gecina
Bien plus que des mètres carrés

Press release
October 24, 2011

Business at September 30, 2011

Strategy adapted to the economic environment

Major advances with divestment programs and refinancing

Annual guidance confirmed

Key figures

At the Board meeting on October 21, 2011, chaired by Bernard Michel, Gecina's Directors reviewed the financial statements at September 30, 2011.

In million euros	Sep 30, 10	Sep 30, 11	Change (%)
Gross rental income	463.1	476.5	+2.9%
EBITDA before disposals	369.1	383.2	+3.8%
Recurring income	261.9	239.8	-8.5%
per share (€)	4.30	3.93	-8.7%

Unaudited figures
See details in appendix

Strategy now built around more limited leverage

The environment for real estate firms has been transformed by the sovereign debt crisis and its repercussions for the banking system, as well as by the economic slowdown in the US and Europe. More specifically, this macroeconomic climate is reflected in the uncertainty surrounding rental demand for offices in the Paris Region looking ahead to 2012, although the limited supply of new offices is continuing to support rents. The turbulence on the banking market and the risk aversion seen among bond investors are pushing up the cost of financing.

In this context, Gecina is adapting its strategy and has set itself a target to bring its loan to value ratio (LTV) down to 40%, compared with 43.9% at end-June 2011. This leverage target is structural for Gecina and determined on a consistent basis in relation to the return on its assets. It will contribute towards maintaining and then continuing to improve its financial rating, while in time further strengthening the Group's ability to capitalize on investment opportunities.

This LTV of 40% is expected to be reached in 2012 thanks to two divestment programs. On the one hand, Gecina has made significant progress with its 2011 divestment program, set for approximately €1 billion, with €647 million of assets sold off by the end of September 2011 and a further €155 million of assets under preliminary sales agreements. On the other hand, the Group has set a target for €500 million in additional disposals, focusing primarily on block residential assets, to be carried out by the end of the first half of 2012. In view of the cost of debt to be repaid, these additional sales will not have any significant impact on recurring income.

In addition, Gecina is able to confirm its target for unit-by-unit residential sales with around €300 million for 2012. Looking forward, the Group will also continue with its policy for divestments across its entire portfolio. This will be based on sales of non-strategic offices, targeted sales in the

healthcare sector, and, with an opportunistic approach, a withdrawal from the logistics and hotel segments.

In this way, these sales will enable the Group to capitalize on new investment opportunities, while respecting the target to cap LTV at 40%. They will be carried out in line with the requirements for returns making it possible to increase recurring income, while contributing towards sustainable returns for Gecina's shareholders. In the short term, the current development pipeline will be seen through to completion, generating recurring income.

At the same time, in a more unsettled economic climate, Gecina's teams will be working to optimize operating income, notably through marketing, as well as ensuring effective control over operating costs.

Gecina reasserting its position as one of Europe's leading real estate firms

The Group's fundamentals remain unchanged. Indeed, with the exception of the withdrawal from logistics and hotels in time, the business mix will not see any changes and Gecina will continue to focus on France. Gecina will also maintain a balance within its office division between "core" assets located in the central business district and the inner rim. The Group will continue moving forward with its targeted investments in healthcare real estate and student residences. Alongside this, logistics and hotels will be subject to opportunistic sales.

In this way, Gecina is reasserting its position as one of Europe's leading real estate companies. On the one hand, through the effective fit between its strategic segments, as well as the quality and size of its office portfolio on Europe's number one market, its residential positioning on the Paris market with its structural sub-capacity, and the critical mass achieved on the healthcare portfolio. On the other hand, through its sound financial position and its ability to deliver lasting returns.

2011 third-quarter earnings in line with expectations in a market with limited visibility

Rental income up +2% on a comparable basis, with a limited contraction excluding AON compensation

Gross rental income is up +2.9% on a current basis and +2.0% on a comparable basis, but benefits from the transactional compensation paid by AON in the second quarter of 2011 after breaching its lease for €10.5 million (net of IFRS reversal). Restated for this impact, gross rental growth comes out at +0.6% on a current basis and down -0.5% on a comparable basis.

On **offices**, rental income came in +5.4% higher on a current basis at end-September 2011. On a comparable basis, gross rental income from offices is up +1.9% including the transactional compensation paid by AON. Restated for this impact, gross rental income is down -2.5% on a comparable basis reflecting the increase in the vacancy rate. The impact of indexation is neutral for the first nine months of the year.

Residential real estate is up +2.1% on a comparable basis thanks to the positive impact of indexation, as well as an incoming-outgoing rent differential of +9.7%. More specifically, **hotels** and **healthcare** have benefited from favorable indexation, with additional rent recorded on healthcare real estate thanks to the work carried out. On logistics, gross rental income is up +0.7% on a comparable basis thanks to the increase in the occupancy rate.

In million euros	Sep 30, 10	Sep 30, 11	Change (%)	
			Current basis	Comparable basis
Group total	**463.1**	**476.5**	**2.9%**	**2.0%**
Offices	251.7	265.3	5.4%	1.9%
Residential	137.8	134.6	-2.3%	2.1%
Healthcare	34.4	41.6	20.9%	2.6%
Logistics	24.6	20.2	-17.9%	0.7%
Hotels	14.5	14.7	1.2%	2.5%

The **average financial occupancy rate** was 95.4% at the end of September 2011, compared with 96.4% at end-June 2011. This limited fall factors in the delivery of the Mercure (not let) and Horizons (50% let) buildings during the third quarter. The occupancy rate shows a slight increase on the traditional residential portfolio and student residences in relation to June 30 thanks to the marketing of projects. In this way, the spot occupancy rate came to 98.2% at the end of September for traditional residential properties, and 99.5% for student residences. The occupancy rate also reveals a significant improvement on logistics after the Lauwin warehouse (41,241 sq.m) was let in July 2011. Lastly, the occupancy rate has remained stable at 100% for healthcare real estate and hotels.

Average financial occupancy rate	Sep 30, 10	Jun 30, 11	Sep 30, 11
Economic Division	**92.5%**	**95.8%**	**94.0%**
Offices	94.9%	97.0%	94.8%
Logistics	72.8%	77.4%	79.7%
Hotels	100.0%	100.0%	100.0%
Demographic Division	**97.8%**	**97.5%**	**97.8%**
Residential	97.3%	96.8%	97.1%
Healthcare	100.0%	100.0%	100.0%
Student residences	95.1%	90.4%	91.2%
Group total	94.3%	96.4%	95.4%

Recurring income down -8.5% at end-September 2011, annual guidance confirmed

Gecina still expects its 2011 recurring income to be down by 7%.

Committed fixed costs are down -3.0%, despite the impact of the cost of closing the Lyon agency (€1.5 million), recorded in the accounts over the first half of 2011.

Net financial expenses climbed to €143 million, compared with €107 million at end-September 2010, in line with the trend seen during the previous quarters, as announced by Gecina. The average cost of debt came to 4.15% at end-September 2011, compared with 3.4% for the first nine months of 2010.

Recurring income came to €239.8 million, -8.5% lower than at September 30, 2010.

Significant progress made with refinancing for 2011 and 2012

Gecina's installments for financing repayments represent €1.2 billion between now and the end of 2012, with €215 million over the fourth quarter of 2011, €665 million for the first half of 2012 and €351 million for the second half of 2012.

Gecina has anticipated this refinancing to a great extent. Indeed, the Group already has €1.15 billion in unused credit lines. These include €390 million of new credit lines signed since the beginning of the third quarter of 2011 with five banks, including four non-French banks (Barclays, Deutsche Bank, HSBC, RBS and Société Générale), which were not previously part of the Group's regular banking pool.

The Group will continue to diversify its funding sources over the coming months. Indeed, Gecina is able to access the four main financing markets: corporate loans, mortgage loans, bonds and private placements.

Moody's has confirmed its rating of Baa3, outlook stable, while Gecina's rating with Standard & Poor's remains unchanged at BBB-, outlook stable.

Asset rotation program moving forward

Gecina carried out €88 million of divestments during the third quarter, taking the total amount of sales committed to at the end of September up to €647 million, compared with €559 million at June 30, 2011. Total sales over the first nine months of the year show the following breakdown: 45% for residential assets, 37% on the office portfolio and 18% for logistics. Gecina has also signed €155 million of preliminary sales agreements: €121 million for office real estate and €34 million of residential assets.

As such, it is well on track with the €1 billion divestment program announced in early 2011.

At the same time, investments totaled €733 million at end-September 2011, including €235 million for the acquisition of the FSR healthcare real estate portfolio, €330 million for projects delivered during the year, €132 million for projects currently underway and €36 million in capex.

As Bernard Michel explains: "*These results are consistent with the objectives set. The implementation of the deleveraging strategy is being stepped up with a view to consolidating the Group's fundamentals faced with the new economic climate. Gecina is reasserting its commitment to maintaining its position as one of Europe's leading real estate companies*".

Gecina, a leading real estate group

Gecina owns, manages and develops property holdings worth 11.8 billion euros at June 30, 2011, with 87% located in the Paris Region. This real estate company's business is built around an Economic division, including France's largest office portfolio, and a Demographic division, with residential assets, student residences and healthcare facilities. 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 FTSE4Good, Dow Jones Sustainability Index (DJSI) and Stoxx Global ESG Leaders indices. In line with its commitments to the community, Gecina has created a company foundation, which is focused on protecting the environment and supporting all forms of disability.

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APPENDICES

1- Business by segment

Offices (56% of Group rental income)

Rents at end-September 2011 are up +5.4% on a current basis and +1.9% on a comparable basis. Restated for the compensation paid by AON, like-for-like growth comes out at -2.5%, affected by the higher vacancy rate. The impact of indexation, still slightly negative at the end of the first half of 2011 (-0.2%), was neutral at end-September 2011.

The average financial occupancy rate represents 94.7% (92.3% on a spot basis at end-September 2011) following the delivery of the Mercure (vacant) and Horizons (50% let) buildings. Vacant space at September 30, 2011 totaled nearly 54,052 sq.m.

At the end of September 2011, 53 leases were subject to reletting or renegotiation for a total of 53,463 sq.m. The difference between incoming and outgoing rents shows an average reduction of 2.8%. In the third quarter of 2011, rental activity did not cover any large spaces, with 10 leases subject to reletting for 3,600 sq.m, with 70% located in the central business district. The incoming-outgoing differential shows average rental growth of +2.5%.

Residential (28% of Group rental income)

Rents at the end of September are down -2.3% on a current basis, reflecting the impact of the disposals carried out in 2010 and 2011. However, rental income is up +2.1% on a comparable basis, on account of the combined impact of indexations and relettings.

In this way, the turnover rate is 14.8% for the residential portfolio, with rents on relettings +9.7% higher than previous rents.

The occupancy rate of 97.1% is slightly higher than at end-June 2011 thanks to the projects let. Indeed, the spot occupancy rate at end-September 2011 was 98.2%.

The student residence portfolio has a very good level of occupancy: 91.2% on average over the first nine months of the year as a result of projects delivered during the year, and 99.5% spot at end-September 2011.

Healthcare (9% of Group rental income)

Rents at end-September are up +20.9% on a current basis in relation to the end of September 2011. This increase results from rent generated by the delivery of the Le Havre private hospital and the Gien clinic in 2010, as well as the consolidation of the portfolio of 30 FSR nursing homes since July 5, 2011.

On a comparable basis, rents are up +2.6% thanks to favorable indexation, as well as additional rent resulting from the work carried out.

Logistics (4% of Group rental income)

The average vacancy rate on this business has been reduced significantly, down from 27.2% in September 2010 to 20.3% in September 2011, further to the withdrawal from the portfolio of €114 million sold to the Carval fund during the first half of 2011, as well as the letting of a

41,000 sq.m warehouse in Lauwin in July 2011. The spot vacancy rate came to 15.8% at end-September 2011.

Rents are down -17.9% on a current basis, but up +0.7% on a comparable basis, primarily due to the reduction in the vacancy rate.

Hotels (3% of Group rental income)

At September 30, 2011, rental income on this segment was up +1.2% on a current basis and +2.5% on a comparable basis. This business, affected by the divestments made in 2010, is benefiting from positive indexation.

2- Asset rotation

The **sales** carried out at end-September 2011 concern 582,063 sq.m and represent a total of €646.8 million, with:

- ✓ €293 million of residential real estate, split between €121 million of unit sales and €172 million of block sales
- ✓ €240 million of office properties.
- ✓ €114 million of logistics real estate

A further €155 million of disposals are currently covered by preliminary sales agreements, with the following breakdown: €34 million of residential assets and €121 million of office assets.

The total amount of disposals shows a positive differential of 5.7% compared with the block value at December 31, 2010 for residential assets (with a 19.8% premium on unit sales and a 2.3% discount on block sales) and 4.1% for office assets.

Investments at end-September 2011 represent €733 million, including:

- ✓ Projects delivered during the year for €330 million, including the Horizons office buildings in Boulogne Billancourt for €309 million
- ✓ Investments on projects under development for €132 million
- ✓ Acquisition of the FSR healthcare real estate portfolio for €235 million
- ✓ Capex for €36 million

3- Condensed income statement and recurring income

In million euros (*unaudited*)	Sep 30, 10	Sep 30, 11	Change (%)
Gross rental income	**463.1**	**476.5**	**+2.9%**
Expenses on properties	(114.5)	(113.3)	-1.1%
Expenses billed to tenants	73.6	70.9	-3.8%
Net rental income	**422.2**	**434.1**	**+2.8%**
Net rental and service income	3.5	4.0	+14.5%
Committed fixed costs	(56.6)	(54.9)	-3.0%
EBITDA before disposals	**369.1**	**383.2**	**+3.8%**
Net financial expenses	(107.2)	(143.4)	+33.8%
Recurring income	**261.9**	**239.8**	**-8.5%**

	Sep 30, 10	Sep 30, 11	Change (%)
Average number of shares excluding treasury stock	60,906,626	61,047,711	+0.2%
Recurring income per share (€)	**4.3**	**3.9**	**-8.7%**