PAREF
VOTRE CAPITAL PIERRE

Press Release

Paris, 20 March 2014, 5.35 pm

2013 ANNUAL RESULTS

- ***Selective disposal policy to trade up the asset portfolio (€ 8 million in disposals carried out in 2013 and € 17 million since 1 January 2014)***
- ***Resumption of investments: € 13 million completed and € 24 million under agreement***
- ***15% growth in managed assets due in particular to Capiforce Pierre and resounding success of the Germany SCPI Novapierre launch***
- ***Net profit of € 1.2 million compared to € 6.1 million in 2012, impacted by changes in fair value resulting in a € 5.2 million decrease compared to a € 1.2 million decrease***
- ***EPRA triple net NAV: € 76.5 per share (compared to € 77.9 in 2012)***
- ***Payment of a dividend of € 3 per share***

The PAREF Management Board meeting of 19 March 2014, chaired by Alain Perrollaz, approved the parent company and consolidated financial statements for the financial year ended 31 December 2013 and submitted them to the Supervisory Board. Audit procedures on the financial statements have been carried out. The Statutory Auditors will issue their report after ascertaining that information disclosed in the management report and the registration document agrees with the consolidated financial statements

PROPERTY ASSETS

- **The Group continued its selective disposal policy.** The sales of Gentilly and Fontenay-le-Fleury were signed in December 2013 and January 2014 respectively, and are in addition to the sale of Rueil, completed in the first half-year. Moreover, the previously announced commitment to sell the La Courneuve asset was signed in December 2013, with completion of the sale taking place on 18 March 2014. The selective disposal programme for the year 2013 has therefore been completed in full.
- As a result of the funds thus released, the property management company resumed its investment policy, for a total of € 13 million in 2013. This amount includes Paref's investment share in the Le Gaïa building in Nanterre (final delivery of which took place on 22 January 2014 and which is now marketed in partitioned units). A commercial building was also acquired in Combs-la-Ville by the SCPI Interpierre France (fully consolidated). Moreover, in February 2014, an agreement for the acquisition of a multi-tenant office building in Levallois of a surface area of 5,800 m² for € 24 million deed in hand was signed.
- **Property assets (appraised value excluding stamp duty and purchasing costs) remain almost unchanged year-on-year at € 173 million**. These figures include the SCPI Interpierre's asset portfolio, the value of the 50% interest in Wep Watford (Le Gaïa building), and the SCPI and OPCI securities held by the Group.
- **The movement in fair value of the buildings** that make up PAREF's property assets was a decline of €5.2 million (including € 1.08 million in amortisation of usufruct). Excluding usufruct, the value of the buildings declined by 2.9% at 31 December 2013 on a like-for-like basis (excluding 2013 acquisitions/disposals).
- **Return on property assets: 9.1% overall gross return** (and 9.6% property assets, excluding SCPI/OPCI), including the potential return on vacant assets, including Le Gaïa.
- **Financial occupancy rate**: 89% (excluding construction of the Watford building), which was a decrease compared with the end of 2012 (91%).

REVENUES

- **Net rental income: €12.2 million compared to €13.2 million in 2012:** Rent (and recovered costs) totalled € 16.9 million compared to € 18.1 million in 2012, a decrease of € 1.2 million, due in particular to the maturing of certain temporary usufructs in 2012 for € (0.6) million and the completion of disposals for € (0.4) million. On a constant group structure basis (excluding sales and the maturing of usufructs), rental income declined by 2.8 %.

- **SCPI fundraising totalled €29 million,** mainly due to the company Pierre 48.

- **Management on behalf of third parties (SCPI, OPCI)** totalled €683 million at 31 December 2013, a year-on-year increase of 15 %. Paref Gestion was also selected by SCPI Capiforce Pierre as its management company effective from 1 January 2013. Managed assets therefore increased by €42 million at 1 January 2013, added to which are the net amount raised over the year and the increase in the value of managed assets. Managed assets thus increased by € 90 million over the course of the year.
  Total assets held or managed by the Paref Group, following elimination of duplication (Paref investments in instruments managed by Paref Gestion) thus totalled € 816 million.

- **Management fees:** in 2013, management fees totalled € 5.2 million compared to € 6.1 million for 2012. The decline was due to subscription fees (SCPI) which represented € 2.4 million in 2013, compared with € 3.25 million the previous year. Fees related to SCPI, OPCI and third party assets under management (and miscellaneous management fees) represented € 3.0 million in 2013 compared with € 2.8 million during the previous financial year.

RESULTS

(€ millions)	**31.12.13**	**31.12.12**
Net rental income	12.2	13.2
Management and subscription fees	5.2	6.1
Gross operating profit	**10.6**	**12.0**
Proceeds from investment property disposals	0.5	0.4
Net movement in investment property fair value	(5.2)	(1.2)
Net financial expense	(4.7)	(5.8)
Profit before tax	**1.2**	**5.3**
Net profit - Group share	**1.2**	**6.1**
Earnings per share, adjusted, weighted and diluted (€)	*1.05*	*5.50*

- **Gross operating profit**: **€10.6 million** compared to €12.0 million in 2012 due to lower rental income (as a result of disposals and usufructs maturing) and the decrease in fees from the management on behalf of third parties business, as explained above.

- **Improvement in net financial expense: €4.7 million** compared with €5.8 million, due to the reduction in debt levels and the favourable impact of the cost of the swaps.

- **Profit before tax: €1.2 million** compared to €5.3 million in 2012, particularly impacted by the movements in fair value of the property assets. As such, the net profit before tax and movement in fair value, including the equity accounted companies (OPCI Vivapierre and Wep Watford) was virtually unchanged at € 7.1 million (compared with € 7.2 million in 2012).

- **Net profit - Group share: €1.2 million**, compared to €6.1 million in 2012, with net earnings per share, adjusted, weighted and diluted, of **€1.05 per share.**

IFRS consolidated financial statements

(€ millions)	31.12.13	31.12.12
Total assets	187.7	191
Total liabilities	87	93.7
Minority interests	13.2	8.4
Equity – Group share	87.5	88.9
Replacement NAV/share *(€ per outstanding share at end of period, excluding treasury shares)*	**89.4**	**95.1**

NET ASSET VALUE

- **NAV per share.** Liquidation and replacement NAVs, now calculated in accordance with EPRA standards, were as follows:
- **EPRA NAV (liquidation) per share: € 81.0 per share**, compared with € 85.5 per share at the end of 2012;
- **Replacement NAV (including stamp duty): €89.4 per share**, compared to €95.1 at 31 December 2012;
- **EPRA triple net NAV** (which includes the fair value of debt) was **€76.5 per share,** compared to € 77.9 per share in 2012.

FINANCIAL POSITION

- **Consolidated group equity:** € 87.5 million, compared to €88.9 million at end December 2012.
  The three major items that affected the net position in 2013 were the profit of € 1.2 million, the upward revaluation of hedge financial instruments by € 1.0 million, and the payment of the dividend in respect of the 2012 financial year totalling € 3.6 million.

- **Consolidated financial debt:** in addition to the redemption of loans for € 7 million, the disposal of Rueil carried out in 2013 for € 1 million contributed to the reduction in consolidated gross financial debt, which totalled € 77 million at end December 2013, compared with € 84 million at end December 2012.

- **Net financial debt / asset value (LTV ratio): 40.5**% at the end of 2013, including Wep Watford's proportionally-accounted debt, a decline of 1.5 percentage points compared to 2012.

DIVIDEND

The Management Board will submit for approval to the Annual General Meeting of 14 May 2014 the payment of a dividend of € 3.0 per share, unchanged compared to 2012. The ex-dividend date is 27 May.

OUTLOOK

The PAREF Group will pursue its development strategy in 2014, focusing on the following three areas:

- **Continued investments**

  Paref will favour indirect investments via minority shareholdings in institutional OPCIs launched by Paref Gestion. At 31 December 2013, the Group had already signed an undertaking for a total amount of € 24 million.

- **Trading up the Asset portfolio**

  Paref will continue its active selective disposal policy targeting mature or unsuitable assets (€ 17 million under agreement at 31 December 2013), with the aim of refocusing the asset portfolio on office buildings that comply with the new environmental standards.

- **Development of the management on behalf of third parties business and product innovations**

  - Paref Gestion will continue to promote its SCPI range, taking advantage of both a buoyant market and a diverse offering, which includes Novapierre (retail stores), Pierre 48 (residential property in and around Paris), Interpierre (offices and business premises), Capiforce Pierre (mixed SCPI) and now Novapierre Germany (commercial property in Germany).

  - Building on the launch of Novapierre Germany, the Group will develop its product portfolio by focusing on innovation in order to create a differentiating offer. The success of Novapierre Germany, which announced an additional capital increase of € 40 million following an initial allocation of €10 million completed in record time, serves to confirm Paref Gestion's expertise in this field.

  - The Group will also seek opportunities to create professional OPCIs, both as part of its indirect investment policy or simply as a provider within partnerships.

The document presented at the annual results presentation is available on the Paref website: www.paref.com

The 2013 financial report will be available on the PAREF website on 22 April 2014

About PAREF

PAREF Group operates in two major complementary areas:

- ***Commercial and residential investments:*** *PAREF owns various commercial buildings in and out of the Paris region. The Group also owns the temporary usufruct of residential property in Paris.*
- ***Management on behalf of third parties:*** *PAREF Gestion, an AMF-certified subsidiary of PAREF manages 5 SCPIs and 2 OPCIs.*

At 31 December 2013, PAREF Group owned €173 million in property assets and managed assets worth €683 million on behalf of third parties.

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Shareholders' agenda
1st quarter sales: 6 May 2014
Annual General Meeting: 14 May 2014

For further information, please visit the PAREF Group website: www.paref.com