Asset Management Strategies in French *Régions*

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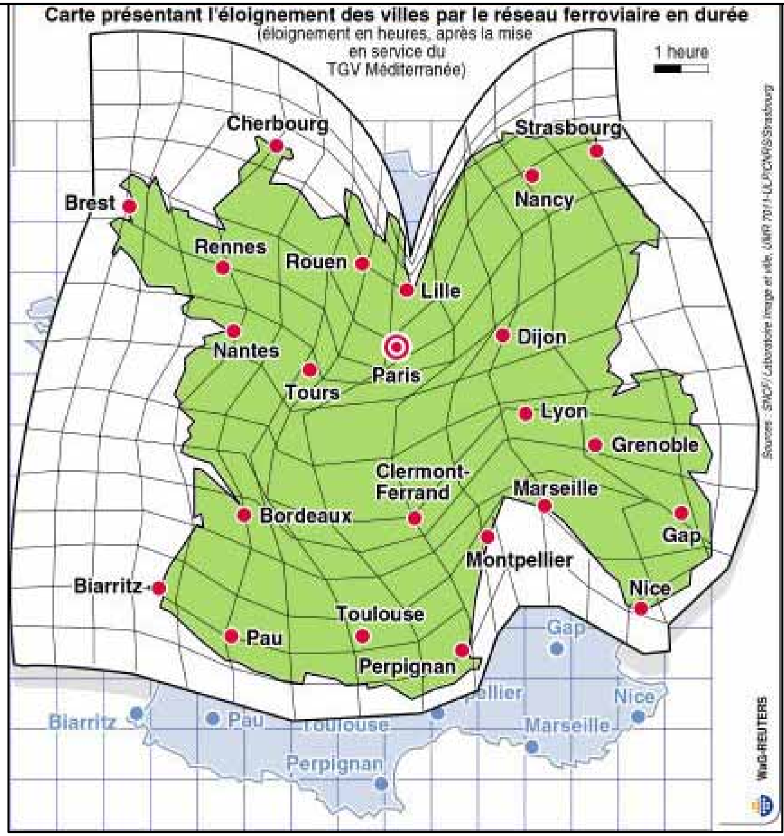
French *Régions*: Structural Changes

- Since 1982, major changes in administrative organisation (*Lois de Décentralisation*) have given more power to local authorities.

- *Régions* are managing bigger budgets (Education, Transport…) and tend to invest public money more efficiently for the economy than central authorities

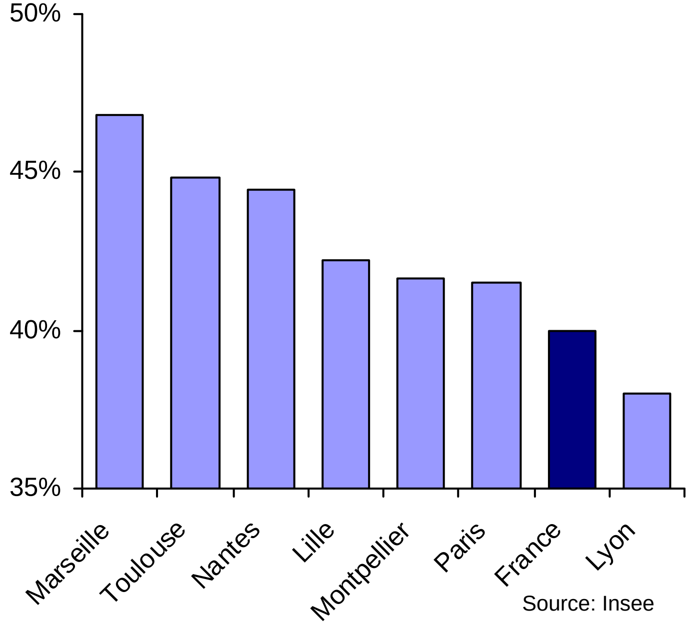
- TGV has a big impact :
    - Lyon (2h in train, 465 km), Marseille (3h, 777 km) and Nantes (2h15, 383 km) are now much closer to Paris
    - It promotes moving of office departments and back offices in *Régions* due to attractive lower costs

TGV has a major impact

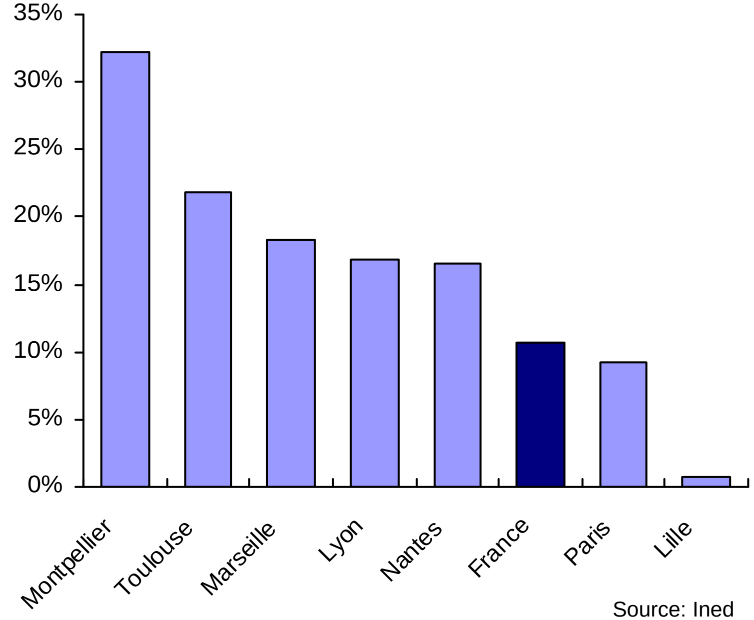


French *Régions*: More Growth in *Régions*

Growth in GDP per capita (1997-2007)



Expected Growth in Population by 2030



Buoyant GDP Growth in *Régions*

Favourable Demographic trends

French *Régions*: Office Markets Key Metrics

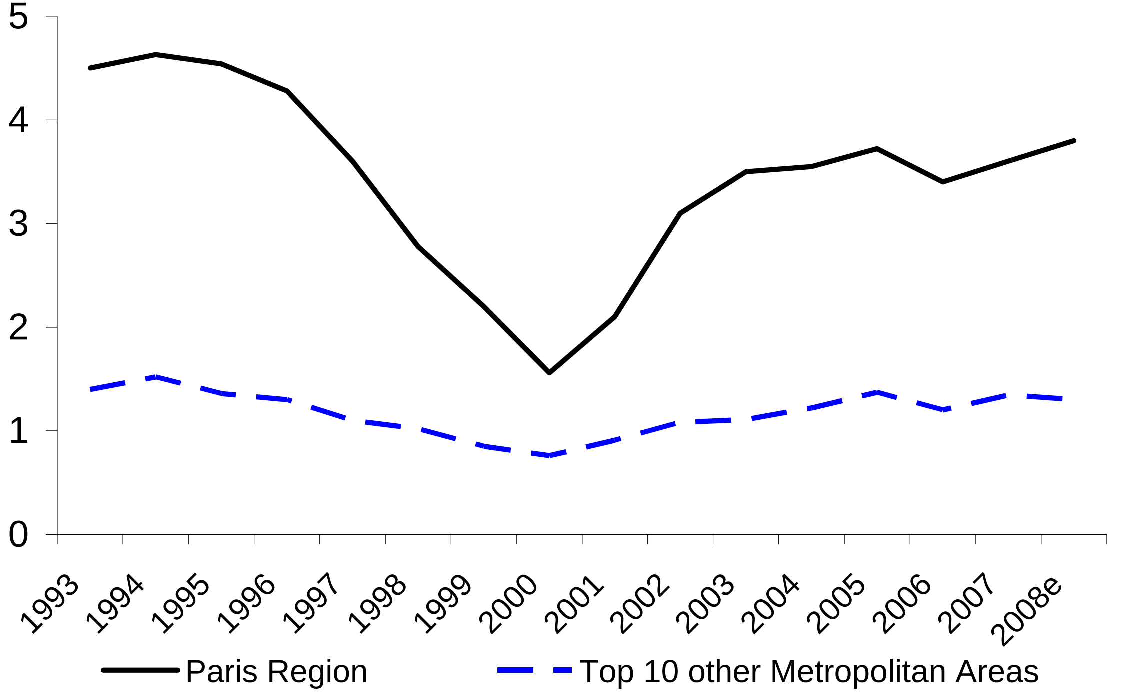
- Office Markets in *Régions* are smaller markets but more stable markets.

	Population (m)	Take-up (thousands sqm)	Supply (thousands sqm)	Rent (€ per sqm p.a.)	Value (€ per sqm)
Paris	11.5	2756	2423	302	6126
Lyon	6.0	218	284	140 / 180	1400 / 2500
Marseille	4.8	148	124	130 /190	1800 / 3000
Lille	4.0	146	196	110 / 160	1200 / 1600
Nantes	3.4	75	103	100 / 140	1100 / 1350
Toulouse	2.8	114	140	120 / 150	1400 / 1800
Montpellier	2.5	55	65	110 / 140	1300 / 1600

Source: IEIF, Panorama Immobilier des Régions (Data as of 2007)

French *Régions*: Less Cyclical

Current Supply and next 12-month supply of Office space (million of sqm)

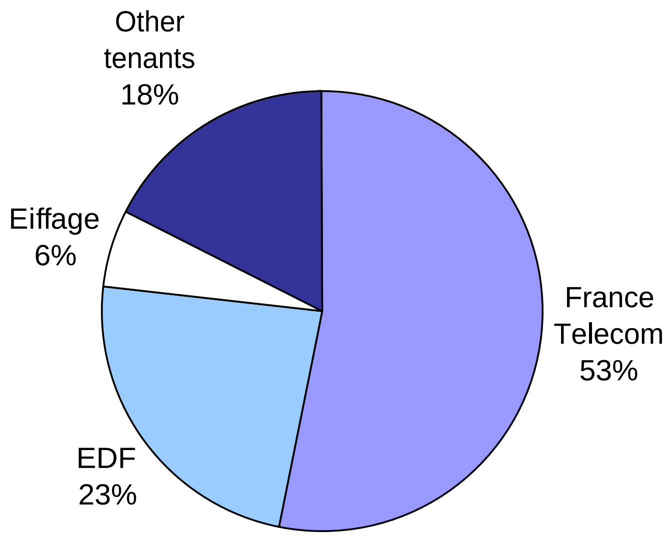


Source: CBRE and Immostat for Paris Region, Atis Real for Aix/Marseille, Bordeaux, Lille, Lyon, Montpellier, Nantes, Nice/Sophia-Antipolis, Rouen, Strasbourg and Toulouse.

Our office portfolio in French *Régions*

- 1.3 Bn€ (Valuation excluding transfer tax, 1H08)
- 1.5 m sqm
- 505 assets
- 118 M€ of rents (implied NOI Yield is 9%)
- Average unit size is c.3,000 sqm and c.2.6 m€ in value
- Most of the assets are coming from externalisations
- Values per sqm below construction costs

Portfolio by tenant (% of GAV, 30/06/08)



	Centre Ouest	Grand Est	Nord Ouest	PACA	Rhone Alpes	Sud Ouest	Total
Number of Assets	99	82	84	96	71	73	505
External Valuation	239.8 M€	244.2 M€	215.2 M€	241.8 M€	250.0 M€	122.5 M€	1 313.5 M€
As a % of the total	18%	19%	16%	18%	19%	9%	100%

Asset Management Strategies in French *Régions:* Key Features

- Local Market Knowledge and Efficient Property Management involve in the whole territory
- Ensuring Occupancy due to win-win deals with tenants
    - Increase Lease Length
    - Negotiate capex at lease renewals
    - Flexibility in occupancy matching tenants' needs
- Value-added management: win-win deals with tenants, repositionning assets (change in planning -*PLU*-) with the development team

Asset Management Strategies in French *Régions:* A Case Study

Agreement with France Telecom on 155 properties

- 58 properties (18.1 M€ in rental income) disposed of in the first half of 2008 for 231.5 M€.
- 13 properties (10.2 M€ in rental income): 6-year leases signed including an option for France Telecom to buy part of the surface area, with the balance being redeveloped by Foncière des Régions once released
- 84 properties (27.2 M€ in rental income): new leases, signed of which 20.5 M€ are with 6- and 12-year leases, motivating by strategic aspect of these assets.

This agreement materializes the dynamism of the partnership developed with France Telecom to match their need of flexibility and our value-creation objectives.

To date, 1/3 of the France Telecom rentals have been subject to lease extensions

Appendix:
1H08 Market Update
and some FdR Assets

Lyon:
1H08 Market Update and some FdR Assets

Decrease of supply of second-hand space

107,000 sqm take-up during 1H08

Prime rents between 150 and 250 €/sqm/p.a.

Vacancy rate at 5.2%

Office portfolio in Lyon agglomeration: 8 properties, 140 M€
- France Telecom assets: 15,000 sqm / 17 M€
- 4 EDF assets of 40,000 sqm / 79 M€
- Lyon Gerland: 10,000 sqm / 35 M€
- Office assets: 11 M€

EDF Cuirassiers – La Part-Dieu

EDF – rue Duguesclin (3ème ardt)

Lyon Gerland

Lille:
1H08 Market Update and some FdR Assets

Lower take-up but high level of tenant requests and market rents slightly up

51,300 sqm take-up during 1H 2008

Prime rents between 130 and 190 €/sqm/p.a.

Vacancy rate at 4.5%

EDF - Rue J.Maillotte

(Lille Centre)

Office portfolio in Lille: 8 assets / 64 M€

- France Telecom assets: 14,000 sqm / 8 M€
- Other offices : 26,000 sqm / 56 M€

Région Nord-Pas-de Calais / Locaposte (Gare Lille Frlandres)

EDF – La Madeleine (zone Grands Boulevards)

Marseille:
1H08 Market Update and some FdR Assets

Lower take-up due to the lack of good quality products

27,000 sqm take-up during 1H 2008

Prime rent: 150 to 215 €/sqm/p.a.

Vacancy rate 5.2%

Office portfolio in Marseille: 18 assets for 40,000 sqm / 32 M€

Development projects: Euromed – 50,000 sqm of offices

France Telecom - Prado

Azur – Breteuil (Marseille Centre)

France Telecom – Dragon (Centre)

Strasbourg:
1H08 Market Update and some FdR Assets

Market rents are up but risks of increase in new supply

38,500 sqm take-up during 1H 2008

Prime rents between 120 and 220 €/sqm/p.a.

Vacancy rate of 4.2%

Office portfolio in Strasbourg: 12 assets for 45 M€

- France Telecom assets: 23,000 sqm / 27 M€
- A prime office building of 6,000 sqm / 18 M€

France Telecom - Leclerc

Strasbourg Paix

Eiffage – Charles Peguy

Nantes:
1H08 Market Update and some FdR Assets

New-built is 75% of take-up

55,000 sqm take-up during 1H 2008

Prime rents: 115 to 175 €/sqm/p.a.

Vacancy rate of 2%

Office portfolio in Nantes: 9 assets for 40M€

- France Telecom assets: 11,000 sqm / 11 M€
- Other offices: 25,000 m² / 29 M€

EDF – Tanneurs

France Telecom - Daubenton

Toulouse:
1H08 Market Update and some FdR Assets

Market rents are up but increase in new supply above national average

53,000 sqm take-up during 1H 2008

Prime rents: 125 à 170 €/sqm/p.a.

Vacancy rate 3.4%

Office portfolio in Toulouse: 12 assets for 34 M€

- France Telecom assets: 16,000 sqm and 14 M€
- Other Offices: 14,000 sqm for 20 M€

France Telecom – Toulouse Centre

France Telecom – Toulouse Centre

EDF – Boulevard Marquette

Bordeaux:
1H08 Market Update and some FdR Assets

Limited amount of good quality new office supply

44,000 sqm take-up during 1H 2008

Prime rents: 120 to 145 €/sqm/p.a.

Vacancy rate of 6%

Office portfolio in Bordeaux: 6 assets / 22 M€

- France Telecom 4,800 sqm / 3M€
- Other offices: 14,400 sqm / 19 M€

EDF Merignac

Eiffage – Bordeaux Centre

France Telecom - Merignac

Foncière des Régions