2018

HALF YEAR REPORT

gecina

CONTENTS

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This updated reference document was lodged with the French Financial Markets Authority ("the AMF") on July 20, 2018, according to the provisions of Article 212-13, IV of the general regulations of the AMF. It completes the reference document lodged with the AMF on February 23, 2018, under number D.18-0069, in compliance with said Article 212-13.

The reference document and its update may be used in support of a financial transaction if they are completed with a transaction note certified by the AMF. This document has been compiled by the issuer and engages the responsability of its signatories.

01

DECLARATION BY THE RESPONSIBLE PARTY

"*I certify that, having taken all reasonable measures to this effect, the information contained in this update of the Reference Document is, to the best of my knowledge, fair and accurate, and free from any omission that could alter its substance.*

I certify that to my knowledge the complete accounts for the half year ended have been drawn up in accordance with current accounting practice and give a fair picture of the assets, financial situation and profits of the company and all companies included in the consolidation, and that the attached half-yearly activity report gives a true picture of the important events occurring during the first six months of the year, their impact on the accounts, the principal transactions between associated parties and a description of the principal risks and uncertainties for the remaining six months of the year.

I have received a completion letter from the Statutory Auditors in which they indicate that they have verified the information relating to the financial situation and financial statements given in this update and that they have reviewed the entire document.

The historic financial data for the half year ended June 30, 2018 shown in this update have undergone a limited review by the Statutory Auditors, as shown in chapter 4."

Méka Brunel

Chief Executive Officer

02

KEY FIGURES

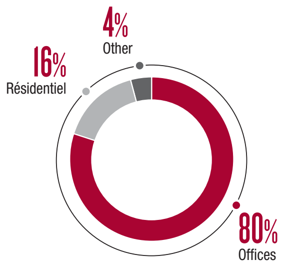
In € million	Change vs 06/30/2017	06/30/2018	12/31/2017	06/30/2017
GROSS RENTAL INCOME	**+39.4%**	**335.4**	**558.9**	**240.6**
Offices	+49.2%	266.6	429.4	178.7
■ Paris CBD & 5-6-7 - Offices	+32.0%	70.6	127.8	53.5
■ Paris CBD & 5-6-7 - Retail	+0.4%	17.7	35.4	17.6
■ Paris other	+72.1%	40.4	59.7	23.5
■ Western Crescent - La Défense	+23.2%	80.5	142.3	65.3
■ Other Paris Region	+83.3%	29.2	41.4	15.9
■ Other regions (incl, other countries)	+882.4%	28.2	22.8	2.9
Residential	-1.6%	60.9	124.1	61.9
Other properties	n.a.	7.8	5.4	0.0
NET RECURRING INCOME - GROUP SHARE(1)	**+50.8%**	**230.3**	**363.5**	**152.7**
VALUE IN BLOCK OF PROPERTY HOLDING(2)	**+47.5%**	**19,836**	**19,648**	**13,447**
Offices	+54.7%	15,930	15,760	10,294
■ Paris CBD & 5-6-7 - Offices	+65.5%	4,898	4,772	2,960
■ Paris CBD & 5-6-7 - Retail	+4.6%	1,477	1,430	1,412
■ Paris other	+94.4%	2,653	2,614	1,365
■ Western Crescent - La Défense	+31.9%	4,706	4,551	3,567
■ Other Paris Region	+46.9%	927	1,130	631
■ Other regions (incl. other countries)	+254.1%	1,269	1,264	358
Residential	+2.4%	3,229	3,160	3,153
Other properties	n.a.	239	246	0
Hotels & financial lease	n.a.	438	482	0
NET YIELD ON PROPERTY HOLDING(3)	**N.A.**	**4.18%**	**4.24%**	**N.A.**

Data per share *(In €)*	Change vs 06/30/2017	06/30/2018	12/31/2017	06/30/2017(5)
Net recurring income - Group share	+31.2%	3.14	5.44	2.40
EPRA NNNAV(4)	+5.8%	156.6	152.9	148.0
Net dividend		-	5.30	-

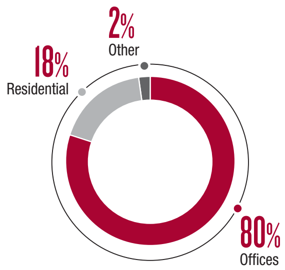
Number of shares	Change vs 06/30/2017	06/30/2018	12/31/2017	06/30/2017
Number of shares comprising share capital	+18.9%	75,421,643	75,363,444	63,434,640
Number of shares excluding treasury stocks	+19.7%	73,280,705	73,193,833	61,237,012
Diluted number of shares excluding treasury stocks	+19.4%	73,507,865	73,454,892	61,556,067
Average number of shares excluding treasury stocks	+18.1%	73,272,281	66,783,047	62,055,134

(1) EBITDA less net financial expenses and recurring tax (See Note 3.2 "Recurrent net income").
(2) See Note 3.5 "Valuation of property holding".
(3) Like-for-like basis June 2018.
(4) See Note 3.7 "Triple Net Asset Value".
(5) Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391).

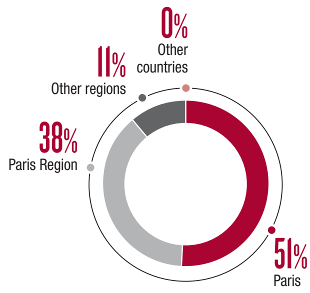
PROPERTY HOLDING APPRAISAL BY BUSINESS



BREAKDOWN OF RENTAL REVENUES BY BUSINESS

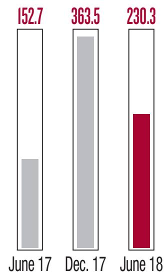


GEOGRAPHIC BREAKDOWN OF RENTAL REVENUES

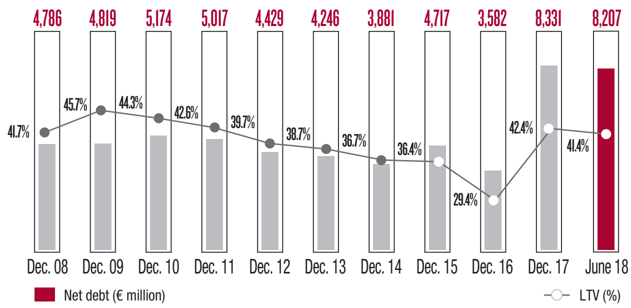


NET RECURRING INCOME – GROUP SHARE

(€ million)

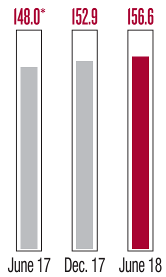


LTV RATIO



EPRA NNNAV PER SHARE

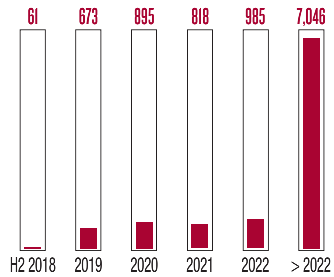
(€)



*Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391)

SCHEDULE OF AUTHORIZED FINANCING (INCLUDING UNUSED CREDIT LINES AND EXCLUDING COMMERCIAL PAPER)

(€ million)



03

BUSINESS REVIEW

3.1 FIRST HALF OF 2018 REFLECTING EUROSIC'S SUCCESSFUL INTEGRATION

Eurosic's integration has been completed in less than a year, across all areas, thanks to the work accomplished by all the teams from both companies. Alongside this, robust market trends have enabled Gecina to achieve outstanding operational (sales, developments, pre-lettings, etc.), financial and sustainability performances. The Group is looking ahead to the future with confidence and is raising its guidance for 2018.

3.1.1 IMPROVEMENT IN RENTAL INCOME

Total gross rental income came to €335.4 million for the first half of 2018, up +39.4%, with like-for-like growth of +1.8%, clearly outperforming indexation.

On a current basis, the +39.4% increase primarily reflects a significant change in scope, with Eurosic's integration (+€99.5 million) during the second half of 2017. This impact will therefore be mechanically lower for the second half of this year, particularly since the impacts of the sales committed to are still moderate at this stage for the first half of 2018. The performance on a current basis also reflects the impact of the buildings delivered and acquired recently (+€9.9 million, with the deliveries of Paris-Amsterdam, Lyon-Septen and two student residences in 2017, then Paris-Ville l'Evêque and Paris-Guersant in 2018), which have not yet offset the loss of rent due to the redevelopment of assets with strong value creation potential (-€13.0 million) and sales (-€5.1 million). This performance also benefits from like-for-like growth of +1.8% at end-June 2018, outperforming indexation, which shows a slight increase of +1.0%.

Gross rental income *(in million euros)*	06/30/2018	06/30/2017	Change (%) Current basis	Like-for-like
OFFICES	**266.6**	**178.7**	**+49.2%**	**+1.8%**
DIVERSIFICATION	**68.8**	**61.9**	**+11.1%**	**+1.8%**
Traditional residential	52.8	54.8	-3.8%	+1.8%
Student residences	8.2	7.1	+15.5%	+2.0%
Other commercial assets	7.8	0.0	na	na
TOTAL GROSS RENTAL INCOME	**335.4**	**240.6**	**+39.4%**	**+1.8%**

Annualized rental income

Annualized rental income at June 30 is down -€17 million from December 31, 2017, reflecting the loss of rent due to the sales completed during the first half of the year, as well as tenants vacating buildings to be redeveloped. This loss of rent was only partially offset by the buildings delivered during the first half of the year (Ville l'Evêque in Paris' Central Business District and Paris-Le Jade).

In addition, rent from assets covered by preliminary sales agreements at end-June 2018 is included in the annualized rental income presented below for nearly €50 million.

Annualized rental income *(in million euros)*	06/30/2018	12/31/2017
Offices	514	529
Traditional residential	104	106
Student residences	17	17
Other commercial assets	17	18
TOTAL	**652**	**669**

Offices: positive trends in the most central sectors

Like-for-like, office rental income is up +1.8%, in line with the Group's expectations. This increase reflects the improvement in the financial occupancy rate, against a backdrop of an upturn on the Paris Region's office markets, notably following the letting of Le Cristallin to the Renault Group and space in the Défense-Ouest building to Arkema. This increase also benefited from the improved level of indexation (+1.1%).

Moreover, the -4.2% like-for-like contraction for the office portfolio in Paris excluding the CBD is linked exclusively to the renegotiation of a lease for a single building at the gateway to Paris.

While Gecina received a high level of compensation for tenant departures during the first half of 2017, this phenomenon was not repeated in the first half of 2018, creating an unfavorable base effect and making the performance figures for each geographical sub-sector not particularly relevant for just a single half-year period. Restated for this compensation and excluding this single asset located at the gateway to Paris, like-for-like growth in office rental income represents +2.2%.

The performance levels achieved mask a good contribution by the most central sectors.

Rental reversion's contribution to like-for-like growth represents +0.5% for the Paris CBD, is neutral for the Western Crescent and is still negative for the rest of the Paris Region (-0.4%), highlighting the differences in rental trends, which are more positive for the most central sectors.

With this organic performance, against a backdrop of improvements in market rental conditions in the most central sectors, the Group is able to confirm that the like-for-like change in office rental income is now expected to be around +2% in 2018.

On a current basis, rental income from offices is up +49.2%, benefiting in particular from Eurosic's integration (for +€90.9 million). The recent acquisitions (Courcelles building in Paris' Central Business District and Adamas in La Défense in 2017) generated +€3.0 million over the first half of this year, while the first rent received from the buildings delivered in 2017 (55 Amsterdam in Paris and Septen in Lyon) and 2018 (Ville l'Evêque and Guersant in Paris) represent +€5.9 million. Alongside this, the loss of rent from the buildings with strong value creation potential launched as redevelopment programs represents -€13.0 million, with more than half generated by the launch of work to redevelop the building at 75 avenue de la Grande Armée in Paris' CBD, the PSA Group's previous headquarters.

Gross rental income - Offices *(in million euros)*	06/30/2018	06/30/2017	Change (%) Current basis	Like-for-like
OFFICES (INCL. RETAIL UNITS)	**266.6**	**178.7**	**+49.2%**	**+1.8%**
Paris CBD & 5-6-7 - Offices	70.6	53.5	+32.0%	+0.4%
Paris CBD & 5-6-7 - Retail units	17.7	17.6	+0.4%	+0.3%
Paris - Other	40.4	23.5	+72.1%	-4.2%
Western Crescent - La Défense	80.5	65.3	+23.3%	+4.0%
Paris Region - Other	29.2	15.9	+83.3%	+1.2%
Other French regions / International	28.2	2.9	+882.4%	+1.6%

Traditional residential: positive organic trends

Like-for-like, rental income for traditional residential properties is up +1.8%, compared with organic growth of just +0.6% in 2017.

This performance factors in indexation of +0.8% and the improvement in the financial occupancy rate, as well as the positive reversion (+0.2%) achieved on apartments relet since January 1, 2018, averaging out +5.5% higher than the previous tenant's rent.

On a current basis, the -3.8% contraction in rental income to €52.8 million factors in the progress made with the program rolled out by the Group in the past few years to sell apartments on a unit basis when they become vacant.

Student residences: first impacts of the two residences delivered in 2017

Rental income from student residences shows a significant increase on a current basis (+15.5%), reflecting the impact of the two residences delivered in Puteaux and Marseille in summer 2017.

Like-for-like, the positive rental trends reflect the positive impacts of the repositioning of the Lille residence.

Still positive market trends for offices, particularly at the heart of Paris

As expected, the first half of 2018 followed on from the trends observed in 2017 for the Paris Region's office markets, with very strong letting performances in the most central sectors.

Rental transaction volumes are up +15% from the first half of 2017, which was already very strong, reaching their highest level since 2008. This performance has notably been driven by large-scale operations and the high level of interest among tenants for quality buildings in central areas, especially Central Paris.

In Paris City, take-up levels continued to climb over the first half of the year (+6.4%), alongside a sharp contraction in immediate supply (-18%), down to an all-time low representing just 4.5 months of transactions, compared with 15.6 months on average for the Paris Region. This performance reflects a phenomenon with growth in pre-lettings, as tenants are positioning themselves increasingly far upstream for deliveries at the heart of Paris. The vacancy rate is down to an all-time low in Paris of 2.4% (vs. 2.8% at end-2017), significantly lower than the average for the Paris Region, where the vacancy rate is down, but still represents 5.6% (vs. 6.2%).

This very positive situation in sectors where properties are scarce is expected to continue over the coming years since future supply will not be sufficient to make up for the current supply shortage. Companies looking for office space are continuing to position themselves far upstream from deliveries with offers that are over increasingly long timeframes. Illustrating this scarcity, Paris City accounted for 41% of rental transactions over the first half of 2018, but represents just 12% of immediate supply.

These positive trends primarily concern Paris City (60% of Gecina's office portfolio), as well as other markets such as La Défense, where immediate supply is down -37% and the vacancy rate dropped from 7.9% at end-2017 to 5.4% at end-June 2018, following an active second quarter in terms of lettings.

Thanks to these positive market trends, the Group is reporting a positive reversion figure of almost +6,2% for headline rents on let and relet properties (offices and retail units), with +14% in Paris City and -3% in the suburbs.

3.1.2 OCCUPANCY RATE STABLE AND STILL HIGH

The average financial occupancy rate for the first half of 2018 came to 95.6%, virtually stable over six months and year-on-year. This stability masks the progress made with the financial occupancy rate on the traditional residential scope with the letting of large family apartments that were previously vacant.

Average financial occupancy rate	06/30/2017	12/31/2017	03/31/2018	06/30/2018
Offices	95.5%	95.3%	95.3%	95.4%
Traditional residential	96.4%	96.9%	97.6%	97.6%
Student residences	90.1%	90.3%	92.5%	88.7%
Other business	-	95.9%	97.8%	97.3%
GROUP TOTAL	**95.5%**	**95.4%**	**95.6%**	**95.6%**

The rental margin

The rental margin came to 91.9%, stable compared with the first half of 2017, with the contraction in the rental margin for the office portfolio (-180bp to 94.1%) offset by the increase in the rental margin for residential assets and student residences. The higher rental margin on residential properties (traditional and student) reflects the increase in the financial occupancy rate and the ramping up of certain student residences in La Défense and Lille in particular.

	Group	Offices	Residential	Student
Rental margin for first half of 2017	92.0%	95.9%	81.7%	75.5%
RENTAL MARGIN FOR FIRST HALF OF 2018	**91.9%**	**94.1%**	**82.8%**	**80.6%**

3.1.3 RENTAL ACTIVITY

Lettings ramped up since the start of the year

The first half of 2018 followed on from a particularly dynamic year in 2017 in terms of lettings. Since the start of the year, Gecina has let, relet or renegotiated nearly 108,000 sq.m of offices, representing €49.3 million of rent, reflecting both the positive trends on the Paris market and the Group's commitment to anticipating its letting challenges.

The Group has notably secured a high volume of pre-lettings on buildings upstream from their delivery. Regarding the scope for office buildings to be delivered in 2018 and 2019, the pre-letting rate is now up to 65% (including Le Jade and Ville l'Evêque, which were delivered during the first half of 2018).

For reference, 14 projects scheduled for delivery in 2018 and 2019 (including two delivered in the first half of this year) represent a potential rental volume of around €116 million.

In terms of assets under development:

- Gecina has let the entire Le France building in Paris, with over 20,000 sq.m, to the WeWork Group, with this building to be delivered in the last quarter of 2018.
- The 14,400 sq.m Paris-Guersant building in the 17th arrondissement, scheduled for delivery in the third quarter of 2018, is already 91% let (versus 62% at end-2017) and talks are underway for the remaining space.
- The Carré Michelet building, with a total of 37,200 sq.m, has a lease in place with the pharmaceutical group MSD for 30% of its space.
- Alongside this, the "Montmorency" building, which will be delivered in the first half of 2019, has been fully pre-let to the Lacoste Group.

Pre-lettings have also been finalized on various buildings to be delivered in 2020, including the Rue de Madrid building, which has been fully let to the WeWork Group.

3.2 STRONG GROWTH IN RECURRENT NET INCOME (GROUP SHARE)

Recurrent net income (Group share) is up +50.8% to €230.3 million, with €3.14 per share (+31.2%). This performance reflects Eurosic's integration and the conditions for financing this acquisition, as well as the first operational and financial synergies secured. The impact of the sales completed since the start of 2018 is still limited, but will ramp up in the second half of the year. In addition, since the acquisition of Eurosic has been finalized in H2-2017, growth in the full-year financial aggregates for 2018 compared with 2017 will therefore be mechanically lower than for the first half of this year.

Moreover, the first-half operational performance factors in the impacts of the loss of rent (redevelopment of high-potential assets and sales) still being higher than new rental income from deliveries of buildings and acquisitions (excluding Eurosic).

PORTFOLIO ROTATION: +€97.4 MILLION NET CHANGE IN RENTAL INCOME

This growth reflects the portfolio's rotation in 2017 and the first half of 2018, primarily with Eurosic's acquisition in 2017, as well as the progress made with the sales program announced when this real estate company was acquired.

Recent acquisitions generated +€102.5 million of rental income in 2017 (with €99.5 million from Eurosic, net of the sales completed since then for this scope, with the rest generated by three buildings acquired in Paris, Neuilly and La Défense).

The loss of rent due to the sales carried out represents -€5.1 million (note that a significant percentage of the sales completed or secured are currently covered by preliminary sales agreements, including the two portfolios of assets located in other French regions apart from Paris, whose sales will be finalized in the second half of this year for €775 million).

OPERATIONS RELATING TO THE PIPELINE (DELIVERIES AND LAUNCH OF REDEVELOPMENT WORK): -€6.2 MILLION NET CHANGE IN RENTAL INCOME

The change in recurrent net income (Group share) also reflects the impact of operations relating to the pipeline. The additional rental income generated by the recent deliveries of buildings under development represents +€6.9 million for the first half of 2018 (55 Amsterdam, Lyon-Septen and two student residences in 2017, then Le Jade, Guersant and Ville l'Evêque in 2018). Alongside this, the buildings transferred to the pipeline in 2017 account for a temporary drop in rental income for -€13.0 million, including the building at 75 avenue de la Grande Armée, the PSA Group's previous headquarters.

OPTIMIZATION OF FINANCIAL EXPENSES

Financial expenses show an increase of just +€4 million, while the net debt volume is up from €3.9 billion to €8.2 billion over one year, linked primarily to Eurosic's acquisition. This level is virtually stable, reflecting the reduction in the average cost of debt to 1.4% at end-June 2018 versus 1.7% in 2017 and 2.2% in 2016 (including costs of undrawn credit lines), while its average maturity has been extended further to 7.4 years (vs. 6,9 years at end-2017).

In million euros	06/30/2018	06/30/2017	Change (%)
GROSS RENTAL INCOME	**335.4**	**240.6**	**+39.4%**
NET RENTAL INCOME	**308.1**	**221.4**	**+39.1%**
Operating margin for other business (hotels and finance leases)	5.5	-	
Services and other income (net)	1.7	1.6	+8.0%
Salaries and management costs	(40.9)	(31.7)	+29.3%
EBITDA	**274.4**	**191.4**	**+43.4%**
Net financial expenses	(40.6)	(36.6)	+10.8%
RECURRENT GROSS INCOME	**233.8**	**154.7**	**+51.1%**
Recurrent minority interests	(1.1)	(0.5)	+132.6%
Recurrent tax	(2.5)	(1.6)	+55.7%
RECURRENT NET INCOME (GROUP SHARE)	**230.3**	**152.7**	**+50.8%**
RECURRENT NET INCOME (GROUP SHARE) PER SHARE	**3.14**	**2.40***	**+31.2%**

** Following the adjustment of the payout for preferential subscription rights linked to the capital increase from August 2017 (adjustment coefficient of 0.97391)*

3.3 SALES

€1.6 BILLION OF OFFICE SALES ALREADY COMPLETED OR SECURED, FURTHER STRENGTHENING THE GROUP PORTFOLIO'S CENTRALITY AND REDUCING ITS LTV TO LESS THAN 40%

Since the acquisition of Eurosic, Gecina has sold or secured sales for almost €1.6 billion of assets of which 1.2 billion since the beginning of the year. These volumes of sales, in line with the Group's commitments to further strengthening its portfolio's centrality, while reducing its debt levels, give the following breakdown:

- Nearly €775 million of sales of buildings located outside of the Paris Region and from the previous Eurosic scope. These assets are covered by preliminary sales agreements signed during the first half of 2018 and are expected to be completed before the end of the year. The prices agreed on for these two portfolios are in line with the appraisals from end-June 2017, *i.e.* the reference retained when Eurosic was acquired.
- Since the start of the year, €457 million of other buildings have been sold or are subject to preliminary agreements, with an average premium of around +11% versus the latest appraisals.

Once the sales currently subject to preliminary agreements have been completed (representing €939 million), Gecina's portfolio will increase its exposure to the Paris Region's most central sectors.

- The Paris Region will represent 97% of the office portfolio, versus 92% at end-2017.
- Paris City will represent 60%, compared with 56% at end-December 2017 and 54% at end-2016, while the Western Crescent (including La Défense) will represent 31% of the Group's office portfolio (versus 29% at end-2017).

Based on the appraisal values from end-June 2018, the proforma LTV taking into account the sales currently under preliminary agreements represents around 38.4%, in line with the Group's ambition to reduce its LTV to less than 40%.

Nearly €69 million of residential sales completed or secured at end-June 2018

Alongside this, Gecina completed nearly €41 million of residential sales on a vacant unit basis in the first half of 2018, achieving an average premium of +22.1% versus the end-December 2017 appraisals. In addition, €5 million of block sales were completed, with a 3% premium versus the latest appraisal values.

At end-June 2018, €23 million of vacant unit-based sales were covered by preliminary sales agreements and will be completed in the third quarter.

3.4 INVESTMENTS

3.4.1 KEY AREAS FOR INVESTMENT IDENTIFIED WITHIN THE RESIDENTIAL PORTFOLIO FOR FUTURE VALUE CREATION

Densification: capitalizing on our portfolio's centrality

In connection with the review of its residential portfolio underway since mid-2017, Gecina has identified several key areas for creating value on this portfolio.

In terms of densification: Gecina has identified potential for over 20,000 sq.m of new builds on sites that are already owned by the Group, with building permits currently being drawn up, primarily in Paris City. These operations would represent an investment outlay of around €80 million. These densification operations make it possible to achieve yields on cost that are significantly higher than usual investments as the Group owns plots where buildings are already located and they will be retained and renovated alongside this to extract their reversion potential.

Extracting and maximizing reversion potential

Renovation of existing properties: Gecina will be rolling out a program to renovate existing assets with a view to improving the quality and appeal of the residential buildings within its portfolio. This program will help capitalize on rental reversion potential and position expected rents above median market levels. These investments will make it possible to maximize the Group's performance in terms of robust organic growth. Over the next five years, this program is expected to represent a total investment volume of around €100 million. Illustrating this, the work launched to renovate an existing building in Paris' 12th arrondissement is expected to make it possible to benefit from reversion potential of over +7% when its tenants rotate.

Refurbishment of vacated apartments: following the conclusive results achieved with the first operations benefiting certain apartments in Paris' 15th arrondissement, the Group plans to refurbish apartments when they are vacated in order to maximize their rental potential. The total budget set aside for this type of operation is expected to represent almost €40 million over the next five years.

03

3.4.2 PROJECT PIPELINE: TWO PROJECTS DELIVERED DURING THE FIRST HALF OF THE YEAR IN PARIS

Gecina delivered two office real estate projects during the first half of 2018 in Paris (Le Jade and Ville l'Eveque). These two buildings, offering a combined total of nearly 29,000 sq.m of office space, are already 95% let, with the Lagardère Group and Hermès Group respectively.

Following the delivery of these two buildings, the total development project portfolio represents €4.9 billion, with an average expected net yield on cost of 6.0%.

€2.6 billion of committed projects with deliveries expected primarily for 2018 and 2019

Nearly 60% of this committed pipeline is concentrated in Paris City, with 33% in the Western Crescent's best business districts (Levallois, Neuilly, La Défense and Issy-les Moulineaux) and the remaining 7% mainly concerning the SKY 56 project in Lyon Part-Dieu, which is already 91% pre-let.

With an expected yield on cost of 5.6%, the committed pipeline represents around €145 million of potential rent as assets are delivered, expected primarily for 2018 and 2019, with 12 projects to be delivered over the period and nearly two thirds of their space already pre-let.

At end-June 2018, €394 million were still to be invested on committed projects, with €136 million in 2018, €144 million in 2019, €94 million in 2020 and €21 million in 2021.

€1.0 billion of "certain" controlled projects over the short or medium term, with 73% in Paris City

The "certain" controlled pipeline concerns the assets held by Gecina that are currently being vacated and for which a redevelopment project aligned with Gecina's investment criteria has been identified.

These projects will therefore be launched over the coming half-year or full-year periods. These "certain" projects that have not yet been committed to represent a combined total of €1.0 billion. These projects are scheduled for delivery over the medium term, between 2020 and 2023, and 73% are located in Paris City, with an average expected yield on cost of 5.6%.

€1.3 billion of "probable" controlled projects over the longer term, with 81% in Paris City

The "probable" controlled pipeline covers the projects identified and owned by Gecina that may require pre-letting (for greenfield projects in peripheral locations within the Paris Region) or cases when tenant departures are not yet certain over the short term. The identification of these projects upstream is making it possible to achieve a potential yield on cost of 7.0% with a portfolio of potential projects focused primarily on Paris. These greenfield operations will be able to be launched or sold in line with the opportunities that arise.

Concise overview of the developments pipeline

Project	Location	Delivery date	Total space (sq.m)	Total investment (€m)	Already invested (€m)	Still to invest (€m)	Est. yield on cost (net)	Prime yields BNPPRE (Q1 2018)	% pre-let
Lyon Part Dieu - Sky 56	Lyon	Q3-18	30,700	137	123	14			91%
Issy les Moulineaux - Be Issy	Western Crescent	Q3-18	25,100	163	162	1			0%
Paris - Guersant	Paris	Q3-18	14,400	127	122	5			91%
Paris - Penthemont 1	Paris 7th	Q3-18	9,200	245	235	10			100%
Levallois - Octant Sextant	Western Crescent	Q3-18	37,800	223	218	5			81%
Paris - Le France	Paris	Q4-18	20,100	182	173	9			100%
Paris - Ibox	Paris	Q4-18	19,200	166	146	20			0%
La Défense - Carré Michelet	Western Crescent	Q1-19	37,200	337	297	40			29%
Paris - Montmorency	Paris	Q2-19	13,800	157	144	13			100%
Paris - Penthemont 2	Paris 7th	Q4-19	2,400	53	41	12			100%
TOTAL OFFICE DELIVERIES 2018-2019			**209,900**	**1,788**	**1,661**	**127**	**5.6%**	**3.4%**	**61%**
Paris - 7, Rue de Madrid	Paris CBD	Q2-20	11,100	109	70	39			100%
Neuilly - Graviers B+C	Western Crescent	Q4-20	11,100	96	64	32			0%
Paris - 75 GA	Paris CBD	Q1-21	33,500	476	355	122			0%
TOTAL OFFICES			**265,600**	**2,469**	**2,150**	**320**	**5.5%**	**3.3%**	**52%**
Puteaux - Rose de Cherbourg	Western Crescent	Q3-18	7,500	44	34	10			n.a
Paris - St Mandé	Paris	Q4-19	700	4	0	4			n.a
Porte Brançion	Paris	Q3-20	2,900	19	0	19			n.a
Student housing project	Inner Rim	Q3-21	7,200	41	0	41			n.a
TOTAL RESIDENTIAL			**18,300**	**108**	**34**	**74**	**6.4%**	**4.9%**	
TOTAL COMMITTED PROJECTS		**2018-2021**	**283,900**	**2,577**	**2,184**	**394**	**5.6%**	**3.4%**	
TOTAL CONTROLLED AND CERTAIN		**2020-2023**	**111,100**	**1,013**	**673**	**340**	**5.6%**	**3.3%**	
“Probable” redevelopments			120,600	1,122	492	631	6.7%	3.3%	
Greenfields			75,000	223	6	218	8.6%	5.1%	
TOTAL CONTROLLED AND PROBABLE		**2020-2024**	**195,600**	**1,346**	**497**	**848**	**7.0%**	**3.6%**	
TOTAL PIPELINE			**590,600**	**4,936**	**3,354**	**1,582**	**6.0%**	**3.4%**	

3.5 PROPERTY PORTFOLIO

The Group's property portfolio is valued twice a year by independent appraisers. Assets are included in the like-for-like basis if they were in operation at December 31, 2017. Assets entering operation during the half-year are excluded from the like-for-like basis. The change in the value of these assets according to the Group's accounting standards over the last six months is as follows:

	Block value			Δ current basis		Δ like-for-like[2]	Δ like-for-like combined scope[3]	Δ like-for-like[3]
In € million	06/30/2018	12/31/2017	06/30/2017 [1]	06/2018 *VS.* 06/2017	06/2018 *VS.* 12/2017	06/2018 *VS.* 06/2017	06/2018 *VS.* 06/2017	06/2018 VS. 12/2017
OFFICE	**15,930**	**15,760**	**10,294**	**+54.7%**	**+1.1%**	**+4.7%**	**+5.1%**	**+1.5%**
Paris City	9,028	8,816	5,738	+57.3%	+2.4%	+5.8%	+5.4%	+2.1%
■ Paris CBD & 5-6-7	6,375	6,202	4,373	+45.8%	+2.8%	+5.6%	+5.5%	+2.2%
■ Paris CBD & 5-6-7 - Offices	4,898	4,772	2,960	+65.5%	+2.6%	+6.3%	+5.8%	+1.8%
■ Paris CBD & 5-6-7 - Retail	1,477	1,430	1,412	+4.6%	+3.3%	+4.5%	+4.6%	+3.3%
■ Paris other	2,653	2,614	1,365	+94.4%	+1.5%	+6.7%	+5.2%	+1.8%
Western Crescent - La Défense	4,706	4,551	3,567	+31.9%	+3.4%	+3.7%	+6.0%	+1.0%
Paris Region Other	927	1,130	631	+46.9%	-17.9%	+1.5%	+0.1%	-0.9%
Regions/Abroad	1,269	1,264	358	+254.1%	+0.4%	+3.1%	+1.2%	+0.4%
RESIDENTIAL	**3,229**	**3,160**	**3,153**	**+2.4%**	**+2.2%**	**+6.1%**	**+6.2%**	**+3.0%**
OTHER BUSINESS	**239**	**246**	**0**	**N.A.**	**-2.7%**	**N.A.**	**+1.1%**	**-2.0%**
HOTELS & FINANCIAL LEASE	**438**	**482**	**0**	**N.A.**	**-9.1%**	**N.A.**	**N.A.**	**N.A.**
GROUP TOTAL (BALANCE SHEET VALUE)	**19,836**	**19,648**	**13,447**	**+47.5%**	**+1.0%**	**+5.1%**	**+5.2%**	**+1.8%**
TOTAL UNIT VALUE (APPRAISED VALUE)	**20,322**	**20,101**	**13,807**	**+47.2%**	**+1.1%**	**+5.8%**	**+5.9%**	**+1.9%**

(1) Including the head office at fair value
(2) Like-for-like basis June 2018 Gecina assets only
(3) Like-for-like basis June 2018 Gecina and Eurosic assets

The property portfolio at June 30, 2018 was €19,836 million, an increase of €188 million over the six months.

The main items are the following:

- a like-for-like scope representing €14,869 million, an increase of €256 million over the six months (or +1.8%), including €20 million of costs and upgrade works completed during the half-year;
- €401 million in projects delivered and acquisition over the half-year, including €41 million in investments, with the delivery of commercial properties at 20 Ville l'Évêque in Paris 8th arrondissement and the Jade building in Paris 15th arrondissement and the acquisition of 8 rue Graviers in Neuilly-sur-Seine;
- €2,717 million in properties under development (of which Le France in Paris 13th arrondissement, Octant/Sextant in Levallois-Perret, and Cours Michelet in La Défense) representing an investment of €160 million during the first half of 2018;
- €68 million of land reserves;
- €916 million of assets under sale process;
- €382 million of assets under unit-by-unit sale as at June 30, 2018 out of which €34 million of units have been sold;
- €483 million in hotels, property finance leases and other.

The property portfolio value (block) rose by +1.0% on a current basis.

This rise is mainly due to the increase in value of the assets on a like-for-like basis (+€256 million including €20 million of investments) and of assets under development (+€257 million, of which €160 million of investments).

- Like-for-like, the property portfolio increased (+1.8% or +€256 million):

(i) the value of office properties appreciated during the half year (+1.5% or +€178 million). Capitalization rates net remained stable (4.33%);

(ii) the value of the residential portfolio rose over the half-year: +3.2% or +€78 million for traditional residential and +1.6% or +€4 million for student residences. Unit valuations increased by +3.6%.

The value per square meter of traditional residential properties stood at €6,462/sq.m as at June 30, 2018 with a capitalization rate net of 3.21%. The value per square meter of student residences was €4,605/sq.m with a capitalization rate net of 4.87%.

	Net yield (incl. duties)		Net capitalization rate (excl. duties)	
	06/30/2018	06/31/2017	06/30/2018	12/31/2017
OFFICE	**4.04%**	**4.09%**	**4.33%**	**4.37%**
Paris City	3.55%	3.62%	3.81%	3.87%
■ Paris CBD & 5-6-7	3.20%	3.26%	3.43%	3.49%
■ Paris CBD & 5-6-7 - Offices	3.59%	3.64%	3.85%	3.89%
■ Paris CBD & 5-6-7 - Retail	2.17%	2.24%	2.33%	2.41%
■ Paris other	4.72%	4.78%	5.03%	5.11%
Western Crescent - La Défense	4.40%	4.43%	4.70%	4.73%
Paris Region Other	6.16%	6.07%	6.60%	6.51%
Regions/Abroad	5.28%	5.26%	5.39%	5.41%
RESIDENTIAL	**3.16%**	**3.26%**	**3.37%**	**3.48%**
OTHER PROPERTIES	**6.32%**	**6.27%**	**6.78%**	**6.64%**
TOTAL LIKE-FOR-LIKE BASIS(1)	**3.91%**	**3.97%**	**4.18%**	**4.24%**

(1) Like-for-like basis June 2018.

- On a current basis:

(i) three office properties were delivered in the 1st half of 2018 and one property was purchased, for a total value of €401 million at June 30, 2018 (+€45 million for an investment of €41 million) with the building at 20 Ville l'Évêque in Paris 8th arrondissement, the Jade building in Paris 15th arrondissement, and 8 rue Graviers in Neuilly-sur-Seine;

(ii) the balance sheet value of the pipeline as at June 30, 2018 increased by €257 million. This increase in value includes investments of +€160 million;

(iii) nine assets were sold for a sale price of €302 million and a value of €280 million at December 31, 2017;

(iv) €41 million of apartments and car parks (€34 million in book value at December 31, 2017) were sold unit-by-unit in the first half of 2018;

(v) in addition, €916 million of assets are under a sale process.

The analysis table below indicates, by asset class, the range of discount rates used by the property appraisers to prepare the Discounted Cash Flow (DCF method) in their appraisals.

Sector-specific premium risks were determined with reference to the French Treasury's 10-year OAT (estimated at 0.65% at June 30, 2018).

	Discount rate June 2018	Specific risk premium June 2018
OFFICES	**3.00% - 11.50%**	**2.35% - 10.85%**
Offices - Paris	3.00% - 8.60%	2.35% - 7.95%
Offices - Paris Region	3.00% - 11.50%	2.35% - 10.85%
Regions Offices	3.00% - 5.90%	2.35% - 5.25%

In accordance with the EPRA guidelines , the table below presents the reconciliation between the book value of buildings on the balance sheet and the total appraisal value of the property portfolio:

In € million	06/30/2018
BOOK VALUE	**19,654**
Operating buildings (Hotels)	65
Operating buildings (Head office)	114
Other	3
PROPERTY PORTFOLIO VALUE	**19,836**
Company fair value accounted for under the equity method	2
APPRAISAL VALUE	**19,838**

3.6 FINANCIAL STRUCTURE

The first half of 2018 was marked by the major efforts made to further optimize the Group's consolidated financial structure, in particular following the acquisition of Eurosic. This optimization involved major changes in terms of financing with the raising of €1.9 billion in funding (with an average maturity of 7.7 years), in parallel with the early repayment of €1.9 billion in financing, mainly borne by Eurosic and its subsidiaries. Moreover, the bond private placements previously borne by Eurosic and Foncière de Paris have been transferred to Gecina SA following the bondholders' unanimous approval at the General Meetings held in June 2018. With these transactions, the residual debt of Eurosic SA and its subsidiaries was reduced to €0.2 billion, while Gecina SA now bears 97% of the Group's financing.

Moreover, these transactions improved the Group's main credit indicators to record levels:

- fall in the average cost of drawn debt to 1.1% (-20 bp compared to 2017);
- prolongation of the average debt maturity to 7.4 years (+0.5 year compared to end-2017);
- prolongation of the average maturity of interest rate hedges to 7.6 years;
- ICR standing at 6.5x, up by 0.9x compared to 2017.

Consolidated LTV stood at 41.4% at June 30, 2018, down compared to December 31, 2017 due to the progress made in the disposals plan, which aims to bring LTV below 40%. Taking into account the disposals already secured, LTV stands at 38.4%. Maintaining a highly flexible financial structure will ensure the smooth rollout of the rest of the disposals plan.

Moreover, the Group signed its first two responsible credit agreements during the half-year.

Total liquidity amounts to €4,312 million and easily covers the debt repayment schedule for the next 24 months.

3.6.1 DEBT STRUCTURE

Net financial debt amounted to €8,207 million at June 30, 2018, down €124 million compared to end-December 2017.

The main characteristics of the debt are:

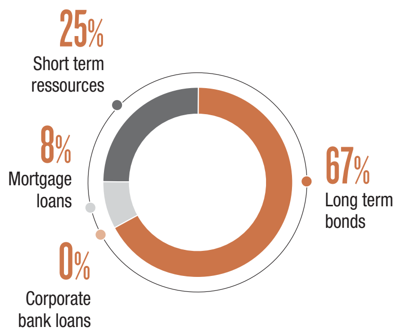
	12/31/2017	06/30/2018
Gross financial debt *(In € million)*(1)	8,453	8,263
Net financial debt *(In € million)*(2)	8,331	8,207
Gross nominal debt *(In € million)*(1)	8,427	8,273
Unused credit lines *(In € million)*	3,760	4,255
Average maturity of debt *(years, adjusted for available credit lines)*	6.9	7.4
LTV	42.4%	41.4%
LTV (including duties)	40.0%	39.0%
ICR	5.6x	6,5x
Secured debt/Properties	3.6%	3.2%

(1) Gross financial debt (excluding fair value related to Eurosic's debt) = Gross nominal debt + impact of the recognition of bonds at amortized cost + accrued interest not yet due + miscellaneous.

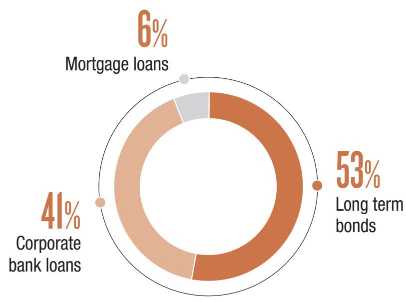
(2) Excluding fair value related to Eurosic's debt, €8,271 million including those items.

Debt by type

BREAKDOWN OF GROSS NOMINAL DEBT



BREAKDOWN OF AUTHORIZED FINANCING (INCLUDING €4,255 MILLION OF UNUSED CREDIT LINES AT 06/30/2018)



The Group uses diversified sources of financing. Long-term bonds represent 67% of the Group's nominal debt and 53% of the Group's authorized financing.

At June 30, 2018, Gecina's gross nominal debt was €8,273 million and comprised:

- €5,565 million in long-term bonds;
- €658 million of bank loans, of which €628 million of mortgage financing and €30 million of corporate financing; and
- €2,050 million of short-term resources, of which €1,650 million in commercial papers and €400 million in short-term private EMTN placements covered by confirmed medium- and long-term credit lines.

3.6.2 LIQUIDITY

As at June 30, 2018, Gecina had €4,312 million in available liquidity, of which €4,255 million in unused credit lines and €57 million in cash, easily covering all credit maturities for the next two years. Net of the short-term resource hedge, liquidity amounts to €2,262 million.

The financing/refinancing operations carried out in the first half of 2018 amounted to €1.9 billion, with an average maturity of 7.7 years:

- in March, as part of its EMTN program, Gecina issued a €500 million bond maturing in March 2030 with a fixed-rate coupon of 1.625%;
- Gecina signed new corporate lines totaling €1.4 billion with an average maturity of 6.2 years.

The Group has also cancelled €0.9 billion of revolving credit facilities and redeemed €1.0 billion of loans, including all of the Eurosic Group's residual corporate debts.

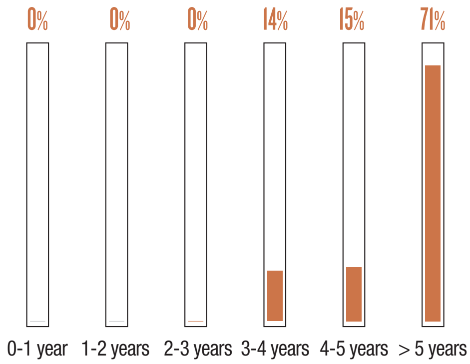
Gecina updated its €8 billion EMTN program with the AMF. Gecina also updated its commercial paper program (NEU CP) with the Banque de France. In the first half of 2018, Gecina continued to use short term resources *via* commercial paper and EMTN private placements with short maturities. At June 30, 2018, pending the completion of the disposals plan, the Group's short-term resources totaled €2.1 billion, *versus* €1.7 billion at end-2017.

Lastly, Gecina's debt repayment schedule for the next 24 months, totaling €2,627 million, is easily covered by its liquidity of €4,312 million (unused credit lines and cash at June 30, 2018) and the secured disposals which will be cashed in during the second half of 2018. The main objectives of this liquidity are to provide sufficient flexibility to adapt the volume of debt to the pace of acquisitions and disposals, hedge the refinancing of short-term maturities upstream, allow refinancing under optimal conditions, meet the criteria of the credit rating agencies and finance the Group's investment projects.

3.6.3 DEBT REPAYMENT SCHEDULE

As at June 30, 2018, the average maturity of Gecina's debt was 7.4 years[1], compared to 6.9 years at December 31, 2017.

The chart below presents Gecina's debt maturity breakdown at June 30, 2018 (after allocation of unused credit lines):



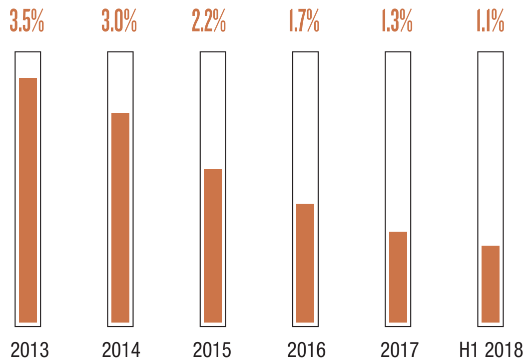
All of the credit maturities for the next three years were covered by unused credit lines as at June 30, 2018. Furthermore, 71% of the debt has a maturity of more than five years.

3.6.4 AVERAGE COST OF DEBT

The average cost of drawn debt decreased to 1.1% in the first half of 2018, from 1.3% in 2017. This improvement was mainly attributable to the rapid consolidation of Eurosic's debt portfolio (and ensuing synergies) and the ongoing implementation of the Group's financial strategy (credit rating, financial structure, hedging policy, active management of the loan repayment schedule, etc.), in a volatile but favorable market environment.

The average cost of overall debt also slightly improved, falling from 1.7% in 2017 to 1.4% in the first half of 2018.

The chart below shows the change in the average coast of Gecina's drawn debt since 2013 and its steady improvement:



Capitalized interest on development projects rose to €12 million in the first half of 2018.

3.6.5 CREDIT RATING

The Gecina group is monitored by both Moody's and Standard & Poor's:

- Standard & Poor's rating is BBB+ with positive outlook;
- Moody's rating is A3 with negative outlook, pending the completion of the disposals program announced by the Group, which aims to bring the LTV below 40%.

(1) After allocation of unused credit lines.

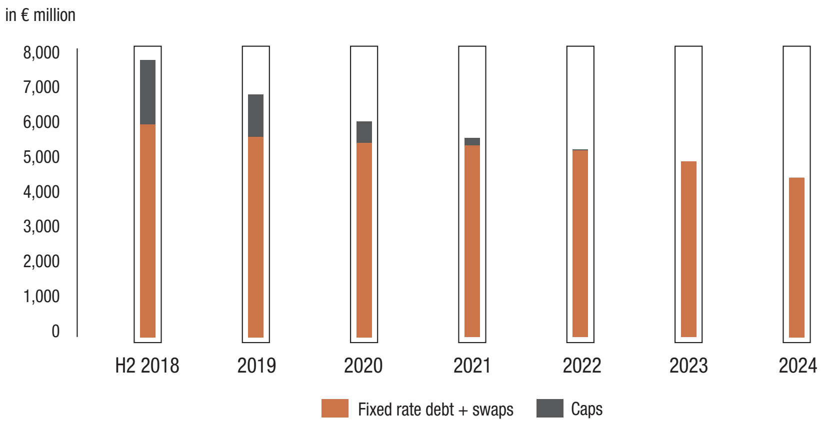
3.6.6 MANAGEMENT OF INTEREST RATE RISK HEDGE

Gecina's interest rate risk management policy is aimed at hedging the company's exposure to interest rate risk. To do so, Gecina uses fixed-rate debt and derivative products (mainly caps and swaps) in order to limit the impact of interest rate changes on the Group's results and to keep the cost of debt under control.

Gecina continued to adjust and optimize its hedging policy in the first half of 2018 with the aim of:

- maintaining an optimal hedging ratio;
- securing the current favorable financing conditions for the long-term.

During the first half of 2018, Gecina strengthened its hedging by maintaining at fixed rate a €500 million bond issue with an average maturity of 12 years. At June 30, 2018, the average maturity of hedges (fixed-rate debt and derivative instruments) was 7.6 years compared to 7.5 years at December 31, 2017. Fixed rate debt amounts to €5.3 billion, swaps €0.6 billion and caps €1.8 billion, and the hedging ratio represents 93% of the gross debt as at end-June 2018.



Gecina's interest rate hedging policy is implemented mainly at Group level and on the long-term; it is not specifically assigned to certain loans. As a result, it does not meet the accounting definition of hedging instruments and the change in fair value is posted to the income statement.

Measuring interest rate risk

Gecina's anticipated net financial debt for the second half of 2018 is 97% hedged against an interest rate increase (depending on observed Euribor rate levels, due to caps).

Based on the existing hedging portfolio and conditions at June 30, 2018, a 50 basis point increase in the interest rate would generate an additional expense of €2.4 million in 2018. A 50 basis point fall in interest rates would result in a reduction in interest expense in 2018 of €1.1 million.

3.6.7 FINANCIAL STRUCTURE AND BANKING COVENANTS

Gecina's financial position as at June 30, 2018, meets all requirements that could affect the compensation conditions or early repayment clauses provided for in the various loan agreements.

The table below shows the status of the main financial ratios outlined in the loan agreements:

	Benchmark standard	Balance at 06/30/2018
LTV Net debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	41.4%
ICR EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	6.5x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	3.2%
Revalued block value of property holding (excluding duties) in € million	Minimum 6,000/8,000	19,836

The financial ratios shown above are the same as those used in the covenants included in all the Group's loan agreements.

At June 30, 2018, LTV stood at 41.4%, down compared to December 31, 2017. The ICR improved to 6.5x (5.6x in 2017).

3.6.8 GUARANTEES GIVEN

The amount of gross nominal debt guaranteed by real sureties (*i.e.* mortgages, lender's liens, unregistered mortgages) amounted to €628 million at the end of June 2018, compared with €700 million at year-end 2017.

Thus, as at June 30, 2018, the total amount of financing secured by mortgage-backed assets or leasing amounted to 3.2% of the total block value of the properties held, *versus* 3.6% at December 31, 2017, for an authorized maximum limit of 25% in the various loan agreements.

3.6.9 EARLY REPAYMENT IN THE EVENT OF A CHANGE OF CONTROL

Some loan agreements to which Gecina is party and bonds issued by Gecina provide for mandatory early repayment and/or cancellation of loans granted and/or a mandatory early repayment liability, if control of Gecina changes.

Based on a total amount of authorizations of €10,478 million at June 30, 2018 (including drawn debt and available credit lines), €3,909 million in bank borrowings and €5,565 million in bonds are affected by such a clause concerning a change of control of Gecina (in most cases, this change must result in a downgrading in the credit rating to "Non-Investment Grade" for this clause to be activated).

In the case of bonds issued by Gecina, a change of control resulting in a downgrading of the "Non-Investment Grade" credit rating not raised within 120 days to the "Investment Grade" level may result in the early repayment of the loan.

3.7 EPRA NNNAV

The EPRA NNNAV is calculated according to the EPRA recommendations. The calculation is based on the Group's shareholders' equity obtained from financial statements, which include the fair value by block, excluding duties, of investment properties, buildings under reconstruction and properties held for sale, as well as financial instruments.

The foregoing elements are restated of the Group's shareholders' equity to calculate EPRA NAV and EPRA NNNAV:

- unrealized capital gains on buildings valued at their historic cost such as operating building and inventory buildings are calculated on the basis of block appraisal values excluding duties, determined by independent appraisers;
- the fair value of fixed-rate financial debts and hotel commercial properties.

Registration fees are determined by taking into account the most appropriate mode of disposal of the asset: sale of the asset or company shares. When the sale of the company appears to be more advantageous than the sale of the asset, the resultant registration rights replace those deducted from the property appraisals.

The number of diluted shares includes the number of shares likely to be created through the exercise of equity instruments to be issued in the right conditions. The number of diluted shares does not include treasury shares.

The EPRA NNNAV amounted to €11,513 million as at June 30, 2018 or €156.6 per share fully diluted. EPRA NAV totaled €11,560 million as at June 30, 2018, or €157.3 per share.

The EPRA NNNAV by unit came to €163.2 per share as at June 30, 2018, compared with €159.0 per share as at December 31, 2017.

The table below, compliant with EPRA recommendations, presents the transition between the Group's shareholders' equity derived from financial statements and the EPRA NNNAV.

NET ASSET VALUE – BLOCK

	06/30/2018		12/31/2017		06/30/2017	
In € million	Amount/no. of shares	€/share	Amount/no. of shares	€/share	Amount/no. of shares	€/share
Fully diluted number of shares	73,507,865		73,454,892		61,556,067	
SHAREHOLDERS' EQUITY UNDER IFRS	**11,196**(1)		**10,986**(1)		**9,031**	
Amounts owed to shareholders	86.1				159.2	
Impact of exercising stock options	5.0		6.5		15.6	
DILUTED NAV	**11,287**	**€153.6**	**10,993**	**€149.6**	**9,205**	**€145.6**(2)
Fair value reporting of properties, if amortized cost option is adopted	115.6		113.3		109.1	
Hotel commercial properties	43.0		43.0			
Transfer duties adjustment	124.0		121.8		66.8	
Fair value of financial instruments	(6.0)		(13.1)		20.1	
Deferred tax	(3.9)					
EPRA NAV	**11,560**	**€157.3**	**11,257**	**€153.3**	**9,401**	**€148.7**(2)
Fair value of financial instruments	6.0		13.1		(20.1)	
Fair value of liabilities	(57.2)		(37.4)		(27.9)	
Deferred tax	3.9					
EPRA NNNAV	**11,513**	**€156.6**	**11,233**	**€152.9**	**9,354**	**€148.0**(2)

(1) Including €208 million of Goodwill
(2) Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33.

Growth in EPRA triple net NAV per share for the first half of 2018 came to +€3.7, with the following breakdown:

- Interim dividend: -€2.65
- Impact of recurrent net income: +€3.1
- Value adjustment on offices assets like-for-like: +€2.0
- Value adjustment on residential assets like-for-like: +€1.1
- Net value increase for 2018 acquisitions and pipeline (incl. deliveries): +€1.4
- Net capital gains from sales completed or underway: +€0.2
- Fair value adjustment on financial instruments & debt: -€0.4
- Other: -€1.0

3.8 STRATEGY AND OUTLOOK

OUTLOOK FOR 2018 UPGRADED AND CONFIDENCE FOR THE LONGER TERM

Thanks to the positive trends on Gecina's core markets and the success of Eurosic's rapid integration, exceeding the Group's initial expectations, the Group is revising its forecasts upwards for 2018 in terms of recurrent net income. In view of the volume and timeline for the sales completed or secured, recurrent net income (Group share) per share is expected to show growth of over +8% (versus the previous forecast of +3% to +6%).

The Group's confidence for the medium and long term has also been further strengthened, with a committed pipeline of €2.6 billion, representing €145 million of additional potential rental income. More specifically, 14 operations are scheduled to be delivered between 2018 and 2019, with potential rental income of almost €116 million. Alongside this, the Group has extended the average maturity of its debt to 7.4 years and its hedging to 7.6 years.

3.9 POST-BALANCE SHEET EVENTS

None

3.10 EPRA REPORTING AS AT JUNE 30, 2018

Gecina applies the EPRA best practices recommendations regarding the indicators listed hereafter. Gecina has been a member of EPRA, the European Public Real Estate Association, since its creation in 1999. The EPRA best practice recommendations include, in particular, key performance indicators to make the financial statements of real estate companies listed in Europe more transparent and more comparable across Europe.

Gecina reports on all the EPRA indicators defined by the "Best Practices Recommendations" available on the EPRA website.

Moreover, EPRA defined recommendations related to corporate social responsibility (CSR), called "Sustainable Best Practices Recommendations". Gecina publishes all these indicators on its website (www.gecina.fr, CSR section).

	06/30/2018	06/30/2017	See Note
EPRA Earnings (€ million)	216	143	3.10.1
EPRA Earnings per share	€2.94	€2.25(1)	3.10.1
EPRA NAV (€ million)	11,560	9,401	3.7
EPRA NNNAV (€ million)	11,513	9,354	3.7
EPRA Net Initial Yield	3.49%	3.53%(2)	3.10.3
EPRA "Topped-up" Net Initial Yield	3.63%	3.89%(2)	3.10.3
EPRA Vacancy Rate	4.4%	4.5%	3.10.4
EPRA Cost Ratio (including direct vacancy costs)	21.1%	21.6%	3.10.5
EPRA Cost Ratio (excluding direct vacancy costs)	20.1%	20.1%	3.10.5
EPRA Property related capex (€ million)	231	181	3.10.6

(1) Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33.
(2) At December 31, 2017.

3.10.1 EPRA EARNINGS

The table below indicates the transition between the net recurring income disclosed by Gecina and the EPRA Earnings:

€'000	06/30/2018	06/30/2017
Net recurring income – Group share(1)	231,350	**153,152**
- IFRIC 21	(11,499)	(7,815)
- Depreciations, net impairments and provisions	(3,203)	(1,740)
- Minority recurring income	(1,059)	(455)
+ Recurring income from equity-accounted investments	9	0
EPRA NET RECURRING INCOME	**215,597**	**143,142**
EPRA NET RECURRING INCOME PER SHARE	**€2.94**	**€2.25 (2)**

(1) EBITDA less net financial expenses and recurring tax (see Note 3.2. "Recurrent net income").
(2) Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33

3.10.2 EPRA NAV AND EPRA NNNAV

The calculation for the EPRA NNNAV is explained in Section 3.7. “EPRA NNNAV”.

€/share	06/30/2018	06/30/2017
Diluted NAV	€153.6	€145.6*
EPRA NAV	**€157.3**	**€148.7***
EPRA NNNAV	**€156.6**	**€148.0***

** Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33*

3.10.3 EPRA NET INITIAL YIELD AND EPRA “TOPPED-UP” NET INITIAL YIELD

The table below indicates the transition between the yield rate disclosed by Gecina and the yield rates defined by EPRA:

%	06/30/2018	12/31/2017
GECINA NET YIELD(1)	**4.18**	**4.24**
Impact of estimated duties and costs	-0.27	-0.27
Impact of changes in scope	-0.01	-0.01
Impact of rent adjustments	-0.41	-0.43
EPRA NET INITIAL YIELD(2)	**3,49**	**3.53**
Excluding lease incentives	0.15	0.36
EPRA "TOPPED-UP" NET INITIAL YIELD(3)	**3.63**	**3.89**

(1) Like-for-like basis June 2018.
(2) The EPRA Net Initial Yield rate is defined as the annualized rental income, net of property operating expenses, after deducting rent adjustments, divided by the value of the portfolio, including duties.
(3) The EPRA “topped-up” Net Initial Yield rate is defined as the annualized rental income, net of property operating expenses, excluding lease incentives, divided by the value of the portfolio, including duties.

3.10.4 EPRA VACANCY RATE

The financial occupancy rate disclosed corresponds to (1 – EPRA vacancy rate).

%	06/30/2018	06/30/2017
Offices	4.6%	4.5%
Traditional residential	2.4%	3.6%
Student residences	11.3%	9.9%
Other activities	2.7%	n.a.
GROUP TOTAL	**4.4%**	**4.5%**

3.10.5 EPRA COST RATIOS

SIIC Perimeter only *€'000/%*	06/30/2018	06/30/2017
Property expenses*	(125,043)	(84,474)
Overheads*	(40,934)	(31,662)
Depreciation, net impairments and provisions**	(3,203)	(1,740)
Expenses	97,791	65,324
Rental expenses recharged in gross rent	0	0
Other income covering G&A expenses	78	398
Share of costs from equity-accounted affiliates	266	0
Land-related expenses	396	386
EPRA COSTS (INCLUDING COST OF VACANCY) (A)	**(70,649)**	**(51,768)**
Cost of vacancy	3,225	3,483
EPRA COSTS (EXCLUDING COST OF VACANCY) (B)	**(67,424)**	**(48,285)**
Gross rental income less land-related expenses	334,987	240,208
Rental expenses recharged in gross rent	0	0
Share of rental income from equity-accounted affiliates	0	0
GROSS RENTAL INCOME (C)	**334,987**	**240,208**
EPRA COST RATIO (INCLUDING COST OF VACANCY) (A/C)	**21.1%**	**21.6%**
EPRA COST RATIO (EXCLUDING COST OF VACANCY) (B/C)	**20.1%**	**20.1%**

** IFRIC 21 excluded.*
** * Excluding net impairment of assets valued at their historic cost.*

3.10.6. CAPITAL EXPENDITURE

€ million	06/30/2018
Acquisitions	31
Development (ground-up/green field/brown field)	174
Like-for-like portfolio	26
CAPITAL EXPENDITURE	**231**

04

REPORT OF THE STATUTORY AUDITORS

REPORT OF THE STATUTORY AUDITORS ON THE HALF YEAR FINANCIAL INFORMATION FOR 2018

(Period from January 1, 2018 to June 30, 2018)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with the engagement decided by your General Meeting and in application of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we have undertaken:

- a limited review of the consolidated half year financial statements of Gecina, covering the period from January 1 to June 30, 2018, as attached to this report;
- the verification of the information given in the half year activity report.

These half year consolidated financial statements have been established on the responsibility of the Board of Directors. Our role is to express an opinion on these financial statements based on our limited review.

I - Opinion on the consolidated financial statements

We conducted our limited review in accordance with the auditing standards applicable in France. A limited review consists essentially of interviews with senior managers in charge of the accounting and financial aspects and the implementation of analytical procedures. This work is less extensive than that required for an audit carried out according to the professional standards applicable in France. As a result, the assurance obtained through a limited review that the financial statements taken overall are free of any material misstatements, is a moderate assurance, which is lower than the assurance obtained through an audit. On the basis of our limited review, we have found no material misstatements likely to cast doubt on the fairness and sincerity of the half year consolidated financial statements with respect to the IFRS as adopted in the European Union, nor on the true and fair view they give of the assets and financial position at the end of the half year, and the earnings of the half year ended for the group constituted by the persons and entities included in the consolidation.

We draw your attention to Note 5.5.2.1 of the financial statements, which describes the change of accounting policy due to the first application of IFRS 9 and IFRS 15 without qualifying our opinion.

II - Specific verification

We have also verified the information given in the half year activity report commenting on the consolidated half year financial statements covered by our limited review. We have no matters to report as to its fair presentation and its consistency with the consolidated half-year financial statements.

Courbevoie and Neuilly-Sur-Seine, July 19, 2018

The Statutory Auditors

Mazars

Julien Marin-Pache
Partner

Baptiste Kalasz
Partner

PricewaterhouseCoopers Audit

Jean-Baptiste Deschryver
Partner

05

CONSOLIDATED FINANCIAL STATEMENTS

5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

		06/30/2018	12/31/2017	06/30/2017
In €'000	Note	Net	Net	Net
NON-CURRENT ASSETS		**18,375,614**	**18,983,004**	**12,800,066**
Investment properties	5.5.5.1	15,073,356	15,407,425	11,669,226
Properties under reconstruction	5.5.5.1	2,739,587	2,806,401	1,053,036
Operating properties	5.5.5.1	62,527	243,965	60,783
Other tangible assets	5.5.5.1	14,961	13,262	8,431
Goodwill	5.5.5.1	207,688	207,688	0
Intangible assets	5.5.5.1	9,183	5,884	5,801
Financial receivables on financial leases	5.5.5.1	199,229	224,335	0
Financial fixed assets	5.5.5.2	4,918	3,384	2,789
Equity-accounted investments	5.5.5.3	44,962	44,718	0
Non-current derivatives	5.5.5.12.2	12,899	17,735	0
Deferred tax assets	5.5.5.4	6,304	8,207	0
CURRENT ASSETS		**1,923,239**	**1,123,087**	**2,436,501**
Properties for sale	5.5.5.5	1,388,835	578,692	554,593
Buildings in inventory	5.5.5.6	145,241	156,334	0
Trade receivables	5.5.5.7	156,108	141,669	121,177
Other receivables	5.5.5.8	151,683	99,966	83,983
Prepaid charges	5.5.5.9	24,649	22,257	20,022
Current derivatives	5.5.5.12.2	85	2,138	609
Cash and cash equivalents	5.5.5.10	56,638	122,031	1,656,117
TOTAL ASSETS		**20,298,853**	**20,106,091**	**15,236,567**

LIABILITIES

In €'000	Note	06/30/2018	12/31/2017	06/30/2017
SHARE CAPITAL	**5.5.5.11**	**11,228,402**	**11,014,410**	**9,054,622**
Capital		565,662	565,226	475,760
Additional paid-in capital		3,167,446	3,167,093	1,910,693
Consolidated reserves linked to owners of the parent		6,973,239	5,358,091	5,344,950
Consolidated net income linked to owners of the parent		490,024	1,895,562	1,299,260
SHAREHOLDERS' EQUITY (OWNERS OF THE PARENT)		**11,196,371**	**10,985,972**	**9,030,663**
Non-controlling interests		32,031	28,438	23,959
NON-CURRENT LIABILITIES		**6,080,027**	**6,982,648**	**4,698,306**
Non-current financial debt	5.5.5.12.1	6,028,432	6,926,752	4,636,832
Non-current derivatives	5.5.5.12.2	6,596	6,509	20,657
Deferred tax liabilities	5.5.5.4	8,496	12,634	0
Non-current provisions	5.5.5.13	36,503	36,753	40,817
CURRENT LIABILITIES		**2,990,424**	**2,109,033**	**1,483,639**
Current financial debt	5.5.5.12.1	2,298,865	1,607,944	955,484
Current derivatives	5.5.5.12.2	428	247	0
Security deposits		85,842	86,789	51,261
Trade payables	5.5.5.15	265,418	278,399	198,886
Current tax and social security liabilities	5.5.5.16	117,756	57,267	72,763
Other payables	5.5.5.17	222,115	78,388	205,245
TOTAL LIABILITIES AND EQUITY		**20,298,853**	**20,106,091**	**15,236,567**

5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In €'000	Note	06/30/2018	06/30/2017
GROSS RENTAL INCOME	5.5.6.1	335,383	240,594
Expenses not billed to tenants	5.5.6.4	(38,108)	(26,616)
NET RENTAL INCOME		297,276	213,978
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS		4,164	0
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY		1,324	0
REAL ESTATE MARGIN		0	0
Services and other income (net)	5.5.6.5	1,732	1,603
Overheads	5.5.6.6	(41,577)	(32,011)
EBITDA		262,919	183,570
Gains or losses on disposals	5.5.6.7	15,782	14,505
Change in value of properties	5.5.6.8	296,489	1,142,019
Amortization	5.5.5.1	(6,849)	(2,216)
Net impairments and provisions	5.5.5.13	(24,473)	476
Impacts of the business combination	5.5.6.9	(1,409)	0
OPERATING INCOME		542,459	1,338,354
Financial costs		*(45,160)*	*(36,756)*
Financial income		*4,570*	*114*
Net financial expenses	5.5.6.10	(40,590)	(36,642)
Financial impairment and amortization	5.5.5.2	0	0
Change in value of derivatives and debts	5.5.6.11	(7,152)	9,427
Net income from equity-accounted investments	5.5.5.3	266	0
PRE-TAX INCOME		494,982	1,311,139
Taxes	5.5.6.12	(3,583)	(1,591)
CONSOLIDATED NET INCOME		491,399	1,309,548
Of which consolidated net income linked to non-controlling interests		1,375	10,288
OF WHICH CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT		490,024	1,299,260
Consolidated net earnings per share	5.5.6.13	€6.69	€20.94
Consolidated diluted net earnings per share	5.5.6.13	€6.67	€20.83

In €'000	06/30/2018	06/30/2017
CONSOLIDATED NET INCOME	491,399	1,309,548
Items not to be recycled in the net income	**0**	**0**
Actuarial gains (losses) on post-retirement benefit obligations	0	0
Items to be recycled in the net income	**83**	**148**
Gains (losses) from translation differentials	83	148
COMPREHENSIVE INCOME	491,482	1,309,696
Of which comprehensive income linked to non-controlling interests	1,375	10,288
OF WHICH COMPREHENSIVE INCOME LINKED TO OWNERS OF THE PARENT	490,107	1,299,408

5.3 STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

At June 30, 2018, the capital was composed of 75,421,643 shares with a par value of €7.50 each.

In €'000 (except for number of shares)	Number of shares	Share capital	Additional paid-in capital and consolidated reserves	Shareholders' equity (owners of the parent)	Non-controlling interests	Total shareholders' equity
BALANCE AT JANUARY 1, 2017	63,434,640	475,760	7,800,228	8,275,988	13,671	8,289,659
Interim dividend paid in 2017			(162,947)	(162,947)		(162,947)
Amounts owed to shareholders			(159,216)	(159,216)		(159,216)
Effect of treasury shares(1)			(223,501)	(223,501)		(223,501)
Impact of share-based payments(2)			928	928		928
Actuarial gains (losses) on post-retirement benefit obligations			0	0		0
Gains (losses) from translation differentials			148	148		148
Group capital increase(3)			0	0		0
Changes in consolidation scope			0	0		0
Net income at June 30, 2017			**1,299,260**	**1,299,260**	**10,288**	**1,309,548**
BALANCE AT JUNE 30, 2017	63,434,640	475,760	8,554,903	9,030,663	23,959	9,054,622
Effect of treasury shares(1)			8,028	8,028		8,028
Impact of share-based payments(2)			1,707	1,707		1,707
Actuarial gains (losses) on post-retirement benefit obligations			1,315	1,315		1,315
Gains (losses) from translation differentials			(53)	(53)		(53)
Group capital increase(3)	11,928,804	89,466	1,256,399	1,345,866		1,345,866
Changes in consolidation scope			2,144	2,144	(609)	1,535
Net income at December 31, 2017			**596,302**	**596,302**	**5,087**	**601,389**
BALANCE AT DECEMBER 31, 2017	75,363,444	565,226	10,420,746	10,985,972	28,438	11,014,410
Interim dividend paid in 2018			(193,972)	(193,972)	(170)	(194,143)
Amounts owed to shareholders			(194,037)	(194,037)		(194,037)
Effect of treasury shares(1)			1,034	1,034		1,034
Impact of share-based payments(2)			1,488	1,488		1,488
Actuarial gains (losses) on post-retirement benefit obligations			0	0		0
Gains (losses) from translation differentials			(83)	(83)		(83)
Group capital increase(3)	58,199	436	107,879	108,315		108,315
Changes in consolidation scope			(2,398)	(2,398)	2,398	0
Miscellaneous			29	29	(10)	19
Net income at June 30, 2018			**490,024**	**490,024**	**1,375**	**491,399**
Balance at June 30, 2018	75,421,643	565,662	10,630,710	11,196,371	32,031	11,228,402

(1) Treasury shares:

	At 06/30/2018		At 12/31/2017		At 06/30/2017	
In €'000 (except for number of shares)	Number of shares	Net amount	Number of shares	Net amount	Number of shares	Net amount
Shares recorded as a deduction from shareholders' equity	2,140,938	241,264	2,169,611	243,046	2,197,628	250,385
Treasury stock in %		2.84%		2.88%		3.46%

(2) Impact of benefits related to shares award plans (IFRS 2).

(3) Creation of shares linked to the exercise of share subscription options reserved for employees (4,757 shares), and the definitive vesting as a result of the performance share award plan of February 19, 2015 (53,114 shares) and in respect of liquidity commitments for the benefit of the Eurosic performance share holders (328 shares). For the 2017 financial year, 11,785,981 shares were created following the capital increases carried out as part of the merger with Eurosic. The outstanding shares presented below are presented excluding shares delivered on July 5, 2018, ie 799,457 shares, therefore the capital increase for the payment of the stock dividend was recorded in the consolidated reserves for €108 million.

05

5.4 STATEMENT OF CONSOLIDATED CASH FLOWS

In €'000	Note	06/30/2018	12/31/2017	06/30/2017
CONSOLIDATED NET INCOME (INCLUDING NON-CONTROLLING INTERESTS)		**491,399**	**1,910,937**	**1,309,548**
Net income from equity-accounted investments		(266)	(4,519)	0
Net depreciation, impairments and provisions		31,322	(3,225)	1,740
Changes in fair value and premium and costs paid on the repurchased bonds	5.5.7.1	(289,337)	(1,544,706)	(1,151,446)
Calculated charges and income from stock options		1,489	2,635	928
Tax charges (including deferred tax)	5.5.6.12	3,583	6,923	1,591
CURRENT CASH FLOW BEFORE TAX		**238,189**	**368,045**	**162,362**
Capital gains and losses on disposals	5.5.6.7	(15,782)	(20,048)	(14,505)
Other calculated income and expenses		19,528	(14,689)	(13,723)
Net financial expenses	5.5.6.10	40,590	80,414	36,642
NET CASH FLOW BEFORE COST OF NET DEBT AND TAX (A)		**282,526**	**413,722**	**170,775**
Tax paid (B)		(7,585)	10,036	(1,736)
Change in operating working capital (C)	5.5.7.2	130,424	(95,123)	34,346
NET CASH FLOW FROM OPERATING ACTIVITIES (D) = (A+B+C)		**405,364**	**328,635**	**203,385**
Acquisitions of tangible and intangible fixed assets	5.5.5.1.2	(233,311)	(394,391)	(183,790)
Disposals of tangible and intangible fixed assets	5.5.7.3	329,104	337,070	79,658
Disbursements for the acquisition of financial fixed assets (non-consolidated securities)		0	0	0
Proceeds from disposals of financial fixed assets		0	115,721	0
Incidence of scope variation	5.5.7.4	0	(2,803,387)	0
Dividends received (equity-accounted affiliates, non-consolidated securities)		0	0	0
Changes in loans and agreed credit lines		20,285	14,630	(27)
Other cash flows from investing activities		(37,628)	8,205	(1,893)
Change in working capital from investing activities	5.5.7.5	(22,326)	5,897	(29,096)
NET CASH FLOW FROM INVESTING ACTIVITIES (E)		**56,124**	**(2,716,255)**	**(135,148)**
Proceeds from capital increase received from shareholders		108,315	1,332,860	0
Amounts received on the exercise of stock options		389	13,006	1,806
Purchases and sales of treasury shares		1,034	(215,473)	(225,307)
Dividends paid to owners of the parent		(388,009)	(322,163)	(162,595)
Dividends paid to non-controlling interests		(170)	0	0
New loans	5.5.7.7	609,633	5,345,863	2,628,305
Repayment of borrowings	5.5.7.7	(794,853)	(3,585,950)	(660,065)
Net interests paid		(50,637)	(81,678)	(53,768)
Other cash flows from financing activities		(12,583)	(35,388)	928
NET CASH FLOW FROM FINANCING ACTIVITIES (F)		**(526,881)**	**2,451,078**	**1,529,306**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F)		**(65,393)**	**63,458**	**1,597,544**
Opening cash and cash equivalents		122,031	58,573	58,573
CLOSING CASH AND CASH EQUIVALENTS		**56,638**	**122,031**	**1,656,117**

5.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.5.1 HIGHLIGHTS

1st half 2018

Since February 12, 2018, Secondesk welcomes a subsidiary of the luxury goods group LVMH, at 159 avenue Charles de Gaulle, its new address of coworking and private office space in Neuilly-sur-Seine, opened in January and offering 2,200 sq.m of coworking and private office space.

On February 19, 2018, Gecina announced the disposal of the Dock-en-Seine building complex of nearly 16,000 sq.m for around €130 million to the SCPI Accimmo Pierre, managed by BNP Paribas REIM France. The deal had been secured back in December 2017.

On February 27, 2018, Gecina has been notified Ivanhoé Cambridge's sale of part of its interest in the Group's equity through a placement with several investors using an accelerated book-building process. This placement concerned 3.2 million Gecina shares, representing 4.28% of its equity

On March 7, 2018, Gecina has successfully placed a €500 million bond issue with a 12-year maturity (March 2030) and 63 bp credit spread, offering a 1.625% coupon.

From March 19, 2018, Gecina joined the CAC Next 20 and CAC Large 60 indices. This decision, announced by Euronext on March 8, follows the quarterly review of the make-up of the various CAC indices.

On April 9, 2018, Gecina has signed with ING France a €150m sustainability performance-linked loan with its margin depending, among others, on its Environmental, Social and Governance (ESG) performance measured by its GRESB Rating (Global Real Estate Sustainability Benchmark). This is the first Commercial Real Estate GRESB reflected into a sustainable improvement loan.

The Board of Directors of April 18, 2018, held after the General Meeting of the same day decided to appoint Mr. Bernard Carayon as Chairman of the Board, replacing Mr. Bernard Michel, whose term of office expired.

On May 3, 2018, Gecina announced that it had signed three leases with outstanding tenants concerning three iconic buildings from its development pipeline, representing almost 36,000 sq.m. These three leases have been finalized with WeWork, Lacoste et MSD well upstream from the delivery of these assets.

On May 22, 2018, Gecina has acquired, through a privately negotiated deal with an institutional investor, an office building with almost 5,000 sq.m and 70 parking spaces at 8 rue des Graviers in Neuilly-sur-Seine, creating a combined complex of around 20,000 sq.m with the adjacent buildings already owned by the Group. This operation was finalized based on a price of €30.5m including commissions and fees.

On April 18, 2018, Gecina’s General Meeting approved the option for the 2017 final dividend to be paid in shares. This allows shareholders who choose this option for their final dividend to be paid in shares to benefit from the Group’s value creation prospects, while enabling Gecina to further improve the flexibility of its balance sheet. During its meeting on June 6, 2018, the Board of Directors set the issue price for the new shares that will be reissued as payment for the final dividend at €135.00 per share. This price corresponds to 97.095% of the average opening prices on the regulated market Euronext Paris for the 20 trading days prior to the General Meeting less the amount of the final dividend payment (rounded up to the nearest euro cent).

The General Bondholders’ Meetings for the bonds issued through private placements between 2012 and 2015 by Eurosic (three issues) and Foncière de Paris (six issues) were held on Friday June 8, 2018. All the resolutions submitted for approval were unanimously adopted by the bondholders who were present or represented. Gecina SA is now therefore the issuer for these bonds instead of Eurosic and Foncière de Paris. This operation, which is in line with the strategy to optimize and simplify the management of the Group’s financing, has not had any impact on its consolidated financial structure, including its average cost and its repayment schedule.

On June 18, 2018, Gecina announced that it had signed a 12-year lease with WeWork for the entire “Le France” building on Paris’ Left Bank (Rive Gauche), next to Station F, the world’s biggest startup incubator. Currently being redeveloped, the building will offer a total of nearly 20,000 sq.m and will be delivered in October 2018.

On June 25, 2018, Gecina announced that it had signed preliminary sales agreements for two portfolios of buildings located in various French regions other than Paris for €775 million. These sales will be finalized before the end of 2018 once the standard conditions precedent have been cleared. These two transactions and the other sales finalized recently take the volume of sales completed or under preliminary agreements since the start of the year up to nearly €1.2 billion. Thanks to the successful implementation of the sales program, the LTV level will be back down to less than 40%. These transactions have also further strengthened Gecina's position in areas of scarcity and centrality at the heart of the Paris Region's urban hubs.

5.5.2 GENERAL PRINCIPLES OF CONSOLIDATION

5.5.2.1 Reporting standards

The consolidated financial statements of Gecina and its subsidiaries (“the Group”) are prepared in accordance with IFRS as adopted by the European Union on the balance sheet date.

The official standards and interpretations applicable since January 1, 2018 – in particular IFRS 15 ‘Revenue from Contracts with Customers’ and IFRS 9 ‘Financial Instruments’ – have had no material impact on its financial statements.

IFRS 15 applies to an entity’s contracts with its customers, excluding leases, which are covered by IAS 17. Its scope is thus very limited for the Group, which earns most of its income from leases.

Likewise, IFRS 9 does not have any significant impact on the Group, as its financial instruments are fully accounted for through the recognition of fair value changes rather than through hedge accounting.

The official standards and interpretations potentially applicable after the closing date (mainly IFRS 16 ‘Leases’) were not applied early and should not have a significant impact on the financial statements.

The preparation of financial statements, in accordance with IFRS, requires the adoption of certain decisive accounting estimates. The Group is also required to exercise its judgment on the application of accounting principles. The areas with the most important issues in terms of judgment or complexity or those for which the assumptions and estimates are material in relation to the Consolidated financial statements are presented in Note 5.5.3.14.

Gecina applies the Ethical Code for French Real Estate Investment Trusts (SIIC) as established by the *Fédération des Sociétés Immobilières et Foncières.*

5.5.2.2 Consolidation methods

All companies, in which the Group holds direct or indirect exclusive control and companies in which Gecina exercises a notable or joint influence, are included in the scope of consolidation. The first group of companies are fully consolidated and the second group are consolidated using the equity method.

5.5.2.3 Scope of consolidation

At June 30, 2018, the scope of consolidation included the companies listed below.

Companies	SIREN	06/30/2018 % interest	Consolidation method	12/31/2017 % interest	06/30/2017 % interest
Gecina	592 014 476	100.00%	Parent company	100.00%	100.00%
5, rue Montmartre	380 045 773	100.00%	FC	100.00%	100.00%
55, rue d'Amsterdam	382 482 065	100.00%	FC	100.00%	100.00%
Anthos	444 465 298	100.00%	FC	100.00%	100.00%
Beaugrenelle	307 961 490	75.00%	FC	75.00%	75.00%
Campuséa	501 705 909	100.00%	FC	100.00%	100.00%
Campuséa Management	808 685 291	100.00%	FC	100.00%	100.00%
Capucines	332 867 001	100.00%	FC	100.00%	100.00%
Colvel Windsor	477 893 366	100.00%	FC	100.00%	100.00%
GEC 10	529 783 649	100.00%	FC	100.00%	100.00%
GEC 16	751 103 961	100.00%	FC	100.00%	100.00%
GEC 18	799 089 982	60.00%	FC	60.00%	60.00%
GEC 21	810 066 126	100.00%	FC	100.00%	100.00%
GEC 22	812 746 188	100.00%	FC	100.00%	100.00%
GEC 23	819 358 201	100.00%	FC	100.00%	100.00%
GEC 7	423 101 674	100.00%	FC	100.00%	100.00%
Gecina Management	432 028 868	100.00%	FC	100.00%	100.00%
Geciter	399 311 331	100.00%	FC	100.00%	100.00%
Grande Halle de Gerland	538 796 772	100.00%	FC	100.00%	100.00%
Haris	428 583 611	100.00%	FC	100.00%	100.00%
Haris Investycje		100.00%	FC	100.00%	100.00%
Khapa	444 465 017	100.00%	FC	100.00%	100.00%
Le Pyramidion Courbevoie	479 765 874	100.00%	FC	100.00%	100.00%
Locare	328 921 432	100.00%	FC	100.00%	100.00%
Marbeuf	751 139 163	100.00%	FC	100.00%	100.00%
Michelet-Levallois	419 355 854	100.00%	FC	100.00%	100.00%
Sadia	572 085 736	100.00%	FC	100.00%	100.00%
Saint Augustin Marsollier	382 515 211	100.00%	FC	100.00%	100.00%
Saulnier Square	530 843 663	100.00%	FC	100.00%	100.00%
SCI Le France	792 846 123	100.00%	FC	100.00%	100.00%
SCI Avenir Danton Défense	431 957 356	100.00%	FC	100.00%	100.00%
SCI Avenir Grande Armée	751 037 631	100.00%	FC	100.00%	100.00%
SCI Lyon Sky 56	809 671 035	100.00%	FC	100.00%	100.00%
Société des Immeubles de France (Espagne)		100.00%	FC	100.00%	100.00%
Société Hôtel d'Albe	542 091 806	100.00%	FC	100.00%	100.00%
Société Immobilière et Commerciale de Banville	572 055 796	100.00%	FC	100.00%	100.00%
SPIPM	572 098 465	100.00%	FC	100.00%	100.00%
SPL Exploitation	751 103 961	100.00%	FC	100.00%	100.00%
Tour City 2	803 982 750	100.00%	FC	100.00%	100.00%
Tour Mirabeau	751 102 773	100.00%	FC	100.00%	100.00%
Secondesk	823 741 939	100.00%	FC	100.00%	100.00%
LEFT CONSOLIDATION 2018					
SCI 19 Leblanc	384 760 385	Merged	FC	100.00%	
JOINED CONSOLIDATION 2017					
SCI des Vaux	449 228 816	100.00%	FC	100.00%	
SAS Eurosic	307 178 871	100.00%	FC	100.00%	
SAS Eurosic Palmer	534 984 968	100.00%	FC	100.00%	
SAS Eurosic Malakoff	453 385 601	100.00%	FC	100.00%	
SAS Eurosic N2 Batignolles	820 809 945	100.00%	FC	100.00%	
SAS Eurosic R3	504 444 118	100.00%	FC	100.00%	
Faubourg Saint Martin	430 046 607	100.00%	FC	100.00%	
Foncière du Parc	445 394 851	100.00%	FC	100.00%	
Tower	433 566 932	100.00%	FC	100.00%	
SCI du 62 rue Louis Delos	441 907 037	100.00%	FC	100.00%	

Companies	SIREN	06/30/2018 % interest	Consolidation method	12/31/2017 % interest	06/30/2017 % interest
Multimedia	438 023 095	100.00%	FC	100.00%	
Doret Antares	535 309 884	100.00%	FC	100.00%	
Société Civile Vendôme Casanova	389 486 093	100.00%	FC	100.00%	
SCI du 36 rue de Naples	479 871 659	100.00%	FC	100.00%	
SCI Breizh Champs Blancs	792 857 377	60.00%	FC	60.00%	
SCI Eurosic Batignolles	811 932 599		EM	33.33%	
SCI Eurosic Saint Augustin	805 261 047		EM	33.30%	
SCI Provence Bureaux	752 814 103		EM	33.30%	
SCI Eurosic Cotentin	798 867 867		FC	50.10%	
SCI EurosicTombe Issoire	501 336 747		FC	50.10%	
SCI Eurosic 14 rue de Londres	804 750 123		EM	33.30%	
SCI Eurosic F Patrimoine	811 932 714	100.00%	FC	100.00%	
SCI Eurosic Cours Michelet	811 963 438	100.00%	FC	100.00%	
SCI Eurosic R1	498 859 156	100.00%	FC	100.00%	
SCI Eurosic R2	502 733 249	100.00%	FC	100.00%	
SCI Eurosic R4	505 215 251	100.00%	FC	100.00%	
SCI Eurosic R5	518 632 278	100.00%	FC	100.00%	
SCI Eurosic R6	529 151 060	100.00%	FC	100.00%	
Gecina Gestion	752 603 548	100.00%	FC	100.00%	
SCI Eurosic F1	810 028 506	100.00%	FC	100.00%	
SNC Provence Logements	752 811 265	100.00%	FC	100.00%	
SNC Eurosic Basso Cambo	814 255 915	100.00%	FC	100.00%	
SNC Eurosic Blagnac A1	814 256 079	100.00%	FC	100.00%	
SNC Eurosic Blagnac C1-C2	814 256 244	100.00%	FC	100.00%	
SNC Eurosic Sophia Alba	814 257 200	100.00%	FC	100.00%	
SNC Eurosic Sophia Emerald	814 257 671	100.00%	FC	100.00%	
Eurosic Sophia Holding	814 116 083	100.00%	FC	100.00%	
Eurosic Sophia Millenium	814 256 954	100.00%	FC	100.00%	
Eurosic Toulouse Holding	814 115 861	100.00%	FC	100.00%	
SCI Eurosic Développement 5	824 082 192	100.00%	FC	100.00%	
Euler Hermes Estate	538 610 825	19.90%	EM	19.90%	
Paris Investissements OPCI	793 904 640	100.00%	FC	100.00%	
SNC N2 Promotion	821 147 519	30.00%	EM	30.00%	
Foncière de Paris SIIC	331 250 472	100.00%	FC	100.00%	
Foncière COFITEM	411 846 033	100.00%	FC	100.00%	
Groupement Européen de l'immobilier	328 680 087	100.00%	FC	100.00%	
Holding Saint Dominique	534 629 993	100.00%	FC	100.00%	
Hôtelière de Bellechasse-Grenelle	809 441 553	100.00%	FC	100.00%	
Hôtelière de Boulogne	505 104 190	100.00%	FC	100.00%	
Hôtelière de la rue Danton	511 122 590	100.00%	FC	100.00%	
Hôtelière de La Villette	479 469 405	100.00%	FC	100.00%	
MT Selwin	418 089 280	100.00%	FC	100.00%	
Risque & Sérénité	419 403 449	43.20%	EM	43,20%	
Société Auxiliaire de Gestion Immobilière	508 928 926	100.00%	FC	100.00%	
SAGI Immobilier d'entreprise (SAGI IE)	528 047 129	100.00%	FC	100.00%	
Château de Mery	479 916 298	77.20%	FC	77.20%	
Rollins Hôtel Lille	523 728 129		FC	100.00%	
Société d'exploitation de l'hôtel du Parc de Bougival	310 728 563	100.00%	FC	100.00%	
Wilburys Hôtel Investment	518 555 875		FC	100.00%	
SCI 19 Leblanc	384 760 385		FC	100.00%	
SCI Saints Peres Fleury	509 110 151	100.00%	FC	100.00%	
SCI 54 Leclerc	381 619 535	100.00%	FC	100.00%	
SCI 738 Kermen	349 816 116	100.00%	FC	100.00%	
SCI du 4 rue Danton	488 449 190	100.00%	FC	100.00%	
SCI du 136 *bis* rue de Grenelle	493 293 823	100.00%	FC	100.00%	
SCI du 138 *bis* rue de Grenelle	493 293 633	100.00%	FC	100.00%	

Companies	SIREN	06/30/2018 % interest	Consolidation method	12/31/2017 % interest	06/30/2017 % interest
SCI Bellechasse-Grenelle	802 446 195	100.00%	FC	100.00%	
SCI Cofitem Boulogne	494 341 845	100.00%	FC	100.00%	
SCI Cofitem Dunkerque	528 344 039	100.00%	FC	100.00%	
SCI Cofitem Levallois	494 346 570	100.00%	FC	100.00%	
SCI Du Port Chatou	491 025 441	100.00%	FC	100.00%	
SCI Studio du Lendit 1	508 475 662	100.00%	FC	100.00%	
Amelot Roissy Hôtel (ARH)	381 505 411	100.00%	FC	100.00%	
Eurosic UFFICI		100.00%	FC	100.00%	
LEFT CONSOLIDATION 2017					
Rollins Hôtel Lille	523 728 129		FC	Merged	
SCI Eurosic Batignolles	811 932 599		EM	Sold	
SCI Eurosic Saint Augustin	805 261 047		EM	Sold	
SCI Provence Bureaux	752 814 103		EM	Sold	
SCI Eurosic Cotentin	798 867 867		FC	Sold	
SCI EurosicTombe Issoire	501 336 747		FC	Sold	
SCI Eurosic 14 rue de Londres	804 750 123		EM	Sold	
Wilburys Hôtel Investment	518 555 875		FC	Merged	

FC: full consolidation.
EM: accounted for under the equity method.

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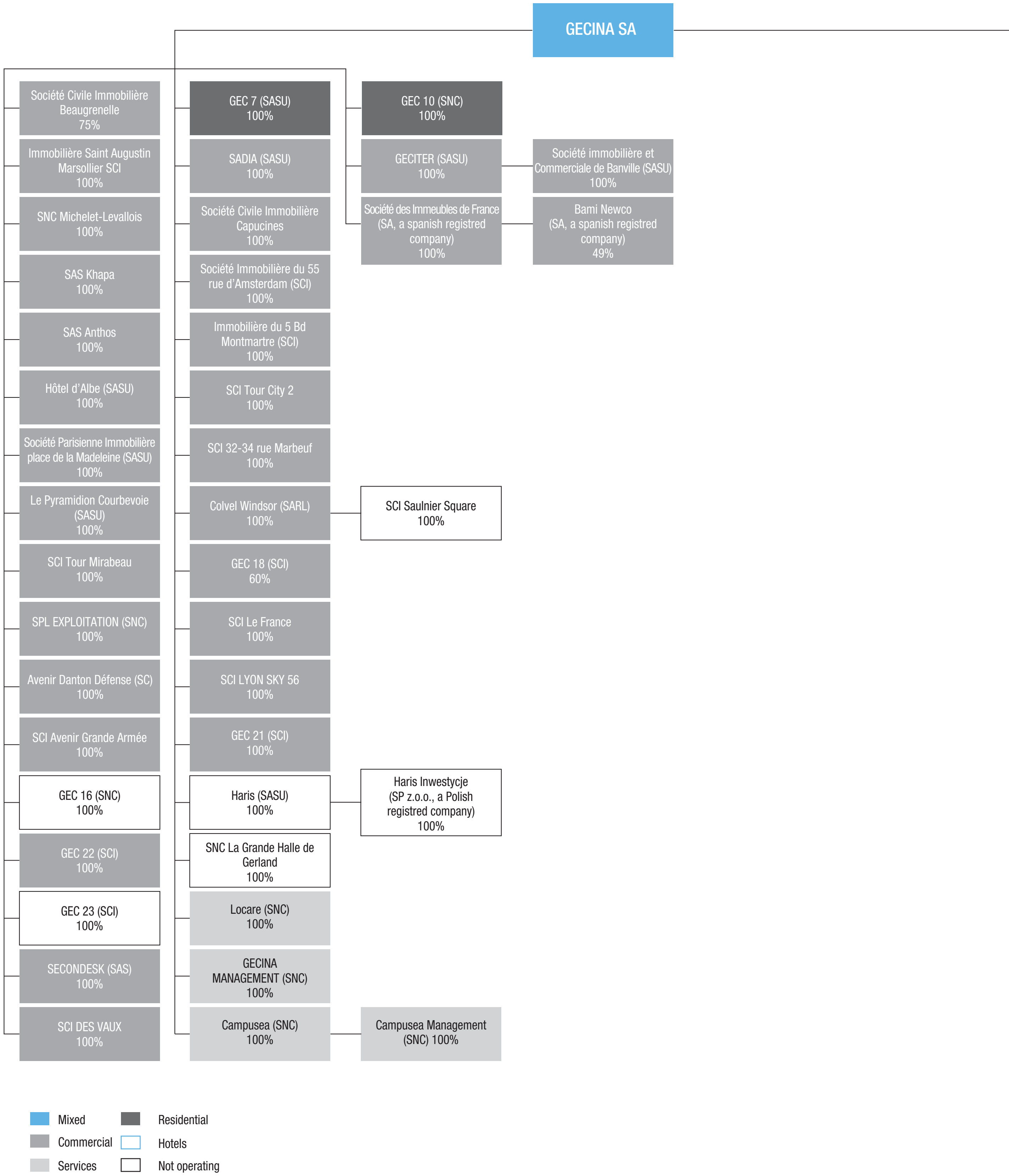
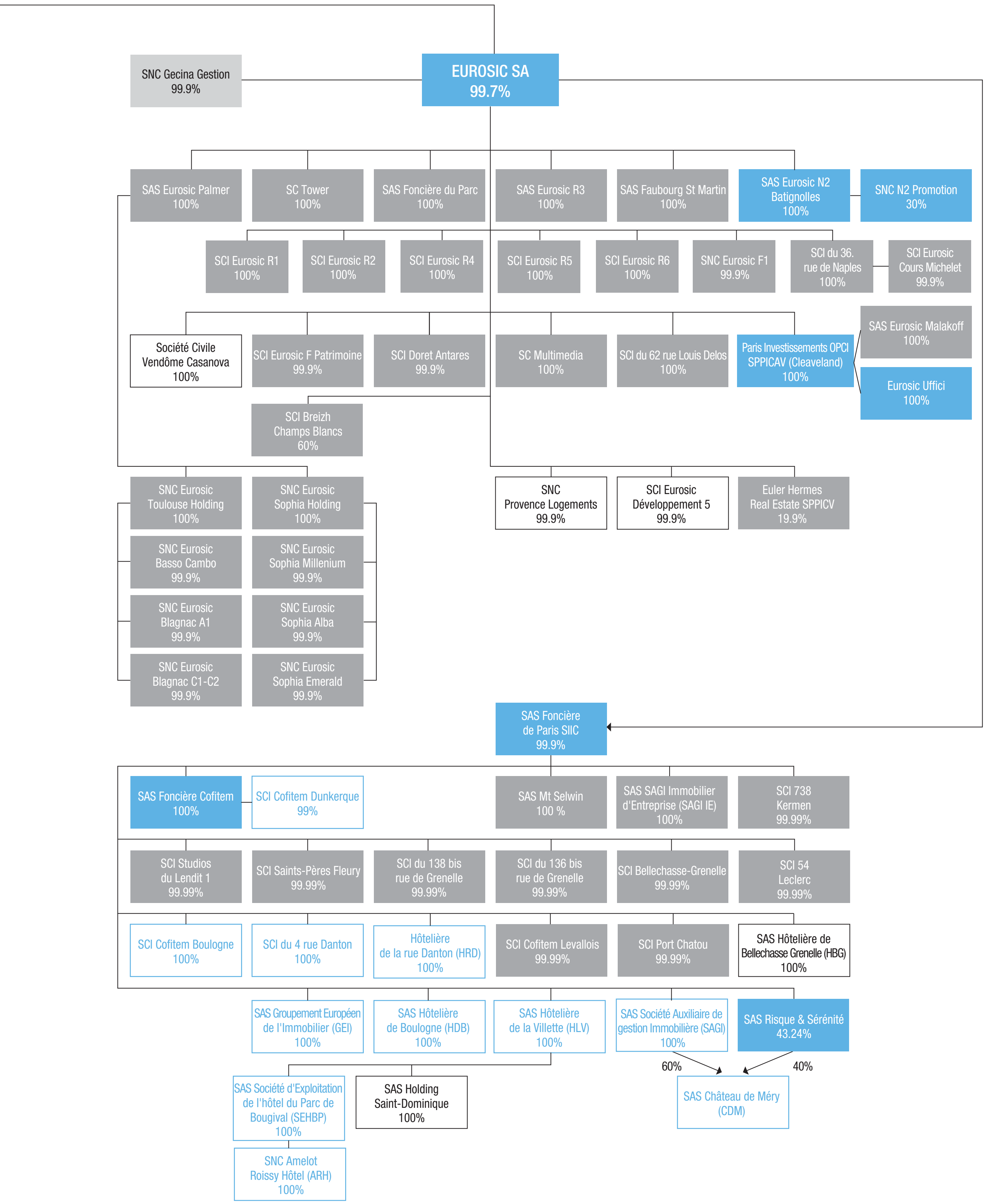
5.5.2.3.1 Legal organization chart




SNC Gecina Gestion 99.9%
EUROSIC SA 99.7%
SAS Eurosic Palmer 100%
SC Tower 100%
SAS Foncière du Parc 100%
SAS Eurosic R3 100%
SAS Faubourg St Martin 100%
SAS Eurosic N2 Batignolles 100%
SNC N2 Promotion 30%
SCI Eurosic R1 100%
SCI Eurosic R2 100%
SCI Eurosic R4 100%
SCI Eurosic R5 100%
SCI Eurosic R6 100%
SNC Eurosic F1 99.9%
SCI du 36. rue de Naples 100%
SCI Eurosic Cours Michelet 99.9%
Société Civile Vendôme Casanova 100%
SCI Eurosic F Patrimoine 99.9%
SCI Doret Antares 99.9%
SC Multimedia 100%
SCI du 62 rue Louis Delos 100%
Paris Investissements OPCI SPPICAV (Cleaveland) 100%
SAS Eurosic Malakoff 100%
Eurosic Uffici 100%
SCI Breizh Champs Blancs 60%
SNC Eurosic Toulouse Holding 100%
SNC Eurosic Sophia Holding 100%
SNC Eurosic Basso Cambo 99.9%
SNC Eurosic Sophia Millenium 99.9%
SNC Eurosic Blagnac A1 99.9%
SNC Eurosic Sophia Alba 99.9%
SNC Eurosic Blagnac C1-C2 99.9%
SNC Eurosic Sophia Emerald 99.9%
SNC Provence Logements 99.9%
SCI Eurosic Développement 5 99.9%
Euler Hermes Real Estate SPPICV 19.9%
SAS Foncière de Paris SIIC 99.9%
SAS Foncière Cofitem 100%
SCI Cofitem Dunkerque 99%
SAS Mt Selwin 100 %
SAS SAGI Immobilier d'Entreprise (SAGI IE) 100%
SCI 738 Kermen 99.99%
SCI Studios du Lendit 1 99.99%
SCI Saints-Pères Fleury 99.99%
SCI du 138 bis rue de Grenelle 99.99%
SCI du 136 bis rue de Grenelle 99.99%
SCI Bellechasse-Grenelle 99.99%
SCI 54 Leclerc 99.99%
SCI Cofitem Boulogne 100%
SCI du 4 rue Danton 100%
Hôtelière de la rue Danton (HRD) 100%
SCI Cofitem Levallois 99.99%
SCI Port Chatou 99.99%
SAS Hôtelière de Bellechasse Grenelle (HBG) 100%
SAS Groupement Européen de l'Immobilier (GEI) 100%
SAS Hôtelière de Boulogne (HDB) 100%
SAS Hôtelière de la Villette (HLV) 100%
SAS Société Auxiliaire de gestion Immobilière (SAGI) 100%
SAS Risque & Sérénité 43.24%
60%
40%
SAS Château de Méry (CDM)
SAS Société d'Exploitation de l'hôtel du Parc de Bougival (SEHBP) 100%
SAS Holding Saint-Dominique 100%
SNC Amelot Roissy Hôtel (ARH) 100%

5.5.2.4 Consolidation adjustments and eliminations

5.5.2.4.1 Restatements to homogenize individual financial statements

The rules and methods applied by companies in the scope of consolidation are restated to make them consistent with those of the Group.

All the companies prepared an accounting statement as at June 30, 2018.

5.5.2.4.2 Intercompany transactions

Intercompany transactions and any profits on disposal resulting from transactions between consolidated companies are eliminated.

5.5.2.4.3 Business combinations (IFRS 3)

To determine if a transaction is a business combination placed under IFRS 3, the Group determines whether an integrated set of activities is acquired in addition to the real estate. The selected criteria may be the number of real estate assets held, the scope of the processes acquired or the autonomy of the target. In this case, acquisition cost corresponds to the fair value on the date of exchange of the contributed assets and liabilities and the equity instruments issued in exchange for the acquired entity. Goodwill is recognized as an asset in respect of the surplus of the acquisition cost over the buyer's share of the fair value of the assets and liabilities acquired net of deferred tax recognized if necessary while an amount for negative goodwill is posted to the income statement. Costs directly attributable to the acquisition process are recognized under expenses.

Revised IFRS 3 specifies a time of 12 months starting from the acquisition date for final accounting of the acquisition. Corrections and valuations made must be linked to events and circumstances existing at the date of acquisition. Goodwill is subject to an impairment test of these once per year or upon the appearance of an indication of loss of value.

For acquisitions that are not part of a business combination, IAS 40 applies (investment properties).

5.5.2.5 Foreign currency translation

The Group's operating currency is the euro. Transactions conducted by subsidiaries located outside the Eurozone are translated at the closing exchange rate for balance sheet items and at the average exchange rate over the period of the income statement. Exchange differentials recognized in the balance sheet at the beginning of the period and on earnings for the year are recorded on a separate line under shareholders' equity.

5.5.3 ACCOUNTING METHODS

5.5.3.1 Property holdings

5.5.3.1.1 Investment properties (IAS 40)

Properties held for the long term and intended to be leased under operating leases, and/or held for capital appreciation, are considered as investment properties.

On acquisition, investment properties are recorded on the balance sheet at cost, inclusive of duties and taxes.

The time spent by operational teams, directly attributable to disposals, rentals and development projects is monitored and priced, and then, as appropriate:

(i) reported under fixed assets for the portion spent on development projects, studies or marketing actions;

(ii) recognized under gains or losses on disposals if related to pre-sale activities.

The financial costs linked to construction operations as well as eviction allowances, paid in connection with property reconstructions, are capitalized.

Gecina has opted for the valuation of its investment properties at fair value as defined by IFRS 13 (*cf.* Note 5.5.3.1.2). The company has elected, by convention, to retain the block value of properties as the fair value of investment properties in the consolidated financial statements. This block value is understood as excluding transfer duties and is determined by independent experts (at June 30, 2018: CBRE Valuation, Cushman & Wakefield, Crédit Foncier Expertise, BNPP Real Estate, Catella Valuation Advisors, Christie & Co and Expertise) who value the property portfolio of the Group from the point of view of a sustainable holding at June 30 and December 31 of each year and take into account the capitalized works. Valuations are conducted in accordance with industry practices using fair value valuation methods to establish market value for each asset, pursuant to the professional real estate valuation charter. All Gecina assets are now appraised by independent appraisers.

The change in fair value of investment properties is recorded on the income statement. These properties are not therefore subject to depreciation or impairment. The income statement records the change in fair value of each property over the year determined as follows:

- current market value – (prior year market value + cost of construction work and expenditure capitalized in the current year).

Investment properties in the course of renovation are recognized at fair value.

Properties under construction or acquired with the intention of reconstruction or in the process of being reconstructed are recognized at fair value where that value can be reliably measured. In cases where fair value cannot be reliably determined, the property is recognized at its last known value plus any costs capitalized during the period. At each balance sheet date, an impairment test is conducted to certify that the booked value does not require impairment. Impact is recognized at variation of fair value.

The fair value is determined by appraisers based on an evaluation of the property realizable value less all direct and indirect future development costs.

The Group considers that a property in the process of construction can be reliably appraised at fair value when construction begins and when its marketing is advanced. Whatever the case, the fair value appraisal will be performed when the asset is protected from the rain.

Nevertheless, when the asset is already leased and the signature of works contracts has sufficiently progressed to allow a reliable estimate of the construction cost, the asset under development may then be recognized at fair value.

Valuation methodology

Each property asset is valued separately by an independent appraiser. However, the appraisers use the same valuation methods, described below. When appraising a property, real estate appraisers exclude transfer duties, taxes and fees. They thus comply with the position taken by Afrexim[1], the French professional body of property appraisers, and use the following rates:

- 1.8% of legal fees for properties in VAT;
- 6.9% to 7.5% of registration fees and expenses for other properties.

The property is assessed at fair value, which corresponds to the price at which it could be sold between informed consenting parties operating under normal market conditions without reference to the financing conditions as at the valuation date. The value used in the consolidated financial statements is the value excluding transfer duties.

a) Office properties

The fair value of each asset is based on the results of the following three methods: through the comparison method, through capitalization of new income and discounting of future flows (DCF). The simple arithmetic mean of these three methods is used. In the event that a difference between the results of the three methods is 10% or more, the appraiser has the option of determining the more relevant valuation.

- Direct comparison method: this method consists of comparing the asset that is the object of the appraisal to transactions made on assets equivalent in type and location, on dates close to the date of appraisal.
- Net income capitalization method: this method consists of capitalizing recorded or potential income on the basis of a yield expected by an investor for a similar type of asset. The income base is generally constituted either of net annual rent excluding taxes and rental charges or the market rent value. For occupied premises, the appraiser conducts an analysis of the legal and financial conditions of each lease and of the rental market. For vacant premises, the market rent value is used as a reference, taking account of re-letting delays, renovation work and other miscellaneous expenditure.
- Discounted Cash Flow method: the value of the asset is equal to the discounted sum of the financial flows expected by the investor, including the assumed resale at the end of a 10-year holding period. The sale price at the end of the period is determined on the basis of the net cash flow in year 11 capitalized at yield. Discounted cash flow is determined on the basis of a risk-free interest rate (10-year government bond equivalent) plus an appropriate risk premium for the property determined in comparison with standard discounted rates on cash flow generated by similar assets.

b) Residential properties

The block fair value of each asset is based on the results of the following two methods: direct comparison and income capitalization. The simple arithmetic mean is used for the comparison and income capitalization methods. In the event that a difference between the results of the two methods is 10% or more, the appraiser has the option of determining the more relevant valuation.

- Direct comparison method: identical to the method used for office property.
- Net income capitalization method: identical to the method used for office property applied to gross income, pursuant to the recommendations of the French professional body of property appraisers, Afrexim[1].

c) Unit valuation for residential and mixed buildings

Unit valuation is used for buildings on sale by apartments (see Note 5.5.3.1.3).

The unit value is determined from unit prices per square meter recorded on the market for vacant premises. The appraisal includes discounts to reflect marketing periods, costs and the margin earned on the sale of all the units. These discounts are differentiated according to the size of the property and number of units included. The various lots of offices, as well as the commercial premises located on the ground floor of buildings are then added together for their estimated values on the basis of two methods: direct comparison and income capitalization.

For properties where the unit-by-unit sale process has been started, the valuation follows the same method, adjusting the allowances applied to the property's actual marketing situation.

(1) Association française des sociétés d'expertise immobilière.

5.5.3.1.2 Determination of fair value (IFRS 13)

The Group applies IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes a fair value hierarchy that categorizes into three levels the data used for measurements:

- level 1: price (not adjusted) on an active market for identical assets/liabilities available on the valuation date;
- level 2: valuation model using inputs directly or indirectly observable in an active market;
- level 3: valuation model using inputs not observable in an active market.

The fair value hierarchy is therefore established by reference to the levels of inputs to valuation techniques. When using a valuation technique based on inputs of several levels, the fair value level is then constrained by the lowest level.

Investment properties

The fair value measurement must consider the highest and best use of the asset. Gecina has not identified any high and best use different from the current use.

The fair value measurement of investment properties implies using different valuation methods based on unobservable or observable inputs that have been subject to certain adjustments. Accordingly, the Group's property holdings are considered, in their entirety, as categorized in level 3 with respect to the fair value hierarchy established by IFRS 13, notwithstanding the recognition of certain level 2 observable inputs.

Financial instruments

IFRS 13 requires the recognition of counterparty credit risk (*i.e.* the risk that a counterparty may breach any of its obligations) in measuring the fair value of financial assets and liabilities.

IFRS 13 retains the disclosure obligations on the 3-level fair value hierarchy of IFRS 7, which requires an entity to establish a difference between the fair values of financial assets and financial liabilities as a function of the observable nature of the inputs used to measure fair value.

As at June 30, 2018, the application of IFRS 13 by the Group does not challenge the fair value hierarchy of financial instruments, until then categorized as level 2 according to IFRS 7 (valuation model based on observable market inputs) to the extent that the adjustment for credit risk is considered as an observable input.

5.5.3.1.3 Assets held for sale (IFRS 5)

IFRS 5, "Non-recurring assets held for sale and discontinued operations", states that a non-recurring asset should be classified as held for sale as for it is a major line of activity if its carrying amount will be recovered principally through a sales transaction rather than through continuing use. In such cases, the sale should be highly probable.

The sale of an asset is thus highly probable if the following three conditions are met:

- a plan to sell the asset has been initiated by an appropriate level of management;
- the asset is being actively marketed at a reasonable price in relation to its current fair value;
- it is probable that the sale will be concluded within one year, barring special circumstances.

When the sale pertains to an asset or group of assets only, the assets for sale are reported separately in the balance sheet under "Properties for sale" and measured at the lower of their book value and their fair value, less selling costs and outstanding receivables from the straight-line recognition of commercial benefits under IAS 17.

Buildings recorded in this category are valued as follows:

- properties in block sales: sale value recorded in the preliminary sales agreement or the purchase offer, subject to the deduction of selling expenses/fees and outstanding receivables from the straight-line recognition of commercial benefits under IAS 17;
- properties sold unit-by-unit: appraisal value in units (see Note 5.5.3.1.1). If more than 60% (in value) of the property is sold, the asset is recognized at the fair value of the last recorded transactions for unsold units, after taking account of allowances linked to the achievement of all lots and at the sale value recorded in the preliminary agreement subject to the deduction of expenses and fees for units covered by a preliminary agreement.

When a sale concerns a complete business line, the consolidated assets and liabilities, booked as appropriate under subsidiaries held for sale, are presented separately on the asset side of the balance sheet (Assets held for sale) and on the liabilities side of the balance sheet (Liabilities held for sale). The corresponding net gain or loss is isolated in the income statement on the line "Net gain or loss from discontinued activities".

5.5.3.1.4 Operating properties and other property, plant and equipment (IAS 16)

The head office property at 16, rue des Capucines, Paris is valued at cost. It has been depreciated according to the component method, each component being depreciated on a straight-line basis over its useful life (10 to 60 years).

Hotel operating properties are valued at historical cost less accumulated amortization and any impairment losses. They are amortized using a component approach; each component being amortized using the straight-line method over its useful life (from 9 to 90 years).

For each type of assets, the gross values of the buildings have been divided by components, determined on the basis of recent technical data (breakdown by current estimated cost of new reconstruction). In addition to the land, six components have been identified:

Type of assets	Depreciation period
Land	-
Framework structure	30 to 90 years depending on the type of the building
Walls and roofing	15 to 45 years depending on the type of the building
Technical installations	15 to 25 years depending on the type of the building
Parking works	20 years
Restoration	15 years
Fixtures and fittings	9 to 10 years

The amortization period of each component is calculated based on the date of start of service of the building in the property portfolio, except in the case of the replacement of a component (at the time of restoration, for example); in which case the date of the last replacement of the component is applied. No residual value was retained for any of the components identified.

Other tangible fixed assets are recorded at cost and depreciated under the straight-line method for periods of three to ten years. They are primarily composed of computer hardware and furniture.

In the event of a sign of impairment, the book value of an asset is immediately written down to its recoverable value, which is determined by an independent appraisal conducted under the methods described in 5.5.3.1.1.

5.5.3.1.5 Intangible assets (IAS 38)

Intangible fixed assets correspond primarily to software.

The costs to purchase software licenses are recorded as an asset based on the costs incurred in acquiring and commissioning the software concerned. These costs are amortized over the estimated useful life of the software (three to five years).

5.5.3.2 Equity interests

5.5.3.2.1 Equity-accounted investments

Equity interests in companies in which the Group exercises joint control or significant influence are recorded on the balance sheet at the Group share of their net assets as at the reporting date adjusted to the Group's accounting principles. Adjustments are related to the harmonization of methods.

In the event where the Group's share in the negative equity of a company accounted for under the equity method were to exceed the book value of its investment, the Group considers its share to be nil and it ceases to recognize its share in upcoming losses, unless the Group is obliged or intends to financially support such investment.

5.5.3.2.2 Non-consolidated interests

Non-consolidated interests are valued at fair value pursuant to IAS 39. The changes in fair value are stated as equity until the date of disposal. For long-term impairment, underlying capital losses recognized in shareholders' equity are recorded as expenses.

5.5.3.2.3 Other financial investments

Loans, receivables and other financial instruments are booked according to the amortized cost method on the basis of an effective interest rate. When there is non-recoverability or default risk, this is recognized in the profit and loss statement.

5.5.3.3 Buildings in inventory

Buildings relating to real estate development operations or acquired under the tax system governing properties held for rapid resale by real-estate traders, legally designated as *marchands de biens*, are booked under inventories at their acquisition cost. An impairment test is carried out as soon as any indication of impairment is detected. In the event of such an indication and when the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognized based on the difference between those two amounts.

5.5.3.4 Operating receivables

Receivables are recorded for the initial amount of the invoice, after deduction for impairment valued on the basis of the risk of non-recoverability. The cost of non-recoverability risk is posted under property expenses.

Rent receivables are systematically written down according to the due date of the receivables and situation of the tenants.

An impairment rate is applied to the amount excluding tax of the receivable minus the security deposit.

- tenant has left the property: 100%;
- tenant in the property:
  - receivable between 3 and 6 months: 25%,
  - receivable between 6 and 9 months: 50%,
  - receivable between 9 and 12 months: 75%,
  - over 12 months: 100%.

Impairment thus determined is adjusted to take account of particular situations.

Receivables relating to the deferral of commercial benefits according to IAS 17 (see Note 5.5.3.13), and recognized by the difference between the economic rent and the paid rent, result in a specific analysis covering the ability of the tenant to go effectively to the end of the signed lease, in order to validate each time their basis is established.

5.5.3.5 Cash and cash equivalents

Cash and money-market UCITS are recorded on the balance sheet at fair value.

5.5.3.6 Treasury shares (IAS 32)

Treasury shares held by the Group are deducted from consolidated shareholders' equity at cost.

5.5.3.7 Share-based payments (IFRS 2)

Gecina has instituted an equity-based remuneration plan (stock options and performance shares). The impact of services rendered by employees in exchange for the award of options or the allocation of performance shares is expensed against shareholders' equity. The total amount expensed over the rights vesting period year is determined by reference to the fair value of equity instruments granted, the discounted value of future dividends paid over the vesting period and the staff turnover rate.

At each balance sheet date, the number of options that may be exercised is reviewed. Where applicable, the impact of revising estimates is posted to the income statement with a corresponding adjustment in shareholders' equity. Amounts received when options are exercised are credited to shareholders' equity, net of directly attributable transaction costs.

5.5.3.8 Financial instruments (IFRS 9)

IFRS 9 has replaced IAS 39 and has been applicable since January 1, 2018. It defines the principles for the classification and measurement of financial instruments, impairment due to credit risk, and hedge accounting other than macro-hedging.

Classification and measurement of financial assets

Financial assets are initially recognized at amortized cost, at fair value through equity, or at fair value through profit or loss, depending on the type of financial instrument (debt or equity), the contractual cash flow characteristics, and the way in which the instruments are managed (based on the management model).

The classification and measurement criteria depend on the nature of the financial asset, *i.e.* whether it is categorized as a debt instrument (loan, advance, credit, bond, etc.) or as an equity instrument (shares).

With regard to debt instruments (loans and fixed-yield or determinable-income securities), for the classification and measurement of financial assets, IFRS 9 bases itself on the management model and on the analysis of contractual cash flow characteristics. As for equity instruments, they are generally measured at fair value through profit or loss, except for those which the entity has irrevocably elected to measure at fair value through non-transferable equity (provided these instruments are not held for trading).

Impairment

The impairment model requires the measurement of expected credit losses (ECL) on loans and debt instruments measured at amortized cost or at fair value through transferable equity, on loan commitments and financial guarantee contracts not measured at fair value, on receivables from leases and on trade receivables. This new approach aims to measure expected credit losses as early as possible, while under the IAS 39 provision-based model, such losses were contingent upon objective evidence that an impairment loss has been incurred.

Hedge accounting

For hedge accounting (excluding fair value macro-hedging), IFRS 9 provides for limited changes compared with IAS 39. The provisions of the standard apply only to micro-hedging transactions and cash-flow macro-hedging transactions.

IFRS 9 does not modify the conditions under which a financial instrument can be classified as a hedge, with two types of interest-rate hedges:

- hedging of balance sheet items whose fair value fluctuates with interest rates ("fair value hedge");
- hedging of the risk of future cash flow changes ("cash flow hedge"), which consists of setting the future cash flows of a variable-rate financial instrument.

Some derivative instruments attached to specific financing are classified as cash flow hedges pursuant to accounting regulations. Only the change in fair value of the effective portion of these derivatives, measured by prospective and retrospective effectiveness tests, is taken to shareholders' equity. The change in fair value of the ineffective portion of the hedge is posted to the income statement if material.

To a large extent, Gecina's interest rate hedging is covered by a portfolio of derivatives that are not specifically assigned and do not meet hedge accounting eligibility criteria. Furthermore, some derivatives cannot be classified as hedging instruments for accounting purposes. These derivative instruments can therefore be recorded at fair value on the balance sheet with recognition of changes in fair value on the income statement. The change in the value of derivatives is recognized for the recurring portion and when this is applicable (amortization of options premiums or periodic premiums) within financial expenses in the same capacity as the interest paid or received for these instruments, and for the non-recurring portion (fair value excluding amortization of premiums or periodic premiums) in the changes in value of the financial instruments. Where applicable, terminations of derivative instruments are considered as non-recurring, such that the gain or loss on disposal or termination is recognized in the income statement within changes in value of financial instruments.

Fair value is determined in accordance with IFRS 13 (see Note 5.5.3.1.2) by an external financial organization using valuation techniques based on the discounted forward cash flow method, as well as the Black & Scholes model for optional products integrating the counterparty risks mentioned by IFRS 13. Estimates of probability of default are obtained by using bond spreads on the secondary market. Valuations are also confirmed by banking counterparties and in-house valuations.

Marketable securities are recorded under this heading as assets at fair value and changes in value are posted to the income statement.

5.5.3.9 Financial liabilities (IAS 32 and IFRS 9)

Bank borrowings are mostly constituted of repayable borrowings and medium and long-term credit lines that can be used by variable term drawings. Successive drawings are recognized in the financial statements at face value, with the unused portion of the borrowing facility representing an off-balance sheet commitment.

Financial liabilities, including EMTN issues, are stated at their outstanding balance (net of transaction costs) based on the effective interest rate method. Security deposits are considered as short-term liabilities and are not subject to any discounting.

5.5.3.10 Long term non-financial provisions and liabilities

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Group has a present obligation (legal or constructive) to a third party as a result of past events, and when it is probable or certain that this obligation will give rise to an outflow of resources to that third party, without at least the equivalent expected in exchange from that third party.

5.5.3.11 Employee benefit commitments

IAS 19 specifies the accounting rules for employee benefits. This accounting occurs during the rights vesting period. It excludes from its scope share-based payments, which come under IFRS 2.

Short-term benefits

Short-term benefits (*i.e.* salaries, paid holiday, social security contributions, profit-sharing, etc.), which fall due within twelve months of the end of the year during which members of staff provided corresponding services, are recognized as "accrued expenses" under the heading "Current tax and social security payables" under balance sheet liabilities.

Long-term benefits

Long-term benefits correspond to benefits payable during the employee's working life (anniversary premiums). They are recognized as non-recurring provisions.

Post-employment benefits

Post-employment benefits, also recognized as non-recurring provisions, correspond to end-of-career payments and supplementary retirement commitments to some employees. The valuation of these retirement commitments assumes the employee's voluntary departure.

These commitments that are related to the defined-benefit plans for supplementary pensions are paid to external organizations.

No post-employment benefits were granted to executives.

The net commitment resulting from the difference between amounts paid and the probable value of the benefits granted, recognized under salaries and benefits, is calculated by an actuary according to the method known as "projected unit credit method", the cost of the provision being calculated on the basis of services rendered at the valuation date.

Actuarial variances are booked in equity.

5.5.3.12 Taxes

5.5.3.12.1 IFRIC 21 taxes levied by the public authorities

Since January 1, 2015, the Group has been applying the IFRIC 21 interpretation (Levies imposed by governments) which stipulates the timing for the recognition of a liability as a tax or levy imposed by a public authority. These rules cover both the duties or taxes recognized in accordance with IAS 37 Provisions, contingent liabilities and assets and those for which the timing and amount are certain.

The levies and taxes in question are defined as net outflows of resources (thus excluding VAT collected on behalf of the Government) levied by governments (as defined by IAS 20 and IAS 24) in application of the legal and/or regulatory provisions other than fines or penalties linked to non-compliance with laws or regulations. These include taxes entering into the scope of application of IAS 37 on provisions (excluding those falling under the scope of IAS 12, such as income tax liabilities) as well as taxes with certain amount and payment date (*i.e.* liabilities that do not fall within the scope of application of IAS 37).

Pursuant to the IFRIC 21 interpretation, the following taxes are recognized (and their potential reinvoicing at the same time) at one time in the first quarter of the current year:

- property taxes;
- household garbage removal taxes;
- office taxes.

5.5.3.12.2 Ordinary law tax treatment

For companies not eligible in the SIIC system, deferred taxes resulting from timing differences on taxation or deductions are calculated under the liability method on all timing differences existing in the individual accounts or deriving from consolidation adjustments or eliminations of internal profits and losses. This happens when the book value of an asset or liability is different from its tax value. A net deferred tax asset is only recognized on loss carry-forwards provided that it is likely that it can be charged against future taxable income. Deferred tax is determined using the principles and tax rates of the finance laws in effect at the balance sheet date that are likely to be applied when the various taxes involved crystallize. The same rule applies for assets held abroad.

5.5.3.12.3 Deferred tax assets and liabilities

Deferred tax arises from temporary differences between the tax base of assets or liabilities and their carrying amounts. They particularly result from the fair value revaluation of investment buildings held by companies who did not opt for the SIIC regime or from the cost related to the adoption of this regime. Deferred tax assets are recognized in respect of tax loss carry-forwards if their future realization is likely.

5.5.3.12.4 SIIC tax treatment

Opting for the SIIC system means an exit tax immediately falls due at the reduced rate of 19% on unrealized capital gains related to properties and investments in entities not subject to income tax.

Profits subject to the SIIC system are tax-exempt subject to certain distribution conditions. However, for newly acquired companies, a deferred tax liability is calculated at a rate of 19% corresponding to the amount of exit tax that these companies have to pay when opting for the SIIC system, this option coming under the acquisition strategy.

The discounting of the exit tax liability due to opting for the SIIC system is only recognized when considered material.

5.5.3.13 Recognition of rental income (IAS 17)

Rent is recorded in the income statement when invoiced. However, pursuant to IAS 17, benefits granted to tenants in the commercial real estate sectors (mainly rent franchises and stepped rents) are amortized straight-line over the probable, firm period of the lease, with the recognition as a counterparty until December 31th, 2017 of an account receivable.

From January 1st, 2018, and for all leases with remaing franchises and stepped rents, rent is now booked against the fair value adjustment of properties assets.

Consequently, rents shown in the income statement differ from rents paid.

Works carried out on behalf of tenants are capitalized and are not deferred over the probable term of the lease according to IAS 17.

5.5.3.14 Lessee loan contracts

Financial lease contracts are rental financing contracts recognized in the asset side of the balance sheet (according to IFRS standard IAS 40, Investment properties), and the corresponding loans are shown as financial debts in the liabilities side of the balance sheet. Accordingly, the fees are eliminated and the interest expense for financing and the fair value of the asset are recognized in accordance with the Group accounting principles, as if the Group were the owner. In the case of the acquisition of a financial lease contract, if the discrepancy between the fair value of the related debt and its nominal value represents a liability because of more favorable market conditions on the day of the acquisition, it is recorded in the balance sheet as a financial liability. This financial liability is recognized in income over the term of the contract and fully cleared through gain or loss in disposal if the contract is sold.

5.5.3.15 Financial lease contracts

In a financial lease contract, the lessor transfers all of the risks and benefits of the asset to the lessee. It is treated as financing granted to lessee for the purchase of a property.

The current value of payments due under the contract, increased, as necessary, by the residual value is entered as a receivable. The net income of the transaction for the lessor or the lessee corresponds to the amount of interest on the loan. It is entered in the income statement under the heading “Fees, advance fees, other income”. The rents received are divided over the duration of the financing lease contract by recognizing them in capital amortization and interest such that the net income represents a constant rate of profit over the residual outstanding. The rate of interest used is the implicit rate of interest in the contract.

5.5.3.16 Key estimates and accounting judgments

To establish the Consolidated financial statements, the Group uses estimates and formulates judgments which are regularly updated and are based on historic data and other factors, especially forecasts of future events considered reasonable in the circumstances.

The significant estimates made by the Group mainly concern:

- the measurement of the fair value of investment properties;
- the measurement of the fair value of financial instruments;
- the measurement of equity interests;
- the measurement of provisions;
- the measurement of employee benefit commitments (pensions and share plans).

Due to the uncertainties inherent in any measurement process, the Group adjusts its estimates using regularly updated information. Estimates that carry a major risk of leading to a material adjustment in the net book value of assets and liabilities during the following period are analyzed below:

- the fair value of the property portfolio, whether it is held for the long term or for sale, is specifically determined based on the valuation of the portfolio by independent experts according to the methods described in sections 5.5.3.1.1 and 5.5.3.1.2. However, given the estimated nature inherent in these valuations, it is possible that the actual sales value of some properties will differ significantly from the valuation, even in the event of disposal within a few months following the balance sheet date;
- the fair value of the financial instruments that are not traded on an organized market (such as over the counter derivatives) is determined using valuation techniques. The Group uses methods and assumptions that it believes are the most appropriate, based on market conditions at the balance sheet date. The realizable value of these instruments may turn out to be significantly different from the fair value used for the accounting statement;
- the value in use and the fair value of equity investment securities are determined on the basis of estimates based on various data available to the Group as at the balance sheet date. New information obtained subsequent to the balance sheet date may have a material influence on this valuation.

The procedures for determining fair value according to IFRS 13 are detailed in section 5.5.3.1.2.

In addition to the use of estimates, the Group's management formulates judgments to define the appropriate accounting treatment for certain activities and transactions where the IFRS in force do not specifically deal with the issues concerned. This is especially the case for the analysis of leases, whether operating leases or financial leases.

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5.5.4 MANAGEMENT OF FINANCIAL AND OPERATIONAL RISKS

chapters 1.5 and 6 of Gecina's 2017 Registration Document contain a detailed description of the risk factors to which the Group is exposed. No other risks and uncertainties other than those presented in the 2017 Registration Document or in this document are expected.

5.5.4.1 Real estate market risk

Holding property assets for rent exposes the Group to the risk of fluctuation of the value of property assets and rents as well as to the risk of vacancy.

However, this exposure is limited given that:

- the assets are essentially held with a long-term perspective and valued in the accounts at fair value, even though fair value is based on estimates described in sections 5.5.3.1.1 to 5.5.3.1.3 above;
- invoiced rents come from rental commitments, the term and spread of which contribute to moderating the impact of fluctuations in the rental market.

With respect to development projects, the search for tenants begins once the investment decision is taken and results in the signing of pre-construction leases (*Baux en l'État Futur d'Achèvement* – BEFA). These leases contain clauses on the definition of completion, the completion time and late penalties.

Certain aspects of this risk are quantified in Note 5.5.6.6.

5.5.4.2 Financial market risk

Holding financial instruments for the long term or for sale exposes the Group to the risk of fluctuation in the value of these assets. The analysis and quantification of the risk on hedging financial instruments are stated under Note 5.5.6.8.

In particular, the Group's exposure to equity risk in case of falling stock market indices gives rise to a problem of valuing hedging assets against pension liabilities. This risk is very limited with respect to the amounts of the hedging assets subject to equity risk.

Furthermore, Gecina may be subject to changes in share prices for its financial investments and for its treasury shares. Gecina has set up a share buyback program and therefore holds a certain number of its own shares. A fall in the price of the Gecina share has no impact on the consolidated financial statements, only on the individual company financial statements.

5.5.4.3 The counterparty risk

Since it has a client portfolio of approximately 1,000 corporate tenants from a wide variety of sectors, and more than 7,400 individual tenants, the Group is not exposed to significant concentration risks. In the course of its development, the Group aims to acquire assets for which the rental portfolio is closely based on tenant selection criteria and the security provided by them. When a property is rented out, a detailed application is submitted by the tenant and an analysis of the tenant financial soundness is conducted. Tenant selection and rent collection procedures help to maintain a satisfactory rate of losses on receivables.

Financial transactions, especially hedging the interest rate risk, are carried out with a broad selection of leading financial institutions. Competitive tenders are conducted for all major financial transactions and the maintenance of a satisfactory diversification of sources of funds and counterparties is one of the selection criteria. Gecina has no material exposure to a single bank counterparty on its portfolio of derivatives. Counterparty risk is now an integral part of fair value as determined under IFRS 13 (see Note 5.5.3.1.2). The Group's maximum exposure on all of its loans (used and unused) to a single counterparty is 5%.

5.5.4.4 Liquidity risk

Liquidity risk is managed by constantly monitoring the maturity of financing facilities, maintaining available credit lines and diversifying finance sources. Liquidity is managed in the medium and long term as part of multi-annual financing plans and, in the short term, by using confirmed undrawn credit lines and asset disposal programs. Details of debt maturity dates are provided in Note 5.5.5.12.1 as well as a description of the various limits that might affect interest conditions or early repayment, as stipulated in the credit agreements.

5.5.4.5 Interest rate risk

Gecina's interest rate risk management policy, which includes the use of hedging instruments, is aimed at limiting the impact of a change in interest rates on the Group's earnings, where a significant portion of the Group's loans is at a floating rate. With respect to the foregoing, a management framework was presented and validated by the company's Audit and Risk Committee. This management framework defines in particular the management horizons, a percentage of coverage required on the time horizons, new hedging targets and the instruments enabling such management (mostly caps, floors and swaps). The interest rate risk is analyzed and quantified in Note 5.5.5.12.2 and 5.5.6.11, together with an analysis of interest rate sensitivity. Gecina interest rate hedging policy is primarily implemented on a comprehensive basis for all its loans (*i.e.* not specifically assigned to certain loans). As a result, it does not meet the accounting qualification of hedging instruments and the fair value change therefore appears in the income statement, according to the procedures described in Note 5.5.3.8.

5.5.4.6 Foreign exchange risk

The Group conducts the majority of its business in the Eurozone and almost all its revenues, operating expenses, investments, assets and liabilities are denominated in euros. In this case, the Group is only very marginally exposed to a currency risk only through its logistics subsidiary in Poland, which now has no activity.

5.5.4.7 Operating risks

Gecina is exposed to a wide range of operating risks, the details of which are specified in chapters 1 and 6 of the 2017 Registration Document.

Until 2009 when Joaquín Rivero was a corporate officer of Gecina or one of its subsidiaries, Gecina carried out a number of transactions, including the acquisition by SIF Espagne of a 49% equity investment in Bami Newco in 2009, and also undertook certain commitments, notably the grant of certain guarantees in relation to said transactions, as mentioned in Notes 5.5.5.13 and 5.5.9.2. When said commitments and transactions were revealed, impairment and provisions were recorded against some of them pursuant to applicable regulations. Some of the guarantees were also granted outside Gecina's internal control framework, despite the specific procedures implemented.

Gecina cannot totally rule out that non-compliance with internal control and risk management procedures, the worsening economic environment in Spain or fraud attempts will not result in further financial, legal or regulatory risks which have not been identified to date. Occurrence of such risks may impact the Group's reputation, results or financial situation.

5.5.5 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.5.5.1 Property holdings

5.5.5.1.1 Statement of changes in property holdings

GROSS VALUE

In €'000	At 12/31/2017	Acquisitions	Asset disposals or exercises of options	Change in fair value	Change in scope	Transfers between items	At 06/30/2018
Investment properties	15,407,425	50,042	0	209,196	26,085	(619,396)	15,073,356
Properties under reconstruction	2,806,401	168,642	0	102,464	3,969	(341,892)	2,739,587
Hotel operating properties	197,397	0	0	0	0	(197,397)	0
Operating properties (headquarters)	76,828	2,437	0	0	0	0	79,266
Financial receivables on financial leases	391,456	0	(30,574)	0	0	0	360,882
Intangible assets	11,462	4,837	(1,223)	0	0	0	15,076
Other tangible assets	28,959	1,453	(473)	0	0	0	29,939
Properties for sale	578,692	5,749	(313,333)	(15,016)	2,545	1,194,146	1,452,781
Buildings in inventory	156,334	150	0	(155)	254	597	157,179
GROSS VALUE	**19,654,954**	**233,310**	**(345,603)**	**296,289**	**32,852**	**36,058**	**19,908,066**

DEPRECIATIONS

In €'000	At 12/31/2017	Allocations	Write backs	Change in fair value	Change in scope	Transfers between items	At 06/30/2018
Properties for sales	13,867	14,619	0	0	0	35,461	63,946
Operating properties (headquarters)	16,394	345	0	0	0	0	16,739
Financial receivables on financial leases	167,121	15,346	(20,814)	0	0	0	161,653
Intangible assets	5,578	1,537	(1,223)	0	0	0	5,893
Other tangible assets	15,697	1,624	(2,343)	0	0	0	14,978
Buildings in inventory	0	11,341	0	0	0	597	11,938
DEPRECIATIONS	**218,656**	**44,811**	**(24,380)**	**0**	**0**	**36,058**	**275,147**
NET VALUE	**19,436,298**	**188,499**	**(321,223)**	**296,489**	**32,852**	**0**	**19,632,919**

In accordance with the accounting principles defined in Note 5.5.3.1.1, 4 assets under reconstruction are recorded at their historical cost for a combined total of €1,4 million.

The other changes concern business benefits amounting to €29 million, marketing costs €1.8 million and capitalized internal costs totaling €1,8 million.

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5.5.5.1.2 Analysis of acquisitions (including duties and costs)

Acquisitions concerned the following:

In €'000	06/30/2018
8 rue des Graviers 92200 Neuilly sur Seine	30,608
Tour Gamma (Plateau)	2,069
PROPERTY ACQUISITIONS	**32,677**
Construction and reconstruction work	154,984
Renovation work	25,183
WORKS	**180,167**
Head office	2,437
Capitalized financial expenses	11,589
TOTAL ACQUISITIONS	**226,870**
Tangible fixed assets	1,603
Intangible assets	4,837
TOTAL CAPITAL ASSETS	**233,310**

5.5.5.1.3 Details of income from sales

Disposals are detailed in Note 5.5.6.7.

5.5.5.1.4 Goodwill

The €207.7 million of goodwill corresponds exclusively to the acquisition of Eurosic. It is unchanged from December 31, 2017. No loss of value has been identified on June 30, 2018.

5.5.5.1.5 Maturity dates of investment properties held on financial lease

The Group holds financial lease contracts.

In €'000	06/30/2018	12/31/2017	06/30/2017
Less than 1 year	193	0	42,984
1 to 5 years	1,178	1,464	0
Over 5 years	0	0	0
TOTAL	**1,371**	**1,464**	**42,984**

5.5.5.2 Financial fixed assets

In €'000	06/30/2018	12/31/2017	06/30/2017
Non-consolidated investments	110,446	110,462	109,421
Advances on fixed asset acquisitions	65,842	65,741	65,519
Deposits and guarantees	1,498	1,521	913
Other financial investments	2,039	65	1,316
TOTAL	**179,825**	**177,789**	**177,169**
Impairment	(174,907)	(174,405)	(174,380)
TOTAL NET	**4,918**	**3,384**	**2,789**
Impairment:			
Advances on fixed asset acquisitions	*64,572*	*65,038*	*65,038*
Equity interests and attached receivables	*110,335*	*109,366*	*109,366*

The impairment of €174,9 million relates to the equity interest of 49% in the Spanish company Bami Newco, which has been fully written down (€109,3 million) and the advance on property acquisition granted to the Spanish company Bamolo, written down for €65 million (in order to reduce it to the latest appraisal value of the land of €0,5 million).

5.5.5.3 Equity-accounted investments

This item reflects the share held by the Group in the companies in which the Group exercises significant influence.

The elements of the financial situation of the main companies with investments that do not afford control are presented below:

In €'000	Euler Hermes SPPICAV	N2 Promotion SNC	Risque & Sérénité	Total
Property holdings	235,500	0	0	235,500
Other assets	7,144	38	7,634	14,816
TOTAL ASSETS	**242,644**	**38**	**7,634**	**250,316**
Share capital	209,339	33	7,617	216,989
External loans and debts with partners	32,061	0	0	32,061
Other liabilities	1,244	5	17	1,266
TOTAL LIABILITIES	**242,644**	**38**	**7,634**	**250,316**
Revenue	1,521	0	0	1,521
NET INCOME	**1,239**	**(3)**	**48**	**1,284**
% held	19,90%	30,00%	43,24%	
SHARE OF NET INCOME	**247**	**(1)**	**21**	**266**
SHARE CAPITAL	**209,339**	**33**	**7,617**	**216,989**
Securities of companies accounted for under the equity method	41,658	10	3,294	44,962

5.5.5.4 Deferred tax assets and liabilities

At June 30, 2018, deferred asset taxes amounted to €6,3 million. These include mainly deficit carry-forwards and the impact of the fair valuation of financial instruments for those in place in companies in a taxable sector.

In €'000	At 12/31/2017	Change in profit/loss	Translation gains/(losses) (foreign subsidiaries)	At 06/30/2018
Gains on financial lease contracts and inventory	(12,634)	4,982		(7,652)
Change in scope		(844)		(844)
TOTAL DEFERRED TAX LIABILITIES	**(12,634)**	**4,138**	**0**	**(8,496)**
Tax deficit activation	8,207	(1,903)		6,304
TOTAL DEFERRED TAX ASSETS	**8,207**	**(1,903)**	**0**	**6,304**
TOTAL NET DEFERRED TAXES	**(4,427)**	**2,235**	**0**	**(2,192)**

5.5.5.5 Properties for sale

Movements on properties for sale are included in the overall statement of changes in property holdings (see Note 5.5.5.1.1). They include, in particular, hotel operating properties for which a transfer process is in progress on June 30, 2018.

The amount of properties held for sale breaks down as follows:

In €'000	06/30/2018	12/31/2017	06/30/2017
Properties for sale (block basis)	984,525	167,079	101,792
Properties for sale (units basis)	404,310	411,613	452,801
TOTAL	**1,388,835**	**578,692**	**554,593**

5.5.5.6 Inventories

These are mainly office assets located in the regions acquired from real estate traders. These assets are entered at their cost price (at cost, including expenses and works).

5.5.5.7 Trade receivables

The breakdown of net receivables by sector is indicated in Note 5.5.8.

In €'000	06/30/2018	12/31/2017	06/30/2017
BILLED CLIENTS	**65,097**	**56,217**	**15,945**
Unbilled expenses payable	27,437	6,589	26,185
Balance of amortized rent – free periods and stepped rents (IAS 17)	81,382	96,635	89,846
TRADE RECEIVABLES (GROSS)	**173,916**	**159,441**	**131,976**
Impairment of receivables	(17,808)	(17,772)	(10,799)
TRADE RECEIVABLES (NET)	**156,108**	**141,669**	**121,177**

5.5.5.8 Other receivables

In €'000	06/30/2018	12/31/2017	06/30/2017
Value added tax	90,144	38,737	54,791
Income tax	5,271	36,013	8,780
Bami Newco cash advances (fully depreciated)	12,623	12,623	12,623
Receivables on asset disposal	6,317	1,002	9,549
Other[(1)]	74,946	49,656	35,805
GROSS AMOUNTS	**189,302**	**138,031**	**121,548**
Impairment	(37,619)	(38,065)	(37,565)
NET AMOUNTS	**151,683**	**99,966**	**83,983**

(1) Of which:

External agents and managers	*0*	*0*	*9,770*
Advances on equity investments	*2,300*	*2,300*	*2,300*
Deposit payments for orders	*2,690*	*3,077*	*1,614*
Bami Guarantee (Eurohypo)	*20,140*	*20,140*	*20,140*

5.5.5.9 Prepaid charges

In €'000	06/30/2018	12/31/2017	06/30/2017
Loan application costs[(1)]	13,177	11,447	11,361
10 year warranty insurance	2,296	2,456	2,802
Other	9,177	8,354	5,859
NET AMOUNTS	**24,649**	**22,257**	**20,022**

(1) Primarily including arrangement fees and mortgage costs.

5.5.5.10 Cash and cash equivalents

In €'000	06/30/2018	12/31/2017	06/30/2017
Money-market UCITS	223	2,582	46
Cash and cash equivalents	56,415	119,449	1,656,071
CASH AND CASH EQUIVALENTS (GROSS)	**56,638**	**122,031**	**1,656,117**
Bank overdrafts	0	0	0
CASH AND CASH EQUIVALENTS (NET)	**56,638**	**122,031**	**1,656,117**

5.5.5.11 Consolidated shareholders' equity

See the accounting statement preceding this note in section 5.3 "Statement of changes in consolidated equity".

5.5.5.12 Loans, debt and financial instruments

5.5.5.12.1 Borrowings and financial debt

OUTSTANDING DEBT

In €'000	Outstanding debt 06/30/2018	Repayments < 1 year	Outstanding 06/30/2019	Repayments 1 to 5 years	Outstanding 06/30/2023	Repayments more than 5 years
Fixed-rate debt	**5,310,418**	**(477,810)**	**4,832,607**	**(787,492)**	**4,045,115**	**(4,045,115)**
Fixed-rate bonds	4,999,732	(417,849)	4,581,883	(743,893)	3,837,990	(3,837,990)
Fixed-rate borrowings	190,469	(2,102)	188,368	(8,814)	179,554	(179,554)
Other fixed-rate liabilities	83,900	(21,544)	62,356	(34,785)	27,571	(27,571)
Accrued interest	36,316	(36,316)	0	0	0	0
Floating rate debt	**3,016,879**	**(1,821,055)**	**1,195,825**	**(1,195,825)**	**0**	**0**
Commercial paper	1,650,000	(1,650,000)	0	0	0	0
Floating-rate bonds	497,732	0	497,732	(497,732)	0	0
Floating-rate short-term bonds	400,000	(150,000)	250,000	(250,000)	0	0
Floating-rate borrowings	426,977	(18,312)	408,664	(408,664)	0	0
Floating-rate credit lines	40,800	(2,550)	38,250	(38,250)	0	0
Floating-rate finance leases	1,371	(193)	1,178	(1,178)	0	0
GROSS DEBT	**8,327,297**	**(2,298,865)**	**6,028,432**	**(1,983,317)**	**4,045,115**	**(4,045,115)**
Cash (floating rate)						
Open-end investment funds, deposits and income receivable	223	(223)	0	0	0	0
Availabilities	56,415	(56,415)	0	0	0	0
TOTAL CASH	**56,638**	**(56,638)**	**0**	**0**	**0**	**0**
Net debt						
Fixed rate	5,310,418	(477,810)	4,832,607	(787,492)	4,045,115	(4,045,115)
Floating rate	2,960,241	(1,764,417)	1,195,825	(1,195,825)	0	0
TOTAL NET DEBT	**8,270,659**	**(2,242,227)**	**6,028,432**	**(1,983,317)**	**4,045,115**	**(4,045,115)**
Available credit lines	4,255	0	4,255	(2,510)	1,745	(1,745)
Future cash flows on debt	0	(121,672)	0	(379,253)	0	(333,623)

The interest that will be paid until maturity of the entire debt, estimated on the basis of the interest rate curve at June 30, 2018, amounts to €835 million.

The breakdown of the €2,299 million repayment of gross debt within less than one year is as follows:

	3rd quarter 2018	4th quarter 2018	1st quarter 2019	2nd quarter 2019	Total
In €'000	617,269	850,157	567,942	263,497	2,298,865

The fair value of the gross debt used to calculate NAV was €8,382 million at June 30, 2018, of which €57 million corresponding to the fair value adjustment of fixed-rate debt.

TYPE OF BONDS

Bonds	Issuer	Issue date	Issue amount *(in € million)*	Outstanding amount *(in € million)*	Issue price	Redemption price	Nominal rate	Maturity date
Bond 04/2019	Gecina	04/11/2012	650	248.5	€99,499	€100,000	4.75%	04/11/2019
Bond 05/2023	Gecina	05/30/2013	300	210.3	€98,646	€100,000	2.875%	05/30/2023
Bond 07/2021	Gecina	07/30/2014	500	185.8	€99,317	€100,000	1.75%	07/30/2021
Bond 01/2025	Gecina	01/20/2015	500	500	€99,256	€100,000	1.50%	01/20/2025
Bond 06/2024	Gecina	06/17/2015	500	500	€97,800	€100,000	2.00%	06/17/2024
Bond 01/2029	Gecina	09/30/2016	500	500	€99,105	€100,000	1.00%	01/30/2029
Bond 06/2032	Gecina	06/30/2017	500	500	€98,535	€100,000	2.00%	06/30/2032
Bond 06/2022	Gecina	06/30/2017	500	500	€100,000	€100,000	Euribor 3 months +0,38%	06/30/2022
Bond 06/2027	Gecina	06/30/2017	500	500	€99,067	€100,000	1.375%	06/30/2027
Bond 02/2019	Gecina	08/21/2017	150	150	€100,255	€100,000	Euribor 3 months +0,30%	02/21/2019
Bond 08/2019	Gecina	08/21/2017	150	150	€100,290	€100,000	Euribor 3 months +0,33%	08/21/2019
Bond 01/2028	Gecina	09/26/2017	700	700	€98,710	€100,000	1.375%	01/26/2028
Bond 03/2030	Gecina	03/14/2018	500	500	€97,325	€100,000	1.625%	03/14/2030
Bond 05/2020	Gecina	05/04/2018	100	100	€100,362	€100,000	Euribor 3 months + 0,30%	05/04/2020
Bond 03/2019	Gecina	03/27/2013	125	125	€100,000	€100,000	3.95%	03/27/2019
Bond 12/2018	Gecina	12/20/2012	50	44.7	€100,000	€100,000	3.70%	12/20/2018
Bond 07/2019	Gecina	07/16/2013	80	75.6	€100,000	€100,000	4.125%	07/16/2019
Bond 07/2020	Gecina	07/10/2014	50	50	€100,000	€100,000	2.99%	07/13/2020
Bond 07/2021	Gecina	07/10/2014	50	50	€100,000	€100,000	3.30%	07/13/2021
Bond 11/2022	Gecina	11/06/2015	50	50	€100,000	€100,000	2.75%	11/06/2022
Bond 01/2023	Gecina	12/15/2014	125	125	€100,000	€100,000	3.051%	01/16/2023
Bond 11/2023	Gecina	11/06/2015	100	100	€100,000	€100,000	3.00%	11/06/2023
Bond 06/2026	Gecina	12/01/2015	100	100	€100,000	€100,000	3.00%	06/01/2026

Covenants

The company's main credit facilities are accompanied by contractual clauses relating to compliance with certain financial ratios, determining interest rates charged and early repayment clauses, the most restrictive of which are summarized below.

	Benchmark standard	Balance at 06/30/2018	Balance at 12/31/2017	Balance at 06/30/2017
Net debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	41.4%	42.4%	29.3%
EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	6.5x	5.6x	5.0x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	3.2%	3.6%	5.8%
Revalued block value of property holding (excluding duties) *in € billion*	Minimum 6.0/8.0	19.8	19.6	13.4

Change of control clauses

For bonds maturing, a change of control leading to the downgrading of the credit rating to "Non-Investment Grade" not raised to "Investment Grade" within 120 days, can lead to early repayment of the loan.

5.5.5.12.2 Financial instruments

The financial instruments (Level 2 instruments as defined by IFRS 7 and IFRS 13) held by the Group are hedging instruments. The financial instruments held by the Group are traded on the over-the-counter market and valued on the basis of valuation models using observable inputs.

PORTFOLIO OF DERIVATIVES

In €'000	Outstanding debt 06/30/2018	Maturity or effective date < 1 year	Outstanding 06/30/2019	Maturity or effective date 1 to 5 years	Outstanding 06/30/2023	Maturity or effective date More than 5 years
PORTFOLIO OF OUTSTANDING DERIVATIVES AT JUNE 30, 2018						
Fixed-rate receiver swaps	59,000	0	59,000	(59,000)	0	0
Fixed-rate payer swaps	700,000	(400,000)	300,000	(300,000)	0	0
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed rate receiver swaps	0	0	0	0	0	0
Caps purchases	1,811,800	(570,000)	1,241,800	(1,241,800)	0	0
Caps sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,570,800**	**(970,000)**	**1,600,800**	**(1,600,800)**	**0**	**0**
PORTFOLIO OF DERIVATIVES WITH DEFERRED IMPACT AT JUNE 30, 2018						
Fixed-rate receiver swaps	0	0	0	0	0	0
Fixed-rate payer swaps	0	0	0	400,000	400,000	(400,000)
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed rate receiver swaps	0	0	0	0	0	0
Caps purchases	0	0	0	0	0	0
Caps sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**400,000**	**400,000**	**(400,000)**
PORTFOLIO OF OUTSTANDING DERIVATIVES AT JUNE 30, 2018						
Fixed-rate receiver swaps	59,000	0	59,000	(59,000)	0	0
Fixed-rate payer swaps	700,000	(400,000)	300,000	100,000	400,000	(400,000)
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed rate receiver swaps	0	0	0	0	0	0
Caps purchases	1,811,800	(570,000)	1,241,800	(1,241,800)	0	0
Caps sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,570,800**	**(970,000)**	**1,600,800**	**(1,200,800)**	**400,000**	**(400,000)**
Future interest cash flows on derivatives	0	(4,733)	0	(1,391)	0	13,048

GROSS DEBT HEDGING

In €'000	06/30/2018
FIXED-RATE GROSS DEBT	**5,310,418**
Fixed-rate debt converted to floating rate	(59,000)
RESIDUAL DEBT AT FIXED RATE	**5,251,418**
GROSS DEBT AT FLOATING RATE	**3,016,879**
Fixed-rate debt converted to floating rate	59,000
GROSS DEBT AT FLOATING RATE AFTER CONVERSION OF DEBT TO FLOATING RATE	**3,075,879**
Fixed-rate payer swaps and activated caps/floors	(700,000)
UNHEDGED GROSS DEBT AT FLOATING RATE	**2,375,879**
Caps purchases	(1,811,800)
Caps sales	0
FLOATING RATE DEBT	**564,079**

The fair value of hedging instruments, as recorded on the balance sheet, breaks down as follows:

In €'000	12/31/2017	Acquisitions	Disposals	Transfer between items	Change in value	06/30/2018
Non-current assets	17,735	0	0	(85)	(4,749)	12,899
Current assets	2,138	0	0	85	(2,138)	85
Non-current liabilities	(6,509)	0	0	343	(428)	(6,596)
Current liabilities	(247)	0	0	(343)	163	(428)
TOTAL	**13,117**	**0**	**0**	**0**	**(7,152)**	**5,960**

The fair value of the financial instruments (current and non-current) has decreased by €7 million. This drop can be explained by the change in rates since the end of 2017 and the time effect.

5.5.5.13 Provisions

In €'000	12/31/2017	Allocations	Write backs	Utilisations	Transfer between items	06/30/2018
Tax reassessments	7,002	0	0	0	0	7,002
Employee benefit commitments	15,155	234	0	0	0	15,389
Spain commitments	4,800	0	0	0	0	4,800
Other disputes	9,796	286	(771)	0	0	9,312
TOTAL	**36,753**	**520**	**(771)**	**0**	**0**	**36,503**

Some companies within the consolidation have been the subject of tax audits leading to notifications of tax reassessments, the majority of which are contested. These tax reassessments for a total amount of €40 million are contested by the company and are essentially not accrued as a provision. At June 30, 2018, the total amount accrued as a provision for fiscal risk was €7 million based on the assessment made by the company and its advisers.

Furthermore, the company has several ongoing litigations with the French tax administration, which could result today, in the reimbursement of a maximum amount of nearly €14 million. This amount is related to the corporate income tax paid in 2003 when several Group companies opted for the SIIC tax regime. These amounts, which could be recovered at various dates in light of the ongoing proceedings, were expensed at the time of payment and therefore no longer appear on the company's balance sheet.

The Group has also, directly or indirectly, been the subject of liability actions and court proceedings instigated by third parties. Based on the assessments of the company and its advisers, there is no risk that is not accrued, which would be likely to significantly impact the company's earnings or financial situation.

Employee benefit commitments (€15.4 million) concern supplemental pensions, lump-sum retirement benefits, and anniversary premiums. They are valued by independent experts.

Commitments provisioned in Spain (€4.8 million) primarily concern guarantees granted by SIF Espagne, then represented by Mr. Joaquin Rivero, on November 13, 2009, concerning Bami Newco's repayment of credit facilities granted to it until November 13, 2019 by Banco Popular for principal amounts of €3.3 million and €1.5 million respectively. As at June 30, 2018, provisions had been fully accrued for the full amount of these guarantees, *i.e.*, €4.8 million.

The resulting contingent receivable was reported under the bankruptcy proceedings of Bami Newco. In June 2014, Banco Popular called in one of its two guarantees and claimed the payment of €3 million from SIF Espagne. In June 2016, MHB Bank claimed the payment of this guarantee in its capacity as the assignee of the guarantee. The company studied and analyzed this claim and believes that it is not required as of this date to make the payment.

Bami Newco was the subject of insolvency proceedings commenced in June 2013. Gecina and SIF Espagne reported their receivables in the context of these bankruptcy proceedings.

The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016 Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the *de facto* and *de jure* Directors of Bami Newco and they continue to assert their rights and defend their interests in these proceedings.

On July 16, 2012, the company was informed by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009 in the total amount of €140 million. Three of them were issued in the name of “Gecina SA Succursal en España” and one in the name of Gecina SA, for a Spanish company called Arlette Dome SL. The latter allegedly transferred the above-mentioned promissory notes to Banco de Valencia to guarantee loans granted by that bank.

After verification, the company realized that it had no information about these alleged promissory notes or about any business relationship with Arlette Dome SL which could have justified their issue. After also observing the existence of evidence pointing to the fraudulent nature of their issuance if the issue were to be confirmed, the company has filed a criminal complaint in this respect with the competent Spanish authorities. Following a series of decisions and appeals, Gecina was recognized as party to the proceedings on April 19, 2016 before the National Court, where the company continues to assert its rights. No provision was recognized for this purpose.

To date, the company is not in a position to evaluate any potential risks, in particular, regulatory, legal or financial, arising from the facts covered by the ongoing criminal proceedings and cannot, in particular, exclude the possibility that it may be joined as a party in the future, together with the company’s officers and representatives.

Spanish bank Abanca, after seeking the payment by Gecina of €63 million (of which €48.7 million in principal) pursuant to the guarantee letters of engagement allegedly signed in 2008 and 2009 by Mr. Joaquin Rivero, former Gecina officer, summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain the payment of the claimed amounts.

Gecina is challenging Abanca’s claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to try the dispute. On July 14, 2016, Abanca appealed this decision. On July 4, 2017, the Appeal Court of Madrid declared that the Spanish Courts do have jurisdiction to hear Abanca’s claim. The proceedings on the merits are ongoing before the Court of First Instance of Madrid. No provision was recognized for this purpose.

Gecina filed a criminal complaint in France against Mr. Rivero and any other party involved, for misuse of authority under letters of endorsement raised by Abanca. Insofar as Mr. Joaquin Rivero was not the only person involved in this complaint, this procedure is still ongoing.

5.5.5.14 Pensions and other employee benefits

The amounts reported in the balance sheet as at June 30, 2018 are as follows:

In €'000	06/30/2018	12/31/2017	06/30/2017
Discounted value of the liability	18,421	18,099	17,839
Fair value of hedging assets	(3,032)	(2,944)	(2,937)
DISCOUNTED NET VALUE OF THE LIABILITY	**15,389**	**15,155**	**14,902**
Non-recognized profits (losses)	0	0	0
Non-recognized costs of past services	0	0	0
NET LIABILITY ON THE BALANCE SHEET	**15,389**	**15,155**	**14,902**

The net commitment recorded in non-recurring provisions amounted to €15,4 million after taking into account hedging assets estimated at €3 million at June 30, 2018.

There is no actuarial variance for the period.

CHANGE OF BOND

In €'000	06/30/2018	12/31/2017	06/30/2017
DISCOUNTED NET VALUE OF BOND AT BEGINNING OF PERIOD	**15,155**	**14,647**	**14,647**
Breakdown of expense			
Cost of services rendered during the year	450	819	396
Net interest	99	161	78
Actuarial losses and gains	0	(152)	0
EXPENSE REORGANIZED UNDER PAYROLL EXPENSE	**549**	**828**	**474**
Effects of any change or liquidation of the plan	0	642	0
Benefits paid (net)	(224)	(665)	(219)
Contributions paid	(91)	0	0
Actuarial losses and gains not written to income	0	(1,164)	
Eurosic acquisition values	0	867	0
DISCOUNTED NET VALUE OF BOND AT END OF PERIOD	**15,389**	**15,155**	**14,902**

Below are the main actuarial hypotheses used to calculate Group commitments.

	06/30/2018	12/31/2017	06/30/2017
Expected yield rate of hedging assets	3.00%	3.00%	3.00%
Wage increase rate (net of inflation)	0.25%	0.25%	0.50%
Discount rate	0,00% - 1,50%	0.00% - 1.50%	0.00% - 1.50%
Inflation rate	1.75%	1.75%	2.00%

5.5.5.15 Trade payables

In €'000	06/30/2018	12/31/2017	06/30/2017
Trade payables	13,322	17,663	2,766
Trade payables (invoices not received)	50,421	42,051	41,501
Fixed asset trade payables[1]	90,508	81,992	83,887
Fixed asset trade payables (invoices not received)[1]	111,166	136,693	70,731
TRADE PAYABLES	**265,418**	**278,399**	**198,886**
(1) Of which:			
Paris - Ibox asset acquisition	*94,298*	*91,829*	*84,806*

5.5.5.16 Tax and social security payables and debt

In €'000	06/30/2018	12/31/2017	06/30/2017
Social security liabilities (short term)	28,631	31,237	16,043
Other tax liabilities (representing VAT payable and local taxes)	89,125	26,030	56,720
TAX AND SOCIAL SECURITY PAYABLES AND DEBT	**117,756**	**57,267**	**72,763**
of which non-current liabilities	*0*	*0*	*0*
of which current liabilities	*117,756*	*57,267*	*72,763*

5.5.5.17 Other payables

In €'000	06/30/2018	12/31/2017	06/30/2017
Client credit balance	67,541	48,214	32,323
Other payables	147,040	24,340	170,370
Deferred income	7,534	5,834	2,552
OTHER PAYABLES	**222,115**	**78,388**	**205,245**

5.5.5.18 Off balance sheet commitments

In €'000	06/30/2018	12/31/2017	06/30/2017
Commitments given			
Off balance sheet commitments given linked to operating activities			
Deposits and guarantees (in favor of subsidiaries and equity investments)	1,020	1,020	1,020
Asset-backed liabilities	628,246	699,789	740,375
Works amount to be invested (including sales of property for future completion)	290,300	329,095	310,041
Preliminary sale agreements for properties	1,049,346	241,645	163,356
Preliminary agreements to purchase properties	35,720	0	0
Acquisition of blocks of securities Eurosic	0	0	2,814,249
Other[(1)]	28,652	28,652	27,520
TOTAL COMMITMENTS GIVEN	**2,033,284**	**1,300,201**	**4,056,561**
Commitments received			
Off balance sheet commitments received linked to financing			
Unused lines of credit	4,255,000	3,760,000	3,725,000
Off balance sheet commitments received linked to operating activities			
Preliminary sale agreements for properties	922,728	187,579	115,178
Preliminary agreements to purchase properties	38,000	0	0
Acquisition of blocks of securities Eurosic	0	0	2,814,249
Mortgage-backed receivables	480	480	480
Financial guarantees for management and transactions activities	1,025	1,025	915
Other[(2)]	1,258,991	1,259,011	1,244,471
TOTAL COMMITMENTS RECEIVED	**6,476,224**	**5,208,095**	**7,900,293**

(1) Of which €10 million and €16 million of liabilities guarantee granted as part of the sale of shares of the subsidiary GEC 4 and Gecimed respectively.
(2) Of which €1.24 billion guarantee received as part of acquisition Avenir Danton Défense and Avenir Grande Armée equities.

During the course of its normal business operations, Gecina made certain commitments to be fulfilled within a maximum of ten years, and which do not appear in the table of commitments given because their cost is not yet known. Based on the assessments of the Group and its advisers, there are currently no commitments likely to be called and which would materially impact Gecina's earnings or financial position.

The outstanding amounts for future development costs (including sales of property for future completion) correspond to reciprocal guarantees with the developer who undertakes to complete the works.

5.5.5.19 Recognition of financial assets and liabilities

In €'000	Assets/liabilities valued at fair value through the income statement	Assets/ liabilities held to maturity	Assets available for sale	Loans and receivables	Liabilities at amortized cost	Historic cost	Fair value through shareholders' equity	**Total**	**Fair Value**
Financial fixed assets[1]	0	3,537	0	480	0	901	0	4,918	4,918
Equity-accounted investments	0	0	0	0	0	44,962	0	44,962	44,962
Cash and cash equivalents	56,638	0	0	0	0	0	0	56,638	56,638
Current and non-current derivatives[2]	12,984	0	0	0	0	0	0	12,984	12,984
Other assets[1]	0	0	0	0	0	307,788	0	307,788	307,788
TOTAL FINANCIAL ASSETS	**69,622**	**3,537**	**0**	**480**	**0**	**353,651**	**0**	**427,290**	**427,290**
Non-current financial debt	0	948,817	0	0	5,079,615	0	0	6,028,432	6,028,432
Current and non-current derivatives[2]	7,024	0	0	0	0	0	0	7,024	7,024
Current financial debt	0	1,881,016	0	0	417,849	0	0	2,298,865	2,298,865
Other liabilities[1]	0	0	0	0	0	683,597	0	683,597	683,597
TOTAL FINANCIAL LIABILITIES	**7,024**	**2,829,833**	**0**	**0**	**5,497,464**	**683,597**	**0**	**9,017,918**	**9,017,918**

(1) Due to the short-term nature of these receivables and debts, the book value represents a good estimate of fair value, as the discount effect is immaterial.
(2) According to IFRS 7 and IFRS 13, the fair value of derivatives is level 2 which means that the valuation is based on published market data.

5.5.6 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.5.6.1 Gross rental income

In its revenues, Gecina distinguishes rental income by type of lease while the analysis by sector (Note 5.5.8) is based on the Group's internal management.

Minimum future rents receivable until the next possible termination date under the operating leases of commercial properties are as follows:

In €'000	**06/30/2018**	06/30/2017
Less than 1 year	428,969	336,872
1 to 5 years	1,329,008	845,104
Over 5 years	331,060	254,634
TOTAL	**2,089,036**	**1,436,610**

5.5.6.2 Operating income from financial leases and hotel activity

In €'000	**06/30/2018**
Financial fees and other income on financial lease transactions	20,743
Operating expenses	(16,579)
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS	**4,164**
Hotel operating income	21,578
Hotel operating expenses	(17,707)
Depreciation of the hotel activity	(2,548)
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	**1,324**

5.5.6.3 Real estate margin

No disposal of assets in regime of merchants of property have been conducted over the half-year.

5.5.6.4 Direct operating expenses

These are composed of:

- rental charges that are payable by the owner, charges related to construction work, cost of disputes if any and property management fees;
- the portion of rechargeable rental charges by nature, which remain the Group's expense, mainly on vacant premises;
- the rental risk consisting of net impairments plus the amount of losses and profits on unrecoverable debts for the period.

The cost of rental risk, which has been included in property expenses, amounted to €0.9 million at June 30, 2018 *versus* €0.3 million at June 30, 2017.

Recharges to tenants consist of rental income from recharging tenants for costs payable by them. They include, at June 30, 2018, all rental and technical management fees that may be invoiced, *i.e.* €2.6 million (*versus* €2.3 million at June 30, 2017).

In €'000	06/30/2018	06/30/2017
Other external expenses	(55,759)	(39,207)
Taxes and other payables	(77,151)	(49,839)
Salaries and fringe benefits	(2,502)	(2,426)
Other expenses	(487)	(468)
PROPERTY EXPENSES	**(135,899)**	**(91,940)**
Rental expenses to be regularized	24,243	25,983
Vacant premises' expenses	(3,225)	(3,483)
Miscellaneous recovery	33,325	11,971
Provisions on costs	43,448	30,853
RECHARGES TO TENANTS	**97,791**	**65,324**
NET DIRECT OPERATING EXPENSES	**(38,108)**	**(26,616)**

5.5.6.5 Services and other income (net)

These largely comprise the following items:

In €'000	06/30/2018	06/30/2017
Income from service activities	368	318
Reversals of investment subsidies	103	148
Other	1,261	1,581
TOTAL GROSS	**1,732**	**2,047**
Expenses	0	(444)
TOTAL NET	**1,732**	**1,603**

5.5.6.6 Overheads

Overheads break down as follows:

In €'000	06/30/2018	06/30/2017
Salaries and fringe benefits	(30,853)	(24,580)
Internal costs	3,121	2,294
Share-based payments (IFRS 2)	(1,489)	(928)
Net management costs	(12,357)	(8,797)
TOTAL	**(41,577)**	**(32,011)**

Payroll costs relate to the company's administrative staff, since the salaries of building staff are included in rental margins.

Depending on their nature, a portion of payroll costs has been reclassified to the income statement or balance sheet where appropriate for a total amount of €3.1 million at June 30, 2018. Personnel expenses costs attributable to disposals are recorded under gains or losses on disposal. Those attributable to projects under development and marketing actions are recognized as fixed assets. Lastly, payroll costs attributable to ongoing studies are booked as prepaid expenses.

Share-based payments concern stock options for new or existing shares and performance shares (see Note 5.5.9.4) and are booked in accordance with IFRS 2 (see Note 5.5.3.7).

Management costs primarily include fees paid by the company and head office operating costs (computer maintenance, insurance, advertising, etc.).

5.5.6.7 Gains or losses on disposals

Disposals represented:

In €'000	06/30/2018	06/30/2017
Block sales	298,086	2,500
Units sales	41,123	80,938
PROCEEDS FROM DISPOSALS	**339,209**	**83,438**
Block sales	(279,619)	(1,715)
Units sales	(33,684)	(63,438)
NET BOOK VALUE	**(313,304)**	**(65,153)**
Block sales	(8,111)	(512)
Units sales	(2,006)	(3,268)
COST OF SALES	**(10,117)**	**(3,780)**
Block sales	10,349	273
Units sales	5,433	14,232
CAPITAL GAINS ON DISPOSAL	**15,782**	**14,505**

Payroll costs directly attributable to disposals and to a lesser extent management costs recorded under "Gains or losses on disposal" for the first half of 2018 amounted to €0.9 million *versus* €0.8 million at June 30, 2017.

5.5.6.8 Change in value of properties

Changes in the fair value of property holdings break down as follows:

In €'000	12/31/2017	06/30/2018	Change	%
Offices	11,398,270	11,572,655	174,385	1.5%
Residential	2,820,200	2,902,818	82,618	2.9%
Other sectors	378,784	370,441	(8,343)	-2,2%
INVESTMENT PROPERTIES(1)	**14,597,254**	**14,845,914**	**248,660**	**1.7%**
Change in value of projects delivered and acquisitions(2)			4,630	
Change in value of projects in progress(2)			110,688	
Change in value of assets for sale(3)			(12,477)	
CHANGE IN VALUE			**351,502**	
Capitalized works on investment properties(1)			(22,474)	
Capitalized salaries and fringe benefits on investment properties (1)			(478)	
Acquisition costs and other(1)			(2,835)	
Linearization of the rent incentives(1) (2) (3)			(29,225)	
CHANGE IN VALUE RECORDED IN INCOME STATEMENT AS AT JUNE 30, 2018			**296,489**	

(1) Change in value of investment properties (Note 5.5.5.1.1).
(2) Change in value of properties under reconstruction (Note 5.5.5.1.1).
(3) Change in value of properties for sale (Note 5.5.5.1.1).

Pursuant to IFRS 13 (see Note 5.5.3.1.2), the tables below break down, by activity sector, ranges of the main unobservable inputs (level 3) used by property appraisers:

Offices	Yield rate			Discount rate (DCF method)			Rental market value *in €/sq.m.*		
Paris CBD	2.35%	-	5.30%	3.25%	-	5.25%	360	-	€800/sq.m.
Paris non-CBD	2.65%	-	7.50%	3.00%	-	8.60%	210	-	€850/sq.m.
PARIS	**2.35%**	**-**	**7.50%**	**3.00%**	**-**	**8.60%**	**210**	**-**	**€850/SQ.M.**
Inner ring (Paris)	3.60%	-	8.25%	3.00%	-	6.75%	110	-	€540/sq.m.
Outer ring (Paris)	6.15%	-	9.50%	3.00%	-	11.50%	70	-	€190/sq.m.
PARIS REGION	**3.60%**	**-**	**9.50%**	**3.00%**	**-**	**11.50%**	**70**	**-**	**€540/SQ.M.**
Rest of France	3.90%	-	6.50%	3.00%	-	5.90%	140	-	€260/sq.m.
OFFICES	**2.35%**	**-**	**9.50%**	**3.00%**	**-**	**11.50%**	**70**	**-**	**€850/SQ.M.**

Residential	Unit sales price *in €/m²*			Yield rate		
Paris	6,770	-	€17,280/sq.m.	1.80%	-	3.60%
Inner ring (Paris)	4,680	-	€6,980/sq.m.	3.50%	-	4.35%
RESIDENTIAL	**4,680**	**-**	**€17,280/SQ.M.**	**1.80%**	**-**	**4.35%**

An unfavorable situation on the real estate market could have a negative impact on the valuation of Gecina's property portfolio as well as its operating income. For instance, a downturn on the real estate market, resulting in an increase of 50 basis points (0.5%) in capitalization rates, could bring about a decrease of around 9,4% in the appraised value of the entire property portfolio (on the assumption that such a downturn would affect all of the different segments of Gecina's real estate business), representing roughly €1,848 million based on the block valuation of assets as at June 30, 2018, and would have a similar unfavorable impact on Gecina's consolidated earnings.

SENSITIVITY TO CHANGES IN THE CAPITALIZATION RATE

Sector	Change in capitalization rate	Valuation of assets *(in €m)*	Change in assets *(in %)*	Impact on consolidated income *(in €m)*
ALL SECTORS	**0.50%**	**17,791**	**-9.4%**	**(1,848)**
Offices	0.50%	14,482	-9.1%	(1,450)
Residential	0.50%	2,863	-11.3%	(366)
Hotels	0.50%	221	-7.5%	(18)
Other	0.50%	225	-6.1%	(14)

5.5.6.9 Impacts of the business combination

This account exclusively represents the costs incurred as part of the acquisition of Eurosic in the first half of 2018, *i.e.* €1.4 million.

5.5.6.10 Net financial expenses

Net financial expenses specifically include (i) interest, coupons or dividends, received or paid, to be received or to be paid, on financial assets and liabilities including hedge financial instruments; (ii) net gains and losses on assets held for trading (UCITS and other shares held for the short term) and (iii) straight line depreciation of premiums on option and periodic premiums on option; (iv) the straight line depreciation of the cost of arranging these loans and credit lines.

In €'000	06/30/2018	06/30/2017
Interests and expenses on loans	(52,824)	(38,691)
Interests on finance leases	(24)	(137)
Interest expenses on hedge instruments	(3,922)	(2,821)
Other financial costs	21	(26)
Losses from translation differentials	0	(23)
Capitalized interests on projects under development	11,589	4,942
FINANCIAL COSTS	**(45,160)**	**(36,756)**
Interest income on hedging instruments	3,841	0
Other financial income	647	114
Gains from translation differentials	82	0
FINANCIAL INCOME	**4,570**	**114**
NET FINANCIAL EXPENSES	**(40,590)**	**(36,642)**

The average cost of the drawn debt amounted to 1,1% in the first half of 2018.

5.5.6.11 Change in value of derivatives and debts

Based on the existing hedge portfolio and taking into account contractual conditions at June 30, 2018, and the anticipated debt in 2018, a 0.5% increase in interest rates would generate an additional expense in 2018 of €2.4 million. An interest rate decrease of 0.5% would lead to a drop in financial expenses in 2018 of €1.1 million.

Net financial instruments (current and non-current) decreased by €7 million.

Based on the portfolio at June 30, 2018, the change in fair value of the derivatives portfolio as a result of a 0.5% increase in interest rates would be €+23 million recognized in income. A 0.5% interest rate cut would lead to a fair value decrease of €-26 million in net income.

The Group holds all financial instruments to hedge its debt. None of them is held for speculative purposes.

5.5.6.12 Taxes

In €'000	06/30/2018	06/30/2017
Corporate income tax	0	0
Additional contribution to corporate income tax	662	0
CVAE	(3,179)	(1,613)
Tax credits	39	22
RECURRING TAXES	**(2,478)**	**(1,591)**
Non-recurring taxes	(3,343)	0
Deferred taxes	2,238	0
TOTAL	**(3,583)**	**(1,591)**

The business real estate tax (*Cotisation Foncière des Entreprises* - CFE), which mainly pertains to the corporate head office, is recognized under operating charges.

The tax on wealth generated by businesses (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE) is considered as income tax.

In €'000	06/30/2018	06/30/2017
Consolidated net income	491,399	1,309,548
Tax (incl. CVAE)	3,583	1,591
CVAE	(3,179)	(1,613)
CONSOLIDATED NET INCOME, BEFORE TAX	**491,803**	**1,309,526**
THEORETICAL TAX IN %	**34.43%**	**34.43%**
THEORETICAL TAX IN VALUE	**169,329**	**450,870**
Impact of tax rate differences between France and other countries	(76)	17
Impact of permanent and timing differences	6,403	(414)
Companies accounted for under the equity method	(92)	0
SIIC regime effect	(175,158)	(450,538)
CVAE	3,179	1,613
TOTAL	**(165,743)**	**(449,322)**
Effective tax charge per income statement	3,583	1,591
EFFECTIVE TAX RATE	**0.73%**	**0.12%**

The 2018 Finance Act, published in France's Official Journal on December 30, 2017, has maintained the social contribution rate at 3.3%, but has instituted a progressive reduction in income tax from 33.33% to 25% by 2022.

The theoretical tax rate of 34.4% thus corresponds to the ordinary tax rate of 33.3% (28% for profits up to €0.5 million) and to the corporate income tax social contribution of 3.3%.

In €'000	06/30/2018	06/30/2017
Consolidated net income	491,399	1,309,548
Non-SIIC companies	17,196	(1,090)
Income of companies accounted for under the equity method	(266)	0
Corporate income tax	2,644	(22)
Deferred taxes	(2,238)	0
CONSOLIDATED NET ACCOUNTING INCOME	**508,735**	**1,308,436**
Theoretical tax in %	34.43%	34.43%
SIIC REGIME EFFECT	**175,158**	**450,538**

5.5.6.13 Earnings per share

Earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares in circulation during the year. Diluted earnings per share are calculated by dividing net income for the year attributable to shareholders by the average weighted number of shares outstanding during the year, adjusted for the impact of equity instruments to be issued when the issue conditions are met and the dilutive effect of the benefits granted to employees through the allocation of stock options and performance shares.

In accordance with IAS 33 "Earnings per share", the average weighted number of shares outstanding and the amounts per share for the previous financial period were restated retroactively if necessary to take the new shares created over the financial period into account.

	06/30/2018	06/30/2017
Net income linked to owners of the parent *(In €'000)*	490,024	1,299,260
Weighted average number of shares before dilution	73,272,281	62,055,134
UNDILUTED EARNINGS PER SHARE, LINKED TO OWNERS OF THE PARENT *(IN €)*	**6.69**	**20.94**
Earnings per share, after effect of dilutive securities, linked to owners of the parent *(In €'000)*	490,061	1,299,430
Weighted average number of shares after dilution	73,499,441	62,374,189
DILUTED EARNINGS PER SHARE, LINKED TO OWNERS OF THE PARENT *(IN €)*	**6.67**	**20.83**

	06/30/2018	06/30/2017
Net income linked to owners of the parent before dilution *(In €'000)*	490,024	1,299,260
Impact of dilution on net income (securities allocations effect)	37	170
NET INCOME LINKED TO OWNERS OF THE PARENT, AFTER EFFECT OF DILUTIVE SECURITIES *(IN €'000)*	**490,061**	**1,299,430**
Weighted average number of shares before dilution	73,272,281	62,055,134
Impact of dilution on weighted number of shares	227,160	319,055
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	**73,499,441**	**62,374,189**

5.5.7 NOTES TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

5.5.7.1 Change in value and costs paid on the repurchased bonds

In €'000	Note	06/30/2018	12/31/2017	06/30/2017
Change in value of properties	5.5.5.1.1	(296,489)	(1,555,772)	(1,142,019)
Change in value of derivatives	5.2	7,152	(12,734)	(9,427)
Premium and costs paid on the repurchased bonds	5.2	0	23,800	
CHANGE IN VALUE AND COSTS PAID ON THE REPURCHASED BONDS		**(289,337)**	**(1,544,706)**	**(1,151,446)**

5.5.7.2 Change in operating working capital

In €'000	06/30/2018	12/31/2017	06/30/2017
BALANCE SHEET ASSETS			
Changes in inventory	253	(3,326)	
Clients change	29,692	(9,049)	1,398
Change in other receivables[1]	51,514	4,215	16,249
Change of prepaid charges	2,396	(2,666)	2,380
TOTAL OF THE BALANCE SHEET ASSETS	**83,855**	**(10,825)**	**20,027**
BALANCE SHEET LIABILITIES			
Change of tenants' security deposits	(947)	774	1,960
Change of trade payables	4,030	3,427	13,838
Change of tax and social payables and debt	67,362	(15,436)	34,091
Change in other debts[2]	142,135	(96,491)	4,683
Change of prepaid expenses	1,699	1,783	(199)
TOTAL OF THE BALANCE SHEET LIABILITIES	**214,279**	**(105,945)**	**54,373**
TOTAL OF CHANGE IN OPERATING CAPITAL	**130,424**	**(95,122)**	**34,346**

(1) VAT	*44,964*	*(4,137)*	*11,917*
Taxes	*7,413*	*7,251*	*(821)*
(2) Client credit balance	*24,726*	*(20,197)*	*4,306*
Dividends	*94,713*		

5.5.7.3 Proceeds from disposals of tangible and intangible fixed assets

In €'000	06/30/2018	12/31/2017	06/30/2017
Block sales	298,086	225,803	2,500
Units sales	41,123	125,274	80,938
PROCEEDS FROM DISPOSALS	**339,209**	**351,077**	**83,438**
Block sales	(8,099)	(8,728)	(512)
Units sales	(2,006)	(5,279)	(3,268)
COST OF SALES	**(10,105)**	**(14,007)**	**(3,780)**
CASH IN LINKED TO DISPOSALS	**329,104**	**337,070**	**79,658**

5.5.7.4 Incidence of scope variation

ACQUISITIONS AND DISPOSALS OF CONSOLIDATED SUBSIDIARIES

In €'000	06/30/2018	12/31/2017	06/30/2017
Equities price acquisition	0	(3,264,665)	0
Acquired cash	0	345,758	0
NET ACQUISITIONS ACQUIRED CASH	**0**	**(2,918,907)**	**0**
Equities sale and debt reimbursement	0	115,110	0
Transferred cash	0	0	0
NET DISPOSALS TRANSFERRED CASH	**0**	**115,110**	**0**
INCIDENCE OF SCOPE VARIATION	**0**	**(2,803,797)**	**0**

In €'000	06/30/2018	12/31/2017	06/30/2017
Securities acquisitions	0	(2,959,165)	0
Miscellaneous	0	228	0
Incidence of the sale of securities accounted for under the equity method	0	115,110	0
Financial instruments	0	1,727	0
Changes in the scope of shareholders' equity	0	(1,535)	0
Non-controlling interests	0	39,838	0
INCIDENCE OF SCOPE VARIATION	**0**	**(2,803,797)**	**0**

5.5.7.5 Change in working capital from investing activities

In €'000	06/30/2018	12/31/2017	06/30/2017
BALANCE SHEET ASSETS			
Change in other receivables (fixed asset buyers)	(5,315)	6,074	2,473
BALANCE SHEET LIABILITIES			
Change of trade payables fixed assets	(17,011)	(177)	(26,623)
CHANGE IN WORKING CAPITAL FROM INVESTING ACTIVITIES	**(22,326)**	**5,897**	**(29,096)**

5.5.7.6 Dividends paid to shareholders of the parent company

After paying an interim dividend of €2.65 per share on March 8, 2018, the Combined General Meeting of April 18, 2018 approved the payment of a dividend of €5.30 per share for the 2017 financial year. The outstanding balance of €2.65 per share was paid out (or the new shares issued were delivered) on July 5, 2018. For the 2016 financial year, the Group distributed a dividend per share of €5.20 for a total amount paid of €322.2 million.

5.5.7.7 New loans and repayments of loans

In €'000	06/30/2018	12/31/2017	06/30/2017
New loans	609,633	5,345,863	2,628,305
Repayments of loans	(794,853)	(3,585,950)	(660,065)
CHANGE OF LOANS	**(185,220)**	**1,759,913**	**1,968,240**

CHANGE OF LOANS – NOTES (NOTE 5.5.5.12.1)

In €'000	06/30/2018	12/31/2017	06/30/2017
Debts at year closing	8,327,297	8,534,696	5,592,316
Debts at year opening	(8,534,696)	(3,640,421)	(3,640,421)
Accrued interest at year closing	(34,522)	(60,338)	(16,700)
Accrued interests at year opening	60,338	35,075	35,074
Changes in consolidation scope		(3,135,348)	0
Impact of bond issues	(3,639)	26,250	(2,029)
Change in scope			0
CHANGE OF LOANS	**(185,220)**	**1,759,913**	**1,968,240**

5.5.7.8 Closing cash and cash equivalents

In €'000	06/30/2018	12/31/2017	06/30/2017
Money-market UCITS	223	2,594	46
Cash and cash equivalents	56,415	119,437	1,656,071
CLOSING CASH AND CASH EQUIVALENTS	**56,638**	**122,031**	**1,656,117**

5.5.8 SEGMENT REPORTING

The Group only operates in France (except for minimal operations in other European countries). It is structured into various business lines, as follows:

INCOME STATEMENT FOR BUSINESS SEGMENTS AT JUNE 30, 2018

In €'000	Offices	Residential	Student residences	Other sectors[(1)]	Segments total
OPERATING INCOME					
Rental revenues on offices properties	264,103	4,495	0	7,948	276,546
Rental revenues on residential properties	2,402	48,270	0	0	50,673
Rental revenues on students residences	0	0	8,164	0	8,164
TURNOVER: GROSS RENTAL INCOME	**266,506**	**52,765**	**8,164**	**7,948**	**335,383**
Expenses not billed to tenants	(23,382)	(11,781)	(2,033)	(912)	(38,108)
NET RENTAL INCOME	**243,124**	**40,984**	**6,131**	**7,036**	**297,276**
MARGIN ON RENTS	**91.2%**	**77.7%**	**75.1%**	**88.5%**	**88.6%**
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS				**4,164**	**4,164**
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY				**1,324**	**1,324**
REAL ESTATE MARGIN					**0**
Services and other income (net)	437	1,272	(38)	61	1,732
Salaries and fringe benefits					(29,220)
Net management costs					(12,357)
EBITDA					**262,919**
Net gains on disposals of properties	10,417	5,365	0	0	15,782
Change in value of properties	204,045	90,064	6,895	(4,515)	296,489
Amortization					(6,849)
Net impairments					(24,473)
Impacts of the business combination					(1,409)
OPERATING INCOME					**542,459**
Net financial expenses					(40,590)
Financial provisions and amortization					0
Change in value of derivatives					(7,152)
Premium and costs paid on the repurchased bonds					0
Net income from equity-accounted investments					266
PRE-TAX INCOME					**494,982**
Taxes					(3,583)
Consolidated net income linked to non-controlling interests					(1,375)
CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT					**490,024**
ASSETS AND LIABILITIES BY SEGMENTS AS AT JUNE 30, 2018					
Property holdings (except headquarters)	15,716,524	2,921,575	307,269	838,416	19,783,785
▪ of which acquisitions	28,500	0	0	0	28,500
▪ of which properties for sale	812,755	380,534	0	259,491	1,452,781
Amounts due from tenants	132,292	10,922	655	30,046	173,916
Impairments of tenants' receivables	(1,603)	(6,559)	(512)	(9,135)	(17,808)
Security deposits received from tenants	69,051	9,805	1,834	5,153	85,842

(1) The other business sectors include financial leasing, real estate trading and the operation of hotel companies.

Including IFRIC 21 (Levies imposed by governments) effects.

05

INCOME STATEMENT FOR BUSINESS SEGMENTS AT JUNE 30, 2017

In €'000	Offices	Residential	Student residences	Total continued operations	Discontinued operations	Segments total
OPERATING INCOME						
Rental revenues on offices properties	176,416	4,205	-	180,621	-	180,621
Rental revenues on residential properties	2,280	50,625	-	52,905	-	52,905
Rental revenues on healthcare properties	-	-	-	-	-	-
Rental revenues on students residences	-	-	7,069	7,069	-	7,069
TURNOVER: GROSS RENTAL INCOME	**178,696**	**54,829**	**7,069**	**240,594**	**-**	**240,594**
Expenses not billed to tenants	(11,564)	(12,919)	(2,133)	(26,616)	-	(26,616)
NET RENTAL INCOME	**167,132**	**41,910**	**4,936**	**213,979**	**-**	**213,979**
MARGIN ON RENTS	**93.5%**	**76.4%**	**69.8%**	**88.9%**		**88.9%**
Services and other income (net)	1,150	293	159	1,602	-	1,602
Salaries and fringe benefits				(23,214)	-	(23,214)
Net management costs				(8,797)	-	(8,797)
EBITDA				**183,570**	**0**	**183,570**
Net gains on disposals of properties	(376)	14,881	-	14,505	-	14,505
Change in value of properties	594,963	540,223	6,833	1,142,019	-	1,142,019
Amortization				(2,216)	-	(2,216)
Net impairments				476	-	476
OPERATING INCOME				**1,338,354**	**-**	**1,338,354**
Net financial expenses				(36,642)	-	(36,642)
Financial provisions and amortization				-	-	-
Change in value of derivatives				9,427	-	9,427
Net income from equity-accounted investments				-	-	-
PRE-TAX INCOME				**1,311,139**	**-**	**1,311,139**
Taxes				(1,591)	-	(1,591)
Consolidated net income linked to non-controlling interests				(10,288)		(10,288)
CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT				**1,299,260**	**-**	**1,299,260**
ASSETS AND LIABILITIES BY SEGMENTS AS AT JUNE 30, 2017						
Property holdings (except headquarters)	10,135,343	2,871,215	281,298	13,287,855	-	13,287,855
■ of which acquisitions	66,500	-	-	66,500	-	66,500
■ of which properties for sale	14,260	540,333	(0)	554,593	-	554,593
Amounts due from tenants	118,906	12,111	959	131,976	-	131,976
Impairments of tenants' receivables	(3,639)	(6,671)	(488)	(10,799)	-	(10,799)
Security deposits received from tenants	39,511	10,358	1,393	51,261	-	51,261

Including IFRIC 21 (Levies imposed by governments) effects.

5.5.9 OTHER INFORMATION

5.5.9.1 Shareholding structure of the Group

At June 30, 2018, Gecina's shareholding was structured as follows:

	Number of shares	%
Ivanhoé Cambridge	11,575,623	15.35
Crédit Agricole Assurances – Predica	9,946,638	13.19
Norges Bank	6,824,636	9.05
Other resident institutional shareholders	4,969,514	6.59
Individual shareholders	2,851,715	3.78
Non-resident shareholders	37,112,579	49.20
Treasury shares	2,140,938	2.84
TOTAL	**75,421,643**	**100.00**

At July 16, 2018, after dividend paid in shares, Gecina's shareholding was structured as follows:

	Number of shares	%
Ivanhoé Cambridge	11,575,623	15.19
Crédit Agricole Assurances - Predica	10,135,973	13.30
Norges Bank	6,958,601	9.13
Other resident institutional shareholders	4,885,813	6.41
Individual shareholders	2,852,154	3.74
Non-resident shareholders	37,671,998	49.42
Treasury shares	2,140,938	2.81
TOTAL	**76,221,100**	**100.00**

5.5.9.2 Related parties

A co-exclusive sale mandate for a building located in Neuilly-sur-Seine (Hauts-de-Seine) was concluded in May 2011, between Locare, a subsidiary of Gecina, and Resico, a subsidiary of Predica, shareholder and Director of the company. In this respect, Locare invoiced Resico the sum of €126 thousand for the first half of 2018.

Bami Newco was the subject of insolvency proceedings commenced in June 2013. Gecina and SIF Espagne reported their receivables in the context of these bankruptcy proceedings.

Bami Newco is neither consolidated nor booked under the equity method by Gecina since the Group has no control over that entity and significant influence.

The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016 Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the *de facto* and *de jure* Directors of Bami Newco and they continue to assert their rights and defend their interests in these proceedings.

On December 14, 2007, Gecina advanced €9.85 million to Bami Newco in connection with the acquisition by Gecina group of a plot of land in Madrid. This agreement was approved by the Shareholders' General Meeting of April 22, 2008. As a result of the repayments made, the balance on this advance that stood at €2.7 million was subject to a ruling on September 10, 2012, instructing Bami Newco to repay SIF Espagne. Bami Newco has appealed this ruling. An order handed down by the Madrid Appeal Court on January 18, 2013, confirmed the September 10, 2012 ruling. The resulting debt was reported under the bankruptcy proceedings of Bami Newco.

In 2012, the company was informed of the existence of several guarantees granted by SIF Espagne, then represented by Mr. Joaquín Rivero:

- on January 14, 2010, concerning Bami Newco's repayment of a loan taken out the same day in connection with a renewal with Caja Castilla La Mancha for a principal total of €9 million, alongside Inmopark 92 Alicante, also a shareholder in Bami Newco and controlled by Joaquín Rivero. Through a payment of €5.2 million to Caja Castilla La Mancha in June 2012, the company definitively paid the balance of the guarantee granted to Bami Newco. SIF Espagne demanded the repayment of the €5.2 million from Bami Newco; this debt has been reported in the context of Bami Newco's bankruptcy proceedings. It remains fully written down on Gecina's consolidated balance sheet;

- on November 13, 2009, concerning Bami Newco's repayment of credit facilities granted to it until November 13, 2019 by Banco Popular for principal amounts of €3.3 million and €1.5 million respectively. The resulting contingent receivable was reported under the bankruptcy proceedings of Bami Newco. Pursuant to a letter dated June 17, 2014, Banco Popular called in one of its two guarantees and claimed the payment of €3 million from SIF Espagne. In June 2016, MHB Bank claimed the payment of this guarantee in its capacity as the assignee of the guarantee. The company studied and analyzed this claim and believes that it is not required as of this date to make the payment.

5.5.9.3 Group employees

Average headcount	06/30/2018	12/31/2017	06/30/2017
Managers	259	220	191
Employees and supervisors	174	167	166
Building staff	64	70	70
TOTAL	**497**	**457**	**427**

5.5.9.4 Stock options and performance shares

STOCK OPTIONS

Grant date	Start date of exercise of options	Number of options advanced	Subscription or purchase price	Total to exercise at 12/31/2017	Options exercised in 2018	Options cancelled, expired or transfered in 2018	Total to exercise at 06/30/2018	Residual life *(in years)*
12/18/2008	12/18/2010	331,875	€36.06	29,511	28,673		838	0.5
04/16/2010	04/16/2012	252,123	€76.52	16,309	110		16,199	1.8
12/27/2010	12/27/2012	210,650	€81.88	49,750	4,647		45,103	2.5

PERFORMANCE SHARES

Grant date	Vesting date	Number of shares advanced	Stock price when granted	Balance at 12/31/2017	Shares acquired in 2018	Shares canceled in 2018	Balance at 06/30/2018
02/19/2015	02/19/2018	58,120	€116.45	54,427	53,114	1,313	0
04/21/2016	04/23/2019	60,990	€125.00	54,652		2,712	51,940
07/21/2016	04/23/2019	3,000	€128.65	3,000			3,000
07/17/2017	07/20/2020	53,810	€136.08	53,410		1,250	52,160
02/21/2018	02/22/2021	57,920	€153.70				57,920

5.5.9.5 Compensation for administrative and Governance bodies

Compensation for management bodies concerns Gecina's corporate officers.

In €'000	06/30/2018	12/31/2017
Short-term benefits	1,156	3,095
Post-employment benefits	N.A	N.A
Long-term benefits	N.A	N.A
End-of-contract benefits (ceiling for 100% of criteria)	N.A	N.A
Share-based payment	921	N.A

5.5.9.6 Disputes

Each of the known legal disputes, in which Gecina or the Group's companies are involved, was reviewed at the close of the accounts and the provisions deemed necessary have, where called for, been created to cover the estimated risks (see also Note 5.5.5.13 in the Notes to the Consolidated financial statements).

Apart from the disputes mentioned hereunder, the disputes and claims in which Gecina and its subsidiaries are currently involved fall under the normal course of their business activities.

5.5.9.6.1 Pending criminal court disputes

To date, the company is not in a position to evaluate any potential risks, in particular, regulatory, legal or financial, arising from the facts covered by the ongoing criminal proceedings and cannot, in particular, exclude the possibility that it may be joined as a party in the future, together with the company's officers and representatives.

- In 2009, a complaint was filed in France pertaining to certain transactions involving the former Chairman of Gecina's Board of Directors, Mr. Joaquín Rivero.

  The company fully assisted the investigations and joined the proceedings as a civil party in 2010 to safeguard its interests.

  During the investigations, the examining magistrate, Mr. Van Ruymbeke, ordered the seizure of the sums representing the dividends owed to Mr. Joaquín Rivero and to the companies that he controls by virtue of the General Meetings of April 17, 2012 and April 18, 2013 (around €87 million).

  Mr. Joaquín Rivero was referred to the Criminal Court (*Tribunal Correctionnel*) on various counts as a result of the aforementioned complaint and, in a ruling handed down on March 11, 2015, he was convicted of misuse of corporate assets and money laundering and sentenced to four years' imprisonment, with a one-year suspended sentence. He was also ordered to pay around €209 million to Gecina in damages and a fine of €375,000. The Court ordered the confiscation of all the sums seized during the investigation (around €87 million). The Court also indicated that a portion of the damages would have to be paid directly to Gecina by AGRASC (French agency dedicated to the management and recovery of seized or confiscated assets), as a priority on the confiscated assets managed by AGRASC and up to this amount. Lastly, Mr. Joaquín Rivero was acquitted on the counts of failure to report threshold crossings and circulation of false or misleading information.

  As the parties have appealed this decision, the ruling is not enforceable.

  Mr. Joaquín Rivero died on September 18, 2016. This led to the termination of the public prosecution against Mr. Joaquín Rivero but has not terminated Gecina's civil lawsuit against his heirs. Gecina is continuing to defend its rights in the context of the ongoing appeal procedure.

  Following the judgment of March 11, 2015, Gecina seized the 8,839 shares held personally by Mr. Joaquín Rivero and the dividends attached to those shares since 2014.

- On September 11, 2014, the Spanish bank Abanca requested the payment by Gecina of €63 million pursuant to the guarantee letters of endorsements that were allegedly signed in 2008 and 2009, by Mr. Joaquín Rivero, former Gecina officer.

  Gecina, which had no knowledge of these letters of endorsement, considered, after talking to its legal advisers, that they represent a fraudulent arrangement since they are in breach of its corporate interest and of applicable rules and procedures.

  For these reasons, Gecina informed Abanca that it contested the fact that it owed the sum being claimed and that as a result, it would not respond to its claim. On October 24, 2014, the company filed a criminal complaint in France against Mr. Joaquín Rivero and any other person involved, for misuse of authority under these letters of endorsement. Insofar as Mr. Joaquín Rivero was not the only person involved in this complaint, this procedure is still ongoing. Moreover, Abanca has filed a case against Gecina before the Court of First Instance of Madrid (see section 5.5.9.6.2).

- On July 16, 2012, the company was informed by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009 in the total amount of €140 million. Three of them were issued in the name of "Gecina SA Succursal en España" and one in the name of Gecina SA, for a Spanish company called Arlette Dome SL. The latter allegedly transferred the above-mentioned promissory notes to Banco de Valencia to guarantee loans granted by that bank.

  After verification, the company realized that it had no information about these alleged promissory notes or about any business relationship with Arlette Dome SL which could have justified their issue. After also observing the existence of evidence pointing to the fraudulent nature of their issuance if the issue were to be confirmed, the company has filed a criminal complaint in this respect with the competent Spanish authorities. Following a series of decisions and appeals, Gecina was recognized as party to the proceedings on April 19, 2016 before the National Court, where the company continues to assert its rights. No provision was recognized for this purpose.

5.5.9.6.2 Pending civil and commercial court disputes

- The Spanish bank Abanca, after seeking the payment by Gecina of €63 million (of which €48.7 million in principal) pursuant to the guarantee letters of engagement allegedly signed in 2008 and 2009 by Mr. Joaquín Rivero, former Gecina officer (see section 5.5.9.6.1), summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain the payment of the claimed amounts.

Gecina is challenging Abanca's claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to try the dispute. On July 14, 2016, Abanca appealed this decision. On July 4, 2017, the Appeal Court of Madrid declared that the Spanish Courts do have jurisdiction to hear Abanca's claim. The proceedings on the merits are ongoing before the court of First Instance of Madrid. Gecina filed a criminal complaint in France against Mr. Joaquín Rivero and any other party involved, for misuse of authority under letters of endorsement raised by Abanca (see section 5.5.9.6.1).

No provision was recognized for this purpose.

- Bami Newco was the subject of insolvency proceedings commenced in June 2013. Gecina and SIF Espagne reported their receivables in the context of these bankruptcy proceedings.

  The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016 Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the *de facto* and *de jure* Directors of Bami Newco and they continue to assert their rights and defend their interests in these proceedings.

  The Spanish company Bamolo, to which Gecina granted in 2007 a €59 million loan, which matured in October 2010, filed for bankruptcy in 2011. Gecina has reported this loan refund receivable as a loss, under the Spanish proceedings. Having gained knowledge of a loan at the same time as the Gecina loan, granted by Bamolo, for an equivalent amount to a company known as Eusko Levantear Eraikuntzak II (ELE), also in receivership, Gecina is asserting its rights and defending its interests in these two bankruptcy proceedings. Following the liquidation phase of Bamolo, on March 10, 2015, Gecina filed, before the Spanish courts, a liability action against the *de jure* and *de facto* Directors of Bamolo, including Mr. Joaquín Rivero, for fraudulent bankruptcy. The proceedings are ongoing.

- A joint bond of €5 million involving SIF Espagne was granted to FCC Construcción for the development by Bami Newco of a corporate office in Madrid on behalf of FCC Construcción. The latter went to a Spanish court to demand the payment of this bond. On September 12, 2014, the Madrid Appeals Court ordered Bami Newco and its guarantors (SIF Espagne and Inmopark 92 Alicante) to pay jointly to FCC Construcción the sum of €5 million in principal, in addition to late penalties and court costs.

  In November 2014, FCC Construcción requested the enforcement of the aforementioned ruling against SIF Espagne, which made the corresponding payment.

  Bami Newco and SIF Espagne appealed the merits of the case but their appeal was rejected by a ruling handed down on January 11, 2017, thus making the Appeals Court ruling firm and final.

  The corresponding provision of €5 million has been written back in the accounts of SIF Espagne and a debt has been recognized to Bami Newco and Inmopark 92 Alicante, on the assets side of the balance sheet, immediately written down for impairment due to the financial position of these two companies and their ongoing bankruptcy proceedings.

  The ensuing statements of claims were confirmed in the bankruptcy proceedings of Bami Newco and Inmopark 92 Alicante.

- There are no other government, judicial or arbitration proceedings pending, including any proceeding of which the company is aware, or with which it is threatened, which may or have had in the last twelve months material impacts on the financial position or profitability of the company and/or the Group.

5.5.9.7 Post-balance sheet events

None

06

EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

6.1 EXECUTIVE MANAGEMENT

The Executive Management is represented by Ms. Méka Brunel, appointed by the Board of Directors on January 6, 2017 as Chief Executive Officer. Ms. Méka Brunel is also a Director and member of the Board of Directors.

The Board of Directors is chaired by Mr. Bernard Carayon. He was appointed during the Board of Directors' Meeting of April 18, 2018 held after the Annual General Meeting on the same day, which had appointed him as a Director.

6.2 BOARD OF DIRECTORS AND ITS COMMITTEES

The composition of the Board of Directors and the Board of Directors' Committees changed during the first half of 2018. They are now comprised as follows.

6.2.1 BOARD OF DIRECTORS

At June 30, 2018, the Gecina Board of Directors is made up of the following 10 members, 60% of whom are independent Directors and 50% are women:

BERNARD CARAYON
Chairman of the Board of Directors, Independent Director

MÉKA BRUNEL
Chief Executive Officer and Director

LAURENCE DANON ARNAUD
Independent Director

DOMINIQUE DUDAN
Independent Director

GABRIELLE GAUTHEY
Independent Director

STRUCTURE OF THE BOARD OF DIRECTORS AT JUNE 30, 2018

CLAUDE GENDRON
Director

SYLVAIN FORTIER
Permanent representative of Ivanhoé Cambridge Inc. Director

JACQUES-YVES NICOL
Independent Director

JEAN-JACQUES DUCHAMP
Permanent representative of Predica Director

INÈS REINMANN TOPER
Independent Director

During the first half of 2018, the following changes were made to the structure of the Board of Directors:

Director's name	Renewal	Appointment	Departure	Comments
Ms. Méka Brunel	X			Renewal by the Annual General Meeting of April 18, 2018 for a four-year term, *i.e.*, until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2021.
Mr. Jacques-Yves Nicol	X			Renewal by the Annual General Meeting of April 18, 2018 for a four-year term, *i.e.*, until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2021.
Ms. Isabelle Courville			X	Resignation from directorship effective after the Annual General Meeting of April 18, 2018.
Mr. Bernard Michel			X	Expiry of his directorship at the end of the Annual General Meeting of April 18, 2018.
Mr. Bernard Carayon		X		Appointment by the Annual General Meeting of April 18, 2018 to replace Mr. Bernard Michel for a four-year term, *i.e.* until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2021. Following this appointment, Mr. Bernard Carayon resigned from his term of office as an observer, which he had held within the Board of Directors since September 7, 2017.
Ms. Gabrielle Gauthey(1)		X		Appointment by the Annual General Meeting of April 18, 2018 to replace Ms. Isabelle Courville for a four-year term, *i.e.* until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2021.

(1) Gabrielle Gauthey
Ms. Gabrielle Gauthey is a former student of the École Polytechnique and graduate of Télécom Paris Tech and École des Mines of Paris, a general mining engineer, she has a postgraduate diploma (DEA) in economic analysis. The appointment of Ms. Gabrielle Gauthey enables the Board, in particular, to benefit from her expertise in new technologies and innovation. From February 2015 to March 2018, Ms. Gabrielle Gauthey was Investment and Local Development Director and member of the Management Committee of the Caisse des Dépôts Group, a French public institution.

It should be noted that since the total number of employees of the company and its subsidiaries is lower than the thresholds fixed by Article L. 225-27-1 of the French Commercial Code, there is no Director representing employees on the Board of Directors. However, in accordance with Article L. 2312-72 of the French Labor Code, members of the Works Council attend Board of Directors' Meetings in an advisory capacity.

6.2.2 BOARD OF DIRECTORS' COMMITTEES

The Board of Directors' Meeting held after the Annual General Meeting of April 18, 2018, changed the composition of its Committees. The Committees are now comprised as detailed below.

Committees	Composition as at June 30, 2018	Comments
Strategic and Investment Committee	**4 members:** ■ Mr. Sylvain Fortier, Permanent representative of Ivanhoé Cambridge Inc., Chairman of the Committee ■ Ms. Méka Brunel ■ Mr. Bernard Carayon ■ Mr. Jean-Jacques Duchamp, Permanent representative of Predica	The Board of Directors' Meeting of April 18, 2018, held after the Annual General Meeting of the same day, decided to appoint Mr. Bernard Carayon to replace Mr. Bernard Michel as a member of this Committee, for an indefinite period that shall be no longer than his term of office as a Director.
Audit and Risk Committee	**6 members, 4 of whom are independent:** ■ Mr. Jacques-Yves Nicol(1), Chairman of the Committee ■ Ms. Dominique Dudan(1) ■ Ms. Gabrielle Gauthey(1) ■ Mr. Claude Gendron ■ Mr. Jean-Jacques Duchamp, Permanent representative of Predica ■ Ms. Inès Reinmann Toper(1) No executive corporate officer. The Chairman has the casting vote in the event of a tie.	The Board of Directors' Meeting of April 18, 2018, held after the Annual General Meeting of the same day, decided to appoint Ms. Gabrielle Gauthey to replace Ms. Isabelle Courville as a member of this Committee, for an indefinite period that shall be no longer than her term of office as a Director.
Governance, Appointment and Compensation Committee	**3 members, 2 of whom are independent:** ■ Ms. Inès Reinmann Toper(1), Chairwoman of the Committee ■ Ms. Laurence Danon Arnaud(1) ■ Mr. Claude Gendron No executive corporate officer. The Chairman has the casting vote in the event of a tie.	The Board of Directors' Meeting of April 18, 2018, held after the Annual General Meeting of the same day, decided to maintain the composition of this Committee as described here.

(1) Independent Director.

During its meeting on July 19, 2018 chaired by Mr. Bernard Carayon, the Board of Directors acknowledged Mr. Jacques-Yves Nicol's resignation from his position as a member and Chairman of the Audit and Risk Committee, and decided to appoint Ms. Gabrielle Gauthey as this Committee's Chairwoman. The Board of Directors also appointed Ms. Laurence Danon Arnaud as a member of this Committee.

07

CONCORDANCE TABLE

The headings are only completed where there has been a modification to Reference Document D.18-0069.

CONCORDANCE TABLE

PUBLIC DOCUMENTS

This half-year financial report is available free of charge on request from the Financial Communications Department at Gecina at the following address: 16, rue des Capucines, 75002 Paris, or by telephone at +33 (0)1 40 40 50 79, or by e-mail to actionnaire@gecina.fr. It is also available on Gecina Internet site (www.gecina.fr).

Other documents accessible at Gecina's head office or on its website include:

- the company's bylaws;
- all reports, letters and other documents, historic financial reports, evaluations and statements compiled by an appraiser at the request of the company or mentioned in the Reference Document 2017;
- the historic financial reports of the company and its subsidiaries for the two years preceding the publication of the half-year financial report.

PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Ms. Méka Brunel,

Chief Executive Officer of Gecina (hereinafter the "company" or "Gecina").

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CONCORDANCE TABLE

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