

Strong operating income

Foncière des Murs confirms its number one hotel property investor status

Acquisition of 165 B & B hotel portfolio bolsters presence in the hotel industry

Foncière des Murs, in a partnership with Crédit Agricole Assurances and Assurances du Crédit Mutuel, acquired a portfolio of 165 B & B hotels in November 2012 for a total amount of €513 million at 31 December 2012, or €258 million group share, with Foncière des Murs holding a 50.2% stake.

This acquisition was partially financed by a capital increase of €125 million, carried out with the support of the primary Foncière des Murs shareholders in April 2012, resulting in 7.8 million new shares created.

With this purchase, Foncière des Murs becomes the leading lessor amongst the three major hotel operators in France—Accor, B & B and Louvre Hotels—thus confirming its number one hotel property hotel investor status.

A diversified financing source and reinforced financial structure

- €520 million in new funds, which covers all loans maturing in 2013 and a portion of those coming due in 2014

Foncière des Murs has refinanced all debt instruments maturing in 2013 as well as part of those maturing in 2014, while diversifying its financing sources.

The €520 million of new financing breaks down as follows:

- Bank debt in the amount of €265 million is made up of mortgages with a 5-year maturity.
- Another €255 million are in the form of a mortgage bond issue with a 7-year maturity.

This innovative issue, the first for listed covered bonds in France, was underwritten by institutional investors.

- €332 million in asset sales and sales agreements, at a price 1.9% higher than the appraised value, of which €269 million are new commitments signed in 2012.

These sales involved 80 properties including:

- 28 hotels including the buildings and business assets, for €140 million
- 41 operating retail properties, as single units or as part of portfolios, for €112 million. The sale of Quick and Courtepaille restaurants were the first to be carried out by Foncière des Murs. These sales demonstrated the liquidity and attractiveness of this class of assets, which was evident through the interest shown by investors
- 11 Healthcare properties for €80 million

These asset sales, which were realised directly, satisfy two objectives, namely asset rotation and debt reduction, in line with the 2011 asset sales.

As a result, Foncière des Murs' financial structure was markedly strengthened, with an LTV ratio of 42.4% compared with 45.8% as at 31 December 2011. In this way, LTV has dropped by nearly ten points since 31 December 2010.

	31 December 2011	31 December 2012	Change
LTV (excluding charges)	48.4%	44.8%	-360 bps
LTV (including charges)	45.8%	42.4%	-340 bps

Average debt maturity has increased by one year, moving to 3.6 years.

Lastly, interest cover (ICR) amounted to 2.60 as at 31 December 2012, stable compared with the end of 2011.

Slight increase in rental income: 0.5% like-for-like increase

(in € m)	1 part		After minority interests	1 part		
	31/12/2011	31/12/2012	31/12/2012	Change (in € m)	% Change	Like-for-like % change
Hotels	133.2	116.6	114.3	- 16.6	-12.5%	-0.9%
Healthcare	26.8	24.4	24.4	- 2.3	-8.7%	3.5%
Retail	43.6	43.7	43.7	0.1	0.3%	2.6%
Rental income	203.6	184.8	182.5	- 18.8	-9.3%	0.5%

Rental income at 31 December 2012 decreased by €18.8 million in absolute value terms, which primarily reflects the impact of the 2011 and 2012 disposals, particularly in hotels. On a like-for-like basis, rental income increased by 0.5% for the year, despite the depressed economic environment.

Net recurring EPRA income of €112.8 million, and EPS of €1.82

Net recurring EPRA income amounted to €112.8 million, down 6.6% from €120.8 million at 31 December 2011. This decrease reflects the impact of the arbitrage and deleveraging strategy (asset sales amounting to €750 million since the beginning of 2011). On a per share basis, net recurring EPRA income amounted to €1.82 at 31 December 2012, down 14.9% from €2.14 at 31 December 2011.

Meanwhile, net income, Group share, came in at €99.7 million compared with €141.3 million at the end of 2011.

	31 December 2011	31 December 2012	% Change
Recurring net EPRA income (€ m)	120.8	112.8	-6.6%
Recurring net EPRA earnings per share	€2.14	€1.82	-14.9%*
Net income, in € m	141.3	99.7	n/a

*The average number of shares increased between 2011 and 2012, following the April 2012 capital increase.

NAV of €1,665 million, up 9.3%

At 31 December 2012, portfolios held excluding consolidated companies was valued at €3,039 million excluding charges (Group share), compared to €2,949 million at 31 December 2011. On a like-for-like basis, NAV increased by 1.8% compared with the end of 2011, and posted an average yield of 6.3% (excluding charges).

EPRA NAV increased by 9.3% to €1,664.8 million (i.e. €25.90 per share), up from €1,523.2 million (i.e. €27.00 per share) at the end of 2011. EPRA NAV increased by 10.7% to €1,414.6 million (i.e. €22.00 per share), up from €1,278.0 million (i.e. €22.60 per share) at the end of 2011.

	31 December 2011	31 December 2012	Change
Total portfolio value (group share)	2,949	3,039	+1.8% like-for-like
Value of portfolio under management	3,571	4,006	+2.0% like-for-like
EPRA NAV	1,523.2	1664.8	+9.3%
EPRA NAV per share	27.0	25.9	-3.9%*

*The number of shares increased between 2011 and 2012, following the April 2012 capital increase.

Outlook for 2013

Foncière des Murs confirms its objective to continue to benefit from the development opportunities in the hotel industry, particularly by assisting its tenants in their development activities, thus bolstering existing partnerships.

Foncière des Murs has established the objective of stabilising net recurring income in 2013. It will also propose during the General Meeting a dividend for 2012 of €1,50 per share.

CONTACTS

Cécile Boyer
Tel: +33 (0)1 58 97 54 47
cecile.boyer@fdr.fr

Sébastien Bonneton
Tel: + 33 (0)1 58 97 52 44
sebastien.bonneton@fdr.fr

About Foncière des Murs

Foncière des Murs, a subsidiary of Foncière des Régions, specialises in the ownership of business premises, especially in the hotel, healthcare, and retail sectors. As a listed real estate investment company (SIIC), Foncière des Régions is a real estate partner for major players in the business properties sector. Foncière des Murs owns a portfolio amounting to €3 billion and manages a €4 billion portfolio.

www.foncieredesmurs.fr

About Foncière des Régions

As a major player in the service sector real estate for Offices & Key Accounts, Foncière des Régions owns and manages a €9 billion portfolio that is primarily leased to key accounts who are leaders in their business sectors, including SUEZ Environnement, Thales, Dassault Systèmes, France Telecom, EDF, and Accor, etc.

As companies' real estate strategy partner, Foncière des Régions works with clients to design innovative and sustainable real estate solutions.

www.foncieredesregions.fr

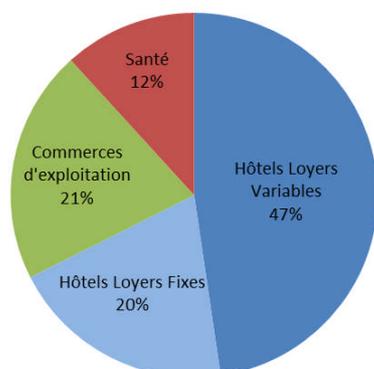
APPENDICES

Appraised value at 31 December 2012

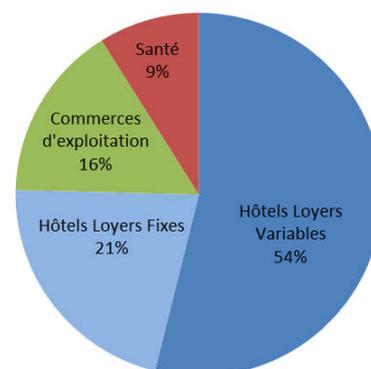
<i>(in € m)</i>	Value at 31/12/2011	Value at 31/12/2012	Like-for- like change over 12 months	Yield (excluding charges)
Hotels	1,834	2,053	0.8%	6.1%
Healthcare	423	356	2.3%	6.4%
Retail	692	630	3.6%	6.4%
TOTAL asset portfolio (after minority interests), excluding consolidated companies	2,949	3,039	1.8%	6.3%
TOTAL consolidated asset portfolio – in total excluding consolidated companies		3,299		
<i>(in € m)</i>	Value at 31/12/2011	Value at 31/12/2012	Like-for- like change over 12 months	Yield (excluding charges)
Consolidated asset portfolio – in total	2,949	3,299	1.8%	6.3%
Total directly-owned portfolio – in total	622	708	3.0%	6.3%
Total portfolio under management	3,571	4,006	2.0%	6.3%

Asset indicators

FdM consolidated assets after minority interests – €3,039 m



FdM assets under management – €4,006 m



Terms of debt

Net debt
-3% compared to 31/12/2011

€1,452 m

Average cost of debt
4.39% at 31/12/2011

4.49%

Average debt maturity
+1.1 compared to 31/12/2011

3.7 years

Total active hedging debt ratio

95.1%

Net asset value

	31/12/2011	31/12/2012	2011/2012 Change
EPRA Triple net NAV (€m)	1,278.0	1,414.6	+10.7%
EPRA net triple NAV per share (€)	22.6	22.0	-2.7%
EPRA NAV (€m)	1,523.2	1,664.8	+9.3%
EPRA NAV per share (€)	27.0	25.9	-3.9%

Reconciliation of net income to recurring net income

€M	Net income	Restatements	Recurring net income
RENTAL INCOME	182.5		182.5
UNRECOVERED LEASE EXPENSE	-0.1		-0.1
BUILDING EXPENSES	-2.9		-2.9
EXPENSES NET OF UNRECOVERABLE RECEIVABLES	-0.0		-0.0
	-		-
NET RENTAL INCOME	179.4	-	179.4
	-		-
MANAGEMENT AND ADMINISTRATION INCOME	2.8	-	2.8
BUSINESS-RELATED EXPENSES	-1.0		-1.0
OVERHEADS	-7.4	0.1	-7.3
DEVELOPMENT EXPENSES	-0.2	0.2	-
	-		-
OPERATING COSTS	-5.8	0.3	-5.5
	-		-
NET CHANGE IN PROVISIONS AND OTHER ITEMS	-1.4	1.4	-
	-		-
OPERATING INCOME FROM CONTINUING OPERATIONS	172.2	1.8	174.0
	-		-
PROCEEDS FROM ASSET SALES	232.3	-232.3	-
BOOK VALUE OF ASSETS SOLD	-232.8	232.8	-
	-		-
NET GAINS/LOSSES FROM ASSET SALES	-0.5	0.5	-
	-		-
REVALUATION INCREASE in investment properties	54.6	-54.6	-
REVALUATION DECREASE in investment properties	-10.9	10.9	-
	-		-
NET REVALUATION INCREASE / DECREASE	43.7	-43.7	-
	-		-
NET GAINS / LOSSES FROM SALE OF SECURITIES	-	-	-
	-		-
OPERATING INCOME	215.4	-41.4	174.0
	-		-
NET COST OF FINANCIAL DEBT	-65.7		-65.7
Adjustment TO THE value of derivative instruments, payables and receivables	-49.4	49.4	-
DISCOUNTING OF payables AND RECEIVABLES	-1.3	1.3	-
NET CHANGE IN FINANCIAL AND OTHER PROVISIONS	-4.6	4.6	-
Share of income from Equity associates	9.6	-4.9	4.7
	-		-
NET INCOME BEFORE TAX	103.9	9.1	113.0
	-		-
DEFERRED TAX	-4.0	4.0	-
CORPORATE INCOME TAX	-0.2		-0.2
	-		-
NET INCOME FOR THE PERIOD. GROUP SHARE	99.7	13.1	112.8

Consolidated balance sheet

€M	Net		Financial year	Financial year
	31 Dec 11	31 Dec 12		
GOODWILL				
INTANGIBLE ASSETS				
TANGIBLE ASSETS				
Operating properties				
Other tangible fixed assets	0.0	0.0		
Assets in progress				
INVESTMENT PROPERTIES	2,593.6	3,006.3		
FINANCIAL ASSETS	7.0	6.8		
INVESTMENTS, IN EQUITY ASSOCIATES	61.1	70.2		
DEFERRED TAX ASSETS	1.2	1.1		
FINANCIAL INSTRUMENTS	7.4	9.8		
TOTAL NON-CURRENT ASSETS	2,670.3	3,094.1		
ASSETS HELD FOR SALE	355.1	292.3		
LEASING LOANS AND RECEIVABLES		0.2		
INVENTORIES AND WORK-IN-PROGRESS				
TRADE RECEIVABLES	14.5	9.5		
TAX RECEIVABLES	4.1	5.6		
OTHER RECEIVABLES	3.8	1.2		
PREPAID EXPENSES	0.7	2.4		
CASH AND CASH EQUIVALENTS	1.2	4.5		
TOTAL CURRENT ASSETS	379.3	315.7		
TOTAL ASSETS	3,049.6	3,409.8		
CAPITAL			225.8	256.9
PREMIUMS			410.3	502.6
TREASURY SHARES			-0.1	-0.1
CONSOLIDATED RESERVES			500.7	557.2
NET INCOME			141.3	99.7
TOTAL GROUP SHAREHOLDERS' EQUITY			1,278.0	1,416.3
MINORITY INTERESTS			-1.9	146.9
TOTAL SHAREHOLDERS' EQUITY			1,276.1	1,563.1
Long-term borrowings			1,464.7	1,540.2
FINANCIAL INSTRUMENTS			205.2	205.2
Deferred tax liabilities			45.7	49.5
PENSION AND OTHER COMMITMENTS			0.0	0.0
OTHER PAYABLES			4.1	1.5
TOTAL NON-CURRENT LIABILITIES			1,719.7	1,796.5
LIABILITIES HELD FOR SALE				
TRADE PAYABLES			8.6	12.3
SHORT-TERM BORROWINGS			30.8	26.7
SECURITY DEPOSITS				
ADVANCES & PREPAYMENTS			0.5	2.6
ST PROVISIONS				
CURRENT TAXES			0.1	
OTHER PAYABLES			13.7	8.2
ADJUSTMENT ACCOUNTS			0.1	0.3
TOTAL CURRENT LIABILITIES			53.8	50.1
TOTAL LIABILITIES			3,049.6	3,409.8