



**Quarterly business report
1st quarter 2009
(unaudited data)**

Over the quarter, Foncière PAREF focused its efforts on deriving value from its property assets and developing its management on behalf of third parties business, with the launch of Polypierre, an OPCI governed by simplified rules, and the preparation of several dedicated or theme-based OPCIs. The banking and financial crisis continued, preventing the Group from raising cash equity and borrowing funds under reasonable terms and conditions to expand its own property portfolio.

1 – Property portfolio and Group debt

1.1 Property portfolio stable since 1 January

Due to market conditions, PAREF did not acquire any buildings over the quarter. As part of the launch of the Polypierre OPCI, PAREF made a 28.6% investment in the early-stage capital of this OPCI, whose capital amounts to € 192 thousand.

The Group's property portfolio was valued at € 213 million at end March 2009, unchanged compared to 1 January 2009, but 8.6% higher than at 1 January 2008. This includes the SCPI shares held by the Group (€ 5.7 million at end March), recognised as financial assets in the IFRS balance sheet and the shares held in the Vivapierre OPCI (€ 5.9 million), of which PAREF holds 27% of the share capital and which are equity accounted.

1.2 Financial debt

The Company did not take out any new loans over the quarter.

Consolidated financial debt totalled € 139 million at 31 March 2009. The ratio between debt and the value of property assets (LTV ratio), taking account of property assets held as SCPI, OPCI and treasury shares was 64%, compared to 66% at end December.

The Group's bank borrowings were either contracted at a fixed rate or at a capped variable rate. At 31 March 2009, all outstanding debt was at a fixed rate or hedged by a cap or swap.

Over the quarter, the Company took various steps to strengthen its financial position. An addendum was signed during the quarter to Calyon's lending terms relating to 4 buildings (Berger, Parmentier, Rueil and Juvisy); it amended the Loan to Value ratio conditions according to which the liability may become payable, the threshold of which was increased to 70%, compared to 66% previously, and the early redemption terms and conditions, which became more favourable. Note that these borrowings from Calyon are PAREF's only loans providing for covenants calculated on a consolidated basis. In addition, the Company renegotiated with Investec the maturity schedule of its loan, to purchase treasury shares. Lastly, a € 2 million short-term credit facility (undrawn to date) was implemented with the CIC bank.

2. 1.4% revenue growth at 31 March

The quarterly consolidated IFRS revenue amounted to € 6.0 million, an increase of 1.4% compared to that of the 1st quarter 2008. Excluding the ancillary business of property dealings, revenue grew by 8.4%.

Revenue (€thousands)	Q1 2009	Q2 2008	% change	31 Dec. 2008
Rent and costs recovered	5,245	4,855	8.0%	20,452
residential	761	750	1.5%	3,053
commercial	4,484	4,105	9.2%	17,399
Management fees	741	667	11.1%	2,948
Total recurring activities	5,986	5,522	8.4%	23,400
Property dealings	0	380	ns	645
Consolidated revenue IFRS	5,986	5,902	1.4%	24,045

2.1 8% growth in rental income

Rental income increased by 8% to € 5.2 million. Commercial rent, which now represents 85% of the total, grew by 9.2% due to rent indexing and vacant properties leased in 2008 and early in 2009, notably at the La Courneuve site, as well as the effect of acquisitions made in 2008. On a like-for-like basis, the increase in rent was 10.4% (+11.3% for the commercial rent).

The financial occupancy rate remained unchanged from December at 93% (compared to 87% in March 2008). The main vacant properties were the Gentilly building, which is being rented out again, and the Clichy and Fontenay-le Fleury buildings. The La Courneuve site is now fully rented out following the rental at end January of the last vacant unit, a business premises.

The tenant of the La Houssaye building notified the Company of its intent to leave at the 30 September 2009 due date; the lease was extended until 31 December 2009 and the vacancy marketed. A tenant experiencing financial difficulties and representing about 3% of rental income requested an extension to the payment terms, but this event had no impact on net profit due to the guarantees received. No other significant new items affected the rental position.

2.2 Fees from management on behalf of third parties

Fees from the management of behalf of third parties business totalled € 741 thousand, an increase of 11% compared to the 1st quarter 2008. SCPI management fees were up 9% to € 396 thousand, but SCPI subscription fees experienced a sharp decline due to the difficult market conditions. The decrease in the overall contribution of SCPIs was offset by the management fees received in relation to the Vivapierre OPCI (€ 86 thousand) and the balance of the over-performance commission (€ 228 thousand) received in respect of transactions carried out on behalf of Westbrook until 2006.

Overall, the assets managed by PAREF GESTION totalled € 607 million (unchanged compared to 31 December 2008). The capitalisation of SCPIs Pierre 48 (€ 232 million), Novapierre (€ 51 million) and Interpierre (€ 6 million) was stable since 1 January.

The assets managed by PAREF GESTION at 31 March 2009 (including those managed on behalf of the Group) may be analysed as follows:

ASSETS MANAGED BY PAREF GROUP

Capital under management	31 March 2009		31 Dec. 2008	
	m ²	€ thousand	m ²	€ thousand
PAREF Group	232,349	201,152	232,349	201,152
Interpierre	11,617	5,608	11,617	5,630
Novapierre 1	22,572	51,225	22,572	51,382
Pierre 48	53,737	232,291	53,809	232,800
Total SCPI (2)	87,926	289,124	87,998	289,811
Vivapierre	53,833	90,470	53,833	90,430
Third parties	13,524	26,701	13,524	26,701
Usufructs counted twice (3)	(16,661)		(16,661)	
Grand total	370,971	607,447	371,043	608,094

(1) appraised value of assets at 31 December 2008

(2) capitalisation at 31 March based on share issue prices at that date

(3) floor areas counted both by Pierre 48 (bare owner) and PAREF or party under management (usufructuary).

3 – Share buyback programme

The Group held 79,867 treasury shares at 31 March 2009 (unchanged compared to 31 December, except for a few movements in the liquidity contract). Following the change of allocation introduced during the quarter, shares held as part of the buyback programme are classified as follows: 59,061 shares held for cancellation, 19,015 held to service free share or stock option allocation plans and 1,791 shares in respect of the liquidity contract.

4 – Outlook

Due to the difficulties currently encountered in raising equity on the Stock Exchange at reasonable terms and conditions, the Group limits its own investment plans to the acquisition of building portfolio by asset transfer and on optimising rental management.

The Group's main development area is the creation of OPCI designed for institutional investors, similar to Vivapierre (VVF-Belambra holiday villages) or Polypierre, directed at investors who wish to benefit from current market opportunities. PAREF GESTION is also preparing the launch of dedicated or theme-based OPCIs.