Press release
April 26, 2017

Business at March 31, 2017

Like-for-like rental income growth (+1.2% for offices), in line with expectations

Key figures

Gross rental income In million euros	Mar 31, 16	Mar 31, 17	Change (%) Current basis	 Like-for-like
Offices	**95.6**	**88.4**	**-7.5%**	**+1.2%**
Traditional residential	28.8	27.5	-4.5%	+0.3%
Student residences	3.7	3.7	+0.3%	+0.3%
Group total (excluding healthcare)	**128.1**	**119.6**	**-6.6%**	**+1.0%**
Healthcare and other	*19.7*	*0.0*	*-100.0%*	*n.a.*
Group total	147.8	119.6	-19.1%	+1.0%

Unaudited figures

On a **current basis**, the rental performance reported for the first quarter of 2017 reflects the full impact of the significant changes in scope from 2016 (sale of the healthcare real estate portfolio, transfer of five buildings to the project pipeline and sales of various office buildings in 2016). Over the second half of the year, the contraction in rental income will mechanically be on a smaller scale.

Like-for-like, rental trends show an improvement for the first quarter of 2017, with organic rental growth of around +1.0% on average (+1.2% for offices), benefiting from a positive although still low level of indexation, as well as the lettings secured in 2016 and the slightly positive level of reversion recorded, particularly in the most central sectors.

Major operational achievements in line with the strategic acceleration ambition

Since the start of the year, Gecina has realigned its operational priorities around pre-lettings, investment discipline and innovation, which are already reflected in several major achievements.

1. **Lettings: nearly 45,000 sq.m already let in 2017**

Gecina has let, relet or renegotiated nearly 45,000 sq.m of offices, representing 14.3 million euros of economic rent, reflecting both the positive trends on the Paris market and the Group's commitment to anticipating its letting challenges. **Other negotiations, representing over 30,000 sq.m, are also currently being finalized.**

- ✓ **11,000 sq.m let in anticipation** of a tenant departure scheduled for end-2017

Ahead of schedule, Gecina has let all the space concerned (11,000 sq.m) in the **Le Valmy** building, located in eastern Paris (Paris 20th), to an outstanding tenant almost nine months before it is due to be vacated, with a firm six-year period. Alongside this, Gecina has extended its existing lease with this Group for more than 5,000 sq.m of space in this same building.

- ✓ Almost **9,000 sq.m of vacant space** let in Saint-Ouen

Gecina has also signed a lease with a firm nine-year period with Caisse Régionale RSI Île-de-France for the **Dock-en-Seine** building in Saint-Ouen. The building will be fully occupied following this tenant's arrival at the start of 2018.

- ✓ **Le Cristallin** let to the Renault Group

In addition, Gecina has signed a lease with a firm 10-year period with the Renault Group for the 11,600 sq.m available in the **Le Cristallin** building, delivered in 2016. This letting represents the final stage in the redevelopment and value extraction process launched by Gecina for this building in 2014.

2. Confirming our investment discipline

✓ **Preliminary agreement** signed to buy 145 rue de Courcelles, offering major operational synergies

Gecina has signed a preliminary agreement to buy 145 rue de Courcelles, in Paris' Central Business District, for 63 million euros excluding duties. This asset offers highly complementary features alongside the adjacent building "Le Banville", which is already owned by the Group.

✓ **Share buyback program** already accretive

By Friday April 21, the share buyback program had enabled the Group to buy back 1.8 million shares since February 24, 2017, for a total of 222.5 million euros, with an average of 121.8 euros per share. This operation is therefore already having an accretive impact on Gecina's per share aggregates.

3. Setting out our ambition for innovation: launch of Secondesk

In the first quarter, Gecina launched Secondesk, its dedicated offer for mobile employees outside of traditional workspaces, with spaces that are available per hour or per day, as well as more collaborative spaces for meetings. An experimental phase has already been launched for two sites in Paris and Colombes, and this offer could be extended.

Gecina's preferred sectors are still seeing positive market trends

Take-up, which had already shown strong growth since early 2015 for Paris City, has remained **robust** since the start of the year (+27% year-on-year), **particularly in Paris**, despite the current shortfall in terms of available supply (with a vacancy rate of 3.4%). This shortage of quality premises at the heart of Paris is encouraging **market rents to pick up again** and is expected to pave the way for a **reduction in incentives**. In more secondary sectors, where Gecina has a relatively limited presence, the situation remains less favorable, although it is improving. These trends have further strengthened Gecina's confidence, particularly for earnings growth and value extraction through the deliveries expected primarily for 2018 through its development and redevelopment pipeline.

Gecina confirms its targets for 2017

In a positive market environment, Gecina is confirming its target for recurrent net income to contract by around -5% to -6%[1] (restated for the impact of the healthcare sale). This expected performance notably reflects the impact of the redevelopment projects launched, which will be dilutive in the short term, but will be accretive when they are delivered, expected primarily for 2018 and 2019.

Financial schedule

Half-year earnings

July 20, 2017 (after close of trading)

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

[1] This objective do not include assumptions for any sales or investments and may therefore be revised up or down depending on opportunities for investments and sales during the year

Rental income in line with the Group's targets

Total gross rental income came to 119.6 million euros for the first quarter of 2017. Restated for the healthcare portfolio's sale, it is down -6.6% on a current basis and up +1.0% like-for-like.

Like-for-like, the first quarter shows a return to rental growth (+1.0%). This performance factors in the level of indexation, which is still low, but positive (+0.3%), a slightly positive level of reversion (+0.2%), and the letting of buildings that were partially or completely vacant in the first quarter of 2016.

On a current basis, the -6.6% contraction (excluding healthcare) is linked primarily to the offices and residential assets sold in 2016 (with an average premium of around +15% versus the latest appraisal values), as well as the launch of work to redevelop office buildings with strong potential for creating value when their current tenants leave. In 2016, Gecina incorporated seven new development projects into its pipeline, including five from within the Group's portfolio.

Over the period, the loss of rent resulting from the sales carried out (excluding healthcare) in 2016 (Vinci-Rueil, Dassault-Suresnes, Bourse-Paris and residential properties on a vacant unit basis) and the launch of work to redevelop buildings with strong value creation potential (Octant-Sextant in Levallois-Perret, Ville l'Evêque in Paris' CBD, two other buildings in Paris and one in Neuilly), represents a total of -10.4 million euros.

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Offices: positive trends for offices in the most central sectors

Like-for-like, rental income is up +1.2%, in line with the Group's expectations. This increase reflects the improvement in the financial occupancy rate, particularly with Pointe Métro 2 let to CREDIPAR and Le Cristallin to the Renault Group. This like-for-like growth has also benefited from a slightly positive level of both indexation (+0.4%) and reversion.

On a current basis, rental income from offices is down -7.5% in view of the impact of the changes in scope from 2016 (sales and redevelopments).

Positive market trends for the most central office sectors preferred by Gecina

Immostat's statistics from the end of March 2017 once again support the Group's firm belief that the Paris Region's most central sectors and Paris' CBD in particular are benefiting from a favorable environment. **Take-up in the Paris Region shows a +27% increase** year-on-year at end-March and is now 25% higher than the 10-year average. **Paris City once again represents more than 50% of the total volume of transactions** for the first quarter of the year, with +41% year-on-year growth, which represents a strong performance considering the historically low level of immediate supply in Paris, with a vacancy rate of around 3.4% (source: Cushman & Wakefield).

The level of immediate supply is down -7% year-on-year, particularly in Paris City (-19%). However, the Paris Region office market continues to show very contrasting trends, with Central Paris still very dynamic and a slight improvement for the suburbs. **The vacancy rate therefore shows a significant drop to 3.4% for Paris City** (versus 4.2% at end-March 2016), where the shortage of quality properties available is driving up rents for new builds (CBRE reports an increase of +6% for prime rents in the wider CBD sector, while Cushman & Wakefield has +11% growth for the CBD). Contrasting with this, although the vacancy rate is down slightly, it remains high for the region's other more peripheral sectors. The average vacancy rate for the Paris Region came to 6.7%, compared with 7.1% at end-March 2016 (source: Cushman & Wakefield).

These statistics support the Group's confidence in the outlook for its portfolio, with the vast majority of its properties located in the Region's most central sectors, where the trends observed confirm the improvement in market conditions. For reference, more than 90% of Gecina's office portfolio at end-2016 was located in Paris City, La Défense or the Western Crescent. These market trends also support the Group's confidence in the outlook thanks to progress made with its committed pipeline, with nearly 87% located in Paris City and the Western Crescent's best sectors (Neuilly/Levallois and the Southern Loop), while virtually all the other sites are in Lyon.

Diversification portfolios: rental resilience and impact of sales programs

For the **traditional residential portfolio**, rental income is up slightly at end-March 2017 on a like-for-like basis (+0.3%). On a current basis, the -4.5% contraction factors in the program to sell apartments on a unit basis when they become vacant as tenants naturally free up assets (Hopper program).

Rental income for **student residences** is up slightly on a current basis and like-for-like (+0.3%), thanks in particular to the ramping up of a student residence in Bordeaux (Bassins à Flots).

Occupancy rate stable and still high

The Group's **average financial occupancy rate** is still very high, with 95.5% for the first quarter. Restated for the impact of the healthcare portfolio's sale, it comes out stable in relation to the end of 2016 and with a slight +30 bp increase year-on-year, driven primarily by new lettings for office buildings (Pointe Métro 2 - Gennevilliers, Cristallin - Boulogne).

Average financial occupancy rate	Mar 31, 16	Dec 31, 16	Mar 31, 17
Offices	**94.9%**	**95.5%**	**95.4%**
Diversification	**97.7%**	**95.6%**	**95.8%**
Traditional residential	96.8%	96.6%	96.2%
Student residences	92.0%	89.1%	93.5%
Group total excluding healthcare	**95.2%**	**95.5%**	**95.5%**
Healthcare	*100.0%*	*100.0%*	*0.0%*
Reported Group total	***95.8%***	***95.9%***	***95.5%***

Gecina confirms its targets for 2017

2017 will be marked by the strong choices made in 2016 by Gecina in terms of value creation, particularly the asset sales completed in 2016 and the launch of work to redevelop five buildings that were previously occupied, in order to optimize their value extraction.

In 2017, recurrent net income is therefore expected to contract by around -5% to -6%[2] (restated for the impact of the healthcare sale). This expected performance notably reflects the impact of the redevelopment projects launched, which will be dilutive in the short term, but will be accretive when they are delivered, expected primarily for 2018 and 2019.

Gecina, a leading real estate group

Gecina owns, manages and develops property holdings worth 12.1 billion euros at end-2016, with nearly 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. 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 community commitments, Gecina has created a company foundation, which is focused on protecting the environment and supporting all forms of disability.

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