



Q1 2015: Keep on delivering

6 May 2015

Major agreement with Telecom Italia

- Extension of firm lease term to 15 years (+9 years)
- In return for a decrease in rent of 6.9%
- Disposal of €126 million of secondary assets to Telecom Italia

Reinforcement of strategic positioning

- €1.5 billion in investments (€1.0 billion Group Share) already secured, of which:
- Hotels: major transaction involving €432 million worth of assets
- Offices: continued investments in the pipeline (€220 million committed)
- German residential properties: €457 million in signed acquisitions, essentially in Berlin and Hamburg

Best-in-class governance, strengthened by the General Meeting

- Successful capital increase of €255 million
- Appointment of Delphine Benchetrit as an independent Board members
- 57% of independent Board members compared to 50% in 2014

Solid operational performance

- Rental income (Group Share) of €132.9 million, an increase of 1.1%
- Extension of firm lease term to 6.6 years (+1 year)
- High occupancy rate of 96.9%

Major agreement in Italy: reaping the benefits of the partnership strategy

Regarding rental incomes, the quarter witnessed the signature of a major agreement with Telecom Italia (10% of rental income, Group share), which is a symbol of the success of the partnership strategy. **Leases, previously with a 6.7 years firm term, were extended by nearly 9 years, to more than 15 years firm**, in return for a 6.9% decrease in rent.

The agreement is also part of **the continual improvement of the quality of the portfolio** with a capex program of €38 million. Together with Telecom Italia, this program will focus on core assets in city centres. Finally, **exposure to Telecom Italia will be reduced**, with the planned disposal of €126 million of secondary assets.

A strengthened position in real estate

In an increasingly competitive investment market, **Foncière des Régions achieved a record quarter in investments, with €1.5 billion secured (€1.0 billion Group Share) including €1.2 billion in acquisitions (€0.8 billion Group Share):**

- ◆ **in Offices**, Foncière des Régions continued investments in its pipeline (€220 million in progress) covering 17 committed projects in France for €518 million, of which 9 should be delivered in 2015;
- ◆ **in German residential**, the Group strengthened its presence in vibrant cities with €457 million in acquisitions (€266 million Group Share) for an average yield of 5.5%. In particular, Foncière des Régions acquired assets in Berlin for €182 million and secured a first acquisition in Hamburg for €239 million. These portfolios, located in prime locations, have a reversion potential of 25% to 30% and, at term, margins potential on unit sales;
- ◆ **in Hotels**, the quarter was marked by the acquisition of 14.6% of the capital of the subsidiary Foncière des Murs, bringing the Group's control to 43.0%. This transaction represents the equivalent of €432 million of highly profitable assets and allows a 4 points increase in exposure to the promising Hotels/Service Sector, to 13% of the portfolio. Foncière des Régions also accelerated its acquisitions with €277 million signed (€86 million Group Share), to 76% in Germany.

A best-in-class governance structure, strengthened by the General Meeting

In March 2015, **Foncière des Régions successfully implemented a capital increase of €255 million** with the maintenance of the preferential right of subscription. This transaction, overseen by the main shareholders, was oversubscribed at 167%. It resulted in the creation of 3,917,722 new shares (6.2% of the capital).

The General Meeting, held on 17 April 2015, appointed Delphine Benchetrit as a new independent Board member.



Delphine Benchetrit

Delphine Benchetrit is a graduate of the Ecole Supérieure de Commerce de Paris and has a Master's degree in Corporate Finance. She started her career in 1994 as an investor within the Affine Group, and then was a banker at Natixis. In 2004, as Executive Director, she created the real estate department of Lehman Brothers France. Since 2009, Delphine Benchetrit has been co-founder of Finae Advisors, an independent financial advisory company for real estate investors.

The Group has strengthened its best-in-class governance structure, with 57% of independent Board members compared to 50% previously, 36% are women and 29% are international. All resolutions were approved, by an average of 97%, including the retention of the principle of "one share - one voting right".

Rental income at the end of March 2015: €132.9 million, an increase of 1.1%

Activity in the first quarter reflects an environment with almost zero inflation and thus particularly weak indexation. In contrast, rental income benefited from the strengthening in the two diversifications, namely German residential and Hotels in Europe. **Rental income was €132.9 million Group Share at the end of March 2015, an increase of 1.1%.**

On a like for like basis, rental income remains stable at -0.1%, led by good performance in German residential properties (+1.3%, of which +2.9% in Berlin, Dresden and Leipzig) and in Hotels (+1.5%, of which +2.2% in the Accor portfolio), and by the good performance of Offices France (+0.3%). The 2.9% decrease on a like for like basis in Italy includes the vacancy of an asset in Turin during the second half of 2014, the sale of which to the city is under discussion. Excluding this effect, rental income in Italy is nearly stable at -0.4%.

The average occupancy rate across the entire portfolio **was high at 96.9%**. Thanks to the agreement with Telecom Italia, Foncière des Régions has increased the long-term visibility of its rental stream, with a **firm average lease term of 6.6 years, an increase of one year.**

3M 2015 - Group Share	Rental income (€m)	Change	Change on like-for-like basis	Occupancy rate	of leases post Telecom Italia agreement
Offices - France	57.0	-7.4%	0.3%	96.3%	5.1 years
Offices - Italy	27.2	-7.2%	-2.9%	95.4 % ¹	10.2 years
Offices	84.3	-7.3%	-0.8%	96,0%	6.6 years
Residential Germany	26.8	10.1%	1.3%	97.7%	N/A
Hotels/Service Sector	18.1	55.5%	1.1%	100,0%	6.7 years
Other (French Resi.)	3.7	N/A	N/A	N/A	N/A
Total	132.9	1.1%	-0.1%	96.9%	6.6 years

¹Core portfolio

A conference call for analysts and investors

will take place today at 18:00 (Paris time)

The presentation for the conference call will be available
on the Foncière des Régions website: www.fonciere-des-regions.fr/finance

Financial calendar:

Half-yearly results 2015: 23 July 2015

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Shareholder relations



Appendix:

Rental income for the first quarter of 2015 at 100% and Group Share

(€million)	100 %			Group Share				
	Q1 2014	Q1 2015	Change (%)	Q1 2014	Q1 2015	Change (%)	Change (%) LFL	% of rent
Offices France	64,7	60,3	- 6,9 %	61,6	57,0	- 7,4 %	0,3 %	43 %
Offices Italy	57,6	56,3	- 2,2 %	29,3	27,2	- 7,2 %	- 2,9 %	20 %
Total Offices	122,3	116,6	- 4,7 %	90,9	84,3	- 7,3 %	- 0,8 %	63 %
Hotels and Service sector	45,4	46,5	2,3 %	11,7	18,1	55,5 %	1,1 %	14 %
Residential Germany	41,1	44,5	8,3 %	24,4	26,8	10,1 %	1,3 %	20 %
Total Strategic activities	208,8	207,6	- 0,6 %	127,0	129,2	1,8 %	- 0,1 %	97 %
Other	7,7	6,1	- 21,0 %	4,6	3,7	- 19,0 %	na	3 %
Total rent	216,5	213,7	- 1,3 %	131,6	132,9	1,1 %	- 0,1 %	100 %

Rental income does not include Logistics revenue (€4.9 million), which was reclassified at the end of 2014 as Discontinued Operations.

Foncière des Régions, co-créateur d'histoires immobilières

As a key player in real estate, Foncière des Régions has built its growth and its portfolio on the key and characteristic value of partnership. With a total portfolio valued at €16Bn (€10Bn in group share), located in the high-growth markets of France, Germany and Italy, Foncière des Régions is now the recognised partner of companies and territories which it supports with its two-fold real estate strategy: adding value to existing urban property and designing buildings for the future.

Foncière des Régions mainly works alongside Key Accounts (Orange, Suez Environnement, EDF, Dassault Systèmes, Thales, Eiffage, etc.) in the Offices market as well as being a pioneering and astute operator in the two other profitable sectors of the Residential market in Germany and Hotels in Europe.

Foncière des Régions shares are listed in the Euronext Paris A compartment (FR0000064578 - FDR), are admitted for trading on the SRD, and are included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, and in the FTSE4 Good, DJSI World and NYSE Euronext Vigeo (World 120, Eurozone 120, Europe 120 et France 20) ethics indices.

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

www.en.foncieredesregions.fr

