Press release
April 23, 2015

Business at March 31, 2015

Gecina confidently reconfirms its targets for 2015

Close to 450 million euros of new investments and disposals secured

Recurrent net income up +4.9% adjusted for the impact of Beaugrenelle's sale…

…driven by the reduction in financial expenses and overheads

Key figures

At the Board meeting on April 23, 2015, chaired by Bernard Michel, Gecina's Directors reviewed the financial statements at March 31, 2015, as appended.
All the figures presented in this document (excluding the appendices) exclude any impact of IFRIC 21 relating to the recognition date for levies, which will no longer be able to be deferred in interim accounts, unless the obligating event occurs over a period of time. The impact of this standard primarily concerns the section of property taxes (taxe foncière) that cannot be charged back to tenants. It will not have any impact on the annual financial statements, but will modify the schedule for recognizing the rental margin in interim publications.

In million euros	March 31, 14	March 31, 15	Change (%)
Gross rental income	148.4	137.8	-7.2% *(-1.9% like-for-like)*
EBITDA	122.8	113.3	-7.7%
Recurrent net income (Group share)	**83.3**	**83.4**	**+0.2%** ***(+4.9% adjusted for Beaugrenelle's sale)***
per share (in euros)	1.37	1.36	-0.3% *(+4.4% adjusted for Beaugrenelle's sale)*

Unaudited figures

Dynamic start to the year

The first quarter of 2015 was marked by the securing of two significant investments, for a combined total of 324 million euros (City 2 in Boulogne, which will be delivered at the end of 2015, for 188 million euros, and Sky 56 in Lyon Part-Dieu for 136 million euros, with delivery scheduled for 2018). Alongside this, Gecina sold its last significant asset in Spain, taking the volume of sales completed or under preliminary agreements up to 119 million euros at end-March 2015. The sales completed during the quarter achieved average premiums of 18.1% over the appraisal values, with an exit yield of 4.8%.

This quarter followed on from 2014, with recurrent net income increasing by +0.2%, despite the dilutive impact of the sale of the Beaugrenelle shopping center, a non-strategic asset, and an indexation level of nearly zero, but benefiting from a significant reduction in net financial expenses (down -23.3%). Restated for the impact of Beaugrenelle's sale, recurrent net income growth comes out at +4.9%.
The occupancy rate on Gecina's office portfolio remains high at 95.1%, although down slightly from the first quarter of 2014, as a result of the Boulevard du Général Leclerc building in Neuilly being temporarily vacant before its new lease comes into force in June 2015. At the start of this year, Gecina has relet and renewed leases for over 16,000 sq.m. The remaining letting risks for the year are now clearly identified and very limited.

The Group has also continued to optimize its liabilities, successfully placing a 500 million euro bond issue with a 1.5% coupon and 10-year maturity in January, renegotiating part of its unused credit lines and completing the early redemption of the ORNANE convertible bonds initially scheduled to mature at the beginning of 2016.

Based on these elements, particularly the improved financing conditions, Gecina is able to confidently confirm its target for recurrent net income (Group share) to be stable as a minimum for 2015, with over 2% growth when restated for the impact of Beaugrenelle's sale. This ambition factors in a plan rolled out to sell 800 million euros of non-strategic and/or mature assets in 2015. With its LTV significantly lower than its target of 40%, Gecina is looking to make further investments, which could enable it to revise its 2015 targets upwards during the year.

Rental income in line with the Group's targets

Gross rental income came to 137.8 million euros at March 31, 2015, down -1.9% like-for-like and -7.2% on a current basis.

On a comparable basis, the slight contraction of -1.9% recorded during the first quarter is primarily attributable to a temporary vacancy phenomenon affecting the Boulevard du Général Leclerc asset in Neuilly: the lease signed with Henner in June 2014, following the previous tenant's departure in March 2014, will only come into effect from June 2015. Restated for this effect, the contraction in rental income on a comparable basis comes out at only -1.0%, reflecting the slightly negative level of reversion, while the impact of indexation is close to zero for the quarter.

On a current basis, the -7.2% contraction compared with the first quarter of 2014 is primarily due to the disposal of the Beaugrenelle shopping center, sold in April 2014, which had generated 7.4 million euros of rent in the first quarter of 2014. Rent resulting from the deliveries and acquisitions made in 2014 (+2.8 million euros) came in slightly lower than the loss of rent due to sales and redevelopments (-3.6 million euros) over the quarter.

For **offices**, rental income is down -2.9% like-for-like for the first quarter. The impact of indexation was negligible and the building occupancy rate is down slightly, due to the temporary vacancy mentioned above, with a -1.9% impact. Over the quarter, the impact of renewals and renegotiations was still slightly negative at around -1.0%. On a current basis, office rental income contracted by -3.2%. Gecina is confirming its like-for-like office rental income forecast of close to -1% for 2015.

For the **residential portfolio**, rental income was stable over the first quarter (+0.1%) like for like, with a slight impact for indexation (+0.5%), offset by the increased vacancy rate (-0.4%). On a current basis, the contraction is due to the strategy to not relet apartments to be sold off on a unit basis when they become vacant as tenants naturally free up assets.

Gross rental income In million euros	March 31, 14	March 31, 15	Change (%) Current basis	Like-for-like
Group total	**148.4**	**137.8**	**-7.2%**	**-1.9%**
Offices	88.2	85.5	-3.2%	-2.9%
Traditional residential	31.6	31.0	-2.0%	+0.1%
Student residences	2.4	2.7	+14.7%	+0.1%
Healthcare	18.6	18.4	-0.7%	-0.2%
Beaugrenelle	7.4	0.0	n.a.	n.a.
Other	0.2	0.2	+2.0%	n.a.

The Group's **average financial occupancy rate** came to 96.0%, down 40 bp versus 2014.

The financial occupancy rate for **office** properties is down 20 bp from 2014 to 95.1%. Compared with Q1 2014, this contraction comes out at 80 bp, mainly due to the temporary vacancy recorded on the building in Neuilly (Boulevard du Général Leclerc). Restated for this impact, the office occupancy rate averages out at 96.1%, slightly higher than the first quarter of 2014.

The occupancy rate on **traditional residential** properties remains structurally high, coming in at 96.8%, although down over the year, partly due to the longer letting times for large apartments.

Lastly, the occupancy rate has remained stable at 100% for **healthcare** real estate.

Average financial occupancy rate	Mar 31, 14	Dec 31, 14	Mar 31, 15
Offices*	**95.9%**	**95.3%**	**95.1%**
Diversification	**98.6%**	**98.3%**	**97.9%**
Traditional residential	97.8%	97.7%	96.8%
Student residences	96.1%	92.0%	92.7%
Healthcare	100.0%	100.0%	100.0%
Group total	**96.9%**	**96.4%**	**96.0%**

**Excluding Beaugrenelle*

Recurrent net income (Group share) up +0.2%, with +4.9% growth when restated for the impact of Beaugrenelle's sale

The rental margin climbed to 92.1% at end-March 2015, up 10 bp from March 31, 2014, thanks to the impact of the improved margin for both offices (+20 bp) and residential assets (+130 bp). For offices, this improvement in the rental margin reflects the impact of the acquisition of the Le France building in 2014, as well as the lower level of unrecoverable costs. For residential properties, this improved rate is mainly due to the non-recurring impact of a relatively high volume of upkeep and maintenance costs in Q1 2014, with a more regular breakdown expected for the different quarters in 2015.

	Group	Offices	Residential	Healthcare
Rental margin at March 31, 2014	92.0%	94.3%	81.6%	99.7%
Rental margin at March 31, 2015	92.1%	94.5%	82.9%	98.9%

Salaries and management costs are down -0.4 million euros to 15.4 million euros for the first quarter of 2015, particularly due to the lower level of staff costs.

Net financial expenses are down -23.3% year-on-year. This reduction reflects the work carried out to optimize liabilities in 2014, as well as the 500 million euro, 10-year bond issue in January 2015, with a coupon of 1.5%, and the early redemption of the ORNANE convertible bonds. Gecina has also renegotiated and renewed nearly one billion euros of undrawn credit lines, extending the maturity of its debt to over six years (versus five years at end-2014).
Gecina is able to reconfirm its target to reduce its average cost of debt (including undrawn credit lines) by at least 40 bp over the year.

The ORNANE convertible bonds have been redeemed in full, with the Group buying back on the market and cancelling 19% of the issue, then converting the remaining bonds. In this way, Gecina has put 922,591 shares previously held as treasury stock back into circulation.

Recurrent net income (Group share) came to 83.4 million euros at end-March 2015, up +0.2% from the first quarter of 2014. Restated for the impact of the Beaugrenelle shopping center's sale (sold in April 2014), recurrent net income growth comes out at +4.9%.
Gecina is maintaining its forecast for recurrent net income (Group share) to be stable as a minimum for the full year. This assumption is based on 800 million euros of sales in 2015 and a reduction in the average cost of debt by at least 40 bp.

324 million euros of new investments secured since the start of the year

The first quarter of 2015 was active in terms of acquisitions, with Gecina securing 324 million euros of new investments.
For instance, Gecina has acquired the City 2 building (28,500 sq.m) in Boulogne-Billancourt for 188 million euros, and it will be fully let to the Solocal group under a firm 10-year lease. This building, which will be delivered at the end of 2015, is ideally located next to the Pont de Sèvres metro station on Line 9, as well as the future Line 15, which is scheduled to be delivered in 2020 as part of the Grand Paris project.
More recently, Gecina announced that it has signed a preliminary agreement to buy the Sky 56 building (30,700 sq.m) off plan in Lyon Part-Dieu. This building will be delivered in 2018 and has already been 25% pre-let. Gecina expects this operation to deliver a net yield of close to 7%.

During the first quarter of 2015, 192 million euros of investments were recorded, with 160 million euros corresponding to progress with the City 2 project, 23 million euros for various other projects under development and 9 million euros of capex.

Capitalized financial expenses on investments represented a total of 1.7 million euros at end-March 2015, up +0.8 million euros year-on-year, versus 0.9 million euros at end-March 2014.

336 million euros are still to be committed for the development pipeline, with 96 million euros in 2015, 115 million euros in 2016 and the balance by 2018.

119 million euros of sales completed or subject to preliminary agreements at end-March 2015

In addition, 119 million euros of assets were sold during the first quarter or subject to preliminary agreements at end-March.
62 million euros of sales were completed during the first quarter of 2015, with an 18.1% premium versus the latest appraisal values.
Sales focused primarily on offices, including the sale of the building occupied by BMW in Madrid (for 41 million euros) and a vacant asset in Paris' 15th arrondissement (Mercure 2 for 8 million euros). Office sales achieved an average premium of 15.1% compared with their appraisal values.
The divestments also concerned unit-by-unit residential sales (13 million euros), securing an average premium of 31.4% compared with the valuations from end-2014.
In addition, 57 million euros of assets are currently covered by preliminary sales agreements, including 41 million euros of unit-by-unit residential sales.

Criminal proceedings against Mr Rivero: initial ruling, appeal proceedings underway

Following the criminal proceedings against Mr Joaquín Rivero, with the Paris high court's *Chambre Correctionnelle* division, Gecina has acknowledged the ruling from March 11, 2015 convicting Mr Rivero. As appeal proceedings are underway, the ruling is, at this stage, not enforceable.

Gecina confirms its targets for 2015

Based on the results achieved for the first quarter, Gecina is able to confidently confirm its objective for recurrent net income (Group share) to be stable as a minimum for the year, with over 2% growth when restated for the impact of Beaugrenelle's sale. This ambition factors in a plan rolled out to sell 800 million euros of non-strategic and/or mature assets in 2015. With its LTV significantly lower than its target of 40%, Gecina is looking to make further investments, which could enable it to revise its 2015 targets upwards during the year.

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APPENDICES

Condensed income statement and recurrent income

At the Board meeting on April 23, 2015, chaired by Bernard Michel, Gecina's Directors reviewed the financial statements at March 31, 2015, as presented below, factoring in the impact of IFRIC 21. This standard relates to the recognition date for levies, which will no longer be able to be deferred in interim accounts, unless the obligating event occurs over a period of time. The impact of this standard primarily concerns the section of property taxes (taxe foncière) that cannot be charged back to tenants. It will not have any impact on the annual financial statements, but will modify the schedule for recognizing the rental margin in interim publications.

	Without IFRIC 21			With IFRIC 21		
In million euros *(unaudited figures)*	Mar 31, 14	Mar 31, 15	Change (%)	Mar 31, 14	Mar 31, 15	Change (%)
Gross rental income	**148.4**	**137.8**	**-7.2%**	**148.4**	**137.8**	**-7.2%**
Expenses on properties	(38.7)	(33.9)	-12.2%	(49.0)	(43.4)	-11.5%
Expenses billed to tenants	26.8	23.1	-14.0%	26.8	23.1	-14.0%
Net rental income	**136.6**	**126.9**	**-7.1%**	**126.2**	**117.5**	**-6.9%**
Services and other expenses (net)	1.9	1.7	-11.9%	1.9	1.7	-11.9%
Salaries and management costs	(15.7)	(15.4)	-2.5%	(16.5)	(16.1)	-2.4%
EBITDA before disposals	**122.8**	**113.3**	**-7.7%**	**111.6**	**103.1**	**-7.7%**
Net financial expenses	(38.1)	(29.2)	-23.3%	(38.1)	(29.2)	-23.3%
Recurrent tax	(0.7)	(0.6)	-21.2%	(0.7)	(0.6)	-21.2%
Recurrent minority interests	(0.6)	0.0	-100.5%	(0.6)	0.0	-100.5%
Recurrent net income (Group share)	**83.3**	**83.4**	**+0.2%**	**72.2**	**73.2**	**+1.5%**

	Without IFRIC 21			With IFRIC 21		
	Mar 31, 14	Mar 31, 15	Change (%)	Mar 31, 14	Mar 31, 15	Change (%)
Average number of shares excl. treasury stock	60,993,243	61,276,212		60,993,243	61,276,212	
Recurrent net income (Group share) per share (in euros)	**1.37**	**1.36**	**-0.3%**	**1.18**	**1.19**	**+1.0%**