gecina

Press release
July 17, 2017

Earnings at June 30, 2017

Historically active first half of the year: operational performances and amicable business combination with Eurosic

Total return of +17.0% in six months and +22.2% over one year

- **Triple net NAV per share up +15.0% over six months to €152 per share**
- **Portfolio value up +10.4%** over six months, reflecting the upturn on the rental markets, combined with a further compression of capitalization rates, as well as ongoing work to extract value on the assets under development
- **Strong increase in value for the residential portfolio (+23.0% over six months)** reflecting the growing appetite for this asset class among institutional operators.

Recurrent net income in line with the Group's expectations and 2017 targets confirmed

- **Contraction in recurrent net income** over the first half of 2017, resulting from the **significant changes in scope** (€1.7 bn of non-strategic or mature buildings sold and work launched to redevelop five buildings in 2016)
- **These scope effects will no longer have an impact in the second half of 2017**, with recurrent net income expected to be at least equal to the level recorded in the second half of 2016[1] (excluding impacts linked to Eurosic's integration)
- **Confirmation of the target** for recurrent net income, restated for the impact of the healthcare sale and before taking into account Eurosic's integration, to contract by nearly -5% to -6%[2] in 2017.

Pace of project deliveries and lettings accelerated in a buoyant market

- **Buoyant market**, supporting Gecina's portfolio and strategy
- **Rental income for offices up +2.1% like-for-like**
- **Major letting successes** since the start of 2017, with nearly 95,000 sq.m let, pre-let, relet or renegotiated for €36.1m economic rents
- Close to **33,000 sq.m delivered** during the first half of the year in Paris (55 Amsterdam) and Lyon (Gerland/Septen), **with nearly 80% let**
- Pipeline pre-letting rate increased to 35% (pre-letting in 2017 so far of Octant-Sextant and 20 Ville-l'Evêque)

2017 already a historic year for Gecina with its proposed acquisition of Eurosic

- Acceleration of Gecina's total return strategy
  - **Acceleration of the portfolio's rotation**, with a planned sales program for over €1.2 bn
  - **Combined project pipeline** increased to nearly €2.5 bn (for the scope from end-2016), with deliveries scheduled from 2017 to 2019
  - **Immediate accretive impact** representing +10% for the full year on recurrent net income per share
- **Strengthening of the Group's strategic positioning** on real estate markets
  - **Growing specialization on offices** (>80% of the total portfolio after the disposal program)
  - **Strengthening of the office portfolio's focus on central sectors** (>60% in Paris City following the disposal program)
  - **Building of unrivalled coverage of the Paris market** (strengthening and access to new office markets at the heart of Paris)
- **Operation secured** and balance sheet safeguarded
  - Operation secured and fully financed, particularly through **a €1.5 bn bond issue with an average coupon of 1.3%**
  - **€1 bn capital increase** with preferential subscription rights issue planned to refinance part of the debt

New organization rolled out on July 3 to support operational performance

- **Creation of two business units for Offices and the Residential portfolio**, and recruitment of two executive directors to head up these units, making it possible to better monitor the operational and financial performances of the portfolios concerned.
- Setting up a dedicated business unit for the residential portfolio reflects Gecina's ambition to focus in priority on extracting value and optimizing the management of this division.

---

[1] All other things being equal
[2] This target may be revised up or down depending on opportunities for investments and sales during the year.

Key figures

In million euros	Jun 30, 16	Jun 30, 17	*Change (%)*
Gross rents	298.8	240.6	*-19.5%* ***(+1.6% like-for-like)***
EBITDA	247.3	191.4	*-22.6%*
Recurrent net income (Group share)	**198.0**	**152.7**	*-22.9%* ***(-11% excl. impact of healthcare sale)***
per share (€)	*3.16*	*2.46*	*-22.1%*
Net income – Group share	526.9	1307.1	*+148,0%*
Diluted EPRA triple net NAV (block)	**128.6**	**152.0**	***+18.2%***

** EBITDA less net financial expenses and recurrent tax, as defined in the accounts appended to this press release*
*** Table presenting the transition between Group shareholders' equity from the financial statements and EPRA triple net NAV available in section 3.7 of the half-year financial report*

Historically intense first half of the year on positive real estate markets

Earnings for the first half of 2017 reflect the solid trends for the rental and investment markets in Paris, with **EPRA triple net NAV** up +15% over six months and +2.1% **like-for-like growth in office rental income**.

Alongside this, the positive trends on the Paris markets have supported the major letting successes finalized since the beginning of 2017, with nearly 95,000 sq.m already let, pre-let or renegotiated, including the pre-lettings of Octant-Sextant (Levallois-Perret) and 20 Ville-l'Evêque (Paris CBD). These lettings have further strengthened Gecina's confidence in the outlook for growth over the coming years, particularly with its pipeline of projects that are under development.

These results also reflect a **transition phase** between the impact of the major volumes of sales and redevelopments carried out in 2016, which, as expected, explain the temporary contraction in recurrent net income for the first half of this year, and the future impacts that will be generated by Eurosic's acquisition and the deliveries of buildings that are currently under development. These significant scope effects, with a full impact over the first six months of this year, will have a relatively limited impact on the second six months. As a result, **Gecina is able to confirm with confidence its 2017 target** for recurrent net income, excluding the impact of both the healthcare sale and Eurosic's acquisition, to contract by -5% to -6%.

The first half of the year was also marked primarily by the **proposed amicable business combination with Eurosic,** which Gecina will gain control of by end of August. This is a strategically structuring operation for the Group, enabling it to ramp up and accelerate the deployment of its strategy, in line with the ambitions announced at the start of the year. In addition to accelerating the portfolio rotation program, particularly through the sales programs for which processes are already underway, this operation will further strengthen the Group's exposure to the office real estate market's most central sectors, especially in Paris City. The combined structure will have a pipeline that is unrivalled in Europe, focused principally on the market's most buoyant sectors, offering increased visibility in terms of cash flow growth and value extraction. In the short term, this operation **will have an accretive impact representing +10% per share** on a fully year basis.

In connection with the financing for this operation, Gecina has already refinanced part of the €2.5 bn bridge, which made it possible to finance the operation, through a **bond issue** in three tranches for a total of €1.5 bn, with an **average maturity of 10 years and an average coupon of 1.3%**. A €1 bn capital increase with preferential subscription rights issue is also planned.

Alongside this operation, Gecina has remained active on the markets with a **share buyback** program that has now been closed, making it possible to buy back €224.5 M of securities at an average price of €121.8 per share. The Group has also finalized its **acquisition of two office buildings** in Paris' central business district and La Défense for a total of €141.5 M. In addition, Gecina has finalized s**ales of residential assets** for €83 M, while a further €142 M of **sales were subject to preliminary agreements** at end-June 2017.

Since July 3, 2017, Gecina's teams have been working based on a **new organizational framework**. Two business units have been created for the office portfolio and the residential portfolio, with two executive directors recruited (Valérie Britay and Franck Lirzin respectively). This new organization will help build understanding of and improve the operational and financial performances of the portfolios concerned. Over the coming quarters, this new organization will also facilitate Eurosic's integration. The creation of a dedicated business unit for the residential division reflects Gecina's ambition to focus in priority on optimizing this portfolio's operational management and identifying opportunities for optimizing value.

Méka Brunel, Chief Executive Officer: *"Over one year, the strategy rolled out by Gecina has made it possible to generate a total return of more than +22%, which reflects not only the Paris office market's positive trends, but also the relevance of the Group's positioning on the Paris Region's key sectors, as well as the potential for growth and value creation with the project pipeline. Through its proposed amicable business combination with Eurosic, Gecina achieved a historic first half of the year, establishing itself as Europe's fourth-largest real estate group and the market leader for offices".*

Financial Calendar

Business at September 30, 2017
October 19, 2017

Rental income in line with the Group's forecasts and like-for-like growth confirmed

On a current basis, the rental performance reported for the first half of 2017 reflects the full impact of the significant changes in scope from 2016 (sale of the healthcare portfolio, transfer of five buildings to the pipeline and sales of various office buildings). This base effect should not impact the second half of 2017.

Total gross rental income came to €240.6 M for the first half of 2017. Restated for the healthcare portfolio's sale, it is down -7.3% on a current basis and up +1.6% like-for-like.

Like-for-like, the first half of the year confirms the **return to rental growth (+1.6%)**. This performance, driven primarily by the office portfolio, factors in the level of indexation, which is still low, but positive (+0.3%), a slightly positive level of reversion, and the letting of buildings that were partially or completely vacant in the first half of 2016.

On a current basis, the -7.3% contraction (excluding healthcare) is linked primarily to the offices and residential assets sold in 2016 (with an average premium of around +15% versus the latest appraisal values), as well as the launch of work to redevelop office buildings with strong potential for creating value when their current tenants leave. In 2016, Gecina incorporated seven new development projects into its pipeline, including five from within the Group's portfolio.

Over the period, the loss of rent resulting from the sales (excluding healthcare) carried out primarily in 2016 (Vinci-Rueil, Dassault-Suresnes, Bourse-Paris and residential properties on a vacant unit basis) represents a total of -€7.0 M. The building redevelopment projects launched, including Octant-Sextant in Levallois, 20 Ville l'Evêque in Paris and Graviers-Neuilly in 2016, represent a loss of rent of around -€17.8 M.

Gross rental income	Jun 30, 16	Jun 30, 17	Change (%)	
In million euros			Current basis	Like-for-like
Offices	**194.9**	**178.7**	**-8.3%**	**+2.1%**
Traditional residential	57.5	54.8	-4.7%	-0.1%
Student residences	7.0	7.1	+0.7%	+0.7%
Group total (excluding healthcare)	**259.5**	**240.6**	**-7.3%**	**+1.6%**
Healthcare and other	*39.4*	*0.0*	*-100.0%*	*NA*
Group total	298.8	240.6	*-19.5%*	+1.6%

Offices: positive trends in the most central sectors

Like-for-like, rental income is up +2.1%, in line with the Group's expectations. This increase reflects the improvement in the financial occupancy rate, particularly with Pointe Métro 2 let to CREDIPAR and Le Cristallin to the Renault Group. This growth has also benefited from a slightly positive level of both indexation (+0.4%) and reversion. With this organic performance, against a backdrop of improvements in market rental conditions, the Group is able to confirm that the **like-for-like change in office rental income is expected to be positive in 2017.**

On a current basis, rental income from offices is down -8.3% in view of the impact of the changes in scope from 2016 (sales and redevelopments), while the impact of deliveries was still limited for the first half of this year.

Gross rental income – Offices	Jun 30, 16	Jun 30, 17	Change (%)	
In million euros			Current basis	Like-for-like
Offices	194.9	178.7	-8.3%	+2.1%
Paris City	94.9	94.6	-0.3%	+1.0%
Paris CBD - Offices	*53.3*	*53.5*	*+0.3%*	*+3.4%*
Paris CBD - Retail units	*18.4*	*17.6*	*-4.1%*	*-3.6%*
Paris excl. CBD	*23.2*	*23.5*	*+1.3%*	*-1.4%*
Western Crescent - La Défense	82.2	65.3	-20.6%	+4.0%
Other	17.8	18.8	+5.4%	+1.0%

Occupancy rate stable and still high

The average financial occupancy rate for the first half of 2017 came to 95.5% excluding healthcare, stable over six months and year-on-year. For offices, this rate shows a slight improvement thanks to the letting of certain assets that were previously vacant in Gennevilliers (Pointe Métro 2) and Boulogne (Le Cristallin) in particular.

Average financial occupancy rate	Jun 30, 16	Dec 31, 16	Jun 30, 17
Offices	**95.4%**	**95.5%**	**95.5%**
Diversification	**95.9%**	**95.6%**	**95.5%**
Traditional residential	97.1%	96.6%	96.4%
Student residences	88.7%	89.1%	90.1%
Group total excl. healthcare	**95.5%**	**95.5%**	**95.5%**
Healthcare	*100.0%*	*100.0%*	-
Reported Group total	***96.2%***	***95.9%***	***95.5%***

Recurrent net income (Group share) in line with the Group's targets

Recurrent net income (Group share) is down –11% excluding the impact of the healthcare portfolio's sale (finalized on July 1, 2016), in line with the Group's expectations. This contraction primarily reflects the **high volume of assets being transferred to the pipeline** during 2016 (including Octant-Sextant in Levallois, 20 Ville l'Evêque in Paris and Neuilly Graviers), as well as the **impact of the properties sold in 2016**, achieving a 15% premium versus the latest appraisal values (Rueil Malmaison - Vinci, Suresnes- Dassault, Neuilly – Peretti and Paris-Bourse).

Since the first half's contraction in recurrent net income primarily reflects the changes in scope, mainly from the first half of 2016 and the start of the second half of 2016 (sales of office buildings and launch of redevelopment projects), as well as the finalization of the healthcare portfolio disposal (on July 1, 2016), this effect is not expected to be repeated over the second half of the year. **Gecina is therefore confirming that recurrent net income in 2017, excluding the impact of Eurosic's integration and restated for the impact of the healthcare sale, is expected to contract by around -5% to -6%[3].** This expected performance reflects the combined impact of underlying growth, which is expected to reach around +2% to +3%[4], and the start of redevelopment projects, which will be dilutive in the short term, but accretive when they are delivered, scheduled primarily for 2018 and 2019.

In million euros	Jun 30, 16	Jun 30, 17	*Change (%)*
Gross rental income	**298.8**	**240.6**	***-19.5%***
Net rental income	**277.6**	**221.4**	***-20.2%***
Services and other income (net)	1.0	1.6	*+61.9%*
Salaries and management costs	(31.3)	(31.7)	*+1.0%*
EBITDA	**247.3**	**191.4**	***-22.6%***
Net financial expenses	(47.0)	(36.6)	*-22.1%*
Recurrent gross income	**200.2**	**154.7**	***-22.7%***
Recurrent minority interests	(0.3)	(0.5)	*NS*
Recurrent tax	(1.9)	(1.6)	*-16.1%*
Recurrent net income (Group share)	**198.0**	**152.7**	***-22.9%***
Recurrent net income (Group share) per share	**3.16**	**2.46**	***-22.1%***

The rental margin came to 92.0%, stable compared with the first half of 2016 (excluding the healthcare portfolio), with the contraction in the rental margin for the residential portfolio (-110 bp to 81.0%) offset by the increase in the rental margin for offices (+80 bp to 95.9%). This increase reflects the improved occupancy rate for offices and the optimization of certain cost items.

	Group	Offices	Residential	Healthcare
Rental margin for first half of 2016 - reported	92.9%	95.1%	82.1%	99.0%
Rental margin for first half of 2016 - excl. healthcare	**92.0%**			
Rental margin at end-2016 – reported	92.4%	95.5%	81.0%	98.9%
Rental margin at end-2016 - excl. healthcare	**91.9%**			
Rental margin for first half of 2017	**92.0%**	**95.9%**	**81.0%**	**NA**

[3] These objectives do not include assumptions for any sales or investments and may therefore be revised up or down depending on opportunities for investments and sales during the year.
[4] Including the impact of sales (excluding healthcare) in 2016, deliveries of assets in 2016 and 2017, and organic growth.

Further reduction in the average cost of debt and extension of its average maturity

Gecina has continued to optimize its liabilities, capitalizing on a still positive environment to make progress on all its financial indicators.

Net financial expenses are down -22.1% compared with the first half of 2016 to €36.6 M.
The average cost of debt (including undrawn credit lines) came to 2.1% for the first half of 2017, down slightly (-10 bp) compared with 2016, thanks to the optimization work carried out in a very positive market environment.

As a result, **Gecina's ICR shows a further slight increase,** up from 4.9x at the end of 2016 to 5.0x at end-June 2017.

At the end of June 2017, **the average maturity of the Group's debt was up to 8.6 years** (compared with 6.7 years at end-2016 and 5.2 years at end-June 2016). This increase in the average maturity of debt has benefited primarily from the bond issues placed on June 27, 2017 for €1.5 bn with an average coupon of 1.3% and an average maturity of 10 years in connection with the financing for Eurosic's acquisition. It has also benefited from the anticipated renewals of unused credit lines for close to €1bn.

Net debt at end-June 2017 represents €3,936 M, down €803 M over the year, resulting from a predominantly net seller profile for the period. However, over six months, net debt is up €354 M, linked to the financing for the share buyback program and the progress made with the development pipeline.

At end-June 2017, Gecina's LTV came to 27.6% including duties and 29.3% excluding duties, virtually stable over six months (-10 bp). This stability reflects the offset impacts of the share buyback program and the investments made through the pipeline on the one hand, and on the other hand the increase in the portfolio's value and the assets sold over the first half of the year.

Ratios	Covenant	Jun 30, 17
Loan to value (block, excl. duties)	< 55%	29.3%
EBITDA (excluding disposals) / net financial expenses	> 2.0x	5.0x
Outstanding secured debt / net asset value of portfolio (block, excl. duties)	< 25%	5.8%
Net asset value of portfolio (block, excl. duties) in million euros	> 6,000 - 8,000	13,447

Historically active first half of the year in terms of investments

Proposed acquisition of Eurosic: €6.2 bn[5] real estate portfolio (86% offices)

On June 21, 2017, Gecina announced that it had received the support of Eurosic's six main shareholders (representing nearly 95% of the capital) under firm agreements signed to sell blocks and undertakings to tender securities for the public offer that will be submitted once the blocks have been acquired. The portfolio concerned by this transaction is made up primarily of offices (86%), with the majority located at the heart of Paris (59% of the office portfolio in Paris City and 24% elsewhere in the Paris Region).

This operation, in line with the Group's strategy, will make it possible to **accelerate the portfolio rotation** program (with a minimum of €1.2 bn of sales planned within 12 months), while also further **strengthening the prospects for growth and value creation** through an additional **pipeline** representing around €1 bn (at end-2016), located primarily in Paris.

Following the planned asset sales, with part already underway, the percentage of office properties within the combined structure will be **increased to over 80%** (versus 76% for Gecina on its own at June 30, 2017), **while the percentage of offices at the heart of Paris City will be increased to over 60%** (vs. 55% currently).
This operation will significantly improve Gecina's coverage of the heart of Paris, particularly in the key sectors represented by the 6th and 7th arrondissements, as well as the emerging districts in the 9th and 10th arrondissements.

This operation's financing is secured with a €2.5 bn bridge, which has been partially refinanced through bond issues for €1.5 bn (with an average coupon of 1.3% and an average maturity of 10 years). The rest will be refinanced through a capital increase with preferential subscription rights for €1.0 bn[6]. This operation will also

[5] Based on the offer price of €51 per share, excluding the diversification portfolios sold to Batipart
[6] Under the authorizations approved at the General Meeting on April 26, 2017.

enable Gecina to accelerate its real estate portfolio rotation strategy, with a minimum of €1.2 bn of sales[7] expected to be completed within 12 months. As a result, the LTV ratio will be kept below 40%. A further €1 bn of sales could be considered depending on market conditions.

Two office buildings in the CBD and La Défense acquired since the start of the year

Since the start of the year, Gecina has also finalized its acquisition of two office buildings in key sectors for the Paris Region office market.
In this way, the Group acquired a building with nearly 5,000 sq.m on Rue de Courcelles in Paris' CBD for almost €63 M excluding duties. This building is adjacent to an asset with nearly 20,000 sq.m already owned by Gecina (Le Banville), opening up opportunities for extensive real estate synergies.
On July 4, Gecina also finalized its acquisition of a 10,500 sq.m office building in La Défense, based on an immediate net yield of around 5.7%, for €78.5 M. This building is fully let with a residual firm period of three years and is located in the ZAC Danton development zone, close to the T1&B buildings already owned by Gecina.

Share buyback program: 1.8 million securities for €224.5 M, with an average of €121.8 per share

During the first half of 2017, Gecina bought back its own securities in connection with its share buyback program, set up on February 24. This share buyback program was closed on June 21, after making it possible to acquire nearly 1.8 million shares for a total of €224.5 M, with an average of €121.8 per share. The program was therefore carried out for 75% of the maximum authorized amount of €300 M.

€83 M of residential sales finalized during the first half of 2017

During the first half of 2017, Gecina finalized €83 M of residential sales, with €72 M on a unit basis and €12 M on a block basis. The unit sales achieved an average premium of 32.2% compared with the latest appraisals.
At end-June 2017, €142 M of sales were also covered by preliminary agreements (with €122 M concerning residential properties, including €20 M on a unit basis), while preliminary agreements are currently being prepared for €13 M of sales.

Lettings ramped up since the start of the year

In line with the ambition mapped out by Gecina at the start of the year to accelerate its strategy's deployment, Gecina has secured a major volume of new lettings (lettings, relettings or renewals) since the start of the year, particularly with projects that are under development. Based on the portfolio of projects under development at end-2016, nearly 45% of the space has already been or is about to be pre-let, compared with just 22% at the end of 2016.

Gecina has let, relet or renegotiated nearly 95,000 sq.m of offices, representing €36.1 M of economic rent, reflecting both the positive trends on the Paris market and the Group's commitment to anticipating its letting challenges.

✓ **11,000 sq.m let in anticipation** of a tenant departure scheduled for end-2017

Ahead of schedule, Gecina has let 11,000 sq.m of office space in the **Le Valmy** building in eastern Paris (Paris 20th) to an outstanding tenant almost nine months before it is due to be vacated, with a firm six-year period. Alongside this, Gecina has extended an existing lease with this tenant for over 5,000 sq.m of space in this same building.

✓ Almost **9,000 sq.m of vacant space** let in Saint-Ouen

Gecina has also signed a lease with a firm nine-year period with Caisse Régionale RSI Île-de-France for the **Dock-en-Seine** building in Saint-Ouen. The building will be fully occupied following this tenant's arrival at the start of 2018.

✓ **11,600 sq.m** let to the Renault Group in **Le Cristallin**

In addition, Gecina has signed a lease with a firm 10-year period with the Renault Group for the 11,600 sq.m available in the **Le Cristallin** building, delivered in 2016. This letting represents the final stage in the redevelopment and value extraction process launched by Gecina for this building in 2014.

✓ **40% of the space let for 55 Amsterdam**, delivered in the first half of 2017

On June 15, 2017, Gecina signed a six-year lease with an operator from the new economy for nearly 40% of the space in the **55 Amsterdam** building, located in Paris' 8th arrondissement.

[7] Excluding the sale of Eurosic's diversification portfolio, sold to Batipart.

In addition, advanced discussions are on-going on remaining surfaces.
Based on these transactions and the assumptions for letting the remaining space, Gecina now expects this operation's yield on delivery to be higher than the initial expectations for around 7.8%. This performance highlights the level of interest among tenants in a building that is aligned with the real estate industry's highest standards, as well as the positive rental market at the heart of Paris.

✓ **20 Ville l'Evêque pre-let** nine months before delivery in Paris' central business district

Gecina has signed a lease for a firm six-year period with an outstanding tenant for **20 rue de la Ville l'Evêque** at the heart of Paris' central business district (CBD), nine months before it is scheduled to be delivered.

✓ **81% of Octant Sextant (Levallois-Perret) pre-let** almost one year before delivery

On July 11, Gecina signed a lease with a firm 10-year period with the Lagardère Active Group for 28,000 sq.m, representing 81% of this project's total space, almost one year before this project, currently under development, is due to be delivered.

Project pipeline (€3.6 bn): two projects delivered during the first half of the year in Paris and Lyon

Gecina delivered two office real estate projects during the first half of 2017 in Paris (55 Amsterdam) and Lyon (Gerland-Septen). These two buildings represent a combined total of over 32,000 sq.m of offices and almost 80% of their space has already been let.

Delivery in first half of 2017	Location	Delivery dates	Space (sq.m)	Total invest. (€m)	Expected yield on delivery (net)	Indicative prime rates Q1-2017 (BNPPRE)	% let (at June 30, 2017)
Paris - 55 Amsterdam	Paris	Q1-17	12,300	101	7.8%		40%
Gerland - Septen	Lyon	Q2-17	20,300	52	8.4%		100%
TOTAL			32,600	152	8.0%	3.7%	77%

Following the delivery of these two projects, the committed pipeline for operations under development represents nearly €1.4 bn (vs. €1.5 bn at end-2016), and is made up primarily of programs with delivery scheduled for 2018, with an expected yield on delivery of around 6.4%.

€1.4 bn of committed projects with deliveries expected primarily for 2018

Nearly half of this committed pipeline is located in Paris City, with more than 40% in the Western Crescent's best business sectors (Levallois, Neuilly and Issy-les Moulineaux), and the remaining 10% concerning the SKY 56 project in Lyon Part-Dieu, already pre-let at 83%. Following the deliveries of the 55 Amsterdam and Gerland-Septen buildings, with nearly 80% of their space let on average, Gecina's committed pipeline from end-June 2017 is expected to be pre-let for over 35% (in terms of space) taking into account the negotiations that are currently being finalized.

At end-June 2017, €355 M were still to be invested on committed projects, with €141 M in 2017, €189 M in 2018 and €25 M in 2019.

€0.70 bn of "certain" controlled projects over the short or medium term, exclusively in Paris' CBD

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 €0.70 bn. The "certain" controlled pipeline is now concentrated exclusively in Paris' CBD, through projects with indicative delivery dates from 2020 to 2021. The "controlled and certain" pipeline notably includes the project located on Avenue de la Grande Armée, with the current tenant (PSA Group) scheduled to leave at the end of 2017.

€1.55 bn of "probable" controlled projects over the longer term, with 87% 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.

Projects	Immostat sector	Delivery date	Space (sq.m)	Total investment (€M) (1)	Already invested (€M) (2)	Still to invest (€M)	Est. yield on cost (net)	Exit yield on delivery (Gecina est.)	Indicative prime rate (BNPPRE)	Pre-letting Jun 30 (%)
Levallois - Octant Sextant	Western Crescent	Q3-18	37,500	222	181	41	7.6%			81%
20 Ville l'Evêque	Paris CBD	Q1-18	6,400	63	55	8	5.5%			100%
Paris – Guersant	Paris non-CBD	Q3-18	14,100	127	98	29	6.1%			
Lyon Part Dieu - Sky 56	Lyon	Q3-18	30,700	133	78	54	6.9%			83%
Paris – Ibox	Paris non-CBD	Q3-18	19,400	163	114	49	5.9%			
Be Issy	Western Crescent	Q3-18	25,000	159	109	51	7.0%			
Le France	Paris non-CBD	Q4-18	20,300	182	160	23	5.2%			
Paris – Friedland	Paris CBD	Q2-19	2,000	23	17	6	5.7%			
Neuilly – Graviers	Western Crescent	Q2-19	14,500	118	95	24	5.8%			
Paris - 7, Rue de Madrid	Paris CBD	Q3-19	10,500	109	64	45	6.4%			
Total offices			**180,400**	**1,301**	**973**	**327**	**6.3%**	**4.6%**	**3.8%**	**35%**
Marseille – Mazenod	Other regions	Q3-17	3,700	14	14	1	6.7%			NA
Puteaux Valmy - Skylights	Western Crescent	Q3-17	4,000	21	21	1	6.4%			NA
Puteaux - Rose de Ch.	Western Crescent	Q3-18	7,400	43	17	26	6.9%			NA
Total student residential			**15,100**	**79**	**52**	**27**	**6.7%**	**5.0%**	**NA**	
TOTAL committed projects			**195,500**	**1,380**	**1,025**	**355**	**6.4%**	**4.6%**	**NA**	
Controlled and certain		2020-2021	**44,000**	**698**	**538**	**159**	**4.8%**	**3.9%**	**3.2%**	
Controlled and probable		2019-2024	**208,547**	**1,554**	**691**	**863**	**6.9%**	**4.9%**	**NA**	
Total pipeline			**448,047**	**3,632**	**2,254**	**1,377**	**6.3%**	**4.6%**		

(1) Total investment for the committed pipeline = latest appraisal value from when the project started up + total build costs. For the controlled pipeline = latest appraisal to date + operation's estimated costs
(2) Includes the value of plots and existing buildings for redevelopments

Strong portfolio value growth over the first half of the year (+10.2% year-on-year)

The portfolio value (block) represents €13,338 M, up +8.7% over six months and +10.2% year-on-year on a like-for-like basis.

Like-for-like, the **office portfolio** value is up +5.1% over six months, factoring in +6.5% 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 (+3.7% for the Western Crescent and La Défense and +2.2% for other sectors). Like-for-like, these appraisals reflect a 22 bp compression of capitalization rates for offices since the end of 2016 to 4.39% including retail units and **4.88% exclusively for offices**. This growth in value includes a positive rent effect, indicating the effective upturn on the rental market, particularly in the Paris Region's most central sectors. Nearly one third of this increase in value is linked to a business plan effect, with the rest resulting from the compression of capitalization rates.

The valuation retained for Gecina's **residential portfolio** shows a significant increase, up +23.0% like-for-like over six months. This strong increase primarily reflects the growing appetite among institutional investors for residential real estate, illustrated by several recent transactions used as a benchmark for the appraisals from end-June 2017.

Breakdown by segment	Appraised values		Net capitalization rates		Like-for-like change	
In million euros	Jun 30, 17	Dec 31, 16	Jun 30, 17	Dec 31, 16	June 2017 vs. Dec 2016	June 2017 vs. June 2016
Offices (incl. retail units)	**10,185**	**9,434**	**4.39%**	**4.61%**	**+5.1%**	**+6.6%**
Paris City	**5,629**	**5,125**	**3.93%**	**4.18%**	**+6.5%**	**+8.2%**
Paris CBD - Offices	2,851	2,609	4.24%	4.42%	+5.2%	+6.9%
Paris CBD - Retail units	1,412	1,298	2.42%	2.63%	+8.8%	+10.5%
Paris non-CBD	1,365	1,218	5.81%	6.31%	+6.5%	+8.1%
Western Crescent - La Défense	**3,567**	**3,399**	**4.72%**	**4.91%**	**+3.7%**	**+5.3%**
Other	**989**	**910**	**5.98%**	**6.10%**	**+2.2%**	**+2.5%**
Traditional and student residential (block)	**3,153**	**2,644**	**3.54%**	**4.37%**	**+23.0%**	**+24.1%**
Group total	**13,338**	**12,078**	**4.19%**	**4.56%**	**+8.7%**	**+10.2%**
Total value: unit appraisals	13,807	12,788				

NAV growth supported by the strategy and favorable market trends

Diluted EPRA triple net NAV (block) came to €152.0 per share, with strong growth of +18.2% year-on-year.
Diluted EPRA NAV (block) represents €152.7 per share, up +15.6% year-on-year.

This performance reflects a 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 (+€3.2 per share). 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 2017 came to +€19.9, with the following breakdown:

- Interim dividend: - €2.6
- Impact of recurrent net income: + €2.4
- Value adjustment on offices assets like-for-like: + €6.6
- Value adjustment on residential assets like-for-like: + €8.6
- Net value increase for 2017 acquisitions and pipeline (incl. deliveries): + €3.1
- Net capital gains from sales completed or underway: + €0.2
- Fair value adjustment on financial instruments & debt: + €1.0
- Accretion from share buyback program: + €0.9
- Other: - €0.3

On a unit value basis, diluted EPRA NAV represented €158.6 per share at end-June 2017, compared with €143.6 per share at end-2016, up +10.4% over the first six months of 2017.

	Jun 30, 16		Dec 31, 16		Jun 30, 17	
In million euros	Amount / number of shares	€/share	Amount / number of shares	€/share	Amount / number of shares	€/share
Fully diluted number of shares	63,370,944		63,402,484		61,556,067	
Shareholders' equity under IFRS	**7,961**		**8,276**		**9,031**	
+ Receivable from shareholders	157.1		0.0		159.2	
+ Impact of exercising stock options	35.2		17.7		15.6	
Diluted NAV	**8,153**	**€128.7**	**8,294**	**€130.8**	**9,205**	**€149.6**
+ Fair value reporting of buildings, if amortized cost option has been selected	87.9		92.9		109.1	
+ Optimization of transfer duties	71.4		68.9		66.8	
- Fair value of financial instruments	62.5		29.5		20.1	
= Diluted EPRA NAV	**8,375**	**€132.2**	**8,485**	**€133.8**	**9,401**	**€152.7**
+ Fair value of financial instruments	(62.5)		(29.5)		(20.1)	
+ Fair value of liabilities	(165.2)		(78.9)		(27.9)	
= Diluted EPRA triple net NAV	**8,147**	**€128.6**	**8,377**	**€132.1**	**9,354**	**€152.0**

New organizational structure in place since July 3

Since July 3, 2017, Gecina's teams have been working based on a new organizational framework. Two business units have been created for the office portfolio and the residential portfolio, with two executive directors recruited (Valérie Britay and Franck Lirzin respectively). This new organization will help build understanding of and improve the operational and financial performances of the portfolios concerned. Over the coming quarters, this new organization will also facilitate Eurosic's integration. The creation of a dedicated business unit for the residential division reflects Gecina's ambition to focus in priority on optimizing this portfolio's operational management and identifying opportunities for extracting value.
As a result of this reorganization, the composition of the executive committee has been redefined around the following seven executives:

- Thibault Ancely, Executive Director Investments and Development
- Valérie Britay, Executive Director Offices
- Brigitte Cachon, Executive Director R&D, Public Relations and CSR
- Nicolas Dutreuil, Executive Director Finance
- Franck Lirzin, Executive Director Residential
- Philippe Valade, General Secretary
- Frédéric Vern, Executive Director Legal Affairs (from September 2017).

2017 targets confirmed (excluding impact of Eurosic's acquisition)

2017 reflects Gecina's strong choices in terms of value extraction, particularly the sales of mature and non-strategic assets in 2016, as well as the launch of work to redevelop five previously occupied buildings in order to optimize its extraction of value creation potential. In view of the results achieved by Gecina over the first half of this year, the Group is able to confirm that **recurrent net income, restated for the impact of the healthcare sale, is expected to contract by nearly -5% to -6% in 2017[8].** This expected performance reflects the combined impact of underlying growth, which is expected to reach around +2% to +3%[9] including the impact of sales (excluding healthcare) and the start of work to redevelop buildings from the portfolio after they have been vacated.

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
Brigitte Cachon
Tel: +33 (0)1 40 40 62 45
brigittecachon@gecina.fr

Thérésa Vu
Tel: +33 (0)1 44 82 46 13
theresa.vu@consultants.publicis.fr

[8] This target may be revised up or down depending on opportunities for investments and sales during the year. It does not include the impacts of the acquisition of Eurosic, which is underway.
[9] Including the impact of sales (excluding healthcare) in 2016, deliveries of assets in 2016 and 2017, and organic growth.

APPENDIX

1- Financial statements

Condensed income statement and recurrent income

At the Board meeting on July 17, 2017, chaired by Bernard Michel, Gecina's Directors approved the financial statements at June 30, 2017. 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 17, 2017 following a verification of the information contained in the Half-year Financial Report.

Excluding IFRIC 21 and IFRS 5 In million euros	Jun 30, 16	Jun 30, 17	*Change (%)*
Gross rental income	298.8	240.6	*-19.5%*
Expenses not billed to tenants	(21.2)	(19.1)	*-9.8%*
Net rental income	**277.6**	**221.4**	***-20.2%***
Services and other income (net)	1.0	1.6	*+61.9%*
Salaries and management costs	(31.3)	(31.7)	*+1.0%*
EBITDA	**247.3**	**191.4**	***-22.6%***
Gains from disposals	30.9	14.5	*NS*
Change in fair value of properties	336.4	1,142.0	*NS*
Amortization	(2.4)	(2.2)	*-7.0%*
Net impairments and provisions	1.5	0.5	*NS*
Operating income	**613.7**	**1,346.2**	***+119.4%***
Net financial expenses	(47.0)	(36.6)	*-22.1%*
Financial impairments and depreciation	0.0	0.0	
Change in value of financial instruments and debt	(36.4)	9.4	*-125.9%*
Net income from associates	0.1	0.0	*NS*
Pre-tax income	**530.3**	**1,319.0**	***+148.7%***
Current tax	(1.9)	(1.6)	*-16.1%*
Non-current tax	0.0	0.0	*NS*
Net income from continuing operations	**528.4**	**1,317.4**	
Net income from discontinued operations			
Consolidated net income	**528.4**	**1,317.4**	***+149.3%***
Non-recurrent minority interests	(1.1)	(9.8)	
Recurrent minority interests	(0.3)	(0.5)	
Net income (Group share)	**526.9**	**1,307.1**	***+148.0%***

Recurrent net income - total share	**198.4**	**153.2**	***-22.8%***
Recurrent net income - Group share	**198.0**	**152.7**	***-22.9%***
Average number of shares over the period	62,713,386	62,055,134	*-1.0%*
Undiluted recurrent net income per share - Group share	**3.16**	**2.46**	***-22.1%***

CONSOLIDATED BALANCE SHEET

ASSETS *In million euros*	Jun 30, 17	Dec 31, 16
Non-current assets	**12,800.1**	**11,546.9**
Investment properties	11,669.2	10,430.6
Buildings under redevelopment	1,053.0	1,038.7
Buildings in operation	60.8	61.1
Other property, plant and equipment	8.4	7.4
Intangible assets	5.8	6.3
Long-term financial investments	2.8	2.8
Investments in associates	0.0	0.0
Non-current financial instruments	0.0	0.0
Deferred tax assets	0.0	0.0
Current assets	**2,436.5**	**798.8**
Properties for sale	554.6	547.4
Inventories	0.0	0.0
Trade receivables and related	121.2	105.9
Other receivables	84.0	67.7
Prepaid expenses	20.0	17.6
Current financial instruments	0.6	1.5
Cash and cash equivalents	1,656.1	58.6
TOTAL ASSETS	15,236.6	12,345.7

LIABILITIES *In million euros*	Jun 30, 17	Dec 31, 16
Capital and reserves	**9,054.6**	**8,289.7**
Share capital	475.8	475.8
Additional paid-in capital	1,910.7	1,910.7
Consolidated reserves	5,345.0	5,076.1
Consolidated net income	1,299.3	813.5
Capital and reserves attributable to owners of the parent	**9,030.7**	**8,276.0**
Non-controlling interests	24.0	13.7
Non-current liabilities	**4,698.3**	**3,230.9**
Non-current financial debt	4,636.8	3,158.8
Non-current financial instruments	20.7	31.0
Deferred tax liabilities	0.0	0.0
Non-current provisions	40.8	41.0
Non-current taxes due & other employee-related liabilities	0.0	0.0
Current liabilities	**1,483.6**	**825.1**
Current financial debt	955.5	481.6
Current financial instruments	0.0	0.0
Security deposits	51.3	49.3
Trade payables and related	198.9	211.7
Current taxes due & other employee-related liabilities	72.8	41.2
Other current liabilities	205.2	41.3
TOTAL LIABILITIES	15,236.6	12,345.7

2- ANNUALIZED GROSS RENTAL INCOME

In million euros	IFRS-2016	IFRS-H1-2017
Offices	350	340
Traditional residential	114	111
Student residences	15	15
Total	**479**	**464**

Gecina draws the public's attention to the risk factors described in section 1.7 "Risks" of the 2016 reference document. The occurrence of one or more of these risks may have a material adverse effect on Gecina's activities, reputation, financial position, results, outlook or share price.

Disclaimers

This press release includes indications concerning the objectives, outlook and development strategies of Gecina and its consolidated subsidiaries ("Gecina"), as well as forward-looking statements, particularly relating to the Eurosic acquisition and the related financing operations described in this press release (the "Eurosic Acquisition"). These indications may be identified by the use of the future or conditional tense or by forward-looking terminology, including the terms "considers" "anticipates", "thinks", "targets", "expects", "intends", "must", "aims", "estimates", "believes", "wishes", "may", or in each case, their negative or other variations or comparable terminology. These forward-looking statements are not historical facts and shall not be interpreted as guarantees that the facts and data stated will occur. These forward-looking statements are based on data, assumptions and objectives that Gecina believes to be reasonable. They may evolve or change due to uncertainties relating to the economic, financial, competitive and regulatory environment. In addition, the occurrence of certain risks listed in section 1.7 "Risks" of the 2016 reference document may have an impact on Gecina's activities, outlook and financial results, as well as its ability to meet its objectives. The information mentioned in this press release includes statements regarding Gecina's intentions, expectations and objectives in relation to, inter alia, Gecina's market, strategy, growth, results, financial position and cash position. The forward-looking statements mentioned in this press release are provided on the date of this press release. Subject to all relevant laws or regulations, Gecina undertakes no obligation to publish any revisions to any forward-looking statements included in this press release in order to reflect any changes in its objectives or in the events, conditions or circumstances after the date of this press release. Gecina operates in a rapidly-changing and competitive environment; it cannot anticipate all the risks, uncertainties or other factors that may affect its activity, their potential impact on it activity or to what extent the occurrence of a risk or a combination of risks may cause results and developments to differ materially from those expressed or implied by the forward-looking statements, while noting that forward-looking statements are not guarantees of future performance.

This press release and the information contained herein do not constitute an offer to sell or purchase, or the solicitation of an offer to sell or purchase, Gecina securities.

No communication or information relating to the contemplated capital increase or the mandatory public offer may be distributed to the public in any jurisdiction (other than France) in which registration or approval is required. No action has been (or will be) undertaken in any jurisdiction outside of France where such steps would be required. The subscription for or purchase of Gecina securities may be subject to legal or statutory restrictions in certain jurisdictions. Gecina assumes no responsibility for any breach of such restrictions by any person. The distribution of this press release in certain jurisdictions may be restricted by law.

This press release does not constitute a prospectus within the meaning of Directive 2003/71/EC as amended (the "Prospectus Directive"). The rights issue will be open to the public in France only.

With respect to each member State of the European Economic Area other than France (the "Member States"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring a publication of a prospectus in any Member State. As a result, the securities of Gecina may only be offered in the Member States (a) to qualified investors, as defined by the Prospectus Directive, or (b) in any other circumstances not requiring Gecina to publish a prospectus as provided for under Article 3(2) of the Prospectus Directive. For the purposes of this paragraph, "securities offered to the public" in a given Member State means any communication, in any form and by any means, of sufficient information concerning the terms and conditions of the offer and the securities so as to enable an investor to make a decision to buy or subscribe for the securities, as the same may be varied in that Member State. The above selling restrictions are in addition to any other selling restrictions that may be applicable in the Member States that have transposed the Prospectus Directive.

The distribution of this press release is directed only at (i) persons outside the United Kingdom, subject to applicable laws, or (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order") or (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) (a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The rights issue will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such rights will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this press release or any information contained herein.

This press release does not constitute an offer or invitation to sell or purchase, or a solicitation of any offer to purchase or subscribe for, any securities of Gecina in the United States of America. Securities may not be offered, subscribed or sold in the United States of America without registration under the 1933 U.S. Securities Act, as amended (the "U.S. Securities Act"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements thereof. The securities of Gecina have not been and will not be registered under the U.S. Securities Act and Gecina does not intend to make a public offer of its securities in the United States of America.

The distribution of this press release in certain countries may be prohibited under applicable law.

This press release does not constitute an offer of securities in the United-States (including in the territories and dependencies and in any State of the United States), in Canada, in Australia, or in Japan.