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Press release
July 19, 2018

Earnings at June 30, 2018

Recurrent net income per share growth of over +8% for 2018

vs. +3% to +6% expected initially

✓ Targets set at the time of Eurosic's acquisition exceeded
- 2018 expectations revised: recurrent net income per share now expected to increase by over +8%
- LTV proforma for sales under preliminary agreements already below 40% (at 38.4%), with €1.6bn of asset sales[1] completed or secured since Eurosic's acquisition
- €1.9bn of debt raised or renegotiated over the first half of 2018

✓ Robust commercial trends confirmed in a buoyant market
- 108,000 sq.m let or relet, representing €49.3m of annualized rental income
- Like-for-like office rental income growth now expected to be around +2% in 2018

✓ Confidence further strengthened for the medium and long term
- €145m of additional potential annualized rents as projects from the development portfolio are delivered
- 14 operations delivered in 2018-2019, with a potential rental volume of €116m and 65% let
- Average maturity of debt extended to 7.4 years, with hedging up to 7.6 years

Key figures (excluding IFRIC 21)

In million euros	Jun 30, 17	Jun 30, 18	*Change (%)*	*2018 targets*
Gross rental income	240.6	335.4	*+39.4%*	*Like-for-like growth for offices expected to be around +2%*
EBITDA	191.4	274.4	*+43.4%*	
Consolidated net income (Group share)	1,307.1	501.5	*-61.6%*	
Recurrent net income (Group share)	**152.7**	**230.3**	***+50.8%***	
Recurrent net income per share (in €)	***2.40 ****	***3.14***	***+31.2%***	*Expected growth of over +8%*
Diluted EPRA triple net NAV (block) – in € per share	**148.0 ***	**156.6**	***+5.8%** (12 months)* *+2.4% (6 months)*	
LTV excluding duties	**29.3%**	**38.4%** proforma for sales under preliminary agreements **		
Cost of debt (incl. undrawn credit lines)	2.1%	1.4%		
Cost of drawn debt	1.6%	1.1%		
ICR	5.0x	6.5x		

* Following the adjustment of the payout for preferential subscription rights linked to the capital increase from August 2017 (adjustment coefficient of 0.97391)
** 41.4% reported at end-June 2018

Méka Brunel, Chief Executive Officer: *"Eurosic's integration has been completed in less than a year, across all areas, thanks to the work accomplished by all the teams from both companies. Alongside this, robust market trends have enabled us to achieve outstanding operational (sales, developments, pre-lettings, etc.), financial and sustainability performances. We are looking ahead to the future with confidence and we are raising our guidance for 2018".*

[1] Excluding residential disposals

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2018 first-half highlights and key figures

First half of 2018 reflecting Eurosic's successful integration

- **Recurrent net income** up +50.8% to €230.3m, with +31.2% per share[2], factoring in the accretive impact of Eurosic's acquisition, coming in higher than Gecina's initial expectations
- **Triple net NAV up +5.8%[(2)] year-on-year to €156.6 per share**
- **Reduction in the average cost of debt by -30bp in six months to 1.4%** (including cost of undrawn credit lines) and average maturity up to 7.4 years

€1.3bn of sales secured since the start of the year, taking the proforma LTV down to less than 40%

- **Further €1.2bn of sales of commercial assets completed or secured since the start of the year**, taking the total volume of sales secured since Eurosic's acquisition up to €1.6bn, higher than the minimum target set when the operation was announced (€1.2bn to €2.2bn)
- **€69m of residential sales secured**
- **LTV proforma for sales underway of 38.4%,** reduced to less than 40% **in line with the commitments** made by Gecina when Eurosic was acquired
- **Portfolio realigned around the Paris Region's most central sectors**

Robust lettings performance, with 108,000 sq.m let or pre-let since the start of the year

- Representing an annualized rental volume of around €49.3m
- **Vacancy rate of less than 2.3% for Gecina's Paris portfolio**
- Major lettings successes with assets under development, upstream from their deliveries, based on rents exceeding the Group's initial expectations

Growth and value creation prospects, generated through projects under development, with deliveries concentrated primarily over the next 12 to 18 months

- **€2.6bn of operations already committed to**, representing almost €145m of potential rental income
  - ✓ **Two assets delivered during the first half of the year in Paris City** (Ville l'Evêque and Le Jade), representing nearly **€13m of potential rental income**
  - ✓ **12 deliveries of assets** expected **between 2018 and 2019**, representing over **€103m of potential rental income**, with nearly **two thirds of their space already pre-let**
- **€2.4bn of additional potential operations** over the medium and long term, taking the total pipeline up to €4.9bn, with 70% located in Paris, delivering an expected yield on cost of 6%

First effects of the residential portfolio's repositioning at the heart of Gecina's strategy

- Gecina has set out its intention to keep its residential assets at the heart of its portfolio, aiming to extract their value creation and organic growth potential
- The new processes put in place, particularly for looking into reversion potential, as well as improvements in reletting and value extraction procedures, are already reflected in the improvement in like-for-like rental income growth (+1.8%) and the end-June 2018 appraisal values (+3.2% over six months)

Expectations raised for 2018 and solid prospects for the medium term

- Thanks to the positive trends on Gecina's core markets and the success of Eurosic's rapid integration, exceeding the Group's initial expectations, the Group is revising its forecasts upwards for 2018 in terms of **recurrent net income, with growth of over +8% now expected** (versus +3% to +6% previously)
- The Group's confidence for the medium and long term has also been further strengthened, with a committed pipeline of €2.6bn, representing €145m of additional potential annualized rental income. 14 operations are scheduled to be delivered between 2018 and 2019, with potential rental income of almost €116m. Alongside this, the Group has extended the average maturity of its debt to 7.4 years and its hedging to 7.6 years.

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

Improvement in rental income

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

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

Gross rental income	Jun 30, 17	Jun 30, 18	Change (%)	
In million euros			Current basis	Like-for-like
Offices	**178.7**	**266.6**	**+49.2%**	**+1.8%**[3]
Diversification	**61.9**	**68.8**	**+11.1%**	**+1.8%**
Traditional residential	54.8	52.8	-3.8%	+1.8%
Student residences	7.1	8.2	+15.5%	+2.0%
Other commercial assets	0.0	7.8	na	na
Total gross rental income	**240.6**	**335.4**	**+39.4%**	**+1.8%**

Annualized rental income

Annualized rental income at June 30 is down -€17m from December 31, 2017, reflecting the loss of rent due to the sales completed during the first half of the year, as well as tenants vacating buildings to be redeveloped. This loss of rent was only partially offset by the buildings delivered during the first half of the year (Ville l'Evêque in Paris' Central Business District and Paris-Le Jade).
In addition, rent from assets covered by preliminary sales agreements at end-June 2018 is included in the annualized rental income presented below for around €50m.

Annualized rental income In million euros	Jun 30, 18	Dec 31, 17
Offices	514	529
Traditional residential	104	106
Student residences	17	17
Other commercial assets	17	18
Total	**652**	**669**

Offices: positive trends in the most central sectors

Like-for-like, office rental income is up +1.8% (+2.2% restated for the non-recurring items detailed below), in line with the Group's expectations. This increase reflects the improvement in the financial occupancy rate, against a backdrop of an upturn on the Paris Region's office markets, notably following the letting of Le Cristallin to the Renault Group and space in the Défense-Ouest building to Arkema. This increase also benefited from the improved level of indexation (+1.1%).

Moreover, the -4.2% like-for-like contraction for the office portfolio in Paris excluding the CBD is linked exclusively to the renegotiation of a lease for a single building at the gateway to Paris.
While Gecina received a high level of compensation for tenant departures during the first half of 2017, this phenomenon was not repeated in the first half of 2018, creating an unfavorable base effect and making the performance figures for each geographical sub-sector not particularly relevant for just a single half-year period. Restated for this compensation and excluding this single asset located at the gateway to Paris, like-for-like growth in office rental income represents +2.2%.

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

[3] 2.2% restated for non-recurring items, detailed on page 3 of this release

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

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

Gross rental income - Offices In million euros	Jun 30, 17	Jun 30, 18	Change (%) Current basis	 Like-for-like
Offices (incl. retail units)	178.7	266.6	+49.2%	+1.8%[4]
Paris CBD & 5-6-7 - Offices	*53.5*	*70.6*	*+32.0%*	*+0.4%*
Paris CBD & 5-6-7 - Retail units	*17.6*	*17.7*	*+0.4%*	*+0.3%*
Paris - Other	*23.5*	*40.4*	*+72.1%*	*-4.2%*
Western Crescent - La Défense	65.3	80.5	+23.3%	+4.0%
Paris Region - Other	15.9	29.2	+83.3%	+1.2%
Other French regions / International	2.9	28.2	+882.4%	+1.6%

Traditional residential: positive organic trends

Like-for-like, rental income for traditional residential properties is up +1.8%, compared with organic growth of just +0.6% in 2017.
This performance factors in indexation of +0.8% and the improvement in the financial occupancy rate, as well as the positive reversion (+0.2%) achieved on apartments relet since January 1, 2018, averaging out +5.5% higher than the previous tenant's rent.

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

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

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

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

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

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

Rental transaction volumes are up +15% from the first half of 2017, which was already very strong, reaching their highest level since 2008. This performance has notably been driven by large-scale operations and the high level of interest among tenants for quality buildings in central areas, especially Central Paris.
In Paris City, take-up levels continued to climb over the first half of the year (+6.4%), alongside a sharp contraction in immediate supply (-18%), down to an all-time low representing just 4.5 months of transactions, compared with 15.6 months on average for the Paris Region. This performance reflects a phenomenon with growth in pre-lettings, as tenants are positioning themselves increasingly far upstream for deliveries at the heart of Paris. The vacancy rate is down to an all-time low in Paris of 2.4% (vs. 2.8% at end-2017), significantly lower than the average for the Paris Region, where the vacancy rate is down, but still represents 5.6% (vs. 6.2%).

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

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

[4] 2.2% restated for non-recurring items, detailed on page 3 of this release

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Thanks to these positive market trends, the Group is reporting a positive reversion figure of almost +6.2% for headline rents on let and relet properties (offices and retail units), with +14% in Paris City and -3% in the suburbs.

Occupancy rate stable and still high

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

Average financial occupancy rate	Jun 30, 17	Dec 31, 17	Mar 31, 18	Jun 30, 18
Offices	95.5%	95.3%	95.3%	95.4%
Traditional residential	96.4%	96.9%	97.6%	97.6%
Student residences	90.1%	90.3%	92.5%	88.7%
Other business	-	95.9%	97.8%	97.3%
Group total	95.5%	95.4%	95.6%	95.6%

Strong growth in recurrent net income (Group share)

Recurrent net income (Group share) is up +50.8% to €230.3m, with €3.14 per share (+31.2%). This performance reflects Eurosic's integration and the conditions for financing this acquisition, as well as the operational and financial synergies achieved. The impact of the sales completed since the start of 2018 is still limited, but will ramp up in the second half of the year. In addition, since the acquisition of Eurosic was finalized in H2-2017, growth in the full-year financial aggregates for 2018 compared with 2017 will therefore be mechanically lower than for the first half of this year.
Moreover, the first-half operational performance factors in the impacts of the loss of rent (redevelopment of high-potential assets and sales) still being higher than new rental income from deliveries of buildings and acquisitions (excluding Eurosic).

Portfolio rotation: +€97.4m net change in rental income

This growth reflects the **portfolio's rotation** in 2017 and the first half of 2018, primarily with Eurosic's acquisition in 2017, as well as the progress made with the sales program announced when this real estate company was acquired.
Recent acquisitions generated +€102.5m of rental income in 2017 (with €99.5m from Eurosic, net of the sales completed since then for this scope, with the rest generated by three buildings acquired in Paris, Neuilly and La Défense).
The **loss of rent due to the sales carried out represents -€5.1m** (note that a significant percentage of the sales completed or secured are currently covered by preliminary sales agreements, including the two portfolios of assets located in other French regions apart from Paris, whose sales will be finalized in the second half of this year for €775m).

Operations relating to the pipeline (deliveries and launch of redevelopment work): -€6.2m net change in rental income

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

Optimization of financial expenses

Financial expenses show an increase of just +€4m, while the net debt volume is up from €3.9bn to €8.2bn over one year, linked primarily to Eurosic's acquisition. This level is virtually stable, reflecting the reduction in the average cost of debt to 1.4% at end-June 2018 versus 1.7% in 2017 and 2.2% in 2016 (including costs of undrawn credit lines), while its average maturity has been extended further to 7.4 years (vs. 6.9 years at end-2017).

		Without IFRIC 21	
In million euros	Jun 30, 17	Jun 30, 18	*Change (%)*
Gross rental income	**240.6**	**335.4**	***+39.4%***
Net rental income	**221.4**	**308.1**	***+39.1%***
Operating margin for other business (hotels and finance leases)	-	5.5	
Services and other income (net)	1.6	1.7	*+8.0%*
Salaries and management costs	(31.7)	(40.9)	*+29.3%*
EBITDA	**191.4**	**274.4**	***+43.4%***
Net financial expenses	(36.6)	(40.6)	*+10.8%*
Recurrent gross income	**154.7**	**233.8**	***+51.1%***
Recurrent minority interests	(0.5)	(1.1)	*+132.6%*
Recurrent tax	(1.6)	(2.5)	*+55.7%*
Recurrent net income (Group share)	**152.7**	**230.3**	***+50.8%***
Recurrent net income (Group share) per share	**2.40** [1]	**3.14**	***+31.2%***

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

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

	Group	Offices	Residential	Student
Rental margin for first half of 2017	92.0%	95.9%	81.7%	75.5%
Rental margin for first half of 2018	91.9%	94.1%	82.8%	80.6%

Reduction in the average cost of debt and extension of its average maturity

Gecina has continued to optimize its liabilities, capitalizing on a volatile but still positive environment to make progress on all its financial indicators, with:

- **€1.9bn of long-term financing raised** (average maturity of 7.7 years), including a new €500m bond issue with a maturity of 12 years and €1.4bn through 11 new bilateral bank credit lines.
- **Early repayment (or cancellation) of €1.9bn of financing**, with 80% held within the Eurosic Group.
- Private bond placements (€0.7bn) previously held by Eurosic and Foncière de Paris transferred to Gecina SA following the General Bondholders' Meetings in June 2018.

These operations have made it possible to finalize the full integration of Eurosic's financial structure within the consolidated financial structure. At end-June, the debt held within the Eurosic Group was down to just €0.2bn (vs €3.2bn in August 2017 at the time of the business combination) and Gecina SA now holds 97% of the Group's financing.

The rapid integration of Eurosic's financing facilities, the use of the bond markets under good conditions and the optimization of the combined structure have had positive impacts on the Group's aggregates, **with a significant reduction in the average cost of the overall debt over the half-year period (1.4% versus 1.7% in 2017) and a further extension of the maturity of debt (7.4 years versus 6.9 years at end-2017) and hedging**.

At end-June 2018, Gecina's LTV came to 41.4% excluding duties and 39.0% including duties. Factoring in the sales under preliminary agreements to date, **the Group's proforma LTV comes out at 38.4% excluding duties, which is already below 40%, in line with the target announced by Gecina when Eurosic was acquired.**

Ratios	Covenant	Jun 30, 2018
Loan to value (block, excl. duties)	< 55% - 60%	41.4% (38.4% proforma[1])
EBITDA (excluding disposals) / net financial expenses	> 2.0x	6.5x
Outstanding secured debt / net asset value of portfolio (block, excl. duties)	< 25%	3.2%
Net asset value of portfolio (block, excl. duties) in billion euros	> 6.0 - 8.0	19.8

[1] proforma for sales under preliminary agreements at June 30, 2018

€1.6bn of office sales already completed or secured, further strengthening the Group portfolio's centrality and reducing its LTV to less than 40%

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

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

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

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

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

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

Alongside this, Gecina completed nearly €41m of residential sales on a vacant unit basis in the first half of 2018, achieving an average premium of +22.1% versus the end-December 2017 appraisals. In addition, €5m of block sales were completed, with a 3% premium versus the latest appraisal values.
At end-June 2018, €23m of vacant unit-based sales were covered by preliminary sales agreements and will be completed in the third quarter.

Key areas for investment identified within the residential portfolio for future value creation

Densification: capitalizing on our portfolio's centrality

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

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

Extracting and maximizing reversion potential

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

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

Lettings ramped up since the start of the year

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

The Group has notably secured a high volume of pre-lettings on buildings upstream from their delivery. Regarding the scope for **office buildings to be delivered in 2018 and 2019, the pre-letting rate is now up to 65% (including Le Jade and Ville l'Evêque, which were delivered during the first half of 2018)**.
For reference, 14 projects scheduled for delivery in 2018 and 2019 (including two delivered in the first half of this year) represent a potential rental volume of around €116m.

In terms of assets under development:

- Gecina has let the entire Le France building in Paris, with over 20,000 sq.m, to the WeWork Group, with a 12 years firm lease. This building is set to be delivered in the last quarter of 2018.
- The 14,400 sq.m Paris-Guersant building in the 17th arrondissement, scheduled for delivery in the third quarter of 2018, is already 91% let (versus 62% at end-2017) and talks are underway for the remaining space.
- The Carré Michelet building, with a total of 37,200 sq.m, has a lease in place with the pharmaceutical group MSD for 30% of its space, with a 10 years firm lease.
- Alongside this, the "Montmorency" building, which will be delivered in the first half of 2019, has been fully pre-let to the Lacoste Group with a 7 years firm lease.

Pre-lettings have also been finalized on various buildings to be delivered in 2020, including the Rue de Madrid building, which has been fully let to the WeWork Group, with a 12 years firm lease.

Project pipeline (€4.9bn): two projects delivered during the first half of the year in Paris

Gecina delivered two office real estate projects during the first half of 2018 in Paris (Le Jade and Ville l'Eveque). These two buildings, offering a combined total of nearly 29,000 sq.m of office space, are already 95% let, with the Lagardère Group and Hermès Group respectively.
Following the delivery of these two buildings, the total development project portfolio represents €4.9bn, with an average expected net yield on cost of 6.0%.

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

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

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

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

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

The "certain" controlled pipeline concerns the assets held by Gecina that are currently being vacated and for which a redevelopment project aligned with Gecina's investment criteria has been identified. These projects will therefore be launched over the coming half-year or full-year periods. These "certain" projects that have not yet been committed to represent a combined total of €1.0bn. These projects are scheduled for delivery over the medium term, between 2020 and 2023, and 73% are located in Paris City, with an average expected yield on cost of 5.6%.

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

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

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

Increase in real estate values more marked in central sectors

The portfolio value (block) is up +5.1% year-on-year and like-for-like to €19,836m.
The increase in value over the half-year period is linked primarily to the revaluation of assets under development, benefiting from the upturn on their core rental markets, as well as the progress made with work.

Like-for-like, the **office portfolio** value is up +5.2% over 12 months and +1.5% over six months, factoring in +2.1% growth for the Paris portfolio over the half-year period.
Although they have also seen growth, values have increased more slowly for the other sectors (+1.0% for the Western Crescent and La Défense and down slightly with -0.9% for the Paris Region's other sectors).
Like-for-like, these appraisals reflect a slight -4bp compression of capitalization rates for offices since the end of 2017 to 4.33% including retail units and **4.61% exclusively for offices**. This growth in value also includes a positive rent effect for central sectors and particularly Paris City, indicating the effective upturn on the rental market.

Once again, the dominance of the most central sectors is reflected in the appraisal values. The business plan effect or rent effect accounts for the majority of the increase in value over the first half of the year in Paris City, but is only a minor factor behind the increase in value for Gecina's portfolio in the Western Crescent or La Défense, with a negative impact for appraisal values elsewhere.

The valuation retained for Gecina's **traditional residential portfolio** is up +3.2%. This performance has been driven by positive trends on the market for vacant properties and the growing appetite among institutional investors justifying a lower discount for the block values, as well as the **rollout of Gecina's new strategy on this asset class, with its first value creation effects** (more ambitious investment plans and rental reversion).

Breakdown by segment	Appraised values		Net capitalization rates		Like-for-like change		Average value per sq.m	
In million euros	Jun 30, 18	Dec 31, 17	Jun 30, 18	Dec 31, 17	Jun 2018 vs. Dec 2017	Jun 2018 vs. Jun 2017	Jun 30, 18	Dec 31, 17
Offices and retail	15,930	15,760	4.33%	4.37%	+1.52%	+5.11%	9,011	8,870
Offices	*14,327*	*14,208*	4.61%	4.65%	*+1.29%*	*+5.22%*	*5,077*	*4,988*
Paris CBD & 5-6-7 - Offices	4,898	4,772	3.85%	3.89%	+1.83%	+5.79%	15,248	14,909
Paris CBD & 5-6-7 - Retail	1,477	1,430	2.33%	2.41%	+3.31%	+4.59%	47,195	45,681
Paris - Other	2,653	2,614	5.03%	5.11%	+1.84%	+5.17%	7,387	7,251
Western Crescent - La Défense	4,706	4,551	4.70%	4.73%	+1.02%	+6.05%	8,187	8,187
Paris Region - Other	927	1,130	6.60%	6.51%	-0.86%	+0.07%	3,025	3,054
Other French regions / International	1,269	1,264	5.39%	5.41%	+0.44%	+1.24%	3,695	3,678
Residential	3,229	3,160	3.37%	3.48%	+3.03%	+6.16%	6,222	6,040
Other business	239	246	6.78%	6.64%	-1.99%	+1.13%	1,531	1,562
Hotels and finance leases	438	482						
Group total (balance sheet value)	19,836	19,648	4.18%	4.24%	+1.75%	+5.24%	7,856	7,721

Triple net NAV up +5.8% year-on-year

Diluted EPRA triple net NAV (block) came to €156.6 per share, with growth of +5.8% year-on-year and +2.4% over six months.
Diluted EPRA NAV (block) represents €157.3 per share, up +5.8% year-on-year.

This performance reflects a slight compression of capitalization rates for offices in Paris and a positive business plan effect, as well as the impacts of Gecina's total return strategy, through the growth in value achieved for assets acquired or delivered during the year, as well as the portfolio under development. The increase in value for the development portfolio has benefited from the pre-lettings secured during the first half of the year.

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

- Interim dividend: - €2.65
- Impact of recurrent net income: + €3.1
- Value adjustment on office assets like-for-like: + €2.0
- Value adjustment on residential assets like-for-like: + €1.1
- Net value increase for 2017 acquisitions and pipeline (incl. deliveries): + €1.4
- Net capital gains from sales completed or underway: + €0.2
- Fair value adjustment on financial instruments & debt: - €0.4
- Other: - €1.0

On a unit value basis, diluted EPRA NAV represented €163.2 per share at end-June 2018, compared with €159.0 per share at end-2017, up +2.8% over the first six months of 2018.

In million euros	Jun 30, 17 Amount / number of shares	€ / share	Dec 31, 17 Amount / number of shares	€ / share	Jun 30, 18 Amount / number of shares	€ / share
Fully diluted number of shares	61,556,067		73,454,892		73,507,865	
Shareholders' equity under IFRS	9,031		10,986*		11,196*	
Receivable from shareholders	159.2		0.0		86.1	
Impact of exercising stock options	15.6		6.5		5.0	
Diluted NAV	9,205	€145.6 **	10,993	€149.6	11,287	€153.6
Fair value reporting of buildings, if amortized cost option has been selected	109.1		113.3		115.6	
Hotel business			43.0		43.0	
Optimization of transfer duties	66.8		121.8		124.0	
Fair value of financial instruments	20.1		(13.1)		(6.0)	
Deferred tax	0.0		0.0		(3.9)	
Diluted EPRA NAV	9,401	€148.7 **	11,257	€153.3	11,560	€157.3
Fair value of financial instruments	(20.1)		13.1		6.0	
Fair value of liabilities	(27.9)		(37.4)		(57.2)	
Deferred tax	0.0		0.0		3.9	
Diluted EPRA triple net NAV	9,354	€148.0 **	11,233	€152.9	11,513	€156.6

* Including €208m of goodwill
** Following the adjustment of the payout for preferential subscription rights linked to the capital increase from August 2017 (adjustment coefficient of 0.97391), in accordance with IAS 33

Other half-year information

Success of the option for the final dividend to be paid in shares

The shareholders who chose the option for their 2017 final dividend to be paid in shares, as proposed by the General Meeting on April 18, represent 54.78% of Gecina's capital. For reference, the proposed discount represented less than 3% based on the average opening prices on the regulated market Euronext Paris for the 20 trading days prior to the General Meeting, less the amount of the final dividend (rounded up to the nearest euro cent).
With this operation, 799,457 new shares have been created, representing 1.06% of Gecina's capital and voting rights, based on the capital and voting rights from June 30, 2018. The shares' settlement-delivery and admission for trading on the regulated market Euronext Paris took place on July 5, 2018.

CSR & Innovation Department created

On June 27, 2018, Gecina announced Sabine Desnault's appointment as Executive Director R&D, Innovation and CSR. She will be joining Gecina in September 2018 and will be a member of the Executive Committee.

Two sustainability performance-linked loans set up in the first half of the year

Since the start of the year, Gecina has set up its first two sustainable improvement loans with the banks ING and Crédit Agricole (for €100m and €150m respectively, with maturities of 7.0 and 7.5 years), with financial conditions that will be indexed against the Group's CSR and financial performance, notably taking into account GRESB ratings, measurements for occupant wellness in Gecina buildings and the achievement of targets set to reduce greenhouse gas emissions.

Rapid success with a Secondesk opened in Neuilly

In the first quarter, Gecina opened its first next-generation Secondesk, with nearly 2,200 sq.m, in Neuilly. By June 2018, Secondesk's workspace lettings rate was already up to 70%, confirming the relevance of Gecina's positioning on the flexible office and coworking segment. Secondesk's main clients include major industrial groups like the LVMH Group and established startups such as Feed.

Outlook for 2018 upgraded and confidence for the longer term

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

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

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.

www.gecina.fr

GECINA CONTACTS

Financial communications
Samuel Henry-Diesbach
Tel: +33 (0)1 40 40 52 22
samuelhenry-diesbach@gecina.fr

Virginie Sterling
Tel: +33 (0)1 40 40 62 48
virginiesterling@gecina.fr

Press relations
Julien Landfried
Tel: +33 (0)1 40 40 65 74
julienlandfried@gecina.fr

Armelle Miclo
Tel: +33 (0)1 40 40 51 98
armellemiclo@gecina.fr

APPENDIX

1- Financial statements

Condensed income statement and recurrent income

At the Board meeting on July 19, 2018, chaired by Bernard Carayon, Gecina's Directors approved the financial statements at June 30, 2018. The procedures for a limited review of these accounts have been completed and the statutory auditors' report on the half-year financial information was issued on July 19, 2018 following a verification of the information contained in the half-year financial report.

In million euros	Jun 30, 17	Without IFRIC 21 Jun 30, 18	*Change (%)*
Gross rental income	240.6	335.4	*+39.4%*
Expenses not billed to tenants	(19.1)	(27.3)	*+42.3%*
Net rental income	**221.4**	**308.1**	***+39.1%***
Operating margin for other business	-	5.5	*na*
Services and other income (net)	1.6	1.7	*+8.0%*
Salaries and management costs	(31.7)	(40.9)	*+29.3%*
EBITDA	**191.4**	**274.4**	***+43.4%***
Net financial expenses	(36.6)	(40.6)	*+10.8%*
Recurrent gross income	**154.7**	**233.8**	***+51.1%***
Recurrent minority interests	(0.5)	(1.1)	+132.6%
Recurrent tax	(1.6)	(2.5)	*+55.7%*
Recurrent net income (Group share) [1]	**152.7**	**230.3**	***+50.8%***
Gains from disposals	14.5	15.8	*+8.8%*
Change in fair value of properties	1,142.0	296.5	*-74.0%*
Depreciation and amortization	(1.7)	(31.3)	*ns*
Change in value of financial instruments and debt	9.4	(7.2)	*-175.9%*
Impact of business combination	-	(1.4)	*na*
Other	(9.8)	(1.2)	*-88.2%*
Consolidated net income (Group share)	**1,307.1**	**501.5**	***-61.6%***

[1] EBITDA less net financial expenses, recurrent minority interests and recurrent tax.

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CONSOLIDATED BALANCE SHEET

ASSETS *In million euros*	Jun 30, 18	Dec 31, 17
Non-current assets	18,375.6	18,983.0
Investment properties	15,073.4	15,407.4
Buildings under redevelopment	2,739.6	2,806.4
Buildings in operation	62.5	244.0
Other property, plant and equipment	15.0	13.3
Goodwill	207.7	207.7
Intangible assets	9.2	5.9
Financial receivables on finance leases	199.2	224.3
Long-term financial investments	4.9	3.4
Investments in associates	45.0	44.7
Non-current financial instruments	12.9	17.7
Deferred tax assets	6.3	8.2
Current assets	1,923.2	1,123.1
Properties for sale	1,388.8	578.7
Inventories	145.2	156.3
Trade receivables and related	156.1	141.7
Other receivables	151.7	100.0
Prepaid expenses	24.6	22.3
Current financial instruments	0.1	2.1
Cash and cash equivalents	56.6	122.0
TOTAL ASSETS	20,298.9	20,106.1

LIABILITIES *In million euros*	Jun 30, 18	Dec 31, 17
Capital and reserves	11,228.4	11,014.4
Share capital	565.7	565.2
Additional paid-in capital	3,167.4	3,167.1
Consolidated reserves	6,973.2	5,358.1
Consolidated net income	490.0	1,895.6
Capital and reserves attributable to owners of the parent	11,196.4	10,986.0
Non-controlling interests	32.0	28.4
Non-current liabilities	6,080.0	6,982.6
Non-current financial debt	6,028.4	6,926.8
Non-current financial instruments	6.6	6.5
Deferred tax liabilities	8.5	12.6
Non-current provisions	36.5	36.8
Non-current taxes due & other employee-related liabilities	0.0	0.0
Current liabilities	2,990.4	2,109.0
Current financial debt	2,298.9	1,607.9
Current financial instruments	0.4	0.2
Security deposits	85.8	86.8
Trade payables and related	265.4	278.4
Current taxes due & other employee-related liabilities	117.8	57.3
Other current liabilities	222.1	78.4
TOTAL LIABILITIES	20,298.9	20,106.1

This document does not constitute an offer to sell or a solicitation of an offer to buy Gecina securities and has not been independently verified.
If you would like to obtain further information concerning Gecina, please refer to the public documents filed with the French Financial Markets Authority (Autorité des marchés financiers, AMF), which are also available on our internet site.
This document may contain certain forward-looking statements. Although the Company believes that such statements are based on reasonable assumptions on the date on which this document was published, they are by their very nature subject to various risks and uncertainties which may result in differences. However, Gecina assumes no obligation and makes no commitment to update or revise such statements.