



First quarter 2017: acceleration of the rental growth

26 April 2017

Growth in rental income on each of our markets

- Rental income, Group Share, of €145.4 million, an increase of 4.0% and of 1.7% on a like-for-like scope
- France Offices: +0.8% on a like-for-like scope
- Italy Offices: +3.7% on a like-for-like scope for the portfolio, excluding Telecom Italia
- Germany Residential: +4.7% on a like-for-like scope in Berlin
- Hotels in Europe: increase in variable rental income of +3.4% on a like-for-like scope

€1 billion in investments

- Offices: continued investment in properties under development
- Germany Residential: €279 million in acquisitions mainly in central Berlin
- Hotels in Europe: major €559 million acquisition in Spain, mainly in Barcelona and Madrid
- Successful capital increase of €400 million to finance new investments

A development pipeline of €4 billion for building our future growth

- €1.1 billion committed for delivery by 2019; €2.8 billion of managed projects
- A record year for deliveries: 13 buildings for €596 million, 92,700 m² of offices and 673 hotel rooms

Consolidation on major European cities

Foncière des Régions consolidated its foothold in major European cities during the first quarter of 2017. The Group invested €1 billion (€543 million Group Share) including €933 million of acquisitions (€508 million Group Share) located 80% in Berlin, Milan, Barcelona and Madrid with an immediate average yield of 5.1% and a potential yield of 6.2%.

France Offices: continued investment in development projects

Consistent with a rental market which favours new buildings and bolstered by its good track record, Foncière des Régions continued to invest in its development projects. The Group delivered the 10,700 m² Silex¹ building opposite the Lyon Part-Dieu railway station in January. Almost 90% of this new prime asset in the Lyon CBD has already been let, mainly to BNP Paribas and to Nextdoor. The Thaïs building (5,600 m²) was also delivered in Levallois-Perret in April. MCI has leased 1,980 m² of this former Orange Asset located close to Louise Michel metro station and negotiations are at an advanced stage for letting the rest of the building.

Italy Offices: €56 million of investment (€29 million Group Share) in Milan

Foncière des Régions acquired the 7,000 m² Principe Amedeo building (signed in 2015) in the heart of the Milan CBD for redevelopment by 2018. Work on assets under development continued, especially on Via Cernaia (8,300 m²) and Via Colonna (3,500 m²), two buildings in Milan, which will be delivered in 2017.

Germany Residential: €279 million of acquisitions (€180 million Group Share), 80% in Berlin

The Group continued its development in Berlin with €279 million of acquisitions of residential units mainly in the city's central districts. These investments were made at an average price of €1,710/m² (€2,120/m² in Berlin), with a return of 4.4% (4.1% in Berlin) after reletting the vacant 13%. With an average potential rental reversion of 40%, these assets will contribute to the Group's future organic growth.

Hotels: €613 million of acquisitions (€306 million Group Share), mainly in Barcelona and Madrid

Foncière des Régions took a major step forward in its European development with the acquisition of 17 hotels and 3,335 rooms for €559 million, 80% of which are in Barcelona and Madrid. This portfolio of mainly 4*-5* city centre assets is enabling the Group to reach critical size on a fast-growing Spanish market (Revpar has grown 10% since the start of the year).

Successful capital increase of €400 million

Foncière des Régions successfully completed a €400 million capital increase in January, which was oversubscribed several times. This operation along with the programme to sell-off non-core buildings is providing the financing for the Group's development, especially the acquisitions of hotels in Spain and residential property in Berlin, together with the European development pipeline (€1.1 billion committed and a €705 million Group Share). 2017 will therefore be a record year with the delivery of 13 buildings, i.e. 92,700 m² of offices and 673 hotels rooms, at a total cost of €596 million (€430 million Group Share).

Rental income at end-March: acceleration of the like-for-like growth

Rental income for the quarter, totalling €145.4 million, a 4.0% increase, benefited from the strong investment dynamic in 2016 especially in Hotels (rental growth of 15%), in Italy (+7.1%) and in Germany Residential (+6.6%).

Rental income has increased by 1.7% on a like-for-like scope, compared to +0.2% over 2016 as a whole. This solid performance reflects the buoyant rental markets over the Group's trades as a whole, and confirms the investment choices made in recent years.

Thus the 0.8% increase on a like-for-like scope for France Offices results from rentals last year and the 0.8% increase in rental income from lease renegotiations in 2016. The 3.7% rental growth on a like-for-like scope in Germany Residential has been boosted, in particular by the 4.7% gain on a like-for-like scope in Berlin. In Italy (+1.8% on a like-for-like scope) the rental income increased by 3.7% for the portfolio excluding Telecom Italia, stimulated by the big improvement in the occupancy rate since the start of 2016. Finally, for Hotels (+1.4%) the variable rental income indexed to AccorHotels' revenue increased by 3.4% in the first quarter on a like-for-like scope.

Foncière des Régions confirms its target of growth for rental income for 2017 as a whole of between 1.5% and 2.0% on a like-for-like scope.

3M 2017 - €million	Rental income 100%	Rental income Group Share	Change	Change on like-for-like basis	Occupancy rate	Residual firm terms of leases
Offices - France	67.6	61.3	-0.7%	+0.8%	95.0%	5.4 years
Offices - Italy	50.9	26.6	+7.1%	+1.8%	95.6%	8.8 years
Residential Germany	55.3	34.2	+6.6%	+3.7%	98.4%	n.a.
Hotels/Service Sector	48.8	21.5	+15.0%	+1.4%	100.0%	10.7 years
Other (French Resi.)	3.0	1.8	n.a.	n.a.	n.a.	n.a.
Total	225.5	145.4	+4.0%	+1.7%	96.6%	7.2 years

A conference call for analysts and investors

will take place today at 6 pm (Paris time).

A presentation related to the conference call will be available
on Foncière des Régions' website: www.en.foncieredesregions.fr/finance_en

Financial calendar:

Results for the first six months of 2017: 20 July 2017

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Shareholder relations



Foncière des Régions, co-author of real estate stories

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 €19Bn (€12Bn 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 to 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, Euronext Vigeo (World 120, Eurozone 120, Europe 120 et France 20), Oekom, Ethibel and Gaïa ethical indices.

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

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