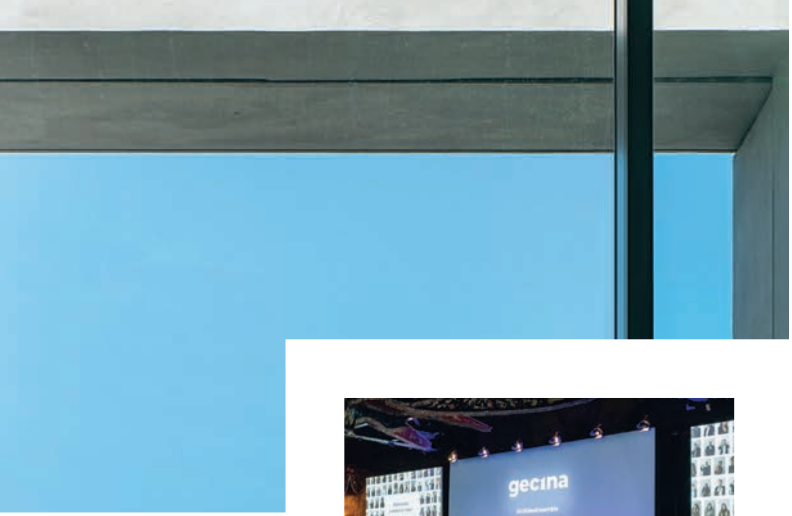
Half-Year Report 2020



gecina

Contents

Half-year Report 2020

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AMF

This Amendment to the 2019 Universal Registration Document has been submitted without prior approval to the AMF on July 24, 2020, in its capacity as the competent authority under Regulation (EU) 2017/1129, in accordance with Article 9 of that Regulation. The Universal Registration Document may be used for a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is accompanied by a prospectus and, if applicable, an abstract and any amendments to the Universal Registration Document. The resulting collection of documents shall then be approved by the AMF in accordance with Regulation (EU) 2017/1129.

1. Key figures

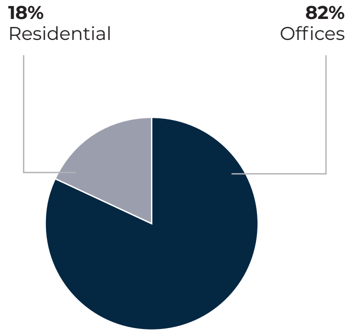
In million euros	Change vs 06/30/2019	06/30/2020	12/31/2019	06/30/2019
GROSS RENTAL INCOME	**+1.7%**	**336.1**	**673.5**	**330.6**
Offices	**+2.1%**	**274.0**	**548.2**	**268.5**
Paris City	+3.3%	147.5	290.6	142.7
▪ Paris CBD & 5-6-7 – Offices	+2.0%	71.0	141.0	69.7
▪ Paris CBD & 5-6-7 – Retail	–3.6%	17.5	36.8	18.2
▪ Paris Other	+7.3%	59.0	112.8	54.9
Western Crescent – La Défense	+9.2%	95.5	182.7	87.5
Other Paris Region	–18.8%	21.7	53.7	26.7
Other French regions/International	–19.9%	9.2	21.1	11.5
Traditional residential	**+0.3%**	**52.9**	**105.7**	**52.8**
Student residences	**–1.5%**	**9.2**	**19.7**	**9.4**
RECURRENT NET INCOME – GROUP SHARE(1)	**–1.3%**	**215.9**	**438.2**	**218.8**
VALUE IN BLOCK OF PROPERTY HOLDING(2)	**+0.7%**	**20,037**	**20,051**	**19,895**
Offices	**+0.8%**	**16,333**	**16,485**	**16,198**
Paris City	+5.5%	10,420	10,322	9,878
▪ Paris CBD & 5-6-7 – Offices	+7.2%	5,664	5,508	5,281
▪ Paris CBD & 5-6-7 – Retail	+12.1%	1,758	1,632	1,569
▪ Paris other	–1.0%	2,998	3,182	3,028
Western Crescent – La Défense	–2.4%	4,722	4,917	4,839
Other Paris Region	–28.5%	699	741	977
Other French regions/International	–2.3%	492	505	504
Residential	**+6.7%**	**3,584**	**3,431**	**3,359**
Hotels & financial lease	**–64.5%**	**120**	**135**	**338**
NET YIELD ON PROPERTY HOLDING(3)	**–15bp**	**3.81%**	**3.80%**	**3.96%**

Data per share *(in euros)*	Change vs 06/30/2019	06/30/2020	12/31/2019	06/30/2019
Recurrent net income – Group share (1)	**–0.8%**	**2.94**	**5.95**	**2.96**
EPRA NRV (Net Reinstatement Value) (4)	+3.9%	191.7	190.0	184.5
EPRA NTA (Net Tangible Asset Value) (4)	**+5.4%**	**175.0**	**173.1**	**166.1**
EPRA NDV (Net Dissolution Value) (4)	+4.6%	167.9	167.8	160.5
EPRA diluted NAV(4)	+4.7%	177.7	175.8	169.8
EPRA NNNAV(4)	+4.1 %	172.2	172.3	165.4
Net dividend		–	5.30	–

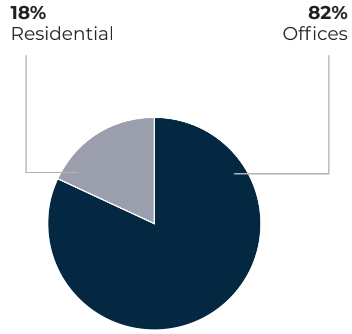
Number of shares	Change vs 06/30/2019	06/30/2020	12/31/2019	06/30/2019
Comprising the share capital	+0.1%	76,411,605	76,410,260	76,319,060
Excluding treasury shares	+0.2%	73,504,700	73,451,222	73,378,150
Diluted number of shares excluding treasury shares	+0.1%	73,711,096	73,656,339	73,622,597
Average number of shares excluding treasury shares	–0.5%	73,472,992	73,644,338	73,849,747

(1) EBITDA including provisions recorded in connection with the health crisis, restated for net financial expenses, recurrent tax, minority interests, income from associates and certain non-recurring costs (costs relating to the subsidiarization of the residential business) excluding IFRIC 21.
(2) See Note 2.5 "Appraisal of property holdings".
(3) Like-for-like basis June 2020.
(4) See Note 2.7 "Net asset value".

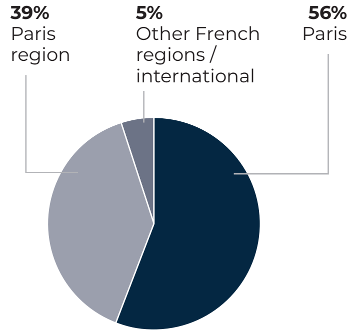
Property holding appraisal by business (excl. financial lease)



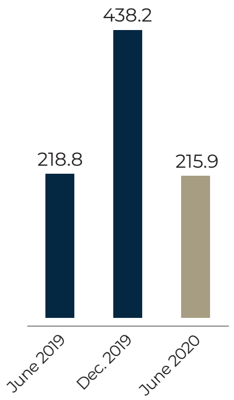
Breakdown of rental revenues by business



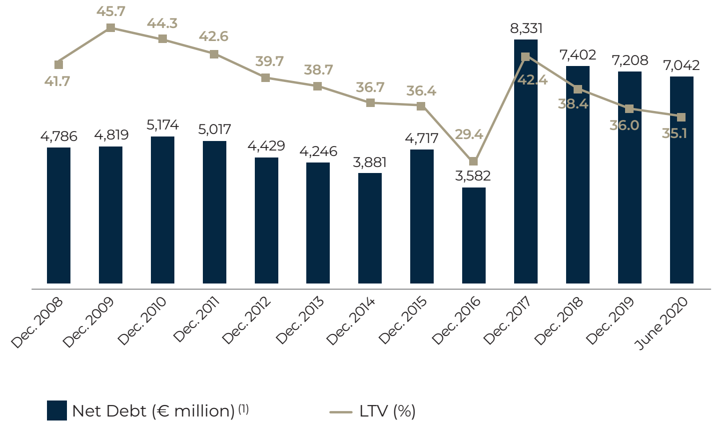
Geographic breakdown of rental revenues



Recurrent net income (Group Share)
(€ million)

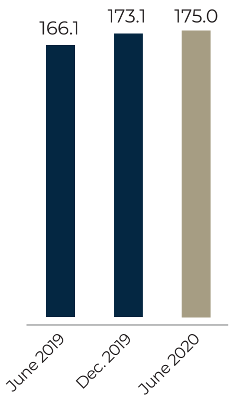


LTV ratio (excl. duties)

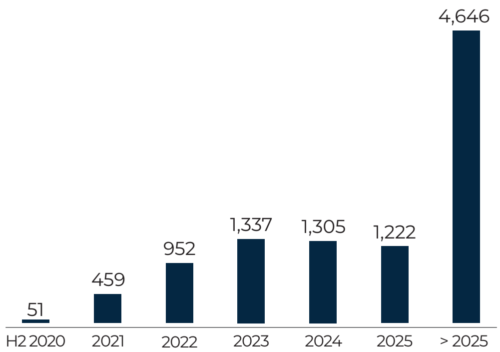


(1) Excluding fair value items linked to Eurosic's debt, €7,073m including these items.

EPRA NTA (Net Tangible Asset Value)
(€)



Financing schedule
(including unused credit lines and excluding commercial paper)*(€ million)*



2.

Business review

2.1 Gecina mobilized to face the health crisis

In the context of an exceptional global health crisis, Gecina has maintained its activity and mobilized around strong measures, for its employees, its customers and its suppliers, as well as to support France's national solidarity effort.

2.1.1 Activity maintained during the lockdown period

- No buildings were closed in the second quarter, thanks to the stronger health measures rolled out.
- Rent collection to date representing around 95% for the first half of the year.
- 56,000 sq.m of rental transactions, with significant headline reversion (+16%), particularly in Paris.
- €352m of sales completed, with an average premium of around +4% versus the appraisals.
- Acceleration of Gecina's digitalization and the YouFirst brand's deployment with YouFirst Bureau and YouFirst Residence.
- Creation of a dedicated subsidiary to house the residential portfolio, with over €3bn of assets and over 6,000 apartments.

2.1.2 Mobilization to support customers and societal commitments

- Cancellation of second-quarter rent for very small businesses operating in sectors ordered to shut down by the French government (0.5% of the commercial rental base for the second quarter), deferral and application of monthly instalments for amounts due covering nearly 14% of the commercial rental base for this quarter (representing 3% of the annual rental base).
- Reduction of the 2019 dividend, the Chief Executive Officer's fixed compensation and remuneration for directors during the health crisis, donated to the Gecina Foundation.
- Payment schedules maintained for suppliers.
- Vacant student residences made available to healthcare workers and women victims of domestic violence.
- Gecina has not made use of any furlough arrangements or government-backed loans.

2.2 Solid first-half performance despite uncertainty linked to the effects of Covid-19

2.2.1 95% of first-half rents already collected, and collection rate improving in the third quarter compared with the second quarter

For the first half of the year, 95% of office and residential rents have already been collected.

For offices, 94% of rents (including ground-floor retail units) have been collected. Nearly 0.2% were cancelled as part of the measures put in place by the Group to support very small business tenants operating in sectors that were shut down. For the remaining 6% not collected to date (representing c.€20m), nearly one third corresponds to deferred payments granted to tenants, while the rest of the amounts are subject to rent recovery proceedings.

Part of these receivables that have not been collected to date accounts for the higher level of provisions recorded in the accounts at end-June 2020, impacting the Group's rental margin for €7m.

To date, rent collection for the third quarter is ahead of the rate seen for the second quarter on a comparable calendar basis.

Overall, rent collection for the residential portfolio is consistent with the levels usually recorded, with a collection rate of close to 100%.

2.2.2 Rental income up +2.9% like-for-like and +1.7% on a current basis

Gross rental income came to €336.1m for the first half of 2020, up +1.7%, linked primarily to a solid like-for-like performance and the impact of deliveries from the development project pipeline offsetting the impact of sales. The like-for-like performance shows an improvement compared with the previous quarters, with growth of +2.9%, significantly outperforming indexation, thanks in part to positive rental reversion, as well as a lower vacancy rate.

On a current basis, organic growth and the contribution by the assets delivered in 2019 and early 2020 globally offset the loss of rent resulting from the sales completed during this same period.

The +1.7% increase reflects organic growth (+€8m) and the impact of sales of non-strategic assets since the beginning of 2019 (for almost -€17m of gross rent), as well as the impact of the buildings delivered, net of transfers to the pipeline (+€10m), and the recent acquisitions in Paris and Neuilly (+€5m).

This performance benefited from +2.9% like-for-like growth, reflecting an increase in indexation to +1.9%, as well as a reduction in the Group's vacancy rate and the positive reversion recorded across all the business lines.

However, it is important to note that the contribution from indexation in particular to like-for-like growth could contract over the coming half-year periods as a result of the current economic context.

			Change (%)	
Gross rental income *In million euros*	**06/30/2019**	**06/30/2020**	**Current basis**	**Like-for-like**
Offices	**268.5**	**274.0**	**+2.1%**	**+3.6%**
Traditional residential	52.8	52.9	+0.3%	+1.2%
Student residences (Campus)	9.4	9.2	-1.5%	-2.7%
TOTAL GROSS RENTAL INCOME	**330.6**	**336.1**	**+1.7%**	**+2.9%**

ANNUALIZED RENTAL INCOME

Annualized rental income (IFRS) is down (-€15m) from December 31, 2019 to €650m. This contraction reflects the impact of sales (-€11m) and the redevelopment projects launched (-€7m), partly offset by the impact of new acquisitions and the delivery of a building in the CBD (+€2m). The rest of the change is linked to like-for-like growth and the slowdown in activity for student residences.

Note that this annualized rental income includes €18m from assets intended to be vacated shortly for redevelopment and €7m for a project that has been committed to and was vacated in July 2020.

Annualized rental income (IFRS) *In million euros*	**12/31/2019**	**06/30/2020**
Offices	539	526
Traditional residential	106	106
Student residences (Campus)	20	18
Total	**665**	**650**

OFFICES: TRENDS STILL POSITIVE IN THE MOST CENTRAL SECTORS

Like-for-like, office rental income is up +3.6%.

This increase reflects an improvement in indexation (+2.1%), as well as the positive reversion achieved (+0.4%), particularly in Paris' Central Business District (+1.1%), and a reduction in the vacancy rate, primarily in the Western Crescent, with further space let in the Be Issy building.

During the first half of 2020, the most central sectors once again benefited from a stronger "reversion" effect than the other sectors. For instance, the leases signed over the period show a headline reversion rate of around +16%, with +27% for the CBD and Paris 5/6/7, compared with a negative rate for the other sectors.

For 2020, the performance levels recorded during the first half of the year, particularly on the Paris Region's most central markets, enable Gecina to forecast office rental income growth of around +3% like-for-like, despite the caution required faced with the effects of the economic crisis resulting from the Covid-19 health shock.

On a current basis, rental income from offices is up +2.1%. More specifically, this change reflects the impact of the non-strategic assets sold in 2019 and early 2020 (-€17m), fully offset by the impact of the six buildings delivered in 2019, with 72% let, located primarily in Paris City, as well as La Défense.

			Change (%)	
Gross rental income - Offices *In million euros*	**06/30/2019**	**06/30/2020**	**Current basis**	**Like-for-like**
Offices	**268.5**	**274.0**	**+2.1%**	**+3.6%**
Paris City	142.7	147.5	+3.3%	+1.9%
▪ Paris CBD & 5-6-7	87.8	88.5	+0.8%	+2.8%
▪ Paris CBD & 5-6-7 - Offices	69.7	71.0	+2.0%	+3.7%
▪ Paris CBD & 5-6-7 - Retail	18.2	17.5	-3.6%	-0.6%
▪ Paris - Other	54.9	59.0	+7.3%	+0.3%
Western Crescent - La Défense	87.5	95.5	+9.2%	+7.6%
Paris Region - Other	26.7	21.7	-18.8%	+4.5%
Other French regions / International	11.5	9.2	-19.9%	-3.9%

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

	Group
Public sector	5%
Insurance	3%
Banking	4%
Consulting / law	6%
Energy	11%
Real estate	4%
Industry	8%
IT	4%
Luxury goods - retail	16%
Media - television	6%
Pharma	3%
Services	17%
Technology and telecoms	7%
Other	7%
Total	**100%**

Weighting of the top 20 tenants (% of annualized total headline rents)

Breakdown for offices only (not significant for the residential and student portfolios)

Tenant	Group
ENGIE	8%
ORANGE	5%
LAGARDERE	4%
LVMH	3%
EDF	3%
SOLOCAL GROUP	2%
YVES SAINT LAURENT	2%
WEWORK	2%
FRENCH SOCIAL MINISTRIES	2%
BOSTON CONSULTING GROUP	2%
EDENRED	1%
ARKEMA	1%
GRAS SAVOYE	1%
RENAULT	1%
IPSEN	1%
LACOSTE	1%
SALESFORCE	1%
ROLAND BERGER	1%
MSD	1%
LATHAM & WATKINS	1%
TOP 10	**32%**
TOP 20	**45%**

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

Commercial lease schedule	2020	2021	2022	2023	2024	2025	2026	> 2026	Total
Break-up options	63	110	69	46	59	47	37	126	557
End of leases	60	57	26	20	58	39	38	259	557

TRADITIONAL RESIDENTIAL: RESILIENCE CONFIRMED

Like-for-like, rental income from traditional residential properties is up +1.2%. However, this performance is mitigated by a rent adjustment on a single commercial lease. Restated for this lease, the like-for-like performance comes out at +1.5%.

This performance takes into account indexation of +1.5%, as well as the positive reversion achieved (+0.4%) on the apartments relet since the start of the year at around +7.4% higher than the previous tenant's rent on average. The change in the occupancy rate is not significant, but represents a negative contribution of -0.2%.

On a current basis, rental income shows a slight increase, up +0.3% to €52.9m, with organic trends offsetting the impacts of the ongoing vacant unit-based sales program.

YOUFIRST CAMPUS (STUDENT RESIDENCES): SOLID ALTHOUGH FACING A CHALLENGE WITH CORONAVIRUS

Rental income from student residences is down -1.5% on a current basis and -2.7% like-for-like, reflecting the temporary impact of the health crisis in the second quarter through the closure of schools and universities, resulting in the departure of certain tenants. The first-half like-for-like performance benefited from positive indexation (+1.1%) and positive reversion (+0.4%), but was adversely affected by a Covid-19 effect (-4.1%), linked in particular to the departure of international tenants.

Gecina can see encouraging signs for the start of the next academic year in September with domestic tenants or students from the Schengen Area, but there is still uncertainty at this stage concerning international students from outside the Schengen Area whose international mobility could still be restricted at the start of the new academic year in September 2020.

MARKET TRENDS STILL FAVORABLE IN GECINA'S PREFERRED SECTORS

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, despite the economic uncertainty linked to the potential effects of Covid-19.

While the volume of rental transactions is significantly lower than the first half of 2019 (-40%) due to the sharp slowdown in commercial activity during the lockdown, immediate supply and rental values showed a solid level of resilience in the second quarter, particularly in the Paris Region's most central sectors. For Paris City, the vacancy rate is still at a very low level of 2.8%, according to Cushman & Wakefield.

In the second quarter, rental values did not contract, while market rents for existing properties continued to trend up year-on-year (+7.6% over 12 months, source: Immostat), although this trend was driven by central markets and especially the heart of Paris' CBD. The scarcity of immediate supply and future supply at the heart of Paris is continuing to support the robust trends seen for the central sectors in the last few quarters. In Paris City, rents are trending up for the extended CBD (+11% year-on-year), as well as the rest of Paris City (+5% over 12 months), with trends remaining positive in the second quarter. However, trends are less marked and even show a slight downturn outside of Paris City (La Défense, Western Crescent, Inner or Outer Rims).

There was still a clear supply-side shortfall in Paris in the second quarter of 2020, because Paris accounts for 40% of take-up, but just 16% of immediate supply, with this ratio reversed for the Paris Region's other sectors. Similarly, assuming that the volume of transactions for the second half of the year is identical to the first half (particularly affected by the health crisis), take-up in Paris City over one year would be equal to all of the current available supply at the heart of the capital, which indicates that despite an uncertain situation, the Parisian market is continuing to show signs of a supply-side shortfall in the central sectors.

Today, these market trends make it possible to see reversion potential (spread between current market rents and the rents in place in our portfolio) of over +8%, primarily due to the portfolio's most central sectors and particularly Paris City. In the second quarter, this reversion potential remained in place for Paris City, where Gecina has 64% of its office portfolio, compared with a decrease for secondary sectors.

The residential market trends are also still particularly favorable for Gecina, in markets affected by a persistent structural residential supply-side shortfall, especially in Paris City, where immediate supply levels are not covering rental demand at the heart of the city.

ROBUST RENTAL ACTIVITY SUBJECT TO A SIGNIFICANT SLOWDOWN DURING THE SECOND QUARTER, BUT STILL REFLECTING ENCOURAGING PROSPECTS FOR REVERSION AT THE HEART OF THE MOST CENTRAL SECTORS

Over 56,000 sq.m let since the start of 2020

Since the start of 2020, Gecina has let, relet or renegotiated over 56,000 sq.m, down -34% compared with an exceptional first six months in 2019, representing almost €35m of annualized headline rental income.

The performance levels achieved once again show a clear rental outperformance for the Paris Region's most central sectors and especially Paris City, despite the uncertainty linked to the potential consequences of the health crisis.

The headline reversion achieved on transactions signed during the first half of the year (relettings, renewals and renegotiations) came to an average of +16%, with the following breakdown:

- A clear outperformance by the central sectors (representing nearly 70% of transactions during the first half of the year), with headline reversion of around +27% in the CBD and the 5th, 6th and 7th arrondissements, and +16% for the rest of Paris, where levels of incentives have fallen significantly. For reference, 64% of Gecina's office portfolio is located in Paris City.
- For other transactions in secondary sectors where Gecina has less exposure, reversion is negative, with -13%.

These performance levels, achieved through tenant rotations, confirm the Group's strategic focus on the most central sectors and especially the heart of Paris City.

Theoretical reversion potential of over +8% on average, driven by Paris City

The market trends, which are still positive for central sectors, make it possible to see reversion potential (spread between current market rents and the rents in place in our portfolio) of over +8% for the Group's commercial portfolio, primarily due to the portfolio's most central sectors and particularly Paris City (e.g. +23% for the Paris CBD). This potential performance will be gradually delivered over the coming years as the current leases come to an end.

This reversion potential was maintained in Paris City (compared with end-2019), where Gecina has 64% of its portfolio, whereas it decreased for secondary sectors during the second quarter, such as the Western Crescent, where reversion potential is now slightly negative (-6% vs. 0% at end-2019) or the Inner Rim (-11% vs. -9% at end-2019).

2.2.3 Occupancy rate still high, but down slightly due to recent deliveries of buildings that are currently being let

The average financial occupancy rate at end-June 2020 was 93.4%, down -120bp year-on-year and -70bp over six months.

This decrease is linked primarily to the delivery of partially vacant buildings and the sale of fully occupied buildings, offsetting the progress made with letting partially vacant buildings in the first half of 2019 (e.g. Be Issy and Octant-Sextant). As a result, the occupancy rate for the office portfolio is down to 93.2%.

For student residences, the contraction in the average financial occupancy rate to 82.1% reflects the obvious impacts of the health crisis, which has resulted in schools and universities being closed and restricted the mobility of national and international students.

Average financial occupancy rate	06/30/2019	09/30/2019	12/31/2019	03/31/2020	06/30/2020
Offices	**94.4%**	**94.2%**	**93.8%**	**93.0%**	**93.2%**
Traditional residential	97.7%	97.7%	97.6%	97.7%	97.6%
Student residences	84.9%	85.4%	88.0%	93.9%	82.1%
GROUP TOTAL	**94.6%**	**94.4%**	**94.1%**	**93.6%**	**93.4%**

2.3 Recurrent net income (Group share) resilient

Recurrent net income (Group share) remained virtually stable for the first half of 2020 compared with the first half of 2019 (-0.8% per share) despite the high volume of sales completed in 2019 and early 2020, as well as the temporary loss of rental income from buildings with strong potential freed up for redevelopment, offset by the new rental income received on the buildings delivered recently as well as non-recurring compensation for early departures.

Portfolio rotation: -€13m net change in rental income

This change reflects the impact of the portfolio's rotation since early 2019 (for €1.2bn of assets sold and €384m of acquisitions over the period). Disposals primarily concern the "Le Valmy" building in the east of Paris, sold in 2020, and the buildings sold during the second half of 2019 (Park Azur in Montrouge, Henner in Neuilly and Foy in Paris).

Operations relating to the pipeline (deliveries and launch of redevelopment work): +€10m 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 nearly +€11m.
- Alongside this, the buildings transferred to the pipeline in the last 12 months or to be transferred shortly account for a temporary drop in rental income of around -€9m compared with the first half of 2019. This loss of rent was fully offset during the first half of the year through compensation received by the Group on some of these buildings that have been freed up early. However, the second half of 2020 will not be concerned by this effect.

Moderate increase in the cost of risk in connection with the health crisis

The rental margin came to 89.2%, down -1.8pts compared with the first half of 2019[1]. This decrease reflects the increase in provisions for trade receivables linked directly to the effects of the Covid-19 crisis for nearly €7m.

Rental margin

	Group	Offices	Residential	Student
Rental margin at Jun 30, 2019 [1]	91.0%	92.9%	84.0%	74.2%
Rental margin at Jun 30, 2020	89.2%	90.7%	84.6%	70.8%

In addition, the impact of the health crisis reduced the operating margin for other business, including operating income for the last hotel held by the Group, as well as the contribution by finance leases, which slowed down significantly during the second quarter (-€4.7m).

(1) The rental margin at end-June 2019 reported here is proforma for the method retained at end-June 2020 for comparison. At June 30, 2019, expenses billed to tenants included rental and technical management fees for €3.3m. These transferred costs are included in overheads from January 1, 2020 (€3.5m for the first half of 2020).

Optimization of the balance sheet

Recurrent financial expenses are down -€5.5m, linked to a reduction in the average cost of debt compared to end-2019 by -10bp to 1.3%, benefiting from the bond financing with a 4.75% coupon that matured in Q2 2019, as well as a slight reduction in the volume of debt as a result of the sales completed recently. These positive effects are partially offset by a lower level of capitalized interest, since the projects held in the pipeline were launched recently.

In million euros	**06/30/2019**	**06/30/2020**	**Change (%)**
Gross rental income	**330.6**	**336.1**	***+1.7%***
Net rental income	**304.0**	**299.7**	***-1.4%***
Operating margin for other business	6.1	(0.4)	*-106.8%*
Services and other income (net)	2.6	1.5	*-42.2%*
Overheads	(41.3)	(38.3)	*-7.2%*
EBITDA	**271.4**	**262.5**	***-3.3%***
Net financial expenses	(49.3)	(43.7)	*-11.2%*
Recurrent gross income	**222.1**	**218.8**	***-1.5%***
Recurrent net income from associates	0.6	0.7	*+16.9%*
Recurrent minority interests	(0.8)	(0.6)	*-30.4%*
Recurrent tax	(3.1)	(3.0)	*-4.5%*
Recurrent net income (Group share)	**218.8**	**215.9**	***-1.3%***
Recurrent net income (Group share) per share [1] (in euros)	**2.96**	**2.94**	***-0.8%***

[1] EBITDA including provisions recorded in connection with the health crisis, restated for net financial expenses, recurrent tax, minority interests, income from associates and certain non-recurring costs (costs relating to the subsidiarization of the residential business) excluding IFRIC 21.

2.4 Portfolio rotation

2.4.1 €356m of sales completed or secured during the first half of the year, further strengthening the portfolio's centrality and the Group's balance sheet

Since the start of the year, Gecina has sold or secured sales for almost €356m of assets, with €352m already finalized, achieving an average premium of around +4.4% versus their latest values, with a loss of rental income of around 3.1%.

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 or assets located in secondary areas for Gecina, while reducing the Group's LTV.

€341M OF COMMERCIAL ASSETS SOLD SINCE THE START OF THE YEAR

The commercial sales completed since the start of the year represent €341m, achieving an average premium of +4% versus their latest free appraisal values, with almost 80% concerning buildings located outside of Paris, further strengthening the centrality of the Group's commercial portfolio.

As a result, based on the appraisal values from end-June 2020, the LTV is 33.2% (35.1% excluding duties). For reference, it was 35.3% (37.5% excluding duties) at the end of June 2019.

2.4.2 €142m invested, including €56m of acquisitions

- €56m of assets acquired during the first half of the year, including the first residential building since the creation of the dedicated subsidiary to house the residential portfolio, in Paris' 8th arrondissement.
- €85m of investments paid out for the pipeline or to improve the residential portfolio, helping capture valuation potential through progress with work on assets under development, as well as improvements to the quality of our residential buildings, helping secure the reversion potential identified.

2.4.3 €3.8bn project pipeline, with €2.9bn underway or to potentially be launched shortly

€2.9BN OF PROJECTS COMMITTED OR TO POTENTIALLY BE COMMITTED IN THE SHORT TERM

€1.9bn of committed projects (deliveries for 2020-2023)

70% of the committed pipeline for offices is located in Paris City, with 12% in Neuilly and Boulogne Billancourt, 10% in La Défense and 8% in Montrouge.

The residential pipeline includes seven projects, with five in Paris City.

In total, 17 projects are currently committed to and will be delivered between 2020 and 2023, representing a total investment volume of €1.9bn, with €579m still to be paid out over the coming years. Three new projects were committed to during the first half of the year: a project in Paris' Central Business District (Paris-Boétie), with delivery expected for the first quarter of 2023, and two student housing projects.

Seven of these 17 projects concern the traditional residential or student residence sectors, highlighting the strategic acceleration targeted by the Group for residential activities.

With an expected yield on cost of 5.4%, the committed pipeline represents a potential rental income volume of around €104m, which will be achieved gradually between 2020 and 2023 as the various assets are delivered.

The pre-letting rate for operations to be delivered before the end of 2023 is moderate to date (24%) since the majority of these programs were transferred to the pipeline at the end of 2019 and early 2020, while the lockdown period slowed down the pace of discussions with potential tenants.

However, including the discussions that are underway with tenants, nearly one third of the space in buildings from the committed pipeline would be pre-let.

At end-June, €579m were still to be invested on committed projects, with €119m by end-2020, €238m in 2021, and €222m in 2022 and 2023.

€1.0bn of "controlled and certain" projects to potentially be launched over the coming half-year periods (deliveries in 2021-2024)

The pipeline of operations "to be committed", i.e. "controlled and certain", 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, unless market conditions were to call into question their real estate and financial rationale.

This pipeline includes seven projects, with a majority located in Paris, that will be transferred to the committed pipeline when they are vacated by their current tenants.

For offices, 95% of the pipeline is located in Paris City and Neuilly-sur-Seine.

In total, the "controlled and certain" is expected to generate an average yield on cost of 5.8%, representing almost €57m of potential rental income.

€398m will be invested in these controlled and certain projects once they have been launched, expected for the coming half-year periods.

€0.9BN OF "LIKELY" CONTROLLED PROJECTS OVER THE LONGER TERM (POSSIBLE DELIVERIES IN 2023-2026)

The "likely" controlled pipeline covers the projects identified and owned by Gecina for which 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 5.1% with a portfolio of potential projects concentrated primarily in Paris City (79%). These projects will be launched as decided by Gecina in line with real estate market developments at the time of their potential launch.

Development pipeline

Projects		Location	Expected delivery date	Total space (sq.m)	Total invest-ment (€m)	Already invested (€m)	Still to invest (€m)	Yield *on cost* (est.) (net)	Theoretical prime yields (BNPPRE)	Pre-let
La Défense - Being		Western Crescent	Q3-20	12,200	98	95	3			
Paris - 7, Rue de Madrid		Paris CBD	Q3-20	11,100	107	103	4			100%
Boulogne - Anthos		Western Crescent	Q2-21	9,600	104	95	9			
Paris - Biopark		Paris	Q3-21	6,400	47	41	7			
La Défense - Sunside		Western Crescent	Q2-21	9,800	82	75	7			
Neuilly - 157 Charles de Gaulle		Western Crescent	Q4-21	11,200	108	75	32			
Paris - L1ve		Paris CBD	Q2-22	33,500	514	392	122			78%
Paris - Bancelles		Paris CBD	Q2-23	30,300	377	255	123			
Montrouge - Porte Sud		Inner Rim	Q3-23	18,700	136	51	85			
Paris – Boétie	**New**	Paris CBD	Q1-23	10,100	180	138	42			
Total offices				**152,900**	**1,753**	**1,319**	**434**	**5.4%**	**3.1%**	**24%**
Paris - St Mandé		Paris	Q4-20	700	4	4	1			n/a
Paris - Glacière		Paris	Q3-21	300	2	0	2			n/a
Ivry sur Seine - Ynov		Inner Rim	Q2-21	7,200	41	22	19			n/a
Ville d'Avray		Inner Rim	Q1-23	10,000	78	9	69			n/a
Paris - Porte Brançion		Paris	Q2-23	2,900	19	0	19			n/a
Paris – Vouillé	**New**	Paris	Q2-23	2,400	16	0	16			n/a
Paris – Lourmel	**New**	Paris	Q2-23	1,700	13	0	13			n/a
Residential densification			na	1,700	6	0	6			n/a
Total residential redevelopments				**26,900**	**180**	**35**	**145**	**4.6%**	**3.4%**	
TOTAL committed pipeline				**179,800**	**1,934**	**1,355**	**579**	**5.4%**	**3.1%**	
Controlled and certain: Offices				**83,400**	**908**	**555**	**353**	**5.9%**	**3.1%**	
Controlled and certain: Residential				**15,200**	**79**	**33**	**46**	**4.2%**	**3.1%**	
Total controlled and certain				**98,600**	**987**	**589**	**398**	**5.8%**	**3.1%**	
TOTAL committed + controlled and certain				**278,400**	**2,921**	**1,943**	**978**	**5.5%**	**3.1%**	
Total controlled and likely				**109,400**	**925**	**630**	**296**	**5.1%**	**3.2%**	
TOTAL PIPELINE				**387,800**	**3,846**	**2,573**	**1,273**	**5.4%**	**3.1%**	

2

2.5 Appraisal of the property portfolio

The Group's property portfolio is valued twice a year by independent appraisers. In the first half of 2020, the panel of experts on Office, Traditional Residential and Student Residence assets was rotated following a selection process launched in early 2020. Following a call for tenders carried out in early 2020, office assets are now being appraised by Cushman & Wakefield and Jones Lang LaSalle, Traditional Residential assets by CBRE Valuation, and Student Residence assets by Catella Valuation Advisors. Assets are included in the like-for-like basis if they were in operation over the half year and are not up for sale. The specific context of the half-year and its impact on the work carried out by the panel of experts are described in note 5.5.5.1.1 of the appendix to the consolidated financial statements.

The change in the value of these assets according to the Group's accounting standards over the last six months is as follows:

	Block value			**Δ current basis**		**Δ like-for-like basis**	
In million euros	**06/30/2020**	**12/31/2019**	**06/30/2019**	**06/30/2020 vs 06/30/2019**	**06/30/2020 vs 12/31/2019**	**06/30/2020 vs 06/30/2019**	**06/30/2020 vs 12/31/2019**
Offices	**16,333**	**16,485**	**16,198**	**+0.8%**	**-0,9%**	**+3.5%**	**+0.3%**
Paris city	**10,420**	**10,322**	**9,878**	**+5.5%**	**+0,9%**	**+7.1%**	**+2.1%**
■ Paris QCA & 5-6-7	7,422	7,140	6,849	+8.4%	+3.9%	+7.5%	+2.7%
■ Paris QCA & 5-6-7 – Offices	5,664	5,508	5,281	+7.2%	+2.8%	+1.7%	+0.7%
■ Paris QCA & 5-6-7 – Retail	1,758	1,632	1,569	+12.1%	+7.7%	+12.1%	+8.1%
■ Paris – Other	2,998	3,182	3,028	-1.0%	-5.8%	+6.2%	+0.9%
Western Crescent – La Défense	4,722	4,917	4,839	-2.4%	-4.0%	-2.5%	-3.2%
Paris Region – Other	699	741	977	-28.5%	-5.6%	-7.6%	-1.3%
Other French regions/International	492	505	504	-2.3%	-2.6%	+1.5%	-1.4%
Traditional residential	**3,232**	**3,075**	**3,023**	**+6.9%**	**+5.1%**	**+6.9%**	**+4.9%**
Student residences	**352**	**356**	**336**	**+4.6%**	**-1.1%**	**+0.1%**	**-1.7%**
Hotels and financial lease	**120**	**135**	**338**	**-64.5%**	**-11.3%**	**+0.0%**	**+0.0%**
GROUP TOTAL – BLOCK VALUE	**20,037**	**20,051**	**19,895**	**+0.7%**	**-0.1%**	**+4.0%**	**+1.0%**
GROUP TOTAL – UNIT APPRAISALS	**20,588**	**20,539**	**20,386**	**+1.0%**	**+0.2%**	**+4.3%**	**+1.3%**

The property portfolio had a block value of €20,037 million, stable over the first half of 2020 (–€14 million or –0.1%).

This stability is mainly due to the increase in asset value on a like-for-like basis (+€172 million including €26 million of investments) and of assets under development (+€163 million including €56 million of investments) offset by the disposal of assets totaling €340 million.

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

On a current basis

(i) €172 million increase, corresponding to the rise in asset value on a like-for-like basis.

(ii) Growth of €163 million in the pipeline (€56 million in investment) including the Bancelles building in the Paris 17th arrondissement and L1ve in the Paris 16th arrondissemnt. The pipeline amounted to €1,817 million as at June 30, 2020.

(iii) Decline of €23 million in value of assets for block disposal, for a value of €110 million at June 30, 2020.

(vi) Disposal of €340 million (value as of December 31, 2019) corresponding to block disposals for a sales price of €341 million.

(v) Drop of €9 million in unit-by-unit asset sales (value at December 31, 2019), in particular due to disposals in the half year.

(vi) Stability of land reserves.

(vii) Decrease of €11 million in the financial lease portfolio.

On a like-for-like basis

Gecina's like-for-like scope amounted €17,261 million, increasing by €172 million over the half-year (i.e., +1.0%) including €26 million in investments:

(i) +0.3% increase in the offices portfolio, equivalent to +€42 million. Net capitalization rates were slightly up (+4 bp at 4.0%).

(ii) Increase in the traditional residential property portfolio by +4.9% or +€136 million. Unit valuations increased by +8.6%. The value per square meter amounted to €7,380/sq.m as at June 30, 2020, with a net capitalization rate of 3.0%.

(iii) Decline in the student portfolio by –1.7% or –€6 million. The value per square meter stood at €5,000/sq.m as at June 30, 2020, with a net capitalization rate of 4.9%.

YIELD RATE AND CAPITALIZATION RATE

Net capitalization rates excluding duties are stable over the half year, on a like-for-like basis.

	Net yield (incl. duties)		Net capitalization rate (excl. duties)	
In million euros	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
Offices	**3.7%**	**3.7%**	**4.0%**	**3.9%**
Paris city	**3.1%**	**3.2%**	**3.3%**	**3.4%**
■ Paris QCA & 5-6-7	2.9%	2.9%	3.1%	3.1%
■ Paris QCA & 5-6-7 – Offices	3.1%	3.1%	3.4%	3.3%
■ Paris QCA & 5-6-7 – Retail	2.0%	2.1%	2.1%	2.2%
■ Paris – Other	3.7%	3.8%	4.0%	4.0%
Western Crescent – La Défense	4.5%	4.3%	4.8%	4.6%
Paris Region – Other	6.6%	6.3%	7.1%	6.7%
Other French regions/International	4.2%	4.1%	4.3%	4.2%
Traditional residential	**2.8%**	**2.9%**	**3.0%**	**3.1%**
Student residences	**4.7%**	**4.7%**	**4.9%**	**4.9%**
TOTAL LIKE-FOR-LIKE BASIS[1]	**3.6%**	**3.6%**	**3.8%**	**3.8%**

(1) Like-for-like basis June 2020.

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 –0.20% as of June 30, 2020).

	Discount rate June 2020			Specific risk premium June 2020		
Offices	**2.85%**	**-**	**9.80%**	**3.05%**	**-**	**10.00%**
Offices – Paris	2.85%	-	6.00%	3.05%	-	6.20%
Offices – Île-de-France	4.00%	-	9.80%	4.20%	-	10.00%
Regions Offices	4.50%	-	4.70%	4.70%	-	4.90%
Traditional Residential	**3.00%**	**-**	**4.20%**	**3.20%**	**-**	**4.40%**
Student Residences	**4.00%**	**-**	**5.00%**	**4.20%**	**-**	**5.20%**

BREAKDOWN OF THE PORTFOLIO VALUE BY SEGMENT

The breakdown of the portfolio value by segment as of June 30, 2020 is the following:

Segments	06/30/2020 *(in million euros)*	06/30/2020 *(as a %)*
Offices	16,333	82%
Traditional residential	3,232	16%
Student residences	352	2%
Financial lease	120	1%
TOTAL GECINA	**20,037**	**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 euros)	06/30/2020
Book value	**19,920**
Operating buildings (Head Office)	+134
Lease obligations IFRS 16	–17
Property portfolio value	**20,037**
Company fair value accounted for under the equity method	+4
Appraisal value	**20,041**

2.6 Financial structure

During the first half of 2020, which was marked by the coronavirus crisis, the Group has benefited from the strength of its balance sheet. As at June 30, 2020, Gecina has a LTV debt ratio of 33.2% including duties, and significant liquidity of €4.9 billion (€2.9 billion restated from NEU CPs). These resources cover all of the Group's credit maturities up until the end of 2023. The ICR stands at 5.5x and the secured debt ratio at 0.2%, giving Gecina ample headrooms towards its banking covenants.

As a result of this situation and the fact that the Group does not require short-term financing, it has continued its work of strengthening and greening its liabilities. In July 2020, Gecina renewed a €240 million credit line maturing in 2021 with a new line with a 7-year maturity. This line, whose margin is partly dependent on the achievement of CSR objectives, brings the outstanding sustainable credit of the Group to €1.2 billion.

2.6.1 Debt structure

Net financial debt amounted to €7,042 million on June 30, 2020, down €167 million compared to end-December 2019 as a result of the disposals undertaken during the first half of the year.

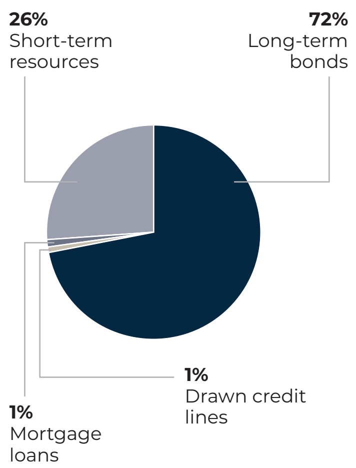
The main characteristics of the debt are:

	12/31/2019	06/30/2020
Gross financial debt *(in million euros)*[1]	7,246	7,549
Net financial debt *(in million euros)*[2]	7,208	7,042
Gross nominal debt *(in million euros)*[1]	7,233	7,566
Unused credit lines *(in million euros)*	4,505	4,405
Average maturity of debt *(years, adjusted for available credit lines)*	7.5	7.1
LTV (excluding duties)	36.0%	35.1%
LTV (including duties)	34.0%	33.2%
ICR	5.3x	5.5x
Secured debt/Properties	0.2%	0.2%

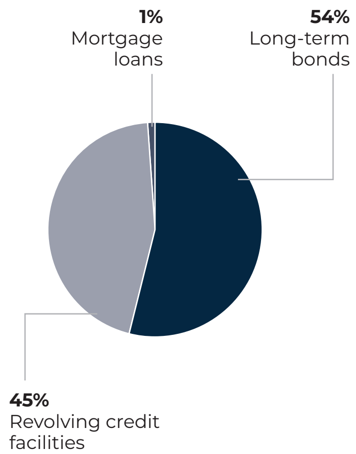
(1) Gross financial debt (excluding fair value related to Eurosic's debt) = Gross nominal debt + impact of the recognition of bonds at amortized cost + accrued interest not yet due + miscellaneous.
(2) Excluding fair value related to Eurosic's debt, €7,073 million including these items.

Debt by type

Breakdown of gross nominal debt



Breakdown of authorized financing
(including €4,405 million of unused credit lines at June 30, 2020)



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, 2020, Gecina's gross nominal debt was €7,566 million and comprised:

- €5,420 million in long-term bonds issued under the EMTN (Euro Medium-Term Notes) program;
- €149 million in bank loans, of which €49 million of mortgage financing and €100 million corresponding to a drawing on a credit line;
- €1,998 million in short-term resources covered by confirmed medium and long-term credit lines.

2.6.2 Liquidity

As at June 30, 2020, Gecina had €4,913 million available liquidity, of which €4,405 million in unused credit lines and €508 million in cash, easily covering all credit maturities for the next twenty-four months (€2,769 million). Net of the coverage of short-term resources and with cash available, liquidity amounts to €2,915 million.

At the beginning of July 2020, Gecina signed a €240 million bilateral sustainable credit facility with a 7.0-year maturity, for the early refinancing of a credit line of the same outstanding amount maturing in 2021.

Gecina updated its NEU CP program (commercial papers) with the Banque de France in May 2020, with a cap of €2 billion.

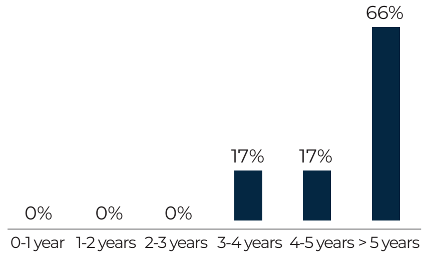
In the first half of 2020, Gecina continued to use short-term resources via the issue of NEU CPs. At June 30, 2020, the Group's short-term resources totaled €1,998 million, versus €1,764 million at December 31, 2019. Outstanding amounts averaged €1,904 million in the first half of 2020.

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.

2.6.3 Debt repayment schedule

As at June 30, 2020, the average maturity of Gecina's debt (after allocation of unused credit lines) was 7.1 years, a reduction of 0.4 year compared with December 31, 2019, due to the time effect.

The following chart presents Gecina's debt maturity breakdown as of June 30, 2020 (after allocation of unused credit lines):



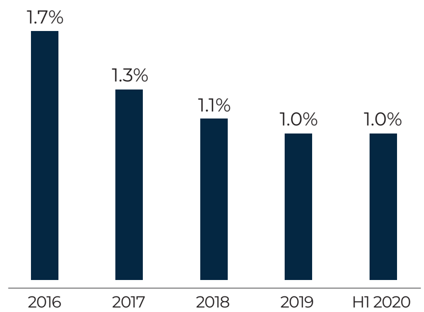
All of the credit maturities for the next three years were covered by unused credit lines or by cash as at June 30, 2020. Furthermore, 66% of the debt has a maturity of more than five years.

2.6.4 Average cost of debt

The average cost of the drawn debt amounted to 1.0% in the first half of 2020, unchanged from 2019. 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 slightly down in relation to 2019. It stood at 1.3% in the first half of 2020.

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



Capitalized interest on development projects amounted to €2 million in the first half of 2020.

2.6.5 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.

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2.6.6 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.

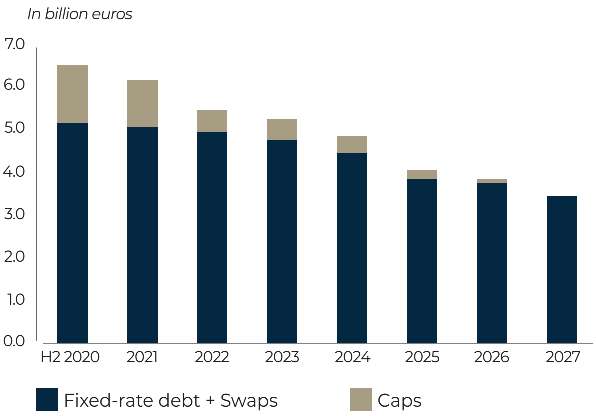
Gecina continues to adjust and optimize its hedging policy with the aim of:

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

The average duration of the Group's firm hedge portfolio remains stable compared to the end of 2019 at 7.6 years, associated with the deferred start dates of four swaps at the beginning of 2020 (set up in 2019).

At June 30, 2020, based on projected debt levels, the hedge rate will average 70% until the end of 2026.

The chart below shows the profile of the hedge portfolio:



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 2020 is hedged up to 90% 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, 2020, a 50 basis point increase in interest rates would generate an additional expense of €2 million in 2020. A 50 basis point fall in interest rates would result in a reduction in interest expense in 2020 of €2 million.

2.6.7 Financial structure and banking covenants

Gecina's financial position as at June 30, 2020, 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 as of 06/30/2020
LTV Net financial debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	35.1%
ICR EBITDA/net financial expenses	Minimum 2.0x	5.5x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	0.2%
Revalued block value of property holding (excluding duties), *in billion euros*	Minimum 6/8	20.0

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, 2020, LTV stood at 35.1%, down compared to the end of December 2019 (36.0%). In the first half of 2020, the ICR stood at 5.5x (5.3x in 2019).

2.6.8 Guarantees given

The amount of gross nominal debt guaranteed by real sureties (i.e. mortgages, lender's liens, unregistered mortgages) amounted to €49 million at the end of June 2020.

Thus, as at June 30, 2020, the total amount of financing secured by mortgage-backed assets or leasing amounted to 0.2% of the total block value of the properties held, same as at December 31, 2019, for an authorized maximum limit of 25% in the various loan agreements.

2.6.9 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 €10.0 billion (including unused credit lines) at June 30, 2020, €4.0 billion of bank debt and €5.4 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 downgrade 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.

2.7 Net Asset Value

The EPRA[1] Best Practices Recommendations, published in October 2019, introduce three new NAV (Net asset value) metrics for ongoing financial years from January 1, 2020.

- EPRA NRV (Net Reinstatement Value): this metric includes the transfer duties of the property assets;
- EPRA NTA (Net Tangible Assets): the entity buys and sells assets leading to taking account of certain liabilities;
- EPRA NDV (Net Disposal Value): the value for the shareholder in the event of liquidation.

The net asset value 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, when applicable and mainly:

- 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;
- registration fees, for the full value or for the part relating to the most appropriate mode of disposal of the asset (sale of the asset or company shares). Thus, when the sale of the company appears to be more advantageous than the sale of the asset, the resultant registration rights replace those deducted from the property appraisals.

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

The table below presents the transition between the Group's shareholders' equity derived from financial statements and the various EPRA NAV.

At June 30, 2020 *In million euros*	**EPRA NRV** **Net Reinstatement Value**	**EPRA NTA** **Net Tangible Asset Value**	**EPRA NDV** **Net Dissolution Value**
IFRS Equity attributable to shareholders	12,651.1	12,651.1	12,651.1
Due dividends	183.8	183.8	183.8
Include / Exclude			
Hybrid instruments	1.5	1.5	1.5
Diluted NAV	**12,836.4**	**12,836.4**	**12,836.4**
Include			
Revaluation of IP (if IAS 40 cost option is used)	133.8	133.8	133.8
Revaluation of IPUC (if IAS 40 cost option used)	0.0	0.0	0.0
Revaluation of other non current investments	0.0	0.0	0.0
Revaluation of tenant leases held as finance leases	9.6	9.6	9.6
Revaluation of trading properties	0.1	0.1	0.1
Diluted NAV at Fair Value	**12, 979.9**	**12,979.9**	**12,979.9**
Exclude			
Deferred tax in relation to fair value gains of IP	0.0	0.0	n/a
Fair value of financial instruments	(3.0)	(3.0)	n/a
Goodwill as result of deferred tax	0.0	0.0	0.0
Goodwill as per theIFRS balance sheet	n/a	(192.3)	(192.3)
Intangibles as per the IFRS balance sheet	n/a	(6.7)	n/a
Include			
Fair value of fixed interest rate debt	n/a	n/a	(409.6)
Revaluation of intangibles to fair value	0.0	n/a	n/a
Real estate transfer tax	1,156.7	123.6	n/a
EPRA NAV	**14,133.6**	**12,901.5**	**12,378.0**
Fully diluted number of shares	73,711,096	73,711,096	73,711,096
NAV per share	**€191.7**	**€175.0**	**€167.9**

(1) *European Public Real Estate Association.*

For information, EPRA NAV (block value) - old format are indicated below:

In million euros	06/30/2019 Amount/ number of shares	06/30/2019 Euros/ share	12/31/2019 Amount/ number of shares	12/31/2019 Euros/ share	06/30/2020 Amount/ number of shares	06/30/2020 Euros/ share
Fully diluted number of shares	73,622,597		73,656,339		73,711,096	
Shareholders' equity under IFRS [1]	**11,985**		**12,699**		**12,651**	
+ Receivable from shareholders	201.6		0.0		183.8	
+ Impact of exercising stock options	4.0		1.7		1.5	
DILUTED NAV	**12,191**	**165.6**	**12,701**	**172.4**	**12,836**	**174.1**
+ Fair value reporting of assets at amortized cost	128.5		136.4		143.5	
+ Hotel business	37.7		0.0		0.0	
+ Optimization of transfer duties	118.4		135.1		123.6	
– Fair value of financial instruments	24.8		(20.9)		(3.0)	
– Deferred tax	0.0		0.0		0.0	
= DILUTED EPRA NAV	**12,500**	**169.8**	**12,951**	**175.8**	**13,100**	**177.7**
+ Fair value of financial instruments	(24.8)		20.9		3.0	
+ Fair value of liabilities	(296.1)		(280.7)		(409.6)	
+ Deferred tax	0.0		0.0		(0.0)	
= DILUTED EPRA TRIPLE NET NAV	**12,179**	**165.4**	**12,692**	**172.3**	**12,694**	**172.2**

(1) Including goodwill (€192 million at June 30, 2020).

The diluted EPRA NAV totaled €13,100 million at June 30, 2020, or €177.7 per share.

Diluted EPRA NAV (unit) represents €185.2 per share at June 30, 2020, versus €182.4 at December 31, 2019, taking into account the residential portfolio's unit values.

The transition status between the Diluted EPRA NAV (old format) and the three new NAV metrics set out above is as follows:

At June 30, 2020	EPRA NRV Net Reinstatement Value	EPRA NTA Net Tangible Asset Value	EPRA NDV Net Dissolution Value
Diluted NAV per share (previously EPRA reported)	**€177.7**	**€177.7**	**€177.7**
Transfer tax	+€14.0		–€1.7
Goodwill		–€2.6	–€2.6
Intangible assets		–€0.1	
Fair value of fixed interest rate debt and financial instruments			–€5.5
NAV per share	**€191.7**	**€175.0**	**€167.9**

2.8 Strategy and outlook

2.8.1 Gecina reveals its purpose

"EMPOWERING SHARED HUMAN EXPERIENCES AT THE HEART OF OUR SUSTAINABLE SPACES"

Work to define the purpose was launched at the start of the year and the review looking into the company's societal rationale is more necessary than ever faced with the current health context. This approach has been led by the management team (Executive Committee and Management Committee), engaging the Group's staff, in order to clearly set out Gecina's core features (distinctive strengths and addressable societal challenges), while launching a review of the commitments that will make it possible to embody this "purpose" in the future. This work will include all of the stakeholders (customers, suppliers, partners, etc.).

The review is underway and is scheduled to be approved by the Board of Directors towards the end of the year, which will make it possible to begin rolling out this purpose in the Group's day-to-day operations.

2.8.2 Continued digitalization and deployment of YouFirst

The last few months have also been marked by the acceleration of the YouFirst brand's deployment for commercial activities (YouFirst Bureau and YouFirst Collaborative) and residential activities (YouFirst Residence and YouFirst Campus), as well as our digital transformation. For instance, Gecina has developed a platform for exchanges with YouFirst Bureau's partner agencies to improve its efficiency for lettings. With this solution, Gecina is optimizing its commercial strategy thanks to real-time tracking of progress with letting applications for each building.

Other digital projects are currently being developed to serve our customers, including the creation of a customer space for YouFirst Residence and YouFirst Campus customers, before sites are delivered for letting. For YouFirst Bureau, the in-depth review of the tech stack for the various assets is feeding into the future webapp that will be the link between YouFirst Bureau and YouFirst Collaborative and its B2B2C customers.

The CRM deployment for all the YouFirst brands has made significant progress and this will be central to YouFirst's commercial relationships with its customers.

2.8.3 Visibility gradually returning for 2020

Faced with the uncertainty linked to the effects of Covid-19, Gecina suspended its guidance for 2020 at the end of March. Although it is too early to accurately estimate the operational impacts linked to this crisis, the Group benefits from key strengths that enable it to be confident that it will be able to cope with the potential short or medium-term consequences of this crisis. These resilience factors therefore enable the Group to draw up an estimated range for its recurrent net income per share at end-2020, depending on the various economic scenarios that Gecina could face for the rest of the year.

Depending on how the economic situation evolves and the potential direct or indirect impacts of the health crisis on Gecina's activity during the second half of the year, recurrent net income per share in 2020 is expected to range from €5.55 (adverse scenario) to €5.70 (close to the initial pre-Covid-19 assumption). This range excludes potential acquisition or disposal operations that have not been agreed on to date and could therefore be revised up or down in line with the portfolio's potential rotation during the second half of the year[1].

(1) This range includes provisions recorded in connection with the health crisis. It also excludes potential acquisition or disposal operations that have not been agreed on to date and could therefore be revised up or down in line with the portfolio's potential rotation during the second half of the year.

2.9 EPRA reporting at June 30, 2020

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".

	06/30/2020	06/30/2019	See Note
EPRA Earnings *(in million euros)*	200.7	204.7	2.9.1
EPRA Earnings per share *(in euros)*	€2.73	€2.77	2.9.1
EPRA Net Tangible Asset Value *(in million euros)*	12,901.5	12,230.7	2.7
EPRA Net Initial Yield	3.18%	3.24%[1]	2.9.3
EPRA "Topped-up" Net Initial Yield	3.38%	3.43%[1]	2.9.3
EPRA Vacancy Rate	7.8%	5.4%	2.9.4
EPRA Cost Ratio *(including direct vacancy costs)*	25.2%	20.6%	2.9.5
EPRA Cost Ratio *(excluding direct vacancy costs)*	23.3%	18.5%	2.9.5
EPRA Property related capex *(in million euros)*	141	102	2.9.6

(1) At December 31, 2019.

2.9.1 Net recurring EPRA Earnings

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

In thousand euros	06/30/2020	06/30/2019
Recurrent net income (Group share)[1]	215,922	218,774
– IFRIC 21	(10,851)	(10,518)
– Amortization, net provisions and depreciation	(4,349)	(3,594)
EPRA RECURRENT NET INCOME	**200,722**	**204,662**
EPRA RECURRENT NET INCOME PER SHARE	**€2.73**	**€2.77**

(1) EBITDA restated for net financial expenses, recurrent tax, minority interests, income from associates and certain non-recurring costs.

2.9.2 Net Asset Value

The calculation for the Net Asset Value is explained in section 2.7 "Net Asset Value".

In euros per share	06/30/2020	06/30/2019
EPRA NAV NRV	€191.7	€184.5
EPRA NAV NTA	**€175.0**	**€166.1**
EPRA NAV NDV	€167.9	€160.5
Diluted NAV	€174.1	€165.6
Diluted EPRA NAV	€177.7	€169.8
Diluted EPRA NNNAV	€172.2	€165.4

(1) European Public Real Estate Association.

2.9.3 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:

In %	06/30/2020	12/31/2019
GECINA NET CAPITALIZATION RATE[1]	**3.81%**	**3.80%**
Impact of estimated costs and duties	–0.23%	–0.23%
Impact of changes in scope	0.05%	0.11%
Impact of rent adjustments	–0.46%	–0.45%
EPRA NET INITIAL YIELD[2]	**3.18%**	**3.24%**
Exclusion of lease incentives	0.19%	0.19%
EPRA TOPPED-UP NET INITIAL YIELD[3]	**3.38%**	**3.43%**

(1) Like-for-like June 2020.
(2) The EPRA net initial yield rate is defined as the annualized contractual rent, net of property operating expenses, after deducting lease incentives, divided by the portfolio value including duties.
(3) The EPRA topped-up net initial yield rate is defined as the annualized contractual rent, net of property operating expenses, excluding lease incentives, divided by the portfolio value including duties.

Net initial yield and EPRA "Topped-up" net initial yield *(in million euros)*		Offices	Traditional residential	Student residences	Total H1 2020
Investment properties		16,337	3,232	352	19,921
Adjustment of assets under development and land reserves		1,863	13	24	1,899
Value of the property portfolio in operation excluding duties		14,474	3,219	328	18,021
Transfer duties		891	215	15	1,122
Value of the property portfolio in operation including duties	**B**	**15,365**	**3,434**	**343**	**19,143**
Gross annualized rents		520	106	18	644
Non recoverable property charges		16	16	4	35
Annualized net rents	**A**	**504**	**90**	**15**	**609**
Rents at the expiry of the lease incentives or other rent discount		37	0	0	37
"Topped-up" annualized net rents[3]	**C**	**541**	**91**	**15**	**646**
EPRA NET INITIAL YIELD	**A/B**	**3.3%**	**2.6%**	**4.3%**	**3.2%**
EPRA "TOPPED-UP" NET INITIAL YIELD	**C/B**	**3.5%**	**2.6%**	**4.3%**	**3.4%**

(3) The EPRA topped-up net initial yield rate is defined as the annualized contractual rent, net of property operating expenses, excluding lease incentives, divided by the portfolio value including duties.

2.9.4 EPRA vacancy rate

In %	06/30/2020	06/30/2019
Offices	7.3%	5.6 %
Traditional residential	3.7%	2.3 %
Student residences	37.7%	15.1 %
GROUP TOTAL	**7.8%**	**5.4 %**

EPRA vacancy rate corresponds to the vacancy rate "spot" at year-end. It is calculated as the ratio between the estimated rental value of vacant spaces and potential rents.

The financial occupancy rate reported in other parts of this document corresponds to the average financial occupancy rate of the portfolio.

The vacancy increase is linked primarily to the delivery of partially vacant office buildings and the obvious impacts of the health crisis on student residences, which has resulted in schools and universities being closed and restricted the mobility of national and international students.

	Market rental value of vacant units *(in million euros)*	**Potential rents** *(in million euros)*	**EPRA vacancy rate at end-June 2020** *(in %)*
Offices	41	560	7.3%
Traditional residential	4	105	3.7%
Student residences	8	23	37.7%
EPRA VACANCY RATE	**53**	**687**	**7.8%**

2.9.5 EPRA cost ratios

In thousand euros / as a %	06/30/2020	06/30/2019
Property expenses	(123,675)	(120,612)
Overheads	(45,587)	(41,301)
Amortization, net provisions and depreciation	(4,349)	(3,594)
Expenses billed to tenants	87,286	93,978
Rental expenses charged to tenants in gross rent	0	0
Other income / income covering overheads	1,507	2,606
Share in costs of associates	(115)	(22)
Ground rent	0	884
EPRA COSTS (INCLUDING VACANCY COSTS) (A)	**(84,933)**	**(68,061)**
Vacancy costs	6,539	7,071
EPRA COSTS (EXCLUDING VACANCY COSTS) (B)	**(78,394)**	**(60,990)**
Gross rental income less ground rent	336,118	329,718
Rental expenses charged to tenants in gross rent	0	0
Share in rental income from associates	780	726
GROSS RENTAL INCOME (C)	**336,898**	**330,444**
EPRA COST RATIO (INCLUDING VACANCY COSTS) (A/C)	**25.2%**	**20.6 %**
EPRA COST RATIO (EXCLUDING VACANCY COSTS) (B/C)	**23.3%**	**18.5 %**

Excluding the increase in the rental risk, linked primarily to the effects of the health crisis (€7.1m) and the costs incurred with the subsidiarization of the residential business (€7.3m), the EPRA cost ratios including and excluding vacancies came to 21.0% and 19.0% respectively for the first half of 2020.

2.9.6 Capital expenditure

	06/30/2020			06/30/2019		
In million euros	Group	Joint-ventures	Total	Group	Joint-ventures	Total
Acquisitions	56	n/a	56	0	n/a	0
Development	58	n/a	58	60	n/a	60
o.w capitalized interests	2	n/a	2	5	n/a	5
Maintenance capex	28	n/a	28	42	n/a	42
Incremental lettable space	0	n/a	0	0	n/a	0
No incremental lettable space	24	n/a	24	40	n/a	40
Tenant incentives	4	n/a	4	1	n/a	1
Other material non-allocated	0	n/a	0	2	n/a	2
Capitalized interest	0	n/a	0	0	n/a	0
TOTAL CAPEX	**142**	**n/a**	**142**	**102**	**n/a**	**102**
Conversion from accrual to cash basis	20	n/a	20	35	n/a	35
TOTAL CAPEX ON CASH BASIS	**162**	**n/a**	**162**	**137**	**n/a**	**137**

3. Risk management

Risk management is integrated in the company's decision making and operational processes. Risk management is a dynamic process that is defined and implemented under the responsibility of Executive Management. This process provides an objective and global view of potential risks and opportunities for the Group, in order to evaluate them and thus support the Group's decisions.

3.1 Updated as of June 30, 2020

Every year, Gecina identifies and rates those risks whose occurrence could have a material impact on the Group's business, financial situation or results. The report of this activity is presented to the Audit and Risk Committee and during the Board of Directors' meeting.

The risks have been updated as part of this document in addition to the reporting of annual activity. It reflects the items included in the half-yearly financial statements and also includes the effects relating to the health crisis linked to Covid-19 and its economic impact.

3.1.1 Risk identification and rating

The Risk and Compliance Department identifies and rates the risks on the basis of interviews with each of the Group's departments, using its own expertise and the results of internal control and stress test scenarios that measure the quantitative impact of certain risks.

Risks are classified in a limited number of categories in accordance with ESMA guidance[1].

RISK CATEGORIZATION

The Risk and Compliance Department has identified 68 risks divided into eight categories, in accordance with ESMA guidelines. The distribution of risks between eight categories is shown in the table below, including five categories that contain the priority risks set out in section 3.2.

Risk categorization	Number of risks
Risks related to the financial situation	2
Real estate market risks	2
Business risks	19
Internal control risks	15
Risks related to Information systems and data	5
Legislative and regulatory risks	10
Environmental and Social risks	9
Governance risks	6
TOTAL	**68**

(1) *ESMA31-62-1293 EN "Guidelines on risk factors under the Prospectus Regulation".*

RISK ASSESSMENT

Risks are ranked according to their potential negative impact on the Group and the probability of occurrence, while taking into account the risk control process put in place by Gecina.

Impact

Impact is the measure of the effect that a risk would have on the Company if it does materialize. When the risk is quantifiable, it is assessed in terms of the possible effect expressed as a percentage change in Recurring Net Income – Group share (RNI) or change in Net Asset Value (NAV).

Where the risk is not quantifiable, it is assessed in terms of its effect on Gecina's ability to ensure the continuity of its operations and the pursuit of its strategy.

The impact is divided into four levels: low, moderate, high and very high.

	Low	Moderate	High	Very High
Change in RNI	Less than 2% of RNI	From 2% to 7% of RNI	From 7% to 15% of RNI	More than 15% of RNI
Change in NAV	Less than 1% of NAV	From 1% to 5% of NAV	From 5% to 15% of NAV	More than 15% of NAV
Effect on strategy implementation and business continuity	Effects contained within the common contingencies and remaining almost unnoticed with regard to objectives/performance	Noticeable effects, outside the context of common contingencies, but acceptable with regard to objectives/performance	Significant effects impacting the company's objectives or usual performance	Very significant effects. Objectives or performance, or even the continuity of operations, are permanently called into question

Probability of occurrence

Probability is defined as the likelihood of the risk occurring, at least once, within a five-year horizon. In other words, it assesses the plausibility of the occurrence of a risky event.

Probability is divided into four levels: unlikely, possible, likely, very likely.

	Unlikely	Possible	Likely	Very Likely
Probability of occurrence of at least one risk occurring within five years	Less than 10%	Between 10% and 20%	Between 20% and 40%	>40%

3.1.2 Updating principal risk factors

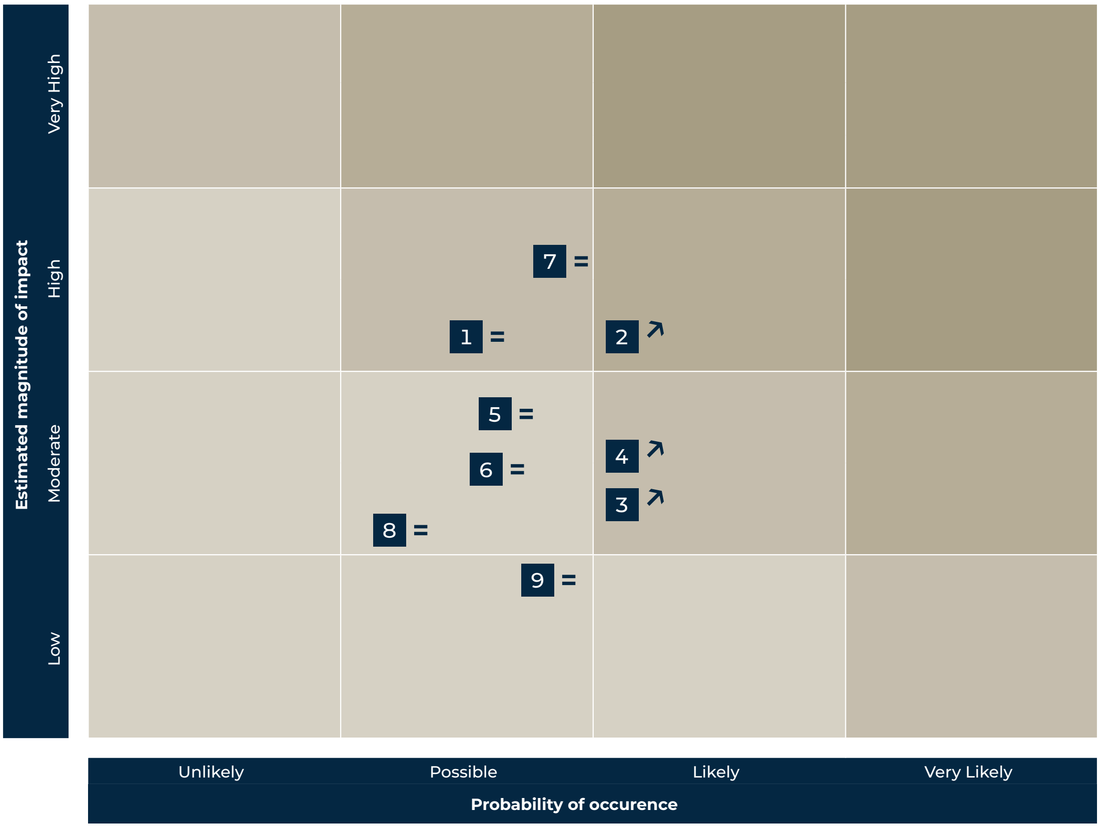
PRINCIPAL RISK FACTORS AS OF JUNE 30, 2020

Among the 68 risks constituting the risk mapping determined by Gecina as at June 30, 2020, nine of them, which belong to five categories, are classified as priorities.

The matrix presented below sets out the Group's main risk factors and indicates, for each of them, on the filing date of the Half-Year Financial Report, their probability of occurrence and the estimated extent of the impact on the Group in terms of health crisis, taking into account the risk control processes implemented by the company.

Risk factors are presented in a limited number of categories according to type. Risks are ranked with the most significant ones placed first within each category.

Risk Category	Risk	Impact rating	Probability rating	Trend
Risks related to the financial situation	Interest rate, cost of debt, liquidity and funding risk	High	Possible	Stable
Real estate market risks	Risk related to the rent level, value of assets and liquidity of assets in the real estate market	High	Likely	Upward
Business risks	Risk of rental arrears	Moderate	Likely	Upward
	Commercialization risk	Moderate	Likely	Upward
	Development/construction operations risk	Moderate	Possible	Stable
	Risk related to transformation management	Moderate	Possible	Stable
Legislative and regulatory risks	Risk of legal disputes in Spain	High	Possible	Stable
	Risk of corruption	Moderate	Possible	Stable
Environmental and social risks	Eco-design and eco-operation risk	Low	Possible	Stable



1 Interest rate, cost of debt, liquidity and funding risk
2 Risk related to the rent level, value of assets and liquidity of assets
3 Risk of rental arrears
4 Commercialization risk
5 Development/construction operations risk
6 Transformation management risk
7 Risk of legal disputes in Spain
8 Risk of corruption
9 Eco-design and eco-operation risk

CHANGES IN PRINCIPAL RISK FACTORS COMPARED TO DECEMBER 31, 2019

Compared to the Universal Registration Document 2019, the update of the risk mapping as at June 30, 2020 has led to changes in risk rating and risk categorization, but also in the presentation of principal risk factors, in accordance with ESMA guidelines[1]:

- Risks mentioned in the 2019 Universal Registration Document as “No. 2 – Corporate communication and e-reputation”, related to the implementation of the YouFirst relational brand, “No. 4 – Human resources issues”, related to skills development, and “No. 6 – Cyber security”, related to the deployment of Digital media (applications for mobile phones and transactional websites), the impact and probability ratings of which were linked to the management of Gecina’s transformation strategy, have been dealt with within the specific risk in connection with transformation management.
- The risk mentioned in the 2019 Universal Registration Document as “No. 1 – Real estate market and rates” in the “External Environment/Macroeconomic Risks” category, has been divided into two risks for greater clarity: on the one hand, the interest rate, cost of debt, liquidity and funding risk, and on the other hand, the risk related to the rent levels, value of assets and liquidity of assets in the real estate market.
- The risk mentioned in the Universal Registration Document 2019 as “No. 9 – Legislative, regulatory and political risk” has not been included among the priority risks as of June 30, 2020, as it is a general risk that does not have important and distinctive characteristics specific to Gecina, in accordance with the ESMA guidelines.
- The increase at June 30, 2019 in the ratings of “No. 3 – Risk of rental arrears” and “No. 4 – Commercialization risk” led to their inclusion in the principal risk factors described below.

3

3.2 Summary of principal risk factors

3.2.1 Risk related to the financial situation

NO. 1 – INTEREST RATE, COST OF DEBT, LIQUIDITY AND FUNDING RISK

Description of the risk

The financial debt of Gecina is sensitive to both interest rates and market liquidity, i.e. the cost of financing, as well as to the abundance or shortage of financing solutions.

With regard to interest rates, a rise in rates would lead to an increase in the cost of financing for Gecina, either due to the rising cost of existing debt or in the case of a need for new financing.

With regard to liquidity, the challenge is to have sufficient flexibility to adapt the volume of debt to the pace of acquisitions and disposals, cover the refinancing of short-term maturities, allow refinancing transactions under optimal conditions, meet the criteria of the credit rating agencies and finance the Group’s investment projects.

Size and structure of debt

The debt structure of Gecina is detailed in section 2.6.1 of this document.

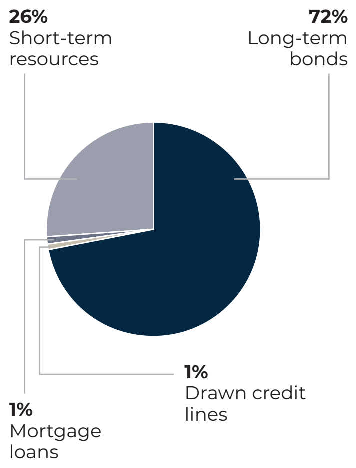
At June 30, 2020, Gecina’s gross nominal debt was €7,566 million, consisting of:

- €5,420 million in long-term bonds issued under the EMTN (Euro Medium-Term Notes) program;
- €149 million in bank loans, including €49 million in mortgage financing and €100 million corresponding to a drawdown on a credit line;
- €1,998 million in short-term resources covered by confirmed medium and long-term credit lines.

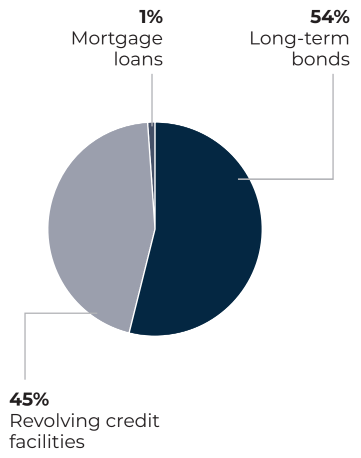
(1) *ESMA31-62-1293 EN “Guidelines on risk factors under the Prospectus Regulation.”*

Debt by type

Breakdown of gross nominal debt



Breakdown of authorized financing
(including €4,405 million of unused credit lines at June 30, 2020)



Debt repayment schedule

Gecina's debt maturity schedule is detailed in section 2.6.3 of this document.

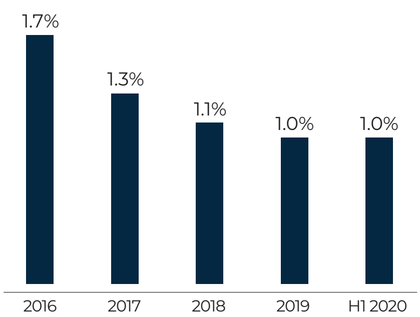
As of June 30, 2020, the average maturity of Gecina's debt was 7.1 years, down 0.4 year compared with December 31, 2019, due to the time effect.

Average cost of debt

The average cost of Gecina's debt is detailed in section 2.6.4 of this document.

The average cost of the drawn debt amounted to 1.0% in the first half of 2020, unchanged from 2019. 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 is slightly lower than in 2019. It stood at 1.3% in the first half of 2020.

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



Banking covenants

The key financial ratios provided for in Gecina's credit agreements are detailed in section 2.6.7 of this document.

The situation as at June 30, 2020 on the main reporting standards is as follows:

	Benchmark standard	Balance as of 06/30/2020
LTV Net financial debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	35.1%
ICR EBITDA/net financial expenses	Minimum 2.0x	5.5x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	0.2%
Revalued block value of property holding (excluding duties), in billion euros	Minimum 6/8	20.0

Liquidity

As at June 30, 2020, Gecina had €4,913 million in available liquidity, of which €4,405 million in unused credit lines and €508 million in cash, easily covering all credit maturities for the next 24 months (€2,769 million). The liquidity that Gecina has available is set out in chapter 2.6.2 of this document.

Principal risk control processes

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 and to control the cost of debt, where a significant portion of the Group's loans is at a floating rate.

With respect to the foregoing, a management framework is presented and validated annually 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 derivative instruments enabling such management (mostly caps, floors and swaps) (see section 2.6.6 of this document).

Gecina's interest rate hedging policy is primarily implemented on a comprehensive basis for all its loans (i.e. not specifically assigned to certain loans). It aims at:

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

The existing interest rate risk management policy made it possible to improve the average duration of the portfolio of firm hedges, which remains stable at 7.6 years, identical to the end of 2019, in connection with the deferred departures of four swaps at the beginning of 2020 (adopted in 2019).

At June 30, 2020, based on projected debt levels, the hedge ratio will average 70% until the end of 2026.

Gecina's anticipated net nominal debt in the second half of 2020 is hedged up to 90% against interest rate rises (depending on observed Euribor rate levels, as a result of caps).

Interest rate risk is analyzed and quantified in section 2.6.6 of this document.

Based on the existing hedge portfolio and taking into account contractual conditions at June 30, 2020, a 50 basis point increase in interest rates would generate an additional expense of €2 million in 2020. A 50 basis point fall in interest rates would result in a reduction in interest expense in 2020 of €2 million.

Liquidity risk and funding capacity are managed by managing debt maturities, maintaining available credit lines and diversifying finance sources. Liquidity is managed in the medium and long term as part of multi-year financing plans and, in the short term, by using confirmed undrawn credit lines and, where appropriate, asset disposal programs. As of June 30, 2020, Gecina has significant liquidity of €4.9 billion (€2.9 billion net of NEU CP). These resources cover all of the Group's financing maturities until the end of 2023 as described in section 2.6 of this document.

With regard to financing, the financial ratios likely to affect the remuneration conditions or early repayment clauses provided for in the credit agreements (the covenants) are nowhere near the defined limits and are subject to impact simulations for each major investment scenario.

Risk trend as at June 30, 2020: stable

As of June 30, 2020, funding risks have not changed in terms of impact for the Group, which has a debt maturity of more than seven years, combined with a cost of drawn debt of 1.0% in the first half of 2020, which is stable compared to 2019.

With regard to hedging, the average duration of the portfolio of firm hedges remains stable at 7.6 years compared to the end of 2019. Thus, at June 30, 2020, based on projected debt levels, the hedging ratio will average 70% until the end of 2026.

In terms of liquidity, and although market tension was observed in the second half of March 2020, the Group's access to the short-term debt market remained satisfactory for Gecina throughout the period of the health crisis, thanks in particular to the action of the ECB on the financing markets, which made it possible to even renew and extend the maturity of short-term debt. As a result, the outstanding amount of Gecina's commercial paper (NEU CP) stood at €2 billion as of June 30, 2020.

In view of these factors, the net risk has been assessed as stable.

3.2.2 Real estate market risks

NO. 2 – RISK RELATED TO THE RENT LEVEL, VALUE OF ASSETS AND LIQUIDITY OF ASSETS

Description of the risk

Holding property assets for rent exposes Gecina to the risk of fluctuation of the value of property assets and rent levels on the real estate market, which affect the asset's liquidity.

The Group's property portfolio is primarily composed of commercial assets (offices and retail), traditional residential assets and Student residences. The evaluation of the "fair value" of these assets is the basis for indicators essential for the assessment of Gecina's performance or its financial situation, including Net Asset Value or the "Loan To Value" ratio.

Measuring the "fair value" of a real estate asset is a complex activity in assessing the value of an asset at market price, the main parameters of which are capitalization rates and market rental values, and the residual term of current leases.

The capitalization rate is the key factor in the calculation of the appraised value of the assets held by Gecina. It is determined by the rate deemed to be risk-free and the premiums valuing the risk associated with the real estate investment concerned. The market rental values or rental levels depend on the market level in the areas where Gecina's assets are located.

A decline in the value of Gecina's assets would ultimately have an impact on the stock market value and the confidence that investors place in the Company. The impact would be unfavorable on Gecina's credit rating, as well as on the assessment of its risk profile by financial market players and therefore on its debt.

Information on the sensitivity of asset valuation to changes in economic situation is provided in sections 2.5 and 5.5.6.8 of this document.

Thus, 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 of the real estate market, resulting in an increase of 50 basis points (0.5%) in capitalization rates, could bring about a decrease of around €17,898 million in the appraised value based on the block valuation of assets of €20,037 million as at June 30, 2020, i.e. 10.2% of the property portfolio (on the assumption that such a downturn would affect all of the different segments of Gecina's real estate business), representing a decrease of roughly €2,032 million, and would have a similar unfavorable impact on Gecina's consolidated earnings.

Sensitivity to changes in the capitalization rate

	Change in capitalization rate	Valuation of assets[2] (in million euros)	Change in assets (in %)	Impact on consolidated income (in million euros)
All sectors[1]	**0.50%**	**17,898**	**–10.2%**	**(2,032)**
Offices	0.50%	14,725	–9.9%	(1,612)
Residential	0.50%	2,841	–12.1%	(391)
Student residences	0.50%	323	–8.1%	(28)
Hotels	0.50%	9	–8.7%	(1)

(1) Except financial leases.
(2) After change in capitalization rate.

Principal risk control processes

The risk on market rental values and the valuation of assets is controlled mainly by three factors.

Independent and up-to-date knowledge of the market

In addition to the knowledge of the Group's employees, in particular the Asset Management and sales teams, regular appraisals of assets provide an up-to-date and independent view of the valuation of assets and the real estate market.

All of the Group's real estate assets are appraised each year on June 30 and December 31 by a panel of independent property appraisers (see section 2.5 of this document).

The property appraisal process is governed by a specific procedure that explicitly defines the principles for selecting appraisers and indicates how appraisal campaigns should be conducted. The property appraisers were selected under the supervision of the Group's Audit and Risk Committee and on the basis of specifications. The appraisers' fees are based on the number of assets appraised, not on the value of those assets. The Audit and Risk Committee is provided with regular information reports on the property appraisal process. Subsequent to each campaign, this Committee holds a meeting devoted exclusively to reviewing property appraisals and, if necessary, obtaining additional appraisals on certain properties.

Active portfolio management and asset location

At the strategic level, the property portfolio rotation has strengthened the Group's positioning in central areas that are less exposed to the risks of vacancies and downturns in the rental market.

At the operational level, the dynamic management of the asset portfolio is steered through the quarterly budget review process, which includes an in-depth analysis of market trends and a detailed analysis of the assets held, taking into account risk factors according to the various scenarios envisaged.

The location of the assets held by Gecina, characterized by its central position, thus makes it possible to reduce the risk of a decline in value. With regard to the office properties portfolio (82% of the Group's consolidated property portfolio), 64% of Gecina's office properties are located in central Paris. With an overall market vacancy rate of 2.8% in central Paris at the end of June 2020 according to Cushman, close to an all-time low, as well as low future supply, the risk of oversupply is very limited.

The breakdown by zone is detailed in section 2.5 of this document, with changes appearing in the following paragraph presenting the trend as at June 30, 2020.

Management of the residual term of current leases

Sensitivity of the Group's financial aggregates to a change in market rental values is also reduced by the operation of three-year leases, whose rental levels are determined in advance at the time of signature.

Minimum future rents receivable until the next possible termination date under operating leases of commercial properties are set out in section 5.5.6.1 of this document.

In thousand euros	06/30/2020	06/30/2019
Less than 1 year	439,109	467,114
1 to 5 years	1,067,216	1,201,964
Over 5 years	371,608	488,990
TOTAL	**1,877,933**	**2,158,068**

The volume of three-year leases, as well as the end of the lease contracts, is indicated in section 2.1.1 of this Half-Year Financial Report.

Commercial lease schedule	2020	2021	2022	2023	2024	2025	2026	> 2026	Total
Break-up options	63	110	69	46	59	47	37	126	557
End of leases	60	57	26	20	58	39	38	259	557

The fixed average residual maturity of ongoing leases was 4.0 years as of June 30, 2020, i.e. a maximum of 25% per annum on average of the leases to be renewed, which would be impacted in the event of a fall in market rents. This reduces the immediate impact on Gecina of a possible decline in rental values.

Risk trend as at June 30, 2020: upward

As of June 30, 2020, the valuation of the property portfolio stood at €20,037 million in block value terms, i.e. a relatively stable valuation at the current scope of consolidation (–0.1%) compared to December 31, 2019 (€20,051 million), and +1.0% on a like-for-like basis (see section 2.5 of this document).

This stability is mainly explained by the increase in the value of assets located in the CBD (Central Business District), in line with Gecina's positioning strategy. The main declines in value were concentrated in the Western Crescent, La Défense, and the secondary areas of the Île-de-France region, locations where the Gecina Group is less exposed.

	Block value			Δ current basis		Δ like-for-like basis	
In million euros	06/30/2020	12/31/2019	06/30/2019	06/30/2020 vs 06/30/2019	06/30/2020 vs 12/31/2019	06/30/2020 vs 06/30/2019	06/30/2020 vs 12/31/2019
Offices	**16,333**	**16,485**	**16,198**	**+0.8%**	**–0,9%**	**+3.5%**	**+0.3%**
Paris city	**10,420**	**10,322**	**9,878**	**+5.5%**	**+0,9%**	**+7.1%**	**+2.1%**
■ Paris QCA & 5-6-7	7,422	7,140	6,849	+8.4%	+3.9%	+7.5%	+2.7%
■ Paris QCA & 5-6-7 – Offices	5,664	5,508	5,281	+7.2%	+2.8%	+1.7%	+0.7%
■ Paris QCA & 5-6-7 – Retail	1,758	1,632	1,569	+12.1%	+7.7%	+12.1%	+8.1%
■ Paris – Other	2,998	3,182	3,028	–1.0%	–5.8%	+6.2%	+0.9%
Western Crescent – La Défense	4,722	4,917	4,839	–2.4%	–4.0%	–2.5%	–3.2%
Paris Region – Other	699	741	977	–28.5%	–5.6%	–7.6%	–1.3%
Other French regions/International	492	505	504	–2.3%	–2.6%	+1.5%	–1.4%
Traditional residential	**3,232**	**3,075**	**3,023**	**+6.9%**	**+5.1%**	**+6.9%**	**+4.9%**
Student residences	**352**	**356**	**336**	**+4.6%**	**–1.1%**	**+0.1%**	**–1.7%**
Hotels and financial lease	**120**	**135**	**338**	**–64.5%**	**–11.3%**	**+0.0%**	**+0.0%**
GROUP TOTAL – BLOCK VALUE	**20,037**	**20,051**	**19,895**	**+0.7%**	**–0.1%**	**+4.0%**	**+1.0%**
GROUP TOTAL – UNIT APPRAISALS	**20,588**	**20,539**	**20,386**	**+1.0%**	**+0.2%**	**+4.3%**	**+1.3%**

Capitalization rates are presented in section 2.5 of this document. The same differentiation between central Paris and the rest of the Paris region is observed, with the continued decline in capitalization rates in central Paris while the trend is less clear outside Paris.

	Net yield (incl. duties)		Net capitalization rate (excl. duties)	
In million euros	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
Offices	**3.7%**	**3.7%**	**4.0%**	**3.9%**
Paris city	**3.1%**	**3.2%**	**3.3%**	**3.4%**
▪ Paris QCA & 5-6-7	2.9%	2.9%	3.1%	3.1%
▪ Paris QCA & 5-6-7 – Offices	3.1%	3.1%	3.4%	3.3%
▪ Paris QCA & 5-6-7 – Retail	2.0%	2.1%	2.1%	2.2%
▪ Paris – Other	3.7%	3.8%	4.0%	4.0%
Western Crescent – La Défense	4.5%	4.3%	4.8%	4.6%
Paris Region – Other	6.6%	6.3%	7.1%	6.7%
Other French regions/International	4.2%	4.1%	4.3%	4.2%
Traditional residential	**2.8%**	**2.9%**	**3.0%**	**3.1%**
Student residences	**4.7%**	**4.7%**	**4.9%**	**4.9%**
TOTAL LIKE-FOR-LIKE BASIS(1)	**3.6%**	**3.6%**	**3.8%**	**3.8%**

(1) Like-for-like basis June 2020.

While the volume of rental transactions in the office property markets is down sharply compared to the first half of 2019 (–40%) due to a sharp slowdown in retail activity during lockdown, the immediately available supply and rental values showed strong resilience in the second quarter, particularly in the most central areas of the Paris region. In central Paris, the overall vacancy rate is still very low at 2.8%. There is still a clear supply side shortfall in Paris, as Paris accounts for 40% of take-up, but just 16% of immediate supply, with this ratio reversed for other areas in the Paris region.

In the second quarter, rental values did not decline, and market rents were still on an upward trend year-on-year (+7.1% in 6 months, source: Immostat), a trend that was nevertheless driven by the central markets, particularly the heart of the Central Business District (CBD) of Paris. The scarcity of immediately available properties and future supply in the heart of Paris continues to support the momentum observed in the central areas in recent quarters. In central Paris, rents are thus going up in the CBD (+12% year-on-year) as in the rest of Paris (+5% over twelve months), with a dynamic trend that remains bullish in the second quarter. However, the trend is not very clear, and even moderately bearish, outside central Paris (La Défense, Western Crescent, 1st and 2nd belt).

On the other hand, the end of lockdown has given rise to conflicting interpretations of the impact of remote work conducted during lockdown on companies' changing needs with regard to offices.

As a result, while it is now difficult to measure the impact of the health crisis of Covid-19 on the real estate market, or its duration, the net risk has been assessed to be on the rise.

3.2.3 Business risk

NO. 3 – RISK OF RENTAL ARREARS

Description of the risk

The risk of non-payment of rent is inherent to Gecina's business as lessor.

The risk that tenants may no longer be able to pay their rent may be due either to a specific failure of the company itself, or to the macroeconomic context leading to an overall weakness in the business sector or companies in general. These unpaid receivables are subject to a provision as described in section 5.5.3.4 of this document, thus impacting Gecina's income.

Principal risk control processes

This risk of rental arrears can be controlled through diversification of the Group's tenants and on the selection and guarantee processes used for rentals.

Diversification of tenants

Gecina benefits from a client portfolio of approximately 700 corporate tenants, a wide range of sectors, and almost 7,500 individual tenants (see section 5.5.4.3 of this document). The Group is not exposed to significant concentration risks: no tenant exceeds 10% of total annualized nominal rents and only two tenants exceed 5%.

In the course of its development, the Group aims to acquire assets for which the rental portfolio is closely based on tenant selection criteria provided by them.

The breakdown of the client portfolio is detailed in section 2.1.1 of this report.

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

	Group
Public sector	5%
Insurance	3%
Banking	4%
Consulting / law	6%
Energy	11%
Real estate	4%
Industry	8%
IT	4%
Luxury goods - retail	16%
Media - television	6%
Pharma	3%
Services	17%
Technology and telecoms	7%
Other	7%
Total	**100%**

Weighting of the top 20 tenants (% of annualized total headline rents)

Breakdown for offices only (not significant for the residential and student portfolios)

Tenant	Group
ENGIE	8%
ORANGE	5%
LAGARDERE	4%
LVMH	3%
EDF	3%
SOLOCAL GROUP	2%
YVES SAINT LAURENT	2%
WEWORK	2%
FRENCH SOCIAL MINISTRIES	2%
BOSTON CONSULTING GROUP	2%
EDENRED	1%
ARKEMA	1%
GRAS SAVOYE	1%
RENAULT	1%
IPSEN	1%
LACOSTE	1%
SALESFORCE	1%
ROLAND BERGER	1%
MSD	1%
LATHAM & WATKINS	1%
TOP 10	**32%**
TOP 20	**45%**

Tenant selection process and quality of tenants

When a property is rented out, a detailed application must be submitted by the tenant and an investigation of the tenant's solvency is carried out. Tenant selection and rent collection procedures help to maintain a satisfactory rate of losses on receivables.

The Group uses an external service provider to carry out these systematic solvency investigations, with the option of additional procedures, where necessary, carried out by the Finance Department and the Risk & Compliance Department.

In addition, a systematic policy of taking collateral (security deposit, First Demand Guarantee) reinforces the security of receivables in the event of non-payment.

Risk management

During the payment period for the rental, the Finance Department ensures daily monitoring of receipts, enabling the operational departments to take recovery action as quickly as possible in the event of an alert. A committee to monitor the risks of rental arrears, which brings together the Operational Departments, Finance Department, and Risks and Compliance Department, makes it possible to review all unpaid rent as well as the prospective risks related to tenants on a quarterly basis. The Operational Departments dispose of a set of tools to manage temporary alerts or any issues in the best possible manner. An annual follow-up report is submitted to the Audit and Risk Committee.

Risk trend as at June 30, 2020: upward

The cost of rental risk increased as of June 30, 2020, to €7.1 million, compared to €0.9 million as of June 30, 2019, as described in section 5.5.6.2 of this document, and €0.8 million at the end of 2019.

The rent collection was monitored very closely during the first half of the year:

- of the total office rents billed in the first half of 2020, 94% have already been collected;
- the share of uncollected receivables due in the first half of 2020 is approximately 6 %;
- for the remaining 6% not collected to date (representing c.€20m), nearly one third corresponds to deferred payments granted to tenants, while the rest of the amounts are subject to rent recovery proceedings;
- part of these receivables that have not been collected to date accounts for the higher level of provisions recorded in the accounts at end-June 2020, impacting the Group's rental margin for €7m.

The Covid-19 health crisis has resulted in a major economic slump which has affected the global economy, financial markets and businesses. Although the duration and effects of this crisis are difficult to predict, some of the Group's tenants may experience difficulties in their business activities resulting in the inability to pay their leases. As the future economic outlook remains uncertain as at June 30, 2020, this effect is not quantifiable at this stage but means that net risk is likely to increase.

NO. 4 – COMMERCIALIZATION RISK

Description of the risk

The commercialization risk is dependent on the risks associated with the real estate market. A buoyant real estate market with a low vacancy rate and low immediate available supply facilitates commercialization and rental reversion (difference between current market rents and existing rentals in the Group's portfolio). Nevertheless, beyond the market scenario, the effectiveness of the commercial approach carried out by Gecina's teams and the quality of the assets offered for sale is key to controlling the vacancy rate and the rental reversion indicated by the financial occupancy rate. An increase in the vacancy rate is likely to have a direct impact on Gecina's rental income.

Variation in the average financial occupancy rate as at June 30, 2020 is as follows:

Average financial occupancy rate	06/30/2019	09/30/2019	12/31/2019	03/31/2020	06/30/2020
Offices	**94.4%**	**94.2%**	**93.8%**	**93.0%**	**93.2%**
Traditional residential	97.7%	97.7%	97.6%	97.7%	97.6%
Student residences	84.9%	85.4%	88.0%	93.9%	82.1%
GROUP TOTAL	**94.6%**	**94.4%**	**94.1%**	**93.6%**	**93.4%**

Principal risk control processes

Gecina has established a marketing management system, which is based in particular on:

- Constant monitoring of the rental market to anticipate the actions to be carried out: early renegotiations, marketing, scheduling of works.
- Monitoring of upcoming lease expiries in order to anticipate the marketing efforts to be carried out.
- Regular monitoring of pre-and post-commercializations.
- A dedicated sales team attached to the Office Department in order to increase synergies between the management and marketing teams with a view to improving the customer offering.
- An organization of the Operating Departments by asset portfolio, in order to improve marketing monitoring and budget management.
- A reversion strategy (difference between current market rents and rents in place in the Group's portfolio) piloted transversally, notably through quarterly budget reviews in the presence of portfolio managers and members of the Executive Committee, where budget projection scenarios and assumptions are studied.
- The regular review of brokers' performance on marketed assets and those in the process of being marketed, which is monitored on a bimonthly basis in the presence of the members of the Executive Committee and General Management.
- The deployment of a strategy to support customers in order to best meet their expectations, in particular through the exchange of synergies between the operational, technical, development, investment and sales teams.

Risk trend as at June 30, 2020: upward

Since the beginning of 2020, Gecina has let, re-let or renegotiated more than 56,000 m^2, down –34% compared to the first half 2019, i.e. nearly €35 million in annualized face rental income. The performances recorded once again show a rental outperformance of the most central areas of the Paris region, and in particular central Paris, despite the uncertainty linked to the possible consequences of the health crisis. The face reversion realized on transactions signed during the first half of the year (relocations, renewals and renegotiations) averaged +16%.

The average financial occupancy rate at June 30, 2020 was 93.4%, down –120 bps year-on-year and –70 bps over six months. This decrease is mainly due to the delivery of partially vacant properties and the disposal of fully occupied properties, offsetting progress in the marketing of partially empty properties in the first quarter of 2019 (Be Issy and Octant-Sextant, for example). As a result, the occupancy rate on the office portfolio fell to 93.2%. On student housing, the drop in the average financial occupancy rate to 82.1% reflects the obvious effects of the health crisis which has led to the closure of schools and universities and constrained the mobility of national and international students.

As the future economic outlook remains uncertain as of June 30, 2020, the net risk has been assessed as increasing.

NO. 5 – DEVELOPMENT/CONSTRUCTION OPERATIONS RISK

Description of the risk

The risk related to development, renovation or construction operations is increased by the volume of projects in the development pipeline, which represents €1.9 billion as at June 30, 2020.

This corresponds to the risk borne by:

- Gecina, as the contracting authority for the projects carried out (risk of failure of companies involved in the projects, failure to meet budgets or deadlines, failure to comply with specifications, failure to comply with regulations concerning safety and health protection, with a risk to image or the criminal liability of directors and officers in the event of a problem).
- The investment and the uncertainties of the project (failure to obtain the planned administrative authorizations, lower asset value, marketing difficulties due to the unsuitability of the project, etc.).

Principal risk control processes

Gecina's Development Department implements a set of skills, processes and control systems on development projects to ensure:

- a better match between the project and the needs of the market;
- compliance with the budget and deadlines;
- compliance with the specifications;
- compliance with regulatory obligations and administrative authorizations obtained;
- compliance with health and safety obligations.

In addition to internal skills, the selection of reputable players in the project team and the choice of large construction companies helps to mitigate the risk.

In addition, bimonthly internal committees attended by the Executive Committee and General Management ensure that development operations are monitored at the highest level and that any alerts are dealt with quickly.

Risk trend as at June 30, 2020: stable

The global health crisis linked to Covid-19 led to lockdown of the French population between March 17, 2020 and May 11, 2020. This resulted in the shutdown of construction sites during the lockdown period.

Since then, all operations have resumed and the Safety and Health Protection Coordination missions have been reinforced for all worksites in order to ensure compliance with government regulations and instructions.

This stoppage of construction sites for a period of about two months, as well as the impact on productivity of the sanitary measures put in place, led to a postponement of the delivery of two projects in 2020, including one office project and one residential project.

With regard to the deliveries planned for later, the two months of site stoppage and the loss of productivity linked to health measures can probably be absorbed within the contingencies provided for in the schedules.

In view of these factors, the net risk has been assessed as stable.

NO. 6 – RISK RELATED TO TRANSFORMATION MANAGEMENT

Description of the risk

This risk is linked to the deployment of the Group's transformation strategy. Initiated in 2018, this transformation is materialized by the implementation of the YouFirst relational brand, the digital transformation of customer relations, as well as by an internal transformation of processes and an evolution of skills.

This transformation increases the risk on several components:

- Human resources issues with, on the one hand, the necessary adaptation of internal skills and the evolution of professions, which requires training or attracting the necessary talent in the professions concerned: asset management, property management, technical, development, as well as projects and digital marketing. On the other hand, the transformation management is naturally accompanied by resistance to change, which can impact psychosocial risks.
- Challenges related to the security of the information system in a context of digitization of processes, implementation of applications and transactional websites for customers, prospects and partners. The developments carried out would be likely to increase the risk of intrusion into the information system from the outside and lead in particular to fraud or theft of personal data (risk linked to the GDPR).
- External communication and reputation issues related to the implementation of a strong relational brand. The strengthening of the YouFirst brand strategy exposes the Group to increased media risk. A possible deterioration in the reputation of the YouFirst relational brand could have an impact on Gecina's attractiveness to the Group's customers and investors.

Principal risk control processes

In order to protect itself against this risk linked to transformation management, Gecina relies on the assistance of external consultants specialized in supporting companies' strategy.

A "Transformation Office" has been set up, reporting directly to General Management, in charge of coordinating all projects, ensuring overall consistency and reporting alerts to the Executive Committee.

The YouFirst Academy program was created to support the development of skills internally, in order to facilitate the appropriation of this strategy by employees, and to facilitate the understanding of new tools and new working methods. In addition, the in-depth reorganization of the Human Resources Department has resulted in the arrival of a new Director of Human Resources, the deployment of cross-functional projects regarding skills, and the launch of a vast managerial training program extended to all employees in 2020.

The teams dedicated to Communications and Public Affairs and to Financial Communications have been strengthened. The implementation of press monitoring tools and social networks, as well as crisis unit systems, make it possible to react quickly and in a timely manner if necessary.

With regard to the security of information systems, an in-depth audit was carried out which led to the strengthening of security measures. Intrusion tests by an external company are conducted on a regular basis. Employees are made aware of digital and technological risks by the Information Systems Department. A cybercrime risk insurance policy has also been put in place.

Risk trend as at June 30, 2020: stable

The health crisis did not stop projects related to the transformation: the spin-off of the residential portfolio was ratified by the Shareholders' General Meeting on April 23, 2020 and by the General Meetings of bondholders, the YouFirst Office, YouFirst Résidence and YouFirst Campus offers were continued as well as the associated digital projects (client and prospect platforms, etc.).

The Group was also able to meet the human resources challenges during the lockdown period. The Company's robust remote working system and the digitization of its processes have made it possible to maintain business continuity. The social link was maintained via a new Intranet providing a place for all employees to share and exchange ideas. They were also able to continue distance learning and attend conferences in a TEDx format.

The trend in the risk of cyber-attacks has increased since the introduction of remote working, which circulates data flows on public Internet networks, but during this period the Group was careful to strengthen its security and employee awareness systems. Software security applications such as antivirus, virtual server protection software, anti-malware, etc. have been updated and strengthened.

In this context, the net risk was assessed to be stable.

3.2.4 Legislative and Regulatory risks

NO. 7 – RISK OF LEGAL DISPUTES IN SPAIN

Description of the risk

This risk relates to the acquisitions and commitments made in Spain up to 2009 under the General Management and chairmanship of Mr. Joaquín Rivero, and the litigation associated with these acquisitions and commitments.

This concerns in particular the acquisition in 2009 by SIF Spain of a 49% stake in Bami Newco and certain commitments entered into, and guarantees given, in connection with these acquisitions.

Ongoing disputes are pending before the criminal courts (see section 5.5.9.6.1 of this document) and before the civil and commercial courts (see section 5.5.9.6.2 of this document).

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.

Principal risk control processes

These procedures are monitored by the Group's internal legal teams with the support of external counsel.

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 section 5.5.5.13).

Risk trend as at June 30, 2020: stable

The proceedings are still ongoing and were not the subject of events in the first half of 2020 that modified the assessment of the risk, which was therefore assessed as stable.

NO. 8 – RISK OF CORRUPTION

Description of the risk

This risk is directly related to the law dated December 9, 2016, known as the Sapin II law, which applies to all stakeholders. However, the Group's activity in the works, construction and development operations sector, which is considered to be "at risk", is specific to Gecina.

Beyond compliance with regulations and as set out in section 2.2.3.3 of the 2019 Universal Registration Document, the challenge is also to embody the values that Gecina strives to represent and transmit to its employees and the stakeholders who support it in its business.

Principal risk control processes

The Executive Management and the Chairman are extremely vigilant in the fight against fraud, corruption, influence peddling, money laundering and the financing of terrorism.

The anti-corruption risk management system is based on eight pillars detailed in section 2.2.3.3 of the Universal Registration Document 2019.

This system was strengthened in the first half of 2020 with, in particular, the creation of a Compliance and Ethics Committee emanating from the Board of Directors during the first half of the year and the recruitment of a Compliance Officer in charge of the fight against corruption, reporting to the General Secretariat. The creation of the Compliance and Ethics Committee enables Gecina to be in line with best market practices in the fight against corruption and the dissemination of applicable standards for the prevention of corruption. This Committee is responsible for issuing opinions and recommendations to the Board of Directors on all matters within Gecina relating to anti-corruption compliance and ethics as well as personal data protection (GDPR).

Risk trend as at June 30, 2020: stable

The Covid-19 health crisis has resulted in a major economic slump which has affected the global economy, financial markets and businesses. In this economic context, the increased competition between companies could lead to an increase in corruption attempts, in particular vis-à-vis Gecina employees on works and development activities.

Nevertheless, the strengthening of the mechanism presented above and the action plan in progress leads to an assessment of stable net risk.

3.2.5 Environmental and Social risks

NO. 9 – ECO-DESIGN AND ECO-OPERATION RISK

Description of the risk

This risk is linked to Gecina's CSR commitments and Gecina's ability to meet them by developing and operating buildings that are energy efficient and allow rational management of resources (low carbon in particular).

Gecina has therefore set ambitious objectives to make low carbon the norm: in the management of the operating portfolio with a target of reducing its greenhouse gas emissions by 40% by 2020, and by 60% by 2030 (versus 2008); and in the design of developments with a target of carbon neutrality by the end of 2050.

These commitments are key to Gecina's strategy and generate economic and societal value (see paragraph 3.2.1 of the 2019 Universal Registration Document). They make it possible to:

- strengthen the financial attractiveness of the properties. For occupants, improved building performance immediately translates into cost savings. In France, the latest MSCI IPD index shows a gap of 11% in favor of certified buildings on all operating expenses, including 16% for insurance costs, 19% for energy costs and 21% for occupant services. In the benchmark it has been conducting since 2010, MSCI IPD studies the financial performance gap between green offices and high-end non-green offices. At the end of 2018, this difference amounted to 5% in terms of market rental value, 8% in terms of market value and 26% in terms of total yield;
- reduce the cost of capital by borrowing less (cf. paragraph 3.3.3.3 of the 2019 Universal Registration Document) and by being more attractive to investors who take CSR performance into account in their investment decisions (for financial players, the increased attractiveness of the building contributes to facilitating marketing for the benefit of property owners and investors).

These commitments allow Gecina to benefit from different ratings including: GRESB, Sustainalytics, MSCI, and the Carbon Disclosure Project (CDP) (see paragraph 3.1.2 of the 2019 Universal Registration Document).

Failure to comply with these commitments would thus materialize in the form of a downgrading of extra-financial ratings, which would reduce the attractiveness of the properties to prospects and the attractiveness of Gecina to investors.

Principal risk control processes

To ensure compliance with its commitments, the Group has set up a CSR Department, a regulatory and strategic watch on emerging CSR issues as well as a CSR policy, action plans and indicators (see section 3 of the 2019 Universal Registration Document). A CSR committee was also created within the Board of Directors in 2020 which demonstrates Gecina's determination to place CSR issues at the heart of its strategy and value creation model. This committee will be responsible for guiding the company's CSR policy, proposing recommendations and monitoring their implementation.

In addition to the training and empowerment of teams on CSR management methods and tools, CSR commitments have been integrated into the company's processes (energy management system, certifications and labels) and its framework contracts.

As a result, 16% of the cost of the "capex" and "Opex" work over two years will be invested to help improve the CO_2 performance of office buildings. Seventy-four low-carbon best practices have been defined to be gradually deployed in buildings, and a continuous improvement process has enabled 145 buildings to be ISO 50001 certified by the end of 2019.

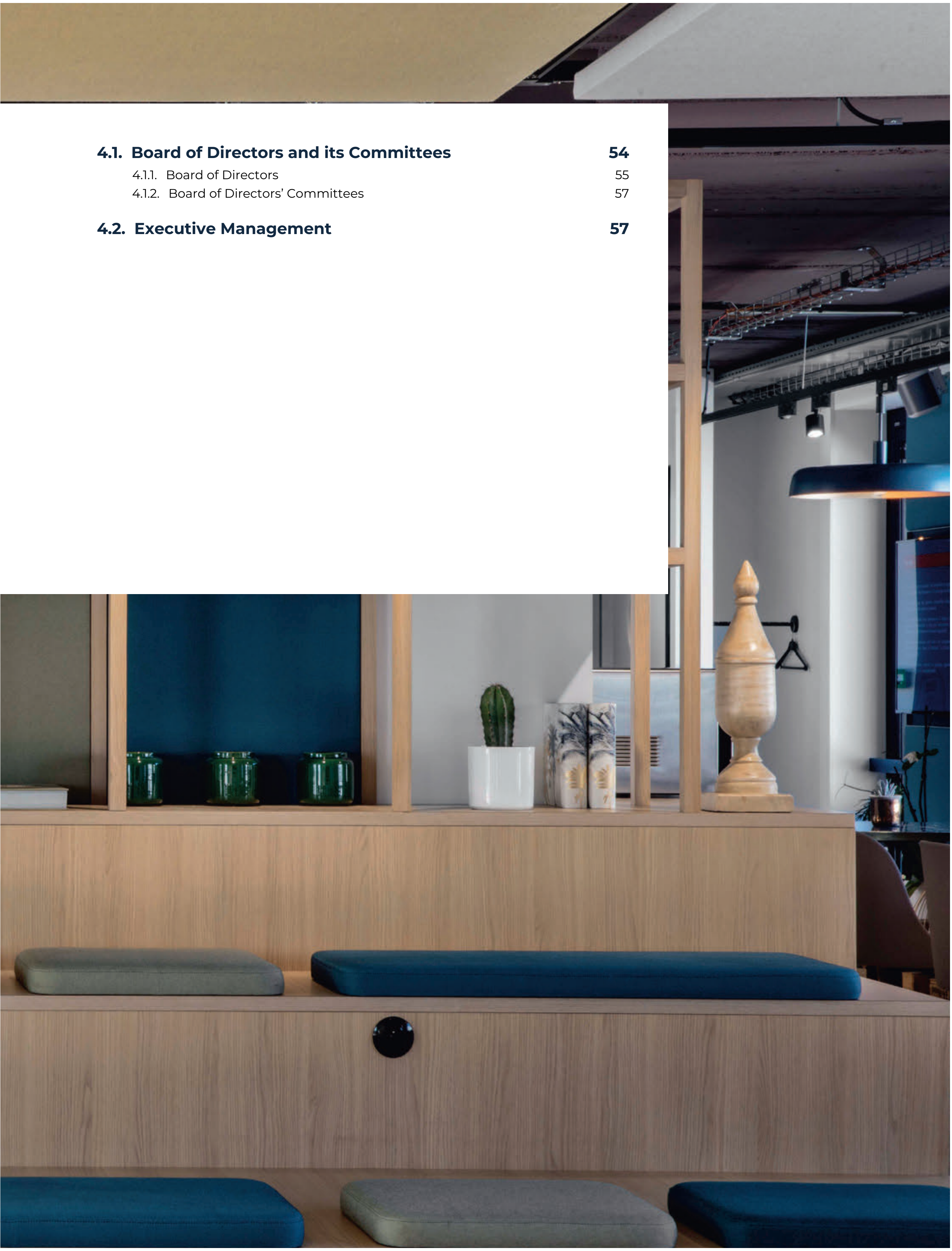
In addition, at the end of 2018, Gecina structured an internal carbon fund in order to integrate the management of greenhouse gas emissions into its operational business lines and to stimulate low-carbon innovation among its employees. With regard to operations, each operational department contributes pro rata to the greenhouse gas emissions of the buildings it operates, on the basis of €10 per tonne emitted. With regard to real estate developments, projects are taxed on the emission of greenhouse gases during construction. In order to reinforce the transformational nature of this mechanism in the case of developments, the cost of CO_2 emissions in 2019 is €50 per tonne. Nine projects were supported in 2019.

Risk trend as at June 30, 2020: stable

The Covid-19 crisis has accentuated the need to anticipate and prevent the consequences of environmental and societal degradation, confirming the attention paid to CSR issues. At the same time, Gecina strengthened its CSR governance, structured processes and tools in order to better integrate CSR into its businesses and launched a new CSR training system.

In view of these factors, the net risk has been assessed to be stable.

4. Board of Directors and Executive Management



4.1 Board of Directors and its Committees

The Board of Directors is chaired by Mr. Jérôme Brunel, appointed at the Board Meeting held on April 23, 2020.

Ms. Inès Reinmann Toper and Mr. Claude Gendron were reappointed as Directors at the Shareholders' General Meeting of April 23, 2020. Mr. Jérôme Brunel was appointed Director. He then resigned from his duties as an Observer.

The Board of Directors' Meeting, held after this General Meeting, appointed Mr. Jérôme Brunel as Chairman of the Board of Directors to replace Mr. Bernard Carayon, whose term of office as Chairman expired. Mr. Bernard Carayon remains in his role as Director on the Board.

In addition, on the recommendation of the Governance, Appointment and Compensation Committee, the Board of Directors decided to create two new Committees in addition to the Audit and Risk Committee, the Governance, Appointment and Compensation Committee, and the Strategic and Investment Committee:

- a Corporate Social Responsibility (CSR) Committee;
- a Compliance and Ethics Committee.

In February 2020, the Board of Directors decided that these two matters should be examined in greater detail by specialized Committees.

The creation of the CSR Committee demonstrates Gecina's strong commitment to continue to place CSR issues at the heart of its strategy and value-creation model, and the strong expertise of the Directors appointed to the Committee are an undeniable asset for Gecina to position these issues at the highest level. This Committee will be responsible for giving advice and recommendations to the Board of Directors regarding the Group's CSR commitments and strategies, their consistency with stakeholders' expectations, and monitoring their deployment.

The creation of the Compliance and Ethics Committee allows Gecina to adhere to best market practices in the fight against corruption and to issue reporting standards for preventing corruption. The expertise of its members will enable these matters to be handled in accordance with the best market practices. This Committee will be responsible for issuing advice and recommendations to the Board of Directors on all matters pertaining to anti-corruption compliance and the related ethics, as well as personal data protection within Gecina.

Finally, the Board of Directors decided to review the composition of each Committee, notably to take account of the creation of the two new Committees mentioned above.

4.1.1 Board of Directors

As of June 30, 2020, the Gecina Board of Directors is made up of the following 11 members, 64% of whom are independent Directors and 45% are women:

Jérôme Brunel
Chairman of the Board of Directors, Independent director

Méka Brunel
Director, Chief Executive Officer

Bernard Carayon
Independent director

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 2020, the following changes were made to the structure of the Board of Directors and its Committees:

	Departure	Appointment	Renewal
Board of Directors	■ Mr. Jérôme Brunel (Observer)	■ Mr. Jérôme Brunel (Director)	■ Ms. Inès Reinmann Toper ■ Mr. Claude Gendron
Strategic and Investment Committee	■ Mr. Bernard Carayon	■ Mr. Jérôme Brunel	x
Audit and Risk Committee	x	x	■ Ms. Inès Reinmann Toper ■ Mr. Claude Gendron
Governance, Appointment and Compensation Committee	■ Ms. Inès Reinmann Toper ■ Ms. Laurence Danon Arnaud	■ Ms. Dominique Dudan ■ Ms. Gabrielle Gauthey	■ Mr. Claude Gendron
Compliance and Ethics Committee (creation)	x	■ Mr. Jacques-Yves Nicol ■ Mr. Bernard Carayon ■ Ms. Inès Reinmann Toper	x
CSR Committee (creation)	x	■ Mr. Bernard Carayon ■ Mr. Jérôme Brunel ■ Ms. Laurence Danon Arnaud ■ Mr. Jacques-Yves Nicol	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.

4.1.2 Board of Directors' Committees

The Board of Directors' Meeting, held after the Annual General Meeting of April 23, 2020, confirmed the composition of its Committees. The Committees are now comprised as detailed below.

Committees	Composition as of June 30, 2020	Comments
Strategic and Investment Committee	**4 members, 1 of whom is independent** ▪ Ivanhoé Cambridge Inc., represented by Mr. Sylvain Fortier, Chairman of the Committee ▪ Ms. Méka Brunel ▪ Mr. Jérôme Brunel(1) ▪ Predica, represented by Mr. Jean-Jacques Duchamp	The Board of Directors' Meeting of April 23, 2020, held after the Annual General Meeting of the same day, decided to appoint Mr. Jérôme Brunel as a member of this Committee to replace Mr. Bernard Carayon.
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 Board of Directors' Meeting of April 23, 2020, 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. Dominique Dudan(1), Chairwoman of the Committee ▪ Ms. Gabrielle Gauthey(1) ▪ Mr. Claude Gendron ▪ No executive corporate officer	The Board of Directors' Meeting of April 23, 2020, held after the Annual General Meeting of the same day, decided to appoint Ms. Dominique Dudan and Ms. Gabrielle Gauthey as members of this Committee to replace Ms. Inès Reinmann Toper and Ms. Laurence Danon Arnaud.
Compliance and Ethics Committee	**3 members, all of whom are independent** ▪ Mr. Jacques-Yves Nicol(1), Chairman of the Committee ▪ Mr. Bernard Carayon(1) ▪ Ms. Inès Reinmann Toper(1)	The Board of Directors' Meeting of April 23, 2020, held after the Annual General Meeting of the same day, decided the composition of this new Committee as described here.
Corporate Social Responsibility Committee	**4 members, all of whom are independent** ▪ Mr. Bernard Carayon(1), Chairman of the Committee ▪ Mr. Jérôme Brunel(1) ▪ Ms. Laurence Danon Arnaud(1) ▪ Mr. Jacques-Yves Nicol(1)	The Board of Directors' Meeting of April 23, 2020, held after the Annual General Meeting of the same day, decided the composition of this new Committee as described here.

(1) Independent Director.

4.2 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.

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5.

Consolidated financial statements

5.1 Consolidated statement of financial position

Assets

In thousand euros	Note	06/30/2020	12/31/2019	06/30/2019
Non-current assets		**19,820,861**	**19,244,737**	**19,399,676**
Investment properties	5.5.5.1	18,059,458	17,662,308	17,231,343
Buildings under reconstruction	5.5.5.1	1,268,569	1,055,147	1,630,985
Operating properties	5.5.5.1	81,557	85,977	68,315
Other tangible fixed assets	5.5.5.1	12,375	14,629	15,761
Goodwill	5.5.5.1.4	192,340	196,127	207,688
Intangible assets	5.5.5.1	6,692	7,017	23,569
Financial receivables on finance leases	5.5.5.1	110,173	121,643	143,831
Financial fixed assets	5.5.5.2	25,501	25,788	26,313
Equity-accounted investments	5.5.5.3	47,969	51,441	48,126
Non-current financial instruments	5.5.5.12.2	14,326	22,760	1,845
Deferred tax assets	5.5.5.4	1,900	1,900	1,900
Current assets		**1,075,521**	**1,210,068**	**1,018,422**
Properties for sale	5.5.5.5	320,083	928,751	579,567
Inventories	5.5.5.6	32,026	35,683	36,634
Trade receivables	5.5.5.7	106,037	77,385	117,589
Miscellaneous other receivables	5.5.5.8	90,405	111,205	101,981
Prepaid expenses	5.5.5.9	18,750	19,198	20,598
Current financial instruments	5.5.5.12.2	654	0	0
Cash and cash equivalents	5.5.5.10	507,565	37,846	162,053
Total assets		**20,896,381**	**20,454,805**	**20,418,098**

Equity and liabilities

In thousand euros	Note	06/30/2020	12/31/2019	06/30/2019
Shareholders' equity	**5.5.5.11**	**12,676,540**	**12,726,570**	**12,011,718**
Capital		573,087	573,077	572,393
Additional paid-in capital		3,289,479	3,281,893	3,273,377
Consolidated reserves attributable to owners of the parent company		8,449,422	7,328,961	7,332,544
Consolidated net income attributable to owners of the parent company		339,064	1,515,287	806,775
Shareholders' equity attributable to owners of the parent company		**12,651,052**	**12,699,218**	**11,985,090**
Non-controlling interests		25,488	27,352	26,628
Non-current liabilities		**5,495,073**	**5,487,705**	**5,708,465**
Non-current financial debt	5.5.5.12.1	5,395,909	5,398,632	5,588,637
Non-current lease obligations		50,321	50,480	50,634
Non-current financial instruments	5.5.5.12.2	11,822	1,268	26,408
Deferred tax liabilities	5.5.5.4	331	1,654	3,777
Non-current provisions	5.5.5.13	36,690	35,671	39,008
Current liabilities		**2,724,768**	**2,240,530**	**2,697,915**
Current financial debt	5.5.5.12.1	2,184,828	1,884,852	2,068,880
Current financial instruments	5.5.5.12.2	184	555	265
Security deposits		77,709	80,545	82,139
Trade payables	5.5.5.15	128,166	153,006	160,588
Current tax and social security liabilities	5.5.5.16	96,838	48,983	118,269
Other current liabilities	5.5.5.17	237,042	72,589	267,774
Total liabilities and equity		**20,896,381**	**20,454,805**	**20,418,098**

5.2 Consolidated statement of comprehensive income

In thousand euros	Note	06/30/2020	06/30/2019
Gross rental income	**5.5.6.1**	**336,118**	**330,602**
Expenses not billed to tenants	5.5.6.2	(46,619)	(36,640)
Net rental income		**289,498**	**293,961**
Current operating income on finance lease transactions	**5.5.6.3**	**(0)**	**4,212**
Current operating income on the hotel activity	**5.5.6.3**	**(414)**	**1,910**
Services and other income (net)	5.5.6.4	1,427	2,606
Overheads	5.5.6.5	(46,208)	(41,813)
EBITDA		**244,303**	**260,877**
Real estate margin	5.5.6.6	0	1,362
Gains or losses on disposals	5.5.6.7	(5,409)	20,394
Change in value of properties	5.5.6.8	185,479	626,007
Depreciation and amortization	5.5.5.1	(4,624)	(4,532)
Net impairments and provisions		(14,059)	(2,585)
Operating income		**405,689**	**901,522**
Financial expenses		*(46,765)*	*(49,328)*
Financial income		*1,984*	*55*
Net financial expenses	5.5.6.9	(44,781)	(49,273)
Financial impairment and depreciation and amortization		(620)	1
Change in value of derivatives and borrowings	5.5.6.10	(18,749)	(27,692)
Premium and bond redemption costs		0	(15,956)
Net income from equity-accounted investments	5.5.5.3	(2,016)	1,268
Consolidated net income, before tax		**339,523**	**809,870**
Taxes	5.5.6.11	(2,039)	(2,350)
Consolidated net income		**337,484**	**807,520**
Of which consolidated net income attributable to non-controlling interests		(1,580)	745
OF WHICH CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT COMPANY		**339,064**	**806,775**
Consolidated net earnings per share	5.5.6.12	€4.61	€10.92
Consolidated diluted net earnings per share	5.5.6.12	€4.60	€10.89

In thousand euros	06/30/2020	06/30/2019
Consolidated net income	**337,484**	**807,520**
Items not to be recycled in the net income	**93**	**(1,831)**
Actuarial gains (losses) on post-employment benefit obligations	(360)	(1,381)
Gains (losses) on non-consolidated interests	453	(450)
Items to be recycled in the net income	**(151)**	**27**
Gains (losses) from translation differentials	(151)	27
Comprehensive income	**337,426**	**805,716**
Of which comprehensive income attributable to non-controlling interests	(1,580)	745
OF WHICH COMPREHENSIVE INCOME LINKED TO OWNERS OF THE PARENT COMPANY	**339,006**	**804,971**

5.3 Statement of changes in consolidated equity

At June 30, 2020, the capital was composed of 76,411,605 shares with a par value of €7.50 each.

In thousand euros (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 company	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
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
IFRS 16 lease impact			(32,568)	(32,568)		(32,568)
Group capital increase(3)	52,310	392	(315)	77		77
Change in scope			(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**
Dividend paid in 2019			(353)	(353)		(353)
Effect of treasury shares(1)			(2,372)	(2,372)		(2,372)
Impact of share-based payments(2)			1,195	1,195		1,195
Actuarial gains (losses) on post-employment benefit obligations			(1,127)	(1,127)		(1,127)
Gains (losses) from translation differentials			12	12		12
Group capital increase(3)	91,200	684	8,584	9,268		9,268
Change in scope			(1,007)	(1,007)	(134)	(1,141)
Net income at December 31, 2019			**708,512**	**708,512**	**858**	**709,370**
Balance at December 31, 2019	**76,410,260**	**573,077**	**12,126,141**	**12,699,218**	**27,352**	**12,726,570**
Interim dividend paid in 2020			(205,657)	(205,657)	(288)	(205,945)
Amounts owed to shareholders			(183,825)	(183,825)		(183,825)
Impact of share-based payments(2)			2,212	2,212		2,212
Actuarial gains (losses) on post-employment benefit obligations			(360)	(360)		(360)
Gains (losses) from translation differentials			(151)	(151)		(151)
Group capital increase(3)	1,345	10	98	108		108
Change in scope			442	442	5	447
Net income at June 30, 2020			**339,064**	**339,064**	**(1,580)**	**337,484**
Balance at June 30, 2020	**76,411,605**	**573,087**	**12,077,965**	**12,651,052**	**25,488**	**12,676,540**

(1) Treasury shares:

	06/30/2020		**12/31/2019**		**06/30/2019**	
In thousand euros (except for number of shares)	**Number of shares**	**Net amount**	**Number of shares**	**Net amount**	**Number of shares**	**Net amount**
Shares recorded as a deduction from shareholders' equity	2,906,905	345,219	2,959,038	348,647	2,940,910	346,288
Treasury stock in %		3.80%		3.87%		3,85%

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

(3) Creation of shares linked to the exercice of share subscription options (1.345 shares). For the financial year 2019, creation of shares linked to the definitive vesting of shares as a result of the performance share award plan of April 21, 2016 (creation of 48,709 shares of 48,709 initially allocated) and of July 21, 2016 (creation of 3,000 shares of 3,000 initially allocated), to the capital increase reserved for Group employees (61,942 shares), to the exercise of share subscription options (29,258 shares), and in respect of liquidity commitments for the benefit of holders of Eurosic performance shares (601 shares).

5.4 Consolidated statement of cash flows

In thousand euros	Note	06/30/2020	12/31/2019	06/30/2019
Consolidated net income (including non-controlling interests)		**337,484**	**1,516,890**	**807,520**
Net income from equity-accounted investments		2,016	(4,647)	(1,268)
Net depreciation and amortization, impairments and provisions		18,684	16,528	7,117
Changes in fair value and premiums and repurchase costs on bonds	5.5.7.1	(166,730)	(962,267)	(582,359)
Calculated charges and income from performance shares		2,212	2,773	1,578
Tax expenses (including deferred tax)	5.5.6.11	2,039	4,141	2,350
Capital gains and losses on disposals	5.5.6.6, 5.5.6.7	5,409	(102,677)	(21,756)
Other calculated income and expenses		(1,942)	(26,069)	(13,287)
Net financial expenses	5.5.6.9	44,781	102,016	49,273
Net cash flow before cost of net debt and tax		**243,953**	**546,688**	**249,168**
Tax paid		(3,828)	(7,478)	1,053
Change in operating working capital requirements	5.5.7.2	4,090	81,136	86,800
Net cash flow from operating activities (A)		**244,215**	**620,346**	**337,021**
Acquisitions of tangible and intangible fixed assets and capitalized expenses	5.5.5.1.2	(142,832)	(550,917)	(99,943)
Disposals of tangible and intangible fixed assets	5.5.7.3	348,729	876,114	123,077
Acquisitions of financial fixed assets (non-consolidated interests)		(2,282)	(3,733)	0
Dividends received (equity-accounted affiliates, non-consolidated securities)		1,456	1,513	1,449
Changes in granted loans and credit lines		244	46,159	29,051
Other cash flows from investing activities		0	(7,252)	(5,106)
Change in working capital requirement relating to investing activities	5.5.7.4	(25,503)	(78,716)	(34,215)
Net cash flow from investing activities (B)		**179,812**	**283,167**	**14,313**
Proceeds from capital increase received from shareholders		0	6,949	0
Amounts received on the exercise of performance shares		108	2,395	0
Purchases and sales of treasury shares		0	(107,798)	(105,426)
Dividends paid to shareholders of the parent company	5.5.7.5	(205,657)	(405,716)	(203,752)
Dividends paid to non-controlling interests		(288)	(3,548)	(3,548)
New loans	5.5.7.6	3,909,500	4,448,919	2,394,365
Repayments of loans	5.5.7.6	(3,577,174)	(4,651,706)	(2,188,126)
Net interest paid		(80,012)	(128,014)	(98,148)
Other cash flows from financing activities		(786)	(58,834)	(16,337)
Net cash flow from financing activities (C)		**45,692**	**(897,353)**	**(220,971)**
Net change in cash and cash equivalents (A + B + C)		**469,719**	**6,156**	**130,363**
Opening cash and cash equivalents	5.5.7.7	37,846	31,690	31,690
Closing cash and cash equivalents	**5.5.7.7**	**507,565**	**37,846**	**162,053**

5.5 Notes to the consolidated financial statements

5.5.1 Highlights

1ST HALF 2020

At the start of 2020, Gecina signed two leases for a building located at the heart of the CBD, close to the Champs-Élysées, with a rental value of around €900/sq.m, confirming the market's strong upturn in the most central sectors. On this building, Gecina is starting to capture the significant reversion potential that will be gradually achieved as tenants are rotated or leases renewed.

On February 7, 2020, Gecina signed a firm twelve-year lease with Boston Consulting Group for its Paris headquarters, with 20,500 sq.m of office space and 3,000 sq.m of services in the L1ve building, which will come into effect during the second half of 2022. This building is 78% pre-let nearly two years before its delivery, reflecting the good level of the CBD (Central Business District) office markets.

Mid-February, Gecina signed a firm six-year lease for 3,600 sq.m with a Geodis group subsidiary in the Octant-Sextant building, taking this building's letting rate up to 91%.

On March 12, 2020, Gecina finalized the sale of the Le Valmy building for €216 million, excluding duties, with Primonial REIM. This building, with nearly 27,000 sq.m of office space, located in eastern Paris, on the border of Montreuil, was already covered by a preliminary sales agreement at the end of the 2019 financial year.

In the context of the Coronavirus global health crisis, Gecina was able to ensure business continuity for the duration of lockdown and, by mid-March 2020, was actively supporting its clients, suppliers, employees and France's national solidarity effort. The full list of the measures taken can be found in chapter 2, Business Review of the 2020 Half-Year Financial Report.

On April 16, Gecina finalized the sale of 54-56 avenue du Général-Leclerc in Boulogne-Billancourt. This fully occupied multi-tenant office building in Boulogne-Billancourt, with nearly 3,900 sq.m, has been sold for €36.6 million, excluding duties, achieving a premium versus its latest free appraisal values.

To align itself with the French Government's recommendations concerning the moderation of dividends paid, Gecina's Board of Directors has decided on March 31, 2020 to submit a proposal at the General Meeting to limit its dividend for 2019 to €5.30 per share (versus €5.60), with this amount covering the company's legal obligations under the SIIC tax system. The General Meeting of April 23, 2020 approved that a dividend of €5.30 per share would be paid for the 2019 financial year. With an interim payment of €2.80 having already been paid on March 6, 2020, the balance of €2.50 per share was paid in cash on July 3, 2020.

On April 23, 2020, the Shareholders' General Meeting, held as a closed session, and the General Meetings of Noteholders (held on March 23 and April 7, 2020) ratified all the resolutions relating to the partial transfer of assets by Gecina to the company GEC 25, a wholly-owned subsidiary, allowing the subsidiarization of the Group's Residential portfolio. Gecina can now move forward with its residential strategy, in order to better respond to the needs for housing, flexibility and services, as well as to major environmental and social issues by developing a high-quality and responsible rental offer aimed at middle-class households. As a result, the Group is now in a position to capitalize on potential investment opportunities in order to achieve major synergies and launch new investments in sectors with strong value creation potential in the Paris Region or certain leading French cities that meet Gecina's requirements in terms of financial performance and operational risk.

On May 4, 2020, Gecina announced the letting of 3,600 sq.m of the Biopark building and the Cergy–Saint-Christophe business park. Gecina will welcome the American biopharmaceutical services group Parexel International to Building D of its Biopark complex in Paris' 13th arrondissement, signing a firm six-year lease that will come into effect from early September 2020 for 1,800 sq.m. This transaction achieved positive reversion, highlighting this asset's attractive positioning. Gecina also signed several new leases for the Cergy–Saint-Christophe business campus with the La Poste Group and ENSUP group for over 1,800 sq.m.

On June 15, 2020, Gecina let 1,300 sq.m at 27 rue de la Ville-l'Évêque in Paris' CBD to a tenant from the CAC 40. The platforms will be made available at the end of August 2020 following a program of work to reposition the building in line with the best market standards. This transaction shows significant positive reversion compared with the previous tenants.

On June 30, 2020, Gecina acquired a residential complex in the heart of Paris, thereby making its first residential acquisition through its dedicated subsidiary created for this purpose, in line with the Group's ambition to support housing around a long-term view. This building at 66 rue de Ponthieu in Paris' 8th arrondissement has 52 apartments and various ground-floor retail units, with a price of €33.1 million, excluding duties, and a total of nearly 4,100 sq.m. The Group is confirming its plans to deploy its know-how, in line with opportunities, on the buoyant residential markets in Paris, the Paris Region and certain major cities across France.

5.5.2 General principles of consolidation

5.5.2.1 REPORTING STANDARDS

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

The official standards and interpretations applicable from January 1, 2020, in particular the amendement to IFRS 16 on the COVID-19 rent concessions, the amendments to IAS 1 and IAS 8 on the definition of the term 'material' and the amendments to IAS 39, IFRS 7 and IFRS 9 on hedge accounting do not give rise to any significant impact on the Group.

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 5.5.3.16.

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, 2020, the scope of consolidation included the companies listed below:

Companies	SIREN	06/30/2020 % interest	Consolidation method	12/31/2019 % interest	06/30/2019 % 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 16	788 912 343	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 (Poland)		100.00%	FC	100.00%	100.00%
Khapa	444 465 017	100.00%	FC	100.00%	100.00%
Le Pyramidion Courbevoie	479 762 874	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 (Spain)		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%
YouFirst Collaborative	823 741 939	100.00%	FC	100.00%	100.00%
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%
Faubourg Saint Martin	430 046 607	100.00%	FC	100.00%	100.00%

Companies	SIREN	06/30/2020 % interest	Consolidation method	12/31/2019 % interest	06/30/2019 % interest
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 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%
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%
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 Méry	479 916 298	77.30%	FC	77.30%	77.30%
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 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 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%
Eurosic UFFICI (Italy)		100.00%	FC	100.00%	100.00%
JOINED CONSOLIDATION 2020					
GEC 25	880 266 218	100.00%	FC		
JOINED CONSOLIDATION 2019					
GEC 24	851 756 502	100.00%	FC	100.00%	100.00%
SCI Neuilly Hôtel de Ville	785 420 746	100.00%	FC	100.00%	
LEFT CONSOLIDATION 2019					
Doret Antares	535 309 884		FC	Merged	Merged
SCI Eurosic Cours Michelet	811 963 438		FC	Merged	Merged
SNC Provence Logements	752 811 265		FC	Merged	Merged
SCI Eurosic Développement 5	824 082 192		FC	Merged	Merged
Hôtelière de Bellechasse-Grenelle	809 441 553		FC	Merged	Merged
Société Civile Vendôme Casanova	389 486 093		FC	Merged	Merged
GEC 10	529 783 649		FC	Merged	100.00%
Gecina Gestion	752 603 548		FC	Merged	100.00%
SAS Eurosic N2 Batignolles	820 809 945		FC	Merged	100.00%
SCI Breizh Champs Blancs	792 857 377		FC	Merged	60.00%
Hôtelière de la Villette	479 469 405		FC	Sold	Sold
SNC N2 Promotion	821 147 519		EM	Sold	Sold
Holding Saint Dominique	534 629 993		FC	Sold	Sold

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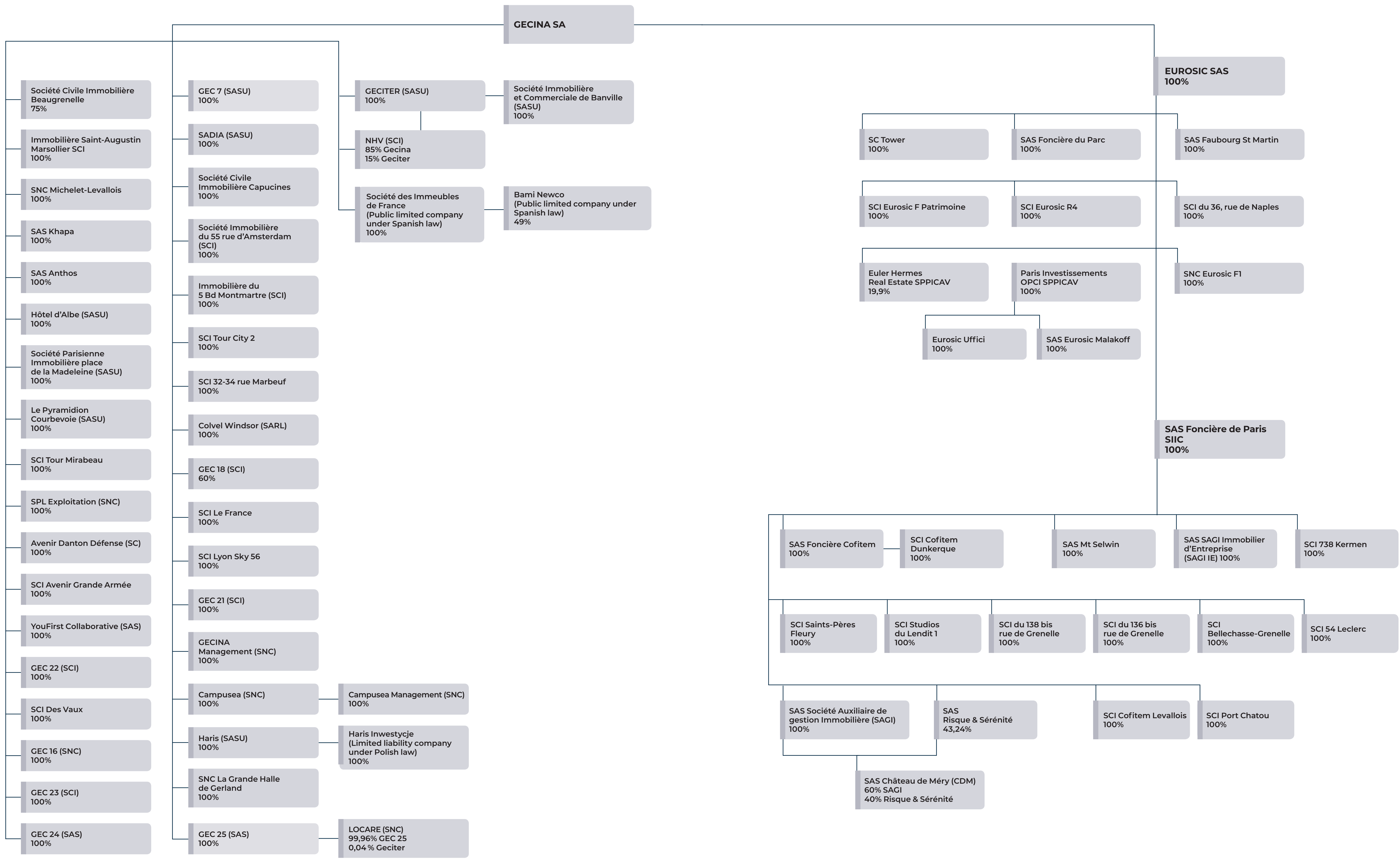
Companies	SIREN	06/30/2020 % interest	Consolidation method	12/31/2019 % interest	06/30/2019 % interest
Amelot Roissy Hôtel	381 505 411		FC	Sold	100.00%
Hôtelière de Boulogne	505 104 190		FC	Sold	100.00%
Hôtelière de la rue Danton	511 122 590		FC	Sold	100.00%
Société d'exploitation de l'hôtel du Parc de Bougival	310 728 563		FC	Sold	100.00%
Groupement Européen de l'Immobilier	328 680 087		FC	Sold	100.00%
SCI Cofitem Boulogne	494 341 845		FC	Sold	100.00%
SCI du 4 rue Danton	488 449 190		FC	Sold	100.00%

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

Consolidated financial statements
Notes to the consolidated financial statements

5.5.2.3.1 Legal organization chart



5.5.2.4 CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS

5.5.2.4.1 Restatements to homogenize individual financial statements

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

All the companies prepared an accounting statement as at June 30, 2020.

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 twelvemonths 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 of the income statement. Exchange differentials recognized in the balance sheet at the beginning of the period and on earnings for the year are recorded on a separate line under shareholders' equity.

5.5.3 Accounting methods

5.5.3.1 PROPERTY 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 reconstructions, are capitalized.

Gecina has opted for the valuation of its investment properties at fair value as defined by IFRS 13 (cf. Note 5.5.3.1.2). The company has elected, by convention, to retain the block value of properties as the fair value of investment properties in the consolidated financial statements. This block value is understood as excluding transfer duties and is determined by independent experts (as at June 30, 2020: CBRE Valuation, Cushman & Wakefield, Catella Valuation Advisors, and Jones Lang LaSalle) 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 financial 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 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 items 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 and residential 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 expenses or the market rental 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 rental 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) 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 three methods: direct comparison, income capitalization and discounted cash flow.

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.

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 portfolio is considered, in its 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, 2020, IFRS 13 application 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 IFRS 16.

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 IFRS 16;
- properties sold unit-by-unit: appraisal value in units (see Note 5.5.3.1.1). If more than 60% (in value) of the property is sold, the asset is recognized at the fair value of the last recorded transactions for unsold units, after taking account of allowances linked to the achievement of all lots and at the sale value recorded in the preliminary agreement subject to the deduction of expenses and fees for units covered by a preliminary agreement.

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

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, using 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 assets (IAS 38)

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 IFRS 16 (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 or number of shares that may be exercised or allocated 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 twelve 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 and within investment properties, where applicable, usage rights amortized in a linear fashion from the implementation of the contracts. As of January 1, 2019, the effect of the retrospective depreciation has been recognized under shareholders' equity.

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

- depreciation of rights of use recorded as a change in the valuation of investment properties where applicable;
- 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)

Financial liabilities consist primarily of bonds, bank borrowings, credit lines, commercial papers and security deposits.

Medium and long term credit lines can be utilized in drawings of variable lengths. 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 received.

Long term bonds issued under the EMTN (Euro Medium Term Notes) program are stated at their amortized cost (net of transaction costs) based on the effective interest rate method.

Security deposits are considered as short-term liabilities and are not subject to any discounting.

5.5.3.11 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 a 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;
- tax on offices, commercial premises, storage space and parking areas;
- annual tax on 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 carry-forwards 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 tax regime (fiscal transparency regime) 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 (IFRS 16)

Rent is recorded in the income statement when invoiced. Under IFRS 16, 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 IFRS 16.

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 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.

5.5.4 Management of financial and operational risks

The chapter 3 of the half year report contains a detailed description of the risk factors to which the Group is exposed.

No other risks and uncertainties other than those presented 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 5.5.6.10.

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 700 corporate tenants, from a wide variety of sectors, and over 7,500 individual tenants, the Group is not exposed to significant concentration risks. In the course of its development, the Group aims to acquire assets for which the rental portfolio is closely based on tenant selection criteria and the security provided by them. When a property is rented out, a detailed application is submitted by the tenant and an analysis of the tenant financial soundness is conducted. Tenant selection and rent collection procedures help to maintain a satisfactory rate of losses on receivables.

Financial transactions, especially hedging the interest rate risk, are carried out with a broad selection of leading financial institutions. Competitive tenders are conducted for all major financial transactions and the maintenance of a satisfactory diversification of sources of funds and counterparties is one of the selection criteria. Gecina has no material exposure to a single bank counterparty on its portfolio of derivatives. Counterparty risk is now an integral part of fair value as determined under IFRS 13 (see Note 5.5.3.1.2). The Group's maximum exposure on all 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 Notes 5.5.5.12.2 and 5.5.6.10, together with an analysis of interest rate sensitivity. Gecina's interest rate hedging policy is primarily implemented on a global 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 chapter 3 of the half year repport.

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 granting 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 thousand euros	12/31/2019	Acquisitions	Asset disposal or exercise of options	Change in fair value	Other changes	Transfers between items	06/30/2020
Investment properties	17,662,308	96,985	0	64,902	25,696	209,566	18,059,458
Buildings under reconstruction	1,055,147	41,616	0	122,305	0	49,500	1,268,569
Operating properties	106,879	211	0	0	0	0	107,090
Financial receivables on finance leases	246,879	0	(567)	0	0	0	246,313
Intangible assets	14,749	1,045	0	0	0	0	15,794
Other tangible fixed assets	29,766	142	0	0	0	0	29,907
Properties for sale	928,751	1,981	(349,854)	(1,729)	0	(259,066)	320,083
Inventories	37,804	853	0	0	(33)	0	38,623
GROSS VALUE	**20,082,284**	**142,832**	**(350,420)**	**185,479**	**25,664**	**0**	**20,085,838**

Depreciation and impairment

In thousand euros	12/31/2019	Allocations	Disposals/ Write backs	Change in fair value	Other changes	Transfers between items	06/30/2020
Operating properties	20,901	4,631	0	0	0	0	25,532
Financial receivables on finance leases	125,237	11,471	(567)	0	0	0	136,141
Intangible assets	7,732	1,371	0	0	0	0	9,103
Other tangible fixed assets	15,137	2,394	0	0	0	0	17,531
Inventories	2,121	4,477	0	0	0	0	6,598
Depreciation and impairment	**171,129**	**24,343**	**(567)**	**0**	**0**	**0**	**194,905**
NET FIXED ASSETS	**19,911,154**	**118,489**	**(349,854)**	**185,479**	**25,664**	**0**	**19,890,933**

As for closing, the investment properties have been subject to valuation by independent property appraisers as described in Note 5.5.3.1.1. The property appraisers clarified in their reports that their valuations as at June 30, 2020 were performed in an unusual market context, notably with the absence of transactions initiated after the outbreak of the COVID-19 health crisis and with the difficulties in estimating the outlook for changes in the real estate market given the recent nature of this crisis, and that they were therefore working in a context of significant valuation uncertainty.

Pursuant to the accounting principles defined in Note 5.5.3.1.1, six assets under restructuring are recognized at their historical cost for a total amount of €26 million.

The other changes relate to the effect of the commercial benefits granted to tenants for €26 million.

5.5.5.1.2 Analysis of acquisitions (including duties and costs)

Acquisitions concern the following:

In thousand euros	06/30/2020
66, rue de Ponthieu - 75008 Paris	35,679
62, rue du Fbg Saint-Honoré - 75008 Paris	20,490
Property acquisitions	**56,169**
Construction and redevelopment work	38,738
Renovation work	41,632
Works	**80,370**
Operating properties	198
Capitalized internal costs	2,075
Capitalized financial expenses	1,981
Total property acquisitions	**140,793**
Tangible fixed assets	142
Intangible assets	1,045
Inventories	853
TOTAL ACQUISITIONS	**142,832**

5.5.5.1.3 Detail of the disposals

Disposals are detailed in Note 5.5.6.7.

5.5.5.1.4 Goodwill

The goodwill results from the acquisition of Eurosic in August 2017 and is allocated to the cash-generating unit (CGU) "Offices". It varied from €196 million as at December 31, 2019 to €192 million as at June 30, 2020.

According to IAS 36, an impairment test is performed when there is an indication that the goodwill may be impaired and at least once a year.

The COVID-19 health crisis represents an indication that goodwill may be impaired and an impairment test was carried out on June 30, 2020 without concluding that a goodwill impairment was necessary.

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5.5.5.2 FINANCIAL FIXED ASSETS

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Non-consolidated investments	132,405	131,950	132,255
Advances on property acquisitions	65,519	65,519	65,528
Deposits and guarantees	1,141	1,177	1,529
Other financial investments	1,961	2,046	1,906
TOTAL GROSS	**201,026**	**200,693**	**201,218**
Impairment	(175,525)	(174,905)	(174,905)
TOTAL NET	**25,501**	**25,788**	**26,313**

Impairment in the amount of €175.5 million is mainly related to the 49% equity interest 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 €65.2 million (in order to reduce it to the land's latest appraisal value given as a guarantee of €0.4 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 thousand euros	Euler Hermes Real Estate	Risque & Sérénité	Total
Property holdings	263,570	0	263,570
Other assets	7,413	2,471	9,884
Total assets	**270,983**	**2,471**	**273,454**
Shareholders' equity	235,733	2,448	238,181
External loans and debts with partners	32,064	0	32,064
Other liabilities	3,186	23	3,209
Total liabilities	**270,983**	**2,471**	**273,454**
Revenue	3,070	0	3,070
Net income	**(4,236)**	**(2,712)**	**(6,948)**
% held	19.90%	43.24%	
Share of net income	**(843)**	**(1,173)**	**(2,016)**
Shareholders' equity	235,733	2,448	238,181
Securities of companies accounted for under the equity method	**46,911**	**1,059**	**47,969**

5.5.5.4 DEFERRED TAX ASSETS AND LIABILITIES

At June 30, 2020, net deferred taxes represented an asset of €1.6 million. They mainly include the effect of tax loss carryforwards and capital gains on assets in the taxable sector.

In thousand euros	12/31/2019	Change in profit/loss	06/30/2020
Activation of tax losses	1,900	0	1,900
Total deferred tax assets	**1,900**	**0**	**1,900**
Gains on financial leases and inventory	(1,317)	1,154	(163)
Change in scope	(337)	168	(169)
Total deferred tax liabilities	**(1,654)**	**1,323**	**(331)**
TOTAL NET DEFERRED TAXES	**247**	**1,323**	**1,569**

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).

Properties for sale breaks down as follows:

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Properties for sale (block basis)	10,500	609,691	240,134
Properties for sale (unit basis)	309,583	319,060	339,433
TOTAL	**320,083**	**928,751**	**579,567**

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) and potentiallly written down.

5.5.5.7 TRADE RECEIVABLES

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

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Billed clients	64,460	39,491	31,161
Unbilled expenses payable	32,220	11,289	41,076
Balance of rent-free periods and stepped rents	36,301	44,252	62,966
TRADE RECEIVABLES (GROSS)	**132,982**	**95,032**	**135,203**
Impairment of receivables	(26,944)	(17,647)	(17,614)
TRADE RECEIVABLES (NET)	**106,037**	**77,385**	**117,589**

The impairment of receivables reported as at June 30, 2020 (€27 million) shows an increase of almost €9 million in line with the difficulties encountered by certain lessees as a result of the health crisis (€7 million for commercial and residential leases and €2 million for financial leases).

5.5.5.8 OTHER RECEIVABLES

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Value added tax	32,743	52,677	68,336
Corporate income tax	1,412	1,553	3,223
Bami Newco cash advances and guaranties (fully impaired)	32,763	32,763	32,763
Receivables on asset disposal	5,534	692	1,068
Other[1]	54,102	59,669	32,741
GROSS AMOUNTS	**126,555**	**147,355**	**138,131**
Impairment	(36,150)	(36,150)	(36,150)
NET VALUES	**90,405**	**111,205**	**101,981**

(1) Includes €32 million of advances for projects as at December 31, 2019 and June 30, 2020.

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5.5.5.9 PREPAID EXPENSES

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Loan application costs[1]	10,170	11,591	10,048
10-year warranty insurance	2,873	3,143	3,372
Other	5,707	4,464	7,178
NET VALUES	**18,750**	**19,198**	**20,598**

(1) Primarily including arrangement fees and mortgage costs.

5.5.5.10 CASH AND CASH EQUIVALENTS

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Money-market UCITS	0	1	1
Current bank accounts	507,565	37,845	162,052
CASH AND CASH EQUIVALENTS (GROSS)	**507,565**	**37,846**	**162,053**
Bank overdrafts	0	0	0
CASH AND CASH EQUIVALENTS (NET)	**507,565**	**37,846**	**162,053**

As at June 30, 2020, free cash stood at €508 million. This level can be explained by the short-term needs arising from the dividend payment on July 3, 2020 and, in the context ot the health crisis linked to COVID-19, an increased coverage of commercial paper maturities.

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 thousand euros	Outstanding 06/30/2020	Repayments < 1 year	Outstanding 06/30/2021	Repayments 1 to 5 years	Outstanding 06/30/2025	Repayments more than 5 years
Fixed-rate debt	**4,984,371**	**(87,328)**	**4,897,042**	**(1,589,300)**	**3,307,742**	**(3,307,742)**
Fixed-rate bonds	4,861,315	(50,000)	4,811,315	(1,560,671)	3,250,644	(3,250,644)
Fixed-rate borrowings	48,672	(2,183)	46,490	(9,154)	37,335	(37,335)
Other fixed-rate liabilities	49,418	(10,180)	39,238	(19,475)	19,762	(19,762)
Accrued interest provisioned	24,966	(24,966)	0	0	0	0
Floating rate debt	**2,596,367**	**(2,097,500)**	**498,867**	**(498,867)**	**0**	**0**
Negotiable EUropean Commercial Paper (NEU CP)	1,997,500	(1,997,500)	0	0	0	0
Floating-rate bonds	498,867	0	498,867	(498,867)	0	0
Floating-rate short-term bonds	0	0	0	0	0	0
Floating-rate borrowings	100,000	(100,000)	0	0	0	0
GROSS DEBT	**7,580,738**	**(2,184,828)**	**5,395,909**	**(2,088,167)**	**3,307,742**	**(3,307,742)**
Cash (floating rate)						
Open-end investment funds (SICAV), investments and income receivable	0	0	0	0	0	0
Current bank accounts	507,565	(507,565)	0	0	0	0
TOTAL CASH	**507,565**	**(507,565)**	**0**	**0**	**0**	**0**
Net debt						
Fixed rate	4,984,371	(87,328)	4,897,042	(1,589,300)	3,307,742	(3,307,742)
Floating rate	2,088,802	(1,589,935)	498,867	(498,867)	(0)	0
TOTAL NET DEBT	**7,073,173**	**(1,677,263)**	**5,395,909**	**(2,088,167)**	**3,307,742**	**(3,307,742)**
Revolving credit facilities	4,405,000	(240,000)	4,165,000	(2,955,000)	1,210,000	(1,210,000)
Future cash flows on debt		(97,113)		(316,298)		(246,211)

The interest that will be paid up to maturity of the entire debt, and which is estimated on the basis of the rate curve at June 30, 2020 amounts to €660 million.

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

	3rd quarter 2020	4th quarter 2020	1st quarter 2021	2nd quarter 2021	Total
In thousand euros	(834,809)	(363,434)	(376,817)	(609,768)	(2,184,828)

The fair value of the gross debt used in calculating the NAV was €7,990 million at June 30, 2020, of which €410 million corresponding to the fair value adjustment of fixed rate debt.

Details of bonds issued

Bonds	Issuer	Issue date	Issue amount *(in million euros)*	Outstanding amount *(in million euros)*	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 07/2020	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 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 05/2034	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	06/30/2020	12/31/2019	06/30/2019
Net financial debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	35.1%	36.0%	37.5%
EBITDA/net financial expenses	Minimum 2.0x	5.5x	5.3x	5.3x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	0.2%	0.2%	0.9%
Revalued block value of property holding (excluding duties) in billion euros	Minimum 6.0/8.0	20.0	20.1	19.9

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 thousand euros	Outstanding 06/30/2020	Maturity or effective date < 1 year	Outstanding 06/30/2021	Maturity or effective date 1 to 5 years	Outstanding 06/30/2025	Maturity or effective date more than 5 years
Portfolio of outstanding derivatives at June 30, 2020						
Fixed-rate receiver swaps	259,200	(59,000)	200,200	(200,200)	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	1,450,000	(325,000)	1,125,000	(925,000)	200,000	(200,000)
Cap sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,109,200**	**(384,000)**	**1,725,200**	**(1,125,200)**	**600,000**	**(600,000)**
Portfolio of derivatives with deferred impact at June 30, 2020						
Fixed-rate receiver swaps	0	0	0	0	0	0
Fixed-rate payer swaps	0	0	0	0	0	0
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed-rate receiver swaps	0	0	0	0	0	0
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**	**0**	**0**	**0**
Total derivatives portfolio as at June 30, 2020						
Fixed-rate receiver swaps	259,200	(59,000)	200,200	(200,200)	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	1,450,000	(325,000)	1,125,000	(925,000)	200,000	(200,000)
Cap sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,109,200**	**(384,000)**	**1,725,200**	**(1,125,200)**	**600,000**	**(600,000)**
Future interest cash flows on derivatives	0	1,931	0	552	0	(1,222)

Gross debt hedging

In thousand euros	06/30/2020
Gross fixed-rate debt	**4,984,371**
Fixed-rate debt converted to floating rate	(259,200)
Residual fixed-rate debt	**4,725,171**
Gross floating-rate debt	**2,596,367**
Fixed-rate debt converted to floating rate	259,200
Gross floating-rate debt after conversion of debt to floating rate	**2,855,567**
Fixed-rate payer swaps and activated caps/floors	(400,000)
Unhedged gross floating-rate debt	**2,455,567**
Cap purchases	(1,450,000)
Cap sales	0
FLOATING RATE DEBT	**1,005,567**

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

In thousand euros	12/31/2019	Acquisitions/ disposals	Transfer between items	Change in value	Other items	06/30/2020
Non-current assets	22,760	0	(1,202)	(7,232)	0	14,326
Current assets	0	0	1,202	(548)	0	654
Non-current liabilities	(1,268)	0	0	(10,918)	365	(11,822)
Current liabilities	(555)	0	0	(50)	421	(184)
TOTAL	**20,937**	**0**	**0**	**(18,749)**	**786**	**2,974**

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The fair value of the financial instruments has decreased by €18 million. This decrease is mainly explained by the change in interest rates over the first half of 2020 and the time effect.

5.5.5.13 PROVISIONS

In thousand euros	12/31/2019	Allocations	Write backs	Utilizations	06/30/2020
Tax reassessments	7,000	0	0	0	7,000
Employee benefit commitments	15,286	665	0	0	15,951
Other disputes	13,385	354	0	0	13,739
TOTAL	**35,671**	**1,019**	**0**	**0**	**36,690**

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, 2020, the total amount accrued as a provision for the fiscal risk is €7 million, based on the assessments of the company and its advisers.

Furthermore, the company has several ongoing litigations with the French tax administration, which at present could result in the reimbursement of a maximum amount of nearly €10 million. This amount is related to the corporate income tax paid in 2003 when the company 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 (€16.0 million) concern supplementary pensions, lump-sum retirement benefits, and anniversary premiums. They are valued by independent experts.

Other disputes (€ 13.7 million) include miscellaneous business-related litigations (€ 8.9 million) as well as commitments provisioned in Spain (€ 4.8 million). These latter 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, 2020, provisions had been fully accrued for the full amount of these guarantees, i.e. €4.8 million.

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

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

The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016, Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the de facto and de jure directors of Bami Newco and they continue to assert their rights and defend their interests in 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 2009 in the total amount of €140 million. Three of them were issued in the name of “Gecina SA Succursal en España” and one in the name of Gecina SA, in favor of Arlette Dome SL, a Spanish company. Arlette Dome SL has transferred the above-mentioned promissory notes to Banco de Valencia to guarantee loans granted by that bank.

After verification, the company realized that it had no information about these alleged promissory notes or about any business relationship with Arlette Dome SL which could have justified their issue. After also observing the existence of evidence pointing to the fraudulent nature of their issuance if the issue were to be confirmed, the company has filed a criminal complaint in this respect with the competent Spanish authorities. Following a series of decisions and appeals, Gecina was recognized as party to the proceedings on April 19, 2016 before the National Court. In a judgment dated January 20, 2020, the National Court confirmed, inter alia, the fraudulent nature of the promissory notes and the non-existence of business relations with the company Arlette Dome SL. 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. Joaquin Rivero, former Gecina officer, summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain the payment of the claimed amounts.

Gecina is challenging Abanca’s claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to 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. The judgment of May 21, 2019 is provisionally executable. 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. Rivero and any other party involved, for misuse of authority under letters of endorsement raised by Abanca. Insofar as Mr. Joaquín Rivero was not the only person involved in this complaint, this procedure is still ongoing.

5.5.5.14 PENSIONS AND OTHER EMPLOYEE BENEFITS

The amounts reported in the balance sheet as at June 30, 2020 are as follows:

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Present value of the liability	18,983	18,232	17,398
Fair value of hedging assets	(3,032)	(2,946)	(2,884)
Net present value of the liability	**15,951**	**15,286**	**14,514**
Non-recognized profits (losses)	0	0	0
Non-recognized costs of past services	0	0	0
NET LIABILITY ON THE BALANCE SHEET	**15,951**	**15,286**	**14,514**

The net commitment recorded as non-recurring provisions amounted to €16 million after taking into account hedging assets estimated at €3 million at June 30, 2020.

The actuarial difference for the period amounted to €0.4 million for the most part recorded in shareholders' equity.

Change in liability

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Net present value of the liability at beginning of period	**15,286**	**14,095**	**14,095**
Cost of services rendered during the year	562	967	484
Net interest	60	199	100
Actuarial losses and gains	47	25	83
Expense recognized under payroll expense	**669**	**1,192**	**667**
Effects of any change or liquidation of the plan	0	0	0
Benefits paid (net)	(170)	(794)	(627)
Contributions paid	(194)	(1,714)	(1,002)
Actuarial losses and gains not written to profit or loss	360	2,508	1,381
NET PRESENT VALUE OF THE LIABILITY AT END OF PERIOD	**15,951**	**15,286**	**14,514**

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

	06/30/2020	12/31/2019	06/30/2019
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%-1.00%	0.00%-1.00%	0.00%-1.25%
Inflation rate	1.75%	1.75%	1.75%

5.5.5.15 TRADE PAYABLES

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Trade payables on goods and services	45,131	47,600	40,643
Fixed asset trade payables	83,035	105,406	119,945
TRADE PAYABLES	**128,166**	**153,006**	**160,588**

5.5.5.16 TAX AND SOCIAL SECURITY LIABILITIES

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Social security liabilities	24,944	29,383	26,479
Value added tax	15,369	18,000	37,798
Other tax liabilities	56,526	1,600	53,992
TAX AND SOCIAL SECURITY LIABILITIES	**96,838**	**48,983**	**118,269**
of which non-current liabilities	0	0	0
of which current liabilities	96,838	48,983	118,269

5.5.5.17 OTHER CURRENT LIABILITIES

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Customer credit balance	37,135	54,373	54,248
Other payables (1)	192,647	11,069	210,427
Deferred income	7,259	7,147	3,099
OTHER CURRENT LIABILITIES	**237,042**	**72,589**	**267,774**

(1) Includs dividends paid on July 3, 2020 for €184 million.

5.5.5.18 OFF BALANCE SHEET COMMITMENTS

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Commitments given – Operating activities			
Asset-backed liabilities	48,672	49,758	188,368
Works amount to be invested (including off-plan property sales)	499,619	416,034	270,081
Preliminary property sale agreements	7,008	309,716	119,321
Other(1)	18,403	34,403	34,403
TOTAL COMMITMENTS GIVEN	**573,701**	**809,909**	**612,172**
Commitments received – Financing			
Revolving credit facilites	4,405,000	4,505,000	4,405,000
Commitments received – Operating activities			
Preliminary property sale agreements	900	304,000	77,735
Preliminary agreements to purchase properties	0	0	180,500
Mortgage-backed receivable	360	480	480
Financial guarantees for management and transaction activities	660	660	660
Other(2)	1,277,983	1,279,033	1,256,769
TOTAL COMMITMENTS RECEIVED	**5,684,903**	**6,089,173**	**5,921,144**

(1) Of which €17 million in liability guarantees granted as part of the sale of shares of subsidiaries (€14 million for previous Eurosic subsidiaries and €3 million for Hôtelière de La Villette).
(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 ten years, and which do not appear in the table of commitments given because their cost is not yet known. Based on the assessments of the Group and its advisers, there are currently no commitments likely to be called and which would materially impact Gecina's earnings or financial position.

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

5.5.5.19 RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

In thousand euros	Assets/ liabilities valued at fair value through the income statement	Assets/ liabilities held to maturity[1]	Loans and receivables	Liabilities at amortized cost	Historic cost[1]	Fair value through shareholders' equity	Total	Fair value
Financial fixed assets	0	2,805	360	0	0	22,336	25,501	25,501
Equity-accounted investments	0	0	0	0	47,969	0	47,969	47,969
Cash and cash equivalents	507,565	0	0	0	0	0	507,565	507,565
Financial instruments[2]	14,980	0	0	0	0	0	14,980	14,980
Other assets	0	0	0	0	196,443	0	196,443	196,443
TOTAL FINANCIAL ASSETS	**522,545**	**2,805**	**360**	**0**	**244,412**	**22,336**	**792,457**	**792,457**
Financial debt[3]	0	2,220,555	0	5,360,182	0	0	7,580,738	7,990,294
Financial instruments[2]	12,006	0	0	0	0	0	12,006	12,006
Other liabilities	0	0	0	0	532,497	0	532,497	532,497
TOTAL FINANCIAL LIABILITIES	**12,006**	**2,220,555**	**0**	**5,360,182**	**532,497**	**0**	**8,125,239**	**8,534,796**

(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

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5.5.6.1 GROSS RENTAL INCOME

The revenue analysis by segment is detailed in note 5.5.8.

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

In thousand euros	06/30/2020	06/30/2019
Less than 1 year	439,109	467,114
1 to 5 years	1,067,216	1,201,964
Over 5 years	371,608	488,990
TOTAL	**1,877,933**	**2,158,068**

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 amounted to €7.1 million at June 30, 2020 (versus €0.9 million at June 30, 2019), mainly relating to lessees in difficulty, particularly in the context of health crisis.

Recharges to tenants consist of rental income from recharging tenants for costs payable by them. As at June 30, 2019, they included fees for rental and technical management billed for €3.3 million; these invoices are included in overheads from January 1, 2020.

In thousand euros	06/30/2020	06/30/2019
External purchases and services	(52,676)	(52,849)
Taxes and other payables	(71,759)	(73,988)
Payroll costs	(2,393)	(2,696)
Other expenses	(7,077)	(1,085)
Property expenses	**(133,905)**	**(130,618)**
Rental expenses to be regularized	35,113	39,209
Vacant premises' expenses	(6,539)	(7,071)
Miscellaneous recovery	17,997	21,144
Provisions on costs	40,714	40,696
Recharges to tenants	**87,286**	**93,978**
NET DIRECT OPERATING EXPENSES	**(46,619)**	**(36,640)**

5.5.6.3 OPERATING INCOME FROM FINANCE LEASES AND HOTEL ACTIVITIES

In thousand euros	06/30/2020	06/30/2019
Financial fees and other income on finance lease transactions	10,538	33,500
Operating expenses	(10,538)	(29,287)
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS	**(0)**	**4,212**
Hotel operating income	799	20,284
Hotel operating expenses	(913)	(15,964)
Depreciation of the hotel activity	(300)	(2,410)
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	**(414)**	**1,910**

Current operating income on financial lease transactions is immaterial as at June 30, 2020, in light of the impairment of receivables recorded for the half year (€2 million) and largely due to lessees facing difficulties as a result of the health crisis.

The current operating income on the hotel activity shows the disposal of a hotel portfolio in 2019.

5.5.6.4 SERVICES AND OTHER INCOME (NET)

These largely comprise the following items:

In thousand euros	06/30/2020	06/30/2019
Income from service activities	133	206
Reversals of investment subsidies	515	103
Other income	779	2,297
SERVICES AND OTHER INCOME (NET)	**1,427**	**2,606**

5.5.6.5 OVERHEADS

Overheads break down as follows:

In thousand euros	**06/30/2020**	**06/30/2019**
Payroll costs	(31,974)	(31,430)
Internal costs	3,033	3,392
Share-based payments (IFRS 2)	(2,212)	(1,578)
Net management costs	(18,556)	(12,197)
Invoicing of fees for rental and technical management	3,502	0
OVERHEADS	**(46,208)**	**(41,813)**

Salaries and fringe benefits relate to the company's administrative staff, since the salaries of building staff are included in expenses not billed to tenants.

Depending on their nature, certain salaries and fringe benefits and management fees are reclassified in a total amount of €3 million as at June 30, 2020 (internal costs). 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, fees 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.).

From January 1, 2020, the fees for rental and technical management billed to tenants are included in overheads; they were previously included in direct operating expenses. As at June 30, 2019, fees for rental ans technical manageent amounted to €3.3 million.

5.5.6.6 REAL ESTATE MARGIN

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In thousand euros	**06/30/2020**	**06/30/2019**
Transfer of inventories	0	15,100
Net book value of inventories	0	(13,738)
REAL ESTATE MARGIN	**0**	**1,362**

No assets held as real-estate traders were sold over the period.

5.5.6.7 GAINS OR LOSSES ON DISPOSALS

Disposals represented:

In thousand euros	**06/30/2020**	**06/30/2019**
Block sales	340,590	79,344
Unit sales	11,378	30,543
Proceeds from disposals	**351,968**	**109,888**
Block sales	(340,155)	(62,159)
Unit sales	(9,763)	(25,424)
Net book value	**(349,918)**	**(87,584)**
Block sales	(3,225)	(526)
Unit sales	(448)	(1,385)
Cost of sales	**(3,672)**	**(1,910)**
Share of goodwill	**(3,787)**	**0**
GAINS OR LOSSES ON DISPOSALS	**(5,409)**	**20,394**

Gains and losses on disposal amounts to -€5.4 million, including -€3.8 million for the share of goodwill written back with respect to the assets transferred within the cash-generating unit Offices.

Salaries and fringe benefits and net management costs reclassified as a result of disposal to internal costs are €0.5 million as at June 30, 2020, compared to €0.4 million as at June 30, 2019.

5.5.6.8 CHANGE IN VALUE OF PROPERTIES

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

In thousand euros	12/31/2019	06/30/2020	Change
Investment properties	17,662,308	18,059,458	
Changes in consolidation scope	(90,930)	(358,781)	
Investment properties on a comparable basis	**17,571,378**	**17,700,676**	**129,298**
Capitalized works on investment properties			(37,358)
Capitalized salaries and fringe benefits on investment properties			(1,063)
Linearization of the rent incentives			(24,310)
Other capitalized charges on investment properties			(1,240)
Change in value of investment properties on a comparable basis			**65,327**
Change in value of buildings under reconstruction or acquired			121,881
Change in value of properties for sale			(1,729)
CHANGE IN VALUE RECORDED IN INCOME STATEMENT			**185,479**

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

Commercial sector	Yield rate	DCF discount rate	VLM (market rental value) in €/sq.m
Paris CBD	2.30%-4.00%	2.85%-4.90%	€530-880/sq.m
Paris non-CBD	2.70%-6.10%	3.25%-6.00%	€280-850/sq.m
Paris	**2.30%-6.10%**	**2.85%-6.00%**	**€280-880/sq.m**
Inner Rim	3.60%-6.25%	4.00%-7.20%	€110-650/sq.m
Outer Rim	7.00%-9.50%	7.25%-9.80%	€75-180/sq.m
Paris region	**3.60%-9.50%**	**4.00%-9.80%**	**€75-650/sq.m**
Rest of France	3.80%-4.25%	4.50%-4.70%	€210-290/sq.m
COMMERCIAL	**2.30%-9.50%**	**2.85%-9.80%**	**€75-880/sq.m**

Residential	Yield rate	DCF discount rate	Unit sale price in €/sq.m
Paris	2.50%-3.00%	3.00%-3.80%	€8,310-12,340/sq.m
Inner Rim	3.10%-3.70%	3.50%-4.20%	€4,830-8,190/sq.m
RESIDENTIAL	**2.50%-3.70%**	**3.00%-4.20%**	**€4,830-12,340/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 example, a downturn in the real estate market, resulting in an increase of 50 basis points (0.5%) in capitalization rates, could result in a decrease of approximately 10.2% in the appraised value of Gecina's property portfolio (on the assumption that such a downturn would affect all the different segments of Gecina's real estate business) representing around €2,032 million based on the block valuation of the assets at June 30, 2020, and would also have an unfavorable impact on Gecina's consolidated earnings.

Sensitivity to changes in the capitalization rate

	Change in capitalization rate	Valuation of assets[2] *(in million euros)*	Change in assets *(in %)*	Impact on consolidated income *(in million euros)*
All sectors[1]	**0.50%**	**17,898**	**–10.2%**	**(2,032)**
Offices	0.50%	14,725	–9.9%	(1,612)
Residential	0.50%	2,841	–12.1%	(391)
Student residences	0.50%	323	–8.1%	(28)
Hotels	0.50%	9	–8.7%	(1)

(1) Except financial leases.
(2) After change in capitalization rate.

5.5.6.9 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) amortization of the cost of arranging these loans and credit lines.

In thousand euros	06/30/2020	06/30/2019
Interests and expenses on loans	(47,989)	(52,346)
Interest expenses on hedging instruments	0	(1,437)
Losses from translation differentials	0	(10)
Capitalized interests on projects under development	1,981	5,224
Interest on lease obligations	(755)	(759)
Financial expenses	**(46,765)**	**(49,328)**
Interest income on hedging instruments	1,809	0
Other financial income	126	81
Foreign exchange gains	49	(27)
Financial income	**1,984**	**55**
NET FINANCIAL EXPENSES	**(44,781)**	**(49,273)**

The average cost of drawn debt amounted to 1.0% in the first half of 2020.

5.5.6.10 CHANGE IN VALUE OF FINANCIAL INSTRUMENTS AND DEBT

Based on the existing hedging portfolio and taking into account contractual conditions at June 30, 2020, and the anticipated debt in 2020, a 0.5% increase in the interest rate would generate an additional expense of €2 million in 2020. An interest rate decrease of 0.5% would lead to a drop in financial expenses in 2020 of €2 million.

Net valuation of financial instruments decreased by €18 million over the period.

Based on the portfolio at June 30, 2020, the change in fair value of the derivatives portfolio, as a result of a 0.5% increase in the interest rate would be +€20 million recognized in income. A 0.5% interest rate cut would lead to a fair value decrease of -€18 million in net income.

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

5.5.6.11 TAXES

In thousand euros	**06/30/2020**	**06/30/2019**
CVAE	(2,957)	(3,098)
Recurrent tax	**(2,957)**	**(3,098)**
Corporate income tax	(405)	(1,258)
Deferred taxes	1,323	2,007
Non-recurrent tax	**918**	**748**
TOTAL	**(2,039)**	**(2,350)**

The business real estate tax (Cotisation foncière des entreprises – CFE), which mainly pertains to the corporate head office, is recognized under overheads.

The tax on wealth generated by businesses (Cotisation sur la valeur ajoutée des entreprises – CVAE) is considered as income tax.

In thousand euros	**06/30/2020**	**06/30/2019**
Consolidated net income	337,484	807,520
Tax (incl. CVAE)	2,039	2,350
Consolidated net income, before tax	**339,523**	**809,870**
Theoretical tax in %	**32.00%**	**32.00%**
Theoretical tax in value	**108,647**	**259,159**
Impact of tax rate differences between France and other countries	(66)	(106)
Impact of permanent and timing differences	588	(1,044)
Companies accounted for under the equity method	645	(403)
SIIC regime effect	(110,732)	(258,354)
CVAE	2,957	3,098
TOTAL	**(106,608)**	**(256,809)**
Effective tax expense per income statement	2,039	2,350
EFFECTIVE TAX RATE	**0.60%**	**0.29%**

The theoretical tax rate of 32.0% 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.

5.5.6.12 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 ordinary 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.

	06/30/2020	06/30/2019
Earnings attributable to owners of the parent company *(in thousand euros)*	339,064	806,775
Weighted average number of shares before dilution	73,472,992	73,849,747
Undiluted earnings per share attributable to owners of the parent company *(in euros)*	**4.61**	**10.92**
Earnings attributable to owners of the parent company, after the effect of dilutive securities *(in thousand euros)*	339,074	806,803
Weighted average number of shares after dilution	73,679,388	74,094,194
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY *(IN EUROS)*	**4.60**	**10.89**

	06/30/2020	06/30/2019
Earnings attributable to owners of the parent company before dilution *(in thousand euros)*	339,064	806,775
Impact of dilution on earnings	10	28
Diluted earnings attributable to owners of the parent company *(in thousand euros)*	**339,074**	**806,803**
Weighted average number of shares before dilution	73,472,992	73,849,747
Impact of dilution on average number of shares	206,396	244,447
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	**73,679,388**	**74,094,194**

5.5.7 Notes to the consolidated statement of cash flows

5.5.7.1 CHANGE IN VALUE AND BOND REDEMPTION COSTS

In thousand euros	Note	06/30/2020	12/31/2019	06/30/2019
Change in value of properties	5.5.6.8	(185,479)	(1,004,271)	(626,007)
Change in value of financial instruments	5.2	18,749	26,071	27,692
Premium and bond redemption costs	5.2	0	15,933	15,956
CHANGE IN VALUE AND BOND REDEMPTION COSTS		**(166,730)**	**(962,267)**	**(582,359)**

5.5.7.2 CHANGE IN OPERATING WORKING CAPITAL REQUIREMENTS

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Clients change	45,900	(3,236)	17,598
Change in other receivables[1]	(26,908)	(87,596)	(64,022)
Change of prepaid expenses	(448)	(3,647)	(2,299)
Total balance sheet assets	**18,544**	**(94,480)**	**(48,723)**
Change in tenants' security deposits	(2,835)	(2,133)	1,151
Change in trade payables	(2,275)	2,988	(8,802)
Change in tax and social security liabilities	48,461	(18,981)	46,381
Change in other debts	(20,828)	777	(694)
Change of prepaid expenses	112	4,006	42
Total balance sheet liabilities	**22,634**	**(13,343)**	**38,077**
TOTAL CHANGE IN OPERATING CAPITAL	**4,090**	**81,136**	**86,800**
(1) VAT	*(19,934)*	*(21,121)*	*(5,565)*
Taxes	*783*	*(3,133)*	*(1,589)*
Compensation receivable for disputes		*(59,002)*	*(59,002)*

5.5.7.3 PROCEEDS FROM DISPOSALS OF TANGIBLE AND INTANGIBLE FIXED ASSETS

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Block sales	340,590	831,583	94,444
Unit sales	11,378	61,244	30,543
Proceeds from disposals	**351,968**	**892,827**	**124,988**
Block sales	(2,788)	(13,176)	(526)
Unit sales	(452)	(3,537)	(1,385)
Cost of sales	**(3,240)**	**(16,712)**	**(1,910)**
Cash in-flow linked to disposals[1]	**348,729**	**876,114**	**123,077**

(1) Includes the disposals of assets held as real estate traders and recorded in the real estate margin.

5.5.7.4 CHANGE IN WORKING CAPITAL REQUIREMENTS FROM INVESTING ACTIVITIES

In thousand euros	06/30/2020	12/31/2019	06/30/2019
Change in other receivables (fixed asset buyers)	(5,381)	(29,743)	2,535
Change in fixed asset payables	(20,122)	(48,540)	(35,473)
Effects of the assets and liabilities of companies sold	0	(433)	(1,277)
CHANGE IN WORKING CAPITAL FROM INVESTING ACTIVITIES	**(25,503)**	**(78,716)**	**(34,215)**

5.5.7.5 DIVIDENDS PAID TO SHAREHOLDERS OF THE PARENT COMPANY

After paying an interim dividend of €2.80 per share on March 6, 2020, the General Meeting of April 23, 2020 approved the payment of a dividend of €5.30 per share for the 2019 financial year. The balance of €2.50 per share still owing was paid out on July 3, 2020.

For the 2018 financial year, the Group distributed a dividend per share of €5.50 for a total of €406 million.

5.5.7.6 NEW LOANS AND REPAYMENTS OF LOANS

In thousand euros	**06/30/2020**	**12/31/2019**	**06/30/2019**
New loans[1]	3,909,500	4,448,919	2,394,365
Repayments of loans[1]	(3,577,174)	(4,651,706)	(2,188,126)
CHANGE IN LOANS	**332,326**	**(202,787)**	**206,240**

(1) Includes renewals of Negociable EUropean Commecial Paper (NEU CP) during the year.

In thousand euros	**06/30/2020**	**12/31/2019**	**06/30/2019**
Debts at year closing	7,580,738	7,283,484	7,657,517
Debts at year opening	(7,283,484)	(7,486,579)	(7,486,579)
Accrued interests at year closing	(24,965)	(58,270)	(29,513)
Accrued interests at year opening	58,270	70,721	70,721
Impact of bonds issued	1,927	(11,836)	(5,908)
Change in scope	(159)	(307)	
CHANGE IN LOANS	**332,326**	**(202,787)**	**206,240**

5.5.7.7 CLOSING CASH AND CASH EQUIVALENTS

In thousand euros	**06/30/2020**	**12/31/2019**	**06/30/2019**
Marketable securities	0	1	1
Current bank accounts	507,565	37,845	162,052
CLOSING CASH AND CASH EQUIVALENTS	**507,565**	**37,846**	**162,053**

5.5.8 Segment reporting

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

INCOME STATEMENT FOR BUSINESS SECTORS AT JUNE 30, 2020

In thousand euros	Commercial	Residential	Student residences	Other sectors[1]	Segments total
Operating income[2]					
Rent on commercial properties	271,415	4,685	201	0	276,301
Rent on residential properties	2,558	48,225	24	0	50,807
Rent on student residences	0	0	9,009	0	9,009
Revenue: rental income	**273,973**	**52,909**	**9,235**	**0**	**336,118**
Expenses not billed to tenants	(32,486)	(10,850)	(3,283)	(0)	(46,619)
Rental margin	**241,487**	**42,059**	**5,952**	**0**	**289,498**
Margin on rents	**88.1%**	**79.5%**	**64.5%**	**n.a.**	**86.1%**
Current operating income on finance lease transactions				0	**0**
Current operating income on the hotel activity				(414)	**(414)**
Services and other income (net)	584	609	314	(0)	1,427
Payroll costs					(31,153)
Net management costs					(15,054)
EBITDA					**244,303**
Real estate margin	0				0
Gains or losses on disposals	(6,068)	1,163	0	(504)	(5,409)
Change in value of properties	69,076	122,453	(6,050)	0	185,479
Depreciation and amortization					(4,624)
Net impairments					(14,059)
Operating income					**405,689**
Net financial expenses					(44,781)
Financial depreciation and provisions					(620)
Change in value of financial instruments					(18,749)
Premium and bond redemption costs					0
Net income from equity-accounted investments					(2,016)
Consolidated net income, before tax					**339,523**
Taxes					(2,039)
Consolidated net income attributable to non-controlling interests					1,580
Consolidated net income attributable to owners of the parent company					**339,064**
Assets and liabilities by segment as at June 30, 2020					
Gross property holdings (except. headquarters)	16,103,173	3,231,777	351,785	270,025	19,956,760
Of which acquisitions	20,490	35,679	0	0	56,169
Of which properties for sale	10,500	309,583	0	0	320,083
Amounts due from tenants	100,761	7,937	3,504	20,780	132,982
Provisions for tenant receivables	(12,188)	(6,280)	(594)	(7,882)	(26,944)
Security deposits received from tenants	65,881	9,640	2,007	181	77,709

(1) The other business segments include finance leasing and hotel company operations.
(2) Rents are presented by type of lease agreement, while the segment analysis is based on the Group's internal management organization.

INCOME STATEMENT FOR BUSINESS SEGMENTS AT JUNE 30, 2019

In thousand euros	**Commercial**	**Residential**	**Student residences**	**Other sectors[1]**	**Segments total**
Operating income[2]					
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)
Rental margin	**239,744**	**41,765**	**6,471**	**5,982**	**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
Payroll costs					(29,616)
Net management costs					(12,197)
EBITDA					**260,877**
Real estate margin	1,362				1,362
Gains or losses on disposals	(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)
Operating income					**901,522**
Net financial expenses					(49,273)
Financial depreciation and provisions					1
Change in value of derivatives and borrowings					(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 company					**806,775**
Assets and liabilities by segment 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, real estate trading and hotel company operations.
(2) Rents are presented by type of lease agreement, while the segment analysis is based on the Group's internal management organization.

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5.5.9 Other information

5.5.9.1 SHAREHOLDING STRUCTURE OF THE GROUP

At June 30, 2020, Gecina's shareholding was structured as follows:

Shareholders	Number of shares	% of theoretical voting rights(1)	% of exercisable voting rights(2)
Ivanhoé Cambridge	11,575,623	15.15%	15.75%
CA Assurances – Predica	10,463,658	13.69%	14.24%
Norges Bank	7,111,607	9.31%	9.68%
Other shareholders	44,353,812	58.05%	60.34%
Treasury shares	2,906,905	3.80%	
TOTAL	**76,411,605**	**100.00%**	**100.00%**

(1) The calculation of percentages of voting rights takes into account all shares entitled to voting rights, including shares with restricted voting rights (treasury shares).
(2) The calculation of percentages does not include the treasury shares held by the company which have restricted voting rights.

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 did not invoice fees to Resico during the first half of 2020.

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

Bami Newco is neither consolidated nor booked under the equity method by Gecina since the Group has no control 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)	06/30/2020	12/31/2019	06/30/2019
Managers	267	262	258
Employees and supervisors	180	183	184
Building staff	57	59	59
TOTAL	**504**	**504**	**500**

(1) Average headcount including short-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 12/31/2019	Options exercised in 2020	Options canceled, expired or transferred in 2020	Balance remaining to be exercised at 06/30/2020	Residual term (in years)
04/16/2010	04/16/2012	252,123	€76.52	421	311	110	0	0.0
12/27/2010	12/27/2012	210,650	€81.88	19,530	1,034		18,496	0.5

Performance shares

Grant date	Vesting date	Number of shares granted	Stock price when granted	Balance at 12/31/2019	Shares acquiredin 2020	Shares canceledin 2020	Balance at 06/30/2020
07/17/2017	07/20/2020	53,810	€136.08	42,254		900	41,354
02/21/2018	02/22/2021	57,920	€153.70	49,927		720	49,207
02/19/2019	02/20/2022	49,010	€127.60	45,274		1,120	44,154
02/19/2020	02/20/2023	53,285	€182.00			100	53,185

5.5.9.5 COMPENSATION FOR ADMINISTRATIVE AND GOVERNANCE BODIES

Compensation for management bodies concerns Gecina's corporate officers.

In thousand euros	06/30/2020	12/31/2019
Short-term benefits	1,455	1,915
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.	n.a.

5

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 Note 5.5.5.13).

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

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

Joaquín Rivero died on September 18, 2016. His passing renders the public action against him void but does not cancel Gecina's civil action, which may continue, against Mr. Rivero's assigns.

On December 5, 2018, the Paris Court of Appeal issued a ruling confirming that the appeal was extinguished and upheld the judgment of March 11, 2015 by the Criminal Court in all its provisions, which are now 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 Ruymbeke 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 received €59 million in damages in April 2019.

Also in respect of recovery actions carried out by Gecina following the judgment of March 11, 2015 upheld by the Court of Appeal on December 5, 2018, the company signed a protocol with CaixaBank (subrogated to the rights of Banco de Valencia) pursuant to which Gecina received €30 million in the last quarter of 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 CEO.

  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. Abanca summoned Gecina before the Court of First Instance of Madrid. (see section 5.5.9.6.2).

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

  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 a civil party to the proceedings on April 19, 2016 before the National Court. In a judgment dated January 20, 2020, the National Court confirmed, inter alia, the fraudulent nature of the promissory notes and the non-existence of business relations with the company Arlette Dome SL. 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 CEO (see section 5.5.9.6.1), summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain the payment of the claimed amounts.

  Gecina is challenging Abanca's claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to try the dispute. On July 14, 2016, Abanca appealed this decision. On July 4, 2017, the Madrid Court of Appeal declared that the Spanish Courts do have jurisdiction to hear Abanca's claim. 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. The judgment of May 21, 2019 is provisionally enforceable. 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 (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 being executed 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.

  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 have or have had in the last twelve months material impacts on the financial situation or profitability of the company and/or the Group.

5.5.9.7 POST-BALANCE SHEET EVENTS

None.

6.

Declaration by the responsible party

6.1 Statement of the person responsible for this Amendment to the Universal Registration Document

"I certify that, having taken all reasonable measures to this effect, the information contained in this Amendment to the 2019 Universal 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."*

Méka Brunel

Chief Executive Officer

7.

Report of the Statutory Auditors

7.1 Universal Registration Document including the annual financial report

(Period from January 1, 2020 to June 30, 2020)

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

GECINA SA

14-16, rue des Capucines

75084 Paris Cedex 02, France

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 SA, covering the period from January 1 to June 30, 2020, 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 on July 23, 2020 based on information available at that date regarding the evolving context of Covid-19's sanitary crisis. 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.

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.

Paris-La Défense and Neuilly-sur-Seine, July 23, 2020

The Statutory Auditors

Mazars	PricewaterhouseCoopers Audit
Baptiste Kalasz	Jean-Baptiste Deschryver
Partner	Partner

8. Correspondence table

8.1 Correspondence table of the Amendment to the Universal Registration Document

This correspondence table contains the headings set out in Annexes 1 and 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages of the 2019 Universal Registration Document and of this Amendment to the 2019 Universal Registration Document where the information relating to each of these headings is mentioned.

HEADINGS FROM ANNEXES 1 AND 2 OF DELEGATED REGULATION (EU) 2019/980 OF MARCH 14, 2019		**Pages of the 2019 Universal Registration Document**	**Pages of the Amendment to the 2019 Universal Registration Document**
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8.2 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's website *(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 2019 Universal Registration Document;
- the historic financial reports of the company and its subsidiaries for the two years preceding the publication of the half-year financial report.

8.3 Person responsible for the half-year financial report

Ms. Méka Brunel, Chief Executive Officer of Gecina (hereinafter the "company" or "Gecina").

8.4 Persons responsible for financial communications

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