



FONCIÈRE DES RÉGIONS

Fundamentals reinforced and ongoing performances improvement

As a leading player in office real estate with €8.6 billion¹ in property located in solid markets, Foncière des Régions is rolling out a strategy:

- of partnership with its major tenants (France Télécom, Suez Environnement, Telecom Italia, EDF, etc.) to ensure a constant revenue stream,
- of continuous property improvement through a measured strategy of asset turnover and development that addresses the tenant's expectations.

These strengths enable Foncière des Régions to successfully pursue its strategy in a challenging economic and financial environment.

Steady streams of rental income and a strengthened financial structure

Rental activity in the H1 2010 was particularly strong, with

- 150,000m² in office leasing deals: 120,000 m² in France and 30,000m² in Italy
- delivery of the CB 21 Tower, the first tower in the La Défense Renewal Plan, with 2/3 of it leased for 10 years
- a new strategic agreement with France Télécom for 194 properties.

This real estate activity has resulted in an improvement in its stream of property leasing revenue, with the firm residual term of its leases averaging 6 years at the end of June 2010. Moreover, office occupancy rates remain high at over 94%. Rental income for the H1 of 2010 was up 1.7% on a constant scope of consolidation, due primarily to the portfolio indexation structure.

In addition, as part of its policy of continuous property improvement Foncière des Régions Regions realized during this half year €331 million of sales and sales agreements, 0.7% above the appraised values to end of 2009.

Encouraged by the success of its 2010 FdR Plan, completed at the end of 2009, the company's financial structure improved even further in this half, adding some €213 million to net equity, as a result of the stock dividend and the exercise of BSA². The loan-to-value ratio also declined significantly, to 53.4% (versus 55.6% at end-2009). The average cost of debt remains stable at 4.60%.

Recurring net income up slightly

The 1.1% increase in recurring net income, to €153 million, was due to like-for-like growth in rental income and a decline in the expense ratio from 19.4% to 17.8%. On a per-share basis, recurring net income totalled €3.02, down from €3.66 in H1 2009, due largely to the 2009 capital increases, and particularly the payment of the 2008 dividend of stock issued at €34.

Net income amounted to €101 million in the first half of 2010 against a loss of €326 million during the same period in 2009 including the return of rising appraisal values.

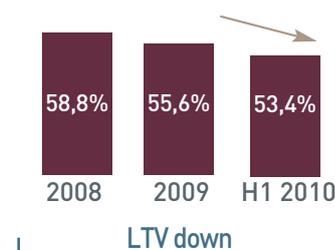
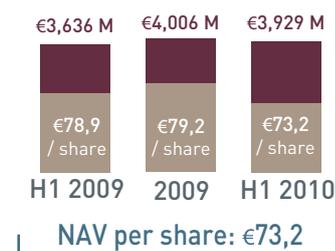
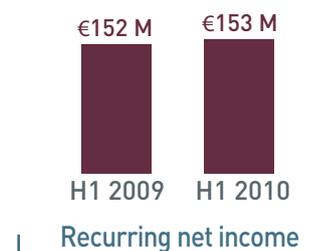
NAV³ per share of €73.2

During this half, the group share of total assets rose 1.7% on a constant scope of consolidation to €8.6 billion. This was due to the asset management work carried out and a decline in capitalisation rates, reflecting increased interest in real estate investment.

NAV per share totalled €73.2 (€3.9 billion of NAV), down automatically versus the end of 2009, largely due to the distribution of the 2009 extraordinary dividend of €3.30 and six Beni Stabili shares. This extraordinary dividend allowed Beni Stabili to meet the eligibility objective for the Italian tax transparency regime (SIIQ) for 2011.

Outlook

Foncière des Régions now seeks to consolidate its position as a leading office real-estate firm, with its goals being an LTV below 50% and growth in recurring net income.



¹ Group share basis

² Equity warrants

³ Excluding financial instruments