gecina
Bien plus que des mètres carrés

Press release
October 23, 2012

Business at September 30, 2012

Financial restructuring recognized with an improved financial rating
Continued letting successes in an office market facing a slowdown
Annual guidance confirmed

Key figures

At the Board meeting on October 22, 2012, chaired by Bernard Michel, Gecina's Directors reviewed the financial statements at September 30, 2012.

In million euros	Sep 30, 2011	Sep 30, 2012	Change (%)
Gross rentals	476.5	450.4	-5.5%
EBITDA before disposals	383.2	371.4	-3.1%
Recurrent net income	237.9	243.4	+2.3%
per share (in €)	3.90	4.01	+2.9%

Unaudited figures
See details in appendix

Determined approach successfully rolled out to meet letting challenges, rotate assets and reduce debt

Gecina achieved further major letting successes during the third quarter of 2012, with 22,400 sq.m in the Mercure, Défense Ouest and Mercy Argenteau buildings, representing close to 9 million euros in annualized rental income. In total, Gecina has let almost 106,000 sq.m of office space since the beginning of 2012 (including new lettings, relettings, renegotiations and renewals), representing nearly 43 million euros in annualized headline rents.

These successes stand out in particular faced with a slowdown in the Paris Region office market, with take-up down -19% over the first nine months of the year.

The high amount of sales secured by Gecina, with 853 million euros at the end of September and 1.2 billion euros expected for the full year, also represents a major success, confirming the asset portfolio's liquidity and valuation. This rotation of assets is also in line with the committed debt reduction and financial restructuring approach successfully rolled out in 2012 and recognized with an improvement in the Group's rating by Standard & Poor’s, from BBB- to BBB (outlook stable).

As Gecina’s Board of Directors confirmed: *“Further to the Madrid Court opening bankruptcy proceedings as requested by the companies Alteco Gestión y Promoción de Marcas S.L and Mag Import S.L, which respectively hold 15.6% and 15.3% of Gecina’s capital, the Board of Directors will be monitoring and analyzing developments concerning the judicial proceedings in Spain. In accordance with its remits, the Board of Directors will seek to ensure that Gecina’s interests and the rights of all its shareholders are respected. The Board also paid tribute to the success achieved by Gecina in 2012, on both financial and real estate aspects”.*

Rental income up +1.2% on a comparable basis (excluding AON), with a return to growth on the office segment

Gross rental income came to 450.4 million euros at September 30, 2012, down -5.5% on a current basis in relation to September 30, 2011. This contraction primarily reflects the loss of rent due to divestments (-38.4 million euros) coming in higher than revenues from investments (+18.7 million euros). On a comparable basis and restated for the non-recurring impact of the penalty paid by AON in the second quarter of 2011 (10.5 million euros), rental income is up +1.2%, higher than the rate of growth recorded at the end of June 2012 (+0.8%). Factoring in the impact of this penalty, rental income is down -1.5% on a comparable basis. On a comparable basis, the positive impact of indexation (+2.5%) offset the increase in vacancies (-1.2%). Overall, the impact of renegotiations and relettings is neutral in terms of the change in rental income on a comparable basis (+0.2%).

On **offices**, rental income is up +0.2% on a comparable basis (restated for the penalty paid by AON), a clear improvement compared with the -1% drop recorded at the end of June 2012. On a current basis, rental income is down -6.5%. Including the AON penalty, the change on a comparable basis comes out at -4.2%. The positive impact of indexation (+2.8%) offset the impact of the increased vacancy rate (-2.1%). Overall, the impact of renegotiations and renewals was neutral (-0.2%).

Rental income from **traditional residential** assets is up +2.8% on a comparable basis thanks to the positive impact of indexation (+1.9%), as well as the impact of relettings (+1.5%), resulting from an incoming-outgoing rent differential of +9.8% based on a tenant turnover rate of 13.3%. The improvement in the occupancy rate has also contributed towards growth on a comparable basis (+0.5%).

In the **health** sector, rental income growth came to +28.3% on a current basis, with the acquisition of 30 nursing homes in July 2011, followed by a further six nursing home facilities in April 2012. On a comparable basis, rental income is up +3.6% thanks to indexation (+3.1%) and the additional rent generated by work (+0.5%), in line with the Group's dynamic asset management policy, working with its operator tenants.

On **hotels**, rental income shows an increase of +0.6% on a current basis and a comparable basis thanks to the impact of indexation.

Lastly, on **logistics**, rental income is down -38.1%, affected by the sale of a portfolio of assets in May 2011, while virtually the entire remaining portfolio was sold in August 2012.

In million euros	Sep 30, 2011	Sep 30, 2012	Change (%)		
			Current basis	Comparable basis	Comparable basis excl. AON
Group total	**476.5**	**450.4**	**-5.5%**	**-1.5%**	**1.2%**
Offices	265.3	248.0	-6.5%	-4.2%	0.2%
Traditional residential	129.4	115.6	-10.7%	2.8%	2.8%
Student residences	5.2	6.1	17.2%	3.5%	3.5%
Healthcare	41.6	53.4	28.3%	3.6%	3.6%
Logistics	20.2	12.5	-38.1%	n.a.	n.a.
Hotels	14.7	14.8	0.6%	0.6%	0.6%

Renegotiation of Générale de Santé leases

During the third quarter of 2012, Gecina reviewed the conditions for its leases with Générale de Santé (GDS). This operator represents 57% of Gecina's rental income on healthcare properties and almost 7% of the Group's total rental income.

This agreement is in line with the Group's asset management approach. It aims to limit the high impact of indexation seen during the last few years, while maintaining the occupancy cost ratio for the healthcare facilities concerned, in return for a significant extension of the renegotiated leases by almost three years. These extended leases make it possible to improve visibility over this portfolio' cash flow, while positively contributing towards its value growth.

Following these renegotiations, which came into effect in October 2012, the rents for GDS will increase by +3.7% over the whole of 2012, compared with an increase excluding renegotiations that would have come to +4.8%. Alongside this, the average residual term on GDS leases is now 8.6 years.

The **average financial occupancy rate** was 93.6% at the end of September 2012, versus 94.1% at end-June 2012, with this decrease over the quarter reflecting the higher vacancy rate on office properties. In this segment, the deterioration in the occupancy rate compared with the end of June 2012 factors in the Newside, Magistère and Mercy Argenteau projects, which were not pre-let on delivery during the third quarter. The occupancy rate on traditional residential properties is still very high, coming in at almost 98%. Lastly, the occupancy rate has remained stable at 100% for healthcare real estate and hotels.

Average financial occupancy rate	Sep 30, 2011	Jun 30, 2012	Sep 30, 2012
Economic division	**94.0%**	**91.7%**	**91.0%**
Offices	94.8%	92.0%	91.2%
Logistics	79.7%	82.0%	82.0%
Hotels	100.0%	100.0%	100.0%
Demographic division	**97.8%**	**98.5%**	**98.3%**
Traditional residential	97.1%	97.9%	97.7%
Student residences	91.2%	95.3%	92.9%
Healthcare	100.0%	100.0%	100.0%
Group total	95.4%	94.1%	93.6%

Recurrent net income per share up +2.9% at end-September 2012, with annual guidance confirmed

Management costs are down -16% in relation to September 30, 2011, representing 8.8 million euros, in line with the target for around 10 million euros of savings set by the Group for the full year.

Net financial expenses are down -11.9% over one year to 126.4 million euros, primarily thanks to a reduction in the average cost of debt and, to a lesser extent, a reduction in the volume of debt. Indeed, the average cost of debt came to 3.9% at end-September 2012, versus 4.15% for the first nine months of 2011. This change reflects the positive impact of moves to restructure the hedging portfolio during the first half of 2012, combined with the drop in Euribor rates.

Recurrent net income climbed to 243.4 million euros, +2.3% higher than at September 30, 2011. Recurrent net income per share is up +2.9% thanks to the accretive impact of the 44.6 million euro share buyback program rolled out during the first half of 2012.

As a minimum, Gecina expects its recurrent net income per share to contract in 2012 in line with the guidance published in July 2012, i.e. -2%. The drop in recurrent net income during the fourth quarter of 2012 will primarily be attributable to the loss of rent resulting from sales in 2011 and 2012, as well as changes in the accounting methods applied since the fourth quarter of 2011, which did not have any impact on the third quarter's basis for comparison.

Improved rating recognizing the financial restructuring carried out in 2012

On October 17, 2012, the rating agency Standard & Poor's upgraded its rating for Gecina from BBB- / outlook stable to BBB / outlook stable. This decision recognizes the Group's determined approach, including an in-depth financial restructuring process, successfully rolled out between 2010 and 2012, and a dynamic asset divestment policy.

The annual savings resulting from the upgrading of Gecina's rating are estimated at 7 million euros for 2013 and approximately 20 million euros by 2017. They will come from (1) the major rate differential on future bond issues, with the impact of these savings set to increase as the Group continues to use this source of financing, (2) the impact of the improved rating on part of the banking margins and non-utilization fees for credit lines, and (3) the acceleration of the commercial paper program.

Thanks to its healthier balance sheet, Gecina will be resuming a value-creating investment strategy from 2013 by restructuring assets within the portfolio or making opportunistic acquisitions, with the loan to value ratio capped at 40%. The Group will continue to focus on an active asset management approach.

Asset rotation: 1.2 billion euros confirmed for the whole of 2012

Gecina carried out 433 million euros of sales during the third quarter, taking the total amount of sales committed to at the end of September up to 853 million euros, compared with 420 million euros at June 30, 2012. Total sales over the first nine months of the year show the following breakdown: 56% for residential assets, 19% on the office portfolio and 25% for logistics. Gecina has also signed 247 million euros of preliminary sales agreements, with 180 million euros of block residential assets and 66 million euros of unit residential assets.

The 1.2 billion euro divestment program announced in July 2012 can therefore be confirmed.

Alongside this, investments totaled 336 million euros at the end of September 2012, with 210 million euros for the development pipeline, 77 million euros on acquisitions (primarily concerning six nursing homes acquired in April) and 49 million euros of capex.

240 million euros are still to be committed for the development pipeline, with 88 million euros during the fourth quarter of 2012, 136 million euros in 2013 and 16 million euros in 2014. 97 million euros are focused on the Beaugrenelle shopping center. The pre-letting of this asset, with 80% of the space covered by mid-October 2012, is moving forward very well and is expected to be virtually completed by the beginning of 2013. The deployment of groundbreaking concepts specific to Beaugrenelle, as defined by the flagship brands, means that the center is expected to open in September 2013 and not in April as previously envisaged. The impact of this deferral on recurrent income for 2013 is estimated at 2.5 million euros.

Gecina, a leading real estate group

Gecina owns, manages and develops property holdings worth 11.6 billion euros at June 30, 2012, with 86% 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, DJSI Europe and World, Stoxx Global ESG Leaders and ASPI Eurozone® 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

CONTACTS

Financial communications
Elizabeth Blaise
Tel: +33 (0)1 40 40 52 22
Régine Willemyns
Tel: +33 (0)1 40 40 62 44

Press relations
Armelle Miclo
Tel: +33 (0) 1 40 40 51 98

APPENDICES

1- Business by segment

Offices (55% of Group rental income)

Rents at end-September 2012 are down -6.5% on a current basis and -4.2% on a comparable basis. Restated for the penalty paid by AON in 2011, growth comes out at +0.2% on a comparable basis, with the positive impact of indexation (+2.8%) offsetting the increased vacancy rate (-2.1%). Overall, the impact of renegotiations and renewals over the period is neutral (-0.2%).

The average financial occupancy rate came to 91.2% at the end of September 2012, compared with 92% at the end of the first half of the year, following the delivery of the Magistère, Mercy Argenteau and Newside buildings, which had not been pre-let. Vacant space at September 30, 2012 totaled nearly 76,000 sq.m.

At the end of September 2012, 48 leases were subject to relettings or renegotiations / renewals, representing a total of almost 70,000 sq.m and around 28 million euros in annualized rental income.

Residential (27% of Group rental income)

In the traditional residential segment, rents at the end of September 2012 were down -10.7% on a current basis, reflecting the impact of the sales carried out in 2011 and 2012. However, rental income is up +2.8% on a comparable basis, thanks to the combined impact of indexation (+1.9%), relettings (+1.5%) and the improvement in the occupancy rate (+0.5%).

In this way, the rotation rate represents 13.3% for the residential portfolio, with rents on reletting coming in +9.8% higher than the previous rents, further improving on the rate recorded during the first half of 2012 (+9.6%).

The occupancy rate comes to 97.7%, a slight increase in relation to the end of June 2012.

The student residence portfolio shows a very satisfactory rate of growth in rental income on a comparable basis, up +3.5% for the first nine months of the year, confirming the highly dynamic fundamentals for this business.

Healthcare (12% of Group rental income)

Rents at end-September 2012 are up +28.3% on a current basis in relation to the end of September 2011. This increase factors in the rent resulting from the consolidation of the portfolio of 30 Foncière Sagesse Retraite nursing homes since July 5, 2011, as well as the acquisition of six nursing homes in April 2012.

On a comparable basis, rents are up +3.6% thanks to positive indexation (+3.1%), as well as additional rent resulting from work carried out (+0.5%), highlighting the Group's dynamic asset management policy in relation to its operator tenants.

Logistics (3% of Group rental income)

In August 2012, Gecina sold a portfolio of 28 logistics assets based on a net sales price of almost 203 million euros to various Blackstone Group funds.

With this transaction, Gecina sold off its entire logistics portfolio, with the exception of two non-significant assets.

Hotels (3% of Group rental income)

At September 30, 2012, rental income in this segment was up +0.6% on a current basis, with a similar rate of growth on a comparable basis thanks entirely to an indexation effect.

2- Asset rotation

The **sales** carried out at the end of September 2012 represent 853 million euros, with:

- ✓ 479 million euros of residential real estate, split between 83 million euros of unit sales and 396 million euros of block sales
- ✓ 160 million euros of office properties
- ✓ 214 million euros of logistics real estate

A further 247 million euros of sales are currently subject to preliminary sales agreements, with 180 million euros of residential assets on a block basis and 66 million euros of residential assets on a unit basis.

The total figure for sales at the end of September 2012 shows a slightly negative differential of -0.2% in relation to the block value at December 31, 2011, with 214 million euros of logistics assets sold at a -14% discount on its appraisal value from end-2011. Premiums have been achieved on the other sales, coming out at +7.2% for residential assets (with +41% on unit-based sales and +2.1% for block sales) and +0.3% for office assets.

Investments at end-September 2012 represent 336 million euros, including:

- ✓ Investments on projects under development for 210 million euros
- ✓ Acquisitions for 77 million euros, primarily corresponding to the acquisition of a portfolio of six nursing homes
- ✓ Capex for 49 million euros

At the end of September 2012, capitalized financial expenses relating to investments represented a total of 18.6 million euros.

3- Condensed income statement and recurrent net income

In million euros *(unaudited)*	Sep 30, 2011	Sep 30, 2012	Change (%)
Gross rental income	476.5	450.4	-5.5%
Expenses on properties	(113.3)	(107.7)	-4.9%
Expenses billed to tenants	70.9	67.5	-4.7%
Net rental income	434.1	410.3	-5.5%
Net rental and service income	4.0	7.3	+80.3%
Management costs	(54.9)	(46.1)	-16.0%
EBITDA before disposals	383.2	371.4	-3.1%
Net financial expenses	(143.4)	(126.4)	-11.9%
Recurrent tax	(1.9)	(1.7)	-10.5%
Recurrent net income	237.9	243.4	+2.3%

	Sep 30, 2011	Sep 30, 2012	Change (%)
Average number of shares excl. treasury stock	61 047 711	60 732 563	-0.5%
Recurrent income per share (€)	3.90	4.01	+2.9%