



# Investor Day

*June 30, 2011*

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*CEO, Gecina*

André Lajou  
*Head of commercial real estate*

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*Director of operations*

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*Head of residential real estate and healthcare*

Vincent Moulard  
*Healthcare real estate*



# Agenda

## Welcome and introduction

Christophe Clamageran, CEO of Gecina

## Healthcare segment (Vincent Moulard)

Focus on the FSR acquisition and corporate strategy  
Presentation by François Deloire, CFO of DomusViDolcéa

## Residential segment (Loïc Herve)

Unit by unit sales process  
How to create value on the residential portfolio  
Focus on student residences

## Office segment (André Lajou)

Moving towards the inner rim

## Lunch with management

**Property tour :** "Château des Rentiers" student residence – Paris 13<sup>th</sup> arrondissement

**Property tour :** Park Azur office development – Montrouge

**Property tour :** Beaugrenelle shopping center development

**Property tour :** Péreire, residential building sold unit by unit

<b>1- Presentation of the healthcare segment</b>	page 3 to page 20
<b>2- Presentation of the residential division</b>	page 21 to page 56
❑ <i>Division organization</i>	<i>page 22 to page 23</i>
❑ <i>Unit-by-unit sales process</i>	<i>page 24 to page 31</i>
❑ <i>Examples of value creation</i>	<i>page 32 to page 45</i>
❑ <i>Campuséa</i>	<i>page 46 to page 56</i>
<b>3- Presentation of the office division</b>	page 57 to page 84
<b>4- Asset visits</b>	page 85 to page 112
❑ <i>Campuséa, Château des Rentiers</i>	<i>page 86 to page 93</i>
❑ <i>Montrouge Park Azur development</i>	<i>page 94 to page 99</i>
❑ <i>Beaugrenelle development</i>	<i>page 100 to page 109</i>
❑ <i>Péreire unit-by-unit sale</i>	<i>page 110 to page 112</i>



## Healthcare segment

*Focus on the FSR acquisition and corporate strategy*

# French healthcare market: strong fundamentals

## Promising long-term demographic trends

### Aging of the population:

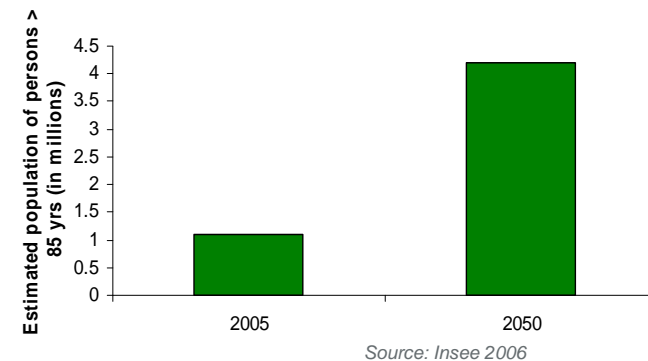
Seniors (>85 yrs) from 1.1m in 2005 expected to rise to 4.2m in 2050

- ❑ Sharp rise in people affected by mental disorders such as Alzheimer
- ❑ Increasing needs for care and nursing homes
- ❑ Shorter stays in surgery => development of post-acute care
- ❑ Increased birth rate

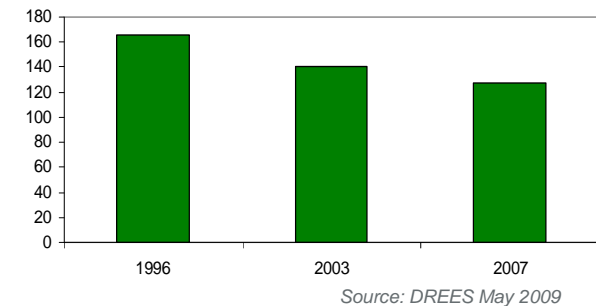
## Limited offer, backed by the French state

- ❑ Healthcare operators have to obtain legal authorizations to offer medical services
  - ❑ Very limited number of licenses issued: **high barriers to enter private hospital market**
  - ❑ **Shortfall in terms of nursing home beds**
  - ❑ Creation of Regional Health Agencies (ARS), single authority to rationalize medical offer for both hospitals and nursing homes
  - ❑ **Massive financing from the state** ensuring solvency of the healthcare system: public funding represents an average of 76% of all medical spending since 2004. -----
- State controls prices** since implementation of the T2A (rate per act) pricing approach
- ❑ Major public debate on the financing of long-term care in the future

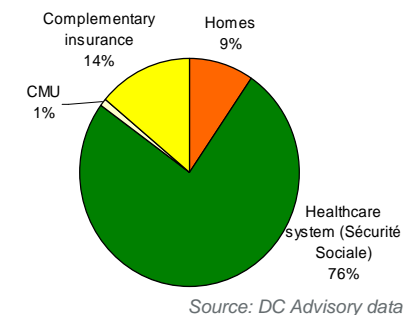
## Increase of the number of Seniors



## Shortfall of beds in France









## Split of healthcare spendings



Market resilient to economic downturns


# French healthcare market: main operators

Main hospital and clinic operators:

Group						
# of MSO beds	11 832	5 292	3 682	3 397	2 754	
# of MSO facilities	63	39	25	20	19	
Results (in M€)	1 866	650	490	408	350	146

Ramsay (a major Australian operator) entered the market in 2010 by acquiring Proclif (10 facilities) and aims to become one of the major players in the sector.

Main nursing home operators:

Group				
# of beds in France as of 31/12/2010	16 511	16 417	10 699	8 785
# of facilities in France as of 31/12/2010	208	195	122	110

\*Source: Mensuel des maisons de retraites

## Consolidation movements

During the last decade in the healthcare sector and more recently in the nursing home sector, we can see a clear **consolidation trend among the main operators**, leading to the **emergence of very big players**. As a result, these groups are able to benefit from major exposure for negotiating with the health authorities and reach critical mass for generating economies of scale.

However, **the market remains fragmented overall**, with opportunities for consolidation.

## French healthcare market: main real estate investors

The healthcare real estate market is dominated by 4 main investors owning 176 facilities worth €2.1bn (excluding duties) as at December 31, 2010:

Real estate Investor					
Shareholders	CDC	GECINA	FdR	Dexia	*
Portfolio value as of 31/12/2010 (in M€)	842	737	418	368	248
Main tenants	GdS, Vedici, Harpin, C2S, 3H	GdS, Medica, Orpéa, MédiPartenaires, DVD*, Korian*	Korian, GdS	Korian, Mediter, Autres belges	DomuVi*, Korian*

\* under acquisition by GECIMED

We consider « Loueur Meublé Professionnel » (LMP) ou « Non Professionnel » (LMNP) operators to be among our main competitors on the nursing home sector: indeed, this system offers a tax benefit that allows investors to build up operating losses to reduce its tax and benefit from tax-exemption on gains.

As such, this product is very attractive for operators that might consider selling their real estate assets. The Bouvard plan (including the LMP structuring) is expected to end by December 2012.

Leasing also represents an alternative structuring especially for MSO (Medicine-Surgery-Obstetrics) assets.

# Gecina's healthcare portfolio

Gecina's mission is to hold and create value on its balanced portfolio of clinics (generating high yields) and nursing homes (more liquid).

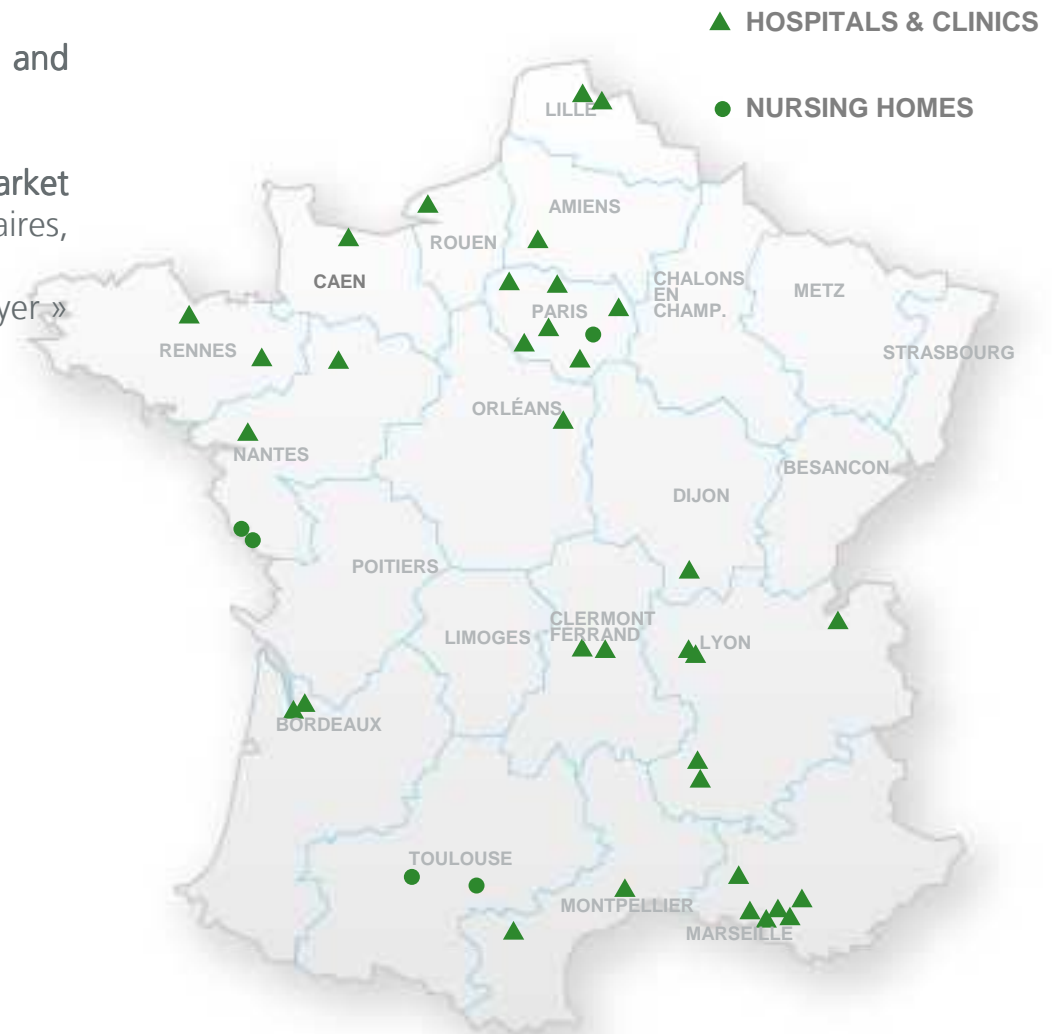
Gecina's healthcare development model is solid and profitable:

- 100% occupancy
- partnerships with main operators on the market (Générale de Santé, Orpéa, Médica, Médi-Partenaires, etc.)
- 5-year track record and expertise as a « pure player » in the sector through Gecimed

Healthcare portfolio value at December 31, 2010:  
**€737 M (excl. stamp duty)**

- 40 buildings (including 1 under construction)
- 5,300 beds
- Total area : 440,000 sq.m
- Rents at 30 December 2010 <sup>(1)</sup> : €51 M
- Nationwide presence





*(1) Excl. Taxes and charges during a full year*





# Gecina's healthcare portfolio

Portfolio acquired since 2006

HOSPITALS AND CLINICS (Healthcare)		NURSING HOMES (Medico-social)
<p>▶ <b>SHORT-TERM STAY (4 days):</b></p> <p>20 clinics MSO (Medicine-Surgery-Obstetrics) including one under construction (Hôpital Privé Savoie Nord located in Annemasse)</p> <p>1 laboratory</p> 	<p>▶ <b>MEDIUM-TERM STAY (30 days):</b></p> <p>4 clinics SCR (Subacute care and rehabilitation)</p> <p>10 clinics PSY (Psychiatry)</p>  	<p>▶ <b>LONG-TERM STAY (2 years):</b></p> <p>4 NH (Nursing homes or EHPAD) + 1 RPA (home for elderly people)</p> <p>28 NH + 1 RPA + 1 EHPA under acquisition (FSR Portfolio)</p> 
<p>Tenants : Générale de Santé, Médi Partenaires, Ramsay</p>	<p>Tenants : Générale de Santé, Orpéa</p>	<p>Tenants : Medica, DVD*, Korian*</p>

\*: ongoing acquisition

# Asset management strategy

## Establish strong partnerships with tenants - healthcare operators

Tenants are considered as real partners to work with: GECINA believes in **creating partnerships and strengthening relationships with operators** in order to **follow and support them in developing and restructuring their real estate assets** to fit their needs.

This can be achieved in four main ways:

SALE AND LEASEBACK	COMBINED ACQUISITION	NEW DEVELOPMENT	CAPEX
<p>Possible <b>for every ownership scheme</b> (direct, corporate, leasing)</p> <p>SIIC status offers a <b>tax advantage</b>: lower taxation on profits in case of real estate sale</p> <p>Companies paying income tax (IS) and selling their real estate assets to GECINA therefore benefit from a reduced tax rate on their gains: 19% instead of 33%</p> <p>(e.g. acquisitions of the Hestia portfolio and of several NH from Medica).</p>	<p>Support and finance operators' external growth by <b>simultaneously acquiring the business and the real estate asset</b></p> <p>(e.g. acquisitions of Durtol and Plancoët with Orpéa)</p>	<p>Support and finance operators in their <b>clinic creation and merger projects</b>.</p> <p>GECINA has « <b>contracting authority</b> » expertise for new development projects</p> <p>(e.g. developments of the Hôpital de l'Estuaire in Le Havre, the Jeanne d'Arc polyclinic in Gien and Hôpital Privé Savoie Nord in Annemasse)</p>	<p>Support and finance <b>heavy capital expenditure and extensions</b> to improve the building's efficiency</p> <p>GECINA considers the <b>real estate asset as a scalable tool that can be adapted and optimized</b> to perfectly fit the tenant – operator's activity.</p> <p>€50 M of capex have already been financed for Générale de Santé in exchange for additional rents and longer leases.</p>

# Healthcare investment strategy

## Analysis and structuring of an acquisition

### Sourcing and Pitching

**Audit and Analysis of operations** (with, when necessary, help and advice from dedicated experts):

- Review of financial data to assess the business' performance
- Management presentation to understand and assess the medical project, among others, by challenging the business plan
- Real estate valuation

### Structuring of the offer:

- Tax optimization
- Legal structure
- Solutions to limit indexation rate volatility
- Several possibilities for conducting developments
- Ability to rapidly take up a position and commit

### Execution:

- Environmental and notarial due diligences
- Negotiation of legal documentation

Gecina has developed a wide range of expertise, enabling it to propose pragmatic and innovative real estate solutions tailored to healthcare operators

→ We pay extreme attention to the **features, efficiency and potential of the buildings** and real estate projects.

→ We determine, together with the tenant, and after **careful examination of the effort ratios** on sales and EBITDAR, the appropriate rent, acceptable for the activity.

→ The objective is to put in place **the most secure acquisition and lease structure possible** (e.g. Annemasse with limited risk of construction, pre-rent system, cap on costs, etc.)

## Acquisition of 30 assets from FSR

### Recap on the transaction and schedule

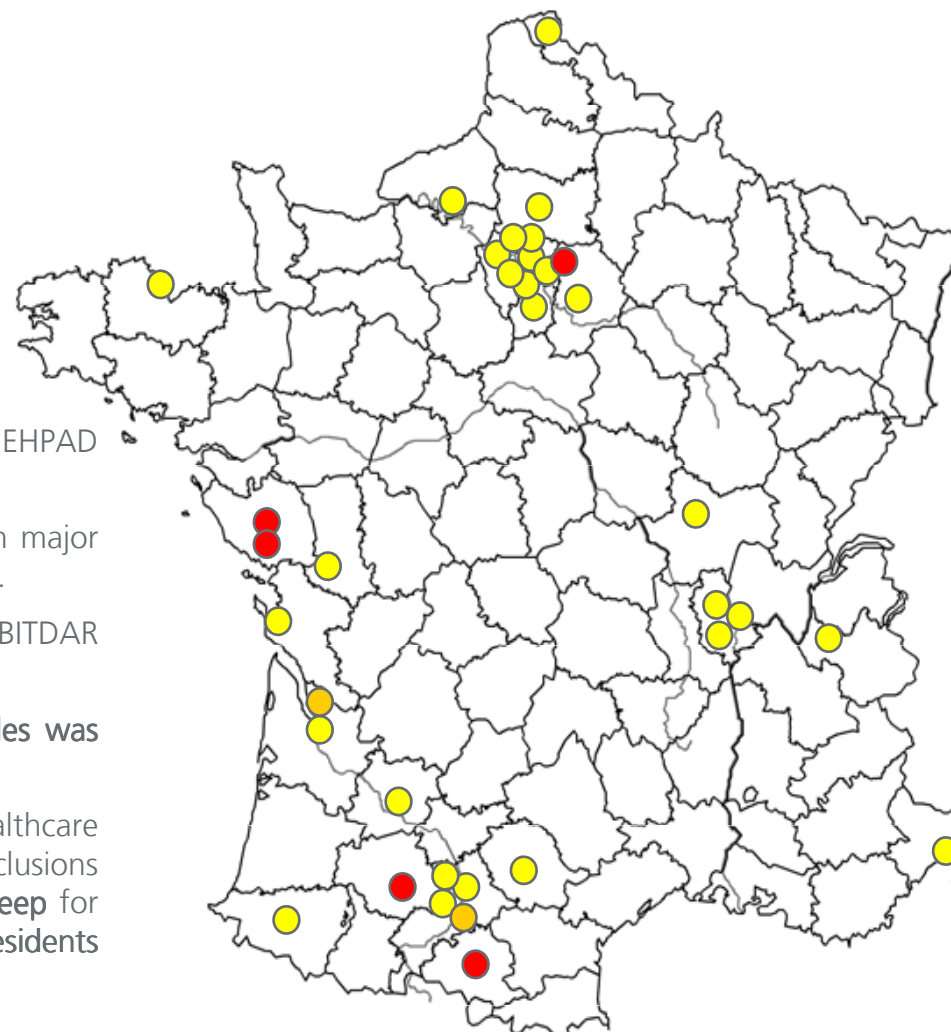
- Foncière Sagesse Retraite is a real estate company founded by Mr. Journal, one of the main shareholders in the DomusViDolcea group, which was the 5th biggest investor in healthcare real estate at December 2010.
- After a **very competitive first round** launched in October 2010, **GECINA was granted exclusive rights** to acquire most of Foncière Sagesse Retraite's portfolio, consisting of nursing homes.
- A binding offer was made by GECINA on February 15, 2011 and accepted by FSR.
- On March 29, 2011, a purchase agreement was signed for 30 nursing homes.
- Execution phase is currently underway.
- Final closing and **acquisition are scheduled for July 5, 2011.**

# Acquisition of 30 assets from FSR

## Assets from the FSR portfolio

### National coverage with a good-quality portfolio

- The portfolio comprises:
  - 24 EHPAD under different brands (Tiers Temps, Themis, Korian)
  - 4 Eleusis EHPAD, exclusively focused on Alzheimer's patients
  - 1 EHPA and 1 RPA occupied by people with lower dependency levels.
- Average size of the facilities is **87 beds**; only 4 EHPAD have less than 70 beds.
- **50% of the beds are located in dense areas** in major cities; only 13% are located in very small towns.
- **Average EBITDAR margin is 29%**, with a total EBITDAR of €31 M on the whole portfolio (in 2009).
- In terms of effort ratios in 2009, **Rent on Sales was around 13%** and **Rent on EBITDAR was 46%**.
- GECINA's team visited all the assets with its healthcare advisor (Ariane Santé), with their conclusions confirming a generally **very good state of upkeep** for the buildings and a **total commitment to residents** among all the medical teams.



● EHPAD/RPA GECINA

● EHPA/RPA FSR

# Acquisition of 30 assets from FSR

## Lease conditions

### 26 assets let to the DVD Group

- 9 to 12-year lease. The portfolio has an average residual maturity of 8 years
- **Triple net rents:** tenants are responsible for maintenance work and capex due under Articles 605 and 606 of the French Civil Code. Tenants are also required to cover real estate taxes and insurance
- **Indexation** based on the Indice des Loyers Commerciaux (standard French index) with an indexation-free period until 2012
- Owner cannot refuse the first two lease renewals, for 9 years each
- **Guarantee from the DVD group** for payment of the rents for its 26 facilities.

### 4 assets let to Korian

- 12-year lease with no break option
- **Double net rents:** Tenants are not required to cover the maintenance work due under Article 606
- **Indexation** on the Indice de Référence des Loyers
- **No guarantee** from the Korian group

# Acquisition of 30 assets from FSR

## Financial conditions

- Total purchase acquisition price of **€230M** including fees and taxes (actes en main), generating a net yield of **6.36%**.
- The nursing home group **DomusViDolcéa**, the tenant for 26 of the portfolio's buildings, and **GECINA** have entered into a partnership to roll out a capex and extension program from 2011 to 2013 for a further **€26 M**.
- When the program has been completed, these refurbishments and work will generate **€2M** in additional rents, giving a **total net yield** for the transaction of **6.43%**.

### FSR portfolio

- 30 nursing homes
- 2,615 beds
- Total area : **101,000 sq.m**, i.e.: 38 sq.m/bed
- Rents at December 30, 2010 <sup>(1)</sup> : **€14.6 M**
- Purchase price: **€230 M**, i.e.: €2,275/sq.m or €88,000/bed



Tiers Temps Cannes EHPAD

<sup>(1)</sup> Excl. Taxes and charges during a full year

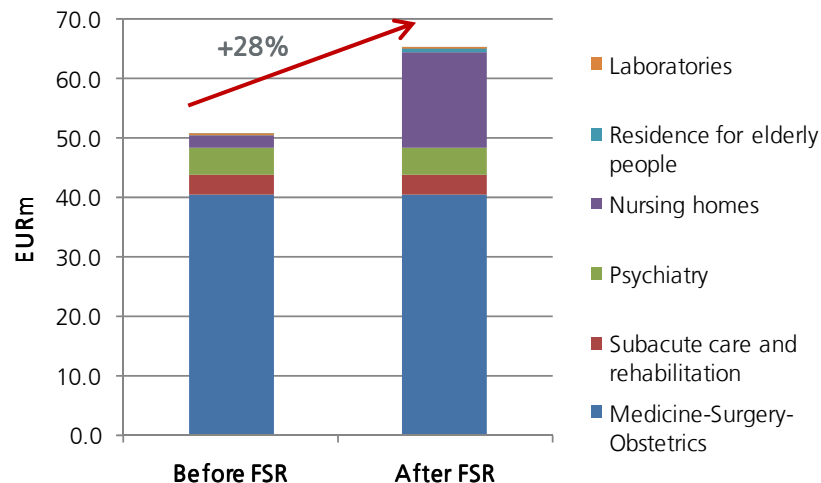
# Acquisition of 30 assets from FSR

## Impact of this acquisition on Gecina's healthcare portfolio

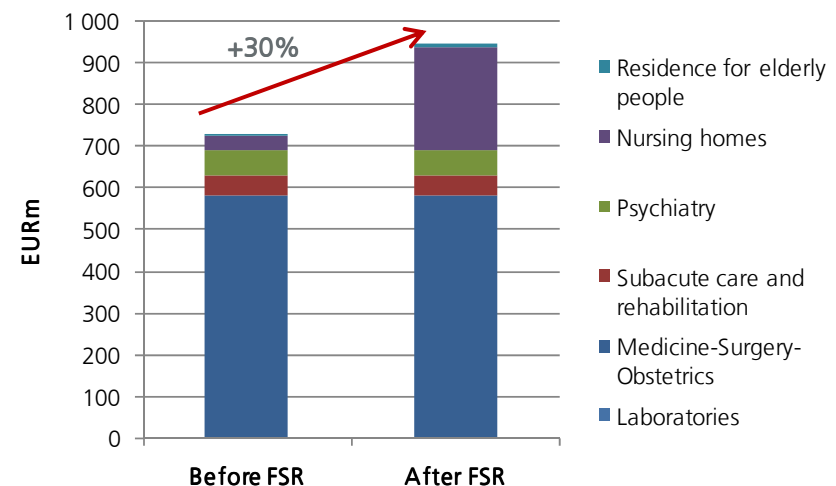
- With the acquisition of 30 of FSR's assets, Gecina is diversifying and starting to balance its portfolio with greater exposure to the nursing home sector, up from 5% to 28% of the total portfolio value.
- Gecina has also established a partnership on 26 assets with DVD, national leader and new tenant, diversifying its sources of income (Générale de Santé represented 89% of Gecina's rental income in the healthcare segment, reduced to 69% after the FSR operation)
- In this way, Gecina is confirming its leading position in this market segment, reaching almost €1bn of owned properties by 2011, which had been its target for 2014.

Indeed, the portfolio value will increase by 30% and rents by 28% once the acquisition is completed.

Impact of the FSR acquisition on rents



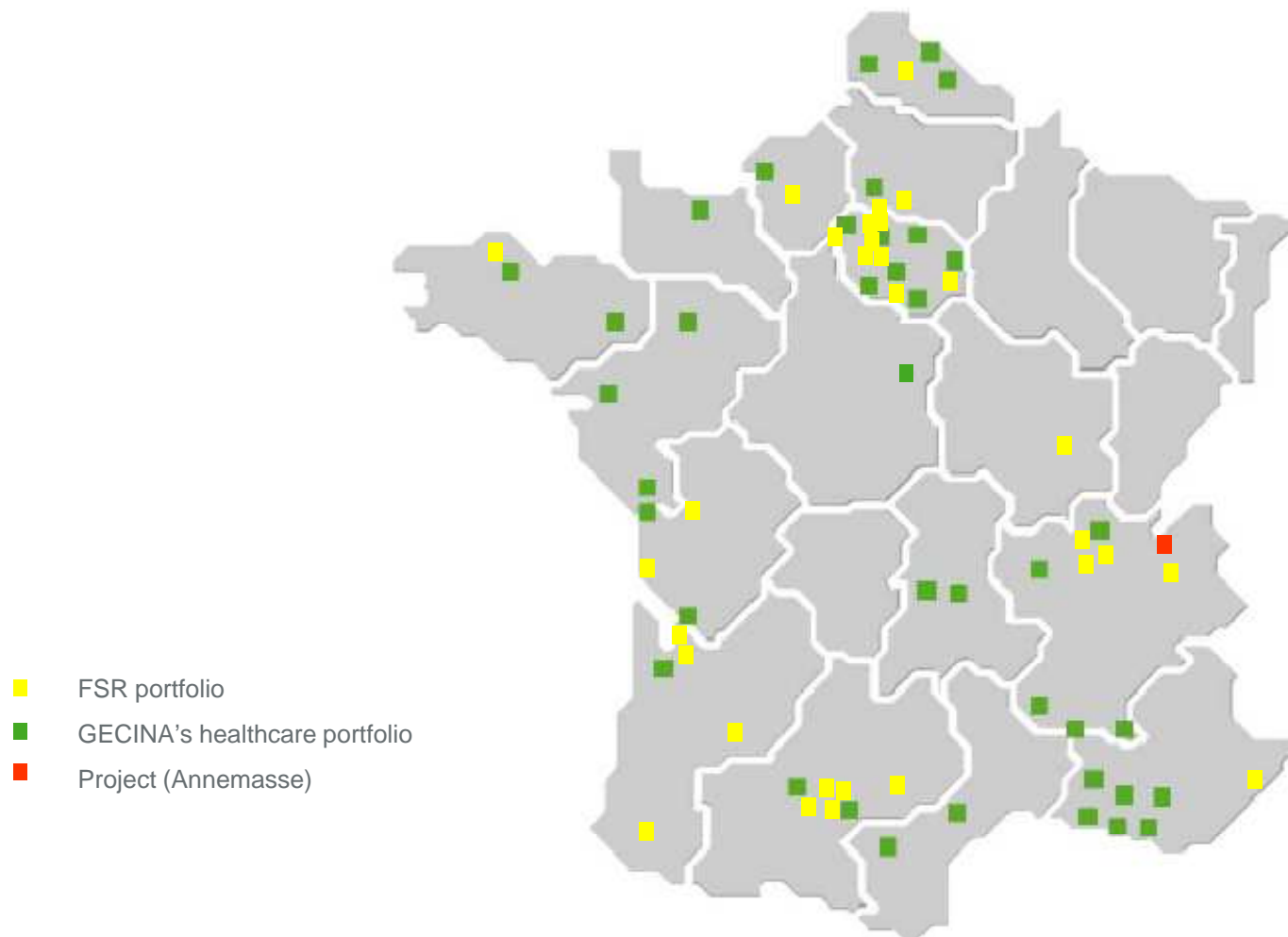
Impact of the FSR acquisition on the portfolio value





# Acquisition of 30 assets from FSR

Gecina's healthcare portfolio after the FSR acquisition



# Strategy, outlook and objectives for 2011

## Strategic decisions

### Delisting of GECIMED from Euronext Paris Compartment B:

- Healthcare real estate is part of the demographic division, **more resilient** to economic slowdowns and a strategic activity for GECINA.

- Consequently, in order to continue to fully benefit from:
  - the **secure long-term cash flows** produced by GECIMED's healthcare real estate portfolio,
  - the **high yield** generated,
  - the **triple net lease**,GECINA decided to **delist GECIMED** and remain the company's sole shareholder.

- This operation has been executed through an OPR-RO launched on June, 24, in order to purchase the 1.4% of shares from the float still on the market.

# Strategy, outlook and objectives for 2011

## Keep growing, acquiring and developing

- confirmed ambition to continue to invest in healthcare real estate (both clinics and nursing homes)

■ By following up on existing partnerships	■ By opening up to other operators	■ By working with all the parties involved
<ul style="list-style-type: none"> <li>• Support our tenants in their development and strategy: sale-and-leaseback, combined acquisitions, construction, capex.</li> </ul>	<ul style="list-style-type: none"> <li>• Operators from the commercial sector :               <ul style="list-style-type: none"> <li>- national and international groups;</li> <li>- local and independent operators.</li> </ul> </li> <li>• Operators from the charity and non-profit sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Health authority (ARS) to identify and follow the sector's main topics and debates.</li> <li>• Local authorities (cities, regional councils) for the best integration of a project to meet local needs.</li> </ul>

- Review underway looking into other estate products: laboratories, dedicated facilities for disabled people, etc.

## A dynamic asset management policy

- Over the coming years, GECINA will maintain its capex policy and continue to finance major refurbishments that create value for its portfolio and improve its overall quality. Générale de Santé recently asked us to finance a **new capex program** for redeveloping, refurbishing an extending assets already owned by GECINA.

- The Hestia portfolio was acquired in 2006 with a commitment to keep it for 5 years (SIIC regulations). This holding period will end in September 2011. Consequently, GECINA will **roll out a more dynamic asset management policy, launching an asset rotation program** to enhance its portfolio quality. The detail of this divestment program will be released after an **asset-per-asset analysis**, essentially based on the following criteria :
  - Cash flow and financial operational results
  - Competition and local medical offer
  - Location, efficiency and quality of the facility to support the healthcare activity within
  - Market opportunity

- GECINA will continue looking for new tenants and seek to keep increasing the proportion of nursing homes within its portfolio.

In order to achieve this, GECINA is willing to discuss with new partners from the commercial sector, as well as non-profit operators. A review was launched recently to approach the public sector and assess how our expertise could be helpful in the current healthcare system reform process.



François DELOIRE

CFO of DomusViDolcée



## Residential segment

*Unit-by-unit sales process*

*How to create value on the residential portfolio*

*Focus on student residences*

# Gecina's real estate portfolio at a glance

111 buildings

12,585 apartments

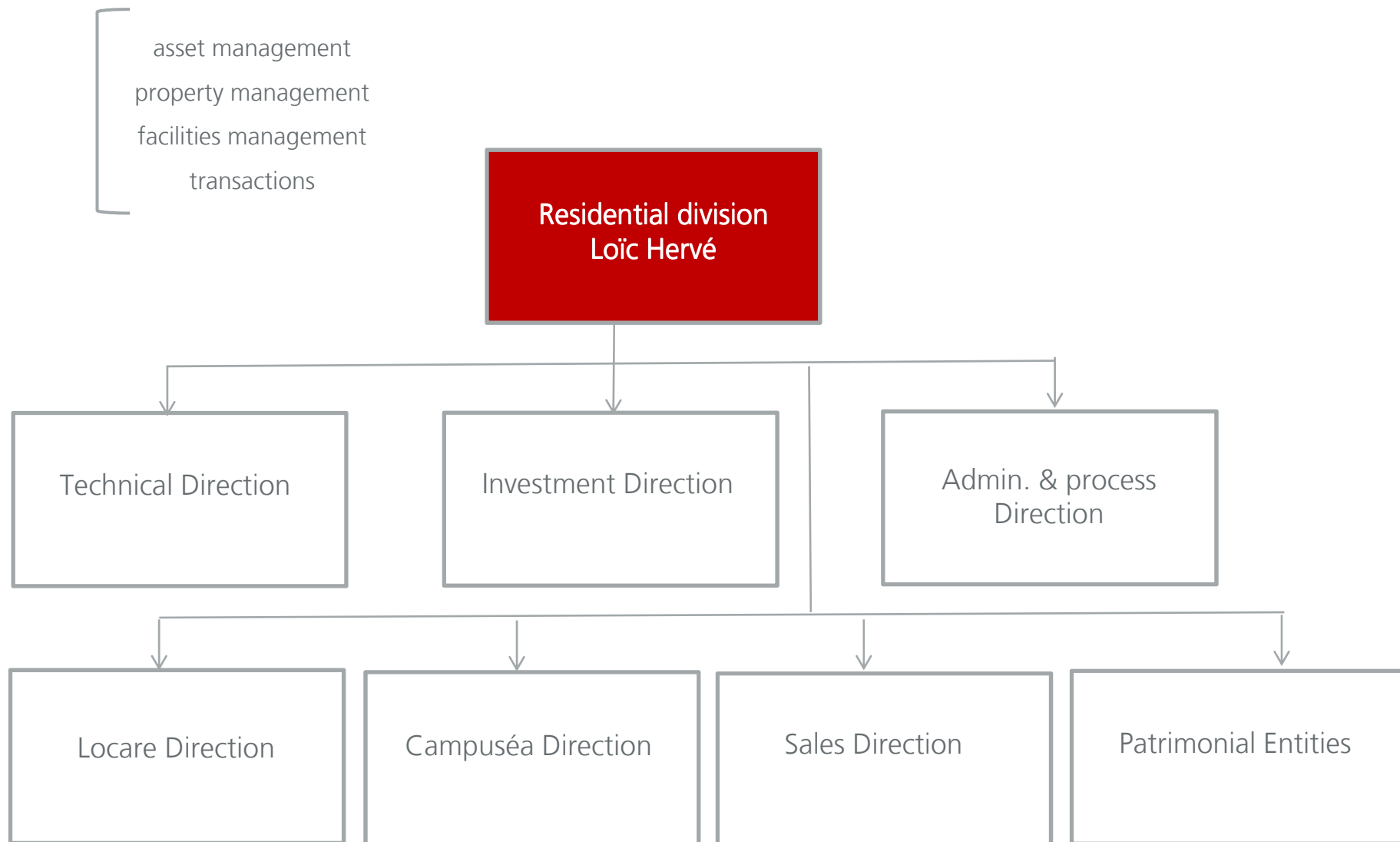
€ 3,639 bn. asset value at end-2010

€183m of rents in 2010

Residential portfolio: geographical breakdown



Whole value chain covered in-house: benefits of an integrated structure





## Drawing up a unit-by-unit sales budget

First rule: always sell assets which will be accretive in terms of the residual portfolio's performance indicators, while maintaining asset liquidity

Second rule: avoid all preemption concerning the application of the French urban renewal and solidarity law (Loi SRU) and local authorities' land-use plans (POS) / local planning programs (PLU)

- Upstream, Gecina systematically negotiates the authorizations to sell on a unit-by-unit basis, without preemption. The Group takes into account the social aspect of this kind of divestment and combines them with some block sales to social entities.
- Public authorities are comforted by Gecina's previous sales, which were completed by our experienced teams at Gecina and Locare, our specialized subsidiary for unit-by-unit sales.

Third rule: each year, Gecina validates a sales plan covering either the next year or a longer period, with local authorities, taking into account assets with different types of liquidity, in order to anticipate potential market slowdowns.

- As such, for the 2012-2013 sales budget, some highly liquid Haussmann-style assets were pre-validated and could be sold if there was to be a marked slowdown in the market during 2012. As a result, Gecina would be able to respect its sales budget.
- Nevertheless, with the market remaining strong, non-redeveloped assets from the 60s and 70s will be sold in priority.

## Which assets are selected

### Main criteria

- Weakest upside potential for rents
- Highest level of anticipated Capex
- Lowest rental yields
- Lowest operating margins
- Less favorable energy performance reviews
- Lowest upside in valuation terms

### Other operating criteria

- Size, joint ownership, geographical position of the asset and consistency with residual portfolio

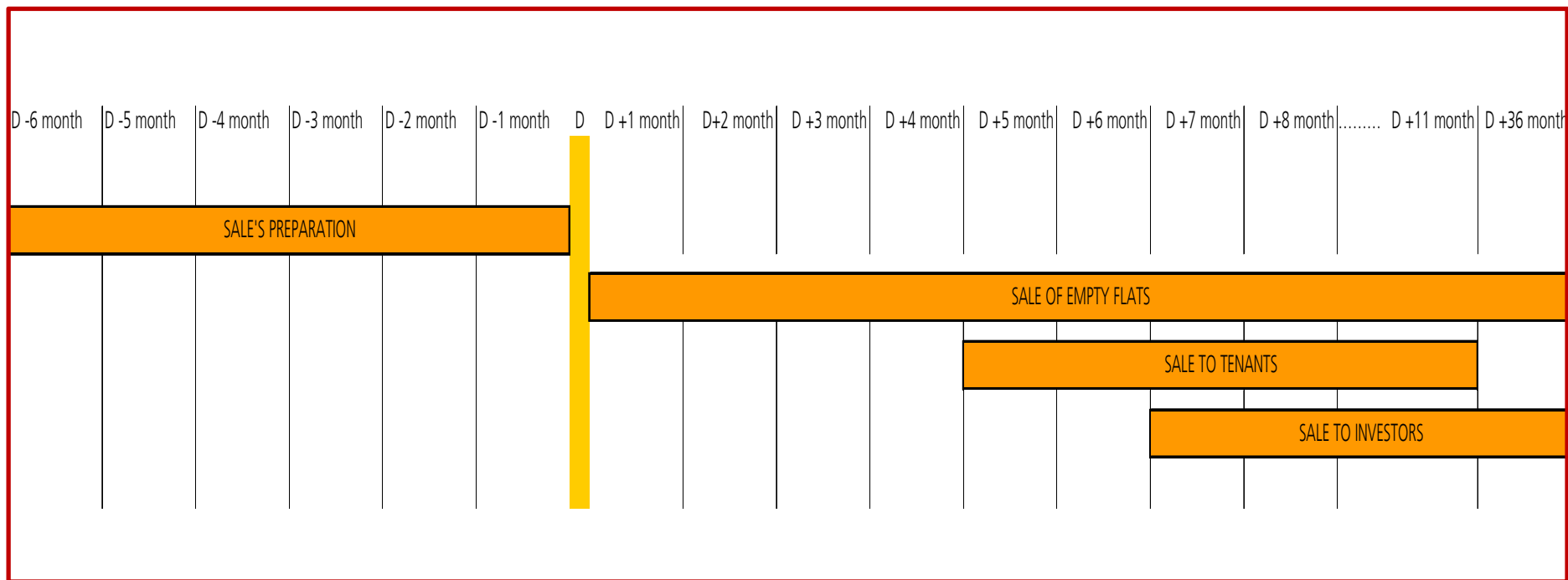
### Strategic criteria

- Gecina is refocusing on the core of its French residential portfolio, i.e. Paris and Hauts-de-Seine
- As such, assets outside the Paris Region or in the Paris Region second rim are earmarked for sale

# Unit-by-unit sales process: general schedule

Unit-by-unit sales

## Overview



# Unit-by-unit sales process: general schedule

Unit-by-unit sales

From the decision to launch the sale until the beginning of the sales process

Eliminating the risk of preemption

Information of the city hall :

Stop lettings

Tenants associations : information / discussion

Choice of the notary + building syndicate + surveyor + inspectors

French urban solidarity and renewal law (Loi SRU), analyses

Environmental analyses (parasites, gas, electricity, lead, asbestos)

EDD + plans

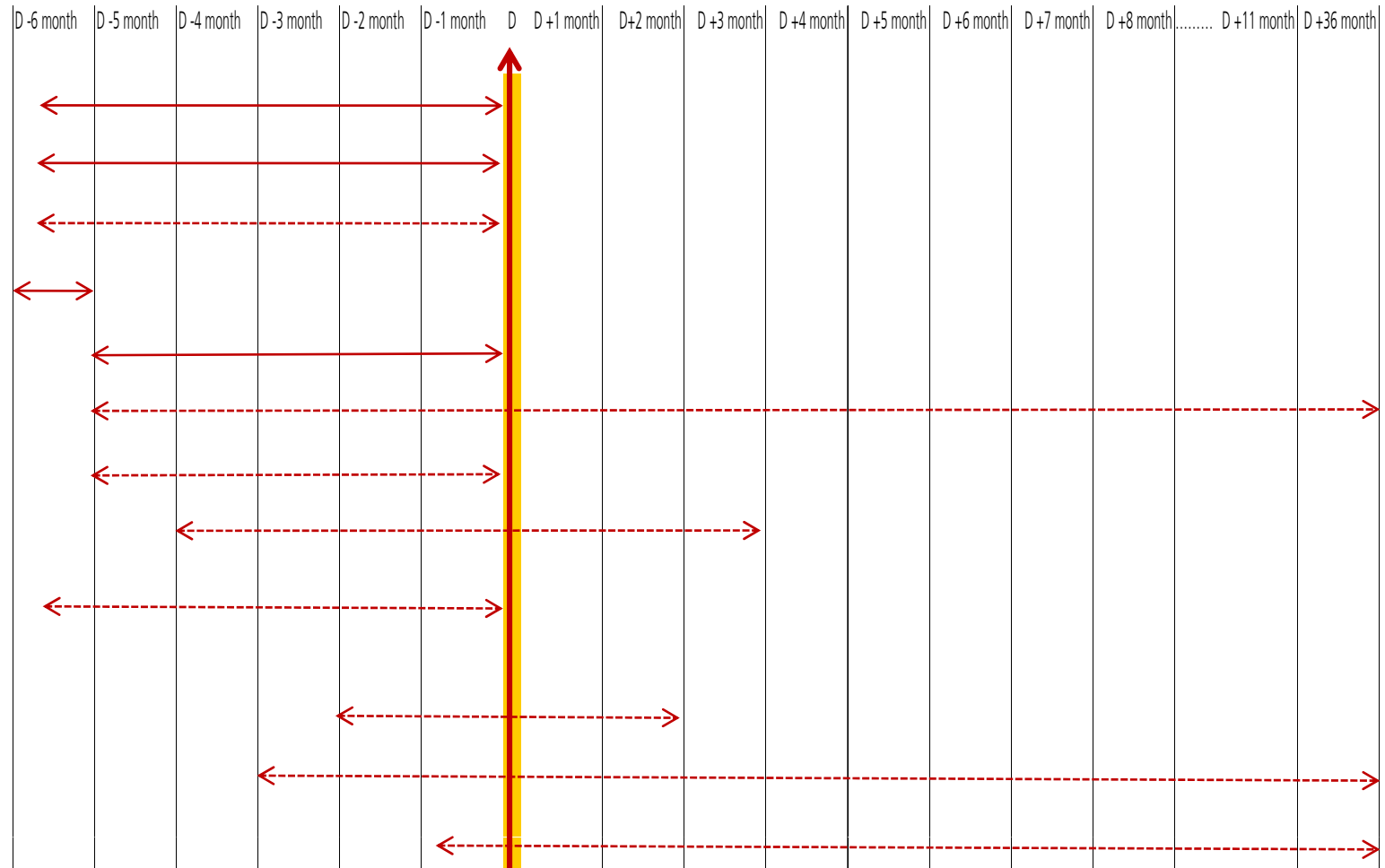
RCP

Management: inventory of plots + security service + rental situation + disputes + expenses budget

Works if necessary

Definition of prices

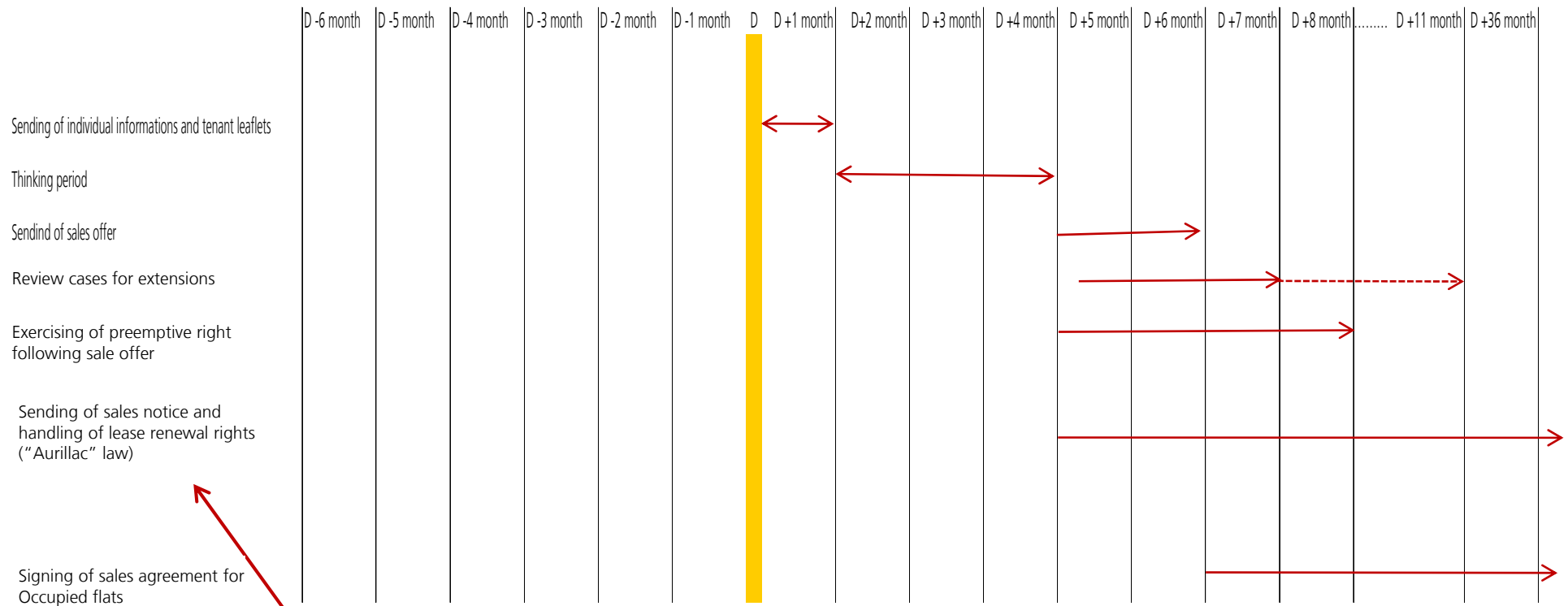
Initial and updated mandate



Tenant information meetings

# Unit by unit sales process: general schedule

From the beginning of the sale of empty apartments to the sale of occupied apartments to investors



As the historical owner of the buildings, Gecina is not subject to the 6-year extension period (loi Aurillac)

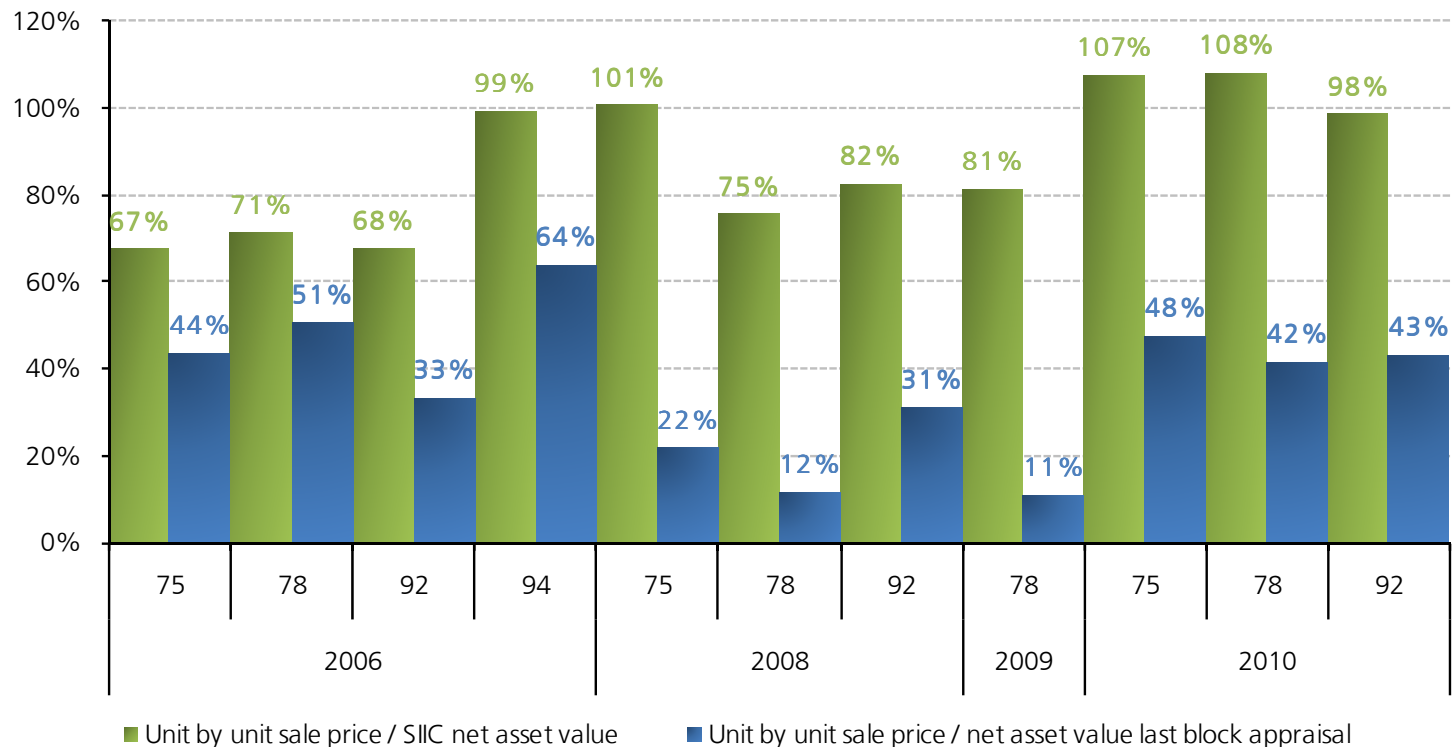
## Strong capital gains vs. SIIC values and last appraisal value before sale's launch

Gecina achieves a **25%** premium on average over block appraisals for unit-by-unit sales

- in a booming market, this difference is likely to narrow as buildings put up for sale are valued closer to their unit-by-unit value
- favorable impact on the NAV but lower level of capital gains

Furthermore, 2 calculations can also highlight the value creation of such sales:

- average **75%** premium on unit by unit sales since 2006: sale price vs. SIIC net asset value
- average **37%** premium on unit by unit sales since 2006: sale price vs. last block appraisal before the sale was launched
- in order to take into account price increases during the sale process



2007: no sales launched

## Sale of high-street retail portfolios following unit-by-unit sales on residential



Non prime retail locations  
Constitution of portfolios  
Sale to dedicated investors

### Portfolio sold to Sofidy in 2006

Retail portfolio formed after the sale of assets across:  
8<sup>th</sup>, 9<sup>th</sup>, 16<sup>th</sup>, 17<sup>th</sup> arrondissements  
Neuilly  
Sèvres  
Saint Cloud  
Issy Les Moulineaux

**Transaction price: €31.5m**  
**Net exit yield: 5.09%**

### Portfolio sold to Kerdam in 2008

Retail portfolio formed after the sale of:  
169/183 boulevard Péreire  
7/21 rue Faraday  
49/51 rue Laugier

**Transaction price: €3.8m**  
**Net exit yield: 6.5%**

### Portfolio underway

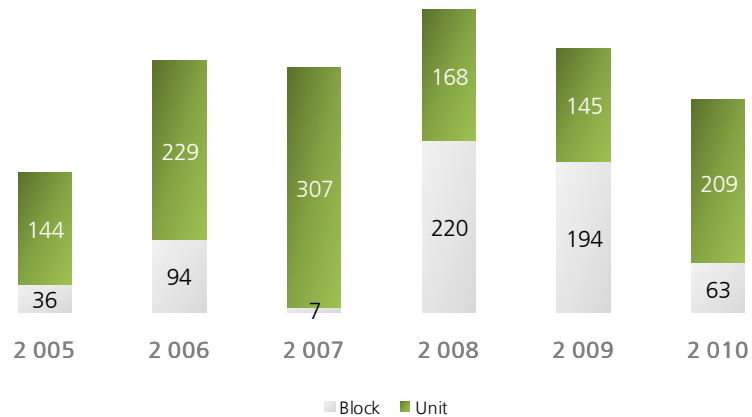
Formation of a retail portfolio following the sale of:

38/40 rue de Levis (17<sup>th</sup>)  
121 rue Courcelles (17<sup>th</sup>)  
181/183 boulevard Péreire (17<sup>th</sup>)  
40 rue Bayen (17<sup>th</sup>)  
7/9 rue Faraday (17<sup>th</sup>)

**1,566 sq.m of retail space**  
**Annual rent: €305,000**

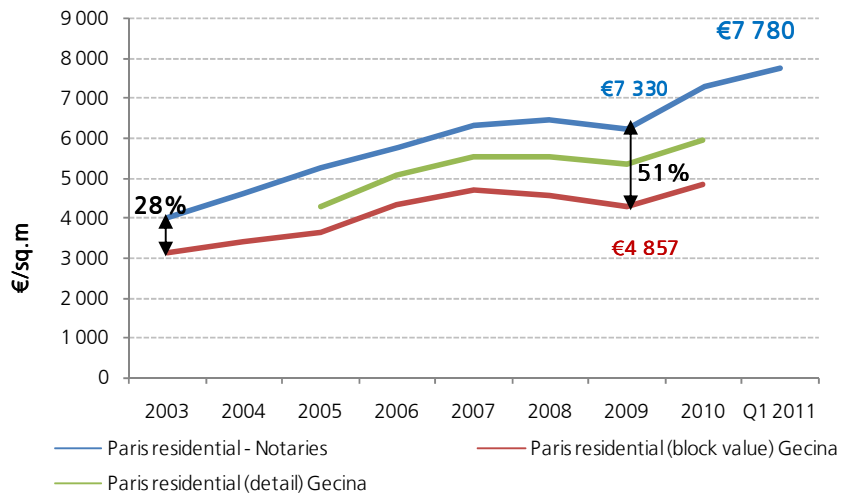
# Unit by unit sales analysis

## Steady increase in unit by unit sales



2011 should be a specific year with the targeted block sale of the Lyons portfolio

## Gecina's residential portfolio is conservatively valued compared with current market prices



Spread vs. market price represents a source of security in terms of valuations for the €300m per annum sales target from 2012



# Example of value creation: transformation of service rooms

Value creation

	BEFORE	AFTER
<b>JAVEL - PARIS 15th</b>		
TYPOLOGY	12 rooms	2 studios 6 2-bedrooms
SURFACE	164 sq.m	227 sq.m
FORECASTED RENTS	EUR 52 123	EUR 80 736
Average €/sq.m	EUR26 / sq.m	EUR30 € / sq.m
COST OF WORKS / sq.m		EUR 1 267 / sq.m
COST OF WORKS		EUR 313 000
YIELD ON COST		9.1%
<b>VARET ST CHARLES - PARIS 15th</b>		
TYPOLOGY	32 rooms	7 studios 10 2-bedrooms
SURFACE	393 sq.m	464.90 m²
FORECASTED RENTS	EUR 118 632	EUR 156 206
Average €/sq.m	EUR 25 /sq.m	EUR 28 /sq.m
COST OF WORKS / sq.m		EUR 1 000 / sq.m
COST OF WORKS		EUR 464 900
YIELD ON COST		8.1%
<b>CLEMENT MAROT - PARIS 8th</b>		
TYPOLOGY	25 rooms	1 studio 1 2-to-3-bedrooms 1 3-to-4-bedrooms
SURFACE	98 sq.m	163.5 sq.m
FORECASTED RENTS	0	EUR 63 765
Average €/sq.m	0	EUR 39 / sq.m
COST OF WORKS / sq.m		EUR 3 600 sq.m
COST OF WORKS		EUR 588 600
YIELD ON COST		10.8%
<b>CARNOT - PARIS 17</b>		
TYPOLOGY	69 roooms	3 2-bedrooms 5 F3 8 studios
SURFACE	770 sq.m	770 sq.m
FORECASTED RENTS	0	EUR 304 906
Average €/sq.m	0	EUR 33 sq.m
COST OF WORKS / sq.m		EUR 3 147 / sq.m
COST OF WORKS		EUR 2 423 000
YIELD ON COST		12.6%
<b>TOTAL SERVICE ROOMS</b>		
<b>TOTAL HOUSING UNITS 45</b>		
TYPOLOGY	138 rooms	18 studios 20 2-bedrooms 6 3-bedrooms 1 3-to-4-bedroom
SURFACE	1 425 sq.m	1 625.4 sq.m
FORECASTED RENTS	EUR 170 755	EUR 605 613
Average €/sq.m	-	EUR 32.5 /sq.m
COST OF WORKS / sq.m		EUR 2 331
COST OF WORKS		EUR 3 789 500
YIELD ON COST		11.5%

## Potential new service rooms' restructuring

	REMUSAT - PARIS 16	SAINT ANTOINE - PARIS 12	LAGNY PLAINE - PARIS 20	SAINT MANDE - PARIS 12	MESNIL SAINT DIDIER - PARIS 16	TOTAL
Number of rooms	21	10	21	6	21	79
Surface (in sq.m)	244 m²	150 m²	355 m²	105 m²	185 m²	1 039 m²
Current average monthly rent (€ / sq.m)	21 €	21 €	23 €	23 €	24 €	
Current average yearly rent in €	61 488 €	37 800 €	97 980 €	20 083 €	53 280 €	270 631 €
Targeted average monthly rent (€ / sq.m)	32 €	30 €	29 €	30 €	35 €	
Targeted average monthly rent in €	93 696 €	54 000 €	123 540 €	37 908 €	77 700 €	386 844 €
Change in rents	52%	43%	26%	89%	46%	43%

	GRANGE AUX BELLES - PARIS 10	ADELAIDE - COURBEVOIE	TOTAL
Number of housing units created	4	4	8
Surface (in sq.m)	123	203	326
Rental value (in €)	26.69	18.00	
Annual rent (in €)	39 396	43 848	83 244

# Examples of value creation on residential

Value creation

## Refurbishing service rooms : example of the building on Rue Clément Marot (8<sup>th</sup> arrondissement)

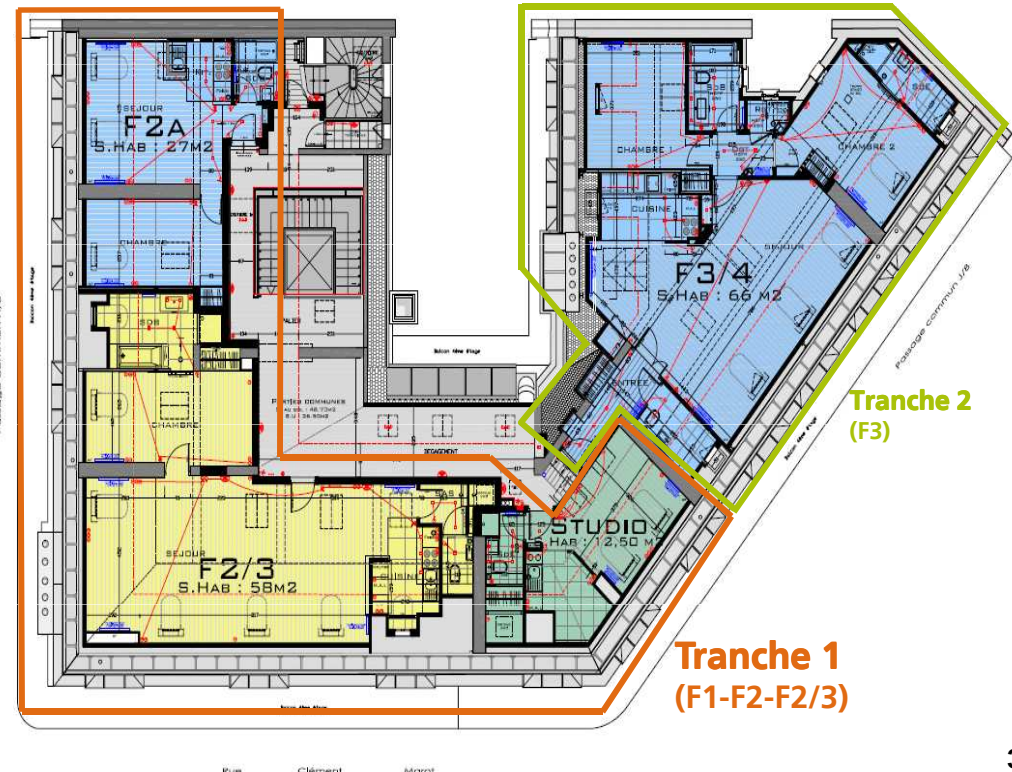
CAPEX AMOUNT to transform 25 service rooms

1 room	(13 sq.m)	} € 588 000
2 rooms	(27 sq.m)	
2/3 rooms	(58 sq.m)	
3 rooms	(66 sq.m)	

MARKET RENT

1 room	€ 40 / sq.m / month
2/3 rooms	€ 38 / sq.m / month
3 rooms	€ 36 / sq.m / month

10.8% yield on cost and additional value on the building



## Refurbishing service rooms : example of the building at 66-46 rue Saint Didier (16<sup>th</sup> arrondissement)

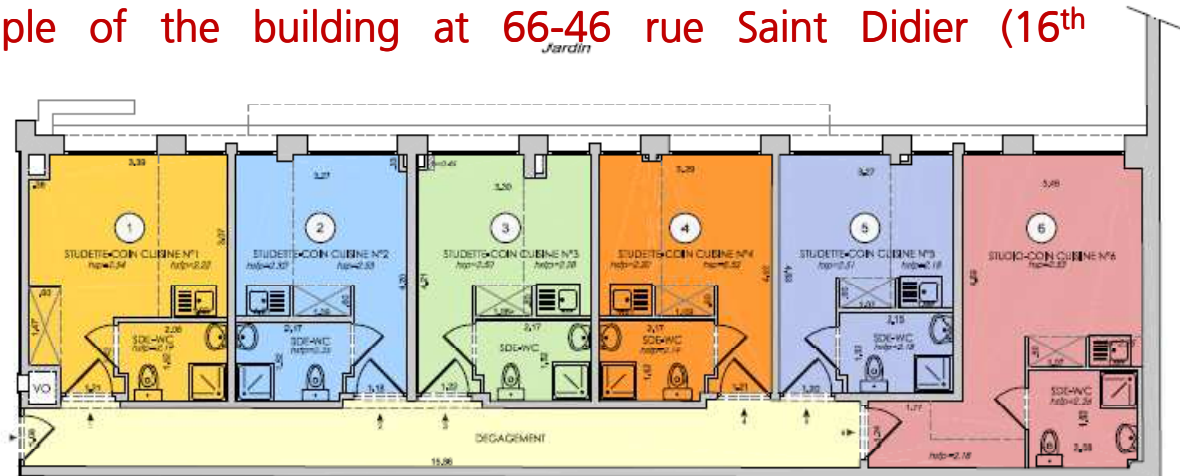
### Project:

Restructuring 8 service rooms into 6 studios, notably by re-integrating 13sq.m of former communal areas

This operation triggers an uplift in rental values, leading to a total improvement of +72% for rents on this floor

**Net yield on cost of 6.5% and additional value on the building**

Project completion and tenants moving in scheduled for the end of June 2011



	Before restructuring	After restructuring
Leasable area	83.56 sq.m	96.82 sq.m
Rental value in € / sq.m	€ 23 /sq.m	€ 34.75 / sq.m
Annual rent	€ 23 451	€ 40 374
Monthly rent	€ 1 954	€ 3 365
Occupancy rate	98%	98%
Net annual rent	€ 22 982	€ 39 567

Housing units	Leasable area	Rental value in € / sq.m	Monthly rent (before charges)	Monthly charges	Monthly rent + charges
Studio 1	16.49 sq.m	€ 34	€ 560.66	€ 59.68	€ 620.34
Studio 2	14.62 sq.m	€ 32	€ 526.32	€ 52.91	€ 579.23
Studio 3	14.55 sq.m	€ 36	€ 523.80	€ 52.66	€ 576.46
Studio 4	14.74 sq.m	€ 36	€ 530.64	€ 53.35	€ 583.99
Studio 5	14.41 sq.m	€ 36	€ 518.76	€ 52.15	€ 570.91
Studio 6	22.01 sq.m	€ 32	€ 704.32	€ 79.66	€ 783.98

# Examples of value creation on residential

Refurbishing service rooms : example of the buildings on Rue Carnot (17<sup>th</sup> arrondissement)

## 28, avenue Carnot

Creation of 8 apartments (2 3-room, 1 2-room, and 5 studios)

## 30, avenue Carnot

Creation of 5 apartments (1 3-rooms, 1 2-room and 3 studios)

## 32, avenue Carnot

Creation of 3 apartments (1 2-room and 2 3-room)

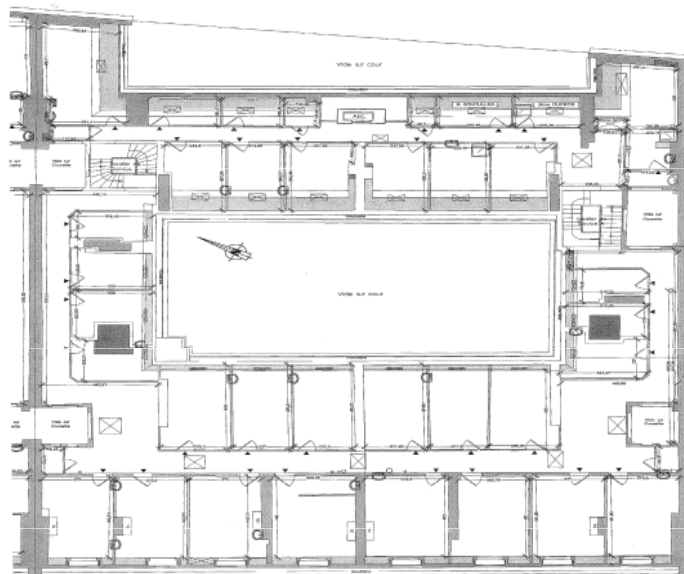
Additional space: 770 sq.m  
Total work: €2.4m  
12.6% yield on cost and additional value on the building



28 rue Carnot

Additional 770 sq.m created through this project

Average rent / sq.m: €33



Avenue Carnot n°28

EXISTING FLOORS

PROJECT



Avenue Carnot n°28

Avenue Carnot n°28

## End of regulated rents: example of the building on Rue Balard Cévennes (15<sup>th</sup> arrondissement)

Asset built in 1995 and let at regulated rental levels

Agreements with public entities in exchange for €2.4m subsidy to build at least 50% of “family apartments” with 3 bedrooms and more

This agreement came to an end in 2008

65 apartments for a total surface of 5,888 sq.m  
9-month rolling financial occupancy rate: 99.0%

81% of apartments rented at an average € 13 / sq.m / month  
19% of apartments rented at an average € 20.5 / sq.m / month  
Market rent : € 22.28 / sq.m / month



Additional rents expected :  
€ 400,000 / year



## Example of the building at 220 rue Saint-Antoine (15<sup>th</sup> arrondissement)

### Output protocol with ESSO

Annual rent: 74 K€

Penalty paid to Gecina (€111 K)

### Re-letting to Carrefour City

Work done by the tenant  
Entry right of 800 K€  
Annual rent: €300,000

Variable rent: 3.75% of annual revenues  
in excess of €8m

### Extension project for 230 sq.m

Additional potential rent of  
€ 70,000 / year

Transformation of the Carrefour City  
into Carrefour Market  
Therefore additional potential on  
variable rents



## Example of the building at 6-14 rue Rémusat (16<sup>th</sup> arrondissement)

The retailer Carrefour City signed a 9-year firm lease at the end of 2010 for a total surface of 963 sq.m

The tenant is financing all the work

Previous rental level: €82,074 per annum

New rental level: €168,000 per annum



## Example of the building at 8-12 rue de l'Abreuvoir (Courbevoie)

Before: storage rooms and parking spaces (no rents)

The retailer Monoprix signed a lease at the beginning of 2011 for a total surface of 1,833 sq.m

The tenant is financing all the work

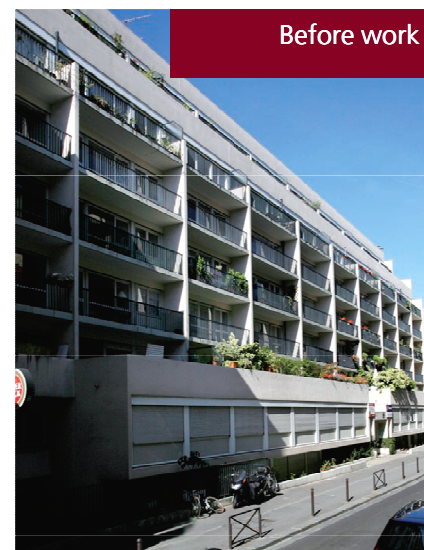
Rental level: €300,000 per annum

Net entry right: €600,000

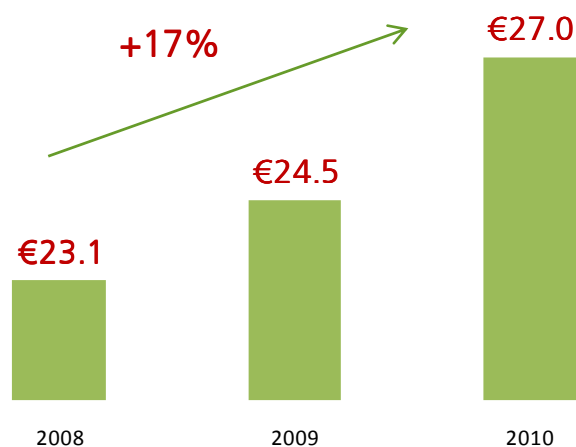


## Refurbishing facades and halls: example of the building on Rue Tiphaine (15<sup>th</sup> arrondissement)

- 2009 : work in the first phase  
Offices 2,000 sq.m  
Refurbishment of the hall  
Refurbishment of the facade (insulation + new windows)
- October 2010 : completion of second phase :  
Tacking back part of the pavement  
Closing the residence



Impact of the work  
+17% on re-letting rental values per sq.m





## Optimized and centralized refurbishment process

- All refurbished apartments are equipped with the same high quality materials
- Gecina has defined standardized equipment for kitchens and bathrooms across the entire portfolio
- All work on electrical equipment is carried out in line with standards
- Innovative service: all refurbished flats are approved based on a quality control procedure applied since 2009

All our prices are subject to annual negotiations with our suppliers or manufacturers

Gecina's direct negotiations with its suppliers lead to an average discount of 58% on equipment and material prices

**Average cost of refurbishing an apartment**

€60 / sq.m

**Average cost of partial refurbishment**

€255.3 / sq.m

**Average cost of total refurbishment**

€338.8 / sq.m

2,032 apartments refurbished over the past 5 years  
4,034 apartments refurbished over the past 5 years

12,585 apartments in Gecina's portfolio

Optimized turnover:  
15% on average

Around 80% of  
apartments subject  
to annual turnover  
are refurbished

Regular increase in  
rents (+8% incoming-  
outgoing rent  
differential over 3 years)

Low vacancy rate  
Short re-letting time  
(33 days over 3 years)

## Optimization for non-recoverable (margin optimization) or recoverable (value renewal contracts) maintenance contracts

Systematic renegotiation of all maintenance contracts (elevators, heating, plumbing, car parks, cleaning, security, etc.):

- ❑ upgrade and standardize quality
- ❑ achieve economies of scale in terms of portfolio size

Contract indexation based on IRL index as soon as possible in order to coincide with IRL indexing, graving of operating margins:

- ❑ incoming-outgoing rent increases covering 15% of assets rising 3x faster than the IRL index

Meter system with automatic transmission for reading all hot-water meters

Specific energy management policy with continuous monitoring of all consumption levels



In line with sustainable development policy at the forefront of the real estate industry

In 2009 / 2010, nearly 1% additional margin generated

## General capex policy

Regular facade renovation, portfolio in top condition

100% of the portfolio's elevators are renovated in order to comply with 2015 / 2018 standards

Regular renovation of the communal parts of assets: the projects are systematically validated by interior architects

Optimization of electrical equipment and consumption levels

Fiber-optic cabling for 100% of assets in 2010

Gradual restoration of parking lots, garbage disposal facilities (installation of sorting on all assets)

Review looking into the consideration of disability, and implemented in partnership with ARVHA

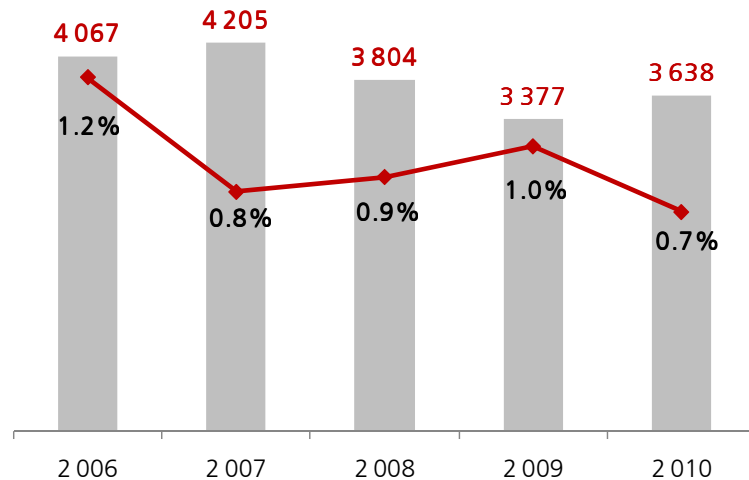
## Financial impact of Gecina's capex optimization

- Capex on residential / GAV on the residential portfolio reduced from 1.2% in 2006 to 0.7% in 2010
- Capex on residential / rental income on residential reduced from 22.3% in 2006 to 14.6% in 2010

→ Optimization of capex policy

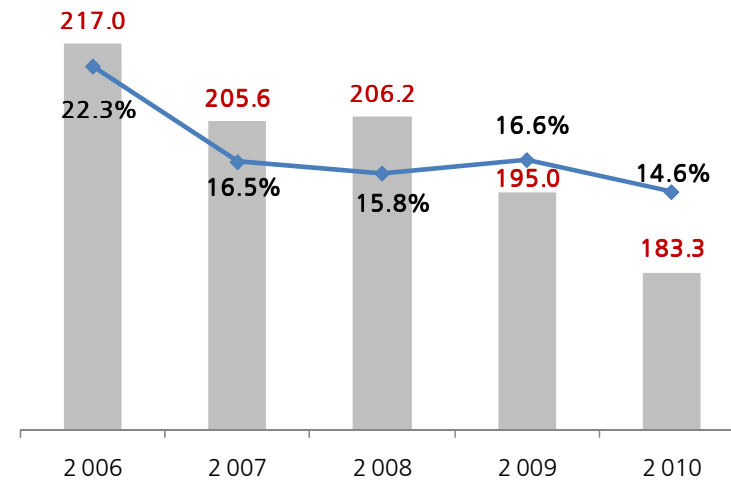
→ Gecina does not neglect the quality of its portfolio: 48% of flats have been refurbished or renovated over the past 5 years

Capex on residential / GAV of the residential portfolio



■ GAV - residential portfolio (in €m)    ◆ Capex - residential portfolio

Capex on residential / rental income on residential



■ Rental income - residential (in €m)    ◆ Capex - residential portfolio

## Total refurbishment of assets: example of the building at 42/60 rue de la Py (20<sup>th</sup> arrondissement)

New gas central heating

Total facade insulation

Installation of double glazing

Insulation of roof and parking spaces



Energy diagnostics:

Before: 263 kWhep/sq/m / year

After: 150 kWhep/sq/m / year

**TOTAL PROJECT COST : €1,259,786**

Total leasable area: 8,004 m<sup>2</sup>

Number of housing units: 142

Cost of work: €157.40 / sq.m

Improvement in the asset's value  
for a potential unit-by-unit sale

Over 3 years, such policies generated 260 GWh (cumulative) of  
energy efficiency certificates across the Group



## Ville d'Avray "eco quartier"

### Eco-quartier – densification of an existing residential area

An "eco-quartier" is an urban area designed to minimize the impact on its environment, targeting for example energy self-sufficiency and seeking to reduce its ecological footprint

### What is at stake for Gecina in this operation?

How to maintain the economic value and marketability of a portfolio that is characteristic of the 60s ?

Addressing the issue of arranging access, circulation, security and dialogue with the project's environment

Gecina's environmental responsibility in the context of the "Grenelle de l'environnement"

Financial impact: development and value creation

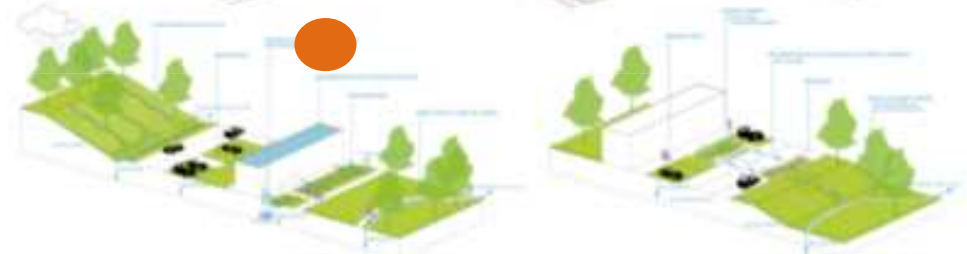
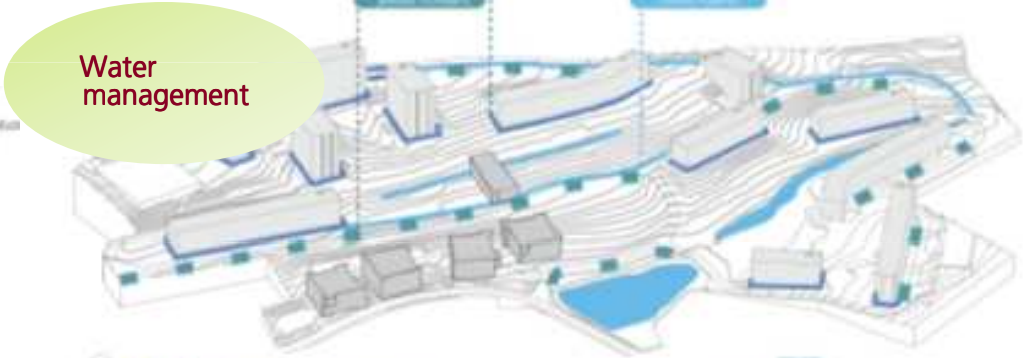
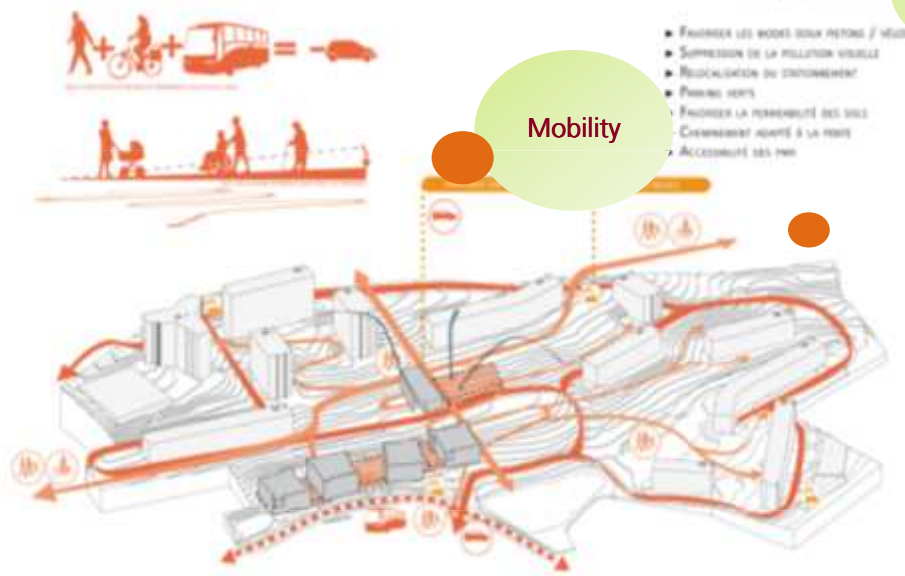
### L'éco quartier – 16,025 sq.m of additional net floor area

	Net floor area (sq.m)	Number of units	Parking lots
Housing	10,250	128	103
Social housing	3,075	40	39
Retail	2,700	n/a	100

# Renovation of an entire urban area - sustainable development

Value creation

## Ville d'Avray "eco quartier"



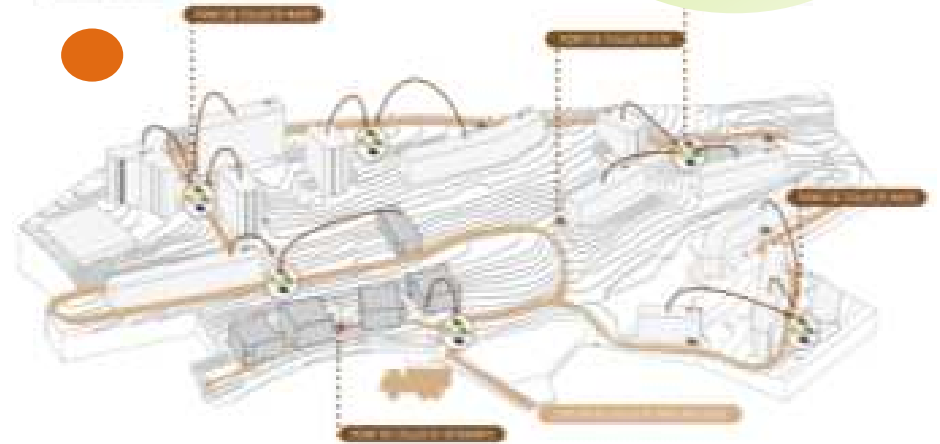
• Gérer activement les écosystèmes

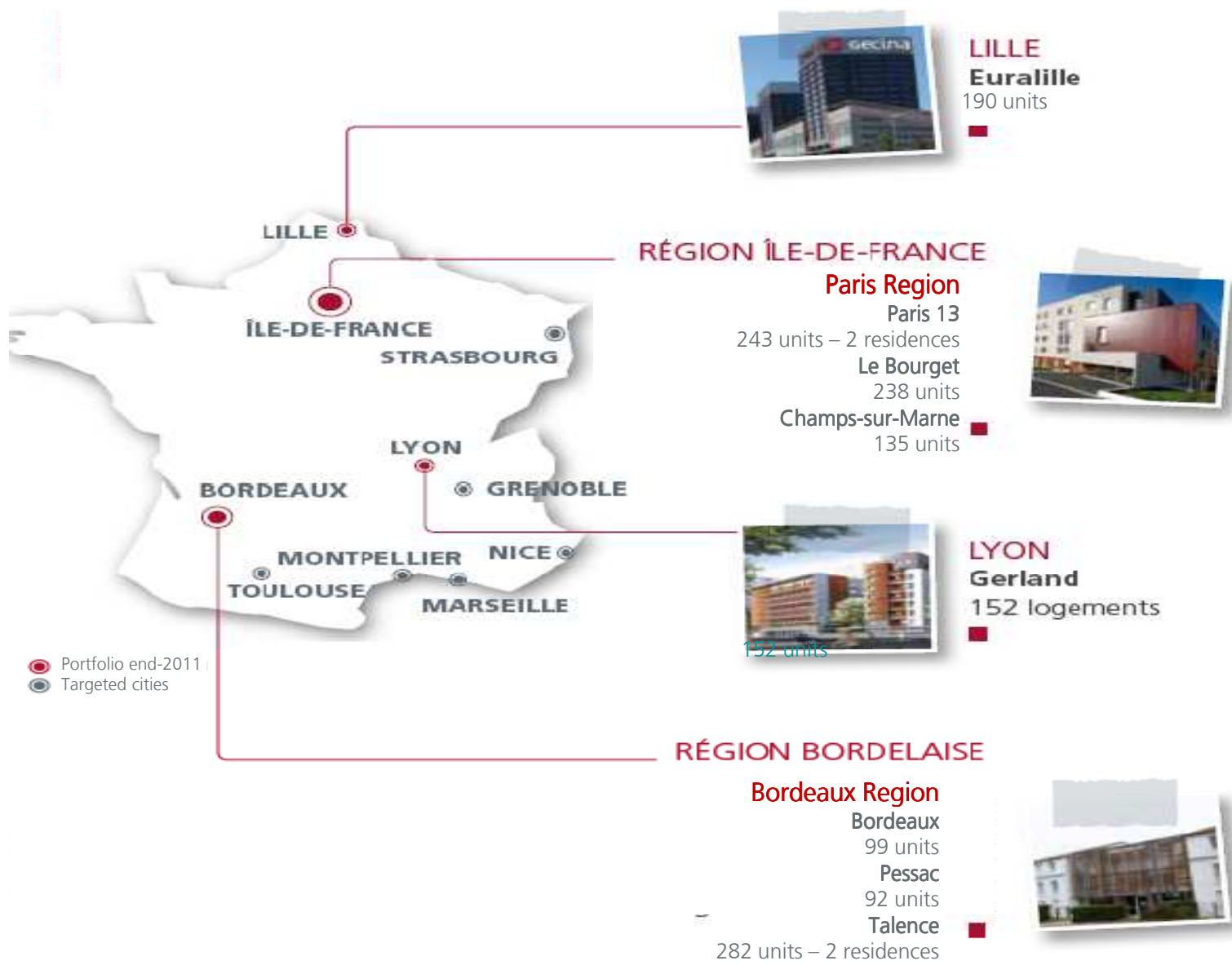
**Fauna and flora biodiversity landscape**



- Placer les poubelles séparées
- Réduire le nombre de déchets
- Utiliser des matériaux durables

**Waste management**





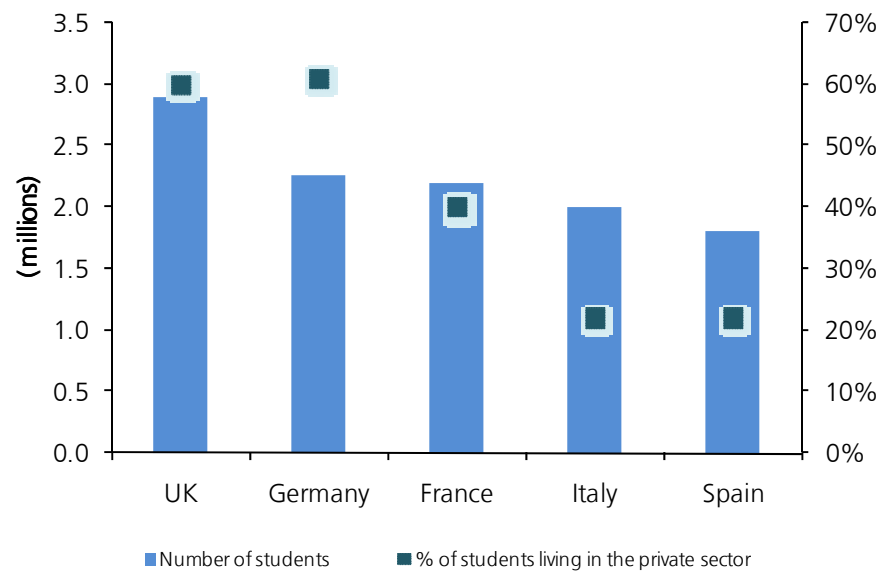
## Strong underlying demand...

France is one of the top-5 of European countries in terms of the highest number of students (2.2 million)

In Europe, France has the 2<sup>nd</sup> highest number of foreign students after the UK (around 237,000 per annum)

55% of students live away from the family home, with 40% living in the private sector

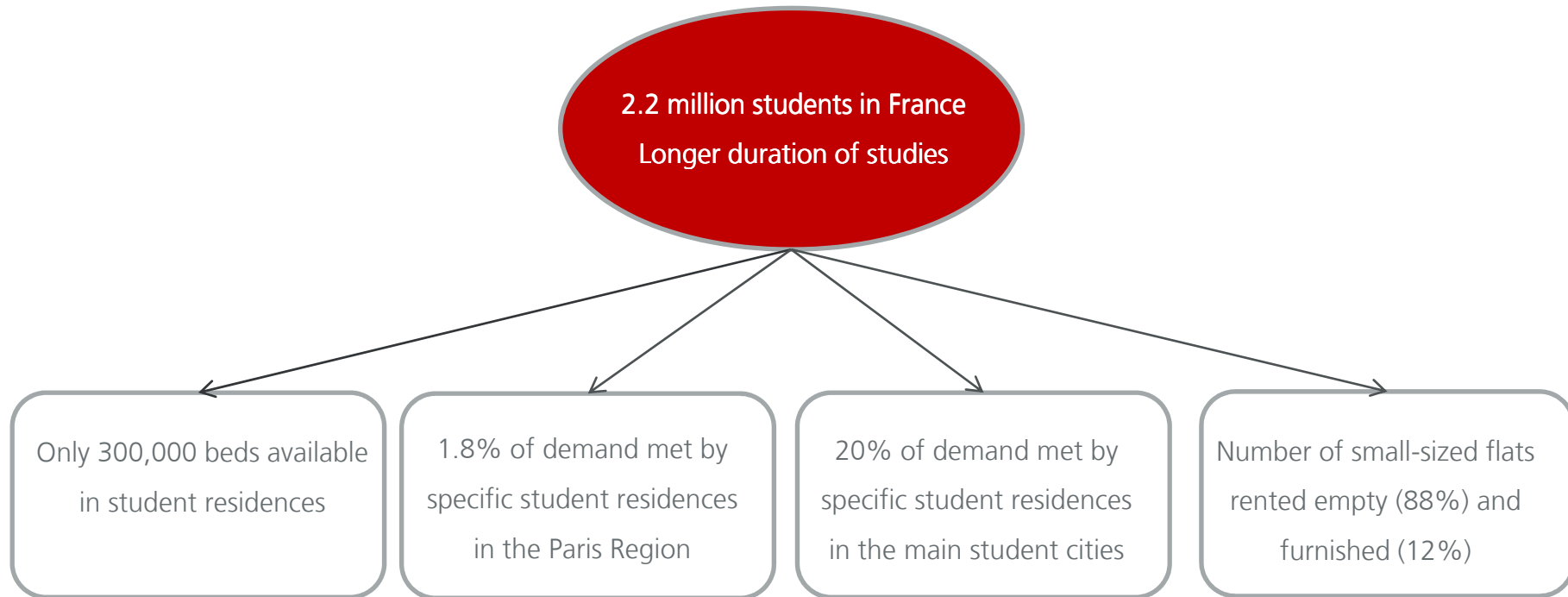
Upside potential: 82% of students live away from the family home, with 60% living in the private sector in the UK



Source: Eurostudent, King Sturge



...and supply shortfall



## Main players on the French market

1- CROUS (Centre Régional des Oeuvres Universitaires et Scolaires) and social sector: 50% of the portfolio

2- Student residences, buy-to-let tax schemes (LMP, LMNP, Scellier): 50% of the portfolio:

- RESIDE ETUDES "les Estudines"
- LAMY RESIDENCES (GESTRIM)
- EUROSTUDIOMMES (Icade Group)
- STUDELITES – BNPI

3- Traditional private portfolio in which most students live (service rooms, 1-room flats , apartments, apartments shared with roommates)

No dedicated major owner / manager on this segment apart from Campuséa

## Campuséa's business model

We are the sole owner of the student residences

Gecina defines the architectural conception for each residence

High standards of quality and services

All rooms are in perfect condition (new or refurbished) with regular maintenance of the rooms and communal areas

Consistent and standardized rooms and services

Dedicated team and all of Gecina's support functions (architecture and construction, legal services, etc.)

Genuine brand strategy

## Perfectly designed offer

Room with use of communal areas

1-bedroom with bathroom (14 to 30 sq.m)

2-bedrooms to share with roommate (28 to 37 sq.m)

Rooms designed specifically for disabled students

SERVICES

### Services included:

- reception
- fitness room
- library, TV room, internet access

### Services available:

- breakfast
- cleaning
- laundry
- photocopying

Euralille student residence



To maintain an occupancy rate around 98% in student residences, Campuséa cannot register a high vacancy rate each year over July and August

Campuséa therefore signs partnerships for every residence with schools nearby, by allocating a certain number of rooms to partner schools. The type of schools is mixed in order to get different study cycles and spread the apartments being vacated by students over time.

That is why Campuséa is already working in partnership with, notably:

- Ecole Nationale des Ponts et Chaussées
- American University of Paris
- Paul Bocuse
- Ecole Nationale Supérieure d'Architecture
- Ecole Nationale de la Magistrature
- SKEMA business school

Campuséa also offers short-term leases in order to fill units during the holidays

Target has been set for an occupancy rate around 98%

## Campuséa's existing portfolio

Rental margin of 85.7% in 2010

Low disputes (<1% of rents)

50% turnover allowing the portfolio to be constantly close to market rents

5.8% yield on the portfolio

No cycle effect

## Ambitious developments with controlled risks

€280m of investments planned over the next 3 years

Average net yield between 6% to 7%

Campuséa is expected to grow from 1,400 beds in 2010 to 5,000 beds by 2014

The Group will target only the main cities

## Development opportunities within Gecina's own portfolio: example of the Lançon project (Paris 13th)

Conversion of offices into a student residence  
60 residential units and 84 rooms



### SCHEDULE

- October 2008: Project launched
- October 2010: Gecina requested planning permission
- December 2010 : Planning permission granted
- January 2011: 80% of tenants transferred  
Negotiation on the exit of 2 remaining tenants (100 sqm and 300 sqm).
- February 2011: Permission / end of third-party appeals
- End 2011: Work launched

Current state (offices)	
Total area (sq.m)	2,091
Leasable space	1,865
Annual rent (€)	400,000
Annual rent in € per sq.m	214
Monthly rent in € per sq.m	17.83

Planned state (housing)	
Number of housing units created	60
Total area (sq.m)	2,091
Leasable space (sq.m)	1,460
Annual rent (€)	619,000
Annual rent in € per sq.m	420
Monthly rent in € per sq.m	35.00

## Development opportunities within Gecina's own portfolio: example of the Rue Lecourbe project

### Old office building: 4,978 gross sq.m

- ❑ Departure of the two tenants at the end of 2011
- ❑ Building located outside of an « office » market
- ❑ Heavy refurbishment to upgrade the asset into a high-quality building
- ❑ Decreasing value of the building

### Decision to either divest or transform the building for an alternative use

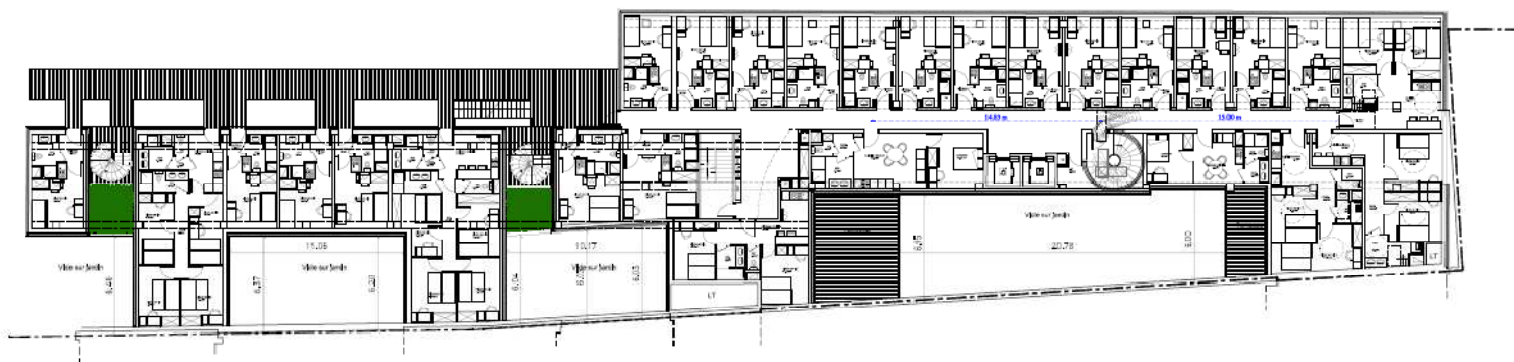
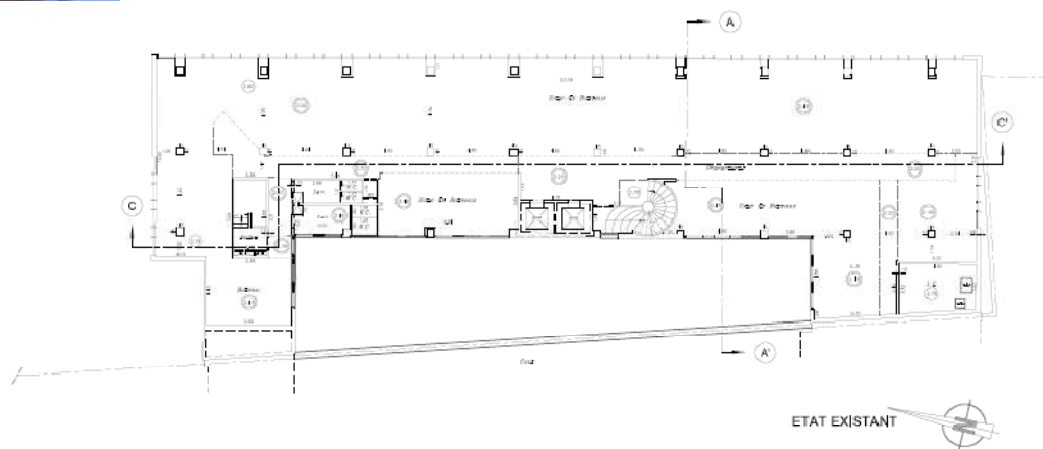
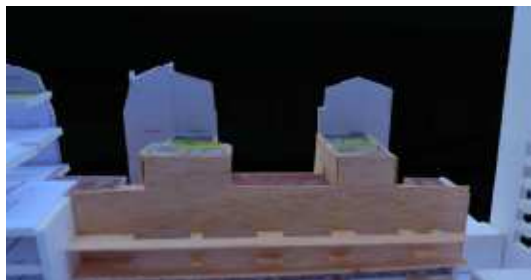
#### Decision: conversion for student housing

- ❑ 3,172 sq.m net space for 120 apartments, i.e. 160 beds
- ❑ Potential market: demand 15 times higher than supply
- ❑ First student residence in this neighborhood of Paris
- ❑ Top environmental rehab building
- ❑ Triple net yield of 5.4% vs. max 3% for classic residential asset
- ❑ Project's potential unlevered IRR: 7%



# Campuséa: residential's driving force

Development opportunities within Gecina's own portfolio: example of the Rue Lecourbe project





## Office segment

*Moving towards the inner rim*

# Gecina's office portfolio at a glance

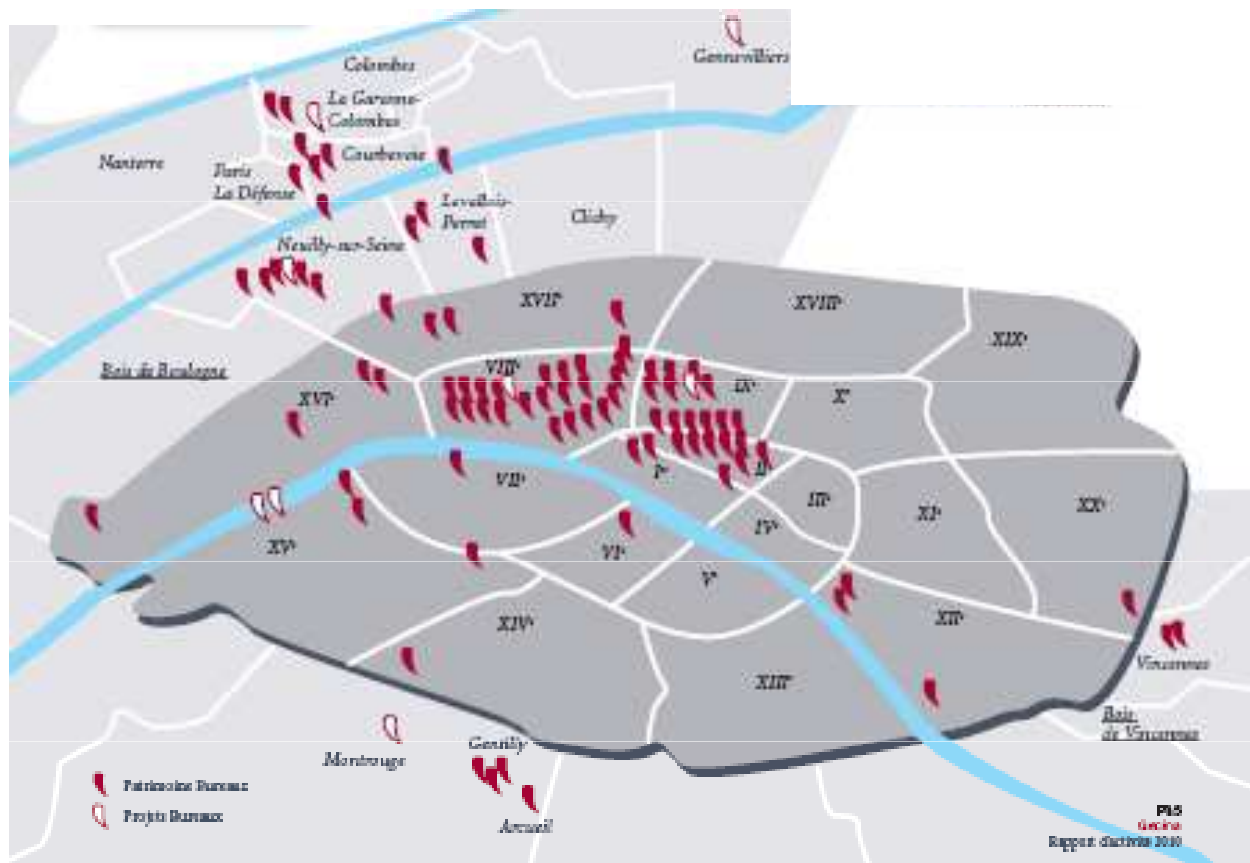
1,061,000 sq.m

€ 6,575 bn. asset value at end-2010

€335m of rents in 2010

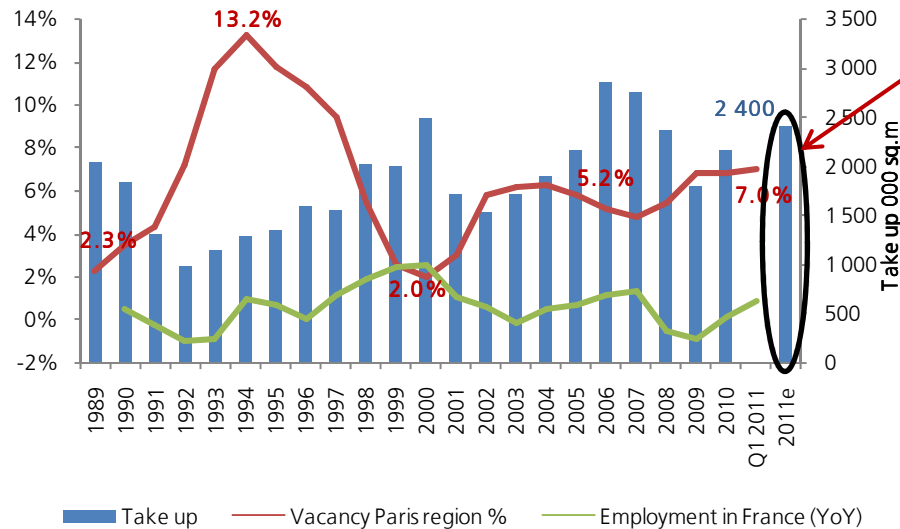
98% exposed to Paris and the Paris Region

Office portfolio: geographical breakdown



# The office market remains subdued in 2011

Change in take-up: brokers seem overly optimistic



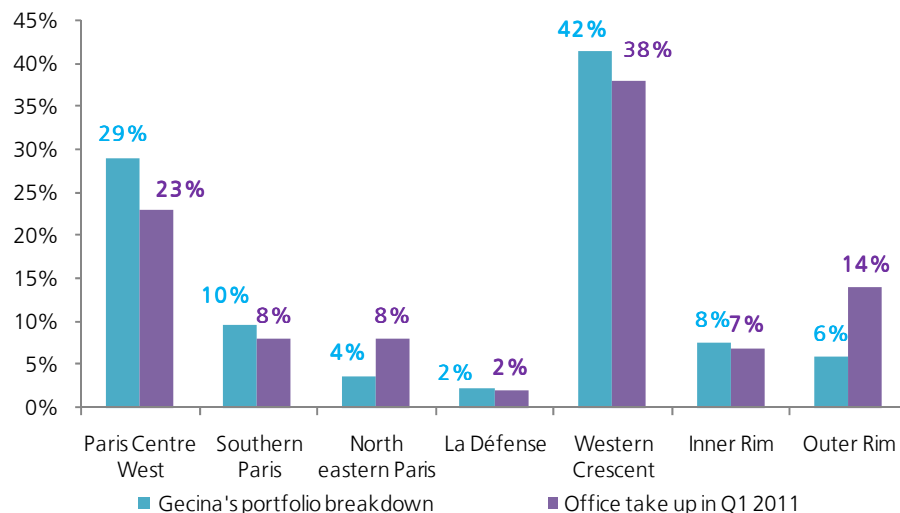
Brokers expect between +2% and +16% for take-up for 2011

The high range of these forecast seems too optimistic given trends seen so far during the year

Demand is remaining focused on areas < 5,000 sq.m

Most dynamic market segments:  
Paris  
New or redeveloped buildings

Source: CBRE, INSEE, MBC

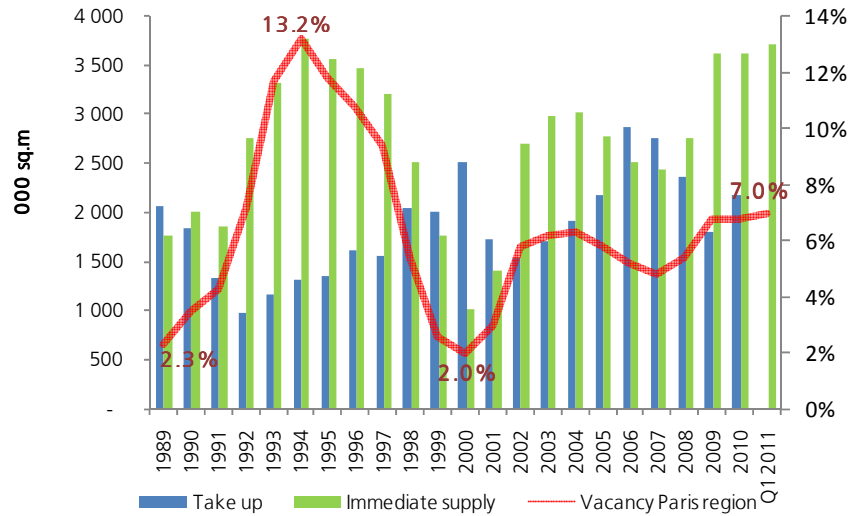


Source: CBRE, Gecina

The structure of take-up in the market fits with Gecina's office portfolio structure

# The office market remains subdued in 2011

## Slight increase in immediate supply



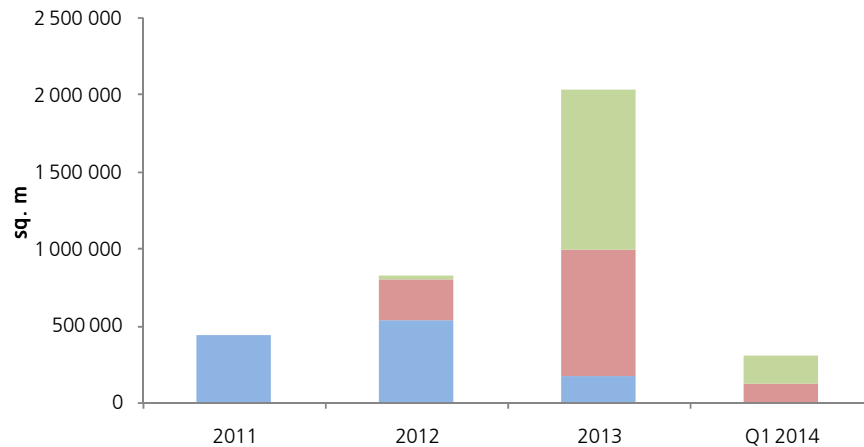
Immediate supply up 4% to 3.7 million sq.m

However, the percentage of new or redeveloped space among this supply has declined by 4% to 21% of immediate supply

New indexation: ILAT

Source: CBRE

## Future supply still scarce



Some increase in new or redevelopment projects  
Investors still cautious about speculative developments  
Renovation seems like an alternative to new projects

48% of the certain future supply forecast for the next 36 months already have tenants

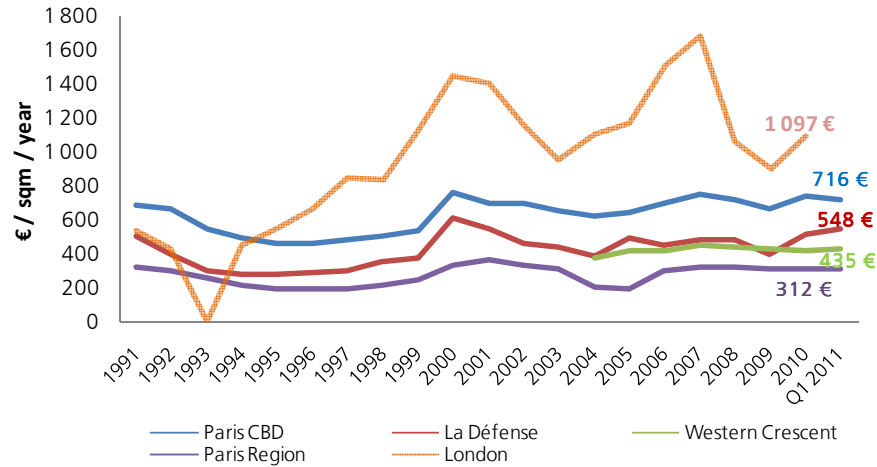
New supply shortfall still expected for 2012

Source: Jones Lang LaSalle

■ Certain ■ Probable ■ Potential

# The office market remains subdued in 2011

No strong catalysts for rental values

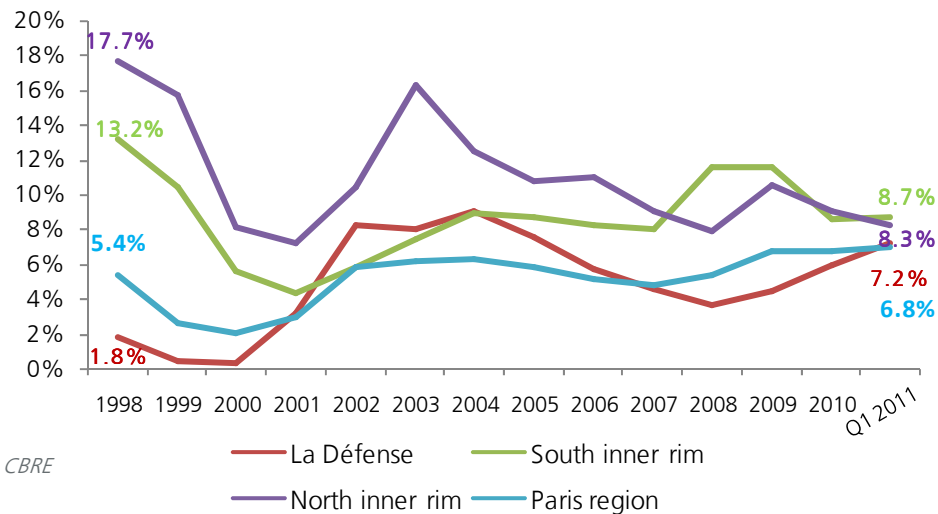


Prime rents fairly flat so far this year

Some increase in rental values on small / medium size space in the Paris CBD → positive advanced indicator for the rest of the market

Stabilization of incentives

Source: CBRE

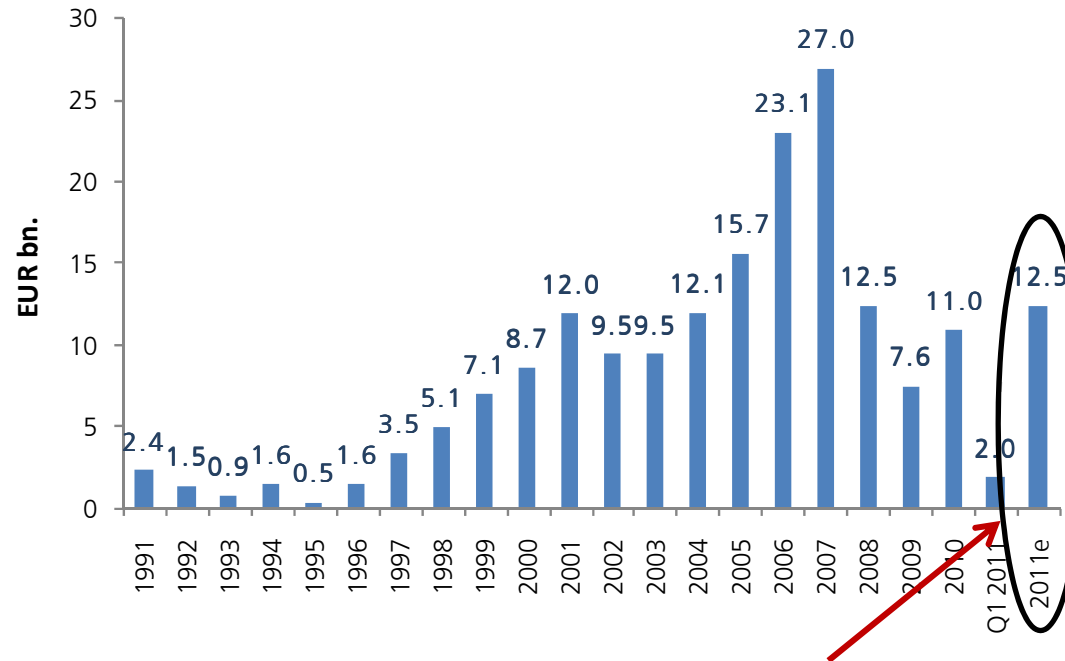


Source: CBRE

Medium term vacancy expected to stabilize as future supply is scarce

# The office market remains subdued in 2011

Investment in the French commercial real estate market



Source: CBRE

Brokers are forecasting €12.5 bn. of investment in the French commercial real estate market during 2011

This level seems overly ambitious given the weak trends seen so far this year

Transactions on low yields on smaller investments (<€50m)

Weaker trends for transactions > €100m

## Main catalysts for demand

### Main criteria taken into account by potential tenants for office buildings

- ❑ Preference for large floors as tenants are looking for modularity in order to optimize space and cost per employee
- ❑ Proximity to public transport and generally geographical location
- ❑ Tenants are looking for “green” buildings as well as quality and status, i.e. quality and modernity of the building’s architecture, quality of interior design, services offered
- ❑ Cost / employee ratio is tending to replace the concept of cost per sq.m

#### Space per employee in an “ideal” building – tenant survey

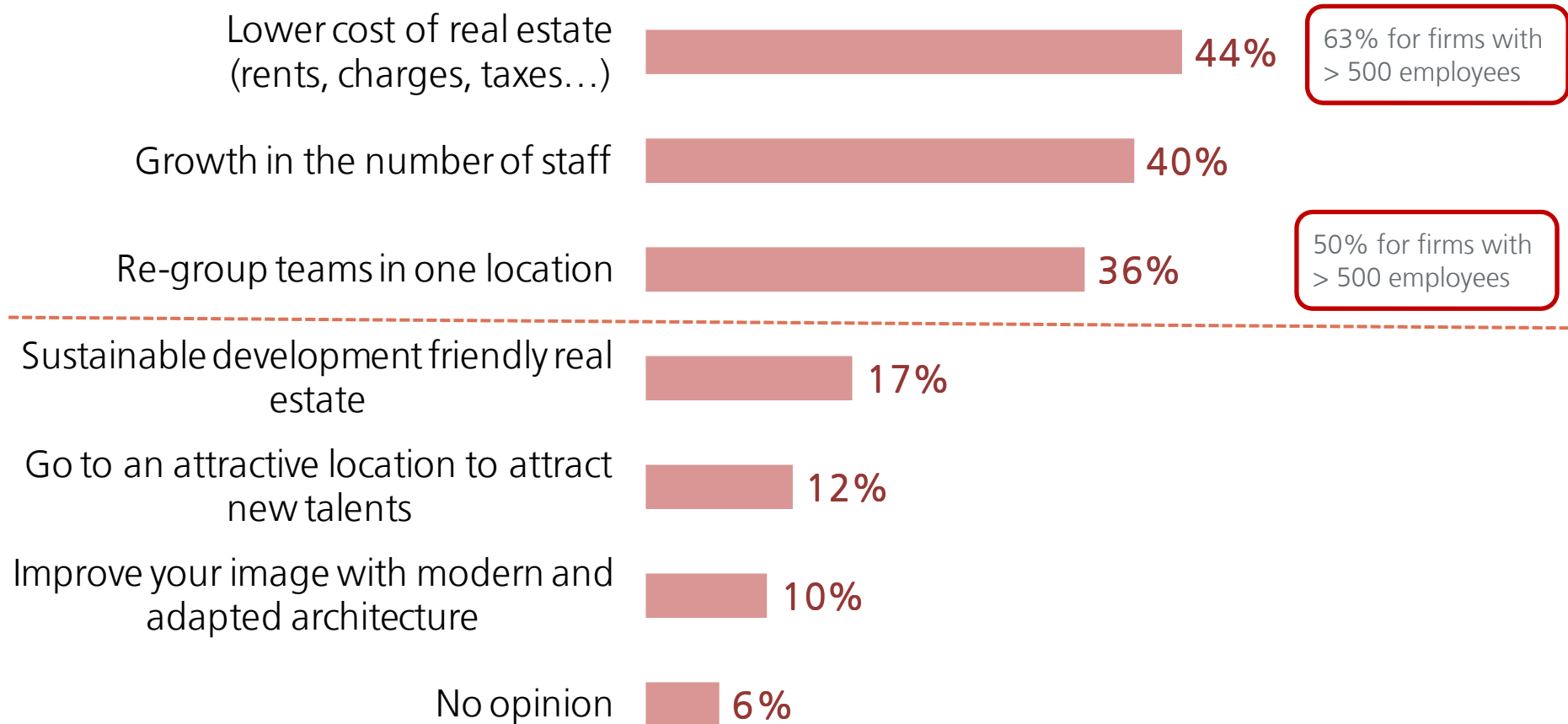
	Current building	"Ideal" building
Less than 10 sq.m	13%	13%
From 10 to 14 sq.m	30%	52%
From 14 to 18 sq.m	26%	22%
From 18 to 22 sq.m	26%	9%
More than 22 sq.m	0%	0%
Don't know	4%	4%

Source : Jones Lang LaSalle



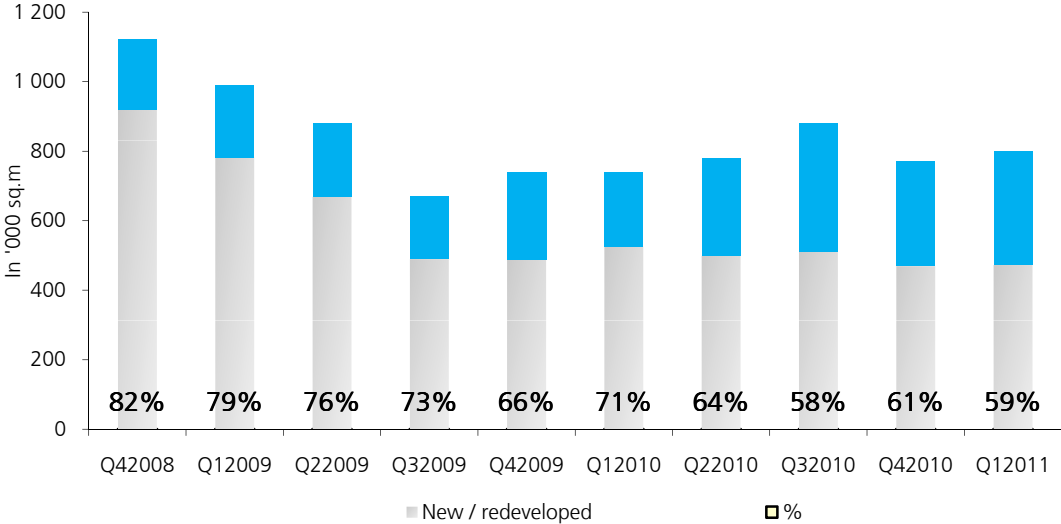
## Main catalysts for demand

December 2010 survey: what are the 2 main reasons why your firm would change location?



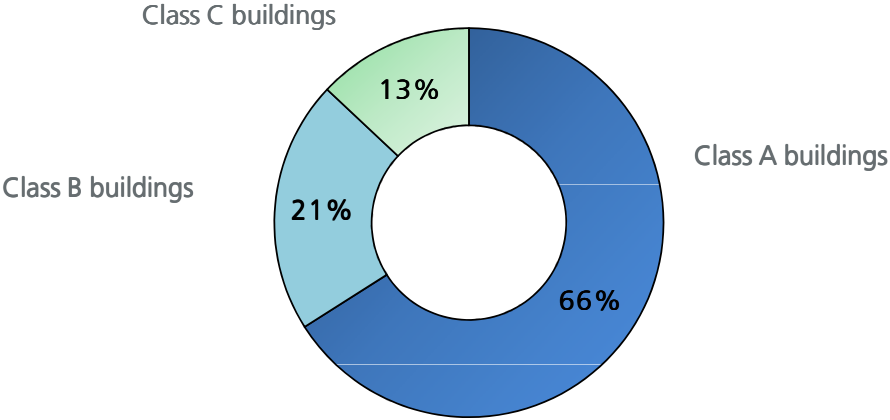
# Main catalysts for demand: tenant focus on new or redeveloped space

Change in transactions > 5,000 sq.m since 2008



New or restructured space accounts for ca 60% of take-up

Breakdown of transactions > 5,000 sq.m (as % of space)



66% of transactions on new buildings focused on class A assets

Source: Jones Lang LaSalle

# Changes in tenant needs and strategy: sustainable development

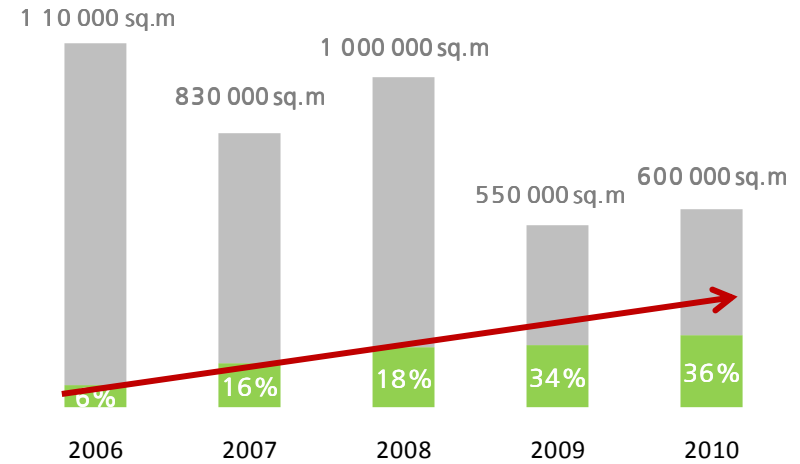
Sustainable development is becoming one of the parameters triggering tenant decisions

## Pre-letting rates

Year of completion	Certified projects	Non-certified projects
2008	73%	66%
2009	41%	36%
2010	16%	7%
2011	14%	0%
2012	26%	0%

Source: DTZ research

"Green" buildings accounted for 36% of > 5,000 sq.m take-up in 2010 vs. 6% of > 5,000 sq.m take-up in 2006



■ "Green" transactions > 5000 sq.m ■ "Non-green" transactions > 5000 sq.m

Source: Jones Lang LaSalle

# Gecina's shift towards the inner rim

## Gecina's main criteria for investment (acquisition and development)

- ❑ Gecina is positioned on large buildings: > 15,000 sq.m
- ❑ New or recently completed assets
- ❑ Targeted area: western crescent
- ❑ Green buildings: all buildings developed or acquired must be certified (HQE, BREEAM, LEED) or can be certified with minimal amount of capex
- ❑ Close to public transport

Historically, Gecina has carried out its deployment in the inner rim without taking the development risk (partnership with Hines)

In order to maximize the return on its projects, Gecina is now taking this development risk for controlled investment amounts

- Le Velum (Lyons)
- New side (La Garenne Colombes)
- Magistere (Paris)
- 96-104 Charles de Gaulle (Neuilly)

## Gecina's shift towards the inner rim: Boulogne

- ❑ 2008: acquisition of Khapa and Angle buildings
- ❑ 2010: acquisition of Anthos
- ❑ June 23, 2011: acquisition of Tour Horizons
  
- ❑ Partnership with Hines
- ❑ Integration into the « Made for People » concept
  
- ➔ Buildings must combine a strong architectural signature with environmental performance, a strategic location and a stimulating environment
- ➔ Ultimate goal is to meet tenants' new expectations



### HORIZONS

Architect: J.NOUEVEL

HQE

Label THPE 2005

36,670 sq.m

Tenant : ROCHE (15,567 sq.m)



# Gecina's shift towards the inner rim: Portes d'Arcueil

## 6.45% net yield for recurring cash flow

- ❑ 3 independent buildings for a total 44,735 sq.m completed in 2007
- ❑ HQE Exploitation certification underway
- ❑ Acquisition amount: €252m
- ❑ €16.2m of rental income, i.e. 6.45% net yield
- ❑ Triple net 9-year firm lease from November 2007 with France Télécom

## New urban area

- ❑ New commercial real estate hub south of Paris
- ❑ 700 meters away from the RER B station (Laplace)
- ❑ 7 hectare area under redevelopment since 2003 and organized around a 50,000 sq.m shopping center
- ❑ Dynamic trend for offices strengthened with the recent arrival of Crédit Agricole in Montrouge and LCL bank in Villejuif



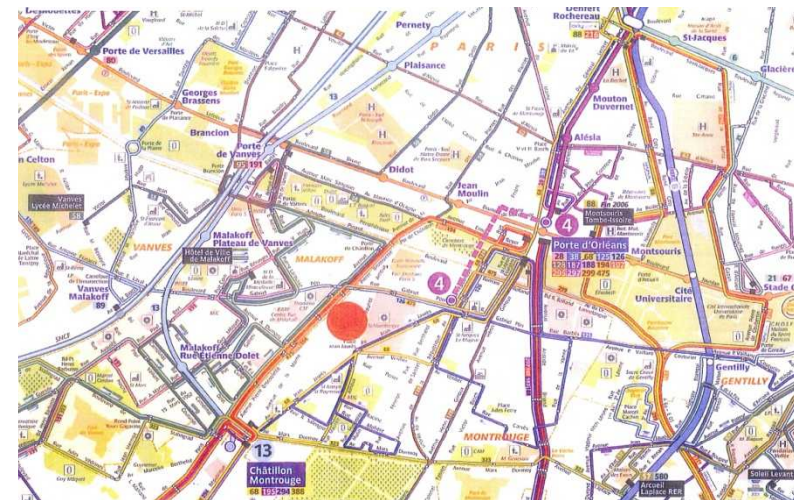
# Gecina's shift towards the inner rim: Montrouge (Park Azur)

## 6.45% net yield with secured cash flow from 2012

- ❑ 3 new buildings over 27,000 sq.m
- ❑ BBC and HQE certifications
- ❑ Completion in May 2012
- ❑ Fully pre-let to EDF on a triple net 9-year firm lease
- ❑ Acquisition amount: €130m
- ❑ Annual rent of €8.4m from 2012, i.e. net yield of 6.5%

## Area benefiting from good access

- ❑ South of Paris
- ❑ 400 meters from Porte de Châtillon
- ❑ Good access with public transport: metro (lines 13 and 4), tramway, several bus lines
- ❑ Park Azur is very close to the Crédit Agricole development



# Gecina's shift towards the inner rim: Genevilliers (Pointe Métro 2)

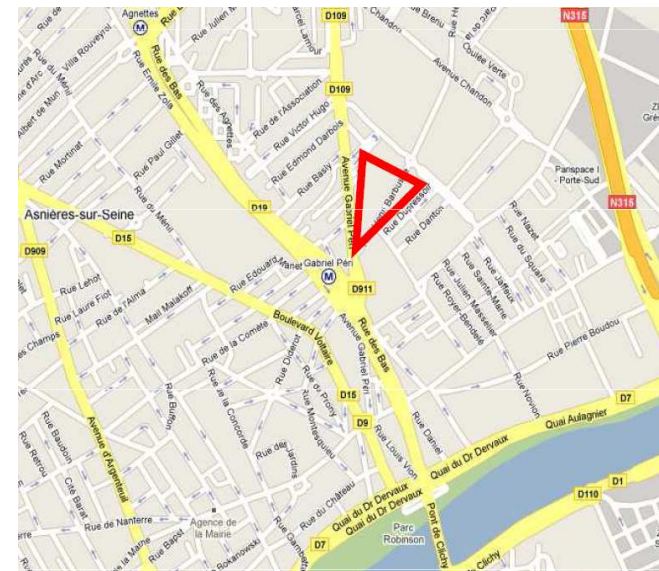
## A high-yielding speculative development

- ❑ Project completion: Q4 2012
- ❑ Pointe Métro 2 comprises 15,000 sq.m of office space (+276 parking spaces)
- ❑ Investment: €58m
- ❑ Potential net yield of 8.0% based on ca €310 / sq.m
- ❑ North-west of Paris in the city of Genevilliers
- ❑ HQE and BBC certifications
- ❑ Building accessible using public transport (metro Line 13, RER, tramway), as well as rapid access by road (A15 and A86 highways)



## Area close to Paris with critical mass for offices

- ❑ The city of Genevilliers is currently developing a vast new sector over 12 hectares, with office buildings, new housing, retail, public facilities and parks
- ❑ This project is part of the Pointe Métro development which comprises 41 000 sq.m of office and retail space
- ❑ The Pointe Métro 1 building was fully let on completion to Prisma Presse
- ❑ Along with the Delage building (completed in 2007), the area now represents around 100,000 sq.m of new office space





# Gecina's shift towards the inner rim: Saint Ouen (C2 building)

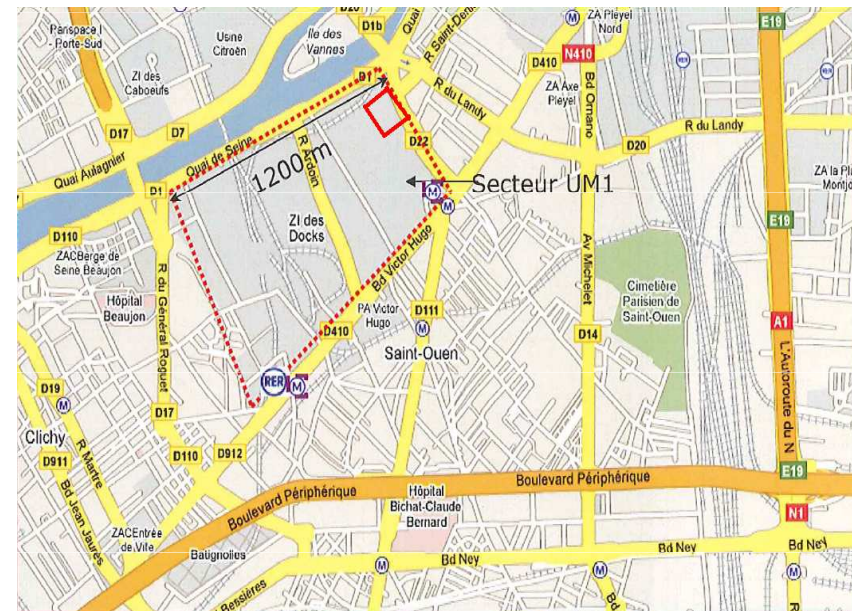
## Another high-yielding speculative development

- ❑ Project completion: Q4 2013
- ❑ C2 comprises 16,154 sq.m of office space (+215 parking spaces)
- ❑ Investment: €69m
- ❑ Potential net yield of 8.0% based on ca €330 / sq.m
- ❑ North of Paris in the city of Saint Ouen
- ❑ HQE and BBC certifications
- ❑ Optimum accessibility using public transport (metro Line 13, and Line 14 from 2013), as well as rapid access by road (A1 and A86 highways as well as the périphérique)



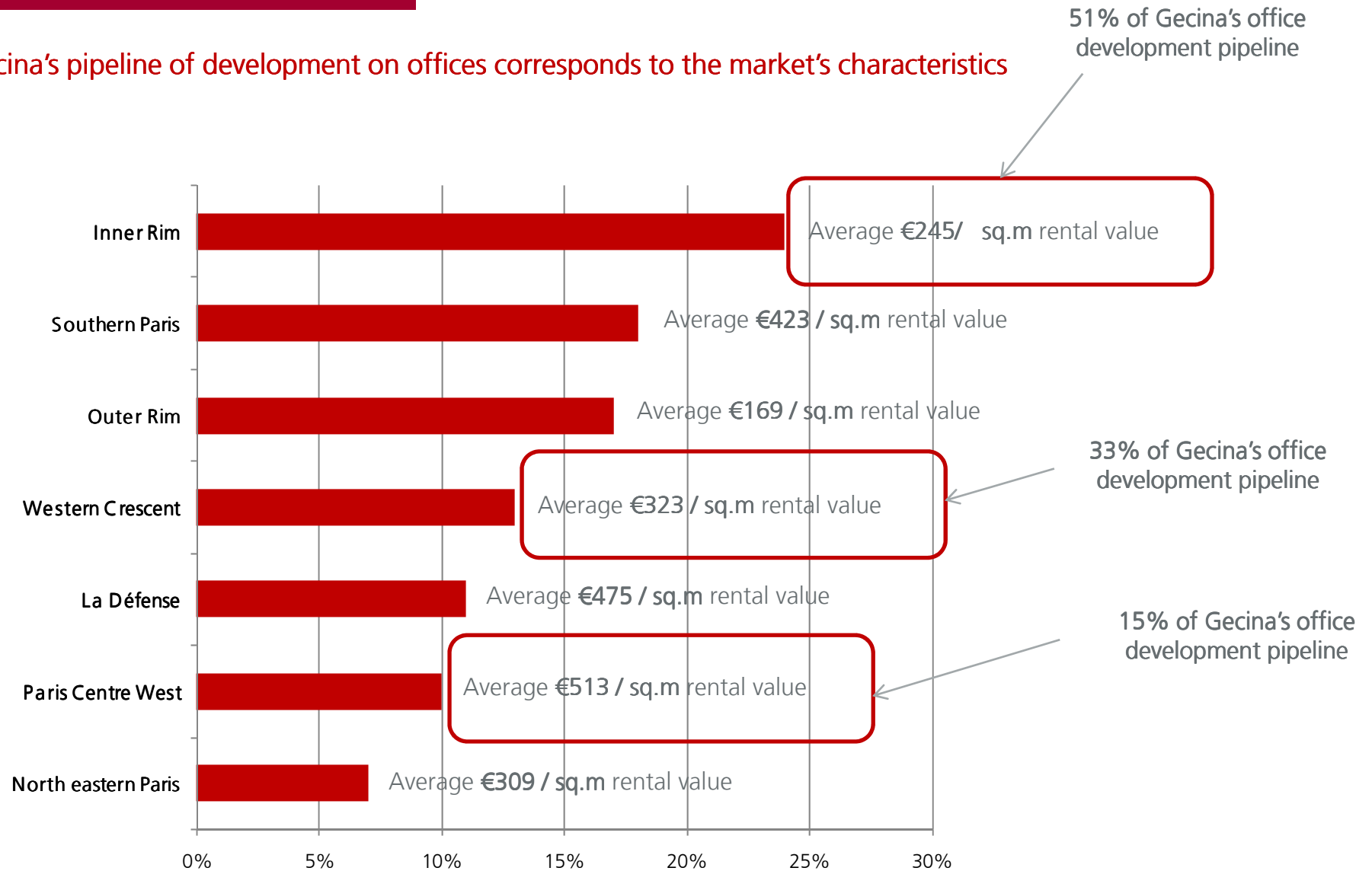
## The Docks de Saint Ouen program

- ❑ This project is part of the Docks de Saint Ouen development which comprises 308 000 sq.m of office space, 4 000 housing units and 17 000 sq.m of public facilities
- ❑ This program will amount to €500 M, including €133 M which will be financed by the city of Saint Ouen



# Gecina's shift towards the inner rim

Gecina's pipeline of development on offices corresponds to the market's characteristics



Source: CBRE, Gecina

# Grand Paris project is moving forward

## Major steps

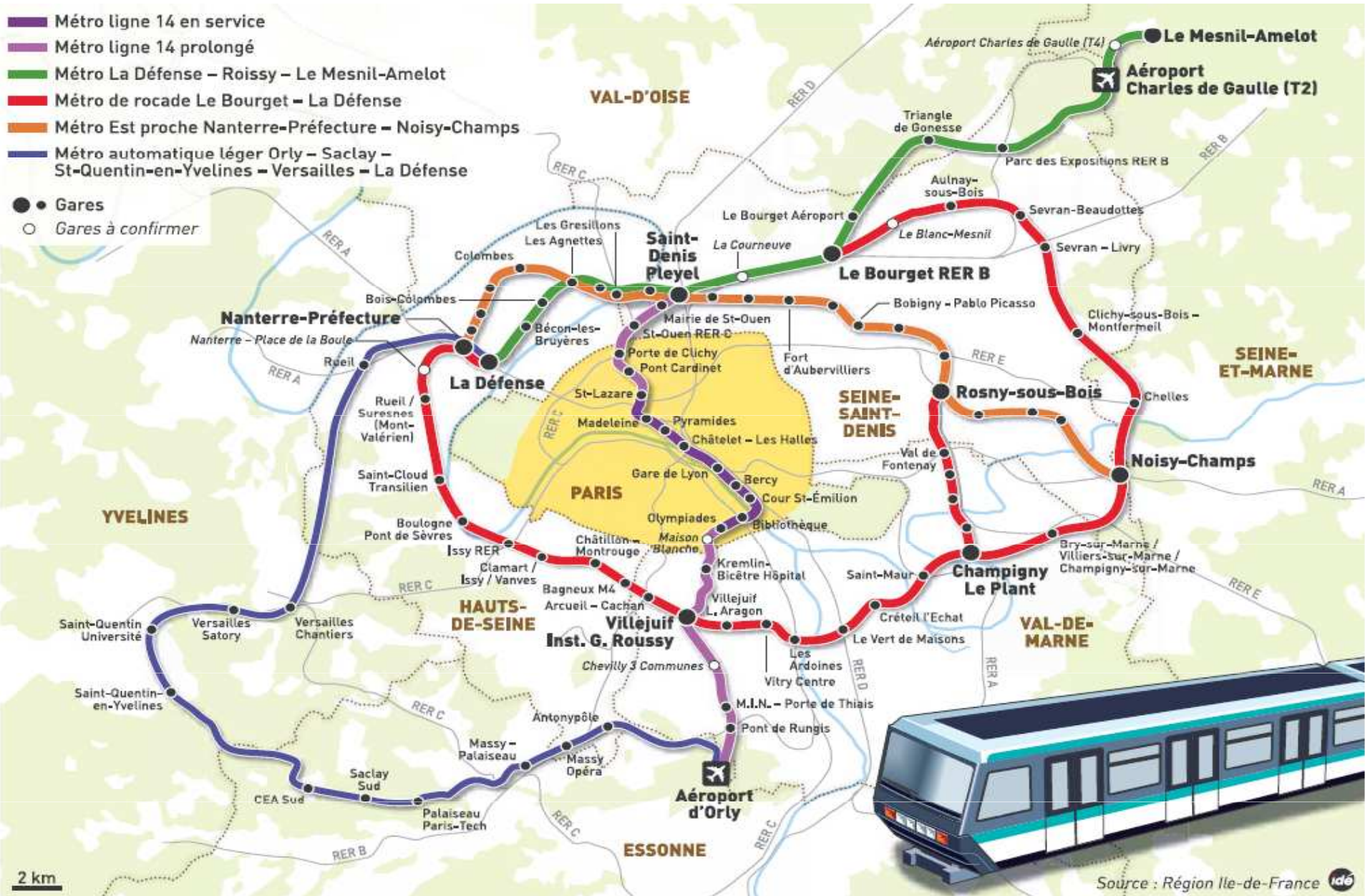
- January 2011 : State – Paris Regional council agreement
- May 26, 2011 : “Société du Grand Paris” adopts the global scheme of the “Grand Paris Express”
- 2014: Extension of Metro line 14 to Mairie de St Ouen, completion 2017  
Start of ARC SUD between stations Pont de Sèvres and Créteil, completion 2018-2019
- 2018 and 2025 : completion of other lines
- 2025 : Developement of sections from
- ➔ Versailles Chantiers / Nanterre Préfecture / Saint- Denis Pleyel
  - ➔ Val de Fontenay/ Rosny Sous Bois

## Development of the “Super-métro” and improvement of the existing network

200 km network – 82 stations - 2 million passengers  
5 automatic metro lines

Unprecedented improvement of the transportation system in the Paris Regions  
from suburb to suburb

# Grand Paris project is moving forward: the Grand Paris Express



# Grand Paris project is moving forward: the Grand Paris Express

Cost of the Grand Paris Express : €20.5 bn.

Financing through state finances and debt

Financing plan: €5 bn. from additional tax revenue following tax revision or new taxes on commercial real estate

- Annual tax on Paris Region offices (Taxe Annuelle sur les bureaux en Ile de France)
- Tax on office creation in the Paris Region (Redevance pour la création de bureaux en Ile de France)
- Special « Grand Paris » facilities tax (Taxe Spéciale d'Équipement « Grand Paris »)
- Installation tax (Taxe d'Aménagement)

# Grand Paris project: impact of additional taxes

## Taxe Annuelle sur les Bureaux en Ile de France

Asset concerned:

- Offices > 100 sq.m
- Storage > 500 sq.m
- Retail > 2,500 sq.m

Tax determined based on 2 criteria:

- Districts and price per sq.m
- Scales

What's new:

- Redefinition of zoning
- Tax applied on parking spaces attached to office space
- Increase in rate
- Annual reevaluation based on the cost of construction index

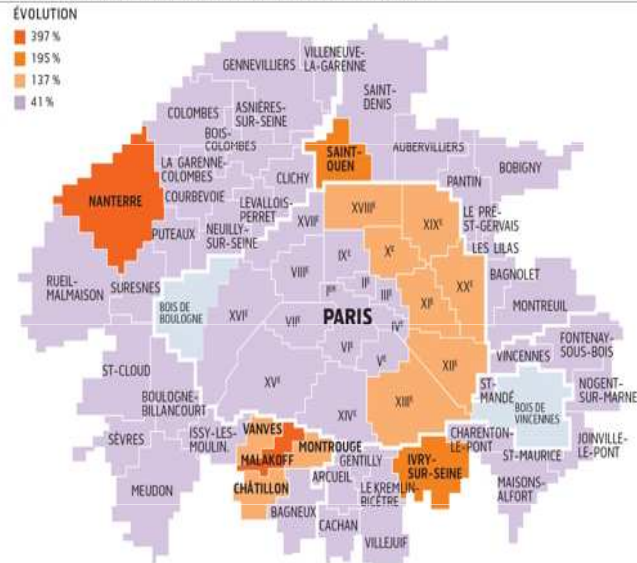
	2010	2011
<b>Office space</b>		
First district	€11,30	€15,91
2 <sup>nd</sup> district	€6,70	€9,43
3 <sup>rd</sup> district	€3,20	€4,51
<b>Retail space</b>		
First district	€1,80	€7,00
2 <sup>nd</sup> district	€1,80	€3,60
3 <sup>rd</sup> district	€1,80	€1,80
<b>Storage space</b>		
First district	€0,90	€3,60
2 <sup>nd</sup> district	€0,90	€1,80
3 <sup>rd</sup> district	€0,90	€0,90
<b>Parking space</b>		
First district		€2,10
2 <sup>nd</sup> district		€1,20
3 <sup>rd</sup> district		€0,60

# Grand Paris project: impact of additional taxes

## Taxe Annuelle sur les bureaux en Ile de France

### New mapping

FLAMBÉE DE LA TAXE ANNUELLE SUR LES BUREAUX EN 2011



IDE / SOURCE : JONES LANG LASALLE

LES TAXES À RÉGLER

EN EUROS/M<sup>2</sup>

TAXE ANNUELLE		REDEVANCE DE CREATION DE BUREAU	
ANCIEN TARIF	NOUVEAU TARIF	ANCIEN TARIF	NOUVEAU TARIF
PARIS ET HAUTS-DE-SEINE			
11,3	15,91	244	344
UNITÉ URBAINE DE PARIS (1 <sup>ÈRE</sup> COURONNE HORS 92)			
6,7	9,43	152	214
AUTRES COMMUNES D'ÎLE-DE-FRANCE			
3,2	4,51	61	86

### Impact on GECINA :

- ❑ 2011 TAB IdF tax: €10.2m
- ❑ Increase in declared taxes by 56 % (2011-2010)
- ❑ Chargeback to tenants for the TAB IdF tax: €8.5m
- ❑ Non recoverable TAB IdF tax: €1.7m

- ❑ Increase in the tax by an average of 41%, up to 397%
- ❑ The worst affected sectors will be the Eastern arrondissements (+137%) and certain cities which were previously "protected": Malakoff, Nanterre, Ivry sur Seine and St Ouen (+397%).

# Grand Paris project: impact of additional taxes

## La Redevance pour création de bureaux en IdF

### History:

- ❑ 1960: creation of this tax in order to dissuade developers from building offices at the expense of residential properties in the Paris Region, while encouraging the construction of offices in the French regions
- ❑ 1972: introduction of zoning with different taxes in order to stop the over-concentration of offices in Western Paris and the inner rim and support the « villes nouvelles » (new towns)
- ❑ 1986: the tax revenue allocated to the Paris Region for financing road infrastructures and facilities
- ❑ 1989 : updating of rates

### What's new:

- ❑ Redefinition of zoning, similar to TAB IdF tax
- ❑ Increase in rates
- ❑ Annual reevaluation based on the cost of construction index

	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>
<b>Before</b>	Paris except 5,10,11,12,13,18,19, 20 Arrdt + some cities from the 92 département	Some cities from the 92 département	5,10,11,12,13,18,19, 20 Arrdt + other cities in the Paris Region
<b>After</b>	<b>Paris and 92</b>	<b>Paris Urban Unit (Inner Rim except 92)</b>	<b>Other cities in the Paris Region</b>
<b>Previous tariff in €</b>	<b>244</b>	<b>152</b>	<b>61</b>
<b>New tariff in €</b>	<b>344</b>	<b>214</b>	<b>86</b>



# Grand Paris project: impact of additional taxes

## Project description:

- (1) Vélizy Square : demolition of 8,800 sq.m of net floor space + reconstruction of 15,500 sq.m of net floor space
- (2) Montigny : demolition of 5,000 sq.m of net floor space + reconstruction of 18,500 sq.m of net floor space for Phase 1

## Financial impact of additional taxes:

	Vélizy Square		Montigny	
	Before	After	Before	After
Rate (in €'000)	365	1 281	546	1 916
% of total project cost	0.7%	2.4%	1.2%	4.1%
<b>Yield on cost</b>	<b>6.85%</b>	<b>6.75%</b>	<b>8.35%</b>	<b>8.10%</b>

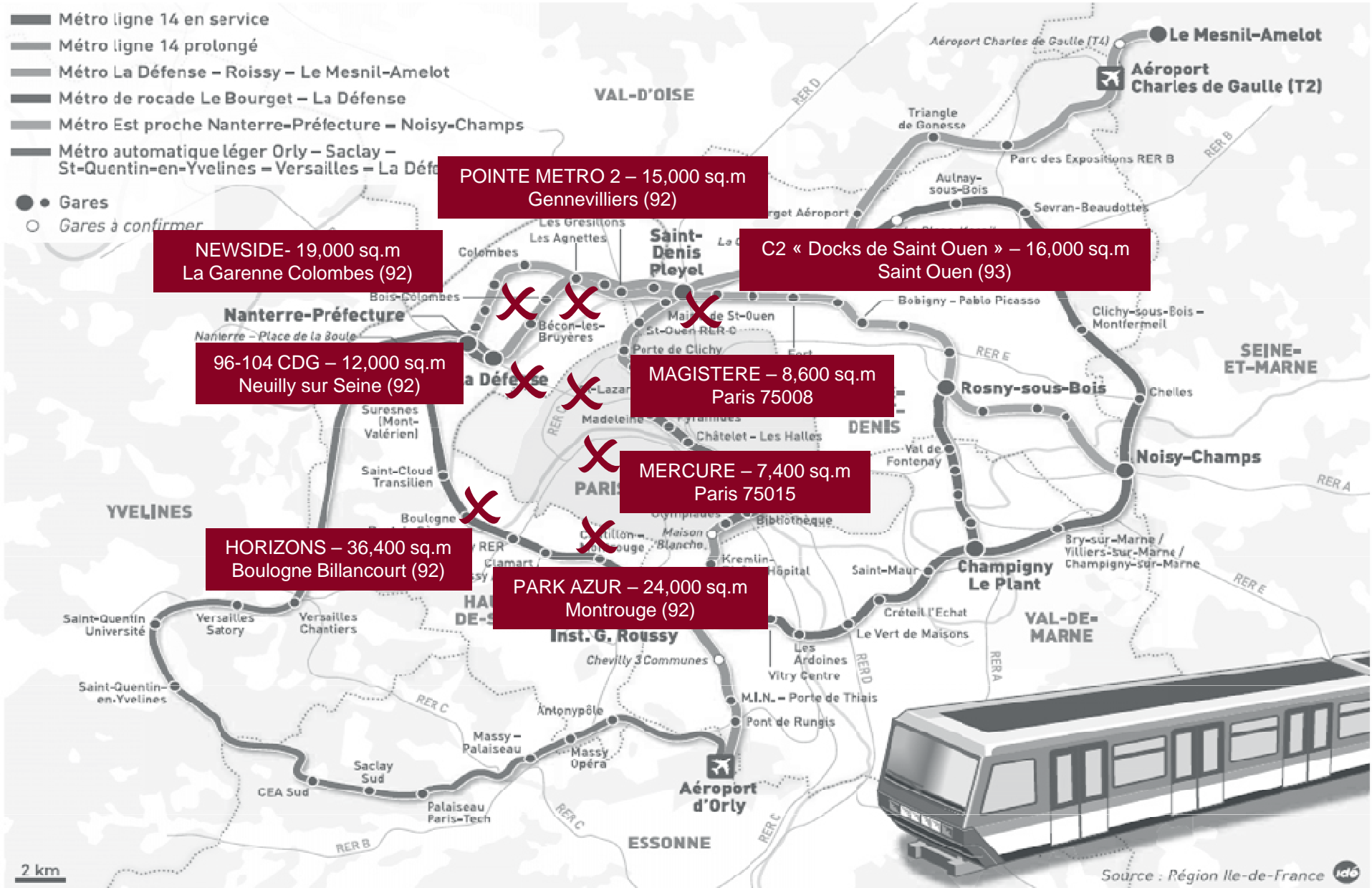
# Grand Paris project: impact of additional taxes

Tenants are positioning themselves mainly in the Outer rim, the Inner rim and the Western Crescent

Users' moves in % since 2008

Going to... Coming from...	Outer Rim	Inner Rim	Western Crescent	Center West Paris	South Paris	North East Paris	La Défense
Outer Rim	83%	4%	2%	-	5%	13%	-
Inner Rim	6%	48%	5%	-	5%	25%	-
Western Crescent	7%	10%	59%	5%	5%	-	18%
Center West Paris	2%	15%	27%	71%	18%	-	23%
South Paris	-	13%	-	10%	54%	25%	9%
North East Paris	2%	8%	-	9%	9%	38%	-
La Défense	-	2%	7%	5%	4%	-	50%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>101%</b>	<b>100%</b>

# Grand Paris project: Gecina's office developments (> 5,000 sq.m)



# Grand Paris project: Gecina's medium-term developments

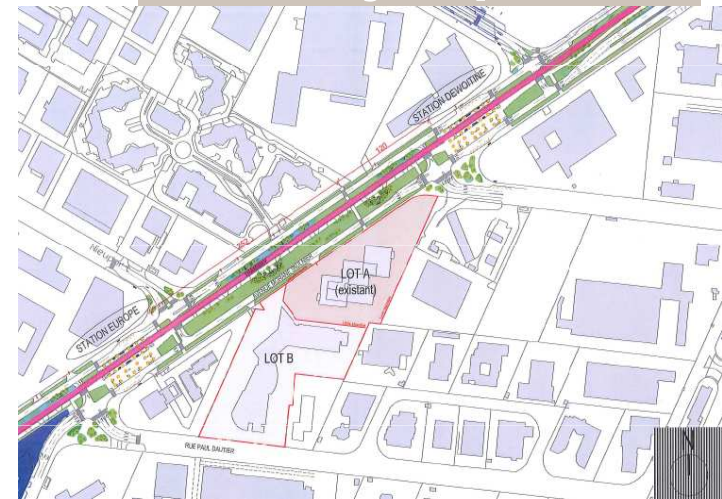
## Montigny



*Architecte : Hubert  
Godet*

Completion: 2013 / 2014  
Surface area: 50,000 sq.m  
Project amount: €90m

## Vélizy Square



Completion: 2014  
Surface area: 15,200 sq.m  
Project amount: €27m

Target net yield on cost > 8%

# Gecina's 190,000 sq.m office developments: completion schedule

2011 – 50,000 sq.m



**HORIZONS – 36,400 sq.m**  
Boulogne Billancourt (92)  
ATELIERS JEAN NOUVEL  
HQE® - THPE



**MERCURE – 7,400 sq.m**  
Paris 75015  
Sienna / 2AD  
HQE® - THPE



**96-104 CDG – 12,000 sq.m**  
Neuilly sur Seine (92)  
LOBJOY & BOUVIER  
HQE® - BBC



**Magistere – 8,600 sq.m**  
Paris 75008  
A. BECHU  
HQE® - THPE



**Montmartre – 3,700 m²**  
Paris 75009

2012 – 80,000 sq.m



**Newside – 19,000 m²**  
La Garenne Colomnes (92)  
VALODE & PISTRE  
HQE® - BBC - LEED® Gold



**Pointe Metro 2 – 15,000 sq.m**  
Gennevilliers (92)  
J.P. VIGUIER  
HQE® - BBC



**Park Azur – 24,000 sq.m**  
Montrouge (92)  
P. RIDGWAY  
HQE® - BBC

2013 – 76,000 sq.m



**Velum – 15,225 sq.m**  
69003 - Lyon  
F. HAMMOUTENE  
HQE® - BBC



**Beaugrenelle – 45,000 sq.m GLA**  
Paris 75015  
VALODE & PISTRE  
BREEAM Very Good



**C2 « Docks de St Ouen » – 16,154 sq.m**  
Saint Ouen (93)  
Franklin AZZI  
HQE® - BBC



## Asset visits

*Campuséa – Château des Rentiers*

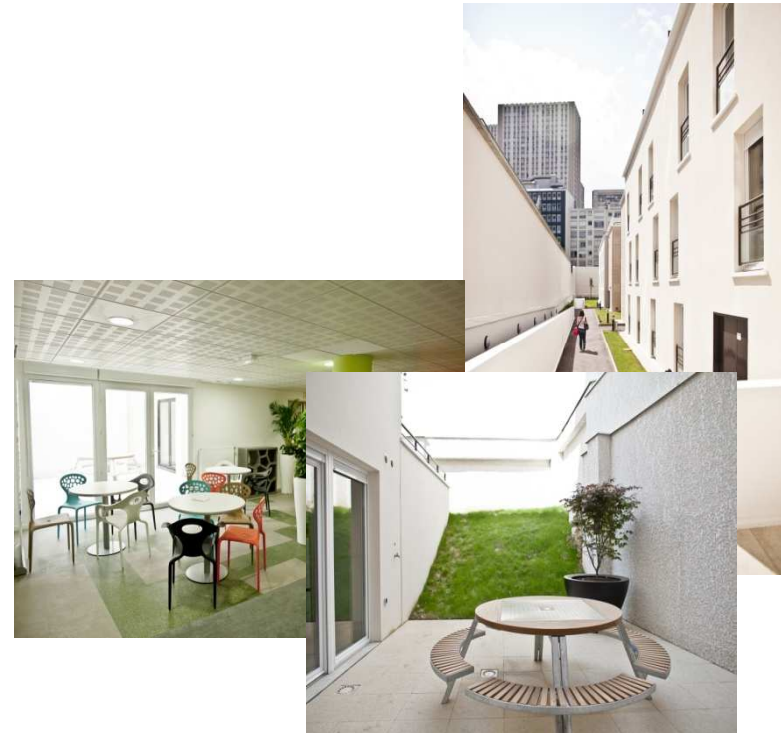
*Montrouge*

*Beaugrenelle*

*Péreire*

## Acquisition of a new student residence

- ▶ December 2008 : launch of work
- ▶ April 2011 : completion of the project
- ▶ Total area: 4,161 sq.m
- ▶ Total investment: €27m
- ▶ Net yield on cost: 5,8%
- ▶ 100% rented on completion



The Château des Rentiers residence is located in the 13<sup>th</sup> arrondissement, which is predominantly a residential area with mostly new good quality buildings.

The 13<sup>th</sup> arrondissement is being fully developed and represents one of the biggest areas with “work underway” in Paris; this area is spread over 130 hectares, within which 8 hectares of green space, 60,000 new jobs and 15,000 inhabitants are set to emerge.

The student residence is located close to the University Paris VII Denis Diderot, the 13<sup>th</sup> arrondissement is the main student area in Paris

Since Gecina’s student residences are part of the “free market” (i.e. not social housing), the students benefit from the ALS subsidy (Allocation de Logement à caractère Social) → around €200 / month / student

Type	Number of units	Average area	Cost per month (€)
Type 1	141	from 18.1 to 25 sq.m	from 785 to 1,040
Type 1 bis	21	from 18.7 to 25.8 sq.m	from 785 to 980
Type 2	6	from 31.3 to 35.2 sq.m	from 1,050 to 1,150
Shared apartments (per student)	15	from 40 to 54.6 sq.m	from 545 to 650



## The Château des Rentiers residence offers:

- laundry facilities
- parking spaces,
- gardens,
- fitness room,
- internet access,
- disabled access
- CCTV surveillance
- A Campuséa employee is always on site

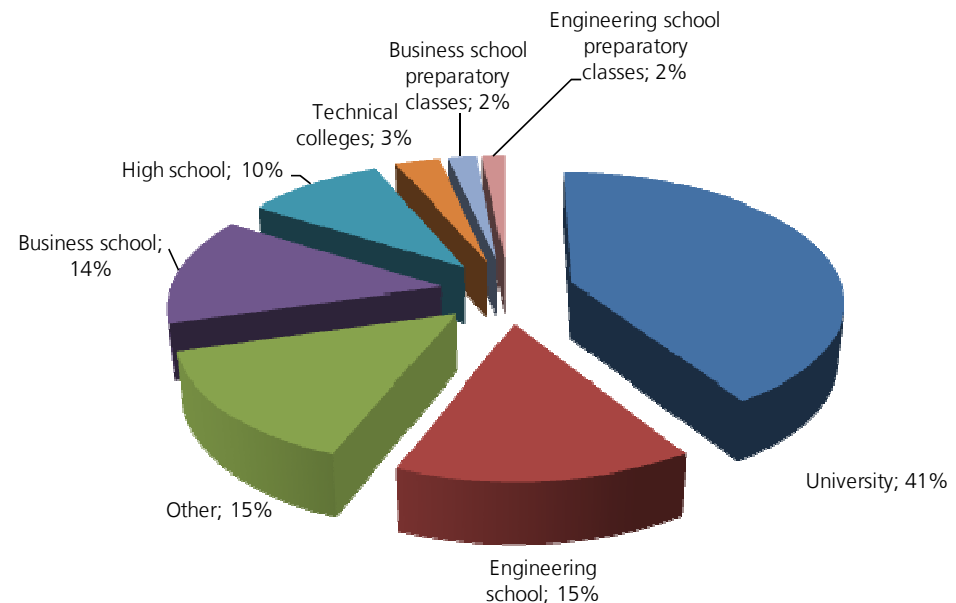
## As well as additional services , including:

- breakfast
- cleaning service
- photocopying

## Marketing of the residence:

- 1- directly to students (internet, social networks, etc.)
- 2- non-partner schools send us potential tenants
- 3- reservation through partner schools
- 4- allocation of a certain number of units to a partner school

## Marketing analysis: type of schools attended by tenants



# Student residence development and acquisition strategy

## Targets

- ❑ Grow our student residence portfolio from 1,400 units today to 5,000 units by 2014.
- ❑ Acquisition of residences delivering 6.0 to 7.0% net yield
- ❑ Focus on major student cities in France and the Paris Region
- ❑ Development or acquisition of top-quality environmental residences (BBC energy efficient building or better)

## What can we buy ?

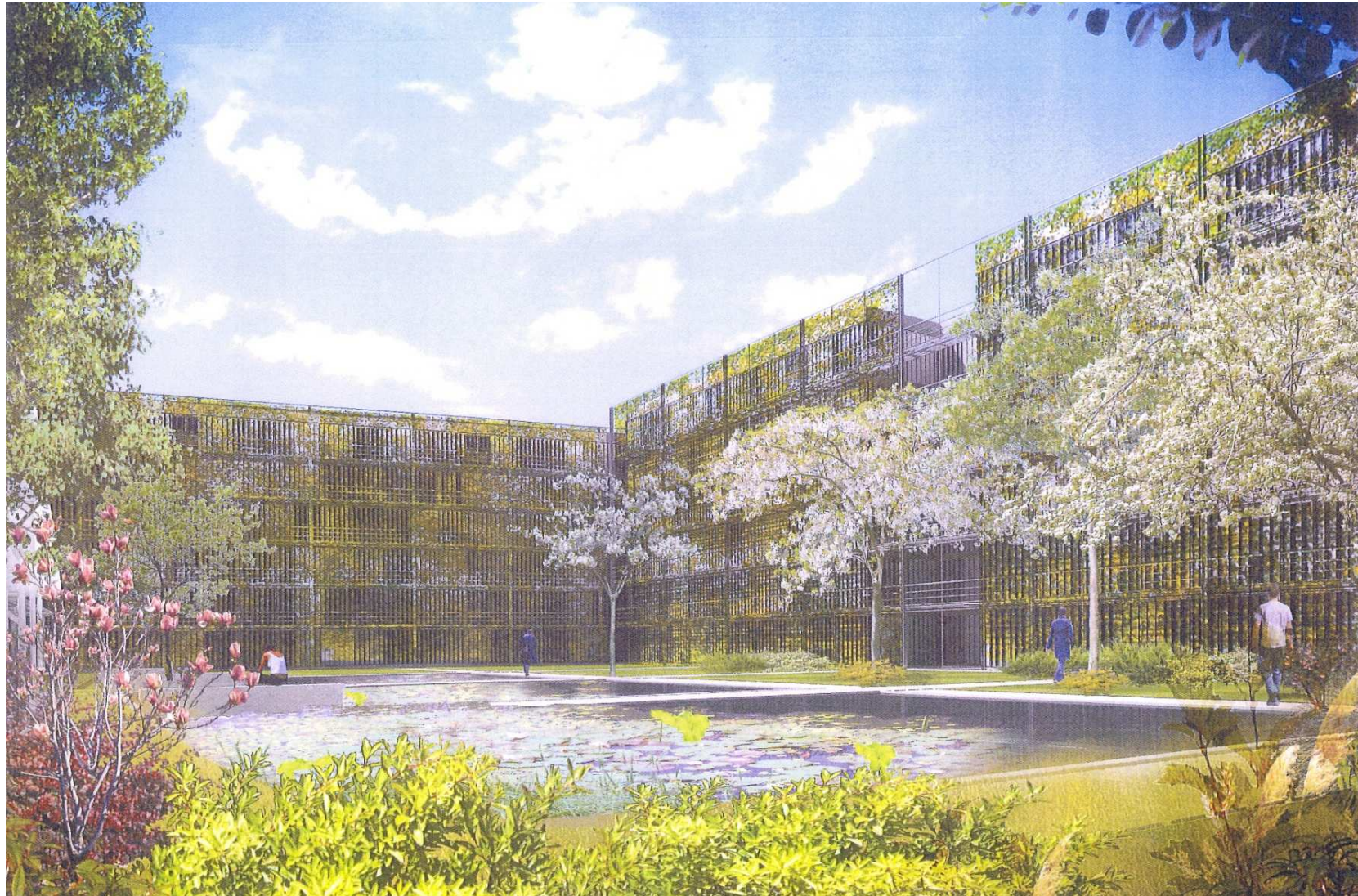
- Development of our own residences through the acquisition of land in strategic locations
- Refurbishment of existing office buildings within Gecina's portfolio or third-party portfolios
- Acquisition of new residences from developers under the « sales upon completion » scheme
- Acquisition of existing residences or portfolios

## How can we secure our deal flow ?

- Intensive marketing and roadshows with municipalities, land developers in order to be seen as a leading investor/asset manager and developer of student residences in France
- Partnerships with developers in order to get « right of first review » on their deal flow
- Presentations and marketing with brokers and developers to explain our concept and work from a very early stage on potential developments

## Acquisition criteria

- Location
  - Large student population
  - Public transport system
  - Universities, private schools in the area
  - Residence must be part of the city
  
- Net yield from 6.0% to 7.0%, IRR of over 7% (unlevered)
  
- Minimum size (except inside Paris) of 150 apartments per residence



# Park-Azur Montrouge office development

Park Azur

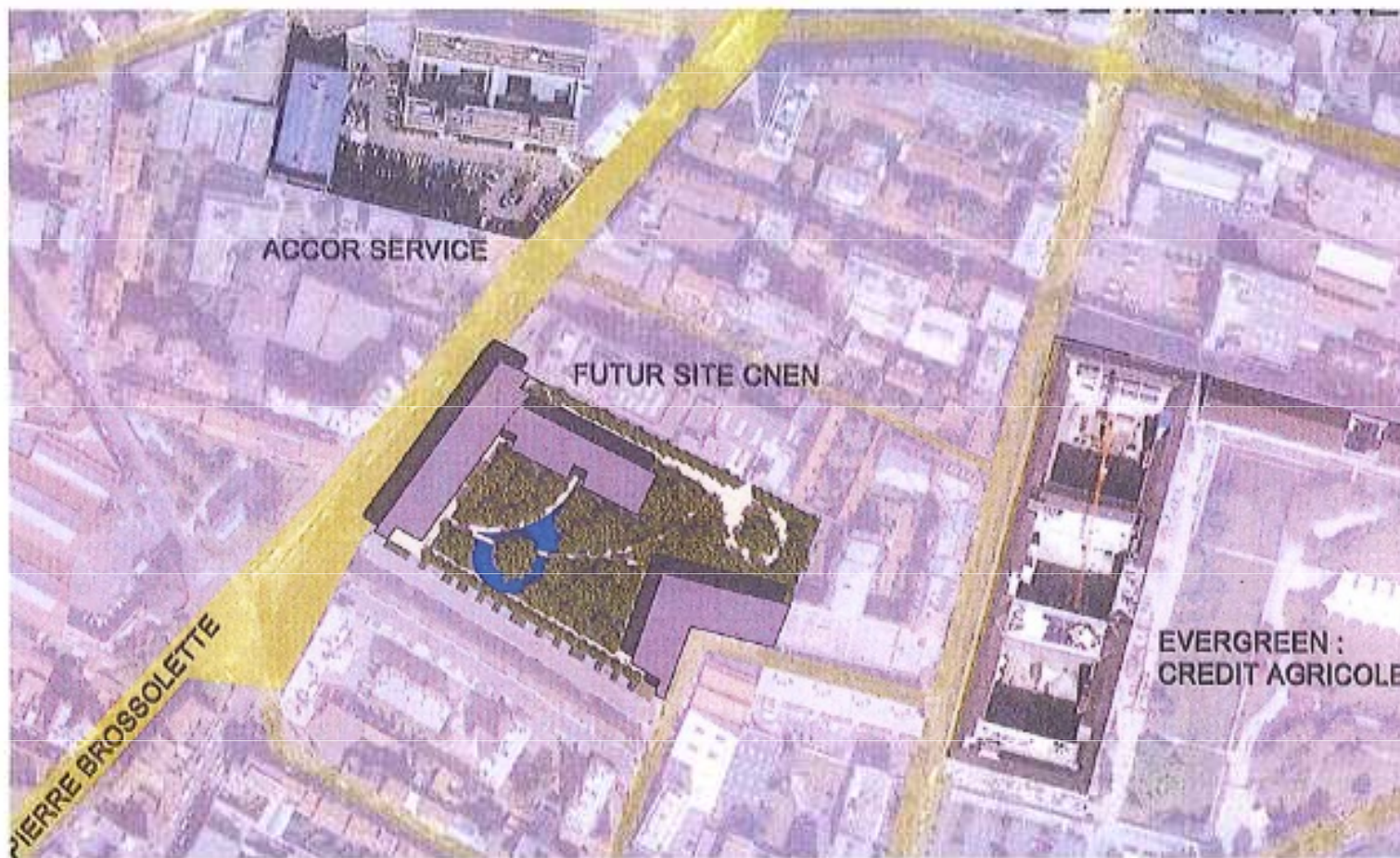
## Location

South of Paris

400 meters from Porte de Châtillon

Paris Inner Rim

Park Azur will be close to other major office developments





## Transport

Montrouge benefits from a dense and efficient transport system

2 metro lines: Lines 13 and line 4 → Line 4 will soon be extended and its final station will be 400 meters from Park Azur

Tramway

Several bus lines

Easy access by car (A6 highway and ring road)



## Project description

Demolition of existing buildings

Construction of 3 new buildings

BBC, HQE certificates

Total space: 27,000 sq.m

Completion: May 3, 2012

Office space 22,000 sq.m

Archives and technical areas 847 sq.m

Restaurant 996 sq.m

Number of parking spaces 490

Floor width 18 sq.m

Ceiling height 3.3 meters for the ground floor, 2.6m for upper floors

Elevators 13

Outside 1 hectare park

## Project description

June 2011	building permit submitted
October 2011	third-party appeals resolved
July 2011	contracts negotiated and signed
Work	22 months
Project completion	May 3, 2012



## Lease with EDF

Lease signed with EDF	May 7, 2010
Beginning of the lease	May 3, 2012 on the project's completion
Lease length	9 years firm
Annual rent	€8.4 million
Indexation	Cost of construction index with a 4% cap Replacing the ILAT index The rent cannot fall below the initial rent

All maintenance will be covered directly by the tenant

All charges and taxes will be paid directly by the tenant

Beaugrenelle | Paris 



© Valode & Pistre architectes

Architects: Valode & Pistre

Rue Keller



Architects: Valode & Pistre

Ilot Verseau

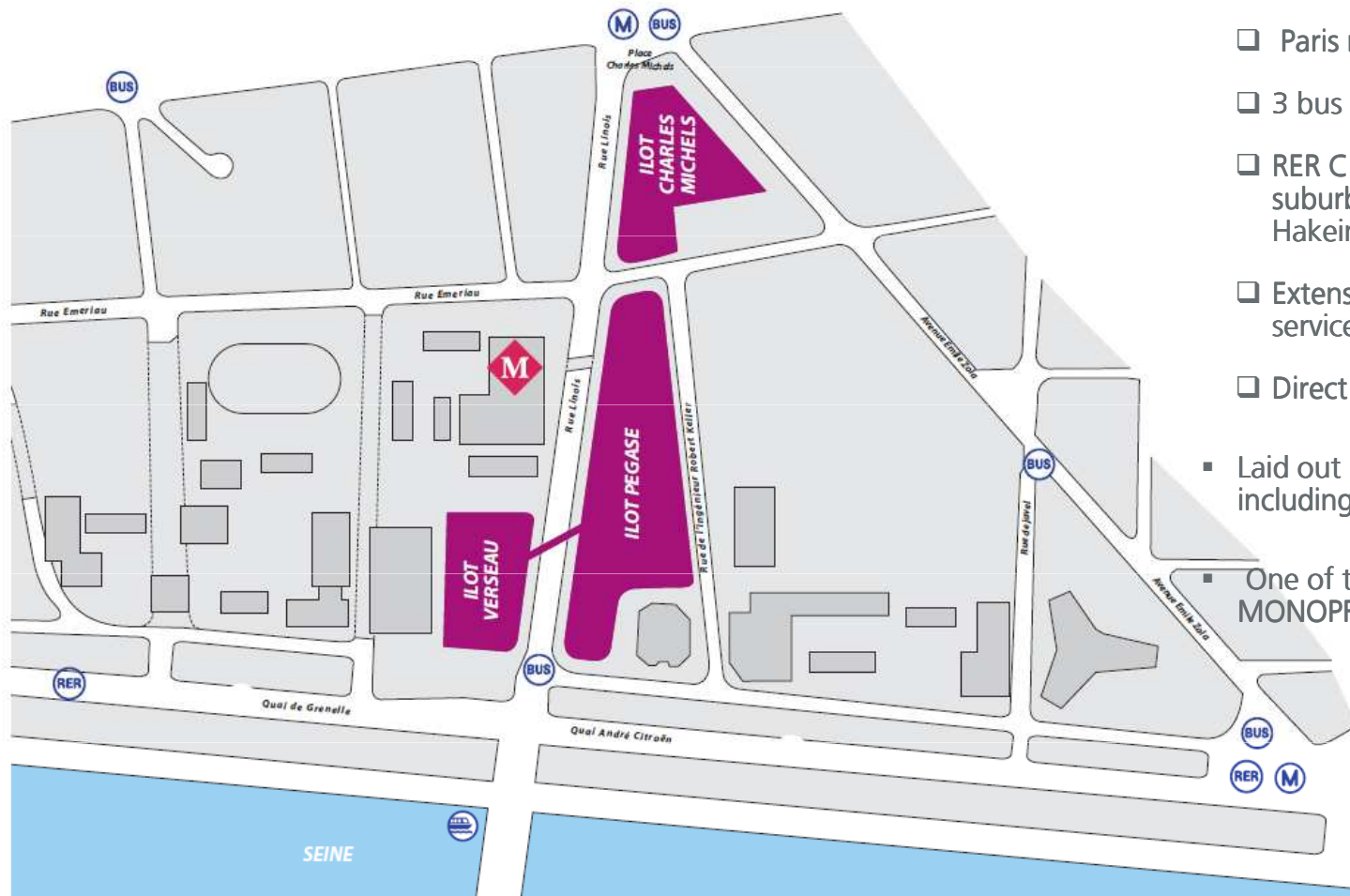
## A unique retail project in the heart of Paris :

- ❑ Located in the 15th district, in the most populated area in Paris
- ❑ The window for innovative, international brands
- ❑ One the most significant catchment areas in France
- ❑ A spectacular design by Valode & Pistre



Opening : spring 2013

A retailing scheme structured in 3 interconnected, themed buildings, with excellent access



- Served by every type of transport :
  - ❑ Paris metro, line 10
  - ❑ 3 bus services (88, 70 ,42)
  - ❑ RER C (express train line to the suburbs; 2 stations : Javel and Bir Hakeim)
  - ❑ Extension of the Seine river shuttle service (projected)
  - ❑ Direct access by car
- Laid out between 3 themed buildings, including one with active frontage shops
  - One of the best-performing MONOPRIX in terms of turnover



## A matchless attractiveness

- ❑ 45,000 sq.m GLA of retail and leisure space in a structure of 3 buildings
- ❑ 150 shops and restaurants
- ❑ 1 ten-screen multiplex cinema (Pathe, 2,000 seats)
- ❑ 1,000 parking spaces
- ❑ An investment of €444m
- ❑ Target rent of €34m (including parking spaces)



40% of the areas are already rented



## Innovating, first-rate merchandising

- 3 distinct and complementary themed buildings and shopping areas :

- ✓ Pégase :

- 3 spaces dedicated to :

- Fashion : one level, one style
- The house
- Culture and leisure

- ✓ Verseau :

- A genuinely Parisian destination
- Un concept store dedicated to leisure and restaurants

- ✓ Charles Michel :

- Convenience stores on the ground floor of the building (open since 2008)



# Beaugrenelle shopping center

Beaugrenelle

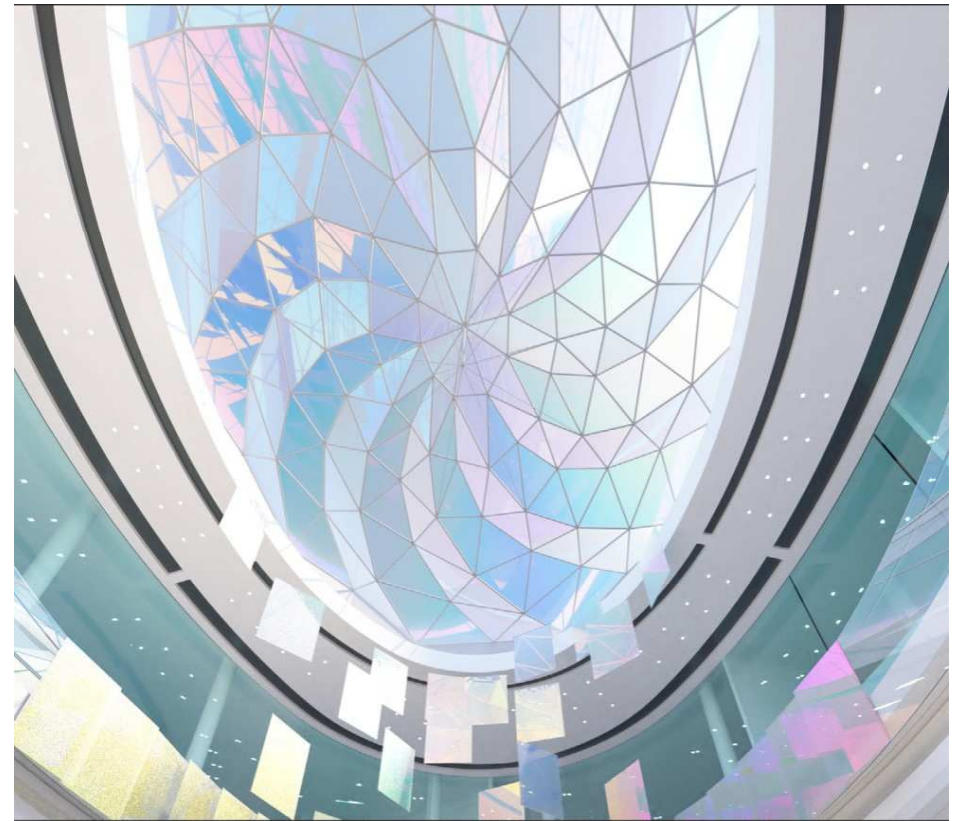
A design characterized by light and transparency



An interior design that combines audacity, quality and aesthetic inventiveness



## The Atrium : light and transparency



Elegant 19<sup>th</sup> century buildings featuring the Haussmann style's balanced proportions and architectural perfection

- ❑ Located near the business district of Etoile, Porte Maillot, Neuilly, Levallois and La Défense
- ❑ Access: metro, regional express train, bus lines

### Locare / Gecina knowledge for the sales process

- ❑ Extensive expertise on real estate markets
- ❑ Refined financial modeling thanks to benchmarks based on our experience
- ❑ Expert knowledge of laws and processes in a highly regulated environment
- ❑ Specific experience in relations with tenant associations and personalized support for tenants  
(specific assistance with relocation in Gecina's portfolio)
- ❑ Strategic value optimization and dynamic asset management
- ❑ Management of the call centre (90,000 contacts/year) and commercial website, with automated multi-broadcasting of advertising to the main real estate gateways
- ❑ Team of experienced negotiators and dedicated investor service: "Cercle Locare Investisseurs"

169/179 Pereire - 11/21 Faraday – 49 Laugier  
1<sup>st</sup> tranche

## Key features

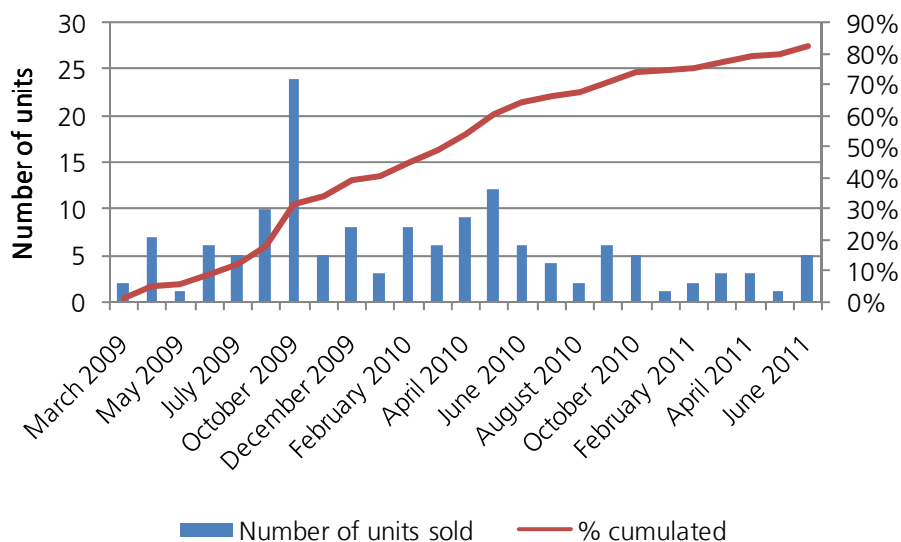
- ❑ 13 Haussmann-style buildings
- ❑ 19,292 sq.m
- ❑ Average surface : 103 sq.m
- ❑ Sale of retail portfolio ( Feb. 2009)
- ❑ Revenues : €3.8m
- ❑ Second phase : sale unit-by-unit (Jan. 2009)



## Progress with the sell process at of June 2011

- ❑ 82 % of units sold
- ❑ Revenues: €104.5m
- ❑ SIIC value creation: €52.4m
- ❑ Total number of apartments for sale: 175
- ❑ Apartments sold: 134
- ❑ Agreements of sale signed: 5
- ❑ Agreements of sale under preparation: 5
- ❑ Balance: 31
  
- ❑ Unit value: end-2008: €116,983m
- ❑ Target revenues: €126.6m
- ❑ Average price/sq.m unoccupied = €7,800

Change in sales revenues at June 2011





## 181-183 Péreire / 7-9 Faraday 2nd tranche Key features

- ❑ 4 Haussmann-style buildings
- ❑ Year built: 1882
- ❑ 41 apartments
- ❑ 12 retail units
- ❑ Total rental space: 4,647 sq.m

### Appraised cash flow (retail units included)

- ❑ Current block value : € 27,442,000
- ❑ Current unit value : € 34,503,000
- ❑ Target revenues: € 41,724,000
- ❑ Including apartments: € 38,824,000
- ❑ Including retail: € 2,900,000

#### → Asset description

Type	Units	Surface (sqm)	Avg rent (*)	Avg Occupancy duration (months)	Avg lease duration (months)
Apartments	41	4,171	20.70	119	98
Retail units	12	476	292.43	317	110
Parking spaces	6				

(\*) : Amounts in €/month/sqm for apartments and parking. Others €/year/sqm.



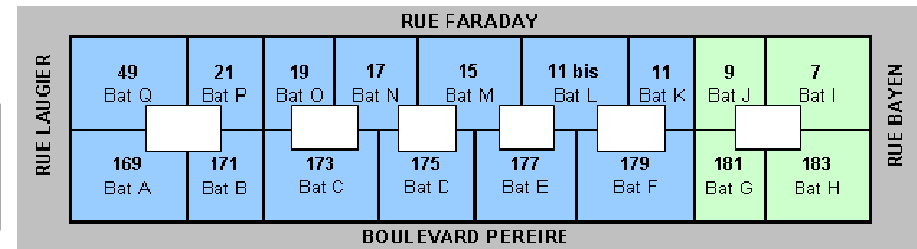
Unoccupied average price: €9,740 sq.m

Tenant average discount: 6.95%

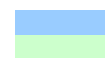
Area by purchaser :

- ❑ Tenant : 29%
- ❑ Investor : 32%
- ❑ Unoccupied : 39%

Average price/sqm € 9,308



1<sup>st</sup> tranche  
2<sup>nd</sup> tranche





## Appendix

## Speakers biography



### **Christophe Clamageran, Chief Executive Officer, Gecina**

Christophe Clamageran, a 47-year old ESLSCA graduate, began his career with the Auguste Thouard Group before moving to DTZ. He then spent 11 years within the BNP Paribas Group, where his positions included Chairman of Meunier then Deputy Chief Executive Officer of BNP Paribas Real Estate, heading up real estate development and third-party management activities. At the beginning of 2008, he was appointed CEO of Hammerson France, in charge of its activities in continental Europe before he joined Gecina on November 16, 2009.



### **André Lajou, Head of commercial real estate**

André Lajou, 61-year old, a law graduate from the Université de Poitiers and holder of a license in public law, began his career in 1973 in real estate management at AGF. In 1996, he joined Sefimeg, in the capacity of director of Fourmi Immobilière, then as real estate director. Following Sefimeg's acquisition by Gecina in 1999, André Lajou was appointed to head up residential and commercial assets. Under his responsibility since 2003, the commercial real estate division has continued to grow, in line with its position as Gecina's primary business area.



### **Loïc Hervé, Head of residential real estate and healthcare**

Loïc Hervé, 37, with a masters in public law and post-graduate DESS in urban planning and construction law, has been part of Gecina for 13 years, serving as Director of Asset Management and, more recently, of Operations Director for Residential real estate. In early 2008, he was appointed Director of Residential real estate and CEO of Locare, a marketing subsidiary of Gecina. He is also in charge of the development of Campuséa, the student residence subsidiary and acts as the deputy CEO of Campuséa, and is also head of the healthcare division.



### **Vincent Moulard, Direction of healthcare real estate**

Vincent Moulard, 39 year-old (ISC and ICH) began his career in 1995 at Sefimeg. He then joined the Archon group as asset manager for the Whitehall funds. In 2001, he joined UBS private banking in Geneva, within the team in charge of the setting-up and management of real estate funds in Europe, before moving to Gecina in July of 2006. Vincent Moulard has been part of the healthcare real estate division since 2008, with his primary objective to expand the diversification policy launched in 2005 in the hospitality and healthcare sector.

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