Press release
October 23, 2018

Business at September 30, 2018

€1.7bn of commercial sales secured since Eurosic's acquisition and 150,000 sq.m let in 2018
Gecina confirms its target for recurrent net income per share growth of over +8% for 2018

Improvement in like-for-like rental income growth
- **Gross rental income up +30.7%** on a current basis
- **Like-for-like growth of +2.2%**, significantly outperforming the indexation effect and higher than the first half of the year

Strong lettings performance in a buoyant market for central sectors
- Favorable commercial pressures in central sectors, where Gecina's pipeline and portfolio are concentrated
- **Almost 150,000 sq.m let**, pre-let, relet or renegotiated since the start of the year, representing close to **10%** of the Group's total office space and **€56m of full-year rental income** (with almost half corresponding to buildings under development)

Market still buoyant in centrality sectors
- **Historically low vacancy rate in Paris' CBD** (1.5%), where available supply contracted -44% faced with sustained demand, driving growth in market rents
- Situation that is improving more gradually outside of Paris City

Eight real estate projects delivered since the start of the year and renewal of the pipeline, with several buildings about to be transferred into it
- Gecina has delivered **eight buildings since the start of the year**, following ambitious redevelopment operations in terms of both environmental aspects and workplace wellness (four assets in Paris, three in the Western Crescent and one in Lyon Part-Dieu)
- Pipeline to be renewed soon with buildings that are being freed up and will benefit from redevelopments or extensive refurbishments, to continue moving forward with its portfolio's gradual transformation, incorporating innovation to serve societal and environmental changes

Nearly €1.4bn of sales completed in 2018 or under preliminary agreements at end-September
- **€1.3bn of commercial sales completed or secured since the start of the year**, achieving a premium of over +2% versus the latest appraisal values, with €1.7bn since Eurosic's acquisition
- **Almost €90m of residential sales**, primarily on a unit basis, including €68m finalized with a +23% premium versus their appraisal values

Gecina confirms its targets for 2018
- 2018 will reflect Eurosic's integration, the deliveries of buildings, primarily over the second half of the year, and the first effects of the high volume of sales already secured since Eurosic's acquisition
- Gecina is confident that it will be able to achieve its target for **over +8% recurrent net income per share growth** in 2018

Key figures

Gross rental income In million euros	Sep 30, 17	Sep 30, 18	Change (%) Current basis	 Like-for-like
Offices	**285.0**	**392.2**	**+37.6%**	**+2.1%**
Traditional residential	81.9	79.1	-3.4%	+2.1%
Student residences	10.7	12.2	+13.9%	+3.5%
Other business	1.4	11.6	na	na
Total gross rental income	**379.0**	**495.2**	**+30.7%**	**+2.2%**
Hotels	3.7	2.4	na	na
Finance leases	1.2	6.9	na	na
Total gross revenues	**383.9**	**504.5**	**+31.4%**	na

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Improvement in rental income

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On a current basis, the +30.7% (+€116.2m) increase in gross rental income primarily reflects Eurosic's integration since the end of August 2017 (for +€121.9m), as well as the like-for-like growth achieved (+€6.4m), and rental income from recent acquisitions and project deliveries (+€13.9m), net of the loss of rent from the buildings with strong value creation potential transferred to the pipeline (-€17.6m) and the still limited loss of rent from sales of non-strategic assets (-€8.4m).

Like-for-like, the performance represents +2.2% at end-September 2018, a sequential improvement versus June 30, 2018 (+1.8%). This improvement factors in a slightly higher level of indexation (+1.1%), as well as the impacts of the letting of previously vacant buildings and the rental reversion recorded in Paris City's most central sectors (CBD and 5th, 6th and 7th arrondissements).

Offices: positive trends for offices in centrality sectors

Gross rental income - Offices In million euros	Sep 30, 17	Sep 30, 18	Change (%) Current basis	 Like-for-like
Offices	285.0	392.2	+37.6%	+2.1%
- Paris CBD & 5-6-7 - Offices	82.7	*104.8*	*+26.8%*	*+2.0%*
- Paris CBD & 5-6-7 - Retail	26.3	*27.0*	*+2.6%*	*+2.1%*
- Paris – Other	39.2	63.6	+62.1%	-4.5%
Western Crescent - La Défense	100.8	119.8	+18.8%	+3.4%
Paris Region - Other	26.6	42.3	+59.4%	+0.9%
Other French regions / International	9.4	34.6	na	na

On a current basis, rental income from offices shows strong growth, up +37.6% to €392.2m (+€107.2m), driven primarily by Eurosic's consolidation.
Excluding like-for-like growth (+€4.6m) and Eurosic's integration (+€110.6m), this increase on a current basis reflects the impact of the changes in scope (acquisitions and sales) and the movement of assets within the pipeline (deliveries and redevelopments). More specifically, the mainly temporary loss of rent (-€17.5m) is linked to the launch of work to redevelop office buildings with strong value creation potential (including the 75 GA building, the PSA Group's former headquarters). The impact of the sales completed since the start of the year is still limited as they have been or will be finalized primarily during the second half of 2018. This loss of rent has been partially offset by the impact of the assets delivered and the first lettings secured during the last quarter of 2017 and since the start of 2018 (Paris – 55 Amsterdam, Paris – Guersant, Paris – Ville l'Evêque), as well as the two assets acquired recently (+€10.3m).

Like-for-like office rental income is up +2.1%, benefiting from a higher level of indexation (+1.2%), the letting of certain buildings in 2017 that were previously vacant and the positive rental trends observed for the Paris Region's most central markets.
This performance is being driven primarily by the most central sectors, where market trends are favorable, particularly Paris' CBD and the 5th, 6th and 7th arrondissements, where organic rental income growth represents +2.0% (including +0.6pts attributable to the positive reversion achieved), while the Western Crescent is up to +3.4%, linked mainly to the reduced vacancy rate. The -4.5% like-for-like contraction for the office portfolio in Paris excluding the CBD reflects the renegotiation of a lease for a single building at the gateway to Paris.

Traditional residential: positive organic trends
For the **traditional residential portfolio**, rental income is up +2.1% like-for-like, with a sequential improvement (+0.6% in 2017, +1.8% for the first half of 2018), factoring in the impact of the reduction in the vacancy rate, as well as the positive reversion achieved on apartments relet since January 1, 2018, averaging out more than +5% higher than the previous tenant's rent.

On a current basis, the -3.4% contraction factors in the progress made with the program rolled out by the Group in the past few years to sell apartments on a unit basis when they become vacant.

Student residences: operational performance improvements for certain residences and deliveries
Rental income from **student residences** shows a like-for-like increase of +3.5%, linked primarily to the improvement in operational performance levels for a residence in Lille.

On a current basis, the +13.9% increase also factors in the delivery of two residences in summer 2017 in Marseille and Puteaux.

Market trends still buoyant in centrality sectors

The Paris Region office market has continued to see positive trends, especially in the most central sectors and the Central Business District in particular. "Centrality" is more than ever a key factor for users.

Rental transactions show further progress, up +6% at end-September, and Paris City has continued to represent more than 40% of transactions since the start of the year, even though it accounts for less than 13% of immediate supply, highlighting the scarcity at the heart of Paris.

Positive trends for Paris City (60% of Gecina's office portfolio)
The increase in rental transactions at the heart of Paris is remarkable, particularly in an environment marked by the **shortage of available supply on the market**. This performance can be seen across all Paris City's sub-markets and **specifically at the heart of the business districts (+16% for Paris' extended CBD)**, despite a historically low level of immediate supply in this sector (down -44% year-on-year in the CBD and -25% in Paris City) and a vacancy rate of 2.2% at the heart of Paris and even 1.5% in the CBD, its lowest level for nearly 20 years. Market rents therefore show average year-on-year growth of +10% for Paris City (source: Immostat).

The resulting reversion potential will be gradually capitalized on in this sector as the current leases come to an end, but the letting and delivery of assets under development will also make it possible to harness these dynamic rental trends.

Alongside this, the strong interest from tenants can be seen in particular for redevelopment projects upstream from their delivery, with half of the Paris market's one-year supply already pre-let.

Situations less favorable although improving in the rest of the region, where Gecina is less present
For the rest of the Paris Region, although the trends are improving, they are still less favorable. While the vacancy rate is down to 5.3% for the entire region, with available supply contracting by almost -15%, there are significant differences between the various sectors and its future potential supply levels are high (90% of potential supply by 2022 is located outside of Paris City). As a result, market rents are increasing on a smaller scale (+1.5% in the Western Crescent and La Défense for instance) or even stable in the Outer Rim.

Occupancy rate stable and still high

The Group's **average financial occupancy rate** was still very high at end-September 2018, with 95.1%, down slightly year-on-year.

For the office portfolio, the occupancy rate shows a slight contraction of 0.7pts, linked in particular to the integration of Eurosic's portfolio in the Paris Region (outside of Paris) and other French regions. **In Paris City however, it is up +1.6pts to 97.6%**, reflecting the **growing interest among tenants for centrality in Paris**.

For the **student residence** portfolio, the financial occupancy rate is down slightly year-on-year following the opening of two residences in summer 2017, which are naturally filling up gradually in their first year, as well as the seasonal effect linked to the residences temporarily being partially vacant during the summer.

For the **traditional residential** portfolio, the financial occupancy rate is up +0.9 points year-on-year, reflecting the improvement in the lettings process, particularly for certain large residential units.

Average financial occupancy rate	Sep 30, 17	Dec 31, 17	Mar 31, 18	Jun 30, 18	Sep 30, 18
Offices	**95.6%**	**95.3%**	**95.3%**	**95.4%**	**94.9%**
Traditional residential	96.6%	96.9%	97.6%	97.6%	97.5%
Student residences	88.9%	90.3%	92.5%	88.7%	87.6%
Other business	94.2%	95.9%	97.8%	97.3%	97.4%
Group total	**95.6%**	**95.4%**	**95.6%**	**95.6%**	**95.1%**

Rental business: very positive start to the year and progress with the pipeline's pre-letting rate

The environment is still very buoyant for lettings, especially in the Paris Region's most central sectors and Paris City in particular.

Since the start of the year, Gecina has let, pre-let, relet or renegotiated nearly 150,000 sq.m. These lettings represent a potential rental volume of nearly €56.4m, with almost half generated by buildings under development.

The Group has notably secured a high volume of pre-lettings on buildings upstream from their delivery. For the scope for **office buildings to be delivered in 2018 and 2019, the pre-letting rate is now up to 66% (including Le Jade and Ville l'Evêque, which were delivered during the first half of 2018)**. Alongside this, several negotiations are currently underway.

For reference, the delivery of 14 projects in 2018 and 2019 (including eight delivered since the start of this year) represents a **potential headline rental volume of around €119m per year**.

Development project pipeline: eight buildings delivered since the start of the year and new buildings currently being vacated and about to be transferred into the pipeline

Since the start of 2018, Gecina has already delivered nearly 164,000 sq.m of real estate projects, including 156,500 sq.m of office space.

Eight buildings delivered since the start of the year

The eight buildings delivered since the start of the year include four buildings in Paris, with **20 Ville l'Evêque** in the CBD, fully let to the Hermès Group, and the **Le Jade, 32 Guersant** and **Le France** buildings at other locations in Paris City. In addition, Gecina has delivered the **Sky 56** asset in Lyon Part-Dieu, with 91% of its space let, primarily to the Orange Group, the **Be Issy** building in Issy-les-Moulineaux, which is currently vacant, the **Octant-Sextant** building in Levallois, and a **student residence** in Puteaux.

These buildings delivered since the start of the year generated **€8.9m of rental income over the first nine months of 2018**.

Upcoming pipeline renewal, with several buildings to be transferred to the pipeline soon

Alongside this, certain buildings have been vacated or are currently being freed up by their tenants with a view to launching their redevelopment shortly. This primarily concerns two major buildings at the heart of Paris' Central Business District.
Other buildings that are currently being gradually freed up will also be able to benefit from redevelopments or extensive refurbishments soon.

All of these buildings that are currently being vacated with a view to their redevelopment or extensive refurbishment soon **generated almost €20m in rental income over the first nine months of 2018**.

Close to €1.4bn of sales finalized since the start of the year or under preliminary agreements

<u>€1.3bn of commercial sales already completed or covered by preliminary agreements since the start of the year…</u>

€1.3bn of commercial buildings have been sold since the start of the year or are currently under preliminary agreements. These sales primarily concern assets located in secondary sectors and have been secured with an average premium of around 2% versus their latest free appraisal values. This sales program aims to realign the Group's portfolio around the Paris Region's most central real estate sectors (just 8% of these disposals concern buildings located in Paris) and bring the Group's debt back down below an LTV of 40%.

<u>…in addition to €90m of residential sales, including €22m still under preliminary sales agreements</u>
The Group has also completed or secured €90m of residential sales, based primarily on vacant units, with an **average premium of around +23% versus their latest appraisal values for the firm sales** (+25% for vacant unit sales).

<u>…and €0.4bn of sales carried out in 2017 after Eurosic's acquisition</u>
For reference, by end-2017, the Group had already finalized sales for €379m of assets, taking **the commercial building sales program's total progress up to €1.7bn since Eurosic was acquired**.

Over the first nine months of 2018, the **assets sold** since the start of the year or under preliminary agreements **generated €42m of rental income** under IFRS, with the majority of sales finalized during the second half of the year.

Gecina confirms its targets for 2018

Thanks to the positive trends on Gecina's core markets and the success of Eurosic's rapid integration, exceeding the Group's initial expectations, the Group is able to confirm its forecasts for 2018 in terms of recurrent net income.

In view of the volume and timeline for the sales completed or secured, recurrent net income (Group share) per share is expected to deliver growth of over +8%.

Gecina, a leading real estate group

Gecina owns, manages and develops property holdings worth 19.8 billion euros at end-June 2018, with nearly 93% located in the Paris Region. The Group is building its business around France's leading office portfolio and a diversification division with residential assets and student residences. Gecina has put sustainable innovation at the heart of its strategy to create value, anticipate its customers' expectations and invest while respecting the environment, thanks to the dedication and expertise of its staff.

Gecina is a French real estate investment trust (SIIC) listed on Euronext Paris, and is part of the SBF 120, CAC Next 20, CAC Large 60, Euronext 100, FTSE4Good, DJSI Europe and World, Stoxx Global ESG Leaders and Vigeo indices. In line with its commitments to the community, Gecina has created a company foundation, which is focused on protecting the environment and supporting all forms of disability.

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