gecina
Bien plus que des mètres carrés

Press release
February 24, 2016

2015 earnings

Gecina is benefiting from its strategic repositioning…

Recurrent net income (Group share) up **+12.2%**, restated for Beaugrenelle's sale
EPRA triple net NAV up **+21.2%** year-on-year to 122.7 euros

…supported by its active portfolio rotation and its realignment around offices…

1.9 billion euros of investments and **579 million euros** of sales completed or secured
Exit from the healthcare sector for **1.35 billion euros** in 2016

…and dynamic management of its debt

Cost of debt down **-90bp to 2.7%** (2.2% for drawn debt) and average maturity up to 5.7 years

Key figures*

In million euros	Dec 31, 14	Dec 31, 15	*Change (%)*
Gross rentals	571.0	574.6	*+0.6%* *(-0.2% like-for-like)*
EBITDA	467.6	472.4	*+1.0%*
Recurrent net income (Group share)	**316.6**	**349.2**	***+10.3%*** *(+12.2% restated for Beaugrenelle's sale**)*
Per share (in euros)	*5.17*	*5.61*	*+8.6%* *(+10.5% restated for Beaugrenelle's sale**)*
Diluted EPRA triple net NAV (block)	€101.2	€122.7	*+21.2%*
Dividend per share	€4.65	€5.00 ***	+7.5%

** All the figures presented in this document (including appendices) exclude any impact for IFRS 5 relating to the recognition of discontinued operations and operations held for sale, applied to the healthcare portfolio, for which a sales process was underway at year-end 2015*
*** Excluding the impact of the sale of Beaugrenelle in 2014, assumption for an LTV of 40%*
**** Subject to approval by the General Meeting*

In 2015, recurrent net income (Group share) climbed +12.2%, restated for the impact of Beaugrenelle's sale in 2014 (+10.3% for recurrent net income (Group share) on a reported basis). This strong performance partly reflects the impact of the acquisitions made during the year (including the T1&B towers in La Défense, and the PSA Group's current headquarters in Paris' central business district), as well as a further significant reduction in the average cost of debt over the year, down -90bp to 2.7% (2.2% for drawn debt), and the effective control over operating expenditure.

In line with the strategic ambitions announced at the start of 2015, Gecina achieved a particularly dynamic year in terms of its portfolio's rotation. Since the beginning of 2015, Gecina has completed or secured around **1.9 billion euros of investments** and **1.9 billion euros of sales** (including the Group's healthcare portfolio, with its sale expected to be finalized mid-2016). Gecina has significantly strengthened its leadership for urban offices in Paris, **ramping up its office portfolio to represent nearly 77% of its total portfolio** (excluding the healthcare portfolio), compared with 63% one year ago.

The **committed project pipeline** was increased to 0.9 billion euros at end-2015 (of which 353 million euros still to be invested), with 43% of projects located in Inner Paris and 28% in the Southern Loop, delivering an expected yield of 6.8%. This committed pipeline represented 7% of the Group's portfolio at end-2015. In addition, after reviewing all the assets in its portfolio, Gecina's teams have identified major value reserves, taking the **controlled pipeline** for development and redevelopment projects up to 2.55 billion euros (with 1 billion euros of potential outlays, to be added to the current asset value of 1.55 billion euros), with 80% of these projects located in Paris. These committed and controlled projects will help drive the Group's future growth and value extraction.

The strong growth in triple net NAV (+21.2% to 122.7 euros per share) partly reflects the compression of real estate yields on the investment market, combined with the significant capital gains recorded on sales, as well as the increase in the value of assets acquired recently and programs that are being developed. These various elements confirm the relevance of Gecina's strategic choices in the current market environment, further strengthening the Group's confidence in its total return positioning, adopted at the start of 2015.

Strategic repositioning and promising market for future

Gecina, more than ever, intends to maintain its extremely **selective and opportunistic approach for both acquisitions and disposals**, in a very competitive investment market, with the ambition to build on its momentum from 2015. The market environment is expected to be positive for Gecina over the coming years. While take-up increased slightly in 2015 for the Paris Region in general (+1%), it has picked up again significantly for the Paris CBD (+18%) and the Western Crescent's Southern Loop (+92%), where Gecina has a very strong presence, showing the first concrete signs of a rental upturn for the central sectors where available supply is still limited, despite the upturn in demand. Excluding the impact of the process underway to sell the healthcare portfolio, **underlying growth in recurrent net income (Group share) is expected to represent over +5% for 2016.**

__Bernard Michel, Gecina's Chairman:__ "2015 was a particularly active year for Gecina. Supported by a stabilized shareholding structure and a renewed Board of Directors, we announced an ambitious strategic realignment at the start of the year aiming to further strengthen our leadership for offices in Paris, building on four main pillars for creating value. As we can see, the Group achieved major successes throughout the year, in terms of investments and sales, as well as lettings. The Group has continued to move forward with an ambitious corporate social responsibility project, while making rapid progress with real estate innovation, supporting the company's performance. However, our ambition is to go even further, and we are preparing for the future with confidence".

__Philippe Depoux, Gecina's Chief Executive Officer:__ "The very good trends seen on the investment market and the significant improvement taking shape on rental markets in the most central sectors are further strengthening our confidence in the strategy that we have rolled out with support from our Directors. With the rental market picking up again in certain sectors and our development and redevelopment projects progressing, we are very confident about this new year. In 2016, we will not be forced to sell or buy assets, because our strong balance sheet and the flexibility it offers will enable us to be opportunistic in terms of sales and highly selective in terms of investments. In 2016, we will be agile, flexible, proactive and responsive, as required, ready to capitalize on the opportunities that arise, while maintaining our high standards for profitability".

Rental income up +0.6% to 574.6 million euros

Gross rental income came to 574.6 million euros in 2015. Like-for-like, rental income is down very slightly (-0.2%), continuing to be affected by low indexation (+0.2%) and a slightly negative level of reversion. However, the quarter-on-quarter performance shows that growth has continued to improve on a like-for-like basis, with -1.9% at March 31, 2015, then -1.1% at June 30 and -0.8% at September 30.

On a current basis, rental income is up +0.6%, despite the loss of rent resulting in particular from the commercial and residential assets sold in 2014 and 2015 (Beaugrenelle in 2014 and BMW-Madrid, Mazagran-Gentilly, L'Angle-Boulogne and, to a lesser extent, Newside-La Garenne-Colombes and Brune-Paris, in 2015). The loss of rent linked to these sales (-28.1 million euros) and strategic redevelopment operations (-3.2 million euros) has been fully offset by the additional rent generated by acquisitions and project deliveries (+35.9 million euros), primarily with the PSA Group's current headquarters in Paris and the T1&B towers in La Défense, as well as the delivery of four new student residences and two healthcare facilities.

The loss of rent resulting from strategic redevelopments represents -3.2 million euros and primarily concerns the 55 Amsterdam and Guersant buildings, both located in Paris, bordering the Central Business District, in the 8th and 17th arrondissements. These operations, creating future value, are scheduled to be delivered in 2017 and 2018 respectively, in a market with a shortfall of quality premises at the heart of Paris.

Gross rental income	Dec 31, 14	Dec 31, 15	Change (%)	
In million euros			Current basis	Like-for-like
Group total	**571.0**	**574.6**	**+0.6%**	**-0.2%**
Offices	348.9	364.2	+4.4%	-0.5%
Traditional residential	126.1	121.3	-3.8%	-0.1%
Student residences	9.1	12.0	+30.9%	+0.1%
Healthcare	73.4	76.4	+4.1%	+0.5%
Other (incl. Beaugrenelle)	*13.4*	*0.7*	*NA*	*NA*

Offices: rental income up thanks to the Group's growing specialization

Rental income from **offices** is up +4.4% on a current basis, thanks in particular to the impact of the acquisition of the T1&B towers in La Défense and PSA's current headquarters in Paris' CBD at the start of the second half of the year, offsetting the impact of sales and redevelopments.

Like-for-like, rental income is down slightly (-0.5%), primarily as a result of the space vacated during the year (-0.3%), although part of this space has already been relet. This like-for-like change moderately outperformed the Group's expectations from the start of the year (by -1%).
Nearly two thirds of the space vacated in 2015 in the CBD was already relet during the year, with a slightly positive level of reversion.

This was a particularly active year in terms of **rental management** and Gecina had let nearly 133,000 sq.m of offices by the end of 2015, factoring in new lettings, relettings, renegotiations and renewals, representing around 52 million euros of annualized economic rent. Gecina has already anticipated the majority of its letting maturity milestones for 2016. Rental incentives in 2015 were significantly lower than those awarded by Gecina in 2014. On all the leases covered by relettings across the Group's portfolio in 2015, the level of reversion is still negative, but shows a clear improvement compared with previous years, confirming the gradual upturn in the market for the region as a whole, but above all the most central sectors.

Gross rental income – Offices In million euros	Dec 31, 14	Dec 31, 15	Change (%) Current basis	 Like-for-like
Offices	**348.9**	**364.2**	**+4.4%**	**-0.5%**
Inner Paris	181.2	186.3	+2.8%	-1.3%
Paris CBD - Offices	*92.7*	*98.7*	*+6.4%*	-
Paris CBD - Retail units	*35.0*	*35.0*	*+0.1%*	-
Paris excl. CBD	*53.5*	*52.6*	*-1.6%*	-
Western Crescent - La Défense	120.8	137.0	+13.4%	+0.8%
Other	47.0	41.0	-12.8%	+0.2%

2016 is expected to show contrasting trends, benefiting from the signs of a rental market upturn for the most central sectors, as well as the latest adjustments for certain assets renegotiated at the end of 2014 and early 2015 and taking effect in 2015 and 2016. Like-for-like, office rental income could therefore contract slightly.

Diversification portfolios: rental resilience and impact of sales programs

Rental income from **traditional residential** assets is virtually stable like-for-like (-0.1%). On a current basis, the -3.8% contraction factors in the program to sell apartments on a unit basis when they become vacant as tenants naturally free up assets (Hopper program).

The **student residence** portfolio achieved strong growth in rental income (+30.9%) in 2015, driven by the major deliveries seen in the third quarter of 2015 in Paris, Bagnolet, Palaiseau-Saclay and Bordeaux. Like-for-like, rental income is up very slightly (+0.1%), in line with indexation.

Healthcare rental income is up +0.5% like-for-like, slightly outperforming the low level of indexation seen for 2015 (+0.1%). On a current basis, growth is more significant (+4.1%), benefiting from the delivery of two facilities in Bayonne and Orange in the third quarter of 2015.

Further reduction in the vacancy rate for 2015

The average financial occupancy rate for 2015 was 96.6%, an improvement compared with the already high levels from 2014 (96.4%) and 2013 (95.5%). This increase is consistent with the Group's objectives for 2015.

This improvement can be seen primarily on the Group's office portfolio, with its financial occupancy rate rising from 95.3% in 2014 to 95.8% in 2015, notably reflecting the Henner Group's arrival in Neuilly during the year. This figure does not include the impact of the letting of the Pointe Métro 2 building in Gennevilliers, for which two leases were signed on February 19, 2016, but has benefited from the inclusion of fully-let assets in the scope, such as the T1&B buildings in La Défense and the PSA Group's current headquarters in Paris' Central Business District.

For Inner Paris, the financial occupancy rate climbed to 98.5%, a year-on-year increase of +70bp. In the Western Crescent, it is up +120bp year-on-year to 94.1%.

In addition, the financial occupancy rate for the student residence portfolio has increased by 200bp since the third quarter of 2015 (to 91.7%, versus 89.7%), thanks to the improvement in the fill rate for the residence halls delivered in the third quarter of 2015. On this portfolio, the spot occupancy rate was up to 95.1% at the end of 2015.

Average financial occupancy rate	Dec 31, 14	Jun 30, 15	Sep 30, 15	Dec 31, 15
Offices	**95.3%**	**95.3%**	**95.6%**	**95.8%**
Diversification	**98.3%**	**98.2%**	**98.1%**	**98.2%**
Traditional residential	97.7%	97.8%	97.7%	97.7%
Student residences	92.0%	90.6%	89.7%	91.7%
Healthcare	100.0%	100.0%	100.0%	100.0%
Group total	**96.4%**	**96.3%**	**96.4%**	**96.6%**

Recurrent net income (Group share) up +10.3% (+12.2% restated for Beaugrenelle's sale)

Recurrent net income (Group share) shows strong growth for 2015, up +10.3% to 349.2 million euros. This performance reflects not only Gecina's achievements on the investment market, but also its rigorous management of financial expenses and operating expenditure, as well as its highly effective letting management. Restated for the impact of Beaugrenelle's sale in April 2014, recurrent net income (Group share) growth comes out at +12.2%.

Recurrent net income (Group share) per share came to 5.61 euros for 2015, compared with 5.17 euros per share in 2014, up +8.6% (+10.5% restated for Beaugrenelle's sale). The recurrent net income (Group share) growth per share includes the effect of the early redemption of the ORNANE convertible bonds in the first half of 2015, buying back and cancelling 19% of the issue, then converting the remaining bonds. 922,591 shares previously held as treasury stock were put back into circulation.

The rental margin came to 91.6% at end-2015, down slightly from December 31, 2014 (-20bp), following a slight drop in the rental margin on the residential portfolio, linked primarily to various non-recurring costs recorded mainly over the second half of 2015. On the other segments, the rental margins are stable overall.

	Group	Offices	Residential	Healthcare
Rental margin at Dec 31, 14	91.8%	94.1%	83.0%	99.2%
Rental margin at Dec 31, 15	91.6%	94.0%	81.1%	99.4%

Salaries and management costs are down -4.6%, thanks to the effective management of staff costs and the reduction in overheads.

Net financial expenses are down -18.2% or -26.7 million euros year-on-year to 119.8 million euros, thanks to a significant reduction in the average cost of debt (-90bp for 2015 versus 2014), whereas the average volume of debt increased by around 400 million euros.
Gross financial expenses are down -16.8% for the year, excluding the impact of capitalized financial expenses (which totaled 5.9 million euros, up +1.4 million euros linked to the increase in the volume of projects under development).
The average cost of drawn debt came to 2.2% for 2015 (2.7% including undrawn credit lines), compared with 3.0% in 2014 (3.6% including undrawn credit lines).

In million euros	Dec 31, 14	Dec 31, 15	*Change (%)*
Gross rental income	**571.0**	**574.6**	***+0.6%***
Net rental income	**524.3**	**526.2**	***+0.4%***
Services and other income (net)	8.4	8.3	*-2.0%*
Salaries and management costs	(65.1)	(62.1)	*-4.6%*
EBITDA	**467.6**	**472.4**	***+1.0%***
Net financial expenses	(146.6)	(119.8)	*-18.2%*
Recurrent gross income	**321.0**	**352.5**	***+9.8%***
Recurrent minority interests	(1.2)	0.2	*NA*
Recurrent tax	(3.3)	(3.5)	*+7.0%*
Recurrent net income (Group share)	**316.6**	**349.2**	***+10.3%***

Cost of debt reduced, while extending its maturity and hedging

Gecina has continued to optimize its liabilities, capitalizing on a particularly positive environment to make progress on all its financial indicators. Over the year, Gecina issued, renewed or renegotiated nearly 2.4 billion euros of long-term financing, making it possible to not only reduce the cost of its debt, but also to increase its maturity while extending its hedging timeframes.

- The **average cost of debt** including undrawn credit lines dropped -90bp in one year to 2.7% in 2015, versus 3.6% in 2014, notably benefiting from bond issues (1 billion euros, with an average coupon of 1.75% and an average maturity of 9.5 years), as well as renegotiations and renewals of undrawn credit lines.
- Alongside this, the **average maturity of debt** increased by 0.7 years to 5.7 years at end-2015, compared with 5.0 years at end-2014
- Lastly, the **average maturity of hedging** was also extended, by 1.5 years, up from 4.3 years at end-2014 to 5.8 years at end-2015. At the end of December 2015, the hedging rate represented 73% of estimated average debt for 2016.

All of these measures have consolidated the Standard & Poor's and Moody's ratings at **BBB+ / outlook stable** and **Baa1 / outlook stable**.

Net debt represented 4,717 million euros at end-2015, with an increase of 836 million euros for the year, resulting from a predominantly net buyer profile in 2015.

At end-2015, Gecina's LTV came to 36.4% excluding duties, down -30bp from the end of 2014, despite the high level of investments during the year, primarily thanks to the significant increase in the portfolio value. However, this level does not include the impact of the healthcare portfolio's sale, which is expected to be finalized mid-2016, under the firm agreement signed with Primonial Reim on February 8, 2016. Adjusted for the healthcare portfolio's sale and the payment to come in 2016 for certain operations from 2015, the **pro forma LTV represents around 31% excluding duties**. In addition, Gecina had 1.7 billion euros in available liquidity at end-2015, making it possible to cover all the credit maturities for 2016 and 2017.

Thanks to the Group's balance sheet, Gecina has a particularly high level of financial headroom, enabling it to be extremely opportunistic, flexible and responsive on the investment market in 2016.

Gecina is forecasting a slight reduction in the average cost of its debt over 2016, dropping to less than 2.7% including undrawn credit lines.

Ratios	Covenant	Dec 31, 15
Loan to value (block, excl. duties)	< 55%	36.4%
EBITDA (excluding disposals) / net financial expenses	> 2.0x	3.9x
Outstanding secured debt / net asset value of portfolio (block, excl. duties)	< 25%	7.7%
Net asset value of portfolio (block, excl. duties) in million euros	> 6,000 – 8,000	12,971

1.9 billion euros of investments completed or secured in 2015…

Gecina led the market in 2015, completing or securing a total of 1.9 billion euros of investments over the year. These operations cover a wide range of investment profiles, but always in premium locations.

This amount includes:

- Operations **directly generating rental income** for 1.24 billion euros (T1&B buildings in La Défense, and PSA's current Grande Armée headquarters in the Paris CBD, which will benefit from extensive redevelopment work)
- One **operation secured** for 188 million euros generating rental income from 2016 (City 2-Boulogne-Billancourt)
- Operations with a **rental risk** for nearly 295 million euros, with the Tour Van Gogh-Sunflower in Paris-Gare de Lyon and the Sky 56 asset in Lyon Part-Dieu, which will be delivered in 2018

- The balance primarily concerns progress with other operations that were under development or delivered in 2015, including the "Le Cristallin" building in Boulogne-Billancourt, delivered in January 2016.

…and 1.9 billion euros of sales secured, with a 19% premium versus the appraisals

In line with the Group's ambition to accelerate its portfolio rotation, **Gecina completed and secured 579 million euros of sales** (excluding duties, Group share) in 2015, with an average net exit yield of 4.4%. **Since February 8, 2016, this amount has been increased to more than 1.9 billion euros**, including the firm sales agreement signed with Primonial Reim for the companies holding the Group's healthcare assets, based on a net yield of around 5.9%.

374 million euros of office sales, with a premium of over 27% versus the appraisal values

In 2015, Gecina completed almost 374 million euros of sales of office buildings, with the BMW (Madrid), Le Mazagran (Gentilly), L'Angle (Boulogne-Billancourt), Newside (La Garenne-Colombes) and Brune (Paris) buildings, achieving an average premium of 27% versus their end-2014 appraisals.

Agreement to sell the healthcare portfolio for 1.35 billion euros, with a premium of around 16%

On February 8, 2016, Gecina signed a preliminary sales agreement with Primonial Reim, representing a club deal involving various institutional investors, for its subsidiaries holding its entire healthcare real estate portfolio. The transaction represents a total of 1.35 billion euros including commissions and fees, with a net yield of 5.9% and a premium of around 16% compared with the appraisal values.

191 million euros of residential sales, with premiums of over 25% versus the appraisal values

By the end of 2015, Gecina had secured 191 million euros of residential sales, including 155 million euros on a unit-by-unit basis, achieving an average premium of over 30% compared with the appraisal values. At end-December, 30 million euros of sales were subject to preliminary agreements, while preliminary agreements are currently being prepared for other sales that are not indicated here. The unit-based program to sell properties as they are naturally vacated by tenants ("Hopper" program, covering 18% of the residential portfolio) is progressing more quickly than initially expected by Gecina, thanks to a rotation rate of over 20% on this portfolio, compared with around 15.6% on average for the total residential portfolio. On the Hopper program, the premium compared with the appraisal values for residential assets is averaging out at around +34%.

Development pipeline up significantly

At end-2015, Gecina's development project pipeline committed and controlled had significantly increased. The vast majority of these projects are located at the heart of the Paris Region's most central sectors, where levels of supply of quality products are structurally low. Indeed, 72% of these projects are located in Paris, 18% in the Western Crescent (particularly the Southern Loop), 5% in Lyon and just 4% in Paris' Inner or Outer Rim.
This strong growth is primarily linked to the finalization of a comprehensive analysis of the Group's portfolio, asset by asset, launched in early 2014 by Gecina's Asset Management teams, as well as various projects that are being considered on assets acquired during the year (PSA-Grande Armée and Tour Van Gogh-Sunflower).

At December 31, the **committed pipeline** represented 910 million euros of investments, compared with 440 million euros at end-2014, with 353 million euros still to be invested. The delivery of the projects underway will be staggered from now to 2018. Despite the delivery of four student residences and two healthcare facilities in the second half of the year (representing 135 million euros), the committed pipeline is up +470 million euros. This increase factors in the inclusion of a new project in Paris' 17th arrondissement for 125 million euros (Guersant), which is scheduled to be delivered in 2018, as well as the Tour Van Gogh-Sunflower (Paris), Sky 56 (Lyon Part-Dieu) and City 2 (Boulogne-Billancourt) projects.
The assets from the committed project pipeline are scheduled to be delivered between 2016 and 2018, with 28% in 2016, 21% in 2017 and 51% in 2018.

Gecina
Bien plus que des mètres carrés

Following the process to analyze the Group's portfolio asset by asset, the **controlled pipeline** was increased to 2.55 billion euros (with 1 billion euros of potential outlays, to be added to the current asset value of 1.55 billion euros), up from 1.27 billion euros at end-2014. Nearly half of these projects concern assets that are considered certain or likely to be vacated, while 82% of the controlled projects are focused on Inner Paris. These projects could be integrated into the committed pipeline when their current tenants leave, depending on market conditions.

Year-on-year portfolio value growth of +10.8% like-for-like

The portfolio value (block) climbed to 12,875 million euros, up +24.5% on a current basis and +10.8% like-for-like compared with December 31, 2014.

Like-for-like, the **office portfolio** value increased by +14.4% over the year, reflecting a +19.2% increase in value for the Paris portfolio (+21.6% for the CBD). All the other sectors recorded lower although significant increases, with +10.1% growth for the Western Crescent and +2.5% for the other sectors (Paris Inner and Outer Rim and Lyon). These appraisals factor in a significant compression of capitalization rates over 2015, by 80bp for offices to 5.17%.

The valuation retained at end-2015 for the Group's **healthcare portfolio** reflects the agreement signed between Gecina and Primonial Reim, with the portfolio's sale expected mid-2016. As a result, the like-for-like value adjustment corresponds to the +16% premium achieved compared with the appraisal values on this operation.

The valuation retained for Gecina's **residential portfolio** is stable like-for-like (+0.4% year-on-year).

The average yield rate on Gecina's portfolio, notably including the residential portfolio on a block value basis and the healthcare portfolio, came to 5.13% (4.99% excluding healthcare), contracting -60bp year-on-year (-58bp excluding healthcare).

Breakdown by segment	Appraised values*		Net capitalization rates		Like-for-like change	
In million euros	2015	2014	2015	2014	Dec 2015 vs. Dec 2014	Dec 2015 vs. Jun 2015
Offices	8,892	6,482	5.17%	5.97%	+14.4%	+10.8%
Inner Paris	4,710	3,535	4.58%	5.46%	+19.2%	+13.6%
- Paris CBD	3,675	2,697	4.09%	4.98%	+21.6%	+15.1%
Paris CBD - Offices	*2,576*	*1,803*	*4.64%*	*5.36%*	*+15.5%*	*+11.4%*
Paris CBD - Retail units	*1,098*	*894*	*3.04%*	*4.12%*	*+35.3%*	*+22.8%*
- Paris excl. CBD	1,036	838	6.71%	7.37%	+9.8%	+7.7%
Western Crescent - La Défense	3,392	2,130	5.90%	6.65%	+10.1%	+8.8%
Other	790	817	6.32%	6.57%	+2.5%	+1.8%
Residential (block)	2,667	2,750	4.43%	4.43%	+0.4%	+0.5%
Healthcare	1,316	1,106	6.05%	6.96%	NA	NA
Other	0	4	NA	NA	*NA*	*NA*
Group total	12,875	10,341	5.13% (4.99% excl. healthcare)	5.73% (5.57% excl. healthcare)	+10.8%	+8.2%
Total value: unit appraisals	*13,531*	*10,913*				

* Except for the Healthcare portfolio, which is valued based on the price from the sales agreement

NAV up +21.2%, benefiting from the strategy and market trends

Diluted EPRA triple net NAV (block) came to 122.7 euros per share, with strong growth of +21.2% year-on-year and +19.7% over six months. **Diluted EPRA NAV represents 124.1 euros per share**, up +19.4% year-on-year. This performance reflects not only the impact of a significant market effect, with a strong compression of capitalization rates for offices in Paris in particular, as well as the impacts of Gecina's total return strategy, through high levels of capital gains on sales, combined with the increase in the value of assets acquired recently and the portfolio under development.

NAV growth can be broken down as follows:

- 2014 dividend payment: - €4.65
- Impact of recurrent net income + €5.61
- Net capital gains on sales (including healthcare): + €4.10
- Net value increase for 2015 acquisitions and pipeline: + €4.00
- Value adjustment on other assets: +€13.60
- Value adjustment on financial instruments and debt: - €1.10
- Other: - €0.10

As indicated above, the strong year-on-year growth in triple net NAV is partly attributable to a compression of capitalization rates, as well as the deployment of a total return strategy, with its success benefiting from the high volumes of sales and investments secured, as well as positive market trends.

On a unit value basis, diluted EPRA NAV represented 132.9 euros per share at December 31, 2015, compared with 112.8 euros per share at December 31, 2014.

	Dec 31, 14		Jun 30, 15		Dec 31, 15	
In million euros	Amount / number of shares	€ / share	Amount / number of shares	€ / share	Amount / number of shares	€ / share
Fully diluted number of shares	61,967,103		63,423,273		63,327,690	
Shareholders' equity under IFRS	6,269		6,428		7,736	
+ Impact of exercising stock options	49.7		71.9		57.5	
Diluted NAV	6,318	€102.0	6,500	€102.5	7,793	€123.1
+ Fair value reporting of properties, if amortized cost option is adopted	44.5		51.6		86.6	
- Increase in transfer duties					(72.9)	
+ Transfer duties adjustment			20.0		74.3	
- Fair value of financial instruments	73.6		20.4		(26.8)	
- Deferred tax linked to impacts of entry into SIIC system	3.4				1.8	
= Diluted EPRA NAV	6,440	€103.9	6,592	€103.9	7,856	€124.1
+ Fair value of financial instruments	(73.6)		(20.4)		26.8	
+ Fair value of liabilities	(93.5)		(70.2)		(113.4)	
+ Deferred tax linked to impacts of entry into SIIC system	(3.4)				(1.8)	
= Diluted EPRA triple net NAV	6,269	€101.2	6,501	€102.5	7,768	€122.7

Other significant events since the beginning of 2015

Pointe Métro 2 building let to CREDIPAR and the Peugeot PSA Citroën Group

On February 19, 2016, Gecina signed two leases with CREDIPAR and the PSA Peugeot Citroën Group, covering 10,000 sqm, hence 77% of the total space in the Pointe Métro 2 building in Gennevilliers.

For reference, the vacancy rate on Gecina's office portfolio was 4.2% at December 31, 2015, and this could therefore be reduced to less than 4%. Under these leases, the space will be made available from March 2016.

Preliminary off-plan agreement signed to buy the Be Issy building in Issy-les-Moulineaux

Gecina has signed a preliminary agreement with the developer PRD Office for its speculative off-plan acquisition of the BE ISSY office building. This asset is located in the Issy-les-Moulineaux business district which, along with Boulogne-Billancourt, makes up the bulk of the Southern Loop of Paris' Western Crescent, which Gecina has in-depth knowledge of. The building, which will be delivered in 2018, will offer a gross leasable area of around 25,000 sq.m and 258 parking spaces. The transaction represents a total of 157.8 million euros including commissions and fees, with around 6,100 euros per sq.m excluding parking spaces.

Based on current market rents, Gecina expects this operation to deliver a potential net yield of nearly 7%.

Gecina's float increased to over 50% following Blackstone's exit from its capital

Gecina acknowledged Blackstone's gradual withdrawal from the company's capital between June 2015 and February 2016. Blackstone sold 2% of the capital to Ivanhoé Cambridge, before selling its remaining interest through two placements with an accelerated book-building process on October 22, 2015 and February 1, 2016.

This increased the float to 55% of the market capitalization according to the criteria applied by Euronext, and 64% based on the EPRA criteria.

Last buildings outside of France sold

Gecina sold its last two buildings outside of France in 2015. More specifically, the Group sold the building let to BMW in Madrid for 41 million euros, as well as a logistics platform in Poland for 5 million euros.

Gecina is driving progress with real estate innovation

At the start of 2016, Gecina joined forces with Indigo to set up the shared management of 1,300 parking spaces in 37 buildings across its portfolio in Paris. This initiative aims to share unused spaces with drivers, offering them a flexible solution aligned with their needs (parking per hour, per week, overnight or at weekends for professionals and residents).

Alongside this, Gecina has rolled out various innovative solutions to support startups, developing a new 2,000 sq.m incubator with Paris & Co in the Gamma towers. This operation follows the coworking space opened recently in Neuilly-sur-Seine, in partnership with Bureaux A Partager.

Interim dividends introduced

The Board of Directors has decided to set up interim dividend payments from 2016, for the payment of the 2015 dividend. These new conditions will enable shareholders to benefit from regular payments, aligned more closely with the company's financial flows.

Once the dividend for 2015, increased to 5.0 euros per share (up +7.5%), has been released for payment, a 50% interim payment (2.5 euros) will be made on March 9, 2016, followed by the balance on July 6, 2016.

Outlook for 2016

The market environment is expected to be positive for Gecina in 2016. While take-up increased slightly in 2015 for the Paris Region in general (+1%), it has picked up again significantly for the Paris CBD (+18%) and the Western Crescent's Southern Loop (+92%), where Gecina has a very strong presence and where one-year supply levels are down, showing the first concrete signs of a rental upturn for the central sectors where available supply will remain limited, despite the upturn in demand.

2016 is expected to show contrasting trends, benefiting from the first signs of an upturn on certain rental markets, particularly in the most central sectors, as well as the latest adjustments for certain assets in peripheral areas renegotiated at the end of 2014 and early 2015 and taking effect in 2015 and 2016 in certain cases. Like-for-like, office rental income could therefore contract slightly.

In a very competitive investment market, Gecina, more than ever, intends to maintain its selective and opportunistic approach for both acquisitions and potential sales, while maintaining its high standards for profitability.

Excluding the effect of the process underway to sell the healthcare portfolio, underlying growth in recurrent net income is expected to represent over +5% for 2016.

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APPENDIX

1- Financial statements

Consolidated income statement

At the Board meeting on February 24, 2016, chaired by Bernard Michel, Gecina's Directors approved the financial statements at December 31, 2015. The audit procedures have been performed on these accounts, and the certification reports have been issued after verifying the information contained in the annual report, included in the reference document.

All the figures presented in this document exclude any impact for IFRS 5 relating to the recognition of discontinued operations and operations held for sale, applied to the healthcare portfolio, for which a sales process was underway at year-end 2015. This standard, which requires a specific presentation of the financial statements and isolates all the balance sheet and income statement items for discontinued operations, is not applied to the data presented below in order to improve legibility.

In million euros	2014	2015	Change (%)
Gross rental income	571.0	574.6	*+0.6%*
Expenses not billed to tenants	(46.7)	(48.4)	
Net rental income	**524.3**	**526.2**	***+0.4%***
Services and other income (net)	8.4	8.3	*-2.0%*
Salaries and management costs	(65.1)	(62.1)	*-4.6%*
EBITDA	**467.6**	**472.4**	***+1.0%***
Gains from disposals	14.0	91.0	*+548.7%*
Change in fair value of properties	21.1	1,238.7	*NA*
Depreciation	(5.3)	(5.0)	*-6.1%*
Net impairments and provisions	0.7	(0.5)	*NA*
Operating income	**498.0**	**1,796.5**	***+260.7%***
Net financial expenses	(146.6)	(119.8)	*-18.2%*
Financial impairment and depreciation	0.0	(4.5)	*NA*
Change in value of financial instruments and debt	(68.3)	(51.6)	*NA*
Net income from associates	0.1	0.1	*-52.2%*
Pre-tax income	**283.3**	**1,620.7**	***+472.1%***
Current tax	(3.3)	(3.5)	*+7.0%*
Non-current tax	0.2	(0.2)	*NA*
Exit tax	(2.7)	0.0	*NA*
Deferred tax	3.4	1.8	*NA*
Non-recurrent minority interests	1.6	(9.7)	*NA*
Recurrent minority interests	(1.2)	0.2	*NA*
Consolidated net income (Group share)	**281.4**	**1,609.3**	***+472.0%***
Recurrent net income - total share	**317.8**	**349.0**	***+9.8%***
Recurrent net income - Group share	**316.6**	**349.2**	***+10.3%***
Average number of shares over the period	61,260,603	62,216,325	*+1.6%*
Undiluted recurrent net income per share - Group share	**5.17**	**5.61**	***+8.6%***

Consolidated balance sheet

ASSETS *In million euros*	Dec 31, 14	Dec 31, 15
Non-current assets	10,201.4	11,049.1
Investment properties	9,827.2	10,188.3
Buildings under reconstruction	276.0	766.6
Buildings in operation	62.7	61.9
Other property, plant and equipment	5.5	7.2
Intangible assets	3.3	5.6
Long-term financial investments	11.8	6.8
Investments in associates	3.5	3.6
Non-current financial instruments	11.0	9.2
Deferred tax assets	0.4	0.0
Current assets	344.8	2,186.3
Properties for sale	169.1	1,842.7
Inventories	6.4	0.0
Trade receivables and related	84.8	82.5
Other receivables	48.6	91.1
Prepaid expenses	22.6	23.6
Current financial instruments	0.0	0.0
Cash and cash equivalents	13.3	146.4
TOTAL ASSETS	10,546.2	13,235.4

LIABILITIES *In million euros*	Dec 31, 14	Dec 31, 15
Capital and reserves	6,280.0	7,751.4
Share capital	473.3	474.5
Additional paid-in capital	1,890.7	1,897.1
Consolidated reserves	3,624.3	3,755.0
Consolidated net profit	281.4	1,609.3
Capital and reserves attributable to owners of the parent	6,269.6	7,735.8
Non-controlling interests	10.4	15.6
Non-current liabilities	3,614.7	3,564.2
Non-current financial debt	3,501.1	3,501.4
Non-current financial instruments	84.6	35.2
Deferred tax liabilities	2.1	0.0
Non-current provisions	26.8	27.6
Non-current taxes due & other employee-related liabilities	0.0	0.0
Current liabilities	651.6	1,919.9
Current financial debt	393.5	1,362.3
Current financial instruments	0.0	0.8
Security deposits	58.6	54.2
Trade payables and related	109.6	383.6
Current taxes due & other employee-related liabilities	36.9	37.8
Other current liabilities	53.0	81.2
TOTAL LIABILITIES	10,546.2	13,235.4

2- FACTORS FOR LIKE-FOR-LIKE RENTAL INCOME CHANGES IN 2015 VS 2014

Offices (63% of Group rental income excluding Beaugrenelle)

Like-for-like change	Indices	Business effect	Vacancy	Other
-0.5%	+0.1%	-0.7%	-0.3%	+0.5%

Residential (23% of Group rental income)

Like-for-like change	Indices	Business effect	Vacancy	Other
-0.1%	+0.4%	-0.1%	-0.3%	0.0%

3- RENTAL RISKS

Gecina's tenants operate across a very wide range of sectors responding to various macroeconomic factors. Services, which account for 40% of office rents, are themselves split between several sectors.

Breakdown of tenants by sector (offices - based on annualized rents):

	2015
Services	40%
Industry	17%
Luxury goods - retail	13%
Local government	9%
Technology and telecoms	6%
Banking	4%
IT	3%
Insurance	3%
Other	2%
Real estate	3%
Media - television	0%

Volume of rental income by three-year maturity for leases:

In million euros	2016	2017	2018	2019	2020	2021	2022	> 2022
Offices	85	42	80	62	12	33	11	70
Healthcare	3	0	9	9	4	4	6	43
Total	**87**	**42**	**90**	**70**	**17**	**38**	**18**	**113**

Volume of rental income by maturity for end of leases:

In million euros	2016	2017	2018	2019	2020	2021	2022	> 2022
Offices	45	12	42	46	51	58	18	123
Healthcare	3	0	9	3	4	1	11	48
Total	**47**	**12**	**51**	**49**	**55**	**59**	**29**	**171**

4- FINANCING

4.1 Debt structure

Gecina's gross financial debt represented 4,863 million euros at December 31, 2015, compared with 3,895 million euros at end-2014; net financial debt came to 4,717 million euros at end-2015, up 836 million euros, primarily linked to investments for the year.

The main characteristics of the debt are as follows:

	Dec 31, 15	Dec 31, 14
Gross financial debt (in million euros)(1)	**4,863**	3,895
Net financial debt (in million euros)	**4,717**	3,881
Gross nominal debt (in million euros) (1)	**4,814**	3,778
Unused credit lines (in million euros)	**2,410**	2,090
Average maturity of debt (in years, restated for available credit lines)	**5.7**	5.0
LTV	**36.4%**	36.7%
LTV (including transfer taxes)	**34.7%**	34.7%
ICR	**3.9x**	3.2x
Secured debt / portfolio value	**7.7%**	11.2%

(1) Gross financial debt = Gross nominal debt + impact of the recognition of bonds at amortized cost + accrued interest not due

Breakdown of gross nominal debt:

	Dec 31, 15
Bonds	61%
Corporate loans	1%
Mortgage loans	18%
Financial leases	3%
Short-term resources	17%

4.2 Debt schedule

The following table presents the schedule for Gecina's financing facilities at December 31, 2015, with 2,410 million euros of unused credit lines:

Maturities	2016	2017	2018	2019	2020	2021 +
In million euros	592	630	485	1,001	888	2,816

All the credit maturities for the next two years were covered by unused credit lines at December 31, 2015. In addition, 100% of drawn debt (after factoring in undrawn credit lines) has a maturity of over three years and nearly 60% has a maturity of over five years.

In line with the bond issues carried out in 2015 for 1 billion euros, which Gecina kept at a fixed rate, the company has adapted its short-term hedging portfolio, with break-up costs of 37 million euros.

4.3 Bank covenants

Gecina's financial position at December 31, 2015 is compliant with the various limits likely to affect the conditions for repayment or early repayment clauses in the various credit agreements.
The following table presents the position for the main financial ratios covered under the agreements:

Ratios	Benchmark standard	Position at Dec 31, 15
Loan to value (block)	< 55%	36.4%
EBITDA (excluding disposals) / net financial expenses	> 2.0x	3.9x
Outstanding secured debt / net asset value of portfolio (block)	< 25%	7.7%
Net asset value of portfolio (block), in million euros	> 6,000 – 8,000	12,971

5- Annualized gross rental income

In million euros	IFRS
Offices (excl. Beaugrenelle)	376
Traditional residential	117
Student residences	14
Healthcare	79
Total	**586**

6- Payout

A proposal will be submitted at the general meeting on April 21, 2016 to approve a cash payout of 5.00 euros per share for 2015. This payout corresponds to 89% of recurrent net income for 2015.
Once the 2015 dividend has been released for payment, a 50% interim payment (2.50 euros) will be made on March 9, 2016, followed by the balance on July 6, 2016.