



PRESS RELEASE

Paris, 10 January 2017

Foncière des Régions launches a capital increase without shareholders' preferential subscription rights and with a priority subscription period granted to existing shareholders for an amount of €348 million

Foncière des Régions (the "**Company**") announces today the launch of a capital increase by way of an offering of new shares of the Company (the "**New Shares**") without shareholders' preferential subscription rights of €348 million, and in the event of full exercise of the increase option of €400 million (the "**Capital Increase**").

The transaction proceeds will principally be used to finance the Company's general cash requirements, including its potential acquisition projects, in particular the portfolio of hotels in Spain (for an amount of €270 million Group Share), and its development pipeline, of which c. €700 m were already engaged as of end June 2016

The Company's existing shareholders will be granted a priority subscription period from 10 January 2017 to 12 January 2017 (inclusive), with orders placed by existing shareholders during such period not subject to reduction (*à titre irréductible*) (the "**Priority Period**"). The New Shares not subscribed for in the Priority Period will be offered in a public offering in France and a private placement to certain institutional investors in and outside of France, excluding certain countries, including the United States of America, Canada, Japan, South Africa and Australia.

Orders placed in the Public Offering and Private Placement will be subject to clawback depending on the results of the Priority Subscription.

The subscription price of the New Shares will be €78.79 per New Share, representing a discount of 4.7% over the closing trading price of the shares of the Company on 9 January 2017.

The Capital Increase will lead to the issue of 4,414,597 New Shares for a gross amount of €348 million, and in the event of full exercise of the increase option, of 5,076,786 New Shares for a gross amount of €400 million.

The transaction is intended to give Foncière des Régions the means to further develop, and to strengthen its unique profile as an integrated real estate operator, enhancing value and generating sustainable and resilient cash-flows.

BofA Merrill Lynch, Crédit Agricole Corporate and Investment Bank, Morgan Stanley and Natixis are acting as Joint Global Coordinators, Joint Lead-Managers and Joint Bookrunners of the Private Placement (as defined below) (the “**Joint Global Coordinators, Joint Lead-Managers and Joint Bookrunners**”) and UniCredit Corporate & Investment Banking is acting as Passive Bookrunner.

Intentions and subscription commitments of the main shareholders

ACM Vie, a shareholder holding 6,016,042 shares in the Company (i.e. 8.75% of the share capital), irrevocably agreed on 9 January 2017 to subscribe by means of orders not subject to reduction (*à titre irréductible*) during the priority period for New Shares for a maximal amount of 20,000,000 euros.

Delfin SARL, a shareholder holding 19,094,000 shares in the Company (i.e. 27.77% of the share capital), irrevocably agreed on 9 January 2017 to subscribe by means of orders not subject to reduction (*à titre irréductible*) during the priority period and by placing an order in the context of the Private Placement for New Shares (subject to final allocation and subject to clawback depending on the results of the Priority Subscription) for a maximal amount of 150,000,000 euros.

PREDICA, a shareholder holding 4,598,765 shares in the Company (i.e. 6.69% of the share capital), irrevocably agreed on 9 January 2017 to subscribe by means of orders not subject to reduction (*à titre irréductible*) during the priority period and by placing an order in the context of the Private Placement for New Shares for a maximal amount of 28,544,278 euros.

Overall, the subscription commitments described above account for 56.0% of the aggregate amount of the Capital Increase before exercise of the increase option (and 49.6% of the maximum amount of the Capital Increase in the event of full exercise of the increase option).

The Company is not aware of the intentions of its other shareholders or representatives in relation to the Capital Increase.

Lock-up

The Company has agreed to a lock-up period starting from the visa granted by the Autorité des marchés financiers (“**AMF**”) on the prospectus and expiring 180 calendar days following the settlement and delivery date of the New Shares, subject to certain exceptions set out in the securities note and waiver by the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners.

Delfin has agreed to a lock-up in respect of its shareholding in the Company from the date of the visa granted by the AMF on the prospectus and expiring 90 calendar days following the

settlement and delivery date of the New Shares, subject to certain exceptions and waiver by the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners.

Assurances du Crédit Mutuel has agreed to a lock-up in respect of their shareholding in the Company from the date of the visa granted by the AMF on the prospectus and lasting until the settlement and delivery date of the New Shares, subject to certain exceptions and waiver by the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners.

Predica has agreed to a lock-up in respect of their shareholding in the Company from the date of the visa granted by the AMF on the prospectus and lasting until the settlement and delivery date of the New Shares, subject to certain exceptions and waiver by the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners.

Underwriting

Pursuant to a placement and underwriting agreement (the “Underwriting Agreement”) signed on 9 January 2017 between the Company and the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners (the “Underwriters”), the Capital Increase is partially underwritten by the Underwriters for an aggregate amount representing up to 19.0% of the Capital Increase before any exercise of the increase option, corresponding to a maximum amount of up to €66.0 million, to the extent that subscriptions in the Priority Subscription, Public Offering and Private Placement do not represent at least 75% of the aggregate amount of the Capital Increase before any exercise of the increase option. This Underwriting Agreement does not constitute a performance guarantee (*garantie de bonne fin*) within the meaning of Article L. 225-145 of the French Commercial Code.

As a consequence, if demand for New Shares is insufficient, the contemplated Capital Increase may be limited to the amount of the subscriptions received provided that such subscriptions represent at least 75% of the aggregate amount of the Capital Increase before any exercise of the increase option.

If demand for the New Shares does not reach 75% of the aggregate amount of the Capital Increase before any exercise of the increase option and the Underwriting Agreement is terminated, the Capital Increase and the orders already submitted would be cancelled.

Key terms of the Capital Increase

Issue amount and number of New Shares

The aggregate amount of the Capital Increase before any exercise of the increase option (including the issue premium) is €348 million, which would be increased to an aggregate amount of €400 million in the event of full exercise of the increase option, representing 15% of the aggregate initial amount, would result in the issuance of 4,414,597 New Shares, which would be increased to 5,076,786 New Shares in the event of full exercise of the increase option.

Offering structure and indicative timetable

The offering of New Shares will be completed without shareholders' preferential subscription rights. The offering during the priority subscription period by irrevocable entitlement granted to existing shareholders will be open for three consecutive trading days, from 10 January 2017 to 12 January 2017 (inclusive) at 17:00 (Paris time) to registered shareholders of the Company on 9 January 2016 (the "**Priority Subscription**").

The New Shares not subscribed for in the Priority Subscription (including the new shares to be issued in the event of partial or full exercise of the Increase Option) will be offered in an offering comprising:

- a public offering in France from 10 January 2017 until 17:00 (Paris time) on 12 January 2017 (inclusive) for subscription at branches and until 20:00 (Paris time) on 12 January 2017 (inclusive) for subscriptions via the Internet (the "**Public Offering**"); and
- a private placement to certain institutional investors by way of a bookbuilt offering on 10 January 2017 (indicative date), subject to possible early closing, including a private placement in and outside of France, excluding certain countries, including the United States of America, Canada, Japan, South Africa and Australia (the "**Private Placement**").

Orders placed in the Public Offering and Private Placement will be subject to clawback depending on the results of the Priority Subscription.

The subscription price of New Shares offered in the Priority Subscription and the Public Offering will equal the subscription price of New Shares offered in the Private Placement, namely €78.79 per New Share. The subscription price represents a 5.0% discount to the volume-weighted average share price of the Company during the last three trading days prior to 10 January 2017 (exclusive) , and a 4.7% discount over the closing trading price of the shares of the Company on 9 January 2017.

Availability of the prospectus

The Company has published a prospectus, which has received AMF visa n° 17-007 on 9 January 2017, comprising (i) the registration document of the Company filed with the AMF on March 23, 2016 under number D.16-0192, (ii) an update to the registration document of the Company filed with the AMF on 9 January 2017 under number D.16-0192-A01 and (iii) a securities note (including a summary of the prospectus).

Hard copies of the prospectus are available free of charge at the Company's headquarters, located at 18, avenue François Mitterrand, 57000 Metz. The prospectus is also available on the Company's website (www.foncieredesregions.fr) and on the AMF's website (www.amf-france.org).

Potential investors are advised to read the entire prospectus and to consider carefully the risk factors described in section 1.10 of the Company's registration document, as updated in the update of the Company's registration document, as well as on section 2 of the securities note before deciding whether to invest in the new shares. Should all or any part of these risk

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factors materialize, the Company's and the group's businesses, financials, results of abilities to reach guidance may be negatively affected.

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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 €18Bn (€12Bn 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 FTSE4 Good, DJSI World, Euronext Vigeo (World 120, Eurozone 120, Europe 120 et France 20), Oekom, Ethibel and Gaïa ethical indices.

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

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European Economic Area

*This press release is an advertisement and not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003, as amended, in particular by Directive 2010/73/EU to the extent such Directive has been transposed in the relevant member State of the European Economic Area (together, the “**Prospectus Directive**”).*

*The offer of Securities is opened to the public only in France. With respect to member states of the European Economic Area (“**EEA**”) which have implemented the Prospectus Directive other than France (each, a “**Member State**”), no action has been undertaken or will be undertaken to make an offer to the public of the Securities requiring a publication of a prospectus in any Member State. As a result, the Securities may only be offered in Member States:*

- a) to legal entities which are qualified investors, as defined in the Prospectus Directive;*
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined by the Prospectus Directive) in each Member State; or*
- c) in circumstances falling within Article 3(2) of the Prospectus Directive,*

and provided that no such offer of Securities referred to in (a) to (b) above shall require the Company or the Joint Global Coordinators, Joint Lead-Managers and Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For these purposes, as defined in the Prospectus Directive, the expression an “offer to the public of the Securities” in a relevant Member State, which has implemented the Prospectus Directive (as defined below), means any communication in any form and by any means of sufficient information on the terms of the offer of the Securities to be offered, so as to enable an investor to decide, as the case may be, to purchase or subscribe the Securities, as the same may be varied in that Member State.

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United States of America

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United Kingdom

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General

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