Only the French version of the report will be executed as this translation into English is provided for information purposes only

Agnès PINIOT
8, rue Halévy
75009 Paris

Olivier PERONNET
14, rue de Bassano
75116 Paris

Isabelle de KERVILER
19, rue Clément Marot
75008 Paris

GEC 25
16, rue des Capucines
75002 Paris

PARTIAL ASSET CONTRIBUTION OF GECINA'S RESIDENTIAL BUSINESS TO GEC 25

Report of the independent appraisers
on the value of the contribution

To the Shareholders,

In accordance with the assignment entrusted to us by order of the Presiding Judge of the Paris Commercial Court on 16 December 2019 concerning the partial asset contribution (hereinafter the "**Contribution**") of a business line by the company Gecina (hereinafter "**Gecina**") to the company GEC 25 (hereinafter "**GEC 25**"), we have drafted this report about the value of the contribution, as provided for under Article L. 236-10 of the French Commercial Code. We report our opinion about the consideration provided for the Contribution in a separate report.

The net assets to be transferred were laid down in the *draft partial asset contribution agreement subject to the demerger regime* (hereinafter the "**Contribution Agreement**") entered into by the legal representatives of the relevant companies on 19 February 2020.

Our role is to express an opinion on whether the value of the Contribution is not overstated. To this end, we carried out procedures in line with the professional guidelines drawn up by the Compagnie Nationale des Commissaires aux Comptes (CNCC, French national association of statutory auditors) for this type of assignment. These standards require that we implement procedures to assess the value of the Contribution so as to ensure that its value is not overstated and to confirm that it corresponds at least to the nominal value of the shares to be issued by the transferee company, plus the contribution premium. No other specific benefit is specified in connection with the transaction.

At no time did we find ourselves in a situation that was incompatible or prohibited or that should have led to our disqualification, as provided for under the law.

Since our assignment comes to an end with the submission of our two reports, we are not required to update this report to reflect facts or circumstances that might arise after its signature date.

We kindly request that you read through our report, which contains the following sections:

1. Presentation of the transaction and description of the Contribution

2. Procedures and assessment of the value of the Contribution

3. Conclusion

1. Presentation of the transaction and description of the Contribution

1.1. Background to the transaction

As of 31 December 2019, Gecina owned, managed and developed a portfolio worth around €20 billion consisting of around €17 billion in office real estate and around €3 billion in residential real estate.

To accelerate the development of the residential real estate business line, which is regarded as strategically important, and attract top-tier investors, the plan involves spinning off Gecina's residential business (hereinafter, the "**Residential Business**") through a partial asset contribution to GEC 25, a company wholly-owned by Gecina.

1.2. Companies involved in the transaction

1.2.1.Gecina, the transferor company

Gecina is a *société anonyme* (public limited company) registered on the Paris Trade and Companies Register under no. 592 014 476. Its registered office is located at 14-16, rue de Capucines, 75002 Paris.

Gecina's corporate object is the operation of buildings or groups of buildings for rental located in and outside France, notably including:

- *"the acquisition through purchases, exchanges, contributions in kind or otherwise, of building lots or similar items;*
- *the construction of buildings or groups of buildings;*
- *the acquisition through purchases, exchanges, contributions in kind or otherwise, of already constructed buildings or groups of buildings;*
- *the financing of acquisitions and construction programmes;*
- *the rental, administration and management of any and all buildings on its behalf or on behalf of third parties;*
- *the sale of any and all real estate assets or rights;*
- *the establishment of a shareholding in any and all companies or organisations active in relation to the corporate object by means of contributions, subscriptions, purchases or exchanges of securities or corporate rights or otherwise; and*
- *generally, any and all financial, real estate and moveable property transactions, related directly or indirectly to this corporate object where liable to facilitate the development and implementation thereof".*

Gecina's financial year-end is 31 December.

Gecina's share capital of €573,076,950 is made up of 76,410,260 ordinary shares each with a nominal value of €7.50, all fully paid-up.

Ownership of Gecina's share capital is as follows:

- 15.15% by Ivanhoé Cambridge,
- 13.75% by the Crédit Agricole Assurances group - Prédica,
- 9.31% by Norges Bank,
- 6.48% by other French institutional investors,
- 3.72% by individual shareholders,
- 47.72% by non-resident shareholders,
- around 3.87% consisting of treasury shares held by Gecina.

Gecina has not issued or granted instruments, negotiable securities (giving access to its share capital or otherwise) or rights (giving access to its share capital or otherwise), other than the stock (subscription or purchase) option plans (under which 19,951 outstanding potential shares as of 31 December 2019) and the bonus share allotments (including 137,455 bonus shares currently vesting as of 31 December 2019) Gecina has established.

In accordance with the provisions of the Contribution Agreement, Gecina will not transfer the following financing and financial instruments in force at the date of the completion of the Contribution:

- the Euro Medium Term Notes (EMTN) and bonds carried or issued by Gecina in connection with private placements of bonds other than the EMTN programme[1]; the latter gives no access to Gecina's share capital;
- credit lines and commercial paper;
- hedging instruments.

1.2.2.GEC 25, the transferee company

GEC 25 is a *société par actions simplifiée* (simplified public limited company) registered on the Paris Trade and Companies Register on 2 January 2020 under no. 880 266 218. Its registered office is located at 16, rue de Capucines, 75002 Paris.

GEC 25's corporate object in and outside France is:

- *"the acquisition by any and all means, including through purchases, exchanges, contributions in kind or otherwise, of building lots or similar items, real estate rights, existing buildings or groups of buildings as well as any assets and rights accessory to or associated with such real estate assets;*

[1] Previously carried by EUROSIC and FONCIÈRE DE PARIS.

- *the construction of buildings and groups of buildings and any transaction directly or indirectly related to the construction of buildings or groups of buildings;*
- *the financing of acquisitions and construction programmes;*
- *the rental, administration and management of any and all buildings on its behalf or on behalf of third parties, and more generally, the operation and improvement, mainly through rental agreements, of real assets;*
- *the contribution or sale of any and all real estate assets or rights;*
- *All this may be conducted directly or indirectly, either alone or in partnership, as a shareholding, consortium or company, with all other entities and companies;*
- *the ownership or establishment of a shareholding in any and all companies or organisations active in relation to the corporate object, and by means of contributions, subscriptions, purchases or exchanges of securities or corporate rights or otherwise;*
- *any and all services or assistance associated with the aforementioned, specifically including advisory, accounting, audit, logistics and treasury activities;*
- *the acquisition, ownership and management of any and all instruments and negotiable securities in corporate entities in and outside France;*
- *and, more generally, any and all transactions of any nature whatsoever, be they financial, commercial, industrial, or in respect of moveable or real estate assets, relating directly or indirectly to GEC 25's corporate object as laid out hereinabove and any and all similar or connected objects liable to facilitate the implementation thereof or foster the promotion or development thereof in whatsoever form*".

GEC 25 was incorporated with a share capital of €2,000 made up of 2,000 ordinary shares, each with a nominal value of €1 and all fully paid-up.

Following the decision by its sole shareholder on 7 February 2020, under condition precedent of the absence of objection from the creditors, its share capital was reduced by €1,980 through a reduction in the nominal value of the shares from €1 to €0.01.

Assuming that creditors will not object the capital reduction and that the capital reduction – expected by the end of February 2020 or beginning of March 2020 - will be completed, GEC 25's share capital will thus be lowered to €20, consisting of 2,000 shares, each with a nominal value of €0.01 and wholly-owned by Gecina.

GEC 25's financial year-end is 31 December.

On 15 January 2020, GEC 25 notified the relevant Corporate Income Tax department that it was electing for the SIIC-subsidiary regime set forth in Article 208 C II of the French General Tax Code (hereinafter the "**Tax Code**").

1.2.3.Relationship between the companies

At the date of the Contribution Agreement:

- Gecina holds directly all the shares making up GEC 25's share capital;
- Méka Brunel is Gecina's Chief Executive Officer and also a director of the company. She represents Gecina as Chairman of GEC 25.

1.3. Description of the transaction

The implementation arrangements of the Contribution are laid out in detail in the Contribution Agreement entered into on 19 February 2020. They can be summarised as follows:

1.3.1.Key characteristics of the transaction

1.3.1.1. Completion date and effective date of the Contribution

The completion date of the Contribution shall, subject to the fulfilment of the conditions precedent stipulated in Article 7 of the Contribution Agreement[2], be the date of GEC 25's General Meeting called to approve the Contribution.

In accordance with Articles L. 236-4 and R. 236-1 of the French Commercial Code, the Contribution shall be effective retroactively from 2 January 2020 for accounting and tax purposes. Accordingly, transactions relating to the Residential Business performed by Gecina from the effective date of 2 January 2020 until the completion date shall be considered by operation of law as having been carried out on behalf of GEC 25.

1.3.1.2. Legal aspects

From a legal perspective, the transaction will be subject to the demerger regime.

The parties have decided not to submit the transaction under the "simplified" regime for partial asset contributions subject to the demerger regime provided for under paragraphs 2 and 3 of Article L. 236-22 of the French Commercial Code.

The parties expressly agree:

- to set aside any joint and several responsibilities between them for the liabilities assumed in connection with the Contribution;
- exclude the items listed in Article 2.1.2 from the Contribution Agreement.

In accordance with the ministerial response published in the French Official Journal on 15 October 2019, which confirmed that contributions of buildings through a partial contribution of assets falling under the demerger regime are not subject to urban authorities' pre-emption right, Gecina has not filed any declaration of intent to sell for the buildings forming the "Residential Business" involved in the Transfer.

[2] Or the waiver by Gecina and GEC 25 of these conditions precedent.

1.3.1.3. Applicable tax regime

The tax regime applicable to the Contribution is outlined in Article 6 of the Contribution Agreement.

When it comes to corporate income tax, Gecina and GEC 25 have opted for the transaction to be taxed under the standard regime, with application of the exemption provided for under Article 208 C II bis of the Tax Code relating to unrealised capital gains on buildings and the *in rem* rights in real estate transferred.

As regards registration duties, since Gecina and GEC 25 consider that the transaction concerns a business line that can be operated independently as defined in Articles 301 A and 301 E of Annex II to the Tax Code, the Contribution will be registered free of charge in accordance with Articles 816 and 817 of the Tax Code.

1.3.2.Conditions precedent

The Contribution is subject to the following conditions precedent, as set forth in Article 7 of the Contribution Agreement:

- full and final completion of the capital reduction of GEC 25;
- approval of the Contribution, which specifically includes the approval of its valuation and consideration therefor, by Gecina's shareholders at the Extraordinary General Meeting;
- the approval of the Contribution[3] and of the capital increase to be carried out in consideration therefor by GEC 25's shareholder at the Extraordinary General Meeting.

If the conditions precedent are not met by 31 December 2020 at the latest, the Contribution Agreement shall be deemed null and void[4].

1.3.3.Consideration for the Contribution

The consideration for the Contribution was calculated on the basis of the actual value of the Residential Business and the actual value of the transferee company. These actual values were determined using the methods set forth in Appendix 1.6 of the Contribution Agreement.

In consideration for the Contribution, the transferor company will receive 1,919,200,000 new GEC 25 shares, each with a par value of €0.01, all fully paid-up.

GEC 25, the transferee company, will increase its capital by €19,192,000. Consequently, GEC 25's share capital will increase from €20[5] to €19,192,020, made up of 1,919,202,000 shares,[6] each with a nominal value of €0.01.

[3] Which includes the approval of its valuation and its consideration.
[4] Without any indemnity being payable by either party, except for any rights to an indemnity due to each party in the event of a breach by the other party of its obligations under the Contribution Agreement.
[5] After the €1,980 capital reduction (§ 1.2.2).
[6] Fully paid-up and all belonging to the same class.

The difference between the value of the transferred net assets, which amounts to €81,679,735, and the capital increase by the transferee company, which amounts to €19,192,000, shall constitute a contribution premium, the amount of which will stand at €62,487,735. The contribution premium will be recorded under liabilities in GEC 25's balance sheet.

1.4. Description and valuation of the Contribution

1.4.1.Valuation method applied to the Contribution

In accordance with Autorité des normes comptables (ANC)'s regulation no. 2017-01 of 5 May 2017 amending the annex to ANC's regulation no. 2014-03 of 15 June 2014 relating to the general chart of accounts, since this "*à l'endroit*" transaction involves companies under joint control, the assets and liabilities will be transferred based on their net book value as shown in Gecina's financial statements.

Under the terms of the Contribution Agreement, the parties have set the value of the net assets to be transferred to the amount of €81,679,735.

That amount was determined based on (i) Gecina's annual financial statements for the period ended 31 December 2019 in relation to the Residential Business, (ii) adjusted to account for the transactions involving the Residential Business completed on 1 January 2020.

1.4.2.Description of the Contribution

The Contribution includes all the assets, liabilities and commitments making up the portfolio of the Residential Business as defined in the Contribution Agreement.

In simplified terms, the Residential Business consists of Gecina's residential real estate portfolio, along with related assets and liabilities, from which the following are expressly excluded:

- whole buildings or units that are under a promise of sale at the signature date of the Contribution Agreement, a list of which is provided in Appendix 2.1.2 (i) of the Contribution Agreement;
- small residual isolated lots, mainly consisting of cellars or parking spaces, which are earmarked for sale at the signature date of the Contribution Agreement, a list of which is provided in Appendix 2.1.2(i).2 of the Contribution Agreement;
- receivables, payables, rights, obligations and staff directly and exclusively assigned to the assets referred to above.

The following are also expressly excluded:

- funding which cannot be transferred as such to GEC 25 and which is thus substituted by a "mirror debt". The mirror debt reflects the financial liabilities associated with the contributed net assets; its amount corresponds to the relevant portion of the funding, as set forth in Appendix 2.3 of the Contribution Agreement;
- intellectual property rights in France and in the European Union relating to the "YouFirst" mark;

- Gecina's current account in Locare, it being specified that Gecina operates the cash pooling for all the group subsidiaries and that the intention is to establish an intragroup loan agreement between Gecina and GEC 25 in connection with the Contribution.

Assets transferred and liabilities assumed shown at their net book value as of 2 January 2020 break down as follows:

In €	Gross	Deprec. and amort.	Net amounts as of 2 January 2020
Property, plant and equipment (all real estate properties and rights)	1,438,982,345	(230,657,011)	1,208,325,333
Intangible and non-current financial assets, including the benefit and the burden of any servitude, treaty, convention, commitment, contract and agreement with third parties relating to the real estate assets and rights to be transferred	2,951,350	-	2,951,350
NON-CURRENT ASSETS	**1,441,933,695**	**(230,657,011)**	**1,211,276,683**
Trade and other receivables (mainly rent receivables)	5,949,973	(4,500,155)	1,449,818
Other receivables	395,251	-	395,251
Cash and cash equivalents	-	-	-
CURRENT ASSETS	**6,345,224**	**(4,500,155)**	**1,845,069**
Prepaid expenses	515,086	-	515,086
TOTAL ASSETS TO BE TRANSFERRED	**1,448,794,005**	**(235,157,167)**	**1,213,636,838**

In €	Net at 2 January 2020
Security deposits paid by tenants	9,540,880
Provisions for liabilities and charges	3,029,786
Financial liabilities	1,096,602,918
Trade payables	4,783,240
Payables related to non-current assets	11,988,657
Tax and social security liabilities	3,352,197
Other financial liabilities	2,420,716
Prepaid income	238,709
TOTAL LIABILITIES ASSUMED	**1,131,957,103**

Accordingly, the net assets to be transferred amount to €81,679,735.

In €	Net at 2 January 2020
Total assets to be transferred	1,213,636,838
Total liabilities to be assumed	(1,131,957,103)
Net assets to be transferred	**81,679,735**

In addition, and without this affecting the amount of net assets to be transferred, the Contribution Agreement states, with respect to off-balance sheet commitments given, an amount of €4,048,000 corresponding to the lots which were under a promise of sale as of 2 January 2020 and the sale of which was completed before the Contribution Agreement was entered into. Those sales will be evidenced through the accounting entries of the retroactive period.

2. Procedures and assessment of the value of the Contribution

2.1. Procedures implemented by the independent appraisers

The transaction submitted for your approval relates to Gecina's plan to spin off its Residential Business; we are not expressing any economic, accounting, legal, tax or investment opinion on that plan.

The purpose of our assignment is to confirm to the sole shareholder of GEC 25 that the Contribution to be executed by Gecina is not overvalued. As a result, our assignment constitutes neither an audit nor a limited review as laid down in the professional standards. It cannot be regarded as a due diligence assignment performed on behalf of a lender or a buyer and it does not include all the work required for such an assignment. Therefore, our report cannot be used for such purposes.

The professional guidelines applicable to the envisaged transaction require our opinion to be expressed at the date of this report, which marks the end of our assignment. These guidelines state that it is not incumbent on us to keep track of any subsequent events that may occur between the date of our report and the date of the General Meeting called to approve the transaction.

We performed the procedures we deemed necessary according to the professional guidelines laid down by the CNCC to:

- check the substance and ownership of the assets transferred and assess the possible impact of factors likely to affect their ownership;
- verify the completeness of the liabilities contributed to the transferee company;
- analyse and check the individual contribution values assigned to the assets and liabilities included in the Contribution;

- check that the Contribution's real value is at least equal to contribution value of net assets to be transferred;
- ensure until the date of our report that no factors or events might lead to question the Contribution's value.

More specifically, we:

- gathered information about the background and purposes of the transaction;
- discussed with the people responsible for the Contribution and the legal advisors of the companies involved both to gain insights into the background of the transaction and to understand the economic, accounting, legal and tax arrangements for it;
- reviewed the Contribution Agreement and its appendices, which were signed on 19 February 2020;
- examined the legal and financial documentation provided to us concerning the Residential Business;
- checked the substance, full and complete ownership and free contribution ability of the items to be transferred, which involved to collect information about existing approval clauses and obligations to notify third parties applicable due to the Contribution and to follow up on the procedures carried out by Gecina and/or GEC 25 to meet those requirements;
- examined Gecina's historical accounting and financial information. In particular, the unqualified opinions stated by the statutory auditors in respect of Gecina's annual and consolidated financial statements for the 2018 and 2019 financial years provided us with assurance that these financial statements are free of material misstatement;
- gathered information about Gecina's procedure for identifying assets and liabilities assigned to the Residential Business;
- analysed the carve-out procedure conducted by Gecina and reviewed, using IT procedure testing and sampling, the items included in the Contribution based on Gecina's annual financial statements as of 31 December 2019;
- reviewed the arrangements for identifying and estimating the value of the transactions performed on 1 January 2020, for the purpose of projecting the accounting information as of 2 January 2020;
- reviewed the values of the real estate assets included in the Contribution based on the property valuations. Most of the property valuations of the portfolio to be transferred were carried out externally by an independent real estate appraiser; part of them, relating to the real estate assets for sale, was appraised internally by Gecina. We compared the valuations conducted internally with the fair market values of comparable properties;
- appraised the overall value of the Contribution by reference to the work we conducted to assess its real value, which we describe in our report about the consideration for the Contribution, to ensure that the Contribution considered as a whole is not overvalued. To this end, we specifically:

- assessed the pertinence of the asset-based valuation method adopted by the parties to the Contribution Agreement;
- reviewed the business plan for Residential Business and discussed the pertinence of its underlying assumptions with the operational managers;
- conducted alternative valuation methods and tested the sensitivity of the values thus obtained to important valuation parameters;

- asked Gecina's legal representative to confirm to us, in a letter of representation, the completeness of the information provided concerning this transaction and that no subsequent event likely to call into question significantly the value of the net assets to be transferred has occurred since the end of Gecina's last financial year (31 December 2019).

2.2. Appraisal of the valuation method adopted by the parties for the Contribution and of its compliance with applicable accounting regulations

Under the terms of the Contribution Agreement, the parties agreed to use net book value as the basis for determining the contribution value in accordance with the provisions of ANC's regulation 2017-01 of 5 May 2017 amending the annex to ANC's regulation no. 2014-03 of 15 June 2014 relating to the general chart of accounts.

Since the transaction pertains to a Contribution (i) relating to a business line subject to the demerger regime (ii) between two companies under joint control, the choice of net book value in respect of this Contribution, in accordance with the aforementioned accounting rules, calls for no comment from us.

2.3. Assessment of the Contribution's value

2.3.1.Control of the substance of the Contribution

Since the partial asset contribution under the demerger regime constitutes a complete contribution of all assets and liabilities, the Residential Business's assets and liabilities being transferred, as laid down in the Contribution Agreement, will be transferred to GEC 25 in the condition they are in on the completion Date.

As part of our work, we satisfied ourselves:

- that the statutory auditors issued, in their report about Gecina's annual financial statements for the year ended 31 December 2019, an unqualified opinion on the components included in the Contribution as they existed as of 31 December 2019[7], as shown in §1.4.2;

- that the real estate portfolio to be transferred is fully owned: we reached that conclusion by means of a sample-based review of the notarial certificates of ownership of the real estate assets to be transferred;

[7] The Transfer being retroactively effective from 2 January 2020, the value of certain assets and liabilities as of 31 December 2019 was adjusted due to the impact of the transactions that took place on 1 January 2020.

- that Gecina's legal department has catalogued contracts relating to the Residential Business incorporating an approval clause or an obligation to notify third parties applicable due to the Contribution. Gecina has complied with the contractual requirements vis-à-vis the third parties involved to safeguard the free contribution ability of the contracts to GEC 25. Having completed these steps, Gecina confirmed to us in a letter of representation there were no factors liable to restrict or prevent the contribution of the relevant assets and liabilities.

During our work, we did not identify any factor calling into question the substance and free contribution ability of the assets transferred and liabilities assumed.

2.3.2. Appraisal of the individual values of the assets and liabilities included in the Contribution

The assets transferred and liabilities assumed were estimated as of 2 January 2020 by:

- carving out the assets and liabilities of the business line to be transferred, based on Gecina's annual financial statements at 31 December 2019, on which the statutory auditors issued an unqualified opinion without any observation. We conducted work to review the carve-out procedure implemented by Gecina to satisfy ourselves of its pertinence and to check its proper implementation through procedural testing and spot checks;

- assessing the impact of the transactions completed on 1 January 2020 on the assets and liabilities of the Residential Business. The positive operating result[8] recorded by the Residential Business on that day includes the rent for the day less the amortisations and staff costs. The accounting adjustments made by Gecina's management to reflect these transactions do not call for any comment from us. Besides, it shall be noted that, since 1 January 2020 is a public holiday, no other adjustment was deemed necessary to determine the projected values as of 2 January 2020.

With regard to the figures as of 31 December 2019, the procedures and comment made by the statutory auditors, as reported to Gecina's Audit Committee, did not evidence any factor calling into question the individual values of the assets and liabilities included in the Contribution.

In addition, we have not been made aware of any material event occurring after 31 December 2019 which might affect the individual values of the assets and liabilities to be transferred.

[8] The forecasts for the Residential Business for year 2020 and for subsequent years show profits against the background of a business with good short to medium-term visibility. The impact of the transactions completed on 1 January 2020 on the items involved was estimated on a *pro rata* basis.

2.3.3.Assessment of the Contribution's aggregate value

The aggregate value of the Contribution reflects the net book values of the assets and liabilities assigned to the Residential Business as they appear in Gecina's financial statements.

To assess directly the aggregate value of the Contribution, we applied a multi-criteria approach to the business to be transferred using the following methods:

- Restated Net Asset Value (NAV);
- Intrinsic value resulting from discounting the future cash flows generated by operating activities (DCF);
- Intrinsic value resulting from discounting the future cash flows generated by dividends (DDM);
- Peer comparison based on stock market multiples;
- Comparison based on industry transactions.

2.3.4.Restated net asset value (NAV)

The real value of the Contribution has been as estimated by the parties to the Contribution Agreement to determine the consideration based on the restated NAV reported by Gecina. The value of the Contribution is lower than the real value of the Residential Business obtained by means of restating the net asset value. The restated net asset value factors in the unrealised capital gains of the real estate portfolio, estimated at around €1.9 billion as of 31 December 2019, which are not reflected in the value of the Contribution.

Based on the results of our analysis, we have no comment concerning how the restated NAV method was implemented, being noted that, in our opinion, that method should be the preferred option for valuing the portfolio involved in the Contribution.

2.3.5.Intrinsic value obtained by discounting the future cash flows generated by operating activities (DCF)

We applied the discounted cash flow (DCF) method based on the standalone 2020-2028 business plan of the Residential Business, which was drawn up by Gecina's management. This business plan forecasts no significant change in the business, other than the acquisitions of real estate assets envisaged by reinvesting the proceeds from the sale of real estate assets deemed non-core.

First, we conducted a critical analysis of the business plan and the underlying assumptions used to project the future operating cash flows.

These cash flows were discounted at the weighted average cost of capital (WACC)[9].

Under this method, the value of the Residential Business lies in the sum of (i) discounted cash flows over the forecasted period and (ii) the terminal value. The terminal value was calculated

[9] Discount rates ranging between 3.8% and 4.4%.

in two ways: as an exit value, based on the disposal value of the real estate portfolio, or as a normalised terminal cash flow assuming the rental business is continuing.

In addition, we tested the sensitivity of the real value obtained using this method to a change in the main valuation parameters, such as the discount rate and the perpetual growth rate.

The DCF method yielded real values that are much higher than the aggregate value of the Contribution adopted by the parties.

2.3.6. Intrinsic value obtained by discounting the future cash flows generated by dividends (DDM)

We implemented the Discounted Dividend Model (DDM) method based on the dividends that the Residential Business is expected to pay out. Terminal value was estimated using the same principles as those adopted under the DCF method.

The cost of capital[10] used to discount forecasted dividend flows was calculated based on current financial indicators, including interest rates and market risk premiums. The perpetual growth rate was determined using the growth rates adopted by the independent real estate appraiser.

The real values of the Residential Business produced by this approach are also substantially higher than the aggregate value of the Contribution.

2.3.7. Peer comparison based on stock market multiples

We also referred to the latest EPRA triple net asset value multiples for comparable listed real estate entities. To value the Residential Business, we applied the multiples derived from samples of companies to the triple net asset value of the Residential Business[11].

We considered two distinct samples: the first[12], gathering European residential real estate pure players, was favoured; the second[13], which was considered for complementary reference purposes, included French real estate companies with a diversified range of business activities.

In addition, we also examined the real value resulting from the application of the multiples implied by Gecina's market capitalisation.

Each of the real values for the Residential Business obtained using this approach was significantly higher than the aggregate value of the Contribution.

[10] Discount rates ranging between 4.6% and 5.5%.
11 As of 31 December 2018 and 30 June 2019.
12 Vonovia, Deutsche Wohnen, LEG Immobilien, TAG Immobilien, Grand City Properties, ADO Properties, Kojamo Oyj, Hembla AB.
13 Covivio, Icade, Société de la Tour Eiffel, CeGeREAL, Foncière Inea, Altarea.

2.3.8.Comparison based on industry transactions

Secondarily, we sought to analyse the multiples implied by recent industry transactions involving comparable entities.

The number of relevant transactions identified using our databases was not sufficient to apply this valuation approach in an appropriate manner. It should be noted, however, that the few transaction multiples available imply real values for the Residential Business exceeding those resulting from the other abovementioned methods.

2.3.9.Overall appraisal

Conducting our assignment, we have not identified any factor calling into question the aggregate value of the Contribution, which is lower than the real values obtained when implementing each of the valuation approaches we considered.

3. Conclusion

Based on our work and at the date of this report, our opinion is that the value of the Contribution which amounts to €81,679,735 is not overstated and, consequently, that the net assets to be transferred are at least equal to the amount of the capital increase of the transferee company, plus the contribution premium.

Paris, March 4, 2020

[Only the French version of the report will be executed as this translation into English is provided for information purposes only]

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