



# 2013 half-year results

24<sup>th</sup> July 2013

# Highlights

- Execution of the disposal plan (€ 147m, including contracted sales)
- LTV at 48.9% pro forma
- Delivery and letting of Eiffel O<sup>2</sup> Montrouge
- Operating margins maintained (78%)



# Agenda

- I. Strategic plan: progress as at 30 June 2013
- II. 2013 Half-year results
- III. Appendix



# I // Strategic plan: progress as at 30 June 2013



# Strategic plan

Headway as at 31.12.2012

	Phase 1: Risk reduction 2012	Phase 2: Restructuring 2013 - 2014	Phase 3: Arbitrage & growth Post 2014
Portfolio	<ul style="list-style-type: none"> <li>Sold €70m provincial assets</li> </ul>	<ul style="list-style-type: none"> <li>Increase pace of non core asset disposals</li> <li>Opportunistic investments through partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Recycle disposal proceeds into core investment</li> </ul>
Risk profile	<ul style="list-style-type: none"> <li>Extended debt maturity to 5.3 years</li> </ul>	<ul style="list-style-type: none"> <li>Renegotiate and extend leases</li> </ul>	<ul style="list-style-type: none"> <li>Income yielding assets 85-95%</li> <li>Value added assets 5-15%</li> </ul>
Debt profile	<ul style="list-style-type: none"> <li>Reduced LTV from 60% to 56%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce LTV to 45%</li> </ul>	<ul style="list-style-type: none"> <li>LTV <math>\leq</math> 45%</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Appointed new CEO</li> <li>New management</li> </ul>	<ul style="list-style-type: none"> <li>Hire new CFO</li> <li>Founders retain non executive positions</li> </ul>	<ul style="list-style-type: none"> <li>Management invested in business</li> <li>Aligned remuneration policy</li> </ul>
Dividend policy	<ul style="list-style-type: none"> <li>Paid € 4.20 partial scrip dividend</li> </ul>	<ul style="list-style-type: none"> <li>€ 3.20 dividend</li> <li>Full cash payment</li> </ul>	<ul style="list-style-type: none"> <li>70-80% recurring CF pay-out ratio</li> <li>Full cash payment</li> </ul>



# Strategic plan

Headway as at 30.06.2013

	Phase 1: Risk reduction 2012	Phase 2: Restructuring 2013 - 2014	Phase 3: Arbitrage & growth Post 2014
Portfolio	<ul style="list-style-type: none"> <li>Sold €70m provincial assets</li> </ul>	<ul style="list-style-type: none"> <li>Increase pace of non core asset disposals</li> <li>Opportunistic investments through partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Recycle disposal proceeds into core investment</li> </ul>
Risk profile	<ul style="list-style-type: none"> <li>Extended debt maturity to 5.3 years</li> </ul>	<ul style="list-style-type: none"> <li>Renegotiate and extend leases</li> </ul>	<ul style="list-style-type: none"> <li>Income yielding assets 85-95%</li> <li>Value added assets 5-15%</li> </ul>
Debt profile	<ul style="list-style-type: none"> <li>Reduced LTV from 60% to 56%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce LTV to 45%</li> </ul>	<ul style="list-style-type: none"> <li>LTV <math>\leq</math> 45%</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Appointed new CEO</li> <li>New management</li> </ul>	<ul style="list-style-type: none"> <li>Hire new CFO</li> <li>Founders retain non executive positions</li> </ul>	<ul style="list-style-type: none"> <li>Management invested in business</li> <li>Aligned remuneration policy</li> </ul>
Dividend policy	<ul style="list-style-type: none"> <li>Paid € 4.20 partial scrip dividend</li> </ul>	<ul style="list-style-type: none"> <li>€ 3.20 dividend</li> <li>Full cash payment</li> </ul>	<ul style="list-style-type: none"> <li>70-80% recurring CF pay-out ratio</li> <li>Full cash payment</li> </ul>



# Main achievements 1<sup>st</sup> half

Stated 2013 objectives	Achieved as at 30 June 2013
✓ <b>Securing rental income</b>	<ul style="list-style-type: none"> <li>■ Pre-letting Montrouge - 6 years - € 1.8m</li> <li>■ Lease extensions – Total amount: € 7.4m</li> </ul>
✓ <b>Asset disposals</b>	<ul style="list-style-type: none"> <li>■ Total: € 147m                             <ul style="list-style-type: none"> <li>➢ Completed sales: € 89m</li> <li>➢ Under contract: € 58m</li> </ul> </li> </ul>
✓ <b>Leverage below 50% LTV</b>	<ul style="list-style-type: none"> <li>■ 48.9 % pro forma*</li> </ul>
✓ <b>Acquisition pipeline</b>	<ul style="list-style-type: none"> <li>■ Identified</li> </ul>
✓ <b>Reduction in corporate expenses</b>	<ul style="list-style-type: none"> <li>■ - 20 % pro-forma full year IFRS</li> <li>■ - 19% pro-forma full year EPRA</li> </ul>

\* Including contracted sales



# Securing rental income

Main letting transactions:

Tenant	Asset	Closed duration	Area (m²)	Rent (€m)
New lease Poste Immo	Montrouge	6 years	5,300	1.8
Lease extension Atos	Aubervilliers	7 years	21,100	2.0
Lease extension La Poste	Les Souhesmes & Vannes	6 years	18,100	0.8
New lease PTC	Aix Eiffel Park	6 years	1,700	0.2
Lease extension Veritas	Aix Eiffel Park	4 years	2,200	0.3
Lease extension Euromédia	Saint-Cloud	1.5 years	4,100	1.0
Lease extension ARS	Montpellier Eiffel Park	6 years	6,500	1.2
Other leases / extensions		N/A	19,400	1.9
		<b>Total</b>	<b>78,400</b>	<b>9.2</b>





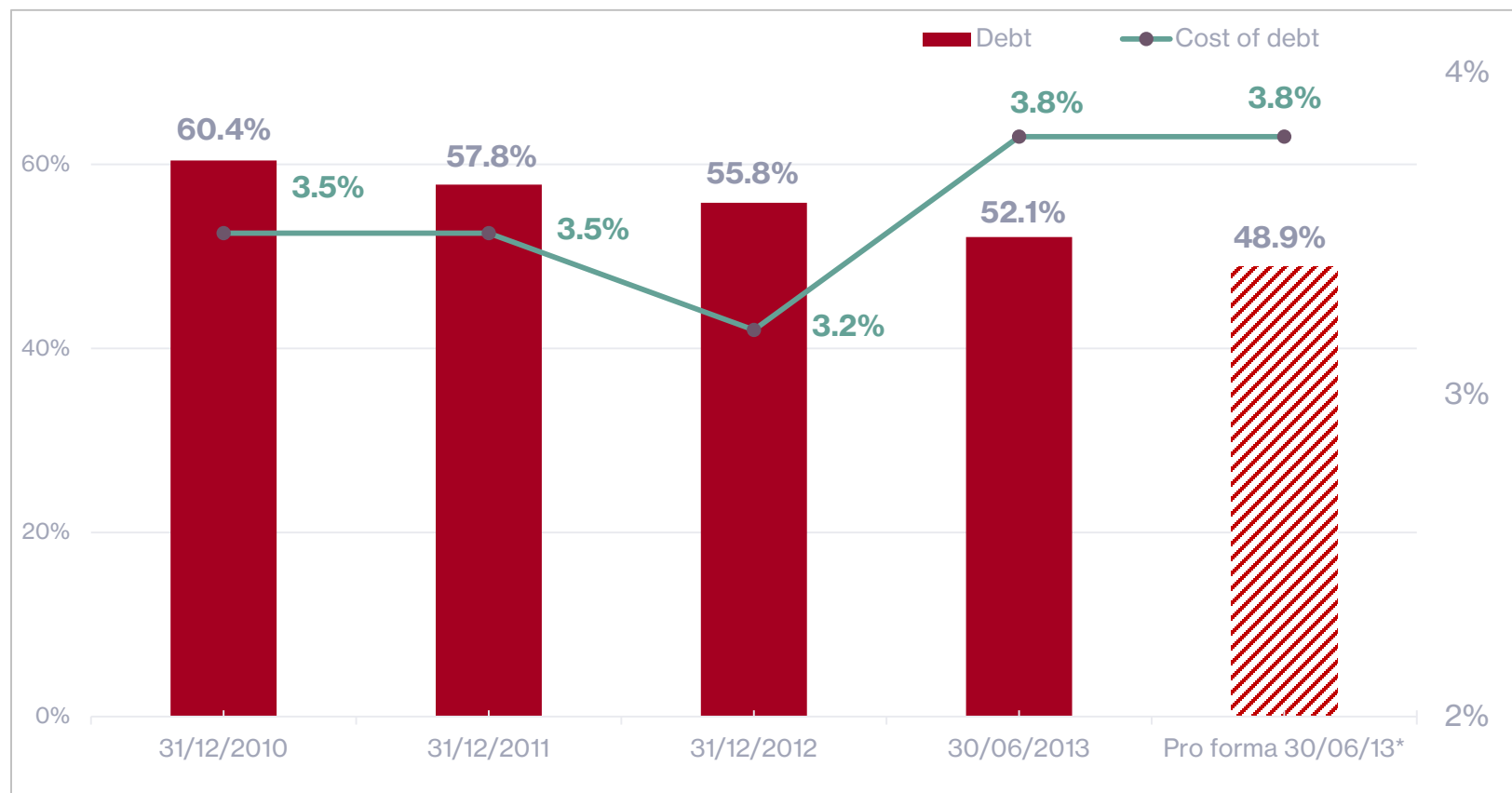
# Asset disposals ahead of target

	Achieved	Contracted	Total	Last appraisal value
<b>Business Parks</b> <input type="checkbox"/> Montpellier <input type="checkbox"/> Lyon - Vénissieux <input type="checkbox"/> Bordeaux - Mérignac <input type="checkbox"/> Le Bourget	<b>€ 51m</b> ✓  ✓ ✓	<b>€ 54m</b>  ✓ ✓	<b>€ 105m</b>	<b>€ 107m</b>
<b>La Poste portfolio</b> <input type="checkbox"/> Vitrolles <input type="checkbox"/> Orléans <input type="checkbox"/> Caen	<b>€ 30m</b> ✓ ✓ ✓		<b>€ 30m</b>	<b>€ 28m</b>
<b>Others</b> <input type="checkbox"/> Amiens <input type="checkbox"/> Ludres <input type="checkbox"/> Caen Colombelles (1 building) <input type="checkbox"/> Herblay <input type="checkbox"/> Strasbourg (partial)	<b>€ 8m</b> ✓ ✓ ✓	<b>€ 4m</b>  ✓ ✓	<b>€ 12m</b>	<b>€ 12m</b>
<b>TOTAL</b>	<b>€ 89m</b>	<b>€ 58m</b>	<b>€ 147m</b>	<b>€ 147m</b>



# Sharp deleveraging

## LTV

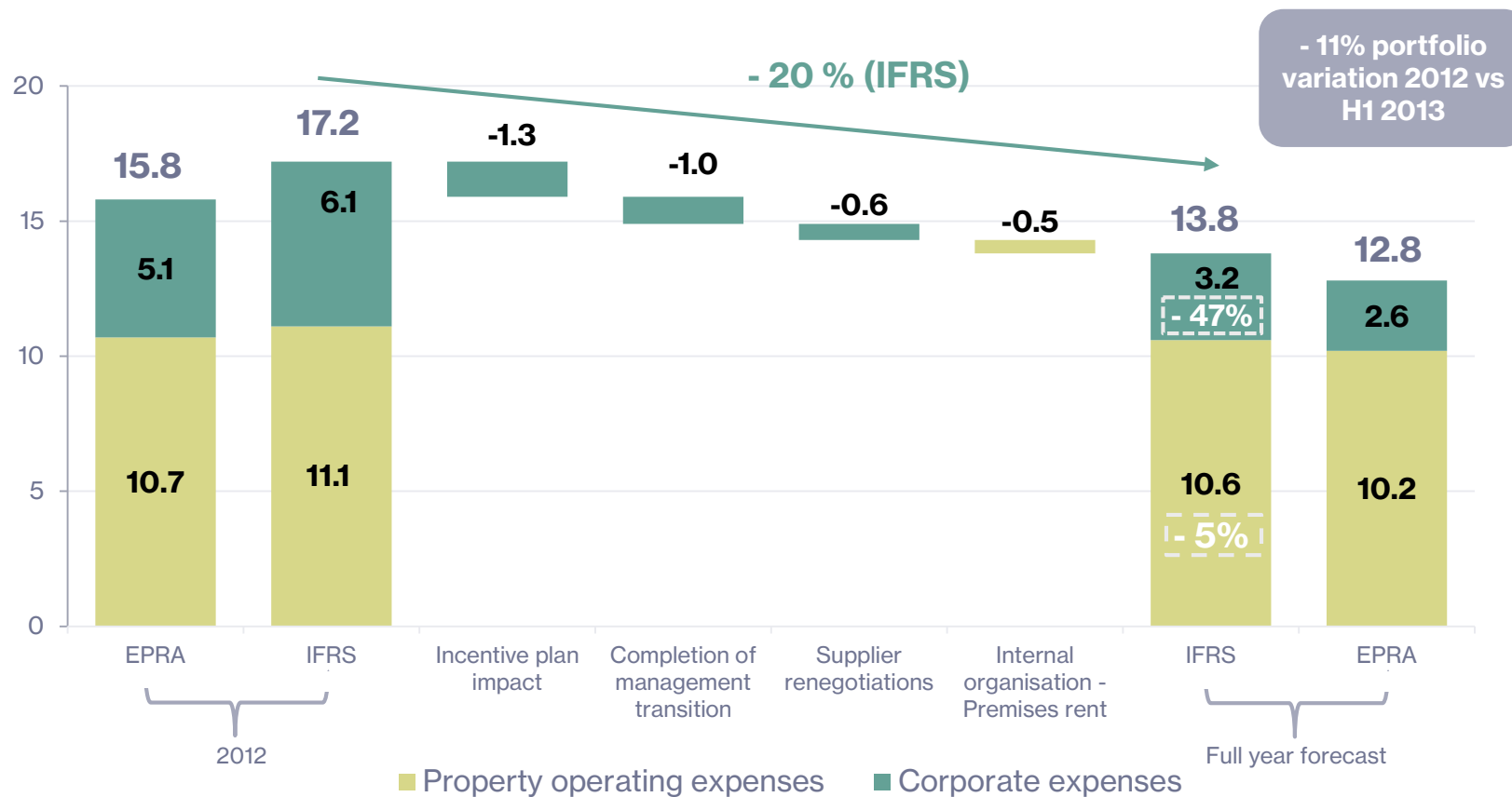


\* This pro forma takes into account asset disposals under contract as at 30/06/2013



# Operational costs under control

## First measures and impact on cost structure in €m



# Conclusion: end of phase 2 at sight (deleveraging) and approaching phase 3 (growth)

- Ahead of strategic plan
- LTV pro forma 30/06/2013 down to 48.9%
- Impact of potential rent reductions cushioned by active cost reduction program
- Identified acquisition pipeline



## II // 2013 Half-year results

- 
1. Key figures
  2. Portfolio
  3. Financial results



## II.1 Key figures

# Key figures: strong underlying business despite heavy asset disposals

	H1 2013	H1 2012
<b>Consolidated key figures</b>		
<b>Rental income*</b>	<b>€ 32.8m</b>	<b>€ 35.0m</b>
<i>LFL growth</i>	5.2%	NA
<b>EPRA recurring operating result</b>	<b>€ 25.5m</b>	<b>€ 27.2m</b>
<i>% rents</i>	77.9%	77.8%
<b>EPRA earnings</b>	<b>€ 14.7m</b>	<b>€ 16.6m</b>
<i>IFRS operating result</i>	€ 0.5m	€ 27.2m
<i>IFRS net result (Group share)</i>	-€ 0.7m	€ 16.3m
<b>Recurring cash flow</b>	<b>€ 14.0m</b>	<b>€ 16.7m</b>
<i>in €/share**</i>	2.3	2.8
<b>Portfolio valuation</b>	<b>€ 808.6m</b>	<b>€ 955.3m</b>
	<b>30/06/2013</b>	<b>30/06/2012</b>
<b>Net LTV</b>	<b>52,1%</b>	<b>55.9%</b>
EPRA financial occupancy rate	91.8%	91.6%
<b>EPRA NNAV (in €/share**)</b>	<b>59.5</b>	<b>62.2</b>

(\*) disposals amounting to € 51.3m in 2012 and € 88.9m during first half 2013

(\*\*) number of shares: 6 227 218 as at 30 June 2013 and 5 919 688 as at 30 June 2012, i.e a 5.2% dilution



# EPRA indicators

	30/06/2013	30/06/2012
EPRA earnings	€ 14.7m	€ 16.6m
EPRA net initial yield	6.9%	6.6%
EPRA topped-up net initial yield	7.3%	7.0%
	30/06/2013	31/12/2012
EPRA vacancy rate	8.25%	8.38%
EPRA NAV per share*	€ 61.1	€ 65.4
EPRA NNNAV per share*	€ 59.5	€ 62.2

\* Post-dilution total shares outstanding: 6 194 776 as at 30/06/2013 and 6 079 909 as at 31/12/2012







## II.2 Portfolio

# Rents under pressure but Paris retains its level of attraction

## ❑ A marked reduction in the leasing market compared to 2012 (-20%)

- ❖ Modest progression in vacancy level (7.8% vs 7.3%)
- ❖ Upswing in future availability >10 000 m<sup>2</sup> (1.2m m<sup>2</sup> potential)
- ❖ Tenants continue to be motivated by cost cuttings
- ❖ Substantial tenant concessions (10 to 20 % of rents)

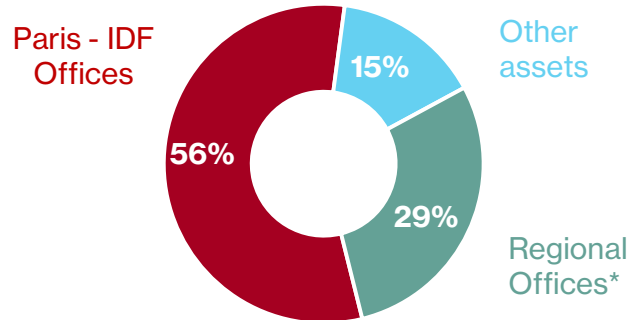
## ❑ Stable investment market

- ❖ Increased volumes (+10%)
- ❖ Continued polarization
  - *Strong interest in Parisian « core » and long leases*
  - *Limited interest for other assets*
- ❖ Investors contemplating a move up the risk curve on « core+ » and « value added »



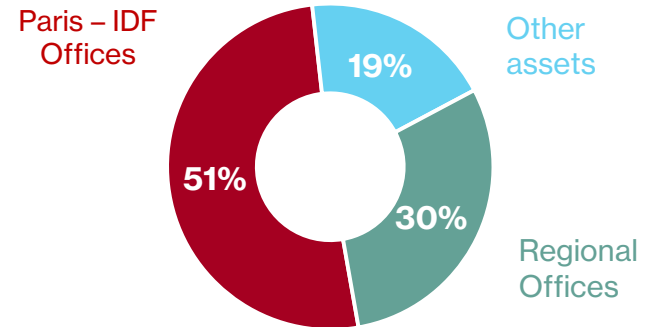
# Summary portfolio presentation

## By value € 809m

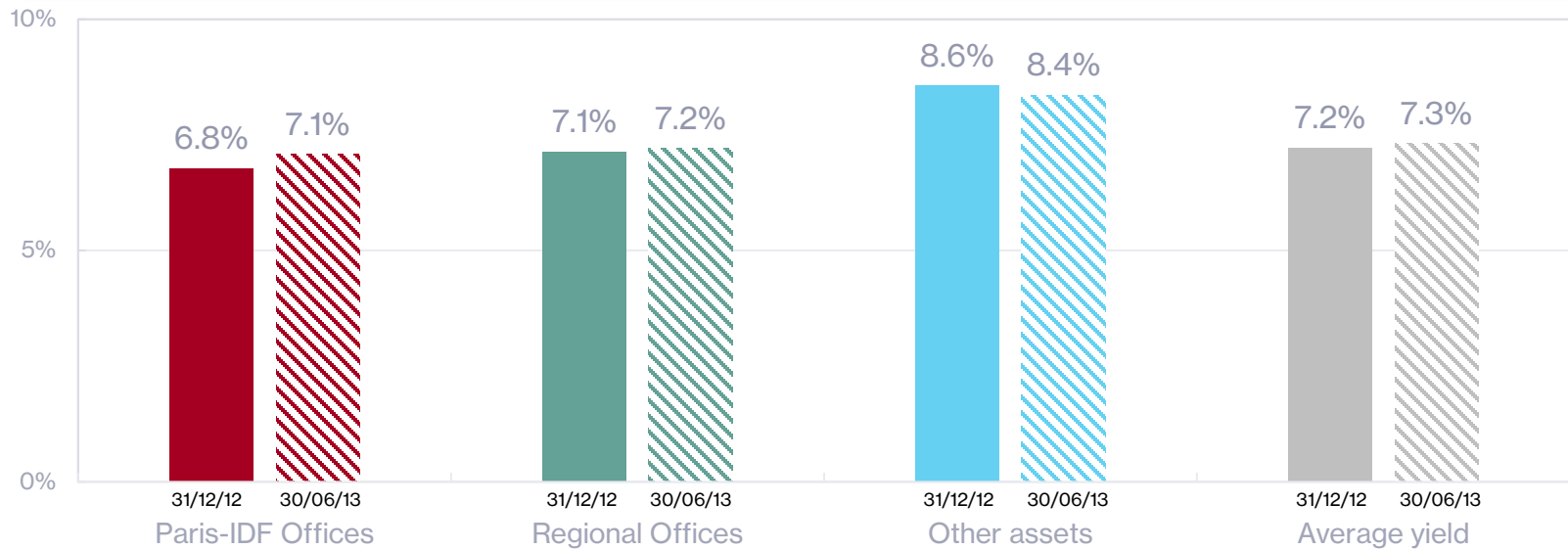


\* Including Eiffel parks in the regions

## By annual rent € 63m



## EPRA Topped-up NIY yield



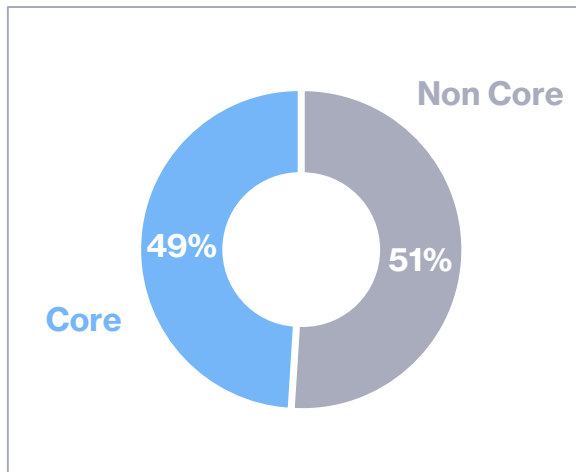
# Disposal of non core assets at appraisal value

	Achieved	Contracted	Total	Last appraisal value
<b>Business Parks</b> <ul style="list-style-type: none"> <li>Montpellier</li> <li>Lyon - Vénissieux</li> <li>Bordeaux - Mérignac</li> <li>Le Bourget</li> </ul>	<b>€ 51m</b> ✓  ✓ ✓	<b>€ 54m</b>  ✓ ✓	<b>€ 105m</b>	<b>€ 107m</b>
<b>La Poste</b> <ul style="list-style-type: none"> <li>Vitrolles</li> <li>Orléans</li> <li>Caen</li> </ul>	<b>30 M€</b> ✓ ✓ ✓		<b>€ 30m</b>	<b>€ 28m</b>
<b>Others</b> <ul style="list-style-type: none"> <li>Amiens</li> <li>Ludres</li> <li>Caen Colombelles (1 building)</li> <li>Herblay</li> <li>Strasbourg (partial)</li> </ul>	<b>€ 8m</b> ✓ ✓ ✓	<b>€ 4m</b>  ✓ ✓	<b>€ 12m</b>	<b>€ 12m</b>
<b>TOTAL</b>	<b>€ 89m</b>	<b>€ 58m</b>	<b>€ 147m</b>	<b>€ 147m</b>

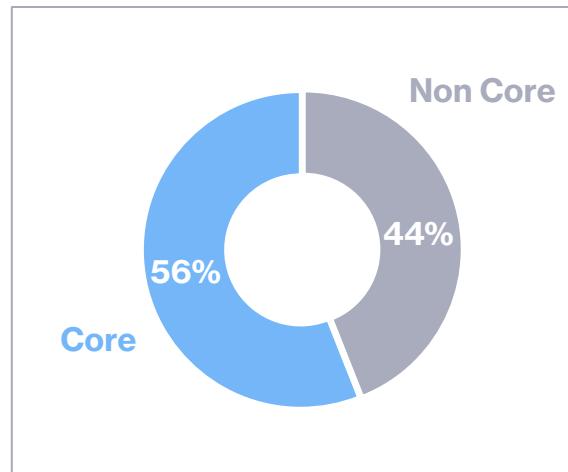


# Portfolio permutation

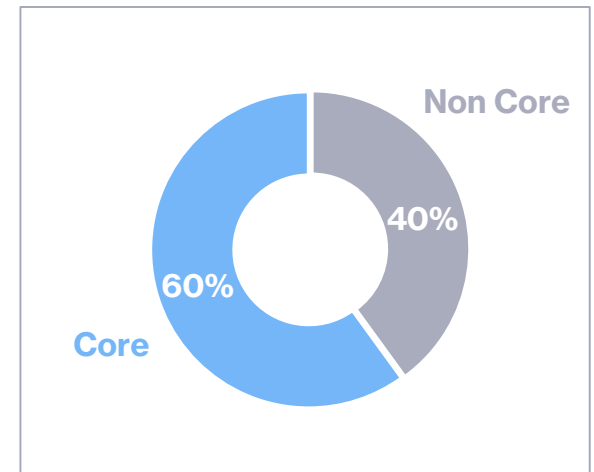
**December 2012**



**June 2013**



**Pro forma June 2013 \***

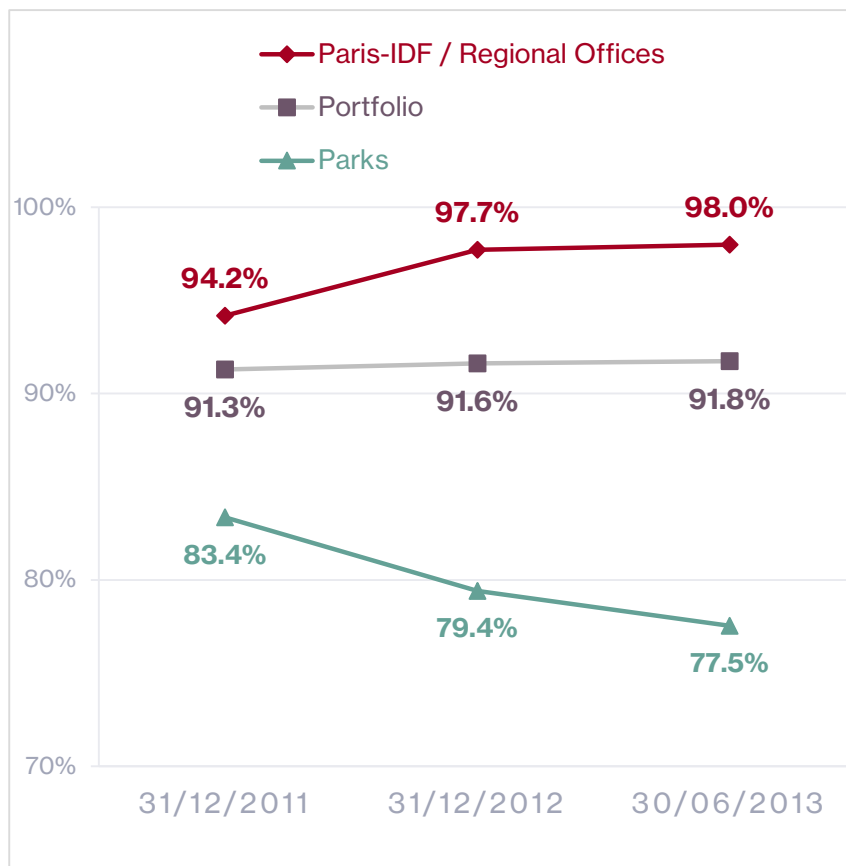


\* Portfolio value assuming completion of contracted disposals as at 30/06/2013

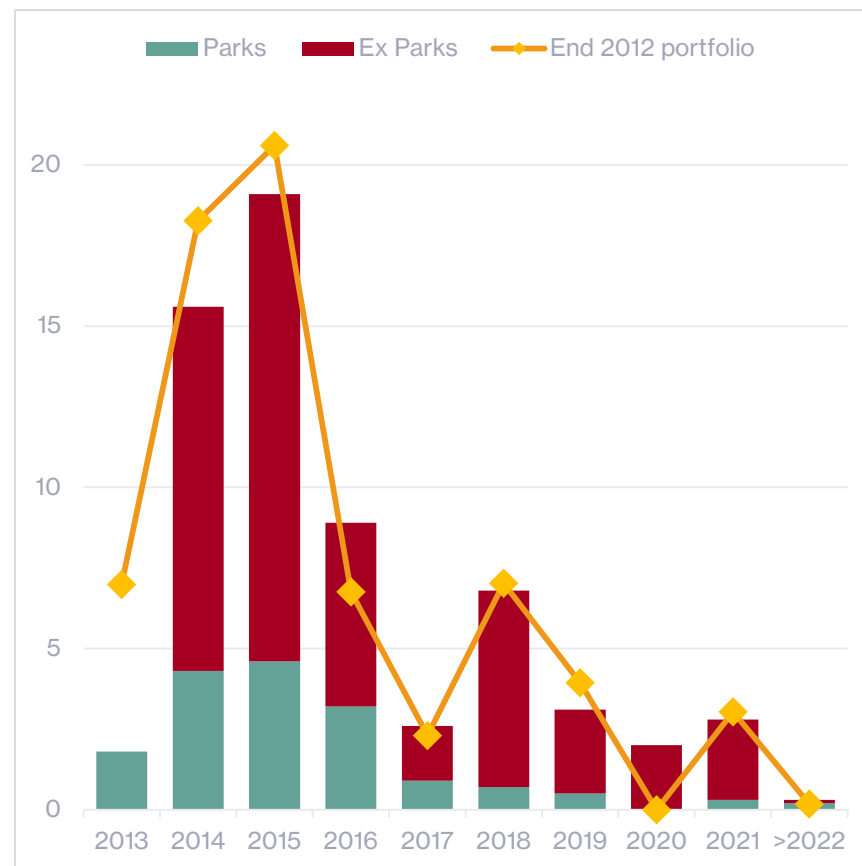


# Occupancy rate and lease maturities

EPRA occupancy rate



Portfolio lease maturities in €m



# Value creation case study: Eiffel O<sup>2</sup> Montrouge



# Value creation case study: Eiffel O<sup>2</sup> Montrouge

## Acquisition March 2011

- 5,200 m<sup>2</sup> offices
- Forward purchase from Vinci
- **Cap rate on acquisition: 7.5%**

## Asset Management

- Delivered in May 2013
- Leased in May 2013
- 6 year-closed term with LA POSTE group in line with initial business plan
- Certifications in hand: LEB and BREEAM Very Good

## Today

- Tenant occupation 1<sup>st</sup> July 2013
- Oxygen proprietary sustainability package contracted
- **Cap rate retained by valuers: 6%**

**Created value: circa € 5m for € 10m of invested capital**

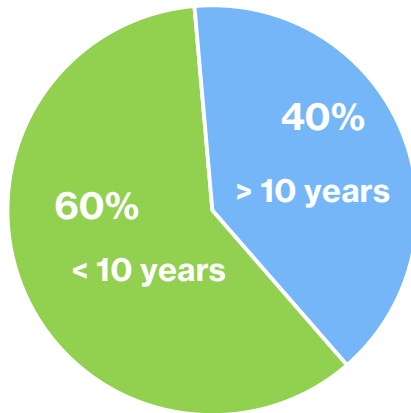
Cash on Cash: 10%



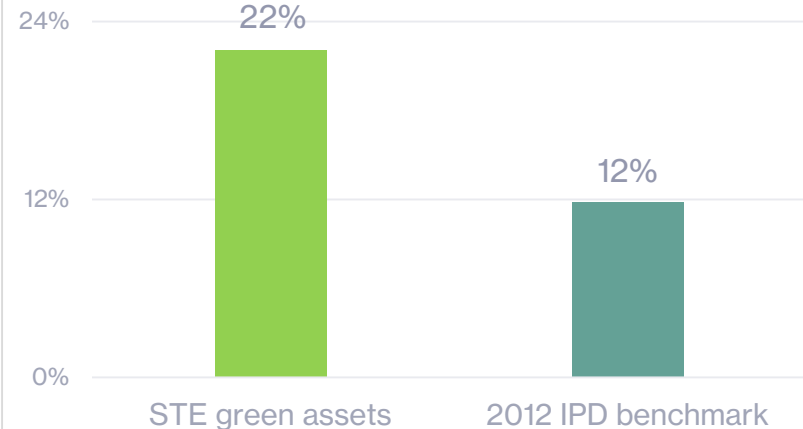


# Sustainable development

## Portfolio age profile



## STE green assets – 2012 IPD benchmark



## Partners





## II.3 Financial results

# Consolidated P&L account (EPRA and IFRS)

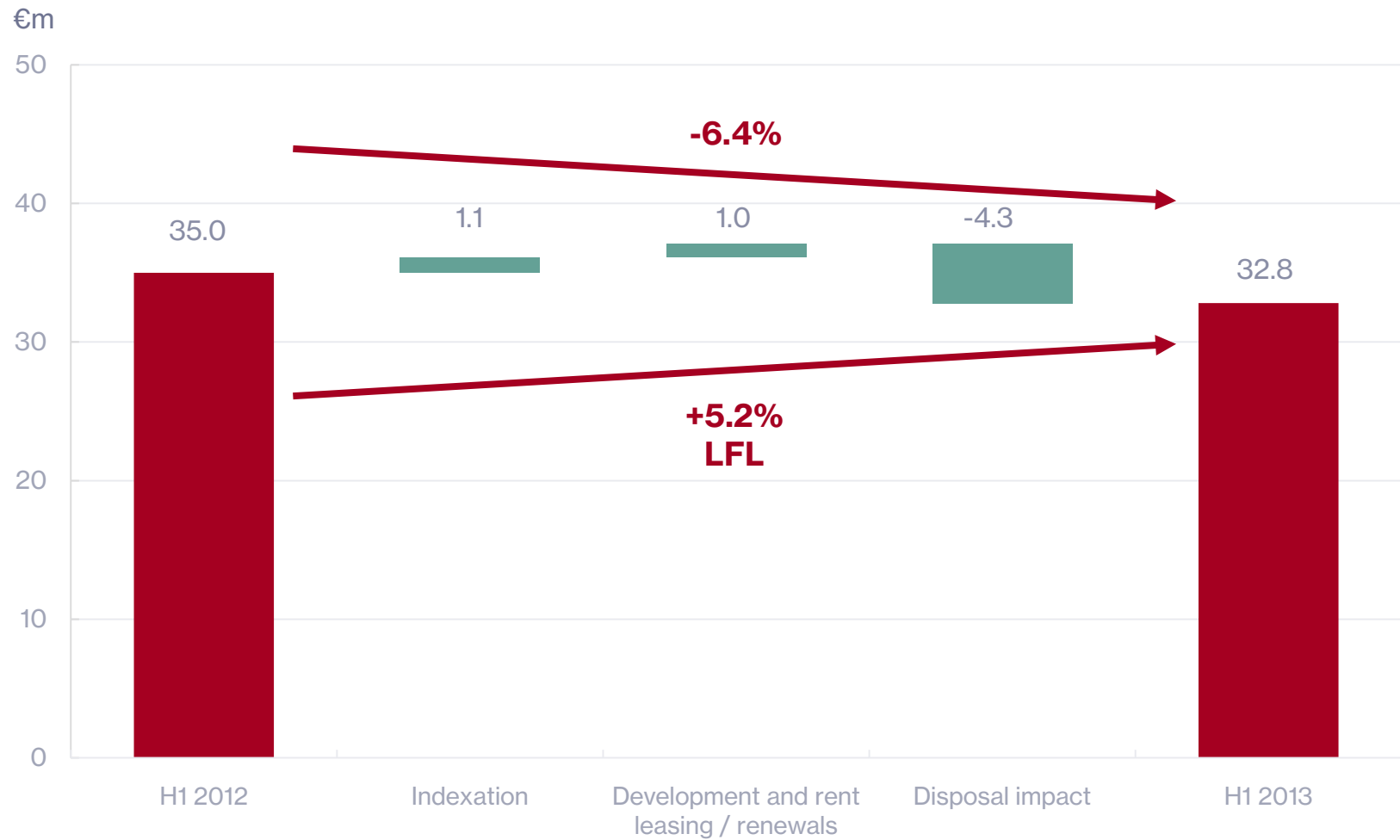
	30/06/2013			30/06/2012			Var. EPRA (%)
	EPRA recurring result	Non recurring	IFRS result	EPRA recurring result	Non recurring	IFRS result	
In €m							
Gross rental income	32.8		32.8	35.0		35.0	-6.4%
Property operating expenses (*)	-5.1	-0.4	-5.5	-5.5	-0,6 (**)	-6.1	
Corporate expenses	-2.2	-1.0	-3.2	-2.3		-2.3	
Current operating income	25.4	-1.3	24.1	27.2	-0.6	26.6	-6.7%
% rents	77.6%		73.5%	77.8%		76.0%	
Proceeds from disposals		0.9	0.9		2.5	2.5	
Property fair value adjustment		-24.5	-24.5		-1.7	-1.7	
Other operating income and expenses	0.1	-0.1	0.0		-0.2	-0.2	
Operating income	25.5	-25.0	0.5	27.2	0.1	27.2	-6.3%
% rents	77.9%		1.6%	77.8%		77.8%	
Net finance costs	-10.8		-10.8	-10.6		-10.6	
Other financial income and expenses		9.6	9.6		-0.3	-0.3	
Net financial results	-10.8	9.6	-1.1	-10.6	-0.3	-10.9	-1.4%
Tax	-0.1		-0.1	0.0		0.0	
Net profit / loss (Group share)	14.7	-15.4	-0.7	16.6	-0.2	16.3	-11.9%
% rents	44.7%		-2.1%	47.5%		46.6%	

(\*) including Asset Management costs

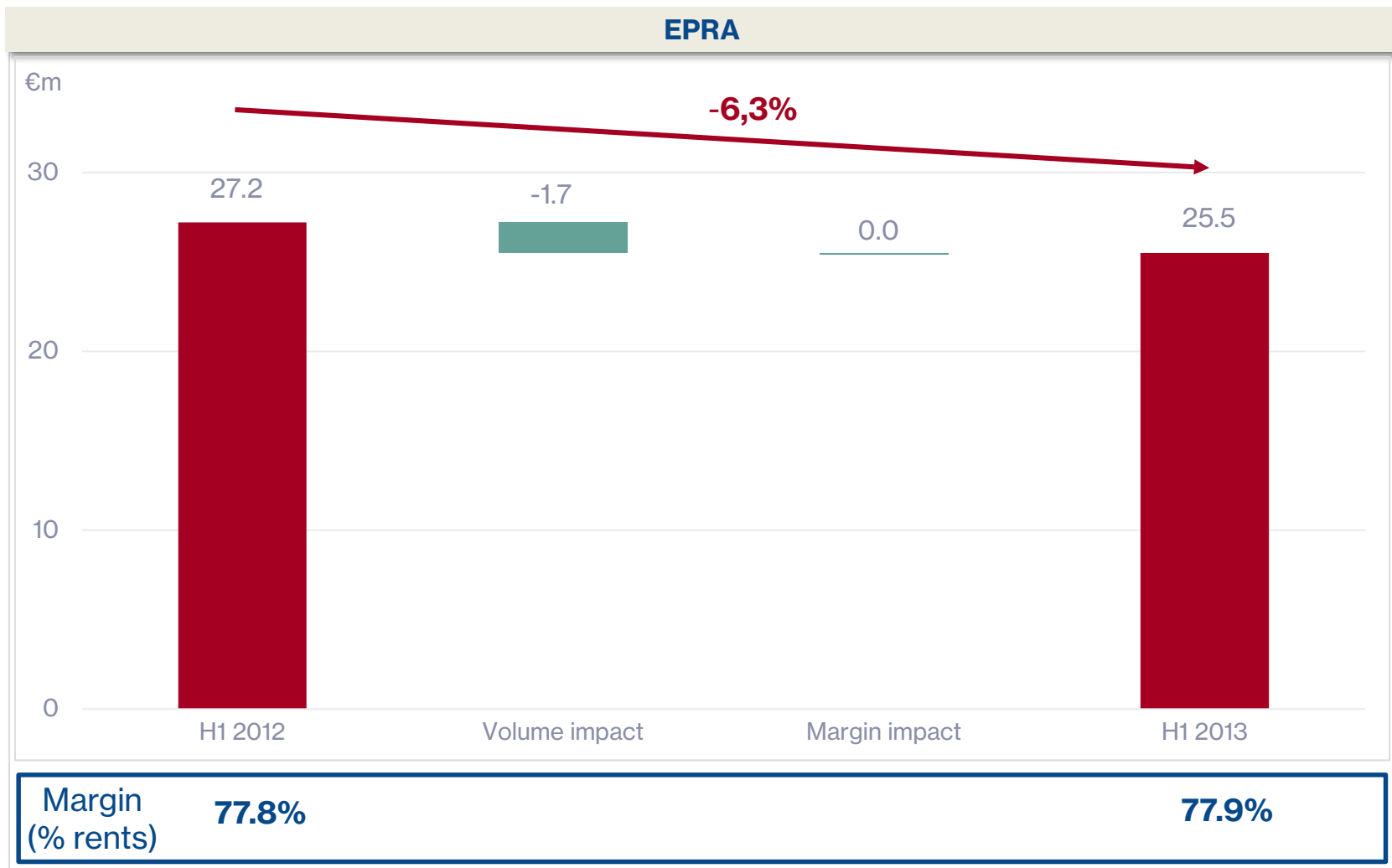
(\*\*) Asset disposal fees



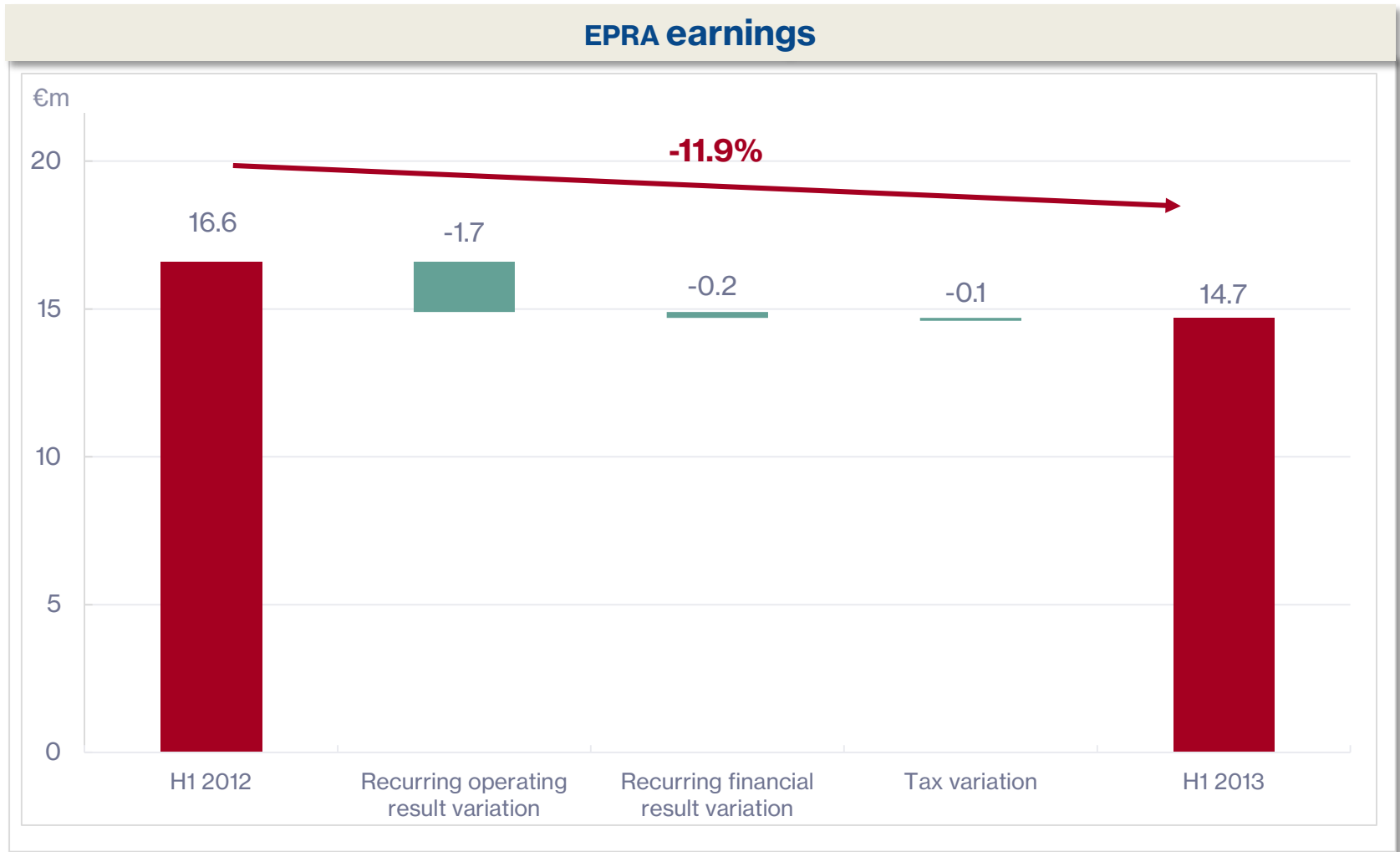
# Rents: +5.2% LFL



# Recurring operating result: flat margin of 78%



# Recurring net profit



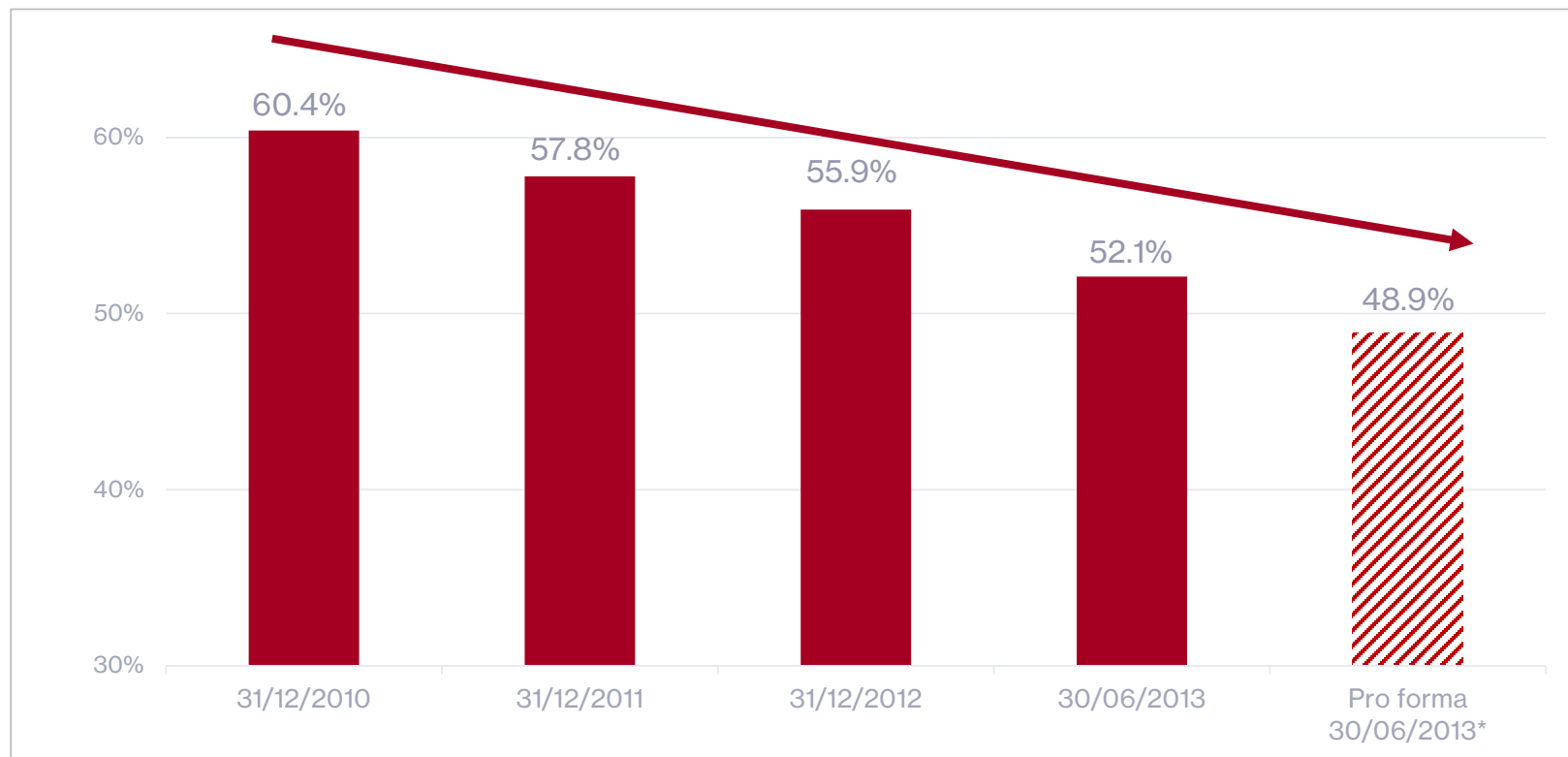
# Consolidated balance sheet

Assets	30/06/2013	31/12/2012	
Investment properties	750.9	872.8	-12% Assets
Assets earmarked for disposal	57.6	42.6	
Other fixed assets	3.5	2.4	
Receivables	35.8	33.7	
Cash and equivalent	22.3	3.2	
<b>Total Assets</b>	<b>870.1</b>	<b>954.7</b>	
<b>Liabilities</b>	<b>30/06/2013</b>	<b>31/12/2012</b>	
Share capital and reserves	363.0	370.7	-2% Equity
<i>of which Result</i>	<i>-0.7</i>	<i>-6.1</i>	
Long term debt	442.8	514.6	-18% Net debt
Other liabilities	64.3	69.4	
<b>Total Equity and Liabilities</b>	<b>870.1</b>	<b>954.7</b>	



# A significant decrease in debt profile

## Net financial debt - LTV



\* This proforma takes into account asset disposals under contract as at 30/06/2013





# NNNAV variation



# 2013 objectives

Secure the completion of phase 2 (deleveraging) permitting the contemplation of phase 3 (investment) with a year's advance

## Assets

1. Pursue disposals of non core assets
2. Re-create an acquisition pipeline
3. Pro-actively extend leases

## Leverage

Further reduce LTV by year-end 2013

## P & L

Implement the cost control plan



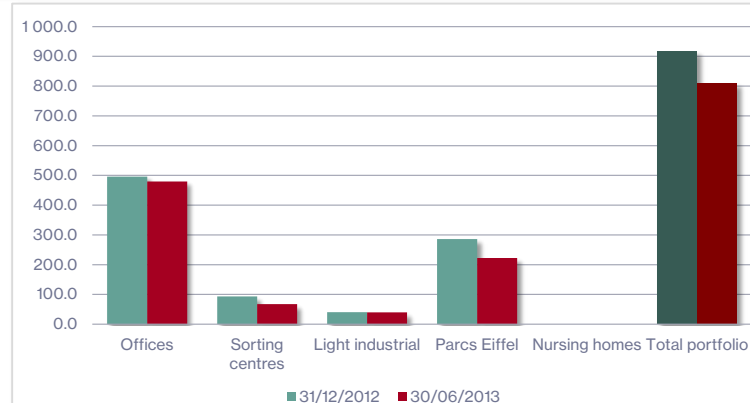
## III // Appendix



# Value variation by type of assets

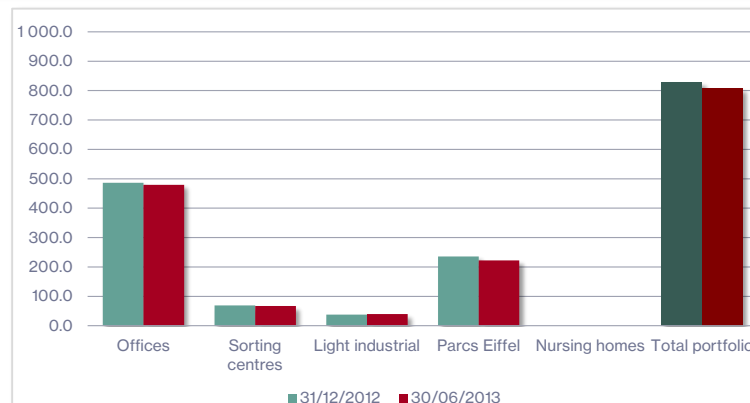
## Portfolio IFRS value

in €m	30/06/2013	31/12/2012	Difference 1S2013/2012	%
<b>Offices</b>	479.2	495.8	-16.6	-3.3%
<b>Sorting centres</b>	67.2	93.2	-26.1	-28.0%
<b>Light industrial</b>	39.8	40.5	-0.7	-1.8%
<b>Parcs Eiffel</b>	222.4	285.9	-63.4	-22.2%
<b>Nursing homes</b>	0.0	0.0	0.0	0.0%



## Portfolio IFRS value on a like-for-like basis H1 2013 - 2012

in €m	30/06/2013	31/12/2012	Difference 1S2013/2012	%
<b>Offices</b>	479.2	486.6	-7.4	-1.5%
<b>Sorting centres</b>	67.2	69.2	-2.0	-2.9%
<b>Light industrial</b>	39.8	37.8	2.0	5.3%
<b>Parcs Eiffel</b>	222.4	235.8	-13.3	-5.7%
<b>Nursing homes</b>	N/A	N/A	N/A	N/A



LFL portfolio value variation = -2,5%

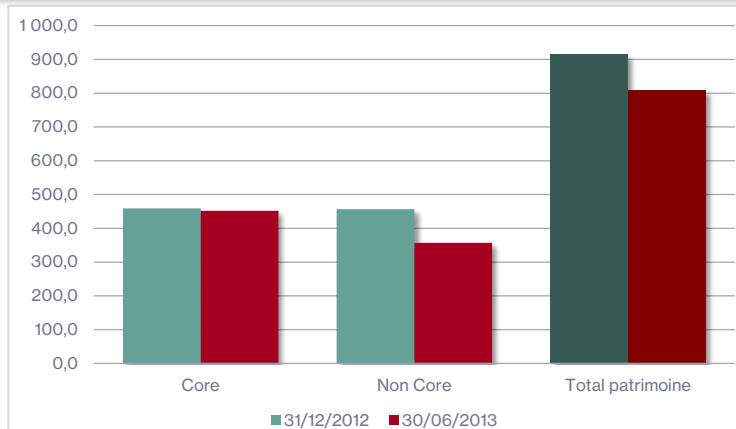
Disposals during H1 2013 : 88,9 M€



# Value variation by core/non core breakdown

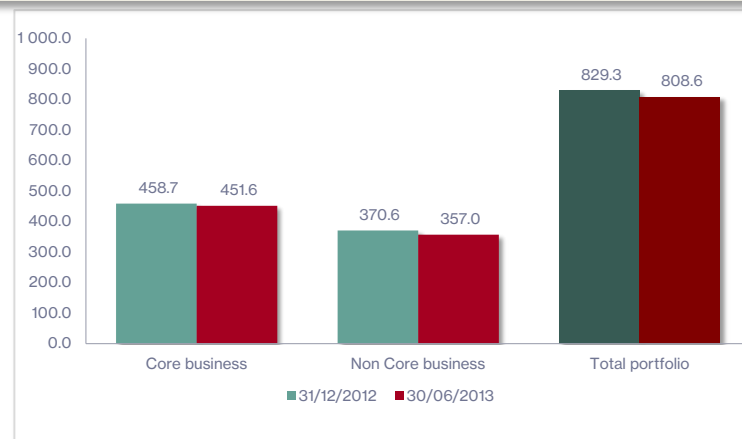
## Portfolio IFRS value

in €m	30/06/2013	31/12/2012	Difference 1S2013/2012	%
Paris-IdF Offices	451.6	458.7	-7.1	-1.5%
<b>Core business</b>	<b>451.6</b>	<b>458.7</b>	<b>-7.1</b>	<b>-1.5%</b>
Regional Offices	235.6	308.6	-72.9	-23.6%
Other assets	121.3	148.2	-26.8	-18.1%
<b>Non Core business</b>	<b>357.0</b>	<b>456.7</b>	<b>-99.7</b>	<b>-21.8%</b>
<b>Total portfolio</b>	<b>808.6</b>	<b>915.4</b>	<b>-106.8</b>	<b>-11.7%</b>



## Portfolio IFRS value on a like-for-like basis H1 2013 - 2012

in €m	30/06/2013	31/12/2012	Difference 1S2013/2012	%
Paris-IdF Offices	451.6	458.7	-7.1	-1.5%
<b>Core business</b>	<b>451.6</b>	<b>458.7</b>	<b>-7.1</b>	<b>-1.5%</b>
Regional Offices	235.6	249.2	-13.6	-5.5%
Other assets	121.3	121.4	-0.1	-0.1%
<b>Non Core business</b>	<b>357.0</b>	<b>370.6</b>	<b>-13.7</b>	<b>-3.7%</b>
<b>Total portfolio</b>	<b>808.6</b>	<b>829.3</b>	<b>-20.7</b>	<b>-2.5%</b>



LFL portfolio value variation = -2,5%

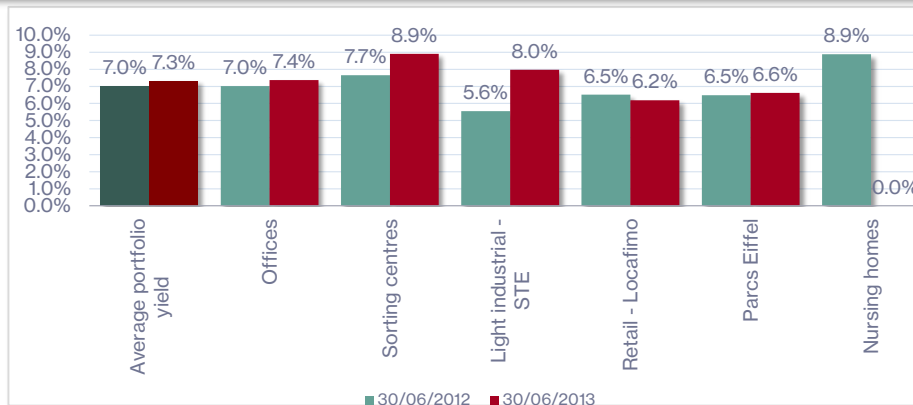
Disposals during H1 2013 : 88,9 M€



# Portfolio EPRA yield

## EPRA topped-up yield\*

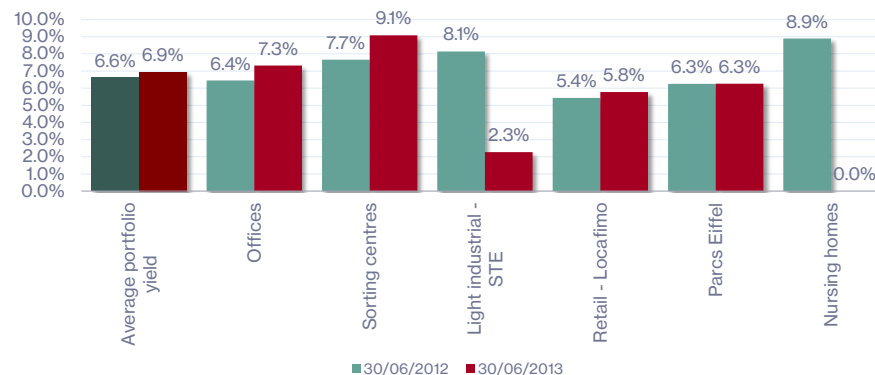
	30/06/2013	30/06/2012
<b>Average portfolio yield</b>	7.3%	7.0%
Offices	7.4%	7.0%
Sorting centres	8.9%	7.7%
Light industrial - STE	8.0%	5.6%
Retail - Locafimo	6.2%	6.5%
Parcs Eiffel	6.6%	6.5%
Nursing homes	N/A	8.9%



(\*) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 30 June, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

## EPRA yield\*\*

	30/06/2013	30/06/2012
<b>Average portfolio yield</b>	6.9%	6.6%
Offices	7.3%	6.4%
Sorting centres	9.1%	7.7%
Light industrial - STE	2.3%	8.1%
Retail - Locafimo	5.8%	5.4%
Parcs Eiffel	6.3%	6.3%
Nursing homes	N/A	8.9%



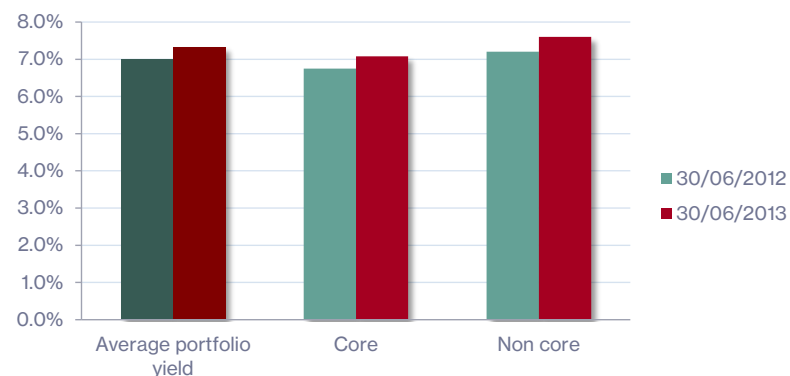
(\*\*) EPRA yield (Net Initial Yield EPRA) : annual rent as at 30 June, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included



# Core / non core portfolio EPRA yield

## EPRA topped-up yield\*

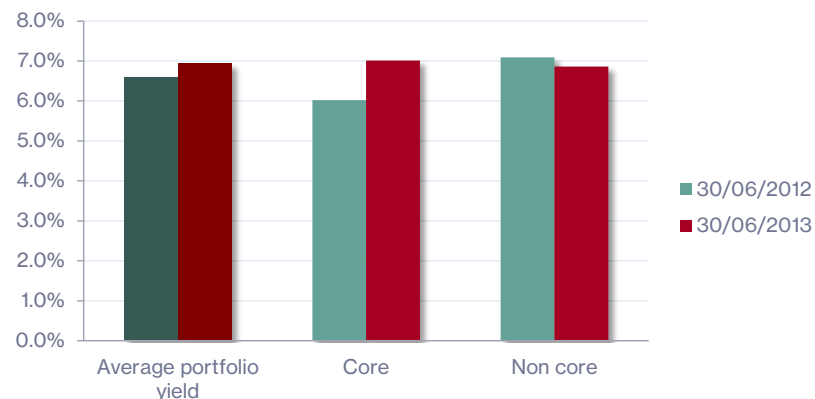
	30/06/2013	30/06/2012
<b>Average portfolio yield</b>	7.3%	7.0%
Core	7.1%	6.8%
Non core	7.6%	7.2%



(\*) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 30 June, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

## EPRA yield\*\*

	30/06/2013	30/06/2012
<b>Average portfolio yield</b>	6.9%	6.6%
Core	7.0%	6.0%
Non core	6.9%	7.1%



(\*\*) EPRA yield (Net Initial Yield EPRA) : annual rent as at 30 June, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

