

# FONCIERE DES REGIONS

Co-créateur d'histoires immobilières



€18 billion  
portfolio<sup>1</sup>

(+€1.2 bn vs 2014)

« With €2.1 billion in investments and major rental agreements with our partners, 2015 is a milestone year in improving the quality of our portfolio. Buoyed by the growth in 2015 results, in 2016 we will continue this growth dynamic on our best markets, in pursuit of sustainable and long-term cash flow and strengthened value-creation potential. »

Christophe Kullmann, CEO of Foncière des Régions

## 2015 results – Asset Management is paying off

### Portfolio at end-2015: growth and quality improvement

- Portfolio of €18 billion and €11 billion Group Share up €1.2 billion (+13% in Group Share)
- Record level of investments at €2.1 billion
- Successful developments: 15 projects delivered, including 9 in France Offices (105,000 m<sup>2</sup>)
- Reinforcement in German Residential and Hotels

### Successful partnership model

- Dynamic rental activity renewing 26% of annualised commercial rental income
- Extension of leases with Telecom Italia and AccorHotels
- High occupancy rate (96%); record average firm lease term (7.3 years)

### Increase in annual results

- Recurring Net Income up 6% to €333 million (€5.07 per share)
- Increase in the value of the portfolio (+4% at a like-for-like scope)
- EPRA NAV per share of €79.4, up 7%
- S&P rating increased in July to BBB, stable outlook

### Outlook

- Continued strengthening in Hotel real estate: equity stake in FDM increased to 46.5% and launch of a public exchange offer based on a parity of 1 Foncière des Régions share for 3 FDM shares
- Dividend of €4.30 per share<sup>2</sup>
- Objective of a stable Recurring Net Income per share in 2016

€549 million

Rental income  
+ 5%

96%

Occupancy  
rate

€333 million

RNI  
+ 6%

€79.4/share

EPRA NAV  
+ 7%

<sup>1</sup> €11 billion Group Share; <sup>2</sup> Will be put to the vote by the General Meeting of Shareholders on 27 April 2016

The financial statements were approved by the Board of Directors on 17 February 2016. The audit procedures on the consolidated financial statements have been completed. The certification report will be issued after the specific verifications.

## Portfolio growth and quality improvement in 2015

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Foncière des Régions now holds a **portfolio of €17.7 billion (€11.0 billion GS)** comprising **France Offices** (45%), **Italy Offices** (17%) and two strong and buoyant sectors, which are **German Residential** (20%) and **Hotels in Europe** (13%). Foncière des Régions relies on a partnership strategy with a leasing base made up of blue chip companies (Suez Environnement, Thales, Dassault Systèmes, Orange, EDF, Eiffage, AccorHotels, Telecom Italia, etc.).

Through its recognised expertise in each of its asset classes, Foncière des Régions achieved a **record level of investments of €2.1 billion (€1.4 billion GS) in 2015**. These acquisitions and new real estate developments, of which half in Germany, consolidate the group's positioning around a high-quality portfolio combining sustainably secure rental income and value creation through the asset management and development policy:

- ◆ in **France Offices**, nine projects were delivered, covering 105,000 m<sup>2</sup> and €444 million in investments (€309 million GS). This pipeline investment strategy combines real estate quality and profitability (yield > 7%) and created high value (28% on average for the year's deliveries)
- ◆ in **Italy Offices**, the group boosted its investments by purchasing two office buildings to be redeveloped in the very centre of Milan
- ◆ in **German Residential**, the group greatly strengthened its positions in the dynamic cities of Berlin and Hamburg with acquisitions of €871 million (€529 million GS). The rental growth potential of these investments stands at 32% on average
- ◆ in **Hotels**, the year was marked by a stronger presence on this buoyant market, equal to €778 million in assets (€543 million GS).

**Quality-enhancing portfolio rotation** was also ensured through a strong stream of disposals and agreements (€1.4 billion and €849 million GS) on non-strategic and non-core assets. The portfolio, now **95% built on strategic assets** compared with 91% at the end of 2014, has particularly sound strong points through a high occupancy rate of 96% and a record average firm lease term of 7.3 years.

## Dynamic real estate activity leading to rental income growth of 4.6%

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- ◆ Maintaining a sustainable high occupancy rate: 96.3%
- ◆ Record average firm lease term: 7.3 years (+1.5 year)
- ◆ Stable rental income at a like-for-like scope: -0.1%
- ◆ Growth of values at a like-for-like scope: +4.4%.

Driven by growth in the Hotels and German Residential sectors, **rental income increased by 4.6% over one year**, to €549 million GS. German Residential (with 22% of annualised rental income) now represents the second highest item under the group's rental income, after France Offices, confirming the quality and sustainability of rental income.

	Occupancy rate	Residual firm lease terms	Rental income <sup>1</sup> (€m)	Change	Change at like-for-like scope
France Offices	95.8%	5.4 years	238.0	-0.1%	0.8%
Italy Offices	92.8%	9.7 years	102.1	-11.1%	-4.1%
<b>Offices</b>	<b>94.9%</b>	<b>6.6 years</b>	<b>340.1</b>	<b>-3.7%</b>	<b>-0.9%</b>
German Residential	98.0%	n.a.	115.9	+12.2%	2.4%
Hotels/ Service Sector	100%	10.7 years	80.0	+57.0%	-0.6%
Other	n.a.	n.a.	13.3	-24.5%	n.a.
<b>Total</b>	<b>96.3%</b>	<b>7.3 years</b>	<b>549.4</b>	<b>+4.6%</b>	<b>-0.1%</b>

<sup>1</sup> Excluding Logistics (€15.9 million), classified as discontinued operations

### France Offices: strong performance thanks to asset management

(€5.7 billion portfolio at 100%; €4.8 billion GS)

- ◆ High occupancy rate: 95.8%
- ◆ Firm lease maturity: 5.4 years
- ◆ Rent growth at a like-for-like scope: +0.8%.
- ◆ Growth of values at a like-for-like scope: +7.2%
- ◆ Strong environmental performance: 61% green portfolio (+11 points)
- ◆ Development pipeline: €1.2 billion.

Drawing on its strong track record and recognised teams, Foncière des Régions accelerated its real estate development strategy in 2015 through its pipeline and **delivered nine projects for 105,000 m<sup>2</sup> and €444 million** in investments (€309 million GS). This strategy strengthens the quality of the group's real estate portfolio with strategic locations in Paris, Greater Paris and major regional cities, along with a 61% ratio of eco-certified buildings (+11 points over one year). These developments also strengthen the group's income (90% occupancy rate for the group's deliveries in 2015 vs. 71% in the beginning of the year; average firm lease term of ten years) and have generated an **average creating value on their cost of 28%**.

In particular, the group delivered Green Corner, a building covering 20,411 m<sup>2</sup> in Saint-Denis (Greater Paris), located at the foot of the RER B station and 86% let to the French Health Authority and Systra. Foncière des Régions strengthened its ties with its partners by delivering 11,000 m<sup>2</sup> in Nanterre and 9,700 m<sup>2</sup> in Lille-Roubaix, let for 9 and 12 years firm to the Vinci group, together with 23,242 m<sup>2</sup> for the Eiffage group in Vélizy (Greater Paris).

**The year was also marked by the strong performance of asset management teams.** More than 96,000 m<sup>2</sup> and €20 million in office rents were renewed, close to passing rents. In particular, Foncière des Régions renewed 11,490 m<sup>2</sup> of offices in the Omega A and C buildings in Levallois-Perret (Greater Paris) for the Lagardère group for six years firm. At the same time, **the teams purchased the adjoining building of 4,700 m<sup>2</sup>, Omega B, for €25 million.** Let primarily to Lagardère, this asset has instant value-creation potential through the absorption of its vacancy, currently at 27% (potential yield of 6.4%). In the medium term, the asset may be grouped together with the two neighbouring buildings to form a new building complex of 17,700 m<sup>2</sup>, not including a possible extension of 3,500 m<sup>2</sup>.

**Foncière des Régions capitalised on the value-creation potential of the Orange portfolio, 60% located in Paris.** The Littré building (Paris 6<sup>th</sup>) of 3,600 m<sup>2</sup> will be re-let to the Kering group for nine years firm in exchange for a rent increase of more than 30%. The teams also let the Steel building (Paris 16<sup>th</sup>) of 3,700 m<sup>2</sup> to the OnePoint group. This building was previously occupied by Orange before being thoroughly renovated until September 2015. Average yield on cost came to 6% for value creation of more than 30%.

**Operational performance is flourishing.** Rental income at a like-for-like scope increased by 0.8% in a zero inflation environment and appraisal values increased by 7.2% like-for-like. Apart from the positive effect of compressed yield rates in Paris and the inner suburbs, this strong performance is also due to successful asset management and developments, which represent 40% of the like-for-like change in value.

2016 should follow on from the success in 2015, with strong quality-enhancing portfolio rotation. **Buoyed by a renewed development pipeline (€1.2 billion, of which €506 million committed)**, thanks in particular to the Edo (Issy-les-Moulineaux), Traversière (Paris 12<sup>th</sup>) and Riverside (Toulouse) projects, the group plans to invest €200 million in capex. This strategy will include new non-core asset disposals for a projected amount of €200 million.

### **Italy Offices: a renewed ambition**

*(€3.9 billion portfolio at 100%; €1.9 billion GS)*

- ◆ Occupancy rate: 92.8%
- ◆ Record average firm lease term: 9.7 years
- ◆ Rents at a like-for-like scope: -4.1%
- ◆ Values at a like-for-like scope: -0.4%.

Foncière des Régions operates in Italy through its subsidiary Beni Stabili, first Italian real estate company, having **a high-quality portfolio and secure income**. Nearly 60% of the portfolio comprises offices, located mainly in Milan. The rest of the portfolio comprises offices let to Telecom Italia for 15 years firm. This positioning **maintains sound real estate indicators**, with 92.8% occupancy for an average firm lease term of nearly ten years.

**The year 2015 marks a phase of transition** in an improving economic and real estate environment.

The major agreement with Telecom Italia (8% of rental income GS) symbolises the successful partnership strategy and marks the first milestone in this new strategic dynamic. Leases were extended by nearly 9 years to more than 15 years firm, in return for a 6.9% decrease in rent. The agreement is part of the **continual improvement of the quality of the portfolio** with a capex programme of €38 million, which focuses on core assets in city centres. Lastly, **exposure to Telecom Italia was reduced**, with the planned disposal to Telecom Italia of €126 million in secondary assets.

At the same time, **Foncière des Régions completed further acquisitions in Italy**, purchasing two office buildings to be redeveloped in the centre of Milan. With an investment of €106 million (€51 million GS), including €25 million in capex and a potential yield of 6.2%, these acquisitions (effective in 2016) will improve the quality of the portfolio and value-creation prospects.

In terms of operational performance, the 4.1% decline in rental income at a like-for-like scope in 2015 is largely due to the renegotiation with Telecom Italia (-2.5 points) and the increase in vacancy.

The slight reduction in values at a like-for-like scope (-0.4%) is broken down into a 0.4% increase in the Telecom Italia portfolio, reflecting the success of this agreement, and divergent performances across the rest of the portfolio. The compression of yield rates on prime assets in Milan, connected to the improvement in the investment market, was offset by impairments on vacant assets. The capex strategy was adapted in order to maximise the possibility of re-letting these assets.

In 2016, the group has the following aims:

- ◆ improve operational performance by reducing current vacancy, which currently stands at 14% for the Offices portfolio (excluding Telecom Italia). **With €60 million (€29 million GS) in capex, €16 million (€7.8 million GS) can be generated in additional Recurring Net Income in the medium term**
- ◆ **speed up investments in Offices in Milan** (target of 80% of the portfolio by 2020), thereby improving the quality of the portfolio (target of 50% green assets by 2020). In particular, the group has wide-scale development projects in Milan, such as the Symbiosis development.



Works have begun to gradually develop up to 125,000 m<sup>2</sup> and 12 new buildings on the edge of the centre of Milan, opposite the new Prada foundation

- ◆ **speed up disposals** making it possible in particular to reduce the exposure to Telecom Italia (target of 20% in 2020 vs. 41% at end-2015).

### **German Residential: increased exposure and growth potential**

(€3.6 billion portfolio at 100%; €2.2 billion GS)

- ◆ Very high occupancy rate: 98.0%.
- ◆ Rent growth at a like-for-like scope: +2.4%, of which 4.4% in Berlin
- ◆ Rise in values at a like-for-like scope: +5.0%, of which 12.2% in Berlin.

Operating since 2005, **German Residential is the second greatest exposure of Foncière des Régions (at 20%)** after France Offices. The portfolio of €2.2 billion GS, up 31% over one year, **combines profitability** (46% in North Rhine-Westphalia with an average yield of 6.8%) **and growth** (rental potential of 25-30% in Berlin, Dresden, Leipzig and Hamburg).

Armed with a differentiating investment strategy focused on prime assets in the city centre that combine rental potential with long-term results on disposals, the group maintained **a record pace of acquisitions in 2015**. Accordingly, €871 million (€529 million GS) in assets were acquired in dynamic cities, such as Hamburg and Berlin. In this city, the portfolio stands at €1.5 billion (€863 million GS) and 40% of the German Residential portfolio, vs. 28% at the end of 2014.

This strategy is backed by **strong indicator performance**. Rental income increased by 2.4% at a like-for-like scope, of which 4.4% in Berlin, and the occupancy rate is stable at 98.0%. The quality of investments and the dynamic market, driven by strong demographic and economic fundamentals, is reflected in growth in value of 5.0%, including 12.2% in Berlin.

Drawing on a local team of 400 people, Foncière des Régions intends **to maintain a rotation of assets generating organic growth** and to continue strengthening its positions in dynamic cities. That will result in continued acquisitions, in particular in Berlin, and in **new disposals of non-core assets in North Rhine-Westphalia** (after €187 million and €114 million GS in 2015). The group is also expecting an increase in rental income at a like-for-like scope of 2.75% in 2016.

### **Hotels & Service sector: new partnerships and extension in Europe**

(€3.5 billion portfolio at 100%; €1.4 billion)

- ◆ Occupancy held at 100%
- ◆ Average firm lease term: 10.7 years
- ◆ Rents at a like-for-like scope: -0.6%
- ◆ Growth of values at a like-for-like scope: +3.1%, of which 4.8% in Hotels.

**Europe's leader in hotel real estate** through its subsidiary Foncière des Murs, Foncière des Régions relies on long-term partnerships with major players in the hotel industry and new entrants with innovative concepts (AccorHotels, Louvre Hotels, B&B Hotels, Motel One, Meininger, etc.). Its unique positioning as a long-term hotel real estate player with renowned teams makes the group a natural partner for these brands.

The year 2015 was also marked by the **heightened exposure and expertise of Foncière des Régions in the hotel industry**. The group increased its stake in the share capital of Foncière des Murs, which it controls as a limited partner and leading shareholder at 43.1% at the end of 2015. This transaction represents an **asset-equivalent amount of €432 million**. Foncière des Régions also **boosted investments with its hotel partners** in the amount of €346 million (€111 million GS) and through the delivery of six B&B hotels. These investments intensify the diversification of the group's geographic exposure and partners. In Germany in particular, Foncière des Régions supported B&B and conducted its first investments with innovative operators Motel One and Meininger. Lastly, **Foncière des Régions**

**is consolidating its hotel expertise** with the development of FDM Management (40.8%-subsidiary of FDM), an investment vehicle in premises and businesses operated under management contracts or as a franchise. FDM Management has already invested €120 million (€21 million GS).

**The year was also marked by the successful renewal of leases with AccorHotels** (6% of rental income GS). The leases of 78 hotels were extended for 12 years firm, under the existing conditions, and the 46 remaining hotels will be sold to AccorHotels by mid-2016. By disposing of less successful hotels and reducing the portion for city centres with fewer than 300,000 inhabitants, Foncière des Régions is substantially improving the quality of its portfolio.

Rental income decreased slightly by 0.6% at a like-for-like scope due to the weaker performance of AccorHotels rents (-1.6%, variable with respect to the hotels' revenue), affected by the terrorist attacks. The geographic diversity of the portfolio and the large share of indexed fixed rents nevertheless mitigated this impact. The value of the portfolio increased by 3.1% at a like-for-like scope, supported by the 4.8% growth in hotels. Values benefited in particular from the 6.2% growth in the values of AccorHotels hotels following the renewal of leases and value-creation of 11% on the pipeline.

With 13% of the portfolio in the Hotels & Service sector, compared with 9% at the end of 2014, **the group intends to strengthen its positioning in Hotels** and to consolidate its leading position in Europe.

## Growth in income in 2015

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### Reshape liabilities

Less than three years after Foncière des Régions obtained an inaugural rating of BBB-, Stable outlook, S&P raised the group's rating to BBB, Stable outlook in July 2015. This upgraded rating recognises the work performed since 2012 to **improve the quality of the portfolio** and continually **strengthen cash flow**. It moreover reflects the **sound balance sheet** of Foncière des Régions.

With €4.2 billion (€2.5 billion GS) in financing and refinancing in 2015, i.e. 45% of debt GS, the year was marked by active liability management, which further improved the debt profile. **Accordingly, the debt maturity increased from 4.1 years at end-2014 to 5.0 years, and the average interest rate decreased by 50 bps to 2.8%.**

In a volatile financial environment, the group can rely on diversified debt (55% unsecured debt) combining flexibility, safety and optimised costs. ICR improved from 2.8 at end-2014 to 3.0, and LTV decreases from 46.1% to 45.4%.

### Recurring Net Income: €332.8 million, +5.8%

Recurring Net Income was €332.8 million Group share, up 5.8% over a year. This sound performance is due to the strengthening of Hotels and German Residential (increasing rental income by 4.6%), along with the reduced cost of debt, despite the impact of the disposals of assets of lesser quality but generating higher immediate returns.

Per share, **Recurring Net Income was €5.07**, up 2.2%<sup>1</sup> in one year due to the impact of share issues as part of the capital increase in early 2015.

### The proposed dividend of €4.30 per share

Given the good performance of 2015, the group will propose a dividend of €4.30 per share, stable over one year, for vote by the General Meeting of Shareholders on 27 April 2016. This dividend represents a distribution rate of 85% and a yield of 5.9% on the basis of the closing price on 16 February 2016.

<sup>1</sup> Post adjusting the distribution of preferential subscription rights related to the capital increase of early 2015 (adjustment factor of 0.986)

## EPRA NAV per share up 6.6%<sup>1</sup>

**The successful capital increase in the beginning of the year**, intended to finance Foncière des Régions growth projects, raised €255 million. The group's principal shareholders all participated in this offering.

This capital increase, together with the growth in the Recurring Net Income and the 4.4% increase in asset values at a like-for-like scope, resulted in **strong growth in EPRA NAV of 12.0% over one year**, to €5,318 million (€4,609 million in EPRA Triple Net).

Per share, **EPRA NAV climbed to €79.4** (€68.8 in EPRA Triple Net), up 6.6%<sup>1</sup> over one year, taking into account the impact of the issue of shares under the capital increase.

## New strengthening in Hotel real estate

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On February 17<sup>th</sup> 2016, Foncière des Régions signed a term sheet regarding a contribution agreement on behalf of Credit Mutual Insurances for 3.3% of FDM's share capital in exchange for Foncière des Régions shares. This transaction, to be approved by the General Meeting of April 27<sup>th</sup> 2016, represents **€107 million in asset equivalents**, and will make it possible for **Foncière des Régions to own 46.5% of FDM's share capital and to further increase its foothold in the Hotels sector**. The exchange ratio of 1 Foncière des Régions share for 3 FDM shares is based on EPRA NAV parity. Following the contribution, Foncière des Régions will launch a mandatory public exchange offer at the same conditions. Upon completion of the offer, Foncière des Régions does not intend to launch a mandatory squeeze out. An independent expert will be appointed by FDM to give his fairness opinion on the conditions of the offer.

## Outlook for 2016: a better risk-return profile

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The strong investment drive, strengthened ties with our partners and solidity of operational indicators consolidate our strategic positioning around our pillars, namely France and Italy Offices, German Residential and Hotels in Europe.

The year 2015 was a milestone in the process of strengthening our best asset classes and improving the quality of our buildings. The short-term dilutive impact of this strategy must go together with stronger asset values, more sustainable and long-term cash flows and higher growth and value-creation potential.

In 2016, **Foncière des Régions is anticipating a stable Recurring Net Income per share**.

*Paris, February 18<sup>th</sup> 2016*

**A conference call for analysts and investors**

**will take place today at 2:30 pm (Paris time)**

The presentation on the conference call will be available  
on the Foncière des Régions website: [www.foncieredesregions.fr/finance](http://www.foncieredesregions.fr/finance)

**LiveTweet** : follow on live at 2.30 PM the 2015 results presentation on

[#foncieredesregionsRA2015](https://twitter.com/foncieredesregionsRA2015)

<sup>1</sup> Post adjusting the distribution of preferential subscription rights related to the capital increase of early 2015 (adjustment factor of 0.986)

## Financial calendar

Revenue of the first quarter of 2016: 4 May 2016

Capital Markets Day in Paris: 14 June 2016

## Contacts

Press Relations  
Géraldine Lemoine  
Tel.: + 33 (0)1 58 97 51 00

[geraldine.lemoine@fdr.fr](mailto:geraldine.lemoine@fdr.fr)

Investor Relations  
Paul Arkwright  
Tel.: + 33 (0)1 58 97 51 85

[paul.arkwright@fdr.fr](mailto:paul.arkwright@fdr.fr)

## Shareholder relations



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## Portfolio Group Share

€m	Values 2015 Total share	Values 2015 Group share	Change (%) LFL 12 months	Yield 2014 Group share	Yield 2015 Group share
<b>France Offices</b>	5,658	<b>4,840</b>	<b>+7.2%</b>	6.6%	<b>6.0%</b>
<b>Italy Offices</b>	3,905	<b>1,893</b>	<b>-0.4%</b>	6.1%	<b>5.7%</b>
<b>Offices</b>	9,563	<b>6,734</b>	<b>+5.0%</b>	6.4%	<b>5.9%</b>
<b>German Residential</b>	3,603	<b>2,175</b>	<b>+5.0%</b>	6.5%	<b>6.0%</b>
<b>Hotels/Service Sector</b>	3,515	<b>1,385</b>	<b>+3.1%</b>	6.1%	<b>5.9%</b>
<b>Other</b>	1,006 <sup>1</sup>	<b>695<sup>1</sup></b>	<b>n.a.</b>	n.a.	<b>n.a.</b>
<b>Total</b>	17,688	<b>10,988</b>	<b>+4.4%</b>	6.3%	<b>5.8%</b>

<sup>1</sup> Before disposal of €100 million of Logistics assets in early 2016

### Foncière des Régions, co-créditeur d'histoires immobilières

As a key player in commercial real estate, Foncière des Régions has built its growth and portfolio around a key characteristic value: partnership. With a total portfolio of €18 billion (€11 billion in group share) in the buoyant markets of France, Germany and Italy, Foncière des Régions is currently the recognised partner of businesses and territories, supporting them in their real estate strategy with a twofold objective: enhancing the existing urban portfolio and designing the real estate of the future.

Foncière des Régions is committed principally to its Key Accounts (Orange, Suez Environnement, Edf, Dassault Systèmes, Thales, Eiffage, etc.) on the Offices market. The group also focuses its attention, in a pioneering and relevant manner, on two other strategic sectors, which are German Residential and Hotels in Europe.

Foncière des Régions shares are listed in the Euronext Paris A compartment (FR0000064578 - FDR), are admitted for trading on the SRD, and are included in the composition of the MSCI, SBF 120, Euronext IEIF "SIIC France" and CAC Mid100 indices, in the "EPRA" and "GPR 250" benchmark European real estate indices, and in the FTSE4 Good, DJSI World and Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20) ethics indices.

Foncière des Régions is rated BBB/Stable by Standard and Poor's.

[www.en.foncieredesregions.fr](http://www.en.foncieredesregions.fr)





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# 1. Business analysis

## Changes in Scope:

On 27 October 2014, Foncière des Régions participated in the capital increase of its subsidiary, Beni Stabili, and it now holds 48.5% of Beni Stabili's capital as of 2015, versus 50.9% over the first 9 months of 2014.

Foncière des Régions increased its equity interest in its hotel subsidiary, Foncière des Murs, at the beginning of 2015, and owns 43.1% of its share capital as of 2015, versus 28.5% at the end of December 2014

## A. ACCOUNTED RENTAL INCOME: STABLE AT A LIKE-FOR-LIKE SCOPE

(€ million)	100 %			Group Share				
	2014	2015	Change (%)	2014	2015	Change (%)	Change (%) LFL*	% of rent
<b>Offices France</b>	<b>250,7</b>	<b>258,9</b>	<b>3,3 %</b>	<b>238,2</b>	<b>238,0</b>	<b>-0,1%</b>	<b>0,8 %</b>	<b>43 %</b>
Paris	82,5	86,5	5%	77,9	82,0	5%		15%
Paris Region	101,3	112,1	11%	93,4	95,7	3%		17%
Other French regions	66,9	60,3	-10%	66,9	60,3	-10%		11%
<b>Offices Italy</b>	<b>228,7</b>	<b>210,6</b>	<b>-7,9 %</b>	<b>114,9</b>	<b>102,1</b>	<b>-11,1%</b>	<b>-4,1%</b>	<b>19 %</b>
Core portfolio	226,0	208,1	-8%	113,5	100,9	-11%		18%
Dynamic portfolio	2,7	2,5	-6%	1,3	1,2	-9%		0%
Development portfolio	0,0	0,0	0%	0,0	0,0	0%		0%
<b>Total Offices</b>	<b>479,4</b>	<b>469,5</b>	<b>-2,1%</b>	<b>353,1</b>	<b>340,1</b>	<b>-3,7%</b>	<b>-0,9 %</b>	<b>62 %</b>
<b>Hotels and Service sector</b>	<b>196,1</b>	<b>203,6</b>	<b>3,8 %</b>	<b>51,0</b>	<b>80,0</b>	<b>57,0 %</b>	<b>-0,6 %</b>	<b>15 %</b>
Hotels	142,8	151,5	6%	35,8	57,5	61%		10%
Healthcare	16,5	15,2	-8%	4,7	6,5	39%		1%
Business premises	36,7	36,9	1%	10,5	15,9	52%		3%
<b>Residential Germany</b>	<b>171,1</b>	<b>190,3</b>	<b>11,2 %</b>	<b>103,4</b>	<b>115,9</b>	<b>12,2 %</b>	<b>2,4 %</b>	<b>21 %</b>
Berlin	38,2	52,7	38%	22,7	31,8	40%		6%
Dresden & Leipzig	9,2	16,3	78%	5,4	9,9	85%		2%
Hamburg	0,0	7,1	n/a	0,0	4,6	n/a		1%
NRW	123,8	114,2	-8%	75,3	69,6	-8%		13%
<b>Total Core activities</b>	<b>846,6</b>	<b>863,4</b>	<b>2,0 %</b>	<b>507,4</b>	<b>536,1</b>	<b>5,7%</b>	<b>-0,1%</b>	<b>98 %</b>
<b>Other</b>	<b>28,8</b>	<b>21,8</b>	<b>-24,5 %</b>	<b>17,6</b>	<b>13,3</b>	<b>-24,5 %</b>	<b>n/a</b>	<b>2 %</b>
<b>Total rent *</b>	<b>875,4</b>	<b>885,2</b>	<b>1,1%</b>	<b>525,0</b>	<b>549,4</b>	<b>4,6 %</b>	<b>-0,1%</b>	<b>100 %</b>

\* excl. Logistics (16 M€ in 2015 - 24 M€ in 2014)

Like-for-like rental income from strategic activities remained stable (-0.1%) in an inflation-free environment and still problematic leasing markets for France Offices and Italy Offices.

Performance nevertheless remains positive in France Offices (+0.8%) and strong in the German Residential segment (+2.4%). The decrease in Italy Offices (-4.1%) is largely due to the major lease agreement with Telecom Italia. Finally, rental income is holding firm in the Hotels & Service sector (-0.6%) despite the impact of the terrorist attacks in France.

Rental income – Group share totalled €549 million, an increase of 4.6% in the period, which is primarily due to the following factors:

- ◆ a reinforcement in Hotel real estate with an increase in Foncière des Murs ownership rate from 28.5% to 43.1% in 2015 (+€26.6 million)
- ◆ acquisitions (+€29.4 million) particularly in German Residential (+€17.7 million) where the group strengthened its position in the bustling cities of Berlin and Hamburg
- ◆ deliveries of new assets (+€13.2 million), mainly in France Offices
- ◆ releases of assets intended to be restructured or redeveloped (-€10.3 million)
- ◆ non-core asset disposals: -€24.4 million, particularly in France Offices (-€10.7 million)
- ◆ indexation and the mixed effect from departures and re-lettings (-€3.5 million) including the vacating of premises in France Residential (-€1.8 million) facilitating the continuation of the unit sales programmes.

## B. LEASE EXPIRATIONS AND OCCUPANCY RATES

### 1. Annualised lease expirations: residual lease term of 7.3 years firm for commercial activities

€ m *	By lease end date (1st break)	% of total	By lease end date	% of total
2016	33,3	8%	8,3	2%
2017	25,4	6%	13,5	3%
2018	44,6	10%	20,3	5%
2019	47,2	11%	45,6	10%
2020	18,9	4%	20,1	5%
2021	31,4	7%	33,1	8%
2022	35,1	8%	39,3	9%
2023	40,7	9%	39,7	9%
2024	12,6	3%	24,4	6%
2025	49,3	11%	51,7	12%
Beyond	97,4	22%	139,9	32%
<b>Total</b>	<b>435,8</b>	<b>100 %</b>	<b>435,8</b>	<b>100 %</b>

\* Residential and hotels under agreements to be sold in 2016 excluded

At year-end 2015, the average residual firm lease term, Group share attained a new record of 7.3 years firm versus 5.8 years firm at year-end 2014. In the France Offices segment, it stood at 5.4 years firm. The fixed term of our leases is on the rise following the renegotiation of the Telecom Italia leases. It reached 9.7 years in the Italy Offices segment at year-end 2015 versus 6.3 at the end of 2014; and as a result of the renewal of the AccorHotels leases in October 2015. The term of the Hotels & Service Sector leases thus reached 10.7 years at year-end 2015 up from 6.8 at the end of 2014.

(year)	By lease end date (1st break)		By lease end date	
	2014	2015	2014	2015
<b>GS</b>				
France	5,4	5,4	6,4	6,4
Italy	6,3	9,7	12,1	15,3
<b>Offices</b>	<b>5,7</b>	<b>6,6</b>	<b>8,0</b>	<b>8,9</b>
Hotels & Service sector	6,8	10,7	6,9	11,0
<b>Office - Key Accounts</b>	<b>5,8</b>	<b>7,3</b>	<b>7,9</b>	<b>9,3</b>

### 2. Occupancy rate: stable at 96.3%

(%)	Occupancy rate		
GS	2014	2014 proforma	2015
France	96,8%	96,8%	95,8%
Italy	95,2%*	92,3%	92,8%
<b>Offices</b>	<b>96,3 %</b>	<b>95,5 %</b>	<b>94,9 %</b>
Hotels & Service sector	100,0%	100,0%	100,0%
Residential Germany	98,3%*	97,6%	98,0%
<b>Total</b>	<b>97,1%</b>	<b>96,3 %</b>	<b>96,3 %</b>

\*Financial Communication rate (FY 2014) - only Core portfolio

The occupancy rate remained stable at 96.3% at year-end 2015 despite a difficult leasing environment in France and Italy Offices. It fell by 1 point for France Offices, ending at 95.8% following the delivery of new assets that are already 90% leased versus a pre-letting rate of 71% in early 2015. This strong leasing performance for deliveries



demonstrates the success of the real estate development strategy in France Offices. The occupancy rates for Italy Offices and German Residential are up by 0.5 and 0.4 points respectively.

## C. BREAKDOWN OF RENTAL INCOME - GROUP SHARE

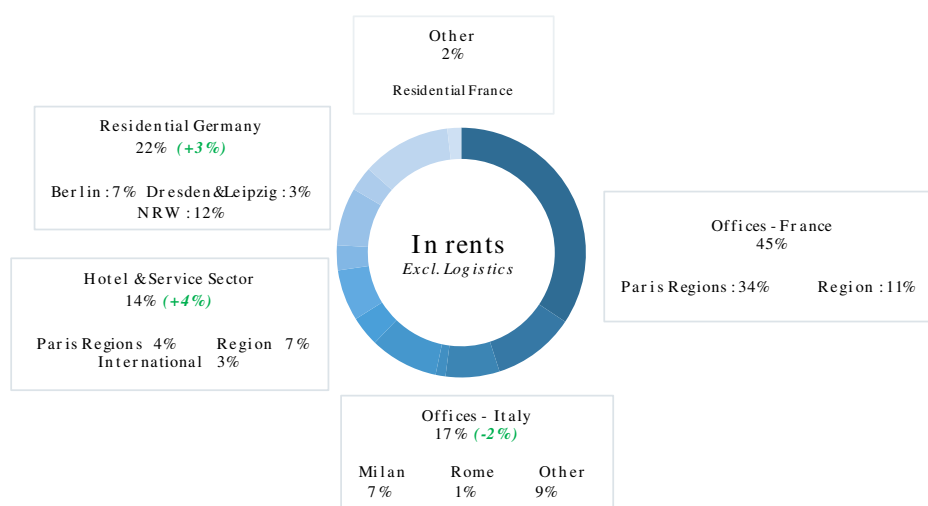
### 1. Breakdown by major tenants: a strong rental income base

In 2015, Foncière des Régions actively pursued its partnership strategy and completed leasing or development transactions with most of its Key Account tenants. The Housing segment showed a slight increase from 22% to 24% through the growth in German Residential and strengthened the leasing base.

(€ million)	Annualised rental income	
GS*	2015	%
Orange	87,4	15%
Telecom Italia	49,5	8%
AccorHotels	34,1	6%
Suez Environnement	21,4	4%
EDF	19,0	3%
B&B	14,7	3%
Eiffage	11,5	2%
Thales	10,7	2%
Natixis	10,5	2%
Dassault Systèmes	9,8	2%
Quick	7,3	1%
Vinci	6,6	1%
Korian	6,2	1%
Sunparks	6,0	1%
Jardiland	5,8	1%
Peugeot Citroen	5,5	1%
AON	5,4	1%
Lagardère	5,3	1%
Other tenants < 4 M€	128,7	22%
Residential Germany	130,5	22%
Residential France	10,6	2%
<b>Total rental income</b>	<b>586,7</b>	<b>100 %</b>

\* excl. Logistics

## 2. Geographic breakdown:



## D. COST TO REVENUE BY BUSINESS

	Offices France	Office Italy	Hotels & Service Sector	Residential Germany	Other (Residential France)	Total	
	2015	2015	2015	2015	2015	2014	2015
Rental Income	238,0	102,1	80,0	115,9	13,3	558,1	549,4
Unrecovered property operating costs	-6,1	-12,2	-0,1	-3,0	-2,5	-27,9	-23,9
Expenses on properties	-1,8	-4,4	-0,0	-9,2	-1,4	-17,8	-16,8
Net losses on unrecoverable receivable	-0,4	-0,9	-0,0	-1,9	-0,1	-5,1	-3,4
<b>Net rental income</b>	<b>229,7</b>	<b>84,7</b>	<b>79,8</b>	<b>101,8</b>	<b>9,3</b>	<b>507,3</b>	<b>505,3</b>
<b>Cost to revenue ratio</b>	<b>3,5%</b>	<b>17,1%</b>	<b>0,2%</b>	<b>12,2%</b>	<b>30,0%</b>	<b>9,1%</b>	<b>8,0%</b>

The cost to revenue ratio decreased from 9.1% in 2014 to 8.0% in 2015 as a positive result of the decrease in net losses on unrecoverable receivables in German Residential (cost to revenue ratio of 12.2% vs 14.8% at year-end 2014). The cost to revenue ratio remains very low in France Offices and in the Hotels & Service Sector due to triple-net leases. In Italy, the cost to revenue ratio increased by 2 points due to the increase in vacancies. Finally, the cost to revenue ratio for Other activities is explained by the vacancies in France Residential, in conjunction with the unit sales strategy.

## E. DISPOSALS AND DISPOSAL AGREEMENTS: €849 MILLION

(€ million)		Disposals (agreements as of end of 2014 closed) 1	Agreements as of end of 2014 to close	New disposals 2015 2	New agreements 2015	Total 2015	Margin vs 2014 value	Yield	Total Disposals = 1 + 2
Offices - France	100 %	47	73	46	75	120	15,7%	3,6%	93
Offices - Italy	100 %	1	0	202	59	261	0,9%	6,7%	203
	GS	1	0	98	28	126	0,9%	6,7%	99
Residential - Germany	100%	126	3	58	129	187	12,1%	6,6%	184
	GS	77	2	35	79	114	12,1%	6,6%	112
Hotels & Service sector	100 %	5	3	50	366	417	0,2%	6,2%	55
	GS	2	1	22	158	180	0,2%	6,2%	24
Other	100 %	140	0	185	259	444	1,8%	4,3%	325
	GS	127	0	113	195	309	1,1%	4,8%	240
<b>Total asset disposals</b>	100 %	319	78	540	888	1 428	3,7%	5,5%	860
	GS	254	76	314	535	849	4,4%	5,4%	568

During 2015, Foncière des Régions concluded €849 million (Group share) in new disposals (€315 million) and disposal agreements (€534 million), which played a role in improving the portfolio quality. Disposal agreements worth €158 million (Group share) were signed in the wake of the lease negotiations with AccorHotels.

New disposals in 2015 achieved a positive margin of 4.4% over appraisal values at the end of 2014.

## F. ASSET ACQUISITIONS: €1.1 BILLION GROUP SHARE

(€ million)	Acquisitions (€ million) ID*	Acquisitions (€ million) ID*	Yield ID GS
	100 %	GS	
Offices - France	46	46	5,5%**
Offices - Italy	81	39	6,2%***
German Residential	871	529	5,0%
Hotels & Service sector	178	69	6,4%
Business & Premises	120	21	n/a
Reinforcement FDM	432	432	6,1%
<b>Total</b>	<b>1 728</b>	<b>1 136</b>	<b>5,6 %</b>

\* ID : Including Duties

\*\* Yield calculated without the impact of Montrouge acquisition

Total Yield ID Offices France = 7,0% including occupation of vacant units from Omega B

\*\*\* Potential Yield post CAPEX

With €1.1 billion in acquisitions (Group share), including 46% in Germany, Foncière des Régions continued its strategy of acquiring assets in its strategic markets in 2015 with:

- ◆ France Offices acquisitions totalling €46 million, with the particular acquisition of the Oméga asset in Levallois-Perret (Paris region) for €25 million
- ◆ the Italy Offices acquisitions worth €81 million secured in 2015 to be finalised in 2016
- ◆ hotel acquisitions totalling €178 million (at 100%), including the acquisition in June 2015 of 22 B&B hotels in Germany for €128 million, thereby boosting the Group's presence in this growing market. It should be noted that €120 million (at 100%) were acquisitions in premises and businesses, accounted for using the equity method. Foncière des Régions also increased its investment in its subsidiary, FDM, for €432 million in asset equivalents
- ◆ residential investments in Germany for €871 million (at 100%), including the successful takeover of Berlin IV resulting in the acquisition of €353 million in prime assets in Berlin in December 2015. 68% of the assets acquired in 2015 are located in Berlin, 26% in Hamburg and 5% in Dresden and Leipzig.

## G. DEVELOPMENT PROJECTS: €1.3 BILLION GROUP SHARE

### 1. 15 projects delivered in 2015 in France Offices and Hotels

One of the year's highlights was the acceleration of the real estate development strategy through the pipeline. Fifteen projects were delivered in France Offices (9 assets for 105,000 m<sup>2</sup>) and in Hotels (six B&B hotels in France and Germany) for €486 million (€321 million Group share). These assets are 90% leased in contrast to the 71% leased in early 2015 and have generated an average creating value on their cost of 26%. Over the year, €241 million in capex Group share were invested in projects delivered or undergoing development.

### 2. Committed projects: €615 million in Group share, up 16%

The pro-active strategy of renewing the pipeline in France Offices and Italy Offices as well as in Hotels led to a growth of 16% in the committed pipeline at year-end 2015, at €615 million Group share. In France Offices, the renewal particularly involved the Edo (Issy-les-Moulineaux - Greater Paris), Traversière (Paris 12<sup>th</sup>) and Riverside (Toulouse) projects. In terms of Hotels, the Group kicked-off construction on the Meininger project in Munich and Motel One Porte Dorée in Paris. In Italy Offices, the Symbiosis development project in Milan and the redevelopment of Ferrucci in Turin were launched at the end of 2015.

The pre-letting rate for the pipeline stood at 29% as at 31 December 2015.

Projects	Type	Location	Area	Project	Surface* (m <sup>2</sup> )	Delivery	Target rent (€/m <sup>2</sup> /year)	Pre-leased (%)	Total Budget** (M€)	Target Yield	Progress
Bose	Offices - France	St Germain en Laye	Paris Regions	Construction	5 100	2016	225	100%	20	> 7%	95%
Euromed Center - Hôtel (QP FdR : 50%)	Offices - France	Marseille	MRC	Construction	9 900	2016	N/A	100%	23	> 7%	90%
Schlumberger Pompignane	Offices - France	Montpellier	MRC	Construction	3 150	2016	155	100%	8	> 7%	85%
Euromed Center - Calypso (QP FdR : 50%)	Offices - France	Marseille	MRC	Construction	9 600	2016	265	30%	15	> 7%	85%
Clinique INICEA	Offices - France	Saint-Mandé	Paris Regions	Construction	5 500	2016	N/A	100%	25	6%	70%
DS Campus Extension 1 (QP FdR : 50%)	Offices - France	Vélizy	Paris Regions	Construction	13 100	2016	305	100%	39	6%	55%
Euromed Center - Bureaux Hermione (QP FdR 50%)	Offices - France	Marseille	MRC	Construction	10 400	2017	265	0%	14	> 7%	55%
Euromed Center - Bureaux Floreal (QP FdR 50%)	Offices - France	Marseille	MRC	Construction	13 450	2017	265	0%	18	> 7%	45%
Silex I	Offices - France	Lyon	MRC	Construction	10 600	2017	280	0%	47	6%	40%
Thaïs	Offices - France	Levallois	Paris Regions	Construction	5 500	2017	480	0%	40	6%	30%
O'origin	Offices - France	Nancy	MRC	Construction	6 300	2017	195	77%	20	6%	30%
Edo	Offices - France	Issy-les-Moulineaux	Paris Regions	Refurbishment - Extension	10 800	2017	450	0%	83	6%	15%
Traversière	Offices - France	Paris	Paris Regions	Refurbishment - Extension	13 500	2017	ND	5%	122	5%	5%
Riverside	Offices - France	Toulouse	MRC	Construction	11 000	2018	195	0%	32	> 7%	5%
<b>Total Offices - France</b>					<b>127 900</b>			<b>28%</b>	<b>506</b>	<b>&gt;6%</b>	<b>34%</b>
Symbiosis - Phase A	Offices - Italy	Milano	Italy	Construction	12 000	2018	300	0%	29	>7%	5%
Ferrucci	Offices - Italy	Turin	Italy	Refurbishment - Extension	49 294	2019-2020	130	0%	40	5%	0%
<b>Total Offices - Italy</b>					<b>61 294</b>			<b>0%</b>	<b>69</b>	<b>6%</b>	<b>2%</b>
B&B Allemagne (5 actifs)	Hotels	Allemagne	Germany	Construction	n/a	2016	n/a	100%	15	>7%	52%
B&B Torcy	Hotels	Torcy	Paris Regions	Construction	n/a	2016	n/a	100%	3	>7%	86%
Motel One Porte Dorée	Hotels	Paris	Paris Regions	Construction	n/a	2017	n/a	100%	8	6%	35%
Meininger Munich	Hotels	Munich	Germany	Construction	n/a	2018	n/a	100%	13	6%	0%
<b>Total Hotels &amp; Service Sector</b>					<b>n/a</b>			<b>100%</b>	<b>39</b>	<b>&gt;7%</b>	<b>34%</b>
<b>Total</b>					<b>189 194</b>			<b>29%</b>	<b>615</b>	<b>&gt;6%</b>	<b>30%</b>

\*Surface 100%

\*\*Group share, including land cost and financial cost

### 3. Managed projects

Projects	Type	Location	Area	Project	Surface* (m <sup>2</sup> )	Delivery timeframe
Multiplex Europacorp	Cinema	Marseille	MRC	Construction	2 800 seats	>2017
Cœur d'Orly Commerces (GS FdR 25%)	Offices - France	Orly	Paris Regions	Construction	31 000	>2018
Campus New Vélizy Extension (GS FdR 50%)	Offices - France	Vélizy	Paris Regions	Construction	14 000	>2018
Opale	Offices - France	Meudon	Paris Regions	Construction	30 000	>2018
Silex II	Offices - France	Lyon	MRC	Refurbishment - Extension	30 700	>2019
Canopée	Offices - France	Meudon	Paris Regions	Construction	46 900	>2019
DS Campus Extension 2 (GS FdR 50%)	Offices - France	Vélizy	Paris Regions	Reconstruction	11 000	>2020
Avenue de la Marne	Offices - France	Montrouge	Paris Regions	Reconstruction	18 000	>2020
Cœur d'Orly Bureaux (GS FdR 25%)	Offices - France	Orly	Paris Regions	Construction	50 000	>2018-2020
Schievano	Offices - Italy	Milan	Italy	Construction	27 000	n/a
<b>Total</b>					<b>258 600</b>	

## H. PORTFOLIO

### Portfolio value up 4.4% at a like-for-like scope

(€ million)	Value 2014	Value 2015	Value 2015 GS	LFL change 12 months	Yield ED 2014*	Yield ED 2015*	% of portfolio
<b>Offices - France*</b>	5 032	5 658	4 840	7,2%	6,6%	6,0%	43%
<b>Offices - Italy*</b>	4 093	3 905	1 893	-0,4%	6,1%	5,7%	17%
<b>Total Office</b>	<b>9 125</b>	<b>9 563</b>	<b>6 734</b>	<b>5,0 %</b>	<b>6,4 %</b>	<b>5,9 %</b>	<b>62 %</b>
<b>Residential Germany</b>	2 746	3 603	2 175	5,0%	6,5%	6,0%	20%
<b>Hotels &amp; Service sector</b>	3 243	3 515	1 385	3,1%	6,1%	5,9%	13%
<b>Other</b>	1 088	772	536	-1,3%	4,7%	4,0%	5%
<b>Parking facilities</b>	210	186	111	n/a	nc	n/a	1%
<b>Portfolio</b>	<b>16 413</b>	<b>17 639</b>	<b>10 940</b>	<b>4,4 %</b>	<b>6,3 %</b>	<b>5,8 %</b>	<b>100 %</b>
Equity affiliates	20	48	48				
<b>Total - Consolidated</b>	<b>16 433</b>	<b>17 688</b>	<b>10 988</b>				
<b>Total - GS</b>	<b>9 752</b>	<b>10 988</b>					

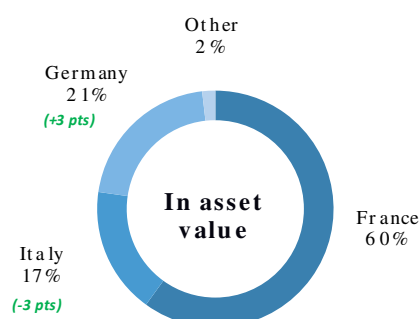
\* In operation assets yield - excluding rights

The Group share of Foncière des Régions' total asset portfolio at the end of December 2015 stood at €11.0 billion (€17.7 billion at 100%) compared to €9.8 billion at the end of 2014, a like-for-like increase of 4.4% compared to the end of 2014.

The like-for-like changes in value were particularly due to France Offices (+7.2% primarily owing to the delivered developments), German Residential (+5.0%, including +12.2% in Berlin) and in the Hotels & Service Sector (+3.1%).



## Geographic breakdown



## I. LIST OF MAJOR ASSETS

The value of the ten main assets represents almost 16% of the portfolio (GS – Group share).

Top 10 Assets (GS)	Location	Tenants	Surface (m <sup>2</sup> )	Share of affiliates
Tour CB 21	La Défense (Paris Region)	Suez Environnement, AIG Europe, Nokia, Groupon	66 000	75%
Natixis Charenton	Charenton-le-Pont (Paris Region)	Natixis	37 835	100%
Carré Suffren	Paris 15 <sup>ème</sup>	AON, Institut Français, Ministère Education	24 864	60%
Dassault Campus	Velizy Villacoublay (Paris Region)	Dassault	56 554	50,1%
Complexe Garibaldi	Milan	Maire, Valvitalia, LinkedIn, Alitalia	44 650	48,5%
New Velizy	Velizy Villacoublay (Paris Region)	Thales	46 163	50,1%
Immeuble - 23 rue Médéric	Paris 17 <sup>ème</sup>	Orange	11 182	100,0%
Green Corner	Saint Denis (Paris Region)	HAS, Systra, Casino	13 220	100,0%
Anjou	Paris 8 <sup>ème</sup>	Orange	10 067	100,0%
Percier	Paris 8 <sup>ème</sup>	Chloe	8 544	100,0%

*excluded assets under commitments*

## 2. Business analysis by segment

### A. FRANCE OFFICES

France Offices indicators are presented at 100% and as Group share (GS). Assets held partially are the following:

- ◆ Le Ponant (83.5% owned)
- ◆ CB 21 Tower (75% owned)
- ◆ Carré Suffren (60% owned)
- ◆ the Eiffage properties located at Vélizy (head office of Eiffage Construction and Eiffage Campus, head office of Eiffage Groupe) and the DS Campus (50.1% owned and fully consolidated)
- ◆ the New Vélizy property for Thales (50.1% owned and accounted for under the equity method)
- ◆ Euromed Center 50% owned (equity method)
- ◆ Askia, the first office building in the Cœur d'Orly project (25% owned and accounted for under the equity method).

The France Offices business highlights for 2015 were:

- ◆ strong activity in development projects, particularly with the delivery of nine assets for which leasing was one of the primary issues: their deliveries thus generated €16 million in annualised rental income. Leasing activity in 2015 accelerated during the second half of the year with the signature of four leases taking effect in the first half of 2016 involving 12,000 m<sup>2</sup> in Offices and €4.5 million in annualised rental income. At the same time, two flagship Foncière des Régions assets accounting for close to 25,000 m<sup>2</sup> and €10 million in annualised rental income were vacated for short-term redevelopment (Traversière and Issy Grenelle)
- ◆ actions taken with regard to Asset Management involving the renewal of leases, such as the Lagardère lease involving the Omega A and C assets for €4.8 million in annualised rental income and adding six years to the term, or the extension of the DS Campus lease now set to expire in 2026
- ◆ the continued qualitative rotation of the portfolio through the disposal of non-core assets, the continuation of the pipeline policy with a set of projects involving €1.2 billion and the targeted acquisitions of assets (primarily Levallois Omega B for €25 million) or of rental charges aimed at regenerating the pipeline in strategic areas (land with a redevelopment potential of 18,000 m<sup>2</sup> in Montrouge for €14 million)
- ◆ the +7.2% increase in values at a like-for-like scope, particularly due to the strategic choice of locations in the portfolio (Greater Paris and Regional Cities).

## 1. Accounted rental income: €238 million, +0.8% at a like-for-like scope

### 1.1. Geographic breakdown: strategic locations (Paris region and Regional Cities – MRC) generate 88% of rental income

(€ million)	Surface (sq.m.)	Number of assets	Rental income 2014 100 %	Rental income 2014 GS	Rental income 2015 100 %	Rental income 2015 GS	Change (%)	Change (%) LFL	% of rental income
Paris Centre West	91 092	12	30,5	30,6	35,5	35,7	16,6%	1,1%	15,0%
Southern Paris	77 551	11	31,7	26,9	30,4	25,7	-4,3%	0,9%	10,8%
North Eastern Paris	121 329	6	20,4	20,4	20,6	20,6	0,9%	0,7%	8,6%
Wester Crescent and La Défense	191 044	20	63,7	57,2	58,5	51,5	-10,0%	2,7%	21,6%
Inner suburbs	372 273	23	21,9	20,4	40,8	31,5	54,1%	-0,9%	13,2%
Outer suburbs	115 770	49	15,7	15,7	12,8	12,8	-18,7%	-1,8%	5,4%
<b>Total Paris Region</b>	<b>969 060</b>	<b>121</b>	<b>183,8</b>	<b>171,2</b>	<b>198,6</b>	<b>177,7</b>	<b>3,8 %</b>	<b>1,1 %</b>	<b>74,7 %</b>
Major Regional Cities	411 687	74	33,7	33,7	30,8	30,8	-8,6%	-0,3%	13,0%
Other French regions	492 267	179	33,2	33,2	29,4	29,4	-11,3%	0,2%	12,4%
<b>Total</b>	<b>1 873 013</b>	<b>374</b>	<b>250,7</b>	<b>238,2</b>	<b>258,9</b>	<b>238,0</b>	<b>-0,1%</b>	<b>0,8 %</b>	<b>100,0 %</b>

Group share rental income remains stable at €238 million (-€0.2 million) over one year. This change is primarily the combined result of:

- ◆ asset disposals particularly in the outer suburbs and in other French regions than the Paris one (-€10.7 million)
- ◆ asset acquisitions and deliveries (+€18.9 million):
  - ◆ €8.1 million based on acquisitions, particularly Natixis Charenton acquired at the end of 2014 and Levallois Omega B on 27 November 2015
  - ◆ delivery of pre-let properties accounting for €10.8 million including:
    - the Bureaux Astrolabe asset in January, which is 98% leased and the Euromed Center parking with 846 spaces leased to Urbis Park in Marseille
    - an office building leased to ERDF at 100% for nine years firm located in Avignon, delivered in May 2015
    - Respiro in May 2015, an office building in Nanterre, leased to GTM Bâtiment (Vinci Construction) at 100% for nine years firm
    - Quatuor in June 2015, in Roubaix, 70% leased to Vinci for 12 years firm
    - Steel in July 2015, in Paris Centre West, fully rented to One Point (effective 2016) for 9 years firm
    - Campus Eiffage in August 2015, a turnkey project leased to Eiffage in Vélizy for 12 years firm
    - Green Corner in September 2015, in Saint-Denis, 86% leased to the French Health Authority for a term of ten years firm effective March 2016 and to Systra
    - Askia in October 2015, first office building of Cœur d'Orly, 50% rented to ADP
- ◆ vacated premises (€9.0 million) to be restructured or redeveloped entirely, in particular the Edo assets in Issy-les-Moulineaux (Paris region) and the Opale and Canopée assets vacated in 2014. It should be noted that the Parisian site Traversière was vacated by the SNCF on 31 December 2015; this vacating of premises therefore had no impact on the 2015 accounted rental income
- ◆ an increase at a like-for-like scope of +0.8% (+€1.6 million) related to:
  - the positive effect of indexation (+€0.8 million)
  - the rental activity (+€0.9 million): leases (-€1.8 million), vacated premises (-€0.9 million).

## 2. Annualised rental income: €264 million

### 2.1 Breakdown by major tenants

(€ million)	Surface (sq.m.)	Nb of assets	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
<b>GS</b>						
Orange	476 139	159	90,4	87,4	-3,3%	33,1%
SUEZ ENVIRONNEMENT	58 609	2	21,3	21,4	0,4%	8,1%
EDF	158 149	23	18,2	19,0	4,7%	7,2%
Eiffage	146 832	69	8,4	11,5	37,0%	4,4%
THALES	88 274	2	10,7	10,7	0,1%	4,0%
Natixis	37 887	3	10,5	10,5	0,4%	4,0%
Dassault Systèmes	56 192	1	9,8	9,8	0,0%	3,7%
Vinci	24 082	2	1,8	6,6	n.a	2,5%
Peugeot Citroen	19 531	1	5,2	5,5	5,8%	2,1%
AON	15 592	1	5,4	5,4	-0,4%	2,0%
Lagardère	12 963	3	4,8	5,3	11,0%	2,0%
Other tenants < € 4M	778 763	108	76,7	71,1	-7,4%	26,9%
<b>Total</b>	<b>1 873 013</b>	<b>374</b>	<b>263,1</b>	<b>264,3</b>	<b>0,5%</b>	<b>100,0%</b>

The ten leading tenants represent 71% of annualised rental income, equal to the end of 2014.

The main changes affecting Key Accounts were as follows:

- ◆ Vinci: delivery of Nanterre Respiro and Quatuor Roubaix, let to subsidiaries of the group
- ◆ Lagardère: impact of the acquisition of the Omega B building, in which Lagardère is a tenant in the same way as in the Omega A and C assets already owned by Foncière des Régions
- ◆ Orange: decrease in exposure associated with partial disposals of assets as at 30 June 2015 and as at 31 December 2015
- ◆ EDF: 4.7% increase in rental income following the delivery of the ERDF property in Avignon
- ◆ Eiffage: delivery of the Campus Eiffage
- ◆ Peugeot Citroën: increase in rental income stipulated in the initial lease.

### 2.2. Geographic breakdown: the Paris region and the major regional cities represent 89% of rental income

(€ million)	Surface (sq.m.)	Number of assets	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
<b>GS</b>						
Paris Centre West	91 092	12	34,0	39,8	17,1%	15%
Southern Paris	77 551	11	28,6	21,2	-26,0%	8%
North Eastern Paris	121 329	6	21,4	21,1	-1,1%	8%
Wester Crescent and La Défense	191 044	20	63,1	59,8	-5,2%	23%
Inner suburbs	372 273	23	40,2	47,2	17,5%	18%
Outer suburbs	115 770	49	13,0	12,3	-5,6%	5%
<b>Total Paris Region</b>	<b>969 060</b>	<b>121</b>	<b>200,2</b>	<b>201,4</b>	<b>0,6%</b>	<b>76%</b>
<b>Major Regional Cities</b>	<b>411 687</b>	<b>74</b>	<b>32,6</b>	<b>33,2</b>	<b>1,9%</b>	<b>13%</b>
<b>Other French regions</b>	<b>492 267</b>	<b>179</b>	<b>30,3</b>	<b>29,7</b>	<b>-2,1%</b>	<b>11%</b>
<b>Total</b>	<b>1 873 013</b>	<b>374</b>	<b>263,1</b>	<b>264,3</b>	<b>0,5%</b>	<b>100,0%</b>

The Paris region remains the area generating the highest annualised rental income, stable vs 2014. The impact of the SNCF vacating the Traversière asset (13,700 m<sup>2</sup>, -€7.6 million in rent), which will undergo redevelopment, should be noted.

The increase in rental income in major regional cities or in the inner suburbs is due to the delivery of properties in Nanterre, Marseille or Vélizy in 2015.

### 3. Indexation

The indexation effect is +€0.8 million over one year. 77% of rental income is indexed to the ILAT, 21% to the ICC, with the remainder indexed to the ILC construction cost index or the IRL rental reference index. The rents benefiting from an indexation floor (1%) represent 33% of the annualised rental income and are indexed to the ILAT.

### 4. Rental activity

(€ million) - 100 %	Surface (sq.m.)	Annualised rental income	Annualised rental income (€/m <sup>2</sup> )
Vacating	56 454	14,9	263,3
Letting	99 548	19,0	190,6
Pre-Let	4 860	1,0	205,8
Renewal	96 077	18,3	191,0

The year's highlights included the signature of the leases for recently delivered assets:

- ◆ Astrolabe: the main leases were signed with RTM (4,800 m<sup>2</sup>) for nine years firm, MGEN (3,000 m<sup>2</sup>) for six years firm, EPAEM Euroméditerranée (2,200 m<sup>2</sup>) for 6 years firm and Fidal (1,400 m<sup>2</sup>) for 10 years firm
- ◆ Steel: lease of 100% of the asset to One Point for nine years firm and rent of €2.2 million/year
- ◆ Green Corner: leasing by Systra of 2,600 m<sup>2</sup> for nine years firm and rent of €0.8 million/year and by Casino of 380 m<sup>2</sup> of retail space on the ground floor
- ◆ Askia: lease signed with ADP for 50% of the office space (rent of €2.2 million/year, €0.5 million in Group share).

In addition, a pre-leasing agreement was signed with EDF for an asset in Nancy, on the 18<sup>th</sup> December 2015. The lease for 12 years firm covers 77% of the space and becomes effective when the asset is delivered in 2017.

The average term for new leases in 2015 was 9.5 years firm.

For renewals, the main impacts were:

- ◆ The renewal of the DS Campus lease for €3.2 million for an additional four years (i.e. ten years)
- ◆ Lagardère's renewal for the Omega A and C assets (€4.8 million in rent) for six additional years

56,000 m<sup>2</sup> were vacated, equivalent to €14.9 million in rent:

- ◆ Vacating of premises for redevelopment purposes of the Issy Grenelle asset by Yves Rocher (€2.9 million in rent; Edo project) and Traversière (€7.6 million)
- ◆ Vacating of Orange assets including the Pantin location for approximately €2 million in rent.



## 5. Lease expirations and occupancy rates

### 5.1. Lease expirations: residual lease term of 5.4 years firm

(€ million)	By lease end date (1 <sup>st</sup> break)	% of total	By lease end date	% of total
2016	29,7	11%	6,5	2%
2017	21,8	8%	12,8	5%
2018	38,1	14%	17,0	6%
2019	26,6	10%	36,6	14%
2020	15,3	6%	19,0	7%
2021	19,7	7%	32,3	12%
2022	19,7	7%	31,2	12%
2023	35,0	13%	36,4	14%
2024	9,1	3%	19,3	7%
2025	29,5	11%	28,2	11%
Beyond	19,9	8%	25,1	10%
<b>Total</b>	<b>264,3</b>	<b>100 %</b>	<b>264,3</b>	<b>100 %</b>

The residual lease term is stable at 5.4 years firm. By lease termination date, the residual term of the leases amounted to 6.4 years (stable compared with 31 December 2014).

### 5.2. Occupancy rate: 95.8%

(%)	2014	2015
Paris Centre West	100,0%	100,0%
Southern Paris	99,2%	100,0%
North Eastern Paris	97,4%	97,0%
Wester Crescent and La Défense	97,7%	97,0%
Inner suburbs	99,0%	93,7%
Outer suburbs	94,0%	89,7%
<b>Total Paris Region</b>	<b>97,9%</b>	<b>96,6%</b>
Major Regional Cities	95,1%	95,0%
Other French regions	89,9%	91,6%
<b>Total</b>	<b>96,8%</b>	<b>95,8%</b>

Overall, the occupancy rate is down compared with the end of 2014 (95.8% vs. 96.8%). This is due to the delivery of assets that are not yet fully leased located in major regional cities (Lille-Roubaix Quatuor) and in the Paris region (Green Corner, Askia).

This occupancy rate includes the leases signed as at year-end 2015 that will take effect during the first half of 2016 (excluding these leases, the occupancy rate is 94.6%).

## 6. Reserves for unpaid rent

(€ million)	2014	2015
As % of rental income	0,2%	0,2%
In value *	0,5	0,4

\* net provision / reversals of provision

For France Offices, the level of unpaid rents remains very low, given the high-quality client base.

## 7. Disposals and disposal agreements: €120 million in new 2015 commitments

(M€)	Cessions (accords à fin 2014 convertis)	Accords à fin 2014 à convertir	Nouvelles cessions 2015	Nouveaux accords 2015	Total 2015	Marge vs valeurs 2014	Re ndement	Total Cessions e ffectives = 1 + 2
	1		2					
Paris Centre Ouest	0,0	11,5	0,0	0,0	0,0	0,0%	0,0%	0,0
Paris Sud	0,0	7,3	0,2	0,0	0,2	0,0%	0,0%	0,2
Paris Nord Est	1,3	31,4	0,0	0,0	0,0	0,0%	0,0%	1,3
Croissant Ouest et La Défense	0,0	5,8	3,2	0,7	3,8	4,7%	1,4%	3,2
1ère couronne	4,3	0,0	27,5	56,0	83,5	18,6%	3,3%	31,8
2ème couronne	18,4	6,4	2,1	0,0	2,1	10,6%	2,2%	20,5
<b>Ile - De - France</b>	<b>24,0</b>	<b>62,4</b>	<b>33,0</b>	<b>56,7</b>	<b>89,7</b>	<b>17,7%</b>	<b>3,2%</b>	<b>57,0</b>
Métropoles Régionales	14,2	1,8	6,2	11,9	18,1	29,1%	3,9%	20,4
Autres Régions	9,2	8,4	6,3	5,9	12,2	- 8,8%	6,0%	15,5
Participations	0,0	0,0	0,0	0,0	0,0	0,0%	0,0%	0,0
<b>Total</b>	<b>47,4</b>	<b>72,7</b>	<b>45,5</b>	<b>74,5</b>	<b>120,0</b>	<b>15,8%</b>	<b>3,6%</b>	<b>92,9</b>

New commitments (new disposals and new disposal agreements) reflect the will to improve the quality of the portfolio. In volume, these new commitments are mainly located in inner suburbs (70%) via:

- ♦ the finalisation of the Saint-Mandé disposal transaction: a Housing plot was sold in September 2015 for €27.5 million and a forward sale of the clinic under development, 100% leased to Inicea, was signed for July 2016 for €31.7 million
- ♦ the signature of a preliminary sale agreements for €29 million for an asset located in Fontenay-sous-Bois.

The disposal of small assets in the Regions and in the outer suburbs continued in 2015.

The cash disposals for the period stand at €93 million and can be broken down between the complete disposals of 14 assets for €34 million, the Saint-Mandé Housing plot (€27.5 million) and some partial disposals, particularly to Orange, that took place as part of the partnership agreements signed between 2012 and 2013.

## 8. Acquisitions: €46 million in 2015

Assets	Surface (sq.m.)	Location	Tenants	Acquisition Price (€ million)	Yield*
Levallois OMEGA B	4 816	Levallois (92)	Lagardère, Onduline, Novadis, BNP retail	24,7	4,4%
Montrouge	n.a	Montrouge (92)		14,0	n/a
Acquisitions partielles Orange	n.a	Paris (75)	Orange	4,2	8,5%
Quote Part Eurosic CAP 18	n.a	Paris (75)		3,2	9,6%
<b>Total</b>	<b>4 816</b>			<b>46,1</b>	<b>5,5%</b>

\*including duties - calculated without the impact of Montrouge acquisition

In 2015, Foncière des Régions made acquisitions aimed at expanding the scope of its ownership of real estate complexes it already partially owned:

- ♦ acquisition of the Levallois Omega B asset on 27 November for €24.7 million for an immediate yield of 4.4% (6.4% after filling up the vacancy of approximately 1,500 m<sup>2</sup>). Foncière des Régions already owns the A and C assets of this real estate complex and is therefore the post-acquisition owner of 17,700 m<sup>2</sup>, 12,900 m<sup>2</sup> of which are currently rented to the Lagardère group
- ♦ acquisition of land located in Montrouge for a total of €14.0 million
- ♦ acquisition of a 10% share in Eurosic in tranche 1 of Cap 18 for €3.2 million: in January 2016, Foncière des Régions also acquired the remaining 15% share of Cicobail and is therefore now the full owner of Cap 18.

In addition, Foncière des Régions also acquired additional space from Orange in certain assets for which Orange reviewed the technical volumetry, for €4.2 million, at the price stipulated in the partnership agreements with the Key Account.

## 9. Development projects: a pipeline of more than €1.2 billion

The development policy of Foncière des Régions focuses on continuing the asset enhancement work undertaken (improvement of asset quality and creation of value), supporting Key Accounts partners over the long term in the roll-out of their real estate strategy, and managing new operations in strategic locations.

The strategy is based, in the greater Paris area, on locations with good public transport and/or in well-known commercial districts and in the large Regional Cities where the annual take-up is greater than 50,000 m<sup>2</sup> per year, in prime locations (for example: the TGV train station in the La Part-Dieu district in Lyon).

### 9.1 Projects delivered

Approximately 105,000 m<sup>2</sup> were delivered during 2015, including 77,000 m<sup>2</sup> in commercial zones established in the Paris region and 28,000 m<sup>2</sup> in the large major regional cities.

The occupancy rate for the projects delivered during the year stood at 90% at year-end 2015 versus 71% at the beginning of the year.

### 9.2. Committed projects

Projects	Location	Area	Project	Surface** (sq.m.)	Delivery	Target offices rent (€/sq.m./year)	Pre-let (%)	Total Budget* (€m)	Progress	Yield
Bose	St Germain en Laye	Paris Region	Construction	5 100	2016	225	100%	20	95%	> 7%
Euromed Center - Hôtel (QP FdR : 50%)	Marseille	MRC	Construction	9 900	2016	N/A	100%	23	90%	> 7%
Schlumberger Pompignane	Montpellier	MRC	Construction	3 150	2016	155	100%	8	85%	> 7%
Euromed Center - Calypso (QP FdR : 50%)	Marseille	MRC	Construction	9 600	2016	265	30%	15	85%	> 7%
Clinique INICEA	Saint-Mandé	Paris Region	Construction	5 500	2016	N/A	100%	25	70%	6%
DS Campus Extension 1 (QP FdR : 50%)	Vélizy	Paris Region	Construction	13 100	2016	305	100%	39	55%	6%
Euromed Center - Bureaux Hermione (QP FdR 50%)	Marseille	MRC	Construction	10 400	2017	265	0%	14	55%	> 7%
Euromed Center - Bureaux Floreal (QP FdR 50%)	Marseille	MRC	Construction	13 450	2017	265	0%	18	45%	> 7%
Silex I	Lyon	MRC	Construction	10 600	2017	280	0%	47	40%	6%
Thaïs	Levallois	Paris Region	Construction	5 500	2017	480	0%	40	30%	6%
O'origin	Nancy	MRC	Construction	6 300	2017	195	77%	20	30%	6%
Edo	Issy-les-Moulineaux	Paris Region	Refurbishment - Extension	10 800	2017	450	0%	83	15%	6%
Traversière	Paris	Paris Region	Refurbishment - Extension	13 500	2017	ND	5%	122	5%	5%
Riverside	Toulouse	MRC	Construction	11 000	2018	195	0%	32	5%	> 7%
<b>Total</b>				<b>127 900</b>			<b>28%</b>	<b>506</b>	<b>34%</b>	<b>&gt;6%</b>

\*\*Surface 100%

\*\*In Group share, including land cost and financial cost

Several projects were launched during the year, including:

- ◆ the expansion of the Dassault Systèmes campus in Vélizy over 13,100 m<sup>2</sup>. A lease for ten years firm was signed with DS and the work started in February
- ◆ Thaïs in Levallois, a new 5,500 m<sup>2</sup> office building. The demolition of the existing building was completed at the end of the year and the construction work is under way
- ◆ Edo in Issy les Moulineaux, a renovation-extension project for a 10,800 m<sup>2</sup> office building. The building permit was obtained in June 2015 and the asset is currently undergoing asbestos removal
- ◆ O'origin in Nancy, a new 6,300 m<sup>2</sup> office building that is 77% leased to EDF under a lease for 12 years firm, where construction work was begun at year-end.

Work is ending on the Schlumberger Pompignane project in Montpellier and the Bose project in Saint Germain-en-Laye with deliveries expected in early 2016. Work is continuing on the Calypso, Hermione and Floreal assets in the Euromed Center as well as on the hotel, with deliveries planned for 2016-2017.

### 9.3. Managed projects

Approximately 232,000 m<sup>2</sup> are controlled by Foncière des Régions:

Projects	Location	Project	Area	Surface* (m <sup>2</sup> )	Delivery timeframe
Multiplex Europacorp	Marseille	Construction	MRC	2800 seats	>2017
Cœur d'Orly Commerces (QP FdR 25%)	Orly	Construction	Paris Region	31 000	>2018
Campus New Vélizy Extension (QP FdR 50%)	Vélizy	Construction	Paris Region	14 000	>2018
Opale	Meudon	Construction	Paris Region	30 000	>2018
Silex II	Lyon	Refurbishment - Extension	MRC	30 700	>2019
Canopée	Meudon	Construction	Paris Region	46 900	>2019
DS Campus Extension 2 (QP FdR 50%)	Vélizy	Construction	Paris Region	11 000	>2020
Avenue de la Marne	Montrouge	Construction	Paris Region	18 000	>2020
Cœur d'Orly Bureaux (QP FdR 25%)	Orly	Construction	Paris Region	50 000	>2018-2020
<b>Total</b>				<b>231 600</b>	

\*surface 100%

The Opale (30,000 m<sup>2</sup>) and Canopée (47,000 m<sup>2</sup>) projects in Meudon are currently in the pre-leasing phase, which may lead to their being committed and leased. The Avenue de la Marne asset in Montrouge (18,000 m<sup>2</sup>) was acquired at the end of 2015 to constitute the landholdings in view of pre-leasing.

The building permits were obtained and became final for Phase 2 of the Cœur d'Orly businesses (31,000 m<sup>2</sup>), for Silex 2 (renovation project - extension of the tower vacated by EDF in the Part-Dieu district in Lyon) and for the Europacorp multiplex project in the Euromed Center in Marseille (2,800 seats).

## 10. Portfolio values

### 10.1. Change in portfolio values: increase of €487 million in Group share in 2015

(€ million) Asset	Value ED 2014	Value adjustment	Acquisitions	Disposals	Invest.	Transfer / change of scope	Value ED 2015
Assets in operation	3 991	296	46	-65	11	141	4 420
Assets under development	362	27	0	-28	212	-153	420
<b>Total</b>	<b>4 353</b>	<b>323</b>	<b>46</b>	<b>-93</b>	<b>223</b>	<b>-12</b>	<b>4 840</b>

\*including New Velizy, Euromed and Cœur d'Orly in GS

### 10.2. Like-for-like change: +7.2%

Value GS (incl. assets under developments)

(€ million)	100 % value ED 2014	100 % value ED 2015	Value ED 2015 GS*	LFL change 12 months	Yield ED 2014	Yield ED 2015	% of total value
Paris Centre West	624,6	853,7	853,7	14,8%	5,4%	4,7%	18%
Southern Paris	584,2	545,8	418,4	11,4%	6,1%	5,1%	9%
North Eastern Paris	306,0	339,2	339,2	9,1%	7,2%	6,2%	7%
Wester Crescent and La Défense	1 139,0	1 181,2	1 027,2	6,7%	6,4%	5,8%	21%
Inner suburbs	974,4	1 257,7	841,7	8,8%	5,9%	5,6%	17%
Outer suburbs	170,2	149,2	149,2	-0,9%	7,7%	8,2%	3%
<b>Total Paris Region</b>	<b>3 798,4</b>	<b>4 326,8</b>	<b>3 629,5</b>	<b>9,4 %</b>	<b>6,2 %</b>	<b>5,5 %</b>	<b>75 %</b>
Major Regional Cities	420,1	529,3	483,6	2,3%	7,5%	6,8%	10%
Other French regions	331,0	307,3	307,3	-7,1%	9,0%	9,7%	6%
<b>Total in operation</b>	<b>4 549,6</b>	<b>5 163,4</b>	<b>4 420,3</b>	<b>7,3 %</b>	<b>6,6 %</b>	<b>6,0 %</b>	<b>91 %</b>
Assets under development	482,8	494,8	419,7	7,0%	n/a	n/a	9%
<b>Total</b>	<b>5 032,4</b>	<b>5 658,2</b>	<b>4 840,0</b>	<b>7,2 %</b>	<b>6,6 %</b>	<b>6,0 %</b>	<b>100 %</b>

\*including New Velizy, Euromed and Cœur d'Orly in GS

Values increased by 7.2% at a like-for-like scope, mainly due to the increase in values in the Paris region, and particularly in the city of Paris. The dichotomy observed on the market between secured products, prime areas (Paris inner suburbs, major Regional Cities) and the lesser known commercial zones (Regions, outer suburbs) can also be seen in the valuation of the Foncière des Régions portfolio in 2015.

Accordingly, Foncière des Régions' Parisian assets have benefited from an average compression of 75 bps in their capitalisation rates. Rates were also compressed for secured assets with high-quality tenants such as Orange in Paris, or such as Thalès or Eiffage in the Vélizy area.

The increase in value in major regional cities is mainly led by Marseille and, more specifically, by the Euromed Center programme and the good news regarding the leasing of its assets.

The yield on the operating portfolio stands at 6.0%, a drop of 60 bps vs. year-end 2014 as a result of the compression of the rates and the improvement in portfolio quality.

Assets under development account for 9% of the France Offices portfolio in Group share and values have increased by 7% at a like-for-like scope.

## 11. Strategic asset segmentation

- ◆ The "Core" portfolio corresponds to a strategic grouping of key assets, consisting of resilient properties providing long-term income. Mature assets may be disposed of on an opportunistic basis in managed proportions. This frees up resources that can be reinvested in value-creating transactions, such as in developing our portfolio or making new investments.
- ◆ The "Value Enhancement" portfolio includes assets targeted for specific refurbishment or enhancement to improve rental income. These assets are primed to become core assets once the asset management work has been completed.
- ◆ The "Secondary" portfolio mainly results from outsourcing operations involving our major tenant partners. This portfolio constitutes a compartment with a higher yield than the average for the office portfolio, with a historically-high rate of renewals. The small unit size of these properties and their liquidity on the local markets makes them apt candidates for progressive disposal.

	<b>Core Portfolio</b>	<b>Value enhancement Portfolio</b>	<b>Secondary asset</b>	<b>Total</b>
Number of assets	83	45	246	<b>374</b>
Value ED GS (€ million)	3 537	772	530	<b>4 840</b>
Yield	5,5%	3,3%	8,4%	<b>5,5%</b>
Residual firm duration of leases (years)	6,3	2,1	3,3	<b>5,4</b>
Occupancy rate	97,8%	90,9%	90,5%	<b>95,8%</b>

This "Core portfolio" is up by 5 points over the year and represents, at year-end 2015, 73% of the portfolio, particularly following the nine deliveries for the year and the increase in value of the Parisian assets.

The "Value Enhancement Portfolio" was boosted by the Traversière asset particularly at year-end, and amounts to €772 million, representing 16% of the portfolio.

The "Secondary" portfolio continues its downward trend and accounts for 11% of the portfolio Group share at year-end, a decrease of 3 pts in comparison to year-end 2014, particularly due to the disposals.

## B. ITALY OFFICES

Listed on the Milan stock exchange since 1999, Beni Stabili is the largest listed Italian property firm and is a 48.5% subsidiary of Foncière des Régions versus 48.3% at the end of December 2014. The figures are disclosed as 100%.

Its assets consist largely of offices located in cities in northern and central Italy, particularly Milan and Rome. The company had a portfolio of €3.9 billion at year-end 2015.

### 1. Accounted rental income: -4.1% at like-for-like scope

(€ million)	Surface (sq.m.)	Number of assets	Rental income 2014	Rental income 2015	Change (%)	Change (%) LFL	% of total
Core portfolio	1 623 479	206	226,0	208,1	-7,9%		98,8%
Dynamic portfolio	77 181	34	2,7	2,5	-5,6%		1,2%
<b>Subtotal</b>	<b>1 700 660</b>	<b>240</b>	<b>228,7</b>	<b>210,6</b>	<b>-7,9%</b>		<b>100,0%</b>
Development portfolio	49 591	3	0,0	0,0	0,0%		0,0%
<b>Total</b>	<b>1 750 250</b>	<b>243</b>	<b>228,7</b>	<b>210,6</b>	<b>-7,9%</b>	<b>-4,1%</b>	<b>100,0%</b>

Between 2014 and 2015, rental income decreased by €18 million, i.e. -7.9%, primarily due to:

- ◆ non-core asset disposals: -€6.3 million
- ◆ the impact of the vacating of premises and of the indexation (particularly the impact of the vacating of an asset located in Turin in June 2014, reclassified under development in 2015): -€11.2 million
- ◆ the signing in Q2 2015 of a major agreement with Telecom Italia for renewal on all of its leases (€117 million in rent) including a decrease in rents of 6.9% in consideration of the extension of the fixed term leases that goes from 9 to 15 years
- ◆ deliveries of assets under development at end-2014, principally Via dell'Arte in Rome and San Nicolao in Milan (+€3.6 million).

The change at a like-for-like scope of -4.1% over the period is mainly due to the renegotiation with Telecom Italia. Excluding this impact, the change is -1.5%, in keeping with an increase in vacancies.

### 2. Annualised rental income: €207.6 million

#### 2.1. Breakdown by portfolio

(€ million)	Surface (sq.m.)	Number of assets	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of total
Core portfolio	1 623 479	206	228,4	205,8	-9,9%	99,1%
Dynamic portfolio	77 181	34	2,9	1,8	-36,9%	0,9%
<b>Subtotal</b>	<b>1 700 660</b>	<b>240</b>	<b>231,3</b>	<b>207,6</b>	<b>-10,2%</b>	<b>100,0%</b>
Development portfolio	49 591	3	0,0	0,0	0,0%	0,0%
<b>Total</b>	<b>1 750 250</b>	<b>243</b>	<b>231,3</b>	<b>207,6</b>	<b>-10,2%</b>	<b>100,0%</b>

Annualised rental income declined by 10.2% due to the impact of the decrease at a like-for-like scope and the non-core asset disposals in 2015, particularly Telecom Italia.

## 2.2. Geographic breakdown

(€ million)	Surface (sq.m.)	Number of assets	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of total
Milano	408 775	41	94,1	84,5	-10,2%	40,7%
Rome	115 955	29	21,8	15,6	-28,5%	7,5%
Turin	159 919	11	11,9	11,6	-2,3%	5,6%
North of Italy	640 226	94	62,5	59,9	-4,3%	28,8%
Other	425 376	68	40,9	36,0	-11,9%	17,4%
<b>Total</b>	<b>1 750 250</b>	<b>243</b>	<b>231,3</b>	<b>207,6</b>	<b>-10,2%</b>	<b>100,0%</b>

Nearly 83% of rents come from assets located in the North and in Rome. Milan represents close to 41% of the portfolio (versus 40.4% in 2014).

## 3. Indexation

The annual indexation in rental income is usually calculated by taking 75% of the increase in the Consumer Price Index (CPI) applied on each anniversary of the signing date of the agreement. In 2015, the average change in the IPC index was -0.2% over 12 months, nevertheless, this decrease did not apply as all leases are protected against negative indexation.

## 4. Rental activity

During 2015, rental activity can be summarised as follows:

(€ million)	Surface (sq.m.)	Annualised rental income	Annualised rental income (€/m <sup>2</sup> )
Vacating	29 700	8,7	293
Letting	20 141	5,7	281
Renewal	41 024	6,5	159

The main new leases relate to the Via Dell'Union property in Milan, with two new tenants – Intesa San Paolo and Saras (total rental income of €1.5 million) – under firm six-year leases. Asset management work was also performed facilitating the re-letting of the ten floors of the Garibaldi Tower A for a total of €2.2 million in 2015.

Renewed leases consist mainly of the renewals except Telecom Italia leases (with a lengthening of the lease term to 15 years firm, in exchange for lower rents). They relate to the Milanofiori Strada property, corresponding to a surface area of nearly 30,000 m<sup>2</sup>, with the renewal of the Auchan lease for a term of eight years firm.

The change in vacated premises mainly results from the departure of the Vittoria Colonna tenant in Milan (3,435 m<sup>2</sup>) in April 2015 and the Via Messina 38 asset tenant (Milan, 5,962 m<sup>2</sup>). The latter asset has already been re-let in early 2016 and the location of the Vittorio Colonna asset promises a speedy re-letting following some asset management work.



## 5. Lease expirations and occupancy rates

### 5.1. Lease expirations: residual lease term of 9.7 years firm

(€ million)	By lease end date (1 <sup>st</sup> break)	% of total	By lease end date	% of total
2016	5,9	3%	3,8	2%
2017	7,4	4%	1,4	1%
2018	7,8	4%	1,2	1%
2019	24,5	12%	1,7	1%
2020	7,1	3%	2,0	1%
2021	23,6	11%	1,1	1%
2022	26,1	13%	11,1	5%
2023	11,0	5%	6,0	3%
2024	3,7	2%	7,0	3%
2025	0,2	0%	6,8	3%
Beyond	90,3	43%	165,5	80%
<b>Total</b>	<b>207,6</b>	<b>100 %</b>	<b>207,6</b>	<b>100 %</b>

At the conclusion of the lease renegotiations with Telecom Italia, the firm lease term showed a clear increase from 6.3 years at 31 December 2014 to 9.7 years at 31 December 2015 (full term of 15.3 years).

### 5.2. Occupancy rate and type: an occupancy rate of 92.8%

(%)	2014	2015
Core portfolio	95,2%	95,5%
Core + dynamic portfolio	92,3%	92,8%

The spot financial occupancy rate at the end of 2015 was 92.8% for the operating portfolio, a slight increase from year-end 2014 (92.3%). This change was due to the reclassification of the Corso Ferrucci asset in Turin under development in 2015.

## 6. Reserves for unpaid rent

(€ million)	2014	2015
As % of rental income	1,0%	0,9%
In value *	2,4	1,9

\* net provision / reversals of provision

Reserves for unpaid rents correspond to charges to reserves net of reversals and write-offs and are slightly down over one year, at a low level of 0.9%.

## 7. Disposals and disposal agreements: €260.6 million

(€ million)	Disposals (agreements as of end of 2014 closed) 1	Agreements as of end of 2014 to close	New disposals 2015 2	New agreements 2015	Total 2015	Margin vs 2014 value	Yield	Total Disposals = 1 + 2
Milano	0,0	0,0	109,8	0,0	109,8	3,0%	6,1%	109,8
Rome	0,0	0,0	81,4	50,2	131,6	-0,1%	7,1%	81,4
Other	1,3	0,0	10,9	8,3	19,2	-4,1%	6,9%	12,1
<b>Total</b>	<b>1,3</b>	<b>0,0</b>	<b>202,0</b>	<b>58,5</b>	<b>260,6</b>	<b>0,9%</b>	<b>6,7%</b>	<b>203,3</b>

The total value of disposals and disposal agreements in 2015 was €260.6 million, including €202.0 million in completed sales. These new commitments in 2015 were entered into at 0.9% above the 2014 appraisal values and based on a 6.7% yield.

The main sales included that of a non-core hotel in Milan leased to Boscolo and the disposal of two leased office

properties rented to Telecom Italia and located on the outskirts of Rome. The step-up of assets disposals in 2015 has helped improve the portfolio quality and will continue over the coming years.

## 8. Acquisitions:

Assets	Surface (sq.m.)	Location	Acquisition Price ID* (€ million)	Gross Yield ID*
Corso Italia and Via Principe Amadeo	22 445	Milan	81,0	6,2%**
<b>Total</b>			<b>81,0</b>	<b>6,2%</b>

\*ID = Including duties

\*\*Potential yield after CAPEX

At year-end 2015, €81 million in acquisitions had been secured with property transfers set to take place during the first half of 2016. These involve two office buildings located in the centre of Milan with re-development potential (requiring approximately €25 million in additional capex). Once restructured, these two assets will improve the quality of the portfolio and strengthen cash flow.

## 9. Development projects

### 9.1. Committed projects

Projects	Location	Project	Surface (sq.m)	Delivery	Target offices rent (€/sq.m/year)	Pre-let (%)	Total Budget (€m)	Target Yield	Progress
Symbiosis - A Building	Milano	Construction	12 000	2018	300	0%	60	>7%	5%
Ferrucci	Turin	Refurbishment	49 294	2019-2020	130	0%	82	5%	0%
<b>Total</b>			<b>61 294</b>			<b>0%</b>	<b>143</b>	<b>6%</b>	<b>2%</b>

Two projects were launched during 2015:

- ◆ the first phase of the Symbiosis development project. The entire project potentially involves 125,000 m<sup>2</sup> in 12 new commercial buildings located at the southern limit of central Milan, across from the new Prada Foundation. The progressive development of the area should require a total of €250 million in capex. The initial work started in 2015.
- ◆ the redevelopment project on the existing Ferrucci asset, located in Turin, with a delivery timeframe of 2020.

### 9.2. Managed projects

Projects	Location	Area	Surface (sq.m.)	Delivery timeframe
Schievano	Milano	Italy	27 000	n/a
<b>Total</b>			<b>27 000</b>	

The Schievano project consists of the construction of three office buildings for a total of 27,000 m<sup>2</sup>, located at the southern limit of central Milan.

## 10. Portfolio values

### 10.1. Change in portfolio values

(€ million)	Value ED 2014	Change in value	Acquisitions	Disposals	Invest.	Recluster	Value ED 2015
Core portfolio	3 769	11	0	-199	11	-34	3 557
Dynamic portfolio	143	-23	0	-1	1	-23	98
<b>Subtotal</b>	<b>3 912</b>	<b>-12</b>	<b>0</b>	<b>-200</b>	<b>12</b>	<b>-57</b>	<b>3 655</b>
Development portfolio	181	-3	0	0	15	57	250
<b>Total</b>	<b>4 093</b>	<b>-14</b>	<b>0</b>	<b>-200</b>	<b>27</b>	<b>0</b>	<b>3 905</b>

The portfolio amounted to €3.9 billion at year-end 2015, a decline of €188 million over one year mainly due to the disposals that took place in 2015. The increase in the development portion of the portfolio is particularly associated with the reclassification of the Corso Ferrucci asset (€57 million), previously part of the Core portfolio, and for which several capex projects are planned in order to re-let it. The Boscovich asset (in Milan) was also reclassified from the dynamic portfolio to the Core portfolio.

### 10.2. Like-for-like change: -0.4%

(€ million)	Value ED 2014 100 %	Value ED 2015 100 %	LFL change 12 months	Yield ED 2014	Yield ED 2015	% of total value
Core portfolio	3 768,9	3 556,9	0,3%	6,1%	5,8%	91,1%
Dynamic portfolio	143,4	97,6	-18,7%	2,0%	1,8%	2,5%
<b>Subtotal</b>	<b>3 912,3</b>	<b>3 654,5</b>	<b>-0,3 %</b>	<b>5,9 %</b>	<b>5,7 %</b>	<b>93,6 %</b>
Development portfolio	180,7	250,3	-1,1%	n/ a	n/ a	6,4%
<b>Total</b>	<b>4 093,0</b>	<b>3 904,9</b>	<b>-0,4 %</b>	<b>5,9 %</b>	<b>5,7 %</b>	<b>100,0 %</b>

The portfolio value is down slightly by 0.4% at a like-for-like scope in 2015, mainly because of the decline in the Dynamic portfolio. Within the Core portfolio, the Telecom Italia portfolio shows a slight increase of 0.4%, the extension of the leases having more than offset the reduction in rents. The remainder of the Core portfolio shows slight growth of 0.3%.

The decline in the yield between 2014 and 2015 was mainly due to the renegotiation of Telecom Italia leases, with rents reduced by 6.9%.

## C. HOTELS & SERVICE SECTOR

Foncière des Murs (FDM), a subsidiary 43.1%-owned by Foncière des Régions (vs. 28.5% at end-2014), is a listed property investment company (SIIC) specialising in the service sector, especially in hotels, healthcare and retail. FDM pursues an investment strategy that favours partnerships with leading operators in various business sectors. The figures are quoted at 100% and FDM share of affiliates.

In terms of the hotel business, 2015 was characterised by a stable start to the year in France, but sales performance shows a clear decline towards the end of the year, due to the combined effect of the terrorist attacks in Paris and the growing popularity of new Airbnb type competitors. The fundamentals remain solid, however, with thriving tourism (the tourism industry is expected to grow in Europe at 3.3% per year between 2014 and 2019, according to UNWTO) and a gradual improvement in economic conditions. Within this context, Foncière des Régions continued to improve and diversify its portfolio, both in terms of partners/tenants and in terms of the geographic breakdown of its portfolio (in particular by focusing on investments in Germany via several acquisition and development projects).

### 1. Accounted rental income: -0.6% at a like-for-like scope

Assets held partially by Foncière des Murs consist of the 167 B&B hotels acquired in 2012 (50.2% owned), as well as the 22 B&B properties (93.0% owned) and two Motel One properties (94.0% owned) in Germany, acquired in the first half of 2015.

#### 1.1. Breakdown by business sector

(€ million)	Number of assets	Number of rooms	Rental income 2014	Rental income 2014 in GS FDM	Rental income 2015 100 %	Rental income 2015 in GS FDM	Change (%) 100 %	Change (%) in GS	Change (%) LFL	% of rental income
Hotels	349	33 484	142,8	125,8	151,5	133,3	6,1%	6,0%	-1,0%	72%
Healthcare	27	n/a	16,5	16,5	15,2	15,2	-8,3%	-8,3%	0,5%	8%
Retail Premises	185	n/a	36,7	36,7	36,9	36,9	0,5%	0,5%	0,2%	20%
<b>Total</b>	<b>561</b>	<b>33 484</b>	<b>196,1</b>	<b>179,0</b>	<b>203,6</b>	<b>185,4</b>	<b>3,8 %</b>	<b>3,5 %</b>	<b>-0,6 %</b>	<b>100 %</b>

Consolidated rental income totalled €203.6 million at 100% at end-December 2015, i.e. an increase of 3.8% (+€7.5 million) compared with December 2014.

This change was partly due to the different movements over the portfolio:

- ◆ Acquisitions and deliveries of assets under development in 2014 and 2015, which increased rental income to €10.9 million
- ◆ Additional rental income following works to the Quick portfolio (+€0.1 million)
- ◆ Disposals of non-core assets (mainly AccorHotels hotels and Korian properties) that impacted negatively 2015 rental income in the amount of €2.5 million.

The decline in rental income at a like-for-like scope (€-1.1 million) is due to the weaker performance of AccorHotels hotels (-1.6%) at the end of 2015, in particular following the terrorist attacks. Slight indexation on fixed rents (58% of rental income) and the geographic diversification of the portfolio were able to offset the negative effects.

## 2. Annualised rental income: €187.2 million (FDM share of affiliates)

### 2.1. Breakdown by business sector

(€ million)	Number of assets	Number of rooms	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
Hotels	349	33 484	127,6	135,7	6,4%	73%
Healthcare	27	n/a	15,6	14,4	-7,7%	8%
Retail Premises	185	n/a	36,7	37,0	0,8%	20%
<b>Total</b>	<b>561</b>	<b>33 484</b>	<b>180,0</b>	<b>187,2</b>	<b>4,0%</b>	<b>100%</b>

### 2.2 Breakdown by tenant

(€ million)	Number of assets	Number of rooms	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
AccorHotels	123	15 214	83,4	79,0	-5,2%	42%
B&B	218	17 189	23,8	34,0	42,8%	18%
Korian	27	n/a	15,6	14,4	-7,7%	8%
Quick	81	n/a	16,6	16,9	1,9%	9%
Jardiland	49	n/a	13,5	13,5	0,0%	7%
Sunparks	4	n/a	13,7	13,9	1,2%	7%
Courtepaille	55	n/a	6,6	6,6	-0,2%	4%
Club Med	1	392	3,4	3,4	0,3%	2%
NH	1	232	3,3	3,3	0,1%	2%
Motel One	2	457	0,0	2,1	n/a	1%
<b>Total</b>	<b>561</b>	<b>33 484</b>	<b>180,0</b>	<b>187,2</b>	<b>4,0%</b>	<b>100%</b>

Following the acquisition of 22 B&B hotels in Germany and the opening of several B&Bs under development in France and Germany during 2015, this tenant's contribution to the group's revenue saw a significant increase, whereas the group's exposure to AccorHotels (in variable rent) decreased slightly and will decrease in 2016 (to 33% with a like-for-like portfolio scope) following the disposal agreements signed recently (see 6. *Disposals and disposal agreements*).

The geographic diversification and partnership strategy led to the emergence of a new tenant in 2015, after the acquisition of two Motel One hotels in Germany in February 2015.

### 2.3. Geographic breakdown

(€ million)	Number of assets	Number of rooms	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
Paris	9	2 347	20,5	19,7	-4,1%	11%
Inner suburbs	33	3 122	18,0	18,2	1,4%	10%
Outer suburbs	55	2 875	15,6	14,9	-4,0%	8%
<b>Total Paris Region</b>	<b>97</b>	<b>8 344</b>	<b>54,1</b>	<b>52,8</b>	<b>-2,3%</b>	<b>28%</b>
MRC	108	7 314	32,8	33,1	0,9%	18%
Other French regions	290	10997	60,2	57,3	-4,7%	31%
International	66	6 829	33,0	43,9	33,2%	23%
<b>Total</b>	<b>561</b>	<b>33 484</b>	<b>180,0</b>	<b>187,2</b>	<b>4,0%</b>	<b>100%</b>

Following acquisitions in the dynamic German market, rental income abroad increased significantly (in value, +33%, and in the share of total rental income, from 18% to 23%).

### 3. Indexation

56% of the rental income is indexed to benchmark indices. Owing to recent changes in these indices (CCI and ILC construction cost index), indexation had a limited impact in 2015 (+€0.2 million in 2015).

AccorHotels revenues, which were used to index 42% of rental income, resulted in a €1.2 million decrease in rents (-1.6%) in 2015. This negative change is related to the results of November and December, which were strongly affected by the terrorist attacks in Paris. The geographic diversity of the AccorHotels portfolio nevertheless helped to offset this impact.

### 4. Lease expirations and occupancy rates

(€ million)	By lease end date (1 <sup>st</sup> break)	% of total	By lease end date	% of total
2016	1,8	0%	0,0	0%
2017	0,0	0%	0,0	0%
2018	6,2	4%	6,2	4%
2019	20,3	12%	18,9	12%
2020	0,3	0%	0,3	0%
2021	0,7	0%	0,7	0%
2022	6,4	4%	6,4	4%
2023	1,0	1%	1,0	1%
2024	4,0	2%	4,0	2%
2025	45,5	28%	46,9	29%
Beyond	78,1	48%	79,9	49%
<b>Total</b>	<b>164,2</b>	<b>100 %</b>	<b>164,2</b>	<b>100 %</b>

The firm residual lease term was 10.7 years at the end of December 2015 (excluding preliminary sale agreements), compared to 6.8 years at the end of 2014. This extension was made possible by new acquisitions and openings, but mainly through the renegotiation of AccorHotels leases, whose maturities were extended from 2017-2018 to 2029-2030, thereby securing rental income in the long term. The occupancy rate was maintained at 100% at the end of December 2015.

### 5. Reserves for unpaid rent

No additional amounts were set aside for unpaid rents in the portfolio in 2015, as was the case in 2014.

### 6. Disposals and disposal agreements: portfolio quality improvement

(€ million)	Disposals (agreements as of end of 2014 closed) 1	Agreements as of end of 2014 to close	New disposals 2015 2	New agreements 2015	Total 2015	Margin vs 2014 value	Yield	Total Disposals = 1 + 2
Hotels	4,6	0,0	43,2	361,5	404,7	0,3%	6,4%	47,8
Healthcare	0,0	0,0	7,3	2,0	9,3	-2,1%	0,0%	7,3
Retail Premises	0,0	3,1	0,0	2,9	2,9	-0,3%	5,4%	0,0
<b>Total</b>	<b>4,6</b>	<b>3,1</b>	<b>50,5</b>	<b>366,4</b>	<b>416,9</b>	<b>0,2%</b>	<b>6,2%</b>	<b>55,0</b>

Eight properties were sold during 2015 for €55.0 million. These disposals involved six hotels and two healthcare homes.

Furthermore, in connection with the negotiations to extend leases with the AccorHotels group, the latter committed to buying back 46 of its hotels (including one sold at end-2015). By disposing of the least successful AccorHotels hotels and those located in small regional cities (with fewer than 300,000 inhabitants), Foncière des Régions is substantially improving the quality of its portfolio.

At the end of 2015, 48 assets were under preliminary sales agreements, representing disposal commitments totalling €369.5 million.

## 7. Acquisitions

Assets	Number of rooms	Location	Tenants	Acquisition Price ID* 100 % (€ million)	Acquisition Price ID* GS (€ million)	Gross Yield ID*
B&B France (4 assets)	355	France	B&B	13,7	6,9	7,1%
Motel One (2 assets)	457	Germany	Motel One	36,0	33,8	6,3%
B&B Germany (22 assets)	2 270	Germany	B&B	128,0	119,0	6,4%
<b>Total Acquisitions Hotels</b>	<b>3 082</b>			<b>177,7</b>	<b>159,7</b>	<b>6,4 %</b>
<b>Total Acquisitions Business &amp; Premises</b>	<b>1 187</b>			<b>120,4</b>	<b>49,1</b>	<b>9,0 %**</b>

\*ID = Including duties

\*\*EBITDA Yield

Foncière des Régions continued to diversify its portfolio and expanded further abroad via several acquisitions made in 2015, mainly in Germany:

- ◆ in February 2015, the acquisition of two Motel One hotels in Germany for €36 million (FDM share: €34 million) with firm lease terms of 19 years;
- ◆ in March and October, the acquisition of four B&B hotels by the investment partnership B2 Hotel Invest (50.2% owned by FDM) for €13.7 million (FDM share: €6.9 million);
- ◆ in June, the acquisition of a portfolio of 22 B&B hotels in Germany for €128 million (FDM share: €119 million) for firm lease terms of 17 years.

The year 2015 was also marked by investments in premises and businesses for a total of €120 million (at 100%).

## 8. Development projects: a €107 million pipeline

### 8.1. Committed projects: €107 million, 100% pre-let

Projects	Location	Area	Project	Number of rooms	Delivery	Target rent (€/sqm /year)	Yield	Pre-let (%)	Total Budget (€ m)	Progress
B&B Duisburg	Germany	International	development	101	janv-16	na	>7%	100,0%	5,5	90%
B&B Torcy	France	Paris Region	development	130	févr-16	na	>7%	100,0%	7,4	86%
B&B Potsdam	Germany	International	development	100	août-16	na	>7%	100,0%	4,9	31%
B&B Konstanz	Germany	International	development	100	avr-16	na	>7%	100,0%	5,9	52%
B&B Hamburg	Germany	International	development	155	juil-16	na	>7%	100,0%	11,0	50%
B&B Berlin	Germany	International	development	135	mars-17	na	>7%	100,0%	8,1	40%
Motel One Porte Dorée	France	Paris Region	development	255	S2 2017	na	6,2%	100,0%	17,5	35%
Meininger Munich	Germany	International	conversion	173	S1 2018	na	6%	100,0%	29,5	0%
<b>Total</b>							<b>&gt;7%</b>	<b>100,0 %</b>	<b>90,0</b>	<b>34 %</b>

\* costs in a FDM shares basis

In 2015, Foncière des Régions supported the development of B&B in France and Germany with the delivery of six new hotels. Six other hotels pre-let to B&B Hotels will be delivered in 2016 and 2017:

- ◆ one hotel in Torcy comprising 130 rooms
- ◆ five hotels in Germany offering a total of 591 rooms.

In addition, two new agreements were signed in 2015, in keeping with Foncière des Régions' strategy to support its historical and new partners with their European development:

- ◆ in June, an agreement was signed for the conversion of a Munich office building into a 173-room Meininger hotel, with a budget of €29.5 million and delivery planned for 2018
- ◆ in December, Foncière des Régions signed a preliminary sales agreement for the acquisition of a hotel under a pre-construction (VEFA) agreement at Paris Porte Dorée. This 255-room hotel, the brand's first hotel in France, will open its doors at end-2017 or in early 2018.



## 9. Portfolio values

### 9.1 Change in portfolio values

(€ million)	Value ED 2014 GS FDM	Value adjustment	Acquisitions	Disposals	Invest.	Transfer	Value ED 2015 GS FDM
Assets in operation	2 944	91	160	-58	6	37	3 180
Assets under development	21	5	0	0	40	-37	29
<b>Total Hotels and Service sector</b>	<b>2 965</b>	<b>96</b>	<b>160</b>	<b>-58</b>	<b>46</b>	<b>0</b>	<b>3 209</b>
Business & Premises (100%)	0	8	120	0	0	0	128
<b>Total incl. Business &amp; Premises (GS FDM)</b>	<b>2 965</b>	<b>99</b>	<b>209</b>	<b>-58</b>	<b>46</b>	<b>0</b>	<b>3 261</b>

Foncière des Régions continued to strengthen its positioning in Hotels in 2015 by increasing its share in the capital of FDM and through a steady stream of investments. Accordingly, the Hotels & Service Sector portfolio (excluding assets held as premises and businesses) increased by €244 million following the acquisitions and positive like-for-like change in value.

In order to continue supporting hotel operators with their strategies and to build up the group's hotel expertise, Foncière des Régions also developed a new investment activity focused on businesses and premises via FDM Management, 41%-owned by FDM. FDM Management has already made acquisitions valued at €120 million.

### 9.2. Like-for-like change: +3.1%

(€ million)	Value ED 2014 GS FDM	Value ED 2015 100 %	Value ED 2015 GS FDM	LFL change 12 months	Yield ED 2014	Yield ED 2015	% of total value
Paris	391,5	432,2	425,1	8,6%	5,2%	4,6%	12,3%
Inner suburbs	313,1	372,6	333,7	4,8%	5,8%	5,5%	10,6%
Outer suburbs	263,4	294,2	264,3	1,6%	5,9%	5,8%	8,4%
<b>Total Paris Regions</b>	<b>967,9</b>	<b>1099,0</b>	<b>1023,1</b>	<b>5,5%</b>	<b>5,6%</b>	<b>5,2%</b>	<b>31,3%</b>
MRC	537,2	640,7	562,6	5,1%	6,1%	5,9%	18,2%
Other French Regions	940,6	1039,4	898,5	-0,6%	6,4%	6,4%	29,6%
International	519,6	735,9	724,5	3,0%	6,3%	6,3%	20,9%
<b>Total Hotels and Service sector</b>	<b>2965,3</b>	<b>3514,9</b>	<b>3208,9</b>	<b>3,1%</b>	<b>6,1%</b>	<b>5,9%</b>	<b>100,0%</b>
Business & Premises (100%)	0,0	128,4	52,4	n.a.	n.a.	n.a.	
<b>Total incl. Business &amp; Premises</b>	<b>2965,3</b>	<b>3643,4</b>	<b>3261,3</b>		<b>6,1%</b>	<b>5,9%</b>	

(€ million)	Value ED 2014 GS FDM	Value ED 2015 100 %	Value ED 2015 GS FDM	LFL change 12 months	Yield ED 2014	Yield ED 2015	% of total value
Hotels	2 111,5	2 671,6	2 365,5	4,8%	6,0%	5,7%	76,0%
Healthcare	235,5	232,9	232,9	2,2%	6,4%	6,2%	6,6%
Retail Premises	597,5	581,8	581,8	-2,8%	6,3%	6,4%	16,6%
<b>Total in operation</b>	<b>2 944,5</b>	<b>3 486,3</b>	<b>3 180,2</b>	<b>3,0%</b>	<b>6,1%</b>	<b>5,9%</b>	<b>99,2%</b>
Assets under development	20,8	28,6	28,6	10,1%	n/a	n/a	0,8%
<b>Total Hotels and Service sector</b>	<b>2965,3</b>	<b>3514,9</b>	<b>3208,9</b>	<b>3,1%</b>	<b>6,1%</b>	<b>5,9%</b>	<b>100,0%</b>
Business & Premises (100%)	0,0	128,4	52,4	n.a.	n.a.	n.a.	
<b>Total incl. Business &amp; Premises</b>	<b>2965,3</b>	<b>3643,4</b>	<b>3261,3</b>		<b>6,1%</b>	<b>5,9%</b>	

In the hotel sector, the portfolio increased by 4.8% at a like-for-like scope over one year, due firstly to the compression of capitalisation rates on assets located in major cities; secondly to the positive effect of the renewed leases with AccorHotels; and thirdly to the projects delivered (+11%). Assets in the healthcare sector rose 2.2% at a like-for-like scope, also impacted by the compression of capitalisation rates, whereas commercial real estate is down 2.8% following a market environment that remained challenging in 2015.

## D. GERMAN RESIDENTIAL

Foncière des Régions operates in the Residential sector in Germany via its 61.04%-owned subsidiary, Immeo SE. The company has nearly 45,000 units, located mostly in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia (NRW).

The strategy consists in continuing development in growth markets such as Berlin and Hamburg and improving the portfolio quality by disposing of non-core assets in North Rhine-Westphalia in particular.

In 2015, Foncière des Régions strengthened its position in the German Residential sector through a highly proactive acquisition policy involving €871 million in signed transactions.

The figures are presented in terms of the Foncière des Régions share.

### 1. Rents: +2.4% at a like-for-like scope

#### 1.1. Geographic breakdown

(€ million)	Surface (sq.m.)	Number of units	Rental income 2014	Rental income 2014	Rental income 2015	Rental income 2015	Change (%)	Change (%)	% of rental income
			100 % Immeo	GS FDR	100 % Immeo	GS FDR			
Berlin	885 372	12 135	38,2	22,7	52,7	31,8	40,4%	4,4%	27%
Dresden & Leipzig	252 111	4 276	9,2	5,4	16,3	9,9	84,8%	3,2%	9%
Hamburg	123 452	2 022	0,0	0,0	7,1	4,6	N/A	N/A	4%
NRW	1 749 930	26 506	123,8	75,3	114,2	69,6	-7,6%	1,6%	60%
<b>Total</b>	<b>3 010 864</b>	<b>44 939</b>	<b>171,1</b>	<b>103,4</b>	<b>190,3</b>	<b>115,9</b>	<b>12,2%</b>	<b>2,4%</b>	<b>100%</b>

Accounted rental income stood at €115.9 million in 2015, compared with €103.4 million in 2014 (GS FDR), a 10% increase from the combined impact of:

- acquisitions in the growing cities of Berlin and Hamburg (+€17.7 million)
- strong rent growth at a like-for-like scope: (+1.5 million€)
- non-core asset disposals: (-€6.9 million)

Rental income rose by +2.4% at a like-for-like scope over one year. This sharp increase in an inflation-free environment is mainly due to the dynamics of the portfolios located in Berlin (+4.4%) as well as in Dresden and Leipzig (+3.2%), and demonstrates the relevance of the policy of diversifying the portfolio geographically, launched in 2011.

### 2. Annualised rental income: €131 million

#### 2.1. Geographic breakdown

(€ million)	Surface (sq.m.)	Number of units	Annualised rental income 2014	Annualised rental income 2014	Annualised rental income 2015	Annualised rental income 2015	Change (%)	Average rent €/sq.m./month	% of rental income
			100 % Immeo	GS FDR	100 % Immeo	GS FDR			
Berlin	885 372	12 135	44,0	26,9	72,5	44,1	63,7%	7,1	34%
Dresden & Leipzig	252 111	4 276	13,7	8,5	17,1	10,6	25,1%	5,9	8%
Hamburg	123 452	2 022	n/a	n/a	12,6	8,2	n/a	8,7	6%
NRW	1 749 930	26 506	120,5	73,4	110,9	67,7	-7,8%	5,4	52%
<b>Total</b>	<b>3 010 864</b>	<b>44 939</b>	<b>178,1</b>	<b>108,8</b>	<b>213,0</b>	<b>130,5</b>	<b>20,0%</b>	<b>6,1</b>	<b>100%</b>

As a result of the acquisitions made over the last few years, the share of the dynamic cities (Berlin, Hamburg, Dresden & Leipzig) is experiencing strong growth and has attained 48% of rents in comparison to 32% a year ago. The average level of portfolio rents, €6.1/m<sup>2</sup>/month, still shows significant potential growth in the range of 25% to 30% in these hubs.

### 3. Indexation

The rental income from residential property in Germany changes according to three mechanisms:

◆ Rents for re-leased properties:

In principle, rents may be increased freely, although not excessively.

As an exception to this principle of freedom in the setting of rents, some cities have capped rents for re-leased properties. This is the case for Berlin (effective 1 June 2015), Hamburg (effective 1 July 2015) and a number of cities in North Rhine-Westphalia where FDR has relatively few or no assets (effective 1 July 2015).

In these cities, rents for re-leased properties may not exceed by more than 10% a rent reference. If construction works result in an increase in the value of the property (work amounting to more than 30% of the residence), the rent for re-let property may be increased by a maximum of 11% of the cost of the work.

◆ For current leases:

The current rent may be increased by 15% to 20% depending on the region, although without exceeding the reference rents published in the local Mietspiegel, the official annual rent survey or an appraisal or the average rent for a minimum of three comparables. This increase may only be applied every three years.

◆ For current leases with work done:

In the event that work has been carried out, 11% of refurbishment costs may be passed onto the new rent as indicated in the Mietspiegel.

This increase is subject to two conditions:

the work must increase the value of the property

the tenant must be notified of this rent increase within three months

### 4. Occupancy rate

(%)	2014	2015
Berlin	98,3%	98,1%
Dresden & Leipzig	98,2%	98,2%
Hamburg	N/A	99,1%
NRW	97,3%	97,7%
<b>Total Core + dynamic</b>	<b>97,6%</b>	<b>98,0%</b>

The occupancy rate of the assets in operation was 98.0% in 2015 compared to 97.6% in 2014. It is on the rise in North Rhine - Westphalia. The slight decline in Berlin is due to the taking over of the management of the recently acquired portfolios that necessitate some property management work.

### 5. Reserves for unpaid rent

(€ million)	2014	2015
As % of rental income	3,3%	1,4%
In value *	5,5	2,6

\* net provision / reversals of provision

The unpaid rent amount is 1.4% of rents, showing a significant decrease from 2014.

## 6. Disposals and disposal agreements: €187 million at 100%

(€ million)	Disposals (agreements as of end of 2014 closed) 1	Agreements as of end of 2014 to close	New disposals 2015 2	New agreements 2015	Total 2015	Margin vs 2014 value	Yield	Total Disposals = 1 + 2
Berlin	1,3	0,0	22,2	8,0	30,3	34,0%	4,3%	23,6
Dresden & Leipzig	0,0	0,0	2,6	0,0	2,6	24,5%	7,2%	2,6
Hamburg	0,0	0,0	0,0	0,0	0,0	n/a	n/a	0,0
NRW	124,8	2,5	32,7	121,5	154,2	8,4%	7,0%	157,5
<b>Total</b>	<b>126,1</b>	<b>2,5</b>	<b>57,5</b>	<b>129,5</b>	<b>187,0</b>	<b>12,1%</b>	<b>6,6%</b>	<b>183,6</b>

The year was particularly active with €187.0 million in new commitments signed in 2015 with a gross IFRS margin of 12.1%. These mainly involved non-core assets in NRW. The disposals and disposal agreements on the new markets, representing 18% of the transactions, involved mature assets and generated high margins: +34% gross IFRS margin in Berlin and +24.5% in Dresden and Leipzig.

## 7. Acquisitions: €871 million at 100%, including a significant new foothold in Hamburg

Assets	Surface (m <sup>2</sup> )	Number of units resi	Acquisition price (€ million) ID* 100 %Im meo	Acquisition Price (€ million) ID* GS FDR	Gross Yield ID*
Berlin	318 081	4 074	595,2	350,9	4,6%
Dresden & Leipzig	43 441	611	37,4	22,8	7,0%
Hamburg	123 362	2 012	231,1	150,2	5,5%
NRW	5 330	76	7,7	5,0	5,6%
<b>Total</b>	<b>490 214</b>	<b>6 773</b>	<b>871,4</b>	<b>528,9</b>	<b>5,0%</b>

\*including duties

The year was exceptional in terms of acquisitions with €871 million in investments (100%) made in 2015 with an average yield of 5.0%. The average potential rent growth for these acquisitions is 36% without taking into account the potential for the net result on disposals per unit in the future. Three transactions were particularly important for the year:

- the acquisition of a €231 million asset portfolio in Hamburg enabled the company to gain a foothold in the 2<sup>nd</sup> largest city in Germany, offering significant growth potential
- the successful takeover of the Danish company Berlin IV provided a prime housing portfolio in the Berlin city centre for €353 million
- the acquisition of a prime housing portfolio in the Berlin city centre for €182 million strengthened the company's exposure to this city with strong growth, overall improving the quality of the portfolio.

## 8. Portfolio values

### 8.1. Change in portfolio values

(€ million) - GS FDR	Value ED 2014	Value adjustment	Acquisitions	Disposals	Invest.	Value ED 2015
Berlin	458	65	351	-12	0	863
Dresden & Leipzig	134	5	23	-1	0	160
Hamburg	0	3	150	0	0	153
NRW	1063	23	5	-92	0	999
<b>Total</b>	<b>1 655</b>	<b>96</b>	<b>529</b>	<b>-105</b>	<b>0</b>	<b>2 175</b>

At 31 December 2015, the portfolio was valued at €2,175 million, up from €1,655 million at 31 December 2014, significant 31% growth due to:

- ◆ the impact of the record rate of acquisitions (+€529 million)

- ◆ the change in value of €96 million and 5% at a like-for-like scope
- ◆ these items being partly offset by the impact of disposals (-€105 million).

During the year, €32 million (€18.7/m<sup>2</sup>) in CAPEX work (over 70% in upgrading) and €9 million (€5.0/m<sup>2</sup>) in OPEX work were done on the portfolio, improving the quality of the assets and increasing the potential growth in rents.

## 8.2. Like-for-like change: +5.0%

(€ million)	Value ED 2014 100 % Immeo	Value ED 2014 GS FDR	Value ED 2015 100 % Immeo	Value ED 2015 GS FDR	LFL change 12 months	Yield ED 2014	Yield ED 2015	% of total value
Berlin	773	458	1 457	863	12,2%	5,8 %	5,1%	40%
Dresden & Leipzig	230	134	273	160	2,9%	6,0 %	6,4%	7%
Hamburg	0	0	239	153	N/A	n/a	5,2%	7%
NRW	1 748	1 063	1 634	999	1,9%	6,9 %	6,8%	46%
<b>Total Germany</b>	<b>2 751</b>	<b>1 655</b>	<b>3 603</b>	<b>2 175</b>	<b>5,0 %</b>	<b>6,5 %</b>	<b>6,0 %</b>	<b>100 %</b>

At a like-for-like scope, the values showed strong growth of 5.0% over the year, supported by the growth in rents and the decline in the yield rate. Berlin, with growth of 12.2%, showed the most significant change with an increase in the value of its portfolio at a like-for-like scope over one year of €56 million, a sign of the city's dynamism.

## E. OTHER ACTIVITIES

### I. FRANCE RESIDENTIAL

The residential business activity in France is managed by Foncière Développement Logements, at 61.3%-subsidiary of Foncière des Régions.

The data presented is 100% FDL.

#### 1. Accounted rental income:

(€ million)	Rental income 2014	Rental income 2015	Change (%)	% of rental income
Paris and Neuilly	14,0	10,1	-28%	47%
IDF Excl. Paris and Neuilly	5,4	4,3	-20%	20%
Rhones Alpes	2,8	1,9	-31%	9%
PACA	4,1	3,4	-17%	16%
Large West	1,5	0,9	-40%	4%
East	0,4	0,4	-1%	2%
<b>Total</b>	<b>28,2</b>	<b>21,1</b>	<b>-25,1%</b>	<b>97%</b>
<b>Total Luxembourg</b>	<b>0,6</b>	<b>0,6</b>	<b>10%</b>	<b>3%</b>
<b>Total FDL</b>	<b>28,8</b>	<b>21,8</b>	<b>-24,4%</b>	<b>100%</b>

Rental income amounted to €21.8 million in 2015, down from €28.8 million a year earlier. This change was due mainly to:

- ◆ the impact of the continuation of the disposal strategy (-€4.4 million)
- ◆ the impact of vacant properties facilitating unit sales (-€2.9 million)
- ◆ the very low impact of indexation (+€0.2 million)
- ◆ the impact of acquisitions (+€0.1 million).

#### 2. Annualised rental income:

(€ million)	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
Paris and Neuilly	12,8	6,8	-47%	39%
IDF Exclud. Paris et Neuilly	4,9	3,4	-30%	20%
Rhones Alpes	2,4	1,4	-40%	8%
PACA	3,8	3,0	-20%	18%
Large West	1,0	0,8	-18%	5%
East	0,4	1,1	183%	7%
<b>Total</b>	<b>25,3</b>	<b>16,7</b>	<b>-34,1%</b>	<b>97%</b>
<b>Total Luxembourg</b>	<b>0,6</b>	<b>0,6</b>	<b>12%</b>	<b>3%</b>
<b>Total FDL</b>	<b>25,9</b>	<b>17,3</b>	<b>-33,1%</b>	<b>100%</b>

The 33% decrease in annualised rental income is the result of stepping-up the disposal programme between 2015.

#### 3. Indexation

The index used to calculate the indexation of rents for homes in France is the IRL. The 2015 indexation was particularly low, in conjunction with inconsequential inflation.

#### 4. Disposals and disposal agreements: €215 million

(€ million)	Disposals (agreements as of end of 2014 closed) 1	Agreements as of end of 2014 to close	New disposals 2015 2	New agreements 2015	Total 2015	Margin vs 2014 value	Yield	Total Disposals = 1 + 2
France	32,4	0,1	184,9	30,2	215,1	5,7%	2,0%	217,3
Luxembourg	0,0	0,0	0,0	0,0	0,0	0,0%	0,0%	0,0
<b>Total</b>	<b>32,4</b>	<b>0,1</b>	<b>184,9</b>	<b>30,2</b>	<b>215,1</b>	<b>5,7%</b>	<b>2,0%</b>	<b>217,3</b>

The year saw an acceleration in the disposal of assets with €215 million in sales and agreements, both in units (70%) or in blocks, with a particularly low average return of 2.0%. Of all new commitments, 50% were made in Paris and Neuilly-sur-Seine.

The value of new commitments has increased by around 80% over the previous year.

#### 5. Portfolio : up 3.0% at a like-for-like scope

At the end of 2015, the Foncière Développement Logements portfolio (France and Luxembourg) was valued at €609 million with a like-for-like increase of 3% over the year.

This increase is mainly due to some major assets in Paris being transferred from a block value to an occupied retail value pursuant to a disposal commitment obtained on these assets. The increase is also due to the compression of the capitalisation rates used by experts on some assets.

(€ million)	100 % value ED 2014	100 % value ED 2015	LFL change 12 months	Yield ED 2014	Yield ED 2015
France + Luxembourg	799	609	3,0%	3,2%	2,8%
<b>Total</b>	<b>799,3</b>	<b>609</b>	<b>3,0%</b>	<b>3,2%</b>	<b>2,8%</b>

## II. Logistics

#### 1. Accounted rental income: +1.7% at a like-for-like scope

(M€)	Surface (sq.m.)	Rental income 2014	Rental income 2015	Change (%)	Change (%) LFL	% of total
<b>Total</b>	<b>380 056</b>	<b>33,1</b>	<b>15,9</b>	<b>-51,9%</b>	<b>1,7%</b>	<b>100%</b>

At year-end 2015, rental income stood at €16 million, down 52% from 31 December 2014. This is due to:

- ◆ disposals made in 2014 and 2015 (-€17.3 million) with the exit of Pantin from the portfolio in July 2015
- ◆ incoming-outgoing tenants (+€0.4 million), with the vacating of premises in Lisses in particular (departure of Toy's R Us in September) and of building 1 of Saint-Martin de Crau by Castorama
- ◆ renewals (-€0.2 million).

Rental income rose +1.7% at a like-for-like scope.

#### 2. Annualised rental income: €11.0 million

(€ million)	Surface (sq.m.)	Number of assets	Annualised rental income 2014	Annualised rental income 2015	Change (%)	% of rental income
<b>Total</b>	<b>380 056</b>	<b>8</b>	<b>19,7</b>	<b>11,0</b>	<b>-44,0%</b>	<b>100%</b>



### 3. Indexation

In France, the indices used to calculate the indexation are those of the ICC and the ILAT. Collar rents account for 28% of annualised rental income.

### 4. Occupancy rate: 71%

The occupancy rate at 31 December 2015 was 71%, compared with 80.2% at 31 December 2014, a decrease due to the sale of the Pantin asset, which had a higher occupancy rate than the remainder of the portfolio. The strategy is to continue the asset management work on the vacant assets prior to their disposal.

### 5. Reserves for unpaid rent

Reserves for unpaid rent had a negative impact of €0.3 million on the Company's financial statements for 2015.

### 6. Disposals and disposal agreements: €101 million in new commitments signed in 2015

(€ million)	Disposals (agreements as of end of 2014 closed) 1	Agreements as of end of 2014 to close	New disposals 2015 2	New agreements 2015	Total 2015	Margin vs 2014 value	Yield	Total Disposals = 1 + 2
<b>Total</b>	<b>107,1</b>	<b>0,0</b>	<b>0,0</b>	<b>101,0</b>	<b>101,0</b>	<b>-4,1%</b>	<b>8,3%</b>	<b>107,1</b>

The disposal of the Pantin asset, under the sales agreement on 30 June 2015, was completed on 16 July 2015. In addition, a preliminary sales agreement involving four leased assets (Dunkirk, Bollène and landbanks, Salon de Provence and Chalon) was signed on 15 December 2015 for €101 million and should be finalised at the end of March 2016.

### 7. Portfolio values

#### 7.1 Change in portfolio values: from €288 million to €163 million due to the combined impact of the Pantin disposal and the decrease in values

(€ million)	Value ED 2014	Value adjustment	Acquisitions	Disposals	Invest.	Transfert	Value ED 2015
<b>Total</b>	<b>288</b>	<b>-18</b>	<b>0</b>	<b>-107</b>	<b>0</b>	<b>0</b>	<b>163</b>

Following the effective disposal of the €101 million currently committed under a preliminary sale agreements, the portfolio will total €62 million.

#### 7.2. Like-for-like change: -9.8%

(€ million)	Value ED 2014 100 %	Value ED 2015 100 %	Value ED 2015 GS	LFL change 12 months	Yield ED 2014	Yield ED 2015	% of total value
<b>Total</b>	<b>288,3</b>	<b>163,2</b>	<b>163,2</b>	<b>-9,8 %</b>	<b>7,2 %</b>	<b>6,8 %</b>	<b>100 %</b>

Appraised values at a like-for-like scope over one year declined by 9.8%. Work programmes were readjusted on the remaining assets in the portfolio so that sites could start being appraised for a sale in the short-term. The values also include the vacating of the Saint-Martin de Crau, Bussy and Lisses platforms by their tenants.

## 3. Financial information and comments

The activity of Foncière des Régions consists of the acquisition, ownership, administration and leasing of properties, developed or otherwise, specifically in the Office, Residential, Hotels & Service sectors, and to a more limited extent, in the Logistics sites and Car Parks sectors.

Registered in France, Foncière des Régions is a limited company (*société anonyme*) with a Board of Directors.

### CONSOLIDATED FINANCIAL STATEMENTS

#### A. Scope of consolidation

At 31 December 2015, the scope of consolidation of Foncière des Régions included companies in France and in eight other European countries (Offices: Italy; Residential: Germany, Austria, Denmark; Hotels & Service Sector: Germany, Portugal, Belgium, Netherlands and Luxembourg). The main ownership interests in the fully consolidated but not wholly-owned companies are the following:

Subsidiaries	2014	2015
Foncière Développement Logements	61,3%	61,3%
Foncière des Murs	28,5%	43,1%
Immeo	60,9%	61,0%
Beni Stabili	48,3%	48,5%
OPCI CB 21 (Tour CB 21)	75,0%	75,0%
Urbis Park	59,5%	59,5%
Fédérismo (Carré Suffren)	60,0%	60,0%
SCI Latécoère (DS Campus)	50,1%	50,1%
SCI 11, Place de l'Europe (Campus Eiffage)	50,1%	50,1%

Foncière des Régions raised its stake in Foncière des Murs by purchasing an additional 10,864,286 shares of the company in early 2015, at a price of €23 per share. Its ownership interest thus increased from 28.46% to 43.15% at 31 December 2015.

As a result of the amendment to the shareholders' agreement signed with Latécoère (for the DS Campus property), this company, which was previously accounted for under the equity method, has been fully consolidated since 1 April.

#### B. Accounting standards

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation. These standards include the IFRS (International Financial Reporting Standards), as well as their interpretations. The financial statements were approved by the Board of Directors on 17 February 2016.

## C. Simplified EPRA Income Statements Group share

(€ million) - GS	2014	2015	var.	%
Net rental income	479,6	504,8	25,2	5,3%
Net operating costs	-54,2	-57,3	-3,1	5,7%
Income from other activities	21,5	18,8	-2,7	-12,6%
Depreciation of operating assets	-10,3	-9,6	0,7	-6,8%
Net change in provisions and other	-7,2	-25,8	-18,6	-
<b>Current operating income</b>	<b>429,4</b>	<b>430,9</b>	<b>1,5</b>	<b>0,3%</b>
Net income from inventory properties	-1,2	-3,1	-1,9	-
Income from asset disposals	0,9	3,2	2,3	-
Income from value adjustments	110,6	347,6	237,0	-
Income from disposal of securities	0,0	0,1	0,1	-
Income from changes in scope	1,2	-7,0	-8,2	-
<b>Operating income</b>	<b>540,9</b>	<b>771,7</b>	<b>230,8</b>	<b>42,7%</b>
Income from non-consolidated companies	0,9	0,2	-0,7	-
Cost of net financial debt	-168,1	-167,0	1,1	-0,7%
Value adjustment on derivatives	-183,2	-105,3	77,9	-42,5%
Discounting of liabilities and receivables	-3,2	-4,6	-1,4	43,8%
Net change in financial and other provisions	-65,4	-19,8	45,6	-69,7%
Share in earnings of affiliates	19,8	43,3	23,5	-
<b>Income from continuing operations</b>	<b>141,7</b>	<b>518,5</b>	<b>376,8</b>	<b>-</b>
Deferred tax	-40,1	-19,2	20,9	-52,1%
Corporate income tax	-6,8	-4,8	2,0	-29,4%
<b>Net income from continuing operations</b>	<b>94,8</b>	<b>494,5</b>	<b>399,7</b>	<b>-</b>
Post-tax profit or loss of discontinued operations	23,7	-13,0	-36,7	-
<b>Net income for the period</b>	<b>118,5</b>	<b>481,5</b>	<b>363,0</b>	<b>-</b>

Discontinued operations correspond to properties in the process of being sold in the Logistics segment.

### ◆ Net rental income increase of 5.3% in Group share

Growth in net rental income primarily stems from the +14.7-point increase in the ownership interest of Foncière des Régions in Foncière des Murs and from the acquisitions completed in German Residential.

Net rental income by operating segment is the following:

(€ million) - GS	2014	2015	var.	%
Offices - France	230,2	229,7	-0,5	-0,2%
Offices - Italy	97,6	84,7	-12,9	-13,2%
<b>Net rental income - Offices</b>	<b>327,8</b>	<b>314,4</b>	<b>-13,4</b>	<b>-4,1%</b>
Hotels & Service sector	50,9	79,8	28,9	56,8%
Residential Germany	88,0	101,8	13,8	15,7%
Residential France	13,0	8,9	-4,1	-31,5%
<b>Total Net rental income</b>	<b>479,6</b>	<b>504,8</b>	<b>25,2</b>	<b>5,3%</b>

Italy Offices rental income is down due to the combined effect of the disposals (-€3 million) and the renegotiation of the leases (-€1 million), particularly with tenant Telecom Italia, as well as the 2.6-point decrease (-€4 million) in ownership interests in 2014.

#### ◆ Net operating costs

The net operating costs were €57.3 million compared to €54.2 million at 31 December 2014, a €3.1 million increase primarily associated with:

- the additional stake acquired in FDM
- staff increases in German Residential
- the loss of management income from the fund management company BS SGR, which was deconsolidated in January 2015

#### ◆ Income from other activities

The main components of income from other activities are the Car Parks business (€7.5 million), corresponding to car parks owned or under concession, and real estate development activities (fees and margin; €11 million).

#### ◆ Net allowances to provisions and other

Net allowances to provisions and other had a negative impact of €25.8 million on the 2015 income statement. This impact is mostly due to the recognition of a provision for a tax dispute in Italy concerning the payment of €27 million in registration fees. Beni Stabili had appealed the ruling in August 2010, which led to the reimbursement made by the tax authorities in April 2012. In December 2015, the court of cassation overturned the court of appeals decision and ordered that the proceedings start afresh.

#### ◆ Change in the fair value of assets

The income statement recognises changes in the fair value of assets based on appraisals conducted on the portfolio. For the 2015 financial year, the change in the fair value of investment assets is positive and stands at €347.6 million. Change in the fair value of investment assets by operating segment can be broken down as follows:

- France Offices: +€262.2 million
- Italy Offices: -€5.6 million.
- Service Sector: +€37.2 million
- German Residential: +€51.6 million
- France Residential: +€2.2 million.

Operating income thus amounted to €771.7 million compared to €540.9 million at 31 December 2014.

#### ◆ Financial aggregates

Changes in the fair value of financial instruments stand at -€105.3 compared to -€183.2 million at 31 December 2014. These mainly consist of positive changes of €15 million in the fair value of hedging instruments and negative changes of €120 million in the value of the ORNANEs.

The net change in financial provisions for the 2014 financial year was affected by the restructuring of fixed debt.

◆ Share in earnings of affiliates

GS	% interest	Value 2014	Contribution to earnings	Value 2015	Change (%)
OPCI Foncière des Murs	8,58%	19,7	3,1	31,5	37,5%
SCI Latécoère (Dassault Campus)	50,10%	92,8	1,6	n.a*	n.a
Lénovilla (New Velizy)	50,10%	13,8	22,2	36,0	61,7%
Euromed	50,00%	10,3	17,1	27,5	62,5%
SCI Latécoère 2 (Extension DS)	50,10%		-0,9	-0,9	n.a
FDM Management	17,62%		-0,9	7,5	n.a
Beni Stabili Funds	48,49%	0,6	1,3	9,9	93,9%
Other equity interests	n/a	1,2	-0,2	3,6	65,6%
<b>Total</b>		<b>138,5</b>	<b>43,3</b>	<b>115,0</b>	<b>-20,5%</b>

\*SCI Latécoère fully consolidated

The change in the value of the investment properties in the New Velizy and Euromed assets impacted income for the period by +€35 million.

◆ Tax regime

Taxes determined are for:

- foreign companies that are not or are only partially subject to a tax transparency regime (Germany and Belgium)
- French subsidiaries not having opted for the SIIC regime
- French SIIC or Italian subsidiaries with taxable activity.

The corporate tax of €4.8 million is mainly associated with German Residential (-€3 million).

◆ Recurring net income up by €18 million and 5.8%.

	Net income GS	Restatements	RNI 2015	RNI 2014
<b>Net rental income</b>	<b>504,8</b>	<b>0,5</b>	<b>505,3</b>	<b>480,9</b>
Operating costs	-57,3	1,8	-55,5	-53,2
Income from other activities	18,8	0,1	18,9	21,2
Depreciation of operating assets	-9,6	9,6	0,0	0,0
Net change in provisions and other	-25,8	25,8	0,0	0,0
<b>Current operating income</b>	<b>430,9</b>	<b>37,8</b>	<b>468,7</b>	<b>448,9</b>
Net income from inventory properties	-3,1	3,1	0,0	0,0
Income from asset disposals	3,2	-3,2	0,0	0,0
Income from value adjustments	347,6	-347,6	0,0	0,0
Income from disposal of securities	0,1	-0,1	0,0	0,0
Income from changes in scope	-7,0	7,0	0,0	0,0
<b>Operating income</b>	<b>771,7</b>	<b>-303,0</b>	<b>468,7</b>	<b>448,9</b>
Income from non-consolidated companies	0,2	0,0	<b>0,2</b>	<b>0,9</b>
<b>Cost of net financial debt</b>	<b>-167,0</b>	<b>11,7</b>	<b>-155,3</b>	<b>-166,4</b>
Value adjustment on derivatives	-105,3	105,3	0,0	0,0
Discounting of liabilities and receivables	-4,6	4,6	0,0	0,0
Net change in financial provisions	-19,8	19,8	0,0	0,0
Share in earnings of affiliates	43,3	-32,1	11,2	14,2
<b>Pre-tax net income</b>	<b>518,5</b>	<b>-193,8</b>	<b>324,7</b>	<b>297,6</b>
Deferred tax	-19,2	19,2	0,0	0,0
Corporate income tax	-4,8	2,9	-1,9	-2,7
<b>Net income for the period</b>	<b>494,5</b>	<b>-171,7</b>	<b>322,8</b>	<b>295,0</b>
Profits or losses on discontinued operations	-13,0	22,9	10,0	19,5
<b>Net income for the period</b>	<b>481,5</b>	<b>-148,7</b>	<b>332,8</b>	<b>314,5</b>

- Income from changes in consolidation scope consists exclusively of the acquisition costs for the shares of companies consolidated in accordance with IFRS3 R. These costs are excluded from recurring net income.
- Financing cost shows a €11.7 million impact for the early debt restructuring costs, mainly in Germany

and Italy. These costs are excluded from the recurring net income.

- Corporate income tax includes €2.9 million in taxes on asset sales in Germany. These taxes are excluded from the recurring net income.

## D. Simplified EPRA Consolidated Income Statements

(€ million) - 100 %	2014	2015	var.	%
Net rental income	799,2	810,1	10,9	1,4%
Net operating costs	-85,3	-89,5	-4,2	4,9%
Income from other activities	26,9	23,8	-3,1	-11,5%
Depreciation of operating assets	-15,6	-14,8	0,8	-5,1%
Net change in provisions and other	-16,4	-53,3	-36,9	-
<b>Current operating income</b>	<b>708,9</b>	<b>676,2</b>	<b>-32,7</b>	<b>-4,6%</b>
Net income from inventory properties	-2,1	-6,4	-4,3	-
Income from asset disposals	2,0	2,7	0,7	35,0%
Income from value adjustments	167,4	445,0	277,6	-
Income from disposal of securities	0,0	0,0	0,0	-
Income from changes in scope	1,9	-10,0	-11,9	-
<b>Operating income</b>	<b>878,2</b>	<b>1 107,6</b>	<b>229,4</b>	<b>26,1%</b>
Income from non-consolidated companies	0,9	0,2	-0,7	-
Cost of net financial debt	-282,2	-265,5	16,7	-5,9%
Value adjustment on derivatives	-303,7	-141,6	162,1	-53,4%
Discounting of liabilities and receivables	-3,3	-4,6	-1,3	39,4%
Net change in financial and other provisions	-124,0	-33,5	90,5	-73,0%
Share in earnings of affiliates	21,1	47,4	26,3	-
<b>Income from continuing operations</b>	<b>187,0</b>	<b>709,9</b>	<b>522,9</b>	<b>-</b>
Deferred tax	-81,1	-34,4	46,7	-57,6%
Corporate income tax	-10,3	-8,3	2,0	-19,4%
<b>Net income from continuing operations</b>	<b>95,6</b>	<b>667,3</b>	<b>571,7</b>	<b>-</b>
Post-tax profit or loss of discontinued operations	24,0	-13,0	-37,0	-
<b>Net income for the period</b>	<b>119,6</b>	<b>654,3</b>	<b>534,7</b>	<b>-</b>
Non-controlling interests	-1,1	-172,8	-171,7	-
<b>Net income for the period - GS</b>	<b>118,5</b>	<b>481,5</b>	<b>363,0</b>	<b>-</b>

### ◆ Increase in consolidated net rental income of €10.9 million (1.4%)

Growth in net rental income primarily stems from the acquisitions made in the German Residential sector, the delivery of projects in France Offices and Hotel acquisitions and deliveries completed in the Service sector. This growth is diminished by the disposals and lease renegotiations for lower rents in the Italy Offices sector.

Net rental income by operating segment is the following:

(€ million) - 100 %	2014	2015	var.	%
Offices - France	242,1	250,7	8,6	3,6%
Offices - Italy	194,2	174,6	-19,6	-10,1%
<b>Net rental income - Offices</b>	<b>436,3</b>	<b>425,3</b>	<b>-11,0</b>	<b>-2,5%</b>
Hotels & Service sector	196,0	203,2	7,2	3,7%
Residential Germany	145,7	167,1	21,4	14,7%
Residential France	21,2	14,5	-6,7	-31,6%
<b>Total Net rental income</b>	<b>799,2</b>	<b>810,1</b>	<b>10,9</b>	<b>1,4%</b>

## E. Simplified consolidated balance sheet Group share

Assets	2014	2015	Liabilities	2014	2015
Tangible & intangible assets	151	91			
Investment properties	8 093	9 352			
Properties under development	407	463			
Equity affiliates	139	115			
Financial assets	181	206	<b>Shareholders' equity</b>	<b>4 158</b>	<b>4 639</b>
Deferred tax assets	8	10	Borrowings	5 765	6 389
Financial instruments	55	47	Financial instruments	417	459
Assets held for sale	373	551	Deferred tax liabilities	135	202
Cash	801	853	Other	313	424
Discontinued operations	311	174	Discontinued operations	47	35
Other	318	286			
<b>Total</b>	<b>10 836</b>	<b>12 148</b>	<b>Total</b>	<b>10 836</b>	<b>12 148</b>

### ◆ Fixed assets

At 31 December 2015, the portfolio by operating segment consisted of the following:

(M€)	2014	2015	var.	incl. LfL change
Offices - France	3 798	4 400	602	262
Offices - Italy	1 888	1 803	-85	-5
Hotels & Service sector	835	1 219	384	37
Residential Germany	1 577	2 110	533	52
Residential France	466	353	-113	2
Car parks	86	22	-64	n.a
<b>Total Fixed Assets</b>	<b>8 650</b>	<b>9 907</b>	<b>1 257</b>	<b>348</b>

The change in France Offices fixed assets is mainly due to the change in the fair value of investment properties (+€262 million), the full consolidation of SCI Latécoère (the DS Campus asset in Vélizy, +€158 million) and the work completed over the period.

The change in fixed assets in the Service sector is primarily associated with the increase in ownership interests.

The change in fixed assets in German Residential is affected by the acquisitions made in the period.

### ◆ Assets held for sale

Assets held for sale primarily consist of assets for which a preliminary sales agreement has been signed. The €177 million change between 2014 and 2015 is mainly due to the disposal agreements signed with AccorHotels in the Service sector (€156 million).

### ◆ Shareholders' equity Group share

Shareholders' equity increased from €4,158 million at the end of 2014 to €4,639 million at 31 December 2015, i.e. an increase of €481.3 million due mainly to:

- income for the period: +€481.5 million
- the capital increase net of expenses used for the additional acquisition of the FDM shares: +€252.5 million
- impact of the cash dividend distribution: -€269.4 million
- financial instruments included in shareholders' equity: +€13.2 million
- the change in the ownership interest in FDM: +€1.3 million
- the full consolidation of SCI Latécoère (DS Campus): +€2.3 million



## F. Simplified consolidated balance sheet

Assets	2014	2015	Liabilities	2014	2015
Tangible & intangible assets	225	127	Shareholders' equity	4 158	4 639
Investment properties	13 989	15 136	Non-controlling interests	3 142	3 089
Properties under development	546	592	<b>Shareholders' equity</b>	<b>7 300</b>	<b>7 728</b>
Equity affiliates	189	179			
Financial assets	185	211	Borrowings	8 913	9 492
Deferred tax assets	17	19	Financial instruments	618	597
Financial instruments	60	54	Deferred tax liabilities	261	357
Assets held for sale	537	956	Discontinued operations	47	35
Cash	1 027	950	Other liabilities	427	604
Discontinued operations	311	174			
Other	481	414			
<b>Total</b>	<b>17 566</b>	<b>18 813</b>	<b>Total</b>	<b>17 566</b>	<b>18 813</b>

### ◆ Fixed assets

Fixed assets grew by €1,095 million due to €1,200 in acquisitions and developments, minus the transfer of the car park companies into assets held for sale for -€100 million.

### ◆ Equity affiliates

Investments in equity affiliates are down by €10 million. This change is due to the switch from equity accounting to full consolidation of Latécoère (DS Campus) for -€93 million, offset by the entry of new companies (FDM Management) and the financial year's income.

### ◆ Discontinued operations (Logistics business)

As a result of the disposal of the Pantin Logistique asset for €107 million and the drop in the appraisal values in this sector (-€20 million), discontinued operations stood at €174 million at 31 December 2015 versus €311 million at 31 December 2014.

### ◆ Deferred tax liabilities

Deferred taxes amounted to €357 million compared to €261 million at 31 December 2014. This €95 million increase is mainly due to the acquisitions completed and the increase in value of the assets in the German Residential and Service sectors.

### ◆ Others

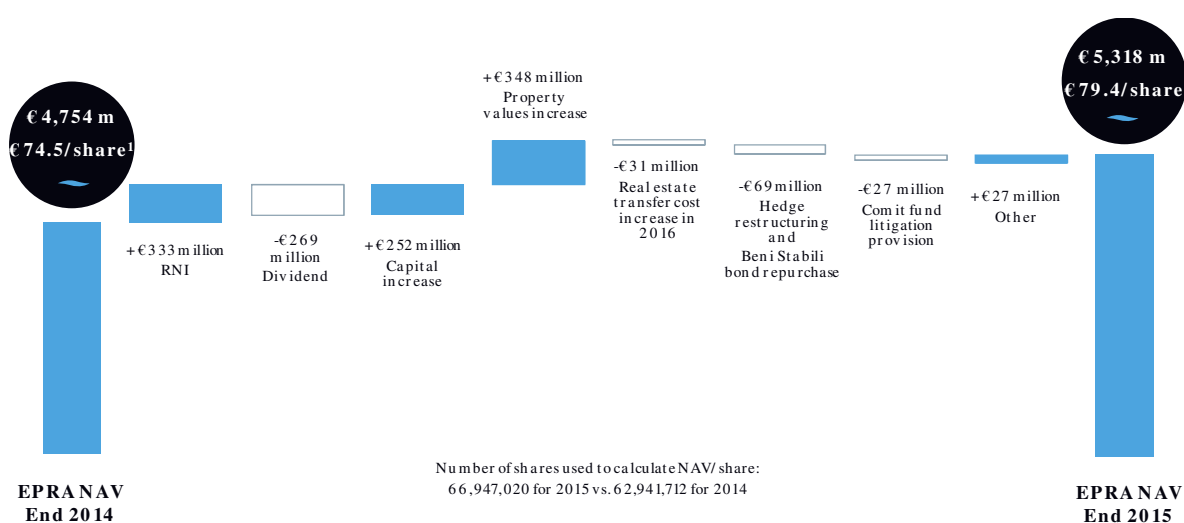
The increase of €177 million in this line item specifically includes the €95.5 million advance received on the disposal of a German Residential portfolio, as well as a €55.3 million provision for a tax dispute in Italy Offices.

## 4. Net Asset Value (NAV)

	2014	2015	Var. vs 2014	Var. (%) vs 2014
<b>EPRA NAV (€ million)</b>	4 753,5	<b>5 318,2</b>	564,7	11,9%
<b>EPRA NAV / share (€)</b>	74,5*	<b>79,4</b>	4,9	6,6%
EPRA triple net NAV (€ million)	4 145,1	<b>4 609,3</b>	464,2	11,2%
EPRA triple net NAV / share (€)	65,0*	<b>68,8</b>	3,8	5,9%
Number of shares	62 941 712	<b>66 947 020</b>	4 005 308	6,4%

\* Post adjusting the distribution of preferential subscription rights related to capital increase early 2015 (adjustment factor of 0.986)

NAV 2014 non adjusted = 75,5, Triple Net NAV non adjusted = 68,8



<sup>1</sup> Post adjusting the distribution of preferential subscription rights related to capital increase early 2015 (adjustment factor of 0.986)

	(€ million)	€/share
<b>Shareholders' equity</b>	<b>4 639,3</b>	<b>69,3</b>
Fair value assessment of buildings (operation + inventory)	36,2	
Fair value assessment of parking facilities	24,5	
Fair value assessment of goodwill	2,7	
Fixed debt	-80,5	
Impact of the increase in transfer duties 2016	-31,0	
Restatement of value excluding rights	18,0	
<b>EPRA triple net NAV</b>	<b>4 609,3</b>	<b>68,8</b>
Financial instruments and fix rate debt	347,3	
Deferred tax	191,5	
ORNANE	170,1	
<b>EPRA NAV</b>	<b>5 318,2</b>	<b>79,4</b>
<b>IFRS NAV</b>	<b>4 639,3</b>	<b>69,3</b>

Valuations are carried out in accordance with the code of conduct applicable to SIICs and the Charter of property valuation expertise, the recommendations of the COB/CNCC working group chaired by Mr Barthès de Ruyter and the international plan in accordance with European TEGoVA standards and those of the Red Book of the Royal Institution of Chartered Surveyors (RICS).

The real estate portfolio directly held by the group underwent a complete valuation on 31 December 2015 by independent real estate experts such as REAG, DTZ Eurexi, CBRE, JLL, BNP Paribas Real Estate, Cushman

and Yard Valtech.

Assets were estimated at values excluding and/or including duties, and rents at market value. Estimates were made using the comparables method, the rent capitalisation method and the discounted future cash flows method.

Car parks were valued by capitalising the gross operating surplus generated by the business.

Other assets and liabilities were valued using the principles of the IFRS standards on consolidated financial statements. The application of the fair value essentially concerns the valuation of the debt coverages and the ORNANES.

For companies shared with other investors, only the Group share was taken into account.

### **Fair value adjustment for the buildings and business goodwill**

In accordance with IFRS standards, properties in operation and in inventory are valued at historical cost. A value adjustment, in order to take into account the appraisal values, is recognised in the NAV for a total amount of €36.2 million.

Since goodwill borne by FDM Management is not valued in the consolidated accounts, a restatement to recognise its fair value (as calculated by the appraisers) was made in the NAV in the amount of €2.7 million at 31 December 2015.

### **Fair value adjustment for the car parks**

Car parks are valued at historical cost in the consolidated financial statements. A restatement is made in the NAV to take into account the appraisal value of these assets, as well as the effect of the farm-outs and subsidies received in advance. The impact on the NAV was €24.5 million at 31 December 2015.

### **Fair value adjustment for fixed-rate debts**

The group has taken out fixed-rate loans. In accordance with EPRA principles, triple net NAV is adjusted by the fair value of fixed-rate debts, with a negative impact of €63.6 million at 31 December 2015.

### **Impact of the increase in real estate transfer taxes applicable as at 1 January 2016**

In the consolidated financial statements as at 31 December 2015, the increase in transfer duties passed by the Paris City Council in November 2015 (+70 bps) and the additional tax on disposals intended for office buildings in the Paris region by the Amended Finance Act for 2015 (+60 bps) are not factored into the calculation of the appraisal values excluding duties. In order to take these impacts into account, a -€31 million adjustment was included in the NAV calculations.

### **Recalculation of the base cost excluding duties of certain assets**

When a company, rather than the asset that it holds, can be sold off, transfer duties are recalculated based on the company's NAV. The difference between these recalculated duties and the transfer duties already deducted from the value of the assets generates a restatement of €18 million at 31 December 2015.

## 5. Financial resources

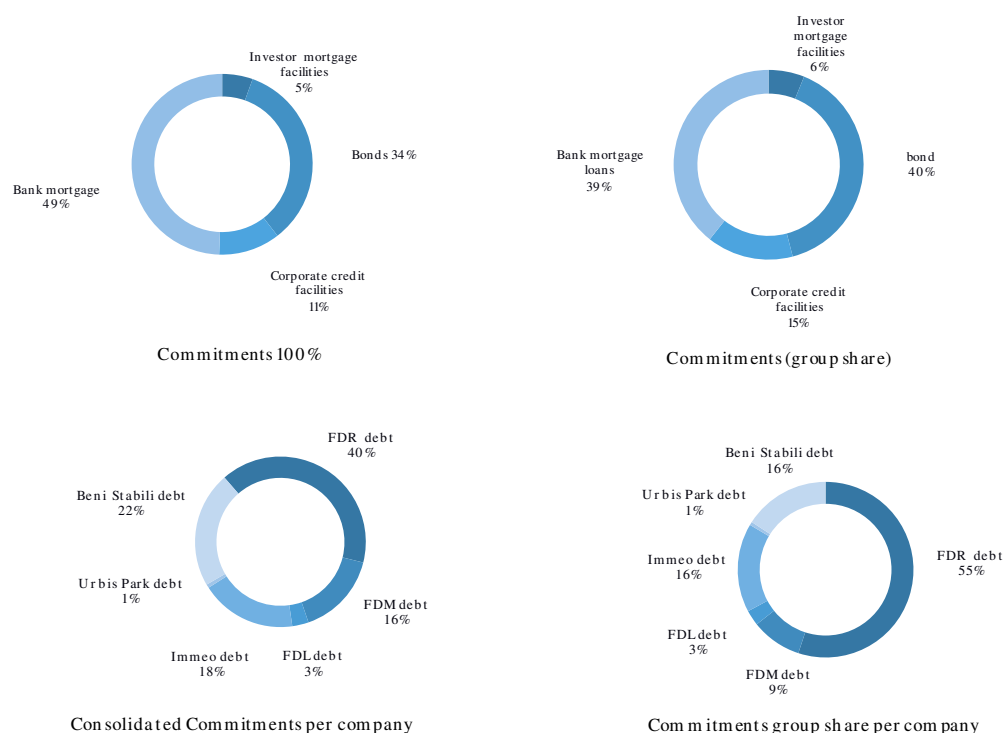
### A. Main debt characteristics

GS	2014	2015
Net debt, Group share (€ million)	4 962	5 536
Average annual rate of debt	3,29%	2,80 %
Average maturity of debt (in years)	4,1	5,0
Debt active hedging spot rate	84%	88%
Average maturity of hedging	5,1	5,4
LTV Including Duties	46,1%	45,4 %
ICR	2,76	3,02

### 5.1. Debt by type

The net debt, Group share, of Foncière des Régions amounted to €5.5 billion (€8.5 billion on a consolidated basis) at 31 December 2015. As a share of total debt, corporate debt remains the highest at 55% at 31 December 2015.

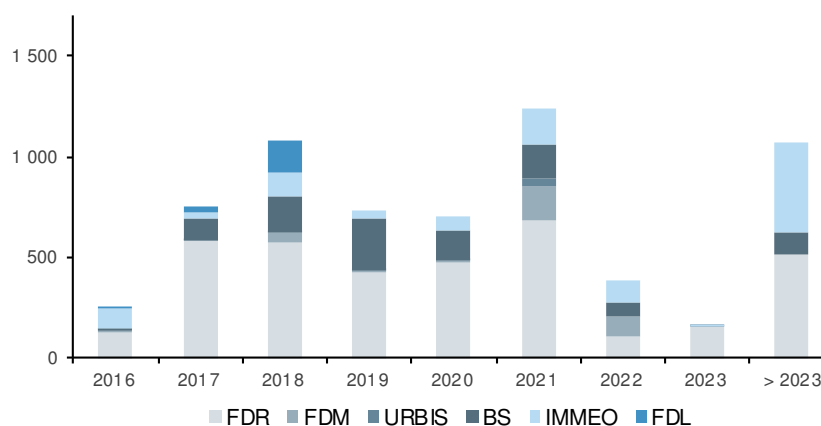
In addition, at the end of December 2015, the cash and cash equivalents of Foncière des Régions totalled nearly €2.1 billion, Group share (€2.4 billion on a consolidated basis). In particular, Foncière des Régions had €805 million in commercial paper outstanding at 31 December 2015.



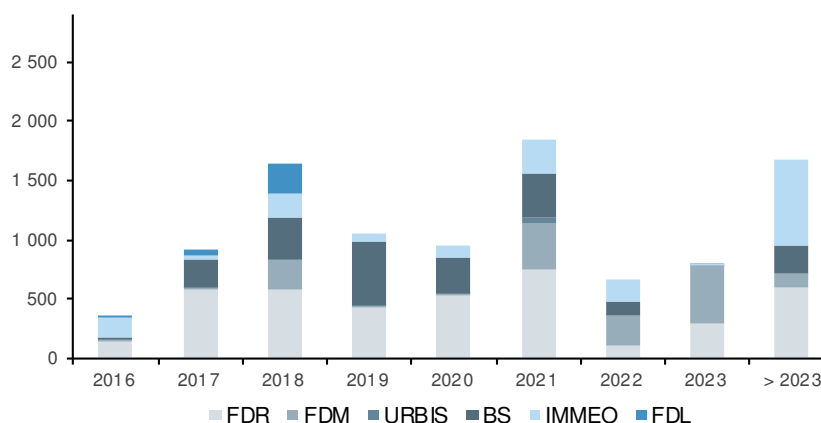
### 5.2. Debt maturities

The average maturity of debt for Foncière des Régions was extended by nearly one year to 5.0 years at the end of December 2015. The 2016 and 2017 maturities are covered entirely by existing cash and primarily involve corporate debts (particularly the ORNANE maturing in early 2017) in German Residential (Immeo) and in Italy Offices (Beni Stabili).

### Debt amortisation schedule by company (Group share)



### Debt amortisation schedule by company (on a consolidated basis)



## 5.3. Main changes during the period

### ◆ Particularly strong financing and refinancing activity: €4.2 billion at 100% (€2.5 billion in Group share)

- Foncière des Régions: €1.4 billion (Group share: €1.2 billion)
  - During 2015, Foncière des Régions continued the process of renegotiating its corporate credit facilities to optimise their financial conditions and extend their maturities. As a result, €290 million were renegotiated or refinanced. In addition, €60 million in new corporate debts were taken out.
  - In March 2015, Foncière des Régions refinanced the Dassault Systèmes Campus in Vélizy for eight years (€168 million). The financing of the extension of this same property, where work began at the start 2015, was set up in June for €45 million.
  - In July 2015, Foncière des Régions refinanced the debt on the CB21 asset (in the amount of €280 million) for ten years.
  - Finally, in December 2015, Foncière des Régions refinanced the Carré Suffren asset for €145 million over eight years.

These refinancing transactions provided a significant extension of the debt maturity under optimised financial terms.

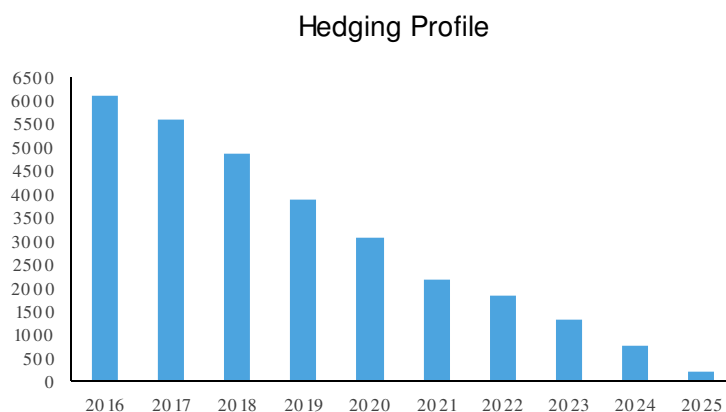
Post-balance sheet events:

- At the end of January, Foncière des Régions renegotiated €125 million in corporate credit facilities (extension of the maturity and improvement of the financial terms).
- In early February, Foncière des Régions also obtained the refinancing of the Orange portfolio for €300 million with a ten-year maturity.
- Italy Offices (Beni Stabili): €1.0 billion raised in the period (Group share €0.5 billion)
  - In March 2015, Beni Stabili successfully completed a private placement of €125 million in bonds, with an annual coupon of 2.125% and maturing in seven years (March 2022). This supports the ongoing strategy of extensive diversification of financing sources, reduction in the cost of the debt and the extension of its maturity.
  - In June 2015, Beni Stabili also obtained €255 million in new mortgage debt maturing in ten years.
  - Also in the first half, Beni Stabili took out a six-year €110 million mortgage for a portfolio of assets mainly located in the Milan region.
  - In August, Beni Stabili issued €200 million in convertible bonds maturing in January 2021 (ORNANE) with a 0.875% coupon permitting the buyback of the convertible bonds maturing in 2018.
- Hotels and Service sector (FDM): €1.0 billion raised in the period (Group share €0.4 billion):
  - In May 2015, FDM made a €200 million private placement with a May 2023 maturity at a rate of 2.218%. This supports the ongoing strategy of extensive diversification of financing sources, reduction in the cost of the debt and the extension of its maturity.
  - During the second half of 2015, FDM also renegotiated a large portion of its mortgages for an approximate total amount of €730 million. These renegotiations brought about an extension of the maturities and the optimisation of the financial terms and conditions of these loans.
  - In November 2015, as part of the acquisition of the portfolio consisting of 22 B&B assets in Germany, FDM took out a €75 million mortgage loan.
- German Residential (Immeo): €0.7 billion raised over the period (€0.5 billion in Group share)
  - During the first quarter of 2015, Immeo obtained ten-year refinancing of mortgages in the amount of €216 million allowing for marked improvements in financial conditions and the maturity of the debt.
  - Immeo also raised €270 million in new ten-year financing for the acquisitions, mainly in the regions of Berlin, Dresden, Hamburg, Leipzig and Cologne.
  - Over the same period, Immeo refinanced over €200 million in mortgage debt in order to optimise the financial terms and conditions and to extend maturities.

## 5.4. Hedging profile

During 2015, the hedge management policy remained unchanged, with debt hedged at 90% to 100%, at least 75% of which had short-term hedges and all of which have maturities exceeding debt maturity.

Based on net debt at the end of December 2015, Foncière des Régions is hedged (in Group share) up to 89%, compared to 87% at the end of 2014. The average term of the hedges is 5.4 years in Group share.



## 5.5. Average interest rate on the debt and sensitivity

The average rate on the debt of Foncière des Régions stood at 2.8% in Group share, compared to 3.3% in 2014. This decrease was mainly due to the full-year impact of the refinancing of Beni Stabili's securitised debt in September 2014; the new issue in September 2014 of €500 million in Foncière des Régions bonds with an annual coupon of 1.75% and maturing in seven years; as well as the impact of renegotiations in 2014 and 2015 and hedge restructuring. For informational purposes, an increase of 50 basis points in the three-month Euribor rate would have a negative impact of €4.0 million on recurring net income in 2016.

### Financial structure

Excluding debts raised without recourse to the Group's property companies, the debts of Foncière des Régions and its subsidiaries generally include bank covenants (ICR and LTV) applying to the borrower's consolidated financial statements. If these covenants are breached, early debt repayment may be triggered. These covenants are established in Group share for Foncière des Régions and for FDM and on a consolidated basis for the other subsidiaries of Foncière des Régions (if their debts include them).

- The most restrictive consolidated LTV covenants amounted to 60% for Foncière des Régions, FDM, FDL and Beni Stabili at 31 December 2015.
- The threshold for consolidated ICR covenants differs from one REIT to another, depending on the type of assets, and may be different from one debt to another even for the same REIT, depending on debt seniority.

The most restrictive ICR consolidated covenants applicable to REITs are as follows:

- for Foncière des Régions: 200%
- for FDM: 200%
- for FDL: 150%
- for Beni Stabili: 150%.

With respect to Immeo, for which the debt raised is "non-recourse" debt, there are no consolidated covenants associated with portfolio financing.

Lastly, with respect to Foncière des Régions, some corporate credit facilities are subject to the following ratios:

Ratio	Covenant	2015
LTV	60%*	50,9%
ICR	200,0%	302,0%
Secural debt ratio	25%**	6,5%

\*A single credit facility of €75 million maturing in less than one year is subject to a covenant at 55%.

\*\*A €75 million credit facility is subject to a covenant at 22.5%.

All covenants were fully complied with at the end of December 2015. No loan has an accelerated payment clause contingent on a Foncière des Régions rating.

#### ◆ LTV calculation details

€ M GS	2014	2015
Net book debt*	4 911	5 594
Receivables on disposals	-338	-609
Security deposits received	-39	-15
Finance lease-backed debt	-2	-2
<b>Net debt</b>	<b>4 532</b>	<b>4 968</b>
Appraised value of real estate assets (ID)	9 871	11 290
Preliminary sale agreements	-338	-609
Purchase Debt		-35
Financial assets	39	13
Goodwill	2	0
Receivables linked to associates	117	162
Share of equity affiliates	139	115
<b>Value of assets</b>	<b>9 829</b>	<b>10 937</b>
<b>LTV ED</b>	<b>48,5%</b>	<b>48,0%</b>
<b>LTV ID</b>	<b>46,1%</b>	<b>45,4%</b>

\*Adjusted for changes in fair value of convertible bond and liabilities held for sale



## 6. Financial indicators of the main activities

	Foncière des Murs			Beni Stabili		
	2014	2015	Var. (%)	2014	2015	Var. (%)
Recurrent net income (€million)	120,0	<b>133,0</b>	10,8%	87,2	<b>99,4</b>	13,9%
EPRA NAV (€million)	1922	<b>1965</b>	2,3%	1983	<b>1870</b>	-5,7%
EPRA triple net NAV (€million)	1679	<b>1765</b>	5,1%	1809	<b>1715</b>	-5,2%
% of capital held by FDR	28,3%	<b>43,1%</b>	15%	48,3%	<b>48,5%</b>	0%
LTV ID	34,7%	<b>31,3%</b>	-3,4%	50,8%	<b>50,9%</b>	0,1%
ICR	3,21	<b>3,87</b>	0,66	1,79	<b>2,30</b>	0,51

	Immeo		
	2014	2015	Var. (%)
Recurrent net income (€million)	67,5	<b>86,2</b>	27,7%
EPRA NAV (€million)	1386	<b>1657</b>	19,6%
EPRA triple net NAV (€million)	1089	<b>1314</b>	20,7%
% of capital held by FDR	60,9%	<b>61,0%</b>	0%
LTV ID	41,8%	<b>45,0%</b>	3,2%
ICR	2,40	<b>2,91</b>	0,51

## 7. GLOSSARY

- ◆ Net asset value per share (NAV/share) and Triple Net NAV per share

NAV per share (Triple Net NAV per share) is calculated pursuant to the EPRA recommendations, based on the shares outstanding as at year-end (excluding treasury shares) and adjusted for the effect of dilution.

- ◆ Operating assets

Properties leased or available for rent and actively marketed.

- ◆ Rental activity

Rental activity includes the total surface areas and the annualised rental income for renewed leases, vacated premises and new lettings during the period under review.

For renewed leases and new lettings, the figures provided take into account all contracts signed in the period so as to reflect the transactions completed, even if the start of the leases is subsequent to the period.

Lettings relating to assets under development (becoming effective at the delivery of the project) are identified under the heading "Pre-Let".

- ◆ Cost of development projects

This indicator is calculated including interest costs. It includes the costs of the property and costs of construction.

- ◆ Definition of the acronyms and abbreviations used:

MRC: Major Regional Cities, i.e. Bordeaux, Grenoble, Lille, Lyon, Metz, Aix-Marseille, Montpellier, Nantes, Nice, Rennes, Strasbourg and Toulouse

ED: Excluding Duties

ID: Including Duties

IDF: Paris region (Île-de-France)

ILAT: French office rental index

CCI: Construction Cost Index

CPI: Consumer Price Index

RRI: Rental Reference Index

PACA: Provence-Alpes-Côte-d'Azur

LFL: Like-for-Like

GS: Group share

CBD: Central Business District

Rtn: Yield

Chg: Change

MRV: Market Rental Value

◆ Firm residual term of leases

Average outstanding period remaining of a lease calculated from the date a tenant first takes up an exit option.

◆ Green Assets

“Green” buildings are those where the building and/or its operating status are certified as HQE, BREEAM, LEED, etc. and/or which have a recognised level of energy performance such as the BBC-effinergieR, HPE, THPE or RT Global certifications.

◆ Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and unrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of unrecoverable income (except in Italy where unpaid amounts not relating to rents were restated).

◆ Loan To Value (LTV)

The LTV calculation is detailed in Part 7 “Financial Resources”.

◆ Rental income

Recorded rent corresponds to gross rental income accounted for over the year by taking into account deferment of any relief granted to tenants, in accordance with IFRS standards.

The like-for-like rental income posted allows comparisons to be made between rental income from one year to the next, before taking into account changes to the portfolio (e.g. acquisitions, disposals, construction work and project deliveries) into account. This indicator is based on assets in operation, i.e. properties leased or available for rent and actively marketed.

Annualised “topped-up” rental income corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any relief.

◆ Portfolio

The portfolio presented includes investment properties, properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value. For offices in France, the portfolio includes asset valuations of Euromed and New Vélizy, which are consolidated under the equity method.

◆ Projects

- Committed projects: these are projects for which promotion or construction contracts have been signed and/or work has begun and has not yet been completed at the closing date. The delivery date for the relevant asset has already been scheduled. They might pertain to VEFA (pre-construction) projects or to the repositioning of existing assets.
- Managed projects: These are projects that might be undertaken and that have no scheduled delivery date. In other words, projects for which the decision to launch operations has not been finalised.

◆ Yields/return

The portfolio returns are calculated according to the following formula:

$$\frac{\text{Gross annualised rent (not corrected for vacancy)}}{\text{Value excl. duties for the relevant scope (operating or development)}}$$

The returns on asset disposals or acquisitions are calculated according to the following formula:

$$\frac{\text{Gross annualised rent (not corrected for vacancy)}}{\text{Acquisition value incl. duties or disposal value excl. duties}}$$

◆ Recurring Net Income per share (RNI/share)

Recurring Net Income per share is calculated based on the average number of shares outstanding (excluding treasury shares) over the period under review and adjusted for the effect of dilution.

◆ Surface

SHON: Gross surface

SUB: Gross used surface

◆ Debt interest rate

Average cost:

$$\frac{\text{Financial Cost of Bank Debt for the period} + \text{Financial Cost of Hedges for the period}}{\text{Average used bank debt outstanding in the year}}$$

Spot rate: Definition equivalent to average interest rate over a period of time restricted to the last day of the period.

◆ Occupancy rate

The occupancy rate corresponds to the spot financial occupancy rate at the end of the period and is calculated using the following formula:

$$1 - \frac{\text{Loss of rental income through vacancies (calculated at MRV)}}{\text{Rental income of occupied assets} + \text{loss of rental income}}$$

This indicator is calculated solely for properties on which asset management work has been done and therefore does not include assets available under pre-leasing agreements. Occupancy rate are calculated using annualised data solely on the strategic activities portfolio.

The indicator "Occupancy rate" includes all portfolio assets except assets under development.

◆ Like-for-like change in rent

This indicator compares the accounted rental income from one financial year to another without taking into account any changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties. The change is calculated on the basis of rental income under IFRS for strategic activities.

This change is restated for certain severance pay and income associated with the Italian real estate (IMU) tax.

The current scope includes all portfolio assets except assets under development.

◆ Like-for-like change in value

This indicator is used to compare asset values from one financial year to another without accounting for changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties.

The change presented in portfolio tables is a figure that includes work carried out on the existing assets. The restated like-for-like change in value of this work is cited in the comments section.

The current scope includes all portfolio assets.