2019

Half-Year Report

Contents

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This updated reference document was lodged with the French Financial Markets Authority ("the AMF") on July 19, 2019, 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 25, 2019, under number D.19-0074, 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.

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Declaration by the responsible party

"I certify that, having taken all reasonable measures to this effect, the information contained in this update of the Registration 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 related 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, 2019 shown in this update have undergone a limited review by the Statutory Auditors, as shown in chapter 4."

Méka Brunel

Chief Executive Officer

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Key figures

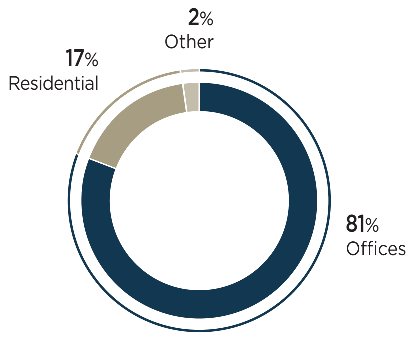
In € million	Change *vs* 06/30/2018	06/30/2019	12/31/2018	06/30/2018
GROSS RENTAL INCOME	**-1.4%**	**330.6**	**661.7**	**335.4**
Offices	-2.2%	268.5	540.0	274.5
■ Paris CBD & 5-6-7 - Offices	-1.4%	69.7	140.3	70.6
■ Paris CBD & 5-6-7 - Retail	+2.6%	18.2	36.3	17.7
■ Paris other	+31.6%	54.9	93.2	41.8
■ Western Crescent - La Défense	+8.2%	87.5	164.1	80.8
■ Other Paris Region	-18.1%	26.7	61.4	32.6
■ Other French regions/International	-62.7%	11.5	44.6	30.9
Residential	+2.0%	62.1	121.7	60.9
NET RECURRING INCOME (GROUP SHARE)(1)	**-5.0%**	**218.8**	**437.2**	**230.3**
VALUE IN BLOCK OF PROPERTY HOLDING(2)	**+0.3%**	**19,895**	**19,270**	**19,836**
Offices	-0.0%	16,198	15,575	16,200
■ Paris CBD & 5-6-7 - Offices	+7.1%	5,281	5,050	4,929
■ Paris CBD & 5-6-7 - Retail	+6.2%	1,569	1,515	1,477
■ Paris other	+11.7%	3,028	2,830	2,711
■ Western Crescent - La Défense	+2.6%	4,839	4,696	4,715
■ Other Paris Region	-6.5%	977	973	1,045
■ Other French regions/International	-61.9%	504	511	1,323
Residential	+5.0%	3,359	3,291	3,198
Hotels & financial lease	-22.8%	338	404	438
NET YIELD ON PROPERTY HOLDING(3)	**-22BP**	**3.96%**	**4.06%**	**4.18%**

DATA PER SHARE *(In €)*	Change *vs* 06/30/2018	06/30/2019	12/31/2018	06/30/2018
Net recurring income (Group share)	-5.7%	2.96	5.93	3.14
EPRA diluted NAV(4)	+8.0%	169.8	161.6	157.3
EPRA NNNAV(4)	+5.6%	165.4	160.5	156.6
Net dividend		-	5.50	-

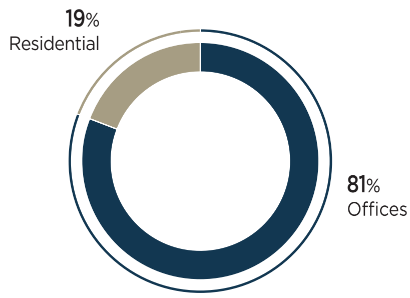
NUMBER OF SHARES	Change *vs* 06/30/2018	06/30/2019	12/31/2018	06/30/2018
Comprising the share capital	+1.2%	76,319,060	76,266,750	75,421,643
Excluding treasury stock	+0.1%	73,378,150	74,126,324	73,280,705
Diluted number of shares excluding treasury stocks	+0.2%	73,622,597	74,375,424	73,507,865
Average number of shares excluding treasury stocks	+0.8%	73,849,747	73,709,602	73,272,281

(1) EBITDA less net financial expense and recurring tax.
(2) See Note 3.5 "Appraisal of the property portfolio".
(3) Like-for-like basis June 2019, excluding duties.
(4) See Note 3.7 "Net Asset Value".

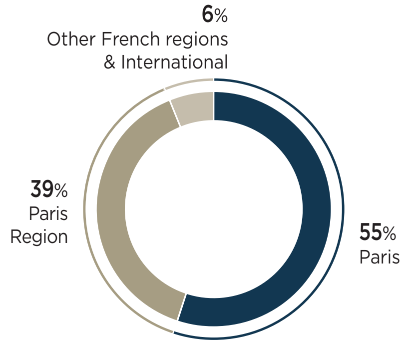
Property holding appraisal by business



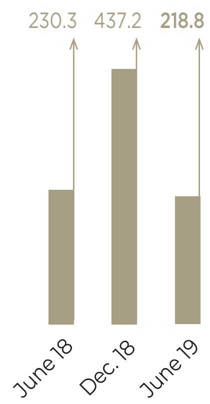
Breakdown of rental revenues by business



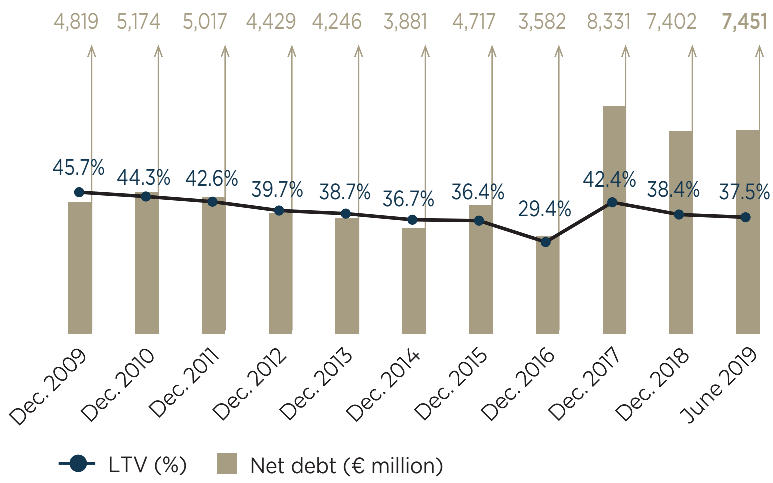
Geographic breakdown of rental revenues



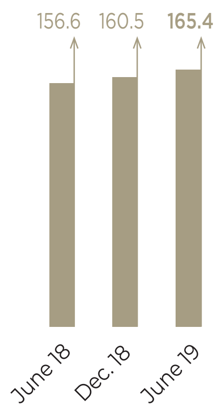
Net recurring income – Group share *(€ million)*



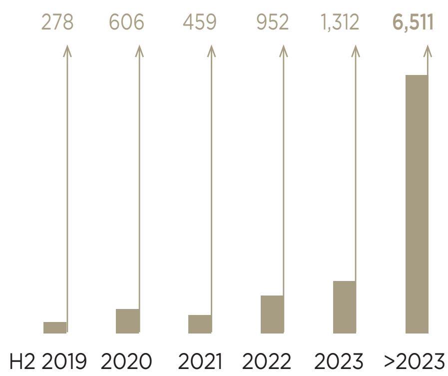
LTV ratio (excluding duties)



EPRA NNNAV *(€)*



Schedule of authorized financing (including unused credit lines and excluding commercial paper)*(€ million)*



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Business review

3.1 Particularly dynamic first half of 2019

3.1.1 Robust trends for rental income like-for-like

For the first half of 2019, gross rental income totaled €330.6m, down -1.4% primarily due to the divestment program rolled out, and up +2.0% like-for-like, significantly outperforming indexation, linked in part to positive rental reversion.

On a current basis, the -1.4% contraction is linked primarily to the impact of the non-strategic assets sold in 2018 (over €1.3bn), primarily in other French regions outside of Paris, with rental income down -€32.5m, and to a lesser extent the first impacts of the temporary loss of rent on assets with strong value creation potential transferred to the development pipeline (-€6.6m). This contraction is almost completely offset by the impact of the buildings delivered in 2018 and the first half of 2019 (+€28.8m).

This performance benefits from like-for-like growth of +2.0%, reflecting a slight increase in indexation to +1.5% and the positive reversion achieved (+0.4%).

GROSS RENTAL INCOME *In million euros*	Jun 30, 19	Jun 30, 18	Change *(%)* Current basis	Like-for-like
Offices	268.5	274.5	-2.2%	+1.9%
Traditional residential	52.8	52.8	+0.0%	+2.5%
Student residences	9.4	8.2	+14.9%	+1.8%
TOTAL GROSS RENTAL INCOME	**330.6**	**335.4**	**-1.4%**	**+2.0%**

Annualized rental income

Annualized rental income (IFRS) is up slightly (+€8m) from December 31, 2018, factoring in the impact of Ibox's delivery during the first half of the year and the progress made with letting Be Issy following its recent delivery for +€7m, as well as like-for-like growth (+€10m), offsetting the loss of rent resulting from the sales completed since the start of the year (-€5m) and the departures of tenants from buildings to be redeveloped (-€4m).

Note that this annualized rental income includes €34.5m from assets intended to be vacated shortly for redevelopment, and €3.3m from buildings currently subject to preliminary sales agreements and scheduled to be finalized during the second half of the year.

ANNUALIZED RENTAL INCOME (IFRS) *In million euros*	Jun 30, 19	Dec 31, 18
Offices	538	531
Traditional residential	106	105
Student residences	18	18
TOTAL	**662**	**654**

Offices: positive trends in the most central sectors

Like-for-like, office rental income is up +1.9%, with +2.2% excluding the impact of the temporary change in the vacancy rate, due to certain tenants vacating buildings located in secondary sectors with longer reletting times than for the most central sectors. . This increase reflects an improvement in indexation (+1.7%) and the positive reversion achieved (+0.4%).

The performance levels recorded once again over the first half of the year show a good contribution by the most central sectors, with rental income up +2.5% like-for-like in Paris city.

With this organic performance, against a backdrop of improvements in market rental conditions in the most central sectors, the Group is raising its guidance for organic growth in office rental income in 2019 to over 2% (excluding vacancy effect), compared with the +1.7% to +2.0% expected previously. This robust development factors in indexation, as well as the higher level of rental reversion, confirming the solidity of Gecina's underlying markets. The change in rental vacancies could have a negative impact in 2019, with like-for-like organic growth in office rental income likely to come in below 2%.

On a current basis, rental income from offices is down -2.2%, notably reflecting the impact of the sales of non-strategic assets in 2018 (-€31.7m) and the assets with strong value creation potential freed up for redevelopment (-€6.5m). This loss of rent is offset almost completely by the impacts of the delivery in 2018 and early 2019 of six buildings in Paris (Ibox, Penthemont 1, Le France, Le Jade, Guersant and Ville l'Evêque), two buildings in the Western Crescent (Be Issy in Issy-les-Moulineaux and Octant-Sextant in Levallois) and one asset in Lyon (Sky 56).

GROSS RENTAL INCOME - OFFICES *In million euros*			**Change** *(%)*	
	Jun 30, 19	**Jun 30, 18**	**Current basis**	**Like-for-like**
OFFICES	**268.5**	**274.5**	**-2.2%**	**+1.9%**
Paris City	**142.7**	**130.1**	**+9.7%**	**+2.5%**
▪ Paris CBD & 5-6-7 - Offices	69.7	70.6	-1.4%	+0.2%
▪ Paris CBD & 5-6-7 - Retail	18.2	17.7	+2.6%	+3.4%
▪ Paris - Other	54.9	41.8	+31.6%	+5.7%
Western Crescent - La Défense	87.5	80.8	+8.2%	+0.7%
Other Paris Region	26.7	32.6	-18.1%	+2.4%
Other French regions / International	11.5	30.9	-62.7%	+0.4%

Traditional residential: positive organic trends, benefiting from the strategy rolled out

Like-for-like, rental income for traditional residential properties is up +2.5%, compared with organic growth of just +0.6% in 2017 and +2.0% in 2018.

This performance takes into account indexation of +1.2% and the improvement in the financial occupancy rate, as well as the positive reversion achieved (+0.2%) on the apartments relet since January 1, 2019, averaging out +7.8% higher than the previous tenant's rent. This significant reversion reflects the effects of the Residential Division's reorganization, delivering a clear outperformance compared with the average reversion of +1.9% recorded between 2014 and 2017 (+5.6% in 2018).

On a current basis, rental income is stable at €52.8m, with organic trends offsetting the impacts of the ongoing vacant unit-based sales program.

Student residences

Rental income from student residences shows a significant increase on a current basis (+14.9%), reflecting the impact of the delivery of the new "Rose de Cherbourg" residence in La Défense for the start of the 2018 academic year, as well as the ramping up of residences delivered for the start of the 2017 academic year.

Like-for-like, the good rental trends reflect the positive consequences of the operational turnaround of two residences in Lille and Paris.

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

The Paris Region's office real estate market trends were once again marked by a solid performance in terms of rental transactions, with a growing supply-side shortfall, especially at the heart of Paris. While the volume of rental transactions is lower than the first half of 2018, it is still in line with the long-term average, while immediate supply is close to an all-time low, particularly in Paris, where it represents a stock of just 388,000 sq.m, one of the lowest levels on record, representing just five months of lettings at current rates. For Paris City, the vacancy rate is still around 2%, stable compared with end-2018 and close to an all-time low.

As a result, rents are trending up. Cushman & Wakefield reports positive trends for new or redeveloped offices for virtually all sectors (average of +5% over 12 months, and +6% for Paris City). However, the upside pressure on rents for existing properties is limited to the most central sectors preferred by Gecina, especially Paris City (+9% year-on-year) and the Western Crescent (+3%), compared with downwards trends for the Inner and Outer Rims (respectively -8% and -7%), where the Group's presence is however relatively limited.

There is a clear supply-side shortfall in Paris, because Paris accounts for 44% of take-up, but just 13% of immediate supply, with this ratio reversed for the Paris Region's other sectors.

The shortage in terms of immediate supply for Paris is therefore supporting pre-lettings upstream from deliveries, as well as reversion potential, which is growing, especially at the heart of Paris.

Robust rental activity during the first half of the year and promising outlook for reversion at the heart of the most central sectors

Almost 85,000 sq.m let since the start of the year

Since the start of the year, Gecina has let, relet or renegotiated nearly 85,000 sq.m of offices, representing almost €30m of annualized rental income, reflecting both the positive trends on the Paris market and the Group's commitment to anticipating its letting challenges.

The performance levels achieved once again show a clear rental outperformance for the Paris Region's most central sectors and especially Paris City.

- This performance has been driven by the capital's core, with +5% headline reversion in the CBD and the 6th and 7th arrondissements, and +2% for the rest of Paris, where levels of incentives have fallen significantly. However, only 38% of the transactions recorded during the first half of the year were located in Paris. For reference, 61% of Gecina's office portfolio is located in Paris City.
- This reversion was also positive for La Défense during the first half of this year, but remained negative for the Paris Region's other sectors.

These performance levels, achieved through tenant rotations, confirm the Group's strategic focus on the most central sectors.

Theoretical reversion potential of around +8.6%

Gecina has identified reversion potential (difference between the theoretical market headline rents and the levels of rent in place) of around +8.6% on average across its portfolio.

This theoretical potential is driven primarily by Paris City, where this spread represents +18% on average, benefiting from the significant upturn observed on rental markets in the last few years, while the Western Crescent and specifically the rest of the Paris Region show less significant or even negative spreads.

This potential performance will be gradually delivered over the coming years as the current leases come to an end.

3.1.2 Occupancy rate still close to 95%

The average financial occupancy rate for the first half of 2019 was 94.6%, down -100bp year-on-year and -30bp over six months. This contraction is linked primarily to the impact of the recent deliveries of partially vacant buildings, which have now been let, including Be Issy and Ibox, for which the leases signed recently will not impact the average financial occupancy rate until the end of 2019, and which therefore temporarily had a negative impact on the first-half financial occupancy rate for -1.2pts. The average occupancy rates at end-June for Be Issy and Ibox were 41% and 40%, while their effective letting rates represent 80% and 100% respectively.

For student residences, the drop in the occupancy rate over six months factors in a seasonality effect. Over one year, it is linked primarily to the recent delivery of a large residence in Puteaux-La Défense (Rose de Cherbourg) and the ramping up of the residences opened recently, particularly in Marseille.

AVERAGE FINANCIAL OCCUPANCY RATE	Jun 30, 18	Sep 30, 18	Dec 31, 18	Mar 31, 19	Jun 30, 19
Offices	95.4%	94.9%	94.7%	94.5%	94.4%
Traditional residential	97.6%	97.5%	97.5%	97.6%	97.7%
Student residences	88.7%	87.6%	87.0%	87.3%	84.9%
Other commercial assets	97.3%	97.4%	97.5%	96.4%	n.a.
GROUP TOTAL	**95.6%**	**95.1%**	**94.9%**	**94.7%**	**94.6%**

The rental margin

The rental margin came to 91.9%, stable compared with the first half of 2018, but higher for the traditional residential portfolio due to the impact of a reduction in the level of expenses that cannot be transferred to tenants, offsetting the lower rental margin recorded on student residences, affected by the residences opened recently in La Défense (Rose de Cherbourg) and Marseille (Mazenod).

	Group	Offices	Residential	Student
Rental margin at Jun 30, 2018	91.9%	94.1%	82.8%	80.6%
RENTAL MARGIN AT JUN 30, 2019	**91.9%**	**94.1%**	**84.0%**	**74.2%**

3.2 Recurrent net income (Group share) reflecting the significant changes in scope

Recurrent net income (Group share)is down -5.0% (-5.7% per share), in line with the Group's expectations, linked in particular to the impact of the sales completed in 2018 and the assets launched for redevelopment, partially offset by the first rental income from the assets delivered in 2018. In terms of financial expenses, this change also reflects the reduction in capitalized financial expenses due to the high volume of deliveries over the last 12 months.

Excluding the impact of sales of non-strategic assets from Eurosic's scope in 2018, recurrent net income per share is up +2.5%.

Portfolio rotation: -€32.0m net change in rental income

This change factors in the divestments carried out in 2018, primarily over the second half of 2018, including the sale of assets in other regions outside of Paris, as well as restaurant premises and a selection of office buildings in the Paris Region (Crystalys-Velizy, Guersant 2-Paris, Dock en Seine-Saint Ouen). On the other hand, the impact of acquisitions is limited to a single asset adjacent to other Group buildings located in Neuilly (8 Graviers).

Operations relating to the pipeline (deliveries and redevelopments launched): +€22.1m 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 +€28.8m (eight office buildings, including one delivered in the first half of the year, and one student residence delivered for the start of the 2018 academic year). Alongside this, the buildings transferred to the pipeline in 2018 or to be transferred shortly account for a temporary drop in rental income of around -€6.6m compared with the first half of 2018.

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Optimization of the balance sheet and reduction in capitalized financial expenses

Financial expenses are up +€8.7m. This increase is linked mainly to the significant volume of projects delivered from the pipeline, and the resulting reduction in capitalized financial expenses (-€6.4m), which now represent €5.2m (versus €11.6m for the first half of 2018). Furthermore, Gecina was particularly active in terms of managing its balance sheet during the first half of the year, increasing the average maturity of its debt to 7.7 years (versus 7.3 years at end-2018), with the average cost of drawn debt remaining unchanged at 1.1% (and 1.4% including undrawn credit lines).

In million euros	Jun 30, 19	Jun 30, 18	Change (%)
GROSS RENTAL INCOME	**330.6**	**335.4**	**-1.4%**
NET RENTAL INCOME	**304.0**	**308.1**	**-1.4%**
Operating margin for other business	6.1	5.5	+11.3%
Services and other income (net)	2.6	1.7	+50.5%
Salaries and management costs	(41.3)	(40.9)	+0.9%
EBITDA	**271.4**	**274.4**	**-1.1%**
Net financial expenses	(49.3)	(40.6)	+21.4%
RECURRENT GROSS INCOME	**222.1**	**233.8**	**-5.0%**
Recurrent net income from associates	0.6	0.0	na
Recurrent minority interests	(0.8)	(1.1)	-20.6%
Recurrent tax	(3.1)	(2.5)	+25.0%
RECURRENT NET INCOME (GROUP SHARE)	**218.8**	**230.3**	**-5.0%**
RECURRENT NET INCOME (GROUP SHARE) PER SHARE	**2.96**	**3.14**	**-5.7%**

3.3 Disposals

3.3.1 €423m of sales completed or secured over the first half of the year, further strengthening the centrality of the Group's portfolio and reducing its LTV to 35.3%

Since the start of the year, Gecina has sold or secured sales for almost €423m of assets, achieving an average premium of +5.7% versus their latest values from end-2018, with €125m already completed and €298m covered by preliminary agreements and to be finalized by the end of the year.

These sales aim to further strengthen the centrality of Gecina's portfolio and rationalize its composition by selling or planning to divest non-strategic assets (logistics, hotels), while reducing the Group's LTV.

€376m of commercial assets sold in the first half of the year (or subject to preliminary agreements at end-June 2019)

The commercial sales completed (or under preliminary agreements) since the start of the year represent €376m, achieving an average premium of +4.1%, with the following breakdown:

- €93m were finalized during the first half of the year, with the remaining €283m to be completed by the end of the year;
- Nearly 72% of these sales concern real estate sectors that are not strategic for Gecina (Logistics, Restaurants, Hotels);
- 61% concern assets located outside of Paris ;
- 79% of these sales concern assets from the previous Eurosic scope.

As a result, once the sales currently under preliminary agreements have been finalized, Gecina will further strengthen its portfolio's exposure to the Paris Region's most central sectors, in line with the Group's core strategies.

In addition, based on the appraisal values from end-June 2019, the LTV is around 35.3% (37.5% excluding duties). Pro forma for sales under preliminary agreements at end-June, the LTV represents 34.4% (including duties).

Nearly €48m of residential sales completed or secured at end-June 2019

Alongside this, Gecina completed over €32m of residential sales on a vacant unit basis in the first half of 2019, achieving an average premium of +19.7% versus the latest appraisals. €15m of vacant unit-based sales were also covered by preliminary sales agreements at end-June 2019, with a premium of +20.4%.

3.4 Investments

3.4.1 Residential portfolio: performance ramped up over the first half of the year

Recap on Gecina's core strategies for residential

Densification: capitalizing on the portfolio's centrality

In connection with the review of its residential portfolio 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 €70m. 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 is 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, in line with regulations for Paris' residential market. These investments of around €100m overt the next seven years will make it possible to maximize the Group's performance in terms of robust organic growth.

Refurbishment of vacated apartments: following the conclusive results achieved with the first operations benefiting certain apartments in Paris' 15th arrondissement, the Group is refurbishing apartments when they are vacated in order to maximize their rental potential. This program is expected to represent a total investment volume of around €100m, with €70m to be paid out over the next five years.

First impacts reducing the vacancy rate and capturing reversion

Compared with end-2017, the financial vacancy rate for the residential portfolio is down -0.8 pts, in line with the downwards trend seen since 2018. In addition, the reversion potential captured in the first half of 2019 once again shows a significant improvement compared with previous years, with the new leases signed achieving +7.8% higher rents on average than the levels paid by the previous tenants. This performance compares favorably with the average reversion of +1.9% per year observed between 2014 and 2017, and even in 2018, when this differential already showed an improvement of +5.6%. As a result, organic growth in residential rental income came to +2.5%, significantly outperforming indexation.

3.4.2 €3.8bn project pipeline, with €3.0bn underway or to be launched shortly

One project delivered during the first half of 2019, with six more to follow over the second half of the year

During the first half of the year, Gecina delivered the Ibox building, located in Paris-Gare de Lyon and fully let to several outstanding tenants.

Another six projects, representing almost 70,000 sq.m, are expected to be delivered during the second half of 2019, with four buildings located in Paris (MAP, Pyramide, Friedland, Penthemont 2), with over 90% of their space pre-let, and two buildings in La Défense (Carré Michelet and Being-Guynemer), partially pre-let at this stage.

€3.0bn of projects committed or to be committed in the short term

€1.5bn of committed projects (deliveries for 2019-2022)

Nearly 58% of this committed pipeline is located in Paris City, with 36% in the Western Crescent's best business districts (Neuilly and La Défense) and the remaining 6% comprising a student residence and a residential program in the Paris Region. In total, 14 projects are currently committed to and will be delivered between 2019 and 2022.

With an expected yield on cost of 5.5%, the committed pipeline represents a potential rental income volume of around €84m as the various assets are delivered. At this stage, 44% of the projects scheduled for delivery between 2019 and 2021 have been pre-let. The pre-letting rate represents 50%[1] for the seven committed office projects scheduled for delivery in 2019 and 2020. This rate is expected to rise shortly, since talks are currently at an advanced stage for several vacant spaces.

At end-June, €306m were still to be invested on committed projects, with €88m by end-2019, €125m in 2020 and €82m in 2021.

€1.5bn of "controlled and certain" projects to be launched over the coming half-year periods (deliveries in 2020-2024)

The "controlled and certain" pipeline groups together 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 periods.

This pipeline includes 13 projects that will be transferred to the committed pipeline when they are vacated by their current tenants. During the first half of this year, €17.8m of rental income was received on these buildings, which are scheduled to be vacated before being redeveloped.

These projects are scheduled for delivery between 2020 and 2024, and 78% are located in Paris City, with an average expected yield on cost of 6.1%, representing nearly €91m of potential rental income.

€586m will be invested in these controlled and certain projects once they have been launched, expected for the coming half-year periods.

In the short term, eight projects, including two major projects in Paris' central business district, could be launched, representing nearly 80,000 sq.m, scheduled for delivery between 2020 and 2023.

€0.8bn of "likely" controlled projects over the longer term (possible deliveries in 2022-2026)

The "likely" 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 6.5% with a portfolio of potential projects focused primarily on Paris (53%). These projects will be launched as decided by Gecina in line with real estate market developments at the time of their potential launch. The greenfield operations will be able to be launched or sold based on the opportunities that arise.

(1) On office portfolio.

Concise overview of the developments pipeline

PROJECTS	Location	Delivery date	Total space (sq.m)	Total invest. (€m)	Already invested (€m)	Still to invest (€m)	Yield on cost (net)	Prime yields (BNPPRE)	Pre-let
La Défense - Carré Michelet	Western Crescent	Q3-19	37,200	338	337	2			29%
Paris – MAP	Paris	Q3-19	13,800	156	155	1			100%
Paris – Pyramide	Paris CBD	Q3-19	2,100	35	33	2			100%
La Défense - Guynemer	Western Crescent	Q3-19	12,200	96	84	13			0%
Paris – Friedland	Paris CBD	Q4-19	1,800	28	24	4			0%
Paris - Penthemont 2	Paris 7th	Q4-19	2,400	53	43	10			100%
Paris - 7, Rue de Madrid	Paris CBD	Q2-20	11,100	108	85	23			100%
Neuilly - 157 Charles de Gaulle	Western Crescent	Q2-21	11,200	107	66	42			0%
Paris - L1ve	Paris CBD	Q1-22	33,500	478	371	106			0%
TOTAL OFFICES			**125,300**	**1,400**	**1,198**	**202**	**5.6%**	**3.4%**	**32%**
Paris - St Mandé	Paris	Q2-20	700	4	1	3			na
Paris – Glacière	Paris	Q2-20	300	2	0	2			na
Paris - Porte Brançion	Paris	Q2-21	2,900	19	0	19			na
Ivry sur Seine - Ynov	Inner Rim	Q2-21	7,200	41	7	35			na
Ville d'Avray	Inner Rim	Q3-21	10,100	49	4	45			na
TOTAL RESIDENTIAL			**21,200**	**115**	**11**	**104**	**5.1%**	**3.9%**	
TOTAL COMMITTED PIPELINE			**146,500**	**1,515**	**1,209**	**306**	**5.5%**	**3.4%**	
Controlled and certain: Offices			**138,575**	**1,412**	**871**	**541**	**6.2%**	**3.3%**	
Controlled and certain: Residential			**14,968**	**84**	**39**	**45**	**4.3%**	**3.4%**	
TOTAL CONTROLLED AND CERTAIN (TO BE COMMITTED)			**153,543**	**1,495**	**910**	**586**	**6.1%**	**3.3%**	
TOTAL COMMITTED + CONTROLLED AND CERTAIN			**300,043**	**3,011**	**2,119**	**891**	**5.8%**	**3.3%**	
Likely redevelopments			90,264	648	389	259	6.0%	3.4%	
Greenfield			60,000	177	3	173	8.6%	5.0%	
TOTAL CONTROLLED AND LIKELY			**150,264**	**825**	**392**	**433**	**6.5%**	**3.8%**	
TOTAL PIPELINE			**450,307**	**3,836**	**2,512**	**1,324**	**5.9%**	**3.4%**	

3

3.5 Appraisal of the 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, 2018. 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:

In € million	Block value			Δ current basis		Δ like-for-like basis	
	06/30/2019	12/31/2018	06/30/2018	06/30/2019 vs. 06/30/2018	06/30/2019 vs. 12/31/2018	06/30/2019 vs. 06/30/2018	06/30/2019 vs. 12/31/2018
OFFICES	**16,198**	**15,575**	**16,200**	**-0.0%**	**+4.0%**	**+4.5%**	**+4.2%**
Paris City	9,878	9,395	9,116	+8.3%	+5.1%	+6.8%	+5.1%
▪ Paris CBD & 5-6-7	6,849	6,565	6,405	+6.9%	+4.3%	+6.2%	+4.1%
▪ Paris CBD & 5-6-7 - Offices	5,281	5,050	4,929	+7.1%	+4.6%	+5.9%	+4.2%
▪ Paris CBD & 5-6-7 - Retail	1,569	1,515	1,477	+6.2%	+3.5%	+6.7%	+3.7%
▪ Paris - Other	3,028	2,830	2,711	+11.7%	+7.0%	+8.6%	+7.8%
Western Crescent - La Défense	4,839	4,696	4,715	+2.6%	+3.1%	+0.7%	+2.9%
Paris Region - Other	977	973	1,045	-6.5%	+0.4%	+0.6%	+1.2%
Other French regions / International	504	511	1,323	-61.9%	-1.5%	+8.6%	+4.7%
RESIDENTIAL	**3,359**	**3,291**	**3,198**	**+5.0%**	**+2.1%**	**+7.4%**	**+2.9%**
HOTELS & FINANCIAL LEASE	**338**	**404**	**438**	**-22.8%**	**-16.4%**	**N.A.**	**N.A.**
GROUP TOTAL - BLOCK VALUE	**19,895**	**19,270**	**19,836**	**+0.3%**	**+3.2%**	**+5.0%**	**+3.9%**
GROUP TOTAL - UNIT APPRAISALS	**20,386**	**19,745**	**20,322**	**+0.3%**	**+3.2%**	**+4.9%**	**+4.0%**

The property portfolio had a block value of €19,895 million, corresponding to a rise of €625 million in the first half of 2019 (*i.e.* up 3.2%).

This rise was mainly due to the increase in asset value on a like-for-like basis (+€632 million including €40 million of investments) and of assets under development (+€129 million, of which €55 million of investments).

The main changes in the property portfolio in the financial year are the following:

On a current basis:

(i) €632 million increase, corresponding to the rise in asset value on a like-for-like basis ;

(ii) €129 million growth in the pipeline (€55 million in investment) ;

(iii) increase of €11 million in value of office and hotel assets for block disposal, for a value of €283 million at June 30, 2019 ;

(iv) decline of €89 million (value at December 31, 2018) corresponding to block disposals for a sales price of €93 million ;

(v) assets for block disposal were down €21 million (value at December 31, 2018), in particular due to disposals in the half year ;

(vi) stability of land reserves ;

(vii) decrease of €31 million in the finance lease portfolio.

On a like-for-like basis:

Gecina's like-for-like basis at €16,659 million increased €632 million over the half year (*i.e.* +3.9%) including €40 million in expenses and improvement works:

(i) +4.2% increase in the offices portfolio, equivalent to +€546 million. Net capitalization rates were down (-14 bp at 4.10%) ;

(ii) overall increase in the residential portfolio was +2.9% *i.e.* +€86 million. This breaks down as follows: +3.2% or +€84 million for traditional residential properties and +0.8% or +€2 million for student residences. Unit valuations increased by +3.1%.

The value per square meter of traditional residential properties stood at €6,920/sq.m as at June 30, 2019 with a net capitalization rate of 3.10%. The value per square meter of student residences was €5,000/sq.m with a net capitalization rate of 4.90%.

Yield rate and capitalization rate

Net capitalization rates excluding duties dipped by 10 basis points over the half year, on a like-for-like basis.

	Net yield (incl. duties)		Net capitalization rate (excl. duties)	
In € million	06/30/2019	12/31/2018	06/30/2019	12/31/2018
OFFICES	**3.85%**	**3.98%**	**4.10%**	**4.24%**
Paris City	3.28%	3.40%	3.50%	3.63%
▪ Paris CBD & 5-6-7	2.96%	3.05%	3.17%	3.26%
▪ Paris CBD & 5-6-7 - Offices	3.23%	3.33%	3.45%	3.57%
▪ Paris CBD & 5-6-7 - Retail	2.08%	2.09%	2.24%	2.25%
▪ Paris - Other	4.01%	4.26%	4.26%	4.53%
Western Crescent - La Défense	4.49%	4.59%	4.78%	4.89%
Paris Region - Other	5.78%	5.91%	6.20%	6.34%
Other French regions / International	4.44%	4.68%	4.57%	4.75%
RESIDENTIAL	**3.09%**	**3.06%**	**3.29%**	**3.26%**
TOTAL LIKE-FOR-LIKE BASIS[1]	**3.71%**	**3.81%**	**3.96%**	**4.06%**

(1) Like-for-like basis June 2019.

For each asset category, the property appraisers established working assumptions based mainly on their knowledge of the market and in particular of the latest transactions. It is in this context that they determine the various capitalization and discount rates.

Discount rate and risk premium

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

Sector-specific premium risks were determined with reference to the French Treasury's ten-year OAT (with an interest rate of 0.00% as at June 30, 2019).

	Discount rate June 2019			Specific risk premium June 2019		
Offices	**2.90%**	**-**	**9.90%**	**2.90%**	**-**	**9.90%**
Offices - Paris	3.00%	-	6.50%	3.00%	-	6.50%
Offices - Île-de-France	4.00%	-	9.90%	4.00%	-	9.90%
Regions Offices	2.90%	-	7.25%	2.90%	-	7.25%

Breakdown of the portfolio value by segment

The breakdown of the portfolio value by segment as at June 30, 2019 is the following:

Segments	06/30/2019 *(In € million)*	06/30/2019 *(In %)*
Offices	16,198	81%
Residential	3,359	17%
Hotels and Finance leases	338	2%
TOTAL GECINA	**19,895**	**100%**

Reconciliation of portfolio value with book value

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 holdings:

In € million	06/30/2019
BOOK VALUE	**19,739**
Operating buildings (hotels)	+38
Operating buildings (head office)	+118
PROPERTY PORTFOLIO VALUE	**19,895**
Company fair value accounted for under the equity method	+3
APPRAISAL VALUE	**19,898**

3.6 Financial structure

Gecina continued the optimization, strengthening and extension of its financial structure in the first half of 2019, particularly in light of falling interest rates. The Group took advantage of favorable conditions to raise €500 million by means of a new 15-year bond issue and extend its average debt and hedging maturity to 7.7 and 8.3 years respectively, whilst keeping the cost of the debt stable.

The main financing operations completed in the first half of 2019 focused on:

- raising €0.9 billion in new financing (with an average maturity of 11.4 years);
- the early repayment of €0.4 billion of financing (with an average maturity of 2.1 years);
- the maturity of €0.4 billion in financing.

The main credit ratios stood at 37.5% for LTV excluding duties (down -0.9 point at December 31, 2018), 5.3x for the ICR and 0.9% for secured debt.

Total liquidity stood at €4,567 million (including €162 million in free cash). This liquidity gives the Group significant financial flexibility and covers credit maturities for the next three years.

3.6.1 Debt structure

Net financial debt amounted to €7,451 million at June 30, 2019, down €49 million compared to end-December 2018.

The main characteristics of the debt are:

	12/31/2018	06/30/2019
Gross financial debt *(In € million)*(1)	7,433	7,613
Net financial debt *(In € million)*(2)	7,402	7,451
Gross nominal debt *(In € million)*(1)	7,406	7,631
Unused credit lines *(In € million)*	4,255	4,405
Average maturity of debt *(years, adjusted for available credit lines)*	7.3	7.7
LTV	38.4%	37.5%
LTV (including duties)	36.2%	35.3%
ICR	5.7x	5.3x
Secured debt/Properties	1.0%	0.9%

(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, €7,495 million including these items.

Debt by type

Breakdown of gross nominal debt

Breakdown of authorized financing (including €4,405 million of unused credit lines at June 30, 2019)

The Group uses diversified sources of financing. Long-term bonds represent 72% of the Group's nominal debt and 54% of the Group's authorized financing.

At June 30, 2019, Gecina's gross nominal debt was €7,631 million and comprised:

- €5,495 million in long-term bonds issued under the EMTN (Euro Medium-Term Notes) program;
- €218 million in bank loans, of which €188 million of mortgage financing and €30 million of corporate financing;
- €1,917 million in short-term resources (of which €1,667 million in commercial papers and €250 million in short-term private placements) covered by confirmed medium and long-term credit lines.

3.6.2 Liquidity

As at June 30, 2019, Gecina had €4,567 million available liquidity, of which €4,405 million in unused credit lines and €162 million in cash, easily covering all credit maturities for the next twenty-four months (€2,077 million). Net of the coverage of short-term resources, liquidity amounts to €2,490 million.

The financing/refinancing operations completed in the first half amounted to €910 million, with an average maturity of 11.4 years and included:

- one bond issue of €500 million with a 15-year maturity and a coupon of 1.625%;
- the signing of two bilateral credit facilities, one of which being a sustainable credit line, amounting to €410 million with a 7.0-year average maturity.

In addition, Gecina repaid and canceled €786 million of financing, including:

- €152 million *via* the bond redemption operation relating to its 2021, 2023 and 2024 bond issues;
- the early termination of a €260 million credit line with a residual maturity of 0.6 years;
- the maturity of two bond issues amounting to €375 million.

Gecina updated its EMTN program with the AMF in February 2019 and its NEU CP program (commercial papers) with the Banque de France in April 2019, with ceilings of €8 billion and €2 billion, respectively.

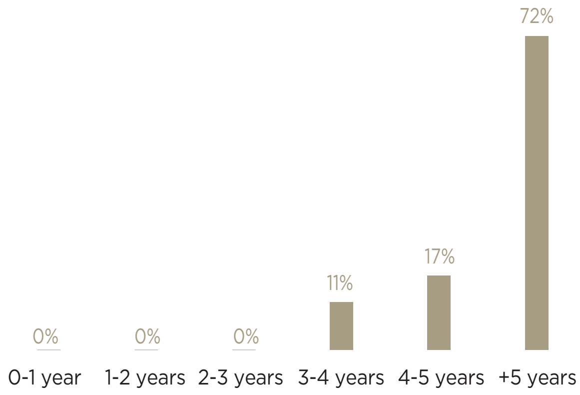
In the first half of 2019, Gecina continued to use short-term resources *via* the issue of commercial paper and short-term EMTN private placements. At June 30, 2019, the Group's short-term resources totaled €1,917 million, *versus* €1,667 million at December 31, 2018. Outstanding amounts averaged €1,942 million in the first half of 2019.

The main objectives of this liquidity are to provide sufficient flexibility to adapt the volume of debt to the pace of acquisitions and disposals, cover the refinancing of short-term maturities, 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, 2019, the average maturity of Gecina's debt (after allocation of unused credit lines) was 7.7 years, an improvement of 0.4 years compared with December 31, 2018.

The following chart presents Gecina's debt maturity breakdown at June 30, 2019 (after allocation of unused credit lines):



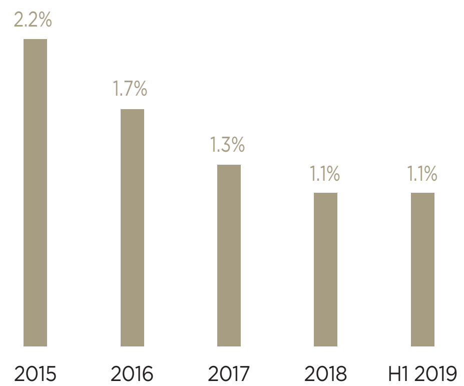
All of the credit maturities for the next three years were covered by unused credit lines or by cash as at June 30, 2019. Furthermore, 72% of the debt has a maturity of more than five years.

3.6.4 Average cost of debt

The average cost of the drawn debt amounted to 1.1% in the first half of 2019, almost unchanged from 2018. This stability was due to the continuation of the Group's financial strategy (credit rating, financial structure, hedging policy, active management of the credit schedule, etc.).

The average cost of overall debt was also stable in relation to 2018. It stood at 1.4% in the first half of 2019.

The chart below shows changes in the average cost of Gecina's drawn debt:



Capitalized interest on development projects amounted to €5.7 million in the first half of 2019.

3.6.5 Credit rating

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

- Standard & Poor's rating is A- stable outlook;
- Moody's rating is A3 stable outlook.

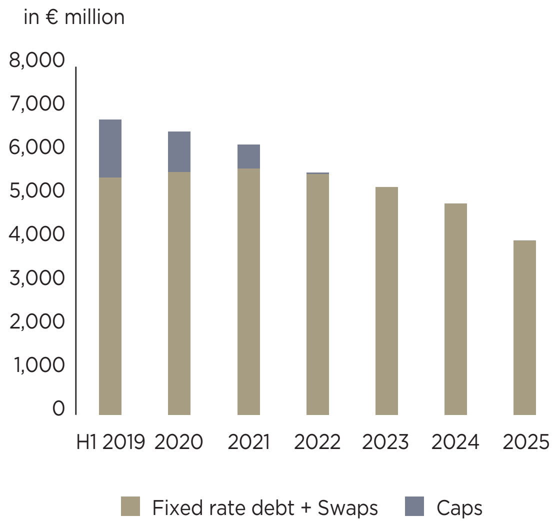
3.6.6 Management of interest rate risk hedge

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 2019 with the aim of:

- maintaining an optimal hedging ratio;
- raising the average maturity of hedges (fixed-rate debt and derivative instruments); and
- securing favorable long-term interest rates.

The chart below shows the profile of the hedge portfolio by year:



For this purpose, Gecina issued a fixed-rate bond in the amount of €500 million with a 15-year maturity, partially redeemed three bond loans amounting to €152 million and amended three caps (for a notional total of €350 million) by reducing their strike.

The combination of these transactions also helped increase the average duration of the Group's firm hedge portfolio to 8.3 years, compared with 7.1 years at the end of 2018.

At June 30, 2019, based on projected debt levels, the hedge rate will average 75% until the end of 2026.

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 accounted for in the income statement.

Measuring interest rate risk

Gecina's anticipated net nominal debt in the second half of 2019 is hedged up to 91% against interest rate rises (depending on observed Euribor rate levels, due to caps).

Based on the existing hedge portfolio and taking into account contractual conditions at June 30, 2019, a 50 basis point increase in interest rates would generate an additional expense of €2.2 million in 2019. A 50 basis point fall in interest rates would result in a reduction in interest expense in 2019 of €1.6 million.

3.6.7 Financial structure and banking covenants

Gecina's financial position as at June 30, 2019, 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 06/30/2019
LTVNet financial debt/revalued block value of property holding (excluding duties)	Maximum 55% /60%	37.5%
ICR EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	5.3x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	0.9%
Revalued block value of property holding (excluding duties), in € billion	Minimum 6/8	19.9

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, 2019, LTV stood at 37.5%, down compared to the end of December 2018 (38.4%). In the first half of 2019, the ICR stood at 5.3x (5.7x in 2018).

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 €188 million at the end of June 2019.

Thus, as at June 30, 2019, the total amount of financing secured by mortgage-backed assets or leasing amounted to 0.9% of the total block value of the properties held, *versus* 1.0% at December 31, 2018, 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.

On the basis of a total amount of authorizations of €10.1 billion (including unused credit lines) at June 30, 2019, €4.0 billion of bank debt and €5.5 billion of bonds are concerned by such a clause relative to a change of control of Gecina (in most cases, this change must lead to a downgrad 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 downgrade in the credit rating to a Non-Investment Grade that is not restored to Investment Grade level within 120 days may result in the early repayment of the loan.

3.7 EPRA NNNAV

The EPRA NNNAV is calculated according to the EPRA[1] 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.

Diluted EPRA NNNAV amounted to €12,179 million as at June 30, 2019, or €165.4 per share fully diluted. Diluted EPRA NAV amounted to €12,500 million as at June 30, 2019, or €169.8 per share.

Diluted EPRA NNNAV by unit came to €172.1 per share at June 30, 2019, compared with €166.9 per share as at December 31, 2018.

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		12/31/2018		06/30/2019	
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		74,375,424		73,622,597	
SHAREHOLDERS' EQUITY UNDER IFRS	**11,196***		**11,722***		**11,985***	
+ Amounts owed to shareholders	86.1				201.6	
+ Impact of exercising stock options	5.0		4.0		4.0	
DILUTED NAV	**11,287**	**€153.6**	**11,726**	**€157.7**	**12,191**	**€165.6**
+Fair Value measurement of assets at amortized cost	115.6		125.6		128.5	
+ Hotel commercial properties	43.0		53.1		37.7	
+ Transfer duties adjustment	124.0		116.4		118.4	
- Fair value of financial instruments	(6.0)		(2.9)		24.8	
- Deferred taxes	(3.9)		0.5		0.0	
= DILUTED EPRA NAV	**11,560**	**€157.3**	**12,019**	**€161.6**	**12,500**	**€169.8**
+ Fair value of financial instruments	6.0		2.9		(24.8)	
+ Fair value of liabilities	(57.2)		(80.4)		(296.1)	
+ Deferred taxes	3.9		(0.5)		0.0	
= DILUTED EPRA NNNAV	**11,513**	**€156.6**	**11,941**	**€160.5**	**12,179**	**€165.4**

* *Including €208 million of Goodwill.*

(1) *European Public Real Estate Association.*

Growth in EPRA NAV per share for the first half of the year came to +€8.2, with the following breakdown:

Dividend paid in the first half of 2019:	- €2.75
recurrent net income:	+ €3.0
Like-for-like value adjustment on Office assets[1]:	+ €4.5
Like-for-like value adjustment on Residential assets:	+ €1.1
Net value increase for pipeline (incl. 2018 deliveries):	+ €3.5
Net capital gains from sales completed or underway:	+ €0.2
Share buyback program:	+ €0.3
IFRS 16 & IFRIC 21:	- €0.6
Other:	- €1.0

3.8 Strategy and outlook

3.8.1 Stronger model making it possible to look ahead to the future with confidence

Gecina is raising its guidance for recurrent net income per share growth for 2019, in line with the solid performance recorded over the first half of the year, as well as the good levels of real estate markets in the most central sectors, and the continued favorable interest rate environment.

Excluding the impacts of the sales carried out on Eurosic's previous scope following its acquisition, Gecina now expects recurrent net income (Group share) per share to increase by over +3% in 2019 (excluding potential impacts of acquisitions or sales not currently committed to), representing €5.80 to €5.85 per share (versus €5.70 to €5.75 previously).

Over the longer term, the projects from the "committed" and "to be committed" pipeline (controlled and certain) are expected to deliver significant rental gains: net of the impact of the sales carried out in 2018 and the loss of rent involved with freeing up assets with strong value creation potential, gross rental income could see growth of nearly €130m to €140m between 2018 and 2024, thanks exclusively to these internal dynamics developed by the Group.

(1) *Excluding IAS 17 impact.*

3.9 Post-balance sheet events

Following a call for tenders issued by the CRPN (Caisse de Retraite du Personnel Navigant Professionnel de l'Aéronautique Civile), France's flight crew pension fund, Gecina has entered into exclusive negotiations to acquire 100% of office units held by the CRPN in the "Carreau de Neuilly" real estate complex on Avenue Charles de Gaulle in Neuilly-sur-Seine. This operation could be based on an asset swap between Gecina and the CRPN.

3.10 EPRA reporting as at June 30, 2019

Gecina applies the EPRA[1] 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".

	06/30/2019	06/30/2018	See Note
EPRA Earnings *(In € million)*	204.7	216.0	3.10.1
EPRA Earnings per share	€2.77	€2.94	3.10.1
EPRA NAV *(In € million)*	12,500.1	11,560.0	3.7
EPRA NNNAV *(In € million)*	12,179.2	11,513.0	3.7
EPRA Net Initial Yield	3.02%	3.01%*	3.10.3
EPRA "Topped-up" Net Initial Yield	3.58%	3.66%*	3.10.3
EPRA Vacancy Rate	5.4%	4.4%	3.10.4
EPRA Cost Ratio (including direct vacancy costs)	20.6%	21.1%	3.10.5
EPRA Cost Ratio (excluding direct vacancy costs)	18.5%	20.1%	3.10.5
EPRA Property related capex *(In € million)*	102	231	3.10.6

* *At December 31, 2018*

3.10.1 EPRA net earnings

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

In €'000	06/30/2019	06/30/2018
Net recurring income (Group share)[1]	**218,774**	**230,299**
- IFRIC 21	(10,518)	(11,499)
- Depreciations, net impairments and provisions	(3,594)	(3,203)
EPRA EARNINGS	**204,662**	**215,597**
EPRA NET RECURRING INCOME PER SHARE	**€2.77**	**€2.94**

(1) *EBITDA restated for net financial expenses, recurring tax, non-controlling interests, net income from equity-accounted investments and some extraordinary expenses.*

(1) *European Public Real Estate Association.*

3.10.2 EPRA NAV and EPRA NNNAV

The calculation for the diluted EPRA NNNAV is explained in section 3.7 "Triple Net Asset Value".

In €/share	06/30/2019	06/30/2018
diluted NAV	€165.6	€153.6
EPRA NAV	**€169.8**	**€157.3**
EPRA NNNAV	**€165.4**	**€156.6**

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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:

As a %	06/30/2019	12/31/2018
GECINA NET CAPITALIZATION RATE(1)	**3.96%**	**4.06%**
Impact of estimated duties and costs	-0.25%	-0.27%
Impact of changes in scope	0.05%	0.10%
Impact of rent adjustments	-0.75%	-0.88%
EPRA NET INITIAL YIELD(2)	**3.02%**	**3.01%**
Excluding lease incentives	0.56%	0.65%
EPRA "TOPPED-UP" NET INITIAL YIELD(3)	**3.58%**	**3.66%**

(1) Like-for-like basis June 2019.
(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).

As a %	06/30/2019	06/30/2018
Offices	5.6%	4.6%
Traditional residential	2.3%	2.4%
Student residences	15.1%	11.3%
Other commercial assets	n.a.	2.7%
GROUP TOTAL	**5.4%**	**4.4%**

3.10.5 EPRA cost ratios

In €'000/%	06/30/2019	06/30/2018
Property expenses[1]	(120,612)	(125,043)
Overheads[1]	(41,301)	(40,934)
Depreciation, net impairments and provisions[2]	(3,594)	(3,203)
Recharges to tenants	93,978	97 791
Rental expenses recharged in gross rent	0	0
Other income/income covering G&A expenses	2,606	78
Share of costs from equity-accounted affiliates	(22)	266
Land-related expenses	884	396
EPRA COSTS (INCLUDING COST OF VACANCY) (A)	**(68,061)**	**(70,649)**
Cost of vacancy	7,071	3,225
EPRA COSTS (EXCLUDING COST OF VACANCY) (B)	**(60,990)**	**(67,424)**
Gross rental income less land-related expenses	329,718	334,987
Rental expenses recharged in gross rent	0	0
Share of rental income from equity-accounted affiliates	726	0
GROSS RENTAL INCOME (C)	**330,444**	**334,987**
EPRA COST RATIO (INCLUDING COST OF VACANCY) (A/C)	**20.6%**	**21.1%**
EPRA COST RATIO (EXCLUDING COST OF VACANCY) (B/C)	**18.5%**	**20.1%**

(1) IFRIC 21 excluded.
(2) Excluding net impairment of assets valued at their historic cost.

3.10.6 Capital expenditure

	06/30/2019			06/30/2018		
	Group	Joint Ventures	Total	Group	Joint Ventures	Total
Acquisitions	0	n.a.	0	31	n.a.	0
Development (ground-up/green field/brown field)	60	n.a.	60	174	n.a.	52
Maintenance capex	42	n.a.	42	26	n.a.	50
▪ With surface area creation	0	n.a.	0	0	n.a.	0
▪ Without surface area creation	40	n.a.	40	21	n.a.	47
▪ Commercial benefits	1	n.a.	1	3	n.a.	1
▪ Other expenses	2	n.a.	2	2	n.a.	2
▪ Capitalized interest	0	n.a.	0	0	n.a.	0
TOTAL CAPEX	**102**	**N.A.**	**102**	**231**	**N.A.**	**231**
Difference between recognized and disbursed capex	35	n.a.	35	17	n.a.	17
TOTAL DISBURSED CAPEX	**137**	**N.A.**	**137**	**248**	**N.A.**	**248**

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Report of the Statutory Auditors

Report of the Statutory Auditors on the half-year financial information for 2019

(Période du 1er janvier 2019 au 30 juin 2019)

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, 2019, 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 16 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 18, 2019

The Statutory Auditors

Mazars	PricewaterhouseCoopers Audit
Baptiste Kalasz Partner	Jean-Baptiste Deschryver Partner

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Consolidated financial statements

5.1 Consolidated statement of financial position

Assets

In €'000	Note	06/30/2019 Net	12/31/2018 Net	06/30/2018 Net
NON-CURRENT ASSETS		**19,399,676**	**18,669,492**	**18,375,614**
Investment properties	5.5.5.1	17,231,343	16,604,020	15,073,356
Buildings under redevelopment	5.5.5.1	1,630,985	1,508,051	2,739,587
Operating properties	5.5.5.1	68,315	66,866	62,527
Other tangible assets	5.5.5.1	15,761	16,188	14,961
Goodwill	5.5.5.1	207,688	207,688	207,688
Intangible assets	5.5.5.1	23,569	6,632	9,183
Financial receivables on finance leases	5.5.5.1	143,831	175,141	199,229
Financial fixed assets	5.5.5.2	26,313	27,236	4,918
Equity-accounted investments	5.5.5.3	48,126	48,361	44,962
Non-current financial instruments	5.5.5.12.2	1,845	7,409	12,899
Deferred tax assets	5.5.5.4	1,900	1,900	6,304
CURRENT ASSETS		**1,018,422**	**1,039,475**	**1,923,239**
Properties for sale	5.5.5.1, 5.5.5.5	579,567	649,846	1,388,835
Inventories	5.5.5.1, 5.5.5.6	36,634	49,101	145,241
Trade receivables	5.5.5.7	117,589	110,723	156,108
Other receivables	5.5.5.8	101,981	175,000	151,683
Prepaid expenses	5.5.5.9	20,598	23,115	24,649
Current financial instruments	5.5.5.12.2	0	0	85
Cash and cash equivalents	5.5.5.10	162,053	31,690	56,638
TOTAL ASSETS		**20,418,098**	**19,708,967**	**20,298,853**

Equity and liabilities

In €'000	Note	06/30/2019	12/31/2018	06/30/2018
SHARE CAPITAL	**5.5.5.11**	**12,011,718**	**11,751,245**	**11,228,402**
Capital		572,393	572,001	565,662
Additional paid-in capital		3,273,377	3,273,306	3,167,446
Consolidated reserves attributable to owners of the parent		7,332,544	6,871,522	6,973,239
Consolidated net income attributable to owners of the parent		806,775	1,004,985	490,024
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**11,985,090**	**11,721,814**	**11,196,371**
Non-controlling interests		26,628	29,431	32,031
NON-CURRENT LIABILITIES		**5,708,465**	**5,425,371**	**6,080,027**
Non-current financial debt	5.5.5.12.1	5,588,637	5,382,661	6,028,432
Non-current lease obligations		50,634	0	0
Non-current financial instruments	5.5.5.12.2	26,408	3,835	6,596
Deferred tax liabilities	5.5.5.4	3,777	5,784	8,496
Non-current provisions	5.5.5.13	39,008	33,091	36,503
CURRENT LIABILITIES		**2,697,915**	**2,532,351**	**2,990,424**
Current financial debt	5.5.5.12.1	2,068,880	2,103,918	2,298,865
Current financial instruments	5.5.5.12.2	265	709	428
Security deposits		82,139	80,988	85,842
Trade payables	5.5.5.15	160,588	207,284	265,418
Current tax and social security liabilities	5.5.5.16	118,269	72,650	117,756
Other current liabilities	5.5.5.17	267,774	66,802	222,115
TOTAL LIABILITIES AND EQUITY		**20,418,098**	**19,708,967**	**20,298,853**

5.2 Consolidated statement of comprehensive income

In €'000	Note	06/30/2019	06/30/2018
GROSS RENTAL INCOME	**5.5.6.1**	**330,602**	**335,383**
Expenses not billed to tenants	5.5.6.2	(36,640)	(38,108)
NET RENTAL INCOME		**293,961**	**297,276**
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS	**5.5.6.3**	**4,212**	**4,164**
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	**5.5.6.3**	**1,910**	**1,324**
Services and other income (net)	5.5.6.4	2,606	1,732
Overheads	5.5.6.5	(41,813)	(41,577)
EBITDA		**260,877**	**262,919**
Real estate margin	5.5.6.6	1,362	0
Gains or losses on disposals	5.5.6.7	20,394	15,782
Change in value of properties	5.5.6.8	626,007	296,489
Depreciation and amortization	5.5.5.1	(4,532)	(6,849)
Net impairments and provisions	5.5.5.13	(2,585)	(24,473)
Impacts of the business combination	5.5.6.9	0	(1,409)
OPERATING INCOME		**901,522**	**542,459**
Financial costs		(49,328)	*(45,160)*
Financial income		55	*4,570*
Net financial expenses	5.5.6.10	(49,273)	(40,590)
Financial impairment and depreciation and amortization		1	0
Change in value of derivatives and debts	5.5.6.11	(27,692)	(7,152)
Premium and costs paid on repurchased bonds		(15,956)	0
Net income from equity-accounted investments	5.5.5.3	1,268	266
CONSOLIDATED NET INCOME, BEFORE TAX		**809,870**	**494,982**
Taxes	5.5.6.12	(2,350)	(3,583)
CONSOLIDATED NET INCOME		**807,520**	**491,399**
Of which consolidated net income attributable to non-controlling interests		745	1,375
OF WHICH CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT		**806,775**	**490,024**
Consolidated net earnings per share	5.5.6.13	€10.92	€6.69
Consolidated diluted net earnings per share	5.5.6.13	€10.89	€6.67

In €'000	06/30/2019	06/30/2018
CONSOLIDATED NET INCOME	**807,520**	**491,399**
ITEMS NOT TO BE RECYCLED IN THE NET INCOME	**(1,831)**	**0**
Actuarial gains (losses) on post-employment benefit obligations	(1,381)	0
Gains (lossees) on non-consolidated interests	(450)	0
ITEMS TO BE RECYCLED IN THE NET INCOME	**27**	**83**
Gains (losses) from translation differentials	27	83
COMPREHENSIVE INCOME	**805,716**	**491,482**
Of which comprehensive income attributable to non-controlling interests	745	1,375
OF WHICH COMPREHENSIVE INCOME LINKED TO OWNERS OF THE PARENT	**804,971**	**490,107**

5.3 Statement of changes in consolidated equity

At June 30, 2019, the capital was composed of 76,319,060 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 attributable to owners of the parent	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
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-employment 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
Other changes			(2,369)	(2,369)	2,388	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**
Dividend paid in 2018			(70)	(70)	(1,375)	(1,445)
Effect of treasury shares(1)			18	18		18
Impact of share-based payments(2)			1,293	1,293		1,293
Actuarial gains (losses) on post-employment benefit obligations			(1,387)	(1,387)		(1,387)
Gains (losses) from translation differentials			76	76		76
Group capital increase(3)	845,107	6,339	(1,427)	4,911		4,911
Other changes			5,640	5,640	(1,830)	3,810
NET INCOME AT DECEMBER 31, 2018			**514,959**	**514,959**	**605**	**515,564**
BALANCE AT DECEMBER 31, 2018	**76,266,750**	**572,001**	**11,149,813**	**11,721,814**	**29,431**	**11,751,245**
Interim dividend paid in 2019			(203,752)	(203,752)	(3,548)	(207,300)
Amounts owed to shareholders			(201,597)	(201,597)		(201,597)
Effect of treasury shares(1)			(105,426)	(105,426)		(105,426)
Impact of share-based payments(2)			1,578	1,578		1,578
Actuarial gains (losses) on post-employment benefit obligations			(1,381)	(1,381)		(1,381)
Gains (losses) from translation differentials			27	27		27
First application of IFRS 16 (leases)			(32,568)	(32,568)		(32,568)
Group capital increase(3)	52,310	392	(315)	77		77
Other changes			(455)	(455)		(455)
NET INCOME AT JUNE 30, 2019			**806,775**	**806,775**	**745**	**807,520**
BALANCE AT JUNE 30, 2019	**76,319,060**	**572,393**	**11,412,697**	**11,985,090**	**26,628**	**12,011,718**

(1) Treasury shares:

In €'000 (except for number of shares)	As of 06/30/2019		As of 12/31/2018		As of 06/30/2018	
	Number of shares	Net amount	Number of shares	Net amount	Number of shares	Net amount
Shares recorded as a deduction from shareholders' equity	2,940,910	346,288	2,140,426	241,233	2,140,938	241,264
Treasury stock in %		3.85%		2.81%		2.84%

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

(3) Definitive vesting as a result of the performance share award plan of April 21, 2016 (48,709 shares) and of July 21, 2016 (3,000 shares) and creation of shares linked to liquidity commitments for the benefit of the Eurosic performance share holders (601 shares). For the 2018 financial year, creation of shares linked to the capital increase reserved for Group employees (33,557 shares), to the exercise of share subscription options reserved for employees (16,850 shares), and to the definitive vesting of shares as a result of the performance share award plan of February 19, 2015 (53,114 shares) in respect of liquidity commitments for the benefit of holders of Eurosic performance shares (328 shares) and for the payment of the dividend in shares in July 2018 (799,457 shares).

5.4 Consolidated statement of cash flows

In €'000	Note	06/30/2019	12/31/2018	06/30/2018
CONSOLIDATED NET INCOME (INCLUDING NON-CONTROLLING INTERESTS)		**807,520**	**1,006,965**	**491,399**
Net income from equity-accounted investments		(1,268)	(529)	(266)
Net depreciation and amortization, impairments and provisions		7,117	18,877	31,322
Changes in fair value and premiums and repurchase costs on bonds	5.5.7.1	(582,359)	(551,191)	(289,337)
Calculated charges and income from performance shares		1,578	2,781	1,489
Tax expenses (including deferred tax)	5.5.6.12	2,350	5,691	3,583
CURRENT CASH FLOW BEFORE TAX		**234,938**	**482,595**	**238,189**
Capital gains and losses on disposals	5.5.6.6, 5.5.6.7	(21,756)	20,936	(15,782)
Other calculated income and expenses		(13,287)	12,048	19,528
Net financial expenses	5.5.6.10	49,273	93,702	40,590
NET CASH FLOW BEFORE COST OF NET DEBT AND TAX (A)		**249,168**	**609,282**	**282,526**
Tax paid (B)		1,053	(6,584)	(7,585)
Change in operating working capital requirement (C)	5.5.7.2	86,800	(21,008)	130,424
NET CASH FLOW FROM OPERATING ACTIVITIES (D) = (A+B+C)		**337,021**	**581,690**	**405,364**
Acquisitions of tangible and intangible fixed assets and capitalized expenses	5.5.5.1.2	(99,943)	(405,913)	(233,311)
Disposals of tangible and intangible fixed assets	5.5.7.3	123,077	1,308,678	329,104
Acquisition of consolidated companies, less cash acquired	5.5.7.4	0	0	0
Dividends received (equity-accounted affiliates, non-consolidated securities)		1,449	740	0
Changes in loans and agreed credit lines		29,051	20,491	20,285
Other cash flows from investing activities		(5,106)	(3,973)	(37,628)
Change in working capital requirement relating to investing activities	5.5.7.5	(34,215)	(124,413)	(22,326)
NET CASH FLOW FROM INVESTING ACTIVITIES (E)		**14,313**	**795,610**	**56,124**
Proceeds from capital increase received from shareholders		0	4,010	108,315
Amounts received on the exercise of stock options		0	1,372	389
Purchases and sales of treasury shares		(105,426)	1,052	1,034
Dividends paid to owners of the parent		(203,752)	(280,234)	(388,009)
Dividends paid to non-controlling interests		(3,548)	(1,545)	(170)
New loans	5.5.7.7	2,394,365	3,822,992	609,633
Repayment of borrowings	5.5.7.7	(2,188,126)	(4,889,092)	(794,853)
Net interests paid		(98,148)	(109,365)	(50,637)
Other cash flows from financing activities		(16,337)	(16,830)	(12,583)
NET CASH FLOW FROM FINANCING ACTIVITIES (F)		**(220,971)**	**(1,467,641)**	**(526,881)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F)		**130,363**	**(90,341)**	**(65,393)**
Opening cash and cash equivalents		31,690	122,031	122,031
CLOSING CASH AND CASH EQUIVALENTS		**162,053**	**31,690**	**56,638**

5.5 Notes to the consolidated financial statements

5.5.1 Highlights

1st half 2019

On February 19, 2019, in connection with the implementation of its share buyback program, as decided by the Board of Directors, Gecina appointed an independent investment service provider to buy back Gecina shares on its behalf, depending on market conditions, for up to a maximum of 150 million euros from February 20, 2019 to June 30, 2019. The shares purchased will be allocated for tenders or exchanges of shares on potential external growth operations for up to 5% of the share capital, and will be cancelled above this limit, if applicable. This operation is in line with the authorizations given by the Combined General Meeting on April 18, 2018, which authorized a share buyback program for up to 10% of the capital and a maximum price per share of €180. On June 30, 2019, 818,612 shares were acquired at an average price of €131.2 per share, i.e. a total amount excluding cost of 107.4 million euros.

On March 21, 2019, Gecina indicated that the Edenred group, the global leader in payments for the working world, signed a lease for offices for its future international headquarters in the building Be Issy in Issy-les Moulineaux. This new lease, which will come into effect from December 1, 2019, follows the lease already signed for this building with Séqens.

On May 22, 2019, Gecina successfully placed a 500 million euro bond issue with a 15-year maturity (maturing in May 2034) and a coupon of 1.625%. Alongside this, Gecina launched a Tender Offer on three of its outstanding series of notes, with an average maturity of four years and an average coupon of 2.15%.

On June 4, 2019, Gecina finalized the bond tender offer launched on May 22, 2019 and covering three of its outstanding series of notes, redeeming a nominal total of 151.5 million euros (average residual maturity of 4.6 years and average coupon of 2.0%).

On June 18, 2019, Gecina announced that a new lease was signed for the Be Issy building with the consulting firm Leyton. Covering a nine-year period, this new lease with nearly 3,700 sq.m of office space will be effective from September 15, 2019. It follows the arrivals of Séqens and Edenred, taking this asset's letting rate up to almost 80%.

On June 24, 2019, Gecina signed a unilateral preliminary purchase agreement with Angelo Gordon, under which Angelo Gordon made a commitment to acquire Gecina's hotel portfolio for a valuation excluding duties of 181 million euros. This portfolio, comprising the premises and business of five hotels located in Paris, Boulogne, Bougival and Roissy, is from the Eurosic portfolio. Subject to completion of the employee information-consultation procedure, this operation could be finalized by the end of the year.

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.

Official standards and interpretations applicable since January 1, 2019, in particular IFRS 16 "Leases" have been applied to the financial statements (see Note 5.5.3.9).

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 in 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 5.5.3.17.

Gecina applies the Code of Ethics for Listed Real Estate Investment Companies (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 influence or joint control, 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, 2019, the scope of consolidation included the companies listed below.

COMPANIES	SIREN	06/30/2019 % interest	Consolidation method	12/31/2018 % interest	06/30/2018 % 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%
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		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%

COMPANIES	SIREN	06/30/2019 % interest	Consolidation method	12/31/2018 % interest	06/30/2018 % interest
SCI Des Vaux	449 228 816	100.00%	FC	100.00%	100.00%
SAS Eurosic	307 178 871	100.00%	FC	100.00%	100.00%
SAS Eurosic Malakoff	453 385 601	100.00%	FC	100.00%	100.00%
SAS Eurosic N2 Batignolles	820 809 945	100.00%	FC	100.00%	100.00%
Faubourg Saint Martin	430 046 607	100.00%	FC	100.00%	100.00%
Foncière Du Parc	445 394 851	100.00%	FC	100.00%	100.00%
Tower	433 566 932	100.00%	FC	100.00%	100.00%
SCI du 36 rue de Naples	479 871 659	100.00%	FC	100.00%	100.00%
SCI Breizh Champs Blancs	792 857 377	60.00%	FC	60.00%	60.00%
SCI Eurosic F Patrimoine	811 932 714	100.00%	FC	100.00%	100.00%
SCI Eurosic R4	505 215 251	100.00%	FC	100.00%	100.00%
Gecina Gestion	752 603 548	100.00%	FC	100.00%	100.00%
SNC Eurosic F1	810 028 506	100.00%	FC	100.00%	100.00%
Euler Hermes Real Estate	538 610 825	19.90%	EM	19.90%	19.90%
Paris investissements OPCI	793 904 640	100.00%	FC	100.00%	100.00%
Foncière de Paris SIIC	331 250 472	100.00%	FC	100.00%	100.00%
Foncière Cofitem	411 846 033	100.00%	FC	100.00%	100.00%
Groupement Européen de l'immobilier	328 680 087	100.00%	FC	100.00%	100.00%
Hôtelière de Boulogne	505 104 190	100.00%	FC	100.00%	100.00%
Hôtelière de la rue Danton	511 122 590	100.00%	FC	100.00%	100.00%
MT Selwin	418 089 280	100.00%	FC	100.00%	100.00%
Risque & Sérénité	419 403 449	43.24%	EM	43.24%	43.24%
Société Auxiliaire de Gestion Immobilière	508 928 926	100.00%	FC	100.00%	100.00%
SAGI immobilier d'entreprise	528 047 129	100.00%	FC	100.00%	100.00%
Château de Mery	479 916 298	77.20%	FC	77.20%	77.20%
Societe d'exploitation de l'hôtel du Parc de Bougival	310 728 563	100.00%	FC	100.00%	100.00%
SCI Saints Peres Fleury	509 110 151	100.00%	FC	100.00%	100.00%
SCI 54 Leclerc	381 619 535	100.00%	FC	100.00%	100.00%
SCI 738 Kermen	349 816 116	100.00%	FC	100.00%	100.00%
SCI du 4 rue Danton	488 449 190	100.00%	FC	100.00%	100.00%
SCI du 136 *bis* rue de Grenelle	493 293 823	100.00%	FC	100.00%	100.00%
SCI du 138 *bis* rue de Grenelle	493 293 633	100.00%	FC	100.00%	100.00%
SCI Bellechasse-Grenelle	802 446 195	100.00%	FC	100.00%	100.00%
SCI Cofitem Boulogne	494 341 845	100.00%	FC	100.00%	100.00%
SCI Cofitem Dunkerque	528 344 039	100.00%	FC	100.00%	100.00%
SCI Cofitem Levallois	494 346 570	100.00%	FC	100.00%	100.00%
SCI du Port Chatou	491 025 441	100.00%	FC	100.00%	100.00%
SCI Studios du Lendit 1	508 475 662	100.00%	FC	100.00%	100.00%
Amelot Roissy Hôtel	381 505 411	100.00%	FC	100.00%	100.00%
Eurosic UFFICI		100.00%	FC	100.00%	100.00%

COMPANIES	SIREN	06/30/2019 % interest	Consolidation method	12/31/2018 % interest	06/30/2018 % interest
JOINED CONSLIDATION 2019					
GEC 24	851 756 502	100.00%	FC		
EXITED CONSOLIDATION 2019					
Doret Antares	535 309 884	Merged	FC	100.00%	100.00%
SCI Eurosic Cours Michelet	811 963 438	Merged	FC	100.00%	100.00%
SNC Provence Logements	752 811 265	Merged	FC	100.00%	100.00%
SCI Eurosic Developpement 5	824 082 192	Merged	FC	100.00%	100.00%
Hôtelière de Bellechasse-Grenelle	809 441 553	Merged	FC	100.00%	100.00%
Société Civile Vendôme Casanova	389 486 093	Merged	FC	100.00%	100.00%
Hôtelière de la Villette	479 469 405	Sold	FC	100.00%	100.00%
SNC N2 Promotion	821 147 519	Sold	EM	30.00%	30.00%
Holding Saint Dominique	534 629 993	Sold	FC	100.00%	100.00%
EXITED CONSOLIDATION 2018					
SCI 19 Leblanc	384 760 385		FC	Merged	Merged
Saulnier Square	530 843 663		FC	Merged	100.00%
SAS Eurosic Palmer	534 984 968		FC	Sold	100.00%
SAS Eurosic R3	504 444 118		FC	Sold	100.00%
SCI Eurosic R1	498 859 156		FC	Sold	100.00%
SCI Eurosic R2	502 733 249		FC	Sold	100.00%
SCI Eurosic R5	518 632 278		FC	Sold	100.00%
SCI Eurosic R6	529 151 060		FC	Sold	100.00%
Multimedia	438 023 095		FC	Sold	100.00%
SCI du 62 rue Louis Delos	441 907 037		FC	Sold	100.00%
Eurosic Toulouse Holding	814 115 861		FC	Sold	100.00%
Eurosic Basso Cambo	814 255 915		FC	Sold	100.00%
Eurosic Blagnac A1	814 256 079		FC	Sold	100.00%
Eurosic Blagnac C1-C2	814 256 244		FC	Sold	100.00%
Eurosic Sophia Holding	814 116 083		FC	Sold	100.00%
Eurosic Sophia Millienium	814 256 954		FC	Sold	100.00%
Eurosic Sophia Alba	814 257 200		FC	Sold	100.00%
Eurosic Sophia Emerald	814 257 671		FC	Sold	100.00%

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

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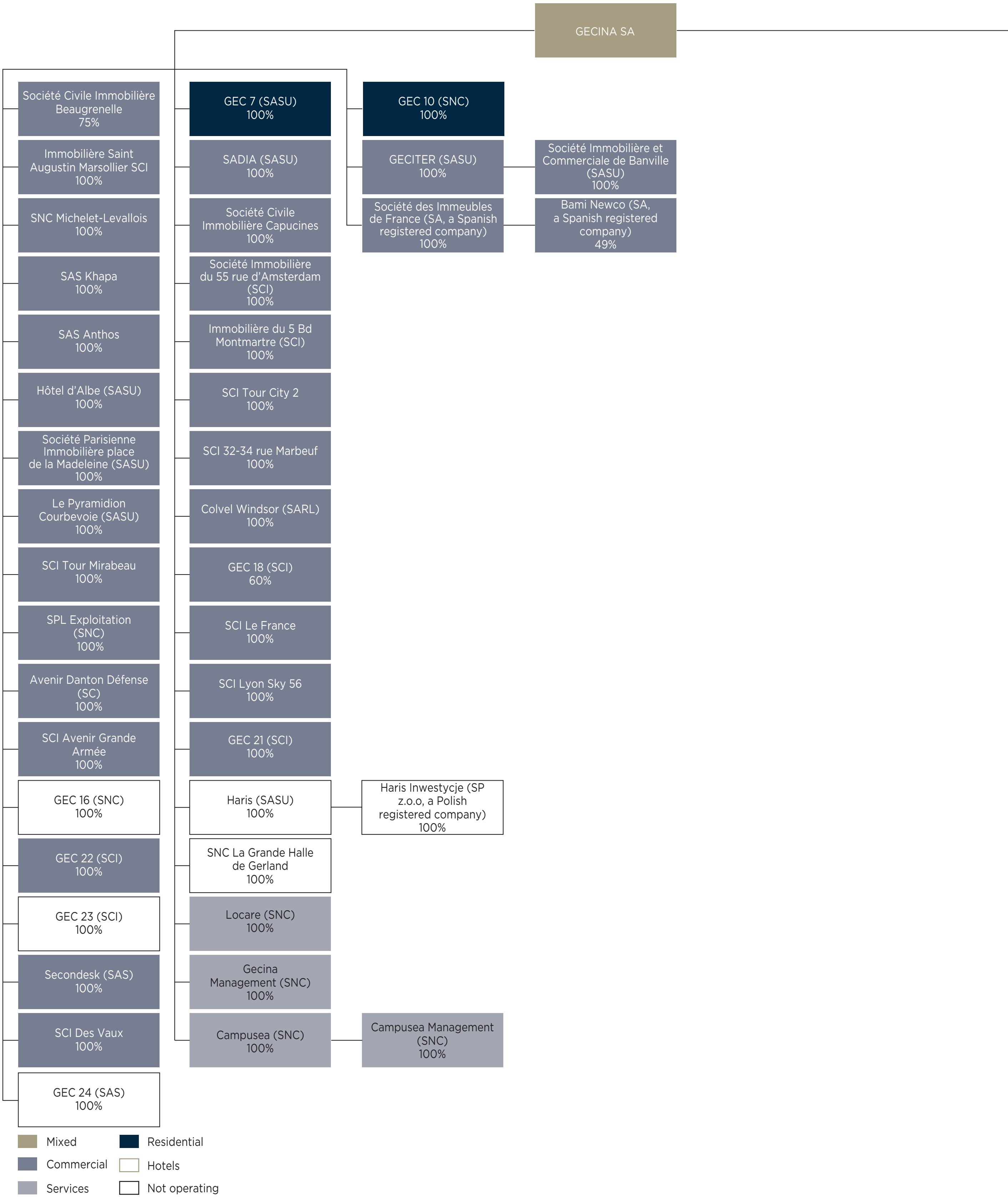
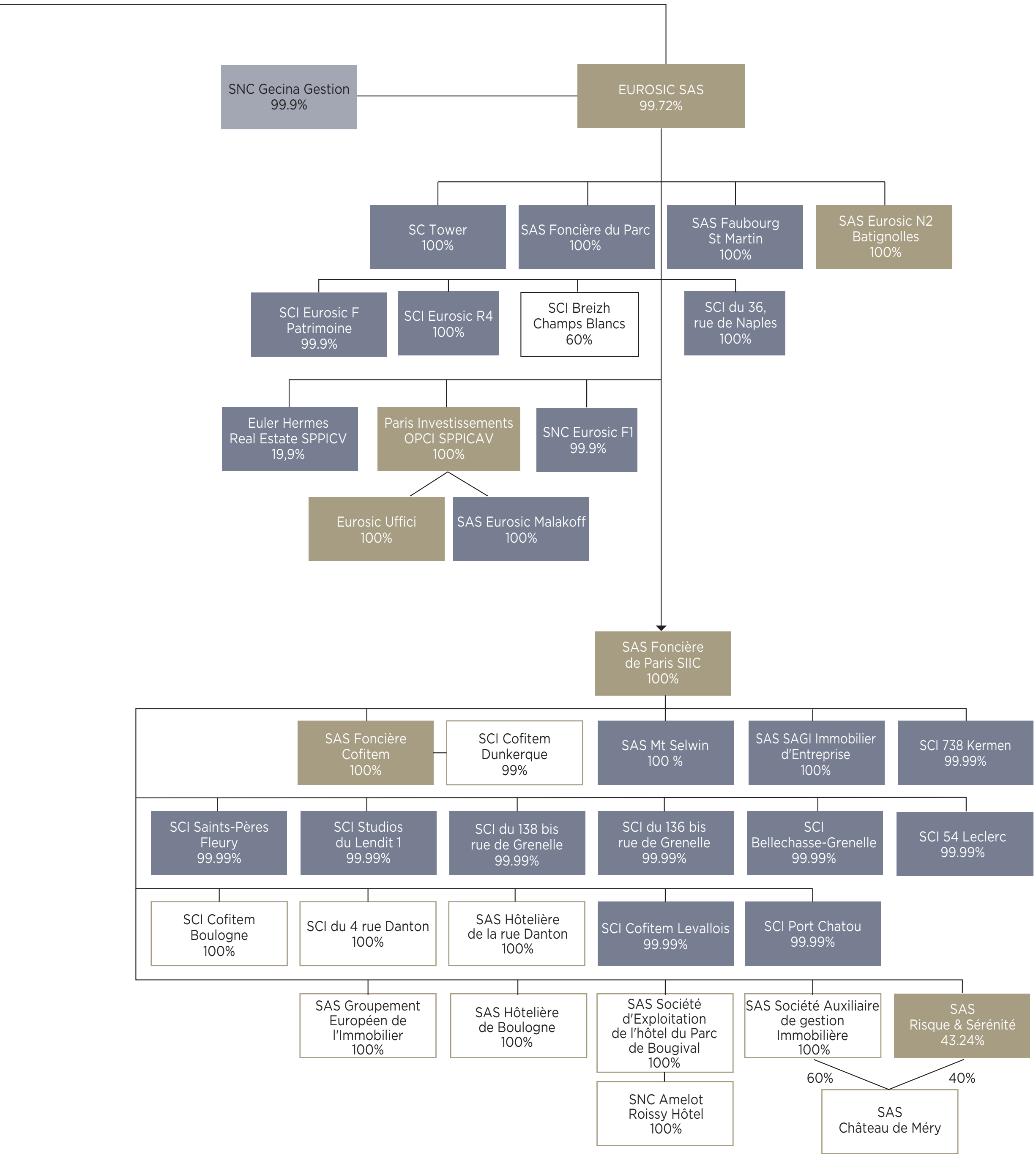
5.5.2.3.1 Legal organization chart




SNC Gecina Gestion 99.9%
EUROSIC SAS 99.72%
SC Tower 100%
SAS Foncière du Parc 100%
SAS Faubourg St Martin 100%
SAS Eurosic N2 Batignolles 100%
SCI Eurosic F Patrimoine 99.9%
SCI Eurosic R4 100%
SCI Breizh Champs Blancs 60%
SCI du 36, rue de Naples 100%
Euler Hermes Real Estate SPPICV 19,9%
Paris Investissements OPCI SPPICAV 100%
SNC Eurosic F1 99.9%
Eurosic Uffici 100%
SAS Eurosic Malakoff 100%
SAS Foncière de Paris SIIC 100%
SAS Foncière Cofitem 100%
SCI Cofitem Dunkerque 99%
SAS Mt Selwin 100 %
SAS SAGI Immobilier d'Entreprise 100%
SCI 738 Kermen 99.99%
SCI Saints-Pères Fleury 99.99%
SCI Studios du Lendit 1 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%
SAS Hôtelière de la rue Danton 100%
SCI Cofitem Levallois 99.99%
SCI Port Chatou 99.99%
SAS Groupement Européen de l'Immobilier 100%
SAS Hôtelière de Boulogne 100%
SAS Société d'Exploitation de l'hôtel du Parc de Bougival 100%
SAS Société Auxiliaire de gestion Immobilière 100%
SAS Risque & Sérénité 43.24%
SNC Amelot Roissy Hôtel 100%
60%
40%
SAS Château de Méry

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5.5.2.4 Consolidation restatements and eliminations

5.5.2.4.1 Restatements to standardize individual company 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, 2019.

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 period of 12 months starting from the acquisition date to finalize the 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 at least once a year or whenever there is 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 for the income statement. Exchange differentials recognized in the balance sheet items 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 portfolio

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 investment properties.

On acquisition, investment properties are recorded on the balance sheet at acquisition 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 redevelopment, 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, 2019: CBRE Valuation, Cushman & Wakefield, Crédit Foncier Expertise, BNPP Real Estate, Catella Valuation Advisors, Christie & Co and Euroflemming 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 other changes 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 redevelopment or which are in the process of being redeveloped 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 exit price of the property 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 at an advanced stage. 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: the comparison method, the capitalization of net income and the discounting of future flows (Discounted Cash Flow). The simple arithmetic mean of these three methods is used. In the event of a considerable difference between the results of the three methods, 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 of a considerable difference between the results of the two methods, 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 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 the 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.

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(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 highest 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, 2019, 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-current assets held for sale and discontinued operations", states that a non-current asset should be classified as held for sale as long as it is a major line of activity and if its book value 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 where 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 depreciation and any impairment losses. They are amortized using a component approach; each component being amortized using the straight-line method over its useful life (9 to 90 years).

For each type of asset, the gross values of the buildings have been divided by component, determined on the basis of technical data at the time of the acquisition, in line with the current estimated cost of new reconstruction.

In addition to the land, six components have been identified:

TYPE OF ASSETS	Depreciation period
Land	Not depreciable
Framework structure	30 to 90 years depending on the type of building
Walls and roofing	15 to 45 years depending on the type of building
Technical installations	15 to 25 years depending on the type of building
Parking works	20 years
Restoration	15 years
Fixtures and fittings	9 to 10 years

The depreciation 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 renovation, 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 acquisition 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 fixed assets

Intangible fixed assets are primarily rights of use connected with lease contracts recognized under IFRS 16 (see Note 5.5.3.9) and 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 restated at the reporting date using the Group's accounting principles. Adjustments are related to the harmonization of methods.

In the event that 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 fixed assets

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

5.5.3.3 Inventories

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.

These receivables are valued using the amortized cost method.

Impairment is valued using the optional simplified approach under IFRS 9. Expected credit losses are calculated over their lifetime, based on the Group's historical loss data.

Rent receivables are systematically written down according to the age 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.

Residual receivables relating to the deferral of commercial benefits in accordance with IAS 17 (see Note 5.5.3.14), 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 their basis at each reporting date.

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 acquisition 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 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 defines the principles for the classification and measurement of financial instruments, impairment of 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 is based 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 future 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 Leases (IFRS 16)

Since January 1, 2019, the Group has applied IFRS 16, applying a modified retrospective method. Leases covered by the standard primarily relate to construction leases, long leases and, to a lesser extent, leases on vehicles and reprographic equipment. Leases for less than 12 months or with a low unit value are not covered by this standard.

On this basis, the Group recognizes in its balance sheet:

- under liabilities, a debt for lease obligations in relation to rents for the balance of the lease term, discounted at the same rate as the cost of the debt that the Group would have incurred over the same term as the rental contracts;
- under assets, rights of use depreciated under the straight-line method since the contracts were signed. As of January 1, 2019, the effect of the retrospective depreciation is recognized under equity.

In the income statement, rents and fees paid are replaced by:

- depreciation of rights of use;
- a financial expense, amounting to the interest included in rents paid in addition to the capital repaid to reduce the debt.

5.5.3.10 Financial liabilities (IAS 32, IFRS 9 and IFRS 16)

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.

Financial liabilities also include lease obligations (see Note 5.5.3.9).

5.5.3.11 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.

5.5.3.12 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 leave, social security contributions, incentives, 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 liabilities" 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 using 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.

5.5.3.13 Taxes

5.5.3.13.1 IFRIC 21 taxes levied by the public authorities

IFRIC 21 interpretation (Levies) stipulates the timing for the recognition of a liability as a tax or levy imposed by a government. These rules cover both the levies recognized in accordance with IAS 37 Provisions, contingent liabilities and contingent 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 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) on a single occasion on the 1st day of the current year:

- property taxes;
- household garbage removal taxes;
- taxes on offices and parking areas.

5.5.3.13.2 Standard regime

For companies not eligible under 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 carryforwards 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.

5.5.3.13.3 Deferred tax assets and liabilities

Deferred tax arises from temporary differences between the tax valuation of assets or liabilities and their book values. 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 carryforwards if their future realization is likely.

5.5.3.13.4 SIIC regime

Opting for the SIIC regime means that 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 regime tax treatment are free of corporate income tax subject to certain distribution conditions. However, for newly acquired non-SIIC 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 regime, this option being included in the acquisition strategy.

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

5.5.3.14 Recognition of rental income (IAS 17)

Rent is recorded in the income statement when invoiced. Under IAS 17, incentives given to service sector tenants (mainly rent-free periods and stepped rents) are spread in a straight line over the probable fixed term of the lease. Straight-line allocation of incentives given to tenants is offset by the recognition of a receivable up to December 31, 2017. From January 1, 2018, and for all leases with remaining rent-free periods and stepped rents, rent is now booked against the fair value adjustment of investment properties.

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 in accordance with IAS 17.

5.5.3.15 Lessee loan contracts (IAS 40)

Finance leases are rental financing contracts recognized on the asset side of the balance sheet (in accordance with IAS 40 Investment properties). Corresponding borrowings are recognized as liabilities under financial debts. 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 finance lease, 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 date 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 lease and fully cleared through gain or loss on disposal if the lease is sold.

5.5.3.16 Finance leases

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

The current value of payments due under the lease, increased, as necessary, by the residual value, is entered under "Financial receivables on finance leases." The net income of the transaction for the lessor or the lessee corresponds to the amount of interest on the loan. It is recognized in the income statement under "Current operating income on finance lease transactions". The rents received are divided over the duration of the financing lease by recognizing them in capital amortization and interest such that the net income represents a constant rate of return over the residual outstanding. The rate of interest used is the implicit rate of interest in the lease.

5.5.3.17 Key accounting estimates and 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 standards 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

Gecina's 2018 Registration Document contains a detailed description of the risk factors to which the Group is exposed (cf. pages 18-19, 197-210 and 214-215). No other risks and uncertainties other than those presented in the 2018 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 are liable to moderate 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 5.5.6.8.

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 5.5.6.11.

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 Counterparty risk

With a portfolio of clients of around 750 corporate tenants, from a wide variety of sectors, and over 7,800 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 notably 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 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.

5.5.4.7 Operating risks

Gecina is exposed to a wide range of operating risks, the details of which are specified in the strategic policy and chapter 5 of the 2018 Registration Document.

Until 2009 when Mr. 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 deterioration in the 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 portfolio

5.5.5.1.1 Statement of changes in property holdings

Gross value

In €'000	As of 12/31/2018	Acquisitions	Asset disposal or exercise of options	Change in fair value	Other changes	Transfers between items	As of 06/30/2019
Investment properties	16,604,020	43,808	0	545,088	43,476	(5,050)	17,231,343
Buildings under redevelopment	1,508,051	51,597	0	72,306	2,031	(3,000)	1,630,985
Operating properties (headquarters)	83,962	1,757	0	0	42	0	85,761
Financial receivables on finance leases	328,011	0	(47,338)	0	(1,311)	0	279,362
Intangible assets	13,358	186	0	0	50,787	0	64,332
Other tangible assets	27,885	1,548	(51)	0	0	0	29,383
Properties for sale	707,787	712	(93,347)	8,738	100	8,050	632,042
Inventories	50,330	334	(13,738)	(125)	182	0	36,984
GROSS VALUE	**19,323,405**	**99,943**	**(154,474)**	**626,007**	**95,308**	**0**	**19,990,191**

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Depreciation and impairment

In €'000	As of 12/31/2018	Allocations	Write backs	Change in fair value	Other changes	Transfers between items	As of 06/30/2019
Operating properties (headquarters)	17,096	350	0	0	0	0	17,446
Financial receivables on finance leases	152,870	5,825	(23,164)	0	0	0	135,531
Intangible assets	6,726	1,469	0	0	32,568	0	40,763
Other tangible assets	11,697	1,949	(25)	0	0	0	13,622
Properties for sale	57,941	4,706	(10,171)	0	0	0	52,475
Inventories	1,229	314	(1,193)	0	0	0	350
DEPRECIATION AND IMPAIRMENT	**247,561**	**14,613**	**(34,553)**	**0**	**32,568**	**0**	**260,186**
NET FIXED ASSETS	**19,075,844**	**85,331**	**(119,921)**	**626,007**	**62,740**	**0**	**19,730,005**

In accordance with the accounting principles defined in Note 5.5.3.1.1, six assets under reconstruction are recorded at their historical cost for a combined total of €11.8 million.

The other changes concern:

- the impact of commercial benefits (€39.9 million), marketing costs (€1.2 million, internal costs (€2.3 million) and eviction allowances (€2.5 million) on the value of the buildings;
- loan repayments associated with the exercise of finance lease options (-€1.3 million);
- the recognition of rights of use amounting to €18.2 million net for first-time adoption of IFRS 16 (see Note 5.5.3.9).

5.5.5.1.2 Analysis of acquisitions (including duties and costs)

Acquisitions concerned the following:

In €'000	06/30/2019
PROPERTY ACQUISITIONS	**0**
Construction and redevelopment work	47,022
Renovation work	43,872
WORKS	**90,894**
Operating properties	1,757
Capitalized financial expenses	5,224
TOTAL PROPERTY ACQUISITIONS	**97,875**
Tangible fixed assets	1,548
Intangible assets	186
Inventories	334
TOTAL ACQUISITIONS	**99,943**

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 €208 million goodwill corresponding to the acquisition of Eurosic in August 2017 was allocated to the cash-generating unit (CGU) "Offices". In accordance with IAS 36, an impairment test is performed when there is an indication that goodwill may be impaired and at least once a year.

The valuation of the CGU was performed at December 31, 2018 incrementally using the fair value of the assets, as accounted for in the Group's financial statements, plus the valuation of the cash flows not taken into account in the financial statements.

No indication of an impairment loss was noted at June 30, 2019.

5.5.5.1.5 Maturity dates of investment properties held on finance lease

At June 30, 2019, the Group no longer holds any finance leases as lessee.

In €'000	06/30/2019	12/31/2018	06/30/2018
Less than 1 year	0	0	193
1 to 5 years	0	0	1,178
Over 5 years	0	0	0
TOTAL	**0**	**0**	**1,371**

5.5.5.2 Financial fixed assets

In €'000	06/30/2019	12/31/2018	06/30/2018
Non-consolidated investments	132,255	132,634	110,446
Advances on property acquisitions	65,528	66,028	65,842
Deposits and guarantees	1,529	1,517	1,498
Other financial investments	1,906	1,964	2,039
TOTAL GROSS	**201,218**	**202,143**	**179,825**
Impairment	(174,905)	(174,907)	(174,907)
TOTAL NET	**26,313**	**27,236**	**4,918**

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	Risque & Sérénité	N2 Promotion SNC [1]	Total
Property holdings	258,000	0	0	258,000
Other assets	6,044	5,333	0	11,377
TOTAL ASSETS	**264,044**	**5,333**	**0**	**269,377**
Share capital	230,297	5,313	0	235,610
External loans and debts with partners	32,065	0	0	32,065
Other liabilities	1,682	20	0	1,702
TOTAL LIABILITIES	**264,044**	**5,333**	**0**	**269,377**
Revenue	3,647	0	0	3,647
NET INCOME	**6,280**	**47**	**(7)**	**6,320**
% held	19.90%	43.24%	30.00%	
SHARE OF NET INCOME	**1,250**	**20**	**(2)**	**1,268**
Share capital	230,297	5,313	0	235,610
SECURITIES OF COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**45,829**	**2,297**	**0**	**48,126**

(1) Sold on the period

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5.5.5.4 Deferred tax assets and liabilities

At June 30, 2019, net deferred taxes represented a liability of €1.9 million. They mainly include the effect of capital gains on assets in the taxable sector and the activation of tax loss carryforwards.

In €'000	As of 12/31/2018	Change in profit/loss	As of 06/30/2019
Gains on finance leases and inventory	(5,109)	1,838	(3,271)
Other	(675)	169	(506)
TOTAL DEFERRED TAX LIABILITIES	**(5,784)**	**2,007**	**(3,777)**
Activation of tax losses	1,900	0	1,900
TOTAL DEFERRED TAX ASSETS	**1,900**	**0**	**1,900**
TOTAL NET DEFERRED TAXES	**(3,884)**	**2,007**	**(1,877)**

5.5.5.5 Properties for sale

Movements on properties for sale are included in the 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 at June 30, 2019.

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

In €'000	06/30/2019	12/31/2018	06/30/2018
Properties for sale (block basis)	240,134	290,686	984,525
Properties for sale (unit basis)	339,433	359,160	404,310
TOTAL	**579,567**	**649,846**	**1,338,835**

5.5.5.6 Inventories

These are office assets located in the Paris region and acquired under the real estate trader regime. 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	06/30/2019	12/31/2018	06/30/2018
BILLED CLIENTS	**31,161**	**46,283**	**65,097**
Unbilled expenses payable	41,076	7,926	27,437
Balance of rent-free periods and stepped rents (IAS 17)	62,966	73,565	81,382
TRADE RECEIVABLES (GROSS)	**135,203**	**127,774**	**173,916**
Impairment of receivables	(17,614)	(17,051)	(17,808)
TRADE RECEIVABLES (NET)	**117,589**	**110,723**	**156,108**

5.5.5.8 Other receivables

In €'000	06/30/2019	12/31/2018	06/30/2018
Value added tax	68,336	73,901	90,144
Income tax	3,223	5,806	5,271
Bami Newco cash advances and garanties (fully impaired)	32,763	32,763	32,763
Receivables on asset disposal	1,068	3,603	6,317
Other[(1)]	32,741	95,077	54,807
GROSS AMOUNTS	**138,131**	**211,150**	**189,302**
Impairment	(36,150)	(36,150)	(37,619)
NET VALUES	**101,981**	**175,000**	**151,683**

(1) Includes indemnities on litigation for €59 million at December 31, 2018 (see Note 5.5.9.6.1).

5.5.5.9 Prepaid expenses

In €'000	06/30/2019	12/31/2018	06/30/2018
Loan application costs[(1)]	10,048	11,063	13,177
10-year warranty insurance	3,372	2,565	2,296
Other	7,178	9,487	9,177
NET VALUES	**20,598**	**23,115**	**24,649**

(1) Primarily including arrangement fees and mortgage costs.

5.5.5.10 Cash and cash equivalents

In €'000	06/30/2019	12/31/2018	06/30/2018
Money-market UCITS	1	1	223
Current bank accounts	162,052	31,689	56,415
CASH AND CASH EQUIVALENTS (GROSS)	**162,053**	**31,690**	**56,638**
Bank overdrafts	0	0	0
CASH AND CASH EQUIVALENTS (NET)	**162,053**	**31,690**	**56,638**

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 Borrowings, financial debt and financial instruments

5.5.5.12.1 Borrowings and financial debt

Outstanding debt

In €'000	Outstanding 06/30/2019	Repayments < 1 year	Outstanding 06/30/2020	Repayments 1 to 5 years	Outstanding 06/30/2024	Repayments more than 5 years
Fixed-rate debt	**5,212,214**	**(121,880)**	**5,090,334**	**(1,153,747)**	**3,936,588**	**(3,936,588)**
Fixed-rate bonds	4,929,761	(75,600)	4,854,161	(1,111,774)	3,742,387	(3,742,387)
Fixed-rate borrowings	188,368	(2,141)	186,227	(8,983)	177,244	(177,244)
Other fixed-rate liabilities	64,538	(14,592)	49,946	(32,990)	16,957	(16,957)
Accrued interest provisioned	29,547	(29,547)	0	0	0	0
Floating rate debt	**2,445,303**	**(1,947,000)**	**498,303**	**(498,303)**	**0**	**0**
Commercial paper	1,667,000	(1,667,000)	0	0	0	0
Floating-rate bonds	498,303	0	498,303	(498,303)	0	0
Floating-rate short-term bonds	250,000	(250,000)	0	0	0	0
Floating-rate borrowings	30,000	(30,000)	0	0	0	0
GROSS DEBT	**7,657,517**	**(2,068,880)**	**5 588 637**	**(1,652,050)**	**3,936,588**	**(3,936,588)**
Cash (floating rate)						
Open-end investment funds (SICAV), investments and income receivable	1	(1)	0	0	0	0
Current bank accounts	162,052	(162,052)	0	0	0	0
TOTAL CASH	**162,053**	**(162,053)**	**0**	**0**	**0**	**0**
Net debt						
Fixed rate	5,212,214	(121,880)	5,090,334	(1,153,747)	3,936,588	(3,936,588)
Floating rate	2,283,250	(1,784,947)	498,303	(498, 303)	0	0
TOTAL NET DEBT	**7, 495,464**	**(1,906,827)**	**5,588,637**	**(1,652,050)**	**3,936,588**	**(3,936,588)**
Available credit lines	4,405,000	(725,000)	3,680,000	(2,300,000)	1,380,000	(1,380,000)
Future cash flows on debt	0	(104,275)	0	(360,407)	0	(345,561)

The interest that will be paid until maturity of the entire debt, estimated on the basis of the interest rate curve at June 30, 2019, amounts to €810 million.

The breakdown of the repayment of gross debt within less than one year is as follows:

	3rd quarter 2019	4th quarter 2019	1st quarter 2020	2nd quarter 2020	Total
In €'000	(920,846)	(774,022)	(237,863)	(136,49)	(2,068,880)

The fair value of the gross debt used to calculate NAV was €7,954 million at June 30, 2019, of which €296 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 05/2023	Gecina	05/30/2013	300	200.2	€98,646	€100,000	2.875%	05/30/2023
Bond 07/2019	Gecina	07/16/2013	80	75.6	€100,000	€100,000	4.125%	07/16/2019
Bond 07/2020	Gecina	07/13/2014	50	50	€100,000	€100,000	2.99%	07/13/2020
Bond 07/2021	Gecina	07/13/2014	50	50	€100,000	€100,000	3.30%	07/13/2021
Bond 07/2021	Gecina	07/30/2014	500	166.6	€99,317	€100,000	1.75%	07/30/2021
Bond 01/2023	Gecina	12/15/2014	125	125	€100,000	€100,000	3.051%	01/16/2023
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	377.8	€97,800	€100,000	2.00%	06/17/2024
Bond 11/2022	Gecina	11/06/2015	50	50	€100,000	€100,000	2.75%	11/06/2022
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
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 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 05/2034	Gecina	05/29/2019	500	500	€98,597	€100,000	1.625%	05/29/2034

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 06/30/2019	Balance at 12/31/2018	Balance at 06/30/2018
Net financial debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	37.5%	38.4%	41.4%
EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	5.3x	5.7x	6.5x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	0.9%	1.0%	3.2%
Revalued block value of property holding (excluding duties) in € billion	Minimum 6.0/8.0	19.9	19.3	19.8

Change of control clauses

For bonds issued by Gecina, a change of control leading to the downgrading of its credit rating to "Non-Investment Grade" and not raised to "Investment Grade" within 120 days, could lead to the 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 06/30/2019	Maturity or effective date < 1 year	Outstanding 06/30/2020	Maturity or effective date 1 to 5 years	Outstanding 06/30/2024	Maturity or effective date more than 5 years
PORTFOLIO OF OUTSTANDING DERIVATIVES AT JUNE 30, 2019						
Fixed-rate receiver swaps	59,000	0	59,000	(59,000)	0	0
Fixed-rate payer swaps	400,000	0	400,000	0	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
Cap purchases	1,585,000	(635,000)	950,000	(950,000)	0	0
Cap sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,044,000**	**(635,000)**	**1,409,000**	**(1,009,000)**	**400,000**	**(400,000)**
PORTFOLIO OF DERIVATIVES WITH DEFERRED IMPACT AT JUNE 30, 2019						
Fixed-rate receiver swaps	0	0	0	0	0	0
Fixed-rate payer swaps	0	0	0	300,000	300,000	(300,000)
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
Cap purchases	0	0	0	0	0	0
Cap sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**300,000**	**300,000**	**(300,000)**
PORTFOLIO OF OUTSTANDING DERIVATIVES AT JUNE 30, 2019						
Fixed-rate receiver swaps	59,000	0	59,000	(59,000)	0	0
Fixed-rate payer swaps	400,000	0	400,000	300,000	700,000	(700,000)
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
Cap purchases	1,585,000	(635,000)	950,000	(950,000)	0	0
Cap sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,044,000**	**(635,000)**	**1,409,000**	**(709 000)**	**700,000**	**(700,000)**
Future interest cash flows on derivatives	0	(2,502)	0	(15 121)	0	(1,176)

Gross debt hedging

In €'000	06/30/2019
GROSS FIXED-RATE DEBT	**5,212,214**
Fixed-rate debt converted to floating rate	(59,000)
RESIDUAL FIXED-RATE DEBT	**5,153,214**
GROSS FLOATING-RATE DEBT	**2,445,303**
Fixed-rate debt converted to floating rate	59,000
GROSS FLOATING-RATE DEBT AFTER CONVERSION OF DEBT TO FLOATING RATE	**2,504,303**
Fixed-rate payer swaps and activated caps/floors	(400,000)
UNHEDGED GROSS FLOATING-RATE DEBT	**2,104,303**
Caps purchases	(1,585,000)
Caps sales	0
FLOATING RATE DEBT	**519,303**

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

In €'000	12/31/2018	Acquisitions	Sales	Transfer between items	Change in value	06/30/2019
Non-current assets	7,409	0	0	(5,221)	(343)	1,845
Current assets	0	0	0	0	0	0
Non-current liabilities	(3,835)	0	0	5,221	(27,794)	(26,408)
Current liabilities	(709)	0	0	0	444	(265)
TOTAL	**2,865**	**0**	**0**	**0**	**(27,692)**	**(24,828)**

The fair value of the financial instruments (current and non-current) has decreased by €28 million. This drop can be explained by the change in rates since the end of 2018 and the time effect.

5.5.5.13 Provisions

In €'000	12/31/2018	Allocations	Write backs	Utilizations	Transfer between items	06/30/2019
Tax reassessments	7,002	4,112	0	0	0	11,114
Employee benefit commitments	14,095	419	0	0	0	14,514
Other disputes	11,994	1,810	(196)	(229)	0	13,380
TOTAL	**33,091**	**6,342**	**(196)**	**(229)**	**0**	**39,008**

Some companies within the consolidation have been the subject of tax audits leading to notifications of tax reassessments, the majority of which are contested. At June 30, 2019, the total amount accrued as a provision for fiscal risk was €11 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 €10 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, all risks that would be likely to significantly impact the company's earnings or financial situation have been provisioned.

Employee benefit commitments (€14.5 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. Joaquín Rivero, on November 13, 2009, concerning Bami Newco's repayment of credit facilities granted to it until November 13, 2019 by Banco Popular for amounts of €3.3 million and €1.5 million in principal, respectively. As at June 30, 2019, provisions had been fully accrued for the total 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 has 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 this proceeding.

On July 16, 2012, the company was informed by Banco de Valencia of the existence of four promissory notes, issued in 2007 and in 2009, totaling €140 million, three in the name of "Gecina SA Succursal en España" and one in the name of Gecina SA, made out to a Spanish company named Arlette Dome SL. Said company had transferred the aforementioned promissory notes to Banco de Valencia to guarantee loans granted by said banking institution.

After verification, the company noted 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.

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, summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain payment of the disputed 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 hear 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. The proceedings on the merits are ongoing before the Court of First Instance of Madrid. In its ruling of May 21, 2019, the Madrid Court of First Instance ordered Gecina to pay €48.7 million, plus late payment interest, to Abanca. Gecina considers this ruling to be without grounds since the Court omitted to consider both the fraud committed by Abanca and the mandatory application of French law which was applicable to it on a decisive point in the case, and has therefore decided to appeal. Based on an assessment of the risk by the company and its counsels, no provision has been recognized.

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

5.5.5.14 Pensions and other employee benefits

The amounts reported in the balance sheet as at June 30, 2019 are as follows:

In €'000	06/30/2019	12/31/2018	06/30/2018
Present value of the liability	17,398	17,079	18,421
Fair value of hedging assets	(2,884)	(2,984)	(3,032)
NET PRESENT VALUE OF THE LIABILITY	**14,514**	**14,095**	**15,389**
Non-recognized profits (losses)	0	0	0
Non-recognized costs of past services	0	0	0
NET LIABILITY ON THE BALANCE SHEET	**14,514**	**14,095**	**15,389**

The net commitment recorded in non-recurring provisions amounted to €14.5 million after taking into account hedging assets estimated at €2.9 million at June 30, 2019.

The actuarial difference for the period amounted to €1.4 million for the most part recorded in shareholders' equity.

Change in bond

In €'000	06/30/2019	12/31/2018	06/30/2018
NET PRESENT VALUE OF BOND AT BEGINNING OF PERIOD	**14,095**	**15,155**	**15,155**
Breakdown of expense			
Cost of services rendered during the year	484	880	450
Net interest	100	197	99
Actuarial losses and gains	83	147	0
EXPENSE RECOGNIZED UNDER PAYROLL EXPENSE	**667**	**1,224**	**549**
Effects of any change or liquidation of the plan	0	(308)	0
Benefits paid (net)	(627)	(632)	(224)
Contributions paid	(1,002)	(2,731)	(91)
Actuarial losses and gains not written to profit or loss	1 381	1,387	0
NET PRESENT VALUE OF BOND AT END OF PERIOD	**14,514**	**14,095**	**15,389**

The main actuarial assumptions used to calculate Group commitments are as follows:

	06/30/2019	12/31/2018	06/30/2018
Expected yield rate of hedging assets	3.00%	3.00%	3.00%
Wage increase rate (net of inflation)	0.25%	0.25%	0.25%
Discount rate	0.00% - 1.25%	0.00% - 1.50%	0.00% - 1.50%
Inflation rate	1.75%	1.75%	1.75%

5.5.5.15 Suppliers

In €'000	06/30/2019	12/31/2018	06/30/2018
Trade payables	6,319	9,562	13,322
Trade payables (invoices not received)	34,323	40,043	50,421
Fixed asset trade payables	26,371	25,724	90,508
Fixed asset trade payables (invoices not received)	93,575	131,956	111,166
TRADE PAYABLES	**160,588**	**207,284**	**265,418**

5.5.5.16 Tax and social security liabilities

In €'000	06/30/2019	12/31/2018	06/30/2018
Social security liabilities	26,479	32,072	28,631
Other tax liabilities (representing VAT payable and local taxes)	91,790	40,578	89,125
TAX AND SOCIAL SECURITY LIABILITIES	**118,269**	**72,650**	**117,756**
of which non-current liabilities	*0*	0	0
of which current liabilities	*118,269*	*72,650*	*117,756*

5.5.5.17 Other current liabilities

In €'000	06/30/2019	12/31/2018	06/30/2018
Customer credit balance	54,248	55,155	67,541
Other payables [1]	210,427	8,506	147,040
Deferred income	3,099	3,141	7,534
OTHER CURRENT LIABILITIES	**267,774**	**66,802**	**222,115**

(1) Includes dividends paid on July 3, 2019 for €202 million.

5.5.5.18 Off balance sheet commitments

In €'000	06/30/2019	12/31/2018	06/30/2018
Commitments given			
Off balance sheet commitments given linked to operating activities			
Deposits and guarantees (in favor of subsidiaries and equity investments)	0	0	1,020
Asset-backed liabilities	188,368	189,424	628,246
Works amount to be invested (including off-plan property sales)	270,081	315,293	290,300
Preliminary property sale agreements	119,321	131,369	1,049,346
Preliminary agreements to purchase properties	0	0	35,720
Other[1]	34,403	41,452	28,652
TOTAL COMMITMENTS GIVEN	**612,172**	**677,538**	**2,033,284**
Commitments received			
Off balance sheet commitments received linked to financing			
Unused lines of credit	4,405,000	4,255,000	4,255,000
Off balance sheet commitments received linked to operating activities			
Preliminary property sale agreements	77,735	120,390	922,728
Preliminary agreements to purchase properties	180,500	0	38,000
Mortgage-backed receivables	480	480	480
Financial guarantees for management and transaction activities	660	1,025	1,025
Other[2]	1,256,769	1,258,921	1,258,991
TOTAL COMMITMENTS RECEIVED	**5,921,144**	**5,635,816**	**6,476,224**

(1) Of which €33 million in liability guarantees granted as part of the sale of shares of subsidiaries Gecimed (€16 million), previous Eurosic subsidiaries (€14 million) and Hôtelière de la Villette (€3 million).

(2) Of which a €1,240 million guarantee received as part of the acquisition of 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 10 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 [1]	Assets available for sale	Loans and receivables	Liabilities at amortized cost	Historic cost [1]	Fair value through shareholders' equity	Total	Fair value
Financial fixed assets	0	3,647	0	480	0	0	22,186	26,313	26,313
Equity-accounted investments	0	0	0	0	0	48,126	0	48,126	48,126
Cash and cash equivalents	162,053	0	0	0	0	0	0	162,053	162,053
Financial instruments[2]	1,845	0	0	0	0	0	0	1,845	1,845
Other assets	0	0	0	0	0	219,570	0	219,570	219,570
TOTAL FINANCIAL ASSETS	**163,898**	**3,647**	**0**	**480**	**0**	**267,696**	**22 186**	**457,907**	**457,907**
Financial debt [3]	0	2,229,453	0	0	5,428,064	0	0	7,657,517	7,953,611
Financial instruments[2]	26,673	0	0	0	0	0	0	26,673	26,673
Other liabilities	0	0	0	0	0	625,671	0	625,671	625,671
TOTAL FINANCIAL LIABILITIES	**26,673**	**2,229,453**	**0**	**0**	**5,428,064**	**625,671**	**0**	**8,309,861**	**8,605,955**

(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 the financial instruments is level 2, which means that the valuation is based on observable market data.
(3) See Note 5.5.5.12.1

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	06/30/2019	06/30/2018
Less than 1 year	467,114	428,969
1 to 5 years	1,201,964	1,329,008
Over 5 years	488,990	331,060
TOTAL	**2,158,068**	**2,089,036**

5.5.6.2 Direct operating expenses

These are composed of:

- rental expenses that are payable by the owner, expenses related to construction work, costs of disputes, if any, and property management fees;
- the portion of rechargeable rental expenses 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 €1.3 million at June 30, 2019 *versus* €0.9 million at June 30, 2018.

Recharges to tenants consist of rental income from recharging tenants for costs payable by them. They include, at June 30, 2019, all rental and technical management fees that may be invoiced, *i.e.* €3.3 million (*versus* €2.6 million at June 30, 2018).

In €'000	06/30/2019	06/30/2018
Other external expenses	(52,849)	(55,759)
Taxes and other payables	(73,988)	(77,151)
Salaries and fringe benefits	(2,696)	(2,502)
Amortization of rights of use	(223)	0
Other expenses	(862)	(487)
PROPERTY EXPENSES	**(130,618)**	**(135,899)**
Rental expenses to be regularized	39,209	24,243
Vacant premises' expenses	(7,071)	(3,225)
Miscellaneous recovery	21,144	33,325
Provisions on costs	40,696	43,448
RECHARGES TO TENANTS	**93,978**	**97,791**
NET DIRECT OPERATING EXPENSES	**(36,640)**	**(38,108)**

5.5.6.3 Operating income from finance leases and hotel activities

In €'000	06/30/2019	06/30/2018
Financial fees and other income on finance lease transactions	33,500	20,743
Operating expenses	(29,287)	(16,579)
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS	**4,212**	**4,164**
Hotel operating income	20,284	21,578
Hotel operating expenses	(15,964)	(17,707)
Depreciation of the hotel activity	(2,410)	(2,548)
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	**1,910**	**1,324**

5.5.6.4 Services and other income (net)

These largely comprise the following items:

In €'000	06/30/2019	06/30/2018
Income from service activities	206	368
Reversals of investment subsidies	103	103
Other income	2,297	1,261
SERVICES AND OTHER INCOME (NET)	**2,606**	**1,732**

5.5.6.5 Overheads

Overheads break down as follows:

In €'000	06/30/2019	06/30/2018
Payroll costs	(31,430)	(30,853)
Internal costs	3,392	3,121
Share-based payments (IFRS 2)	(1,578)	(1,489)
Net management costs	(12,197)	(12,357)
TOTAL	**(41,813)**	**(41,577)**

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

Depending on their nature, a portion of salaries and fringe benefits has been reclassified to the income statement or balance sheet for a total amount of €3.4 million at June 30, 2019 (Internal Costs). Personnel expenses 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.).

5.5.6.6 Real estate margin

In €'000	06/30/2019	06/30/2018
Transfer of inventories	15,100	0
Net book value of inventories	(13,738)	0
REAL ESTATE MARGIN	**1,362**	**0**

Two assets held as real-estate traders were sold during the year with a profit on disposal of €1.4 million.

5.5.6.7 Gains or losses on disposals

Disposals represented:

In €'000	06/30/2019	06/30/2018
Block sales	79,344	298,086
Unit sales	30,543	41,123
PROCEEDS FROM DISPOSALS	**109,888**	**339,209**
Block sales	(62,159)	(279,619)
Unit sales	(25,424)	(33,684)
NET BOOK VALUE	**(87,584)**	**(313,304)**
Block sales	(526)	(8,111)
Unit sales	(1,385)	(2,006)
COST OF SALES	**(1,910)**	**(10,117)**
Block sales	16,659	10,349
Unit sales	3,734	5,433
GAINS OR LOSSES ON DISPOSALS	**20,394**	**15,782**

Salaries and fringe benefits directly attributable to disposals and to a lesser extent management costs recorded under "Gains or losses on disposal" for the first half of 2019 amounted to €0.4 million *versus* €0.9 million at June 30, 2018.

5.5.6.8 Change in value of properties

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

In €'000	12/31/2018	06/30/2019	Change	%
Offices	13,191,505	13,729,787	538,282	4.1%
Residential	2,941 080	3,027,200	86,120	2.9%
Other activities	162,880	164,520	1,640	1.0%
INVESTMENT PROPERTIES(1)	**16,295,465**	**16,921,507**	**626,042**	**3.8%**
Change in value of projects delivered and acquisitions(2)			(2,828)	
Change in value of projects in progress(2)			73,047	
Change in value of assets for sale(3)			12,630	
CHANGE IN VALUE			**708,891**	
Capitalized works on investment properties(1)			(39,385)	
Capitalized salaries and fringe benefits on investment properties(1)			(1,049)	
Acquisition costs and other(1)			(2,591)	
Linearization of the rent incentives			(39,860)	
CHANGE IN VALUE RECORDED IN INCOME STATEMENT AS AT JUNE 30, 2019			**626,007**	

(1) Change in value of investment properties on a like for like basis (Note 5.5.5.1.1).
(2) Change in value of buildings under redevelopment (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:

COMMERCIAL	Yield rate	DCF discount rate	VLM (rental market value) *(in €/sq.m)*
Paris CBD	2.30% - 4.30%	3.25% - 5.00%	360 - 820 €/sq.m
Paris non-CBD	2.60% - 6.05%	3.00% - 6.50%	240 - 860 €/sq.m
PARIS	**2.30% - 6.05%**	**3.00% - 6.50%**	**240 - 860 €/SQ.M**
Inner ring (Paris)	3.55% - 6.35%	4.00% - 6.75%	150 - 550 €/sq.m
Outer ring (Paris)	6.65% - 8.30%	6.75% - 9.90%	100 - 190 €/sq.m
PARIS REGION	**3.55% - 8.30%**	**4.00% - 9.90%**	**100 - 550 €/SQ.M**
Rest of France	3.70% - 7.25%	2.90% - 7.25%	50 - 300 €/sq.m
COMMERCIAL	**2.30% - 8.30%**	**2.90% - 9.90%**	**50 - 860 €/SQ.M**

RESIDENTIAL	Yield rate	Unit sales price *(in €/sqm)*
Paris	2.60% - 4.00%	7,010 - 13,350 €/sq.m
Inner ring (Paris)	3.25% - 4.10%	5,000 - 7,570 €/sq.m
RESIDENTIAL	**2.60% - 4.10%**	**5,000 - 13,350 €/SQ.M**

An unfavorable situation on the real estate market could have a negative impact on the valuation of Gecina's property portfolio and 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 9.9% 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 €1,963 million based on the block valuation of assets as at June 30, 2019, 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 € million)*	Change in assets *(in %)*	Impact on consolidated income *(in € million)*
ALL SECTORS	**0.50%**	**17,791**	**-9.9%**	**(1,963)**
Offices	0.50%	14,620	-9.8%	(1,581)
Residential	0.50%	2,979	-11.3%	(381)
Hotels	0.50%	192	-0.8%	(2)

5.5.6.9 Impacts of business combinations

This account exclusively represents the residual costs 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 amortization of premiums on option and periodic premiums on option; (iv) straight-line amortization of the cost of arranging these loans and credit lines.

In €'000	06/30/2019	06/30/2018
Interests and expenses on loans	(52,346)	(52,824)
Interests on finance leases	0	(24)
Interest expenses on hedge instruments	(1,437)	(3,922)
Other financial costs	0	21
Losses from translation differentials	(10)	0
Capitalized interests on projects under development	5,224	11,589
Interest on lease obligations	(759)	0
FINANCIAL COSTS	**(49,328)**	**(45,160)**
Interest income on hedging instruments	0	3,841
Other financial income	81	647
Foreign exchange gains	(27)	82
FINANCIAL INCOME	**55**	**4,570**
NET FINANCIAL EXPENSES	**(49,273)**	**(40,590)**

The average cost of the drawn debt amounted to 1.1% in the first half of 2019.

5.5.6.11 Change in value of financial instruments and debt

Based on the existing hedge portfolio and taking into account contractual conditions at June 30, 2019, and the anticipated debt in 2019, a 0.5% increase in interest rates would generate an additional expense in 2019 of €2.2 million. An interest rate decrease of 0.5% would lead to a drop in financial expenses in 2019 of €1.6 million.

Net financial instruments (current and non-current) decreased by €28 million during the first half of 2019..

Based on the portfolio at June 30, 2019, the change in fair value of the derivatives portfolio as a result of a 0.5% increase in interest rates would be €+22 million recognized in income. A 0.5% interest rate cut would lead to a fair value decrease of €-21 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	06/30/2019	06/30/2018
Additional contribution	0	662
CVAE	(3,098)	(3,179)
Tax credits	0	39
RECURRENT TAX	**(3,098)**	**(2,478)**
Corporate income tax	(1,258)	(3,343)
Deferred taxes	2,007	2,238
NON RECURRENT TAX	**748**	**(1,105)**
TOTAL	**(2,350)**	**(3,583)**

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	06/30/2019	06/30/2018
Consolidated net income	807,520	491,399
Tax (incl. CVAE)	2,350	3,583
CONSOLIDATED NET INCOME, BEFORE TAX	**809,870**	**494,982**
THEORETICAL TAX IN %	**32.00%**	**34.43%**
THEORETICAL TAX IN VALUE	**259,159**	**170,422**
Impact of tax rate differences between France and other countries	(106)	(76)
Impact of permanent and timing differences	(1,044)	6,246
Companies accounted for under the equity method	(403)	(92)
SIIC regime effect	(258,354)	(176,095)
CVAE	3,098	3,179
TOTAL	**(256,809)**	**(166,838)**
Effective tax expense per income statement	2,350	3,583
EFFECTIVE TAX RATE	**0.29%**	**0.73%**

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

The theoretical tax rate of 32.0% thus corresponds to the ordinary tax rate of 31% (28% for profits up to €0.5 million) and to the corporate income tax social contribution of 3.3%.

The effective tax rate presented covers corporate income tax and the CVAE, excluding all other taxes, local taxes and royalties.

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 weighted average 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 amounts per share for the previous financial period were restated retroactively, where applicable, to take the new shares created over the financial period into account.

	06/30/2019	06/30/2018
Earnings attributable to owners of the parent (in €'000)	806,775	490,024
Weighted average number of shares before dilution	73,849,747	73,272,281
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT, UNDILUTED *(IN €)*	**10.92**	**6.69**
Earnings attributable to owners of the parent, after the effect of dilutive securities *(in €'000)*	806,803	490,061
Weighted average number of shares after dilution	74,094,194	73,499,441
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT *(IN €)*	**10.89**	**6.67**

	06/30/2019	06/30/2018
Earnings attributable to owners of the parent before dilution *(in €'000)*	806,775	490,024
Impact of dilution on earnings (securities allocations effect)	28	37
DILUTED EARNINGS ATTRIBUTABLE TO OWNERS OF THE PARENT *(IN €'000)*	**806,803**	**490,061**
Weighted average number of shares before dilution	73,849,747	73,272,281
Impact of dilution on average number of shares	244,447	227,160
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	**74,094,194**	**73,499,441**

5.5.7 Notes to the consolidated statement of cash flows

5.5.7.1 Change in value and bond redemption costs

In €'000	Note	06/30/2019	12/31/2018	06/30/2018
Change in value of properties	5.5.5.1.1	(626,007)	(565,781)	(296,489)
Change in value of financial instruments	5.2	27,692	14,590	7,152
Premium and bond redemption costs	5.2	15,956	0	0
CHANGE IN VALUE AND BOND REDEMPTION COSTS		**(582,359)**	**(551,191)**	**(289,337)**

5.5.7.2 Change in operating working capital requirements

In €'000	06/30/2019	12/31/2018	06/30/2018
BALANCE SHEET ASSETS			
Changes in inventory	0	0	253
Clients change	17,598	(1,333)	29,692
Change in other receivables(1)	(64,022)	80,479	51,514
Change of prepaid expenses	(2,299)	858	2,396
TOTAL BALANCE SHEET ASSETS	**(48,723)**	**80,004**	**83,855**
BALANCE SHEET LIABILITIES			
Change in tenants' security deposits	1,151	(470)	(947)
Change in trade payables	(8,802)	16,131	4,030
Change in tax and social security liabilities	46,381	24,240	67,362
Change in other debts	(694)	22,030	142,135
Change of prepaid expenses	42	(2,935)	1,699
TOTAL BALANCE SHEET LIABILITIES	**38,077**	**58,995**	**214,279**
TOTAL OF CHANGE IN OPERATING CAPITAL	**86,800**	**(21,008)**	**130,424**

(1) VAT	*(5,565)*	*35,164*	*44,964*
Taxes	*(1,589)*	*(235)*	*7,413*
Compensation receivable for disputes	*(59,002)*	*59,002*	

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5.5.7.3 Proceeds from disposals of tangible and intangible fixed assets

In € million	06/30/2019	12/31/2018	06/30/2018
Block sales	94,444	1,246,454	298,086
Unit sales	30,543	83,922	41,123
PROCEEDS FROM DISPOSALS	**124,988**	**1,330,376**	**339,209**
Block sales	(526)	(17,957)	(8,099)
Unit sales	(1,385)	(3,741)	(2,006)
COST OF SALES	**(1,910)**	**(21,698)**	**(10,105)**
CASH IN-FLOW LINKED TO DISPOSALS	**123,077**	**1,308,678**	**329,104**

5.5.7.4 Acquisition of consolidated entities

None.

5.5.7.5 Change in working capital requirements from investing activities

In €'000	06/30/2019	12/31/2018	06/30/2018
BALANCE SHEET ASSETS			
Change in other receivables (fixed asset buyers)	2,535	(2,601)	(5,315)
BALANCE SHEET LIABILITIES			
Change in fixed asset payables	(35,473)	(83,559)	(17,011)
OTHER CHANGES			
Effects of the assets and liabilities of companies sold	(1,277)	(38,254)	0
CHANGE IN WORKING CAPITAL FROM INVESTING ACTIVITIES	**(34,215)**	**(124,413)**	**(22,326)**

5.5.7.6 Dividends paid to shareholders of the parent company

After paying an interim dividend of €2.75 per share on March 6, 2019, the General Meeting of April 17, 2019 approved the payment of a dividend of €5.50 per share for the 2018 financial year. The balance of €2.75 per share still owing was paid out on July 3, 2019.

For the 2017 financial year, the Group distributed a dividend per share of €5.30 for a total of €388 million, €280 million of which was paid in cash, the balance being paid in shares.

5.5.7.7 New loans and repayments of loans

In €'000	06/30/2019	12/31/2018	06/30/2018
New loans	2,394,365	3,822,992	609,633
Repayments of loans	(2,188,126)	(4,889,092)	(794,853)
CHANGE IN LOANS	**206,240**	**(1,066,100)**	**(185,220)**

Change in loans

In €'000	06/30/2019	12/31/2018	06/30/2018
Debts at year closing	7,657,517	7,486,579	8,327,297
Debts at year opening	(7,486,579)	(8,534,696)	(8,534,696)
Accrued interests at year closing	(29,513)	(70,721)	(34,522)
Accrued interests at year opening	70,721	60,338	60,338
Impact of bond issues	(5,908)	(7,600)	(3,639)
CHANGE IN LOANS	**206,240**	**(1,066,100)**	**(185,220)**

5.5.7.8 Closing cash and cash equivalents

In €'000	06/30/2019	12/31/2018	06/30/2018
Money-market UCITS	1	1	223
Current bank accounts	162,052	31,689	56,415
CLOSING CASH AND CASH EQUIVALENTS	**162,053**	**31,690**	**56,638**

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, 2019

In €'000	Commercial	Residential	Student residences	Other segments(1)	Total segments
OPERATING INCOME					
Rent on commercial properties	258,962	4,758	0	6,707	270,427
Rent on residential properties	2,793	48,004	0	0	50,797
Rent on student residences	0	0	9,378	0	9,378
REVENUE: RENTAL INCOME	**261,755**	**52,762**	**9,378**	**6,707**	**330,602**
Expenses not billed to tenants	(22,011)	(10,997)	(2,907)	(726)	(36,640)
NET RENTAL INCOME	**239,744**	**41,765**	**6,471**	**5 981**	**293,961**
MARGIN ON RENTS	**91.6%**	**79.2%**	**69.0%**	**89.2%**	**88.9%**
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS				**4,212**	**4,212**
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY				**1,910**	**1,910**
Services and other income (net)	1,502	234	259	611	2,606
Salaries and fringe benefits					(29,616)
Net management costs					(12,197)
EBITDA					**260,877**
Real estate margin	1,362				1,362
Net gains on disposals of properties	(41)	4,243	0	16,192	20,394
Change in value of properties	540,332	79,458	4,128	2,088	626,007
Depreciation and amortization					(4,532)
Net impairments					(2,585)
Impacts of the business combination					0
OPERATING INCOME					**901,522**
Net financial expenses					(49,273)
Financial provisions and amortization					1
Change in value of financial instruments					(27,692)
Premium and bond redemption costs					(15,956)
Net income from equity-accounted investments					1,268
CONSOLIDATED NET INCOME, BEFORE TAX					**809,870**
Taxes					(2,350)
Consolidated net income attributable to non-controlling interests					(745)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT					**806,775**
ASSETS AND LIABILITIES BY SEGMENTS AS AT JUNE 30, 2019					
Gross property holdings (except headquarters)	15,780,918	3,023,171	336,185	670,441	19,810,715
▪ Of which acquisitions	0	0	0	0	0
▪ Of which properties for sale	85,740	319,742	0	226,559	632,042
Amounts due from tenants	103 849	9,856	1,836	19,,662	135 203
Provisions for tenant receivables	(4,,690)	(6,326)	(572)	(6,027)	(17,614)
Security deposits received from tenants	66,405	9,640	2,222	3,871	82,139

(1) The other business segments include finance leasing and hotel company operations.

Including IFRIC 21 (Levies imposed by governments) effects.

Income statement for business segments at June 30, 2018

In €'000	Commercial	Residential	Student residences	Other segments[1]	Total segments
OPERATING INCOME					
Rent on commercial properties	264,103	4,495	0	7,948	276,546
Rent on residential properties	2,402	48,270	0	0	50,673
Rent on student residences	0	0	8,164	0	8,164
REVENUE: 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**
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**
Real estate margin					0
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
Depreciation and 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 and debts					(7,152)
Net income from equity-accounted investments					266
CONSOLIDATED NET INCOME, BEFORE TAX					**494,982**
Taxes					(3,583)
Consolidated net income attributable to non-controlling interests					(1,375)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT					**490,024**
ASSETS AND LIABILITIES BY SEGMENTS AS AT JUNE 30, 2018					
Gross 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
Provisions for tenant 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 segments include finance leasing and hotel company operations.

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, 2019, Gecina's shareholding was structured as follows:

	Number of shares	%
Ivanhoé Cambridge [1]	11,575,623	15.17
Crédit Agricole Assurances – Predica	10,507,864	13.77
Norges Bank	7,111,607	9.32
Other resident institutional shareholders	4,088,494	5.35
Individual shareholders	2,859,250	3.75
Non-resident shareholders	37,235,312	48.79
Treasury shares	2,940,910	3.85
TOTAL	**76,319,060**	**100**

(1) During the first half of 2019, Omaha Investments S.à,r,l, Juno Investments S.à,r,l and Utah Investments S.à,r,l companies related to Ivanhoe Cambridge Inc., informed the AMF and Gecina of the pledge of their shares. Details below:

Companies related to Ivanhoé Cambridge Inc.	Number of shares	%
Omaha Investments S.à r.l	4,686,649	6.1
Juno Investments S.à r.l	4,223,919	5.5
Utah Investments S.à r.l	2,649,109	3.5
TOTAL	**11,559,677**	**15.1**

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5.5.9.2 Related parties

A co-exclusive sale mandate for a building located in Neuilly-sur-Seine (Hauts-de-Seine) was signed in May 2011, between Locare, a subsidiary of Gecina, and Resico, a subsidiary of Predica, shareholder and Director of the company. Locare has not invoiced fees to Resico during the first half of 2019.

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

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

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, and which amount to a total of €38 million, fully impaired. 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 this proceeding.

5.5.9.3 Group employees

Average headcount[1]	06/30/2019	12/31/2018	06/30/2018
Managers	258	260	259
Employees and supervisors	184	177	174
Building staff	59	65	64
TOTAL	**500**	**502**	**497**

(1) Average headcount including fixed-term contracts.

5.5.9.4 Stock options and performance shares

Stock options

Grant date	Start date of exercise of options	Number of options granted	Subscription or purchase price	Balance remaining to be exercised at December 31, 2018	Options exercised in 2019	Options canceled, expired or transferred in 2019	Balance remaining to be exercised at 06/30/2019	Residual term *(in years)*
04/16/2010	04/16/2012	252,123	€76.52	14,818			14,818	0.8
12/27/2010	12/27/2012	210,650	€81.88	34,391			34,391	1.5

Performance shares

Grant date	Vesting date	Number of shares granted	Stock price when granted	Balance at 12/31/2018	Shares acquired in 2019	Shares canceled in 2019	Balance at 06/30/2019
04/21/2016	04/23/2019	60,990	€125.00	49,409	48,709	700	0
07/21/2016	04/23/2019	3,000	€128.65	3,000	3,000		0
07/17/2017	07/20/2020	53,810	€136.08	45,877		600	45,277
02/21/2018	02/22/2021	57,920	€153.70	53,320		80	53,240
02/19/2019	02/20/2022	49,010	€127.60				49,010

5.5.9.5 Compensation for administrative and governance bodies

Compensation for management bodies concerns Gecina’s corporate officers.

In €’000	06/30/2019	12/31/2018
Short-term benefits	1,644	1,636
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	n.a.	921

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 by the company 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 Paris Criminal Court (*Tribunal Correctionnel de Paris*) 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 appealed this decision, the ruling was 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.

On December 5, 2018, the Paris Appeals Court issued a ruling acknowledging the expiry of the appeal and upholding all the provisions of the judgment of March 11, 2015 handed down by the Criminal Court, the latter now being enforceable.

In addition, the fate of the €86 million representing the amount of dividends due to Mr. Joaquín Rivero through his company Alteco, subject to court-ordered liquidation proceedings in Spain, and which had been subject to a criminal seizure order issued by Judge Van Ruymbecke in 2012 and 2013 as part of these proceedings, has been finalized through a settlement agreement with its court-appointed liquidator, with this agreement also contributing to the favorable ruling of December 5, 2018.

Under this settlement agreement, Gecina has received €59 million in damages on April 2019.

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, said seizure becoming enforceable as a result of the ruling of December 5, 2018.

- 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 in 2009, totaling €140 million, three in the name of "Gecina SA Succursal en España" and one in the name of Gecina SA, made out to a Spanish company named Arlette Dome SL. Said company had transferred the aforementioned promissory notes to Banco de Valencia to guarantee loans granted by said banking institution.

After verification, the company noted 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 hear 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. In its ruling of May 21, 2019, the Madrid Court of First Instance ordered Gecina to pay €48.7 million, plus late payment interest, to Abanca. Gecina considers this ruling to be without grounds since the Court omitted to consider both the fraud committed by Abanca and the mandatory application of French law which was applicable to it on a decisive point in the case, and has therefore decided to appeal. Based on an assessment of the risk by the company and its counsels, no provision has been recognized. 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).

  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 pleadig 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 this proceeding.

  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.
- 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.

6
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, appointed at the Board Meeting held on April 18, 2018.

6.2 Board of Directors and its Committees

The composition of the Board of Directors and its Committees did not change during the first half of 2019. Ms. Dominique Dudan and Predica were reappointed as Directors by the General Meeting of April 17, 2019.

6.2.1 Board of Directors

At June 30, 2019, 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
Director,
Chief Executive Officer

Laurence Danon Arnaud
Independent director

Jean-Jacques Duchamp
Permanent representative
of Predica, Director

Dominique Dudan
Independent director

Sylvain Fortier
Permanent representative
of Ivanhoé Cambridge Inc.,
Director

Gabrielle Gauthey
Independent director

Claude Gendron
Director

Jacques-Yves Nicol
Independent director

Inès Reinmann Toper
Independent director

During the first half of 2019, the following changes were made to the structure of the Board of Directors and its Committees:

	Departure	Appointment	Renewal
Board of Directors	x	x	▪ Ms. Dominique Dudan ▪ Predica, represented by Mr. Jean-Jacques Duchamp
Strategic and Investment Committee	x	x	▪ Predica, represented by Mr. Jean-Jacques Duchamp
Audit and Risk Committee	x	x	▪ Ms. Dominique Dudan ▪ Predica, represented by Mr. Jean-Jacques Duchamp
Governance, Appointment and Compensation Committee	x	x	x

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 17, 2019, confirmed the composition of its Committees. The Committees are now comprised as detailed below.

Committees	Composition as at June 30, 2019	Comments
Strategic and Investment Committee	**4 members, of which 1 independent** ▪ Ivanhoé Cambridge Inc., represented by Mr. Sylvain Fortier, Chairman of the Committee ▪ Ms. Méka Brunel ▪ Mr. Bernard Carayon[1] ▪ Predica, represented by Mr. Jean-Jacques Duchamp	The Board of Directors' Meeting of April 17, 2019, held after the Annual General Meeting of the same day, decided to maintain the composition of this Committee as described here.
Audit and Risk Committee	**6 members, 4 of whom are independent** ▪ Ms. Gabrielle Gauthey[1], Chairwoman of the Committee ▪ Ms. Laurence Danon Arnaud[1] ▪ Ms. Dominique Dudan[1] ▪ Mr. Claude Gendron ▪ Predica, represented by Mr. Jean-Jacques Duchamp ▪ Ms. Inès Reinmann Toper[1] No executive corporate officer. The Chairwoman has the casting vote in the event of a tie.	The Board of Directors' Meeting of April 17, 2019, held after the Annual General Meeting of the same day, decided to maintain the composition of this Committee as described here.
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 Chairwoman has the casting vote in the event of a tie.	The Board of Directors' Meeting of April 17, 2019, held after the Annual General Meeting of the same day, decided to maintain the composition of this Committee as described here.

(1) Independent Director.

7

Concordance table

The headings are only completed where there has been a modification to Registration Document D.19-0074.

Public documents

This half-year financial report is available free of charge on request from the Financial Communication 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 Registration Document 2018;
- 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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