

## 2006 Annual Results A successful first year

Founded in 2006, Foncière Développement Logements (FDL), the premier listed property investment company specialised in long-term investment in residential real estate, built an asset base during the year valued in excess of €3 billion, more than two-thirds of which is located in Germany. FDL notably broadened its shareholder base in 2006 and enlarged its free float through a €100-million placing of shares in December. Including transfer duties, block NAV totalled €97.90 per share, up 8.5% in the last six months of 2006, while recurring cash flow from operations increased 21.4% to €4.08 per share over the same period.

### 2006 BUSINESS REVIEW

#### Asset base in France and Germany valued at more than €3 billion

A year after its founding, Foncière Développement Logements owns a residential property portfolio of more than 47,000 housing units in France and Germany that generates annualised rent of €188 million. The block value of the portfolio is appraised at more than €3 billion, excluding transfer duties, up 9.5% on a same structure basis vs. 1 January 2006.

**In France**, FDL assembled a portfolio of 3,321 residential units spread equally between Ile-de-France and the country's other major metropolitan areas. Valued at €632 million, the French portfolio generates €30 million in annualised rent. In 2006, Foncière des Régions and Predica, backed by FDL's initial shareholders, contributed 3,000 residential units to the portfolio, while Cardif Assurances Vie contributed 361 housing units at the end of the year.

FDL began diversifying its European asset base by investing **in Germany** in the second half of 2006. The company was drawn to the German market, which has strong fundamentals, by significant investment opportunities arising from an anticipated shift in housing ownership trends, from communities and companies to residential real estate professionals.

In 2006, FDL successfully completed a major acquisition of a highly defensive portfolio of 39,400 residential units in the Düsseldorf basin. The portfolio, valued at nearly €2.5 billion at 31 December 2006, generates rental income of €139 million. The transaction was very well received by investors. It was notably financed by a €621-million cash capital increase, €130 million of which was subscribed by the seller, Morgan Stanley Real Estate Fund (MSREF), to accompany the expected growth in the portfolio's value.

## Dedicated management organisations for each country

In France, where 20% of the asset base is located, FDL has a dedicated executive management team and an asset management team. To manage the rental activity of its portfolio, it uses Groupe Fonciere des Regions' network.

In Germany, FDL acquired a fully staffed real estate management company of 300 persons along with its new German portfolio. This entity is responsible for implementing FDL's new business plan to enhance asset value and growth.

## A measured property trading strategy

As part of its strategy to enhance portfolio value, FDL sold 325 residential units in France and Germany for a total of €42.9 million, giving rise to gross capital gains of €8.4 million, or a 34% gain vs. the price paid initially to acquire the assets.

## BROADENED SHAREHOLDER BASE, ENLARGED FREE FLOAT

The growth operations carried out by FDL are in step with the company's business model, which is designed to meet the needs of institutional investors seeking to outsource their residential property assets, while maintaining indirect exposure to the housing sector.

Accordingly, in 2006, FDL's shareholder base grew via asset contributions in exchange for FDL shares, as well as through capital increases subscribed in cash by French and international institutional investors. The shareholder base now includes Fonciere des Regions, MSREF, the insurance subsidiaries of the Credit Agricole, BNP Paribas, Credit Mutuel, Generali, and GMF groups, and the Banques Populaires group.

FDL is seeking to further diversify its shareholder base and expand the free float, which already totals €100 million following a successful placement of shares in December 2006.

## RESULTS AT 31 DECEMBER 2006

	31/12/2006	30/06/2006
Rental income in €m	40.2	13.3
Recurring cash flow from operations in €m	21.9	7.7
Recurring cash flow from operations in € per share	4.08	1.68
Net profit in €m	(65.8)	52.4

FDL generated rental income of €40.2 million over the full year, compared with €13.3 million in the first half of 2006. The net loss for the year totalled €65.8 million, vs. net profit of €52.4 million at 30 June 2006, after taking into account €152 million in net tax liabilities on assets in the German portfolio, in application of IFRS.

Including transfer duties, block NAV rose 8.5% to **€97.90 per share** in the last six months of the year. Excluding transfer duties, itemised NAV amounted to €124.6 per share.



At 31 December 2006, FDL's debt totalled €1,819 million, with an LTV (loan to value) ratio of 59.7%.

Lastly, recurring cash flow from operations advanced a strong 21.4% to **€4.08 per share** over the last six months of the year.

### PROPOSED DIVIDEND

The Supervisory Board will propose a dividend of €3.70 per old share to the Annual General Meeting of Shareholders to be held on 25 April, 2007. The payout represents 77.6% of recurring cash flow from operations.

Following the payout of the dividend, payable as of 30 April 2007, the new shares issued during the 30 November 2006 capital increase will be assimilated with the old shares.

### OUTLOOK

Fonciere Developpement Logements intends to successfully implement its strategy in France and Germany by forging partnerships with institutional investors, real estate developers and local communities.

#### About Fonciere Developpement Logements

Fonciere Development Logements is a leading listed property company specialising in long-term investment in residential real estate. Founded in 2006, FDL's main shareholders include Fonciere des Regions, Morgan Stanley Real Estate Fund, Banque Populaire, and the insurance subsidiaries of the Credit Agricole, Credit Mutuel, Generali, BNP Paribas, and GMF groups. FDL's growth strategy is focused on building partnerships with institutional investors and real estate developers, to provide its shareholders with a recurring return on their investment.

The company is headed by Thierry Beaudemoulin.

*Fonciere Developpement Logements is listed on Euronext Paris' Eurolist compartment C (FR0000030181 – FDL).*

Contacts: Marjolaine Alquier, Secretary General, Thierry Beaudemoulin, Chief Executive Officer

Tel. +33 (0)1 58 97 51 60 – Fax +33 (0)1 58 97 51 46 – marjolaine.alquier@gfr.fr

Public relations: Euro RSCG C&O, Benjamin Perret, Tel. +33 (0)1 58 47 95 39 – benjamin.perret@eurorscg.fr

[www.fdllogements.fr](http://www.fdllogements.fr)

