Gecina — Bien plus que des mètres carrés

Press release

July 28, 2010

2010 first-half earnings:

€201 million in positive net income

A clear growth strategy

At the Board meeting on July 27, 2010, chaired by Bernard Michel, Gecina's Directors approved the financial statements at June 30, 2010. The audit procedures have been performed on these accounts, and the certification reports will be issued once the information contained in the half-year financial report has been checked.

Key figures

in € mn	30-june-10	30-june-09	*Var. (%)*
Gross rentals	309.6	321.6	*-3.8%*
EBITDA	246.2	256.1	*-3.8%*
Recurring result	176.5	184.1	*-4.1%*
per share (in €)	*2.90*	*3.08*	*-6.0%*
Net consolidated income	200.9	(510.0)	*ns*
Average number of shares over period	60,898,618	59,714,573	

Impacts of 2009 disposals on rental income and recurrent income

Gross rental income is down 3.8% on a current basis, primarily reflecting the impact of the disposals carried out in 2009 for a total of €756 million, with €396 million on office properties and €333 million on residential real estate. Certain office property contracts have been renegotiated down, while the vacancy rate has increased in the logistics division, also affecting rental income during the first half of 2010. This can be seen in the change in rental income on a comparable basis, down 3% for offices and 12.3% for logistics.

In this way, the difference in revenues between the first half of 2010 and the first half of 2009 factors in the negative impact of disposals (-€30 million) combined with the change on a comparable basis (-€6 million), partially offset by the inclusion of rental income from healthcare real estate (+€22 million) in addition to rent generated by investments (+€2 million). These changes, which had been anticipated by the Group, are in line with the budget.

in € mn	June 30, 2010	June 30, 2009	Variation (%)	
			current perimeter	constant perimeter
Group Total	**309.6**	**321.6**	**-3.8%**	**-1.8%**
Offices	169.1	194.5	-13.1%	-3.0%
Residential	92.2	97.9	-5.9%	+2.4%
Logistics	22.2	0.0	ns	+0.5%
Healthcare	16.4	19.1	-14.1%	-12.3%
Hotels	9.7	10.1	-3.9%	-2.9%

[1] *The Healthcare business, consolidated on an equity basis in 2008 and during the first half of 2009, has been fully consolidated since the second half of 2009. For comparison, the change in rental income on a comparable basis is calculated factoring in 100% of Gecimed's rental income for the first half of 2009.*

The **average financial occupancy rate** came to 94.6% for the first half of the year, compared with 95.8% for the first half of 2009. This 1.2 point drop primarily reflects the increase in the vacancy rate in the logistics sector between the two periods. Vacant logistics space represented 312,000 sq.m at June 30, 2010, following the delivery of the Moussy-le-Neuf (Sections A & B), Lauwin Planque (Section B) and Sablé-sur-Sarthe (Section A) platforms.

Avg financial occupancy rate	June 30, 2010	June 30, 2009
Group	**94.6%**	95.8%
Offices	94.9%	95.2%
Residential	97.6%	98.7%
Logistics	75.0%	84.7%
Hotels/Healthcare	100.0%	100.0%

The Group's **rental margin** improved at 91.3%, compared with 91.0% for the first half of 2009. This positive trend is linked to the increase in the margin on residential real estate (84.0%, compared with 82.5% at the end of June 2009) thanks to a significant improvement in the recovery of expenses.

On office real estate, the margin is stable at 94.7% compared with 95% at the end of June 2009. However, the margin is down on logistics, dropping from 90.5% at the end of June 2009 to 81.7% reflecting the vacancies, with certain costs not recovered since there were no tenants in the facilities concerned.

2010 first half	Group	Offices	Residential	Healthcare	Logistics	Hotels
Rental margin	91.3%	94.7%	84.0%	99.3%	81.7%	99.9%

Net financial expenses are down to €69.7 million, compared with €72 million at June 30, 2009. The average cost of debt was 3.29% for the first half of the year, compared with 3.44% in 2009.

Recurrent income totaled €176.5 million, compared with €184.1 million at June 30, 2009, down 4.1% due to the lower level of rental income.

€ mn	June 30, 2010	June 30, 2009	Var (%)
Gross rental income	**309.6**	**321.6**	***-3.8%***
Expenses on properties	(75.3)	(81.0)	
Expenses billed to tenants	48.0	52.2	
Net rental income	**282.3**	**292.9**	***-3.6%***
Services and other expenses (net)	1.8	2.7	
Salaries, ringe benefits & management costs (net)	(37.8)	(39.4)	
EBITDA	**246.2**	**256.1**	***-3.8%***
Net financial expenses	(69.7)	(72.0)	
Recurring result	**176.5**	184.1	***-4.1%***

Asset turnover: 70% of annual disposal program achieved by end of June

Real estate investments totaled €200.7 million, including:

- Projects delivered during the first half of the year for €104.3 million, including the Anthos office building in Boulogne Billancourt for €79 million;
- Investments on projects under development for €73.6 million;
- Improvement investments for €22.9 million.

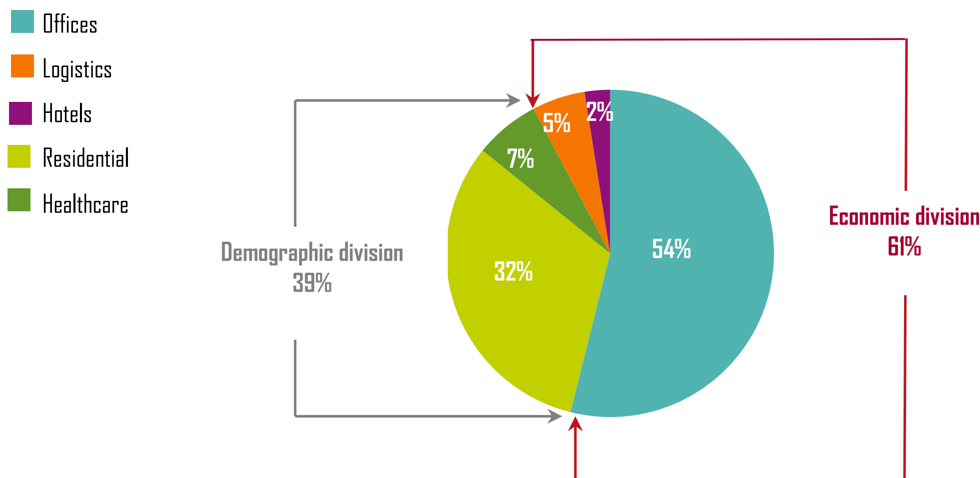
Disposals during the first half of the year came to €300 million, with an annual target of €430 million. In addition, the preliminary agreements signed at the end of June 2010 represent close to €100 million, in addition to around €90 million for which due diligence processes are underway. The Group is thus confident that it will be able to achieve its program for disposals over the full year.

Portfolio valuation: trend reversal confirmed

€ mn	Jun 30, 2010	Dec 31, 2009	Jun 30, 2009
Portfolio value			
Block value	10,638	10,552	11,221
Unit value	11,359	11,326	12,062
Diluted NAV			
Block NAV	5,339	5,485	5,795
per share (€)	*86.8*	*88.3*	*92.8*
Unit NAV	6,059	6,258	6,637
per share (€)	*98.6*	*100.8*	*106.3*

The **portfolio value (block)** is up +2.3% in relation to December 31, 2009 on a comparable basis and +1% on a current basis. After falling for more than two years, this represents a significant inflection point.

The breakdown of the value by segment at June 30, 2010 is as follows (cf. details appended):



Diluted NAV (block), as calculated in the appendix, came to €86.8 per share, down €1.5 per share in relation to the end of 2009, with this difference reflecting the following impacts:

- Dividend payment (-€4.4)
- Impact of recurrent income (+€2.9)
- Value adjustment on assets (+€3.1)
- Value adjustment on derivatives (-€2.5)
- Other items (-€0.6)

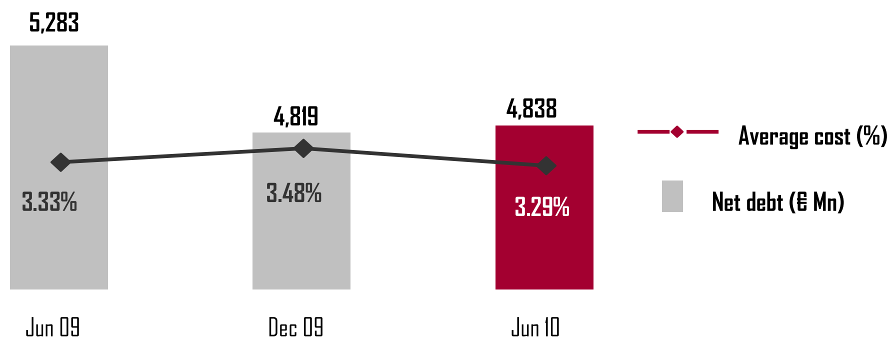
Excluding the change in derivatives and after the payment of dividends, diluted triple net NAV (EPRA reference) came to €91.6 at June 30, 2010, compared with €86.3 at December 31, 2009.
Consolidated net income (Group share) totaled €201 million, compared with a €510 million loss at June 30, 2009, notably taking into account the portfolio value adjustment for €186 million, the value adjustment on financial instruments for -€151 million, and €21 million in proceeds from disposals.

Financial structure: greater flexibility

The Group does not have any significant maturities due before 2012. Indeed, the bond issue which represented the main maturity in 2010 was redeemed on February 19, for a total of €540 million. In addition, the Group has renewed three contracts maturing in 2011 and 2013 with its partner banks, raising the total from €1,015 million to €1,150 million and setting their maturities for 2014 and 2015. Strengthening capital market resources remains a priority objective in the financial policy. Following the €320 million issue of ORNANE

bonds in April this year which may be redeemed in cash and/or converted into new and/or existing shares, Gecina received approval from the French securities regulator (AMF) on July 6 for its EMTN program to issue up to €2 billion.

Net debt came to €4,838 million at the end of June 2010, stable in relation to the end of 2009. Debt maturity, hedged for 86%, represented 4.08 years at the end of June 2010, compared with 3.45 years at the end of 2009.



The **LTV ratio** came in at **45.7%**, the same level than at the end of 2009 and lower than at the end of June 2009 (47.1%).

Strategy and outlook

Clear strategy for development in the areas in which the Group has leading positions

As proposed by its Chief Executive Officer Christophe Clamageran, Gecina has redefined its medium-term strategy, focusing on the French market and the three sectors in which the Group has leading positions: office, residential and healthcare real estate.

The development of office real estate in the Paris Region, Europe's most liquid market, represents the main thrust for this strategy. On this segment, the growth strategy, which will combine acquisitions and the development of prime assets, aims to grow the office portfolio from €5.5 billion at present to €9 billion in 2014.

On healthcare real estate, the Group's objective is to grow Gecimed's portfolio from €300 million to €1 billion in 2014.

On residential real estate, which represents around one third of the portfolio and offers excellent visibility in terms of cash flow, Gecina will adopt a more intensive arbitrage policy, while making targeted investments on both traditional residential properties and the buoyant student residence segment, which offers high yield rates.

"Naturally, Gecina has major potential for development on offices and healthcare thanks to its expertise and its unique positioning on the French market", confirms Christophe Clamageran. "With this strategic realignment and now that our financial leeway has been restored, withdrawing from non-strategic sectors and applying a committed arbitrage policy on mature assets, we can focus all our energy on this objective today".

Outlook for 2010: full year in line with the first six months

The full year is expected to show a similar trend to that seen during the first six months, in line with the budget. In this way, the Group is forecasting a moderate drop in rental income by between -5% and -6% on a current basis, further to the disposals and renegotiations carried out in 2009, and an increase in the value of assets by around 4% to 5% on a comparable basis for the full year.

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Gecina, a leading real estate group

Gecina, a European Real Estate Investment Trust ("SIIC") listed on Euronext Paris, is a leader in the premium property sector and owns, manages and develops property holdings worth €11.4 billion as at June 30, 2010, consisting primarily of office and residential buildings located in Paris and the Paris Region, as well as student residences, logistics platforms, healthcare establishments and

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hotels. Benefiting from sound, integrated expertise, Gecina accompanies its clients on their property journeys, with an ever-present concern for the impact of its businesses. Gecina has integrated sustainable innovation in its strategy and, to cement its social commitments, has set up a corporate foundation dedicated to environmental protection and the support of all forms of disability.
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2010 First Half Year Results
APPENDICES

1- Business by segment

2- Disposals and investments

3- Portfolio value

4- Balance sheet and financial structure

5- Consolidated financial statements and NAV calculation

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1- Business by segment

Offices

At June 30, 2010, gross rental income totaled €169.1 million, down 13.1% on a current basis. This change primarily reflects the impact of the disposals carried out in 2009 and 2010, with €19.4 million in lost rental income for the first half of 2010, and to a lesser extent, the contraction in rental income on a comparable basis (-3%). This lower level is due to the renegotiation of a certain number of contracts in 2009, with Gecina granting a revision of rents in return for tenants extending the term of their leases or signing new leases with an extended firm period.

Vacant space at June 30, 2010 represented 59,000 sq.m, giving a physical occupancy rate of 92.9% at the end of the period.

Rental activity over the first half of 2010 covered 143,000 sq.m, including:

- 12,000 sq.m of space relet, with an incoming-outgoing differential of -14.9% and new rents consistent with market values on the whole;
- 125,000 sq.m subject to renewals or renegotiations taking effect during the first half of 2010, with reductions in rent, as planned for in the budget, reflected in an incoming-outgoing differential of -18%, while coming in almost 4% higher than market values;
- 6,000 sq.m of new space let in recent assets (Défense Ouest, Crystalys), achieving a positive differential of +3.2% in relation to market values.

Residential

At June 30, 2010, gross rental income totaled €92.2 million, down 5.9% on a current basis in relation to June 30, 2009. The assets sold off are reflected in €8.5 million in lost rental income, partially offset by the growth achieved on a comparable basis (+€2.1 million and the rental income generated by investments (+€0.7 million).

The Residential division has continued to benefit from a high occupancy rate (average financial rate of 97.6% for the first half of the year) and a moderate turnover rate (moving average of 15% at the end of the first half). Reletting times remain short, averaging out at 33 days.

During the first half of the year (February 2010), a 5,500 sq.m building was delivered in Marseille, with 80 apartments. In addition, a building located in Saint-Denis (Paris region) was delivered in July, with 114 apartments spread over 8,200 sq.m. Lastly, two student residences will be opening up before the end of the summer: one in Champs-sur-Marne (Paris region) with 135 apartments, spread over 2,600 sq.m, the other in Lyon with 153 apartments, spread over 3,400 sq.m.

Healthcare

Gecimed, 98.5%-owned by Gecina, has been fully consolidated since the second half of 2009. For the first six months of the year, rental income came to €22.2 million, virtually stable in relation to the first half of 2009. In June this year, Gecimed delivered the Hôpital Privé de l'Estuaire in Le Havre to the Générale de Santé group. This new asset, on which construction work began three years ago, is covered by a 12-year firm triple net lease and will contribute towards a significant increase in Gecimed's rental income.

Logistics

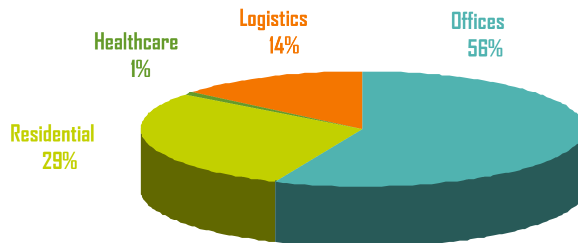
The French market is still affected by a very clear slowdown, with take-up representing 730,000 sq.m for the first half of 2010, 16% lower than for the first six months of 2009. At June 30, 2010, the Group recorded €16.4 million in rental income, down 14.1% on a current basis. Lost rent linked to vacancies mainly concerns three assets, representing a total of €2.1 million. The four platforms built recently and delivered in Lauwin Planque, Moussy le Neuf and Sablé sur Sarthe during the first half of the year represent some 125,000 sq.m; given their prime and high environmental quality (HQE) features, they account for the majority of the contacts which are underway with a view to lettings, which could come into effect at the beginning of 2011.

Hotels

At June 30, 2010, gross rental income came to €9.7 million, down slightly compared with June 30, 2009 (€10.1 million) due to the negative indexing already seen during the first quarter and set to continue throughout the year. This effect was partially offset during the first six months by the additional rent generated following the work carried out to extend the Val d'Isère Club Med, delivered at the end of 2009.

2- Investments and disposals

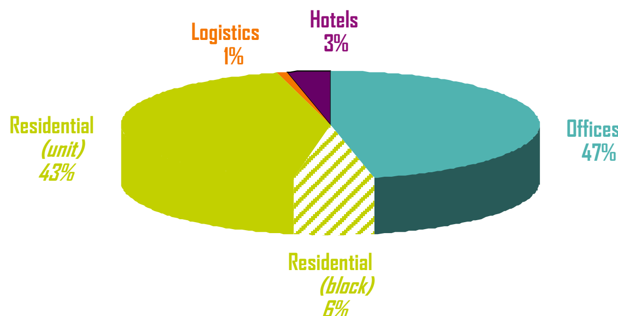
Investments, with the following breakdown, totaled €201 million, including €23 million in improvement investments:



- Offices: investments focused on the Anthos building, delivered in March, for €79 million, as well as on moving forward with various projects which are underway, including the Origami building, leased in full to Barclay's Bank and scheduled to be delivered in July 2010;
- Residential: in addition to the two assets delivered during the first half of the year (a building with 80 apartments in Marseille and a student residence in Champs-sur-Marne), eight projects are currently under development, including a student residence in Paris and various traditional residential programs in the Paris Region and elsewhere in France;
- Logistics: the development of the four Moussy-le-Neuf, Lauwin Planque and Sablé sur Sarthe platforms has continued, with the first sections delivered; in addition, the Récy platform, leased in full to the LVMH group, was delivered during the first half of the year.

Furthermore, the Group has invested €6.5 million in the Beaugrenelle project, continuing to move forward with its development. The increase in Gecina's stake in SCI Beaugrenelle, up to 75% as announced on July 12, will only come into effect during the second half of the year.

Disposals during the first half of 2010 came to €300 million, generating €21 million in proceeds, primarily through unit sales of residential assets. The prices achieved on sales were 8.7% higher than the block value at the end of December 2009.
The breakdown for each segment is as follows:



- Offices (€140 million): six assets were sold off, representing a total of 33,000 sq.m; the prices achieved were 3.2% higher than the values at the end of 2009, generating a consolidated capital gain on disposals of 2%.
- Residential (€147.4 million): 460 apartments were sold off, with the majority through unit sales, for €129.1 million at prices which were 17.7% higher than their values from the end of 2009. The only block sale carried out concerns a building with 80 apartments in Ville d'Avray.
- Other assets (€12.3 million): the disposal of two hotels located in Paris for a total of €7.7 million accounted for the majority of this amount, with the rest mainly corresponding to the sale of two logistics assets.

The capital gains recorded in relation to the taxable value of the assets sold off represented a total of €100 million.

3- Portfolio value

The Group's portfolio is valued twice a year by independent appraisers. At June 30, 2010, the block portfolio value represented €10,638 million, up +2.3% on a comparable basis in relation to the end of December 2009.

Breakdown by segment	Block value			Change at current perimeter		Change at constant perimeter	
€ mn	H1 2010	FY 2009	H1 2009	6 months	12 months	6 months	12 months
Offices	5,573	5,481	5,819	+1.7%	-4.2%	+2.9%	+0.3%
Residential	3,385	3,377	3,614	+0.2%	-6.3%	+2.6%	+1.6%
Healthcare	693	670	657	+3.6%	+5.5%	+2.2%	+2.3%
Logistics	555	557	571	-0.3%	-2.6%	-5.6%	-11.0%
Hotels	269	275	274	-2.3%	-2.1%	+3.0%	+0.4%
Sub-total	10,475	10,359	10,935	+1.1%	-4.2%	**+2.3%**	**+0.3%**
Equity affilialtes	163	193	286	-15.5%	-43.0%		
Group Total	**10,638**	**10,552**	**11,221**	**+0.8%**	**-5.2%**		
Group Total Unit value	11,359	11,326	12,062	+0.3%	-5.8%		

The change in capitalization rates (cf. table below) shows a 20 basis point reduction during the first half of the year, with this trend particularly marked on office real estate (-30 bp).

(%)	June 2009	Dec 2009	June 2010
Group	**6.63**	**6.67**	**6.46**
Offices	6.95	7.01	6.71
Residential	5.57	5.65	5.55
Healthcare	7.48	7.50	7.33
Logistics	8.58	8.43	8.45
Hotels	7.30	7.19	7.28

4- Balance sheet and financial structure

At the end of June 2010, Gecina's consolidated balance sheet structure shows the following elements:

- €5,303 million in **shareholders' equity** after factoring in the dividends paid out on May 19, 2010 for €268 million and the €201 million in positive income recorded during the first half of the year;

- €4,894 million in **gross financial debt**, stable in relation to the end of 2009 (€4,922 million), but with the percentage of debt due in over one year increasing by nearly €600 million or 13%.

- €567 million in **free cash flow**, with €511 million in undrawn credit lines and €56 million in cash and cash equivalents.

Following the redemption of bonds for €540 million in February, and despite the €320 million euros of ORNANE issued in April (convertible bonds which may be redeemed in cash and/or converted into new and/or existing shares), the percentage of market resources is down slightly, representing 16% of gross debt, compared with 21% at the end of 2009. Bank borrowings represent 44% of the total, with 31% for credit lines and 8% for financial leases.

At June 30, 2010, Gecina met all of the banking covenants applicable:

Ratios	Covenant	June 30, 2010
Loan to value ratio (block)	< 50% - 55%	45.7%
EBITDA excl. disposals/financial expenses	> 2x - 2.5x	3.51 x
Secured debt/block value	< 20% - 25%	18.4%
Portfolio value (block, € mn)	> 8,000	10,638

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5- Consolidated financial statements and NAV calculation

Consolidated income statement

€ mn	June 30, 2010	June 30, 2009	Var (%)
Gross rental income	**309.6**	**321.6**	***-3.8%***
Expenses on properties	(75.3)	(81.0)	
Expenses billed to tenants	48.0	52.2	
Net rental income	**282.3**	**292.9**	***-3.6%***
Services and other income	1.8	2.7	
Salaries and management costs	(37.8)	(39.4)	
EBITDA	**246.2**	**256.1**	***-3.8%***
Gains from disposals	20.9	**(7.2)**	
Change in fair value of properties	186.1	(662.3)	
Depreciation	(2.2)	(1.7)	
Net provisions and amortization	1.1	(2.7)	
Operating income	**452.2**	**(417.7)**	***ns***
Net financial expenses	(69.7)	(72.0)	
Financial depreciation and provisions	(9.5)	(21.0)	
Change in fair value of financial instruments	(151.0)	(42.4)	
Net income from equity affiliates	(21.5)	33.7	
Pre-tax income	**200.5**	**(519.4)**	***ns***
Current Tax	0.5	9.4	
Minority interests	(0.1)	0.0	
Consolidated net income (group share)	**200.9**	**(510.0)**	***ns***
Consolidated net income per share (€)	3.30	(8.54)	
Diluted consolidated net income per share (€)	3.27	(8.33)	

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Consolidated balance sheet

ASSETS € mn	June 30, 2010	June 30, 2009
Fixed assets	**10,471.8**	10,475.7
Investment properties	9,765.4	9,537.6
Buildings under refurbishment	441.5	70.0
Buildings in operation	68.6	4.0
Other tangible fixed assets	3.9	2.7
Intangible fixed assets	3.4	172.8
Long-term financial investments	107.3	187.4
Equity affiliates	58.0	29.2
Financial instruments	23.0	4.9
Deferred tax	0.7	
Current assets	**476.7**	**1,219.4**
Properties for sale	180.2	835.1
Inventories	0.0	5.8
Rent due and other receivables	75.9	82.2
Other receivables	77.3	85.3
Prepaid expenses	27.1	21.6
Financial instruments	59.8	71.7
Cash & Cash equivalent	56.4	117.7
TOTAL ASSETS	**10,948.5**	**11,695.1**

LIABILITIES € mn	June 30, 2010	June 30, 2009
Capital and reserves	**5,304.9**	**5,631.3**
Capital	469.6	469.3
Issue, merger & capital contrib.premiums	1,868.0	1,866.3
Consolidated reserves	2,764.6	3,802.9
Consolidated net profit	200.9	(510.0)
Group shareholders' equity	**5,303.1**	**5,628.1**
Minority interests	1.7	3.2
Non-current liabilities	**5,265.3**	**4,979.2**
Financial debt	4,803.5	4,684.9
Financial instruments	329.0	134.3
Deferred tax liabilities	37.1	43.3
Provisions for liabilities and charges	92.5	108.3
Taxes due & other employee-related liabilities	3.1	8.3
Current liabilities	**378.3**	**1,084.6**
Short term financial debt	90.8	716.2
Financial instruments	3.3	38.2
Security deposits	67.2	75.8
Trade payables	102.6	101.3
Taxes due & other employee-related liabilities	69.1	76.6
Other liabilities	45.2	76.5
TOTAL LIABILITIES	**10,948.5**	**11,695.1**

NAV calculation (block)

€ mn	**June 30, 2010**	Dec. 31, 2009	June 30, 2009
Shareholders equity (Group)	5,303.1	5,371.1	5,628.1
Latent capital gains	26.6	21.4	21.8
Tax adjustments	(0.9)	*(0.8)*	(0.7)
Debt market value	(7.0)	(0.5)	52.3
Undiluted NAV	**5,321.8**	**5,391.2**	**5,701.5**
Number of shares	60,912,271	60,872,534	61,137,081
Undiluted NAV per share (in €)	**87.4**	**88.6**	**93.3**
Undiluted NAV	5,321.8	5,391.2	5701.5
Impact of dilutive items	17.1	**94.0**	93.6
Diluted NAV	**5,338.9**	**5,485.2**	**5,795.1**
Diluted number of shares	61,479,927	62,091,413	62,453,300
Diluted NAV per share (in €)	**86.8**	**88.3**	**92.8**