

**2006 results show solid growth
Cash flow up 15%, NAV up 33% and the proposed dividend up 17%
European expansion continues**

Foncière des Régions had a very active year notably marked by the merger with Bail Investissement and €5 billion in investments. At 31 December 2006, the company had a consolidated asset base totalling €9.8 billion. In 2007, that amount is expected to grow to €14 billion, after completing the announced transaction with Beni Stabili, the Italian real estate investment company. Replacement NAV totalled €100.7 per share, up 33%, while cash flow from operations, group share, increased 15% to €7.24 per share and net profit advanced 62% to €567.2 million.

Work to structure the group by product line continued during the year, along with strong growth in the asset base.

The office building assets of two French property portfolios were grouped around Foncière des Régions (FDR), following its merger with Bail Investissement in October 2006. The transaction also led to a stock exchange re-rating of Foncière des Régions and made the stock eligible for Euronext's SRD deferred settlement service, owing to FDR's broadened shareholder base and its free float of more than €2 billion at the current share price.

BUSINESS MOMENTUM CONTINUES APACE IN 2006

Growth was particularly strong in the logistics property sector, notably with the acquisition in full of the 18-hectare IPB development project in Pantin. Furthermore, sizeable construction projects were transacted in Bollène and Dunkerque, as part of a strategy to develop logistics properties along the North-South axis and the coastline.

Group companies also pursued a strategy geared towards large real estate projects with a view to improving the return on capital invested. To this end, Foncière des Régions launched a project to completely renovate the 25,000-sqm Carre Suffren in Paris' 15th district and build Dassault Systemes' new 60,000-sqm head offices in Velizy. It will also participate in two major urban renewal projects, Marseille Euromed and Metz Amphitheatre.

FDR's specialised subsidiaries also grew their portfolios significantly during the year.

Foncière Développement Logements (FDL) was established in 2006. The company, which specialises in residential real estate investment, emerged in France after Foncière des Régions and

French institutional investors Predica and Cardif sought to entrust a share of their housing properties to a dedicated company. In view of opportunities arising from a trend in the German market to outsource residential property to professionals, FDL also began investing in Germany, where it acquired 45,000 housing units in the Düsseldorf basin and a property management company with 300 employees. After a single year of existence, FDL now has a portfolio valued at more than €3 billion and a market capitalisation in excess of €1 billion.

As part of its strategy to accompany the growth of its large clients, **Fonciere des Murs** (FDM) acquired a new portfolio of 72 hotels from the Accor group, including 12 hotels in Belgium. FDM also diversified into a new property sector with the acquisition of 70 Courtepaille restaurants. The signature of long-term leases accompanied all these investments, giving FDM a highly recurrent revenue stream and a defensive investment profile.

Lastly, the **Parcs GFR** car park subsidiary opened its capital to Predica, with which it conducted a growth operation during the year. Previously active solely in the city of Metz, Parcs GFR grew significantly in 2006, with the acquisition of three car parks in Paris and four car parks in Bordeaux under delegated public service contracts until 2042.

RESULTS AT 31 DECEMBER 2006

	31 Dec. 2006	31 Dec. 2005	% growth
Consolidated sales in €m	551.8	345.8	60%
of which consolidated rental income	537.0	328.1	64%
Cash flow from operations, group share, in €m	206.8	102.6	102%
Consolidated cash flow from operations, per share	€7.24	6.28€	15%
Net profit, group share, in €m	576.2	354.6	62%

The group generated consolidated sales of €551.8 million, vs. €345.8 million in 2005. The 60% growth reflects the change in the group's size stemming from growth operations in 2005, notably the acquisition of 128 Accor hotels in June of that year, and in 2006, with the purchase of 206 buildings rented to France Telecom, the acquisition of new Accor hotels, as well as 70 Courtepaille restaurants, and lastly, the purchase of more than 40,000 residential units in Germany and over 1,100 housing units in France.

The group's performance indicators remain very satisfactory. Occupancy rates for the year were particularly high, while unpaid amounts outstanding remained very low. Those results were the fruit of a strategy for signing long, fixed-term leases with large accounts, which contribute the lion's share of the group's rental income.

Cash flow from operations advances 15% on a per share basis

In 2006, recurring cash flow from operations (group share) reached €207million, or €7.24 per share, up 15%, underscoring the success of the defensive growth strategy implemented for several years now.



Group debt was fully hedged over a seven-year period, marking an increase of two years following renegotiation efforts during the year. At 31 December 2006, the average interest rate on the debt was 4.75%.

NAV, including transfer duties, rose 33% on a per share basis

Including transfer duties, the block value of fully consolidated assets at 31 December 2006, totalled €10.38 billion, for annualised rents of €662 million, representing a gross yield of 6.4%.

After applying the market value of consolidated assets and liabilities, replacement NAV, including transfer duties, amounted to €2,902 million, a €1,576-million increase over €1,326 million at the end of 2005. Excluding transfer duties, the portfolio was valued at €9.8 billion.

Replacement NAV advanced 33% to €100.7 per share, against €75.9 per share per share at 31 December 2005.

Proposed dividend up 17% per share

An ordinary dividend of €4.70 per share, compared with €4.00 per share last year, will be proposed to the Annual General Meeting of Shareholders to be held 4 May 2005. The payout corresponds to 65% of the group's recurring cash flow from operations.

Additionally, an extraordinary dividend of €7.50 is planned, as part of the transaction with Beni Stabili announced on 19 February 2007.

OUTLOOK

Diversification, coupled with commercial and investment partnerships, forms the core of Fonciere des Regions' development strategy.

The diversification strategy began with investments in the French regions and continued with building product lines into the organisations of targeted subsidiaries. Today, FDR is opening avenues of growth in several European countries, notably Germany and Italy, where structures will be put into place to replicate the strategy rolled out in France.

Fonciere des Regions believes that the growth trend already observed among European real estate companies active in the shopping centre sector will continue to gain momentum in the years ahead. This analysis is shared by **Beni Stabili**, one of Italy's leading real estate investment companies with a portfolio of long-term leases arising from property outsourcing transactions of high quality office buildings located mainly in the north of Italy.

Beni Stabili's main shareholder, Leonardo Del Vecchio, has signed a memorandum of understanding, as per which he has agreed to contribute his 35% interest in Beni Stabili to Fonciere des Regions. The agreement would give FDR a real estate investment vehicle in Italy and would create a European real estate investment company with €14 billion in assets, including €7 billion in the French market, €3 billion in Germany and €4 billion in Italy. In all, the portfolio would generate rental income of €850 million. Three operating entities with one per country and a combined staff of 750 professionals would manage the portfolio.

Fonciere des Regions will launch a mandatory share exchange for the remainder of Beni Stabili's capital. FDR's goal is to make Beni Stabili a fully operational Italian subsidiary with a largely open shareholder base.



Furthermore, Fonciere des Regions will pursue its efforts to organise its activities by product line, notably in the logistics sector through the creation of **Fonciere Europe Logistique**, in partnership with GE Real Estate. This subsidiary will have a portfolio of more than one million square metres of logistics properties valued at €760 million and a growth pipeline in excess of 400,000 square metres.

About Fonciere des Regions

Fonciere des Regions is a listed property investment company specialised in holding and managing commercial real estate, primarily offices rented to large businesses. The company is the controlling shareholder in listed property companies Fonciere des Murs and Fonciere Developpement Logements, as well as Parcs GFR. Fonciere des Regions is headed by Christophe Kullmann.

Fonciere des Regions is listed on Euronext Paris' Eurolist compartment B (FR0000064578 - DREG)

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