

2014 first-half earnings

Forecast confirmed for recurrent net income (Group share) to be stable in 2014

Historically high occupancy rate of 95.4% for offices and non-significant reversion impact

Rebalancing of volumes for investments and sales, and optimization of liabilities

Following the first half of 2014, Gecina is able to confirm its forecast for recurrent net income (Group share) to be stable in 2014, in view of its satisfactory operational performance and further measures to optimize liabilities, despite a decision to realign the volume of sales with the potential for investments during the second half of the year.

For the office portfolio, which accounts for 60% of the Group's rental income, the occupancy rate is up to a historically high level of 95.4%, significantly higher than the average occupancy rate for the Paris Region market (93.0%), while the rental risks for 2014 and 2015 appear to be limited. In addition, the recent letting of 12,800 sq.m in a building in Neuilly-sur-Seine, vacated in March 2014, highlights the relevant positioning of Gecina's assets and will clear 1.0% of the annualized vacancy from June 2015, when the lease takes effect. Organic growth in office rents has continued to trend up, with +2.6% for the half-year period, despite a reduction in the indexation effect in view of the improved occupancy rate. The negative reversionary potential has had a non-significant impact of -0.3% on like-for-like rental growth.

The Paris Region office market has continued to be affected by contrasting trends, with strong growth in take-up over the first half of the year (+24%) and rental incentives stabilizing or even falling in certain areas, although headline rent levels have remained unchanged overall. However, users have freed themselves up to take real estate decisions, highlighting the underlying dynamic trend for the Paris Region market. With future supply effectively under control, this is expected to pave the way for rents to start rising again from 2015.

The Paris Region investment market for offices appears to be extremely competitive, with 10.7 billion euros invested during the first half of 2014 alone, representing the highest rate since 2007. This influx of capital is driving down yield rates and pushing up prices per sq.m, despite the rental market's continued weakness. In this context, Gecina, which had set itself a target to invest 1 billion euros in 2014, primarily in office real estate, has continued to be more disciplined and selective than ever with its investment criteria. The Group has been particularly efficient in terms of identifying transactions thanks to a dedicated team set up as part of its new organization, while retaining the key elements from its investment strategy: yield, location and value creation potential. This policy can be seen with the acquisition of the Le France building for 133 million euros, representing 6,400 euros per sq.m, generating a net yield of 6.45% and helping build Gecina's geographical network in the south of Paris.

Gecina will therefore be rebalancing its sales budget for the year at around 600 million euros, compared with the 1 billion euros initially forecast. Alongside this, the Group continued working to optimize its financial structure and portfolio of hedging instruments during the first half of the year, notably contributing towards a reduction in the average cost of debt. Thanks to the combination of these operational and financial strategies, Gecina is able to confirm its forecast for recurrent net income (Group share) to be stable for 2014, in line with a selective acquisition policy.

Key figures

In million euros	June 30, 2013	June 30, 2014	Change (%)
Gross rentals	294.4	293.9	-0.2% (+2.2% like-for-like)
EBITDA	243.3	244.1	+0.3%
Recurrent net income Group share	166.7	165.6	-0.7%
<i>per share in EUR</i>	<i>2.74</i>	<i>2.71</i>	<i>-1.2%</i>
Diluted EPRA triple net NAV (block)	99.9	97.8	-2.1%

Rental income up +2.2% like-for-like, with reversionary potential remaining neutral for the Group's rents and very low for office rents (-0.3%)

Gross rental income came to 293.9 million euros at June 30, 2014. On a like-for-like basis, rental income is up +2.2%. In particular, this growth reflects the positive impact of indexation (+1.1%) and the higher occupancy rate (+0.7%). The impact of renegotiations and relettings is neutral in terms of the like-for-like change in rents. Lastly, various non-recurring items have been recorded (+0.4% on like-for-like growth) and concern lease termination payments, the re-scaling of rents and expenses billed back to tenants for work on the office and healthcare portfolios.

On a current basis, rents are down -0.2% in relation to the first half of 2013. This slight contraction primarily reflects the loss of rent due to sales and redevelopments (-15.8 million euros), coming in higher than the combined revenues from investments and project deliveries (+9.7 million euros) and like-for-like growth (+5.6 million euros).

As expected by the Group, the like-for-like change in **office** rents has leveled off during the year, moving from +4.5% for the first quarter to +2.6% at end-June 2014. In this way, indexation had a +0.9% impact for the first half of the year (vs. +1.3% for the first quarter), while the impact of the improved occupancy rate for buildings on a comparable basis slowed from +3.6% for the first quarter to +1.6% for the first half of 2014. However, the impact of relettings and renegotiations came to -0.3% at end-June 2014, representing a slight improvement compared with the level from end-March 2014 (-0.4%). Lastly, lease termination payments or the re-scaling of rents had a +0.4% impact on rents on a comparable basis for the half-year period. Gecina is therefore confirming its forecast for like-for-like office rental income growth of nearly +0.5% for 2014.

On a current basis, **office** rental income (excluding Beaugrenelle) is up +2.9%, thanks in particular to rent from the various buildings delivered or acquired recently, such as Tour Mirabeau, Marbeuf and Le France in Paris, as well as the Docks en Seine building in Saint Ouen.

Rental income from **traditional residential** assets is up +1.0% like-for-like thanks to the positive effect of indexation (+1.3%), combined with the impact of relettings, up +1.0%, close to the level recorded during the first quarter of 2014 (+1.2%). In this way, the incoming-outgoing rent differential came to +1.7%, based on a tenant rotation rate of 15.5%.

Healthcare rental income is up +2.3% like-for-like thanks to indexation (+1.7%), additional rent generated by work (+0.5%) and charges billed back to tenants for work (+1.0%), offsetting the -0.8% drop resulting from the renegotiation in January 2014 of leases for nine assets let to the Ramsay group in return for extensions for a firm 12-year period, representing an average extension by nearly five years. On a current basis, rents are down -0.7% following the sale of three short-stay assets in April 2013.

Lastly, the **Beaugrenelle** shopping center generated 12.8 million euros in rental income between January 2014 and this asset's sale on April 29, 2014.

In million euros	June 30, 2013	June 30, 2014	Change (%)	
			Current basis	Comparable basis
Group total	294.4	293.9	-0.2%	+2.2%
Offices (excl. Beaugrenelle)	170.8	175.8	+2.9%	+2.6%
Beaugrenelle	5.1	12.8	na	na
Traditional residential	66.5	63.3	-4.9%	+1.0%
Student residences	4.6	4.6	-0.6%	+0.0%
Healthcare	37.4	37.1	-0.7%	+2.3%
Logistics	0.3	0.4	na	na
Hotels	9.6	0.0	na	na

The average **financial occupancy rate** for the first half of 2014 came to 96.5%, a significant improvement compared with the level from end-June 2013 (94.8%), and still historically high despite a slight drop compared with the end of March 2014 (96.9%).

The slight dip in the occupancy rate for offices, down 50 bp versus the first quarter of 2014, primarily factors in the 12,800 sq.m vacated in the building at 14 boulevard du Général Leclerc in Neuilly-sur-Seine in March 2014. This space has been re-let to the Henner group with a 12-year firm lease, signed in June 2014 and coming into effect in June 2015. This asset represents 1.0% of the office portfolio's vacancy rate on an annual basis.

The occupancy rate on traditional residential properties remains structurally high, coming in at 97.8%. Lastly, the occupancy rate has remained stable at 100% for healthcare real estate.

Average financial occupancy rate	June 30, 2013	Dec 31, 2013	March 31, 2014	June 30, 2014
Economic Division	92.6%	93.8%	96.1%	95.5%
Offices*	92.2%	93.6%	95.9%	95.4%
Logistics	na	na	na	na
Hotels	100.0%	na	na	na
Demographic Division	98.8%	98.7%	98.6%	98.5%
Traditional residential	98.3%	98.1%	97.8%	97.8%
Student residences	95.5%	94.9%	96.1%	94.1%
Healthcare	100.0%	100.0%	100.0%	100.0%
Group Total	94.8%	95.5%	96.9%	96.5%

*Excluding Beaugrenelle

Recurrent net income down slightly (-0.7%), forecast confirmed for recurrent net income Group share to be stable in 2014

The **rental margin** was 92.4% for the first half of 2014, up 30 bp on June 30, 2013. The office segment's margin shows year-on-year growth of 120 bp, thanks in particular to the significant improvement in the occupancy rate, offsetting the impact of the hotels sold on which the rental margin was close to 100%.

	Group	Offices	Beaugrenelle	Residential	Healthcare	Hotels
Rental margin at June 30, 2013	92.1%	93.5%	85.0%	83.5%	99.4%	99.9%
Rental margin at June 30, 2014	92.4%	94.7%	84.8%	83.6%	99.4%	na

Salaries and management costs are virtually stable for the period, coming in at 31.8 million euros.

Net financial expenses excluding capitalized financial expenses are down -4.8% year-on-year to 77.4 million euros, thanks to the reduction in the average volume of debt and its cost over the period. However, capitalized financial expenses came in significantly lower, dropping from 8.5 million euros for the first half of 2013 to 2.0 million euros for the first half of 2014, following the delivery of the Beaugrenelle shopping center: the effect relating to capitalized financial expenses will be less marked during the second half of 2014, as Beaugrenelle was delivered in October 2013.

Recurrent tax includes the payment of the 3% tax on dividends paid out above the mandatory level for SIIC real estate trusts for 0.6 million euros.

The recurrent share attributable to **minority interests** represented 1.4 million euros at end-June 2014 and concerned earnings generated by the Beaugrenelle shopping center for the 25% stake not held by Gecina.

Recurrent net income (Group share) totaled 165.6 million euros, down -0.7% on the first half of 2013.

Gecina expects its **recurrent net income (Group share)** to be stable in 2014. Measures to optimize the financial structure and adjustments to the amount of sales will make it possible to offset the potential impact of a lower volume of investments than first forecast. Indeed, Gecina is maintaining a high level of

discipline in terms of its criteria for acquisitions, against a backdrop of strong tensions on the Paris Region investment market for offices.

In million euros	June 30, 2013	June 30, 2014	Change (%)
Gross rental income	294.4	293.9	-0.2%
Expenses on properties	(66.7)	(73.1)	+9.5%
Expenses billed to tenants	43.5	50.8	+16.8%
Net rental income	271.2	271.7	+0.2%
Services and other income (net)	3.7	4.2	+12.8%
Overheads	(31.6)	(31.8)	+0.6%
EBITDA	243.3	244.1	+0.3%
Net financial expenses excl. capitalized financial expenses	(81.3)	(77.4)	-4.8%
Capitalized financial expenses	8.5	2.0	-76.2%
Recurrent gross income	170.4	168.7	-1.0%
Recurrent minority interests	(0.6)	(1.4)	na
Recurrent tax	(3.1)	(1.7)	-43.5%
Recurrent net income Group Share	166.7	165.6	-0.7%

Very sound balance sheet offering the Group flexibility for managing its assets

Net debt represented 3,974 million euros at end-June 2014, with a **loan to value ratio** (LTV excluding duties) of 38.0%, significantly lower than the 40% cap that Gecina has set itself. In relation to EBITDA, the interest coverage ratio (ICR) is up from 3.0x at the end of 2013 to 3.2x.

The **average cost** of drawn debt came to 3.1% for the first half of 2014, down from 3.5% in 2013. The average cost of total debt shows a 30 bp improvement compared with 2013, dropping to 3.7% at the end of June 2014.

Gecina has continued working to optimize its **interest rate hedging** portfolio. Indeed, a total of 72 million euros of hedging instruments were unwound in March 2014, making it possible to streamline the short-term hedging structure (2014-2016) in return for new long-term hedging facilities. These operations have helped reduce the cost of drawn debt.

Alongside this, the Group is finalizing the renegotiation of 129 million euros of mortgage facilities, which is expected to result in a 40% reduction in spreads on these lines. 90 million euros of bank loans were also renewed during the half-year period. In this way, Gecina has 1,935 million euros of **unused credit lines** (excluding coverage of the commercial paper program).

The Group's redemption of its 500 million euro bond issue maturing in September 2014, with a 4.5% coupon, will enable it to continue reducing the average cost of its debt. Following this redemption, Gecina will have 1.4 billion of unused credit lines. While currently benefiting from favorable conditions for financing on the mortgage and banking markets, the Group also intends to continue to be a regular bond issuer.

With this very sound balance sheet, Gecina will be able to continue moving forward with its external growth strategy, in addition to optimizing its financial structure, helping secure its recurrent income.

Ratios	Covenant	June 30, 2014
Loan to value ratio (block) ⁽¹⁾	< 55%	38.0%
EBITDA excl. disposals/financial expenses	> 2.0x	3.2x
Secured debt/block value	< 25%	12.2%
Portfolio value (block, €mn)	> 6,000 - 8,000	10,239

⁽¹⁾ Loan to value (block, including duties): 35.9%

Asset rotation: adjusting the amount of sales in line with the potential for investments in 2014

Gecina carried out 560 million euros of **sales** during the first half of 2014, including the 75% interest in the Beaugrenelle shopping center, as well as 37 million euros of unit-by-unit residential sales and a clinic for 6 million euros.

The net exit yield on these sales was 4.2%. The average premium on the unit-by-unit residential sales came to 29.2% compared with the appraisals from end-2013, while Beaugrenelle's sale price was in line with its end-2013 appraisal.

In addition, 22 million euros of unit-by-unit residential assets are currently covered by preliminary sales agreements. Gecina will continue moving forward with its strategy to withdraw from the traditional residential sector, which will make up 15% of the Group's portfolio over the medium term (versus 25% in the first half of 2014).

Alongside this, **investments** totaled 195 million euros at June 30, 2014. 135 million euros focused on acquisitions, including 133 million euros for the Le France building in Paris' 13th arrondissement, with a net yield of 6.45%. 44 million euros concerned current or potential developments, including 17 million euros for the building of the Bayonne and Orange clinics, which will be operated by the Capio group, and 17 million euros for student residences. Capex represented 16 million euros for the period.

At the end of June 2014, there were still 245 million euros to be invested for the current development pipeline, with 62 million euros for the second half of 2014, 115 million euros for 2015, 50 million euros for 2016 and the remaining balance for 2017. The various projects underway are expected to generate 31 million euros of annualized headline rents (net).

At the end of June 2014, capitalized financial expenses relating to investments represented a total of 2 million euros.

Gecina was initially forecasting 1 billion euros of investments for the full year in 2014. This amount was based on a very sound financial structure, combined with expectations for 1 billion euros of sales over the year, with the sale of the Beaugrenelle shopping center and standard asset rotations. However, the investment market for offices in the Paris Region, Gecina's preferred target with its realignment strategy, has become significantly tighter in 2014, with an influx of liquidity pushing yield rates down.

In this context, the Group has decided to maintain its disciplined approach with its requirements for returns on investment, locations and value creation potential. In this way, the total amount of investments could be less than the initial target. Over the full year, they are expected to represent nearly 300 million euros, taking into account expectations for volumes committed to for the second half of the year in terms of developments and capex. To secure its recurrent income, Gecina will be adapting its volume of sales, with around 600 million euros expected for the year.

Portfolio value stable like-for-like, NAV down -4.3% over the half-year period with the dividend payment and value adjustments on debt and financial instruments

The portfolio value (block) came to 10,222 million euros, down -5.2% on a current basis as a result of the sales made. On a comparable basis, the value is virtually stable (-0.2%) compared with December 31, 2013, adversely affected by the +70 bp increase in transfer duties to 6.9% for the portfolio located primarily outside of Paris, with the business plan and rate effects remaining neutral for the first half of 2014.

On a comparable basis, the values of office assets have remained stable (-0.1%), with the combined impact of the increase in transfer duties (-0.2%) offset by the business plan effect, whereas the rate effect is neutral.

The value of the healthcare portfolio is down slightly (-0.3%), exclusively due to the hike in transfer duties (-0.5%), with the impact of this increase partially offset by the business plan and rate effects. Lastly, the residential portfolio value shows a slight decline on a comparable basis, down -0.6%, mainly due to the business plan effect.

The drop in the portfolio value on a current basis primarily factors in assets sold off during the period (705 million euros) and, to a lesser extent, changes in the fair value of assets (-54 million euros), only partially offset by investments (195 million euros).

EPRA diluted triple net NAV (block) represents 97.8 euros per share, down -4.3% versus the end of 2013. This 4.4 euro change over the first six months of the year factors in the following impacts:

- dividend payment:	-4.6 euros
- impact of recurrent income:	+2.7 euros
- value adjustment on assets:	-0.8 euros
- value adjustment on financial instruments:	-1.6 euros
- other items:	-0.1 euros

Diluted unit NAV came to 106.8 euros per share at June 30, 2014, compared with 111.1 euros per share at December 31, 2013.

In million euros	June 30, 2013		Dec. 31, 2013		June 30, 2014	
	Amount / no. of shares	€ / share	Amount / no. of shares	€ / share	Amount / no. of shares	€ / share
Fully diluted number of shares	61,588,663		61,658,902		61,947,641	
Shareholders' equity under IFRS	6,112		6,246		6,035	
+ impact of exercising stock options	48		48		54	
Diluted NAV	6,159		6,293		6,089	
+ Fair value reporting of properties, if the amortized cost option is adopted	36		37		38	
+ Fair value reporting of inventory properties	1					
- Fair value of financial instruments	152		140		106	
- Beaugrenelle earnout	(7)					
-Deferred tax relating to fair value reporting of buildings and financial instruments	(9)		(2)			
= Diluted EPRA NAV	6,332	€102.8	6,468	€104.9	6,233	€100.6
+ Fair value of financial instruments	(152)		(140)		(106)	
+ Fair value of liabilities	(38)		(31)		(66)	
+ Deferred tax on the revaluation of assets at fair value	9		2			
= Diluted EPRA triple net NAV	6,151	€99.9	6,299	€102.2	6,061	€97.8

Gecina, a leading real estate group

Gecina owns, manages and develops property holdings worth 10.2 billion euros at June 30, 2014, with 90% located in the Paris Region. This real estate company's business is built around France's largest office portfolio, as well as 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 (SIC) listed on Euronext Paris, and is part of the FTSE4Good, DJSI Europe and World, Stoxx Global ESG Leaders and Euronext Vigeo France 20 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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APPENDIX
FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

At the Board meeting on July 21, 2014, chaired by Bernard Michel, Gecina's Directors approved the financial statements at June 30, 2014. 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 21, 2014 following a verification of the information contained in the Half-year Financial Report.

<i>In million euros</i>	June 30, 2013	June 30, 2014	Change (%)
Gross rental income	294.4	293.9	-0.2%
Expenses on properties	(66.7)	(73.1)	+9.5%
Expenses billed to tenants	43.5	50.8	+16.8%
Net rental income	271.2	271.7	+0.2%
Services and other income (net)	3.7	4.2	+12.8%
Overheads	(31.6)	(31.8)	+0.6%
EBITDA	243.3	244.1	+0.3%
Gains from disposals	26.0	6.6	na
Change in fair value of properties	(22.9)	(54.1)	na
Depreciation	(2.7)	(2.5)	-4.8%
Net provisions and amortization	(4.1)	0.2	na
Operating income	239.5	194.2	-18.9%
Net financial expenses	(72.8)	(75.4)	+3.5%
Financial depreciation and provisions	(0.3)	0.0	na
Change in value of financial instruments and debt	31.6	(62.1)	na
Net income from equity affiliates	0.0	0.0	na
Pre-tax income	198.0	56.7	-71.4%
Recurrent tax	(3.1)	(1.7)	na
Non-recurrent tax	(0.3)	(0.0)	na
Exit tax	0.0	0.0	na
Deferred tax	(5.9)	(0.0)	na
Non-recurrent minority interests	(3.8)	0.9	na
Recurrent minority interests	(0.6)	(1.4)	na
Consolidated net income (Group share)	184.3	54.5	-70.5%
Recurrent net income - total share	167.4	167.0	-0.2%
Recurrent net income - Group share	166.7	165.6	-0.7%
Average number of shares	60,876,884	61,155,258	+0.5%
Recurrent net income per share (undiluted)	2.74	2.71	-1.2%

CONSOLIDATED BALANCE SHEET

ASSETS	June 30,	Dec. 31,	LIABILITIES	June 30,	Dec. 31,
<i>In million euros</i>	2014	2013	<i>In million euros</i>	2014	2013
Non-current assets	10,051.4	10,588.0	Capital and reserves	6,035.3	6,245.5
Investment properties	9,703.4	10,337.6	Share capital	472.7	471.5
Buildings under refurbishment	251.3	151.8	Additional paid-in capital	1,888.3	1,877.4
Buildings in operation	63.3	64.0	Consolidated reserves	3,619.7	3,582.5
Other tangible fixed assets	4.1	4.2	Consolidated net profit	54.5	314.0
Intangible fixed assets	2.9	3.4	Capital and reserves attributable to owners of the parent	6,035.2	6,245.5
Long-term financial investments	11.9	12.0	Non-controlling interests	0.1	0.0
Share in equity-accounted companies	3.7	3.7	Non-current liabilities	3,254.1	3,274.8
Non-current financial instruments	10.5	10.8	Non-current financial debt	3,099.4	3,089.8
Deferred tax assets	0.4	0.4	Non-current financial instruments	116.4	150.6
Current assets	391.4	411.5	Deferred tax liabilities	5.5	5.5
Properties for sale	196.0	219.9	Non-current provisions	32.8	28.9
Inventories	7.7	7.4	Non-current taxes due & other employee-related liabilities	0.0	0.0
Trade receivables and related	91.2	89.1	Current liabilities	1,153.3	1,479.1
Other receivables	55.8	55.9	Current financial debt	884.8	1,168.3
Prepaid expenses	29.8	27.0	Current financial instruments	0.7	0.0
Current financial instruments	1.1	0.0	Security deposits	59.7	65.1
Cash & cash equivalents	9.9	12.3	Trade payables and related	109.0	155.9
			Current taxes due & other employee-related liabilities	48.1	45.9
			Other current liabilities	51.0	43.9
TOTAL ASSETS	10,442.8	10,999.5	TOTAL LIABILITIES	10,442.8	10,999.5

This document does not constitute an offer to sell or a solicitation of an offer to buy Gecina securities and has not been independently verified.

If you would like to obtain further information concerning Gecina, please refer to the public documents filed with the French securities regulator (Autorité des marchés financiers, AMF), which are also available on our internet site.

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