

## **Strengthening the growth outlook in the hotel sector and Group's simplification**

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### **Merging the two hotel investment structures – Foncière des Murs and FDM Management: moving upmarket and increasing the Group's development capability**

The Group is to bring together its two hotel investment structures through a merger of FDM Management (operating properties, 40.7%-owned by Foncière des Murs) with Foncière des Murs (lease properties, 50%-owned by Foncière des Régions), based on the Triple Net NAV at the end of June. After this transaction, which should be finalised in early 2018, Foncière des Régions, the sole general partner of Foncière des Murs, will own 42% of its subsidiary's capital and retain control over it.

The Group will enjoy stronger and improved exposure to the hotel sector. With a post-transaction portfolio of more than 42,000 rooms (55,000 under management) and €4.3 billion (€1.8 billion, Group Share, i.e. 14% of the portfolio<sup>1</sup>), Foncière des Régions is establishing itself as the leading player in hotel investment in Europe, and is strengthening its growth outlook by:

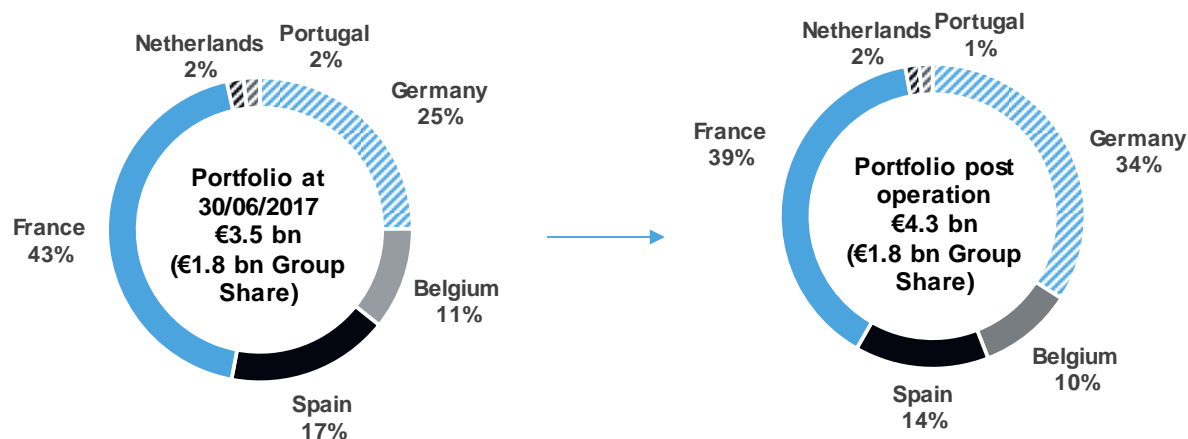
- > moving the portfolio upmarket, so that it will include 68% of high-end and mid-level hotels;
- > increasing the hotel exposure to Germany (34% of the portfolio, up from 25%), in particular Berlin (15%, up from 8%). As the leading economy in Europe, Germany is the world's 7<sup>th</sup> tourist destination (33 million visitors) and offers strong growth prospects, in particular in Berlin (6.1% increase in income per room YTD at end-June and 3.2% expected in 2018);
- > asserting its status as the privileged partner of hotel operators and managers in Europe, with a single point of contact operating across the entire hotel property value chain. Accordingly, Foncière des Régions supports 18 operators and 28 brands with their development strategy in Europe, including AccorHotels, B&B, Carlson-Rezidor, InterContinental, Starwood-Marriott, NH, Motel One, Meininger, etc.;
- > strengthening value creation sources and increasing its development capabilities. In particular, the Group is enhancing its land bank at Alexanderplatz in Berlin, owned by FDM Management, where it plans to ultimately develop more than 70,000 m<sup>2</sup> in residential units, offices, hotels and retail premises.

This simplification process will enable Foncière des Régions to continue its hotel property development and support the growth of its hotel-operator partners.

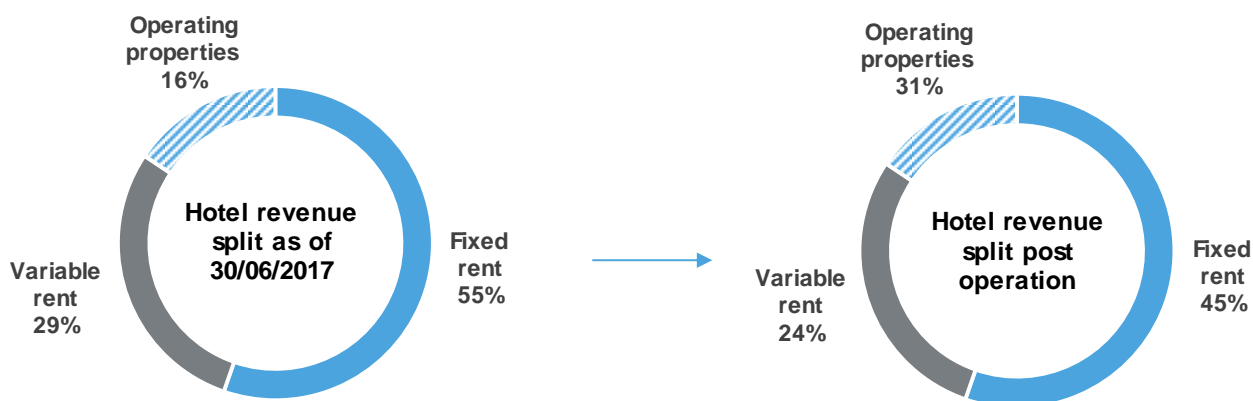
<sup>1</sup> Excluding retail premises for €0.2 billion, Group Share  
Sources: MKG, PWC

## Appendix:

Breakdown of the hotel portfolio  
at 30/06/2017<sup>2</sup> and after the merger between Foncière des Murs and FDM Management



Breakdown of revenue for hotels only  
at 30/06/2017 and after the merger between Foncière des Murs and FDM Management



### Combined financial data

*This press release contains financial data resulting from the addition of restated historical financial data of Foncière des Murs and FDM Management. These data are provided solely for use on an indicative basis. These data are not pro forma financial information and have not been audited.*

<sup>2</sup> Portfolio at 30/06/2017 plus acquisitions secured at end-June and completed in the meantime (for €150 million and €75 million, Group Share)

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## **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 €21Bn (€13Bn 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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