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2018 Annual Results Regulated Information

CEGEREAL ACTIVELY PUSHES AHEAD WITH ITS GROWTH STRATEGY IN 2018

- Acquisition of the Passy Kennedy office property
- Sharp increase in the occupancy rate to 96.1%
- €35.2 million in recurring cash flow
- €2.3 per share distribution

Jérôme Anselme, Chief Executive Officer of Cegereal, commented: *Our teams in 2018 enabled us to deliver results in line with the ambitious objectives set in 2017. The acquisition of Passy Kennedy illustrates our selective acquisition strategy focused on Paris – an area with strong potential for rental income growth – and year on year. Our rental activity remained robust in 2018, as illustrated by the leases signed with the European Banking Authority and KPMG for 10,000 sq.m of space in the Europlaza building. These new leases come less than a year after the units were vacated and help to drive a sharp increase in the occupancy rate to 96.1%. We are confident about the year ahead and intend to continue on our path of controlled growth that creates value for our shareholders, leveraging our strategy of investing in our*

First acquisition in Central Paris

In 2018, Cegereal continued to expand its portfolio with the acquisition of the Passy Kennedy office property. The 23,800 sq.m iconic Parisian building is set in a highly sought-after location along the banks of the Seine in Paris' wider central business district, and offers stable cash flow and potential for growth in rental income over the long term.

Our loan-to-value ratio stood at 54.7% at December 31, 2018, compared with 53.4% one year earlier. This increase with pre-emptive subscription - the Group's

Value-creating investment policy

Cegereal continued to invest significantly in its different properties during the year. Thanks to the gradual repositioning of Europlaza, begun in 2016, and our policy of guiding potential tenants in their choice of property from the start of the process, we leased over 10,000 sq.m in under ten months at a rate of

- In April, the European Banking Authority will take possession of 5,300 sq.m of space for a period of nine years.
- KPMG extended its existing lease to cover almost 7,400 sq.m of space for a period of nine years with no break option.

These new leases drive a sharp rise in Cegereal's overall occupancy rate to 96.1% (up from 91.4% at December 31, 2017).

Rental income came in at 64/1 million in 2018 (63/4 million on a comparable portfolio basis, i.e., excluding the 1/ million contribution from Passy Kennedy), up 3.4% compared with the prior-year period. The increase was mainly led by our excellent rental activity. The Passy Kennedy acquisition and the recently signed leases will have a significant impact on 2019 rental income.

At December 31, 2018, the estimated value of Cegereal's real estate portfolio was up 1.5% on a comparable portfolio basis from 2-27 million excluding transfer duties at December 31, 2017. Including Passy Kennedy, the portfolio value stood at 2-51 million excluding transfer duties, up 20.5% year on year.

EPRA earnings stable at €30.7 million

EPRA earnings came in at 41/ million for 2018, compared with 43/ million for 2017. After adjusting for the 3% corporate income tax contribution on dividends, which was reimbursed in 2017 in an amount of 2/ million, EPRA earnings were stable year on year, retreating 0.3% from 41/ million to 41/ million. The contribution of Passy Kennedy, acquired at the end of the year, was modest in 2018, but will have a significant impact on 2019 EPRA earnings.

EPRA NNAV stood at 74 /7 million at December 31, 2018, up from 6 6/5 million one year earlier. The increase was mainly attributable to the capital increase (positive /2 million impact) and the contribution of consolidated net income (positive 44/2 million impact).

IFRS net income came in at 44/2 million, compared with 73/5 million in 2017. The year-on-year difference reflects the significant 4 /3 million rise in fair value of investment property recorded in 2017, caused by last year's interest rate squeeze. In contrast, the fair value of investment property increased by 22/ million in 2018.

Recognition for our financial and environmental performance

Cegereal has been committed to an ambitious CSR policy for a number of years. In 2018, its initiatives were once again recognized with a number of awards:

- Two Gold Awards at the annual conference of the European Public Real Estate Association (EPRA) for the quality of its financial and non-financial reporting.
- Second place in the Global Real Estate Sustainability Benchmark (GRESB) for the fourth consecutive year.
- Dual BREEAM In-Use International and NF HQE™ Exploitation certification for its entire portfolio.

Solid governance

Cegereal's Board of Directors validates the strategy implemented since Jérôme Anselme was first appointed and has decided to renew its confidence in him by confirming his position as Chief Executive Officer.

2019 distribution: €2.3 per share

Cereals	46/3	-	46/	312 /
		312 -		

APPENDICES

IFRS Income Statement (consolidated)

In thousands of euros, except per share data

	2018	2017
	<i>12 months</i>	<i>12 months</i>
Rental income	53 026	51 259
Income from other services	15 010	16 166
Building-related costs	(31 002)	(29 416)
Net rental income	37 034	38 008
Sale of building	0	0
Administrative costs	(4 039)	(4 765)
Other operating expenses	(89)	(10)
Other operating income	0	175
Increase in fair value of investment property	12 501	41 978
Decrease in fair value of investment property	(800)	(4 800)
Total change in fair value of investment property	11 701	37 178
Net operating income	44 607	70 587
Financial income	6	597
Financial expenses	(11 508)	(10 542)
Net financial expense	(11 502)	(9 945)
Corporate income tax	0	1 765
CONSOLIDATED NET INCOME	33 106	62 408
<i>of which attributable to owners of the Company</i>	<i>33 106</i>	<i>62 408</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>
Other comprehensive income		
TOTAL COMPREHENSIVE INCOME	33 106	62 408
<i>of which attributable to owners of the Company</i>	<i>33 106</i>	<i>62 408</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>
Basic earnings per share (in euros)	2,40	4,67
Diluted earnings per share (in euros)	2,27	4,37

IFRS Balance Sheet (consolidated)

In thousands of euros

	Dec. 31, 2018	Dec. 31, 2017
Non-current assets		
Property, plant and equipment	47	56
Investment property	1 408 520	1 169 400
Non-current loans and receivables	20 230	21 591
Financial instruments	597	31
Total non-current assets	1 429 393	1 191 078
Current assets		
Trade accounts receivable	7 747	18 481
Prepaid expenses	116	347
Total receivables	22 589	29 029
Cash and cash equivalents	53 367	61 718
Total cash and cash equivalents	53 367	61 718
Total current assets	75 957	90 747
TOTAL ASSETS	1 505 350	1 281 825
Shareholders' equity		
Share capital	78 006	66 863
Legal reserve and additional paid-in capital	93 277	77 600
Consolidated reserves and retained earnings	470 500	410 662
Net attributable income	33 106	62 408
Total shareholders' equity	674 889	617 532
Non-current liabilities		
Non-current borrowings	763 321	616 043
Other non-current borrowings and debt	9 543	5 929
Non-current corporate income tax liability	0	0
Financial instruments	791	548
Total non-current liabilities	773 655	622 519
Current liabilities		
Current borrowings	3 152	2 979
Trade accounts payable	24 996	11 589
Corporate income tax liability	0	0
Other operating liabilities	9 698	9 644
Prepaid revenue	18 960	17 561
Total current liabilities	56 806	41 774
Total liabilities	830 461	664 293
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 505 350	1 281 825

IFRS Statement of Cash Flows (consolidated)

In thousands of euros

	2018	2017
OPERATING ACTIVITIES		
Consolidated net income	33 106	62 408
<i>Elimination of items related to the valuation of buildings:</i>		
Fair value adjustments to investment property	(11 701)	(37 178)
Annulation des dotations aux amortissement		
Indemnité perçue des locataires pour le remplacement des	0	0
<i>Elimination of other income/expense items with no cash impact:</i>		
Depreciation of property, plant and equipment (excluding	11	9
Free share grants not vested at the reporting date	0	0
Fair value of financial instruments (share subscription	473	(219)
Adjustments for loans at amortized cost	2 247	1 752
Contingency and loss provisions	0	0
Corporate income tax		(1 765)
Penalty interest		(165)
Cash flows from operations before tax and changes in working capital requirements	24 136	24 841
Other changes in working capital requirements	19 621	14 380
Working capital adjustments to reflect changes in the scope of		
Change in working capital requirements	19 621	14 380
Net cash flows from operating activities	43 757	39 221
INVESTING ACTIVITIES		
Net increase in amounts due to fixed asset suppliers	(227 422)	(8 126)
	2 620	493
Net cash flows used in investing activities	(224 802)	(7 633)
FINANCING ACTIVITIES		
Capital increase	79 901	0
Capital increase transaction costs	(794)	
Change in bank debt	147 000	37 875
Issue of financial instruments (share subscription warrants)	0	
	(1 930)	(508)
Net increase in liability in respect of re-financing	420	
Purchases of hedging instruments	(796)	
Net increase in current borrowings	134	729
Diminution nette des emprunts (part à moins d'un ans)		
Net increase in other non-current borrowings and debt	3 615	1 323
Net decrease in other non-current borrowings and debt	0	0
Purchases and sales of treasury shares	(42)	130
Dividends paid	(54 813)	(28 053)
Net cash flows from financing activities	172 694	11 496
Change in cash and cash equivalents	(8 351)	43 084
Cash and cash equivalents at beginning of period*	61 718	18 634
CASH AND CASH EQUIVALENTS AT END OF PERIOD	53 367	61 718

* There were no cash liabilities for any of the periods presented above.

French GAAP Income Statement

In euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Sales of services	249 160	85 544
NET REVENUE	249 160	85 544
Reversal of depreciation and amortization charges, impairment and expense transfers	235 610	58 434
Other revenue	1 886	
Total operating revenue	486 656	143 978
Purchases of raw materials and other supplies	0	49
Other purchases and external charges	2 564 773	1 769 653
Taxes, duties and other levies	80 181	41 960
Wages and salaries	714 151	871 904
Social security charges	300 884	367 612
Fixed assets: depreciation and amortization	1 955	189
Contingency and loss provisions	0	235 610
Other expenses	191 927	175 512
Total operating expenses	3 853 871	3 462 489
OPERATING LOSS	(3 367 215)	(3 318 511)
Financial income from controlled entities	3 353 425	1 332 000
Other interest income	6 347	165 006
Foreign exchange gains	0	432
Total financial income	3 359 772	1 497 438
Interest expenses	85 396	34 619
Foreign exchange losses	0	852
Total financial expenses	85 396	35 471
NET FINANCIAL INCOME	3 274 376	1 461 967
RECURRING LOSS BEFORE TAX	(92 839)	(1 856 544)
Non-recurring income on capital transactions	68 222	19 982
Reversal of impairment, provisions and non-recurring expense transfers	194 056	
Total non-recurring income	262 278	19 982
Non-recurring expenses on management transactions	0	1680
Non-recurring expenses on capital transactions	213 895	4 178
Total non-recurring expenses	213 895	5 858
NET NON-RECURRING INCOME	48 383	14 125
Corporate income tax	0	(1 765 185)
TOTAL INCOME	4 108 706	1 661 398
TOTAL EXPENSES	4 153 162	1 738 632
NET LOSS	(44 456)	(77 234)

French GAAP Balance Sheet

In euros

ASSETS	Gross amount	Depr., amort. & prov.	Dec. 31, 2018	Dec. 31, 2017
Property, plant and equipment				
Other property, plant and equipment	6 896	2 143	4 753	3 807
Financial fixed assets				
Receivables from controlled entities	242 004 686		242 004 686	299 050 733
Loans	-		-	
	801 745		801 745	673 967
FIXED ASSETS	242 813 327	2 143	242 811 184	299 728 507
Receivables				
Trade accounts receivable	241 992		241 992	
Other receivables	73 376 973		73 376 973	2 103 079
Cash and cash equivalents	14 762 019		14 762 019	998 862
CURRENT ASSETS	88 380 984		88 380 984	3 101 941
Prepaid expenses	11 206		11 206	52 460
TOTAL ASSETS	331 205 517	2 143	331 203 374	302 882 908

In euros

EQUITY AND LIABILITIES	Dec. 31, 2018	Dec. 31, 2017
Capital		
Share capital (including paid-up capital: 66,862,500)	78 006 250	66 862 500
Additional paid-in capital	86 278 764	70 922 676
Revaluation reserve	152 341 864	152 341 864
Reserves		
Legal reserve	7 800 625	6 686 250
Other reserves	122 849	2 711 437
Retained earnings		
Retained earnings	14 006	29 421
Net loss for the year	(44 456)	(77 234)
SHAREHOLDERS' EQUITY	324 519 901	299 476 914
OTHER EQUITY	-	-
Loss provisions	0	235 610
CONTINGENCY AND LOSS PROVISIONS	-	235 610
Non-current borrowings and debt		
Miscellaneous borrowings and debt	5 630 705	2 112 261
Trade accounts payable and other current liabilities		
Trade accounts payable	758 313	718 155
Tax and social liabilities	294 455	338 969
	0	999
LIABILITIES	6 683 473	3 170 384
TOTAL EQUITY AND LIABILITIES	331 203 374	302 882 908

Reconciliation of Alternative Performance Measures (APM)

Cegereal recurring cash flow APM

<i>In thousands of euros</i>	2018	2017
Net income under IFRS	33,106	62,408
Restatement of changes in fair value of investment property	(11,701)	(37,178)
Other restatements of changes in fair value	475	17
Restatement of other fees	8,794	7,443
EPRA earnings	30,674	32,689
Restatement of 3% corporate income tax contribution on dividends	0	(1,752)
Cegereal recurring income	30,674	30,937
IFRS adjustments (rent-free periods, etc.)	2,256	2,946
Restatement of deferred finance costs	2,247	1,966
Cegereal recurring cash flow	35,177	35,849

EPRA NNAV APM

<i>In thousands of euros</i>	2018	2017
Shareholders' equity under IFRS	674,889	617,532
Portion of rent-free periods	(27,315)	(26,832)
Market value of loans	(772,432)	(622,519)
Carrying amount of loans	764,507	617,190
NNNAV PER SHARE	639,649	585,355

LTV ratio APM

<i>In thousands of euros</i>	2018	2017
Gross amount of balance sheet loans (statutory financial statements)	771	624
Fair value of investment property	1,409	1,169
LTV ratio (%)	54.7%	53.4%

Occupancy rate APM

The occupancy rate is the ratio of space for which the Company receives rent under a lease agreement to the total amount of available space.

Taking into account the upcoming arrival of the European Banking Authority and KPMG, Cegereal's overall occupancy rate is up sharply at 96.1%.

At December 31, 2018, i.e., before the effective date of these new leases, the occupancy rate stood at 92.3% (91.1% on a comparable portfolio basis), versus 91.4% one year earlier.