq. m of offices have been leased in La Défense, a large portion of which resulted from companies moving into the area. This is a sign of the influence that this business district is exerting, and its attractive features are enticing companies to seek out locations that are accessible and equipped with services as well as new and high-performing office spaces.

26 JUNE 2014 – B&B HOTELS AND ITS PARTNERS VINCI IMMOBILIER AND FONCIÈRE DES RÉGIONS INAUGURATED A NEW ECONOCHIC HOTEL IN PARIS ON THIS THURSDAY, 26 JUNE

The B&B Hotel Paris Porte des Lilas was inaugurated today by Dominique Ozanne, Chief Operating Officer of Foncière des Régions, Jean-Luc Guermonprez, Executive Vice President and Head of Hotel Operations with VINCI Immobilier, and Georges Sampeur, Chief Executive Officer of the B&B Hotels Group. With 265 rooms, the Paris Porte des Lilas hotel built by

VINCI Immobilier and owned by Foncière des Régions is the 222nd and largest property in the family of B&B Hotels. Guests at the inauguration ceremony marveled at the ceremony's Old Paris and lilac theme, but also the more modern theme of connectivity.

23 JUNE 2014 – FIRST STONE LAID OF THE GOLDEN TULIP HOTEL IN EUROMED CENTER

An ambitious hotel development that will add to the vibrant urban culture in Euromed Center

At the start of 2013, Crédit Agricole Assurances and Foncière des Régions, the joint investors of a project mapped out by developers Altarea Cogedim and Crédit Agricole Immobilier, made a long-term commitment with the Louvre Hotels Group for the development of a 4-star Golden Tulip hotel within the district of Euromed Center in Marseille.

Situated in the heart of the largest office development being built in Marseille, the hotel will play a key role in the on-going vitality of this new district in the city that offers a mixture of urban activities.

20 JUNE 2014 – FONCIÈRE DES RÉGIONS CONTINUES TO STRENGTHEN ITS POSITIONING ON THE GERMAN RESIDENTIAL MARKET

Acquisitions of 3,400 residential units in Berlin and in Dresden

Foncière des Régions, via Immeo AG, signed a purchase agreement for a portfolio of 3,400 residential units located in Berlin and in Dresden for approximately €240 million, fees and taxes included (€144 million, Group share). It represents an average value of about €1,200 per sq. m. Generating €15 million of annualized rent, this portfolio will generate an immediate gross yield of 6.3%.

This acquisition, which should be finalized by late July 2014, will be financed in part through bank debt and in part through a capital increase of Immeo AG.

With this transaction, Foncière des Régions confirms its strategy to strengthen its positioning on the German residential sector. A promising market in terms of residential property, Germany has value creation potential which is reflected in the regular increase of rents at constant scope and capital gains in the long term.

Operating in this market since 2005 with a high-quality local team, Foncière des Régions aims to diversify the geographic location of its operations by strengthening its presence in dynamic and attractive cities, such as Berlin, Dresden and Leipzig.

11 JUNE 2014 – FONCIÈRE DES RÉGIONS ACQUIRES THE “NH AMSTERDAM CENTRE” HOTEL**** FROM THE NH HOTEL GROUP

A new hotel real-estate partnership with a key European player

Foncière des Régions, through its specialist Hotel & Service-sector subsidiary Foncière des Murs, acquires an “NH Hotels” hotel from the NH Hotel Group in Amsterdam. This ideally-situated four-star establishment, with 232 rooms, is subject to a 20-year triple net fixed-term lease. The acquisition represents an investment of €47.9 million (transfer taxes included).

This acquisition also paves the way for a new partnership for Foncière des Régions with a new brand, NH Hotel Group, which is one of the leaders in Europe and worldwide with 400

hotels and some 60,000 rooms spread across 28 countries. Foncière des Régions is thus embarking on a new stage in the realisation of its development strategy on the European ladder, whilst diversifying its hotel partnerships.

Relying on the dynamism and capacity for innovation of the NH Hotel Group, and on Foncière des Régions’ 360° integrated expertise in hotel real-estate, the two partners intend to develop their partnership in Europe.

25 MARCH 2014 – SIGRID DUHAMEL NOMINATED AS DIRECTOR AT FONCIÈRE DES RÉGIONS

The appointment of Sigrid Duhamel as Director at Foncière des Régions has been approved by the Board of Directors and will be submitted to the Foncière des Régions General Shareholders’ Meeting on 28 April 2014.

Sigrid Duhamel is the Group Corporate Real Estate Director at PSA Peugeot Citroën. She is an acknowledged real estate professional with international experience and awareness who will enrich the qualifications level of the Board.

She will act as an independent director in the meaning of the Afep-Medef Corporate Governance code. Following this appointment, 29% of Foncière des Régions’ Board of Directors will be women and 50% of Board members will be independent directors.

13 MARCH 2014 – FONCIÈRE DES RÉGIONS ACCELERATES ITS STRATEGIC REFOCUSING BY SELLING NEARLY 60% OF ITS LOGISTICS ASSETS FOR €473 MILLION

Foncière des Régions has signed agreements with real estate funds managed by Blackstone to sell €473 million in logistics assets. These agreements concern 17 logistics platforms, representing a total surface area of nearly 750,000 sq. m, located in France and Germany. The assets will be integrated into Logicor, Blackstone's European logistics platform.

This transaction, which should be finalised in July 2014, will be carried out in-line with the last appraised values.

With this transaction, Foncière des Régions accelerates its refocusing on its core business activities: the leasing of Offices to large companies, as well as the Hotels & Service sector and the German residential sector, two diversifications in solid and profitable markets.

At the conclusion of this disposal, the Core business activities of Foncière des Régions will represent 90% of the Group's share of assets, compared to 85% at the end of 2013.

3 FEBRUARY 2014 – SUPPORT OF B&B IN ITS EUROPEAN EXPANSION EFFORT

Foncière des Régions, through its 28% stake in the company's FDM subsidiary, and B&B have signed a partnership agreement for the financing of nine new hotels in Germany over the next three years. The investment will amount to around €50 million, strengthening the partnership that was initiated between the two groups in 2010.

The protocol concerns the development of nine new B&B hotels, representing 900 rooms located in town centres of major German cities. This new partnership involves an

investment of around €50 million. The new hotels, set to open between 2014 and 2016, will be let on 20-year leases with a net triple base rent.

With this project, Foncière des Régions and B&B consolidate their partnership and continue to pursue their development policy in Germany, a strategic country for both entities.

22 JANUARY 2014 – BENI STABILI LAUNCHES A €350 MILLION BOND ISSUE

As part of the diversification of its sources of financing, Beni Stabili launched a €350 million bond issue on 22 January 2014 maturing in 2018.

16 JANUARY 2014 – ACQUISITION OF THE EIFFAGE GROUP'S FUTURE CAMPUS AT VÉLIZY-VILLACOUBLAY BY FONCIÈRE DES RÉGIONS AND CRÉDIT AGRICOLE ASSURANCES

Foncière des Régions and Crédit Agricole Assurances acquired the future Eiffage Campus through a VEFA off plan sale from the Eiffage subsidiary and project developer Eiffage Immobilier. The 19 December 2013 deal gives the two investors ownership of the property where Eiffage Construction already has its headquarters.

During the 2nd quarter of 2015, the Eiffage Campus will bring together the Eiffage Group's five divisions, namely Construction, Public Building Works, Energy, Metals, and Concessions, together with the holding company, *i.e.* 1,600 employees in total.

The Eiffage Campus will include three new buildings designed by Jean-Michel Wilmotte on six levels including a basement, ground floor and four floors, and two underground car parking levels with 600 spaces covering a usable area of 23,000 sq. m, together with an existing 11,000 sq. m building and 270 parking spaces, which is Eiffage Construction's current Head Office, designed by Jean-Paul Viguier.

The employees gathered on this single site will have collaborative working areas, areas to relax and exchange ideas, and a wide range of integrated services (auditorium, restaurants, a sports room, a library, and a concierge service, etc.) as well as a huge garden.

The project intends to be exemplary from an environmental standpoint and is aiming for NF Commercial Buildings – Exception HEQ Level Approach Certification, Effnergie+ certification, and BREEAM certification. The project was designed in accordance with the Eiffage Phosphore Laboratory HQVie® principles. The gardens will account for over half of the outside space, and 50% of the roof will be vegetated. The buildings will also be equipped with solar panels, rainwater catchment systems, high-performance water-saving appliances, and reversible heated/cooled ceilings.

The acquisition of the Eiffage Campus enables Foncière des Régions and Crédit Agricole Assurances to boost their operations in this major commercial sector that is popular with key accounts.

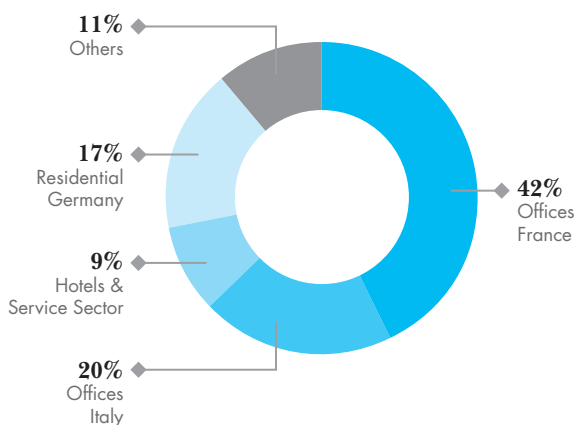
1.2. Business analysis, Group share

Note that Foncière des Régions increased its equity interest in Foncière Développement Logements following the public offer of exchange in August 2013. On completion of this public offer of exchange, Foncière des Régions held 59.7% of Foncière Développement Logements, which is fully consolidated as of 1 August 2013.

1.2.1. RECOGNISED RENTAL INCOME: UP 18%

(€M)	100%			Group share				
	H1 2013	H1 2014	Change (%)	H1 2013	H1 2014	Change (%)	Change (%) LFL ⁽¹⁾	% of rent
Offices France	135.4	127.6	-5.7%	130.3	121.5	-6.8%	0.3%	42%
Paris	43.4	41.5	-4.5%	41.0	39.1	-4.5%	0.0%	14%
Paris Region	51.4	50.8	-1.1%	48.6	47.0	-3.3%	0.0%	16%
Other French regions	40.7	35.3	-13.2%	40.6	35.3	-13.0%	0.0%	12%
Offices Italy	116.3	115.9	-0.4%	59.2	59.0	-0.4%	-0.8%	20%
Core portfolio	114.8	114.7	-0.1%	58.4	58.4	-0.1%	0.0%	20%
Dynamic portfolio	1.5	1.2	-22.6%	0.8	0.6	-26.2%	0.0%	0%
Development portfolio	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0%	0%
TOTAL OFFICES	251.8	243.5	-3.3%	189.5	180.4	-4.8%	-0.1%	63%
Hotels/Service sector	101.6	96.0	-5.5%	26.4	24.8	-6.1%	-1.1%	9%
Hotels	70.7	69.0	-2.4%	17.7	17.1	-3.2%	0.0%	6%
Healthcare	11.3	8.7	-22.7%	3.2	2.5	-22.7%	0.0%	1%
Business premises	19.5	18.3	-6.0%	5.5	5.2	-5.6%	0.0%	2%
TOTAL "OFFICE – KEY ACCOUNTS"	353.3	339.5	-3.9%	215.9	205.2	-4.9%	-0.4%	71%
Residential	0.0	98.6	0.0%	0.0	58.5	0.0%	2.0%	20%
Germany	0.0	83.4	0.0%	0.0	49.4	0.0%	0.0%	17%
France	0.0	15.2	0.0%	0.0	9.1	0.0%	0.0%	3%
Logistics	28.0	24.0	-14.3%	28.0	24.0	-14.3%	N/A	8%
TOTAL RENT	381.3	462.1	21.2%	243.9	287.8	18%	0.2%	100%

⁽¹⁾ Total change Logistics incl.: +0.1% with Residential (Germany only).

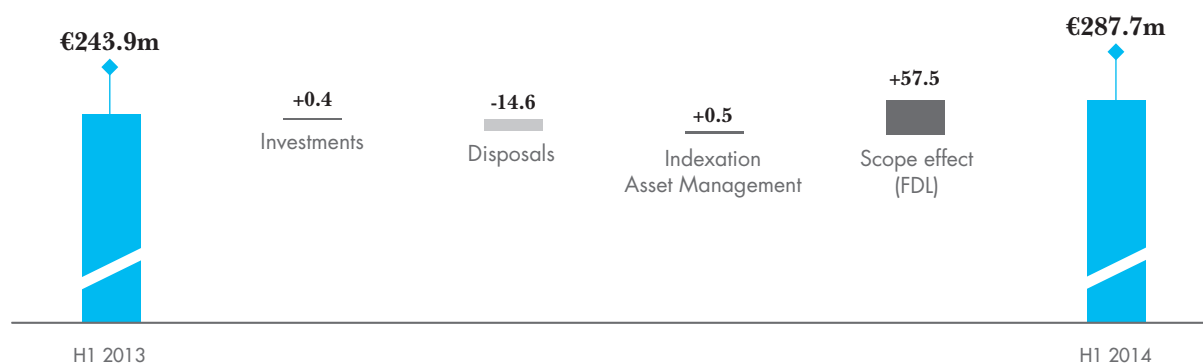


Like-for-like rental income edged up 0.2%, with: Offices France up 0.3%, Offices Italy down 0.8%, Hotels and Service Sector down 1.1% and German Residential up 2%.

The explanation for this improvement lies in the very low indexation in the period, the rent renewals signed in 2013, as well as the maintenance of an occupancy rate above 96.7% end of June 2014.

As Group share, rental income totalled €287.7 million, an increase of 18% in the period. The rise was mainly due to the consolidation of the Residential business (+€58 million), and:

- ♦ investments (+€0.4 million)
- ♦ disposals (-€15 million, including -€4 million from disposals in Logistics)
- ♦ indexation and asset management (+€0.5 million).



1.2.1.1. Cost to revenue ratio by business

(€M)	Offices France	Office Italy	Hotels & Service Sector	Residential	Logistics	Total	
	H1 2014	H1 2014	H1 2014	H1 2014	H1 2014	H1 2013	H1 2014
Rental Income	121.5	59.0	24.8	58.4	24.0	243.9	287.7
Unrecovered property operating coats	-2.7	-6.1	-0.0	-2.3	-3.1	-12.6	-14.3
Expenses on properties	-0.7	-1.8	-0.0	-4.8	-0.8	-4.6	-8.2
Net losses on unrecoverable receivable	-0.1	-0.8	0.0	-0.8	0.0	-2.6	-1.7
Net rental income	118.0	50.3	24.7	50.5	20.1	224.0	263.5
COST TO REVENUE RATIO	2.9%	14.8%	0.2%	13.7%	16.4%	8.1%	8.4%

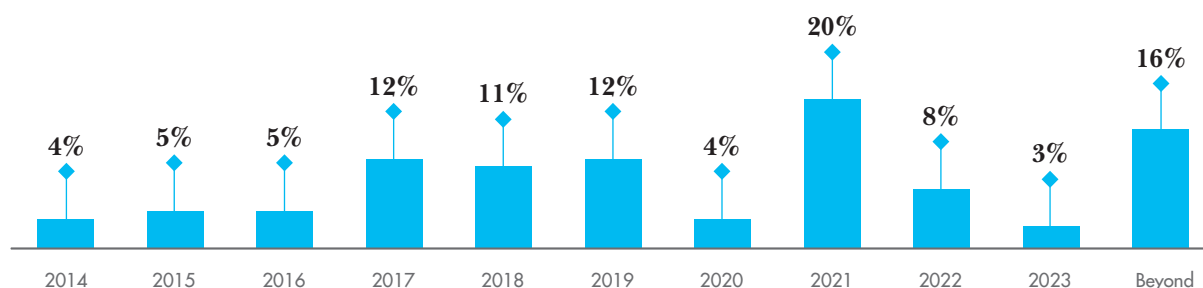
The cost to revenue ratio rose from 8.1% in H1 2013 to 8.4% in H1 2014, driven up by the inclusion of the Residential business, where the 13.7% cost to revenue ratio is higher than the Group average.

1.2.2. LEASE EXPIRATIONS AND OCCUPANCY RATES

1.2.2.1. Annualised lease expirations: 8.1 years firm residual lease term (5.8 years firm)

(€M) ⁽¹⁾	By lease end date (1 st break)	% of total	By lease end date	% of total
2014	29.4	4%	19.3	3%
2015	35.4	5%	13.7	2%
2016	33.8	5%	5.5	1%
2017	78.1	12%	64.7	10%
2018	72.0	11%	57.7	9%
2019	81.0	12%	63.5	9%
2020	27.6	4%	35.9	5%
2021	136.2	20%	38.4	6%
2022	51.9	8%	53.2	8%
2023	20.9	3%	28.9	4%
Beyond	104.8	16%	290.4	43%
TOTAL	671.0	100%	671.0	100%

⁽¹⁾ Residential excluded.



The average residual lease term, Group share, at the end of June 2014 was 8.1 years (5.8 years firm) as opposed to 8.0 years at the end of 2013 (5.8 years firm). In the Offices, it stood at 8.3 years (5.7 years firm). Following significant rental activity and the sale of logistics assets, with short lease terms, the firm residual term of our leases has remained stable.

(Years)	By lease end date (1 st break)		By lease end date	
	2013	H1 2014	2013	H1 2014
GS				
Offices – France	5.7	5.3	6.8	6.5
Offices – Italy	6.9	6.7	12.6	12.4
Total Offices	5.8	5.7	8.5	8.4
Hotels & Service sector	7.1	7.3	7.1	7.3
“Office – Key Accounts”	6.2	5.9	8.4	8.3
Logistics	3.1	2.1	5.5	4.4
TOTAL	5.8	5.8	8.0	8.1

1.2.2.2. Occupancy rate: 96.7%

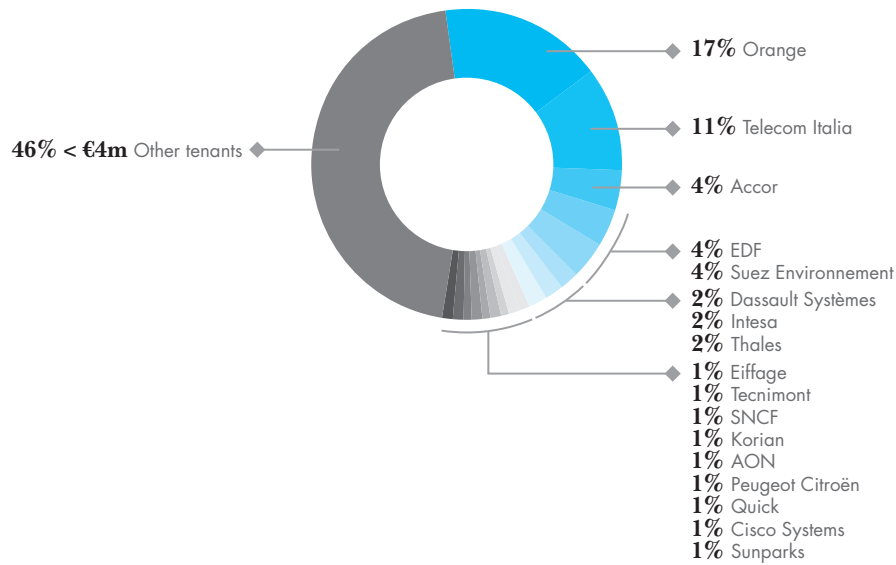
(%)	Occupancy rate	
GS	2013	H1 2014
Offices – France		
France	95.8%	96.1%
Italy	97.7%	95.7%
Hotels & Service sector	100.0%	100.0%
"Office – Key Accounts"	96.8%	96.4%
Residential	0.0%	0.0%
Germany	98.7%	98.6%
Logistics	85.5%	N/A
TOTAL	96.0%	96.7%

The occupancy rate is 96.7%, excluding Logistics (95.8% including Logistics). The occupancy rate rose 0.3% for Offices France to 96.1%, following leases signed in the first half in Tour CB 21, which is now nearly 97% rented.

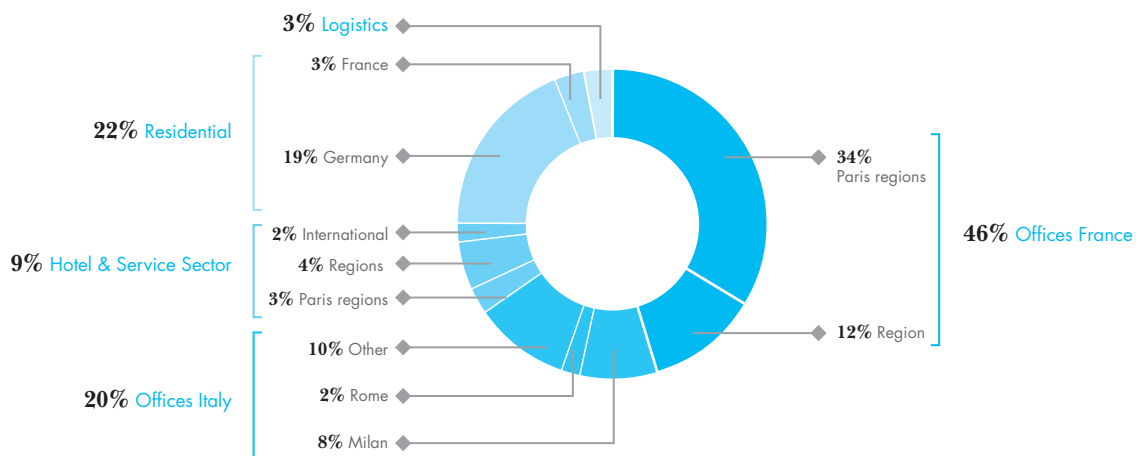
1.2.3. BREAKDOWN OF GROUP SHARE OF RENTAL INCOME

1.2.3.1. Breakdown by major tenants: a strong rental income base

(€M)	Annualised rental income	
GS	H1 2014	%
Orange	94.4	17%
Telecom Italia	59.6	11%
Accor	22.8	4%
Suez Environnement	21.1	4%
EDF	18.1	3%
Dassault Systèmes	9.8	2%
Intesa	9.8	2%
Eiffage	7.9	1%
Thales	9.1	2%
SNCF	7.7	1%
Tecnimont	7.8	1%
B&B	6.3	1%
Korian	4.4	1%
AON	5.5	1%
Peugeot/Citroën	5.2	1%
Cisco Systems	4.8	1%
Quick	4.7	1%
Sunparks	3.9	1%
Autres locataires < 4 M€	256.6	46%
TOTAL RENTAL INCOME	559.6	100%



1.2.3.2. Geographical distribution: IDF (Île-de-France), Berlin, Milan and Rome account for 52% of rental income



1.2.4. DISPOSALS AND DISPOSAL AGREEMENTS: €680 MILLION, GROUP SHARE

(€M)		Disposals (agreements as of end of 2013 closed)	Agreements as of end of 2013 to close	New disposals H1 2014	New agree- ments H1 2014	Total H1 2014	Margin vs. 2013 value	Yield	Total
Offices – France	100%	104.9	183.0	26.0	69.5	95.5	6.4%	7.0%	383.4
Offices – Italy	100%	19.5	12.3	61.6	5.2	66.8	1.0%	6.4%	98.6
	GS	9.9	6.3	31.3	2.6	34.0			50.2
Residential – Deutschland	100%	12.9	105.8	8.7	5.2	13.9	8.8%	4.6%	132.5
	GS	7.7	63.2	5.2	3.1	8.3			79.1
Hotels & Service sector	100%	78.6	11.5	56.3	2.4	58.7	0.2%	5.6%	148.9
	GS	22.3	3.2	15.9	0.7	16.6			42.1
Residential – France	100%	16.9	0.0	16.0	28.1	44.2	8.7%	1.7%	61.1
	GS	10.1	0.0	9.6	16.8	26.4			36.5
Logistics	100%	0.0	0.0	497.3	2.0	499.3	-0.7%	7.4%	499.3
Total asset disposals	100%	232.8	312.6	666.0	112.4	778.4	1.1%	6.8%	1,323.8
	GS	154.9	255.7	585.4	94.7	680.1	0.9%	7.0%	1,090.6
Equity interests	100%	0.0	0.0	0.0	0.0	0.0			0.0
TOTAL DISPOSALS	100%	232.8	312.6	666.0	112.4	778.4			1,323.8
	GS	154.9	255.7	585.4	94.7	680.1			1,090.6

During H1 2014, Foncière des Régions concluded disposals for a total of €680.1 million, including new disposals (€585.4 million) and disposal agreements (€94.7 million). Overall, new disposals in 2014 achieved a positive margin of 0.9% over appraisal values at end-2013.

88% of new disposals and disposal agreements concluded concerned dynamic niche areas (mainly in Offices France) and businesses in which Foncière des Régions wants to reduce its exposure (such as Logistics).

1.2.5. ASSET ACQUISITIONS: €72 MILLION, GROUP SHARE

The main acquisitions in the period related to:

- The acquisition in June 2014 of the NH Amsterdam Centre hotel for a total of €15 million in Group share (€48 million at 100%). Located in the heart of Amsterdam, this four-star hotel is leased to the NH Hotels group under the terms of an indexed, fixed-rent, 20-year, firm, triple net lease
- Residential investments in Germany totalling €57 million in Group share (€95 million at 100%) are mainly located in Berlin and Dresden (without taking into account the portfolio of €240 million being acquired).

1.2.6. DEVELOPMENT PROJECTS: €1,7 BILLION IN GROUP SHARE

1.2.6.1. Committed projects: €625 million, Group share (of which 75% prelet)

Projects	Type	Location	Area	Surface ⁽¹⁾ (sq. m)	Delivery	Target rent (€/sq. m/ year)	Pre- leased (%)	Total Budget ⁽²⁾ (€M)
New Vélizy (QP FDR: 50%)	Offices – France	Vélizy	Paris Regions	45,600	2014	250	100%	96
Egis	Offices – France	Montpellier	MRC	6,100	2014	155	100%	15
Steel	Offices – France	Paris	Paris	3,700	2014	600	0%	36
Euromed Center – Astrolabe (QP FDR: 50%)	Offices – France	Marseille	MRC	14,000	2015	250	0%	19
Euromed Center – Parking + Commerces (QP FDR: 50%)	Offices – France	Marseille	MRC	900	2015	N/A	100%	16
Green Corner	Offices – France	Saint-Denis	Paris Regions	20,400	2015	310	70%	87
ERDF Avignon	Offices – France	Avignon	Paris Regions	4,100	2015	160	100%	9
Nanterre Respiro	Offices – France	Nanterre	Paris Regions	11,150	2015	310	100%	51
Quatuor	Offices – France	Lille-Roubaix	MRC	9,700	2015	160	72%	23
Askia – Cœur d'Orly (QP FDR: 25%)	Offices – France	Orly	Paris Regions	18,500	2015	250	50%	15
Quatuor	Offices – France	Vélizy	Paris Regions	23,000	2015	270	100%	53
Cœur d'Orly A3 (QP FDR: 25%)	Offices – France	Marseille	MRC	9,900	2016	N/A	100%	19
Euromed Center – Calypso (QP FDR: 50%)	Offices – France	Marseille	MRC	9,600	2016	250	0%	15
Dassault Systèmes Extension (QP FDR: 50%)	Offices – France	Vélizy	Paris Regions	13,100	2016	300	100%	34
Schlumberger Montpellier Pompignane	Offices – France	Montpellier	MRC	3,150	2016	155	100%	8
Silex I	Offices – France	Lyon	MRC	10,600	2016	280	0%	47
Bose	Offices – France	Saint- Germain-en- Laye	Paris Regions	5,100	2016	225	100%	20
San Nicolao	Offices – Italy	Milan	Italy	11,200	2014	470	100%	57
B&B Porte de Choisy	Service Sector	Paris	Paris	4,000	2015	256	100%	2
B&B Romainville	Service Sector	Romainville	Paris Regions	2,300	2015	190	100%	2
TOTAL				226,100			75%	625

⁽¹⁾ Surface 100%.

⁽²⁾ 100% budget, including land cost and financial cost.

Capex, Group share, yet to be disbursed for these projects represents €107 million in H2 2014 and €238 million in 2015 and the following years.

1.2.6.2. Managed projects: €1,110 million, Group share

Projects	Type	Location	Area	Surface ⁽¹⁾ (sq. m)	Delivery timeframe
Euromed Center: Bureaux Floreal (QP FDR 50%)	Offices – France	Marseille	MRC	13,500	2016
Euromed Center: Bureaux Hermione (QP FDR 50%)	Offices – France	Marseille	MRC	10,400	2016
Toulouse Marquette	Offices – France	Toulouse	MRC	10,900	2016
Nancy Grand Cœur	Offices – France	Nancy	MRC	6,500	2016
Levallois Anatole France	Offices – France	Levallois	Paris Regions	5,500	2016
Clinique Saint-Mandé	Offices – France	Saint-Mandé	Paris Regions	5,500	2016
Cœur d'Orly Commerces (QP FDR 25%)	Offices – France	Orly	Paris Regions	31,000	2017
Issy Grenelle	Offices – France	Issy	Paris Regions	10,800	2017
Silex II	Offices – France	Lyon	MRC	30,700	2018
New Vélizy – Extension (QP FDR 50%)	Offices – France	Vélizy	Paris Regions	14,000	2018
Meudon Saulnier	Offices – France	Meudon	Paris Regions	30,000	2018
Meudon Green Valley	Offices – France	Meudon	Paris Regions	46,900	2018
DS Campus Extension 2 (QP FDR 50%)	Offices – France	Vélizy	Paris Regions	11,000	2018
Cœur d'Orly Bureaux (QP FDR 25%)	Offices – France	Orly	Paris Regions	50,000	2017-2018
Milan, Symbiosis (Ripamonti)	Offices – Italy	Milano	Italy	119,500	Depending Prelet Status
Bollène	logistics	Bollène	Regions	90,000	N/A
TOTAL				486,200	

⁽¹⁾ Surface 100%.

1.2.7. PORTFOLIO

1.2.7.1. Valuation and change in the portfolio: down €0.5 billion (Group share), in H1 2014

(€M)	Value 2013	Value H1 2014	Value H1 2014 GS	LFL change 6 months ⁽²⁾	Yield ED 2013	Yield ED H1 2014	% of portfolio
Offices – France ⁽¹⁾	4,664	4,740	4,120	1.3%	6.8%	6.8%	43%
Offices – Italy ⁽¹⁾	4,157	4,088	2,080	-0.2%	6.1%	6.0%	22%
Total Office	8,821	8,829	6,200	0.7%	6.6%	6.5%	65%
Hotels & Service sector ⁽¹⁾	3,232	3,187	824	0.7%	6.3%	6.3%	9%
Residential Germany	2,446	2,558	1,528	1.5%	6.6%	6.7%	16%
Residential France	871	862	515	2.8%	3.5%	3.4%	5%
Logistics	791	289	289	-1.2%	7.4%	6.4%	3%
Parking facilities	241	236	136	N/A	N/A	N/A	1%
Portfolio	16,402	15,961	9,492	0.9%	6.5%	6.3%	100%
Equity affiliates	23	21	21				
TOTAL – CONSOLIDATED	16,425	15,982	9,513				
TOTAL – GS	10,010	9,513					

⁽¹⁾ In operation assets yield (Offices – France) / Core assets (Offices – Italy).

⁽²⁾ LFL change 6 months including capex is 0,6%.

The Group share of Foncière des Régions's total asset portfolio at end-June 2014 stood at €9.5 billion (€16 billion at 100%) compared to €10 billion at end-2013, a like-for-like increase of 0.9% compared to the end of 2013.

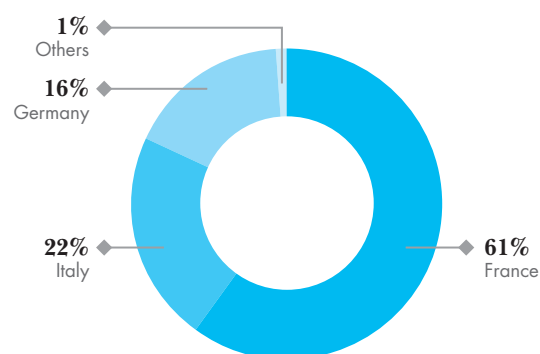
The drop in value of the Offices – Italy (-0.2%) and Logistics (-1.2%) segments was offset by the advances in the German Residential (+1.5%), Residential France (+2.8%) and Offices France (+1.3%) segments.

1.2.7.2. Geographic breakdown

GS ⁽¹⁾ (€M)	H1 2014
France	5,605
Italy	2,080
Germany	1,549
Other	122
TOTAL PORTFOLIO	9,356

⁽¹⁾ Excluding parking facilities.

In asset value



1.2.8. LIST OF MAJOR ASSETS

The Group share value of the ten main assets represents nearly 15% of the Group share of the portfolio.

Top 10 Assets	Location	Tenants	Surface (sq. m)	Share of affiliates
Tour CB 21	Paris – La Défense	Suez Environnement, AIG Europe, Nokia, Groupon	68,077	75%
Carré Suffren	Paris 15 ^e	AON, Institut Français, ministère de l'Éducation	24,864	60%
DS Campus	Vélizy-Villacoublay	Dassault Systèmes	56,193	50.1%
Complexe Garibaldi	Milan	Maire Tecnimont	44,650	50.9%
Immeuble – 23 rue Médéric	Paris 17 ^e	Orange	11,182	100.0%
Percier	Paris 8 ^e	Chloe	8,544	100.0%
Cap 18	Paris 18 ^e	Genegis, Media Participations	61,097	100.0%
Via Montebello 18	Milan	Intesa Group	25,802	50.9%
Traversière	Paris 12 ^e	SNCF	13,700	100.0%
New Vélizy	Vélizy-Villacoublay	Thales	46,000	50.1%

1.3. Analytical data for the business by segment

The France Offices indicators are presented at 100% and as Group share (GS). Assets held partially are the following:

- ♦ the Tour CB 21 75% owned
- ♦ Carré Suffren 60% owned
- ♦ the Eiffage properties located at Vélizy (head office of Eiffage Construction and Eiffage Campus, the head office of Eiffage Groupe) 50.1% owned (fully consolidated)
- ♦ the DS Campus and New Vélizy properties 50.1% owned (equity method)
- ♦ Euromed Center 50% owned (equity method)
- ♦ Askia, 1st office building in the Cœur d'Orly project, 25% owned.

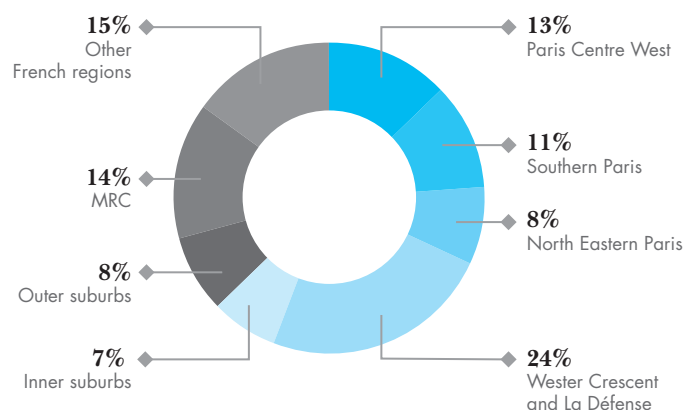
1.3.1. FRANCE OFFICES

1.3.1.1. Rents received: €121.5 million, +0.3% on a like-for-like basis

1.3.1.1.1. Geographical distribution: the strategic locations (Paris region and Regional Cities – RC) generate 85% of rents

(€M)	Surface (sq. m)	Number of assets	Rental income H1 2013 100%	Rental income H1 2013 GS	Rental income H1 2014 100%	Rental income H1 2014 GS	Change (%)	Change (%) LFL
Paris Centre West	70,971	11	15	15	15.2	15.3	0.9%	
Southern Paris	113,753	6	18	15	16.2	13.8	-10.7%	
North Eastern Paris	82,538	12	10	10	10.0	10.0	-3.3%	
Wester Crescent and La Défense	208,565	22	32	29	32.4	29.3	1.5%	
Inner suburbs	295,965	19	9	9	9.2	8.5	-5.8%	
Outer suburbs	140,892	58	11	11	9.2	9.2	-14.0%	
TOTAL PARIS REGION	912,684	128	95	90	92.3	86.1	-3.8%	
MRC	427,575	78	20	20	17.1	17.1	-14.4%	
Other French regions	508,444	191	21	21	18.3	18.3	-11.9%	
TOTAL	1,848,704	397	135.4	130.3	127.6	121.5	-6.7%	0.3%

The average expenses rate amounts to only 2.9% of the rents.



The Group share rents fell from €130.3 million to €121.5 million GS (€8.8 million) over 1 year. This change is the combined result of:

- ♦ disposals of buildings which occurred in the second half of 2013 and the first half of 2014, related mainly to the sales of secondary assets in the outer suburbs and in the Regions as well as the sharing of 49.9% of the Eiffage Vélizy property in December 2013 with Crédit Agricole Assurances
- ♦ acquisitions and deliveries of properties (+€1.5 million) including:
 - ♦ acquisition of the head office of SICRA in Chevilly-Larue in March 2013 (+€0.5 million)
 - ♦ delivery of the Pégase property, a turnkey property leased to Eiffage located in Clichy (92) in April 2013 and of the B&B hotel in Montpellier in May 2014 (+€1 million)

- ♦ liberation of properties intended to be refurbished or redeveloped completely (-€2.0 million) (the Silex 1 and 2 buildings in Lyon and the Levallois Anatole France property)
- ♦ an increase on a like-for-like basis of +0.3% (€0.4 million) related to:
 - ♦ the positive effect of indexation (+€0.6 million)
 - ♦ the letting business (-€0.2 million):
 - the letting successes (+€1.2 million), particularly on the Tour CB 21 (7,000 sq. m of space let with effect from the first half of 2014)
 - the effect of the liberations is -€1.1 million
 - renewals/re-negotiations (-€0.4 million) at rates in line with the market in return for extensions of the fixed duration.

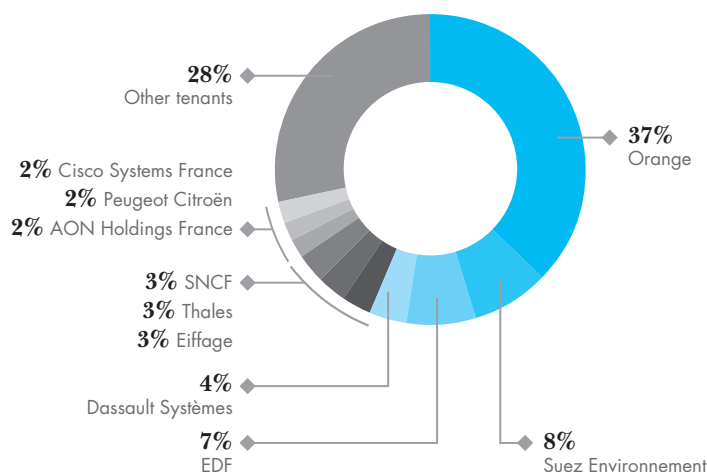
1.3.1.2. Annualised rents: €255 million

1.3.1.2.1. Breakdown by major tenants

GS ⁽¹⁾ (€M)	Surface (sq. m)	Nb of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)
Orange	644,667	206	108.4	94.4	-13.0%
Suez Environnement	58,689	2	21.1	21.1	-0.1%
EDF	195,083	23	19.0	18.1	-4.6%
Dassault Systèmes	56,193	1	9.8	9.8	0.3%
Thales	124,521	4	9.1	9.1	0.1%
Eiffage	192,544	90	9.2	7.9	-13.7%
SNCF	13,699	1	7.7	7.7	-0.4%
AON	15,592	1	5.5	5.5	0.5%
Peugeot Citroën	19,531	1	5.1	5.2	1.4%
Cisco System	11,291	1	4.8	4.8	0.8%
Other tenants	516,894	67	69.6	71.6	2.9%
TOTAL	1,848,704	397	269.3	255.2	-5.2%

⁽¹⁾ Including DS Campus in GS 50%.

In rental income



Currently, the ten leading tenants represent 72% of the annualised rents, a percentage slightly lower than that at the end of 2013 (75%). This decrease is explained mainly by the disposal of properties leased to Orange.

The variation of -5.2% in the rents over six months is mainly explained by the impact of disposals of properties leased to Orange, EDF and Eiffage and in line with the protocol signed with Eiffage at the time of the acquisition of the sites in 2008:

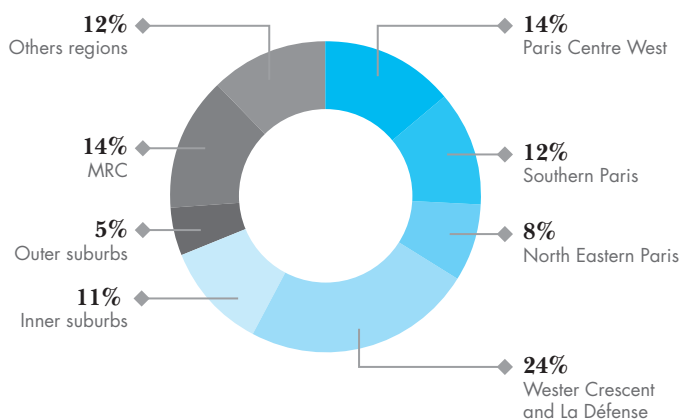
- ◆ 32 properties sold over the period

- ◆ 16 Orange properties liberated which are the subject of refurbishment projects (Levallois Anatole France) or of rapid disposals to local promoters with a view to the transformation of the sites
- ◆ 8 Eiffage properties liberated which will also be the subject of disposal.

1.3.1.2.2. Geographical breakdown: the Paris area represents 74% of the rents

GS ⁽¹⁾ (€/M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)
Paris Centre West	70,971	11	34.00	33.9	-0.4%
Southern Paris	113,753	6	30.60	30.8	0.5%
North Eastern Paris	82,538	12	20.70	20.7	0.2%
Wester Crescent and La Défense	208,565	22	64.00	61.8	-3.4%
Inner suburbs	295,965	19	27.50	27.9	1.3%
Outer suburbs	140,892	58	19.40	13.8	-29.1%
Total Paris Region	912,684	128	196.20	188.8	-3.8%
MRC	427,575	78	36.10	35.0	-3.1%
Other French regions	508,444	191	37.10	31.4	-15.3%
TOTAL	1,848,704	397	269.40	255.2	-5.2%

⁽¹⁾ Including DS Campus in GS 50%.



The Paris area share (74% of the annualised rents) of the annualised rents remains preponderant. It was slightly up over the half-year (74% vs. 73% in 2013). The main changes in rents by zone reflect the letting activity since 1 January 2014:

- ◆ the disengagement in the non-strategic zones in the Regions (-15%) and in the outersuburbs (-29%) via the disposal of secondary properties
- ◆ the negative indexation effect.

1.3.1.3. Indexation

The effect of the indexation was +€0.6 million over six months. 26% of the rents are indexed to the ICC, 73% are indexed to the ILAT, whilst the balance is indexed to the ILC or IRL.

The rents benefiting from an indexation floor (1%) represent 40% of the annualised rents and are indexed on the ILAT.

1.3.1.4. Rental activity

(€M)	Surface (sq. m)	Annualised rental income	Annualised rental income (€/sq. m)
Vacating	75,108	8.1	108
Letting	13,100	4.6	353
Renewal ⁽¹⁾	52,122	17.4	335

⁽¹⁾ Included renewed tacitly.

The first half of 2013 was marked by the liberation of:

- eight properties rented by the Eiffage group (9,249 sq. m; €0.5 million of rent) in January 2014 in accordance with our initial agreements
- 16 properties rented to Orange (45,545 sq. m; €6 million of rent) in May 2014, located mainly in the Regions and which are planned to be sold to promoters; the Levallois Anatole France property (€1.6 million of rent) will be the subject of a development project.

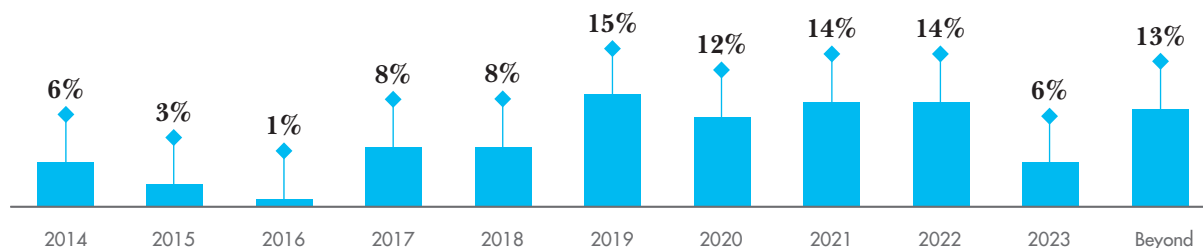
Concerning the marketing successes, the significant letting news regarding the CB 21 Tower. Three new leases with Covidien, FHB and Groupon had an effect in H1 2014 and two other leases were finalised after the close with Wano and Verizon, to take effect in H2 2014. Currently, The Tower has an occupation rate of 97% and one floor remains to be let (1,300 sq. m).

1.3.1.5. Maturity date table and occupancy rate

1.3.1.5.1. Maturity dates for the leases: 6.5 years of residual term for the leases (5.3 years firm)

(€M) ⁽¹⁾	By lease end date (1 st break)	% of total	By lease end date	% of total
2014	23.6	9%	14.4	6%
2015	22.2	9%	6.4	3%
2016	26.4	10%	2.2	1%
2017	21.8	9%	21.1	8%
2018	27.9	11%	20.2	8%
2019	26.1	10%	38.7	15%
2020	24.0	9%	31.2	12%
2021	17.0	7%	35.1	14%
2022	19.7	8%	35.3	14%
2023	14.9	6%	16.3	6%
Beyond	31.6	12%	34.3	13%
TOTAL	255.2	100%	255.2	100%

⁽¹⁾ Including DS Campus in GS 50%.



The mechanical loss of six months of residual term is in part offset by the new lettings for the half-year (particularly on CB 21). The firm residual term is slightly lower at 5.3 years, vs. 5.7 years at

the end of 2013. By lease termination date, the residual term of the leases amounts to 6.5 years (vs. 6.8 in 2013).

1.3.1.5.2. Occupancy rate and type: an occupancy rate of 96.1%

(%)	2013 ⁽¹⁾	H1 2014
Paris Centre West	100.0%	100.0%
Southern Paris	99.2%	99.3%
North Eastern Paris	96.1%	96.8%
Wester Crescent and La Défense	92.5%	95.7%
Inner suburbs	98.5%	98.5%
Outer suburbs	95.4%	91.7%
Total Paris Region	96.3%	97.1%
MRC	95.4%	95.8%
Other French regions	93.8%	90.1%
TOTAL	95.8%	96.1%

⁽¹⁾ Including Vélizy et Meudon.

The occupancy rate is up in comparison with the end of 2013 (96.1% vs. 95.8%). That is explained by the successful letting of CB 21. Hence, the vacancy rate in the Paris region fell by more than one point over the half-year.

The increase in the vacancy rate in the Regions is explained by the liberation of the Eiffage and Orange sites which are the subject of an ongoing sales process.

The other vacant office space mainly concerns three properties located in Paris (marketing ongoing), in Nîmes and in Lille, these latter two are the subject of an ongoing sales process.

1.3.1.6. Unpaid rent

(€M)	H1 2013	H1 2014
As % of rental income	0.80%	0.0%
In value ⁽¹⁾	2.1	0.0

⁽¹⁾ Net provision/reversals of provision.

1.3.1.7. Disposals and agreements for disposals: €95.5 million

(€M)	Disposals (agreements as of end of 2013 closed)	Agreements as of end of 2013 closed	New disposals H1 2014	New agreements H1 2014	Total H1 2014	Margin vs. 2013 value	Yield	Total
Paris Centre West	-	11.5	-	-	-	-	-	11.5
Southern Paris	-	6.5	-	38.0	38.0	11.5%	5.2%	44.5
North Eastern Paris	-	31.7	-	-	-	-	-	31.7
Wester Crescent and La Défense	32.2	7.6	-	-	-	-	-	39.8
Inner suburbs ⁽¹⁾	3.2	30.9	-	-	-	-	-	34.1
Outer suburbs	30.4	24.7	12.5	9.8	22.3	4.4%	8.3%	77.4
Total Paris Region	65.9	112.8	12.5	47.8	60.3	8.7%	6.4%	239.0
MRC	19.1	46.5	2.1	10.1	12.1	8.4%	5.4%	77.7
Other French regions	19.9	23.7	11.5	11.6	23.1	-0.1%	9.5%	66.7
TOTAL	104.9	183.0	26.0	69.5	95.5	6.4%	7.0%	383.4

⁽¹⁾ Inner suburbs includes Vélizy and Meudon.

The amount of Foncière des Régions' arbitrages over the first half of 2014 is in line with Foncière des Régions' strategy of progressive sales of its secondary properties (76% of disposals and agreements for disposals at 30 June 2014).

1.3.1.8. Acquisitions

No acquisitions were carried out during the half-year.

1.3.1.9. Development projects: a pipeline of more than €1.4 billion

The development policy of Foncière des Régions aims mainly at continuing the asset enhancement work undertaken (improvement of asset quality and creation of value), supporting Key Accounts partners over the long term in the deployment of their real estate strategy, and managing new operations in strategic locations.

The strategy is based, in the Paris area, on locations which are well served by public transport and/or in established tertiary districts and in the large Regional Cities where the annual take-up is greater than 50,000 sq. m per year, on prime locations (examples: TGV stations in Bordeaux, Nantes, Nancy or Metz, Part-Dieu district of Lyon).

1.3.1.9.1. Delivery of properties

During the first half of the year, a B&B hotel (lease of 12 years firm) with 91 bedrooms, for 2,133 sq. m, was delivered in the Pompignane park in Montpellier. The hotel opening occurred on 5 May 2014.

1.3.1.9.2. Committed projects

Projects	Location	Area	Surface ⁽¹⁾ (sq. m)	Delivery	Target offices rent (€/sq. m/year)	Pre-let (%)	Total Budget ⁽²⁾ (€M)
New Vélizy (QP FDR: 50%)	Vélizy	Paris Regions	45,600	2014	250	100%	96
Egis	Montpellier	MRC	6,100	2014	155	100%	15
Steel	Paris	Paris Regions	3,700	2014	600	0%	36
Euromed Center – Astrolabe (QP FDR: 50%)	Marseille	MRC	14,000	2015	250	0%	19
Euromed Center – Parking + Commerces (QP FDR: 50%)	Marseille	MRC	900	2015	N/A	100%	16
Green Corner	Saint-Denis	Paris Regions	20,400	2015	310	70%	87
ERDF Avignon	Avignon	MRC	4,100	2015	160	100%	9
Nanterre Respiro	Nanterre	Paris Regions	11,150	2015	310	100%	51
Quatuor	Lille-Roubaix	MRC	9,700	2015	160	72%	23
Askia – Cœur d'Orly (QP FDR: 25%)	Orly	Paris Regions	18,500	2015	250	50%	15
Campus Eiffage (QP FDR: 50%)	Vélizy	Paris Regions	23,000	2015	270	100%	53
Euromed Center – Hôtel (QP FDR: 50%)	Marseille	MRC	9,900	2016	N/A	100%	19
Euromed Center – Calypso (QP FDR: 50%)	Marseille	MRC	9,600	2016	250	0%	15
Dassault Systèmes Extension (QP FDR: 50%)	Vélizy	Paris Regions	13,100	2016	300	100%	34
Schlumberger Montpellier Pompignane	Montpellier	MRC	3,150	2016	155	100%	8
Silex I	Lyon	MRC	10,600	2016	280	0%	47
Bose	Saint-Germain- en-Laye	Paris Regions	5,100	2016	225	100%	20
TOTAL			208,600			72%	564

⁽¹⁾ Surface 100%.

⁽²⁾ In Group share, including land cost and financial cost.

The first half was marked by the start of works on several projects:

- ♦ Calypso, office building of 9,600 sq. m within the Euromed Center project in Marseille
- ♦ Silex 1, office building of 10,600 sq. m in the heart of the Part-Dieu district in Lyon, which should be delivered in the first quarter of 2016
- ♦ turnkey for ERDF in Avignon over a floor area of 4,100 sq. m.

Lease agreements have also been signed during this first half-year:

- ♦ with Schlumberger in a turnkey building of 3,150 sq. m in the Pompignane park in Montpellier. The building permit application was filed in February
- ♦ with Bose in a turnkey building of 5,100 sq. m in Saint-Germain-en-Laye of which the works are due to start very soon
- ♦ with Dassault Systèmes for the completion of an extension of the existing campus in Vélizy over 13,100 sq. m. The building permit application was filed at the end of June.

1.3.1.9.3. Managed projects

Approximately 276,700 sq. m are controlled by Foncière des Régions:

Projects	Location	Area	Surface ⁽¹⁾ (sq. m)	Delivery timeframe
Euromed Center: Bureaux Floreal (QP FDR 50%)	Marseille	MRC	13,500	2016
Euromed Center: Bureaux Hermione (QP FDR 50%)	Marseille	MRC	10,400	2016
Toulouse Marquette	Toulouse	MRC	10,900	2016
Nancy Grand Cœur	Nancy	MRC	6,500	2016
Levallois Anatole France	Levallois	Paris Regions	5,500	2016
Clinique Saint/Mandé	Saint/Mandé	Paris Regions	5,500	2016
Cœur d'Orly Commerces (QP FDR 25%)	Orly	Paris Regions	31,000	2017
Issy Grenelle	Issy	Paris Regions	10,800	2017
Silex II	Lyon	MRC	30,700	2018
New Vélizy – Extension (QP FDR 50%)	Vélizy	Paris Regions	14,000	2018
Meudon Saulnier	Meudon	Paris Regions	30,000	2018
Meudon Green Valley	Meudon	Paris Regions	46,900	2018
DS Campus Extension 2 (QP FDR 50%)	Vélizy	Paris Regions	11,000	2018
Cœur d'Orly Bureaux (QP FDR 25%)	Orly	Paris Regions	50,000	2017-2018
TOTAL			276,700	

⁽¹⁾ Surface 100%.

The building permits have been completed on the Levallois (5,500 sq. m), Nancy Grand Cœur (6,500 sq. m) Meudon Green Valley (46,900 sq. m) and Meudon Saulnier (30,000 sq. m) projects. These projects are currently in the pre-marketing phase and are likely to be committed depending on leasing agreements to be completed.

The building permit has been obtained for the extension of the New Vélizy campus, of which the first phase of 45,600 sq. m

will be delivered in October 2014. Discussions with Thales on this extension (14,000 sq. m) are in progress.

On the Silex 2 projects (renovation project – extension of the tower vacated by EDF in the Part-Dieu district in Lyon), Toulouse Marquette (building of 10,900 sq. m in the centre of Toulouse), the building permit should be filed by the end of the year.

1.3.1.10. Asset values

1.3.1.10.1. Changes in asset value

(€M) Asset ⁽¹⁾	Value ED 2013	Value adjustment	Acquisitions	Disposals	Invest.	Transfer	Value ED 2014
Assets in operation	3,901.3	25.0	0.0	-130.6	9.0	-18.8	3,785.9
Assets under development	215.7	11.3	0.0	0.0	86.0	20.7	333.7
TOTAL	4,116.9	36.4	0.0	-130.6	95.0	1.9	4,119.6

⁽¹⁾ Including DS Campus in GS 50%.

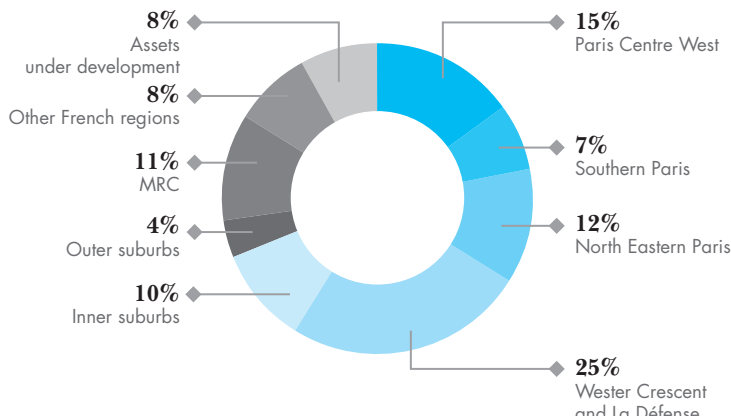
1.3.1.10.2. Change on a like-for-like basis: +1.3%

(€M)	100% value ED 2013	100% value ED HI 2014	Value ED 2014 GS ⁽¹⁾	LFL change 6 months	Yield ED 2013	Yield ED HI 2014	% of total value
Paris Centre West	575.5	592.1	592.1	2.9%	5.9%	5.7%	14%
Southern Paris	594.5	299.2	299.2	1.8%	6.3%	7.1%	7%
North Eastern Paris	293.0	614.4	494.3	2.4%	6.4%	6.2%	12%
Wester Crescent and La Défense	1,188.3	1,139.4	994.1	-0.2%	6.2%	6.2%	24%
Inner suburbs ⁽²⁾	621.2	605.1	417.2	-0.8%	6.5%	6.7%	10%
Outer suburbs	218.2	176.5	176.5	1.4%	8.6%	8.2%	4%
Total Paris Region	3,490.6	3,426.7	2,973.4	1.0%	6.1%	6.4%	72%
MRC	495.3	463.1	463.1	1.7%	7.3%	7.5%	11%
Other French regions	384.3	349.4	349.4	-1.0%	9.2%	8.9%	8%
TOTAL IN OPERATION	4,370.2	4,239.2	3,785.9	0.9%	6.8%	6.8%	92%
Assets under development	294.3	501.2	333.7	5.2%	0.3%	0.2%	8%
TOTAL	4,664.5	4,740.4	4,119.6	1.3%	6.5%	6.2%	100%

⁽¹⁾ Including DS Campus, New Vélizy and Euromed in GS.

⁽²⁾ Included Vélizy and Meudon.

Value GS (incl. assets under developments)



The first half of 2014 was marked by a growth in values of +1.3% on a like-for-like basis:

- the Paris region and the Regional Cities grew strongly over the half-year, which is explained by investors' strong appetite for well-located buildings and secured cash flows over the long-term

- the slight fall in the value of properties in the regions is explained by the dual effect of the loss of six months of flows, combined with the increase in registration fees in almost all "départements".

1.3.1.10.3. Strategic asset segmentation

- ♦ "Core" portfolio: the Core portfolio is the strategic asset core, consisting of resilient properties providing long-term income. Mature buildings may be disposed of on an opportunistic basis in managed proportions, freeing up resources that can be reinvested in value creating transactions, particularly by the development of our portfolio or new investments.
- ♦ "Secondary" portfolio: the "Secondary" portfolio originates principally from outsourcing operations with our major partners-lessees. This portfolio constitutes a compartment

with a higher yield than the average for the office portfolio, with a historically-high rate of renewals. The small unit size of these properties and their liquidity on the local markets makes them apt candidates for progressive disposal.

- ♦ Portfolio "In the process of valuation": the portfolio "in the process of valuation" comprises properties targeted for specific restructuring or rental development actions. These assets are intended to become "Core" once the asset management work has been completed.

	Core Portfolio	Value enhancement Portfolio	Secondary asset	Total
Number of assets	70	52	275	397
Value ED GS (€M)	2,626	817	676	4,120
Yield	6.3%	4.5%	8.0%	6.2%
Residual firm duration of leases (years)	6.3	1.6	4.6	5.3
Occupancy rate	98.2%	94.9%	90.5%	96.1%

The proportion of the "Core" portfolio was slightly up over the half-year (64% of the France Offices portfolio) whilst the "Secondary" compartment fell significantly over the half-year (16% vs. 19% in 2013) due to the disposals, a result of the implementation of a targeted disposals strategy.

Taking account of the disposal agreements, the volume of the "Secondary" portfolio is only €557 million, or less than 6% of the Group share of Foncière des Régions (of which the value is €9.5 billion).

1.3.2. ITALY OFFICES

Listed on the Milan Stock Exchange since 1999, Beni Stabili is the leading listed Italian property company (SIQ – Italian version of the SIC regime). Its assets consist largely of offices located in cities in northern and central Italy, particularly Milan

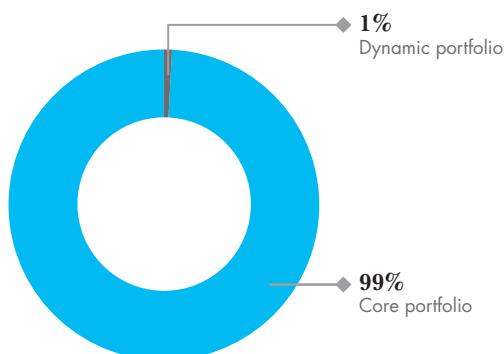
and Rome. The company has a portfolio of €4.1 billion at the end of June 2014. The figures below are wholly 100%.

Foncière des Régions holds 50.9% of the capital of Beni Stabili.

1.3.2.1. Rents received: +0.8% on a like-for-like basis

(€M)	Surface (sq. m)	Number of assets	Rental income H1 2013	Rental income H1 2014	Change (%)	Change (%) LFL	% of total
Core portfolio	1,722,849	216	114.8	114.7	-0.1%	-0.8%	99.0%
Dynamic portfolio	131,934	39	1.5	1.2	-22.6%	-7.5%	1.0%
Subtotal	1,854,784	255	116.3	115.9	-0.4%	-0.8%	100.0%
Development portfolio	11,705	3	0.0	0.0	0.0%	0.0%	0.0%
TOTAL	1,866,489	258	116.3	115.9	-0.4%	-0.8%	100.0%

In rental income



The change in rental income between 30 June 2013 and 30 June 2014 amounted to -€0.4 million, or -0.4%. This change is due primarily to:

- ♦ Asset Management and indexation: +€0.2 million
 - ♦ disposals: -€2.4 million
 - ♦ deliveries of assets under development, principally Via dell'Arte in Rome and San Fedele in Milan: +€1.8 million.
- The change on a like-for-like basis is -0.8% over the period.

1.3.2.2. Annualised rents: €222 million

1.3.2.2.1. Breakdown by portfolio

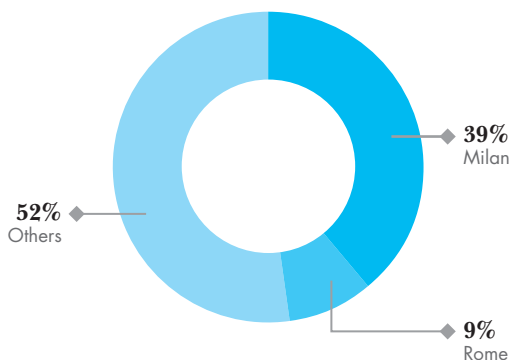
(€M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of total
Core portfolio	1,722,849	216	231.0	219.4	-5.0%	99.0%
Dynamic portfolio	131,934	39	2.7	2.2	-19.0%	1.0%
Subtotal	1,854,784	255	233.7	221.7	-5.2%	100.0%
Development portfolio	11,705	3	0.0	0.0	N/A	0.0%
TOTAL	1,866,489	258	233.7	221.7	-5.2%	100.0%

1.3.2.2.2. Geographic breakdown

(€M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of total
Milan	451,780	41	91.5	86.3	-5.7%	38.9%
Rome	158,874	33	19.6	21.0	7.4%	9.5%
Other	1,244,130	181	122.7	114.3	-6.8%	51.6%
TOTAL	1,854,784	255	233.7	221.7	-5.2%	100.0%

Annualised rental income at year-end excluding development.

In rental income



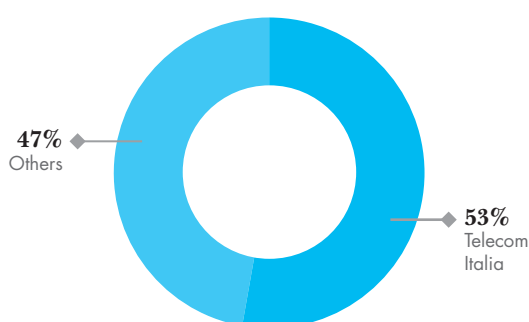
The increase in revenues in Rome is explained by the delivery of the Via dell'Arte property in Q2 2014.

1.3.2.2.3. Breakdown by tenant

(€M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of total
Telecom Italia	1,165,883	162	118.8	117.1	-1,4%	52.8%
Other	688,901	93	115.0	104.5	-9,1%	47.2%
TOTAL	1,854,784	255	233.7	221.7	-5,2%	100.0%

Annualised rental income at year-end excluding development.

In rental income



1.3.2.3. Indexation

The annual indexation in rental income is usually calculated by taking 75% of the increase in the Consumer Price Index (CPI) applied on each anniversary of the signing date of the agreement. For the first half of 2014, the average increase in the IPC index amounted to 0.5%.

1.3.2.4. Rental activity

During the first half of 2014, the letting activity can be summarised as follows:

(€M)	Surface (sq. m)	Annualised rental income	Annualised rental income (€/sq. m)
Vacating	53,862	5.7	105
Letting	18,819	9.0	476
Renewal	22,366	4.0	181

The new leases mainly concern the San Nicolao/Piazza Cardorna property (€5.4 million of rent) let under the terms of a 13 year lease, including seven years firm, to Luxottica. The other lettings concern Piazza San Fedele in Milan (€1.6 million) and Via dell'Arte in Rome (€0.5 million).

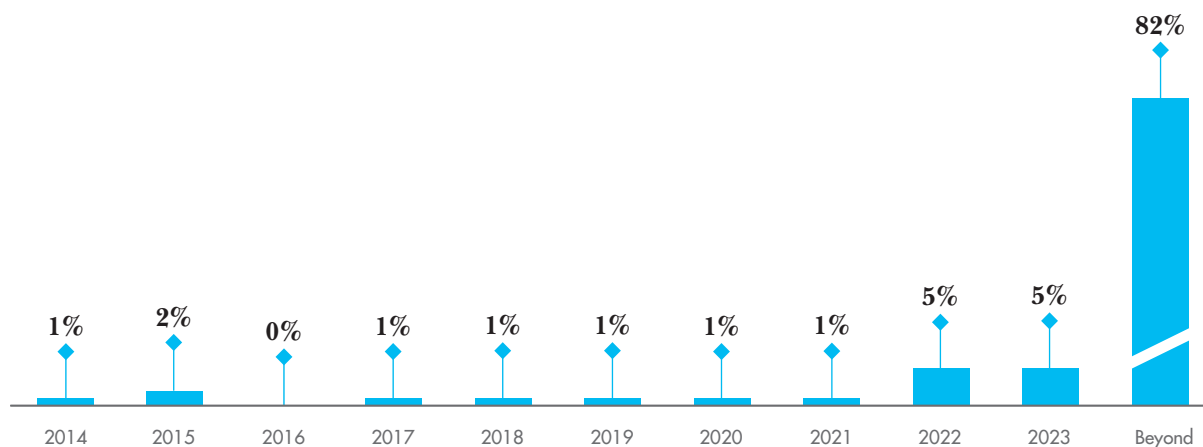
The renewals mainly concern two properties located in Milan, for a floor area of almost 9,000 sq. m.

The liberations include the operation of the Corso Ferrucci property (Turin, 51,000 sq. m), subject of active marketing.

1.3.2.5. Maturity date table and occupancy rate

1.3.2.5.1. Maturity dates for the leases: 12.4 years of residual term for the leases (6.7 years firm)

(€M)	By lease end date (1 st break)	% of total	By lease end date	% of total
2014	4.2	2%	3.3	1%
2015	5.6	3%	4.6	2%
2016	3.0	1%	0.8	0%
2017	13.6	6%	1.9	1%
2018	8.3	4%	1.2	1%
2019	32.5	15%	1.9	1%
2020	3.3	1%	1.5	1%
2021	118.9	54%	2.0	1%
2022	26.0	12%	10.6	5%
2023	5.0	2%	11.0	5%
Beyond	1.2	1%	182.8	82%
TOTAL	221.7	100%	221.7	100%



Leases expiring after 2023 are basically linked to Telecom Italia.

1.3.2.5.2. Occupancy rate and type: an occupancy rate of 95.7%

The spot financial occupancy rate at the end of June 2014 amounts to 95.7% for the Core portfolio, down in comparison with the end of 2013 following the liberation of a property located in Turin.

1.3.2.6. Unpaid rent

(€M)	H1 2013	H1 2014
As % of rental income	2.6%	1.4%
In value ⁽¹⁾	2.6	1.6

⁽¹⁾ Net provision/reversals of provision.

The unpaid rents represent the net of the charges, releases and transfers to losses and amount to 1.4% of the rents at the end of June 2014 and are slightly down in comparison with 2013.

1.3.2.7. Disposals and agreements for disposals: €67 million

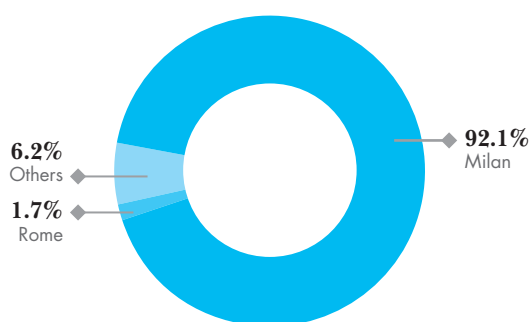
The value of the disposals and agreement for disposals in H1 2014 amounts to €67 million.

These new 2014 commitments were completed at above the 2013 expert assessment values (+1.0%) and on the basis of a yield of 6.4%.

Beni Stabili continues to demonstrate its ability to sell on good terms.

(€M)	Disposals (agreements as of end of 2013 closed)	Agreements as of end of 2013 closed	New disposals H1 2014	New agreements H1 2014	Total H1 2014	Margin vs. 2013 value	Yield	Total
Milan	0.0	9.1	61.5	0.0	61.5	1.8%	6.5%	70.6
Rome	0.0	0.0	0.1	1.1	1.2	-12.8%	0.0%	1.2
Other	19.5	3.3	0.0	4.1	4.1	-5.7%	7.6%	26.9
TOTAL	19.5	12.4	61.6	5.2	66.8	1.0%	6.4%	98.6

In asset value



1.3.2.8. Acquisitions

No acquisition was made during the half.

1.3.2.9. Development projects

1.3.2.9.1. Projects delivered

Delivery of the Via dell'Arte property in Rome in May 2014. This property has a floor area of 6,700 square metres and is prelet for 84%.

1.3.2.9.2. Committed projects

Projects	Location	Area	Surface (sq. m)	Delivery	Target offices rent (€/sq. m/year)	Pre-let (%)	Total Budget (€M)
San Nicolao	Milano	Italy	11,200	2014	470	100%	111
TOTAL			11,200			100%	111

1.3.2.9.3. Managed projects

Projects	Location	Area	Surface (sq. m)	Delivery timeframe
Milan, Symbiosis (Ripamonti)	Milano	Italy	119,500	Depending Prelet Status
TOTAL			119,500	

1.3.2.10. Asset values

1.3.2.10.1. Changes in asset value

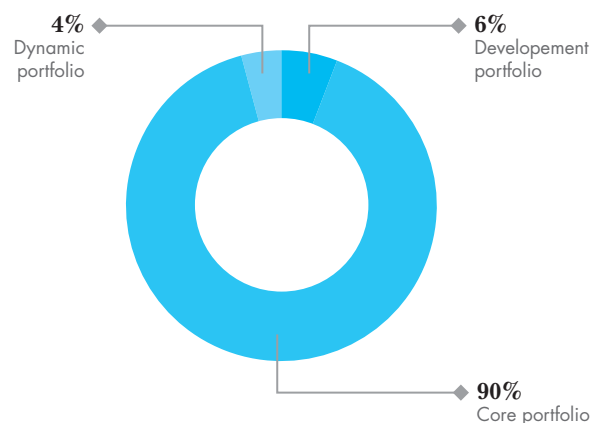
(€M)	Value ED 2013	Change in value	Acquisitions	Disposals	Invest.	Reclass.	Value ED H1 2014
Core portfolio	3,713.4	-3.9	0.0	-79.7	2.2	32.2	3,664.2
Dynamic portfolio	155.3	-1.8	0.0	-0.1	0.5	0.0	153.9
Subtotal	3,868.8	-5.7	0.0	-79.8	2.7	32.2	3,818.1
Development portfolio	288.2	-6.0	0.0	0.0	20.0	-32.2	270.0
TOTAL	4,157.0	-11.7	0.0	-79.8	22.7	0.0	4,088.1

1.3.2.10.2. Change on a like-for-like basis: -0.2%

(€M)	Value ED 2013 100%	Value ED H1 2014 100%	LFL change 6 months	Yield ED 2013	Yield ED H1 2014	% of total value
Core portfolio	3,713.4	3,664.2	0.0%	6.1%	6.0%	89.6%
Dynamic portfolio	155.3	153.9	-0.9%	1.4%	1.4%	3.8%
Subtotal	3,868.8	3,818.1	-0.1%	5.9%	5.8%	93.4%
Development portfolio	288.2	270.0	N/A	N/A	N/A	6.6%
TOTAL	4,157.0	4,088.1	-0.2%	5.5%	5.4%	100.0%

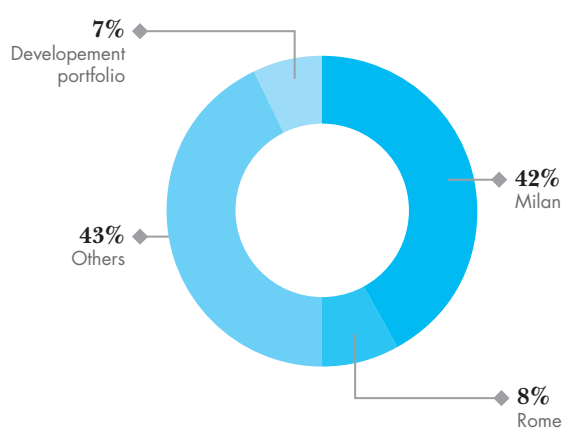
The value of Beni Stabili's portfolio fell by 0.2% on a like-for-like basis during the first half of 2014. The Telecom Italia portfolio (42% of the assets) was down by 0.4% over the period.

In asset value



(€M)	Value ED 2013 100%	Value ED H1 2014 100%	LFL change 6 months	Yield ED 2013	Yield ED H1 2014	% of total value
Milan	1,759.6	1,712.6	0.8%	5.0%	5.0%	41.9%
Rome	316.9	349.8	0.2%	5.9%	6.0%	8.6%
Other	1,792.2	1,755.7	-1.0%	6.7%	6.5%	42.9%
Subtotal	3,868.8	3,818.1	-0.1%	5.9%	5.8%	93.4%
Development portfolio	288.2	270.0	N/A	N/A	N/A	6.6%
TOTAL	4,157.0	4,088.1	-0.2%	5.5%	5.4%	100.0%

In asset value



The portfolio is primarily located in Milan and Rome (50%).

1.3.3. HOTELS/SERVICE SECTOR

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

1.3.3.1. Rents received: -1.1% on a like-for-like basis

Recognised rental income is presented at 100% and in FDM share. Partly-held assets correspond to 161 B&B hotels (2%).

1.3.3.1.1. Breakdown by business sector

(€M)	Number of assets	Rental income H1 2013	Rental income H1 2013 in GS FDM	Rental income H1 2014 100%	Rental income H1 2014 in GS FDM	Change (%) 100%	Change (%) in GS	Change (%) LFL
Hotels	317	70.7	62.4	69.0	60.6	-2.5%	-3.0%	-1.1%
Healthcare	29	11.3	11.3	8.7	8.7	-22.6%	-22.6%	1.4%
Retail Premises	185	19.5	19.5	18.3	18.3	-6.1%	-6.1%	-2.3%
TOTAL	531	101.6	93.3	96.0	87.6	-5.4%	-6.0%	-1.1%

Consolidated rental income stood at €96 million in 100% as at 30 June 2014, up 5.4% compared to 30 June 2013. This was due mainly to:

- ♦ disposals in 2013 and 2014 (-€4.6 million)
- ♦ the drop in variable rental income due to changes in Accor revenues (-2.2% at the end of June compared to 2013)

- ♦ the drop in rents to Jardiland in 2014, after the renegotiations at the end of 2013 and against some extension of leases.

The average load rate is 1.5% of rentals.

1.3.3.1.2. Geographic breakdown

(€M)	Number of assets	Rental income H1 2013 in GS	Rental income H1 2014 in GS	Change (%) GS FDM	% of rental income
Paris excl. CBD	9	10.7	9.8	-8.5%	11%
Inner suburbs	28	9.4	8.9	-5.8%	10%
Outer suburbs	56	7.8	7.6	-2.5%	9%
Total Paris Region	93	28.0	26.3	-6.2%	30%
MRC	109	17.4	16.5	-5.3%	19%
Other French regions	295	33.4	30.2	-9.5%	34%
International	34	14.4	14.7	2.0%	17%
TOTAL	531	93.3	87.6	-6.0%	100%

1.3.3.2. Annualised rents: €176 million

1.3.3.2.1. Distribution business sector

Annual rental Income is expressed in FDM share.

(€M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of rental income
Hotels	1,109,308	317	124.7	123.3	-1.1%	70%
Healthcare	115,559	38	21.9	15.6	-28.7%	9%
Retail Premises	197,573	186	38.3	36.7	-4.3%	21%
TOTAL	1,422,440	541	184.9	175.6	-5.0%	100%

1.3.3.2.2. Breakdown by tenant

(€M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of rental income
Accor	594,363	129	86.9	80.7	-7.2%	46%
B&B	325,102	182	21.9	22.1	1.0%	13%
Korian	115,559	29	18.2	15.6	-14.2%	9%
Quick	37,487	81	17.1	16.5	-3.2%	9%
Jardiland	151,681	49	15.0	13.5	-9.6%	8%
Sunparks	133,558	4	13.6	13.8	1.6%	8%
Courtepaille	8,405	55	6.6	6.6	0.2%	4%
Club Med	45,813	1	3.4	3.4	0.4%	2%
Générale de Santé	10,472	0	2.7	0.0	0.0%	0%
TOTAL	1,422,440	531	184.9	175.6	-5.0%	100%

1.3.3.2.3. Geographic breakdown

(€M)	Surface (sq. m)	Number of assets	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of rental income
Paris CBD	0	0	0.0	0.0	0.0%	0%
Paris excl. CBD	73,240	9	21.4	18.2	-15.1%	10%
Inner suburbs	105,392	28	18.9	17.5	-7.3%	10%
Outer suburbs	117,644	56	15.3	15.1	-1.2%	9%
Total Paris Region	296,276	93	55.6	50.8	-8.6%	29%
MRC	271,407	109	34.9	32.3	-7.6%	18%
Other French regions	560,687	295	65.5	59.7	-8.9%	34%
International	294,070	34	29.0	32.9	13.3%	19%
TOTAL	1,422,440	531	184.9	175.6	-5.0%	100%

1.3.3.3. Indexation

54% of the rental income is indexed to benchmark indices:

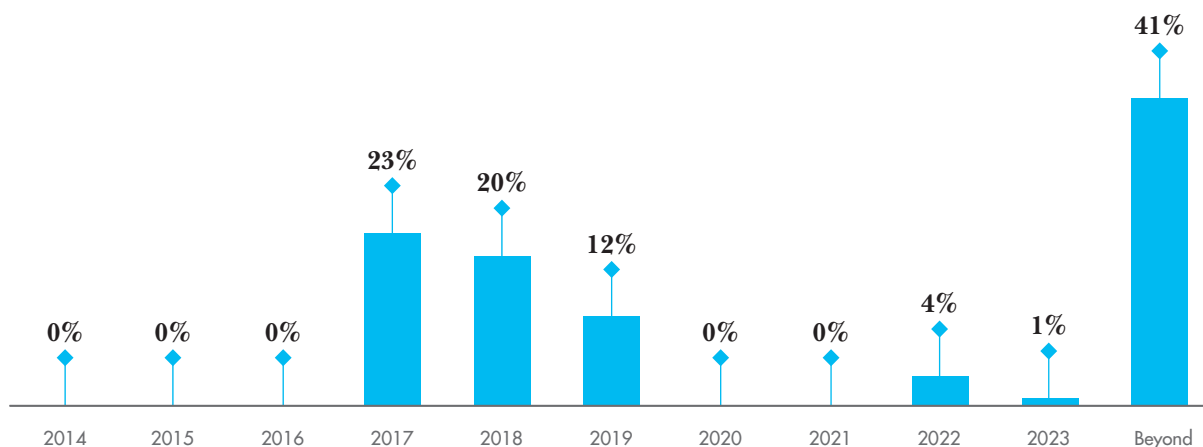
- ♦ part of the Korian portfolio was indexed based on the IRL, which generated a positive impact of €24 thousand

- ♦ the Club Med assets, based on the Eurostat CPI, were indexed in May 2014, generating a negative impact of €5 thousand.

46% of the rental income was indexed on the Accor revenue, which was down 2.2% in the first half of 2014.

1.3.3.4. Maturity date table and occupancy rate

(€M)	By lease end date (1 st break)	% of total	By lease end date	% of total
2014	0.0	0%	0.0	0%
2015	0.8	0%	0.8	0%
2016	0.0	0%	0.0	0%
2017	39.7	23%	39.7	23%
2018	34.6	20%	34.6	20%
2019	20.9	12%	20.9	12%
2020	0.3	0%	0.3	0%
2021	0.3	0%	0.3	0%
2022	6.2	4%	6.2	4%
2023	1.0	1%	1.0	1%
Beyond	71.9	41%	71.9	41%
TOTAL	175.6	100%	175.6	100%



The residual firm duration of leases is 7.3 years at 30 June 2014. The portfolio's vacancy rate as at 30 June 2014 remained nil.

1.3.3.5. Unpaid rent

The portfolio had no unpaid rent during the 2014 half, just as in 2013.

1.3.3.6. Disposals and agreements for disposals: €59 million

During the first half of 2014, 17 assets were sold for a value of €135 million. These disposals, as a portfolio or as single sales, were the Accor hotels, the Quick and Courtepaille assets, as well as the Korian retirement homes and the Générale

de Santé clinics. Also, disposals agreements for four assets represented a total value of €13.9 million. These disposals include €56 million of new commitments.

(€M)	Disposals (agreements as of end of 2013 closed)	Agreements as of end of 2013 to close	New disposals H1 2014	New agreements H1 2014	Total H1 2014	Margin vs. 2013 value	Yield	Total
Hotels	43.4	4.6	0.0	0.0	0.0	0.0%	0.0%	47.9
Healthcare	33.6	3.8	56.3	2.4	58.7	0.2%	5.6%	96.2
Retail Premises	1.7	3.1	0.0	0.0	0.0	0.0%	0.0%	4.8
TOTAL	78.6	11.5	56.3	2.4	58.7	0.2%	5.6%	148.9

1.3.3.7. Acquisitions

In early June 2010, Foncière des Murs via the OPCI B2 Hotel Invest, 50.2% owned by FDM, acquired three B&B hotels in Valenciennes, Salon de Provence and Euralille, for €11.3 million, i.e. €5.7 million in Share of FDM affiliates, strengthening the partnership started in 2010 between the two groups.

The company also acquired in June 2014, the NH Amsterdam Centre hotel for a total of €48 million. Located in the heart of Amsterdam, this four-star hotel is leased to the NH Hoteles group under the terms of an indexed, fixed-rent, 20-year, firm, triple net lease.

1.3.3.8. Development projects: a €22 million pipeline

1.3.3.8.1. Committed projects: €22 million, 100% pre-let

Projects	Location	Area	Surface (sq. m)	Delivery	Target rent (€/sq. m/year)	Pre-let (%)	Total Budget (€M)
B&B Porte de Choisy	Paris	Paris	4,000	2015	256	100.0%	16
B&B Romainville	Romainville	IDF	2,300	2015	190	100.0%	6
TOTAL			6,300			100.0%	22

Foncière des Murs owns a building under construction whose scheduled delivery date is 30 October 2015. It will be a six floor hotel, with 182 rooms, located at Porte de Choisy in Ivry-sur-Seine. It will be let to B&B Hôtels.

Foncière des Murs also continued to support its partner, the B&B Hôtels group, by signing, in May 2014, a lease in advance of completion for the development of a B&B hôtel with 107 rooms in the Paris region, in Romainville, for around

€6 million. Delivery is scheduled for the end of September 2015.

The Porte des Lilas Hotel B&B (valued at €26 million in the first half of 2014) was delivered at the end of June 2014.

Moreover it has signed a partnership agreement on the financing of nine new hotels in Germany for an amount of €50 million in the next three years.

1.3.3.9. Asset values

1.3.3.9.1. Asset changes

(€M)	Value ED 2013 GS	Value adjustment	Acquisitions	Disposals	Invest.	Transfert	Value ED H1 2014 GS FDM
Assets in operation	2,940.6	13.5	54.1	-135.0	6.0	26.0	2,905.1
Assets under development	25.7	1.4			7.1	-26.0	8.2
TOTAL	2,966.3	14.9	54.1	-135.0	13.1	0.0	2,913.3

The asset value of Foncière des Murs amounted to €2,913 million as at 30 June 2014, up on a like-for-like basis by 0.7% on the half. The increase in values is mainly due to

strong growth in capitalisation rates, given the investment in the very promising hotel sector.

1.3.3.9.2. Like-for-like change: +0.7%

(€M)	100% value ED 2013 GS	100% value ED H1 2014	Value ED H1 2014 GS	LFL change 6 months	Yield ED H1 2013	Yield ED H1 2014	% of total value
Paris excl. CBD	379.2	365.4	359.7	1.5%	5.6%	5.7%	11%
Inner suburbs	324.6	312.7	292.7	0.5%	5.6%	6.1%	10%
Outer suburbs	250.3	293.0	256.6	2.5%	5.4%	6.1%	9%
Total Paris Regions	954.2	971.2	908.9	1.5%	5.6%	6.0%	30%
MRC	556.5	610.0	537.7	0.6%	6.2%	6.2%	19%
Other French Regions	1,002.2	1,100.4	961.2	0.0%	6.5%	6.5%	35%
International	453.5	505.5	505.5	0.7%	6.5%	6.5%	16%
TOTAL	2,966.3	3,187.1	2,913.3	0.7%	6.2%	6.3%	100%

(€M)	100% value ED 2013 GS	100% value ED H1 2014	Value ED H1 2014 GS	LFL change 6 months	Yield ED H1 2013	Yield ED H1 2014	% of total value
Hotels	2,011.1	2,335.1	2,067.1	1.0%	6.3%	6.3%	73%
Healthcare	331.8	241.9	241.9	0.0%	6.5%	6.5%	8%
Retail Premises	597.6	596.1	596.1	0.1%	6.3%	6.3%	19%
Total in operation	2,940.6	3,173.1	2,905.1	0.7%	6.3%	6.3%	100%
Assets under development		14.0	8.2	1.5%	5.9%	6.5%	0%
TOTAL	2,966.3	3,187.1	2,913.3	0.7%	6.3%	6.3%	100%

In the hotel sector, a like-for-like advance of 1.0% is noted, compared to the end of 2013. The healthcare sector is stable, due to the combined effect of the Indexation of rents

(+0.6%) and the rise in transfer fees. The like-for-like stability of Retail Premises is due to the combined effect of compressed capitalisation rates and the rise in transfer fees.

1.3.4. RESIDENTIAL

Foncière Développement Logements, a subsidiary of Foncière des Régions, specialises in the holding of residential assets. In this six month period the company has separated its French portfolio (25% of the portfolio) and German portfolio (75% of the portfolio) as announced on 28 April 2014, by disposing

of the capital of its German subsidiary IMMEO to its main shareholders. This transaction became effective on 9 July 2014.

On 30 June 2014, Foncière des Régions held 59.7% of Foncière Développement Logements.

1.3.4.1. Rents received – Germany: +2.0% on a like-for-like basis

1.3.4.1.1. Geographic breakdown

(€M)	Rental income H1 2013	Rental income H1 2014	Change (%)	Change (%) LFL	% of rental income
Paris and Neuilly	8.2	7.4	-9.7%	N/A	49%
IDF excl. Paris and Neuilly	3.1	2.8	-9.5%	N/A	18%
Rhône-Alpes	1.7	1.5	-12.0%	N/A	10%
PACA	2.0	2.1	3.4%	N/A	14%
Large Ouest	1.0	0.8	-15.6%	N/A	6%
East ⁽¹⁾	0.5	0.5	-6.6%	N/A	3%
Total France⁽¹⁾	16.6	15.2	-8.5%	N/A	15%
Berlin	7.3	16.4	124.7%	5.8%	20%
Datteln	3.6	3.6	0.8%	1.1%	4%
Dresde	0.0	2.6	N/A	N/A	3%
Duisburg	27.1	20.9	-23.0%	N/A	25%
Dusseldorf	1.2	0.9	-25.0%	2.0%	1%
Essen	16.3	16.2	-0.7%	0.8%	19%
Mulheim	6.2	6.2	0.0%	1.4%	7%
Oberhausen	5.0	5.0	1.3%	2.1%	6%
Autre	11.2	11.5	3.3%	1.8%	14%
Total Germany	77.9	83.4	7.1%	2.0%	85%
TOTAL	94.5	98.6	4.3%	N/A	100%

⁽¹⁾ Including an office building in Luxembourg.

Rental Income was €98.6 million in the 1st half of 2014 compared to €94.5 million for the same period in 2013. This increase is mainly due to the impact of the Acquisitions completed in Germany during the 2nd half of 2013 and the 1st half of 2014.

1.3.4.2. Annualised rents: €207 million

1.3.4.2.1. Geographic breakdown

(€M)	Annualised rental income H1 2013	Annualised rental income H1 2014	Change (%)	% of rental income
Paris and Neuilly	16.4	14.5	-11%	49%
IDF excl. Paris et Neuilly	6.1	5.5	-11%	18%
Rhône-Alpes	3.4	2.9	-12%	10%
PACA	4.2	4.2	1%	14%
Large West	1.9	1.6	-13%	6%
East ⁽¹⁾	0.7	1.0	36%	3%
Total France⁽¹⁾	32.6	29.7	-8.9%	15%
Berlin	15.1	36.6	141.4%	21%
Datteln	7.4	7.5	1.0%	4%
Dresde	0.0	5.1	N/A	3%
Duisburg	44.6	44.6	-0.2%	25%
Dusseldorf	1.5	1.9	27.5%	1%
Essen	33.3	33.1	-0.7%	19%
Mulheim	12.9	12.9	0.3%	7%
Oberhausen	10.5	10.4	-0.6%	6%
Other	23.1	25.1	8.9%	14%
Total Germany	148.5	177.2	19.3%	85%
TOTAL	181.1	206.9	14.2%	100%

⁽¹⁾ Including an office building in Luxembourg.

Annual Rental Income are up in Germany due to the Acquisitions of 2013 and 2014.

1.3.4.3. Indexation

The index used to calculate the Indexation in France is the IRL. In Germany, rents are limited by the Mietspiegel.

1.3.4.4. Occupancy rate (in Germany)

(%)	2013	H1 2014
Germany		
Berlin	99.1%	99.3%
Datteln	99.2%	99.2%
Dresde	98.7%	98.9%
Duisburg	97.4%	96.7%
Dusseldorf	100.0%	100.0%
Essen	99.2%	99.1%
Mulheim	99.1%	99.2%
Oberhausen	97.2%	98.6%
Other	99.6%	98.4%
TOTAL	98.7%	98.6%

The occupancy rate of operational assets is still high at 98.6% at 30 June 2014, stable compared to 30 June 2013 (98.7%).

1.3.4.5. Unpaid rent

(€M)	H1 2013	H1 2014
As % of rental income	1.16%	1.4%
In value ⁽¹⁾	1.1	1.4

⁽¹⁾ Net provision/reversals of provision.

The impact of unpaid rent on the income statement is stable as a percentage of annualised rents between 30 June 2014 and 30 June 2013, and remains at a manageable level.

1.3.4.6. Disposals and agreements for disposals: €194 million

(€M)	Disposals (agreements as of end of 2013 closed)	Agreements as of end of H1 2013 to close	New disposals H1 2014	New agreements H1 2014	Total H1 2014	Margin vs. 2013 value	Yield	Total
France	16.9	-	16.0	28.1	44.2	8.7%	1.7%	61.1
Germany	12.9	105.8	8.7	5.2	13.9	8.8%	4.6%	132.5
TOTAL	29.8	105.8	24.7	33.3	58.0	8.7%	3.6%	193.6

In France, disposals were mainly assets located in Île-de-France (70%). In Germany, disposals were mainly in the Ruhr (60%). The amount of new commitments amounted to €58 million and were made with a margin of 8.7%.

1.3.4.7. Acquisitions: 95.3 million in Germany

Assets	Surface (sq. m)	Location	Acquisition Price (€M)	Yield ⁽¹⁾
Germany	79,043	Berlin, Dresde, Leipzig	95.3	6.4%
TOTAL	79,043		95.3	6.4%

⁽¹⁾ Yield on potential rent.

In Germany, three investment operations took place in Berlin, Dresden and Leipzig for an amount of €95.3 million including costs and taxes, i.e., €90.5 million excluding taxes. These acquisitions are fully in Foncière des Régions' strategy to expand in Germany, dynamic regions with a high potential for rental growth.

1.3.4.8. Asset values

1.3.4.8.1. Changes in asset value

(€M)	Value ED 2012	Value adjustment	Acquisitions	Disposals	Invest.	Transfer	Value ED H1 2014
France	870.6	23.5	0.0	31.8	0.0	0.0	862.3
Germany	2,446.0	36.7	95.3	20.2	0.0	0.0	2,558.0
TOTAL	3,316.6	60.2	95.3	52.0	0.0	0.0	3,420.3

⁽¹⁾ Including an office building in Luxembourg.

On 30 June 2014, the consolidated Foncière Développement Logements portfolio was valued at €3.420 billion – a like for like increase of +1.8% over the six months.

1.3.4.8.2. Like-for-like change: +1.8%

(€M)	100% value ED 2013	100% value ED H1 2014	LFL change 6 months	Yield ED 2013	Yield ED H1 2014	% of total value
Total France ⁽¹⁾	871	862	2.8%	3.5%	3.4%	25%
Total Germany ⁽²⁾	2,446	2,558	1.5%	6.6%	6.7%	75%
TOTAL	3,317	3,420	1.8%	5.8%	5.9%	100%

⁽¹⁾ Including an office in Luxembourg.

⁽²⁾ Excluding services in Oberhausen.

1.3.5. LOGISTICS

1.3.5.1. Accounted rental income: -1.8% like-for-like

(€M)	Surfaces (sq. m)	Rental income H1 2013	Rental income H1 2014	Change (%)	Change (%) LFL	% rental income
TOTAL	534,960	28.0	24.0	-14.3%	-1.8%	100%

The rents for the first half of 2014 amounted to €24.0 million, or a reduction of 14.3% in comparison with 30 June 2013. This variation is explained by:

- the disposals completed in H2 2013 and H1 2014 (-€3.9 million)
- the indexation and the staged rents (+€0.1 million)
- the arrivals and departures of tenants (in 2013, departures of Telemarket in Pantin and Decathlon in Bussy-Saint-George partially offset by lettings in Chalons) and the renewals (-€0.2 million).

On a like-for-like basis, rents are down by 1.8%.

The average rate of expenses in the first half of 2014 amounted to 20%, stable in comparison with 2013.

1.3.5.2. Annualised rents: €18.5 million

(€M)	Surface (sq. m)	Number of assets	Annualised rental income 2013	Annualised rental income H1 2014	Change (%)	% of rental income
TOTAL	534,960	10	56.2	18.5	-67.0%	100%

Following the disposals completed in the first half of 2014, the annualised rents fell by 67%.

1.3.5.3. Indexation

In France, the indices used to calculate the indexation are those of the ICC and the ILAT. The rents which benefit from a cap or a tunnel of indexation represent 22% of the annualised rents.

1.3.5.4. Rental activity

During the first half of 2014, 9,158 sq. m of new leases were signed on the residual perimeter, particularly in Pantin, representing €0.5 million of annualised rents.

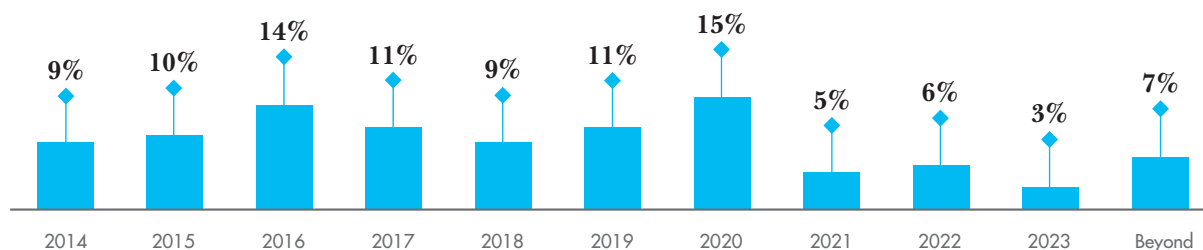
(€M)	Surface (sq. m)	Annualised rental income	Annualised rental income (€/sq. m)
Vacating	7,830	0.4	51
Letting	9,158	0.5	51
Renewal	64,457	2.4	37

1.3.5.5. Maturity date table and occupancy rate

1.3.5.5.1. Maturity dates for the leases: 4.4 years of residual term for the leases (2.1 years firm)

As a result of the disposal programme carried out in the first half of 2014, the residual term of the leases in place is 4.4 years (2.1 years firm), down in comparison with the end of 2013 (5.5 years), and displays the following profile.

(€M)	By lease end date (1 st break)	% of total	By lease end date	% of total
2014	1.6	9%	1.6	9%
2015	6.8	37%	1.9	10%
2016	4.4	24%	2.5	14%
2017	3.0	16%	2.0	11%
2018	1.2	6%	1.7	9%
2019	1.6	8%	2.0	11%
2020	0.0	0%	2.9	15%
2021	0.0	0%	1.0	5%
2022	0.0	0%	1.1	6%
2023	0.0	0%	0.6	3%
Beyond	0.0	0%	1.4	7%
TOTAL	18.5	100%	18.5	100%



1.3.5.5.2. Occupancy rate and type: an occupancy rate of 75.5%

The spot occupancy rate fell to a level of 75.5% at 30 June 2014, as a result of the significant change in perimeter recorded over the first half of 2014. Over the residual portfolio, the vacancy rate is slightly down, thanks to the marketing efforts made on the Pantin site.

Occupancy rate

(%)	2013	H1 2014
TOTAL	85.5%	75.5%

1.3.5.6. Unpaid rent

(€M)	2013	H1 2014
As % of rental income	3.2%	0.0%
In value ⁽¹⁾	1.7	0.0

⁽¹⁾ Net provision/reversals of provision.

The impact of unpaid rents in the company's financial statements over the first half of 2014 is zero, down by €1.7 million in comparison with 31 December 2013, principally related to the judicial liquidation of Télémarket, recognised in the financial statements in 2013.

1.3.5.7. Disposals and agreements for disposals: €499 million

(€M)	Disposals (agreements as of end of 2013 closed)	Agreements as of end of 2013 to close	New disposals H1 2014	New agreements H1 2014	Total H1 2014	Margin vs. 2013 value	Yield
TOTAL	0.0	0.0	497.3	2.0	499.3	-0.7%	7.4%

Over the first half of 2014, Foncière des Régions continued its strategic refocusing by the deployment of an active rotation policy for its logistics portfolio. This policy has resulted in the finalisation of several sales processes or a total amount of €499 million.

- €473 million, representing 17 logistics platforms with a total surface area of almost 750,000 sq. m, sold to property funds managed by Blackstone
- €26 million of unitary properties sold to users.

1.3.5.8. Asset values

1.3.5.8.1. Changes in asset value

(€M)	Value ED H1 2013	Value adjustment	Acquisitions	Disposals	Invest.	Transfert	Value ED H1 2014
TOTAL	790.9	-5.4	0.0	-503.4	7.0	0.0	289

Foncière des Régions holds a land by nearly 400,000 sq. m to eventually develop 90,000 sq. m of warehouse.

1.3.5.8.2. Change on a like-for-like basis

Experts' valuations, on a like-for-like basis over six months, fell by 1.2%. This change is primarily related to a rent reduction of 1.8% LFL. The entire portfolio being operated is valued on the basis of a yield in annualised rent of 6.4% at the end of June 2014.

(€M)	Value ED 2013 100%	Value ED H1 2014 100%	Value ED H1 2014 GS	LFL change 6 months	Yield ED 2013	Yield ED H1 2014	% of total value
TOTAL	790.9	289	289	-1.2%	7.4%	6.4%	100%

1.4. Financial information and comments

The business of Foncière des Régions consists of the acquisition, ownership, administration and leasing of properties, developed or otherwise, specifically in the office, hotel, service and parking sectors.

Registered in France, Foncière des Régions is a limited company (*société anonyme*) with a Board of Directors.

1.4.1. SCOPE OF CONSOLIDATION

The scope of consolidation of Foncière des Régions as at 30 June 2014 includes companies located in France and in six European countries (in Italy for Offices, Hotels and Service and

Residential, in Portugal, Belgium, Netherlands and Luxembourg for the Service Sector).

The main percentages of control during the year were as follows:

Subsidiaries	H1 2013	2013	H1 2014
Foncière Développement Logements	31.6%	59.7%	59.7%
Foncière des Murs	28.3%	28.3%	28.3%
Beni Stabili	50.9%	50.9%	50.9%
OPCI CB 21 (Tour CB 21)	75.0%	75.0%	75.0%
Urbis Park	59.5%	59.5%	59.5%
Fédérismo (Carré Suffren)	60.0%	60.0%	60.0%
SCI Latécoère (DS Campus)	50.1%	50.1%	50.1%
SCI 11, Place de l'Europe (Campus Eiffage)	100.0%	50.1%	50.1%
Lenovilla (New Vélizy)	50.1%	50.1%	50.1%

Note that Foncière des Régions increased its equity interest in Foncière Développement Logements following the public offer of exchange in August 2013. On completion of this public offer

of exchange, Foncière des Régions held 59.7% of Foncière Développement Logements, which is fully consolidated as of 1 August 2013.

1.4.2. ACCOUNTING STANDARDS

The consolidated financial statements were prepared in accordance with IAS 34 "International financial information". They were approved by the Board of Directors on 23 July 2014.

The consolidated financial statements as at 30 June 2014 were prepared in accordance with the accounting standards and interpretations issued by the IASB and adopted by the European Union on the date of preparation.

In application of IFRS 5, the Logistics business, 63% of the assets of which were disposed of during the first half, is presented as "Discontinued operations" in the financial statements. The tables below present the financial statements separately before and after the reclassification of the Logistics business. Note that this reclassification does not alter net income and that the changes in the income statement are calculated before the reclassification of "Discontinued operations".

1.4.3. EPRA INCOME STATEMENTS

(€M)	Consolidated				GS				Change GS
	H1 2013	H1 2014 before reclassi- fication	Discon- tinued operations	H1 2014	H1 2013	H1 2014 before reclassi- fication	Discon- tinued operations	H1 2014	%
Rental income	381.3	462.2	24.0	438.2	243.9	287.7	24.0	263.7	18.0%
Unrecovered rental costs	-18.7	-22.0	-3.1	-18.9	-12.6	-14.3	-3.1	-11.2	13.1%
Expenses on properties	-7.2	-13.2	-1.0	-12.2	-4.6	-8.1	-1.0	-7.1	77.2%
Net expenses on unrecoverable receivables	-4.3	-3.1	0.0	-3.1	-2.6	-1.7	0.0	-1.7	-35.6%
Net rental income	351.0	423.9	19.9	403.9	224.0	263.5	19.9	243.6	17.6%
<i>ratio of costs to revenues</i>	<i>7.9%</i>	<i>8.3%</i>	<i>17.1%</i>	<i>7.8%</i>	<i>8.1%</i>	<i>8.4%</i>	<i>17.1%</i>	<i>7.6%</i>	<i>0%</i>
Management and administration revenues	9.3	12.0	0.3	11.7	9.4	11.6	0.3	11.3	23%
Activity-related costs	-2.4	-2.9	-0.1	-2.8	-1.7	-1.7	-0.1	-1.6	0%
Committed fixed costs	-34.5	-51.1	-0.8	-50.4	-26.8	-37.0	-0.8	-36.2	38%
Development costs	-0.2	-0.2	0.0	-0.2	-0.2	-0.1	0.0	-0.1	-45%
Net cost of operations	-27.8	-42.2	-0.6	-41.6	-19.3	-27.2	-0.6	-26.6	41%
Income from other activities	8.1	13.2	0.0	13.2	5.5	10.6	0.0	10.6	94%
Depreciation of operating assets	-7.3	-7.9	0.0	-7.9	-5.0	-5.2	0.0	-5.2	4%
Net change in provisions and other	4.1	-3.7	-2.1	-1.6	4.4	-2.8	-2.1	-0.8	-164%
CURRENT OPERATING INCOME	328.1	383.1	17.2	365.9	209.6	238.9	17.2	221.6	14%
Net income from inventory properties	-1.6	-0.6	0.0	-0.6	-1.0	-0.4	0.0	-0.4	-59%
Income from asset disposals	0.8	-10.9	-7.6	-3.2	-1.3	-10.5	-7.6	-2.9	715%
Income from value adjustments	26.4	66.7	-6.0	72.7	12.5	43.3	-6.0	49.3	247%
Income from disposal of securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Income from changes in scope	3.2	27.9	27.9	0.0	3.2	28.1	28.1	0.0	782%
OPERATING INCOME	356.8	466.3	31.8	434.5	223.0	299.3	31.8	267.5	34%
Income from non-consolidated companies	8.9	0.0	0.0	0.0	8.9	0.0	0.0	0.0	-100%
Cost of net financial debt	-139.8	-151.7	-5.9	-145.7	-88.3	-92.1	-5.9	-86.2	4%
Value adjustment on derivatives	74.4	-216.9	-5.3	-211.6	53.6	-144.7	-5.3	-139.4	-370%
Discounting of liabilities and receivables	-1.4	-4.2	-0.2	-4.0	-1.3	-2.9	-0.2	-2.8	129%
Net change in financial and other provisions	-13.0	-21.9	0.0	-21.9	-7.1	-12.8	0.0	-12.8	82%
Share in earnings of affiliates	25.0	10.4	0.0	10.4	22.4	9.5	0.0	9.5	-58%
PRE-TAX INCOME	310.9	82.0	20.4	61.6	211.3	56.3	20.4	35.9	-73%
Deferred tax	-2.2	-9.0	0.4	-9.4	-4.5	-2.3	0.4	-2.7	-48%
Corporate income tax	-4.0	-3.8	0.4	-4.2	-1.7	-2.3	0.4	-2.7	32%
NET INCOME FROM CONTINUING OPERATIONS	304.8	69.2	0.0	48.0	205.1	51.7	0.0	30.4	-75%
Posttax profit or loss of discontinued operations	0.0	0.0	0.0	21.2	0.0	0.0	0.0	21.2	0%
NET INCOME FROM DISCONTINUED OPERATIONS	0.0	0.0	0.0	21.2	0.0	0.0	0.0	21.2	0%
NET INCOME FOR THE PERIOD	304.8	69.2	21.2	69.2	0.0	51.7	21.2	51.7	-75%
Non-controlling interests	-99.6	-17.5	0.0	-17.5	0.0	0.0	0.0	0.0	0%
NET INCOME FOR THE PERIOD – GS	205.1	51.7	21.2	51.7	205.1	51.7	21.2	51.7	-75%

1.4.3.1. Rental Income

Rental income, Group share, rose 18% to €287.7 million (vs. €243.9 million), mainly due to the consolidation of the Residential business (€58 million). This increase in rental income was offset by the effect of asset disposals.

The change in rental income by sector was as follows:

- decrease in rental income in the Offices France sector (€8.8 million, GS), related to disposals
- decrease in rental income for Hotels/Service sector (€1.6 million, GS) related to sales and the drop in Accor's revenues
- decrease in rental income for Logistics (€4 million, GS), due to disposals in 2013 and 2014.

In consolidated data, rental income increased 21.2% (up €80.9 million):

- Offices France -€7.7 million (-5.7%)
- Offices Italy -€0.4 million (+0.3%)
- Hotels/Service Sector -€5.5 million (-5.4%)
- Logistics -€4 million (-14.4%)
- Residential +€98.6 million (N/A)

1.4.3.2. Net operating coasts

Net operating costs, before reclassification of discontinued operations amounted to €27.2 million (GS) at 30 June 2014 (€42.2 million on a consolidated basis), up from €19.3 million at 30 June 2013 (€27.8 million on a consolidated basis), giving an increase of 41%.

This increase stems primarily from the consolidation of the Residential business. Stripping out the impact of Residential, net operating costs dipped slightly in H1 2014. These overhead expenses mainly consist of payroll, attorneys' fees, auditors' fees, and office, communications and IT costs.

1.4.3.3. Income from other activities

Other business income mainly concerns the parking activity, i.e. car parks owned or under concession, as well as property development.

1.4.3.7. Share in earnings of affiliates

Consolidated data	% interest	Value 2014	Contribution to earnings	Value 2012	Change (%)
OPCI Foncière des Murs	19.90%	68.9	-2.9	71.8	-4.0%
SCI Latécoère (Dassault Campus)	50.10%	94.4	-0.9	95.3	-0.9%
Lénovilla (New Vélizy)	50.10%	10.6	3.7	6.9	53.6%
Other equity interests		10.2	-0.5	10.8	-5.6%
TOTAL		184.1	-0.7	184.8	-0.4%

Net income from these businesses was up in first-half 2014. Other business income stood at €10.6 million at 30 June 2014 (in Group share), compared to €5.5 million for the same period in the prior year.

1.4.3.4. Depreciation and provisions

Allowances for depreciation and provisions during the period consisted largely of depreciation on operating properties and car parks.

1.4.3.5. Change in the fair value of assets

The income statement recognises changes in the fair value of assets based on appraisals conducted on the portfolio. In first-half 2014, the change in the fair value of investment assets was positive by €43.3 million for the Group share and €66.7 million on a consolidated basis, versus €12.5 million (GS) at 30 June 2013 (+€26.4 million at 100%).

Operating income, Group share, thus amounted to 299.3 million at 30 June 2014, as against €223 million at 30 June 2013.

1.4.3.6. Financial coasts and fair value

Financial expenses stood at €92.1 million in Group share (compared to €88.3 million as at 30 June 2013) and at €151.7 million on a consolidated basis (vs. €139.8 million as at 30 June 2013). The amount of interest capitalised on assets under development amounted to €10.2 million (Group share) for first-half 2014.

The change in the fair value of financial instruments was negative €144.7 million in Group share at 30 June 2014 (-€216.9 million on a consolidated basis), compared to positive €53.6 million in Group share (+€74.4 in consolidated data) at 30 June 2013. This was after a reduction in long-term rates between the two periods and a change in the fair value of the ORNANE between 2013 and 2014 (-€83.9 million in Group share and -€112.9 million at 100%).

1.4.3.8. Income from changes in scope

Income from changes in the scope of consolidation was €27.9 million and corresponds, especially, to the earnings impact of the disposal of companies in the Logistics sector (reversal of deferred tax).

1.4.3.9. Income from non consolidated affiliates

Income from non consolidated companies at 30 June 2013 pertains to €8.9 million in dividends from Altarea. Note that the Group had disposed of its entire holding in this company, since September 2013.

1.4.3.11. EPRA recurrent net income

Group share (€M)	H1 2013	H1 2014 before reclassification	Change	(%)
NET RENTAL INCOME	225.6	263.5	37.9	16.8%
Net operating costs	-18.0	-26.2	-8.2	45.6%
Income from other activities	5.6	10.5	4.9	87.5%
Net change in provisions and other	0.0	0.0	0.0	N/A
Cost of net financial debt	-87.5	-89.8	-2.3	2.6%
Recurrent net income from equity affiliates	15.9	7.0	-8.9	-56.0%
Income from non consolidated affiliates	8.9	0.0	-8.9	N/A
Recurrent tax	-1.2	-1.4	-0.2	16.7%
EPRA RECURRENT NET INCOME	149.3	163.6	14.3	9.6%
EPRA RECURRENT NET INCOME PER SHARE	2.6	2.6	0.0	0.4%
Fair value adjustment on real estate assets	12.5	43.3	30.8	246.4%
Other asset value adjustments	0.0	0.0	0.0	N/A
Fair value adjustment on financial instruments	53.6	-144.7	-198.3	-370.0%
Other	-5.8	-7.3	-1.5	25.9%
Non-recurrent tax	-4.5	-3.2	1.3	-28.9%
NET INCOME	205.1	51.7	-153.4	-74.8%
Diluted average number of shares	57,494,770	62,699,082	5,204,312	9.1%

1.4.3.10. Tax regime

Taxes determined are for:

- ♦ foreign companies not covered or only partially covered by a specific scheme for real estate businesses
- ♦ French subsidiaries not having opted for the SIIC regime
- ♦ French SIIC or Italian subsidiaries with taxable activity.

	Net income GS	Restatements	EPRA RNI
NET RENTAL INCOME	263.5	0.0	263.5
Operating costs	-27.2	1.1	-26.1
Income from other activities	10.6	-0.2	10.5
Depreciation of operating assets	-5.2	5.2	0.0
Net change in provisions and other	-2.8	2.8	0.0
CURRENT OPERATING INCOME	238.9	8.9	247.8
Net income from inventory properties	-0.4	0.4	0.0
Income from asset disposals	-10.5	10.5	0.0
Income from value adjustments	43.3	-43.3	0.0
Income from disposal of securities	0.0	0.0	0.0
Income from changes in scope	28.1	-28.1	0.0
OPERATING INCOME	299.3	-51.5	247.8
Income from non-consolidated companies	0.0	0.0	0.0
COST OF NET FINANCIAL DEBT	-92.1	2.3	-89.8
Value adjustment on derivatives	-144.7	144.7	0.0
Discounting of liabilities and receivables	-2.9	2.9	0.0
Net change in financial provisions	-12.8	12.8	0.0
Share in earnings of affiliates	9.5	-2.5 ⁽¹⁾	7.0
PRE-TAX NET INCOME	56.3	108.7	165.0
Deferred tax	-2.3	2.3	0.0
Corporate income tax	-2.3	0.9	-1.4
NET INCOME FOR THE PERIOD	51.7	111.9	163.6

⁽¹⁾ Non cash amount from result of affiliates.

1.4.4. BALANCE SHEET

1.4.4.1. Consolidated balance sheet

(€M)	2013	H1 2014 before reclassifi- cation	Discon- tinued opera- tions	H1 2014	2013	H1 2014 before reclassifi- cation	Discon- tinued opera- tions	H1 2014
Non-current assets								
					Shareholders' equity			
					188	188	0	188
Intangible assets	154	151	0	151	2,371	2,291	0	2,291
					-11	-4	0	-4
Tangible assets	108	106	0	106	1,402	1,562	0	1,562
Investment properties	14,298	13,804	0	13,804	340	52	0	52
					Total shareholders' equity Group share			
	0	0	0	0	4,290	4,089	0	4,089
Financial assets	156	200	0	200	2,925	2,829	0	2,829
					Total shareholders' equity (I)			
Equity affiliates	185	184	0	184	7,215	6,918	0	6,918
Deferred tax assets	90	96	0	96	Non-current liabilities			
Long-term financial instruments	12	29	0	29				
					7,520	7,943	0	7,943
					476	602	18	584
Total non-current assets (I)	15,002	14,569	0	14,569	295	256	0	256
Current assets					41	41	0	41
					38	100	3	97
					Total non-current liabilities (II)			
Assets held for sale	1,197	1,140	289	851	8,369	8,943	22	8,921
Loans and finance lease receivables	10	4	0	4	Current liabilities			
Inventories and work-in-progress	80	82	0	82				
Short-term financial instruments	11	16	0	16				
Trade receivables	283	338	14	325				
					110	137	8	129
Current tax	3	7	4	3	979	813	1	812
Other receivables	202	261	5	257				
					95	88	2	86
Accrued expenses	12	18	1	17	6	6	0	6
Cash and cash equivalents	382	834	2	832	134	159	10	149
Discontinued operations	0	0	0	315	17	18	0	18
					5	4	0	5
					5	4	0	204
					47	41	0	41
					0	0	0	57
Total current assets (II)	2,179	2,700	315	2,700	Total current liabilities (III)			
TOTAL ASSETS (I+II+III)	17,181	17,269	315	17,269	1,597	1,408	36	1,430
					17,181	17,269	57	17,269

1.4.4.2. Simplified consolidated balance sheet

Assets	H1 2014 before reclassification	H1 2014	Liabilities	H1 2014 before reclassification	H1 2014
Fixed assets	14,061	14,061	Shareholders' equity	4,089	4,089
Equity affiliates	184	184	Non-controlling interests	2,829	2,829
Financial assets	200	200	Shareholders' equity	6,918	6,918
Deferred tax assets	96	96	Borrowings	8,756	8,755
Financial instruments	45	45	Financial instruments	690	670
Assets held for sale	1,140	851	Deferred tax liabilities	256	256
Cash	834	832	Other liabilities	648	669
Other	710	1,001			
TOTAL	17,269	17,269		17,269	17,269

1.4.4.3. Simplified balance sheet, Group share

Assets	H1 2014 before reclassification	H1 2014	Liabilities	H1 2014 before reclassification	H1 2014
Fixed assets	8,222	8,222			
Equity affiliates	134	134			
Financial assets	185	185	Shareholders' equity	4,089	4,089
Deferred tax assets	49	49	Borrowings	5,478	5,477
Financial instruments	39	39	Financial instruments	485	465
Assets held for sale	871	582	Deferred tax liabilities	129	129
Cash	670	668	Other	468	489
Other	480	771			
TOTAL	10,649	10,649	Total	10,649	10,649

1.4.4.4. Shareholders' equity

The Group share of consolidated shareholders' equity declined from €4,290 million at end-2013 to €4,089 million at 30 June 2014, a decrease of €200.8 million, primarily due to:

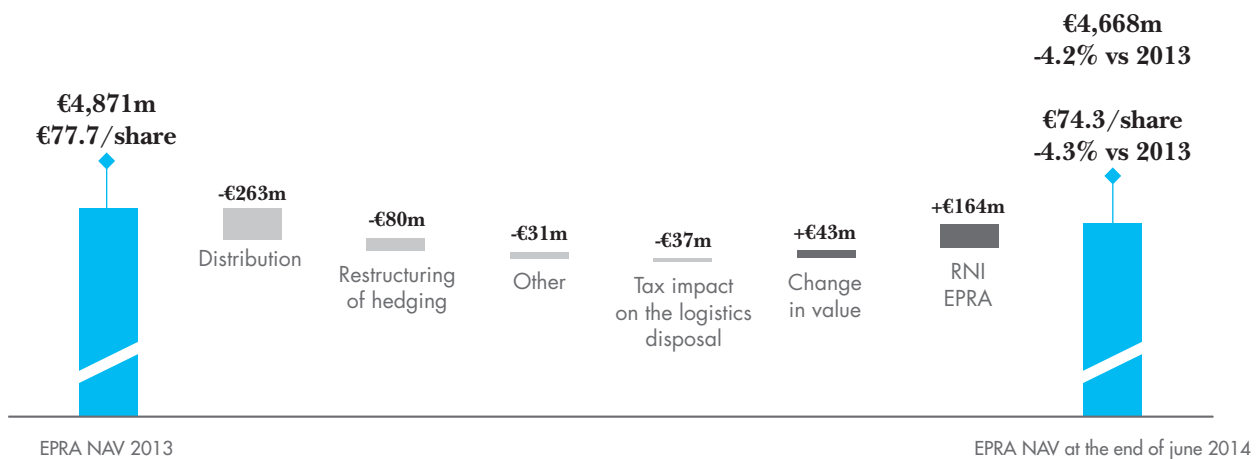
- ◆ income for the period +€51.7 million
- ◆ impact of dividend distribution -€262.7 million
- ◆ financial instruments included in shareholders' equity +€8 million

1.4.4.5. Net debt

Foncière des Régions' net debt amounted to €5,509 million in Group share, and €8,769 million on a consolidated basis. Net debt at 30 June 2014 was €4,834 million (GS) and €7,923 million (on a consolidated basis), compared to €5,098 million (GS) and €8,117 (consolidated) at end-2013. Net debt fell €263.8 million in Group share (decline €194.5 million consolidated).

1.5. Net Asset Value (NAV)

	2013	H1 2014	Var. vs. 2013	Var. (%) vs. 2013
EPRA NAV (€M)	4,871.1	4,668.1	-203.0	-4.2%
EPRA NAV/share (€)	77.7	74.3	-3.4	-4.4%
EPRA triple net NAV (€M)	4,342.1	4,059.2	-282.9	-6.5%
EPRA triple net NAV/share (€)	69.2	64.6	-4.6	-6.7%
Number of shares	62,708,431	62,796,034	87,603	0.1%



	(€M)	(€/share)
SHAREHOLDERS' EQUITY	4,089.3	65.12
Fair value assessment of buildings (operation + inventory)	21.5	
Fair value assessment of parking facilities	33.0	
Fair value assessment of goodwill	2.8	
Fixed debt and Beni Stabili inflation swap	-103.4	
Restatement of value ED	16.0	
EPRA TRIPLE NET NAV	4,059.2	64.64
Financial instruments and fix rate debt	424.1	
Deferred tax	80.3	
ORNAME	104.6	
EPRA NAV	4,668.2	74.34
IFRS NAV	4,089.3	65.12

The property portfolio held directed by the Group was valued in full at 30 June 2014, by property experts including REAG and members of the AFREXIM: DTZ Eurexi, CBRE, JLL, BNP Paribas Real Estate, Cushman, on the basis of joint technical specifications prepared by the company, in compliance with professional practices.

Assets were estimated at values excluding and/or including duties. Estimates were made using the comparative method, the rent capitalisation method and the discounted future cash flows method.

Car parks were valued by capitalising the gross operating surplus generated by the business.

Other assets and liabilities were valued based on the IFRS values on the consolidated financial statements. The application of the fair value essentially concerns the valuation of the debt coverages and the ORNANES.

For companies shared with other investors, only the Group share was taken into account.

- ♦ Fair value adjustment for the buildings and business goodwill

In accordance with IFRS standards, buildings operated as businesses and in stocks are valued at the historical cost. A value adjustment, in order to take into account the value of assessment, is recognised in the RNA for a total amount of €21.5 million.

Since business goodwill is not recognised in the consolidated financial statements, a restatement in order to recognise its fair value (as calculated by the valuers) is recognised in the RNA for an amount of €2.8 million as at 30 June 2014.

- ♦ Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. A restatement is made in the NAV to take into account the appraisal value of these assets, as well as the effect of the farm-outs and subsidies received in advance. The impact on the RNA is €33 million at 30 June 2014.

- ♦ Recalculation of the base cost excluding duties of certain assets

When a company, rather than the asset that it holds, can be sold off, transfer duties are recalculated based on the company's net asset value. The difference between these recalculated duties and the transfer duties already deducted from the value of the assets generates a restatement of €16 million at 30 June 2014.

- ♦ Fair value adjustment for fixed-rate debts

The Group has taken out fixed-rate loans. In accordance with the principles set out by the EPRA, the triple net RNA is corrected by the fair value of the fixed-rate debt, or an impact at 30 June 2014 of -€103.4 million.

1.6. Financial Resources

1.6.1. MAIN DEBT CHARACTERISTICS

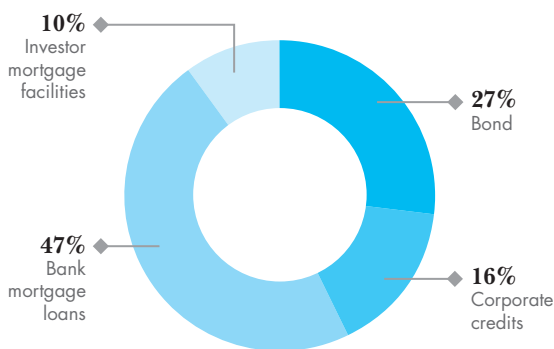
GS	2013	H1 2014
Net debt, Group share (€M)	5,098	4,832
Average annual rate of debt	3.94%	3.48%
Average maturity of debt (in years)	4.5	4.2
Debt active hedging spot rate	80%	82%
Average maturity of hedging	4.9	4.8
LTV Including Duties	46.5%	46.2%
ICR	2.49	2.76

1.6.1.1. Debt by type

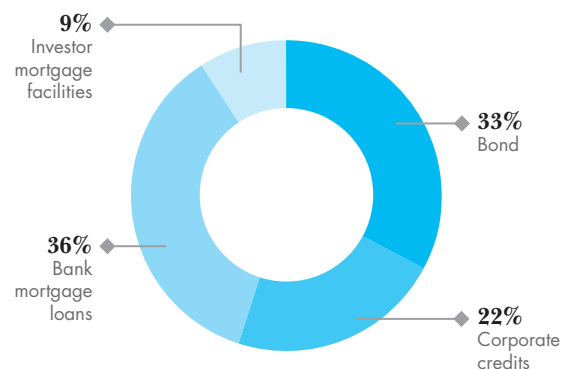
Foncière des Régions' net debt GS amounted to €4.8 billion as at 30 June 2014 (€7.9 billion on a consolidated basis).

As a share of total debt, Corporate debt rose from 48% at 31 December 2013 to 55% at 30 June 2014, notably due to the issue of new bonds during the financial year totalling €0.3 billion for the Group share.

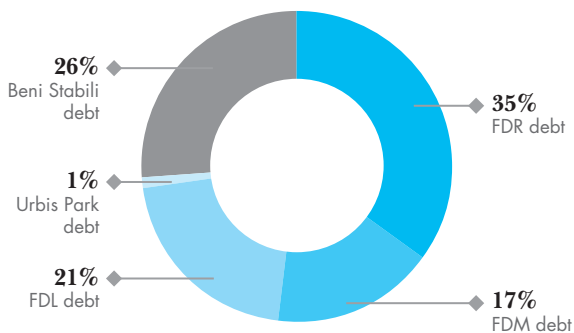
Commitments 100%



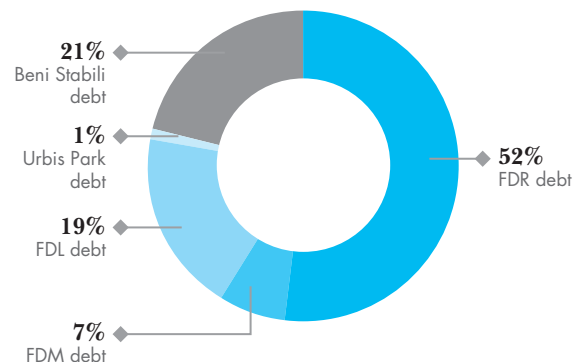
GS commitments



Commitments 100% by company



GS commitments by company



In addition, as at 30 June 2014, cash and cash equivalents at Foncière des Régions amounted to almost €1.7 billion (Group share) and to €2 billion on a consolidated basis. These amounts do not include the unused portion of loans allocated to development projects under way.



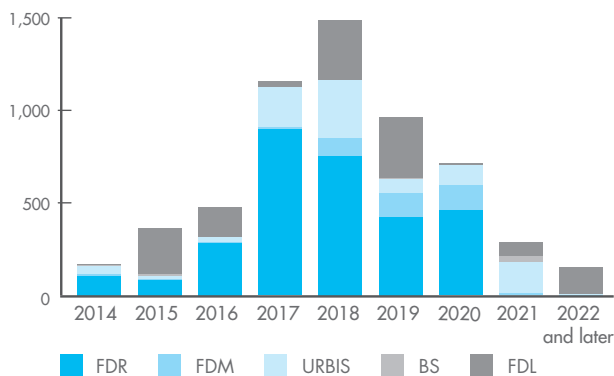
1.6.1.2. Debt maturity

The average maturity of Foncière des Régions debt was 4.2 years at end-June 2014.

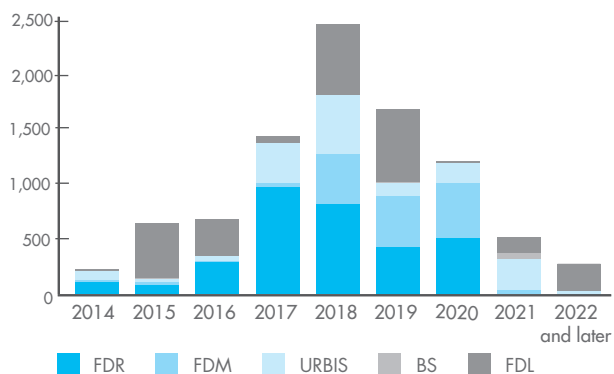
The 2014 and 2015 maturities are covered entirely by existing cash. 2014 maturities primarily concern Foncière des Régions (€106 million).

2015 maturities concern Beni Stabili (€493 million on a consolidated basis and €251 million in Group share) and Foncière des Régions (€82 million).

Debt maturity commitments – Group share



Debt maturity commitments at 100%



1.6.1.3. Main changes during the period

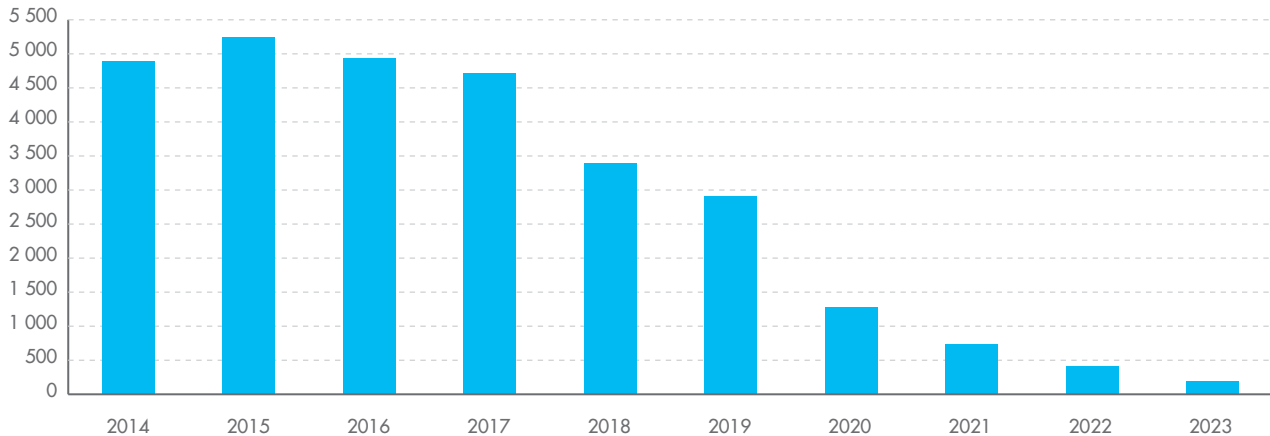
1.6.1.3.1. New debt issues: €1.4 billion at 100% (€0.7 billion, Group share)

- ◆ Beni Stabili: €776 million raised and renegotiated in first-half 2014 (€395 million in Group share)
 - ◆ Beni Stabili placed a €350 million, unsecured inaugural bond issue in January 2014 with an annual coupon of 4.125% and maturing in four years, *i.e.* in January 2018.
 - ◆ As part of the diversification of its sources of financing, in March 2014, Beni Stabili successfully completed a private placement with institutional investors for a total of €250 million with a 3.50% coupon. The bond matures in April 2019.
 - ◆ In addition, Beni Stabili took out €60 million in new bank financing in the six-month period.
 - ◆ Lastly, Beni Stabili renegotiated three existing bank loans (€116 million) securing better conditions.
- ◆ Hotels and Service sector: €209 million raised in 2014 (€59 million in GS)
 - ◆ In May 2014, Foncière des Murs took out €209 million in loans backed by a diversified asset portfolio mainly comprised of hotel assets, to:
 - refinance the balance of mortgage loans set up in 2007
 - refinance the €60 million mortgage loan taken out in 2013 to optimise the financial conditions of the facility.
- ◆ Residential: €410 million raised in 2014 (€245 million in GS)
 - ◆ In first-half 2014, Foncière Développement Logements (FDL) raised €60 million in new financing in Germany with maturities of four to five years, intended to finance acquisitions of residential portfolios in Berlin, Dresden and Leipzig.
 - ◆ In France, FDL refinanced the Stockholm 1 and 2 loans in January 2014 with new debt for an initial amount of €350 million.

1.6.1.4. Hedging profile

During the 2014 financial year, the hedge management policy remained unchanged, with debt hedged at 90% to 100%, at least 75% of which had short-term hedges and all of which have maturities exceeding debt maturity.

Based on net debt at the end of June 2014, Foncière des Régions is covered (in Group share) up to 84% in short term hedges compared to 94% at the end of 2013. The average term of the hedges is 4.8 years for Group share.



1.6.1.5. Average interest rate on the debt and sensitivity

The average rate on the debt of Foncière des Régions stood at 3.48% in GS (end June 2014), compared to 3.94% in 2013. This decrease is primarily due to the full-year impact of bond issues, as well as hedge restructuring, including:

- ♦ the issue of a €270 million Beni Stabili ORNANE (October 2014) at 2.625% for five years and six months

- ♦ the issue of a Foncière des Régions €345 million ORNANE (November 2014) at 0.875% for five years and four months.

For information purposes, a 50 bps drop in the three-month Euribor rate would have a positive impact of €0.7 million on recurring net income for 2014. The impact would be negative by €0.8 million in the event of a 50 bps hike.

1.6.2. FINANCIAL STRUCTURE

Except for the debt raised without recourse to the Group's property companies, the debt of Foncière des Régions and its subsidiaries generally includes bank covenants (based on ICR and LTV) on the borrower's consolidated financial statements. If these covenants are breached, early debt repayment could be required. These covenants are established in Group share for Foncière des Régions and for Foncière des Murs and on a consolidated basis for the subsidiaries of Foncière des Régions (if their debts include them):

- ♦ the most restrictive consolidated LTV covenants at 30 June 2014 were 60% for Foncière des Régions, Foncière des Murs, Foncière Développement Logements and Beni Stabili
- ♦ the threshold for consolidated ICR covenants differs from one property company to another, depending on the type of assets, and may be different from one debt to another even for the same property company, depending on debt seniority.

The most restrictive ICR consolidated covenant applicable to the property investment companies are the following:

- ♦ for Foncière des Régions: 200%
- ♦ for Foncière des Murs: 200%
- ♦ for Foncière Développement Logements: 150%
- ♦ for Beni Stabili: 140%
- ♦ moreover, for some scopes financed through dedicated debt, there are specific covenants which may be added to or replace the consolidated covenants
- ♦ finally, with respect to Foncière des Régions, corporate loans have been amended following 2013 renegotiations. In particular for some they include the following ratios:

Ratio	Covenant	H1 2014
LTV	60.0%	50.6%
ICR	200.0%	276.0%
LTV IAssets	62.5% / 65%	56.2%
Secural debt ratio	22.5% / 25%	11.0%

All covenants were fully complied with at the end of 2014. No loan has an accelerated payment clause contingent on a Foncière des Régions rating.

1.6.2.1. LTV calculation details

GS (€M)	2013	H1 2014
Net book debt ⁽¹⁾	5,098	4,832
Receivables on disposals	-413	-351
Security deposits received	-11	-44
Finance lease-backed debt	-3	-3
Net debt	4,671	4,435
Appraised value of real estate assets (ID)	10,204	9,681
Preliminary sale agreements	-413	-351
Financial assets	40	37
Goodwill	3	3
Receivables linked to associates	79	92
Share of equity affiliates	132	134
Value of assets	10,044	9,595
LTV ED	48.9%	48.7%
LTV ID	46.5%	46.2%

⁽¹⁾ Adjusted for changes in fair value of convertible bond (-€30 million).

1.7. Financial indicators of the main activities

	Foncière des Murs			Beni Stabili		
	2013	2014	Var. (%)	2013	2014	Var. (%)
EPRA Recurrent net income (€M)	64.1	57.9	-9.7%	35.9	42.0	17.0%
EPRA Recurrent net income (€/share)	1.00	0.90	-9.7%	0.02	0.02	16.0%
EPRA NAV (€/share)	26.2	25.3	-3.4%	1.060	1.030	-2.8%
EPRA triple net NAV (€M)	23.3	22.0	-5.6%	0.960	0.886	-7.7%
% of capital held by FDR	28.3%	28.3%		50.9%	50.9%	
LTV ID	40.9%	42.8%		49.9%	50.9%	
ICR	3.2	3.2		1.6	1.7	

	Foncière Développement Logements		
	2013	2014	Var. (%)
EPRA Recurrent net income (€M)	34.0	39.9	17.3%
EPRA Recurrent net income (€/share)	0.49	0.58	17.3%
EPRA NAV (€/share)	22.90	22.95	0.2%
EPRA triple net NAV (€M)	20.00	19.20	-4.0%
% of capital held by FDR	31.6%	59.7%	
LTV ID	44.6%	46.6%	
ICR	2.2	2.4	



CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2014

2.1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2014

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2.1. Condensed consolidated financial statements as at 30 June 2014

2.1.1. STATEMENT OF FINANCIAL POSITION

Assets

(€K)	Note	30/06/2014 before reclassification	Discontinued operations ⁽¹⁾	30/06/2014	30/06/2013
INTANGIBLE FIXED ASSETS	2.2.4.1.1				
Goodwill		8,194	0	8,194	8,194
Other intangible fixed assets		142,567	0	142,567	145,974
TANGIBLE FIXED ASSETS					
Operating properties		94,774	0	94,774	96,255
Other tangible fixed assets		6,438	0	6,438	6,620
Fixed assets in progress		5,072	0	5,072	5,297
Investment properties	2.2.4.1.2	13,803,514	0	13,803,514	14,297,538
Non-current financial assets	2.2.4.2	199,768	0	199,768	155,624
Equity affiliates	2.2.4.3	184,088	0	184,088	184,764
Deferred tax assets	2.2.4.4	96,101	0	96,101	90,049
Derivatives	2.2.4.11.3	28,811	0	28,811	11,697
Total non-current assets		14,569,327	0	14,569,327	15,002,012
Assets held for sale	2.2.4.1.2	1,140,357	289,090	851,267	1,196,495
Loans and finance lease receivables	2.2.4.5	3,895	0	3,895	9,636
Inventories and work-in-progress	2.2.4.6	81,695	0	81,695	80,033
Short-term derivatives	2.2.4.11.3	15,812	0	15,812	11,421
Trade receivables	2.2.4.7	338,114	13,579	324,535	282,556
Tax receivables		7,174	4,214	2,960	2,999
Other receivables	2.2.4.8	261,304	4,760	256,544	202,089
Accrued expenses		17,529	918	16,611	11,920
Cash and cash equivalents	2.2.4.9	833,661	2,237	831,424	381,541
Discontinued operations		0	0	314,798	0
Total current assets		2,699,541	314,798	2,699,541	2,178,690
TOTAL ASSETS		17,268,868	314,798	17,268,868	17,180,702

⁽¹⁾ Given its disengagement in the Logistics segment with the disposal of nearly 63% of its portfolio over the first half of 2014, this segment is presented as "discontinued operations" as from 1 January 2014.

Liabilities

(€K)	Note	30/06/2014 before reclassification	Discontinued operations	30/06/2014	30/06/2013
Capital		188,049	0	188,049	188,049
Share premium account		2,291,094	0	2,291,094	2,370,863
Treasury stock		-3,753	0	-3,753	-10,961
Consolidated reserves		1,562,233	0	1,562,233	1,402,064
Net income		51,659	0	51,659	340,126
Total shareholders' equity, Group share	2.2.4.10	4,089,283	0	4,089,283	4,290,141
Minority interests		2,828,994	0	2,828,994	2,925,030
Total shareholders' equity, Group share		6,918,276	0	6,918,276	7,215,171
Long-term borrowings	2.2.4.11	7,943,202	0	7,943,202	7,519,639
Derivatives	2.2.4.11.3	602,244	18,204	584,040	476,047
Deferred tax liabilities	2.2.4.4	256,335	0	256,335	294,811
Pension and other liabilities	2.2.4.12	40,943	37	40,906	40,640
Other long-term liabilities		99,902	3,356	96,546	37,563
Total non-current liabilities		8,942,626	21,597	8,921,029	8,368,700
Trade payables		137,096	8,231	128,865	109,541
Short-term borrowings	2.2.4.11	812,993	1,183	811,810	978,922
Short-term derivatives	2.2.4.11.3	88,168	1,962	86,206	94,555
Guarantee deposits		5,717	0	5,717	5,663
Advances and pre-payments		158,796	10,258	148,538	134,367
Short-term provisions	2.2.4.12	18,292	440	17,852	17,282
Current tax		3,464	0	3,464	4,994
Other short-term liabilities		142,726	13,448	129,278	204,316
Accrued expenses		40,714	187	40,527	47,191
Discontinued operations		0	0	57,306	0
Total current liabilities		1,407,966	35,709	1,429,563	1,596,831
TOTAL LIABILITIES		17,268,868	57,306	17,268,868	17,180,702

2.1.2. STATEMENT OF NET INCOME (EPRA FORMAT)

(€K)	Note	30/06/2014 before reclassification	Discontinued operations	30/06/2014	30/06/2013
Rental Income	2.2.5.1.1	462,158	23,979	438,179	381,273
Unrecovered property operating costs	2.2.5.1.2	-21,987	-3,078	-18,909	-18,723
Expenses on properties	2.2.5.1.2	-13,206	-957	-12,249	-7,239
Net losses on unrecoverable receivables	2.2.5.1.2	-3,113	-6	-3,107	-4,304
Net rental income		423,852	19,938	403,914	351,007
Management and administration income		11,960	301	11,659	9,266
Business expenses		-2,880	-128	-2,752	-2,362
Overheads		-51,116	-763	-50,353	-34,533
Development expenses		-185	0	-185	-181
Net operating costs	2.2.5.1.3	-42,221	-590	-41,631	-27,810
Income from other activities		27,201	0	27,201	20,966
Expenses of other activities		-14,006	0	-14,006	-12,913
Income from other activities	2.2.5.1.4	13,195	0	13,195	8,053
Depreciation of operating assets		-7,946	-3	-7,943	-7,326
Net allowances to provisions and other		-3,746	-2,116	-1,630	4,138
CURRENT OPERATING INCOME		383,134	17,229	365,905	328,062
Income from disposals of trading properties		1,145	0	1,145	1,706
Exit value and/or amortisations of trading properties		-1,759	0	-1,759	-3,334
Net gain (loss) on disposal from trading properties		-614	0	-614	-1,628
Proceeds from asset disposals		486,004	84,138	401,866	248,054
Carrying value of investment properties sold		-496,878	-91,763	-405,115	-247,273
Gain (loss) from asset disposals		-10,874	-7,625	-3,249	781
Gains in value of investment properties		152,202	733	151,469	115,936
Losses in value of investment properties		-85,479	-6,740	-78,739	-89,570
Net valuation gains and losses	2.2.5.2	66,723	-6,007	72,730	26,366
Income (loss) from disposal of securities		0	0	0	0
Income from changes in consolidation scope		27,942	28,229	-287	3,180
OPERATING INCOME		466,311	31,826	434,485	356,761
Income from non consolidated affiliates		23	0	23	8,898
Net financing cost	2.2.5.3	-151,660	-5,949	-145,711	-139,810
Fair value adjustment on derivatives	2.2.5.4	-216,945	-5,325	-211,620	74,405
Discounting of liabilities and receivables	2.2.5.4	-4,191	-151	-4,040	-1,421
Net change in financial and other provisions	2.2.5.4	-21,932	0	-21,932	-12,959
Share in earnings of affiliates	2.2.4.3	10,372	0	10,372	25,010
NET INCOME BEFORE TAX		81,978	20,401	61,578	310,884
Deferred tax	2.2.5.5.3	-8,954	421	-9,375	-2,160
Current income tax	2.2.5.5.2	-3,832	415	-4,247	-3,951
NET INCOME FROM RECURRING OPERATIONS		69,192	0	47,956	304,773
Profit (loss) after tax of discontinued operations		0	0	21,237	0
Income from discontinued operations		0	21,237	21,237	0
NET INCOME FOR THE PERIOD		69,192	21,237	69,192	304,773
Minority interests		-17,533	0	-17,533	-99,649
NET INCOME FOR THE PERIOD (GROUP SHARE)		51,659	21,237	51,659	205,124
Group net income (loss) per share in euros	2.2.6.2	0.83		0.83	3.58
Group diluted net income (loss) per share in euros	2.2.6.2	0.82		0.82	3.57

2.1.3. STATEMENT OF COMPREHENSIVE INCOME

(€K)	30/06/2014 before reclassification	Discontinued operations	30/06/2014	30/06/2013
NET INCOME FOR THE PERIOD	69,192	21,237	69,192	304,773
Other items in the comprehensive income statement accounted for directly in shareholders' equity and:				
Destined for subsequent reclassification in the "Net income" section of the income statement				
Change in fair value of financial assets available for sale			0	-89
Effective portion of gains or losses on hedging instruments	17,516		17,516	61,629
Tax on other items of comprehensive income	-22		-22	-290
Of which not destined for subsequent reclassification in the "Net income" section	0	0	0	0
Other elements of comprehensive income	17,494	0	17,494	61,250
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	86,686	21,237	86,686	366,023
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
To the owners of the parent company	59,625	21,237	59,625	237,519
To minority interests	27,061	0	27,061	128,504
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	86,686	21,237	86,686	366,023
Group net income (loss) per share in euros	0.95		0.95	4.15
Group diluted net income (loss) per share in euros	0.95		0.95	4.13

2.1.4. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€K)	Share capital	Share premium account	Treasury shares	Non-distributed reserves and income	Gains and losses recognised directly in shareholders' equity	Group share of total shareholders' equity	Minority interests	Total shareholders' equity
Position as at 31 December 2012	173,690	2,172,659	-30,503	1,638,715	-136,489	3,818,072	2,243,574	6,061,646
Securities transactions			239			239		239
Distribution of dividends		-89,204		-151,706		-240,910	-92,504	-333,414
Capital increase						0	21,387	21,387
Other				-62		-62	151	89
Total comprehensive income for the period				205,124	32,395	237,519	128,504	366,023
Of which changes due to revaluation of financial assets available for sale					-89	-89		-89
Of which actuarial gains and losses on employee benefits (IAS 19 revised)						0		0
Of which effective portion of gains or losses on hedging instruments					32,484	32,484	28,855	61,339
Share-based payments				1,259		1,259		1,259
Impact of asset division – Eiffage Campus						0		0
Impact of FDL public exchange offer						0		0
Position as at 30 June 2013	173,690	2,083,455	-30,264	1,693,330	-104,094	3,816,117	2,301,112	6,117,229
Securities transactions			5,061	-5,300		-239		-239
Distribution of dividends						0	-13,457	-13,457
Capital increase	15,301	302,605				317,906	4,484	322,390
Capital reduction – Cancellation of shares	-942	-13,667	14,242			-367	79	-288
Allocation to the legal reserve		-1,530		1,530		0		0
Other				-11		-11	-113	-124
Total comprehensive income for the period				135,002	20,379	155,381	83,132	238,513
Of which changes due to revaluation of financial assets available for sale					9,175	9,175		9,175
Of which actuarial gains and losses on employee benefits (IAS 19 revised)					-1,274	-1,274	-1,135	-2,409
Of which effective portion of gains or losses on hedging instruments					12,478	12,478	11,899	24,377
Share-based payments				1,430		1,430	78	1,508
Impact of asset division – Eiffage Campus				-76		-76	7,067	6,991
Impact of FDL public exchange offer						0	542,648	542,648

(€K)	Share capital	Share premium account	Treasury shares	Non-distributed reserves and income	Gains and losses recognised directly in shareholders' equity	Group share of total shareholders' equity	Minority interests	Total shareholders' equity
Position as at 31 December 2013	188,049	2,370,863	-10,961	1,825,905	-83,715	4,290,141	2,925,030	7,215,171
Securities transactions			2,568			2,568	-6	2,562
Distribution of dividends		-79,810		-182,911		-262,721	-123,511	-386,232
Other		41	4,640	-5,268		-587	-1,996	-2,583
Total comprehensive income for the period				51,659	7,966	59,625	27,061	86,686
Of which effective portion of gains or losses on hedging instruments					7,966	7,966	9,528	17,494
Impact of change in interest held				-1,065		-1,065	2,415	1,350
Share-based payments				1,323		1,323		1,323
Position as at 30 June 2014	188,049	2,291,094	-3,753	1,689,643	-75,749	4,089,283	2,828,993	6,918,276

Dividends paid in cash during the year for €262.7 million, including €79.9 million applied to the share premium accounts and €189.2 million to net income and retained earnings.

2.1.5. STATEMENT OF CASH FLOWS

(€K)	Note	30/06/2014 before reclassification	Discontinued operations	30/06/2014	31/12/2013
Total consolidated net income of continuing operations		47,955		47,955	
Total consolidated net income of discontinued operations		21,237		21,237	
Net consolidated income (including minority interests)		69,192	21,237	69,192	512,143
Net amortisation, depreciation and provisions (excluding those provisions relating to current assets)		10,716	-186	10,902	-27,601
Unrealised gains and losses relating to changes in fair value	2.2.4.11.3 & 2.2.5.2	152,599	11,332	141,267	-73,626
Income and expenses calculated on stock options and related share-based payments		1,358		1,358	2,767
Other calculated income and expenses		19,602	-174	19,776	34,282
Gains or losses on disposals		-18,489	-21,512	3,023	-14,048
Gains or losses from dilution and accretion		0	0	0	6,533
Share of income from companies accounted for under the equity method		-10,271		-10,271	-34,016
Dividends (non-consolidated securities)		-35		-35	-10,168
Cash flow from continuing operations after tax and cost of net financial debt				213,975	396,266
Cash flow from discontinued operations after tax and cost of net financial debt			10,697	10,697	0
Cash flow after cost of net financial debt and taxes		224,672		224,672	396,266
Cost of net financial debt	2.2.5.3	151,696	5,949	145,747	307,353
Income tax expense (including deferred taxes)	2.2.5.5	12,786	-836	13,622	1,463
Cash flow from continuing operations before tax and cost of net financial debt				373,344	705,082
Cash flow from discontinued operations before tax and cost of net financial debt			15,810	15,810	0
Cash flow before cost of net financial debt and taxes		389,154		389,154	705,082
Taxes paid		-27,899	-3,655	-24,244	-26,569
Change in working capital requirements on continuing operations (including employee benefits liabilities)		96,803	84,516	12,287	-46,066
Net cash flow from operating activities of continuing operations				361,387	632,447
Net cash flow from operating activities of discontinued operations			96,671	96,671	0
Net cash flow from operating activities		458,058		458,058	632,447
Impact of changes in the scope of consolidation ⁽¹⁾		-30,765	42,033	-72,798	154,171
Disbursements related to acquisition of tangible and intangible fixed assets	2.2.4.1.1	-174,932	-6,272	-168,660	-385,501
Proceeds relating to the disposal of tangible and intangible fixed assets	2.2.4.1.1	418,083	82,005	336,078	509,588
Disbursements on acquisitions of financial assets (non-consolidated securities)		-3		-3	-9,177
Receipts relating to the disposal of financial assets (non-consolidated securities)		1,527	1,527	0	115,849
Dividends received (companies accounted for under the equity method, non-consolidated securities)		10,174	0	10,174	43,605
Change in loans and advances granted		196,813	74,312	122,501	20,625

(€K)	Note	30/06/2014 before reclassification	Discontinued operations	30/06/2014	31/12/2013
Investment grants received		0	0	0	500
Other cash flow from investment activities		-1,430	0	-1,430	
Net cash flow from investment activities of continuing operations				225,862	449,660
Net cash flow from investment activities of discontinued operations			193,605	193,605	0
Net cash flow from investment activities		419,467		419,467	449,660
Amounts received from shareholders in connection with capital increases:					
Paid by parent company shareholders		0	0	0	0
Paid by minority shareholders of consolidated companies		0	0	0	11,492
Sums received on the exercise of stock options		0	0	0	0
Purchases and sales of treasury shares:		2,527		2,527	-285
Dividends paid during the financial year					
Dividends paid to parent company shareholders	2.1.4	-262,721	0	-262,721	-240,910
Dividends paid to minority shareholders		-123,511	0	-123,511	-105,961
Receipts relating to new borrowings	2.2.4.11	1,828,185	0	1,828,185	2,322,684
Repayments of borrowings (including finance lease agreements)	2.2.4.11	-1,520,370	-274,155	-1,246,215	-2,465,047
Net interest paid (including finance lease agreements)	2.2.5.3	-163,211	-8,083	-155,128	-285,033
Other cash flow from financing activities		-102,033	-22,044	-79,989	-75,891
Net cash flow used in financing activities of continuing operations				-36,853	-838,951
Net cash flow used in financing activities of discontinued operations			-304,282	-304,282	0
Net cash flow used in financing activities		-341,135		-341,135	-838,951
Impact of changes in accounting policies	2.2.4.9	-3,195	0	-3,195	
Change in net cash of continuing operations				547,201	243,156
Change in net cash of discontinued operations			-14,006	-14,006	0
CHANGE IN NET CASH		533,195	0	533,195	243,156
Opening cash position		228,162		228,162	-14,994
Closing cash position		761,357		761,357	228,162
CHANGE IN CASH AND CASH EQUIVALENTS		533,195	0	533,195	243,156
		Closing	Closing	Closing	Closing
Gross cash and cash equivalents (a)	2.2.4.9	833,661		833,661	381,541
Debit balances and bank overdrafts (b)	2.2.4.11	-67,679		-67,679	-153,378
Net cash and cash equivalents (c) = (a) - (b)		765,981		765,981	228,162
Of which available net cash and cash equivalents		761,357		761,357	
Of which unavailable net cash and cash equivalents		4,624		4,624	
Gross debt (d)		8,768,769		8,768,769	8,428,157
Amortisation of financing costs (e)		-80,253		-80,253	-82,974
NET DEBT (D) - (C) + (E)		7,922,535		7,922,535	8,117,021

⁽¹⁾ The -€30.7 million impact of changes in scope primarily correspond to disbursements related to the acquisition of companies in the German residential segment and the Service Sector (Amsterdam €48.3 million, Germany €24.7 million) and to the disposal of securities from the Logistics segment (€42.0 million).

2.2. Notes to the condensed consolidated financial statements

2.2.1. ACCOUNTING PRINCIPLES AND METHODS

2.2.1.1. General principles – Accounting references

The consolidated accounts of Foncière des Régions as at 30 June 2014 were prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Since they are condensed statements, they do not include all of the information required by IFRS guidelines and must be read in conjunction with the annual consolidated financial statements of the Foncière des Régions group for the year ending on 31 December 2013.

The financial statements were approved by the Board of Directors on 23 July 2014.

Accounting principles and methods used

The accounting principles applied for the interim consolidated financial statements as at 30 June 2014 are identical to those used for the consolidated financial statements as at 31 December 2013, except for new standards and amendments whose application was mandatory on or after 1 January 2014 and which were not applied early by the Group.

New standards for which application is mandatory on or after 1 January 2014 include:

- IFRS 10 "Consolidated financial statements" published by the IASB on 12 May 2011 and adopted by the European Union on 29 December 2012
- IFRS 11 "Joint arrangements" published by the IASB on 12 May 2011 and adopted by the European Union on 29 December 2012. This standard introduces a distinction between joint operations and joint ventures and provides a single method of recognition for the latter, namely equity consolidation, while removing the proportional consolidation option
- IFRS 12 "Disclosure of Interests in Other Entities" issued by the IASB on 12 May 2011 and adopted by the European Union on 29 December 2012. The purpose of IFRS 12 is to require disclosure of information in the annual consolidated financial statements that enables users of financial statements to assess the basis of control, any restriction on consolidated assets and liabilities, exposure to risk resulting from interests in non-consolidated structured entities, and the participation of minority interests in the business activities of consolidated entities. This information is not required for interim financial statements
- Investment entities: amendments to IFRS 10, IFRS 12 and IAS 27 "Consolidated Financial Statements, Disclosure of Interests in Other Entities, Consolidated and Individual Financial Statements", published by the IASB on 31 October 2012 and adopted by the European Union on 20 November 2013
- Amendments to the transitional provisions of IFRS 10, 11 and 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: transitional

provisions" published by the IASB on 28 June 2012 and adopted by the European Union on 4 April 2013

- Amendments to IAS 28 (revised in 2011) "Investments in associates and joint ventures" published by the IASB on 11 December 2012 and adopted by the European Union on 29 December 2012. This standard requires that entities under significant influence or investments in "joint ventures" over which the entity exercises joint control be consolidated using the equity method. The revision concerns, among other things, a few clarifications pertaining to the unit of account of certain equity investments and the recognition of fluctuations in interest rates
- Amendment to IAS 32 "Financial instruments: Presentation" adopted by the European Union on 29 December 2012. Application of this amendment is mandatory as from 1 January 2014. The amendment aims to clarify offsetting requirements for financial instruments mentioned in paragraph 42 of IAS 32, by stating what having a legally enforceable right of set-off involves and indicating the circumstances under which some gross settlement systems may be considered equivalent to net settlements. This amendment has not had a significant impact on the financial statements as at 30 June 2014
- Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" published by the IASB on 29 May 2013 and adopted by the European Union on 19 December 2013. This amendment has not had a significant impact on the financial statements as at 30 June 2014
- Amendments to IAS 39 and IFRS 9 "Novation of Derivatives and Continuation of Hedge Accounting" published by the IASB on 27 June 2013 and adopted by the European Union on 19 December 2013. These amendments have not had a significant impact on the financial statements as at 30 June 2014.

As part of the adoption of IFRS 10, 11 and 12, the Group conducted a comprehensive analysis of companies that have governance agreements in place with external investors in order to assess the level of control that the Group has over the assets concerned.

This analysis did not lead to any modification in the assessment of control of the Group's companies or the consolidation methods.

The new amendments and standards adopted by the European Union for which application is not mandatory until 1 January 2014 and which are not being applied early by Foncière des Régions are:

- IFRIC 21 "Levies charged by public authorities", dated 20 May 2013, adopted by the European Union on 13 June 2014, IAS interpretation 37 "Provisions, Contingent Liabilities and Contingent Assets": states that the obligating event which creates a liability for a duty or a tax payable is the activity that makes the duty or tax chargeable, as defined in legal or regulatory provisions. This interpretation goes into effect for companies no later than the opening date of their first financial year beginning on or after 17 June 2014.

The Group is currently studying the impact of applying the IFRIC 21 interpretation on consolidated financial statements as at 1 January 2015.

IFRS standards and amendments published by the IASB but not adopted by the European Union and which are therefore not applicable as at 1 January 2014:

- ◆ IFRS 15 "Income from contracts with customers"
- ◆ IFRS 9 "Financial instruments: hedge accounting and modifications to IFRS 9, IFRS 7 and IAS 39"
- ◆ Amendments to IAS 19 "Defined Benefit Plans – Employee contributions"
- ◆ Annual improvements to IFRS (2010-2012 cycle)
- ◆ Annual improvements to IFRS (2011-2011 cycle)
- ◆ IFRS 11 "Modifications: recognition of acquisitions of interest in joint operations"
- ◆ IAS 16 and IAS 38 "Modifications: clarifications on methods of depreciation and amortization".

2.2.1.2. Consolidation principles

As part of the application of the new standards under IFRS 10, 11 and 12, the Group updated its definition of control.

These financial statements include the financial statements of Foncière des Régions and the financial statements of the entities (including structured entities) that it controls and its subsidiaries. Foncière des Régions has control when it:

- ◆ has power over the issuing entity
- ◆ is exposed or is entitled to variable returns due to its ties with the issuing entity
- ◆ has the ability to exercise its power in such a manner as to affect the amount of returns that it receives.

Foncière des Régions must reassess whether it controls the issuing entity when facts and circumstances indicate that one or more of the three elements of control listed above have changed.

If the Group does not hold a majority of the voting rights in an issuing entity in order to determine the power exercised over an entity, it analyses whether it has sufficient rights to unilaterally manage the issuing entity's relevant business activities. The Group takes into consideration any facts and circumstances when it evaluates whether the voting rights that it holds in the issuing entity are sufficient to confer power to the Group, including the following:

- ◆ the number of voting rights that the Group holds compared to the number of rights held respectively by the other holders of voting rights and their dispersion
- ◆ the potential voting rights held by the Group, other holders of voting rights or other parties
- ◆ the rights under other contractual agreements
- ◆ the other facts and circumstances, where applicable, which indicate that the Group has or does not have the actual ability to manage relevant business activities at the moment when decisions must be made, including voting patterns during previous shareholders' meetings.

2.2.1.2.1. Investments in joint ventures

An equity affiliate is an entity in which the Group has significant control. Significant control is the power to participate in decisions relating to the financial and operational policy of an issuing entity without exercising joint control on these policies.

A joint venture is a partnership in which the parties who exercise joint control over the Company have rights to said Company's net assets. Joint control means the contractual agreement to share the control exercised over a company, which only exists when decisions concerning relevant business activities require the unanimous consent of the parties sharing the control.

The results and the assets and liabilities of equity associates or joint ventures were accounted for in these consolidated financial statements according to the equity method.

2.2.1.2.2. Investments in joint operations

A joint operation is a partnership in which the parties who exercise joint control over a company have rights to the assets and obligations for the liabilities pertaining to said company. Joint control means the contractual agreement to share the control exercised over a company, which only exists in the event where the decisions concerning relevant business activities require the unanimous consent of the parties sharing the control.

When an entity of the Group undertakes business activities as part of a joint operation, the Group, as a co-participant, must account for the following items pertaining to its interest in the joint operation:

- ◆ its assets, including its proportionate share of assets held jointly
- ◆ its liabilities, including its proportionate share of liabilities assumed jointly, where applicable
- ◆ the income that it made from the sale of its proportionate share in the yield generated by the joint operation
- ◆ its proportionate share of income made from the sale of the yield generated by the joint operation
- ◆ the expenses that it has committed, including its proportionate share of expenses committed jointly, where applicable.

The Group accounts for the assets, liabilities, income and expenses pertaining to its interests in a joint operation in accordance with the IFRS that apply to these assets, liabilities, income and expenses.

2.2.1.3. Estimates and judgements

The financial statements have been prepared in accordance with the historic cost convention, with the exception of investment properties and certain financial instruments, which were accounted for in accordance with the fair value convention. In accordance with the conceptual framework for IFRS, preparation of the financial statements requires making estimates and using assumptions that affect the amounts shown in these financial statements.

Significant estimates made by Foncière des Régions in preparing the financial statements are indicated in the notes to the consolidated financial statements included in section 3 of the 2013 Reference Document. They primarily concern:

- valuations used for testing impairment, in particular assessing the recoverable value of goodwill and intangible fixed assets (3.2.1.6.1)
- the assessment of the fair value of investment properties (3.2.1.6.3)
- the assessment of the fair value of financial instruments (3.2.1.6.14)
- the assessment of provisions (3.2.1.6.12).

Because of the uncertainties inherent in any valuation process, Foncière des Régions reviews its estimates based on regularly updated information. The future results of the transactions in question may differ from these estimates.

The Group uses the following specific estimates to prepare the condensed interim financial statements:

- regarding revenue: for hotels managed by the Accor group, rental income is calculated based on the accrued real Accor revenues as at the end of May 2014 and estimated for June 2014
- regarding tax: tax is calculated with real values for the listed parent company as well as for the major non-SIIC subsidiaries.

In addition to the use of estimates, the Company's management makes use of judgements to define the appropriate accounting treatment of certain business activities and transactions when the IFRS standards and interpretations in effect do not precisely handle the accounting issues involved.

2.2.2. FINANCIAL RISK MANAGEMENT

The operating and financial activities of the Company are exposed to the following risks:

2.2.2.1. Market risk

The holding of real estate assets intended for leasing exposes Foncière des Régions to the risk of fluctuation in the value of real estate assets and lease payments.

Despite the uncertainty created by the economic downturn, this exposure is limited to the extent that the rentals invoiced are derived from rental agreements, the term and diversification of which mitigate the effects of fluctuations in the rental market.

2.2.1.4. Operating segments

Foncière des Régions holds a wide range of real estate assets to collect rental income and benefit from appreciation in the assets held. Segment reporting has been organised around client type and asset type. As a result, the operating segments are as follows:

- France Offices: office property assets located in France
- Italy Offices: office and commercial property assets located in Italy
- Service Sector: commercial buildings in the hotel, retail and health sectors held by Foncière des Murs
- Residential: residential real estate assets in France and in Germany held by Foncière Développement Logements
- Car Parks: parking facilities owned outright or leased by Urbis Park, and related business activities.

These segments are reported on and analysed regularly by the management of Foncière des Régions in order to make decisions on what resources to allocate to the segment and to evaluate their performance.

As at 30 June 2014, Logistics no longer appears under operating segments. In accordance with the application of IFRS 5, the Logistics business activity, which is being sold, is presented in the financial statements as discontinued operations.

2.2.1.4.1. IFRS 7 – Reference table

Market risk	§ 2.2.2.1
Liquidity risk	§ 2.2.2.2
Financial expense sensitivity	§ 2.2.2.3
Credit risk	§ 2.2.2.4
Sensitivity of the fair value of investment properties	§ 2.2.4.1.2
Covenants	§ 2.2.4.11.4

Nevertheless, it is important to note the specific features relating to certain Foncière des Régions segments or geographical areas:

- fluctuations in rental income in the Service Sector are based on indices used as the basis for the indexation of lease payments and fluctuations in Accor revenue for the hotels in question. In the event of a deterioration in the property investment market, Foncière des Murs might experience corrections in value, the extent of which would be limited by the protection provided by agreements made with the tenants
- the Italy Offices business is based mainly in the Milan and Rome areas, where economic activity is the most robust, and where the assets are rented to top-tier tenants, including Telecom Italia, which accounts for 51.5% of Beni Stabili's annual rental income

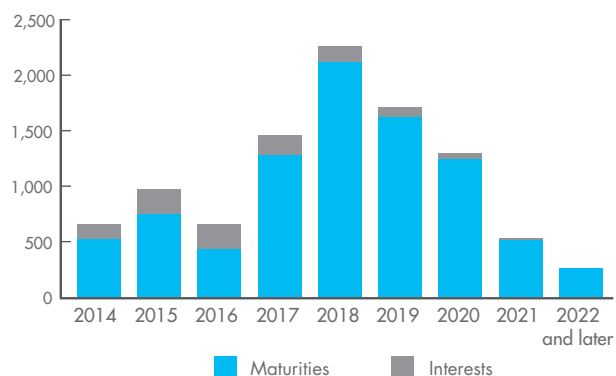
- the holding of real estate assets intended for leasing exposes Foncière Développement Logements to the risk of fluctuation in the value of real estate assets and lease payments. Despite the uncertainty created by the economic downturn, this exposure is limited to the extent that the rentals invoiced are derived from rental agreements, the term and diversification of which mitigate the effects of fluctuations in the rental market.

The sensitivity of the fair value of investment properties to rental value adjustments and/or capitalisation rates is analysed in § 2.2.4.1.2.

2.2.2.2. Liquidity risk

Liquidity risk is managed in the medium and long term with multi-year cash management plans and, in the short term, by recourse to confirmed and undrawn lines of credit. At the end of June 2014, Foncière des Régions' available cash and cash equivalents amounted to €2,009 million, including €1,004 million in usable unconditional credit lines, €834 million in investments and €171 million in unused overdraft facilities.

The graph below summarises the maturities of borrowings in €m, including Treasury bills existing as at 30 June 2014:



Details concerning debt maturities are provided in Note 2.2.4.11.1, and a description of banking covenants and accelerated payment clauses included in the loan agreements is presented in Note 2.2.4.11.4.

During the first half of 2014, the Group put in place or renegotiated the following financing:

- Italy Offices
 - Financing put in place**
 - Beni Stabili placed a €350 million, unsecured inaugural bond issue in January 2014 with an annual coupon of 4.125% and a four-year maturity, *i.e.* in January 2018
 - as part of the diversification of its sources of financing, in March 2014, Beni Stabili successfully completed a private placement with institutional investors for a total of €250 million with a 3.50% coupon. The bond matures in April 2019.

These new lines also free assets secured by the repayment of mortgage financing.

- In addition, Beni Stabili took out €60 million in new bank financing over the six-month period.

- Service Sector

In May 2014, Foncière des Murs took out €208.6 million in loans backed by a diversified asset portfolio mainly comprised of hotel assets, to:

- refinance the balance of mortgage loans set up in 2007
- refinance the €60.2 million mortgage loan taken out in 2013 to optimise the financial conditions of the facility.

- Residential

In first-half 2014, Foncière Développement Logements (FDL) raised €60 million in new financing in Germany with maturities of four to five years, intended to finance acquisitions of residential portfolios in Berlin, Dresden and Leipzig.

In France, Foncière Développement Logements refinanced the Stockholm 1 and 2 loans in January 2014 with new debt for an initial amount of €350 million.

2.2.2.3. Interest rate risk

The Group's exposure to the risk of a fluctuation in market interest rates is linked to its floating rate and long-term financial debt.

To the extent possible, bank debt is almost always hedged *via* financial instruments (see 2.2.4.11.3). At 30 June 2014, after taking interest rate swaps into account, around 80% of the Group's debt was hedged, and most of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

- the impact of an increase of 100 bps on rates as at 30 June 2014 was -€1,259,000 on net recurring income, Group share, in 2014
- the impact of an increase of 50 bps on rates as at 30 June 2014 was -€753,000 on net recurring income, Group share, in 2014
- the impact of a decrease of 50 bps on rates as at 30 June 2014 was +€697,000 on net recurring income, Group share, in 2014.

2.2.2.4. Financial counterparty risk

Given Foncière des Régions' contractual relationships with its financial partners, the Company is exposed to counterparty risk. If one of its partners is not in a position to honour its undertakings, the Group's net income could suffer an adverse effect.

This risk primarily involves the hedging instruments entered into by the Group and for which default of the counterparty could result in the need to replace a hedging transaction at the current market rate.

The counterparty risk is limited by the fact that Foncière des Régions is a borrower, from a structural standpoint. The risk is therefore mainly restricted to the investments made by the Group and to its counterparties in derivative product transactions. The Company continually monitors its exposure to financial counterparty risk. The Company's policy is to deal only with top-tier counterparties, while diversifying its financial partners and its sources of funding.

2.2.2.5. Lease counterparty risk

The rental income of Foncière des Régions is subject to a certain degree of concentration, to the extent that the principal tenants (Orange, Telecom Italia, Suez Environnement, EDF, Accor, and Korian) generate the main part of the annual rental income.

Foncière des Régions does not believe it is significantly exposed to the risk of insolvency, since its tenants are selected based on their creditworthiness and the economic prospects of their market segments. The operating and financial performance of the main tenants is regularly reviewed. In addition, tenants grant the Group financial guarantees when leases are signed.

The Company has not recorded any significant overdue payments.

2.2.2.6. Risk relating to changes in the value of the portfolio

Changes in fair value of investment properties are accounted for in the income statement. Changes in property values can thus have a material impact on the operating performance of the Group.

In addition, part of the Company's operating income is generated by the sales plan, the income from which is equally dependent on property values and on the volume of possible transactions.

Rentals and property values are cyclical in nature, the duration of the cycles being variable but generally long-term. Different national markets have differing cycles that vary from each other in relation to specific economic and market conditions. Within each national market, prices also follow the cycle in different ways and with varying degrees of intensity, depending on the location and category of the assets.

The macroeconomic factors that have the greatest influence on property values and determine the various cyclical trends include the following:

- ♦ interest rates
- ♦ the liquidity on the market and the availability of other profitable alternative investments
- ♦ economic growth.

Low interest rates, abundant liquidity on the market and a lack of profitable alternative investments generally lead to an increase in property asset values.

Economic growth generally increases demand for leased space and paves the way for rent levels to rise, particularly in the office sector. These two consequences lead to an increase in the price of property assets. Nevertheless, in the medium term, economic growth generally leads to an increase in inflation and then an increase in interest rates, expanding the availability of profitable alternative investments. Such factors exert downward pressure on property values.

The investment policy of Foncière des Régions is to minimise the impact of various stages of the cycle by choosing investments that:

- ♦ have long-term leases and high quality tenants, which soften the blow of a reduction in market rental income and the resulting decline in real estate prices
- ♦ are located in major city centres
- ♦ have low vacancy rates, in order to avoid the risk of having to re-let vacant space in an environment where demand may be limited.

2.2.2.7. Exchange rate risk

The Company operates in the Euro zone. It is therefore not exposed to exchange rate risk.

2.2.2.8. Risk relating to changes in the value of shares and bonds

The Group is exposed to risks for two classes of shares (see § 2.2.4.2):

This risk primarily involves listed securities in companies consolidated using the equity method, which are valued according to their value in use. Value in use is determined based on independent assessments of property assets and financial instruments and there is no goodwill attached to these companies.

In addition, Foncière des Régions and Beni Stabili issued bonds (ORNANE) valued at their fair value in the income statement at each closing. The fair value corresponds to the monthly average price of the bond, exposing the Group to changes in the value of the bond. The specific features of the ORNANE are described in § 2.2.4.11.2.

2.2.2.9. Tax environment

2.2.2.9.1. Changes in the French tax environment

The tax environment has been subjected to changes that may affect the Group's tax situation:

- ♦ creation of a new 3% tax on the distribution of dividends (limited to the portion that exceeds the legal mandatory distribution), which has been applicable since 2013 to SIIIC companies
- ♦ posting deficits is limited to 50% of the profit made. In view of the tax scheme in use by most of the Group's companies, the impact is limited to the activities of the Car Parks segment
- ♦ the 15% deduction for net interest expenses was not allowed for 2012 and 2013 and it was increased to 25% starting in 2014
- ♦ progressive increase of the Corporate Value Added Tax (CVAE).

There are also changes in the area of social charges, including increased contributions for bonus shares granted to employees and incentive pay.

2.2.2.9.2. Changes in the Italian tax environment

Creation of a new IMU local tax in 2012 equivalent to a real estate tax.

As at 30 June 2014, the IMU tax totalled €10.4 million, versus €10.3 million as at 30 June 2013.

2.2.2.9.3. Changes in the German tax environment

The Group has not observed any significant change in the German tax environment.

2.2.2.9.4. Tax risk

Given the ongoing changes to tax legislation, the Group is likely to be subject to reassessment proposals from the Tax Administration. If an adjustment presents a risk of reassessment in the opinion of our advisors, a provision is made at that point. The list of the main ongoing proceedings includes the following:

- ◆ **Foncière des Régions tax inspection**

Foncière des Régions underwent a tax inspection for the 2007, 2008, 2009 and 2010 financial years. A tax reassessment proposal was submitted in December 2012 that may result in a tax adjustment on wages and a reduction of unadjusted reportable tax loss carry forwards in the amount of €14 million. At 31 December 2012, a provision was recorded for the tax risk on salaries in the amount of €155,000. The proposed adjustment was contested and the inspection was closed in July 2014 with a withdrawal of the tax adjustment on salaries and a reduction of the tax losses of €9 million, on a total of €250 million. There were no modifications in the accounts as at 30 June 2014.

- ◆ **Foncière Europe Logistique tax inspection**

In June 2014, Foncière Europe Logistique received a notice of accounting audit pertaining to the 2012 and 2013 financial years. The inspection is ongoing.

A tax reassessment proposal on the corporate tax was received by Foncière Europe Logistique amounting to €3.2 million for the 2007 and 2008 financial years, followed by a tax collection procedure and a payment following the various administrative reviews during the first half of 2012. Foncière Europe Logistique nonetheless is contesting this reassessment and has filed a claim against it. The tax administration rejected the claim on the merits but nevertheless granted an abatement of €2.4 million in principal and interest to take into account the fact that the financial consequences were spread out over 2008, 2009, 2010 and 2011. Since 2009 was required, a final abatement of €0.8 million was obtained. The case was referred to the Administrative Court and the proceeding is under way.

An accounting audit pertaining to the 2009, 2010 and 2011 financial years took place during the 2013 financial year, which ended in a reassessment proposal on the corporate tax for €3.5 million on the same grounds as the previous adjustment proposal for 2007 and 2008. This notification was followed by a tax collection procedure and payment. Foncière Europe Logistique is contesting this notification nonetheless, and a claim against it is in progress.

- ◆ **Foncière des Murs tax inspection**

Foncière des Murs underwent an accounting audit for the 2010 and 2011 financial years, which resulted in a reassessment proposal for the CVAE in the amount of €2.4 million. This reassessment proposal has been entirely contested. It is currently under administrative review, and based on analysis by the company's consultants, no provision was recorded against this reassessment proposal as of 30 June 2014.

- ◆ **Urbis Park tax inspection**

Urbis Park underwent a tax inspection for the 2008, 2009 and 2010 financial years. A tax reassessment proposal for 2008, which has no impact on the corporate tax owed, was submitted at the end of December 2011. As part of the administrative reviews, a departmental contact person rejected the Urbis Park argument. The matter was referred to the Commission for direct and revenue tax and it declared that it did not have jurisdiction over the matter. A claim against it is in progress.

- ◆ **Tax inspection on the residential segment**

In June 2014, FEL received a notice of accounting audit pertaining to the 2011, 2012 and 2013 financial years. The inspection is ongoing.

In early 2012, the Austrian subsidiaries underwent a tax inspection for the 2007, 2008 and 2009 financial years. The inspections were managed directly by the seller (Groupe Conwert) for the guarantee.

The tax administration informed Imméo that a tax inspection for 2008, 2009 and 2010 would be conducted in early 2014. As of this date, the inspection has not yet started.

- ◆ **Comit Fund tax dispute: Beni Stabili**

On 17 April 2012, following a court decision, the Italian tax administration refunded the debt borne by Beni Stabili for the Comit Fund dispute (principal: €58.2 million and interest: €2.3 million). In April 2012, the tax administration appealed this decision. No provision was recorded against this, based on the advice of the company's tax consultants. As of 30 June 2014, there were no new developments.

In Italy, a new tax inspection began during the first half of 2013 on Beni Stabili (2009, 2010 and 2011 financial years). The administration issued a tax adjustment of €3.7 million for the 2009 and 2010 financial years, which the company disputed in its entirety.

As of 30 June 2014, the tax administration has not started the audit for 2011.

Furthermore, the tax inspection for the 2008 financial year, for which the tax administration had proposed an adjustment on the non-deductibility of interest expenses on mortgage loans, was reconsidered by the administration and the amount that was decreased was brought back up to €3.7 million. However, Beni Stabili and its advisors believe that this reassessment is unfounded and the company is contesting the entire adjustment.

As at 30 June 2014, the proceeding has not progressed.

2.2.3. SIGNIFICANT EVENTS DURING THE PERIOD

2.2.3.1. France Offices segment

2.2.3.1.1. Asset disposals

During the first half of 2014, Foncière des Régions sold 47 assets for a sales price of €130.8 million.

2.2.3.1.2. Discontinued operations

In accordance with the application of IFRS 5, the logistics business activity, which is being sold, is presented in the financial statements as discontinued operations.

All of the recorded assets and liabilities on the balance sheet as at 30 June 2014 are presented on a single "discontinued operations" line in both assets and liabilities. This reclassification is also carried out on the income statement, for which all of the items from the logistics business activity is presented in "Net income from discontinued operations".

2.2.3.2. Italy Offices segment

2.2.3.2.1. Asset disposals

During the first half of 2014, the Italy Offices segment disposed of assets for total sales price of €80.9 million, including "Via Fogazzaro" located in Milan for €61.5 million.

2.2.3.2.2. Refinancing

As part of its finance diversification policy, in January, Beni Stabili issued a €350 million private placement with a 4.125% interest rate maturing in four years.

In March 2014, it issued a new €250 million private placement with a 3.5% interest rate maturing in five years.

These two bond issues allowed the company to pay off existing debt, *i.e.* €344.2 million.

On 24 June 2014, Beni Stabili announced its plan to refinance the IMSER portfolio (portfolio rented to Telecom Italia) by putting in place two mortgage borrowings (€300 million at six years and €200 million at two years) and through a capital increase of approximately €150 million (including premiums), which will be approved by an Extraordinary Shareholders' Meeting to be held on 31 July 2014. Debt reimbursement will be €650 million (including fees).

2.2.2.9.5. Deferred tax liabilities

Most of the Group's property companies have opted for the SIIC regime in France or for the SIQ in Italy; the impact of deferred tax liabilities is therefore limited, with the exception of certain businesses in Italy (non-exempt deferred capital gains) and the residential business in Germany.

2.2.3.3. Service Sector segment

2.2.3.3.1. Disposals and assets under agreement

Foncière des Murs disposed of 17 assets for €135 million over the first half of 2014. Most of the disposals were made at a value greater than or equal to the value stated in the financial statements as at 31 December 2013, excluding disposal costs.

As at 30 June 2014, it has signed €14 million in preliminary sales agreements concerning four assets.

2.2.3.3.2. Acquisitions

During the first half of the year, Foncière des Murs acquired three B&B hotels (Valenciennes, Salon de Provence and Euralille) for €11.4 million, and in June 2014, it also acquired a Dutch company that has an NH Hotel located in Amsterdam's city centre for €48.3 million.

2.2.3.3.3. Debt refinancing

In May 2014, Foncière des Murs refinanced the LFR, Bergame and Vérone debts with a €208 million borrowing maturing in five years through the banks CA-CIB and Société Générale.

The company also refinanced an asset from the IRIS portfolio in Belgium with a borrowing of €13.8 million maturing in three and a half years through BNP Fortis.

2.2.3.4. Residential segment

2.2.3.4.1. Asset disposals

In Germany, Foncière Développement Logements made disposals for a sales price of €19.4 million (net of costs).

In France, Foncière Développement Logements continued its sales plan and made disposals for a sales price of €32.1 million (net of costs).

2.2.3.4.2. Acquisitions in Germany

During the first quarter of 2014, Foncière Développement Logements acquired a residential portfolio of 742 housing units and 60 commercial locations located in Dresden, Leipzig and in Berlin for €52 million excluding duties.

In June 2014, the company acquired 311 housing units located in Berlin for €42 million.

2.2.3.4.3. Restructurings and holdings in the German residential segment

Foncière Développement Logements plans to sell (in July) the majority of the equity investments of its German subsidiaries held directly or indirectly by Batisica to all of its shareholders. Foncière Développement Logements is offering shareholders who do not wish to participate in this transaction (2.6%) to buy back their share through the implementation of a public share buyback offer (OPRA).

On 23 June 2014, Foncière Développement Logements filed a notification with the French financial markets authority (*Autorité des marchés financiers*, or "AMF") presenting a public buyback offer for its treasury shares. It was prepared and disseminated in accordance with the provisions of Articles 231-16 and 231-17 of the AMF's general regulations.

This transaction has not had an impact on Foncière des Régions' financial statements as at 30 June 2014.

During the second half of 2014, Foncière des Régions will directly hold approximately 60% of the German companies

2.2.3.4.4. Refinancing

In January 2014, Foncière Développement Logements refinanced the Stockholm 1 and 2 debt with outstanding capital of €279 million via a €350 million borrowing over a five-year period.

2.2.3.5. Logistics segment

2.2.3.5.1. Asset and company disposals

In June 2014, Foncière Europe Logistique sold seven assets and 11 companies to the Blackstone group (GAF III, Melun 7 and 9 palier Soviet companies). All together, the appraised value of these disposals totalled €473 million.

The disposal of the companies generated a positive impact of €27.9 million (the difference between the net sales price and the net assets sold).

In conjunction with this transaction, the Company disposed of three assets for €25.8 million.

2.2.4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.2.4.1. Portfolio

2.2.4.1.1. Table of changes in the portfolio

(€K)	31/12/2013	Change in scope and interest rates	Increase/ Allocation	Disposal/ Recovery	Change in fair value	Transfers	30/06/2014 before reclassification	Discontinued operations	30/06/2014
Goodwill	8,194	0	0	0	0	0	8,194	0	8,194
Intangible fixed assets	145,974	1	-3,405	2	0	-5	142,567	0	142,567
Gross amounts	247,980	3	2,033	-11	0	-4	250,001	0	250,001
Depreciation	-102,006	-2	-5,438	13	0	-1	-107,434	0	-107,434
Tangible fixed assets	108,172	8	956	-7	0	-2,845	106,284	0	106,284
Operating properties	96,255	0	-1,606	0	0	125	94,774	0	94,774
Gross amounts	117,009	0	62	0	0	125	117,196	0	117,196
Depreciation	-20,754	0	-1,668	0	0	0	-22,422	0	-22,422
Other tangible fixed assets	6,620	8	-673	-2	0	485	6,438	0	6,438
Gross amounts	17,383	82	168	-13	0	-467	17,153	0	17,153
Depreciation	-10,763	-74	-841	11	0	952	-10,715	0	-10,715
Fixed assets in progress	5,297	0	3,235	-5	0	-3,455	5,072	0	5,072
Gross amounts	5,297	0	3,235	-5	0	-3,455	5,072	0	5,072
Depreciation	0	0	0	0	0	0	0	0	0
Investment properties	14,297,538	83,222	189,415	-60,428	68,342	-774,575	13,803,514	0	13,803,514
Operating properties	13,826,291	83,222 ⁽¹⁾	102,369	-60,428	63,244	-706,528	13,308,170	0	13,308,170
Properties under development	471,247	0	87,046	0	5,098	-68,047	495,344	0	495,344
Assets held for sale	1,196,495	-405,537	4,818	-427,262	-1,619	773,462	1,140,357	289,090	851,267
Assets held for sale (operating properties)	1,196,495	-405,537 ⁽¹⁾	4,818	-427,262	-1,619	773,462	1,140,357	289,090	851,267
TOTAL	15,756,373	-322,306	191,784	-487,695	66,723	-3,963	15,200,916	289,090	14,911,826

⁽¹⁾ Corresponds to the acquisition of the NH Amsterdam Centre Hotel for €48.3 million, to the acquisition of residential units by Berlin C in Germany for €41.6 million and to the disposal of the companies in the Logistics segment for -€412.2 million.

The amount of the "Disbursements related to acquisition of tangible and intangible assets" line item in the Cash Flow Statement totalled €174.9 million. It corresponds to increases in the table of changes in the portfolio excluding the effect of depreciation (€199.7 million), to changes in inventories of the property dealer (€0.7 million) and adjusted for change in trade payables for fixed assets (-€25.5 million).

The "Proceeds relating to the disposal of tangible and intangible fixed assets" line item in the Statement of Cash Flows (€418.1 million) primarily corresponds to income from disposals of assets and properties in inventory as presented in the net income statement (€487.1 million), adjusted for asset disposal costs (-€6.6 million) and restated for changes in receivables from asset disposals (-€63.2 million).

2.2.4.1.2. Investment properties

(€K)	31/12/2013	Change in scope and interest rates	Increase	Disposal	Change in fair value	Transfers	30/06/2014 before reclassification	Discontinued operations	30/06/2014
Investment properties	14,297,538	83,222	189,415	-60,428	68,342	-774,575	13,803,514	0	13,803,514
Operating properties	13,826,291	83,222	102,369	-60,428	63,244	-706,528	13,308,170	0	13,308,170
Offices France	3,545,651	0	8,826 ⁽¹⁾	-8	20,451	-108,498	3,466,422	0	3,466,422
Offices Italy	3,611,315	0	2,447 ⁽²⁾	-60,420	-4,753	28,101	3,576,690	0	3,576,690
Service Sector	2,989,471	48,338	17,432 ⁽³⁾	0	13,297	26,029	3,094,567	0	3,094,567
Residential	3,031,092	41,586	73,662 ⁽⁴⁾	0	34,249	-102,698	3,077,891	0	3,077,891
Logistics	648,762	-6,702	2	0	0	-549,462	92,600	0	92,600
Properties under development	471,247	0	87,046	0	5,098	-68,047	495,344	0	495,344
Offices France	137,224	0	53,011	0	10,165	18,825	219,225	0	219,225
Offices Italy	258,300	0	19,393	0	-6,092	-32,201	239,400	0	239,400
Service Sector	29,198	0	9,426	0	1,374	-26,029	13,969	0	13,969
Residential	22,250	0	849	0	-349	0	22,750	0	22,750
Logistics	24,275	0	4,367	0	0	-28,642	0	0	0
Assets held for sale	1,196,495	-405,537	4,818	-427,262	-1,619	773,462	1,140,357	289,090	851,267
Assets held for sale	1,196,495	-405,537	4,818	-427,262	-1,619	773,462	1,140,357	289,090	851,267
Offices France	319,685	0	1,563	-130,087	3,855	89,673	284,689	0	284,689
Offices Italy	195,717	0	578	-19,277	-760	4,100	180,358	0	180,358
Service sector	213,342	0	0	-135,118	-199	0	78,025	0	78,025
Residential	257,261	0	0	-52,020	1,369	101,585	308,195	0	308,195
Logistics	210,490	-405,537	2,677	-90,760	-5,884	578,104	289,090	289,090	0
TOTAL	15,494,033	-322,315	194,233	-487,690	66,723	-1,113	14,943,871	289,090	14,654,781

⁽¹⁾ Works completed for €8.8 million.

⁽²⁾ Works completed on assets located mainly in Milan.

⁽³⁾ Works completed for €17 million mainly on B&B leases in advance of future completion.

⁽⁴⁾ Corresponds to acquisitions of assets in the residential portfolio in Dresden, Leipzig and Berlin for €53.7 million and works during the period for €20.0 million.

The total increase for the period (€194.2 million) mainly includes works completed for €116.6 million, incorporation of capitalised financial expenses on development projects for €12.5 million and acquisitions over the period for €65.1 million.

The amounts of disposals correspond to the appraisal figures published as at 31 December 2013.

The Group has not identified the best use of an asset as being different from the current use, and as such, the implementation of IFRS 13 did not lead to a modification in the assumptions used for the valuation of assets.

In accordance with IFRS 13, the tables below provide details of the ranges of unobservable inputs by business segment (level 3) used by real estate appraisers:

France Offices

Grouping of similar assets	Level	Portfolio (€K)	Net yield rate	Discount rate	Market rental value
Paris Centre West	Level 3	622.5	4.5% - 8.0%	5.0% - 6.4%	N/A
Paris North East	Level 3	299.2	5.8% - 6.5%	5.3% - 7.5%	N/A
Paris South	Level 3	494.3	4.5% - 6.8%	5.3% - 6.9%	N/A
Western Crescent	Level 3	1,021.6	5.8% - 7.8%	5.3% - 7.8%	N/A
Inner suburbs	Level 3	576.8	5.7% - 9.8%	5.0% - 7.0%	N/A
Outer suburbs	Level 3	176.5	6.0% - 16.2%	5.3% - 11.0%	N/A
Total Paris Regions		3,190.9			
Major Regional Cities	Level 3	573.2	6.0% - 12.6%	5.3% - 10.2%	N/A
Regions	Level 3	355.5	5.8% - 16.2%	5.3% - 11.0%	N/A
Total Regions		928.7			
TOTAL OFFICES FRANCE		4,119.6			

Italy Offices

Grouping of similar assets	Level	Portfolio (€K)	Net yield rate	Discount rate	Market rental value
Milan	Level 2	414.1	5.2% - 6.1%	4.8% - 5.8%	1,766 - 29,261
Milan	Level 3	1,201.1	5.8% - 6.5%	5.0% - 7.0%	1,686 - 16,748
Rome	Level 3	346.7	6.1%	-	1,120 - 3,101
Other	Level 2	148.9	6.0% - 6.5%	6.0% - 6.5%	1,867 - 2,496
Other	Level 3	1,657.1	6.0% - 8.1%	6.0% - 8.5%	381 - 22,989
Total in operation		3,768.0			
Assets under development	Level 3	239.4	6,0%	5.0% - 6.5%	N/A
TOTAL OFFICES ITALY		4,007.4			

Service Sector

Grouping of similar assets	Level	Portfolio (€K)	Net yield rate	Discount rate	Market rental value
Hotels	Level 3	2,335.1	5.22% - 8.54%	6.5% - 10.25%	N/A
Healthcare	Level 3	241.9	5.36% - 9.01%	5.10% - 7.85%	N/A
Retail Premises	Level 3	596.1	5.29% - 8.32%	6.2% - 8.15%	N/A
Total in operation		3,173.1	4.90% - 8.62%	5.10% - 11.0%	
Assets under development	Level 3	14.0		6.0% - 8.35%	N/A
TOTAL SERVICE SECTOR		3,187.1	5.22% - 9.01%	5.1% - 11.0%	

Residential

Grouping of similar assets	Level	Portfolio (€K)	Net yield rate			Average value (in €/sq m)
			Total portfolio	Block valued properties	Discount rate	
Paris Neuilly	Level 3	455	1.4% - 5.7%	2.9% - 5.7%	N/A	7,988
Rest of Île-de-France (Paris Region)	Level 3	147	1.7% - 5.1%	3.5% - 4.1%	N/A	5,054
Provence-Alpes-Côte d'Azur Region	Level 3	126	1.2% - 6.9%	1.2% - 5.5%	N/A	2,290
Rhône-Alpes Region	Level 3	80	3.3% - 7.2%	3.5% - 4.4%	N/A	3,235
Great West (Normandy, Brittany, Vendée)	Level 3	34	3.4% - 9.0%	4.3% - 9.0%	N/A	1,134
East	Level 3	7	2.8% - 6.3%	N/A	N/A	1,528
Offices Luxembourg	Level 3	10	5.9%	5.9%	N/A	4,690
Total France	Level 3	857	1.2% - 9.0%	1.2% - 9.0%	N/A	4,216
France Potential yield rate assumed excluding taxes (actual rents/appraisal values excluding taxes) across the portfolio held by FDL in France (including commercial premises)						
Duisbourg	Level 3	570	1.4% - 14.0%	1.4% - 14.0%	4.7% - 11.5%	774
Essen	Level 3	505	2.5% - 11.4%	2.5% - 11.4%	4.7% - 7.8%	1,043
Mülheim	Level 3	182	2.7% - 9.5%	2.7% - 9.5%	4.8% - 7.1%	968
Oberhausen	Level 3	138	4.1% - 10.8%	4.1% - 10.8%	5.4% - 7.2%	830
Datteln	Level 3	106	2.8% - 10.8%	2.8% - 10.8%	4.8% - 7.2%	773
Berlin	Level 3	606	2.3% - 8.3%	2.3% - 8.3%	4.1% - 4.4%	1,309
Dusseldorf	Level 3	38	4.0% - 7.6%	4.0% - 7.6%	4.3% - 6.8%	1,985
Dresden	Level 3	80	4.1% - 8.5%	4.1% - 8.5%	5.3% - 7.1%	988
Leipzig	Level 3	14	4.8% - 8.2%	4.8% - 8.2%	4.8% - 6.3%	678
Other	Level 3	311	1.9% - 10.3%	1.9% - 10.3%	5.0% - 8.0%	845
Total Germany	Level 3	2,552	1.4% - 14.0%	1.4% - 14.0%	4.1% - 11.5%	957
Germany Potential yield rate assumed excluding taxes (actual rents/appraisal values excluding taxes) across the portfolio held by FDL in Germany (including commercial premises)						
TOTAL RESIDENTIAL		3,409				

Impact of fluctuations in the rate of return on changes in the fair value of property assets, by operating segment

(€M)	Yield	Change in yield rate: -50 bps	Change in yield rate: +50 bps	Change in yield rate: +100 bps
Offices France ⁽¹⁾	6.8%	378.4	-326.3	-610.5
Offices Italy	5.8%	385.3	-324.2	-600.7
Service sector	6.3%	250.5	-213.7	-398.3
Residential	5.8%	320.0	-269.0	-499.0
Logistics	6.4%	24.4	-20.9	-38.9
TOTAL	6.2%	1,358.5	-1,154.1	-2,147.4

⁽¹⁾ Including DS Campus, New Vélizy, Euromed and Cœur d'Orly assets carried by companies consolidated using the equity method.

2.2.4.1.3. Properties under development

Properties under development relate to building or redevelopment programmes that are subject to the application of IAS 40 (revised).

(€K)	31/12/2013	Change in scope	Works	Capitalised interest	Change in fair value	Transfers and disposals	30/06/2014
Offices France	137,224	0	49,313	3,698	10,165	18,825 ⁽¹⁾	219,225
Offices Italy	258,300	0	12,060	7,333	-6,092	-32,201 ⁽²⁾	239,400
Service sector	29,198	0	8,876	550	1,374	-26,029 ⁽³⁾	13,969
Residential	22,250	0	461	388	-349	0	22,750
Logistics	24,275	0	3,874	493	0	-28,642 ⁽⁴⁾	0
TOTAL	471,247	0	74,584	12,462	5,098	-68,047	495,344

⁽¹⁾ The Montpellier B&B assets at the Pompignane site were delivered in 2014, generating a transfer of -€5.1 million. A new project under development (Lyon Silex 2nd tranche) is generating a transfer of +23.9 million.

⁽²⁾ Corresponds to the delivery of the Via Dell'Arte asset located in Milan for -€32.2 million.

⁽³⁾ Delivery of the Porte des Lilas B&B lease in advance of future completion generating a transfer of -€26.0 million.

⁽⁴⁾ Deliveries made on the Garonor asset.

Information relating to off-balance sheet costs for works started can be found in Note 2.2.6.3.1

2.2.4.2. Financial assets

(€K)	31/12/2013 Net	Increase	Decrease	Change in fair value	Change in scope	Transfers	30/06/2014 Gross	Amortisations and provisions	30/06/2014 Net
Ordinary loans ⁽¹⁾	87,932	28,442	-225,000	0	-7	244,279	135,646	0	135,646
Total loans	87,932	28,442	-225,000	0	-7	244,279	135,646	0	135,646
Securities at fair value through net income	19,488	0	0	-829	0	0	18,659	0	18,659
Securities at historic cost	42,477	3	-3,182	-2,377	3,083	0	40,017	-843	39,174
Total other financial assets⁽²⁾	61,965	3	-3,182	-3,206	3,083	0	58,676	-843	57,833
Outstanding amount of leases (LT)	2,506	0	-188	0	0	72	2,390	0	2,390
Total finance-lease receivables	2,506	0	-188	0	0	72	2,390	0	2,390
Receivables on financial assets	3,221	0	0	0	0	551	4,792	-893	3,899
Total receivables on financial assets	3,221	0	0	0	0	551	4,792	-893	3,899
TOTAL NON-CURRENT FINANCIAL ASSETS	155,624	28,445	-228,370	-3,206	3,076	244,902	201,504	-1,736	199,768

⁽¹⁾ Ordinary loans include receivables from equity investments held in equity consolidated companies.

⁽²⁾ Total other financial assets are broken down as follows:

- securities at fair value through net income: securities from the Technical Fund OPCl were accounted for on the balance sheet at the OPCl's net asset value in the income statement
- securities at cost: investments held by Beni Stabili in property funds are valued at their historical cost. Potential impairments are accounted for in the income statement.

2.2.4.3. Equity affiliates

(€K)	% held	31/12/2013	30/06/2014	Changes	Of which share of net income	Of which distributions
Iris, Dalhia and Camp Invest OPCIs	19.90%	71,804	68,871	-2,932	944	-3,876
Latécoère (DS Campus)	50.10%	95,341	94,449	-892	2,300	-3,192
Lenovilla (New Vélizy)	50.10%	6,873	10,561	3,688	3,688	0
Other equity interests		10,746	10,206	-540	3,340	-2,769
TOTAL		184,764	184,088	-676	10,271	-9,837

Investments in equity associates as at 30 June 2014 amounted to €184.1 million, compared with €184.7 million as at 31 December 2013. The change in the period involved the following:

- Iris, Dalhia and Camp Invest OPCIs: equity interests held by Foncière des Murs (20%) in partnership with Crédit Agricole Assurances (80%). The -€2.9 million change corresponds to the distribution of dividends for -€3.9 million and income of +€0.9 million for the six month period
- Latécoère (DS Campus): a partnership set up beginning on 19 October 2012 with Crédit Agricole Assurances (49.90%). Signing of a shareholder agreement stipulating that decisions be made unanimously. The -€0.9 million change corresponds to the distribution of dividends for -€3.2 million and income of +€2.3 million for the first half of the year
- Lenovilla (New Vélizy): a partnership set up beginning in January 2013 with the Crédit Agricole Assurances Group (49.91%). Considering corporate governance rules, Foncière des Régions exerts significant control over the company
- other equity interests: These are projects undertaken by Foncière des Régions in connection with Euromed and Cœur d'Orly and the equity interests of Beni Stabili.

2.2.4.3.1. Breakdown of the shareholding in equity affiliates

Shareholding as at 30 June 2014	Cœur d'Orly	Euromed Group	Latécoère (DS Campus)	SCI Lenovilla (New Vélizy)
Foncière des Régions	25%	50%	50.10%	50.09%
Non-group third parties	75%	50%	49.90%	49.91%
Altaréa	25%			
Crédit Agricole Assurances		50%	49.90%	49.91%
Aéroports de Paris	50%			
TOTAL	100%	100%	100%	100%

2.2.4.3.2. Selected financial information on equity affiliates as at 30 June 2014

(€K)	Balance sheet Total	Total non-current assets	Total debts	Of which financial debt	Rental income	Net income consolidated
Cœur d'Orly	132,447	69,339	128,051	13,845	0	2,529
Latécoère	357,206	323,121	168,685	167,528	9,010	4,590
Lenovilla	190,898	177,300	169,813	150,052	0	7,363
Euromed	181,427	123,548	175,261	66,229	0	-763
IRIS Holding France	173,263	170,516	126,748	111,774	5,788	3,332
OPCI Iris Invest. 2010	258,364	248,882	121,663	115,820	7,815	-424
OPCI Campinvest	177,016	168,702	89,095	86,912	5,540	1,217
SCI Dalhia	133,752	129,790	59,127	57,267	3,594	614

2.2.4.4. Deferred taxes at period-end

DTA (€K)	Total at 31/12/2013	Increases			Other changes and transfers	Net loss for the year	Decreases		Total at 30/06/2014
		First-time consoli- dations	Net income for the year	Shareholders' equity			Shareholders' equity	Deconsoli- dations	
Losses carried forward	29,337	261	5,700	0	0	-1,392	0	-5,174	28,732
Fair value of properties	81,400	0	9,027	0	-4,375	-1,166	0	-293	84,593
Derivatives	20,910	0	1,693	0	-4	-3,974	14	-2,719	15,920
Temporary differences	21,245	0	2,165	0	2	-1,454	0	0	21,958
	152,892								151,203
DTA/DTL offset	-62,843								-55,102
TOTAL DTA	90,049	261	18,585	0	-4,377	-7,986	14	-8,186	96,101

DTL (€K)	Total at 31/12/2013	Increases			Other changes and transfers	Net loss for the year	Decreases		Total at 30/06/2014
		First-time consoli- dations	Net income for the year	Shareholders' equity			Shareholders' equity	Deconsoli- dations	
Fair value of properties	347,022	5,383	23,132	0	-4,375	-3,974	0	-66,385	300,803
Derivatives	1,029	0	56	0	28	-127	-8	0	978
Temporary differences	9,603	0	1,750	0	-26	-1,284	0	-387	9,656
	357,654								311,437
DTA/DTL offset	-62,843								-55,102
Total DTL	294,811	5,383	24,938	0	-4,373	-5,385	-8	-66,772	256,335
NET TOTAL	-204,762	-5,122	-6,353	0	-4	-2,601	22	58,586	-160,234
Total impact on the income statement:					-8,954				

As at 30 June 2013, the consolidated unrealised tax position showed a deferred tax asset of €96 million and a deferred tax liability of €256 million (versus €295 million as at 31 December 2013).

In view of the SIIC tax scheme applicable in France, potential tax savings on tax losses carried forward on real estate activity in France are not accounted for.

In view of the SIIC tax scheme, which is applicable to disposals in Italy, deferred taxes on assets were recognised and amounted to €82.4 million at the end of June 2014.

The primary contributors to the balance of deferred tax liabilities are:

- ♦ Beni Stabili: €32 million (during the course of 2010, Beni Stabili opted for the SIIC regime in Italy)
- ♦ Service Sector: €65 million (primarily in Belgium)
- ♦ Germany Residential: €159 million.

In accordance with IAS 12, deferred tax assets and liabilities are offset for each tax entity when they involve taxes paid to the same tax authority.

2.2.4.5. Short-term loans and finance-lease receivables – current portion

(€K)	30/12/2013 Net	Change in scope	Increase	Decrease	Transfers	30/06/2014 Gross	Amortisations and provisions	30/06/2014 Net
Short-term loans	9,168	0	3,390	-9,150	152	3,573	-13	3,560
Finance-lease receivables	468	0	0	-61	-72	335		335
Dividend to be distributed	0	0	0	0	0	0		0
TOTAL	9,636	0	3,390	-9,211	80	3,908	-13	3,895

2.2.4.6. Inventories

Inventories primarily consist of assets dedicated to the trading business within Italy Offices (€72.5 million), assets dedicated to the trading business and real estate development within the Germany residential segment (€8.2 million) and land in Orléans (€0.9 million).

2.2.4.7. Trade receivables

(€K)	30/06/2014 before reclassification	Discontinued operations	30/06/2014	30/12/2013	Change
Trade receivables	371,668	18,059	353,609	314,647	38,962
Impairment of receivables	-33,554	-4,480	-29,074	-32,091	3,017
NET TOTAL FOR TRADE RECEIVABLES	338,114	13,579	324,535	282,556	41,979

The balance of trade receivables includes expenses to invoice to tenants for €126.5 million, rental income receivables for €105.3 million and receivables related to the linearisation of relief granted on rent for €92.7 million.

2.2.4.8. Other receivables

(€K)	30/06/2014 before reclassification	Discontinued operations	30/06/2014	30/12/2013	Change
Government receivables	42,529	977	41,552	51,015	-9,463
Other receivables	122,448	1,128	121,320	138,534	-17,214
Security deposits received	75,703	2,655	73,048	12,412	60,636
Current accounts	20,624	0	20,624	128	20,496
TOTAL	261,304	4,760	256,544	202,089	54,455

- ♦ Government receivables of €41.5 million are broken down into €24 million in France and €17.5 million in Italy. In France, the receivables are mainly VAT. In Italy, this item includes, in particular, receivables from payment on tax litigation for €7.5 million.
- ♦ The other receivables include an €85 million receivable on the guarantee given by Beni Stabili to IMSER, and in consideration for this receivable, a debt for the same amount is listed under liabilities.
- ♦ The change in receivables on disposals is primarily due to the disposal of the Fogazzaro building in Milan for €55 million.

2.2.4.9. Cash and cash equivalents

(€K)	30/06/2014 before reclassification	Discontinued operations	30/06/2014	31/12/2013
Money-market securities available for sale	441,921	0	441,921	155,926
Cash at bank	391,740	2,237	389,503	225,615
TOTAL	833,661	2,237	831,424	381,541

As at 30 June 2014, the portfolio of money-market securities available for sale consists mainly of level 2 standard money-market collective investment vehicles (SICAV).

- ♦ The level 1 portfolio corresponds to instruments whose price is listed on an active market for an identical instrument.
- ♦ Level 2 corresponds to instruments whose fair value is determined using data other than the prices mentioned for level 1 and observable directly or indirectly (i.e. price-related data).

Foncière des Régions holds no investments subject to capital risk.

It is worthy to note that €3,195,000 in cash and cash equivalents at the beginning of the period were reclassified to unavailable cash during the first half of 2014.

2.2.4.10. Changes in shareholders' equity

The capital of Foncière des Régions totalled €188 million as at 30 June 2014.

Reserves correspond to social reserves and to parent company retained earnings, together with reserves arising from consolidation.

As at 30 June 2014, share capital was broken down as follows:

Number of authorised shares	-62,683,088
Number of shares issued and fully paid up	-62,683,088
Number of shares issued and not fully paid up	0
Par value of shares	€3.00
Share classes	none
Restriction on payment of dividends	none
Shares held by the Company or its subsidiaries	118,137

Changes in the number of shares during the period

Date	Transaction	Shares issued	Treasury shares	Shares outstanding
31/12/2013		62,683,088	194,889	62,488,199
	Stock options			
	Capital increase – Public exchange offer on Foncière Développement Logements			
	Treasury shares – Liquidity agreement		-35,973	
	Treasury shares – Employee awards		-40,779	
30/06/2014		62,683,088	118,137	62,564,951

2.2.4.11. Indebtedness

(€K)	31/12/2013	Increase	Decrease	Change in scope	Other changes	30/06/2014 before reclassification	Discontinued operations	30/06/2014
Bank loans	5,287,006	967,704	-1,484,486	15,692	0	4,785,916	0	4,785,916
Other borrowings	45,244	8,689	-172	0	20,000	73,761	0	73,761
Treasury bills	201,030	267,170	0	0	0	468,200	0	468,200
Securitised loans	475,892	0	-23,625	0	0	452,267	0	452,267
Non-convertible bonds	935,000	600,000	-12,430	0	0	1,522,570	0	1,522,570
Finance leases	27,657	0	-502	0	0	27,155	0	27,155
Convertible bonds	1,396,642	0	0	0	0	1,396,642	0	1,396,642
Subtotal interest-bearing loans	8,368,471	1,843,563	-1,521,215	15,692	20,000	8,726,511	0	8,726,511
Accrued interest	59,686	41,971	-59,235	0	-164	42,258	6	42,258
Deferral of loan expenses	-82,974	18,099	-15,378	0	0	-80,253	0	-80,253
Creditor banks	153,378	0	0	0	-85,699	67,679	1,177	66,502
Total loans (LT/ST) excl. fair value of ORNANE-type bonds	8,498,561	1,903,633	-1,595,828	15,692	-65,863	8,756,195	1,183	8,755,018
Long-term	7,519,639					7,943,202	0	7,943,202
Short-term	978,922					812,993	1,177	811,816
Valuation of financial instruments	529,278	0	0	0	-14,565	514,713	20,166	494,547
Convertible bond derivatives	18,206	0	0	0	112,870	131,076	0	131,076
Total derivatives	547,484	0	0	0	98,305	645,789	20,166	625,623
Assets	-23,118					-44,623	0	-44,623
Liabilities	570,602					690,412	20,166	670,246
TOTAL BANK DEBT	9,046,045	1,903,633	-1,595,828	15,692	32,442	9,401,984	21,349	9,380,641

The new financings taken out during the year are presented in 2.2.4.11.1 – Bank borrowings.

The "Receipts relating to new borrowings" line of the cash flow statement, amounting to €1,828.3 million, corresponds to:

- ♦ "Increases in interest-bearing borrowings" (+€1,843,6 million)
- ♦ less new debt issuance costs (-€15.3 million).

The "Repayments of borrowings" line of the cash flow statement (-€1,520.3 million) corresponds to decreases in interest-bearing borrowings.

2.2.4.11.1. Bank loans

The below table outlines the characteristics of the borrowings taken out by Foncière des Régions and the amount of guarantees that go with it (principal amount over €100 million).

(€K)	Debt balance (> or < €100 M) Backed debt		Total appraisal value for block of assets 30/06/2014		Date of signature	Initial amount of debt	Maturity
			Debt balance 30/06/2014	Debt balance 30/06/2014			
Offices France	> €100 M	€270 M (2010) – CB 21		265,950	10/10/2010	270,000	10/10/2017
	> €100 M	€275 M (2012) – Orange		256,995	09/05/2012	275,000	19/09/2020
	> €100 M	€140 M (2011) – Carré Suffren		137,375	11/07/2011	140,000	11/07/2018
	> €100 M	€107 M (2010) – Foch		100,960	28/05/2010	107,500	26/05/2017
	> €100 M		1,591,527	761,281			
	< €100 M		186,300	37,575			
	Total Offices France		1,777,827	798,856			
Offices Italy	> €100 M	€1,040 M (2006) – Imser		452,267	19/06/2006	1,039,726	20/09/2021
	> €100 M	€340 M (2013) – former Milano Zerosei		162,596	19/12/2006	340,000	19/12/2015
	> €100 M	€156 M (2011) – Torri		152,544	27/07/2011	156,000	27/07/2016
	> €100 M		2,252,838	767,407			
	< €100 M		644,100	340,770			
	Total Offices Italy		2,896,938	1,108,177			
Service Sector	> €100 M	€350 M (2013)		571,150	15/07/2013	350,000	15/07/2020
	> €100 M	€447 M (2013)		794,921	25/10/2013	447,000	25/10/2020
	> €100 M	€255 M (2012) – Covered bond		462,976	14/11/2012	255,000	16/11/2019
	> €100 M	€235 M (2013) – B2 HI OPCI (B&B)		538,214	20/12/2013	235,000	20/12/2018
	> €100 M	€208 M (2014)		373,392	07/05/2014	208,640	30/04/2019
	> €100 M		2,740,652	1,412,579			
	< €100 M		212,179	98,567			
	Total Service Sector		2,952,831	1,511,146			
France Residential	> €100 M	€350 M (2014)		575,045	15/01/2014	350,000	31/10/2018
	> €100 M		575,045	321,721			
	< €100 M		174,991	68,502			
	Total Residential France		750,037	390,222			
Germany Residential	> €100 M	Wohnbau/Dümpfen		175,380	08/12/2010	207,500	14/12/2017
	> €100 M	Lyndon Immeo 02		180,209	07/12/2011	194,650	14/12/2021
	> €100 M	Lyndon Immeo 01		174,746	12/12/2011	184,720	12/12/2021
	> €100 M	Lyndon Immeo 04		449,004	09/03/2012	485,000	14/03/2022
	> €100 M	Indigo		119,816	13/12/2013	120,530	19/12/2018
	> €100 M		1,978,089	1,099,155			
	< €100 M		559,916	333,356			
	Total Residential Germany		2,538,004	1,432,511			
	Total Residential		3,288,041	1,822,733			
Car Parks	< €100 M	Total Car Parks		229,700		87,792	
	Total collateralised		11,145,337	5,328,705			

(€K)	Debt balance (> or < €100 M)	Backed debt	Total appraisal value for block of assets		Date of signature	Initial amount of debt	Maturity
			30/06/2014	Debt balance 30/06/2014			
Offices France		€550 M (2011) – ORNANE-type bonds		451,104	01/05/2011	550,000	01/01/2017
		€345 M (2013) – ORNANE-type bonds		345,000	20/11/2013	345,000	01/04/2019
		€500 M (2012) – Other bonds		500,000	16/10/2012	500,000	16/01/2018
		Treasury bills		468,200			
		€180 M (2013) – Private placements		180,000	28/03/2013	180,000	30/04/2020
	> €100 M			1,944,304			
	< €100 M			35,000			
		Total Offices France	2,352,392	1,979,304			
Offices Italy		€225 M (2010) – Convertible bond		105,538	23/04/2010	225,000	23/04/2015
		€225 M (2013) – Convertible bond		225,000	17/01/2013	225,000	17/01/2018
		€270 M (2013) – Convertible bond		270,000	17/10/2013	270,000	17/04/2019
		€350 M (2014) – Bond		350,000	22/01/2014	350,000	22/01/2018
		€250 M (2014) – Bond		250,000	31/03/2014	250,000	01/04/2019
	> €100 M			1,200,538			
	< €100 M			44,205			
		Total Offices Italy	1,191,178	1,244,743			
Service sector		Total Service Sector	234,269	0			
		Total Residential France	107,064	0			
		Total Residential Germany	13,767	0			
Car Parks		Total Car Parks	6,260	0			
		Total unencumbered	3,904,930	3,224,047			
France Residential		Other bank borrowings		100,000			
		Other debt		73,761			
OVERALL TOTAL			15,050,267	8,726,511			

Borrowings are valued after their initial recognition at cost, amortised based on the effective interest rate. The average interest rate on Foncière des Régions' consolidated debt stood at 3.60% as at 30 June 2014.

Breakdown of borrowings at their face value according to time left to maturity and by interest-rate type

(€K)	Balance as at 30/06/2014	Maturity less than 1 year	Balance as at 30/06/2015	Balance as at 2 to 5 years	Balance as at 30/06/2019	Maturity over 5 years
Fixed-rate long-term financial liabilities	4,604,634	611,201	3,993,433	2,592,890	1,400,544	1,400,544
Offices France – Bank borrowings	193,104	3,833	189,271	14,587	174,684	174,684
Offices France – ORNANE-type bonds	796,104	0	796,104	796,104	0	0
Offices France – Other	52,438	0	52,438	0	52,438	52,438
Offices Italy – Bank borrowings	6,790	1,422	5,368	4,440	928	928
Offices Italy – Convertible bonds	600,538	105,538	495,000	495,000	0	0
Service Sector	39,025	765	38,260	38,260	0	0
Service Sector – Other	15,936	0	15,936	0	15,936	15,936
Residential Germany – Bank borrowings	778,721	47,184	731,536	121,057	610,479	610,479
Residential Germany – Other	5,388	171	5,217	3,397	1,820	1,820
Car Parks	132	87	45	45	0	0
Total borrowings and convertible bonds	2,488,175	159,001	2,329,174	1,492,890	836,285	836,285
Offices France – Bonds	680,000	0	680,000	500,000	180,000	180,000
Offices France – Treasury bills	452,200	452,200	0	0	0	0
Offices Italy – Bonds	600,000	0	600,000	600,000	0	0
Offices Italy – Securitised loans	141,689	0	141,689	0	141,689	141,689
Service Sector – Bonds	242,570	0	242,570	0	242,570	242,570
Total debts represented by securities	2,116,459	452,200	1,664,259	1,100,000	564,259	564,259
Floating-rate long-term financial debt	4,121,877	254,101	3,867,775	2,843,283	1,024,492	1,024,492
Offices France – Bank borrowings	640,750	29,611	611,140	544,005	67,134	67,134
Offices Italy – Bank borrowings	693,324	22,681	670,643	670,643	0	0
Service Sector	1,229,551	15,922	1,213,629	558,743	654,886	654,886
Residential France – Bank borrowings	490,222	101,050	389,172	389,172	0	0
Residential Germany – Bank borrowings	653,790	53,598	600,193	423,430	176,763	176,763
Car Parks	87,660	2,258	85,401	20,543	64,858	64,858
Total borrowings and convertible bonds	3,795,298	225,120	3,570,179	2,606,537	963,641	963,641
Offices France – Treasury bills	16,000	16,000	0	0	0	0
Offices Italy – Securitised loans	310,578	12,982	297,597	236,746	60,851	60,851
Total debts represented by securities	326,578	28,982	297,597	236,746	60,851	60,851
TOTAL	8,726,511	865,302	7,861,209	5,436,173	2,425,036	2,425,036

The ORNANES are presented at face value.

2.2.4.11.2. Issue of convertible bonds

2.2.4.11.2.1. France Offices

- ♦ In May 2011, Foncière des Régions issued bonds that enabled it to diversify its sources of funding and extend the maturity of its debt.
- ♦ In November 2013, Foncière des Régions issued a new ORNANE for €345 million.

The characteristic features of these bonds are as follows:

Features	ORNANE-type bonds Offices France	ORNANE-type bonds Offices France
Issue date	24/05/2011	20/11/2013
Issue amount (€M)	550	345
Issue/Conversion price (€)	86	85
Conversion rate	1.10	1.03
Number of securities issued	6,405,776	4,071,757
Number of securities redeemed	1,151,832	
Securities outstanding at 31 December 2013	5,253,944	4,071,757
Amount of the issue after redemption (€M)	451	
Nominal rate	3.34%	0.88%
Maturity	17/01/2017	01/04/2019

Interest is payable half-yearly on 1 January and 1 July for the first ORNANE issued in 2011 and payable on 1 April and 1 October for the second ORNANE issued in 2013.

The fair value of the ORNANES as at 30 June 2014 was determined based on average listed prices in June:

- €95.45 for the first ORNANE issued in 2011, *i.e.* a fair value of €501.5 million as at 30 June 2014 (5,253,944 remaining bonds)
- €91.3 for the second ORNANE issued in 2013, *i.e.* a fair value of €371.7 million as at 30 June 2014.

The fair value of Foncière des Régions' ORNANES total €873.2 million.

Bond holders will have the option to convert their bonds either into cash and existing and/or new shares, or only into shares, based on the stock market prices over a determined period, at the Company's discretion.

The characteristic features of these bonds are as follows:

Features	ORNANE-type bonds Offices Italy	ORNANE-type bonds Offices Italy
Issue date	01/2013	10/2013
Issue amount (€M)	225	270
Issue/Conversion price (€)	0.5991	0.6591
Conversion rate	1.00	1.00
Number of securities issued	375,536,345	409,649,522
Securities outstanding at 31 December 2013	375,536,345	409,649,522
Nominal rate	3.375%	2.625%
Maturity	01/2018	03/2019

2.2.4.11.2.2. Italy Offices

- In January 2013, Beni Stabili issued €175 million in convertible bonds. In March 2013, an additional €50 million was issued under the same conditions.

In accordance with paragraph 11A of standard IAS 39, this ORNANE is a hybrid instrument and is accounted for as a Host contract (debt at amortised cost) and as an embedded derivative (financial instrument at fair value through the income statement).

- In October 2013, Beni Stabili issued a new convertible bond for €270 million. The convertible bond issued in 2010 was partially repaid for €119 million. This second ORNANE also constituted a hybrid instrument and was accounted for in a Host contract and an embedded derivative.

As at 30 June 2014, the derivatives of Beni Stabili's ORNANES were valued at €83.9 million.

2.2.4.11.3. Derivatives

Derivative instruments consist mainly of rate hedging instruments put in place as part of the Group's interest rate hedging policy.

Fair value of net derivative instruments

(€K)	31/12/2013 Net	30/06/2014 Net before reclassification	Discontinued operations	30/06/2014 Net
Offices France	197,060	240,357		240,357
Offices Italy	113,965	162,275		162,275
Service Sector	131,353	143,738		143,738
Logistics	36,619	20,166	20,166	0
Residential	57,051	66,579		66,579
Car Parks	11,436	12,674		12,674
TOTAL	547,484	645,789	20,166	625,623

The total impact of value adjustments on derivatives on the income statement was €211.6 million. It primarily consists of changes in value of cash instruments (€99.2 million) after reclassifying €5.3 million to discontinued operations, the change in value of the ORNANES (€109.9 million), the change in value of fixed-rate liabilities recognised during business combinations in 2013 (€1.7 million) and the change in value of other financial assets (€0.8 million). In accordance with IFRS 13, the fair values include counterparty default risk.

The "Unrealised gains and losses relating to changes in fair value" line of the Statement of Cash Flow (€152.6 million), which calculates cash flow, mainly integrates the impact of changes in value of cash instruments on income (€104.5 million), the change in value of the ORNANE (€109.9 million), the change in value of fixed securities (€3.2 million), the change in fixed-rate debt recognised during business combinations in 2013 (€1.7 million) and the change in value of investment properties (€66.7 million) (see note 2.2.5.2).

Breakdown of hedging instruments by maturity of notionals

(€K)	As at 30/06/2014	Less than 1 year	1 to 5 years	Over 5 years
FIXED HEDGE				
Fixed rate payer swap	3,877,062	-309,158	2,172,147	2,014,073
Fixed rate receiver swap	1,408,718	415,000	600,000	393,718
Inflation swap in euros	24,649	-287	-1,180	26,116
OPTIONAL HEDGE				
Purchase of fixed rate payer swaption	0	0	-306,000	306,000
Sale of fixed rate borrower swaption	0	0	-215,500	215,500
Cap purchase in euros	1,286,254	138,317	1,007,722	140,215
Floor purchase in euros	60,000	0	60,000	0
Floor sale in euros	147,615	0	129,500	18,115
TOTAL	6,804,298	243,872	3,446,689	3,113,737

Balance as at 30 June 2014

(€K)	Fixed rate	Floating rate
Gross borrowings and financial debt (including creditor banks)	4,604,634	4,188,379
Net financial liabilities before hedging	4,604,634	4,188,379
Swaps		-2,468,344
Caps		-1,286,254
TOTAL HEDGES		-3,754,598

2.2.4.11.4. Bank covenants

Except for the debt raised without recourse to the Group's property companies, the debt of Foncière des Régions and its subsidiaries generally includes bank covenants (based on ICR and LTV) on the borrower's consolidated financial statements. If these covenants are breached, early debt repayment could be required. These covenants were established in Group share for Foncière des Régions and for Foncière des Murs (regarding refinance loans for historical borrowings) and on a consolidated basis for Foncière Développement Logements and Beni Stabili (if their debts include them).

The most restrictive consolidated LTV covenants as at 30 June 2014 were 60% for Foncière des Régions, for Foncière des Murs and for Foncière Développement Logements. Concerning Foncière Développement Logements, only the French debt includes a consolidated LTV covenant (Foncière Développement Logements scope). Lastly, a limited portion of Beni Stabili financing included a consolidated LTV covenant (Beni Stabili scope), the most restrictive level of which was also 60%.

The threshold for consolidated ICR covenants differs from one REIT to another, depending on the type of assets, and may be different from one debt to another even for the same REIT, depending on debt seniority. Only Foncière Développement Logements' French debt includes a consolidated ICR covenant (Foncière Développement Logements scope). Lastly, only a portion of the Beni Stabili loans has a consolidated ICR covenant.

The most restrictive ICR consolidated covenant applicable to REITs are as follows:

- ♦ for Foncière des Régions: 200%
- ♦ for Foncière des Murs: 200%
- ♦ for Foncière Développement Logements: 150%
- ♦ for Beni Stabili: 140%.

All of these consolidated LTV and ICR covenants were in strict compliance as at 30 June 2014.

With regard to Foncière des Régions, consolidated bank ratios as at 30 June 2014 were 50.6% for Group share LTV and 276% for Group share ICR, compared to 51% and 249% respectively at the end of 2013.

Two types of covenants were added to the consolidated LTV and ICR Group share covenants of Foncière des Régions as part of the corporate loans taken out by Foncière des Régions:

- ♦ mainly an asset-secured debt covenant (100% scope), the cap on which is set at between 22.5% and 25% and which measures the ratio of secured debt (or debt with guarantees of any nature) to asset value
- ♦ this covenant is in full compliance and is maintained at a level significantly lower than the covenant when no secured debt forgiveness takes place on this scope
- ♦ secondarily, unencumbered asset covenants, for which the ceiling is 50%, or an LTV real estate covenant with a 62.5% or a 65% ceiling that assesses the relationship between the debt of Foncière des Régions and that of its fully-owned subsidiaries and the portfolio value.

These covenants are also in compliance as at 30 June 2014.

No loan has an accelerated payment clause contingent on a Foncière des Régions rating.

Consolidated LTV	Scope	Covenant threshold	Ratio
€107 M (2010) – Foch	Foncière des Régions	≤ 65%	In compliance
€350 M (2013)	Foncière des Murs	≤ 60%	In compliance
€447 M (2013)	Foncière des Murs	< 60%	In compliance
€208 M (2014)	Foncière des Murs	< 60%	In compliance
€255 M (2012) – Covered bond	Foncière des Murs	≤ 65%	In compliance
€350 M (2014)	France Residential	≤ 60%	In compliance
€156 M (2011) – Torri	Offices Italy	≤ 60%	In compliance

Consolidated ICR	Scope	Covenant threshold	Ratio
€107 M (2010) – Foch	Foncière des Régions	≥ 190%	In compliance
€350 M (2013)	Foncière des Murs	> 200%	In compliance
€447 M (2013)	Foncière des Murs	> 200%	In compliance
€208 M (2014)	Foncière des Murs	> 200%	In compliance
€255 M (2012) – Covered bond	Foncière des Murs	≥ 200%	In compliance
€350 M (2014)	France Residential	≥ 150%	In compliance
€156 M (2011) – Torri	Offices Italy	> 140%	In compliance

These covenants, which are based on the individual and consolidated accounts, most often include specific covenants for the scopes financed. These "Scope" covenants, or to a lesser extent the interest coverage ratios, usually have

less restrictive thresholds for the Group's companies than consolidated covenant thresholds. Their purpose is mainly to supervise the use of financing by correlating it with the value of underlying assets provided as collateral.

2.2.4.12. Provisions for contingencies and liabilities

(€K)	31/12/2013	Change in scope	Charges	Reversal of provisions		30/06/2014 before reclassification	Discontinued operations	30/06/2014
				Used	Unused			
Other provisions for litigation	1,785	0	1,146	0	-158	2,773	440	2,333
Provisions for guarantees	1,000	0	0	0	0	1,000	0	1,000
Provisions for taxes	2,377	0	323	0	0	2,700	0	2,700
Provisions for sustainable development	423	0	0	0	0	423	0	423
Provisions for property charges	7,153	0	318	0	-2	7,469	0	7,469
Other provisions	4,544	-100	59	-433	-143	3,927	0	3,927
Subtotal provisions – Current liabilities	17,282	-100	1,846	-433	-303	18,292	440	17,852
Provisions for retirement benefit obligations	39,942	0	1,207	0	-801	40,348	24	40,324
Provisions for long-service awards	698	0	8	0	-111	595	13	582
Subtotal provisions – Non-current liabilities	40,640	0	1,215	0	-912	40,943	37	40,906
TOTAL PROVISIONS	57,922	-100	3,061	-433	-1,215	59,235	477	58,758

Provisions for litigation is broken down as €1 million for France Offices, €0.8 million for Italy Offices and €0.3 million for the Car Park segment.

Provisions for taxes concerning exclusively the Italy Offices segment for €2.7 million.

Provisions for expenses on properties (€7.5 million) from the Car Park segment and concerning provisions for renewal of works.

Other provisions consist primarily of the following:

- ♦ other provisions for contingencies and liabilities in Italy Offices: €2.8 million

- ♦ provisions relating to grantor rights (Car Parks): €0.6 million
- ♦ the balance pertains to the residential segment: €0.4 million.

The provision for retirement severance pay totalled €40.3 million as at 30 June 2014, versus €39.9 million as at 31 December 2013.

- ♦ The main actuarial assumptions used to estimate Foncière des Régions' commitments in France were as follows:

- ♦ rate of remuneration increase, managers 4%, non-managers 3%
- ♦ discounting rate 2.51%, TEC 10 N-1 +50 bps.

- The main actuarial assumptions used to estimate commitments in Germany were as follows:

Assumptions used in calculating provisions for retirement benefit obligations in Germany	30/06/2014	31/12/2013
Discount rate	3.5%	3.5%
Annual wage growth	2.5%	2.5%
Rate of social security charges	1.0%	1.0%
Impact on the income statement of provisions for retirement benefit obligations (€K)		
Cost of services rendered during the year	-284	-407
Financial cost	-636	-1,193
Effects of plan curtailments/settlements		
TOTAL IMPACT ON THE INCOME STATEMENT	-919	-1,600

Note: impacts are presented in full-year.

2.2.4.13. Accounting for financial assets and liabilities

IAS 39 categories	Line item in statement of financial position	30/06/2014 Net (€K)	Amount shown in the statement of financial position measured at			
			Amortised cost	Fair value through shareholders' equity	Fair value through profit or loss	Fair value (€K)
Assets at fair value through profit or loss	Non-current financial assets	18,659			18,659	18,659
Assets at amortised cost	Non-current financial assets	39,174	39,174			39,174
Loans and receivables	Non-current financial assets	141,935	141,935			141,935
	Total non-current financial assets	199,768				199,768
Loans and receivables	Trade receivables ⁽¹⁾	245,376	245,376			245,376
Assets at fair value through profit or loss	Derivatives at fair value through profit or loss	44,623			44,623	44,623
Assets at fair value through profit or loss	Cash and cash equivalents	441,921			441,921	441,921
TOTAL FINANCIAL ASSETS		931,688	426,485	0	505,203	931,688
Liabilities at fair value through profit or loss	ORNANE-type bonds	1,422,180	465,015		957,165	1,460,977
Liabilities at amortised cost	Borrowings (excl. ORNANE-type bonds)	7,435,407	7,435,407			7,547,985 ⁽²⁾
Liabilities at fair value through profit or loss	Financial instruments	559,336		122,448	436,888	559,336
Liabilities at amortised cost	Guarantee deposits	15,650	15,650			15,650
Liabilities at amortised cost	Trade payables	137,096	137,096			137,096
TOTAL FINANCIAL LIABILITIES		9,569,669	8,053,168	122,448	1,394,053	9,721,044

⁽¹⁾ Excluding deductible amount.

⁽²⁾ The difference between the net book value and the fair value of fixed rate debt is €112,578,000.

2.2.4.13.1. Breakdown of financial assets and liabilities at fair value

The table below presents financial instruments at fair value broken down by level:

- ◆ level 1: financial instruments listed in an active market
- ◆ level 2: financial instruments whose fair value is evaluated through comparisons with observable market transactions on similar instruments or based on an evaluation method whose variables include only observable market data

- ◆ level 3: financial instruments whose fair value is determined entirely or partly by using an evaluation method based on an estimate that is not based on market transaction prices on similar instruments.

(€K)	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss		44,623		44,623
Money-market securities available for sale		441,921		441,921
TOTAL FINANCIAL ASSETS	0	486,544	0	486,544
ORNANE-type bonds	1,460,977			1,460,977
Derivatives at fair value through profit or loss		559,336		559,336
TOTAL FINANCIAL LIABILITIES	1,460,977	559,336	0	2,020,313

2.2.5. NOTES TO THE STATEMENT OF NET INCOME

2.2.5.1. Operating income

2.2.5.1.1. Rental income

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change (€K)	Change (as a %)
Offices France	127,625	0	127,625	131,685	-4,060	-3.1%
Offices Italy	115,938	0	115,938	116,341	-403	-0.3%
Total Office rental income	243,563	0	243,563	248,026	-4,463	-1.8%
Service Sector	96,048	0	96,048	101,557	-5,509	-5.4%
Residential	98,568	0	98,568	0	98,568	N/A
Logistics	23,979	23,979	0	31,690	-31,690	-100.0%
TOTAL RENTAL INCOME	462,158	23,979	438,179	381,273	56,906	21.2%

Rental income pertaining to CAP 18 assets listed in the Logistics segment have been presented in the France Offices business since the second half of 2013.

Rental income consists of rental and similar income (e.g.: occupancy fees and entry rights) invoiced for investment properties during the period. Rent holidays, common areas and entry rights are spread out over the fixed term of the lease.

The three tenants who each account for over 10% of overall turnover are:

- ◆ Orange in the France Offices segment (€52.3 million)
- ◆ Telecom Italia in the Italy Offices segment (€59.1 million)
- ◆ Accor in the Service Sector segment (€41.0 million).

Rental income amounted to €438.2 million as at 30 June 2014, versus €381.3 million as at 30 June 2013, up 21.2%.

The changes by type of asset break down as follows:

- ◆ a decrease in rental income from France Offices (-3.1%), which is due in particular to asset disposals (-€7.5 million), to assets made vacant for restoration (-€2 million), to acquiring and delivering developments (+€1.5 million), to various indices and relocations (+€0.4 million) and to reclassifying rental income from the CAP 18 asset (+€3.8 million)
- ◆ a stabilisation of rental income in Italy Offices (-0.3%) explained by the impact of asset deliveries (+€1.8 million), asset management work and the effect of indexation (+€0.2 million), less disposals (-€2.4 million)
- ◆ a decrease in rental income from the Service Sector segment (-5.4%), or -€5.5 million, which was due in particular to the impact from disposals (-€4.6 million)
- ◆ the full consolidation of Foncière Développement Logements, which took place on 1 August 2013, generated €98.6 million in rental income in the residential segment as at 30 June 2014.

2.2.5.1.2. Property charges

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change (€K)	Change (as a %)
Rental Income	462,158	23,979	438,179	381,273	56,906	14.9%
Unrecovered property operating costs	-21,987	-3,078	-18,909	-18,723	-186	1.0%
Expenses on properties	-13,206	-957	-12,249	-7,239	-5,010	69.2%
Net expenses on unrecoverable receivables	-3,113	-6	-3,107	-4,304	1,197	-27.8%
Net rental income	423,852	19,938	403,914	351,007	52,907	15.1%
RATE FOR PROPERTY EXPENSES	-8.3%	-16.9%	-7.8%	-7.9%		

- ◆ Unrecovered rental costs: these expenses are net of re-invoicing to tenants, and basically correspond to charges on vacant premises.
- ◆ Expenses on properties: these consist of rental expenses that are borne by the owner, expenses related to works and expenses related to property management. Excluding the consolidation effect from Foncière Développement Logements, expenses on properties amounted to €4.1 million as at 30 June 2014.
- ◆ Net expenses on unrecoverable receivables: these consist of losses on unrecoverable receivables and net provisions on doubtful receivables. The balance concerns the Italy Offices segment (€1.6 million) and the Residential segment (€1.4 million).

2.2.5.1.3. Net operating costs

These consist of head office expenses and operating costs net of revenues from management and administration activities.

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change (€K)	Change (as a %)
Management and administration income	11,960	301	11,659	9,266	2,393	25.8%
Business expenses	-2,880	-128	-2,752	-2,362	-390	16.5%
Overhead	-51,116	-763	-50,353	-34,533	-15,820	45.8%
Development costs	-185	0	-185	-181	-4	2.2%
TOTAL NET OPERATING COSTS	-42,221	-590	-41,631	-27,810	-13,821	32.7%

Activity-related expenses consist primarily of appraisal expenses totalling €1.2 million, asset management fees totalling €1.1 million, as well as expenses related to inspections totalling €0.4 million.

Overhead includes payroll expenses amounting to €31.2 million as at 30 June 2014, *versus* €18 million as at 30 June 2013 (see 2.2.6.1.1). Excluding the effect from Foncière Développement Logements's consolidation, payroll expenses totalled €19 million.

2.2.5.1.4. Result from other activities

Net income from other activities includes:

- ◆ net income (excluding depreciation and financial net income) for the Car Park segment of €5.7 million as at 30 June 2014, compared to €6.1 million as at 30 June 2013. This net income includes personnel expenses for €5.1 million (see 2.2.6.1.1)
- ◆ net income from finance-lease activity for €0.2 million as at 30 June 2014, *versus* -€0.9 million as at 30 June 2013
- ◆ net income from real estate development activity for €7 million, recognised in stages in accordance with IAS 11 "Construction contracts".

2.2.5.2. Change in the Fair Value of Properties

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change (€K)
Offices France	34,594	0	34,594	33,152	1,442
Offices Italy	-11,605	0	-11,605	-13,250	1,645
Service Sector	14,472	0	14,472	21,864	-7,392
Residential	35,269	0	35,269	0	35,269
Logistics	-6,007	-6,007	0	-15,400	15,400
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	66,723	-6,007	72,730	26,366	46,364

2.2.5.3. Net financing cost

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change (€K)	Change (as a %)
Interest income on cash transactions	6,078	54	6,024	2,552	3,472	136.1%
Interest expense on financing operations	-126,508	-4,972	-121,536	-107,097	-14,439	18.1%
Net expenses on hedges	-31,230	-1,031	-30,199	-35,265	5,066	-11.4%
NET FINANCING COST	-151,660	-5,949	-145,711	-139,810	-5,901	8.5%

Excluding the six-months of Foncière Développement Logements consolidation, financing cost came out to €117 million under the effects of disposals and refinancings.

2.2.5.4. Net financial income

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change (€K)	Change (as a %)
Cost of net financial debt	-151,660	-5,949	-145,711	-139,810	-5,901	4.2%
Positive changes in fair value of financial instruments	3,585	0	3,585	84,098	-80,513	
Negative changes in fair value of financial instruments	-220,530	-5,325	-215,205	-9,693	-205,512	
Changes in the fair value of financial instruments	-216,945	-5,325	-211,620	74,405	-286,025	-384.4%
Financial income from discounting	35	0	35	-80	115	
Financial expenses from discounting	-4,226	-151	-4,075	-1,341	-2,734	
Discounting	-4,191	-151	-4,040	-1,421	-2,619	184.3%
Impact of discounting and changes in fair value	-221,136	-5,476	-215,660	72,984	-288,644	-395.5%
Expenses net of financial provisions and other	-21,932	0	-21,932	-12,959	-8,973	69.2%
TOTAL NET FINANCIAL INCOME	-394,728	-11,425	-383,303	-79,785	-303,518	380.4%

2.2.5.5. Taxes

2.2.5.5.1. Exit tax

Liability for exit tax stood at €19.9 million (solely in relation to Beni Stabili) as at 30 June 2014. This debt generated accrued interests, which were accounted for directly in tax expenses.

2.2.5.5.2. Taxes and tax rate by geographical area

(€K)	Taxes payable	Deferred tax	Total	Tax rate
France	-657	488	-169	34.43%
Italy	-1,571	4,772	3,201	31.40%
Germany	-1,926	-5,531	-7,457	15.83%
Belgium	0	-2,664	-2,664	33.99%
Luxembourg	-29	-37	-66	30.00%
Portugal	0	-6,403	-6,403	25.00%
Netherlands	-64	0	-64	25.00%
TOTAL	-4,247	-9,375	-13,558	

(-) corresponds to an income tax expense; (+) corresponds to tax income.

2.2.5.5.3. Deferred tax impact on income

(€K)	30/06/2014 before restatement	Discontinued operations	30/06/2014	30/06/2013	Change
Offices France	416	0	416	16	400
Offices Italy	4,772	0	4,772	5,033	-261
Service Sector	-9,112	0	-9,112	-388	-8,724
Residential	-5,451	0	-5,451	0	-5,451
Logistics	421	421	0	-7,381	7,381
Parking facilities	0	0	0	560	-560
TOTAL	-8,954	421	-9,375	-2,160	-7,215

This represents net deferred tax income of €9 million.

2.2.6. OTHER INFORMATION

2.2.6.1. Personnel remuneration and benefits

2.2.6.1.1. Personnel expenses

Personnel expenses amounted to €36.3 million as at 30 June, compared with €23 million as at 30 June 2013. With regard to the Net Income statement in the EPRA format, personnel expenses are included under Overhead in the amount of €31.2 million and in the "Expenses in other businesses" line item, amounting to €5.1 million for the Car Park segment.

2.2.6.1.1.1. Workforce

The actual headcount for the fully consolidated companies, excluding the Car Parks segment, where personnel expense is shown in expenditure on other activities, amounted to 735 people as at 30 June 2014, divided among France (277 employees), Germany (366 employees) and Italy (92 employees).

The average headcount during the first half of 2014 was 732.0 employees.

The average headcount in the Car Parks segment in the first half of 2014 was 228.

2.2.6.1.2. Description of share-based payments

	2007
Number of exercisable options	234,925
Amount	€23,013 K
Exercise price (€)	97.96
Adjusted price (2007)	97.96
Adjusted price (12/2009)	97.40
Adjusted price (06/2010)	88.08
Adjusted price (06/2011)	85.48
Adjusted price (05/2012)	82.37
Adjusted price (05/2013)	80.05
Number of options exercised	0
Cancelled shares	35,950
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 31/12/2011	383,279
Options exercised between 01/01 and 11/05/2012	0
Shares cancelled between 01/01 and 11/05/2012	2,294
Cumulative remaining exercisable options as at 11/05/2012 before adjustment	360,585
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 12/05/2012 AFTER ADJUSTMENT	374,516
Options exercised between 12/05 and 30/06/2012	0
Shares cancelled between 12/05 and 30/06/2012	893
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 30/06/2012 AFTER ADJUSTMENT	335,239
Shares cancelled between 01/07 and 31/12/2012	6,103
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 31/12/2012	326,462
Shares cancelled or reactivated between 01/01 and 03/05/2013	2,653
Cumulative remaining exercisable options as at 02/05/2013 before adjustment	322,424
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 03/05/2013 AFTER ADJUSTMENT	331,861
Shares cancelled between 03/05 and 30/06/2013	1,963
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 30/06/2013	329,766
Shares cancelled between 01/07 and 31/12/2013	5,821
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 31/12/2013	201,416
Shares cancelled between 01/01 and 18/05/2014	1,379
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 18/05/2014	200,037
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 19/05/2014 AFTER ADJUSTMENT	203,782
Shares cancelled between 19/05 and 30/06/2014	1,872
CUMULATIVE REMAINING EXERCISABLE OPTIONS AS AT 30/06/2014	201,910
Exercise period	From 12/10/2009 to 12/10/2014

2.2.6.1.2.1. Assumptions for the valuation of the fair value of the options

The option plans have been valued by Altia using the six general assumptions common to all option valuation models. The assumptions used for the calculation of fair value applied to the binomial model are the following:

- ♦ exercise price: the exercise price is fixed, according to the plan rules, at the average of the 20 last stock exchange quotations, discounted by 5%
- ♦ share price on the date awarded: this pertains to the opening price of the Foncière des Régions share on the award date
- ♦ life of the option: the life of the option is not the contractual life of the option, but the duration of its estimated life, that is to say the period between the date awarded and the

exercise date, taking account of performance related to the future financial year. It is estimated at three years for senior management and for the Group's Board and at four years for other employees

- ♦ expected volatility of the share price: the assumption of volatility has been created based on a series of historical measurements of volatility, assessed on a daily basis according to the closing price of Foncière des Régions' shares for periods of one year, three years and four years
- ♦ dividend rates paid: the rate of dividends paid has been calculated on an estimate of the share price and the yield since the Company opted for the SIIC tax regime
- ♦ the risk-free interest rate for the term of the option: the rate used was the rate of a zero coupon government bond with maturity corresponding to the estimated term of the option.

During the first half of 2014, free shares were awarded by Foncière des Régions. The following fair-value assumptions were made for the free shares:

	France without performance conditions	France with a performance requirement	France with a performance requirement	Italy, subject to performance conditions	Italy, not subject to performance conditions	Germany, not subject to performance conditions
		Part 1 – with market-related performance conditions	Part 2 – with an internal performance requirement	Part 1 – with market-related performance conditions	Part 2 – with market-related performance conditions	with market-related performance conditions
	26/02/2014	26/02/2014	26/02/2014	26/02/2014	26/02/2014	26/02/2014
Date awarded	26/02/2014	26/02/2014	26/02/2014	26/02/2014	26/02/2014	26/02/2014
Number of shares awarded	5,812	11,500	11,500	3,000	3,000	2,000
Share price on the date awarded	€67.50	€67.50	€67.50	€67.50	€67.50	€67.50
Exercise period for rights	3 years	3 years	3 years	4 years	4 years	4 years
Cost of non-collection of dividends	-€12.97	-€12.97	-€12.97	-€17.31	-€17.31	-€17.31
Actuarial value of the share net of dividends not collected during the vesting period	€54.53	€54.53	€54.53	€50.19	€50.19	€50.19
Forward price method – non-transferability discount (2-year lock-up period)	€3.69	€3.69	€3.69			
Actuarial value of the share net of dividends not collected during the vesting period and non-transferability discount	€50.84	€50.84	€50.84	€50.19	€50.19	€50.19
Actuarial value of the share net of dividends not collected during the vesting period and turnover rate	€43.59	€32.69	€32.69	€30.66	€30.66	€40.88

The expense for free share distribution was booked on 30 June 2014 in the amount of €1,323,000. It is presented in the EPRA-format income statement on the "Discounting of liabilities and receivables" line.

The assessment of the expense for the period takes into consideration the vesting period and the lock-up period.

2.2.6.2. Earnings per share and diluted earnings per share

The net income per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted net income per share takes account of the dilution involved in accounting for stock options and bonus shares not yet issued but already awarded.

NET INCOME GROUP SHARE (€K)	51,659
Undiluted average number of shares	62,467,999
Total dilution impact	231,083
Stock options	0
Number of free shares	231,083
Stock warrants	0
Average number of fully diluted shares	62,699,082
Net profit/(loss) per non-diluted share (€)	0.83
Impact of dilution – free shares (€)	-0.00
NET PROFIT/(LOSS) PER DILUTED SHARE (€)	0.82

In accordance with IAS 33 "Earnings per share", the impact from the dilution is not presented once the latter is accretive.

2.2.6.3. Off-balance sheet commitments

2.2.6.3.1. Commitments given

Financial guarantees given are detailed in note 2.2.4.11.1.

Off-balance sheet commitments given (€M)	Maturity	30/06/2014	31/12/2013
Off-balance sheet commitments related to consolidated companies			
Off-balance sheet commitments related to financing			
Financial guarantees given		5,328.7	5,754.2
Off-balance sheet commitments related to operating activities			
Financial instruments entered into for the purpose of receipt or delivery of a non-financial item (own use contracts)			
Commitments given related to business development		395.0	478.6
♦ Work commitments outstanding on properties under development ⁽¹⁾		332.6	405.1
♦ Purchase commitments		62.4	73.5
Commitments related to the implementation of operating contracts			
♦ Earn-out payments			
♦ Exercise of finance lease options		30.3	30.3
♦ Work commitments outstanding on investment properties ⁽²⁾		17.6	27.8
♦ Management fee guarantee		0.6	2.2

⁽¹⁾ Commitments relating to work on properties under development.

(€M)	Cost of works contracted	Cost of works recognised	Cost of works for commitments outstanding	Delivery date
Montpellier Egis	13.6	10.6	3.0	Q3 2014
Montpellier Pompignane	0.5	0.2	0.3	2016
Montpellier Schlumberger	7.4	0.2	7.2	Q2 2016
Nanterre Respiro	49.2	16.9	32.3	Q1 2015
Paris Passy	12.3	6.6	5.7	Q4 2014
Green Corner	83.0	41.7	41.3	Q3 2015
Vinci Roubaix	22.1	9.9	12.2	Q1 2015
Lyon Silex Phase 1	33.1	4.2	28.9	Q1 2016
Lyon Silex Phase 2	0.7	0.4	0.3	2018
Avignon	8.7	1.3	7.4	Q2 2015
Campus Eiffage	105.0	32.6	72.4	Q3 2015
New Vélizy*	151.8	124.9	26.9	Q4 2014
Euromed BH – Offices*	35.3	25.9	9.4	Q1 2015
Euromed Pk – Car Parks*	33.6	27.3	6.3	Q1 2015
Euromed H – Hotels*	34.0	12.2	21.8	Q1 2016
Euromed – Calypso (Building I)*	26.7	10.8	15.8	Q2 2016
Cœur d'Orly – Askia	56.2	27.2	29.1	Q2 2015
Total Offices France	673.2	352.9	320.3	
Milan, San Nicolao	16.2	13.0	3.2	Q3 2014
Total Offices Italy	16.2	13.0	3.2	
VEFA Romainville	5.8	1.2	4.6	Q3 2015
VEFA Porte de Choisy	10.5	6	4.5	Q4 2015
Total Service Sector	16.3	7.2	9.1	
OVERALL TOTAL	705.7	373.1	332.6	

* Assets carried by companies consolidated using the equity method.

The amounts for construction contracts are monitored and updated regularly.

⁽²⁾ Commitments relating to work on investment properties.

(€M)	Cost of works contracted	Cost of works recognised	Cost of works for commitments outstanding	Delivery date
Accor hotels	46.0	38.0	8.0	2014–2015
Construction – Quick	20.6	11	9.6	2014–2015
Total Service Sector	66.6	49.0	17.6	
OVERALL TOTAL	66.6	49.0	17.6	

2.2.6.3.1.1. Other commitments given related to the Group's scope

The Group has committed to the tax administration to conserve certain assets for at least five years as part of the SIIC tax regime. (Article 210E). The portfolio value involved in this retention obligation totalled €150.2 million for the Residential segment, €6.6 million for the Service Sector segment and €411.3 million for the France Offices segment as at 30 June 2014.

As at 30 June, the shares in SNC Foncière Otello are pledged under a €255 million bond.

2.2.6.3.2. Commitments received

Off-balance sheet commitments received (€M)	Maturity	30/06/2014	31/12/2013
Off-balance sheet commitments related to consolidated companies			
Commitments received on specific transactions			
Off-balance sheet commitments related to financing			
Commitments related to financing not specifically required by IFRS 7			
Financial guarantees received (authorised lines of credit not used)		1,165.7	1,097.9
Off-balance sheet commitments related to operating activities			
Financial instruments entered into for the purpose of receipt or delivery of a non-financial item (own use contracts)			
Other contractual commitments received related to operations			
Assets received in pledge, mortgage or collateral, as well as deposits received ⁽¹⁾			

⁽¹⁾ The rental income can be guaranteed by guarantee deposits recognised or by different types of guarantees (bank guarantees, solidarity guarantees, autonomous first demand guarantees).

2.2.6.3.2.1. Commitments on simple operating lease agreements

General description of the main provisions of simple operating lease agreements:

France Offices

Types of leases	Commercial	
	Orange	Other offices
Basis for determining contingent rent payments	As specified in the lease	As specified in the lease
Terms for renewal or purchase options	Proposal for renewal six or 12 months before the expiration date, depending on the lease	Proposal for renewal six or 12 months before the expiration date, depending on the lease
Indexing clauses	ILAT	ICC/ILAT
Term	3/6/9/12 years	3/6/9/12 years

The firm residual duration of leases of Offices France came out to 5.3 years, versus 5.7 years as at 31 December 2013.

Service Sector

The leases of the Accor Hotels business activity provides for bases for determining conditional rental income according to the hotel's revenue level.

Types of leases	Retirement homes	Accor hotels	Club Med
Terms for renewal or purchase options	Proposal for renewal six months before the expiration date	Proposal for renewal six months before the expiration date	Proposal for renewal nine months before the end of the validity period. Renewal under the same terms as existing lease: 15 years, of which 8 are fixed and irrevocable
Indexing clauses	In line with the change in the rental reference index (IRL)	Based on hotel revenue	In line with the value of the Eurostat CPI index
Term	Firm 12-year lease	Firm 12-year lease	Firm 15-year lease

Types of leases	Courtepaille restaurants	Générale de Santé facilities	Quick restaurants
Conditions for renewal or purchase options	Renewal at the end of lease period	Renewal at the end of lease period	Renewal at end of lease period under the same terms as initial lease
Indexing clauses	In line with the change in the commercial rent index (ILC)	In line with the changes in the rental reference index (IRL), the construction cost index (ICC) and the building index (BT01)	In line with the change in the commercial rent index (ILC)
Term	Firm 12-year lease	Firm 12-year lease ⁽¹⁾	Firm 12-year lease

⁽¹⁾ Excluding SCI Nouvelle V. Hugo, where the construction lease is 30 years, without renewal.

Types of leases	Jardiland stores	Sunparks sites	B&B and NH hotels
Conditions for renewal or purchase options	Renewal for a period of nine years for the first renewal, the tenant commits to a fixed and irreducible term of six years from the second renewal, the tenant has the option to terminate the lease at the end of each triennial period	Proposal for renewal 15 months before the expiration date for a ten-year term	Renewal at end of lease period
Indexing clauses	In line with the change in the commercial rent index (ILC)	In line with the change in the healthcare index published by Moniteur Belge	In line with the change in the local consumer price index (VPI)
Term	Firm 12-year lease	Firm 15-year lease	Firm 20-year lease

2.2.6.3.2.2. Minimum payments to receive for non-terminable simple operating lease agreements

(€M)	Offices France	Service Sector
Less than one year	241,4	111,9
One to five years	700,9	460,1
Over five years	398,2	573,5
TOTAL	1,340,5	1,145,5

2.2.6.4. Related-Party transactions

The information mentioned below concerns the main related-parties, namely equity affiliates.

Detail of related-party transactions

Partner	Type of partner	Operating income	Net financial income	Balance sheet	Comments
Cœur d'Orly	Equity affiliates	293	181	13,420	Monitoring projects and investments
Euromed	Equity affiliates	0	231	43,577	Monitoring projects and investments
Latécoère	Equity affiliates	209	10	837	Asset, loan fees
Lénovilla	Equity affiliates	14	0	35,319	Asset, loan fees

2.2.6.5. Management remuneration

In case of involuntary departure, an indemnity will be awarded to the following managers:

- ◆ Christophe Kullman (Chief Executive Officer):

The indemnity will be calculated on the total remuneration as at the day of departure, in the amount of one year plus one month per year of service, up to a maximum of 24 months.

- ◆ Olivier Esteve (Deputy Chief Executive):

The indemnity will be equal to 12 months' salary (fixed and variable) increased by one month for each year of service, limited in total to 24 months' salary.

- ◆ Aldo Mazzocco's Italian employment contract and his corporate mandate of Deputy Director of Beni Stabili stipulate the payment of an involuntary departure indemnity of an amount equivalent to 30 months' remuneration.

2.2.7. SEGMENT REPORTING

Based on the internal organisation of the Group, and in accordance with the requirements of IFRS 8, the operating segments of Foncière des Régions are:

- ◆ France Offices
- ◆ Italy Offices
- ◆ Service Sector
- ◆ Residential
- ◆ Car Parks
- ◆ Corporate.

As at 30 June 2014, the Logistics segment disappeared from segment reporting and is now reclassified under "discontinued operations". The detail of "discontinued operations" is presented in the financial statements (balance sheet and net income statement).

The financial data presented for the segment-based information follows the same accounting rules as for the consolidated financial statements.

2.2.7.1. Intangible fixed assets

2013 (€K)	Offices France	Offices Italy	Logistics – discontinued operations	Service Sector	Residential	Car Parks	Total
Concessions and other fixed assets	1,673	1,128	0	0	552	150,815	154,168
NET	1,673	1,128	0	0	552	150,815	154,168

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Total
Concessions and other fixed assets	1,611	1,151	4	351	147,644	150,761
NET	1,611	1,151	4	351	147,644	150,761

2.2.7.2. Tangible fixed assets

2013 (€K)	Offices France	Offices Italy	Logistics	Service Sector	Residential	Car Parks	Total
Operating properties	45,627	19,195	0	0	6,004	25,429	96,255
Other fixed assets	2,015	1,381	14	344	2,381	485	6,620
Fixed assets in progress	2,034	0	1	0	2,846	416	5,297
NET	49,676	20,576	15	344	11,231	26,330	108,172

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Total
Operating properties	44,974	18,948	1	5,895	24,956	94,774
Other tangible fixed assets	2,062	1,306	363	2,252	455	6,438
Fixed assets in progress	4,403	0	250	0	419	5,072
NET	51,439	20,254	614	8,147	25,830	106,284

2.2.7.3. Investment properties/Properties held for sale

2013 (€K)	Offices France	Offices Italy	Logistics	Service Sector	Residential	Car Parks	Total
Investment properties	3,638,251	3,611,315	556,162	2,989,471	3,031,092	0	13,826,291
Operating assets held for sale	319,685	195,717	210,490	213,342	257,261	0	1,196,495
Properties under development	137,224	258,300	24,275	29,198	22,250	0	471,247
TOTAL	4,095,160	4,065,332	790,927	3,232,011	3,310,603	0	15,494,033

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Total
Investment properties	3,559,022	3,576,690	3,094,567	3,077,891	0	13,308,170
Operating assets held for sale	284,689	180,358	78,025	308,195	0	851,267
Properties under development	219,225	239,400	13,969	22,750	0	495,344
TOTAL	4,062,936	3,996,448	3,186,561	3,408,836	0	14,654,781

2.2.7.4. Financial investments

2013 (€K)	Offices France	Offices Italy	Logistics	Service Sector	Residential	Car Parks	Corporate	Total
Loans	80,316	0	37	6,790	272	517	0	87,932
Other financial assets	0	39,994	0	-2	2,379	1,485	18,109	61,965
Finance lease receivables	0	0	0	0	0	0	2,506	2,506
Receivables on disposals of financial assets	0	3,221	0	0	0	0	0	3,221
Equity affiliates	109,301	3,659	0	71,804	0	0	0	184,764
NET	189,617	46,874	37	78,592	2,651	2,002	20,615	340,388

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Corporate	Total
Loans	113,570	0	6,776	15,266	34	0	135,646
Other financial assets	0	37,518	-2	2,200	1,485	16,632	57,833
Finance leases	0	0	0	0	0	2,390	2,390
Receivables on disposals of financial assets	0	3,348	0	551	0	0	3,899
Investments in equity affiliates	112,780	2,437	68,871	0	0	0	184,088
NET	226,350	43,303	75,645	18,017	1,519	19,022	383,856

2.2.7.5. Inventories and work-in-progress

2013 (€K)	Offices France	Offices Italy	Logistics	Service Sector	Residential	Car Parks	Total
Inventories and work-in-progress	1,340	72,647	0	0	5,712	334	80,033
TOTAL	1,340	72,647	0	0	5,712	334	80,033

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Total
Inventories and work-in-progress	874	72,447	0	8,198	176	81,695
TOTAL	874	72,447	0	8,198	176	81,695

2.2.7.6. Financial liabilities

2013 (€K)	Offices France	Offices Italy	Logistics	Service Sector	Residential	Car Parks	Corporate	Total
Total interest-bearing loans	741,994	2,125,147	0	1,280,136	1,604,437	85,783	1,682,142	7,519,639
Total short-term interest-bearing loans	15,839	222,339	23	217,401	164,444	3,818	355,058	978,922
TOTAL LT AND ST LOANS	757,833	2,347,486	23	1,497,537	1,768,881	89,601	2,037,200	8,498,561

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Corporate	Total
Total interest-bearing loans	744,262	2,296,788	1,491,574	1,757,219	84,741	1,568,618	7,943,202
Total short-term interest-bearing loans	142,987	51,921	39,770	169,135	10,791	397,206	811,810
TOTAL LT AND ST LOANS	887,249	2,348,709	1,531,344	1,926,354	95,532	1,965,824	8,755,012

2.2.7.7. Derivatives

2013 (€K)	Offices France	Offices Italy	Logistics	Service Sector	Residential	Car Parks	Corporate	Total
Financial instruments – assets	1,631	0	0	10,613	8,164	148	2,562	23,118
Financial instruments – liabilities	24,353	113,965	36,619	141,966	65,215	11,584	176,900	570,602
NET FINANCIAL INSTRUMENTS	22,722	113,965	36,619	131,353	57,051	11,436	174,338	547,484

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Car Parks	Corporate	Total
Financial instruments – assets	246	0	4,403	6,389	27	33,558	44,623
Financial instruments – liabilities	30,584	162,275	148,141	72,968	12,701	243,577	670,246
NET FINANCIAL INSTRUMENTS	30,338	162,275	143,738	66,579	12,674	210,019	625,623

2.2.7.8. Net income

2013 (€K)	Offices France	Offices Italy	Service Sector	Residential	Logistics	Parking facilities	Corporate	30/06/2013
Rental income	131,685	116,341	101,557	0	31,690	0	0	381,273
Unrecovered rental costs	-3,974	-11,918	-68	0	-2,763	0	0	-18,723
Expenses on properties	-781	-5,074	-73	0	-1,296	0	-15	-7,239
Net expenses on unrecoverable receivables	234	-3,384	0	0	-1,154	0	0	-4,304
Net rental income	127,164	95,965	101,416	0	26,477	0	-15	351,007
Management and administration revenues	2,679	4,430	947	0	466	0	744	9,266
Activity-related costs	-991	-254	-695	0	-422	0	0	-2,362
Committed fixed costs	-8,616	-12,683	-2,247	0	-1,702	0	-9,285	-34,533
Development costs	-181	0	0	0	0	0	0	-181
Net operating costs	-7,109	-8,507	-1,995	0	-1,658	0	-8,541	-27,810
Income from other activities	2,917	0	0	0	0	18,044	5	20,966
Expenses of other activities	0	0	0	0	0	-11,965	-948	-12,913
Income from other activities	2,917	0	0	0	0	6,079	-943	8,053
Depreciation of operating assets	-1,966	-489	0	0	-4	-4,860	-7	-7,326
Net change in provisions and other	5,506	-1,094	-5,913	0	384	-1,144	6,399	4,138
CURRENT OPERATING INCOME	126,512	85,875	93,508	0	25,199	75	-3,107	328,062
Income from disposals of trading properties	6	1,700	0	0	0	0	0	1,706
Net change in trading properties	-304	-3,019	0	0	0	-11	0	-3,334
Net gain (loss) on disposal from trading properties	-298	-1,319	0	0	0	-11	0	-1,628
Proceeds from asset disposals	97,492	67,698	82,864	0	0	0	0	248,054
Carrying value of investment properties sold	-100,168	-64,060	-82,471	0	-574	0	0	-247,273
Gain (loss) from asset disposals	-2,676	3,638	393	0	-574	0	0	781
Gains in value of investment properties	51,225	21,123	43,401	0	187	0	0	115,936
Losses in value of investment properties	-18,073	-34,373	-21,537	0	-15,587	0	0	-89,570
Net valuation gains and losses	33,152	-13,250	21,864	0	-15,400	0	0	26,366
Income from disposal of securities	0	0	0	0	0	0	0	0
Income from changes in consolidation scope	3,180	0	0	0	0	0	0	3,180
OPERATING INCOME (LOSS)	159,870	74,944	115,765	0	9,225	64	-3,107	356,761
Income from non consolidated affiliates	32	0	0	0	0	0	8,866	8,898
Net financing cost	7,619	-56,669	-27,960	0	-14,830	-1,937	-46,033	-139,810
Value adjustment on derivatives	39,736	-9,669	31,247	0	10,123	2,968	0	74,405
Discounting of liabilities and receivables	-1,211	-69	-162	0	21	0	0	-1,421
Net change in financial and other provisions	-2,263	-7,664	-2,696	0	-235	-101	0	-12,959
Share in earnings of affiliates	4,826	299	3,366	16,519	0	0	0	25,010
NET INCOME (LOSS) BEFORE TAX	208,609	1,172	119,560	16,519	4,304	994	-40,274	310,884

Inter-segment transactions, which consist primarily of management fees, have been eliminated from this presentation.

2014 (€K)	Offices France	Offices Italy	Service Sector	Residential	Parking facilities	Corporate	30/06/2014
Rental income	127,625	115,938	96,048	98,568	0	0	438,179
Unrecovered rental costs	-2,870	-11,983	-127	-3,929	0	0	-18,909
Expenses on properties	-582	-3,485	-46	-8,133	0	-3	-12,249
Net expenses on unrecoverable receivables	-92	-1,642	0	-1,373	0	0	-3,107
Net rental income	124,081	98,828	95,875	85,133	0	-3	403,914
Management and administration income	2,559	5,118	1,034	2,232	0	716	11,659
Business expenses	-969	0	-1,239	-544	0	0	-2,752
Overhead	-7,697	-11,793	-1,889	-17,279	0	-11,695	-50,353
Development costs	-129	0	-56	0	0	0	-185
Net operating costs	-6,236	-6,675	-2,150	-15,591	0	-10,979	-41,631
Income from other activities	7,025	0	0	1,230	18,709	237	27,201
Expenses of other activities	0	0	0	-958	-12,986	-62	-14,006
Income from other activities	7,025	0	0	272	5,723	175	13,195
Depreciation of operating assets	-1,414	-468	0	-772	-5,283	-6	-7,943
Net change in provisions and other	6,078	-1,392	-7,287	-2,218	-869	5,735	-1,630
CURRENT OPERATING INCOME	129,534	90,293	86,438	66,824	-429	-5,078	365,905
Income from disposals of trading properties	342	112	0	691	0	0	1,145
Net change in trading properties	-466	-211	0	-1,046	-36	0	-1,759
Net gain (loss) on disposal from trading properties	-124	-99	0	-355	-36	0	-614
Income from asset disposals	130,754	80,940	134,990	55,182	0	0	401,866
Carrying value of investment properties sold	-133,398	-80,454	-135,546	-55,717	0	0	-405,115
Net gain (loss) from asset disposals	-2,644	486	-556	-535	0	0	-3,249
Gains in value of investment properties	54,891	23,660	19,868	53,050	0	0	151,469
Losses in value of investment properties	-20,297	-35,265	-5,396	-17,781	0	0	-78,739
Net valuation gains and losses	34,594	-11,605	14,472	35,269	0	0	72,730
Income from disposal of securities	0	0	0	-287	0	0	-287
Income from changes in scope	0	0	0	0	0	0	0
OPERATING INCOME (LOSS)	161,360	79,075	100,354	100,916	-465	-5,078	434,485
Net income of non-consolidated affiliates	23	0	0	0	0	0	23
Net financing cost	-7,475	-51,781	-26,944	-28,706	-1,927	-23,429	-145,711
Value adjustment on derivatives	-84,191	-77,770	-35,864	-11,509	-2,286	0	-211,620
Discounting of liabilities and receivables	-1,479	-2,478	-83	0	0	0	-4,040
Net change in financial and other provisions	-3,762	-11,291	-1,911	-4,865	-103	0	-21,932
Share in earnings of affiliates	9,041	388	944	0	0	0	10,372
NET INCOME (LOSS) BEFORE TAX	73,517	-63,857	36,496	55,836	-4,781	-28,507	61,578

Given its disengagement in the Logistics segment with the disposal of nearly 63% of its portfolio over the first half of 2014, starting from 1 January 2014, this segment is presented under "discontinued operations" and is no longer listed in segment reporting for 2014. The contribution of this segment in the income statement can be read directly in the net income statement (discontinued operations).

2.2.8. SUBSEQUENT EVENTS

2.2.8.1. Italy Offices segment

In June 2014, the Board of Directors of Beni Stabili decided to restructure the IMSER 60 debt (portfolio of properties rented to Telecom Italia).

A €150 million capital increase has been planned as part of this transaction (including premiums) in July 2014 as well as the implementation of two bank borrowings of €500 million.

The anticipated initial securitised debt reimbursement will be €650 million (including fees).

In May 2014, Beni Stabili Gestioni SGR, Banca Fimat and Polaris Real Estate SGR signed a letter of intent to create a joint-venture to which Beni Stabili Gestioni SGR securities will be contributed.

The company will be 17.9% held by Beni Stabili and 50.20% by Banca Fimat.

This transaction will take effect during the second half of 2014.

2.2.8.2. Residential segment

2.2.8.2.1. Disposals

A disposal of 1,924 residential units took place on 1 July 2014 pertaining to assets under contract totalling €102 million.

2.2.8.2.2. Signature of a purchase agreement

On 20 June 2014, Foncière Développement Logements signed a purchase agreement through its German subsidiary Immeo AG on a portfolio of 3,400 residential units located in Berlin and Dresden for approximately €240 million, taxes and duties included. This acquisition, signed subject to conditions precedent of the German competition authorities, should be finalised by the third quarter of 2014.

It will be financed in part by bank debt and in part through a capital increase of Immeo AG.

2.2.8.2.3. Disposal of the German subsidiary Immeo Wohnen AG

On 9 July 2014, Foncière Développement Logements sold the shares of its German subsidiary Immeo AG to its main shareholders (Foncière des Régions 59.7%, Crédit Agricole Assurances 15.1%, Cardif Assurance Vie 13.7% and Generali 8.9%) for up to their share of Foncière Développement Logements's capital. This transaction went into effect on 9 July 2014.

Batisica granted balance of sale financing for this disposal to the buyers. This financing was transferred to Foncière Développement Logements through a distribution and reduction of the capital of Batisica and of Foncière Développement Logements Deutschland.

Foncière Développement Logements is offering shareholders who do not wish to participate in this transaction (2.6%) to buy back their share through the implementation of a public share buyback offer (OPRA).

To this end, on 23 June 2014, Foncière Développement Logements filed a notification with the French financial markets authority (*Autorité des marchés financiers*, or "AMF") presenting a public buyback offer for its treasury shares.

On 8 July 2014, the AMF agreed that the share buyback offer filed by Foncière Développement Logements is in compliance.

The launch of the share buyback offer for 1,821,261 shares at €7.85 per share will take place from 8 July to 27 August 2014. A centralisation will take place on 8 September and all of the shares contributed will be cancelled.

2.2.9. SCOPE OF CONSOLIDATION

2.2.9.1. Additions to the scope of consolidation

2.2.9.1.1. Italy Offices segment

- ♦ B.S. Engineering S.R.L. full consolidation, percentage held 100%.

2.2.9.1.2. Service Sector segment

- ♦ Stadhouderskade Amsterdam BV: full consolidation, percentage held 100%.

This company has an NH hotel located in Amsterdam's city centre. The acquisition price was €48.3 million. This transaction was handled as an asset deal.

- ♦ Creation of the company "NH Amsterdam Center Hôtel HLD" to acquire the shares of Stadhouderskade Amsterdam BV.

This company is fully consolidated, percentage held 100%.

2.2.9.1.3. Residential segment

- ♦ Immeo Berlin C GmbH: full consolidation, percentage held 94.65%.
- ♦ Immeo Dansk Holdings Aps: full consolidation, percentage held 99.73%.
- ♦ Immeo Berlin C GmbH acquired a portfolio of assets in Berlin.

2.2.9.2. Removals from the scope of consolidation

2.2.9.2.1. Logistics segment

- ♦ Disposal of Garonor France 3, Melun 7 and 9 and nine German companies on 2 June 2014.

2.2.9.2.2. Residential segment

- ♦ Immeo Rewo Holding GmbH.

2.2.9.3. Internal restructuring

2.2.9.3.1. France Offices segment

- ♦ SCI at 32/50 rue Parmentier: full transfer of the assets into Foncière des Régions.
- ♦ SCI at 1 rue de Verdun: full transfer of the assets into SAS Blériot.

2.2.9.3.2. Service Sector segment

- ♦ Simplified mergers of Castel Immo, Pontlier Tironneau and SCI De La Noue with Foncière des Murs SCA on 26 May 2014 with retroactive effect as of 1 January 2014.
- ♦ Full transfer of assets (TUP) of Nouvelle Lacépède, Nouvelle Victor Hugo, 105-107 avenue Victor Hugo and Kérinou Immobilier into Foncière des Murs on 30 June 2014.

2.2.9.4. Change in percentage held and/or change in consolidation method

2.2.9.4.1. France Offices segment

- ♦ Following the acquisition of Immeo Rewo Holding GmbH shares by Foncière des Régions through Immobilien GmbH, an indirect subsidiary of Foncière Développement Logements, the company is now wholly owned.



STATUTORY AUDITORS' REPORT

Statutory auditors' report of the half-yearly financial information

For the period from January 1 to June 30, 2014

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code («Code monétaire et financier»), we hereby report to you on:

- ♦ the review of the accompanying condensed half-yearly consolidated financial statements of Foncière des Régions, for the period from January 1 to June 30, 2014,
- ♦ the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris–La Défense, July 25, 2014

The statutory auditors
French original signed by

MAZARS
Gilles Magnan

ERNST & YOUNG et Autres
Sophie Duval



CERTIFICATION OF THE PREPARER



CERTIFICATION OF THE PREPARER

Certification of the preparer

Certification of the preparer

I certify that, to my knowledge, the abridged accounts for this past semi-annual period have been prepared in accordance with the applicable accounting standards and give a faithful image of the assets, of the financial position and of the results of the company as well as of all of the companies included in the consolidation, and that the attached semi-annual business report presents a faithful picture of the important events occurring during the first six months of the financial year, of their impact on the accounts, of the major transactions between related parties, as well as a description of the main risks and main uncertainties for the remaining six months of the financial year.

6 August 2014

Mr. Christophe Kullmann

Chief Executive Officer

Person in Charge of the Financial Information

DEFINITIONS, ACRONYMS AND ABBREVIATIONS USED

Cost of development projects

This indicator is calculated including interest costs. It includes the costs of the property and costs of construction.

Debt interest rate

♦ Average cost:

Financial Cost of Bank Debt for the period
+ Financial Cost of Hedges for the period
Average bank debt outstanding in the year

- ♦ **Spot rate:** Definition equivalent to average interest rate over a period of time restricted to the last day of the period.

Definition of the acronyms and abbreviations used:

- ♦ **MR:** 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:** Paris region (Île-de-France)
- ♦ **ILAT:** French office rental index
- ♦ **CCI:** Construction Cost Index
- ♦ **CPI:** Consumer Price Index
- ♦ **RRI:** Rental Reference Index
- ♦ **PACA:** Provence-Alpes-Côte-d'Azur
- ♦ **LFL:** Like-for-Like
- ♦ **GS:** Group share
- ♦ **CBD:** Central Business District
- ♦ **Rtn:** Yield
- ♦ **Chg:** Change
- ♦ **MRV:** Market Rental Value

Firm residual term of leases

Average outstanding period remaining of a lease calculated from the date a tenant first takes up an exit option.

Green Assets

Green' buildings, according to IPD, are those where the building and/or its operating status are certified as HQE, BREEAM, LEED, etc. And/or which have a recognised level of energy performance such as the BBC-effinergier, HPE, THPE or RT Global certifications.

Like-for-like change in value

This indicator is used to compare asset values from one financial year to another without accounting for changes in scope, such as acquisitions, disposals, development projects, etc.

Change in value as shown in the portfolio table is a figure that includes work carried out on existing assets. The restated like-for-like change in value of this work is cited in the comments section.

Loan To Value (LTV)

The LTV calculation is detailed in Part 7 "Financial Resources".

Net asset value per share (NAV/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 year-end (excluding treasury shares) and adjusted for the effect of dilution.

DEFINITIONS, ACRONYMS AND ABBREVIATIONS USED

Occupancy rate

The occupancy rate corresponds to the spot financial occupancy rate at the end of the period and is calculated using the following formula:

$$\frac{1 - \text{Loss of rental income through vacancies (calculated at MRV)}}{\text{Rental income of occupied assets} + \text{loss of rental income}}$$

This indicator is calculated solely for properties on which asset management work has been done and therefore does not include assets available under pre-leasing agreements. Occupancy rate are calculated using annualized data.

Operating assets

Properties leased or available for rent and actively marketed.

Portfolio

The portfolio presented includes investment properties, properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value. For offices in France, the portfolio includes asset valuations of DS Campus, Euromed and New Vélizy, which are consolidated under the equity method.

Projects

- ♦ **Committed project:** these are projects for which promotion or built contracts, work has begun and has not yet been completed at the closing date. They might pertain to VEFA (pre-construction) projects or to the repositioning of existing assets.
- ♦ **Controlled project:** these are projects that might be undertaken. In other words, projects for which the decision to launch operations has not been finalized.

Recurring Net Income EPRA per share (RNI/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 and adjusted for the effect of dilution.

Rental Income

- ♦ **Recorded rent** corresponds to gross rental income accounted for over the year by taking into account deferment of any relief granted to tenants, in accordance with IFRS standards.
- ♦ **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, building works and development deliveries) into account. This indicator is based on assets in operation, i.e. Properties leased or available for rent and actively marketed.
- ♦ **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.

Surface

- ♦ **SHON:** Gross surface.
- ♦ **SUB:** Gross used surface.

Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and unrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of unrecoverable income (except in Italy for which not relating to unpaid rents were retired)

Yields/return

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

$$\frac{\text{Gross annualised rent (not corrected for vacancy)}}{\text{Value excl. duties for the relevant scope (operating or development)}}$$

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

$$\frac{\text{Gross annualised rent (not corrected for vacancy)}}{\text{Acquisition or disposal value excl. duties}}$$

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