



Quarterly business report ⁽¹⁾

Third quarter 2015

5 November 2015

SIIC PAREF, a property company specialised in property investment and management on behalf of third parties, achieved revenue of €19.7 million over the first nine months of the year, compared with €17.8 million for the year to 30 September 2014, an increase of 10.8%. The third quarter confirmed the healthy level of activity recorded during the first half-year, due to the trading up of property assets (acquisition of the Levallois and Gentilly office buildings) and to the success of Novapierre Germany.

From an accounting perspective, 2015 marked the entry into force of IFRIC 21, and the 2015 financial data takes these standards into account. 2014 data has been restated for comparison purposes.

1 – Property assets and Group debt

1.1 Property portfolio

No changes have affected the consolidated property assets since 30 June 2015.

The value of the Group's property portfolio, based on the appraised values of buildings at 30 June 2015, totalled €186 million at the end of September 2015, compared with €175 million at the end of December 2014. This figure includes SCPI and OPCI shares valued at €11 million (based on share prices at 30 September).

The increase in value of the property assets was primarily due to the acquisitions made during the first half of 2015, namely:

- An office building located in Gentilly and acquired by the SNC Gentilly Verdun, a wholly-owned subsidiary of PAREF SA, for €7.3 million;
- Two lots of premises located in Seclin acquired by the fully-consolidated SCPI Interpierre for €4.4 million.

1.2 Financial debt

Total Group financial debt was €77 million at 30 September 2015, compared with €79 million at 30 June 2015. The change corresponds to loan repayments.

Including escrow accounts of €1.2 million and cash and cash equivalents of €10.4 million, the consolidated net financial debt was €65.8 million.

Taking into account PAREF's share in the equity accounted company Wep Watford ("Le Gaïa" building), the LTV ratio (net financial debt to property portfolio value) was 40.1%, compared with 41.3% at the start of the year. The Group complied with its covenants at 30 September 2015. The only covenants applying to the Group as a whole concern the Levallois loan and provide for a maximum consolidated LTV of 55%.

¹Unaudited figures

2 – Assets under management

Over the first nine months of the 2015 financial year, variable-capital SCPIs managed by PAREF GESTION (Pierre 48, Novapierre 1, Novapierre Germany and Interpierre France), primarily Novapierre Germany, raised €46 million.

The assets managed by the Group at 30 September 2015 are analysed as follows:

ASSETS MANAGED BY PAREF GROUP

Capital under management	30-Sept.-15		31 Dec. 14		Change	
	m2	€K	m2	€K	m2	€K
Paref Group (1)	212,541	186,451	209,065	174,526	1.7%	6.8%
Interpierre France	54,486	37,116	50,478	29,869	7.9%	24.3%
Novapierre 1	60,132	150,633	52,031	151,543	15.6%	-0.6%
Pierre 48	50,265	299,927	52,520	305,202	-4.3%	-1.7%
Capiforce Pierre	23,407	50,566	22,946	50,566	2.0%	0.0%
Novapierre Germany	37,480	75,781	12,525	42,015	199.2%	80.4%
Total SCPIs (2)	225,770	614,024	190,500	579,195	18.5%	6.0%
Vivapierre (3)	53,833	112,810	53,833	114,575	0.0%	-1.5%
54 Boétie (2)	18,863	318,000			n/s	n/s
Total OPCIs	72,696	430,810	53,833	114,575	1.0%	276.0%
Third parties	5,937	30,593	11,155	31,546	-46.8%	-3.0%
Usufructs (4)	(5,634)		(11,196)			
Interpierre (4) (5)	(54,486)	(37,116)	(50,478)	(29,869)		
Vivapierre and other SCPIs (5)		(11,259)		(11,496)		
Grand total	456,824	1,213,503	402,879	858,476	13.4%	41.4%
of which management on behalf of third parties:	304,403	1,075,427	255,488	725,316	19.1%	48.3%

(1) appraised value of assets at the balance sheet date including 50% of Wep Watford

(2) capitalisation at the balance sheet date based on share issue prices at that date

(3) appraised value of assets under management at the balance sheet date

(4) floor area counted both by Pierre 48 (bare owner) and Paref or third party under management (usufructuary)

(5) value counted both by Paref Group (consolidated data) and the SCPIs/OPCIs

3 – Revenue

Revenue for the third quarter of 2015 was €6.0 million, compared with €5.4 million for the same period of 2014. Cumulative revenue for the first nine months of the 2015 financial year totalled €19.7 million, an increase of 10.8% compared with the first nine months of 2014.

Revenue (€ millions)	Q3 2015	Q3 2014*	30-Sept.-15 (9 months)	30-Sept.-14 (9 months)*	% change 2015 / 2014 restated
Rent and costs recovered	4.1	4.0	13.1	13.0	0.9%
residential usufruct	0.3	0.5	0.8	1.4	-42.0%
commercial**	3.8	3.5	12.3	11.5	6.3%
Management fees	1.9	1.4	6.6	4.8	37.4%
Consolidated IFRS revenue	6.0	5.4	19.7	17.8	10.8%

* Pursuant to IFRIC 21 standards, the application of which is mandatory as of 1 January 2015, certain taxes (including property taxes and taxes on office premises) are recognised in full as an expense from 1 January. The corresponding estimated rebillable charges have been taken into account at 30 September. The 2015 financial data takes these standards into account and can be compared with the 2014 restated financial statements which also take them into account.

** Rental income and charges, at 30 September 2015, of the SCPI Interpierre represent €3.5 million (€3.7 million at 30 September 2014).

3.1 - Rental income stability

Rental income and costs recovered for the year to 30 September 2015 totalled €13.1 million, compared with €13.0 million over the same period of the previous year, representing an increase of €0.1 million. This change was due to:

- The acquisition of the Levallois, Seclin and Gentilly buildings had a positive impact of €1.0 million;
- The sale of the La Courneuve, Chennevières and Bagneux buildings and the end of the usufruct for the Botzaris building had a negative impact of €1.2 million;
- Tenants moving in and out had a positive impact of €0.2 million;
- Other causes, including in particular rent indexing, the recovery of costs and rent renegotiations, had a positive impact of €0.1 million.

On a constant group structure basis, i.e. excluding acquisitions and disposals, rental income grew by €2.3 million.

The occupancy rate at the end of September was 94.2%, compared with 94.4% at 30 June excluding Gaïa (84.6% vs. 84.9% including Gaïa).

3.2 – Management on behalf of third parties: increase in subscription fees

Subscription fees (excluding Interpierre France, a consolidated entity) represented €3.4 million (including €3.1 million from Novapierre Germany), compared with €2.2 million for the same period of 2014.

SCPI fees from assets under management remained stable despite the growth in managed assets (see above) due to the lack of ancillary management fees (disposal and miscellaneous) over the period unlike 2014. OPPCI management fees (Vivapierre and 54 Boétie) totalled €0.4 million.

4 – Share capital

At 30 September 2015, the total number of voting rights and shares making up the share capital was broken down as follows:

Total number of shares comprising the share capital	1,208,703
Theoretical total number of voting rights (1)	1,901,125
Actual total number of voting rights (2)	1,882,310

(1) Including the number of shares without voting rights (treasury shares)

(2) Not including the number of shares without voting rights.

5 – Outlook

Revenue for the third quarter confirmed the good first half performance. The Group benefited from its strategy of trading up its property assets and the success of Novapierre Germany.

In the coming months, Paref Group will continue to develop its corporate Fund Management activity, building on the launch of the OPPCI “54 Boétie” and will seek to capitalise on the successful SCPI management (Novapierre Germany, Atlantique Pierre 1) to enhance its product range.