

2016 first-half earnings

Strong first-half growth for recurrent net income and triple net NAV

Recurrent net income (Group share) up **+17.2%** (+15.4% per share)
 EPRA triple net NAV up +25.4% year-on-year (+4.8% over six months) to **128.6 euros**

Major value creation potential over the short, medium and long term

Pipeline increased to 3.6 billion euros, with 60% committed or certain projects, located primarily in Paris and scheduled for delivery by 2020

Performance highlighting the relevance of the strategy launched at the start of 2015

Gecina affirms the financial and operational superiority of its offer for Foncière de Paris, perfectly aligned with its strategy

Gecina confirms its recurrent net income growth target for 2016

Recurrent net income (Group share) growth to exceed +5% for 2016 excluding the impact of the healthcare division's sale

Key figures*

In million euros	Jun 30, 15	Jun 30, 16	Change (%)
Gross rentals	276.2	298.8	+8.2% (-0.2% like-for-like)
EBITDA	227.2	247.3	+8.8%
Recurrent net income (Group share)	169.0	198.0	+17.2%
<i>Per share (in euros)</i>	<i>2.74</i>	<i>3.16</i>	<i>+15.4%</i>
Diluted EPRA triple net NAV (block)	102.5	128.6	+25.4%

* All the figures presented in this document (excluding the appendices) exclude any impact of IFRS 5 and IFRIC 21

Recurrent net income (Group share) shows strong growth, up +17.2% (+15.4% per share) compared with the first half of 2015, building on the performances reported for the first quarter. This growth reflects the acquisitions made in 2015 (including the T1&B buildings in La Défense and the PSA Group's current headquarters in Paris' CBD), as well as the continued optimization of financial expenses. Over the full half-year period, Gecina also continued to receive rent from its healthcare portfolio, with its sale finalized on July 1, 2016 for 1.35 billion euros.

Following on from an exceptional year for its portfolio's rotation in 2015, Gecina is maintaining its opportunistic approach to both investments and sales. Over the first half of the year, the Group completed or secured **440 million euros of sales** (excluding the healthcare portfolio's sale), **of which 327 million euros finalized with an average premium of around 13% versus the appraisals**, benefiting from favorable conditions on the investment market to sell certain mature or non-strategic assets.

Alongside this, Gecina has already secured over **274 million euros of new investments** since the start of the year at the heart of Paris and in the Parisian Western Crescent's Southern Loop, through three operations offering strong value creation potential. With these new projects, scheduled for delivery in 2018, Gecina is further strengthening its value creation reserves for the coming years.

The pipeline for committed development and redevelopment operations was further strengthened over the first half of 2016, thanks to the new investments secured in the last few months, as well as the launch of two new redevelopment projects in Paris' CBD (Rue de la Ville l'Evêque) and Levallois (Octant-Sextant), more than offsetting the delivery of two projects in Boulogne-Billancourt during the first half of the year.

Through a projects pipeline of around 3.6 billion euros, Gecina offers major value reserves over the short, medium and long term: the committed project pipeline is up to 1.1 billion euros, with more than 80% of the operations focused on Inner Paris and the Western Crescent, scheduled for delivery in 2017 and 2018 based on a net yield of 6.7%. The pipeline for "controlled and certain" projects (not yet launched) that are expected to be delivered between 2018 and 2020 has been increased to 1.0 billion euros, while the pipeline for "controlled and probable" projects, with deliveries expected for 2020 to 2024, is up to 1.4 billion euros. All of these operations will help drive the development of NAV and recurrent income over the coming years.

Office real estate market trends are still particularly positive for Gecina's preferred sectors (Inner Paris, La Défense and the Southern Loop of the Western Crescent). Take-up shows strong growth in these sectors, while levels of immediate supply are dropping sharply. The vacancy rate, particularly in Paris, has continued to fall, moving close to a 10-year low, while levels of immediate supply have continued to drop. As a result, rents have started picking up again in Paris. The rest of the Paris Region and particularly the Inner and Outer Rims, where Gecina has few assets, are still showing signs of weakness. These contrasting trends, with a very positive outlook for the most central sectors, support the strategic and financial rationale for combining the portfolios of Foncière de Paris and Gecina, creating an undisputed market leader for real estate at the heart of Paris.

Based on the results achieved for the first half of the year, and despite the volume of sales already secured since the start of the year, **Gecina is able to reconfirm its target for recurrent net income growth of over +5% for 2016, excluding the impact of the healthcare portfolio's sale**, finalized on July 1, 2016.

Philippe Depoux, Gecina's Chief Executive Officer: "The results published for the first half of this year and the market dynamics seen for office real estate in the Paris Region's most central sectors confirm the strategic choices that we made at the start of 2015. We are convinced that real estate performance over the short, medium and long term will be driven by the concepts of scarcity and centrality. Guided by these strong convictions, the Group is realigning itself around the Paris Region's most central business districts, and these are values that we share with Foncière de Paris, and that make it a natural partner for Gecina. Lastly, Gecina's strong balance sheet and the renowned expertise built up by both companies would make it possible to further strengthen the appeal of the two combined portfolios, while enabling the teams from the two companies to contribute towards this even more effectively".

Rental income in line with the Group's targets

Gross rental income came to 298.8 million euros for the first half of 2016, up +8.2% on a current basis and down slightly like-for-like with -0.2%.

On a current basis, the significant increase of +8.2% is primarily linked to the changes in scope completed or secured since the second half of 2015, including the acquisition of the T1 & B buildings in La Défense and the PSA Group's current headquarters in July 2015. Alongside this, for the full first-half period, Gecina received rental income from its healthcare portfolio (39.4 million euros), with its sales process finalized on July 1, 2016, confirming the definitive transfer of ownership to Primonial REIM.

Over the period, rent generated by acquisitions and deliveries made in 2015 (T1&B in La Défense, PSA-Grande Armée in Paris' CBD, City 2 in Boulogne-Billancourt, four student residences and two healthcare facilities) came to +38.8 million euros, while the loss of rent due to the office and residential sales completed in 2015 (primarily Mazagran in Gentilly, L'Angle in Boulogne-Billancourt and Newside in La Garenne Colombes) and the first half of 2016 (in Neuilly, Suresnes and Rueil Malmaison) represents -17.2 million euros.

Like-for-like, the moderate contraction of -0.2% at June 30 is consistent with the Group's expectations. It factors in the level of indexation, which is still low (+0.2%), and the slightly negative reversion resulting from renegotiations in 2015, some of which came into effect at the start of 2016.

Gross rental income In million euros	Jun 30, 15	Jun 30, 16	Change (%)	
			Current basis	Like-for-like
Group total	276.2	298.8	+8.2%	-0.2%
Offices	172.1	194.9	+13.3%	-0.4%
Traditional residential	61.6	57.5	-6.6%	+0.2%
Student residences	5.3	7.0	+32.7%	+0.7%
Healthcare	36.9	39.4	+6.8%	NA
Other	0.3	-	NA	NA

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

On a current basis, rental income from **offices** is up +13.3%, thanks in particular to the impact of the acquisition of the T1&B buildings in La Défense and PSA's current headquarters in Paris' CBD, offsetting the impact of sales and redevelopments (particularly the Paris-Guersant building).

Like-for-like, rental income is down slightly, with -0.4%, factoring in a still low level of indexation (+0.3%) and the impact of renewals and renegotiations, including the marginal rent discounts granted on suburban Paris assets in return for extending the maturity of their leases. The impact of vacancies on like-for-like growth is slightly positive, with the letting of a large part of the Pointe Metro 2 building in Gennevilliers to the PSA Group and Credipar offsetting Oracle's departure from part of the Crystalys building in Vélizy, as well as the departure of certain tenants in Colombes and Paris.

Gross rental income – Offices In million euros	Jun 30, 15	Jun 30, 16	Change (%)	
			Current basis	Like-for-like
Offices	172.1	194.9	+13.3%	-0.4%
Inner Paris	91.9	94.9	+3.3%	+0.6%
<i>Paris CBD - Offices</i>	<i>46.1</i>	<i>53.3</i>	<i>+15.7%</i>	
<i>Paris CBD - Retail units</i>	<i>17.1</i>	<i>18.4</i>	<i>+7.3%</i>	
<i>Paris excl. CBD</i>	<i>28.7</i>	<i>23.2</i>	<i>-19.2%</i>	
Western Crescent - La Défense	58.6	82.2	+40.3%	+0.5%
Other	21.6	17.8	-17.6%	-6.5%

Market trends mixed, but favorable for Gecina's preferred sectors

The trends observed over the first half of the year confirm Gecina's confidence in the Paris Region's most central business sectors picking up again. However, the Immostat statistics published recently show significantly contrasting trends within the region. While the most central areas and particularly Inner Paris have reached a turning point, the situation is still more delicate for more peripheral areas (Inner and Outer Rims), although Gecina has very few assets in these sectors.

Take-up increased by an average of +20% for the Paris Region compared with the first half of 2015, but this improvement is linked exclusively to the strong dynamics confirmed for Inner Paris (+25%), as well as the upturn in large-scale transactions benefiting La Défense and the Western Crescent (+45%). 91% of Gecina's office portfolio is located in these two sectors.

The rest of the region remains fragile, with transaction volumes down -14% for the Inner Rim and -19% for the Outer Rim. However, these difficult sectors account for only 7% of Gecina's office portfolio.

Immediate supply levels are also contracting, with an average of -7% for the Paris Region. However, once again, the trends are very mixed and more positive for the most central sectors. While immediate supply levels are down -22% for Inner Paris and -11% in the Western Crescent and La Défense, they have increased for peripheral sectors (+9% for the Inner Rim and +1% for the Outer Rim). For Inner Paris, available supply levels are now significantly lower than the long-term average for this sector and down to their lowest levels since 2006-2007. On the other hand, for the Inner and Outer Rims, levels of immediate supply are up to an all-time high.

Inner Paris represents just 17% of available supply, compared with 49% of take-up, and its vacancy rate is now 3.8%, well below its long-term average.

The Inner and Outer Rims account for 48% of available supply, compared with just 17% of total take-up. The vacancy rates for these sectors are stable.

This balance reflects significant contrasts in terms of rental trends between the heart of Paris and peripheral areas, further strengthening Gecina's confidence in its strategy to align itself around sectors driven by scarcity and centrality.

The first half of the year points to contrasting trends for 2016, benefiting from 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 over the year.

Diversification portfolios: rental resilience and impact of sales programs

Rental income from **traditional residential** assets is virtually stable like-for-like, with a moderate increase of +0.2%. On a current basis, the -6.6% contraction notably 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 (+32.7%) for the first half of 2016, driven by the major deliveries seen in the third quarter of 2015 in Paris, Bagnolet, Palaiseau-Saclay and Bordeaux. Like-for-like, rental income shows a slight increase (+0.7%).

For the **healthcare portfolio**, rental income is up +6.8% on a current basis, following the delivery of two clinics in the third quarter of 2015 in Bayonne and Orange.

Occupancy rate stable and still high

The average **financial occupancy rate** for the first half of 2016 came to 96.2%, virtually stable year-on-year (-10 bp), with a slight improvement over three months.

The marginal improvement in the financial occupancy rate for offices factors in the Henner Group's arrival in Neuilly in 2015, as well as the letting of a large part of the Pointe Metro 2 building in Gennevilliers and the integration of the acquisitions made in 2015 (T1&B and Grande-Armée) with an occupancy rate of 100%. These effects offset the impact of certain tenant departures, particularly in Vélizy and Colombes, in addition to the "Le Cristallin" building's delivery in Boulogne-Billancourt during the first half of the year.

For student residences, the 1.9 pt drop in the occupancy rate year-on-year reflects the gradual filling of the residences opened recently at the end of 2015, combined with the repositioning of one of them in the Paris Region.

Average financial occupancy rate	Jun 30, 15	Dec 31, 15	Mar 31, 16	Jun 30, 16
Offices	95.3%	95.8%	94.9%	95.4%
Diversification	98.2%	98.2%	97.7%	97.6%
Traditional residential	97.8%	97.7%	96.8%	97.1%
Student residences	90.6%	91.7%	92.0%	88.7%
Healthcare	100.0%	100.0%	100.0%	100.0%
Group total	96.3%	96.6%	95.8%	96.2%

Recurrent net income (Group share) up +17.2%

Recurrent net income (Group share) shows strong growth, up +17.2% to 198.0 million euros at end-June 2016. This performance partly reflects the impact of the acquisitions made in 2015 (including the T1&B buildings in La Défense and PSA's current headquarters on Avenue de la Grande Armée in Paris' CBD), while the Group continued to receive rental income from the healthcare portfolio until its sale was finalized on July 1, 2016. This strong performance also reflects the effective management of operating expenditure, as well as a significant reduction in financial expenses.

Recurrent net income (Group share) per share came to 3.16 euros for the first half of 2016, up +15.4% year-on-year. Per share growth notably factors in 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.

The **rental margin** represents 92.9%, up 100 bp year-on-year, driven by the improved margin for the office portfolio, benefiting from the fully let, single-tenant assets acquired in 2015 being integrated into Gecina's portfolio, with their higher rental margins than the Group average. The rental margin for offices also reflects the impact of the restatement of rental management fees previously recognized as revenue from "services and other income". Like-for-like, the office rental margin is stable. For the traditional residential portfolio, the moderate contraction in the margin is linked to the impact of the Hopper program for unit-based sales of vacant properties on the vacancy rate. Like-for-like, this margin is stable.

	Group	Offices	Residential	Healthcare
Rental margin for first half of 2015	91.9%	94.1%	82.7%	99.1%
Rental margin at end-2015	91.6%	94.0%	81.1%	99.4%
Rental margin for first half of 2016	92.9%	95.1%	82.1%	99.0%

Net financial expenses are down -16.5% year-on-year to 47.0 million euros, despite a significant increase in the volume of net debt compared with the first half of 2015 (+809 million euros) due to the high volume of acquisitions in the second half of 2015.

This reduction in financial expenses is therefore linked to a **significant reduction in the average cost of debt** (-90bp year-on-year and -70bp over six months to 2.0% including undrawn credit lines and 1.6% for drawn debt).

In million euros	Jun 30, 15	Jun 30, 16	Change (%)
Gross rental income	276.2	298.8	+8.2%
Net rental income	253.8	277.6	+9.4%
Services and other income (net)	3.8	1.0	-74.0%
Salaries and management costs	(30.4)	(31.3)	+3.1%
EBITDA	227.2	247.3	+8.8%
Net financial expenses	(56.3)	(47.0)	-16.5%
Recurrent gross income	170.9	200.2	+17.2%
Recurrent minority interests	(0.0)	(0.3)	NA
Recurrent tax	(1.9)	(1.9)	+1.6%
Recurrent net income (Group share)	169.0	198.0	+17.2%

Further reduction in the cost of debt

Gecina has continued to optimize its liabilities, capitalizing on a particularly positive environment to make progress on all its financial indicators.

The **average cost of debt** including undrawn credit lines is down -90 bp year-on-year to 2.0%, compared with 2.9% one year earlier and 2.7% at end-2015, benefiting from not only the optimization work carried out in 2015, but also the redemption of bonds that had reached maturity at the start of 2016, with a coupon of 4.25%. These bonds were refinanced with very short-term financing facilities based on particularly low costs, while waiting for the sale of the healthcare business to be completed, which was finalized on July 1, 2016. The reduction in the average cost of debt over the first half of the year reflects a performance that is not expected to be replicated over the full year in 2016. Gecina therefore estimates that the average cost of debt for the full year in 2016 will be higher than for the first half, but significantly lower than the average cost for 2015. The average cost of drawn debt decreased by -70 bp in 12 months to 1.6%.

As a result of this strong reduction in the average cost of debt and financial expenses, **Gecina's ICR shows a significant increase** for the half-year period, up from 3.9x at the end of 2015 to 5.1x at end-June 2016.

Net debt at June 30, 2016 represents 4,739 million euros, up 809 million euros year-on-year, resulting from a predominantly net buyer profile in 2015 and the finalization of the healthcare portfolio's sale, completed after June 30, 2016.

At June 30, 2016, Gecina's LTV came to 36.1% excluding duties, down -30 bp from end-2015. This level does not include the impact of the healthcare portfolio's sale, which was finalized on July 1, 2016. Including this portfolio's sale, the **pro forma LTV represents around 29% excluding duties**. In addition, Gecina has 1.1 billion euros of available liquidity before the finalization of the healthcare portfolio disposal, making it possible to cover all its credit maturities through to 2019.

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.

Ratios	Covenant	Jun 30, 16
Loan to value (block, excl. duties)	< 55%	36.1%
EBITDA (excluding disposals) / net financial expenses	> 2.0x	5.1x
Outstanding secured debt / net asset value of portfolio (block, excl. duties)	< 25%	6.8%
Net asset value of portfolio (block, excl. duties) in million euros	> 6,000 – 8,000	13,136

1.8 billion euros of sales secured or completed, with 440 million euros excluding healthcare

In line with the Group's ambition to accelerate its portfolio rotation, **Gecina has completed or secured nearly 1.8 billion euros of sales since the start of the year** (excluding duties, Group share), including the sale of the Group's healthcare portfolio, which was finalized on July 1.

The amount of sales completed or secured, excluding the healthcare portfolio, represents 440 million euros, with **327 million euros finalized at June 30 with a premium of around +13% versus the latest appraisal values and an exit yield of approximately 4.7%** based on expected rents for 2016. This amount also includes the sale of a building on Rue de la Bourse in Paris as part of an asset exchange operation, with a preliminary sales agreement signed on July 7, 2016.

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

Gecina finalized the sale of its healthcare portfolio to Primonial Reim on July 1, 2016. The transaction represented a total of 1.35 billion euros (including commissions and fees), with a net yield of 5.9% and a premium of around 16% versus the latest appraisal values. For reference, the value retained in the accounts at end-2015 already reflected the price agreed on with the buyer.

260 million euros of office sales completed over the first half of the year

Since January 1, 2016, the Group has sold nearly 260 million euros of office buildings, primarily in Rueil-Malmaison, Suresnes and Neuilly. These operations show an average premium versus the end-2015 appraisals of around 9%, with an exit yield of approximately 5.1% based on expected rents for 2016.

128 million euros of residential sales completed, secured or initiated, of which 120 million euros by unit with premiums of over 33% versus the appraisal values

Over the first half of 2016, Gecina carried out, secured or initiated 120 million euros of vacant unit-based residential sales, with 65 million euros already completed on, achieving a premium of over 33% compared with their appraisal values. At end-June, 34 million euros of sales were covered by preliminary agreements, while preliminary agreements are currently being prepared for a further 21 million euros. The unit-based program to sell properties as they are naturally vacated by tenants is progressing more quickly than initially expected by Gecina, thanks to a rotation rate of 20% on this portfolio, compared with around 14.7% on average for the total residential portfolio. Gecina has also secured or completed 8 million euros of block residential sales.

Preliminary sales agreement signed for an asset in Paris for 56.0 million euros (including commissions and fees)

On July 7, 2016, Gecina signed a preliminary sales agreement for a fully occupied asset located on Rue de la Bourse (Paris 2nd), in Paris' CBD, for 56.0 million euros (including commissions and fees). This building, with nearly 5,000 sq.m of space, is made up primarily of offices (3,300 sq.m), as well as retail units and housing. Based on the price agreed on with the buyer, the exit yield for Gecina would be slightly below 3.9%. This sale was carried out as part of an asset exchange operation and needs to be considered alongside the preliminary agreement signed on the same day to acquire an office building on Rue de Madrid in Paris' CBD.

Over 274 million euros of new investments secured since the start of the year

Alongside these sales, Gecina has already secured over 274 million euros of new investments. This amount concerns the acquisition of three assets, including one off-plan in Issy-les-Moulineaux, while the other two assets - at the heart of Paris - will benefit from redevelopment programs. The volume of operations secured since the start of the year is expected to be further increased by the investments to be made as part of operations to reposition the two assets that will be redeveloped.

During the first half of the year, Gecina signed an agreement with the developer PRD Office to acquire the "BE ISSY" office building off-plan, with delivery in 2018. This asset, located in Issy-les-Moulineaux, in the Southern Loop of Paris' Western Crescent, will offer a gross leasable area of around 25,000 sq.m and 258 parking spaces. The transaction represents a total of **160 million euros** including commissions and fees. Based on current market rents, Gecina expects this operation to achieve a net yield on delivery of 6.6%.

On June 9, 2016, Gecina also signed a preliminary agreement to acquire a building at **34 rue Guersant** (Paris 17th) for nearly **50 million euros**. This building, currently occupied by CBRE under a lease running through to mid-2017, is adjacent to another asset already owned by Gecina at 32 rue Guersant, which has been redeveloped since the start of 2016. The two buildings will be able to represent a combined complex with 20,000 sq.m of space, which is rare at the heart of Paris, while potentially offering significant operational synergies. This operation was finalized at the start of the second half of 2016.

Lastly, the Group announced on July 11, 2016 that it had signed a preliminary agreement to buy a 10,000 sq.m asset located at **7 rue de Madrid (Paris 8th)**, in Paris' CBD, for **63.8 million euros**. This asset, which is expected to become vacant by the end of the year, will be redeveloped and generate an estimated net yield on delivery of over 6.2%. This operation will be finalized during the second half of 2016.

Buoyant project pipeline creating value over the short, medium and long term

Gecina's pipeline was further strengthened over the first half of the year despite the delivery of the "City 2" and "Cristallin" buildings in Boulogne-Billancourt. 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, 74% of these projects are located in Paris, while 15% are in the Western Crescent's best business districts.

1.1 billion euros of committed projects with deliveries expected for 2017 and 2018

The committed pipeline is up to 1.1 billion euros (versus 0.9 billion euros at end-2015), with an average yield on delivery of around 6.7% expected, offering significant value creation potential given the project locations. Indeed, **42% of this committed pipeline is focused on Inner Paris, with 40% in the Western Crescent (primarily Levallois and Issy-les Moulineaux)**. At end-June 2016, 482 million euros were still to be invested in relation to committed projects.

The increase in the committed pipeline is primarily linked to the acquisition of the "Be Issy" project in Issy-les-Moulineaux (delivery expected for 2018) and the launch of redevelopment work on the "Octant-Sextant" building in Levallois and the "20 Ville l'Evêque" building in Paris' CBD, which are also scheduled for delivery in 2018. These three projects represent a total investment volume of around 450 million euros, offsetting the exit of the "City 2" and "Cristallin" buildings, which were delivered during the first half of 2016 and represented 258 million euros.

1.0 billion euros of "certain" controlled projects over the short or medium term, with over 90% in Inner Paris

The "certain" controlled pipeline concerns the assets held by Gecina that are currently being vacated and for which a redevelopment project aligned with Gecina's investment criteria has been identified. These projects will therefore be launched over the coming half-year or full-year periods. **These "certain" projects that have not yet been committed to represent a combined total of 1.0 billion euros (versus 1.2 billion euros at end-2015)**, down 200 million euros, reflecting the launch of redevelopment work for the "Octant-Sextant" and "20 Ville l'Evêque" buildings in the first half of 2016. **Over 90%** of the "certain" controlled pipeline is **located at the heart of Paris City** through projects with indicative delivery dates from 2018 to 2020.

1.4 billion euros of "probable" controlled projects over the longer term, with more than 85% in Inner Paris

The "probable" controlled pipeline covers the projects identified and owned by Gecina that may require pre-letting (for greenfield projects in peripheral locations within the Paris Region) or cases when tenant departures are not yet certain over the short term. This portfolio of "probable" projects is focused primarily on Paris (86%) and represents 1.4 billion euros (versus 1.3 billion euros at end-2015).

Gecina and Foncière de Paris: natural partners sharing real estate views on centrality and scarcity

Overview of the operation's key stages

On May 19, 2016, Gecina filed a proposed tender offer with the French financial markets authority (AMF) for all of Foncière de Paris' securities.

This offer invited Foncière de Paris' shareholders to:

- Either tender their shares for a public takeover bid at a price of 150 euros ("public takeover bid"),
- Or tender their shares for a public exchange offer for Gecina shares, based on six Gecina shares for five Foncière de Paris shares ("public exchange offer")

These two components are also aimed at Foncière de Paris OSRA holders, offering them equivalent conditions.

On June 14, 2016, Gecina improved the attractiveness and flexibility of its offer by adding an additional component based on an exchange for Gecina OSRA, with 23 new Gecina OSRA for 20 Foncière de Paris shares. This new component is also open to Foncière de Paris OSRA holders.

On June 29, 2016, the voting members of Foncière de Paris' Supervisory Board unanimously concluded that Gecina's offer is financially superior to Eurosic's offer, and that it is in the best interests of Foncière de Paris, its shareholders and its employees. On this occasion, Gecina reminded shareholders that any undertakings to tender securities for Eurosic's initial offer can still be withdrawn, in accordance with stock market regulations.

On July 13, 2016, Gecina received the AMF's approval for the offer document concerning its public offering for Foncière de Paris' shares and OSRA. The offer period should open in July 28, 2016 (indicative date).

Strong real estate and strategic rationale for the combined group

Foncière de Paris is a real estate company that is specialized in acquiring and renting offices. It has a 2.6 billion euro real estate portfolio, made up primarily of prime offices, with over 90% located in Paris and the Western Crescent.

Foncière de Paris and Gecina share strong real estate convictions built around the principles of centrality, scarcity and value creation, based on selective investments and redevelopment operations, focusing on business districts with the best long-term capital protection and most promising value creation prospects.

The business combination between Gecina and Foncière de Paris is perfectly in line with Gecina's strategy mapped out at the start of 2015:

- It will make it possible to consolidate Gecina's leading position for prime office real estate in Paris, with a combined office portfolio valued at around 11 billion euros, located primarily in Paris and around Greater Paris' leading hubs, offering a good balance between mature assets and assets with value creation potential.
- Foncière de Paris' assets have highly complementary features in line with Gecina's portfolio, offering exposure to attractive central sectors within Paris (particularly the 6th, 7th, 9th and 10th arrondissements) where Gecina currently has a limited presence.
- Foncière de Paris' development pipeline will also dovetail effectively with Gecina's pipeline, while offering the Group additional potential for creating value over the coming years.
- Lastly, the business combination with Foncière de Paris will enable Gecina to incorporate a talented team with recognized expertise, complementing the know-how built up by its own teams.

The proposed acquisition of Foncière de Paris would represent a new step forward with Gecina's development, further strengthening its positioning as a Paris office specialist, at the forefront of innovation in terms of urban workspaces, energy efficiency and the greening of its buildings, as well as occupant wellbeing, while ensuring perfect alignment with its value creation strategy. The offer submitted by Gecina implicitly values Foncière de Paris' office portfolio at nearly 7,200 euros per sq.m, with a net yield of around 5%, in line with Gecina's investment criteria. The combination of the two vehicles would also make it possible to generate annual synergies of at least 15 million euros, while maintaining Gecina's financial flexibility.

This simple, transparent and highly attractive offer is an opportunity for Foncière de Paris' shareholders to either monetize the full value of their interests in Foncière de Paris or receive Gecina shares or OSRA. If they choose the latter options, they will be able to become, immediately or in the future, shareholders in a Group that is a market leader for office real estate in Europe with a clear strategy, aligned with the strategy implemented by Foncière de Paris, as well as strong value creation potential, with securities offering high levels of liquidity and visibility on the capital markets, enabling them to adjust the level of their interests in line with their specific goals and constraints.

Gecina has acknowledged the press release published on July 18 by Eurosic based on extensive analytical errors and misleading elements

Gecina has acknowledged the press releases published on July 18 by Covéa in the morning and by Eurosic after close of trading attempting to establish the superiority of Eurosic's offer. Gecina notes the significant efforts made by Eurosic to attempt to contradict the unanimous opinion of the members of Foncière de Paris' supervisory board, who were not faced with any conflicts of interests when they determined the financial superiority of Gecina's offer, notably based on the findings of the independent expert appointed by Foncière de Paris. In this respect, Gecina can simply note that the arguments put forward are undermined by a very large number of mistruths, approximations and reasoning errors (comparisons of non-comparable data, unverified assertions, etc.), rendering all the conclusions from Eurosic's press release inaccurate and, in certain cases, misleading. Gecina has expressed its surprise to the French financial markets authority (AMF) and informed it of the inaccurate and misleading nature of Eurosic's press release in a letter dated July 21, 2016.

It therefore seems relevant to highlight in particular that a yield must be assessed based on the risk profile of the underlying element concerned, that net current cash flow can only be compared with recurrent net income if certain restatements are made, that a total return approach must incorporate NAV growth even when this is high. It seems also relevant to highlight that all the information concerning Gecina's pipeline can be accessed in the Group's financial communications, particularly the appendices to the presentations covering its accounts available on the company's website.

As Gecina's offer has been recognized as offering better conditions, there are no grounds to make an increased bid.

Gecina would like to highlight that its offer for Foncière de Paris was declared to be compliant by the AMF on July 13, 2016, and that it has been judged to be superior to the rival offer and in the best interests of Foncière de Paris, its shareholders and its employees by the members of its supervisory board, who are not affected by any conflicts of interests. As Gecina's offer has been recognized as offering better conditions, there are no grounds to make an increased bid.

Like-for-like portfolio value growth of +2.9% over six months

The **portfolio value (block)** represents 13,041 million euros, up +2.9% like-for-like compared with December 31, 2015. This value growth does not yet incorporate rent effects and is linked almost exclusively to a compression of capitalization rates.

Like-for-like, the **office portfolio** value increased by +3.3% over six months, reflecting a +4.5% increase in value for the Paris portfolio. All the other sectors recorded lower increases, with +2% growth for the Western Crescent and La Défense, and +0.5% for the other sectors (Paris Inner and Outer Rim and Lyon). These appraisals reflect an 18 bp compression of capitalization rates for offices to 4.76% on a like-for-like basis since the end of 2015.

The valuation retained for Gecina's **residential portfolio** is up slightly like-for-like over six months (+1.7% year-on-year).

The average yield rate on Gecina's portfolio, including the residential portfolio on a block value basis, comes to 4.70% excluding healthcare, with a 13 bp compression over six months.

Breakdown by segment <i>In million euros</i>	Appraised values		Net capitalization rates		Like-for-like change	
	Jun 30, 16	Dec 31, 15	Jun 30, 16	Dec 31, 15	June 2016 vs. Dec 2015	June 2016 vs. June 2015
Offices	9,066	8,892	4.76%	4.94%	+3.3%	+15.6%
Inner Paris	4,937	4,710	4.27%	4.50%	+4.5%	+19.3%
Paris CBD	3,836	3,675	3.87%	4.05%	+4.5%	+20.9%
- Paris CBD - Offices	2,627	2,576	4.35%	4.49%	+2.0%	+14.2%
- Paris CBD - Retail units	1,209	1,098	2.84%	3.04%	+10.0%	+35.1%
Paris (excl. CBD)	1,101	1,036	6.25%	6.71%	+4.9%	+13.0%
Western Crescent - La Défense	3,314	3,392	5.18%	5.28%	+2.0%	+13.0%
Other	815	790	6.27%	6.32%	+0.5%	+2.2%
Residential (block)	2,666	2,667	4.45%	4.45%	+1.3%	+1.7%
Healthcare	1,309	1,316	NA	NA	NA	NA
Group total	13,041	12,875	4.70%	4.83%	+2.9%	+12.0%

NAV growth supported by the strategy and favorable market trends

Diluted EPRA triple net NAV (block) came to 128.6 euros per share, with strong growth of +25.4% year-on-year and +4.8% over six months.

Diluted EPRA NAV represents 132.2 euros per share, up +27.2% year-on-year and +5.8% over six months.

This performance reflects a 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 represents +5.9 euros for the first half of the year and can be broken down as follows:

- Interim dividend:	-2.5 euros
- Impact of recurrent net income:	+3.2 euros
- Net capital gains on sales:	+0.5 euros
- Net value increase for 2016 acquisitions and pipeline:	+0.9 euros
- Value adjustment on assets like-for-like:	+5.6 euros
- Value adjustment on financial instruments and debt:	-1.4 euros
- Other items:	-0.4 euros

On a unit value basis, diluted EPRA NAV represented 142.2 euros per share at June 30, 2016, compared with 133.7 euros per share at December 31, 2015 and 112.5 euros per share at June 30, 2015.

In million euros	Jun 30, 15		Dec 31, 15		Jun 30, 16	
	Amount / number of shares	€ / share	Amount / number of shares	€ / share	Amount / number of shares	€ / share
Fully diluted number of shares	63,423,273		63,327,690		63,370,944	
Shareholders' equity under IFRS	6,428		7,736		7,961	
+ Amounts owed to shareholders					157.1	
+ impact of exercising stock options	71.9		57.5		35.2	
Diluted NAV	6,500	€102.5	7,793	€123.1	8,153	€128.7
+ Fair value reporting of properties, if amortized cost option is adopted	51.6		86.6		87.9	
- Increase in transfer duties			-72.9		0.0	
+ Transfer duties adjustment	20.0		74.3		71.4	
- Fair value of financial instruments	20.4		26.8		62.5	
- Deferred tax due to the effects of entry into the SIIC system			1.8		0.0	
= Diluted EPRA NAV	6,592	€103.9	7,910	€124.9	8,375	€132.2
+ Fair value of financial instruments	(20.4)		(26.8)		(62.5)	
+ Fair value of liabilities	(70.2)		(113.4)		(165.2)	
+ Deferred tax due to the effects of entry into the SIIC system			(1.8)		0.0	
= Diluted EPRA triple net NAV	6,501	€102.5	7,768	€122.7	8,147	€128.6

Outlook for 2016

As expected, the first half of 2016 points to a contrasting year, benefiting from signs of an upturn on certain rental markets, particularly in the most central sectors, where Gecina has a strong presence, 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. Although these trends further strengthen Gecina's confidence for the coming years, the Group is maintaining its forecasts for a possible slight contraction in office rental income for 2016 on a like-for-like basis.

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. Thanks to its optimized liability management, the Group is not in a position where it would be forced to buy or sell any assets.

Despite the significant volume of sales carried out since the start of the year, in view of market trends and the favorable change in financial expenses, combined with its effective control over operating expenditure, Gecina is confident about the current financial year, enabling it to confirm its target announced at the end of 2015 for underlying recurrent net income growth of over +5% for 2016, excluding the impact of the healthcare portfolio's sale (finalized on July 1, 2016).

Gecina, a leading real estate group

Gecina owns, manages and develops property holdings worth 11.7 billion euros at July 1, 2016, with 97% located in the Paris Region. The Group is building its business around France's leading office portfolio and a diversification division with residential assets and student residences. These data exclude the healthcare portfolio, which was sold for 1.35 billion euros on July 1, 2016. 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 SBF 120, Euronext 100, FTSE4Good, DJSI Europe and World, Stoxx Global ESG Leaders and Vigeo 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

GECINA CONTACTS**Financial communications**

Samuel Henry-Diesbach
Tel: +33 (0)1 40 40 52 22
samuelhenry-diesbach@gecina.fr

Virginie Sterling
Tel: +33 (0)1 40 40 62 48
virginiesterling@gecina.fr

Press relations

Brigitte Cachon
Tel: +33 (0)1 40 40 62 45
brigittecachon@gecina.fr

Armelle Miclo
Tel: +33 (0)1 40 40 51 98
armellemiclo@gecina.fr

APPENDIX

1- FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

At the Board meeting on July 21, 2016, chaired by Bernard Michel, Gecina's Directors approved the financial statements at June 30, 2016. The limited audit procedures have been completed on these accounts, and the certification reports on consolidated financial statements have been issued on July 21, 2016 after verifying the information contained in the half-year financial report.

In million euros	Without IFRIC 21 and IFRS 5			With IFRIC 21 and IFRS 5		
	Jun 30, 15	Jun 30, 16	Change (%)	Jun 30, 15	Jun 30, 16	Change (%)
Gross rental income	276.2	298.8	+8.2%	239.3	259.5	+8.4%
Expenses not billed to tenants	(22.4)	(21.2)	-5.2%	(28.4)	(27.7)	-2.2%
Net rental income	253.8	277.6	+9.4%	211.0	231.7	+9.9%
Services and other income (net)	3.8	1.0	-74.0%	3.2	0.9	-71.7%
Salaries and management costs	(30.4)	(31.3)	+3.1%	(30.3)	(31.4)	+3.7%
EBITDA	227.2	247.3	+8.8%	183.9	201.3	+9.4%
Gains from disposals	19.9	30.9	NS	19.9	30.9	NS
Change in fair value of properties	185.2	336.4	NS	186.6	337.3	NS
Depreciation	(2.5)	(2.4)	-3.3%	(2.5)	(2.4)	-3.3%
Net impairments and provisions	1.6	1.5	NS	1.7	1.5	NS
Operating income	431.4	613.7	+42.2%	389.6	568.5	+45.9%
Net financial expenses	(56.3)	(47.0)	-16.5%	(56.0)	(46.2)	-17.5%
Financial impairments and depreciation	(4.5)	0.0		(4.5)	0.0	
Change in value of financial instruments and debt	(45.0)	(36.4)	-19.1%	(44.8)	(36.5)	-18.4%
Net income from associates	0.0	0.1	NS	0.0	0.1	NS
Pre-tax income	325.6	530.3	+62.9%	284.3	485.8	+70.9%
Current tax	(1.9)	(1.9)	+1.6%	(1.7)	(1.7)	-1.1%
Non-current tax	(0.2)	0.0	NS	(0.2)	0.0	NS
Net income from continuing operations				282.5	484.1	+71.4%
Net income from discontinued operations				34.3	36.9	+7.6%
Consolidated net income	323.5	528.4	+63.3%	316.8	521.1	+64.5%
Minority interests	8.6	1.4	-83.7%	8.6	1.4	-83.7%
Net income (Group share)	314.9	526.9	+67.3%	308.2	519.6	+68.6%
 Recurrent net income - total share	 169.0	 198.4	 +17.3%			
Recurrent net income - Group share	169.0	198.0	+17.2%			
Average number of shares over the period	61,783,218	62,713,386	+1.5%			
Undiluted recurrent net income per share - Group share	€2.74	€3.16	+15.4%			

CONSOLIDATED BALANCE SHEET

Excluding application of IFRS 5

ASSETS			LIABILITIES		
Jun 30, 16			Jun 30, 16		
Dec 31, 15			Dec 31, 15		
In million euros			In million euros		
Non-current assets	11,260.9	11,049.1	Capital and reserves	7,978.0	7,751.4
Investment properties	10,635.8	10,188.3	Share capital	474.5	474.5
Buildings under reconstruction	539.2	766.6	Additional paid-in capital	1,897.2	1,897.1
Buildings in operation	61.5	61.9	Consolidated reserves	5,069.7	3,755.0
Other property, plant and equipment	7.0	7.2	Consolidated net profit	519.6	1,609.3
Intangible assets	5.3	5.6	Capital and reserves attributable to owners of the parent	7,961.0	7,735.8
Long-term financial investments	6.8	6.8	Non-controlling interests	17.0	15.6
Investments in associates	3.4	3.6	Non-current liabilities	3,527.2	3,564.2
Non-current financial instruments	2.0	9.2	Non-current financial debt	3,431.4	3,501.4
Deferred tax assets	0.0	0.0	Non-current financial instruments	68.5	35.2
Current assets	2,067.6	2,186.3	Deferred tax liabilities	0.0	0.0
Properties for sale	1,788.6	1,842.7	Non-current provisions	27.3	27.6
Inventories	0.0	0.0	Non-current taxes due & other employee-related liabilities	0.0	0.0
Trade receivables and related	111.6	82.5	Current liabilities	1,823.3	1,919.9
Other receivables	126.7	91.1	Current financial debt	1,318.0	1,362.3
Prepaid expenses	25.8	23.6	Current financial instruments	0.0	0.8
Current financial instruments	4.1	0.0	Security deposits	54.1	54.2
Cash and cash equivalents	10.8	146.4	Trade payables and related	167.5	383.6
			Current taxes due & other employee-related liabilities	87.2	37.8
			Other current liabilities	196.4	81.2
TOTAL ASSETS	13,328.5	13,235.4	TOTAL LIABILITIES	13,328.5	13,235.4

Disclaimer

This press release has been prepared for information purposes only. It does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Foncière de Paris, or an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gecina.

The release, publication or distribution of this press release in certain countries may be restricted by applicable laws and regulations in those countries and, therefore, any person in such countries who obtains this press release must enquire about applicable legal restrictions and comply with them.

Pursuant to French laws and regulations, the public tender offer and the draft offer document of Gecina, which sets out the terms and conditions of the public tender offer, remain subject to review by the Autorité des Marchés Financiers. Investors and shareholders in France are strongly advised to read the draft offer document referenced in this press release and any amendments and supplements to such document as it contains important information regarding the contemplated transaction and related matters.

The draft offer document is available on the websites of Gecina (www.gecina.fr) and the Autorité des Marchés Financiers (www.amf-france.org) and a copy can be obtained free of charge from Gecina (14-16, rue des Capucines - 75002 Paris) and Goldman Sachs (5, avenue Kleber - 75116 Paris).

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