Press release
July 18, 2019

Earnings at June 30, 2019

Building the future

Total return of 11.4% over 12 months (6.8% over six months)
€3.8bn project pipeline, with €3.0bn underway or to be launched in the short term
Gecina's transformation continuing to move forward with the gradual deployment of YouFirst
2019 guidance reviewed upward following a solid first half

Executing our strategy: particularly dynamic first half of 2019

- **85,000 sq.m let** during the first half of the year, with headline reversion of +5% in Paris CBD & 5-6-7
- **Seven projects delivered or to be delivered in 2019** in the most central sectors, largely pre-let, including six over the second half of the year
- **Net value creation** in H1 of around **€256m on the assets under development** or delivered in 2018
- **Ongoing portfolio rationalization: €423m** of sales completed or covered by preliminary agreements, with a **premium of nearly +6%**

Consolidating results: financial aggregates driven by operational performance

- **EPRA NAV of €169.8** per share, up **+8.0%** year-on-year…
- …generating a **total return** of **11.4%** over 12 months (and 6.8% over six months)
- **Recurrent net income** per share up +2.5% excluding the impact of non-strategic assets sold in 2018 from the Eurosic scope
- **LTV down** to 35.3% including duties (vs. 36.2% at end-2018 and 39.0% mid-2018)
- **Average maturity of debt** extended by +0.4 years to 7.7 years at end-June, with the **cost of drawn debt** unchanged at 1.1%

Anticipating and preparing future performance

- Headline **reversion potential** of around +9% identified for Gecina's office portfolio, linked to its centrality, which will gradually be reflected in rental trends over the coming years
- **€3.0bn pipeline committed or "to be committed"** in the short term, with an expected yield of around 5.8%
  Eight projects from the "to be committed" pipeline could start up during the second half of the year, representing over 80,000 sq.m, contributing to the robust trends for growth and value creation over the medium term
- **Gecina's continued transformation around YouFirst:** electronic signatures introduced for leases, new CRM launched, partnership set up with GarantMe to facilitate access to housing for students, investment in a Fifth Wall fund focused on urban innovation
- **2019 guidance revised following a solid first half:** 2019 recurrent net income per share now expected to increase by over +3% (excluding impact of sales of non-strategic assets from the Eurosic scope in 2018), with **€5.80 to €5.85** (versus €5.70 to €5.75 previously)

In million euros	Jun 30, 18	Jun 30, 19	*Change (%)*
Gross rental income	335.4	330.6	*-1.4%* ***(+2.0% like-for-like)***
EBITDA	274.4	271.4	*-1.1%*
Recurrent net income (Group share)	**230.3**	**218.8**	*-5.0%* ***(+3.3% excl. the impact of non-strategic assets sold from the Eurosic scope)***
Per share (in euros)	*3.14*	*2.96*	*-5.7%* ***(+2.5% excl. the impact of non-strategic assets sold from the Eurosic scope)***
EPRA NAV (block)	**157.3**	**169.8**	***+8.0%***
LTV (including duties)	**39.0%**	**35.3%**	***-3.7 pts***

Excluding IFRIC 21

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Highlights and key figures at June 30, 2019

Total return of 11.4% over 12 months, reflecting Gecina's excellent performance in buoyant markets

- Appraisal values up +3.9% like-for-like over six months, driven primarily by the increase in rental values for the most central sectors
- EPRA NAV up +8.0% to €169.8 per share…
- …generating a total return of 11.4% over 12 months (and 6.8% over six months)

2019 guidance revised upwards following a solid first half

- Rental income up +2.0% like-for-like (+1.9% for offices, +2.5% for traditional residential)
- Like-for-like office rental income growth now expected to come in at over +2% (excluding vacancy effect), compared with +1.7% to +2.0% previously
- Recurrent net income per share of €2.96, up +2.5% excluding the impact of non-strategic assets sold in 2018 from the Eurosic scope
- 2019 recurrent net income per share growth now expected to reach +3% (excluding impact of sales of non-strategic assets from the Eurosic scope in 2018), with €5.80 to €5.85 (versus €5.70 to €5.75 previously)

Buoyant market, with positive trends for the Group's outlook

- Available supply is still close to an all-time low, with market rents up over 12 months: +3.8% for the region, +7.9% for Paris' extended CBD and +10.4% for the rest of Paris City
- Headline reversion potential of around +8.6% identified for Gecina's office portfolio, which will gradually be reflected in like-for-like rental trends over the coming years

Dynamic management of the Group's portfolio

- €423m of assets sold or under preliminary sales agreements at end-June, with a premium of 5.7% versus the latest appraisals from end-2018
- €3.0bn committed or controlled and certain pipeline, following the Ibox building's delivery during the first half of the year
- €256m value creation recorded over the first half of this year on the buildings under development or delivered in 2018
- Six projects scheduled to be delivered in the second half of the year, representing almost 70,000 sq.m
- Eight projects from the "to be committed" pipeline, including two major projects in Paris' CBD, could start up during the second half of the year, representing over 80,000 sq.m, contributing to the robust trends for growth and value creation over the medium term
- The projects from the "committed" and "to be committed" pipeline (controlled and certain) are expected to generate a significant rental gain. 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 rents could see growth of €130m to €140m between 2018 and 2024, thanks exclusively to these internal dynamics developed by the Group

Increasingly flexible and agile balance sheet

- LTV down to 35.3% including duties (vs. 36.2% at end-2018 and 39.0% mid-2018)
- Average maturity of debt extended from 7.3 years at end-2018 to 7.7 years at end-June, with the cost of debt remaining unchanged (1.1% for drawn debt)

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	Jun 30, 18	Jun 30, 19	Change (%)	
In million euros			Current basis	Like-for-like
Offices	**274.5**	**268.5**	**-2.2%**	**+1.9%**
Traditional residential	52.8	52.8	+0.0%	+2.5%
Student residences	8.2	9.4	+14.9%	+1.8%
Total gross rental income	**335.4**	**330.6**	**-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)		
€m	Dec 31, 18	Jun 30, 19
Offices	531	538
Traditional residential	105	106
Student residences	18	18
Total	654	662

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).

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

These market trends make it possible to see a spread between current market rents and the rents in place in our portfolio of around +8.6%, primarily due to the portfolio's most central sectors and particularly Paris City.

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%	na
Group total	**95.6%**	**95.1%**	**94.9%**	**94.7%**	**94.6%**

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.

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). However, 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, 18	Jun 30, 19	*Change (%)*
Gross rental income	**335.4**	**330.6**	***-1.4%***
Net rental income	**308.1**	**304.0**	***-1.4%***
Operating margin for other business	5.5	6.1	*+11.3%*
Services and other income (net)	1.7	2.6	*+50.5%*
Salaries and management costs	(40.9)	(41.3)	*+0.9%*
EBITDA	**274.4**	**271.4**	***-1.1%***
Net financial expenses	(40.6)	(49.3)	*+21.4%*
Recurrent gross income	**233.8**	**222.1**	***-5.0%***
Recurrent net income from associates	0.0	0.6	*na*
Recurrent minority interests	(1.1)	(0.8)	*-20.6%*
Recurrent tax	(2.5)	(3.1)	*+25.0%*
Recurrent net income (Group share)	**230.3**	**218.8**	***-5.0%***
Recurrent net income (Group share) per share	**3.14**	**2.96**	***-5.7%***

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%

LTV reduced, average maturity of debt extended and average cost stable

Gecina has continued to optimize its liabilities, capitalizing on a volatile but still positive environment to further strengthen and extend its financial structure, notably against the backdrop of a reduction in rates. Illustrating this, the Group successfully capitalized on favorable conditions to raise €500m through a new 15-year bond issue and further extend the **average maturity of its debt and hedging to 7.7 years and 8.3 years respectively**, while keeping the **cost of debt stable at 1.1% for drawn debt (and 1.4% including undrawn credit lines)**.

The main financing operations carried out over the first half of 2019 included:

- The raising of €0.9bn of new financing (with an average maturity of 11.4 years), including a **€500m 15-year bond issue with a coupon of 1.625%** and the third **responsible credit** agreement set up for €260m with BNP Paribas
- The early repayment of €0.4bn of financing (with an average maturity of 2.1 years)
- The €0.4bn of financing that reached maturity.

At end-June 2019, **Gecina's LTV came to 35.3% including duties** (37.5% excluding duties), down -90bp over six months and -370bp year-on-year, further strengthening the sound foundations for the ratings achieved (S&P: A-, Moody's: A3).

Ratios	Covenant	Jun 30, 2019
Loan to value (block, excl. duties)	< 55% - 60%	37.5%
EBITDA (excluding disposals) / net financial expenses	> 2.0x	5.3x
Outstanding secured debt / net asset value of portfolio (block, excl. duties)	< 25%	0.9%
Net asset value of portfolio (block, excl. duties) in billion euros	> 6.0 - 8.0	19.9

€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%.

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 -0.8pts, 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.

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.

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€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 the office portfolio

Project	Location	Delivery date	Total space (sq.m)	Total investment (€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 7	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%**	

Growth in real estate values reflecting centrality and rising rental values

The portfolio value (block) represents €19,895m, up **+3.9% over six months** (+4.2% for offices) like-for-like, following a +3.4% increase over the full year in 2018, highlighting the good level of the investment markets.

On a like-for-like basis, for the office portfolio, the dominance of the most central sectors can be clearly seen once again. The increase in value came to **+4.2% over six months**, with **+5.1% for the Parisian portfolio**.
Although they have also seen growth, values have increased more slowly for the other sectors (+2.9% for the Western Crescent and La Défense and +1.2% for the Paris Region's other sectors).

Values driven by the upturn in rents for the most central sectors, with a "rent" effect that accounts for the majority of the increase in values observed.
The business plan effect or rent effect accounts for more than 71% of the office portfolio's value growth, with this rate reaching 88% for Paris City.
These appraisals reflect a slight -14bp compression of capitalization rates for offices to 4.1% including retail units and **4.3% exclusively for offices**.

For the residential portfolio, the valuation retained is up **+2.9% like-for-like over six months**. This performance has been driven by positive trends on the market for vacant properties and the growing appetite among institutional investors justifying a lower discount for the block values, as well as the **rollout of Gecina's new strategy on this asset class, with its first value creation effects** (more ambitious investment plans and rental reversion).

Breakdown by segment	**Appraised values**	**Net capitalization rates**		**Like-for-like change**	
In million euros	**Jun 30, 2019**	**Jun 30, 2019**	**Dec 31, 2018**	June 2019 vs. June 2018	June 2019 vs. Dec 2018
Offices	**16,198**	**4.1%**	4.2%	**+4.5%**	**+4.2%**
Paris City	**9,878**	**3.5%**	3.6%	**+6.8%**	**+5.1%**
Paris CBD & 5-6-7	6,849	3.2%	3.3%	+6.2%	+4.1%
- Paris CBD - Offices	5,281	3.5%	3.6%	+5.9%	+4.2%
- Paris CBD - Retail	1,569	2.2%	2.2%	+6.7%	+3.7%
Paris - Other	3,028	4.3%	4.5%	+8.6%	+7.8%
Western Crescent - La Défense	4,839	4.8%	4.9%	+0.7%	+2.9%
Paris Region - Other	977	6.2%	6.3%	+0.6%	+1.2%
Other French regions / International	504	4.6%	4.8%	+8.6%	+4.7%
Residential (block)	**3,359**	**3.3%**	3.3%	**+7.4%**	**+2.9%**
Hotels & finance leases	**338**	**-**	-	**-**	**-**
Group total	**19,895**	**4.0%**	4.1%	**+5.0%**	**+3.9%**
Total unit value	20,386			**+4.9%**	**+4.0%**

EPRA NAV growth of +5.1% over six months and +8.0% year-on-year

Diluted EPRA NAV (block) represents €169.8 per share, up +8.0% year-on-year and +5.1% over six months.

Diluted EPRA NAV (unit) represents €176.4 per share, up +10.8% year-on-year, taking into account the residential portfolio's unit values.

Diluted EPRA triple net NAV (block) came to €165.4 per share, with growth of +5.6% year-on-year and +3.0% over six months.

This performance benefited from a slight compression of capitalization rates for offices and a positive "rent" effect, as well as the impacts of Gecina's total return strategy, through the sales completed and the growth in value achieved for the portfolio under development.

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[2]:	+€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

	Jun 30, 18		Dec 31, 18		Jun 30, 19	
In million euros	Amount / number of shares	€ / share	Amount / number of shares	€ / share	Amount / number 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***	
+ Receivable from 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 reporting of assets at amortized cost	115.6		125.6		128.5	
+ Hotel business	43.0		53.1		37.7	
+ Optimization of transfer duties	124.0		116.4		118.4	
- Fair value of financial instruments	(6.0)		(2.9)		24.8	
- Deferred tax	(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 tax	3.9		(0.5)		0.0	
= Diluted EPRA triple net NAV	**11,513**	**€156.6**	**11,941**	**€160.5**	**12,179**	**€165.4**

* Including €208m of goodwill

Other information for the first half of 2019

Share buyback program: 818,612 shares purchased for €107.4m

During the first half of the year, Gecina launched a share buyback program for a maximum of €150m. This program, set up on February 20, was closed on June 30, after making it possible to acquire nearly 818,612 shares for an average price of €131.2 per share, with a discount of -19% versus 2018 EPRA NAV and -23% versus NAV from end-June 2019.

Gecina enters into exclusive negotiations with a French institutional organization for nearly 32,000 sq.m in Neuilly-sur-Seine

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.

Abanca dispute: ruling issued by Court of First Instance of Madrid

In connection with the claim filed by Abanca in Madrid in 2015, calling for Gecina to pay €48.7m in relation to guarantee letters of engagement allegedly signed in 2008 and 2009 by Mr Joaquín Rivero, Gecina's former executive, the Court of First Instance of Madrid sentenced Gecina to pay this sum and interest for late payment to Abanca. Gecina considers that Abanca's claim is fraudulent and has therefore decided to appeal. Based on the assessment of the risk by the Company and its advisors,

[2] Excl. IAS 17 impacts

no provisions have been recorded. The criminal proceedings opened in France initially against Mr Joaquin Rivero in 2014 are continuing to move forward, notably since Gecina considers that Abanca was complicit in this fraud.

Ivanhoé Cambridge securities pledged in connection with the refinancing of its investment

During the first half of 2019, the companies Omaha Investments S.à.r.l., Juno Investments S.à.r.l and Utah Investments S.à.r.l, all linked to Ivanhoé Cambridge inc., informed the French Financial Markets Authority (AMF) and the Company that their Gecina securities, representing 15.2% of the Group's capital, had been pledged as collateral. This operation is part of the refinancing set up for Ivanhoé Cambridge's investment in Gecina.

Building the future

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.

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APPENDIX

1- Financial statements

Condensed income statement and recurrent income

At the Board meeting on July 18, 2019, chaired by Bernard Carayon, Gecina's Directors approved the financial statements at June 30, 2019. The procedures for a limited review of these accounts have been completed and the statutory auditors' report on the half-year financial information was issued on July 18, 2019 following a verification of the information contained in the Half-year Financial Report.

In million euros	Jun 30, 18	Jun 30, 19	*Change (%)*
Gross rental income	**335.4**	**330.6**	***-1.4%***
Net rental income	**308.1**	**304.0**	***-1.4%***
Operating margin for other business	5.5	6.1	*+11.3%*
Services and other income (net)	1.7	2.6	*+50.5%*
Salaries and management costs	(40.9)	(41.3)	*+0.9%*
EBITDA	**274.4**	**271.4**	***-1.1%***
Net financial expenses	(40.6)	(49.3)	*+21.4%*
Recurrent gross income	**233.8**	**222.1**	***-5.0%***
Recurrent net income from associates	0.0	0.6	*na*
Recurrent minority interests	(1.1)	(0.8)	*-20.6%*
Recurrent tax	(2.5)	(3.1)	*+25.0%*
Recurrent net income (Group share)	**230.3**	**218.8**	***-5.0%***
Recurrent net income (Group share) per share	**3.14**	**2.96**	***-5.7%***
Gains from disposals	15.8	20.4	*+29.2%*
Change in fair value of properties	296.5	626.0	*+111.1%*
Real estate margin	0.0	1.4	*na*
Amortization	(6.8)	(4.5)	*-33.8%*
Net provisions and depreciation	(24.5)	(2.6)	*-89.4%*
Impact of business combination	(1.4)	0.0	*na*
Change in value of financial instruments and debt	(7.2)	(27.7)	*+287.2%*
Bond redemption costs and premiums	0.0	(16.0)	*na*
Share in non-recurrent net income from associates	0.3	0.7	*+163.0%*
Non-recurring tax	(1.1)	0.7	*-167.8%*
Non-recurrent minority interests	(0.3)	0.1	*-130.7%*
Consolidated net income (Group share)	**501.5**	**817.3**	***+63.0%***

Excluding IFRIC 21

Consolidated balance sheet

ASSETS *In million euros*	Dec 31, 18	Jun 30, 19
Non-current assets	**18,669.5**	**19,399.7**
Investment properties	16,604.0	17,231.3
Buildings under redevelopment	1,508.1	1,631.0
Buildings in operation	66.9	68.3
Other property, plant and equipment	16.2	15.8
Goodwill	207.7	207.7
Intangible assets	6.6	23.6
Financial receivables on finance leases	175.1	143.8
Long-term financial investments	27.2	26.3
Investments in associates	48.4	48.1
Non-current financial instruments	7.4	1.8
Deferred tax assets	1.9	1.9
Current assets	**1,039.5**	**1,018.4**
Properties for sale	649.8	579.6
Inventories	49.1	36.6
Trade receivables and related	110.7	117.6
Other receivables	175.0	102.0
Prepaid expenses	23.1	20.6
Current financial instruments	0.0	0.0
Cash and cash equivalents	31.7	162.1
TOTAL ASSETS	**19,709.0**	**20,418.1**

LIABILITIES *In million euros*	Dec 31, 18	Jun 30, 19
Shareholders' equity	**11,751.2**	**12,011.7**
Share capital	572.0	572.4
Additional paid-in capital	3,273.3	3,273.4
Consolidated reserves	6,871.5	7,332.5
Consolidated net income	1,005.0	806.8
Capital and reserves attributable to owners of the parent	**11,721.8**	**11,985.1**
Non-controlling interests	29.4	26.6
Non-current liabilities	**5,425.4**	**5,708.5**
Non-current financial liabilities	5,382.7	5,588.6
Non-current lease obligations	0.0	50.6
Non-current financial instruments	3.8	26.4
Deferred tax liabilities	5.8	3.8
Non-current provisions	33.1	39.0
Non-current taxes due & other employee-related liabilities	0.0	0.0
Current liabilities	**2,532.4**	**2,697.9**
Current financial liabilities	2,103.9	2,068.9
Current financial instruments	0.7	0.3
Security deposits	81.0	82.1
Trade payables and related	207.3	160.6
Current taxes due & other employee-related liabilities	72.7	118.3
Other current liabilities	66.8	267.8
TOTAL LIABILITIES	**19,709.0**	**20,418.1**

2- INVESTMENTS DURING THE FIRST HALF OF 2019

In million euros	H1-2019
Maintenance capex	42
Pipeline investments	60
Of which, capitalized financial expenses	*5*
Acquisitions	-
Total investments at June 30, 2019	102

3- FACTORS FOR LIKE-FOR-LIKE RENTAL INCOME CHANGES – H1 2019 VS H1 2018

Group

Like-for-like change	Indexes	Business effect	Occupancy	Other
2.0%	1.5%	0.4%	-0.1%	0.1%

Offices

Like-for-like change	Indexes	Business effect	Occupancy	Other
1.9%	1.7%	0.4%	-0.3%	0.1%

Total residential

Like-for-like change	Indexes	Business effect	Occupancy	Other
2.4%	1.1%	0.2%	0.9%	0.2%

4- RENTAL RISKS

Gecina's tenants operate across a very wide range of sectors responding to various macroeconomic factors.

Breakdown of tenants by sector (offices - based on annualized rents):

	GROUP
Public sector	6%
Insurance	4%
Other	9%
Banking	5%
Real estate	3%
Industry	8%
IT	4%
Luxury goods - retail	14%
Media - television	4%
Services	37%
Technology and telecoms	7%
Total	**100%**

Volume of rental income by three-year break and end of leases (in €m):

Commercial lease schedule	2019	2020	2021	2022	2023	2024	2025	> 2025	Total
Break-up options	71	66	79	68	35	68	35	149	571
End of leases	58	38	53	27	31	49	42	272	571

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5- Financing

5.1 Debt structure

Gecina's gross financial debt[2] came to €7,613m at June 30, 2019, compared with €7,433m at end-2018; net financial debt[1] represents €7,451m at end-June 2019.

The main characteristics of the debt are as follows:

	Dec 31, 2018	Jun 30, 2019
Gross financial debt (in million euros) [2]	7,433	7,613
Net financial debt (in million euros) [1]	**7,402**	**7,451**
Gross nominal debt (in million euros) [2]	7,406	7,631
Unused credit lines (in million euros)	4,255	4,405
Average maturity of debt (in years, restated for available credit lines)	**7.3**	**7.7**
LTV	38.4%	37.5%
LTV (including transfer taxes)	**36.2%**	**35.3%**
ICR	**5.7x**	**5.3x**
Secured debt / portfolio value	1.0%	0.9%

(1) Excluding fair value items linked to Eurosic's debt, with €7,495m including these items.
(2) Gross financial debt = Gross nominal debt + impact of the recognition of bonds at amortized cost + accrued interest not due + other items

Breakdown of gross nominal debt:

	Jun 30, 2019
Long-term bonds	72%
Corporate bank loans	0%
Mortgage loans	3%
Short-term resources covered by long-term credit lines	25%

5.2 Debt schedule

The following table presents the schedule for Gecina's debt at June 30, 2019 following the allocation of undrawn credit lines:

Net debt schedule after allocation of credit lines (€m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	> 2033
Maturities	-	-	-	-	957	1,155	1,372	612	502	731	500	500	-	500	-	638

5.3 Bank covenants

Gecina's financial position at June 30, 2019 is compliant with the various limits likely to affect the conditions for repayment or early repayment clauses in the various credit agreements.
The following table presents the position for the main financial ratios covered under the agreements:

Ratios	Covenant	Jun 30, 2019
LTV: loan to value (block, excl. duties)	< 55% - 60%	37.5%
ICR: EBITDA (excluding disposals) / net financial expenses	> 2.0x	5.3x
Outstanding secured debt / net asset value of portfolio (block, excl. duties)	< 25%	0.9%
Net asset value of portfolio (block, excl. duties) in billion euros	> 6.0 - 8.0	19.9

6- ANNUALIZED GROSS RENTAL INCOME

Annualized rental income corresponds to the effective rental position on the year-end reporting date. As such, it does not take into consideration lettings or properties vacated, or sales or acquisitions of buildings that would not have an impact by the year-end reporting date.

Annualized rental income (IFRS) €m	Jun 30, 19	Dec 31, 18
Offices	538	531
Traditional residential	106	105
Student residences	18	18
Total	**662**	**654**