

## Cegereal – Annual Results



### 2012: New Momentum

#### Improved indicators:

- IFRS rental income: €38.6m (up 11.8%)
- Portfolio occupancy rate: 83% (up 18%)
- Portfolio value: €865m excluding transfer costs (up 1.3%)
- EPRA NNAV: €35.7/share (up 4.4%)
- Dividend: €0.65 per share (to be recommended at the June 26 AGM) + extra dividend<sup>1</sup>

#### 2012 Business Performance:

- New leases signed on 22,200 sq.m. in Arcs de Seine
- €400m in refinancing arranged
- Borrowing costs cut by some 20%
- Go Green program launched



#### Outlook:

- New green lease signed with Crédit Foncier on 31,900 sq.m. in Rives de Bercy
- Recurring income per share expected to rise by around 30%
- Increase in the dividend, with normal level expected to be reached by 2014

Cegereal's Board of Directors met on February 14 to approve the audited consolidated financial statements for the year ended December 31, 2012.

Raphaël Tréguier, Cegereal's Chief Executive Officer, said:

*“As expected, 2012 was a busy year for Cegereal on both the financial and business fronts. The Company reaped all the benefits of the preparatory work carried out in 2011, which enabled it to meet its core objectives of marketing Arcs de Seine, one of the outstanding office buildings in the Western Paris suburbs, and refinancing its bank debt in full. In light of these developments, Cegereal plans to significantly increase the payout to shareholders by raising the dividend in each of the next two years.”*

Cegereal sets the standard in the ownership and management of modern, very large office properties let over the long-term to first-class companies looking for facilities that offer high value added amenities. Listed on NYSE Euronext since 2006, in compartment B, its market capitalization as of February 12, 2013 totaled €286 million.

<sup>1</sup> The Board also intends to propose paying an extra dividend for 2012, to be approved at a later Shareholders' Meeting

## BUSINESS REVIEW

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- **Significant improvement in the rental situation across the entire portfolio**

### Arcs de Seine: 22,200 sq.m. let under new leases and leases on additional space

In line with its roadmap, Cegereal pursued its assertive strategy to remarket the renovated Arcs de Seine building.

Leases were signed with first-class tenants on a total of 22,200 square meters, lifting the property's occupancy rate to 63% at December 31, 2012 from 12% at the previous year-end:

- Canal Plus leased 10,450 square meters in 2012 for its D8, D17 and i>télé channels.
- Hewlett Packard leased 5,200 square meters to house its Paris region marketing teams.
- Huawei Technologies signed a lease on 3,750 square meters.
- An additional 2,800 square meters were leased to Boursorama. A tenant in the building for the last ten years, the company needed extra space and decided to lease the entire first floor of building A.

Visits are being organized of the 16,000 square meters of offices that have yet to be let and discussions are in progress with several potential tenants.

### Rives de Bercy: lease on 31,900 sq.m. with Crédit Foncier renewed for 9 years

Crédit Foncier's signature in January of this year (ahead of schedule) of a new 9-year "green" lease extends its tenancy by seven years, attesting to the bank's satisfaction since it moved in back in 2003.

This triple net lease sets a new standard by including stringent undertakings by the owner and the tenant to meet certain environmental targets. It is a practical demonstration of Cegereal's commitment to improving environmental performance embodied in the Go Green project.

### Europlaza: delivery of the inter-company restaurant, ongoing improvements and signature of a new lease

During last summer, the Europlaza inter-company restaurant was refurbished in a project led by the Citti architecture firm that aimed to enhance the restaurant's appeal and improve the dining experience.

The next step is to refurbish the shared meeting rooms. This project will be carried out in stages as the rooms are heavily in demand, with completion scheduled for the end of the year.

As of December 31, 2012, the property's occupancy rate stood at 92%, with Yxime's decision to lease 1,295 square meters as from April 1 offsetting the departure of SPSS.

- **Launch of the Go Green program**

As part of the strategy to enhance and lock in the value of the portfolio, audits have been performed on all of the properties with a view to having their environmental performance certified.

The Arcs de Seine property was awarded HQE Exploitation certification by Certivéa on June 21 and preliminary technical audits were performed at Europlaza and Rives de Bercy in the latter part of the year. The results of these preliminary audits were promising and in-depth audits are now in progress in order to draw up detailed specifications of the upgrade work required.

- **A portfolio totaling over 130,000 sq.m., with an appraisal value of €865 million excluding transfer costs**

The marketing programs and the measures to preserve the properties' value over the long term have helped to lock in their appraisal values. At December 31, 2012, the portfolio's total appraisal value was estimated at €865 million excluding transfer costs (€919 million including transfer costs), an increase of 1.3% compared with the year-earlier value.

The weighted average remaining life of the leases, as calculated at January 1, 2013 (and taking into account the new lease signed with Crédit Foncier in January 2013), was 7.8 years. This was significantly longer than the 5.8 years at the beginning of 2012, reflecting the many new leases signed during the year.

The portfolio's overall occupancy rate was 83% at December 31, 2012, up sharply from 65% at the end of 2011.

## **IFRS FINANCIALS (consolidated)**

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- **Improvement in the main indicators**

- IFRS rental income up 11.8% to €38.6 million
- Operating income 2.2x at €37.6 million
- Net income sharply higher at €16.9 million

In 2012, rental income calculated in accordance with IFRS totaled €38.63 million, up 11.8% compared with 2011. Expense recoveries and penalties received from tenants – reported under “Income from other services” – amounted to €8.77 million, an increase of 19.9% that reflected the arrival of new tenants, mainly in the Arcs de Seine building.

Increased occupancy naturally drove up building-related costs, which amounted to €16.38 million.

Operating income (before net financial expense) sharply increased to €37.56 million in 2012 from €16.91 million in 2011. Fair value adjustments for the year to investment property represented a positive €9.38 million, illustrating the assets' quality.

Cash flows from operations were negatively impacted by non-recurring debt refinancing costs in the amount of €9.38 million. They stood at €4.02 million versus €8.38 million in 2011.

Net income was nonetheless sharply higher in 2012, at €16.86 million compared with €0.24 million the previous year. EPRA earnings (which exclude fair value adjustments to investment property) came in at €7.48 million.

- **A robust financial position, with €400 million in financing arranged at a sharply lower interest rate**

In July 2012, Cegereal refinanced its debt falling due in March 2013, ending 2012 with a loan-to-value ratio of 46.2% in line with its objective of less than 50%.

The original €400 million loan was replaced by a new 5-year facility for the same amount obtained from a pool of four banks.

The base rate (0.90%) was set in October 2012, allowing Cegereal to benefit from historically low rates. Including the spread, the actual rate is 3.15% plus an additional 0.25% applicable while the portfolio's overall occupancy rate is less than 90%.

This new fixed rate is considerably less than the 4.15% paid on the original facility.

In addition, the hard covenants are unchanged:

- LTV capped at 70%
- Interest cover of at least 1.5x.

Cegereal now has no bank debt falling due until August 2017.

- **EPRA NNAV up 4.4% at €35.7 per share**

The Company's EPRA NNAV excluding transfer costs rose by €19.41 million in 2012 to €476.28 million at the year-end, representing €35.7 per share versus €34.2 at end-2011. The increase corresponds to earnings per share (+€0.4), fair value adjustments to investment property (+€0.8), fair value adjustments to debt (+€0.4) and other impacts (-€0.2).

- **2012 dividend : €0.65 per share + extra dividend**

At the Annual Shareholders' Meeting on June 26, the Board will recommend paying a dividend of €0.65 per share. The dividend will be payable from July 18, 2013.

The Board also intends to propose paying an extra dividend for 2012, to be approved at a later Shareholders' Meeting.

- **Outlook**

In 2013, Cegereal expects:

- recurring income per share to rise by around 30%,
- a gradual increase in the dividend with the aim of reaching a normal level in 2014. The Board of Directors also intends to pay a dividend per share of €1.50 for 2013.

The annual results presentation can be viewed on the Company's new website: [www.cegereal.com](http://www.cegereal.com)

### **Investor Calendar**

- May 16, 2013                      First quarter revenue
- June 26, 2013                    Annual Shareholders' Meeting
- July 18, 2013 :                    Dividend payment
- July 25, 2013                      First half results
- November 14, 2013              Third quarter revenue

### **About Cegereal (NYSE Euronext Paris – Compartment B - CGR)**

Cegereal is a REIT-style property company ("SIIC") that invests in very large prime office properties. Its portfolio currently comprises three office buildings located in the inner suburbs of Paris. The portfolio's appraisal value, as estimated by independent valuers BNPP Real Estate as of December 31, 2012, was €865 million excluding transfer costs.

[www.cegereal.com](http://www.cegereal.com)

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## APPENDICES

### IFRS Income Statement (consolidated)

*in thousands of euros, except per share data*

	2012	2011
Rental income	38 633	34 555
Income from other services	8 773	7 315
Building-related costs	(16 382)	(13 418)
<b>Net rental income</b>	<b>31 024</b>	<b>28 452</b>
Sale of buildings		
Administrative costs	(2 845)	(3 993)
Other operating expenses		1
Other operating income		
Increase in fair value of investment property	9 685	2 500
Decrease in fair value of investment property	(300)	(10 048)
<i>Total change in fair value of investment property</i>	<i>9 385</i>	<i>(7 548)</i>
<b>Net operating income</b>	<b>37 564</b>	<b>16 912</b>
Financial income	113	181
Financial expenses	(20 816)	(16 856)
<b>Net financial expense</b>	<b>(20 704)</b>	<b>(16 675)</b>
Corporate income tax		
<b>CONSOLIDATED NET INCOME</b>	<b>16 860</b>	<b>238</b>
<i>of which attributable to owners of the Company</i>	<i>16 860</i>	<i>238</i>
<i>of which attributable to non-controlling interests</i>		
Other comprehensive income		
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>16 860</b>	<b>238</b>
<i>of which attributable to owners of the Company</i>	<i>16 860</i>	<i>238</i>
<i>of which attributable to non-controlling interests</i>		
<b>Basic and diluted earnings per share (in euros)</b>	<b>1.26</b>	<b>0.02</b>

## IFRS Balance Sheet (consolidated)

*in thousands of euros*

	31-Dec-12	31-Dec-11
<b>Non-current assets</b>		
Investment property	865 400	854 200
Non-current loans and receivables	14 401	9 068
<b>Total non-current assets</b>	<b>879 802</b>	<b>863 268</b>
<b>Current assets</b>		
Trade accounts receivable	12 024	6 295
Other operating receivables	1 899	4 575
Prepaid expenses	41	2 167
<b>Total receivables</b>	<b>13 965</b>	<b>13 038</b>
Cash and cash equivalents	20 921	16 963
<b>Total cash and cash equivalents</b>	<b>20 921</b>	<b>16 963</b>
<b>Total current assets</b>	<b>34 886</b>	<b>30 001</b>
<b>TOTAL ASSETS</b>	<b>914 688</b>	<b>893 269</b>
<b>Shareholders' equity</b>		
Share capital	160 470	160 470
Legal reserve and additional paid-in capital	40 157	49 333
Consolidated reserves and retained earnings	275 910	266 429
Net attributable income	16 860	238
<b>Total shareholders' equity</b>	<b>493 397</b>	<b>476 471</b>
<b>Non-current liabilities</b>		
Non-current borrowings	394 690	398 217
Other non-current borrowings and debt	2 672	1 426
Non-current corporate income tax liability		
<b>Total non-current liabilities</b>	<b>397 362</b>	<b>399 643</b>
<b>Current liabilities</b>		
Current borrowings	1 776	
Trade accounts payable	3 101	2 028
Corporate income tax liability		
Other operating liabilities	5 438	4 848
Prepaid revenue	13 614	10 281
<b>Total current liabilities</b>	<b>23 928</b>	<b>17 157</b>
<b>Total liabilities</b>	<b>421 290</b>	<b>416 799</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>914 688</b>	<b>893 269</b>

## IFRS Statement of Cash Flows (consolidated)

*in thousands of euros*

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Consolidated net income	16 860	238
<i>buildings:</i>		
property	(9 385)	7 548
replacement of components		
<i>cash impact:</i>		
Adjustments for loans at amortized cost	823	592
<b>Cash flows from operations before tax and changes in working capital requirements</b>	<b>8 299</b>	<b>8 378</b>
Other changes in working capital requirements	(525)	(1 056)
<b>Change in working capital requirements</b>	<b>(525)</b>	<b>(1 056)</b>
<b>Net cash flows from operating activities</b>	<b>7 774</b>	<b>7 322</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(1 815)	(1 048)
suppliers	(741)	
<b>Net cash flows used in investing activities</b>	<b>(2 556)</b>	<b>(1 048)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in share capital		
Change in bank debt	1 108	
Refinancing transaction costs	(5 458)	
Net increase in current borrowings	1 776	
debt	1 247	
and debt		(479)
Purchases and sales of treasury shares	66	316
Dividends paid		(14 692)
<b>Net cash flows used in financing activities</b>	<b>(1 262)</b>	<b>(14 855)</b>
<b>Change in cash and cash equivalents</b>	<b>3 957</b>	<b>(8 582)</b>
Cash and cash equivalents at beginning of year*	16 963	25 544
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>20 921</b>	<b>16 963</b>

## French GAAP Income Statement

*in euros*

	France	Exports	2012	2011
			Total	Total
Sales of goods for resale				
Sales of manufactured products				
Sales of services				20 784 100
<b>NET REVENUE</b>	-	-	-	<b>20 784 100</b>
Change in finished goods and in-progress inventory				
In-house production				
Operating subsidies				
Reversal of depreciation and amortization charges, provisions for impairment and other revenue			66 710	24 012
			4	1
<b>Total operating revenue</b>			<b>66 714</b>	<b>20 808 112</b>
Purchases of goods				
Change in inventories of goods held for resale				
Purchases of raw materials and other supplies				
Change in inventories (raw materials and other supplies)				
Other purchases and external charges			1 108 900	6 487 837
Taxes, duties and other levies			46 947	2 364 813
Wages and salaries			237 072	246 753
Social security charges			106 901	101 528
Fixed assets: depreciation and amortization				12 776 876
Fixed assets: provisions for impairment				
Current assets: provisions for impairment				
Loss and contingency provisions				
Other expenses			68 003	69 223
<b>Total operating expenses</b>			<b>1 567 822</b>	<b>22 047 031</b>
<b>OPERATING LOSS</b>			<b>(1 501 108)</b>	<b>(1 238 918)</b>
Allocated income or transferred loss				
Loss incurred or transferred income				
Financial income from controlled entities				
Income from other securities and receivables				
Other interest income			37 776	181 371
Reversal of provisions for impairment, other provisions and expense transfers			238 298	15 258
Foreign exchange gains				23
Net income on sale of short-term investment securities				
<b>Total financial income</b>			<b>276 074</b>	<b>196 652</b>
Depreciation, amortization, provisions for impairment and other provisions			59 673	180 850
Interest expenses			37 831	8 041 560
Foreign exchange losses				
Net expenses on sales of short-term investment securities				
<b>Total financial expenses</b>			<b>97 504</b>	<b>8 222 410</b>
<b>NET FINANCIAL INCOME/(EXPENSE)</b>			<b>178 570</b>	<b>(8 025 758)</b>
<b>RECURRING LOSS BEFORE TAX</b>			<b>(1 322 538)</b>	<b>(9 264 676)</b>

*in euros*

	2012	2011
Non-recurring income on management transactions		
Non-recurring income on capital transactions		50 594
Reversal of provisions for impairment, other provisions and expense transfers		
<b>Total non-recurring income</b>	<b>-</b>	<b>50 594</b>
Non-recurring expenses on management transactions		
Non-recurring expenses on capital transactions	117 438	73 153
Depreciation, amortization and provisions for impairment		
<b>Total non-recurring expenses</b>	<b>117 438</b>	<b>73 153</b>
<b>NET NON-RECURRING EXPENSE</b>	<b>(117 438)</b>	<b>(22 558)</b>
Employee profit sharing		
Corporate income tax		
<b>TOTAL INCOME</b>	<b>342 788</b>	<b>21 055 359</b>
<b>TOTAL EXPENSES</b>	<b>1 782 764</b>	<b>30 342 594</b>
<b>NET LOSS</b>	<b>(1 439 977)</b>	<b>(9 287 236)</b>

## French GAAP Balance Sheet

*in euros*

ASSETS	Gross amount	Depr., amort. & prov.	31-Dec-12	31-Dec-11
<b>Uncalled subscribed capital</b>				
<b>Intangible fixed assets</b>				
Start-up costs				
Research and development costs				
Licenses, patents and similar concessions				
Goodwill				
Other intangible fixed assets				
Advances/down payments on intangible assets				
<b>Property, plant and equipment</b>				
Land				
Buildings				
Plant, machinery and equipment				
Other property, plant and equipment				
Property, plant and equipment in progress				
Advances and down payments				
<b>Financial fixed assets</b>				
Receivables from controlled entities	349 301 810		349 301 810	349 301 810
Other long-term investments				
Loans				
Other financial fixed assets	562 896		562 896	501 710
<b>FIXED ASSETS</b>	<b>349 864 706</b>	<b>-</b>	<b>349 864 706</b>	<b>349 803 520</b>
<b>Inventories and work in progress</b>				
Raw materials and other supplies				
Manufactured products in progress				
Services in progress				
Semi-finished and finished goods				
Goods held for resale				
<b>Advances/down payments on orders</b>				
<b>Receivables</b>				
Trade accounts receivable	22 344	18 683	3 661	3 661
Other receivables	209 388		209 388	5 707 674
Subscribed capital, called up but not paid				
<b>Short-term investment securities</b>				
<b>Cash and cash equivalents</b>	<b>1 985 094</b>		<b>1 985 094</b>	
<b>CURRENT ASSETS</b>	<b>2 216 826</b>	<b>18 683</b>	<b>2 198 143</b>	<b>5 711 336</b>
<b>Prepaid expenses</b>	<b>19 520</b>		<b>19 520</b>	<b>24 651</b>
<b>Adjustment accounts</b>				
<b>TOTAL ASSETS</b>	<b>352 101 052</b>	<b>18 683</b>	<b>352 082 369</b>	<b>355 539 505</b>

*in euros*

<b>EQUITY AND LIABILITIES</b>	<b>déc. 31, 2012</b>	<b>déc. 31, 2011</b>
<b>Capital</b>		
Share capital (including paid-up capital: 160,470,000)	160 470 000	160 470 000
Additional paid-in capital	24 110 276	33 285 900
Revaluation reserve	152 341 864	152 341 864
<b>Reserves</b>		
Legal reserve	16 047 000	16 047 000
Statutory or contractual reserves		
Regulated reserves		
Other reserves	8 423	8 423
<b>Income</b>		
Retained earnings		111 611
Net loss for the year	(1 439 977)	(9 287 235)
<b>Investment subsidies</b>		
<b>Regulated provisions</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>351 537 587</b>	<b>352 977 563</b>
<b>Income from the issue of equity instruments</b>		
<b>Contingent advances</b>		
<b>OTHER EQUITY</b>		
<b>Contingency provisions</b>		
<b>Loss provisions</b>		
<b>LOSS AND CONTINGENCY PROVISIONS</b>		
<b>Non-current borrowings and debt</b>		
Convertible bonds		
Other bonds		
Bank borrowings		
Miscellaneous borrowings and debt		
<b>Trade accounts payable and other current liabilities</b>		
Advances/down payments received on orders in progress		
Trade accounts payable	448 245	664 623
Tax and social liabilities	79 423	1 720 395
Amounts owed to fixed asset suppliers		
Other liabilities	17 114	176 923
Prepaid revenue		
<b>LIABILITIES</b>	<b>544 782</b>	<b>2 561 941</b>
<b>Adjustment accounts</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>352 082 369</b>	<b>355 539 505</b>

## French GAAP Statement of Cash Flows

*in thousands of euros*

SOURCES			2012	2011
Funds from/(used in) operations			(1 619)	3 655
<b>Available cash flow</b>			<b>(1 619)</b>	<b>3 655</b>
Increase in shareholders' equity and current account balance				
Decrease in fixed assets (property, plant and equipment)				735 078
Decrease in fixed assets (financial assets)			117	
Increase in debt (bank borrowings)				
Increase in other debt (security deposits received from lessees)				
<b>Total sources of funds</b>			<b>(1 502)</b>	<b>738 734</b>
USES				
Dividends paid				14 692
Increase in fixed assets (financial assets)				349 302
Decrease in debt (security deposits paid back to lessees)				1 905
Decrease in debt (bank borrowings)				398 892
<b>Total uses of funds</b>			<b>-</b>	<b>764 790</b>
<b>Net change in working capital</b>			<b>(1 502)</b>	<b>(26 057)</b>
CHANGE IN OPERATING WORKING CAPITAL				
CHANGE IN OPERATING WORKING CAPITAL	2012		2012	2011
	Uses	Sources		
<u>Change in operating receivables</u>				
Trade accounts receivable				6 247
Other receivables	5 498		5 498	10 214
Adjustment accounts and prepaid expenses	5		5	2 024
<u>Change in operating payables</u>				
Trade accounts payable	216		(216)	(2 952)
Tax and social liabilities (excluding exit tax)	1 641		(1 641)	5
Other operating payables	160		(160)	(783)
Adjustment accounts and prepaid revenue				(9 907)
<b>Net change in operating working capital</b>	<b>2 017</b>	<b>5 503</b>	<b>3 487</b>	<b>4 847</b>
CHANGE IN NON-OPERATING WORKING CAPITAL				
<u>Change in other receivables</u>				
Due to shareholders				
<u>Change in other payables</u>				
Amounts owed to fixed asset suppliers				(4 334)
Tax and social liabilities (exit tax)				
<b>Net change in non-operating working capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 334)</b>
<b>Increase or decrease in working capital</b>	<b>2 017</b>	<b>5 503</b>	<b>3 487</b>	<b>513</b>
Change in cash on hand		1 985	1 985	(25 544)
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>1 985</b>	<b>1 985</b>	<b>(25 544)</b>
<b>Net change in working capital</b>	<b>2 017</b>	<b>3 518</b>	<b>(1 502)</b>	<b>(26 057)</b>