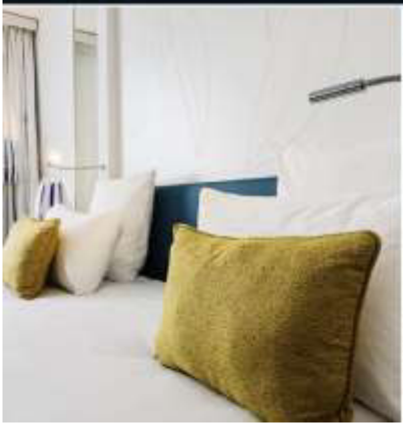
FONCIÈRE DES RÉGIONS




€21 billion portfolio
(up €2 billion vs 2016)

€927 million (€589 million Group Share)
Rental income +2.5%

98%
Occupancy rate

€391 million €5.31/share
Recurring Net Income +10%

€7.1 billion €94.50/share
EPRA NAV +19%

Dividend €4.50/share
+2.3%

"With operational, financial, social and environmental indicators up, Foncière des Régions had an exceptional year. Ever more exposed to European cities, innovative and close to its clients, and relying on large growth reserves, the Group has all the keys to continue its European development."

Christophe Kullmann, *CEO of Foncière des Régions*

Very good 2017 results: a successful European growth

A €21 billion portfolio (+€2 billion year-on-year) centred on major European cities

- € 1.8 billion of investments made, sources of growth and value creation
- Intensification of European development in Hotels in Berlin, Barcelona and Madrid
- Continued acquisitions in the Residential sector in Berlin, with more than 40% rental reversion
- Acceleration of non-core asset sales: €1.4 billion in sales, with an 8% margin

As close as possible to our clients

- A strategy favoured by clients: 113,000 m² of new leases signed in Offices; portfolio occupancy rate almost 98%
- New offer of flexible and co-working offices: first openings in Paris and Marseille
- Launch of a new co-living offer in Germany

Success of the development pipeline, a growth driver

- 12 assets delivered, 89,000 m² of offices and 683 hotel rooms, already 98% leased
- 50% value creation; rental terms better than expectations
- A pipeline already renewed, at €5.1 billion, up by 28% year-on-year

Strong growth in financial results

- Increase in the portfolio's value (+6.2% on a like-for-like scope)
- Sharp increase in EPRA NAV of 19% to €7.1 billion (€94.5 per share)
- LTV reduced by 4.2 points to 40%
- Acceleration of growth in rents across all our markets
- Recurring Net Income: +10% at €391 million (€5.31 per share)

2018 outlook favourable

- Proposed dividend increase of 2.3%, to €4.50 per share[1]
- Acceleration of the pipeline: €900 million in new committed projects expected in 2018
- Objective of a 2018 EPRA Earnings per-share growth of around 3%

Recurring Net Income, EPRA Earnings and EPRA NAV consist of Alternative Performance Indicators as defined by the AMF and detailed in sections 3. Financial information, 5. EPRA reporting and 7. Glossary to this document. The financial statements were approved by the Board of Directors on 14 February 2018. The audit procedures on the consolidated financial statements have been completed. The certification report will be issued after the specific verifications.

[1] To be put to the vote at the General Meeting on 19 April 2018

A €21 billion portfolio, centred on major European cities

Foncière des Régions holds a portfolio of €21 billion (€13 billion Group Share), up 10% year-on-year, centred on large European cities, in particular Paris, Berlin and Milan (62% of the portfolio). With a view to continually strengthening its relationship with its clients, Foncière des Régions relies on a strong long-term partnership strategy with the regions and users (Suez, Thales, Dassault Systèmes, Orange, EDF, Vinci, Eiffage, AccorHotels, Telecom Italia…). As an investor and developer, working throughout all the real estate value chain, the Group can rely on a European development pipeline of €5.1 billion (+28% year-on-year) to maintain its growth.

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Focus on the major European cities

A leading European real estate operator in its markets, Foncière des Régions consolidated its foothold in major European cities in 2017. It made investments of €1.8 billion, mainly in Paris and Milan, in offices, in Berlin in residential property and in Barcelona and Madrid, in hotels. These investments were made under excellent conditions (average acquisition yield 5.0%; average price of apartments acquired mainly in the centre of Berlin, €2,010/m²) and will feed future growth.

At the same time, €1.4 billion of asset sales has been signed, with an average margin of 8%, enhancing the qualitative positioning of the portfolio. For instance, Foncière des Régions reduced its exposure to Telecom Italia, in Italy, by half. Similarly, the proportion of non-core offices in France was halved, to 5%. At the same time, the group accelerated its withdrawal from non-strategic activities (Retail in France and Italy, Residential in France), which now account for only 6% of the portfolio.

As close as possible to our clients

Innovative and receptive to its customers' expectations, Foncière des Régions continues to add to its real estate offering and broaden its services, in line with its rationale of having 360° expertise across all its businesses.

In France Offices, in order to support users and increasingly satisfy their need for flexibility, Foncière des Régions opened its first flexible and co-working office spaces in Paris 8th and Marseille-Euromed. The Group has set a target to open more than 70,000 m² of such spaces in Europe by end 2022.

In Germany Residential, its asset management policy and its new development activity will enable the Group to broaden the real estate options available to its tenants by offering in particular furnished apartments, housing units that are serviced or specifically designed for sharing (co-living).
By 2022, this offering will be expanded by 3,000 rooms in the most dynamic districts of Berlin.

These new activities will also contribute to growing income. The expected profit on flexible and co-working spaces is 30% greater than the equivalent rental income. In Germany, revenues from co-living apartments will exceed those from traditional apartments by 50%.

Success of the development pipeline, a growth driver

In keeping with the rental market, which favours new buildings, and sustained by its solid track record, Foncière des Régions continued its investments in development projects.

In 2017, no fewer than 12 assets were delivered, made up of 89,000 m² of office space and 683 hotel rooms. In Offices, for example, the Group delivered the Silex[1] building (10,700 m²), the new prime asset benchmark in the central business district of Lyon, opposite the Part-Dieu train station and let mainly to BNP Paribas and Nextdoor. At Issy-les-Moulineaux, the EDO building (10,800 m²), completely restructured after the departure of its tenant, has become the new headquarters of one of the leaders in urban mobility, Transdev. Similarly, in Milan, the Amundi teams will come together in their new 8,300 m² headquarters in via Cernaia, delivered by the Group last December.

Smart buildings, made to the best environmental standards and with strong appeal to users (occupancy rate already 98%), these developments will strengthen the Group's foothold in its strategic locations and improve the portfolio's quality. They are also a formidable growth driver. The value creation of the assets delivered in 2017 has thus reached almost 50%, and rents for leased offices are up by almost 10% on the forecasts.

Pipeline growth of 28%, now at €5.1 billion in Offices, Residential and Hotels, is fuelling the Group's development ambitions. In particular, in German Residential, Foncière des Régions this year launched a development activity to bring new demand-tailored residential units to the market. A pipeline with €488 million in projects, i.e. a construction capacity of more than 2,300 units located mainly in Berlin, has been identified in the existing portfolio.

Hotels: intensification of European development and acceleration of growth

Hotel Real Estate leader in Europe and preferred partner of major industry operators, Foncière des Régions leverages its unique position as an agile, integrated hotel real estate operator to acquire as well as to develop, in leased and operating properties.

In 2017, Foncière des Régions extended its European operations to major Spanish cities, with the acquisition, for €559 million, of 17 hotels (4- and 5-star with 3,335 rooms; €167K/room), 80% located in Madrid and Barcelona. The Group has thus reached critical size in the booming Spanish market (Revpar 2017 up by 9% - source STR) and is forming new partnerships with leading Spanish chains. At end 2017, the portfolio valuation was already up by 7% on a like-for-like basis.

A new phase in the partnership with NH Hotels was also reached, with the acquisition of purchase options for four hotels in Berlin, Hamburg, Amsterdam and Amersfoort totalling 630 rooms. The options will be exercised in 2018 for a total investment of €111 million (€177K/room) and a rental yield of 5.7% (of which 5.1% based on the guaranteed minimum rent). These 4-star city-centre hotels boast high profitability (average EBITDAR margin above 50%) and reinforce the presence in major European cities. With 11 NH hotels in Europe, Foncière des Régions will become NH's No. 1 lessor, NH ranking as one of Europe's leading hotel groups.

Foncière des Murs-FDM Management merger to accelerate European expansion in hotels

Structural developments in the hotel market in Europe in recent years, and changes to holding methods by operators have increased the opportunities for investments in operating properties and the requirements to be a global player, with enhanced asset management capabilities.

In 2014, anticipating these transformations, Foncière des Régions created FDM Management, an investment vehicle dedicated to operating hotel properties. FDM Management was then held 40.7% by Foncière des Murs, a subsidiary of Foncière des Régions (50%-owned) specialising in hotels under lease.

Since then, FDM Management has built up a prime portfolio of €1.3 billion in 4- and 5-star hotels, mainly in major cities of Germany (in particular Berlin) and Northern France.

Buoyed by this success and in order to increase growth capacities, Foncière des Murs and FDM Management merged in January 2018. Foncière des Régions, sole general partner of Foncière des Murs, holds 42% of its subsidiary's capital and has retained control over it.

With this merger, Foncière des Régions is establishing itself as the leading player in hotel investment in Europe, its hotel portfolio being valued at €4.8 billion, with 44,445 rooms, and 68% of its hotels top- and mid-range and with a uniform geographic and customer exposure.

The Group is also asserting its status as the preferred partner of hotel operators and managers in Europe, with a single point of contact, operating across the entire hotel property value chain. Accordingly Foncière des Régions supports no fewer than 18 operators and 28 brands with their development strategy, including AccorHotels, B&B, Carlson-Rezidor, InterContinental, Starwood-Marriott, NH, Motel One, Meininger, etc.

Excellent operational performance across all of our markets

In a buoyant rental environment across all of its markets, rents have accelerated their recovery by 2.0% on a like-for-like basis over the year (€589 million GS and €927 million at 100%). Almost 40% of this growth stems from the positive impact of lease renewals, mainly in Germany Residential.

Strategic operations carried out in recent years are bearing fruit. Office rents in Milan have increased by 2.4% on a like-for-like basis (vs 1.1% on average in Offices Italy), and income from the residential portfolio in Berlin increased by 5.8% over the period (vs 4.2% over the whole of the Germany Residential portfolio).

Its customer focus, combined with a policy of tailored and selective innovation and its long-standing partnership culture, enables Foncière des Régions to achieve a historically high occupancy rate, up again by 1.2 points to 97.9%.

2017 - €million	Rental income 100%	Rental income Group Share	Change	Change on like-for-like basis	Occupancy rate	Residual firm terms of leases
Offices - France	272,1	246,9	-1,1%	+1,0%	97,4%	5,0 years
Offices - Italy	187	87,3	-5,4%	+1,1%	97,2%	7,6 years
Residential Germany	230,1	144,2	+9,6%	+4,2%	98,4%	n.a.
Hotels in Europe	174,1	76,8	+29,5%	+3,2%	100,0%	11,2 years
Strategic Activities	**863,4**	**555,2**	**+4,2%**	**+2,1%**	**98,0%**	**6,6 years**
Other (French Resi., Retail France & Italy)	64,1	33,8	-18,8%	n.a.	n.a.	n.a.
Total	**927,4**	**588,9**	**+2,5%**	**+2,0%**	**97,9%**	**6,6 years**

The portfolio valuation has benefited greatly from strategic choices

The portfolio, standing at €21.2 billion at end 2017 (€12.8 billion GS), has grown by €2 billion year-on-year, mainly due to investments made (€0.5 billion net of sales) and the €1 billion increase in asset values. On a like-for-like basis, the increase year-on-year was 6.2%, in a favourable context of falling interest rates, but also due to strategic choices made by Foncière des Régions:

> strengthening the development pipeline: +28% on a like-for-like basis on the values of France Office deliveries in 2017 (i.e. a value creation of 50%);

> concentration of the Italy exposure in Milan (64% of the Italian portfolio): +5% of value on a like-for-like basis for the Milan offices portfolio;

> intensification of the Berlin proportion in Residential (55% of the German Residential portfolio): a gain of 17% on a like-for-like basis from the Berlin portfolio;

> increase in the European Hotels exposure: +7% on the Spanish portfolio.

Value of the Foncière des Régions portfolio at end 2017

(€million, Excluding Duties)	Value 2016 100%	Value 2017 100%	Value 2017 Group share	Like-for-like change 12 months	Yield 2017	% of portfolio
France Offices	6 183	6 351	5 412	5,4%	5,3%	42%
Italy Offices	3 711	3 937	1738	2,3%	5,5%	14%
Residential Germany	4 004	4 957	3 114	15,0%	4,7%	24%
Hotels in Europe	3 842	4 807	1783	4,3%	5,5%	14%
Total Strategic activities	**17 740**	**20 053**	**12 047**	**6,8%**	**5,2%**	**94%**
Others (France Residential, Retail France & Italy)	1499	1 102	737	-3,3%	5,0%	6%
Total Portfolio	**19 240**	**21 154**	**12 784**	**6,2%**	**5,2%**	**100%**

Strong growth in financial results

Major progress in improving the debt profile

Rated BBB, stable outlook, by S&P since July 2015, the Group has taken a new step in improving its financial profile. LTV reached a historically low level of 40.4%, down by 5.0 points over two years (-4.2 points in 2017). Over the same period, the dynamic financing management extended the debt maturity to 6.2 years, compared with 5 years at end 2015, and reduced the cost to 1.87% vs 2.80% at end 2015 (2.21% end 2016).

In a volatile financial environment, Foncière des Régions can rely on a diversified debt (55% in unsecured debt), combining flexibility, safety and cost optimisation. ICR has improved once again, now at 4.4 vs 3.0 in 2015 (and 3.6 in 2016).

10% growth in Recurring Net Income to €391 million

Benefiting from the solid leasing and investment momentum, as well as the reduced cost of debt, **Recurring Net Income reached €391 million**, thus gaining 10% year-on-year, compared with a target (in July 2017) of more than 7%.

Per share, **Recurring Net Income was €5.31**, up 1% year-on-year, following the issue of new shares from the capital increase in January 2017, intended to finance the acquisition of a hotel portfolio in Spain and the development pipeline. **EPRA Earnings** stood at €358 million, up 9% year-on-year, and €4.86/share. Finally, net profit was €914 million, up 17% year-on-year.

These very high quality results were achieved against a dynamic of deleveraging, by 4.2 points over a year, and continued improvement in the quality of the portfolio (73% of France Offices green, compared with 65% at end 2016; 64% of assets in Milan in Italy vs 53%; 55% of Residential in Berlin, vs 48%).

Proposed 2.3% increase in the dividend, of €4.50 per share

In keeping with its policy of sustainably increasing the dividend, in line with its income growth, the Group will recommend a dividend of €4.50 per share to the General Meeting on next 19 April, a year-on-year increase of 2.3%. At the closing on 13 February 2018, the dividend yield stands at 5.2%.

EPRA NAV up by 19% and €1.1 billion

In 2017, Foncière des Régions was able again to count on the loyalty of its shareholders to finance its European growth. Accordingly €470 million of equity was created over the period, via the January 2017 capital increase (of €400 million) and the contribution of shares in FDL, the France Residential subsidiary, in exchange for new Foncière des Régions shares, prior to its delisting.

The increase in equity, the steady increase in Recurring Net Income and the 6.2% rise in asset values (i.e., €627 million GS) on a like-for-like basis resulted **in strong growth of the EPRA NAV, up 19% year-on-year** to €7.1 billion (€6.5 billion in EPRA NNNAV, i.e. a rise of 22%).

Per share, and including the capital increase, **EPRA NAV stands at €94.5**, a year-on-year increase of 9% (€86.3 for EPRA NNNAV, i.e. a rise of 12%).

Dominique Ozanne appointed Deputy CEO of Foncière des Régions

On 14 February, the Group's Board of Directors appointed Dominique Ozanne Deputy Chief Executive Officer of the Group for a term of 4 years. In parallel with his responsibilities as General Manager Hotels, he will now enter the Group's General Management team, formed by Olivier Estève, also Deputy CEO and Christophe Kullmann, CEO.

A graduate of the ESTP and HEC, aged 39, Dominique Ozanne joined Foncière des Régions in 2003 and has been leading the hotel business since 2011. He has contributed to making this growth market a strategic pillar of Foncière des Régions, which today stands as the leading hotel investment company in Europe.

2018 outlook favourable

With its high quality teams, working as close as possible to its customers in Europe, Foncière des Régions enters 2018 with enhanced growth capabilities and a particularly sound balance sheet.

Driven by an optimal risk-return track record over time, the development pipeline momentum should remain strong. In 2018, Foncière des Régions plans to launch €900 million in new office projects, thus bringing the offices committed pipeline to more than €1.3 billion by the end of the year (up 80% year-on-year).

In 2018, in a favourable rental environment across all its markets, the Group has set itself an objective of rental income growth on a like-for-like basis of around 2.5% and **growth of its EPRA Earnings per share of around 3%.**

In the medium term, with its ambition to be Europe's leading integrated operator, the Group can rely on unique growth reserves, in Paris (€1 billion in offices leased to Orange, with high valuation potential), in Milan (110,000 m² of real estate reserves on Symbiosis), and in Berlin (150,000 m² on Alexanderplatz).

Paris, 14 February 2018

A conference call for analysts and investors

will take place on 15 February at 14:30 (Paris) time

The presentation for the conference call will be available

on the Foncière des Régions website at www.foncieredesregions.fr/finance

LiveTweet: *tomorrow, follow live from 14:30 the presentation of the annual results on our Twitter feed @fonciereregions*

Financial calendar

General Meeting: 19 April 2018

1st Quarter 2018 Revenues: 26 April 2018

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APPEL GRATUIT DEPUIS UN POSTE FIXE

Foncière des Régions, co-author of real estate stories

As a key player in real estate, Foncière des Régions has built its growth and its portfolio on the key and characteristic value of partnership. With a total portfolio valued at €21Bn (€13Bn in group share), located in the high-growth markets of France, Germany and Italy, Foncière des Régions is now the recognised partner of companies and territories which it supports with its two-fold real estate strategy: adding value to existing urban property and designing buildings for the future.

Foncière des Régions mainly works alongside Key Accounts (Orange, Suez Environnement, EDF, Dassault Systèmes, Thales, Eiffage, etc) in the Offices market as well as being a pioneering and astute operator in the two other profitable sectors of the Residential market in Germany and Hotels in Europe.

Foncière des Régions shares are listed in the Euronext Paris A compartment (FR0000064578 - FDR), are admitted to 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 ESG FTSE4 Good, DJSI World & Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Oekom, Ethibel and Gaïa ethical indices.

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

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1. Business analysis

Changes in scope:
With a view to simplify the organization and reinforce the exposure to its strategic markets, Foncière des Régions increased its share in its subsidiaries in 2017:

- +0.2% in its Italy Offices subsidiary Beni Stabili, held at 52.4% at end-December 2017
- +0.1% in its Hotel subsidiary Foncière des Murs, held at 50.0% at end-December 2017
- +0.7% in its German Residential subsidiary Immeo, held at 61.7% at end-December 2017
- +38.7% in its subsidiary Foncière Développement Logements, held at 100% at end-December 2017. The company was delisted at the same time. The average ownership retained for 2017 is 61.3%.

A. RECOGNISED RENTAL INCOME: +4.2% ON STRATEGIC ACTIVITES

(€ million)	100%			Group Share				
	2016	2017	Change (%)	2016	2017	Change (%)	Change (%) LfL [1]	% of rent
France Offices	**274,8**	**272,1**	**-1,0%**	**249,7**	**246,9**	**-1,1%**	**1,0%**	**42%**
Paris	84,4	81,9	-3%	79,8	77,3	-3%	1,2%	13%
Greater Paris	132,0	136,0	3%	111,4	115,3	3%	1,0%	20%
Other French regions	58,4	54,3	-7%	58,5	54,3	-7%	0,8%	9%
Italy Offices	**180,2**	**187,0**	**3,8%**	**92,2**	**87,3**	**-5,4%**	**1,1%**	**15%**
Offices - excl. Telecom Italia	81,4	88,4	9%	41,5	46,3	12%	1,9%	8%
Offices - Telecom Italia	98,8	98,6	0%	50,8	40,9	-19%	0,4%	7%
Germany Residential	**212,5**	**230,1**	**8,3%**	**131,6**	**144,2**	**9,6%**	**4,2%**	**24%**
Berlin	84,3	103,4	23%	52,2	70,6	35%	5,8%	12%
Dresden & Leipzig	17,8	21,3	19%	11,1	14,0	25%	3,3%	2%
Hamburg	13,0	14,2	9%	8,5	9,2	8%	3,8%	2%
North Rhine-Westphalia	97,4	91,3	-6%	59,8	50,5	-16%	3,1%	9%
Hotels in Europe	**143,9**	**174,1**	**21,0%**	**59,3**	**76,8**	**29,5%**	**3,2%**	**13%**
France	98,5	89,7	-9%	38,0	34,9	-8%	3,1%	6%
Germany	17,3	22,3	29%	7,9	10,8	37%	1,4%	2%
Spain	0,5	33,3	n.a	0,3	16,6	n.a	n.a	3%
Others	27,6	28,9	5%	13,1	14,4	9,8%	4,4%	2%
Total strategic activities	**811,4**	**863,4**	**6,4%**	**532,8**	**555,2**	**4,2%**	**2,1%**	**94%**
Non-strategic	**81,8**	**64,1**	**-21,6%**	**41,6**	**33,8**	**-18,8%**	**n.a**	**6%**
Retail Italy	20,0	17,8	-11%	10,2	9,3	-9%	-1,2%	2%
Retail France & healthcare	46,6	34,8	-25%	22,1	17,4	-21%	0,2%	3%
Other (France Residential)	15,2	11,4	-25%	9,3	7,0	-25%	n.a	1%
Total rents	**893,2**	**927,4**	**3,8%**	**574,4**	**588,9**	**2,5%**	**2,0%**	**100%**

[1] *LfL : Like-for-Like*

The Group share of rental income from strategic operations increased 4.2% over one year, and 2.5% when including non-strategic activities. This €15 million increase is due primarily to the following effects:

- acquisitions (+€41.5 million) mostly in Hotels (+€18.7 million), with a portfolio of 17 assets in Spain, and in Germany Residential (+€15.0 million), mainly in Berlin
- deliveries of new assets (+€8.3 million), mainly in France Offices, in particular Silex1 in Lyon
- acceleration of like-for-like rental growth of 2.0% (+€10.3 million) with:
  - +1.0% in France Offices, due to indexation (0.3 pt) and good rental performance (0.7 pt)
  - +1.1% in Italy Offices (excluding Retail), due to an improvement in the occupancy rate
  - +4.2% in Germany Residential, including 1.8 pt due to indexation and 2.1 pts due to renewals
  - +3.2% In Hotels, of which a 5.5% growth in AccorHotels variable rents thanks to the recovery of the hotel market.
- releases of assets intended to be restructured or redeveloped (-€2.5 million)
- asset disposals: (-€45.8 million), especially:
  - in Italy Offices (-€13.1 million) with the syndication of the Telecom Italia portfolio (-€11 million)
  - in Hotels (-€12.8 million) with the disposal of underperforming AccorHotels assets in secondary locations in 2016.
- the reinforcement in Hotels with the impact over a full year of the increase in ownership in Foncière des Murs in 2016 (+€4.3 million).

B. LEASE EXPIRATIONS AND OCCUPANCY RATES

1. Annualised lease expirations: average lease term remain high at 6.6 years

(years)	By lease end date (1st break)		By lease end date	
Group share	**2016**	**2017**	**2016**	**2017**
France Offices	5,6	5,0	6,2	6,0
Italy Offices (incl. Retail)	9,0	7,2	14,6	7,9
Hotels in Europe (incl. Retail)	10,4	10,7	10,7	12,5
Total	**7,2**	**6,6**	**9,0**	**7,7**

The average residual firm duration remains at a high level of 6.6 years at the end of 2017, having fallen as a result of the syndication in Italy Offices of 40% of the Telecom Italia portfolio. In France, the firm lease duration fell 0.6 point due to approaching maturities on assets earmarked for redevelopment in 2018.

(€ million; Group share) Excluding Residential	By lease end date (1st break)	% of total	By lease end date	% of total
2018	50,5	11%	16,5	4%
2019	48,8	10%	29,8	6%
2020	25,4	5%	27,6	6%
2021	32,5	7%	42,7	9%
2022	41,7	9%	37,5	8%
2023	48,1	10%	46,2	10%
2024	9,6	2%	20,1	4%
2025	54,3	12%	56,4	12%
2026	42,0	9%	41,8	9%
2027	19,1	4%	29,4	6%
Beyond	92,9	20%	116,9	25%
Total	**464,9**	**100%**	**464,9**	**100%**

The percentage of firm lease terms under three years remained stable compared to 2016, at 27% of annualised rental income, giving the Group excellent visibility over its cash flows, which are thus secured on the medium term.

Of the €50.5 with a term in 2018, around half of it concerns French Offices assets included in the managed pipeline. Some of them will be committed in 2018 (Omega in Levallois, the headquarters of Citroën in Paris-St Ouen, the Orange building Gobelins in Paris 5th).

2. Occupancy rate: 97.9%, an increase of 1.2 point

(%)	Occupancy rate	
Group share	**2016**	**2017**
France Offices	95,6%	97,4%
Italy Offices (incl. Retail)	95,5%	96,6%
Germany Residential	98,2%	98,4%
Hotels in Europe (incl. Retail)	100,0%	100,0%
Total	**96,7%**	**97,9%**

All the strategic activities of the Groupe benefit from an increase in the occupancy rate. Overall, the average rate reached the record level of 97.9%. The long-term resilience of the occupancy rate (above 96% since 2013) reflects the very good risk profile of Foncière des Régions.

C. BREAKDOWN OF RENTAL INCOME GROUP SHARE

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

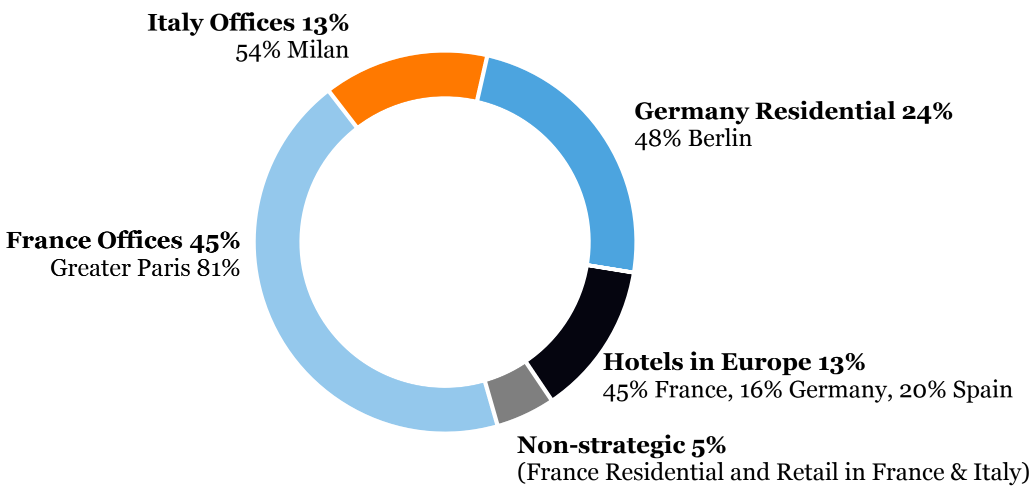
(€ million, Group share)	Annualised rents 2017	%
Orange	74,2	12%
Telecom Italia	31,1	5%
AccorHotels	27,1	4%
Suez	21,8	4%
B&B	19,7	3%
EDF/Enedis	16,7	3%
Vinci	14,8	2%
Dassault Systèmes	12,5	2%
Eiffage	9,3	2%
Thalès	10,8	2%
Natixis	10,7	2%
Intesa San Paolo	8,2	1%
Tecnimont	6,8	1%
Sunparks	6,7	1%
Jardiland	6,5	1%
NH	6,4	1%
AON	5,4	1%
Lagardère	5,3	1%
Other tenants < € 5 m	170,9	28%
Germany Residential	146,0	24%
France Residential	8,6	1%
Total rents	**619,5**	**100%**

In 2017, Foncière des Régions continued its strategy of diversifying its tenant base. As a result, exposure to the three largest tenants continues to fall (21% compared to 26% at the end of 2016, and 41% at the end of 2014), notably as a result of the disposal of 40% of the Telecom Italia portfolio completed in the first half of 2017, whose weighting fell 4 points to 5%.

Moreover, the Group’s partnership strategy was extended to new players, particularly in the Hotel segment with the main Spanish operators (Barcelo Melia, Hotusa, and NH). The development projects have enabled new partnerships to be forged, for example the Edo project in Issy-les-Moulineaux, selected by the Transdev Group for its headquarters, and Via Cernaia in Milan, future headquarters of Amundi in Italy.

The Group's largest tenant is the Orange Group, which occupies over €1 billion of assets in Paris; these buildings benefit from a large value creation potential through redevelopment projects.

2. Geographic breakdown of rental income: 60% generated by Paris, Berlin, Milan



The Group continued to focus on European capitals and major cities in 2017, with the aim of continuously improving the quality of its portfolio. Nearly 60% of the Group's rental income thus comes from Greater Paris, Berlin and Milan.

D. COST TO REVENUE, BY BUSINESS

(€ million, Group share)	France Offices	Italy Offices (incl. Retail)	Germany Residential	Hotels in Europe (incl. Retail)	Other (France Residential)	Total	
	2017	2017	2017	2017	2017	2016	2017
Rental Income	246,9	96,6	144,2	94,2	7,0	574,4	**588,9**
Unrecovered property operating costs	-10,9	-11,7	-2,5	-1,0	-1,6	-26,7	**-27,8**
Expenses on properties	-2,7	-3,9	-11,8	-0,1	-0,7	-19,1	**-19,2**
Net losses on unrecoverable receivable	-0,9	-0,4	-1,2	-0,0	-0,1	-2,2	**-2,5**
Net rental income	**232,4**	**80,7**	**128,8**	**93,1**	**4,5**	**526,3**	**539,4**
Cost to revenue ratio	**5,9%**	**16,5%**	**10,7%**	**1,2%**	**35,1%**	**8,4%**	**8,4%**

The cost to revenue ratio (8.4%) is under control and remains stable over one year.

- In France Offices, the cost to revenue ratio rose (+1.6 pt since 2016) following the re-consolidation of the residual business of the Logistics division, and the high number of projects under development.
- In Italy, the cost to revenue ratio fell to 16.5% (vs. 17.7% in 2016), reflecting the recent improvement in the vacancy rate and the internalization of property management activities following the repurchase of Revalo at the end of 2016.
- In Germany Residential, the cost to revenue ratio has been dropping for several years, and now stands at 10.7% (versus 11.7% in 2016) thanks to a stronger position in Berlin and cost optimisation.
- In Hotels in Europe, the rate remains low (at 1.2%), as the Group is mostly signing triple net leases.

E. €1.2 BILLION IN DISPOSALS COMPLETED

(€ million)		Disposals (agreements as of end of 2016 closed)	Agreements as of end of 2016 to close	New disposals 2017	New agreements 2017	Total 2017	Margin vs 2016 value	Yield	Total Realized Disposals
		1		2	3	= 2+3			= 1 + 2
France Offices	100 %	80	27	279	86	**365**	8,4%	5,1%	**359**
	Group share	80	27	290	86	**376**	11,1%	5,8%	**370**
Italy Offices	100 %	79	-	127	27	**154**	-0,2%	3,9%	**206**
	Group share	364	-	66	12	**77**	-0,1%	4,0%	**430**
Germany Residential	100%	22	-	229	138	**367**	23,6%	5,5%	**251**
	Group share	13	-	137	81	**217**	23,3%	5,5%	**150**
Hotels in Europe [1]	100 %	12	3	46	18	**64**	4,7%	5,5%	**58**
	Group share	6	1	14	9	**23**	5,4%	5,5%	**20**
Non-strategic (France Residential, Logistics, Retail in France)	100 %	41	-	262	227	**489**	0,8%	5,0%	**302**
	Group share	24	-	162	118	**280**	0,7%	4,8%	**186**
Total	100 %	234	29	941	497	**1 438**	7,9%	5,0%	**1 175**
	Group share	**488**	**28**	**667**	**306**	**973**	**9,2%**	**5,3%**	**1 155**

[1] Including disposals on hotel operating properties

Disposals amounted to €1.2 billion in Group share (€1.2 billion in 100%) in 2017, after €1 billion Group share completed in 2016. Foncière des Régions maintains a sustained asset rotation rhythm on its portfolio, enabling it to reduce its exposure to secondary locations, consolidate value-creation on mature core assets and withdraw from non-strategic activities with:

- non-core assets: €682 million Group share of disposals, essentially in Offices.

  In a year, the Group has halved its exposure to non-core assets in France by disposing of assets worth €195 million. In Italy, the syndication of the Telecom Italy portfolio (€323 million Group share) made it possible to diversify the rental income base and increase the exposure to Milan.

- mature core assets: €287 million of disposals Group share

  Disposals mostly in France (€174 million Group share) including the Hermione and Floréal buildings In Euromed Marseille (26% value creation) and the syndication of 49.9% of Silex 1&2 (€57 million Group share).

- non-strategic assets : €186 million Group share of disposals

  €99 million in housing units in France and €54 million of Retail assets in France, including part of the Quick portfolio (the rest of the portfolio is subject to preliminary sale agreements).

The new disposals were signed with a substantial margin over the most recent appraisal values (+9.2%), boosted by privatisations in Germany Residential in Berlin (>65%), disposals in North Rhine-Westphalia (+16%) and mature core assets in France Offices (+15% margin).

F. ACQUISITION OF ASSETS: €1.4 BILLION REALIZED

	Acquisitions 2017 realized			Acquisitions 2017 secured		
(€ million Including Duties)	Acquisitions 100%	Acquisitions Group share	Yield Group share	Acquisitions 100%	Acquisitions Group share	Yield Group share
France Offices	3	3	6,7%	-	-	-
Italy Offices	184	96	5,9% [1]	27	14	6,0% [1]
Germany Residential	556	357	4,4% [2]	178	115	3,9% [2]
Hotels in Europe	691	344	5,5%	111	56	5,7%
Total	**1 435**	**800**	**5,0%**	**316**	**185**	**4,6%**

[1] Potential yield on acquisitions.
[2] Yield after reletting of vacant spaces. Immediate yield is 4.0% on acquisitions realized and 3.6% on acquisitions secured.

With €1.4 billion (€800 million Group share) realized across all asset classes in 2017, Foncière des Régions continued to acquire assets in its strategic markets, mainly in Germany Residential and Hotels with:

- the acquisitions of several German Residential portfolios for €556 million, (85% of them in Berlin) at attractive prices (€2,010/m² on average, with a 44% rent increase potential)
- the acquisition of a portfolio of 17 hotels comprising 3,335 rooms in Spain, mainly located in Madrid and Barcelona, for €559 million, with a potential yield of 6.3%
- the acquisition of a portfolio of Offices in Italy from the Credito Valltelinese Group, most of which are located in Milan's central business district, for a total of €118 million and with a high yield of 6.0%.

In total, close to 90% of the acquisitions were located in major European cities: Berlin, Milan, Madrid and Barcelona.

G. DEVELOPMENT PROJECTS: €5.1 BILLION (€3.6 BILLION GROUP SHARE)

After doubling the size of the pipeline in 2016, Foncière des Régions is further boosting its development capacity with an additional €1.0 billion in projects, bringing the total to €5.1 billion (a 27% growth). With the launch of the Germany Residential pipeline representing projects totalling €488 million, €36 million of which began in 2017, the Group now has the capacity to develop assets in all of its markets.

1. Deliveries: 89,000 m² of office space and 683 hotel rooms delivered in 2017

2017 was a record year in terms of delivery: around 89,000 m² of office space was delivered in France and Italy, with an average occupancy rate of 98%. The main deliveries are:

- Silex1 (10,600 m²) in the business district of La Part-Dieu in Lyon, 100% let
- Thaïs (5,500 m²) in Levallois, 86% let
- Edo (10,800 m²) in the Issy-Val-de-Seine business district, headquarters of the Transdev Group
- Art&Co (13,400 m²) at Gare de Lyon in Paris, with 5,200 m² dedicated to the Group's new flex-office and coworking offering; the rest of the surface area (8,200 m²) has been completely let.
- Via Cernaia (8,300 m²) in Milan's central business district, fully let to Amundi.

Foncière des Régions has created value in excess of 50% on average on the projects delivered this year, with improved rental conditions on the whole: leases and pre-leases have been signed with IFRS rents 10% higher than initially anticipated, as is the case with Art&Co in Paris Gare de Lyon, Thaïs in Levallois and Via Cernaia in Milan.

2. Committed projects: €934 million (€512 million Group share)

At present, 27 projects are under way in 3 European countries and will be completed between 2018 and 2020. In 2017, Foncière des Régions continued its development strategy by launching some major projects:

- Silex2 in Lyon, 30,900 m² of prime office space ideally located opposite the Part-Dieu railway station. This project, as well as the existing building Silex1, have been shared at 49.9% with ACM, a long-standing partner of Foncière des Régions, allowing the Group to crystallize the value creation on the asset and reduce the risk linked to the development project.
- Montpellier Orange, project to construct a 16,500 m² turnkey building for Orange in the Parc de la Pompignane in Montpellier (Majoria). The delivery is expected in 2020.
- the first building of The Sign project in Milan (9,500 m²) located on the South-West fringes of the centre of Milan, on the metro line 2. Delivery is scheduled for 2019.
- the launch of the Germany Residential pipeline, which includes six projects begun this year, mostly in the centre of Berlin.
- strengthening of the partnership with Meininger with two new hotels in Lyon and Marseille totalling 380 rooms.

	Committed projects	Location	Project	Surface [1] (m^2)	Target rent (€/m^2/year)	Pre-leased (%)	Total Budget [2] (M€, 100%)	Total Budget [2] (M€, Group share)	Target Yield [3]	Progress	Capex to be invested (M€, Group share)
France Offices	Riverside	Toulouse	Construction	11 000 m^2	185	0%	32	32	7,0%	66%	9
	Ilot Armagnac (35% share)	Bordeaux	Construction	31 700 m^2	190	39%	102	36	6,5%	52%	16
	Total deliveries 2018			**42 700 m^2**	**188**	**20%**	**134**	**68**	**6,6%**	**59%**	**25**
	Hélios	Lille	Construction	9 000 m^2	160	100%	23	23	>7%	59%	8
	Total deliveries 2019			**9 000 m^2**	**160**	**100%**	**23**	**23**	**>7%**	**59%**	**8**
	Meudon Ducasse	Greater Paris	Construction	5 100 m^2	260	100%	22	22	6,4%	2%	19
	Silex II (50% share)	Lyon	Construction	30 900 m^2	312	0%	166	83	6,0%	15%	74
	Montpellier Orange	Montpellier	Construction	16 500 m^2	165	100%	48	48	6,8%	0%	44
	Total deliveries 2020 and beyond			**52 500 m^2**	**258**	**46%**	**237**	**154**	**6,3%**	**9%**	**137**
	Total France Offices			**104 200 m^2**	**229**	**44%**	**394**	**244**	**6,5%**	**27%**	**170**
Italy Offices	Via Colonna	Milan	Regeneration	3 500 m^2	270	100%	18	9	5,1%	80%	1
	Piazza Monte Titano (Meininger hotel)	Milan	Regeneration	6 000 m^2	190	100%	22	12	5,0%	65%	2
	Symbiosis (buildings A & B)	Milan	Construction	20 500 m^2	310	88%	94	49	>7%	63%	12
	Principe Amedeo	Milan	Regeneration	7 000 m^2	490	57%	57	30	5,2%	28%	6
	Total deliveries 2018			**37 000 m^2**	**346**	**81%**	**191**	**100**	**6,2%**	**54%**	**21**
	Corso Ferrucci	Turin	Regeneration	45 600 m^2	130	36%	87	46	5,7%	75%	5
	The Sign (building A)	Milan	Construction	9 500 m^2	285	0%	38	20	>7%	3%	13
	Total deliveries 2019			**55 100 m^2**	**177**	**25%**	**126**	**66**	**6,2%**	**53%**	**18**
	Total Italy Offices			**92 100 m^2**	**279**	**59%**	**317**	**166**	**6,2%**	**54%**	**38**
Germany Residential	Konstanzer	Berlin	Extension	400 m^2	n.a	n.a	1	1	5,3%	n.a	n.a
	Total deliveries 2018			**400 m^2**	**n.a**	**n.a**	**1**	**1**	**5,3%**	**n.a**	**n.a**
	Genter Strasse 63	Berlin	Construction	1 500 m^2	n.a	n.a	4	3	5,3%	n.a	n.a
	Pannierstrasse 20	Berlin	Construction	890 m^2	n.a	n.a	3	2	5,2%	n.a	n.a
	Breisgauer Strasse	Berlin	Extension	1 420 m^2	n.a	n.a	5	3	4,7%	n.a	n.a
	Birkbuschstraße	Berlin	Extension	4 200 m^2	n.a	n.a	14	8	5,1%	n.a	n.a
	Magaretenhöhe	Essen	Extension	5 100 m^2	n.a	n.a	9	6	6,8%	n.a	n.a
	Total deliveries 2019 and beyond			**13 110 m^2**	**n.a**	**n.a**	**34**	**22**	**5,5%**	**n.a**	**n.a**
	Total German Residential			**13 510 m^2**	**n.a**	**na**	**36**	**22**	**5,5%**	**n.a**	**n.a**
Hotels in Europe	B&B Berlin	Berlin	Construction	140 rooms	n.a	100%	11	6	7,0%	78%	1
	B&B Chatenay Malabry (50% share)	Greater paris	Construction	127 rooms	n.a	100%	9	2	6,3%	81%	0
	Motel One Porte Dorée (50% share)	Paris	Construction	255 rooms	n.a	100%	37	9	6,2%	100%	0
	Meininger Munich	Munich	Construction	173 rooms	n.a	100%	29	15	6,4%	90%	1
	Total deliveries 2018			**695 rooms**	**n.a**	**100%**	**86**	**32**	**6,4%**	**90%**	**3**
	Meininger Porte de Vincennes	Paris	Construction	249 rooms	n.a	100%	47	24	6,2%	51%	12
	B&B Bagnolet (50% share)	Greater Paris	Construction	108 rooms	n.a	100%	8	2	6,3%	15%	2
	Meininger Lyon Zimmermann	Lyon - France	Construction	169 rooms	n.a	100%	18	9	6,1%	32%	6
	Meininger Marseille	Marseille - France	Construction	211 rooms	n.a	100%	23	12	6,9%	0%	12
	B&B Cergy (50% share)	Greater Paris	Construction	84 rooms	n.a	100%	5	1	5,9%	24%	1
	Total deliveries 2019 and beyond			**821 rooms**	**n.a**	**100%**	**102**	**48**	**6,4%**	**33%**	**32**
	Total Hotels in Europe			**1 516 rooms**	**n.a**	**100%**	**188**	**79**	**6,4%**	**56%**	**35**
	Total				**n.a**	**56%**	**934**	**512**	**6,3%**	**39%**	**244**

[1] Surface at 100%
[2] Including land and financial costs
[3] Yield on total rents including car parks, restaurants, etc.

Committed projects	Surface [1] (m²)	Target rent (€/m²/year)	Pre-leased (%)	Total Budget [2] (M€, 100%)	Total Budget [2] (M€, Group share)	Target Yield [3]	Progress	Capex to be invested (M€, Group share)
Total France Offices	104 200 m²	229	44%	394	244	6,5%	27%	170
Total Italy Offices	92 100 m²	279	59%	317	166	6,2%	54%	38
Total German Residential	13 510 m²	n.a	na	36	22	5,5%	n.a	n.a
Total Hotels in Europe	1 516 rooms	n.a	100%	188	79	6,4%	56%	35
Total		**n.a**	**56%**	**934**	**512**	**6,3%**	**39%**	**244**

3. Managed projects: €4.1 billion (€3.1 billion Group share)

Projects *sorted by estimated total cost at 100%*	Location	Project	Surface [1] (m²)	Delivery timeframe
Cap 18	Paris	Construction	50 000 m²	>2020
Rueil Lesseps	Rueil-Malmaison - Greater Paris	Regeneration-Extension	43 000 m²	>2020
Citroën PSA - Arago	Paris	Regeneration	26 700 m²	>2020
Canopée	Meudon - Greater Paris	Construction	49 300 m²	>2020
Omega	Levallois - Greater Paris	Regeneration-Extension	18 500 m²	>2020
N2 (50% share)	Paris	Construction	16 200 m²	>2020
Anjou	Paris	Regeneration	11 000 m²	>2020
Opale	Meudon - Greater Paris	Construction	29 000 m²	2019
Philippe Auguste	Paris	Regeneration	13 200 m²	>2020
Flow	Montrouge - Greater Paris	Construction	24 500 m²	2020
Montpellier Majoria (other buildings)	Montpellier	Construction	35 700 m²	2018-2020
Campus New Vélizy Extension (50% share)	Vélizy - Greater Paris	Construction	14 000 m²	2020
DS Campus Extension 2 (50% share)	Vélizy - Greater Paris	Construction	11 000 m²	>2020
Gobelins	Paris	Regeneration	4 900 m²	>2020
Cœur d'Orly (bâtiment 2 - 50% share)	Greater Paris	Construction	22 600 m²	2019
Cité Numérique	Bordeaux	Regeneration-Extension	19 200 m²	2019
Total France Offices			**388 800 m²**	
The Sign (buildings B & C)	Milan	Regeneration	15 900 m²	2019
Symbiosis (other buildings)	Milan	Construction	90 000 m²	2022
Total Italy Offices			**105 900 m²**	
German Residential	**Berlin**	**Extensions & Constructions**	**c.145 000 m²**	
Hotels in Europe - Alexanderplatz	**Berlin**	**Construction**	**c.150 000 m²**	
Total			**789 700 m²**	

[1] Surfaces at 100%

Objective 2018: acceleration of the committed pipeline with around €700 million of new projects

In 2018, a certain number of large-scale projects will be launched carrying strong value-creation potential in the major business districts of Greater Paris, with deliveries expected by 2020-21, essentially in France Offices:

- Flow in Montrouge (avenue de la Marne) will be committed in the first quarter 2018. The building permit has been obtained and the demolition works will be finished in February 2018.
- Omega in Levallois will be launched in 2018 (redevelopment/extension project);
- The Citroën headquarters in Paris-St Ouen, for a demolition/reconstruction project;
- Gobelins in the 5th arrondissement of Paris, an Orange building which will be redeveloped and extended;
- N2 in Paris 17th, a mixed-use complex (offices, hotel, retail, event areas) developed in partnership with ACM.

At Alexanderplatz in the very centre of Berlin, Foncière des Régions has identified 150,000 m² of mixed-use surface area to be developed in a €1 billion project. This project, which has strong value-creation potential, is one of Berlin's key developments, and should be launched in 2019.

H. PORTFOLIO

1. Portfolio value: up 6.2% at like-for-like scope

(€ million, Excluding Duties)	Value 2016 100%	Value 2017 100%	Value 2017 Group share	LfL [1] change 12 months	Yield [2] 2016	Yield [2] 2017	% of portfolio
France Offices	6 183	6 351	5 412	5,4%	5,7%	5,3%	42%
Italy Offices	3 711	3 937	1 738	2,3%	5,5%	5,5%	14%
Residential Germany	4 004	4 957	3 114	15,0%	5,4%	4,7%	24%
Hotels in Europe	3 842	4 807	1 783	4,3%	5,5%	5,5%	14%
Total Strategic activities	**17 740**	**20 053**	**12 047**	**6,8%**	**5,5%**	**5,2%**	**94%**
Other	1 499	1 102	737	-3,3%	5,3%	5,0%	6%
Retail Italy	*383*	*297*	*155*	*-4,7%*	*5,7%*	*6,1%*	*1%*
Retail France	*571*	*447*	*224*	*-4,3%*	*6,5%*	*6,7%*	*2%*
Others (France Residential, Car parks, Logistics)	*545*	*358*	*358*	*n.a*	*2,9%*	*3,1% [3]*	*3%*
Total Portfolio	**19 240**	**21 154**	**12 784**	**6,2%**	**5,6%**	**5,2%**	**100%**

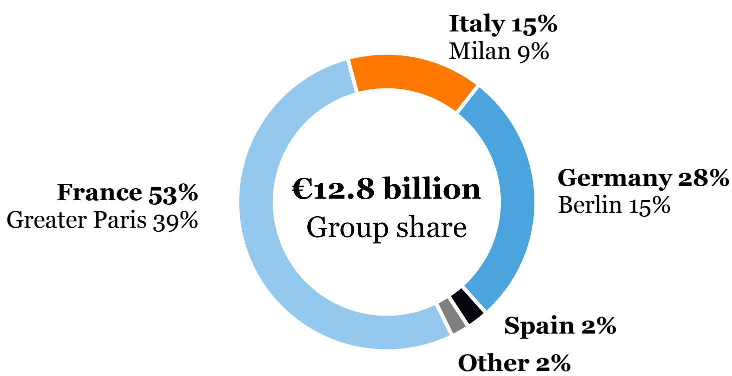
[1] LfL: Like-for-Like
[2] Yield excluding development projects
[3] Yield only on France Residential

The Group share of the Foncière des Régions portfolio amounted to €12.8 billion (€21.2 billion in 100%) at the end of 2017, compared with €12.0 billion at the end of 2016, representing growth of €0.8 billion:

Like-for-like change in value reflects the pertinence of the Group’s strategic allocation choices:

- +5.4% in France Offices, spurred by value creation on the assets delivered in 2017 (+28%)
- +2.3% in Italy Offices, due to the performance of offices in Milan excluding Telecom Italia (+5.9%)
- +15.0% in Germany Residential (including +18% in Berlin and +23% in Dresden & Leipzig), thanks to the dynamism of the market combined with the improvement of operating indicators (increase in rents and decrease in vacancy)
- +4.3% in Hotels, driven by value creation in the Spanish portfolio acquired at the end of 2016 (+7.2%).

Geographic breakdown of the portfolio at the end of 2017



77% in large European cities

I. LIST OF MAJOR ASSETS

The value of the ten main assets represents almost 16% of the portfolio, Group share.

Top 10 Assets	Location	Tenants	Surface (m²)	FdR share
Tour CB 21	La Défense (Greater Paris)	Suez Environnement, AIG Europe, Nokia, Groupon	68 077	75%
Carré Suffren	Paris 15th	AON, Institut Français, Ministère Education	24 864	60%
Tours Garibaldi	Milan	Maire Tecnimont, Linkedin, etc.	44 650	52%
Art&Co	Paris 12th	Adova, Opco Nework,Bentley, AFD	13 595	100%
Dassault Campus	Velizy Villacoublay (Greater Paris)	Dassault Systèmes	56 554	50%
Green Corner	St Denis	HAS et Systra	20 817	100%
New Velizy	Velizy Villacoublay (Greater Paris)	Thales	46 163	50%
Anjou	Paris 8th	Orange	10 067	100%
Paris Percier	Paris 8th	Chloé	8 728	100%
Paris Carnot	Paris 17th	Orange	11 182	100%

2. Business analysis by segment

The France Offices indicators are presented at 100% and as Group share (GS).

A. FRANCE OFFICES

1. A marked improvement in the rental market in 2017[1]

The €6.4 billion (€5.4 billion Group share) France Offices portfolio of Foncière des Régions is situated in strategic locations in Paris, in the major business districts of the Paris region and in the major regional cities. 2017 saw a significant improvement in rental conditions in our markets:

- Increased take-up (2.6 million m², 197,000 m² more than in 2016) was driven by strong demand for large new or restructured premises (>5,000 m²), a 26% rise compared to 2016, representing an additional surface area of 167,000 m². New spaces account for an increasing proportion of the take-up (36% in 2017, compared with 32% in 2016 and 31% in 2015).

- The Western Crescent and inner suburb markets have benefited significantly from this dynamic, with take-up for large premises more than doubling in these two areas (+307,000 m²), while decreasing in inner Paris. Well-established business districts are the main drivers of this dynamic, particularly Issy-Val-de-Seine and Levallois, where Foncière des Régions is exposed through delivered projects (Edo, Thaïs) and ongoing ones (Omega).

- The immediate supply of office space in Greater Paris continued to fall, standing at 3.4 million m², with a vacancy rate of 6.2% compared with 6.5% at the end of 2016. Concerning future supply, of the 1.8 million m² under construction, 41% has already been let and 43% of it is located in inner Paris. The supply of new properties will be limited in the target areas for the Group's projects: in Levallois, only 22,000 m² are still available in buildings to be delivered by 2020, 17,000 m² in Malakoff-Montrouge and 11,200 m² in Paris-St Ouen.

- Average headline rents on new or restructured spaces remained stable in the central business district (CBD) of Paris, but rose sharply in attractive alternative business districts: +10% in Paris North-East, and +13% in the north-east of Paris. In the southern loop, premium rents are now reaching €500/m² (+4% vs 2016).

- In Lyon, Foncière des Régions is exposed to the La Part-Dieu business district, the second-largest French office centre, with over 15% of the take-up of the entire metropolitan area in 2017, including the leasing of 5,400 m² by Nextdoor on Silex1. The vacancy rate at La Part-Dieu remains low (<3%), with a small proportion of new space available (<20%) and a high pre-leasing rate of 80% for the 32,000 m² under construction.

- Investment in France Offices remains dynamic, with €18.8 billion invested in 2017 (compared with €19.1 billion in 2016). There is still a significant gap between prime yields (3-3.25% in the CBD of Paris; 3.9% in Lyon) and the government loan rate (close to 0.8% at the end of December 2017).

[1] *Sources: Immostat, C&W, CBRE, Crane Survey*

In 2017, the France Offices segment reported:

- A record delivery volume of 81,000 m², 98% of which had been let. In 2018, projects worth €600 million should be committed in the major business districts of Greater Paris.
- Buoyant rental activity, with renewals for 131,000 m² with 2.6% growth on IFRS rental income and 71,000 m² leased or pre-leased.
- Continued portfolio rotation with €376 million Group Share of new disposal commitments for non-core and mature core assets.
- A 5.4% increase in values on a like-for-like basis, reflecting the success of the development projects, rental agreements with key accounts and the continuing strong performance of the Group's core markets.

Assets held partially are the following:

- CB 21 Tower (75% owned);
- Carré Suffren (60% owned);
- the Eiffage properties located in 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 Silex 1 and 2 assets, which have been 50.1% owned since December 2017 (fully consolidated);
- the New Vélizy property for Thales (50.1% owned and accounted for under the equity method);
- Euromed Center (50% owned and accounted for under the equity method);
- Bordeaux Armagnac (34.7% owned and accounted for under the equity method);
- Cœur d'Orly (25% owned and accounted for under the equity method).

2. Recognised rental income: €247 million, up 1.0% at a like-for-like scope

2.1. Geographic breakdown: 86% of rental income is generated by strategic locations (Paris, major business districts in the Greater Paris region and major regional cities)

(€ million)	Surface (m²)	Number of assets	Rental income 2016 100%	Rental income 2016 Group share	Rental income 2017 100%	Rental income 2017 Group share	Change (%) Group share	Change Group share (%) LfL [1]	% of rental income
Paris Centre West	*90 352*	*12*	*37,4*	*37,5*	*37,1*	*37,3*	*-0,7%*	*0,8%*	*15%*
Paris South	*72 209*	*8*	*27,8*	*23,2*	*25,3*	*20,6*	*-11,0%*	*2,2%*	*8%*
Paris North- East	*110 323*	*6*	*19,1*	*19,1*	*19,4*	*19,4*	*1,6%*	*1,3%*	*8%*
Wester Crescent and La Défense	*224 632*	*21*	*69,0*	*61,6*	*72,7*	*65,5*	*6,4%*	*0,1%*	*27%*
Inner rim	*392 355*	*20*	*51,8*	*38,5*	*52,8*	*39,3*	*2,0%*	*2,4%*	*16%*
Outer rim	*80 127*	*35*	*11,3*	*11,3*	*10,5*	*10,5*	*-7,1%*	*-1,4%*	*4%*
Total Paris Region	**969 997**	**102**	**216,4**	**191,2**	**217,8**	**192,6**	**0,7%**	**1,1%**	**78%**
Major regional cities	378 470	54	30,4	30,5	31,0	31,0	1,7%	3,6%	13%
Other French Regions	324 650	129	28,0	28,0	23,3	23,3	-16,9%	-3,3%	9%
Total	**1 673 117**	**285**	**274,8**	**249,7**	**272,1**	**246,9**	**-1,1%**	**1,0%**	**100%**

[1] *LfL : Like-for-Like*

Rental income slid by 1.1%, to €247 million Group share (-€2.8 million). This change is the combined result of:

- asset acquisitions and deliveries (+€11.3 million):
  - +€3.6 million from acquisitions, particularly Vinci's head office in Rueil-Malmaison (+€2.3 million),
  - deliveries in 2016 and 2017 of assets which are 98% let, earning €7.7 million in rental income, including the following in 2017:
    - Silex1 in Lyon in the first quarter,
    - Thaïs in Levallois in the second quarter,
    - Edo in Issy-les-Moulineaux in the third quarter;
- improved rental performance with 1.0% growth on a like-for like basis (+€1.0 million), mostly thanks to the robust rental activity in 2017 (+1.0 pt);
- disposals (-€8.4 million), mostly of non-core assets in the outer rim and the regions,
- vacating for development (-€2.5 million);
- other effects, including a scope effect (-€3.1 million).

3. Annualised rental income: €270 million, down 2.0% as a result of the disposal of non-core assets

3.1. Breakdown by major tenants

(€ million)	Surface (m²)	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 Group share	Annualised rents 2017 100%	Annualised rents 2017 Group share	Change (%)	% of rental income
Orange	355 797	121	81,3	81,4	74,2	74,2	-8,8%	27%
Suez Environnement	60 350	3	24,0	21,5	27,8	21,8	1,1%	8%
EDF / Enedis	148 201	24	17,4	17,4	16,7	16,7	-4,2%	6%
Vinci	55 352	5	11,1	16,7	14,8	14,8	-11,4%	5%
Dassault	69 395	2	24,6	12,3	24,9	12,5	1,4%	4%
Eiffage	108 137	45	16,5	11,4	14,5	9,3	-18,3%	3%
Thalès	88 274	2	17,5	10,8	17,6	10,8	0,3%	4%
Natixis	37 887	3	10,6	10,6	10,7	10,7	1,4%	4%
Aon	15 592	1	8,9	5,4	9,0	5,4	0,5%	2%
Lagardère	12 953	3	5,3	5,3	5,3	5,3	0,1%	2%
Cisco	11 461	1	4,8	4,8	4,9	4,9	2,6%	2%
Autres Locataires	709 719	75	94,4	77,7	101,9	92,1	18,4%	33%
Total	**1 673 117**	**285**	**316,5**	**275,2**	**322,3**	**278,4**	**1,2%**	**100%**

The 11 largest tenants accounted for 69% of annualised rental income, versus 72% in 2016 and 80% at the end of 2010. The main changes affecting Key Accounts were as follows:

- Vinci: disposal of an asset in the outer rim
- Orange: decreased exposure related to disposals of non-core assets in Regions
- Eiffage: combined effect of the renegotiation of 36 leases (extension of the leases by nearly 5 years) and disposal of 22 assets in 2017
- EDF/Enedis: renegotiation of the lease and vacating of premises rented in the Patio building in Lyon, now all re-let.

3.2. Geographic breakdown: strategic locations account for 90% of annualised rental income

(€ million)	Surface (m²)	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 Group share	Annualised rents 2017 100%	Annualised rents 2017 Group share	Change (%)	% of rental income
Paris Centre West	*90 352*	*12*	*41,5*	*41,5*	*43,3*	*43,3*	*4,1%*	*16%*
Paris South	*72 209*	*8*	*27,2*	*21,3*	*34,0*	*28,1*	*31,7%*	*10%*
Paris North- East	*110 323*	*6*	*19,4*	*19,4*	*20,0*	*20,0*	*2,7%*	*7%*
Wester Crescent and La Défense	*224 632*	*21*	*78,9*	*70,3*	*84,2*	*75,7*	*7,6%*	*27%*
Inner rim	*392 355*	*20*	*75,4*	*51,3*	*74,5*	*50,1*	*-2,3%*	*18%*
Outer rim	*80 127*	*35*	*11,0*	*11,0*	*7,6*	*7,6*	*-31,0%*	*3%*
Total Paris Region	**969 997**	**102**	**253,5**	**214,9**	**263,6**	**224,7**	**4,5%**	**81%**
Major regional cities	378 470	54	35,4	32,8	37,8	32,8	0,1%	12%
Other French Regions	324 650	129	27,5	27,5	20,9	20,9	-23,9%	8%
Total	**1 673 117**	**285**	**316,5**	**275,2**	**322,3**	**278,4**	**1,2%**	**100%**

Deliveries of assets in strategic locations added 2 points to the weighting of the Western Crescent compared to the end of 2016 (Thaïs in Levallois, Edo in Issy-les-Moulineaux).
At the same time, disposals of non-core assets have reduced exposure to the outer rim (-1 pt) and the Regions (-2 pts), resulting in a significant drop in the number of assets in the non-core portfolio (77 assets fewer than at the end of 2016).

4. Indexation

The indexation effect is +€0.7 million over twelve months (+0.3%). For current leases:

- 84% of rental income is indexed to the ILAT;
- 15% to the ICC (French construction cost index);
- the balance is indexed to the ILC (construction cost index) or the RRI (rental reference index).

Rents benefiting from an indexation floor (at 1%) represent 27% of the annualised rental income and are indexed to the ILAT.

The change for 2018 is a positive one, according to the latest indices published, particularly the ILAT, which rose 0.9% year on year in the third quarter of 2017.

5. Rental activity: more than 200,000 m² in new or renewed leases in 2017

	Surface (m²)	Annualised rents 2017 (€m, Group share)	Annualised rental income (€/m², 100%)
Vacating	55 259	6,6	122
Letting	17 670	4,2	337
Pre-letting	53 041	14,5	332
Renewal	130 921	14,0	130

Most of the re-negotiations and renewals were on non-strategic assets in Regions, making it possible to boost liquidity by extending the maturity of the leases and speeding up disposals.
These re-negotiations and renewals were at rents 2.6% higher than the IFRS rents, including an 8.0% rise on core assets.

70,700 m² have been leased or pre-leased, bringing in €18.7 million in rental income (Group share), including:

- the leasing of 100% of the Art&Co asset with 7,560 m² under a traditional lease (€4.1 million in rental income) and the rest of the surface area (5,210 m²) intended for the Group's new flex-office and coworking offering
- 4,740 m² of the Thaïs asset in Levallois has been leased (€2.3 million in rental income)
- pre-leases were signed on areas covering around 25,100 m² in 2017 (€3.4 million in rental income) most of which for the Hélios asset in Lille, which is currently under development and has been fully let to ITCE, a subsidiary of the Caisse d'Epargne (9 year firm lease). Delivery is scheduled for 2018.

55,260 m² were vacated, equivalent to €6.6 million in rental income, 20,370 m² of which Eiffage assets destined to be sold.

2017 also saw the implementation of 10,800 m² for the new flex-office and coworking offering:

- 3,290 m² in The Line, on avenue Delcassé in the CBD of Paris, which was completely renovated in 2017;
- 5,210 m² in Art&Co, a restructured building delivered in 2017, located just opposite the Gare de Lyon in Paris;
- 2,290 m² in Calypso in Marseille, a new building delivered in 2016 in the sought-after Euromed business district.

6. Lease expirations and occupancy rates

6.1. Lease expirations: firm residual lease term of 5.0 years

(€ million)	By lease end date (1st break)	% of total	By lease end date	% of total
2018	33,6	12%	13,1	5%
2019	36,7	13%	19,7	7%
2020	22,0	8%	22,9	8%
2021	23,4	8%	33,5	12%
2022	26,6	10%	24,1	9%
2023	36,4	13%	32,6	12%
2024	7,2	3%	14,9	5%
2025	41,1	15%	41,7	15%
2026	32,1	12%	31,3	11%
2027	13,2	5%	23,4	8%
Beyond	6,1	2%	21,2	8%
Total	**278,4**	**100%**	**278,4**	**100%**

The firm residual duration of the leases fell by 0.6 points, to 5.0 years, due to the approaching maturity of assets earmarked for redevelopment in 2018. Of the leases maturing in 2018 (which amount to €34 million), over 70% are on assets in the managed pipeline, some of which will begin in 2018 (Omega in Levallois, the Citroën head office in Paris-St Ouen and the Orange Gobelins building in the 5th arrondissement of Paris).

6.2. Occupancy rate: 97.4%, an increase of 1.8 pt

(%)	2016	2017
Paris Centre West	*97,2%*	*99,6%*
Southern Paris	*100,0%*	*100,0%*
North Eastern Paris	*96,7%*	*97,3%*
Wester Crescent and La Défense	*98,5%*	*97,9%*
Inner rim	*96,2%*	*97,7%*
Outer rim	*91,2%*	*94,5%*
Total Paris Region	**97,2%**	**98,3%**
Major regional cities	90,0%	94,5%
Other French Regions	90,5%	92,8%
Total	**95,6%**	**97,4%**

The occupancy rate improved by 1.8 pt to 97.4%. This figure rises to 97.8% on the core portfolio (compared with 97.1% at the end of 2016). The occupancy rate has remained above 95% since 2010, reflecting the Group's very good rental risk profile over the long term.

7. Reserves for unpaid rent

(€ million)	2016	2017
As % of rental income	0,0%	0,4%
In value [1]	0,0	0,9

[1] *net provision / reversals of provison*

The level of unpaid rent remains very low, given the quality of the client base.

8. Disposals and disposal agreements: €376 million Group share in new commitments

(€ million)	Disposals (agreements as of end of 2016 closed)	Agreements as of end of 2016 to close	New disposals 2017	New agreements 2017	Total 2017	Margin vs 2016 value	Yield	Total Realized Disposals
	1		2	3	= 2 +3			= 1 + 2
Paris Centre West	-	*13*	-	-	-	-	-	-
Southern Paris	*20*	*6*	*1*	-	*1*	-	*4,8%*	*21*
North Eastern Paris	-	*2*	-	-	-	-	-	-
Wester Crescent and La Défense	-	-	*38*	-	*38*	*17,0%*	*5,5%*	*38*
Inner rim	-	-	*23*	*8*	*31*	*1,3%*	*4,2%*	*23*
Outer rim	*10*	*2*	*43*	*30*	*73*	*6,9%*	*7,2%*	*52*
Total Paris Region	**29**	**22**	**104**	**38**	**142**	**8,1%**	**6,1%**	**133**
Major regional cities	11	1	126	8	133	6,3%	2,1%	**137**
Other French Regions	40	3	49	41	90	12,4%	7,8%	**89**
Total France Offices	**80**	**27**	**279**	**86**	**365**	**8,4%**	**5,1%**	**359**
Syndication of Silex I & II (Group share)	-	-	57	-	-	-	-	57
Total Group share	**80**	**27**	**290**	**86**	**376**	**11,1%**	**5,8%**	**370**

New commitments (new disposals and new disposal agreements) relate to half of the non-core assets, (€203 million Group share), improving the quality of the portfolio:

- 42 Orange assets, mainly in the Regions and worth €118 million distributed over two portfolios
- the disposal of the Chevilly Petit Leroy asset in the outer rim for €30 million
- the disposal of the Montpellier Becquerel asset for €13 million
- €42 million in small assets, mostly in the Regions, major regional cities and outer suburbs.

As a result of the disposals completed and the preliminary sale agreements signed, the proportion of non-core assets in the portfolio has halved, now standing at 5% of the portfolio.

The Group has also entered into new commitments amounting to €174 million Group share on mature core assets:

- Victor Hugo in Issy-les-Moulineaux for €38 million, Lyon Villardière for €10 million and Saint-Germain-en-Laye Winchester for €23 million
- two Euromed assets delivered in 2017: Hermione and Floréal, for a total of €91 million, i.e. €46 million in Group share, unlocking the value creation generated by the development
- the syndication of 49.9% of Silex in Lyon with ACM, in order to crystallize part of the value creation realized on Silex1 (delivered in 2017) and share the development risk on the Silex2 project, which began at the end of 2017. The sale was completed with a 4.7% yield.

The disposal of all of these core mature assets took place this year, with a high margin of 15% on average.

9. Acquisitions: €3 million in 2017

(€ million, including Duties)	Surface (m²)	Location	Tenants	Acquisition Price	Yield
Gobelins - Paris 5	590	Paris	Orange	3,2	6,7%
Total	**590**			**3,2**	**6,7%**

This acquisition was made as part of the memoranda of understanding with Orange and applies to part of the surface of the Gobelins asset in Paris 5th. This transaction makes it possible to optimise the value creation potential of this building with a view to a redevelopment project scheduled for 2018.

10. Development projects: a pipeline of €2.6 billion (€2.3 billion in Group share)

Development projects are one of the growth drivers for profitability and the improvement in the quality of the portfolio, both in terms of location and thanks to the high standards of delivered assets.

In Greater Paris, the strategy has translated on strategic locations in established business districts with solid public transport links. In major regional cities (with an annual take-up of more than 50,000 m²), the Group targets *prime* locations such as the La Part-Dieu district in Lyon. The Group aims to create value of more than 20% on the committed pipeline.

10.1. Projects delivered

Around 81,000 m² were delivered in 2017, of which 51,000 m² were in major regional cities. The high occupancy rate of 98% and the significant value creation of 54% bear witness to the success of these projects:

- in Lyon, the Silex1 asset (10,600 m²), delivered in the first quarter, has been fully let;
- the Hermione and Floréal buildings (23,800 m²) in the Euromed Center in Marseille were sold to a user;
- in Levallois, 85% of the Thaïs asset (5,500 m²) delivered in the second quarter of 2017 has been let. Advanced negotiations are underway to let the remaining floor;
- 88% of the O'rigin building (6,300 m²) in Nancy, delivered in the second quarter, has been let;
- in Reims, the New St Charles building (10,300 m²), which has been fully let, was delivered in the third quarter;
- in Issy les Moulineaux, the Edo building (10,800 m²), which has been fully let, was delivered in the third quarter;
- all of the Art & Co building in Paris (13,400 m²), delivered at the end of 2017, has been let.

10.2. Committed projects: €394 million (€244 million Group share)

For a breakdown of committed projects, see the table on page 16 of this document.

In 2017, work continued on several projects, including:

- Silex2 in Lyon – 30,900 m²: This prime office project opposite the railway station is a key part of the La Part-Dieu urban regeneration programme. The project is shared at 49.9% with ACM. Delivery is expected at the end of 2020.

- Montpellier Orange –16,500 m²: construction project for a turnkey building for Orange in the Parc de la Pompignane in Montpellier (Majoria). Delivery expected in 2020.

- Riverside in Toulouse – 11,000 m²: demolition-reconstruction project for an office building near the centre of Toulouse. Construction work is under way with delivery scheduled for early 2018.

- Hélios in Lille-Villeneuve d'Ascq – 9,000 m²: construction project for two new buildings in one of the main office areas in Lille. The asset is already entirely pre-leased to the Caisse d'Epargne Group.
- Îlot Armagnac in Bordeaux – 31,700 m²: Construction project for three new office buildings near the future high speed rail (LGV) station, purchased off-plan under a partnership with ANF Immobilier. Foncière des Régions has a 35% stake in the project and will retain 100% ownership of one of the buildings.
- Ecole Ducasse in Meudon – 5,100 m²: construction project for a cooking school for Alain Ducasse Entreprise, fully pre-let. The project will be delivered in early 2020.

10.3. Managed projects: €2.2 billion of fully managed pipeline (€2.0 billion in Group share)

For a breakdown of managed projects, see the table on page 16 of this document.

2018 Target: acceleration of the committed pipeline with around €600 million new projects

- Flow in Montrouge – 24,500 m²: construction project of new offices that is to be launched in the first quarter of 2018. The building permit has been granted and demolition works will end late February 2018.
- Omega in Levallois – 18,500 m²: the tenant (Lagardère) will vacate the premises in 2018 so that they can be redeveloped and extended.
- Gobelins in Paris 5th– 4,900 m² : Orange building, which will be vacated in 2018 for redevelopment and extension work.
- Citroën headquarters in Paris-St Ouen – 26,700 m²: departure of the tenant in 2018, then launch of a demolition-reconstruction project in the heart of the fast-developing Paris St Ouen business district (location of the future Paris Courthouse, new headquarters of Ile-de-France Region).
- N2 in Paris 17th– 16,200 m²: mixed-use complex (offices, hotels, retails and event spaces), developed in partnership with ACM.

Around 390,000 m² of new developments and redevelopments will drive the Group's future growth such as Vinci's headquarters in Rueil-Malmaison (43,000 m² extended and redeveloped) or Cap 18 project in the 17th arrondissement of Paris (50,000 m² of construction).

11. Portfolio values

11.1. Change in portfolio values: increase of €94 million (+2%) in Group share in 2017

(€ million, Excluding Duties Group share)	Value 2016	Acquisitions	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Transfer	Value 2017
Assets in operation	4 833	3	101	-348	26	274	343	5 233
Assets under development	485	0	50	-22	5	4	-343	179
Total	**5 318**	**3**	**152**	**-370**	**31**	**278**	**0**	**5 412**

The value of the portfolio has grown by 2% since the end of 2016 due to like-for-like growth in values, and investments made. Disposals have improved the quality of the portfolio and made it possible to finance investments in the development pipeline. Furthermore, €37 million in renovation work has been carried out on assets in operation, with high marginal returns of around 10% on average.

11.2. Like-for-like change: +5.4%, i.e. +€278 million

(€ million, Excluding Duties)	Value 2016 100%	Value 2016 Group share	Value 2017 100%	Value 2017 Group share	LfL [1] change 12 months	Yield [2] 2016	Yield [2] 2017	% of total value
Paris Centre West	942	942	1 021	1 021	6,7%	4,4%	4,2%	19%
Southern Paris	691	559	769	632	12,1%	4,7%	4,4%	12%
North Eastern Paris	350	350	374	374	6,5%	5,5%	5,3%	7%
Wester Crescent and La Défense	1 528	1 368	1 571	1 410	3,5%	5,8%	5,4%	26%
Inner rim	1 396	968	1 438	1 000	4,8%	5,7%	5,4%	18%
Outer rim	144	144	94	94	0,5%	7,7%	8,4%	2%
Total Paris Region	**5 051**	**4 331**	**5 267**	**4 532**	**5,8%**	**5,4%**	**5,0%**	**84%**
Major regional cities	830	685	848	644	3,9%	6,0%	6,0%	12%
Other French regions	302	302	236	236	1,9%	9,8%	8,9%	4%
Total	**6 183**	**5 318**	**6 351**	**5 412**	**5,4%**	**5,7%**	**5,3%**	**100%**

[1] *LfL : Like-for-Like*

[2] *Yield excluding assets under development*

Values grew by 5.3% on a like-for-like basis; the main drivers of this growth were:

- the core portfolio (+6.1%), due particularly to:
  - the 27.5% growth in value of delivered assets (primarily Art&Co, Edo, Silex1 and Thaïs), i.e. over a quarter of the growth on a like-for-like basis;
  - the compression of rates and the 8.3% rise in rents in Paris, particularly for renovated assets (The Line, Paris Littré, Ménilmontant, the Group's offices on avenue Kléber and Steel).

The yield on the portfolio in operation stands at 5.3%, a decrease of around 40 bps compared with the end of 2016. This drop is due to an improvement in the quality of the portfolio as a result of assets being delivered in strategic locations and the disposal of non-core assets at a high return in the Regions and the outer rim. It reflects the buoyancy of the markets to which the Group is exposed.

12. Strategic segmentation of the portfolio

- The core portfolio is the 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 portfolio of "Assets Under Development" consists of assets for which a "committed" (appraised) development project has been initiated, the land reserve that may be undergoing appraisal, and the assets freed for short/medium term development, i.e. "managed" (undergoing internal valuation). Such assets will become core assets once delivered.
- Non-core assets form a portfolio compartment with a higher average yield than that of the office portfolio, with smaller, liquid assets in local markets, allowing their possible progressive sale.

	Core Portfolio	Development porfolio	Non Core Portfolio	**Total**
Number of assets	87	8	190	**285**
Value Excluding Duties Group share (€ million)	4 870	180	363	**5 412**
Annualised rental income	246	-	32	**278**
Yield [1]	5,1%	n.a	8,8%	**5,3%**
Residual firm duration of leases (years)	5,2	n.a	3,5	**5,0**
Occupancy rate	97,8%	n.a	94,3%	**97,4%**

[1] *Yield excluding development*

At the end of 2017, core assets represented 90% of the portfolio (Group share), due in large part to 6 deliveries during the year and a rise in the value of assets.

The portfolio of "Assets under development" has been reduced by 8 assets following the 6 deliveries which have become core assets, and the 2 deliveries which were sold (Floréal and Hermione in Euromed Marseille). It will be renewed in 2018.

Non-core assets accounted for 5% of the portfolio (Group share) at the end of 2017 (taking into account the preliminary sale agreements signed in 2017), a decrease of 6 pts compared to the end of 2016, notably due to disposals in the Regions and outer rim.

B. ITALY OFFICES

Listed on the Milan stock exchange since 1999, Beni Stabili is the largest listed Italian property firm and is a 52.4% subsidiary of Foncière des Régions. The figures are disclosed at 100% and in Foncière des Régions Group share (GS).

In 2017, Foncière des Régions transformed its Italian portfolio with the syndication of 40% of the Telecom Italia portfolio with long-term partners Crédit Agricole Assurance and EDF Invest. This operation allowed the Group to diversify the tenant base, deleverage and strongly reinforce its exposure to Milan. An additional 9% of this portfolio will be shared with the same partners by the end of the first quarter 2018.

1. Very strong performance of the letting market in Milan[1]

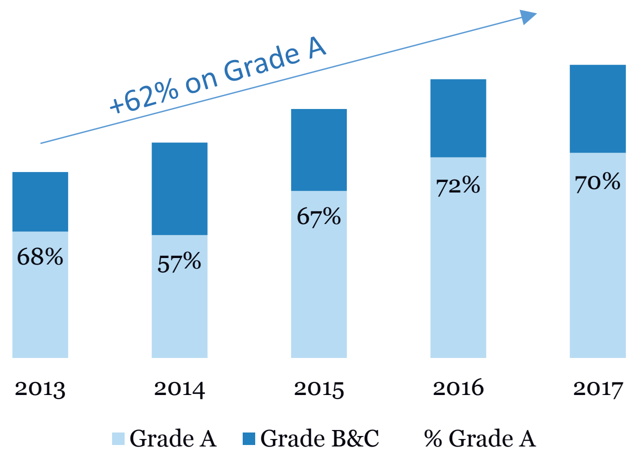
The strategy of Foncière des Régions in Italy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-2017, the Group had a portfolio worth €4.2 billion (€1.9 billion Group share). Coming off a robust 2016, the Milan offices market experienced an acceleration in 2017:

- take-up increased again in Milan by 5% in 2017 after +12% in 2016, reaching 347,000 m². The demand is still driven by new or restructured surfaces representing 70% of the volume, a stable level. The central areas have largely outperformed this trend (+35% take-up in the CBD, +30% in the Centre).
- the vacancy rate was 10.6%, an amount that has been relatively stable since the end of 2016, but the lack of new or restructured supply continued with just 24% of availability. In the central areas, Grade A buildings represent only 4% of the offer.
- the trend is still positive: 165,000 m² of new spaces per year are set to be delivered by 2020 against an estimated demand for 240,000 m² per year.
- prime rents were up in all segments. They stood at €540/m² in the CBD (up 8% vs 2016) and €420/m² in central Milan (up 5%). At the same time, rental incentives were stable at 12 months of rent.
- the investment continued at a sustained pace in Italy with €11.2 billion in 2017 (+21% vs 2016). Milan remains the most attractive city with €3.6 billion invested thanks to the office sector (60% of the investment volume).

The activities of Foncière des Régions in 2017 were marked by:

- the reinforcement in Milan, which represents 64% of the office portfolio in Group share at end-2017,
- the diversification of the tenant base, with the syndication of 40% of the Telecom Italia portfolio representing the equivalent of €323 million Group share disposal realized at appraisal values,
- the success of the development pipeline, with 23,240 m² leased in 2017. The committed pipeline is now pre-let at 59%.

Take-up in Milan
in volume since 2013



[1] *Source : C&W, CBRE, JLL*

2. Accounted rental income: +1.1% at like-for-like scope on strategic activities

(€ million)	Surface (m²)	Number of assets	Rental income 2016 100%	Rental income 2016 GS	Rental income 2017 100%	Rental income 2017 GS	Change (%)	Change (%) LfL [1]	% of total
Offices - excl. Telecom Italia	516 443	72	81,4	41,5	88,0	46,1	11,2%	1,9%	47%
Offices - Telecom Italia	1 063 251	143	98,8	50,8	98,6	40,9	-19,4%	0,4%	53%
Development portfolio	226 018	6	0,0	0,0	0,4	0,2	n.a	n.a	0%
Total strategic activities	**1 805 713**	**221**	**180,2**	**92,2**	**187,0**	**87,3**	**-5,4%**	**1,1%**	**100%**
Non-strategic (Retail)	97 254	32	20,0	10,2	17,8	9,3	-8,6%	-1,2%	
Total	**1 902 967**	**253**	**200,2**	**102,5**	**204,8**	**96,6**	**-5,7%**	**0,9%**	

[1] *LfL: Like-for-Like*

Between 2016 and 2017, rental Income decreased by 5.7% (-€5.9 million) primarily due to:

- acquisitions for +€4.1 million, of which €3.8 million in Milan (via Scarsellini, via Messina tower A and C and part of the Creval Portfolio),
- asset disposals for -€13.1 million, of which -€11.0 million related the syndication of 40% of the Telecom Italia portfolio realized in the first half of 2017,
- acceleration of the rental growth at like-for-like scope of +0.9% (+€0.4 million) driven by the performance of Milan offices excluding telecom Italia (+5.9%):
  - -€0.3 million of renewals and reletting,
  - -€1.9 million due to vacating of which -€0,7M related to Corso Galileo Ferraris in Turin, under disposal agreement,
  - +€0.3 million of indexation,
  - +€2.2 million of new contracts, of which +€1,2 million in Milan,
- Other effects for €2.1 million, of which the positive impact of the increase of the share of Foncière des Régions in Beni Stabili from an average rate of 51.2% in 2016 to 52.4% in 2017 (+€2.3 million).

3. Annualized rental income: €93 million Group share

3.1. Breakdown by portfolio

(€ million, Group share)	Surface (m²)	Number of assets	Annualized rents 2016 100%	Annualized rents 2016 GS	Annualized rents 2017 100%	Annualized rents 2017 GS	Change (%)	% of total
Offices - excl. Telecom Italia	516 443	72	91,5	47,8	98,0	51,4	7,6%	62%
Offices - Telecom Italia	1 063 251	143	98,4	51,4	98,9	31,1	-39,5%	37%
Development portfolio	226 018	6	0,1	0,1	1,4	0,7	n.a	1%
Total strategic activities	**1 805 713**	**221**	**190,0**	**99,2**	**198,3**	**83,2**	**-16,1%**	**100%**
Non-strategic (Retail)	97 254	32	21,6	11,3	18,0	9,5	-16,4%	
Total	**1 902 967**	**253**	**211,5**	**110,6**	**216,3**	**92,7**	**-16,2%**	

Annualized income dropped by 16% following the syndication of 40% of the Telecom Italia, allowing the Group to decrease its exposure to its largest tenant. After the disposal of the additional 9% of the portfolio signed in 2018, the weight of Telecom Italia will represent 30% (vs 49% at end-2016).

3.2. Geographic breakdown

(€ million, Group share)	Surface (m²)	Number of assets	Annualized rents 2016 100%	Annualized rents 2016 GS	Annualized rents 2017 100%	Annualized rents 2017 GS	Change (%)	% of total
Milan	614 635	50	85,6	44,7	92,4	45,4	1,5%	55%
Rome	156 393	12	11,6	6,1	11,5	5,3	-12,7%	6%
Turin	83 611	15	11,1	5,8	11,7	4,4	-23,0%	5%
North of Italy (other cities)	554 390	81	48,3	25,2	48,8	17,2	-31,9%	21%
Others	396 684	63	33,3	17,4	33,9	10,9	-37,2%	13%
Total strategic activities	**1 805 713**	**221**	**189,8**	**99,2**	**198,3**	**83,2**	**-16,1%**	**100%**
Non-strategic (Retail)	97 254	32	21,7	11,3	18,0	9,5	-16,4%	

55% of rental income is now generated by offices in Milan (+10 pts vs end 2016), thanks to acquisitions realized in 2017 and the syndication of the Telecom Italia portfolio.

4. Indexation

The annual indexation in rental income is usually calculated by applying the increase in the Consumer Price Index (CPI) on each anniversary of the signing date of the agreement (for around 20% of the portfolio 75% of the CPI increase is applied).

In 2017, the average change in the IPC index has been +1.2% over 12 months.

5. Rental activity

(€ million)	Surface (m²)	Annualized rental income 2017 GS	Annualized rental income 2017 (100%, €/m²)
Vacating	8 749	2,3	492
Lettings on operating portfolio	19 326	2,1	211
Lettings on development portfolio	23 243	3,8	311
Renewals	87 124	8,3	181

The sustained rental activity in 2017 shows the improvement of the letting market in the areas where the group is exposed and the strong asset management work.

- very active relettings rhythm: 18,400 m² renewed at passing rents Via Montebello in Milan with Intesa San Paolo for €7.6 million, 31,000 m² close to Milan with Auchan for €3.0 million and 10,300 m² in Turin Via Lugaro with Itedi for €1.3 million.

- 19,300 m² of new leases, mainly in Milan: 3,000 m² via Scarsellini with Italferr for €0.7 million and 1,200 m² in Via Messina with Carlotta for €0.4 million.

- 8,700 m² have been vacated, mainly on two assets. One is already under disposal agreement and the reletting of the surface is already secured on the other:
    - Juventus F.C vacated 2,800 m² in Turin Corso Ferraris. The asset is already under disposal agreement and will be sold in 2018.
    - in Montenero di Bisaccia, Magazzini Gabrielli vacated 4,800 m², already let to Conad.

- 23,200 m² have been leased on the development pipeline, mainly in Milan, now pre-let at 59% for 2018 :
    - 100% of the surface via Cernaia in the CBD, or 8,300 m², let to Amundi for €3.1 million with higher rents than initially expected
    - Cir Food signed a lease for 1,200 m² of catering space in the first part of the Symbiosis project
    - 4 new leases via Colonna, in the CBD on 3,650 m² for €0.9 million (100% pre-let)
    - 4,000 m² via Principe Amedeo for €1.8 million (57% pre-let)
    - 3 new leases in Turin Corso Ferrucci on 5,000 m² for €0.6 million.

6. Lease expirations and occupancy rates

6.1. Lease expirations: residual lease term is 7.2 years

(€ million Group share)	By lease end date (1st break)	% of total	By lease end date	% of total
2018	12,9	14%	3,5	4%
2019	9,6	10%	10,0	11%
2020	3,1	3%	4,3	5%
2021	5,9	6%	6,0	7%
2022	10,9	12%	11,8	13%
2023	7,8	8%	10,7	12%
2024	2,3	3%	3,3	4%
2025	0,3	0%	1,3	1%
2026	7,6	8%	7,9	8%
2027	4,5	5%	4,6	5%
Beyond	27,8	30%	29,2	32%
Total	**92,7**	**100%**	**92,7**	**100%**

The firm residual lease term remains high at 7.2 years, down from 9 years at end-2016 following the syndication of 40% of the Telecom Italia portfolio.

6.2. New increase in occupancy rate at 96.6%

(%)	2016	2017
Offices - excl. Telecom Italia	91,0%	95,1%
Offices - Telecom Italia	100,0%	100,0%
Non-strategic (Retail)	96,0%	93,6%
Total	**95,5%**	**96,6%**

The occupancy rate of offices excluding Telecom Italia assets improved strongly in 2017 at 95.1% (+4.1 pts vs end-2016) thanks to letting success in Milan since 2015, where the occupancy rate increased by 8.3 pts in 2 years.

7. Reserves for unpaid rent

(€ million)	2016	2017
As % of rental income	1,0%	0,5%
In value [1]	1,0	0,4

[1] *net provision / reversals of provision*

Reserves for unpaid rents are slightly down over one year, at a low level of 0.4%.

8. Disposals: €430 million Group share realized in 2017

(€ million, 100%)	Disposals (agreements as of end of 2016 closed)	Agreements as of end of 2016 to close	New disposals 2017	New agreements 2017	Total 2017	Margin vs 2016 value	Yield	Total Realized Disposals
	1		2	3	= 2 + 3			= 1 + 2
Milan	65	-	115	11	**125**	1,8%	4,0%	**179**
Rome	-	-	-	-	**-**	-	-	**-**
Other	14	-	12	16	**28**	-8,0%	2,5%	**26**
Total	**79**	**-**	**127**	**27**	**154**	**-0,2%**	**3,9%**	**206**
Telecom Italia portfolio (Group share)	323	-	-	-	-	n.a	n.a	323
Total Group share	**364**	**-**	**66**	**12**	**77**	**-0,1%**	**4,0%**	**430**

In 2017, the Company completed sales worth €430 million Group share, including €323 million of the Telecom Italia portfolio: €618 million of assets have been transferred to a SICAF that is 60% held by Beni Stabili and 40% held by EDF Invest and Crédit Agricole Assurances.

In addition, €154 million in new disposals and disposals agreements were signed in 2017. They applied mainly to a mature core asset on Via San Nicolao in central Milan. This 11,700 m² office building was redeveloped in 2014 and is let entirely to Luxottica. The sale was completed with a 4.2% yield.

Early 2018, an agreement on an additional 9% of the Sicaf has been signed by the same partners for €140 million, further advancing the strategic objectives of the Group. Proforma of this agreement the exposure to telecom Italia in the portfolio will decrease to 23% (versus 38% at end-2016). This brings the Group close to its target of 20% exposure by 2020.

9. Acquisitions: €184 million realized in 2017

		Acquisitions 2017 realized			Acquisitions 2017 secured		
(€ million, Including Duties)	Location	Acq. price 100%	Acq. Price Group share	Potential Gross Yield	Acq. price 100%	Acq. Price Group share	Potential Gross Yield
Via Principe Amedeo	Milan	42	22	5,2%	-	-	-
Via Marostica	Milan	25	13	6,9%	-	-	-
Portfolio Creval	Milan	118	62	6,0%	-	-	-
Portfolio FPU	Milan	-	-	-	27	14	6,0%
Total		**184** [1]	**96** [1]	**5,9%**	**27**	**14**	**6,0%**

[1] *Excluding €9 million (€5 million Group share) of acquisition related to the Symbiosis project, classified as Capex.*

In 2017, Foncière des Régions continued its acquisition strategy, signing €211 million (€110 million of acquisitions realized and secured:

- a 7,000 m² office property on Via Principe Amedeo, in the Porto Nuova business district. This asset offers significant value creation potential through a redevelopment project that has been committed to and is scheduled to be delivered in 2018,
- a 10,500 m² offices asset on Via Marostica, on metro line 1, with a high yield of 6.9%,
- a portfolio of 17 assets acquired from the Credito Valtellinese banking group, for an attractive yield of 6.0%. 82% of the portfolio is located in Milan, mainly in the CBD,
- the preliminary agreement for the acquisition of two properties in Milan city centre from Fondo Pensione Unicredit for €27 million with potential yield of 6.0%.

10. Development projects: a pipeline of €777 million at 90% in Milan

Foncière des Régions has a €777 million pipeline in offices in Italy (€404 million Group share). Faced with high demand for new or restructured space, the Group has boosted its development capacity since 2015 year-end, with six committed projects at end-2017 that will drive the Group's growth in the coming years

10.1. Committed projects: €317 million, primarily in Milan

For details of the committed pipeline, see page 16 of the present document.

- The Sign (building A) is the first part of the project located via Schievano, located in south-west limit of central Milan. Foncière des Régions will develop 9,500 m² of offices with a delivery scheduled in 2019.

- the first development phase of the Symbiosis project, realized with a yield >7%.16,000 m² have been pre-let to Fastweb and 1,200 m² of additional surface are intended for ground-floor retail to Cir Food. The asset is now 88% pre-let (vs 80% at end-2016).

- the redevelopment of the Principe Amedeo property, acquired in March 2017 and located in the Porta Nuova business district. The project entails the regeneration of the surface, the restoration of the historic facade and a terrace extension. The asset is 57% pre-let.

- the redevelopment of an asset located on Via Colonna in Milan city center, with a delivery scheduled for early 2018. The asset is pre-let at 100%.
- the redevelopment of the existing Piazza Monte Titano asset located in Milan, to be transformed into a Meininger hotel. The delivery is scheduled for the first half of 2018
- the redevelopment of the existing Ferrucci asset in Turin. A first part of 9,200 m² has been delivered in late 2017, fully let. The remaining surface is expected to be delivered in 2019-2020.

10.2. Managed projects: €460 million of projects in Milan

Two projects are in the managed pipeline:

- The Sign (buildings B & C) with two office buildings representing 15,900 m² on the project located via Schievano, to complete the first one already launched.
- Symbiosis (other buildings), in Milan, represents a potential of 90,000 m² of offices in a developing business district located at the southern limit of Milan across from the Prada Foundation.

11. Portfolio values

11.1. Change in portfolio values

(€ million, Group share Excluding Duties)	Value 2016	Acquisitions	Invest.	Disposals	Change in value	Change in value on acq.	Transfer	change in % ownership	Value 2017
Offices - excl. Telecom Italia	943	74	9	-68	30	0	32	4	1 024
Offices - Telecom Italia	810	-	1	-326	3	0	0	2	489
Non-strategic (Retail)	200	-	1	-36	-8	-	-2	1	155
Total in operation	**1 953**	**74**	**10**	**-430**	**25**	**0**	**30**	**6**	**1 668**
Development portfolio	186	22	38	-	1	3	-30	5	225
Total	**2 139**	**96**	**48**	**-430**	**26**	**2**	**-**	**11**	**1 893**

The portfolio value decreased by 12% to €1.9 billion in Group share at end-2017, as a result of the syndication of 40% of the Telecom Italia portfolio. This was partially offset by investments realized in Milan mostly in 2017 amounting to €144 million Group share.

11.2. Like-for-like change: +2.3% on strategic activities

(€ million, Excluding Duties)	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL [1] change 12 months	Yield 2016	Yield 2017	% of total
Offices - excl. Telecom Italia	943	1 952	1 024	3,4%	5,1%	5,0%	59%
Offices - Telecom Italia	810	1 556	489	0,6%	6,3%	6,4%	28%
Development portfolio	186	429	225	1,5%	n.a	n.a	13%
Total strategic activities	**1 939**	**3 937**	**1 738**	**2,3%**	**5,5%**	**5,5%**	**100%**
Non-strategic (Retail)	200	297	155	-4,7%	5,8%	6,1%	
Total	**2 139**	**4 233**	**1 893**	**1,7%**	**5,7%**	**5,7%**	

[1] *LfL: Like-for-Like*

The portfolio value increased by +2.3% Group share on strategic activities at a like-for-like scope, thanks to the increase in the Offices portfolio excluding Telecom Italia, especially in Milan (+5.9%).

(€ million, Excluding Duties)	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL [1] change 12 months	Yield [2] 2016	Yield [2] 2017	% of total
Milan	1 055	2 240	1 117	4,6%	5,0%	4,6%	64%
Turin	122	243	116	-2,9%	6,8%	7,2%	7%
Rome	110	227	85	2,9%	5,2%	4,9%	5%
North of Italy	396	734	261	-2,4%	6,4%	5,1%	15%
Others	254	492	159	-1,0%	6,8%	6,3%	9%
Total	**1 939**	**3 937**	**1 738**	**2,3%**	**5,7%**	**5,5%**	**100%**
Non-strategic (Retail)	200	297	155	-4,7%	5,7%	6,1%	

[1] *LfL: Like-for-Like*
[2] *Yield excluding development projects*

The weight of Milan has increased in 2017 and represents 64% of the office portfolio (+10 pts since end-2016). The value of Milan offices grew by 4.6% at a like-for-like scope, of which 5.9% excluding Telecom Italia assets. This reflects the quality of the portfolio, located at 61% in the CBD and the Porta Nuova business district, which benefited particularly from the property value increase.

This strong performance validates the strategy implemented by the Group with an objective of 90% of the portfolio in Milan by 2020.

C. GERMANY RESIDENTIAL

Foncière des Régions operates in the Residential sector in Germany via its subsidiary, Immeo SE, which was 61.7% owned as at 31 December 2017 (versus 61.0% as at 31 December 2016). The consolidation rate used on the income statement is 61.7%. The figures presented are expressed as 100% and as Foncière des Régions Group share (GS).

1. Positive demographic and macroeconomic trends supporting a solid economic growth forecast[1]

Foncière des Régions owns over 41,117 apartments located in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia. The asset portfolio represents €5.0 billion (€3.1 billion Group share). The German residential market has been booming for several years, particularly in Berlin where the Group initiated investments in 2011 and where it currently holds nearly 55% of its residential portfolio.

- Germany's macroeconomic indicators are solid, with GDP growth of 2.2% and an unemployment rate of 3.6% at end-2017. In Berlin, the population is growing (+10% over five years), remains young (more than half the population is under 45), and the jobless rate is falling (-3.9 pts over five years).

- The imbalance between housing supply and demand persists on the Berlin market, where the population grew by 60,000 residents in 2016, while 13,700 new housing units were delivered. Consequently, Berlin's Mietspiegel rent index rose by 9.4% between 2015 and 2017. Market rents there reached €9.8/m², up by 31% in the past five years, boosting the Group's strong growth potential.

- These dynamics also had an impact on the value of the apartments, which averaged €2,470/m² in Germany (+37% over five years) and €3,710/m² in Berlin (+60% over five years). These strong increases contribute to the Group's good performance and significant potential value creation on the development pipeline.

- The residential market continued to attract investors, with €15.2 billion in transactions in 2017 (+11% on 2016) under the impact of rising prices (+33% to an average of €1,980/m²). Berlin still had the lion's share this year, with one-fourth of investments made in the capital city.

In 2017, Foncière des Régions' activity was marked by:

- A 4.2% increase in rental income on a like-for-like scope, after +3.6% in 2016. The portfolio's rent increase potential remains high, particularly in Berlin where it exceeds 35%;

- The launch of the development pipeline, with €488 million in identified projects by 2022. These projects are expected to create significant value, about 35% on average;

- The continuation of acquisitions in Berlin, Dresden & Leipzig at attractive prices (€556 million at €2,010/m², of which 85% in Berlin, with a rent increase potential of 44%);

- The portfolio continued to increase in value, with a like-for-like jump of +15.0%, of which +17.3% in Berlin, validating the pertinence of the Group's strategic allocation choices;

- The launch of the new co-living and furnished apartment solution, which relies on the quality of the Group's portfolio in Berlin and will improve profitability and value creation.

[1] *Sources: Eurostat; Destatis, Berlin Brandeburg Statistiks office, JLL, CBRE*

2. Recognised rental income: +4.2% at a like-for-like scope

2.1. Geographic breakdown

(€ million)	Surface (m²)	Number of units	Rental income 2016 100%	Rental income 2016 Group share	Rental income 2017 100%	Rental income 2017 Group share	Change Group share (%)	Change Group share (%) LfL [1]	% of rental income
Berlin	1 200 518	15 771	84,3	52,2	103,4	70,6	35,3%	5,8%	49%
Dresden & Leipzig	312 643	5 260	17,8	11,1	21,3	14,0	25,3%	3,3%	10%
Hamburg	122 777	2 025	13,0	8,5	14,2	9,2	8,2%	3,8%	6%
North Rhine-Westphalia	1 221 027	18 061	97,4	59,8	91,3	50,5	-15,5%	3,1%	35%
Essen	*378 544*	*5 502*	*28,3*	*17,3*	*28,5*	*16,3*	*-5,7%*	*3,1%*	*11%*
Duisburg	*261 526*	*3 930*	*26,4*	*16,2*	*19,5*	*10,0*	*-38,0%*	*2,4%*	*7%*
Mulheim	*143 239*	*2 385*	*11,3*	*7,0*	*10,8*	*6,1*	*-12,9%*	*1,9%*	*4%*
Oberhausen	*161 827*	*2 203*	*10,3*	*6,3*	*10,4*	*6,2*	*-1,2%*	*3,3%*	*4%*
Other	*275 892*	*4 041*	*21,0*	*13,0*	*22,1*	*11,8*	*-9,0%*	*4,2%*	*8%*
Total	**2 856 965**	**41 117**	**212,5**	**131,6**	**230,1**	**144,2**	**9,6%**	**4,2%**	**100%**

[1] *LfL: Like-for-Like*

Recognised rental income (Group share) amounted to €144.2 million at the end of 2017, up 9.6% under the combined effects of:

- 2016 and 2017 acquisitions (+€15.0 million) mainly in Berlin, with high rent increase potential;
- disposals (-€7.8 million), most in North-Rhine-Westphalia;
- re-leases net of vacating (+€1.5 million);
- a €4.0 million increase in rental income on a like-for-like scope, i.e. +4.2% (of which +5.8% in Berlin) with:
  - 44% due to indexation (+1.8 pt),
  - 50% due to re-leases, (+2.1 pts of which +2.6% in Berlin),
  - 6% due to modernisation CAPEX (+0.2 pt).

In Berlin, re-leases took place at an average rent of €10.5/m², a sharp rise. Foncière des Régions thus gradually realises the rent increase potential of the numerous acquisitions made over recent years.

3. Annualised rental income: €146 million in Group share

3.1. Geographic breakdown

(€ million)	Surface (m²)	Number of units	Annualised rents 2016 100%	Annualised rents 2016 Group share	Annualised rents 2017 100%	Annualised rents 2017 Group share	Change (%)	Average rent €/m²/month	% of rental income
Berlin	1 200 518	15 771	88,9	54,9	**111,7**	**70,0**	27,7%	7,8 €/m²	48%
Dresden & Leipzig	312 643	5 260	18,6	11,6	**22,2**	**14,1**	21,3%	5,9 €/m²	10%
Hamburg	122 777	2 025	14,5	9,4	**13,5**	**8,8**	-6,0%	9,1 €/m²	6%
North Rhine-Westphalia	1 221 027	18 061	93,4	57,2	**85,6**	**53,0**	-7,3%	5,8 €/m²	36%
Essen	*378 544*	*5 502*	*28,7*	*17,5*	***28,0***	***17,3***	*-1,2%*	*6,2 €/m²*	*12%*
Duisburg	*261 526*	*3 930*	*20,5*	*12,5*	***17,2***	***10,6***	*-15,1%*	*5,5 €/m²*	*7%*
Mulheim	*143 239*	*2 385*	*11,3*	*6,9*	***10,3***	***6,4***	*-7,3%*	*6,0 €/m²*	*4%*
Oberhausen	*161 827*	*2 203*	*10,5*	*6,4*	***10,6***	***6,5***	*2,0%*	*5,4 €/m²*	*4%*
Others	*275 892*	*4 041*	*22,5*	*13,9*	***19,5***	***12,2***	*-12,4%*	*5,9 €/m²*	*8%*
Total	**2 856 965**	**41 117**	**215,4**	**133,1**	**232,9**	**146,0**	**9,7%**	**6,8 €/m²**	**100%**

The trend in annualised rental income, up +9.7%, reflects the strategic repositioning done by the Group. The policy of rotating assets in the portfolio reduced the weight of non-core assets in North-Rhine-Westphalia and increased exposure to high growth potential markets such as Berlin, Hamburg, Dresden & Leipzig.

- The weight of the North Rhine-Westphalia has fallen by 7 pts since 2016. The stronger growth in rental income in this area reflects the better quality of the portfolio (+3.1% like-for-like).
- The strategic markets generate nearly 65% of rental income (+7 pts on 2016).

The relatively low level of rental income per m² (€6.8/m²/month) offers solid growth potential, thanks to the rent increase potential of 35% in Berlin, 20-25% in Hamburg and Dresden & Leipzig, and 15-20% in North-Rhine-Westphalia.

4. 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.

As an exception to that unrestricted rent setting principle, certain cities like Berlin and Hamburg have introduced rent caps for re-leased properties. In these cities, rents for re-leased properties cannot exceed by more than 10% a rent reference.

If construction works result in an increase in the value of the property (work amounting to less 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. In the event of complete modernisation (work amounting to more than 30% of the residence), the rent may be increased freely.

- For current leases:

The current rent may be increased by 15% to 20% depending on the region, although without exceeding the Mietspiegel or another rent benchmark. This increase may only be applied every three years.

In Berlin, the Mietspiegel rent index published in May was up by 9.4% since 2015, thus pushing up the ceiling on rent increase for current leases.

- For current leases with work done:

In the event that work has been carried out, rent may also be increased by up to 11% of the amount of said work, and by the difference with the Mietspiegel rent index. 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.

5. Occupancy rate

(%)	2016	2017
Berlin	98,2%	97,8%
Dresden & Leipzig	98,1%	98,9%
Hamburg	98,9%	99,9%
North Rhine-Westphalia	98,2%	98,8%
Total	**98,2%**	**98,4%**

The occupancy rate for operating assets remained at the high level of 98.4%, up in comparison with end-2016, particularly in Hamburg (+1.0 pt). The occupancy rate has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

6. Reserves for unpaid rent

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(€ million, Group share)	2016	2017
As % of rental income	1,0%	0,8%
In value *	1,3	1,2

** net provision / reversals of provison*

The unpaid rent amount is 0.8% of rents, showing a decrease from 2016, thanks to a pro-active property management policy

7. Disposals and disposal agreements: €367 million, mainly in North-Rhine-Westphalia

(€ million, 100%)	Disposals (agreements as of end of 2016 closed)	Agreements as of end of 2016 to close	New disposals 2017	New agreements 2017	Total 2017	Margin vs 2016 value	Yield	Total Realized Disposals
	1		2	3	= 2 + 3			= 1 + 2
Berlin	7	-	20	48	**68**	69%	3,2%	**27**
Dresden & Leipzig	10	-	4	20	**24**	56%	4,7%	**14**
Hamburg	-	-	26	-	**26**	0%	6,8%	**26**
North Rhine-Westphalia	4	-	179	70	**249**	16%	6,0%	**183**
Total	**22**	**-**	**229**	**138**	**367**	**24%**	**5,5%**	**251**
Total Group share	**13**	**-**	**137**	**81**	**217**	**23%**	**5,5%**	**150**

The new commitments (new disposals and new agreements) signed in 2017 totalled €367 million (€217 million Group Share), with a high gross margin of 24%. The commitments are mostly on non-core assets in North Rhine-Westphalia (68% of commitments) and fit squarely within the group's policy of rotating assets in the portfolio.

- 3,517 units on non-strategic assets in North Rhine-Westphalia for €249 million with a 16% margin.
- 335 units disposed of in Berlin, at prices clearly higher than the latest appraisal values (>65% margin, around €2,500/m²), crystallising the value creation achieved.
- 549 units disposed of in other dynamic cities (Dresden, Leipzig, and Hamburg) with a 21% margin.

The disposals made in 2017 represent €251 million (€150 million Group Share) and involved 73% of non-core assets in North-Rhine-Westphalia.

8. Acquisitions: €556 million (€357 million Group share)

			Acquisitions 2017 realized			Acquisitions 2017 secured		
(€ million, Including Duties)	Surface (m²)	Number of units	Acq. price 100%	Acq. price GS	Gross Yield	Acquisition price 100%	Acquisition Price GS	Gross Yield
Berlin	205 505	2 495	472	303	4,2%	60	39	3,8%
Dresden & Leipzig	69 553	1 144	81	52	5,2%	9	5	4,4%
Hamburg	-	-	-	-	-	65	42	-
North Rhine-Westphalia	1 462	7	4	2	4,9%	44	29	4,2%
Total	**276 520**	**3 646**	**556**	**357**	**4,4%**	**178**	**115**	**3,9%**

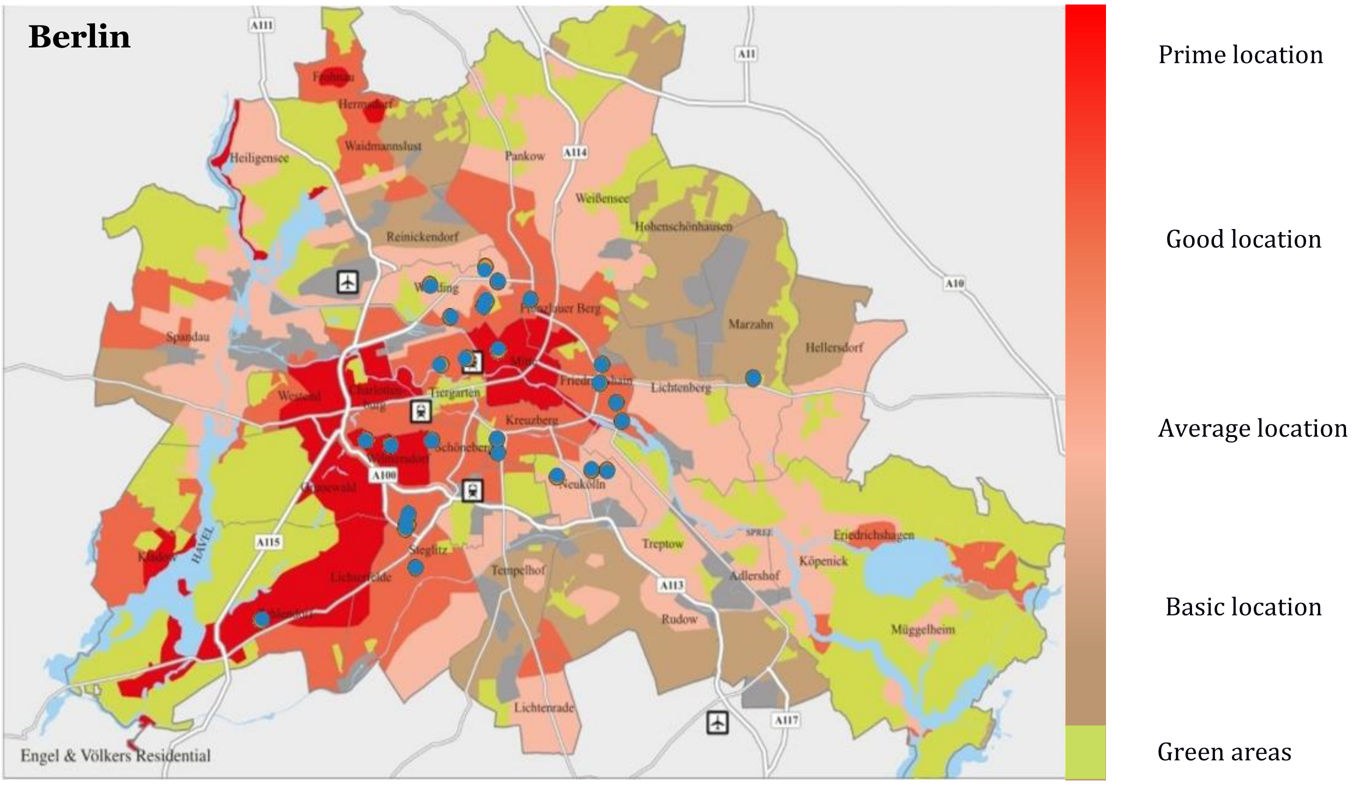
[1] *Yield after reletting of vacant spaces. Immediate yield of 4.0% on acquisitions realized and 3.6% on acquisitions secured.*

Foncière des Régions maintained a steady pace of investments at attractive prices in a highly competitive context, with acquisitions totalling €556 million (€357 million Group Share) in 2017:

- 85% of acquisitions in Berlin, 2,495 units
- average price of €2,010/m², of which €2,300/m² in Berlin,
- a return on acquisition of 4.0% of which 3.6% in Berlin, due to the high average vacancy rate (8%). The return after re-leasing is 4.4% and will continue to rise thanks to the high rent increase potential (44% on average).

9. Development projects: a pipeline of €488 million (€301 million Group share)

In response to the supply/demand imbalance in new housing in Berlin, Foncière des Régions launched a residential development pipeline in 2017. A total of €488 million was earmarked for new housing extension, redevelopment and construction projects. This pipeline will enable Foncière des Régions to maximise value creation in the portfolio. Almost half of the development projects will remain in the portfolio and are released with a 5.3% return on the total cost. The other half will be sold in order to unlock the value creation with a margin expected over 40%.



Committed and managed projects

9.1 Committed projects: €36 million (€22 million GS)

For details on the committed projects, see page 16 of this document.

Six residential development projects were launched in 2017, of which 5 are in Berlin. These totalled 176 apartments over 13,500 m²:

- Konstanzer, a project for the extension of 8 units in the Charlottenburg-Wilmersdorf district of BerlinGenter Strasse 63, a project for the construction of 19 residential units in the Mitte district in Berlin
- Pannierstrasse 20, a project for the construction of 12 residential units in the Friedrichshain-Kreuzberg district of Berlin
- Breisgauer Strasse, an extension project involving 16 new housing units in the Zhelendorf district in Berlin
- Birkbuschstrasse, an extension project involving 67 new housing units in the Steglitz district in Berlin
- Margaretenhöhe, an extension project involving 54 new housing units in Essen.

9.2 Managed projects

In all, 43 additional development projects have already been identified, representing about €450 million in developments. They mainly consist of construction projects in the centre of Berlin and in Potsdam for, eventually, more than 2,100 new housing units spread across 145,000 m².
In 2017, €13 million in land reserves were acquired and added to the residential development project pipeline.

10. Portfolio values

10.1. Change in portfolio value: 25% growth

(€ million, Group share, Excluding Duties)	Value 2016	Acquisitions	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change in % ownership	Others	Value 2017
Berlin	**1 190**	303	12	-11	11	204	8	11	**1 728**
Dresden & Leipzig	**192**	52	1	-8	4	42	1	-3	**282**
Hamburg	**190**	-	-	-15	-	23	1	-2	**198**
North Rhine-Westphalia	**905**	2	0	-94	4	85	6	-2	**906**
Essen	***286***	-	-	*-13*	-	*34*	*2*	*-0*	***309***
Duisburg	***187***	-	-	*-32*	*2*	*16*	*1*	*-0*	***174***
Mulheim	***107***	-	-	*-11*	*1*	*8*	*1*	*-0*	***106***
Oberhausen	***96***	-	-	*-5*	*0*	*8*	*1*	*-1*	***99***
Other	***228***	*2*	-	*-33*	*1*	*18*	*2*	*-0*	***219***
Total	**2 477**	**357**	**12**	**-128**	**20**	**354**	**17**	**4**	**3 114**

In 2017, the portfolio's value increased by 25% to stand at €3.1 billion Group Share. The driver of this rapid growth was, first, the like-for-like increase in value (€354 million or 56% of the growth), and second, the contribution of acquisitions net of disposals and the associated value creation (41% of the growth).

10.2. Like-for-like change: +15.0% of which +17.3% in Berlin

(€ million, Excluding Duties)	Value 2016 100%	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL [1] change 12 months	Yield 2016	Yield 2017	% of total value
Berlin	1 928	1 190	2 751	1 728	17,3%	4,6%	4,1%	55%
Dresden & Leipzig	307	192	443	282	22,9%	6,1%	5,0%	9%
Hamburg	293	190	302	198	13,3%	4,9%	4,5%	6%
North Rhine-Westphalia	1 476	905	1 462	906	10,4%	6,3%	5,9%	29%
Essen	*469*	*286*	*500*	*309*	*11,6%*	*6,1%*	*5,6%*	*10%*
Duisburg	*306*	*187*	*282*	*174*	*11,2%*	*6,7%*	*6,1%*	*6%*
Mulheim	*175*	*107*	*171*	*106*	*8,8%*	*6,4%*	*6,0%*	*3%*
Oberhausen	*156*	*96*	*160*	*99*	*8,7%*	*6,7%*	*6,6%*	*3%*
Other	*369*	*228*	*349*	*219*	*9,8%*	*6,1%*	*5,6%*	*7%*
Total	**4 004**	**2 477**	**4 957**	**3 114**	**15,0%**	**5,4%**	**4,7%**	**100%**

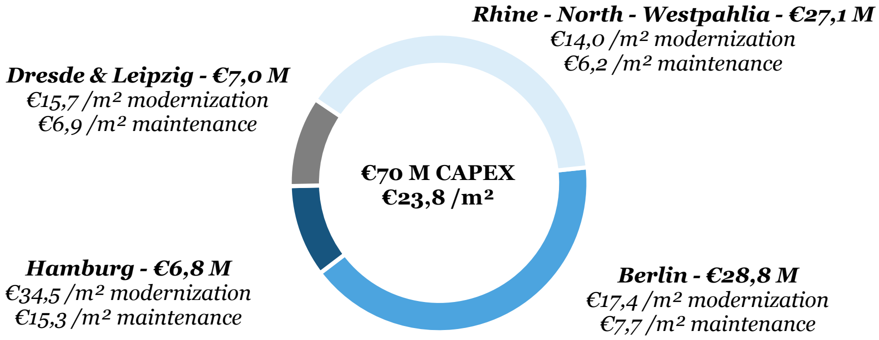
[1] LfL: Like-for-Like

At like-for-like scope, the values increased by +15% year-on-year, reflecting the success of the Group's investment policy:

- +17.3% in Berlin after excellent performance in 2016 (+12.4%), mainly due to the substantial increase in rental income and values in highly sought-after locations: Three-quarters of the assets in the Berlin portfolio are in prime districts (18% in Mitte, 11% in Friedrichshain-Kreuzberg, etc.).
- The Berlin portfolio retained significant growth potential with metric values around €2,300/m².
- Hamburg (+13.3%) and Dresden & Leipzig (+22.9%) also generated strong performance under the same effects.
- The increase in values was also significant in North Rhine-Westphalia (+10.4%), demonstrating the improved quality of the portfolio, in response to modernisation and non-core asset disposal programmes.

11. Maintenance and modernisation CAPEX

In 2017, €70 million in CAPEX (€44 million Group Share) i.e. €23.8/m² and €17.1 million in OPEX (€5.8/m²) were completed. CAPEX spending increased by 25% on 2016, in connection with the growth of the portfolio. In €/m², spending increased by 23% under the impact of the expansion in Berlin, where investment is more intense. Modernisation CAPEX, which are used to improve asset quality and increase rental income, account for 70% of the total.



D. HOTELS IN EUROPE

Foncière des Murs (FDM), a 50.0%-owned subsidiary of Foncière des Régions at end-2017 (versus 49.9% at end-2016), is a listed property investment company (SIIC) specialising in the ownership of hotel lease properties and operating hotel properties. Through its subsidiary, Foncière des Régions is now the leading player in hotel investment in major Europe cities.

In January 2018, the merger with FDM Management, a vehicle specialising in combined ownership of operating hotel properties and 40.7%-owned by FDM, was approved by shareholders. Following this transaction, Foncière des Régions will hold a 42.0% stake in FDM.

The figures presented are expressed as 100% and as Foncière des Régions Group share.

1. A healthy European hotel market supporting solid growth in revenues[1]

Foncière des Régions holds a hotel portfolio of €5.3 billion (€2.0 billion, Group share) spread across 6 Western European countries through 18 partner hotel operators. One of the group's main strengths is its large investment flexibility (ownership of lease properties and operating properties). The European hotel market started to recover at the end of 2016. This turnaround was confirmed and strengthened in 2017:

- Revenue per room (RevPar) increased by 5.7% in 2017 in Europe, boosted by the growth average room price (+3.1%) and the increase in occupancy rate (+2.4 pts). This performance was particularly strong in the midscale segment, in which Foncière des Régions strengthened its position in Spain (+9.6% in 2017), the Netherlands (+11.5%), France (+5.7%), and Germany (+1.9%);

- Major European cities, the core of the Group's strategy, are also enjoying robust demand, which is growing faster than supply. In Madrid, over five years, the number of rooms sold rose by 4.2% while supply increased by 1%. The dynamic cities where Foncière des Régions is exposed, such as Barcelona, Berlin, Dresden, and Hamburg, are seeing the same trend;

- The outlook for the sector is positive: growth in the number of tourists in Europe reached a record 8.4% or 671 million tourists in 2017. The main drivers are Southern and Western Europe, where Foncière des Régions is exposed. This trend should continue in the short term, with expected growth around 4% in 2018, and in the longer term, with the number of tourists estimated at 744 million in 2030;

- Investor appetite for hotels is holding steady, with €14 billion in volume at the end of the third quarter of 2017, or +16% YTD. The United Kingdom drew 34% of the transaction volume due to a favourable currency effect. Spain and Germany also stayed quite attractive, with 20% and 16% of transactions. The difference with rates on operating hotel property holdings remained around 100 bps.

In 2017, Foncière des Régions' hotel activity was characterised by:

- Clear growth in rents on a like-for-like scope, driven by the increase in variable rents for the AccorHotels assets (+5.5%);

- A solid increase in hotel portfolio values (+4.3% on a like-for-like scope), in particular with the portfolio's performance in Spain (+7.2%) purchased in January 2017, validating the Group's investment strategy and asset management's actions;

- A €188 million pipeline (€64 million Group share). Nine projects are under way with long-time Group partners (B&B) as well as recent partners (Meininger, Motel One) in strategic locations (Paris, Lyon, Berlin and Munich);

[1] *Sources: STR, MKG, CBRE*

- Transformation of the portfolio with the merger of FDM Management into FDM in January 2018, leading to:
    - More exposure to Operating Properties,
    - More weight for Germany in the portfolio,
    - More midscale and upscale hotels in the portfolio,
    - More investment flexibility, a lever for creating value.

Assets not wholly held by Foncière des Murs consist of the 181 B&B hotels in France acquired since 2012 (held at 50.2%), as well as the 22 B&B properties in Germany (held at 93.0%) and two Motel One properties (94.0%) acquired in 2015. Foncière des Murs also holds 40.7% of FDM Management at end-2017, a company focused on operating hotel properties, and 50.1% of Foncière Développement Tourisme.

2. Recognised rental income: +3.2% on a like-for-like scope on hotel lease properties

2.1. Geographic breakdown

(€ million)	Number of rooms	Number of assets	Rental income 2016 100%	Rental income 2016 Group share	Rental income 2017 100%	Rental income 2017 Group share	Change (%) Group share	Change Group share (%) LfL [1]	% of rental income
Paris	*4 082*	*17*	*25,8*	*11,5*	*23,8*	*11,1*	*-3,5%*	*8,5%*	*14%*
Inner suburbs	*678*	*6*	*2,8*	*1,3*	*2,8*	*1,4*	*6,0%*	*0,1%*	*2%*
Outer suburbs	*3 535*	*35*	*11,9*	*4,4*	*12,4*	*4,8*	*7,3%*	*2,3%*	*6%*
Total Paris Regions	**8 295**	**58**	**40,4**	**17,2**	**39,0**	**17,2**	**0,0%**	**6,1%**	**22%**
Major regional cities	6 443	68	30,2	12,1	25,2	10,2	-15,8%	0,5%	13%
Other French Regions	9 172	126	28,0	8,7	25,5	7,5	-13,3%	0,2%	10%
Total France	**23 910**	**252**	**98,5**	**38,0**	**89,7**	**34,9**	**-8,0%**	**3,1%**	**45%**
Germany	6 409	56	17,3	7,9	22,3	10,8	36,8%	1,4%	14%
Belgium	3 124	14	20,5	9,8	21,4	10,7	9,8%	5,5%	14%
Spain	3 797	21	0,5	0,3	33,3	16,6	n.a	n.a	22%
Other	604	2	7,1	3,4	7,4	3,7	9,8%	1,3%	5%
Total Hotel - Lease properties	**37 844**	**345**	**143,9**	**59,3**	**174,1**	**76,8**	**29,5%**	**3,2%**	**100%**
Hotel Operating properties (EBITDA)	**5 976**	**31**	**38,4**	**7,3**	**67,7**	**13,3**	**82,2%**	**n.a**	**-**
Non-strategic (Retail & Healthcare)	-	148	46,6	22,1	34,8	17,4	-21,2%	0,2%	-
Total	**43 820**	**524**	**228,9**	**88,7**	**208,9**	**107,5**	**21,3%**	**2,5%**	**-**

[1] *LfL: Like-for-Like*

At the end of 2017, Hotels and retail revenues stood at €94.2 million, Group Share, a 15.8% growth compared to 2016. This €12.8 million increase is due to the different movements over the portfolio:

- acquisitions and deliveries of assets under development (+€19.4 million):
    - 2 B&B hotels and Club Med Samoëns totalling nearly 700 rooms delivered in 2017,
    - acquisition of a portfolio of 17 hotel lease properties in Spain (of which two third of the leases have a variable component) in 2017;
- disposals of non-core assets, primarily in 2016 (-€6.9 million), on AccorHotels assets in secondary locations (-69% of revenues generated by French Regions);
- disposal of non-strategic assets in 2016 (Healthcare) and 2017 (Retail Quick and Jardiland) (-€6.0 million);
- a rise in rental income on a like-for-like scope (+€1.8 million), mainly attributable to the good performance of variable rent AccorHotels assets: +5.5% of which +12.1% in Belgium and +10.0% in Paris;
- the increased Foncière des Régions stake in the capital of its FDM subsidiary whom rents were integrated at a mean rate of 42.7% in 2016 and at a spot rate of 50.0% in 2017 (+€4.3 million),

For operating properties, EBITDA grew significantly, to €13.3 million in 2017 due to the acquisitions completed in mid-2016.

3. Annualised rental income: €94 million in Group Share

3.1. Geographic breakdown

(€ million)	Number of rooms	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 Group share	Annualised rents 2017 100%	Annualised rents 2017 Group share	Change (%)	% of rental income
Paris	4 082	*17*	*22,1*	*10,2*	*23,8*	*11,1*	*8,8%*	*14%*
Inner suburbs	678	*6*	*2,8*	*1,4*	*3,4*	*1,6*	*12,5%*	*2%*
Outer suburbs	3 535	*35*	*12,2*	*4,7*	*12,4*	*4,8*	*2,4%*	*6%*
Total Paris Regions	***8 295***	***58***	***37,1***	***16,3***	***39,6***	***17,4***	*7,1%*	*22%*
Major regional cities	6 443	68	25,1	10,1	25,3	10,1	0,0%	13%
Other French Regions	9 172	126	25,4	7,5	30,8	8,1	8,3%	10%
Total France	**23 910**	**252**	**87,5**	**33,8**	**95,7**	**35,6**	5,2%	45%
Germany	6 409	56	18,3	8,8	26,0	12,6	43,9%	16%
Belgium	3 124	14	20,7	10,4	20,8	10,4	0,3%	13%
Spain	3 797	21	0,7	0,4	32,9	16,4	n.a	21%
Other French Regions	604	2	7,3	3,6	7,5	3,8	3,0%	5%
Total Hotel - Lease properties	**37 844**	**345**	**134,6**	**57,0**	**182,8**	**78,8**	**38,3%**	**100%**
Non-strategic (Retail)	-	148	36,9	18,5	30,0	15,0	-18,7%	-
Total	**37 844**	**493**	**171,4**	**75,4**	**212,8**	**93,8**	**24,4%**	**-**

Annualised rental income from the hotels rose by 24% in 2017, reflecting the strategy established by the Group:

- increases in Germany and Spain (16% and 21% of rents) thanks to the acquisitions completed;
- reduction in the weight of non-strategic assets, after the disposals of Quick and Jardiland assets.

Variable rents represent around 30% of annualized rental income and concern:

- AccorHotels rental income, 100% indexed to Hotel Revenues
- the variable portion of leases, with an indexation clause on performance (guaranteed minimum rent + variable rent). This concerns a portion of the hotel portfolio in Spain and the recently-acquired NH hotels in Germany and the Netherlands.

3.2. Breakdown by tenant

(€ million)	Number of rooms	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 Group share	Annualised rents 2017 100%	Annualised rents 2017 Group share	Change (%)	% of rental income
AccorHotels	9 923	74	52,3	26,1	54,2	27,1	4,0%	29%
B&B	19 593	236	58,6	19,2	60,2	19,7	2,8%	21%
Quick	-	48	16,9	8,4	10,3	5,2	-38,8%	6%
Sunparks	1 759	4	14,2	7,1	13,4	6,7	-5,3%	7%
Jardiland	-	45	13,3	6,7	13,0	6,5	-2,0%	7%
NH	1 278	7	3,3	1,7	12,7	6,4	-	7%
Hotusa	671	3	0,0	0,0	8,3	4,1	-	4%
Barcelo	641	3	0,0	0,0	7,4	3,7	-	4%
Courtepaille	-	55	6,6	3,3	6,6	3,3	1,2%	4%
Melia	632	4	0,0	0,0	5,1	2,5	-	3%
Club Med	792	2	4,0	2,0	9,9	2,8	40,7%	3%
AC Hotels	368	1	0,0	0,0	5,0	2,5	-	3%
Motel One	712	3	2,2	1,0	2,2	1,0	1,2%	1%
Independants	877	5	0,0	0,0	4,4	2,2	-	2%
Total	**37 844**	**493**	**171,4**	**75,4**	**212,8**	**93,8**	**24,4%**	**100%**

The diversification of the rental income base continued through new partnerships with leading Spanish operators (Barcelo, Hotusa, Melia) and the strengthening of the partnership with NH Hotels. The Group's exposure to AccorHotels diminished by 6 pts since the end of 2016, now accounting for less than one third of rental income.

4. Indexation

71% of rents are indexed to benchmark indices (ICC, ILC, and consumer price index for foreign assets). The impact of indexing was +0.8 pt in 2017.

5. Lease expirations and occupancy rate: firm residual lease term of 10.7 years

(€ million, GS)	By lease end date (1st break)	% of total	By lease end date	% of total
2018	4,0	4%	0,0	0%
2019	2,5	3%	0,2	0%
2020	0,3	0%	0,4	0%
2021	3,2	3%	3,2	3%
2022	4,3	5%	1,6	2%
2023	3,9	4%	2,8	3%
2024	0,1	0%	2,0	2%
2025	12,9	14%	13,3	14%
2026	2,4	3%	2,7	3%
2027	1,3	1%	1,3	1%
Beyond	59,0	63%	66,5	71%
Total	**93,8**	**100%**	**93,8**	**100%**

At the end of 2017, the firm residual duration of leases remained high, at 10.7 years, of which 11.2 years for hotel assets. The occupancy rate remained at 100%.

In the first half of 2017, the Group renegotiated the leases of 158 B&B hotels in France, resulting in the lengthening of firm lease terms to 12 years on these assets.

6. Reserves for unpaid rent

As in 2016, no additional amounts were set aside for unpaid rents in the portfolio in 2017.

7. Disposals and disposal agreements: €354 million in new commitments

(€ million, 100%)	Disposals (agreements as of end of 2016 closed)	Agreements as of end of 2016 to close	New disposals 2017	New agreements 2017	Total 2017	Margin vs 2016 value	Yield	Total Realized Disposals
	1		2	3	= 2 + 3			= 1 + 2
Hotel Lease properties	12	3	17	18	**35**	4,7%	5,5%	29
Hotel Operating properties	0	0	29	0	**29**	3,0%	5,4%	29
Total Hotels - 100%	12	3	46	18	**64**	4,7%	5,5%	58
Total Hotels - Group share	**6**	**1**	**14**	**9**	**23**	**5,4%**	**5,5%**	**20**
Non-strategic (Retail)	5	0	104	187	**290**	-1,6%	6,4%	108
Total non-strategic - Group share	**2**	**0**	**52**	**93**	**145**	**-1,6%**	**6,4%**	**54**

Foncière des Régions continued disposing of non-core assets AccorHotels assets, adding to the significant volume sold in 2016 (€361 million at 100%). In 2017, €35 million of new commitments (new disposals and new agreements) were signed on AccorHotels assets in secondary locations (Clermont, Beaune, etc.).

The Group also realized significant progress in non-strategic disposals with €290 million (€145 million Group share) of new commitments this year on the entire Quick portfolio (€264 million) and Jardiland assets (€23 million). €108 million were disposed and the rest will be transferred in the first half of 2018.

In Operating properties, disposals totalled €29 million, includeing the Ibis Hotel in Dresden.

8. Acquisitions: close to €800 million realized and secured in 2018

				Acquisitions 2017 realized			Acquisitions 2017 secured		
(€ million, Including Duties)	Number of rooms	Location	Tenants	Acq. Price 100%	Acq. Price Group share	Gross Yield	Acq. Price 100%	Acq. Price Group share	Gross Yield
Spanish portfolio (17 assets)	3 335	Spain	Multi-tenant	559	280	5,3%	-	-	-
NH portfolio (5 assets)	901	Germany	NH	125	62	6,1%	-	-	-
Purchase options NH (4 assets)	630	Germany & Netherlands	NH	-	-	-	111	56	5,7%
Total Acquisitions Lease properties	**4 866**			**684**	**342**	**5,4%**	**111**	**56**	**5,7%**
Business assets - Meridien Nice	-	France		7	1	7,1%	-	-	-
Total Acquisitions Operating properties	**-**			**7**	**1**	**7,1%**	**-**	**-**	**-**

As for hotel lease properties, Foncière des Régions continued to strengthen its position in major European cities, with €684 million in acquisitions in 2017 and €111 million secured for 2018:

- the acquisition of a portfolio of 17 hotels (3,335 rooms) in Spain for €559 million (€280 million Group share), 80% of which is located in Madrid and Barcelona. The very good performance of these assets in 2017 (+€40 million, i.e. +7.2% on a like-for-like scope since end-2016) validates the Group's acquisition strategy;

- the acquisition of 5 NH Hotels (901 rooms) in Germany, located in Frankfurt, Stuttgart, Oberhausen, Nuremberg, and Dusseldorf, for €125 million, with a 6.1% yield (5.4% on the guaranteed minimum rental income);

- the signature of purchase options that will be exercised in 2018, of 4 NH Hotels for €111 million with a 5.5% yield (5.1% on the guaranteed minimum rental income);

In hotel operating properties, Foncière des Régions acquired the business of the Méridien Hotel in Nice, a four-star, 318-room hotel ideally situated at 1 Promenade des Anglais. This transaction groups together the hotel property, already owned by the Group, and the business, in order to capture this asset's potential through a capex programme.

9. Development projects: a pipeline of €1.2 billion (€579 million Group share)

In 2017, Foncière des Régions maintained its strategy to support the expansion of its new and long-term partners in their development in the major European cities.

9.1. Committed projects: €188 million (€79 million Group share), 100% pre-let

For a breakdown of committed projects, see the table on page 16 of this document.

This year, Foncières des Régions delivered 683 hotel rooms through 3 projects:

- 2 B&B hotel in Lyon and Nanterre, representing €23 million and 263 rooms
- Club Med Samoëns, totalling €100 million in work and 420 rooms, was inaugurated in December 2017.

The Group also renewed its development pipeline through the launch of three new projects:

- The construction of a new hotel with our long-time partner B&B in Greater Paris. In all, 4 B&B hotels are under construction in Greater Paris and one in Berlin, totalling 459 rooms and €33 million;

- The strengthening of the partnership with Meininger via two projects in Lyon and Marseille representing 381 rooms for €41 million. Foncière des Régions is supporting the development of Meininger in France, with 3 hotels under construction in total in Paris, Lyon, and Marseille, which will be the operator's first to open in these cities.

In addition, two Meininger hotels are under construction in Milan (Italy scope) and Munich totalling €51 million for 304 rooms. These two projects involve the conversion of an Office building into a hotel, demonstrating the Group's capacity to make the best use of its asset management options and the expertise of its local platforms.

9.2. Managed projects: €1 billion development project in the centre of Berlin,

Foncière des Régions has identified close to 150,000 m² to be developed in the very heart of Berlin, at Alexanderplatz, on land reserves adjacent to the Park Inn. This ambitious mixed-use project, with high value-creation potential, should begin in 2019.

10. Portfolio values

10.1. Change in portfolio values

(€ million, Excluding Duties, Group share)	Value 2016	Acquisitions	Invest.	Disposals	Value creation on Acquis./Disposals	Change in value	Change in % ownership	Reclustering	Value 2017
Assets in operation	1346	342	13	-66	23	26	3	-7	**1 704**
Assets under development	39	0	24	0	0	8	7	7	**78**
Total in lease	**1385**	**342**	**37**	**-66**	**23**	**34**	**3**	**0**	**1 758**
Hotels Operating properties	246	1	1	-5	0	7	1	0	**250**
Total	**1631**	**344**	**38**	**-71**	**23**	**40**	**4**	**0**	**2 008**

At the end of 2017, the value of the portfolio amounts to €2.0 million Group share, up €377 million, i.e. +23% due to investments net of disposals (90% of the change) and growth in value on a like-for-like scope (10% of the change).

10.2. Like-for-like change: +4.3% on the hotel portfolio

(€ million, Excluding Duties)	Value 2016 Group share	Value 2017 100%	Value 2017 Group share	LfL [1] change 12 months	Yield [2] 2016	Yield [2] 2017	% of total value
Hotels Lease properties	1 061	3 395	1 480	4,1%	5,3%	5,3%	83%
Assets under development	39	137	54	17,4%	n.a	n.a	3%
Total Lease properties	**1 100**	**3 532**	**1 534**	**4,5%**	**5,3%**	**5,3%**	**86%**
Hotel Operating properties	**246**	**1 275**	**250**	**2,9%**	**6,5%**	**6,4%**	**14%**
Total Hotels	**1 346**	**4 807**	**1 784**	**4,3%**	**5,5%**	**5,5%**	**100%**
Non-strategic (Retail)	285	447	224	-4,3%	6,5%	6,7%	0%
Total	**1 631**	**5 255**	**2 008**	**3,2%**	**5,7%**	**5,5%**	**0%**

[1] *LfL: Like-for-Like*

[2] *EBIDTA yield for operating properties*

The growth of the hotel portfolio at a like-for-like scope accelerated in 2017 at 4.3% (vs 2.1% in 2016) and validates the strategic positioning of the Group on major European cities. The main drivers of this increase are hotel lease properties (+4.1%) and developments (+17.4%).

Besides, the size of the non-strategic portfolio was reduced by 21% in 2017 thanks to disposals of Retail assets Quick and Jardiland. Taking into account the disposals agreement signed, including the entirety of the remaining Quick portfolio, the reduction amounts to 45%.

Early 2018, the merger of FDM Management into FDM transformed the Group's hotel portfolio. Proforma to this transaction, the revenue profile of the Group will offer a better exposure to a growing hotel market and an improved risk/return profile:

- lease properties will represent 70% of the hotel portfolio (versus 85% at end-2016);
- operating properties will represent 30% of the hotel portfolio (versus 15% at end-2016).

Geographic breakdown

(€ million, Excluding Duties)	Value 2016 Group share	Value 2017 100%	Value 2017 Group share	LfL [1] change 12 months	Yield [2] 2016	Yield [2] 2017	% of total value
Total France	**692**	**1 923**	**736**	**3,3%**	**5,0%**	**5,0%**	**41%**
Paris	*271*	*649*	*295*	*6,3%*	*4,0%*	*4,1%*	*17%*
Greater Paris (excl. Paris)	*118*	*312*	*124*	*0,6%*	*5,1%*	*5,2%*	*7%*
Major regional cities	*177*	*453*	*182*	*0,7%*	*5,7%*	*5,6%*	*10%*
Other cities	*125*	*509*	*135*	*3,0%*	*6,4%*	*6,0%*	*8%*
Germany	**169**	**522**	**254**	**6,3%**	**5,7%**	**5,5%**	**14%**
Francfurt	*17*	*57*	*28*				2%
Munich	*10*	*36*	*18*				1%
Berlin	*16*	*42*	*20*				1%
Other cities	*125*	*387*	*188*				11%
Belgium	**175**	**339**	**169**	**-0,3%**	**5,8%**	**6,1%**	**9%**
Brussels	*32*	*64*	*32*				2%
Other cities	*143*	*274*	*137*				8%
Spain	**6**	**611**	**306**	**7,1%**	**6,2%**	**5,4%**	**17%**
Madrid	*2*	*247*	*124*				7%
Barcelona	*0*	*235*	*117*				7%
Other cities	*4*	*130*	*65*				4%
Other countries	**58**	**137**	**69**	**12,7%**	**6,3%**	**5,5%**	**4%**
Total Hotel lease properties	**1 100**	**3 532**	**1 534**	**4,5%**	**5,3%**	**5,3%**	**86%**
France	**43**	**224**	**46**	**6,8%**	**6,1%**	**6,1%**	**3%**
Lille	*23*	*117*	*24*				1%
Other cities	*20*	*108*	*22*				1%
Germany	**187**	**973**	**188**	**2,6%**	**6,6%**	**6,5%**	**11%**
Berlin	*116*	*619*	*120*				7%
Dresden & Leipzig	*51*	*249*	*48*				3%
Other cities	*20*	*105*	*21*				1%
Belgium	**16**	**79**	**16**	**2,0%**	**6,6%**	**6,3%**	**1%**
Total Hotel Operating properties	**246**	**1 275**	**250**	**2,9%**	**6,5%**	**6,4%**	**14%**
Total Hotels	**1 346**	**4 807**	**1 784**	**4,3%**	**5,5%**	**5,5%**	**100%**
Non-strategic (Retail)	**285**	447	224	-4,3%	6,5%	6,7%	

[1] pc : périmètre constant
[2] Yield excluding assets under development ; EBIDTA yield for hotel operatin properties

Like-for-like growth stepped up to 4.3% in 2017 on the hotel portfolio after +2.1% in 2016, due to:

- 4.5% growth in the value of investment properties, with:
  - +7.2% on the Spanish portfolio acquired at end-2016,
  - +3.3% in France with a return to growth in rental income in the hotel sector and the renegotiation of leases with B&Bs (lengthening of lease terms to 12 years for 158 hotels in France),
  - +6.3% on Germany thanks to good market performance on the Group's target cities (Hamburg, Frankfurt, and Berlin);
- the good performance of Operating Properties holdings (+2.9%), which added to the value creation realized in 2016 (+6%).
  - The portfolio of 9 hotels in Berlin, Dresden, and Leipzig under management contracts held its momentum with a 2.6% rise in values up to 14.8% since the acquisition in August 2016,
  - The good performance of the portfolio of 9 assets in franchise in the North of France (+4.8%) reflects the expertise of the Group's hotel teams.

10.3. Operating Hotel properties - value per room

(€ thousand, 100%)	Number of rooms 2017	Value per room 2016	Value per room 2017	Var. (%)
France	880	239	247	3,4%
Germany	4 575	153	156	1,7%
Belgium	521	148	151	2,0%
Total	**5 976**	**164**	**169**	**2,5%**

Foncière des Régions' upscaling strategy has given rise to a sharp increase in values per room since 2015 (+48%). In Germany in particular, the value per room more than doubled due to the acquisition of high-end hotels such as the Westin and the Park Inn in the centre of Berlin. The level of €156 thousand per room remains lower than the average in other European capitals.

3. Financial information and comments

The activity of Foncière des Régions consists in the acquisition, ownership, administration and leasing of properties, developed or otherwise, particularly Offices in France and Italy, Residential in Germany, and Hotels in Europe.

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

CONSOLIDATED ACCOUNTS

3.1. Scope of consolidation

As at 31 December 2017, the Foncière des Régions scope of consolidation included companies located in France and several other European countries (Offices in France and Italy; Residential in Germany and France, Austria, Denmark and Luxembourg; and Hotels in Germany, Portugal, Belgium, the Netherlands, and Spain). The main ownership interests in the fully consolidated but not wholly-owned companies are the following:

Subsidiaries	2016	2017
Foncière Développement Logements	61,3%	100,0%
Foncière des Murs	49,9%	50,0%
Immeo	61,0%	61,7%
Beni Stabili	52,2%	52,4%
OPCI CB 21 (Tour CB 21)	75,0%	75,0%
République (ex-Urbis Park)	59,5%	100,0%
Fédérimmo (Carré Suffren)	60,0%	60,0%
SCI Latécoëre (DS Campus)	50,1%	50,1%
SCI 15 rue des Cuirassiers (Silex)	100,0%	50,1%
SCI 9 rue des Cuirassiers	100,0%	50,1%
SCI 11, Place de l'Europe (Campus Eiffage)	50,1%	50,1%

Further to the redemption of shares in Foncière Développement Logements and République at year-end 2017, these companies are now wholly-owned.

After an equity investment by Assurances du Crédit Mutuel in the SCI 9 et 15 rue des Cuirassiers (Silex1 & 2 buildings located in Lyon Part-Dieu), these companies are now 50.1% controlled.

3.2. Accounting principles

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 14 February 2018.

3.3. Simplified income statements - Group share

(€ million, Group share)	2016	2017	var.	%
Net rental income	526,1	539,4	13,3	2,5%
Net operating costs	-62,1	-64,1	-2,0	3,2%
in % of net rent rental income	*-11,8%*	*-11,9%*	0,0	0,0%
Income from other activities	10,0	7,3	-2,7	-27,0%
Depreciation of operating assets	-5,9	-7,2	-1,3	22,0%
Net change in provisions and other	-5,5	-2,9	2,6	-
Current operating income	**462,6**	**472,5**	**9,9**	**2,1%**
in % of net rent rental income	*87,9%*	*87,6%*	**0,0**	**0,0%**
Net income from inventory properties	-2,8	-2,2	0,6	-
Income from asset disposals	37,4	28,8	-8,6	-
Income from value adjustments	465,2	627,2	162,0	-
Income from disposal of securities	11,3	-2,2	-13,5	-
Income from changes in scope	-11,2	-2,2	9,0	-
Operating income	**962,4**	**1 121,9**	**159,5**	**16,6%**
Cost of net financial debt	-147,7	-152,2	-4,5	3,0%
Value adjustment on derivatives	31,4	-0,5	-31,9	-101,6%
Discounting of liabilities and receivables	-4,6	-6,8	-2,2	47,8%
Net change in financial and other provisions	-40,6	-14,4	26,2	-64,5%
Share in earnings of affiliates	24,7	34,8	10,1	-
Income from continuing operations	**825,5**	**982,9**	**157,4**	**-**
Deferred tax	-32,6	-61,4	-28,8	88,3%
Corporate income tax	-6,0	-7,4	-1,4	-
Net income from continuing operations	**787,0**	**914,1**	**127,1**	**-**
Post-tax profit or loss of discontinued operations	-4,2	0,0	4,2	-
Net income for the period	**782,8**	**914,1**	**131,3**	**-**

For the 2016 fiscal year, discontinued operations were in the Logistics sector. As of 1 January 2017, following the merger of Foncière Europe Logistique with Foncière des Régions and the effective disposal of the major assets, the residual Logistics operations, immaterial at the Group level, are no longer included under discontinued operations and have been reclassified under France Offices in the financial statements.

◆ 2.5% rise in net rental income - Group share

Net rental income varies under the combined impact of acquisitions, disposals and deliveries of developments, as well as the effect of indexation in the Germany Residential sector. The Italy Offices sector is also growing due to the increased ownership interest on a full-year basis (average ownership interest for 2016: 50.12%, for 2017: 52.4%).

The net rental income by operating segment is the following:

(€ million, Group share)	2016	2017	var.	%
France Offices	239,0	232,4	-6,6	-2,8%
Italy Offices (incl. Retail)	84,0	80,7	-3,3	-3,9%
Germany Residential	116,1	128,8	12,7	10,9%
Hotels in Europe (incl. Retail)	81,4	93,1	11,7	14,4%
France Residential	5,6	4,5	-1,1	-19,6%
Total Net rental income	**526,1**	**539,4**	**13,3**	**2,5%**

France Offices: a -€6.6 million drop in net rental income - Group share due primarily to the combined effect of property vacated as a result of developments and disposals (-€12 million), acquisitions and development deliveries (+€9 million), the slight deterioration in unrecovered rental costs following the reintegration of the residual Logistics operations (-€0.7 million), and the one-off increase in non-refundable taxes on projects under development (-€2.3 million).

Italy Offices: a -€3.3 million decline in net rental income - Group share due to the sale of 40% of the Telecom Italia portfolio at the end of the first half of 2017.

Germany Residential net rental income Group share increased by €12.7 million, driven by acquisitions (+€15 million), further boosted by the impact of indexation (+€4.5 million) and decreased by disposals (-€7 million).

Hotels in Europe: €11.7 million increase in net rental income Group share. This net increase is made up of income growth in the hotel sector (+€20 million) mainly as a result of acquisitions during 2017 in Spain (+€16 million), which were partly offset by a decrease as a result of the disposal of AccorHotels' non-core assets (-€7 million).

◆ Net cost of operations

The net operating costs were €64 million as compared to €62 million as at 31 December 2016, primarily related to the non-recurring impact of expenses relating to discontinued projects (tender offer). Net cost of operations was stable as a percentage of net rental income, at 12%.

◆ Income from other activities

Net income from other activities (€7.3 million) mainly came from real estate promotion activities and the income generated by car park companies. Due to the major divestment at the end of 2016, the income from Car Parks (excluding depreciation and provisions) fell from €4 million to €2.3 million. Real estate promotion generated net income of €5 million over the fiscal year.

◆ Depreciation of operating assets

Depreciation of operating assets (-€7.2 million in 2017 versus -€5.9 million in 2016) included the real estate depreciation of the headquarters buildings and co-working buildings, and depreciation of other tangible and intangible fixed assets. This line item shows an increase stemming from the reclassification of investment properties as operating properties ("own occupied buildings" in the co-working business), less the impact from disposals of car parks.

◆ 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 year 2017, the change in the fair value of investment assets is positive and stands at €627 million Group Share. Change in the fair value of investment assets by operating segment can be broken down as follows:

- France Offices: +€242 million
- Italy Offices: +€31 million
- Hotels in Europe: +€41 million
- Germany Residential: +€313 million

Operating income rose €160 million, totalling €1,122 million compared to €962 million at 31 December 2017.

◆ Financial aggregates

The changes in the fair value of financial instruments stand at -€0.5 million compared to +€31.4 million at 31 December 2016, due to the positive change in the value of hedging instruments (+€39.7 million) and the negative change in the value of ORNANE bonds (-€40.2 million).

Share in income of equity affiliates

Group share	% interest	Value 2016	Contribution to earnings	Value 2017	Change (%)
OPCI Foncière des Murs	9,95%	37,0	4,4	37,1	0,1%
Lénovilla (New Velizy)	50,10%	59,6	11,7	71,2	19,5%
Euromed	50,00%	41,2	10,6	39,3	-4,6%
SCI Latécoëre 2 (Extension DS)*	50,10%	1,5	2,7	0,0	n.a
FDM Management	20,35%	71,1	2,2	71,6	0,6%
Other Equity Interests	n/a	14,4	3,2	22,6	56,8%
Total		**224,8**	**34,8**	**241,7**	7,0%

** Since December 2017, Latécoère 2 is consolidated by using the full consolidation method*

The equity affiliates involve the France Offices and Hotels in Europe sectors:

- Lénovilla involves the New Vélizy campus (47,000 m²), let to Thalès and shared with Crédit Agricole Assurances;
- SCI Latécoère 2 involves the expansion of the Dassault Systèmes campus (12,800 m²), also in Vélizy and shared with Crédit Agricole Assurances;
- Euromed in Marseilles involves the development of four Office Buildings in Marseilles (48,000 m²) and a 210-room hotel in partnership with Crédit Agricole Assurances. The project's last two buildings were completed and sold in 2017;
- FDM is a subsidiary of Foncière des Murs, dedicated to the ownership and operating of hotel properties. In early 2018, the shareholders of Foncière des Murs approved the merger with FDM Management, now 100% consolidated;
- OPCI Foncière des Murs involves two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) owned at 80% by Crédit Agricole Assurances .

The change over the period (+€17 million) was the result of the net income generated over the period (+€34.8 million), the allocation of losses to the partners (+€5.2 million) and dividend distributions (-€17.8 million).

Recurring net income of affiliates

(€ million, Group share)	France offices	Italy offices	Hotel investment properties	Hotel operating properties	2017
Net rental income / Revenue of hotel operating properties	10,2	-	4,4	13,1	27,7
Net operating costs	-0,4	-	-0,4	-0,7	-1,5
Income from other activities	1,4	-0,4	-	-	1,0
Cost of net financial debt	-2,2	-	-1,1	-3,6	-6,9
Corporate income tax	-	-	-0,1	-0,6	-0,7
Share in RNI of affiliates	**8,9**	**-0,4**	**2,8**	**8,1**	**19,5**

Taxes

The corporate income tax corresponds to the tax on:

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

The -€7.4 million decrease in recurrent tax includes the adjustment of the 3% contribution on dividends (+€2 million), the withholding tax on dividends received by Foncière des Régions from its Italian subsidiary (-€2 million), the taxes on sales (-€3.6 million), and the corporate income tax (-€2.8 million).

Recurring net income (RNI) up 10%, an increase of €35 million

	Net income Group Share	Restatements	RNI 2017	RNI 2016
Net rental income	**539,4**	**0,0**	**539,4**	**526,3**
Operating costs	-64,1	4,4	-59,7	-60,3
Income from other activities	7,3	-0,4	7,0	9,6
Depreciation of operating assets	-7,2	7,2	0,0	0,0
Net change in provisions and other	-2,9	2,9	0,0	0,0
Operating income	**472,5**	**14,1**	**486,6**	**475,6**
Net income from inventory properties	-2,2	2,2	0,0	0,0
Income from asset disposals	28,8	-28,8	0,0	0,0
Income from value adjustments	627,2	-627,2	0,0	0,0
Income from disposal of securities	-2,2	2,2	0,0	0,0
Income from changes in scope	-2,2	2,2	0,0	0,0
Operating result	**1 121,9**	**-635,2**	**486,6**	**475,6**
Income from non-consolidated companies	0,0	0,0	**0,0**	0,0
Cost of net financial debt	**-152,2**	**41,4**	**-110,8**	**-129,1**
Value adjustment on derivatives	-0,5	0,5	0,0	0,0
Discounting of liabilities and receivables	-6,8	6,8	0,0	0,0
Net change in financial provisions	-14,4	14,4	0,0	0,0
Share in earnings of affiliates	34,8	-15,3	19,5	13,6
Pre-tax net income	**982,9**	**-587,5**	**395,4**	**360,1**
Deferred tax	-61,4	61,4	0,0	0,0
Corporate income tax	-7,4	3,2	-4,2	-4,3
Net income for continued operations	**914,1**	**-522,9**	**391,2**	**355,8**
Profits or losses on discontinued operations	0,0	0,0	0,0	0,4
Net income for the period	**914,1**	**-522,9**	**391,2**	**356,2**

- The income from changes in consolidation scope (-€2.2 million) consists exclusively of the acquisition costs for the shares of companies consolidated in accordance with IFRS3 R.
- The cost of debt increased by €41.4 million, impacted by the early debt-restructuring costs, including buyback of the Beni Stabili ORNANE-type bonds, which significantly reduced the dilutive risk.

Recurring net income by activity

(€ million, Group share)	France offices	Italy offices	Germany Residential	Hotels in Europe	France Residential	Corporate or non-attributable sector	Intercos Inter-sector	2017
Net rental income (before elim. Interco)	232,4	80,7	128,8	93,1	4,5	-	-	539,4
Net rental income (after elim. Interco)	226,2	80,7	128,8	91,9	4,5	-0,1	7,4	539,4
Net operating costs	-14,2	-9,5	-22,1	-4,3	-1,5	-0,7	-7,4	-59,7
Income from other activities	5,1	-0,9	0,5	-	-	2,3	-	7
Cost of net financial debt	4,7	-16,4	-24,8	-16	-0,7	-57,6	-	-110,8
Share in earnings of affiliates	8,9	-0,4	-	11	-	-	-	19,5
Corporate income tax	0,3	-0,2	-2,4	-1,4	-	-0,5	-	-4,3
Recurring Net Income	**231**	**53,3**	**80,1**	**81,2**	**2,3**	**-56,7**	**-**	**391,2**

3.4. Simplified consolidated income statement

(€ million, 100%)	2016	2017	var.	%
Net rental income	815,4	850,0	34,6	4,2%
Net operating costs	-93,6	-101,4	-7,8	8,4%
Income from other activities	13,1	6,2	-6,9	-52,6%
Depreciation of operating assets	-8,5	-9,9	-1,4	16,7%
Net change in provisions and other	-9,1	-6,0	3,1	-
Current operating income	**717,2**	**739,0**	**21,8**	**3,0%**
Net income from inventory properties	-5,6	-4,4	1,2	-
Income from asset disposals	72,4	43,7	-28,7	-
Income from value adjustments	644,5	915,9	271,4	-
Income from disposal of securities	17,7	-4,1	-21,8	-
Income from changes in scope	-17,6	-3,3	14,3	-
Operating income	**1 428,8**	**1 686,7**	**257,9**	**18,1%**
Income from non-consolidated companies	0,0	0,0	0,0	-
Cost of net financial debt	-236,3	-236,9	-0,6	0,3%
Value adjustment on derivatives	27,4	0,1	-27,3	-99,6%
Discounting of liabilities and receivables	-3,6	-6,8	-3,2	88,6%
Net change in financial and other provisions	-52,8	-23,3	29,5	-55,9%
Share in earnings of affiliates	27,4	43,2	15,8	-
Income from continuing operations	**1 190,9**	**1 463,0**	**272,1**	**-**
Deferred tax	-56,9	-98,4	-41,5	72,8%
Corporate income tax	-10,7	-12,0	-1,3	12,6%
Net income from continuing operations	**1 123,3**	**1 352,6**	**229,3**	**-**
Post-tax profit or loss of discontinued operations	-4,2	0,0	4,2	-
Net income for the period	**-4,2**	**0,0**	**4,2**	**-**
Non-controlling interests	-336,3	-438,5	-102,2	-
Net income for the period - Group Share	**782,8**	**914,1**	**131,3**	**-**

◆ €34.6 million (4.2%) rise in consolidated net rental income

Net rental income increased mainly due to acquisitions, delivery of assets under development and the effect of indexation on the Germany Residential sector. This increase was offset by disposals. The net rental income by operating segment is the following:

(€ million, 100%)	2016	2017	var.	%
France Offices	264,0	257,4	-6,6	-2,5%
Italy Offices (incl. Retail)	164,2	172,8	8,6	5,2%
Germany Residential	187,7	205,8	18,1	9,6%
Hotels in Europe (incl. Retail)	190,5	206,6	16,1	8,5%
France Residential	9,1	7,4	-1,7	-18,7%
Total Net rental income	**815,4**	**850,0**	**34,6**	**4,2%**

3.5. Simplified consolidated balance sheet - Group share

(€ million, Group Share)	2016	2017	Liabilities	2016	2017
Assets					
Investment properties	10 260	11 171			
Investment properties under development	653	409			
Other fixed assets	116	211			
Equity affiliates	225	244			
Financial assets	213	298			
Deferred tax assets	6	4	**Shareholders' equity**	**5 302**	**6 363**
Financial instruments	35	37	Borrowings	6 879	6 780
Assets held for sale	228	352	Financial instruments	345	285
Cash	991	1 089	Deferred tax liabilities	241	331
Discontinued operations	69	0	Other liabilities	335	422
Other	334	365	Discontinued operations	27	0
Total	**13 130**	**14 181**	**Total**	**13 130**	**14 181**

Fixed assets

The portfolio (excluding assets held for sale) at the end of December by operating segment is as follows:

(€ million, Group Share)	2016	2017	var.	incl. Like-for-like change
France Offices	4 825	4 989	164	242
Italy Offices (incl. Retail)	2 088	1 873	-215	31
Germany Residential	2 467	3 024	557	313
Hotels in Europe (incl. Retail)	1 398	1 651	253	41
France Residential	237	240	3	0
Car parks	14	14	0	0
Total Fixed Assets	**11 030**	**11 791**	**762**	**627**

The change in fixed assets for France Offices is primarily the result of the increase in the fair value of investment properties (+€242 million), and the work carried out on properties under development (+€103 million).

The change in fixed assets for Italy Offices (-€215 million) was due primarily to the sharing of the Telecom Italia portfolio (-€323 million in Group share), partially offset by the acquisition of €96 million in Offices in Milan, including a portfolio of 17 assets from the Credito Valtellinese group.

The change in fixed assets for Hotels in Europe is essentially related to acquisitions in Spain (+€280 million in Group share), the exercise of 5 purchase options on NH Hotels (+€62 million of which €29 million paid in 2016), the rise in fair value (+€41 million), and the works completed during the fiscal year on assets in development (+€46 million). The disposals in 2016 appraisal values of -€66 million (of which 33 Quick assets representing -€49 million), and the reclassification of 48 Quick and 5 Jardiland assets as Assets held for sale (total amount -€93 million) partially offset this increase.

The change in fixed assets for Germany Residential is mainly due to acquisitions over the period (€357 million), the €44 million in works completed over the period, the €313 million change in fair value, and the -€190 million in buildings reclassified as assets held for sale during the period.

Assets held for sale

The assets held for sale primarily consist of assets for which a preliminary sales agreement has been signed. The €124 million increase between 2016 and 2017 mostly comes from completed sales and newly signed preliminary sale agreements. Hotels in Europe has entered into new preliminary sale agreements (€93 million) for 5 Jardiland and 48 Quick assets, representing the entire Quick portfolio.

Total Group shareholders' equity

Total shareholders' equity increased from €5.302 million at the end of 2016 to €6.363 million at 31 December 2017, i.e. an increase of €1.061 million due mainly to:

- income for the period: +€914 million,
- capital increases net of costs: +€469 million, of which €396 million in January 2017
- the impact of the cash dividend distribution: -€325 million,
- financial instruments included in shareholders' equity: +€2 million.

Other assets

This line item includes settlement of €95 million in expenses (property expenses to be re-invoiced to tenants). Note that other liabilities include calls for funds (provisions for losses) received from tenants for €105 million.

Other liabilities

The €87 million increase in liabilities is mainly a result of the recognition of the deferred payment for acquisitions in the Hotels in Europe segment (+€54 million), and changes in accounts payable to fixed-asset suppliers, particularly for work on projects under development (+€38 million).

3.6. Simplified consolidated balance sheet

(€ million, 100%) Assets	2016	2017	Liabilities	2016	2017
Investment properties	16 170	17 733			
Investment properties under development	593	685			
Other fixed assets	177	230			
Equity affiliates	345	369	Shareholders' equity	5 302	6 363
Financial assets	255	355	Non-controlling interests	3 166	3 805
Deferred tax assets	11	6	**Shareholders' equity**	**8 468**	**10 168**
Financial instruments	41	48	Borrowings	9 737	10 121
Assets held for sale	298	520	Financial instruments	429	323
Cash	1 083	1 297	Deferred tax liabilities	410	551
Discontinued operations	69	0	Discontinued operations	27	0
Other	458	491	Other liabilities	429	571
Total	**19 501**	**21 733**	**Total**	**19 501**	**21 733**

Investment properties and properties under development

These two fixed asset items increased by €1,655 million, mainly as a result of value adjustments for +€900 million, asset acquisitions and work (including on developments) in the amount of €1,932 million, and reclassification as Assets held for sale for -€1,165 million. Acquisitions/construction works (€1,626 million) and works on assets under development (€306 million) are broken down by operating segment as follows:

- +€124 million on France Offices, including the change in consolidation method from Equity Method to Full Consolidation of Latécoère 2 (DS campus expansion), and +€103 million in development works.
- +€691 million on the Hotels in Europe segment, and +€84 million in development works.
- +€651 million on the Germany Residential segment,
- +€159 million in Italy Offices and +€119 million in development works.

Investments in equity affiliates

The investments in equity affiliates increased by €23.5 million. This change is principally due to the income for the period (+€43.2 million), less dividend distribution and allocation of the shares of losses (-€19.7 million).

Financial assets

Financial assets increased due to pre-payments made for acquisitions of company shares in the Germany Residential segment (€125 million).

Discontinued operations (Logistics operations in 2016)

As of 1 January 2017, following the merger of FEL with Foncière des Régions, the residual logistics operations, immaterial at the Group level (only one asset still owned), are no longer included under discontinued operations and have been reclassified under France Offices in the financial statements.

Deferred tax liabilities

Net deferred taxes represent €545 million in liabilities versus €399 million as at 31 December 2016. This €146 million increase is mainly due to the acquisitions completed and the increase in the value of assets in the Germany Residential and Hotels in Spain segments.

Other liabilities

The €142 million rise in this item is mainly due to the recognition of deferred payment liabilities following acquisitions by the Hotels in Spain segment (+€54 million), and the increase in accounts payable to suppliers, largely for works on properties under development (€54 million).

4. Financial Resources

4.1. Main debt characteristics

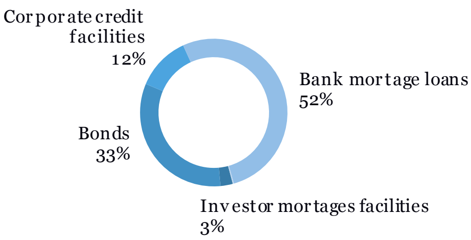
Group Share	2016	2017
Net debt, Group share (€ million)	5 888	**5 691**
Average annual rate of debt	2,21%	**1,87%**
Average maturity of debt (in years)	5,7	**6,2**
Debt active hedging spot rate	81%	**75%**
Average maturity of hedging	5,7	**6,3**
LTV Including Duties	44,6%	**40,4%**
ICR	3,60	**4,36**

4.2. Debt by type

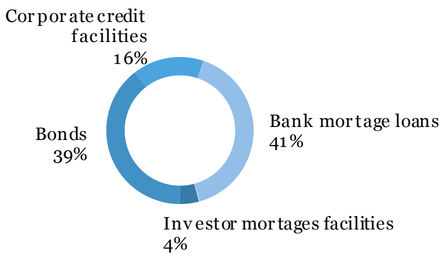
On 31 December 2017, the net debt (Group share) of Foncière des Régions was €5.7 billion (€8.8 billion consolidated), down by almost €200 million compared to the end of 2016, due to the €400 million capital increase which was completed in January 2017 and the disposal of 40% of the Telecom Italia portfolio.

As regards commitments attributable to the Group, the share of corporate debts (bonds and loans) accounted for over 55% (compared with 53% in 2016).

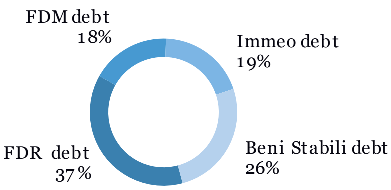
In addition, at the end of December 2017, the cash and cash equivalents of Foncière des Régions totalled nearly €2.5 billion, Group share (€2.8 billion on a consolidated basis). Foncière des Régions had €777.4 million in commercial paper outstanding at 31 December 2017.



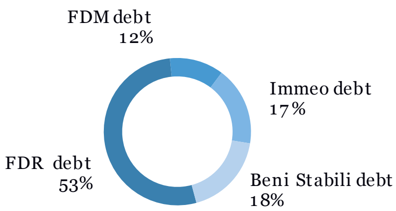
Consolidated commitments by type



Group share commitments by type



Consolidated commitments by company

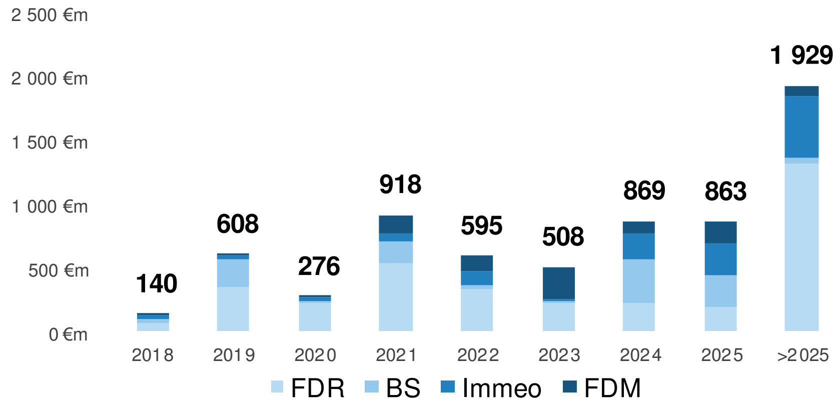


Group share commitments by company

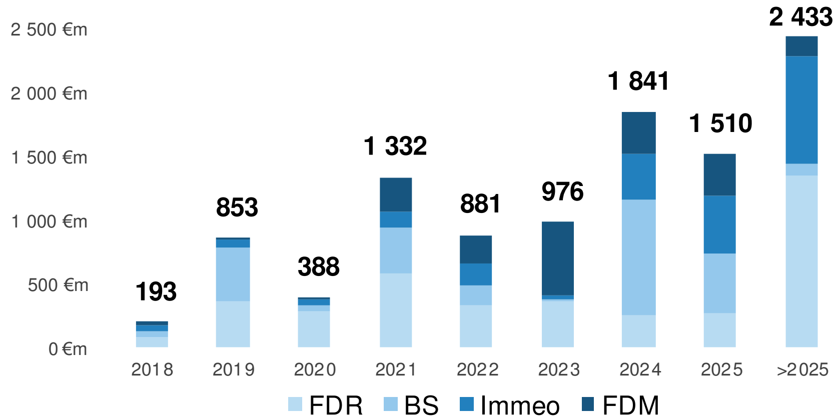
4.3. Debt maturity

The average maturity of the Foncière des Régions debt increased by 0.5 years, to 6.2 years at the end of December 2017. This was due to debt being refinanced or new debt being raised in 2017 for long maturities. The upcoming maturities in 2018 are solely the result of regular debt amortization, or, in the case of Foncière des Régions, the expiry of corporate credit facilities, which had not been drawn down at the end of 2017 and which are being renewed.

Debt amortisation schedule for each company (Group share)



Debt amortisation schedule by company (on a consolidated basis)



4.4. Main changes during the period

- **Sustained financing and re-financing activity: €3.2 billion in 100% (€2.0 billion Group share)**

  - In 2017 Foncière des Régions pursued its diversification strategy for financing resources, debt cost decrease and maturity lengthening with €825 million (€825 million in Group share) of raised or refinanced funds:
    - In June 2017, Foncière des Régions successfully completed a €500 million bond issue, maturing in 2027, with a fixed coupon of 1.500%, i.e. a spread of 85 bps. This transaction was coupled with a cash redemption offer on part of the 2021 bonds bearing interest at a fixed rate of 1.750%. The total value of bonds redeemed was €273.1 million (of a total 2021 issue of €500 million).
    - In the second half or immediately after year-end, Foncière des Régions also raised or renegotiated €325 million in corporate credit facilities (including €100 million in new money), which had not been drawn down at the end of 2017, with a 7-year maturity.

- Italy Offices (Beni Stabili) has significantly improved the quality of its debt as it has been rated BBB- by S&P this year via a financing and refinancing of €1.2 billion (€628 million in Group share):

    - In February 2017, Beni Stabili redeemed its €270 million convertible bond maturing in April 2019, to reduce the risk of future dilution.

    - In July and August 2017, Beni Stabili took out two LT mortgages with maturities of 8.5 and 10 years for a total amount of €336 million, which had been partially drawn down at the end of 2017.

    - After receiving its BBB- rating in July 2017, Beni Stabili also successfully completed a seven year, €300 million bond issue (maturing in 2024) with 1.625% coupon.

- Hotels in Europe (Foncière des Murs) raised €724 million (€289 million in Group share) to fund the growth of its portfolio, especially :

    - In March 2017, Foncière des Murs took out an eight year, €279 million mortgage to purchase 17 hotels (3,335 rooms) in Spain, mostly 4* and 5* and located in the centre of Spain's major cities, mainly Barcelona and Madrid.

    - In April and May 2017, Foncière des Murs also raised €105 million in two separate financing arrangements over 10 years, backed by the B&B and NH hotels in Germany.

    - Also in May, Foncière des Murs refinanced a portfolio of 166 B&B properties in France held via B2 Hotel Invest, an OPPCI vehicle. Financing of €290 million over seven years was raised on this occasion.

- Germany Residential (Immeo) has raised an refinanced €427 million (€260 million in Group share) of debts in order to pursue its development and consolidate its Berlin portfolio:

    - €115 million over 10 years for the purchase of a portfolio of 1,827 units in Berlin, Dresden and Leipzig;

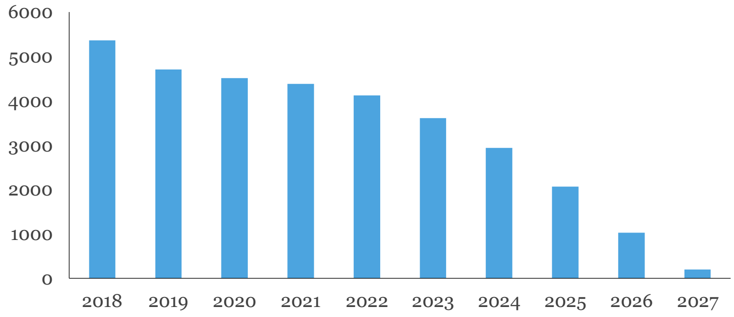
    - €176 million through several smaller financing strategies, all over 10 years, to finance acquisitions mostly in Berlin, but also in Dresden, Potsdam and Düsseldorf.

    - Immeo also continued to refinance existing liabilities to optimise their maturity and conditions, and even raise their amount. In total, €165 million was raised in this way, with long-term backing (9.9 years on average) from portfolios, half of which are located in Essen and Duisburg, and half of which are in Berlin.

4.5. Hedging profile

During 2017, the hedging management policy remained unchanged, with debt hedged at 90% to 100% on average during the year. At least 75% of the debt was subject to short term hedges, and all of the hedging has a maturity equal to or exceeding the debt maturity.

Based on net debt at 31 December 2017, Foncière des Régions is hedged (Group share) at 79% over 5 years (+7% vs 2016). The average term of the hedges is 6.3 years (in Group share).



4.6. Average interest rate on the debt and sensitivity

The average interest rate on Foncière des Régions' debt continued to improve, standing at 1.87% in Group share, compared to 2.2% in 2016. This reduction is mainly due to the "full year" effect of the issue on Foncière des Régions in May 2016 of a Green bond at 1.875% for 10 years combined with the partial redemption of the issue maturing in January 2018 and to the impact of the renegotiations in 2016 and 2017 and the restructuring of hedges. For information purposes, an increase of 50 basis points in the three-month Euribor rate would have a negative impact of €5.7 million on recurring net income.

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 2017.

- The threshold for the 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 Beni Stabili: 150%.

With respect to Immeo, for which almost all of the debt raised is "non-recourse" debt, the portfolio financings do not contain any consolidated covenants.

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

Ratio	Covenant	December 2017
LTV	60,0%	44,2%
ICR	200,0%	436,0%
Secured debt ratio	25,0%	6,7%

All covenants were fully complied with at the end December 2017. No loan has an accelerated payment clause contingent on Foncière des Régions' rating, which is currently BBB, stable outlook (S&P rating).

Detail of Loan-to-Value calculation (LTV)

(€ million Group Share)	2016	2017
Net book debt	5 888	5 691
Receivables linked to associates (full consolidated)	-23	-61
Receivables on disposals	-523	-352
Security deposits received	-20	-5
Net debt	**5 323**	**5 273**
Appraised value of real estate assets (Including Duties)	12 059	12 958
Preliminary sale agreements	-523	-352
Purchase Debt	-22	-60
Financial assets	20	104
Receivables linked to associates (equity method)	164	137
Share of equity affiliates	243	270
Value of assets	**11 941**	**13 058**
LTV Excluding Duties	**47,2%**	**42,6%**
LTV Including Duties	**44,6%**	**40,4%**

4.7. Reconciliation with consolidated accounts

Net debt

€ million	Consolidated accounts	Minority interests	Group share
Bank debt	10 121	-3 341	**6 780**
Cash and cash-equivalents	1 297	-208	**1 089**
Net debt	**8 824**	**-3 133**	**5 691**

Portfolio

€ million	Consolidated accounts	Portfolio of companies under equity method	Fair value of investment properties	Discontinued activities	Fair value of trading activities	Minority interests	Group share
Investment & development properties	18 418	1 854	317	0	46	-8 203	**12 432**
Assets held for sale	520	-	-	-	-	-168	**352**
Total portfolio	**18 938**	**1 854**	**317**	**0**	**46**	**-8 371**	**12 784**

Duties	690
Portfolio group share including duties	13 474
(-) share of companies consolidated under equity method	-517
Portfolio for LTV calculation	**12 958**

Interest Coverage Ratio

	Consolidated accounts	Minority interests	Group share
EBE (Net rents (-) operating expenses (+) results of other activites)	758,4	-274	**484,4**
Cost of debt	178,6	-67,5	**111,1**
ICR	**4,25**		**4,36**

5. EPRA reporting

5.1 Change in net rental income (Group share)

€ million	2016	Acquisitions	Disposals	Developments	Change in percentage held/consolidation method	Indexation, asset management and others	2017
France Offices	239	3	-8	5	-3	-5	232
Italy Offices (incl. Retail)	84	3	-11	0	2	2	81
Germany Residential	116	15	-8	0	1	4	129
Hotels in Europe (incl. Retail)	81	17	-11	1	24	-18	93
France Residential	6	0	-1	0	0	0	5
TOTAL	**526**	**38**	**-39**	**5**	**24**	**-16**	**539**

Reconciliation with financial data

€ million	2017
Total from the table of changes in Net rental Income (GS)	**539**
Ajustements	0
Total net rental income (Financial data § 3.3)	**539**
Minority interests	311
Total net rental income (Financial data § 3.4)	**850**

5.2 Investment assets – Lease data

Annualised 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.

$$\text{Vacancy rate at end of period} = \frac{\text{Market rental value on vacant assets}}{\text{Contractual annualized rents on occupied assets} + \text{Market rental value on vacant assets}}$$

$$\text{EPRA vacancy rate at end of period} = \frac{\text{Market rental value on vacant assets}}{\text{Market rental value on occupied and vacant assets}}$$

(€ million, Group share)	Gross rental income (€ million)	Net rental income (€ million)	Annualised rents (€ million)	Surface (m²)	Average rent (€/m²)	Vacancy rate at year end	EPRA vacancy rate at year end
France Offices	247	232	278	1 673 117	166	2,6%	2,6%
Italy Offices (incl. Retail)	97	81	93	1 676 949	111	3,4%	3,3%
Germany Residential	144	129	146	2 856 965	83	1,6%	1,6%
Hotels in Europe (incl. Retail)	94	93	94	1 766 315	106	0,0%	0,0%
France Residential	7	5	9	73 287	117	n.a	n.a
Total	**589**	**539**	**619**	**8 046 633**	**0**	**2,1%**	**2,2%**

5.3 Investment assets – Asset values

The EPRA net initial yield is the ratio of:

$$\text{EPRA NIY} = \frac{\text{Annualized rental income after deduction of outstanding benefits granted to tenants (rent-free periods, rent ceilings) - unrecovrerd property charges for the year}}{\text{Value the portfolio including duties}}$$

(€ million, Group share)	Market value	Change in fair value over the year	Duties	EPRA NIY
France Offices	5 412	242	313	4,4%
Italy Offices (incl. Retail)	1 893	31	65	4,3%
Germany Residential	3 114	313	198	3,9%
Hotels in Europe (incl. Retail)	2 007	41	97	5,1%
France Residential and car parks	358	0	16	1,9% [1]
Total 2016 excl. Discontinued activities	**12 784**	**627**	**690**	**4,3%**

[1] *The yield is presented on France residential only*

Reconciliation with financial data

€ million	2017
Total portfolio value (group share, market value)	**12 784**
Fair value of the operating properties	-249
Fair value of companies under equity method	-517
Inventories of real estate companies and others	-32
Fair value of parkings facilities	-54
Investment assets Group share [1] (Financial data§ 3.5)	**11 932**
Minority interrests	7 005
Investment assets 100% [1] (Financial data§ 3.5)	**18 938**

[1] *Fixed assets + Developments assets + asset held for sale*

€ million	2017
Change in fair value over the year (group share)	627
Others	-
Income from fair value adjustments Group share (Financial data § 3.3)	**627**
Minority interests	289
Income from fair value adjustments 100% (Financial data § 3.3)	**916**

5.4 Assets under development

€ million	Ownership type	% ownership (Group share)	Fair value December 2017	Capitalized financial expenses over the year	Total cost incl. financial cost [1] (M€, Group share)	% progress	Delivery date	Surface at 100% (m²)	Pre-leasing	Yield (%)
Riverside	FC [2]	100%		0,5	32	66%	2018	11 000	0%	7,0%
Hélios	FC	100%		0,2	23	59%	2019	9 000	100%	>7%
Silex 2	FC	50%		0,6	83	15%	> 2020	30 900	0%	6,0%
Meudon Ducasse	FC	100%		-	22	2%	> 2020	5 100	100%	6,4%
Total Bureaux France			**64**	**1,3**	**160**					
Via Colonna	FC	52%		-	9	80%	2018	3 500	100%	5,1%
Piazza Monte Titano	FC	52%		0,5	12	65%	2018	6 000	100%	5%
Symbiosis (bâtiments A&B)	FC	52%		4,8	49	63%	2018	20 500	88%	>7%
Principe Amedeo	FC	52%		0,6	30	28%	2018	7 000	57%	5,2%
Corso Ferrucci	FC	52%		1,3	46	75%	2019	45 600	36%	5,7%
The Sign (bâtiment A)	FC	52%		0,7	20	3%	2019	9 500	0%	>7%
Total Bureaux Italie			**225**	**7,9**	**166**					
B&B Chatenay Malabry	FC	25%		0,0	2	81%	2018	127 chambres	100%	6,3%
B&B Berlin	FC	50%		0,1	6	78%	2018	140 chambres	100%	7%
Meininger Munich	FC	50%		0,4	15	90%	2018	173 chambres	100%	6,4%
B&B Cergy	FC	25%		-	1	24%	2019	84 chambres	100%	5,9%
Meininger Porte de Vincennes	FC	50%		0,1	24	51%	2019	249 chambres	100%	6,2%
Meininger Lyon Zimmermann	FC	50%		-	9	32%	2019	169 chambres	100%	6,1%
B&B Bagnolet	FC	25%		-	2	15%	2019	108 chambres	100%	6,3%
Total Hôtels en Europe	**FC**		**42**	**0,6**	**59**					
Total			**331**	**9,8**	**385**					

[1] *The total cost of companies consolidated under the equity method (Ilot Armagnac, MO Porte Dorée), German Residential developments projects and projects committed in 2018 (Montpellier Orange, Meininger Marseille) amounts to €127 million.*
The total cost of committed projects is therefore €512 millio (cf. 1.G. Development projects).

[2] *FC : Full consolidation*

Reconciliation with financial data

	2017
Total fair value of assets under development	**331**
Project under technical review and non-committed projects	78
Assets under development (Financial data § 3.5)	**409**

5.5 Information on leases

	Firm residual lease term (years)	Residual lease term (years)	Lease expiration by date of 1st exit option Annualised rental income of leases expiring					Total (€m)	Section
			N+1	N+2	N+3 à 5	Beyond	Total %		
France Offices	5,0	6,0	12%	13%	26%	49%	100%	278	2.A.6
Italy Offices (incl. Retail)	7,2	7,9	14%	10%	21%	54%	100%	93	2.B.6
Hotels in Europe (incl. Retail)	10,7	12,5	4%	3%	8%	85%	100%	94	2.D.5
Total	**6,6**	**7,7**	**11%**	**10%**	**21%**	**57%**	**100%**	**465**	**1.B.1**

5.6 EPRA topped-up yield rate

The data below shows detailed yield rates for the Group and the transition from the EPRA topped-up yield rate to Foncière des Régions yield rate.

(€ million, Group share)	Total 2016	France Offices	Italy Offices	Germany Residential	Hotels in Europe	France Residential	Total 2017
Investment, saleable and operating properties	**11 827**	5 412	1 893	3 114	2 007	281	**12 707**
Restatement of assets under developement	**-531**	-64	-225	-	-42	-	**-331**
Restatement of undevelopped land and other assets under development	**-181**	-115	-	-	-12	-	**-127**
Restatement of Trading assets	**-**	-12	-12	-4	-	-2	**-30**
Restatement of operating hotel properties	**-246**	-	-	-	-250	-	**-250**
Duties	**650**	313	65	198	97	16	**690**
Value of assets including duties (1)	**11 519**	**5 534**	**1 722**	**3 307**	**1 800**	**296**	**12 659**
Gross annualised rental income	**575**	257	88	146	94	9	**593**
Irrecoverable property charge	**-45**	-15	-15	-16	-1	-3	**-49**
Annualised net rental income(2)	**530**	**242**	**73**	**130**	**93**	**6**	**543**
Rent charges upon expiration of rent-free periods or other reductions in rental rates	**27**	22	5	-	-	-	**27**
Annualised topped-up net rental income (3)	**557**	**263**	**78**	**130**	**93**	**6**	**570**
EPRA Net Initial Yield (2)/(1)	**4,6%**	**4,4%**	**4,3%**	**3,9%**	**5,1%**	**1,9%**	**4,3%**
EPRA "Topped-up" Net Initial Yield (3)/(1)	**4,8%**	**4,8%**	**4,5%**	**3,9%**	**5,1%**	**1,9%**	**4,5%**
Transtition from EPRA topped-up NIY to Foncière des Régions yields							
Impact of adjustements of EPRA rents	**0,4%**	0,3%	0,9%	0,5%	0,1%	1,1%	**0,4%**
Impact of restatement of duties	**0,3%**	0,3%	0,2%	0,3%	0,3%	0,1%	**0,3%**
Foncière des Régions yield rate	**5,5%**	**5,3%**	**5,6%**	**4,7%**	**5,5%**	**3,1%**	**5,2%**

EPRA topped-up net initial yield is the ratio of:

$$\text{EPRA Topped-up NIY} = \frac{\text{Annualized rental income after expiration of outstanding benefits granted to tenants (rent-free periods, rent ceilings) - unrecovrerd property charges for the year}}{\text{Value the portfolio including duties}}$$

EPRA topped-up net initial yield is the ratio of:

$$\text{EPRA NIY} = \frac{\text{Annualized rental income after deduction of outstanding benefits granted to tenants (rent-free periods, rent ceilings) - unrecovrerd property charges for the year}}{\text{Value the portfolio including duties}}$$

5.7 EPRA cost ratio

(€million, Group share)	2016	2017
Unrecovered rental costs	-26,4	-27,8
Expenses on properties	-19,1	-19,2
Net losses on unrecoverable receivables	-2,2	-2,5
Other expenses	-4,2	-5,0
Overhead	-75,8	-78,7
Amortisation, impairment and net provisions	0,1	-3,7
Income covering overheads	18,9	23,1
Cost of other activities and fair value	-5,5	-5,3
Property expenses	0,4	1,2
EPRA costs (including vacancy costs) (A)	**-113,9**	**-117,9**
Vacancy cost	10,6	12,7
EPRA costs (excluding vacancy costs) (B)	**-103,2**	**-105,3**
Gross rental income less property expenses	573,7	587,7
Income from other activities and fair value	23,9	27,0
Gross rental income (C)	**597,6**	**614,7**
EPRA costs ratio (including vacancy costs) (A/C)	**19,1%**	**19,2%**
EPRA costs ratio (excluding vacancy costs) (B/C)	**17,3%**	**17,1%**

The calculation of the EPRA cost ratio excludes Car Parks, Logistics and Business and Premises.

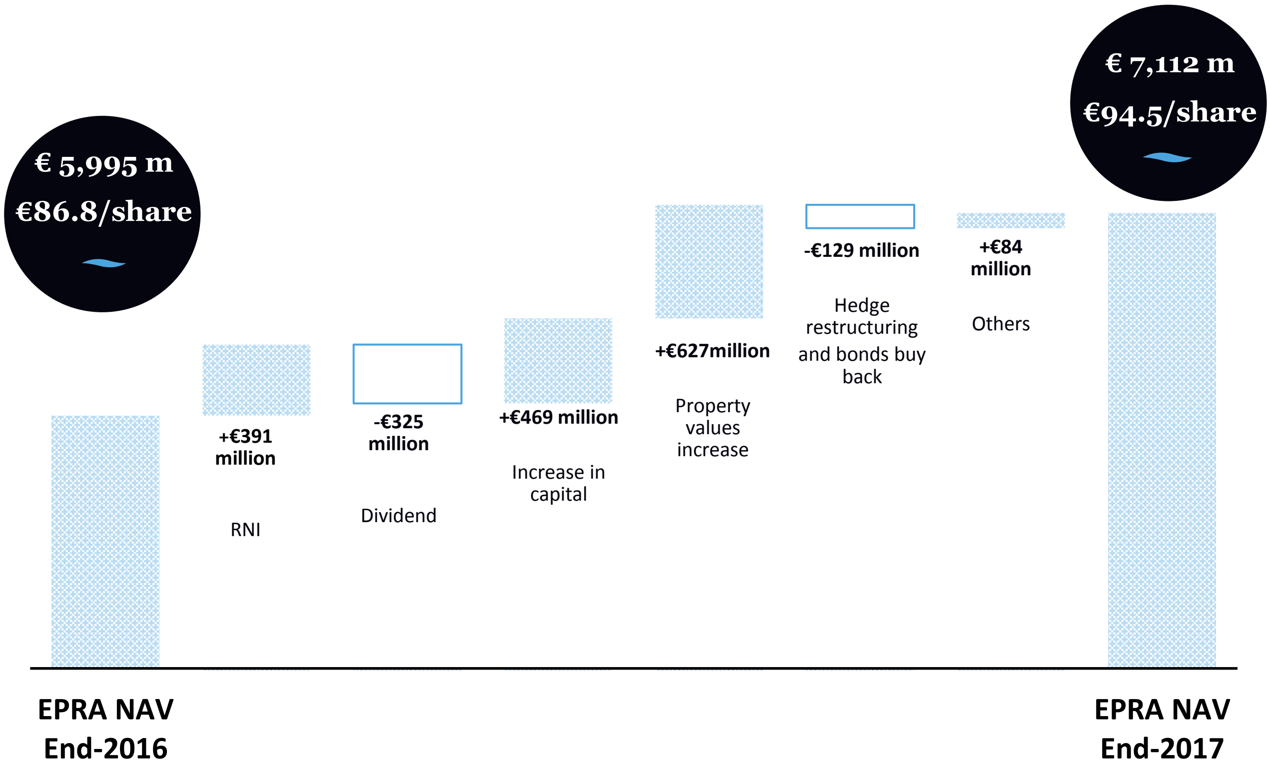
The EPRA cost ratio is stable thanks to the decrease of the costs in German Residential, offsetting the increase in Hotels relating to the signing of "double net" leases in Spain.

5.8 EPRA Earnings

(€million)	2016	2017
Net income Group share (Financial data §3.3)	**782,8**	**914,1**
Change in asset values	-465,2	-627,2
Income from disposal	-45,8	-24,4
Acquisition costs for shares of consolidated companies	11,2	2,2
Changes in the values of financial instruments	-31,4	0,5
Deferred tax liabilities	32,6	61,4
Taxes on disposals	1,7	3,6
Adjustment to amortisation, depreciation and provisions	1,8	0,0
Adjustments from early repayments of financial instruments	48,3	44,7
RNI adjustments for associates	-12,1	-16,7
Profits or losses on discontinued operations	4,6	0,0
EPRA Earnings	**328,4**	**358,2**
EPRA Earnings/€-shares	**4,86**	**4,86**
Specific FdR adjustments:		
Non-recurring costs	1,6	4,3
Amortized cost of debt and discounting effects	10,0	10,4
Neutralisation of amortization and provisions	11,6	11,5
Other non-cash charges	4,6	6,8
FDR Recurring Net Income (Financial data §3.3)	**356,2**	**391,2**

5.9 EPRA NAV and EPRA NNNAV

	2016	2017	Var.	Var. (%)
EPRA NAV (€ m)	5 995	**7 112**	1 117	18,6%
EPRA NAV / share (€)	86,8	**94,5**	7,8	8,9%
EPRA NNNAV (€ m)	5 332	**6 492**	1 161	21,8%
EPRA NNNAV / share (€)	77,2	**86,3**	9,1	11,8%
Number of shares	69 099 587	**75 247 258**	6 147 671	8,9%



Reconciliation between shareholders' equity and EPRA NAV

	M€	€/share
Shareholders' equity	**6 363,3**	**84,6**
Fair value assessment of operating properties	74,7	
Fair value assessment of car parks facilities	26,3	
Fair value assessment of buildings and business goodwill for FDM Management	26,0	
Fair value assessment of fixed-rate debts	-25,7	
Restatement of value Excluding Duties on some assets	27,7	
EPRA NNNAV	**6 492,5**	**86,3**
Financial instruments and fixed-rate debt	186,7	
Deferred tax liabilities	346,0	
ORNANE	87,1	
EPRA NAV	**7 112,2**	**94,5**
IFRS NAV	**6 363,3**	**84,6**

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 held directly by the Group was valued on 31 December 2017 by independent real estate experts such as REAG, DTZ, CBRE, JLL, BNP Real Estate, Yard Valtech, VIF, MKG and CFE. This did not include:

- buildings that do not meet the criteria of the revised IAS 40 (certain buildings in development), which are valued at cost
- assets on which the sale has been agreed, which are valued at their agreed sale price
- assets owned for less than 75 days, for which the acquisition value is deemed to be the market value.

Assets were estimated at values excluding and/or including duties, and rents at market value. Estimates were made using the comparative 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 assessment of operating properties

In accordance with IFRS, operating properties are valued at historical cost. To take into account the appraisal value, a value adjustment is recognised in EPRA NNNAV for a total of €74.7 million.

Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. NAV is restated to take into account the appraisal value of these assets net of tax. The impact on EPRA NNNAV was €26.3 million at 31 December 2017.

Fair value adjustment for the buildings and business goodwill of FDM Management

FDM Management owns and operates hotels. In accordance with IAS 40, these assets are not recognised at fair value in the consolidated financial statements. In line with EPRA principles, EPRA NNNAV is adjusted for the difference resulting from the fair value appraisal of the assets for €26.0 million. The market value of these assets is determined by independent experts.

Fair value adjustment for fixed-rate debts

The Group has taken out fixed-rate loans (secured bond and private placement). In accordance with EPRA principles, EPRA NNNAV is adjusted for the fair value of fixed-rate debt. The impact was -€25.7 million at 31 December 2017.

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 has an impact of €27.7 million at 31 December 2017.

5.10 Capex table

€ million	2016		2017	
	100%	Group share	100%	Group share
Acquisitions [1]	358	255	683	358
Renovation on portfolio excl. developments [2]	131	90	165	101
Developments [3]	219	127	277	163
Capitalized expenses on development portfolio (except under equity method) [4]	27	19	29	17
Total	**735**	**492**	**1 154**	**639**

1 : Acquisitions including duties
2 : Renovation on portfolio excluding developments
3 : Total renovation expenses (excl under equity method) on development projects
4 : Commercialization fees, financial expenses capitalized and other capitalized expenses

5.11 EPRA performance indicator reference table

EPRA information	Section	in %	Amount in €	Amount in €/share
EPRA Earnings	5.8		€358 m	4,86 €/share
EPRA NAV	5.9		€7 112 m	94,5 €/share
EPRA NNNAV	5.9		€6 492 m	86,3 €/share
EPRA NAV/IFRS NAV reconciliation	5.9			
EPRA net initial yield	5.6	4,4%		
EPRA topped-up net initial yield	5.6	4,6%		
EPRA vacancy rate at year-end	5.2	2,2%		
EPRA costs ratio (including vacancy costs)	5.7	19,1%		
EPRA costs ratio (excluding vacancy costs)	5.7	17,3%		
EPRA indicators of main subsidiaries	5.2 & 5.6			

6. Financial indicators of the main activities

	Foncière des Murs			Beni Stabili		
	2016	**2017**	**Var. (%)**	**2016**	**2017**	**Var. (%)**
Recurring net income (€ million)	137,9	**160,6**	16,5%	106,0	**101,7**	-4,1%
EPRA Earnings (M€)	135	**156**	15,3%	91	**86**	-5,9%
EPRA NAV (€ million)	2 097	**2 422**	15,5%	1 924	**1 897**	-1,4%
EPRA NNNAV (€ million)	1 873	**2 226**	18,9%	1 835	**1 871**	2,0%
% of capital held by FDR	49,9%	**50,0%**	+0,1 pts	52,2%	**52,4%**	n.a.
LTV Including Duties	32,5%	**31,2%**	-1,3 pts	51,6%	**46,1%**	-5,5 pts
ICR	4,60	**5,46**	+0,86	2,60	**4,11**	+1,51

	Immeo		
	2016	**2017**	**Var. (%)**
Recurring net income (€ million)	102,1	**123,8**	21,3%
EPRA Earnings (M€)	100,60	**118,60**	17,9%
EPRA NAV (€ million)	2020	**2 751**	36,2%
EPRA NNNAV (€ million)	1640	**2 306**	40,6%
% of capital held by FDR	61,0%	**61,7%**	n.a.
LTV Including Duties	42,0%	**36,9%**	-5,1 pts
ICR	3,5	**4,5**	+0,97

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 mention of 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-lets".

- 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, according to IPD, 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 4 "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 changes to the portfolio (e.g. acquisitions, disposals, building works and development 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 the hotel operating properties it includes the valuation of the portfolio consolidated under the quity method. 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.

  - Controlled 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:

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

Recurring Net Income

The RNI is defined as the recurring result from operational activities and it is used as a measure of the company performance. The RNI per share is calculated on the diluted average number of shares over the period (excluding auto-control).

Calculation :

(+) Net Rental Income
(-) Net Operating Costs (including costs of structure, costs on development projects, revenues from administration and management and costs related to business activity)
(+) Income from other activities
(+) Costs of the net financial debt
(+) RNI from non-consolidated affiliates
(-) Recurrent Tax
(+) RNI from discontinued operations
(=) Recurring Net Income

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:

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

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 rents recognised from one financial year to another without accounting for 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.

Given specificities and common practices in German residential, the Lile-for-Like change is computed based on the rent in €/m² spot N versus N-1 (without vacancy impact) on the basis of accounted rents.

For operating hotels (owned by FDMM), like-for-like change is calculated on an EBITDA basis

<u>Restatement done:</u>

- Deconsolidation of acquisitions and disposals realized on the N and N-1 periods
- Restatements of under work assets, ie. :
  - Restatement of released assets for work (realized on N and N-1 years)
  - Restatement of deliveries of under-work assets (realized on N and N-1 years).

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 like-for-like change presented in portfolio tables is a variation taking into account CAPEX works done on the existing portfolio. The restated like-for-like change in value of this work is cited in the comments section. The current scope includes all portfolio assets.

<u>Restatement done:</u>

- Deconsolidation of acquisitions and disposals realized on the period
- Restatement of work realized on asset under development during the N period