

*Gecina finalizes its acquisition of nearly 85% of Eurosic's capital and becomes, with a €19.5bn portfolio, the fourth-largest European real estate group and the market leader for office real estate*

Following the clearing of all the conditions precedent linked to the agreements signed on June 20, 2017 with Eurosic's main shareholders, Gecina has finalized yesterday its acquisition of the blocks of shares and OSRA bonds representing 85.4% of Eurosic's diluted capital<sup>1</sup>. With this transaction, Gecina has effectively taken control of Eurosic.

This major operation represents a significant acceleration of the deployment of Gecina's strategy, building on its outstanding value creation, which will benefit in particular from the following factors:

- **Stronger office portfolio in the Paris Region's most buoyant business sectors:** the combination of the portfolios and the sales programs that are underway will make it possible to further strengthen the percentage of offices within the consolidated portfolio (over 80%), while also ramping up its focus on central sectors (over 60% in Paris City).
- **Better coverage of the Paris office market:** Gecina's presence at the heart of the city of Paris will be further strengthened, not only in Paris' central business district (CBD), but also in new sectors with strong potential on the River Seine's left bank and the CBD's eastern border.
- **Greater value creation potential for the coming years:** this operation has also increased the weighting of the portfolio of development projects, with deliveries expected primarily for 2017 to 2019 and 44% of the space already pre-let<sup>2</sup>.
- **Expected acceleration in the portfolio's rotation:** Gecina has launched a sales program with a minimum of 1.2 billion euros for the next 12 months<sup>3</sup>. These sales will cover assets from the historical scope of both Gecina and Eurosic. This rotation will make it possible to continue rationalizing the Group's portfolio around the Paris Region's most dynamic sectors, where Gecina has recently secured major lettings transactions, while maintaining the flexibility of its balance sheet.
- **Financial structure preserved and liquidity strengthened:** the operation has been fully financed, thanks in particular to 1.5 billion euros of bond issues with an average maturity of 10 years and an average coupon of 1.3%, as well as a 1 billion euro capital increase carried out in August 2017. The LTV will therefore remain below 40% following the sales program that is underway. In addition, this operation will make it possible to increase the float by nearly 10% from 51% to 55%<sup>4</sup>, further strengthening the liquidity of Gecina's securities on the stock market.

The acquisition of these blocks of shares and OSRA bonds from Eurosic's main shareholders will be followed by an alternative takeover offer and exchange offer, filed this morning, for the shares and OSRA

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<sup>1</sup> At June 30, 2017, on a fully diluted basis taking into account the OSRA subordinated redeemable bonds and excluding treasury stock, representing a total of 64,732,147 shares

<sup>2</sup> Including negotiations that are currently being finalized

<sup>3</sup> This sales program may potentially be increased by a further 1 billion euros depending on market opportunities

<sup>4</sup> Assuming that Norges participates in the capital increase with preferential subscription rights prorated to its interest in the Group's capital and Eurosic's minority shareholders tender 50% of their securities for the public offering's securities branch.

bonds not yet held by Gecina<sup>5</sup>, which is expected to result in Eurosic being delisted<sup>6</sup> before the end of 2017<sup>7</sup>. Some of Eurosic's main shareholders have made commitments under the agreements signed on June 20, 2017 to tender nearly 9.5% of the diluted capital for the offer's exchange component, which already guarantees that Gecina will hold almost 95% of Eurosic's diluted capital following the public offering.

On August 7, Gecina received approval from the French antitrust authorities for this amicable takeover operation.

Méka Brunel, Chief Executive Officer: *"By finalizing its acquisition of 85% of Eurosic's capital, Gecina has taken a historic step forward with the acceleration of its strategy, enabling the Group to continue building on and strengthen the optimization of its profitability with a total return focus, aligned with the interests of all its shareholders. Gecina's potential will be further strengthened thanks to the acceleration of its portfolio's rotation, its pipeline that is unrivalled in continental Europe and above all its stronger presence at the heart of the Paris Region, Europe's leading office market."*

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#### **Gecina, living the city in a different way**

Gecina owns, manages and develops property holdings worth 19.5 billion euros at end-August 2017, with nearly 92% 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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<sup>5</sup> The offer, whose terms are described in a draft offer document that has been filed with today and is still subjected to review by the French Financial Markets Authority (AMF), would be based on:

- i. An alternative takeover offer and exchange offer for Eurosic's shares, comprising:
  - A public takeover offer under which Eurosic's shareholders will be able to sell their shares at a cash price of 51 euros per share (cum-dividend for 2017);
  - A public exchange offer under which Eurosic's shareholders will be able to exchange 64 shares (cum-dividend for 2017) for 23 Gecina shares (cum-dividend for 2017);
- ii. An alternative takeover offer and exchange offer for the 2015 OSRA bonds and 2016 OSRA bonds, comprising:
  - A public takeover offer under which Eurosic OSRA bond holders will be able to sell their 2015 OSRA bonds (cum-coupon) and their 2016 OSRA bonds (ex-coupon, scheduled for payment to 2016 OSRA bond holders on September 26, 2017) at a cash price of 51 euros per 2015 OSRA bond or 2016 OSRA bond;
  - A public exchange offer under which Eurosic OSRA bond holders will be able to exchange 64 2015 OSRA bonds (cum-coupon) or 64 2016 OSRA bonds (ex-coupon, scheduled for payment to 2016 OSRA bond holders on September 26, 2017) for 23 Gecina shares (cum-dividend for 2017) to be issued.

<sup>6</sup> Subject to Gecina holding more than 95% of Eurosic's capital or voting rights following the public offering

<sup>7</sup> Based on an indicative timeline

## **Disclaimer**

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*The release, publication or distribution of this press release may be restricted by laws applicable in certain jurisdictions and, as a result, any person in possession of it in such jurisdictions must seek advice concerning the applicable legal restrictions and ensure compliance with them.*

*In accordance with the stock market regulations, Gecina filed a proposed public takeover and exchange offer for all Eurosic securities not yet held by Gecina at this date. Gecina draft offer document contains the terms and conditions of the mandatory public offer that remains subjected to the review of the French financial markets authority (Autorité des Marchés Financiers, AMF).*

*It is strongly recommended that investors and shareholders located in France review the draft offer document when it becomes available, as well as any amendments or supplements to this document, since it will contain important information concerning the proposed transaction.*

*No communication or information relating to the mandatory public offer may be distributed to the public in any jurisdiction in which registration or approval is required. No action has been (or will be) undertaken in any jurisdiction (other than France) where such steps would be required. The purchase of Eurosic or Gecina securities may be subject to legal or statutory restrictions in certain jurisdictions. Neither Eurosic nor Gecina assume any responsibility for any breach of such restrictions by any person.*

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