REFERENCE DOCUMENT 2017

INCLUDING THE ANNUAL FINANCIAL REPORT

gecina

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Annual Financial Report elements are clearly indentified in this table of content with the sign AFR

REFERENCE DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT 2017

As a market-leading urban real estate group, Gecina embraces its specific responsibility. Fully engaged in the city through our portfolio of office buildings, residential properties and student residences, we are at the heart of its transformations.

Each day, we strive to pick up on the slightest signals, tuning into these new energies, these groundbreaking connections that are opening up links between the workplace and home life, public spaces and intimate spaces.

This reference document was filed with the French securities regulator (Autorité des marchés financiers, AMF) on 02/23/2018, in accordance with Article 212-13 of the AMF's general regulations. It may be used in support of a financial transaction if supplemented with a transaction memorandum that has been approved by the AMF. This document has been drawn up by the issuer and is the responsibility of its signatories.

EDITORIALS

Bernard Michel
Chairman

“ The acquisition of Eurosic validates and accentuates the strategic choices made in recent years.”

In 2017, Gecina again posted outstanding results in both the real estate and the financial sectors. Our key operational and financial figures once again outperformed the stock market in our sector. These results validate the strategic choices made in recent years: the refocusing of our office portfolio on centrally located areas and the value creation approach in terms of overall performance. Our new Chief Executive Officer, Meka Brunel, has been propelling this strategy forward since early 2017. The initiative was epitomized in the acquisition of Eurosic, and in our adaptation of our growth model to the new challenges of the digital revolution and usages, with clients who want more flexibility and innovation.

Group share of our net recurring income rose by 1.3% per share, even though the integration of Eurosic accounted for only four months of income and we disposed of our healthcare portfolio in mid-2016. Excluding the effects of the disposal of the healthcare portfolio, this growth would be as high as 9.4%.

Our self-sustained growth potential has never been greater, with a portfolio of committed development projects worth €2.8 billion.

On the strength of this performance and the encouraging outlook for the coming years, at the General Meeting in April 2018 we will propose a dividend increase for the sixth year in a row, to €5.30 per share.

In addition to this financial performance, Gecina has continued its exemplary Corporate Social Responsibility policy. Biodiversity, our energy consumption, our carbon footprint, social innovation and gender equality have been priorities throughout my term as Chairman of Gecina. The principles of social and environmental governance are now firmly anchored in the Group's strategic plan with ambitious new targets to achieve by 2020.

A 2017 FINANCIAL PERFORMANCE THAT VALIDATES OUR STRATEGIC CHOICES

Gecina’s 2017 results validated our strategic choices. The first is the emphasis on central locations: the demand of our clients and prospects in the most central areas has held steady. The demand for centrality is growing commensurate with the need for companies to attract talent in the areas that are densest in terms of business, transportation, recreation and housing units. Centrality breeds centrality. Paris, a world-class city, is taking full advantage of this effect. The location of our assets, in the most attractive areas (the so-called central business district, La Défense, Boulogne, Issy-Les-Moulineaux), makes Gecina the best positioned player in relation to this fundamental market reality.

With an overall profit of 23% over one year, and NAV up nearly 19%, performance is not lacking. The strengthening of our business model through the integration of Eurosic bodes well for our future.

THE INTEGRATION OF EUROSIC REINFORCES OUR STRATEGIC UNIQUENESS

In the wake of the acquisition of Eurosic, which was executed in record time, and the completed integration of the company, we are

Méka Brunel
Chief Executive Officer

“ We are moving increasingly toward a redesign of living spaces, which can be seen in a wave of unprecedented innovations.”

poised to capitalize on our strategic uniqueness, which is characterized by our complementary assets and their exceptional quality. The map of the real estate assets of the “new Gecina” in Paris was the matrix for this transaction.

Eurosic bolsters our presence in the most central areas of Greater Paris, and it increases Gecina's growth and value creation potential with a portfolio of projects under development worth €5.2 billion. As regards real estate assets turnover, this transaction will also improve our outlook, with a plan of disposals that is currently under way and will range from €1.2 billion to €2.2 billion.

Investors have adhered to our strategy, as evidenced by the success of the bond issues and the capital increase, as well as a stock market performance with a dividend up nearly 25% in one year, outperforming all the French general and real estate indices.

HOUSING REPOSITIONED AT THE HEART OF GECINA'S STRATEGY

Our decision to relaunch our residential business, with the creation of a dedicated business unit, has also been well received. Our fundamental belief is that this is an industrial activity with high profitability and which allows Gecina to be at the forefront of the transformation of lifestyles and work. In this realm too, centrality is key to performance. We are indeed moving increasingly toward a redesign of living and working spaces, which can be seen in a wave of unprecedented innovations. This wave affects both residential real estate and commercial real estate indiscriminately. It defines a continuum of experiences and expectations of individuals who need to find the tools, services and the high level of well-being and connectivity they want in both their homes and their offices. The work of our residential and commercial assets and our in-depth knowledge of these markets and the subtle changes in our customers’ needs will enable us to increase our value extraction capacity in the future. We are establishing a position where we operate a network of offices, coworking spaces (with our Secondesk brand name), housing units and student residences. The idea behind our strategy is to create this consistency of the offer for our current and future clients.

WE MUST INNOVATE AND THINK OUTSIDE THE BOX, IN A RESPONSIBLE WAY

Priority has been given to innovation and CSR, with the establishment of a think tank with five other large European real estate companies (alstria, COIMA RES, Colonial, Gecina, Great Portland Estates and NSI) to discuss our best practices and our clients’ evolving expectations in our respective markets. The complementarity of the real estate companies in the think tank offers a pan-European dimension with in-depth expertise in the German, Italian, Spanish, French, British and Dutch markets. This flexible organization paves the way for strategic exchanges and partnerships.

Gecina has also accelerated its digitalization in order to improve the productivity of its operations, the quality of the client experience and its ability to deploy new technology solutions and services within its customer base. This project is inseparable from a significant investment in Gecina’s teams and their capacities for autonomy and initiative. The challenge here too is to have a continuum— a continuity between the experience of our employees in their personal life and in the Company. The transformation of the Company's head office, which started in 2018, is part of this effort to align the Company's work system and its core business.

Finally, we started to roll out the YouFirst excellence program, which puts the relationship with our clients, our investors, our stakeholders (including government authorities) and our employees at the center of our transformation. The program reflects a mind-set focused on constantly innovating for the benefit of the Company’s various audiences and with the aim of ever-higher profitability.

KEY FIGURES

In € million	Change	2017	2016
Gross rental income	+3.5%	558.9	540.0
Offices	15.2%	429.4	372.9
■ Paris CBD & 5-6-7 - Offices	+19.6%	127.8	106.8
■ Paris CBD & 5-6-7 - Retail	-1.5%	35.4	35.9
■ Paris other	+26.6%	59.7	47.2
■ Western Crescent - La Défense	-3.4%	142.3	147.3
■ Other Paris Region	+30.7%	41.4	31.7
■ Other regions (incl, other countries)	+463.7%	22.8	4.0
Residential	-2.9%	124.1	127.8
Other activities	n.a.	5.4	0.0
Healthcare	n.a.	0.0	39.4
NET RECURRING INCOME - GROUP SHARE[1]	**+4.6%**	**363.5**	**347.4**
VALUE IN BLOCK OF PROPERTY HOLDING[2]	**+61.4%**	**19,648**	**12,171**
Offices	+65.4%	15,752	9,526
■ Paris CBD & 5-6-7 - Offices	+76.6%	4,772	2,702
■ Paris CBD & 5-6-7 - Retail	+10.2%	1,430	1,298
■ Paris other	+114.7%	2,614	1,218
■ Western Crescent - La Défense	+33.9%	4,551	3,399
■ Other Paris Region	+83.2%	1,130	617
■ Other regions (incl, other countries)	+328.1%	1,256	293
Residential	+19.5%	3,160	2,644
Other activities	n.a.	254	0
Hotels & financial lease	n.a.	482	0
NET YIELD ON PROPERTY HOLDING[3]	**N.A.**	**4.39%**	**4.59%**

Data per share in €	Change	2017	2016 [6]
Net recurring income - Group share	+1.3%	5.44	5.37
EPRA NNNAV[4]	+18.9%	152.9	128.7
Net dividend[5]	+4.7%	5.30	5.06[7]

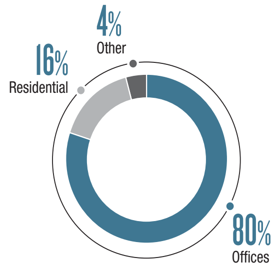
Number of shares	Variation	2017	2016
Number of shares comprising share capital as at December 31	+18.8%	75,363,444	63,434,640
Number of shares excluding treasury stocks as at December 31	+16.1%	73,193,833	63,062,096
Diluted number of shares excluding treasury stocks as at December 31	+15.9%	73,454,892	63,402,484
Average number of shares excluding treasury stocks	+6.1%	66,783,047	62,959,735

(1) EBITDA less net financial expenses, recurring tax and some expenses of an exceptional nature (See note 2.1.3 Recurrent net income)
(2) See note 2.3. "Valuation of property holding".
(3) Current basis 2017.
(4) See note 2.5. "Triple Net Asset Value".
(5) Dividend 2017 submitted for approval by General Meeting 2018.
(6) Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33.
(7) Dividend paid for the 2016 financial year amounted €5.20.

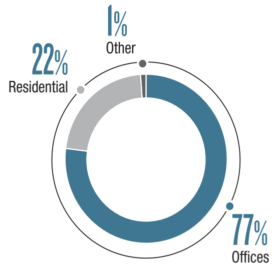
CSR*	Change	2017	2016
Strategic priority 1: % of office buildings that promote occupants' productivity more than a standard building on the market	+13.8%	80.8%	71.0%
Strategic priority 2: % of greenification of plots in the proprety portfolio in bare land equivalents	+8.0%	50.2%	46.5%
Strategic priority 3: Change in GHG emissions compared to 2008 (in $kgCO_2$/sq.m/yr)			
■ Offices	n.a.	-36.1%	-31.2%
■ Residential	n.a.	-24.0%	-19.1%

* *Perimeter: Gecina assets excluding Eurosic.*

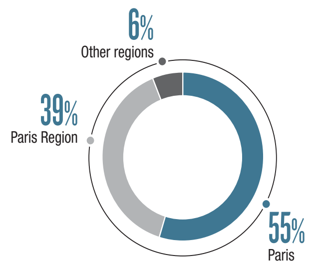
PROPERTY HOLDING APPRAISAL BY BUSINESS



BREAKDOWN OF RENTAL REVENUES BY BUSINESS

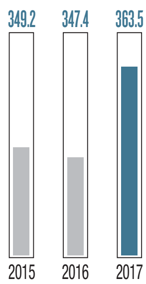


GEOGRAPHIC BREAKDOWN OF RENTAL REVENUES



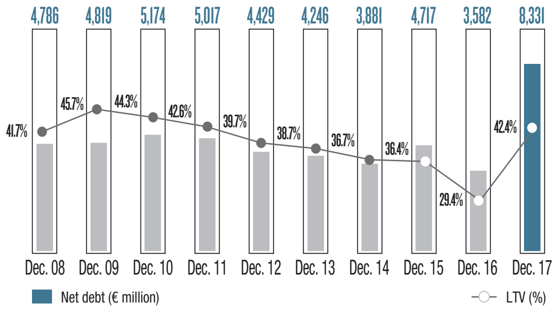
NET RECURRING INCOME – GROUP SHARE

(€ million - December)



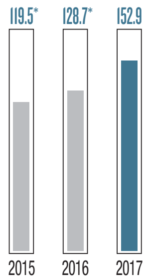
LTV RATIO

(December)



EPRA NNNAV PER SHARE

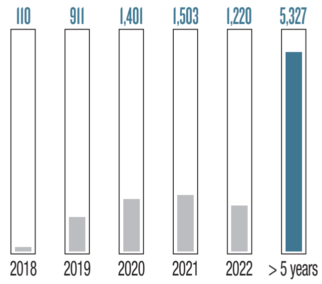
(€ - December)



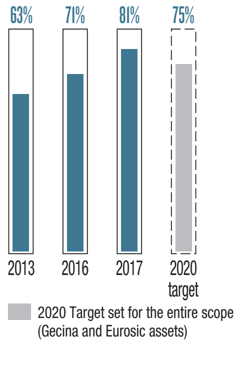
Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391)

SCHEDULE OF AUTHORIZED FINANCING (INCLUDING UNUSED CREDIT LINES AND EXCLUDING COMMERCIAL PAPER)

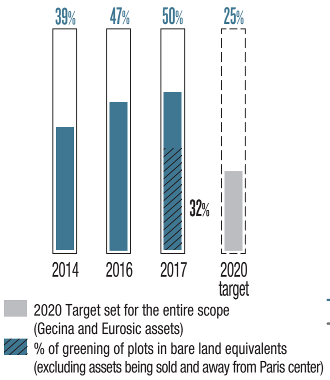
(€ million)



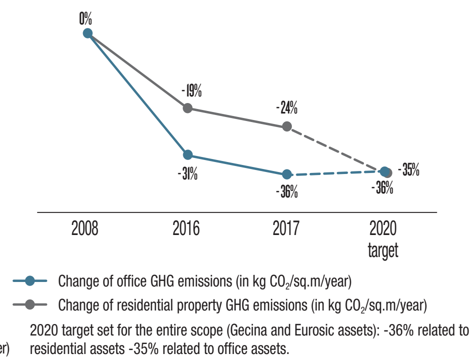
OFFICE BUILDINGS THAT PROMOTE THE WELL-BEING AND PRODUCTIVITY OF THE OCCUPANTS



GREENIFICATION OF PLOTS IN THE PROPERTY PORTFOLIO IN BARE LAND EQUIVALENTS



CHANGE IN THE CARBON PERFORMANCE OF THE PROPERTY PORTFOLIO (ALL USES INCLUDED) COMPARED TO 2008



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PRESENTATION OF THE GROUP

1.1 GECINA'S FUNDAMENTALS: CENTRALITY, SCARCITY, INNOVATION

PRESENTATION OF THE GROUP

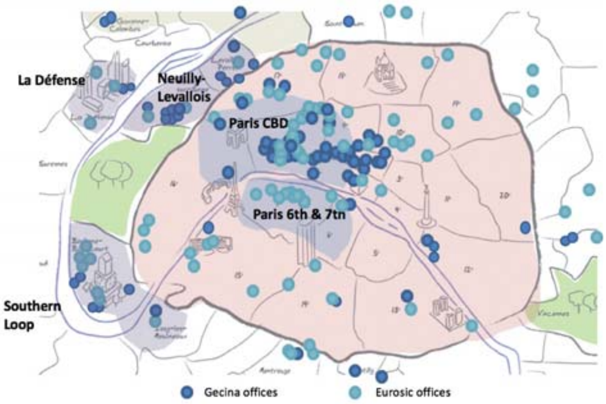
With close to €19.6 billion of real estate assets including €15.8 billion of office buildings, Gecina is today the leading office specialist in Europe. Gecina also owns a portfolio of housing units and student residences valued at almost €3.2 billion, mainly in Paris.

Beyond the size of the Group's property portfolio, Gecina distinguishes itself by the centrality of its portfolio, in the heart of the most active living areas of Paris and the Paris Region, where Gecina has nearly 93% of its real estate portfolio, with a marked prominence of the city of Paris, but also La Défense, Neuilly, Levallois and Boulogne-Billancourt.

Gecina's mission is to initiate and support the modernization of urban real estate by offering its clients efficient and responsible buildings that support productivity and well-being. With a pipeline of development projects of €5.2 billion, which is unparalleled in continental Europe, Gecina intends to develop this modernity in the years to come through high-value-creation transactions. This approach must also go beyond the traditional relationship of an investor with its tenant. Gecina wants to innovate by engaging with its clients in new business lines serving the users of its assets.

The corporate social responsibility policy is a source of value creation that contributes to the Group's overall performance.

An asset portfolio focused on areas driven by centrality

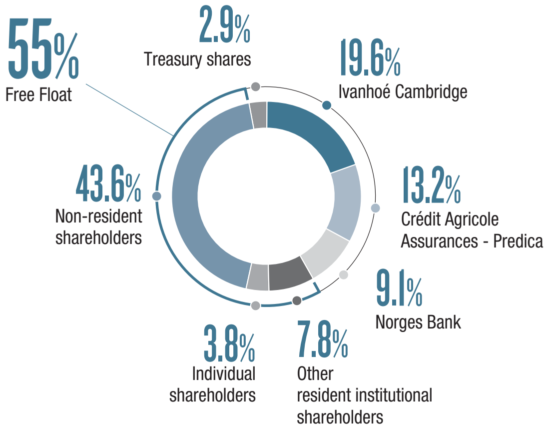


4th largest European (1) real estate company	Largest office property company in Europe (2)	Largest private Parisian residential portfolio (3) Largest integrated student housing company - Campuséa (4)	Largest GRESB-rated office property company in Europe and second-largest DJSI-rated company in the world	Pipeline of projects €5.2 billion
€19.6 billion in real estate assets	€15.8 billion in office assets	€3.2 billion in traditional and student housing units	79% of office surface area with HQE™ Operations certification	87% of project located in Paris City, Western Crescent and La Défense

(1) Market capitalization at 12/31/2017.
(2) Office portfolio value (Group share).
(3) Number of sq.m in Paris City.
(4) 1st investor-operator in number of beds.

A BALANCED SHAREHOLDING STRUCTURE

SHAREHOLDING STRUCTURE AT DECEMBER 31, 2017



Data sheet

ISIN Code: FR0010040865

Mnemonic: GFC

Bloomberg Code: GFC FP

Reuters Code: GFCP.PA

Exchange: Euronext Paris – Compartment A (Large Caps)

PEA: Non-eligible(1)

SRD: Eligible

ICB sectoral classification: ICB Industrial & Office REITs 8671

Main indices:

SBF 120, Euronext 100, CAC Mid 60,

FTSE4Good, DJSI Europe & World,

STOXX Global ESG Leaders, ASPI Eurozone,

EPRA - GPR 250, IEIF REITS, Euronext Vigeo

Credit rating:

Standard&Poor's: BBB+/positive outlook

Moody's: A3/negative outlook

GRESB: 93/100 (leading office real estate company in Europe)

DJSI: 83/100 (2nd global listed real estate company)

CDP: A- (max rating: A)

Nominal value: €7.50

Capitalization at 12/31/2017: €11.598 billion

Number of shares listed at 12/31/2017: 75,363,444

Gecina and its shareholders, a special relationship

Gecina builds a lasting relationship with its shareholders and the entire financial community, and for this reason has received the following awards in the last three years:

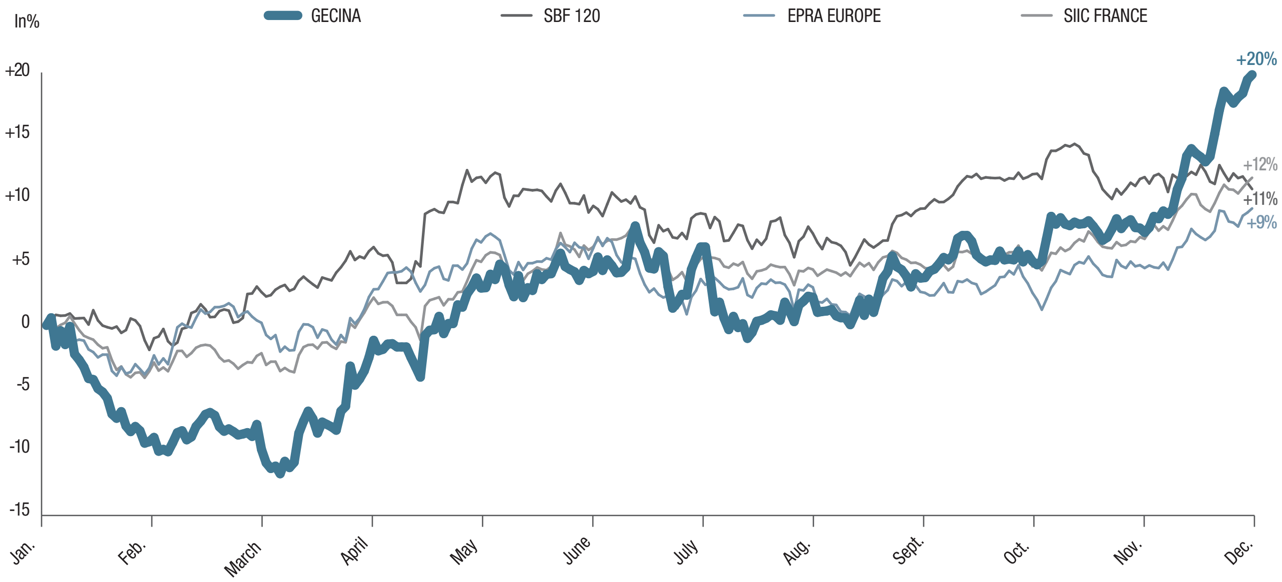
- **Grand Prix FAS 2017 for employee shareholding structure** – Fédération française des associations d'actionnaires salariés et anciens salariés – FAS
- **Trophée de Bronze 2017 for the best shareholder services** – Le Revenu
- **Trophée d'Argent 2016 for the best shareholder relations** – Le Revenu
- **Trophée d'Or 2016 for the best digital communication** – Le Revenu
- **Trophée d'Argent 2016 for the best General Meeting** – Le Revenu
- **Prize 2016 for the Reference Document and General Meeting** – Les Échos, Investir-Le Journal des Finances et Mazars

All these prizes reward "the companies that communicate best with their shareholders, whether they are employees, institutional investors or individual shareholders".

(1) As of October 21, 2011, SIIC securities can no longer be kept in a PEA (share savings plan). Securities in the plan before that date may remain there.

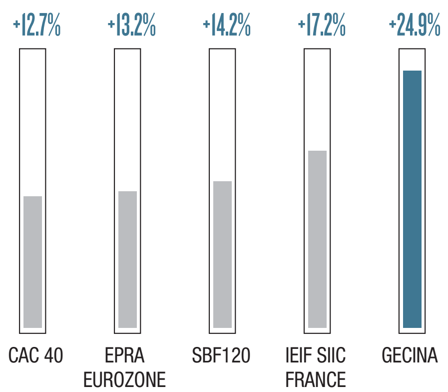
STOCK MARKET OVERPERFORMANCE

PERFORMANCE OF THE GECINA SHARE IN 2017



PERFORMANCE OF THE GECINA SHARE AT DECEMBER 31, 2017

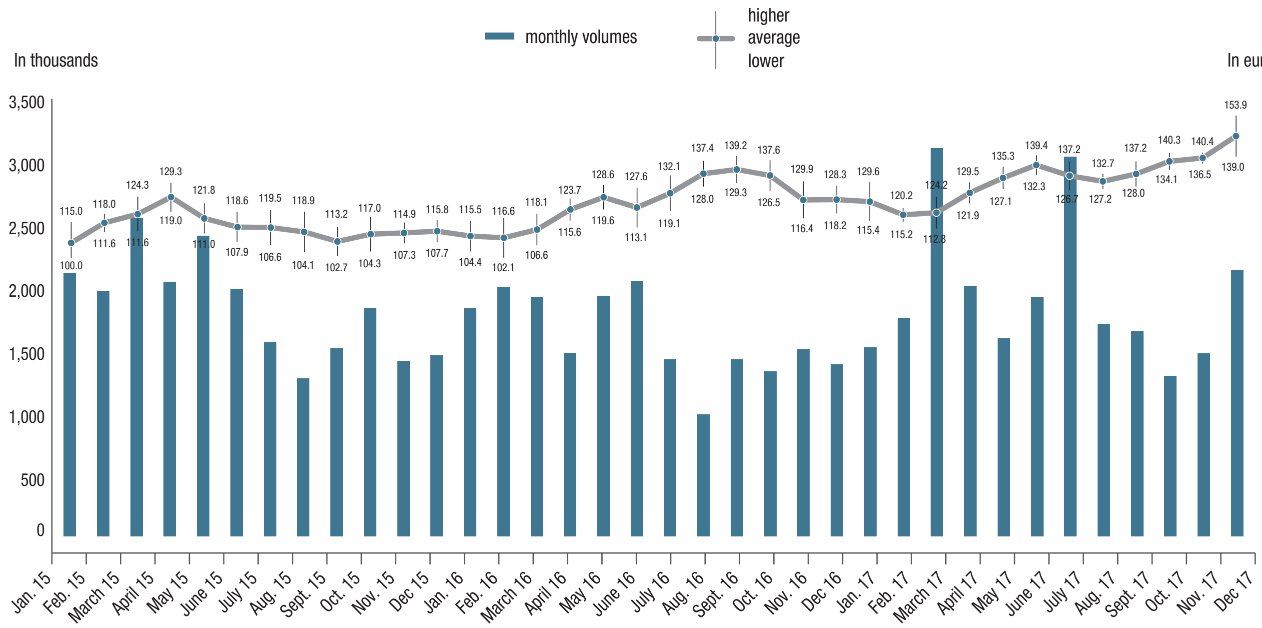
(reinvested dividends)



Gecina steers its business in view of the creation of long-term valuation and returns for its shareholders. Gecina's performance indicator for shareholders is the TSR (Total Shareholder Return), which takes into account the change in the valuation of the share on the stock market and also the dividends paid. Over the course of 2017, the total shareholder return offered by Gecina shares (+24.9%) outperformed that of the SBF 120 (+14.2%) and that of the Euronext IEIF SIIC France index (+17.2%).

The distribution policy and the share buyback conducted at the start of 2017 contributed to this over performance.

MONTHLY CHANGE IN THE SHARE PRICE AND IN THE VOLUME OF SECURITIES TRADED OVER 3 YEARS



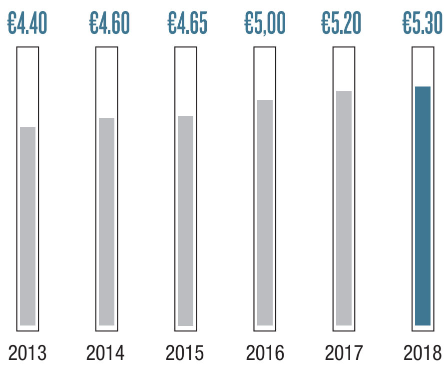
From December 31, 2014, the last trading day of the year 2014, to December 29, 2017, the Gecina share price rose from €101.04 to €153.90, an increase of 52.3% in three years, outperforming both the SBF120 index (+26.5%) and the EPRA Europe (+16.04%) and IEIF SIIC France (+26.8%) sectoral indices.

Over 2017, the share price rose +19.93%, compared to a +10.84% rise of the SBF120 index and the increases of the EPRA Europe (+9.30%) and IEIF SIIC France (+11.74%) sectoral indices.

The total number of Gecina shares traded between January 2 and December 29, 2017 on Euronext Paris was 22,908,302 (18,990,835 in 2016), with a daily average of 89,836 shares (73,894 in 2016). Over this period, the share price reached a high of €153.90 and a low of €112.80.

DIVIDENDS WHICH HAVE GROWN CONTINUOUSLY SINCE 2013

As regards the payment of dividends to shareholders, Gecina conducts an attractive long-term policy. Payment is regular and, on average, up +4.3% annually since 2013.



In respect of 2017, a cash dividend of €5.30 per share will be proposed to the General Meeting of April 18, 2018.

Once the 2017 dividend has been released for payment, a 50% interim payment (€2.65) will be made in cash on March 8, 2018, followed by the balance (€2.65) on July 5, 2018, for which shareholders will be able to choose to receive a payment in new shares or cash.

KEY GECINA DATES

■ Foundation of Groupement pour le Financement de la Construction (GFC).	1959	
	1963	■ Listing of GFC on the Paris Stock Market.
■ GFC absorbs GFII.	1991	
	1997	■ GFC acquires Foncina.
■ GFC absorbs UIF and acquires Foncière Vendôme. GFC becomes Gecina.	1998	
	1999	■ Gecina absorbs Sefimeg (which holds Fourmi Immobilière founded in 1879) followed by Immobilière Batibail.
■ Acquisition of Simco, a real estate company, which had previously acquired Compagnie Immobilière de La Plaine Monceau (founded in 1878) and Société des Immeubles de France (founded in 1879).	2002	
■ Gecina adopts the status of a Société d'Investissement Immobilier Cotée (SIIC) (Listed Real Estate Investment Trust). ■ Gecina absorbs Simco.	2003	■ Creation of the Risk Management and Sustainable Development Function.
■ After a public tender offer, Metrovacesa holds 68.54% of Gecina's share capital. ■ Joaquín Rivero is appointed Chairman of Gecina at the Shareholders' General Meeting.	2005	■ First investments in new types of assets, hotel properties and logistics. ■ The "Cristallin" building in Boulogne is the first HQE™ Construction certified building.
	2006	■ Public tender offer on Sofco, which becomes Gecimed, and purchase of 28 clinics from Générale de Santé.
■ Signing of a Separation Agreement among Metrovacesa shareholders. ■ On completion of the first phase of this Separation Agreement, Metrovacesa holds only a 27% stake in Gecina, Mr. Rivero 16% and Mr. Soler 15%.	2007	■ Merger by absorption of Société des Immeubles de France by Gecina ■ Creation of an energy/carbon mapping of all the property assets.
■ Launch of the Corporate Foundation.	2008	■ Launch of "Campuséa", the student residences brand.
■ Christophe Clamageran appointed as Chief Executive Officer. ■ Launch of a mandatory public offer on Gecimed through which Gecina obtains 98.5% of the share capital.	2009	■ Definite waiving of the Separation Agreement. ■ The "Mercure" building is the first HQE™ Operations certified building. ■ Signing of the first green lease with Barclays.
■ Withdrawal from Spain begins with the closure of the local branch and the sale of the equity stake in Sanyres.	2010	■ Bernard Michel is appointed Chairman to replace Joaquín Rivero. ■ Inclusion in the FTSE4Good and DJSI indices.
■ Bernard Michel is appointed as Chairman and Chief Executive Officer.	2011	■ Inclusion in the STOXX Global ESG Leaders index.
■ "Newside" is the first building to obtain triple certification (HQE™, LEED® et BREEAM®). ■ Disposal of the logistics property portfolio.	2012	■ The "96-104" building in Neuilly-sur-Seine is the first building to obtain the BBC (low-energy building) label.
■ Philippe Depoux is appointed as Chief Executive Officer in June, Bernard Michel remains the Chairman of the Board of Directors.	2013	■ Disposal of the hotels property portfolio.
■ The concert party Blackstone and Ivanhoé Cambridge acquires a 22.98% stake in Gecina. ■ Disposal of the Beaugrenelle shopping center.	2014	■ Sale by Metrovacesa of all its shares (26.74%) to institutional investors, including Blackstone and Ivanhoé Cambridge, Crédit Agricole Insurance and Norges Bank.
■ Disposal of the last office building in Spain. ■ Acquisition of the T1&B towers and the historic head office of the PSA Group, on Avenue de la Grande Armée, from Ivanhoé Cambridge.	2015	■ Sale by Gevrey Investissement of close to 3.4% of the share capital, relating to the shares held by The Blackstone Group. ■ Gecina is the first real estate company to be ISO 50001-certified by AFNOR.
■ Sale of 3.4% of the share capital corresponding to Blackstone's share of the capital following the dissolution of the previously formed concert party with Ivanhoé Cambridge.	2016	■ Gecina files a public offer tender for Foncière de Paris, competing with the offer initiated by Eurosic. Eurosic acquires Foncière de Paris. ■ Disposal of the healthcare portfolio.
■ Méka Brunel is appointed as Chief Executive Officer. ■ Acquisition of Eurosic.	2017	■ Gecina is the leading office real estate company in Europe in the GRESB ranking and the second largest in the world in the DJSI's. ■ Recognition of climate targets by the SBT.

1.2 A STRATEGY FOCUSED ON PERFORMANCE

THE HEART OF THE CITY OF TOMORROW: FIRST OPERATIONAL VALUE-CREATION LEVER

One aim: to increase Gecina's leadership in urban centers in the Paris Region

Gecina has increased its exposure to offices in the Paris Region over the past years, notably in areas driven by centrality and scarcity, via active rotation of its portfolio. At the end of 2017, the weight of the office property portfolio reached 80% of total real estate assets (€15.8 billion at the end of 2017) whereas the figure was only 52% at the end of 2006.

Gecina's increased specialization in offices is combined with the refocusing of its real estate assets in the most central areas of the Paris Region. In this respect, the Eurosic acquisition further emphasized Gecina's presence at the heart of its favorite areas. At the end of 2017, 56% of the office portfolio by valuation was located in Paris City, primarily in the CBD and the 7th arrondissement.

The Group also has nearly €3.2 billion in residential real estate assets consisting primarily of traditional housing units in the city of Paris, but also of student residences. These real estate assets strengthen Gecina's urban and Parisian orientation and its ability to extract potential valuation from property assets concentrated in areas driven by centrality and scarcity.

Gecina's strengths at the service of value creation:

- 4th largest real estate company in Europe with a property portfolio worth €19.6 billion and the largest in the office segment with €15.8 billion in assets.
- A specialist in offices (80%) and residential (16%) in the central areas of the Paris Region – Paris and the Western Crescent.
- Potential for growth and value creation enhanced by the acquisition of Eurosic with a pipeline worth €5.2 billion.
- A healthy and flexible balance sheet hailed by the rating agencies (BBB +/Positive outlook by Standard & Poor's and A3/Negative outlook by Moody's), to finance the Group's ambitions.
- A new organizational structure centered around the operational business lines and serving the tenant clients and users.
- A responsible innovation approach responding to new client usages and to societal needs.
- Regular progress in terms of energy consumption, greenhouse gas emissions and the level of occupant productivity contributing to the appreciation of the property portfolio and the management of customers' operating expenses.
- Integrated project management to support the transformation of obsolete assets into prime assets.
- A community of more than 100,000 users of Gecina assets.

FOUR STRATEGIC PILLARS

Gecina's strategy is built around 4 strategic levers intended to increase its leadership and its ability to capture new opportunities for the future.

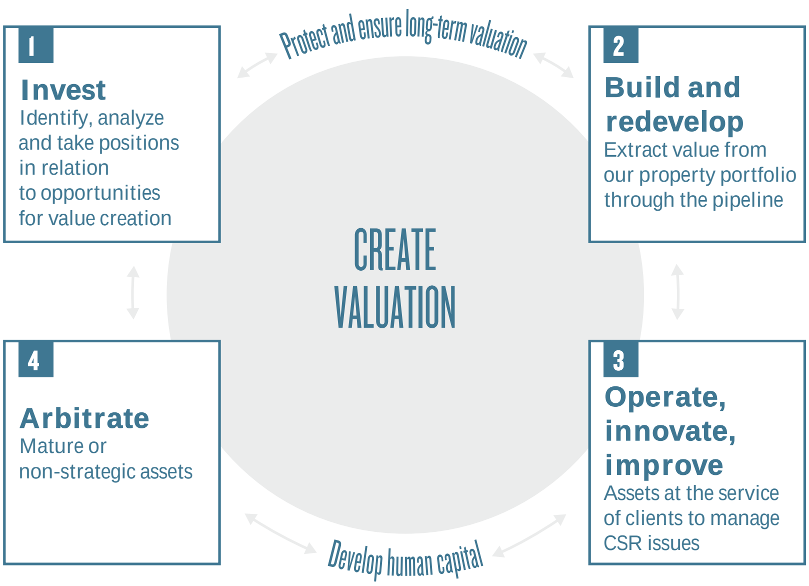
1/ Capitalizing on accretive investment opportunities with an overall return target.

2/ Extracting valuation from its own portfolio via an ambitious pipeline and proactive rental management.

3/ Developing "new generation" buildings rich in services that meet the needs of client-users, generate well-being and productivity, are integrated into the city, and use sustainable innovation to minimize their environmental impact.

4/ Capturing valuation via disposals of non-strategic and/or mature assets in a buoyant market

VALUE CREATION MODEL



	FOUR STRATEGIC PILLARS	MAIN ACHIEVEMENTS IN 2017
1	**Invest** Capitalize on opportunities for accretive investment with a total-return objective	■ Consolidation of the Eurosic portfolio (1,240,000 sq.m, €6.2 billion) and two property acquisitions (€142 million) ■ LTV ratio of 42.4% at the end of December 2017, continued ability to invest on favorable terms
2	**Build and redevelop** Extract value from our own portfolio via an ambitious pipeline and proactive rental management	■ €5.2 billion pipeline representing 621,700 sq.m and an average yield at delivery of 6%, of which €2.8 billion are already committed ■ 35% of pipeline pre-leased (44% for buildings delivered in 2018) ■ 100% of surface areas delivered certified with a high level of certification* ■ €1,003 million of expenses, including €257 million to public works suppliers* ■ Tightly managed delivery schedules and construction costs
3	**Operate, innovate, improve** Develop innovative, remarkable and responsible buildings with an array of services	■ 2,430,000 sq.m under operation ■ Occupancy rate of 95.4% ■ - 2.5% in energy consumption and -7% in emissions of CO_2/sq.m/yr in one year resulting in a reduction of more than €700,000 of tenant charges* ■ 81% of the Group's office surface area optimizes users' productivity* ■ Set new medium-term non-financial objectives, including Eurosic (notably productivity, greening and carbon) ■ Strong rise in CSR ratings (GRESB, DJSI, etc.), Science Based Target initiative (SBTi)-recognized climate trajectory ■ Client recommendation rate: 82% for offices (2016), 92% for traditional residential and 62% for student residences* ■ Launch of Secondesk, co-working spaces ■ Partnership with WiredScore for Connectivity Qualification certification of the assets under development ■ Launch of an innovation and CSR think tank with five European real estate companies specializing in offices
4	**Arbitrate** Capture value by divesting non-strategic or mature assets	■ Yield rate on buildings sold: 2.6% ■ €571 million of completed or secured sales out of a total disposal program of a minima €1.2 billion and that can be raised to €2.2 billion ■ 13% premium on average over the last appraisals

VALUE CREATION MARKERS

- **EPRA NNNAV(1) up +19% over the year.**
- 25% outperformance by Gecina compared to the gross Euronext IEIF "SIIC France" index, dividends reinvested for three straight years.
- 26% outperformance by Gecina NNNAV per share with dividends reinvested compared to a panel of six peer companies for three straight years (from 12/31/2014 to 06/30/2017).

* *Data excluding Eurosic.*

(1) *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33*

Three non-financial strategic priorities

Strategic priorities	Principal actions taken	Result achieved
PRODUCTIVITY AND WELL-BEING		
■ Generate productivity and well-being for our occupants in adaptable buildings ■ **2020 objective:** 75% of office properties with a higher contribution to occupant productivity compared to a standard building*	■ Reconciliation of the property portfolio diagnosis with the new methodology developed by the VIBEO work group and property portfolio diagnosis ■ Targeted investments to improve the intrinsic qualities of the real estate assets in operation, notably thermal comfort, ventilation, air quality and lighting	■ 81% of office properties with a higher contribution to occupant productivity compared to a standard building ■ Identification of 9 priority buildings in terms of climate hazards and actions to limit them
SUSTAINABLE CITY		
■ Stimulate the sustainable city by developing, in particular, biodiversity, territorial inclusion and accessibility for all people ■ **2020 objective:** vegetation equal to 25% of the land of the parcels in the property portfolio	■ Update biodiversity mapping of the portfolio ■ LPO audit of the Park Azur site in Montrouge ■ Pooled parking facilities using the OPnGO application ■ Launch of Third Place offerings ■ Targeted investments to improve the thermal comfort, ventilation, air quality and lighting of the office buildings in operation.	■ Vegetation equal to 50% of the land of the parcels in the property portfolio (and 32% considering assets being sold) ■ Pooled parking spaces made available to Paris drivers at 37 properties ■ 473 recharging stations for electric vehicles ■ Obtaining BiodiverCity© certification for operations at 55 Amsterdam, 32 rue Guersant in Paris and the Grande Halle in Lyon ■ Two Secondesk co-working spaces opened in the portfolio in Colombes and Paris 17th.
CARBON		
■ Reduce the environmental footprint by a resource-efficient and carbon-neutral real estate ■ **2020 objective:** a 35% reduction in CO_2/sq.m compared to 2008, portfolio-wide	■ Recalibration of technical equipment for greater efficiency (retro-commissioning) ■ Extend the voluntary profit-sharing agreement to suppliers (FM) ■ Manage energy together with tenants ■ Buy from energy sources with lower greenhouse gas emissions (green energy contract) ■ Alter property designs	■ 30% reduction in CO_2/sq.m compared to 2008, portfolio-wide ■ 30% reduction in energy consumption in kWhep/sq.m/year in terms of office occupants' usage ■ 39% of energy used from renewables ■ Offsets to residual greenhouse gas emissions

2017 data excluding Eurosic. 2020 target: combined Gecina and Eurosic real estate assets.
** Standard market building as defined by VIBEO.*

A FEW OF GECINA'S INITIATIVES IN 2017

Gecina launches the "YouFirst” program: our properties are there to help our clients!

Méka Brunel, Chief Executive Officer: "Gecina unveiled its integrated, 360-degree "YouFirst" program to its employees in early 2018. "YouFirst" aims to provide Gecina's clients with an enriched experience by improving the quality of our buildings from the start, right at the design phase, by offering more innovative **and connected** services tailored to their needs and by making our buildings more inclusive, more integrated with society and their environment. With "YouFirst", Gecina has moved from a B2B approach to a B2B2C culture in terms of office properties and pursues its goal **of rethinking its relationship with the users of offices and housing beyond the lease**. Internally, "YouFirst" will result in the redevelopment of the company headquarters and the adoption of new digital tools to provide the company’s employees with the best professional software available, to foster their creativity and initiatives, and to increase profitability. Finally, "YouFirst" will mark a new step with our stakeholders in the city by deepening our dialog with them."

Gecina launches Secondesk

Secondesk

Gecina launched Secondesk in 2017. This innovative solution provides two sites with co-working spaces, flexible offices and Creative rooms to meet the new needs of office users. The **private offices** meet the growing needs for flexibility of fast-growing companies as well as large companies for their project teams, with solutions that can be customized to their space and time requirements. These “turnkey” spaces combine a broad range of services, reflecting the emergence of the "Core & Flex” models adopted by a growing number of companies. **Co-working spaces** offer on-demand solutions for work, with no commitment, on a pay-per-use model. **Creative rooms** are innovative, out-of-the-box meeting rooms for fostering creativity and interactions within our clients’ teams. After opening the first site in Colombes in 2017, Gecina opened a second Secondesk in January 2018, the "159", in Neuilly-sur-Seine, between the Paris CBD and the La Défense business park, on more than 2,200 sq.m.

Valérie Britay, Executive Director Offices: “*The profound changes underway in people's living and consuming habits have meant a real revolution in the way a growing number of companies perceive their work spaces. Collective intelligence, collaborative methods, agility, flexibility, personal well-being and initiative have become key issues for businesses trying to negotiate the path to modernity. The Secondesk offering was conceived by listening to the wants and needs of our clients, and it meets these new basic trends.* "

Gecina signs a partnership with WiredScore

Connectivity quality is now an indispensable prerequisite in the choice of a building and a key component of company performance and productivity. The comprehensive partnership between Gecina and WiredScore will provide users with accurate data on the level and potential of its properties’ connectivity. Gecina will have WiredScore assess a first sample of fifteen assets under development with the aim of obtaining Connectivity Qualification. Gecina's long-term goal is to provide this qualification to all of its commercial developments.

WiredScore CEO Tamara Brisk notes: "*Gecina is the leading real estate company in Europe, with a portfolio of assets and a development pipeline unique in the market place. In the competition to attract the best talent, quality of connectivity becomes key. The comprehensive partnership with Gecina sends a very strong signal to the real estate market. It is an expression of WiredScore’s ambitious objectives in the world of PropTech. And a world first for our start-up!* "

Gecina launches a think tank with five European real estate companies specializing in office property

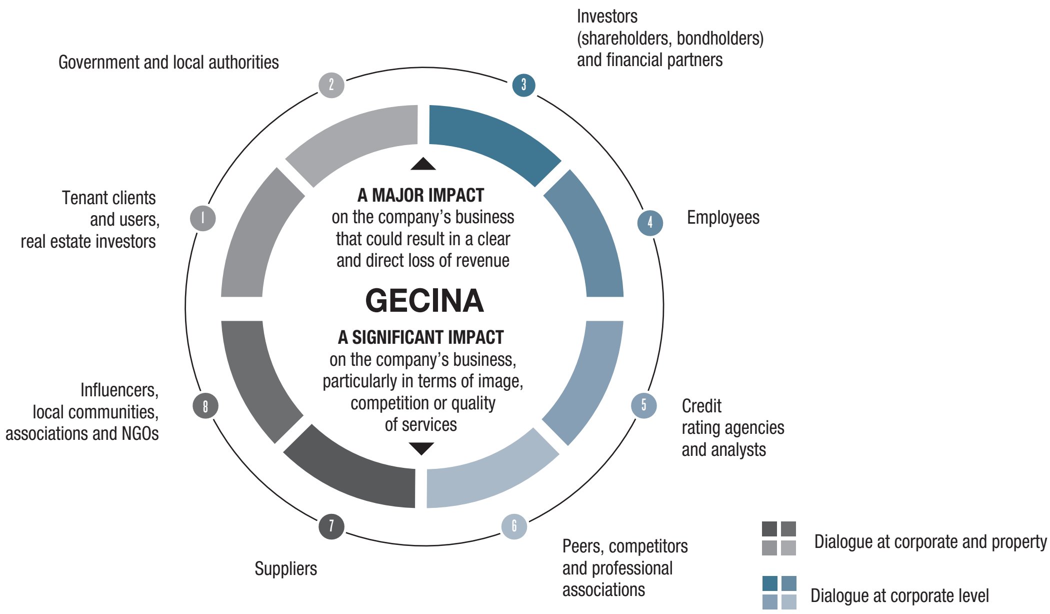
This forum for discussion and initiatives complements the innovation and CSR initiatives taken by each of the property companies. The forum can provide the framework for research projects and any other initiative needed to increase the ability of property companies to innovate and implement CSR best practices.

Olivier Elamine, Manfredi Catella, Pere Viñolas Serra, Méka Brunel, Toby Courtauld and Bernd Stahli made the following joint statement: “*The real estate industry is facing major changes in terms of what clients and prospects have come to expect. It is also undergoing a true technological revolution. The idea of bringing together the ideas and best practices of large European real estate companies such as Alstria, COIMA RES, Colonial, Gecina, Great Portland Estates and NSI is proof of our belief that action can be taken quickly and research and experiences from our respective markets and projects shared.*"

STAKEHOLDER CONTRIBUTION TO GECINA'S STRATEGY

The achievement of Gecina's objectives is based on meeting the expectations of its stakeholders and on mobilizing them as part of its business. Gecina mapped its stakeholders and then identified their main expectations and their contribution to its strategy in order to anticipate and drive the levers of shared value creation.

STAKEHOLDER MAPPING, STAKEHOLDER EXPECTATIONS AND SPECIFIC CONTRIBUTION TO GECINA'S STRATEGY



STAKEHOLDERS	EXPECTATIONS	CONTRIBUTION TO THE STRATEGY
1 **Tenant clients and users, real estate investors**	■ Quality of services and customer relations, innovation, contribution to the productivity and well-being of the occupants. Performing arbitrage assets (operational and non-financial criteria).	■ Capital gains in keeping with a total return strategy, property valuations and the optimization and de-risking of revenue.
2 **Government and local authorities**	■ Creation of local jobs, payment of taxes and fees, contribution to the city's environmental and social agenda and regulatory compliance.	■ Obtaining building permits, selection during tenders for projects, encouraging societal expectations to be taken into account.
3 **Investors (shareholders, bondholders) and financial partners**	■ Implementation of strategy, compliance with the principles of corporate governance, distribution of earnings, financial transparency.	■ Contribution of expertise in strategic choices, long-term approach thanks to shareholder loyalty, financing of growth and strategic ambitions.
4 **Employees**	■ Professional development, personal well-being at work, changes in managerial practices, motivating compensation.	■ Roll-out of the strategy and achievement of objectives, capacity to innovate, sustainability of project management and operational know-how.
5 **Credit rating agencies and analysts**	■ Respect for financial balance, transparency, comprehensiveness and comparability of financial and non-financial information, availability of management.	■ Attractiveness of shares, control of financing costs during capital increases or bond issues.
6 **Peers, competitors and professional associations**	■ Participation in the public debates of the sector, application of sectoral guidelines, sharing of best practices.	■ Partnership in the case of certain projects, anticipation of new trends in the sector, reinforcement of sectoral dynamics.
7 **Suppliers**	■ Clarity of specifications, balanced remuneration and relationship, speed of payment times, transparency and integrity of selection procedures.	■ Reduction of total costs thanks to the quality of developments and their operation, improvement of asset CSR performance, innovation.
8 **Influencers, local communities, associations and NGOs**	■ Optimization of local impacts, reduction of environmental footprint and development of societal impacts.	■ Incentives to deal with emerging issues.

1.3 TRENDS AND MARKET

Office portfolio

At the end of 2017, Gecina managed a portfolio of office and retail assets of over 2,000,000 sq.m including around 1,700,000 sq.m in operation, broken down (in value) as follows:

- 51% in the City of Paris;
- 40% in the rest of the Paris Region;
- 9% in the other regions and foreign.

Breakdown of assets in operation by size (in value):

- properties with floor space of more than 10,000 sq.m representing 50% of the portfolio;
- 27% of the portfolio comprises properties between 5,000 and 10,000 sq.m;
- properties with less than 5,000 sq.m of floor space now account for only 23% of the property portfolio.

“Real estate will not, for the years to come, rise in value due merely to lower capitalization rates. Trying to outperform the market will require people to be much more selective in seeking the best locations. They will also have to take into account the fundamental phenomenon of urban concentration, i.e. the exponential growth in the concentration of capital, employees and the most dynamic companies within the densest urban cores."

Christian de Kerangal, Managing Director of IEIF (Business Immo, January 26, 2018)

THE OFFICE MARKET IN THE PARIS REGION: AN EXCELLENT DYNAMIC IN AREAS DRIVEN BY CENTRALITY AND SCARCITY

Property trends in the office and investment market and in the rental market in the Paris Region were again very favorable in 2017. There are no indications that the trends will slow in 2018, especially given the support provided by good economic growth and the reforms initiated by the government which will help sustain the business environment. During the third quarter of 2017, the virtuous effect of the increase in company start-ups, particularly in the Paris Region (+7.1% over 1 year) combined with a drop in the number of company failures (-7.3% over 1 year) has led to increased hiring of skilled workers.

A very dynamic rental market, particularly in Paris

In 2017, trends in the Paris Region office market were impacted by a very strong rental dynamic in the most central markets:

- a strong performance for rental transactions, with an increase in take-up of 8% and over 2.6 million sq.m – the most in over ten years, primarily driven by the strong appetite of renters for the most central areas, especially Paris, where vacancy is now at a historical low. It should also be noted that large-scale transactions (+27%) were also a significant lever for the 2017 performance;
- as a result, the vacancy rate continued to fall and was 6.2% at the end of 2017 (compared to 6.5% at the end of 2016). This was especially true for Paris where it fell below 3% (to 2.9% compared to 3.2%), revealing a shortage situation in the city, the biggest since 2001. The contraction in vacancy was, however, primarily driven by Paris and La Défense. It was less apparent in the rest of the Paris Region;
- the shortage in Paris is palpable since the city accounts for 42% of take-up, but only 14% of the immediately available supply. This ratio is reversed in the other areas of the Paris Region. In Paris, the immediately available supply fell by 9% over a year (compared to 4% for the Paris Region overall) to reach a historically low level, notably in the Paris Central Business District (CBD). This shortage in the heart of Paris does not, however, appear to have dampened rental transactions, given that companies are increasingly positioning themselves upstream on transactions which are still under development;
- the shortage of immediately available supply in Paris encourages more advance sales upstream of deliveries. The expected volume of deliveries in the CBD in 2018 has, therefore, already mostly been sold;
- the result is an increase in headline rents in the most central locations, primarily in the CBD. Cushman & Wakefield estimates that this trend could continue through 2018 due to a shortage of quality properties.

A solid investment market

The improving economic outlook for France (GDP growth estimates revised upward, lower unemployment, particularly for skilled workers, improved business climate and more start-ups) has increased investor confidence in the office market in the Paris Region in a context of increased availability of investment liquidity, low rates and a continuing high risk premium.

2017 experienced low volume given the number of properties put up for sale and compared to the liquidity looking to invest in the sector. This year again, the liquidity came from insurers, real estate mutual funds (OPCI), real estate investment trusts (SCPI) and from the return, and arrival, of new foreign funds, notably sovereign funds, but also global funds. This confirmed that Paris had once again become a strategic investment location for non-domestic investors in 2017. Asian investors in particular entered the market and accounted for 9.2% of the volume invested in 2017 (source: CBRE). They were probably motivated by the need to reposition the capital they invested in Europe in the Eurozone given the situation with Brexit. The share of domestic investors fell back somewhat over a year, but was still preponderant (62% in 2017 vs. 64% in 2016, source: Cushman & Wakefield). This share could fall further in 2018.

The total volume of commercial investment reached nearly €26 billion in 2017 (source: Cushman & Wakefield), 39% above the decade average. It remained stable for offices at €18.8 billion in 2017 (vs. €19.0 billion in 2016). This high-level stability has been in place since 2014 and had not previously been reached since 2007. As in preceding years, performance was particularly strong in the fourth quarter which saw €11 billion in investment finalized.

Investor appetite for office real estate in the Paris Region remained strong this year again and may not slacken in 2018. Investors continue to prefer core assets, of which there are fewer for sale now. This resulted in a compression of prime yields over the financial year (source: CBRE) at 3% in Paris CBD, 3.35% in the Western Crescent and 4% in La Défense, leading to historically high risk premiums (vs. 10-year OATs and the Euribor 3-month).

Residential portfolio

Following a series of divestments, Gecina's residential portfolio is almost exclusively concentrated on Paris and the adjacent department of Hauts-de-Seine, markets where the decisive factors, especially in terms of scarcity of supply, appear very specific compared to the rest of the country.

Traditional residential assets in operation are broken down as follows in value:

- 78% in the City of Paris;
- 22% in the Paris Region;
- 0% in the provinces.

RESIDENTIAL MARKETS IN ÎLE-DE-FRANCE: PRICES ON THE UPSWING, ESPECIALLY IN THE CORE OF PARIS

Economic conditions remained very favorable for housing sales in 2017, exceptionally so in that sales easily surpassed the levels of the "high period" of 1999-2007. Prices are still trending upward in the Paris Region, even though a pause is expected by the Chamber of Notaries of Île-de-France in the First Rim and, especially, in the Second Rim. Paris itself remains a market of its own, marked by the scarcity of available assets. Although volumes are high, they are struggling to expand, and unmet demand continues to push prices up.

At the end of September 2017, sales in the Paris Region had grown by 21% compared to the same period in 2016, continuing to be driven by interest rates, which remain very low, and the always strong desire to buy. The volume attained is now 30% above the average of the last 10 years.

At the end of September 2017 all markets had registered a price increase over a year, but the uptrend was stronger in the core of Paris than in surrounding areas. The average price per sq.m for older apartments rose to €5,740/sq.m, an average increase of 5.8% in the Paris Region, while in Paris itself, it rose 7.8% to €8,940. In the opinion of the Chamber of Notaries, prices in Paris should show an increase over the financial year of approximately 10% in the Paris core, thus extending the trends observed in recent years and reflecting the out-performance in the most central and urban areas of the Paris Region and, in particular, in Paris City.

1.4 SHAREHOLDER-CENTERED GOVERNANCE

STRUCTURE OF THE BOARD OF DIRECTORS

10
directors

50%
independent directors

50%
women

50%
men

Separation of the duties of Chairman and Chief Executive Officer

Directors and Observer with strong executive and international experience, coming from different fields: real estate, banks, insurance, industry

Term of office: 4 years

1
Average number of corporate offices held by the Directors in some publicly traded companies outside of the Gecina Group

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2017

9
meetings

100%
attendance rate

1 new Executive Management to accelerate implementation of the strategy

1 evaluation of the work of the Board and its Committees

1 day of asset visits

1 formal meeting with Executive Committee members

3 SPECIALIZED COMMITTEES

	MEMBERS	2017 MEETINGS	ATTENDANCE RATE
Strategic and Investment Committee	4	6	100%
Audit and Risk Committee	6*	7	98%
Governance, Appointment and Compensation Committee	3**	12	100%
Feedback from work to the Board of Directors in summary form Possibility to ask any expert to assist the members in their mission			

* 4 of whom are independent directors
** 2 of whom are independent directors

10 Directors 1 Observer	Age	Gender	Natio-nality	Indepen-dent	Start of term	Number of shares held	Strategic and Investment Committee	Audit and Risk Committee	Governance, Appointment and Compensation Committee
Bernard Michel *Chairman*	69	M	Fr		2010	46	M		
Méka Brunel *CEO**	61	W	Fr		2014	28,014	M		
Isabelle Courville	55	W	Ca	Yes	2016	40		M	
Laurence Danon Arnaud	61	W	Fr	Yes	2017	200			M
Jean-Jacques Duchamp *Permanent representative of Predica*	63	M	Fr		2002	9,556,536 (Predica)	M	M	
Dominique Dudan	63	W	Fr	Yes	2015	45		M	
Sylvain Fortier *Permanent representative of Ivanhoé Cambridge Inc.*	52	M	Ca		2016	14,803,793 (Ivanhoé Cambridge Concert)	C		
Claude Gendron	65	M	Ca		2014	40		M	M
Jacques-Yves Nicol	67	M	Fr	Yes	2010	45		C	
Inès Reinmann Toper	60	W	Fr	Yes	2012	46		M	C
Bernard Carayon *Observer*	68	M	Fr		2017	40			

M = Men   *Fr = French*   *M = Member*
W = Women   *Ca = Canadian*   *C = Chairman/Chairwoman*

* *Ms Méka Brunel was appointed as CEO on January 6, 2017.*

A NEW STRUCTURE ORGANIZED AROUND THE OFFICE AND RESIDENTIAL DIVISIONS

The Group's operations are organized around Europe's leading office property holdings, as well as around traditional residential assets and student residences. To ensure its strategic refocusing on the office property market and to consolidate its model, Gecina adopted an organization adjusted to the property value creation chain.

Offices	Residential

Investments and development

Finances

R&D, Communication and CSR

Company Secretary

Legal

AN EXPERIENCED EXECUTIVE COMMITTEE TO HELP ACCELERATE THE STRATEGY

MÉKA BRUNEL
Chief Executive Officer

THIBAULT ANCELY
Executive Director Investments and Development

VALÉRIE BRITAY
Executive Director Offices

BRIGITTE CACHON
Executive Director R&D, Public Relations and CSR

NICOLAS DUTREUIL
Executive Director Finance

FRANCK LIRZIN
Executive Director Residential

PHILIPPE VALADE
Executive Director and General Secretary

FRÉDÉRIC VERN
Executive Director Legal Affairs

OUR CAPITAL IS ALSO HUMAN

Several skills are key to the success of Gecina's performance:

- technical project management, to ensure the quality of projects developed and managed by Gecina, control of the full cost and scheduling of the project;
- project management, for the proper coordination of the many stakeholders in the projects under development and management of the real estate portfolio;
- legal knowledge, to apply and anticipate essential regulations in a highly regulated environment, to control the risks associated with acquisitions and disposals, real estate developments or contracting with lessees;
- financial knowledge, to drive and optimize the performance of capital in development or operation, control financing costs and guarantee access to financial markets;
- customer relationship management, to maintain a premium position by meeting strong and evolving tenant needs;
- digital skills, to meet the growing expectations of the clients and real estate developers who are gradually transforming the practices of the sector;
- sustainable innovation, because process or technology innovations can catalyze sustainable progress at all stages of the valuation chain (eco-construction through Building Information Modeling, promotion of well-being at work through partnerships with HappyTech companies). Organizing to anticipate these innovations and deploy them to ensure a competitive advantage is essential.

ENGAGED TEAMS

- A clear strategic vision that is widely shared by the teams, with 59% of employees declaring themselves "highly motivated" and 79% believing that they have the resources and skills to achieve their objectives (internal engagement survey covering all employees, answered by 75% of employees)
- Progress expected in terms of accountability, recognition and controls: 54% believe that each entity has explicit goals and objectives concerning its operational performance and 38% have sufficient decision-making authority.
- A change management project initiated in 2017 bringing together 180 employees within 32 working groups that covers all the themes of Gecina's business, with the following key words: core business, digital and customer orientation.
- The merger with Eurosic offers the opportunity to elicit a shared, collaborative, client-oriented culture for employees along with lasting digital innovations.

KEY INFORMATION ABOUT EMPLOYEES (EXCLUDING EUROSIC)

1.5 SUMMARY OF THE PRINCIPAL RISKS

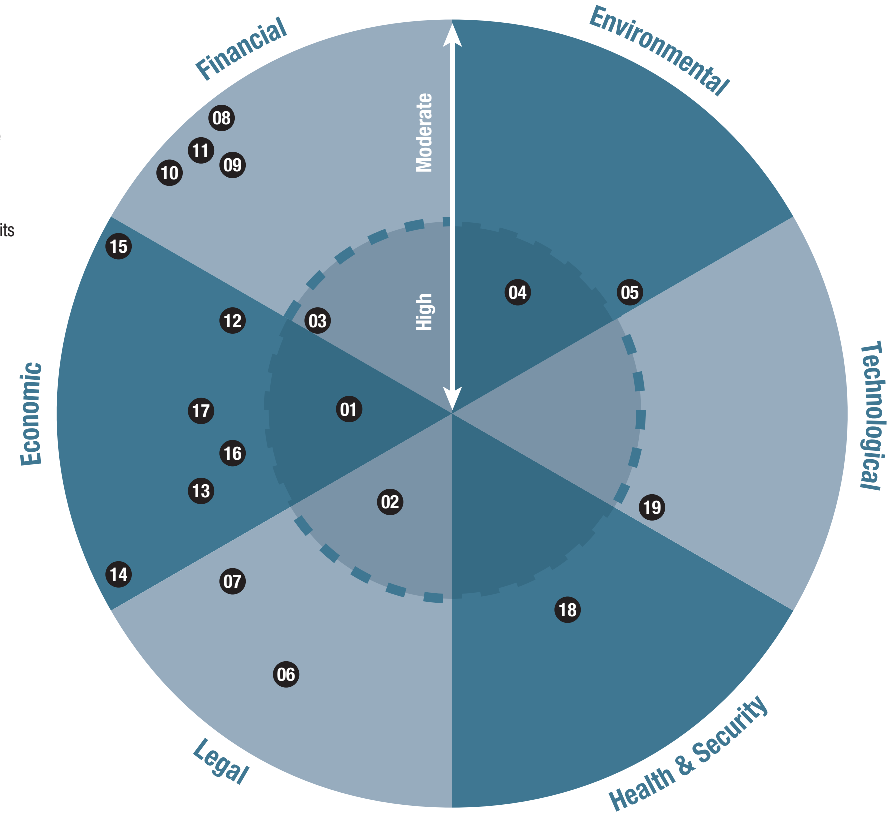
Risk management is a dynamic process that is defined and implemented under Executive Management's responsibility. Risk management is integrated in the company's decision-making and operational processes. The Board of Directors ensures that the management of the company integrates management of the major risks.

Through the work of the Audit and Risk Committee, it ensures that the effectiveness of the internal control and risk management systems is monitored. Executive Management, acting through the Executive Committee, is responsible for implementing and directing the risk management process.

The following graph presents a summary of the principal elevated risks affecting the Group. Changes in the main risks associated with their respective control systems are also included. Please refer to chapter 6.1.2 for details on moderate risks.

Principal risks:

01 - Risks of change in the real estate market
02 - Corporate dispute risks
03 - Risks of a decrease in the financial occupancy rate
04 - Risks of obsolescence
05 - CSR risks
06 - Legal and tax risks
07 - Risks linked to failure to issue administrative permits and review
08 - Market risks
09 - Liquidity risks
10 - Counterparty risks
11 - Interest rate risks
12 - Asset valuation risks
13 - Risks linked to sub-contracting
14 - Risks related to insurance costs and lack of coverage for certain risks
15 - Risks linked to competition
16 - Risks of tenant insolvency
17 - Acquisition risks
18 - Property risks
19 - Digital and technological risks



SUMMARY TABLE OF MAIN RISKS AND CONTROL PROCESSES

➜ **Stability of the risk level**

Risks	CONTROL PROCESS	Change over the 2016-2017 period
	HIGH RISK LEVEL	
	RISKS OF CHANGE IN THE REAL ESTATE MARKET	
Risks linked to the cyclical nature of the real estate market, the principal components of which include fluctuating demand and supply, change in interest rates and the general macro-economic context. **Impacts:** ■ non-completion of investment and sale transactions; ■ decline in rents; ■ impairment of the assessment of its properties (See section 3.5.4.1 “Real estate market risk”).	■ regular monitoring of the real estate market, which contributes qualitatively to the guidelines defined by the Strategic Committee; ■ establishment of Asset Reviews coordinated with the budget review; ■ implementation of a five-year business plan, including the Eurosic perimeter; ■ qualitative review of the property assets; ■ management of asset rotation by the Investment & Development Department; ■ analyses conducted on the basis of historical and forward-looking data on RMVs (rental market values); ■ the mechanisms used to control the risks of tenant insolvency and decline in the financial occupancy rate are explained in detail below.	➜ These risks specific to the activity of a real estate company remained stable during the period in question. The change in these structurally-high risks is closely linked to exogenous factors such as fluctuations on the real estate market, interest rates and economic cycles.
	RISK OF A FALL IN THE FINANCIAL OCCUPANCY RATE	
Risk of not renewing the leases or not renting out the assets within the time frames and at prices consistent with the company’s expectations or under lease conditions as favorable as the current ones. This risk is particularly high for office and commercial assets. **Impacts:** ■ increase in vacancy that generates an absence of rental income and additional operating expenses; ■ deterioration in the Group’s results.	■ constant monitoring of vacant premises and upcoming expiration dates on leases, on the basis of statements obtained from the information system; ■ establishment of an organization dealing with tenant relations and a monitoring of the rental market in order to anticipate as soon as possible the actions to be taken to minimize the financial costs associated with vacancy: early renegotiations marketing, work programming, etc.; ■ tracking the average financial occupancy rate of the Group’s buildings. This rate was 95.4 at the end of December 2017 (see tables 6.1.3.1 “Rent volume by three-year commercial lease terms” and “Rent volume by commercial lease agreement expiry schedule”).	➜ This risk is linked to the economic context and the acquisition and sale policy. The risk was stable over the period. Control of this risk is currently reinforced by the new organizational structure (which is more cross-functional), by the success of the Group’s rental activity and an improving economic climate.

Risks	CONTROL PROCESS	Change over the 2016-2017 period
HIGH RISK LEVEL		
OBSOLESCENCE RISK		
Risk of harsher regulations, changes in industry practices or stakeholder expectations, tenants in particular, as regards challenges related to: ■ the well-being of building occupants and their productivity as regards offices, see section 7.3.1; ■ the overall energy performance of the assets, see section 7.5.2; ■ the carbon footprint of the real estate assets, see section 7.5.1; ■ the biodiversity incorporated into the plots of land, see section 7.4.2.; ■ accessibility by everyone to the assets, see sections 7.4.3. and 7.4.4.; ■ the adaptability of assets and leases to changes in tenant use, see section 7.3.2. **Impacts:** ■ non-compliance or inadequate assets to meet market expectations because the company failed to foresee such changes; ■ loss of asset attractiveness and valuation upon purchase and leasing; ■ image and reputation.	■ generally speaking, the CSR approach includes objectives and action plans associated with each of the issues that impact this risk and are identified as priorities following the materiality analysis. Performance monitoring is measured using indicators whose development is discussed in chapter 7 of this document; ■ more specifically, Gecina has set a target for reducing greenhouse gas emissions from its operating property assets (all uses combined) for 2030 (with an interim review in 2020). This objective was recognized by the Science Based Targets initiative as being compatible with the trajectory required to maintain the average rise in temperature at 2°C (see section 7.5.1. "Carbon impact management"). In addition, Gecina has a carbon offsetting fund that is funded by those residual emissions and an internal carbon price of €25/t. This fund contributes to the resilience of Gecina's economic model in the event that a global carbon tax comes into effect; ■ in addition, quality and client satisfaction surveys are conducted with tenants to discern changes in their expectations. The intelligence gathered from this monitoring is reflected in updates to building renovation budgets, and acquisition and sale criteria.	➔ Risk, management of which is incorporated in Gecina's strategy and organization, remained stable in 2017. In the medium term, all issues are taken into account through CSR efforts and translated into action plans for each business. In addition, our carbon footprint, an issue that needs to be handled over the long term, has been added to our action plan and objectives for 2030, on a trajectory intended to achieve carbon neutrality of all assets by 2050.
CORPORATE DISPUTE RISKS		
Risks linked to acquisitions and commitments made in Spain, during Mr. Joaquín Rivero's term as Chairman and CEO. The company cannot rule out an unfavorable development of these operations or the emergence of additional financial, legal or regulatory risks. **Impacts:** ■ deterioration in the Group's results.	■ these operations are monitored from a legal standpoint by the Group's internal teams with the support of law firms in France and in Spain; ■ finally, new developments of these risks are regularly reported to the Audit and Risk Committee.	➔ Risk was stable over the period. It remains affected by uncertainties about the succession of Mr. Rivero. The Group strives to maintain a high level of attention and control over these risks, which tend to evolve by nature.

02

COMMENTS ON THE FISCAL YEAR

The Group's consolidated net earnings is presented in a format that is appropriate for its real estate business and specifically includes the following items:

- income recorded in the Group's income statement (gross rental revenues), which mainly comes from rent paid by tenants of the Group's properties;
- EBITDA (total of gross rental revenues and income from services and other items minus total net property expenses, services and other items and overheads including salaries and benefits in kind and net management fees) represents income from operations related to the properties and service businesses.

The company also uses net recurring income as an indicator (which is EBITDA less net financial expenses and recurring tax, and adjusted from some expenses of an exceptional nature see note 2.1.4). This indicator is used to assess changes in the Group's earnings from operations before disposals, valuation adjustments and non-current taxes.

Value adjustments include changes in the fair value of properties as well as changes in the value of financial instruments. Gains or losses due to these changes in value are unrealized and do not generally correspond to actual transactions. The Group has no intention of disposing of its entire real estate portfolio in the short term, while most of the derivatives are hedges for long-term debt to safeguard the Group from interest rate rises and thus cap the cost of debt.

2.1 BUSINESS REVIEW

2.1.1 A STRATEGY THAT IS EFFECTIVELY FOCUSED ON ITS CONSUMER-CLIENTS IN ITS OFFICE AND COWORKING PROPERTIES, AS WELL AS RESIDENTIAL AND STUDENT RESIDENCES

2017 was marked by the acquisition and consolidation of Eurosic in a particularly buoyant market environment, in Paris' best core sectors and particularly the major Grand Paris hubs. This operation is first and foremost a transformational operation for Gecina.

This integration is further strengthening the unique features of Gecina, which is building its strategy around the deployment of new living spaces in the most central sectors within Paris and the Paris Region. It is underpinned by an acceleration of value extraction through the transformation of these living spaces with a major pipeline, and the portfolio's rotation, as well as innovation to respond to new real estate practices such as coworking with its subsidiary Secondesk.

Today, Gecina considers that its residential portfolio is also aligned with the needs of new more mobile and flexible lifestyles and the demand for central locations and scarcity, which are prerequisites for future performance, and that retaining this portfolio is relevant to complement Gecina's specialization in urban offices. Tomorrow's high-performance real estate will be increasingly central, but also firmly focused on services, digitalized, collaborative, fostering productivity and wellbeing, and responsible. Gecina is positioning itself upstream from this coming transformation.

While the financial performances achieved in 2017 were particularly strong, the past year was a starting point for a new ambition for Gecina for the coming years, building a strategy that is effectively focused on its consumer-clients in its office and coworking properties, as well as residential and student residences, capitalizing on its specific strengths".

2.1.2 IMPROVEMENT IN RENTAL INCOME, IN LINE WITH THE GROUP'S FORECASTS

On a current basis, the rental performance reported for 2017 reflects the full impact of the significant changes in scope from 2016 (sale of the healthcare portfolio, transfer of five buildings to the pipeline and sales of various office buildings) and the acquisition of Eurosic from 2017.

Total gross rental income came to €558.9 million for the year, up +3.5% on a current basis and +2.1% like-for-like.

Like-for-like, the performance achieved reflects the improvement in the real estate environment on the Group's preferred markets. The quarter-on-quarter trends show a continued improvement. Like-for-like growth represents +2.1% at end-December, compared with +1.8% at end-September, +1.6% at end-June and +1.0% at end-March 2017. This performance, driven primarily by the office portfolio, factors in the level of indexation, which is still low, but positive (+0.5%), a slightly positive level of reversion, and the letting of buildings that were partially or completely vacant in 2016.

On a current basis, the +3.5% increase is linked to the significant changes in scope from 2016 and 2017. This +€18.9 million increase factors in Eurosic's integration since the end of August 2017 (for +€70.3 million), the like-for-like growth achieved (+€8.5 million) and the rental income from deliveries of buildings under development and recent acquisitions (+€11.2 million).

This additional rental income was partially offset by the loss of rent following various sales of healthcare, office and residential assets (-€50.0 million), as well as the launch of work to redevelop office buildings with strong value creation potential following the departure of their tenants (-€21.1 million).

Gross rental income In million euros	12/31/2017	12/31/2016	Change (%) Current basis	Like-for-like
OFFICES	**429.4**	**372.9**	**+15.2%**	**+2.5%**
DIVERSIFICATION	**129.5**	**167.1**	**-22.5%**	**+0.9%**
Traditional residential	108.9	113.7	-4.2%	+0.6%
Student residences	15.1	14.0	+7.7%	+2.6%
Other business	5.4	0.0	na	na
Healthcare	0.0	39.4	na	na
TOTAL GROSS RENTAL INCOME	**558.9**	**540.0**	**+3.5%**	**+2.1%**
Hotels	13.5	0.0	na	na
Finance leases	4.6	0.0	na	na
TOTAL GROSS REVENUES	**577.0**	**540.0**	**+6.8%**	**NA**

Offices: positive trends in the most central sectors

Like-for-like, rental income is up +2.5%, in line with the Group's expectations, with sustained quarter-on-quarter progress throughout 2017 (+2.3% at end-September, +2.1% at end-June and +1.2% at end-March). This increase reflects the improvement in the financial occupancy rate, particularly with Pointe Métro 2 let to CREDIPAR and PSA and Le Cristallin to the Renault Group. This increase also benefited from a positive level of indexation (+0.5%), with moderate growth for the past few quarters, and a slightly positive level of reversion. With this organic performance, against a backdrop of improvements in market rental conditions, the Group is able to confirm that the like-for-like change in office rental income is expected to be positive again in 2018.

On a current basis, rental income from offices is up +15.2%, benefiting in particular from Eurosic's integration since the end of August 2017 (for +€64.4 million). The recent acquisitions (Guersant 2 in Paris in 2016, and the Courcelles building in Paris' Central Business District (CBD) and Adamas in La Défense in 2017) generated +€5.7 million over the year, while the first rent received from the buildings delivered in 2017 (55 Amsterdam in Paris and Septen in Lyon) came to +€4.8 million. Alongside this, the loss of rent from the buildings with strong value creation potential launched as redevelopment programs represents -€21.1 million. Following the departure of its tenant at the end of 2017, work has been launched to redevelop the Avenue de la Grande Armée building, the PSA Group's former headquarters.

Gross rental income - Offices (In million euros)	12/31/2017	12/31/2016	Change (%) Current basis	Like-for-like
OFFICES	**429.4**	**372.9**	**+15.2%**	**+2.5%**
Paris City	222.9	189.9	+17.4%	+0.7%
▪ Paris CBD & 5-6-7 - Offices	127.6	106.8	+19.6%	+1.7%
▪ Paris CBD & 5-6-7 - Retail	35.4	35.9	-1.5%	-1.0%
▪ Paris - Other	59.7	47.2	+26.6%	+0.0%
Western Crescent - La Défense	142.3	147.3	-3.4%	+5.0%
Other Paris Region	41.4	31.7	+30.7%	+1.9%
Other regions	22.8	4.0	ns	+0.8%

Very positive market trends for the Paris Region's most central sectors

This year, the Paris Region's office real estate market trends were marked by very strong letting performances in the most central sectors.

Take-up shows +8% growth, climbing to over 2.6 million sq.m (a 10-year high), driven primarily by strong appetite among tenants for the most central sectors, particularly Paris, where levels of available supply are historically low.

The vacancy rate therefore dropped again this year to 6.2% (versus 6.5% at end-2016), particularly in Paris, where it is down to less than 3% (2.9%, versus 3.2%, its lowest level since 2001) highlighting the supply-side shortfall.

However, the contraction in vacancy levels is linked primarily to Paris and La Défense, but is less marked for the rest of the Paris Region.

Paris represents 42% of take-up, but just 14% of immediate supply, while this ratio is reversed for the Paris Region's other sectors. At the heart of the capital, immediate supply levels are down -9% year-on-year (versus -4% for the entire Paris Region) to a historically low volume, particularly in Paris' CBD. The shortage in terms of immediate supply for Paris is therefore supporting pre-letting upstream from deliveries. As a result, the majority of the volume of deliveries expected for 2018 in the CBD has already been let.

Headline rent levels are therefore up for the most central locations, primarily in the CBD. Cushman & Wakefield estimates that this trend could continue in 2018 faced with a shortage of available quality supply.

Thanks to these positive market trends, the Group is reporting a positive reversion figure of +6.5% for headline rents on let and relet buildings (offices and retail), driven primarily by transactions in Paris and the Western Crescent.

Traditional and student residential: rental resilience and impact of divestments

For the traditional residential portfolio, rental income is up slightly (+0.6%) at end-2017 on a like-for-like basis (vs +0.1% at end-September 2017), benefiting from a slightly positive level of indexation (+0.3%) and an incoming-outgoing differential that is positive again.

On a current basis, the -4.2% contraction in rental income to €108.9 million factors in the progress made with the program rolled out by the Group in the past few years to sell apartments on a unit basis when they become vacant.

Rental income from student residences shows a significant like-for-like increase (+2.6%), linked primarily to the ramping up of a residence in Bordeaux. On a current basis, the +7.7% increase factors in the delivery of two residences in Marseille and Puteaux in summer 2017.

Other gross revenues: hotels and finance lease business

The hotel and finance lease portfolios have generated €18.1 million of gross revenues since Eurosic's integration, with an operating margin of €4.8 million.

2.1.3 OCCUPANCY RATE STABLE AND STILL HIGH

The average financial occupancy rate in 2017 was 95.4%, stable over six months and year-on-year (excluding healthcare). However, it is down slightly over three months following the integration of Eurosic, whose average occupancy rate (91.2%) is lower than the 96.1% recorded for Gecina (excluding Eurosic).

Average financial occupancy rate	12/31/2016	03/31/2017	06/30/2017	09/30/2017	12/31/2017
OFFICES	**95.5%**	**95.4%**	**95.5%**	**95.6%**	**95.3%**
DIVERSIFICATION	**95.6%**	**95.8%**	**95.5%**	**95.4%**	**95.9%**
Traditional residential	96.6%	96.2%	96.4%	96.6%	96.9%
Student residences	89.1%	93.5%	90.1%	88.9%	90.3%
Other business				94.2%	95.9%
Healthcare	100.0%	-	-	-	-
GROUP TOTAL	**95.9%**	**95.5%**	**95.5%**	**95.6%**	**95.4%**
GROUP TOTAL EXCLUDING HEALTHCARE	**95.5%**	**95.5%**	**95.5%**	**95.6%**	**95.4%**

Rental margin

The rental margin came to 92.5%, stable compared with 2016 (92.4%) despite the sale of the Healthcare portfolio, which had a rental margin of close to 100%, in 2016. This stability reflects the change in the portfolio mix, with a stronger weighting for offices, as well as the letting of buildings that were previously vacant.

	Group	Offices	Residential	Healthcare
Rental margin at end-2016 - reported	92.4%	95.5%	81.0%	98.9%
Rental margin at end-2016 - excl. healthcare	91.9%			
RENTAL MARGIN AT END-2017	**92.5%**	**95.5%**	**82.0%**	**NA**

2.1.4 RECURRENT NET INCOME (GROUP SHARE) HIGHER THAN GECINA'S INITIAL EXPECTATIONS

Recurrent net income (Group share) is up +4.6% to €363.5 million (€5.44 per share), coming in higher than the Group's initial expectations following Eurosic's acquisition. This performance reflects Eurosic's integration and the conditions for financing this acquisition, as well as the first operational and financial synergies secured. For reference, when it announced its plans to acquire Eurosic, the Group was targeting operational synergies of over €17 million, with €12 million effective immediately. Today, with Eurosic's integration, operational and financial synergies are expected to exceed €30 million, including over €20 million of operational synergies.

Recurrent net income per share increased by +9.4% restated for the impact of the Healthcare sale versus 2016, to be compare to the initial guidance of -5% to -6% announced at the beginning of 2017. This outperformance can be explained in particular by the accretive effect of the acquisition of Eurosic of a minimum of 10% in a full year.

Portfolio rotation: +€26 million net change in rental income

This growth reflects the portfolio's rotation in 2016 and 2017, primarily with the healthcare portfolio's sale in 2016 and Eurosic's acquisition in 2017, with a net rental gain of +€26 million for the year. The recent acquisitions generated +€76 million of rental income in 2017 (with €70.3 million from Eurosic and the rest generated by three acquisitions of buildings located in Paris and La Défense).

The loss of rent due to the sales carried out in 2016 and 2017 represents -€50 million (with -€39.4 million for the healthcare portfolio, sold in 2016, and the rest from the sale of four buildings in 2016 and various residential sales on a unit basis when they become vacant). For reference, these sales achieved premiums of around +16% compared with the appraisal values. In addition, the sales from 2017 did not have any significant impact on earnings for the year because they were finalized during the second part of the last quarter of 2017.

Operations relating to the pipeline (deliveries and launch of redevelopment work): -€15.7 million net change in rental income

The change in recurrent net income (Group share) also reflects the impact of operations relating to the pipeline. The rental income generated by the recent deliveries of buildings under development represents +€5.4 million for 2017 (55 Amsterdam, Lyon-Septen and two student residences). Alongside this, the numerous buildings transferred to the pipeline in 2016 and 2017 account for a temporary drop in rental income for -€21.1 million.

Optimization of financial expenses

Financial expenses were reduced by -6.5% in 2017, while the average volume of debt is up +33% from 2016, linked to Eurosic's acquisition, taking into account the drop in the average cost of debt to 1.7% in 2017 from 2.2% in 2016 (including costs of undrawn credit lines), while its average maturity has been extended further to 6.9 years.

In million euros	Dec 31, 17	Dec 31, 16	Change (%)
GROSS RENTAL INCOME	**558.9**	**540.0**	***+3.5%***
NET RENTAL INCOME	**516.9**	**498.9**	***+3.6%***
Operating margin for other business (hotels and finance leases)	4.8	-	*Na*
Services and other income (net)	3.6	1.3	*+183.6%*
Salaries and management costs	(71.8)	(63.2)	*+13.7%*
EBITDA	**453.5**	**437.0**	***+3.8%***
Net financial expenses	(80.4)	(86.0)	*-6.5%*
RECURRENT GROSS INCOME	**373.0**	**351.0**	***+6.3%***
Recurrent net income from associates	1.0	0.0	*Na*
Recurrent minority interests	(7.5)	(0.2)	*Na*
Recurrent tax	(3.0)	(3.4)	*-11.2%*
RECURRENT NET INCOME (GROUP SHARE) [1]	**363.5**	**347.4**	***+4.6%***
RECURRENT NET INCOME (GROUP SHARE) PER SHARE	**5.44**	**5.37[2]**	***+1.3%***

(1) EBITDA less net financial expenses, recurrent tax and certain non-recurring costs
(2) Following the adjustment of the payout for preferential subscription rights linked to the capital increase from August 2017 (adjustment coefficient of 0.97391), according to IAS 33.

2.1.5 PORTFOLIO ROTATION ACCELERATED

€655 million of commercial properties sold or under preliminary sales agreements, with a +12.5% premium versus the appraisal values

When it announced its plans to acquire Eurosic, Gecina set out its ambition to accelerate the combined portfolio's rotation with a program targeting sales of at least €1.2 billion, potentially rising to €2.2 billion depending on market opportunities that the Group may want to capitalize on.

More than half of this minimum program has already been completed or secured, with an average premium of nearly +12.5% compared with the appraisal values, for €655 million, with almost 66% from the former Eurosic scope.

Out of the €655 million of sales completed or covered by preliminary agreements, €140 million still need to be finalized. Alongside this, other preliminary agreements are currently being prepared.

- Nearly 41% of these completed or secured sales correspond to the sale of financial interests historically held by Eurosic in various assets in Paris (15 Laborde, 14 Londres, Stream Building, Laffitte Lafayette, Cotentin and Tombe Issoire).
- Nearly 41% of the completed or secured sales concern assets located outside of Paris, in Bagnolet, Cergy-Pontoise, Romorantin, Saint-Ouen, Bron, ...
- 18% are linked to the sale of buildings in Paris from Eurosic's scope (Rez de Pereire - Paris 17, Le Ponant – Paris 15, Bessières – Paris 17,...).

€143 million of unit residential sales completed or under preliminary agreements

By end-December 2017, Gecina had finalized €125.2 million of sales of apartments on a unit basis when they become vacant, securing an average premium of nearly +36% versus the end-2016 appraisal values.

Alongside this, nearly €18 million of unit-based sales were under preliminary agreements at end-2017, while preliminary agreements are currently being prepared for €6.5 million of sales.

Two office buildings in the CBD and La Défense acquired since the start of the year

Since the start of the year, Gecina has also finalized its acquisition of two office buildings in key sectors for the Paris Region office market.

In this way, the Group acquired a building with nearly 5,000 sq.m on Rue de Courcelles in Paris' CBD for almost €63 million excluding duties. This building is adjacent to an asset with nearly 20,000 sq.m already owned by Gecina (Le Banville), opening up opportunities for extensive real estate synergies.

On July 4, Gecina also finalized its acquisition of a 10,500 sq.m office building in La Défense, based on an immediate net yield of around 5.7%, for €78.5 million. This building is fully let with a residual firm period of three years and is located in the ZAC Danton development zone, close to the T1&B buildings already owned by Gecina.

2.1.6 LETTINGS RAMPED UP SINCE THE START OF THE YEAR

Since the start of the year, Gecina has let, pre-let, relet or renegotiated nearly 136,000 sq.m, almost 2x higher than the volume of lettings from 2016.

Including the transactions concerning Eurosic's portfolio, the volume of transactions for the Group's scope represents nearly 250,000 sq.m (close to €98 million of headline rent) for the full year in 2017.

The main transactions completed since the start of the year concern the Gecina scope (136,000 sq.m), with vacant buildings such as Dock-en-Seine in Saint-Ouen (9,000 sq.m) or Le Cristallin in Boulogne (11,600 sq.m), development programs such as Octant-Sextant in Levallois (28,500 sq.m), Sky 56 in Lyon-Part Dieu and several buildings in Paris - 20 Ville l'Evêque and Paris-Guersant – as well as certain buildings delivered recently such as 55 Amsterdam.

For the Eurosic scope (around 114,000 sq.m), the main transactions include a previously vacant building in Toulouse-Blagnac (15,500 sq.m) and progress made with letting a building delivered recently in Lyon (Terralta) for nearly 3,700 sq.m. Eurosic had also previously recorded the letting of the Le Jade building in Paris (22,000 sq.m), followed more recently by several buildings in Paris (rue de Naples in the CBD and rue de Crimée) and other French regions.

Based on the portfolio of projects under development at end-2016, nearly 50% of the space has already been or is about to be pre-let, compared with just 21% at the end of 2016.

Based on the portfolio of projects under development at end-2017, and considering the new projects that have been included in the pipeline and the deliveries of fully let assets, this rate is currently 34% and could rise to nearly 48% in the short term following the discussions that are currently being finalized.

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2.1.7 OUTLOOK FOR VALUE CREATION FURTHER STRENGTHENED WITH EUROSIC, WITH THE TOTAL PIPELINE UP +40% TO €5.2BILLION

Gecina's total pipeline, including Eurosic's projects, is up +40% (+€1.5 billion) to €5.2 billion, compared with €3.7 billion at end-2016, despite the delivery of four projects during the year (55 Amsterdam in Paris, Gerland-Septen in Lyon, and two student residences). The expected average yield on cost is 6.0% for the various operations, with nearly 70% located at the heart of Paris City. Almost 30% of the combined pipeline today is linked to operations that are committed to or identified from the Eurosic scope.

€2.8 billion of committed projects with deliveries expected to be ramped up in the second half of 2018

The +85% increase in the volume of committed investments (€2.8 billion at end-2017 vs. €1.5 billion end-2016) reflects the integration of five major projects (four in Paris and one in La Défense) from Eurosic's portfolio (Le Jade Paris-15, Montmorency Paris-16, Penthemont Paris-7, Hôtel du Génie Paris-7 and Carré Michelet La Défense), scheduled for delivery in 2018 and 2019, as well as the launch of the "75 GA" project at the site of the PSA Group's former headquarters in Paris' CBD, with delivery planned for 2020, alongside two new student residence projects and a traditional residential project in Paris.

Nearly 62% of this committed pipeline is concentrated in Paris City, with 31% in the Western Crescent or La Défense, and the rest concerning the SKY 56 project in Lyon Part-Dieu, already 87% pre-let, and a student residence in Paris' Inner Rim. Based on the pre-lettings already secured and the rental assumptions, the yield on cost is expected to reach 5.6%.

All of these committed programs represent a potential annualized rental volume of almost €160 million, with €115 million for the 12 buildings expected to be delivered in 2018, primarily over the second half of the year. The 12 projects scheduled to be delivered during the year represent a total of around 243,000 sq.m, with 44% pre-let for the 11 offices projects, which may increase to 56% in the short-term following the discussions that are currently being finalized.

At end of 2017, €506 million were still to be invested on committed projects, with €345 million in 2018, €84 million in 2019 and €67 million in 2020.

€1.0 billion of "certain" controlled projects over the short or medium term, with 73% in Paris City

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. These projects are scheduled for delivery over the medium term, between 2020 and 2023, and 73% are located in Paris City, with an average expected yield on cost of 5.6%.

€1.3 billion of "probable" controlled projects over the longer term, with 81% in Paris City

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. The identification of these projects upstream is making it possible to achieve a potential yield on cost of 7.0% with a portfolio of potential projects focused primarily on Paris.

Concise overview of the developments pipeline

Projects		Immostat area	Delivery date	Lettable area *(in sq-m)*	Total Investment *(in € million)* (1)	Already Invested *(in € million)* (2)	To be invested *(in € million)*	Est. yield on cost *(net)*	Prime yield Q3 *(BNPPRE)*	Ownership	Pre-letting *(%)*
Paris - Le Jade	Eurosic	Paris	Q1-18	22,000	224	220	4			100%	93%
Paris - 20 Ville l'Evêque	Gecina	Paris CBD	Q1-18	6,700	64	60	3			100%	100%
Paris - Penthemont	Eurosic	Paris 7th	Q2-18	9,200	245	229	16			99%	100%
Levallois - Octant Sextant	Gecina	Western Crescent	Q3-18	37,800	225	202	23			100%	81%
Lyon Part Dieu - Sky 56	Gecina	Lyon	Q3-18	30,700	137	92	45			100%	87%
Paris - Guersant	Gecina	Paris	Q3-18	14,400	127	111	16			100%	62%
Total pre-let offices				**120,800**	**1,021**	**948**	**117**	**5.4%**	**3.4%**		**85%**
Issy les Moulineaux - Be Issy	Gecina	Western Crescent	Q2-18	25,100	163	132	31			100%	0%
Paris – Montmorency	Eurosic	Paris	Q3-18	13,800	150	139	11			99%	0%
Paris – Ibox	Gecina	Paris	Q3-18	19,200	162	128	34			100%	0%
Paris - Le France	Gecina	Paris	Q4-18	20,100	182	163	18			100%	0%
La Défense - Cours Michelet	Eurosic	Western Crescent	Q4-18	36,800	331	280	51			100%	0%
Hotel du Génie	Eurosic	Paris	Q2-19	2,400	45	34	11			100%	0%
Neuilly – Graviers	Gecina	Western Crescent	Q2-20	14,500	128	94	34			100%	0%
Paris - 7, Rue de Madrid	Gecina	Paris	Q4-19	11,100	109	69	40			100%	0%
75 GA	Gecina	Paris	Q3-19	34,100	440	350	90			100%	0%
Total offices to be let				**177,100**	**1,710**	**1,389**	**321**	**5.7%**	**3.5%**		**0%**
TOTAL OFFICES				**297,900**	**2,732**	**2,304**	**425**	**5.6%**	**3.5%**		**34%**
Puteaux - Rose de Cherbourg	Gecina	Western Crescent	Q3-18	7,500	43	29	14			100%	na
Porte Brançion	Gecina	Paris	Q3-20	2,900	19	0	19			100%	na
Student residence project	Gecina	Inner Rim	Q3-21	7,200	41	0	41			100%	na
Paris - St Mandé	Gecina	Paris	Q4-19	700	4	0	4			100%	na
TOTAL RESIDENTIAL				**18,300**	**108**	**29**	**78**	**6.5%**	**4.9%**		**NA**
TOTAL COMMITTED PROJECTS				**316,200**	**2,839**	**2,333**	**506**	**5.6%**	**3.5%**		
TOTAL CONTROLLED & CERTAIN				**111,100**	**1,013**	**673**	**340**	**5.6%**	**3.4%**		
TOTAL CONTROLLED & PROBABLE				**195,600**	**1,346**	**497**	**848**	**7.0%**	**3.6%**		
TOTAL				**622,900**	**5,198**	**3,503**	**1,695**	**6.0%**	**3.5%**		

(1) Total investment for the committed pipeline = latest appraisal value from when the project started up + total build costs. For the controlled pipeline = latest appraisal to date + operation's estimated costs

(2) Includes the value of plots and existing buildings for redevelopments

2.2 FINANCIAL RESOURCES

The year 2017 was marked by the acquisition of Eurosic, its financing, and the integration of the Group, including its debt and hedging portfolio. The transaction, which was signed and financed as of June 2017, was effective during the second half of the year.

In a still-favorable macroeconomic and financial environment with low rates, Gecina has been very active in terms of financing rotation and liability management. The Group raised €3.3 billion in funds (8.9 years of average maturity), €1.5 billion of which was through three bond issues in June 2017 to finance the acquisition of Eurosic.

The rapid integration of Eurosic financing, the use of long-term bonds/short-term resources coupled with medium-term liquidity, as well as the optimization of the combined structure (debt and hedging) had a positive effect on the main aggregates of the Group compared to 2016, which was part of a context of declining debt volume:

- fall in the average cost of drawn debt to 1.3% (-40 bp compared to 2016);
- prolongation of the average maturity of debt to 6.9 years (+0.2 years compared to the end of 2016);
- ICR up +0.7x compared to 2016, at 5.6x.

The consolidated LTV was 42.4% as of December 31, 2017, an increase following the acquisition of Eurosic. A disposal plan of at least €1.2 billion is underway and aims to bring the LTV below 40%.

The quality of Gecina's credit fundamentals was confirmed by the rating agencies following the announcement of the acquisition of Eurosic group, which retained their respective ratings: BBB+ positive outlook confirmed by S&P and A3 credit rating confirmed by Moody's with a revision of the outlook from stable to negative pending completion of the divestiture program.

Gecina also largely optimized the combined hedge portfolio following the acquisition of Eurosic, through the cancellation of short-/medium-term swaps, the buy back of short-term bond issues and the introduction of long-term fixed rate debt. As of December 31, 2017, the average maturity of hedges was 7.5 years.

The Group is also pursuing the optimization of the combined financial structure. Gecina demonstrated the flexibility and robustness of its financial structure, which the Group plans to maintain in the coming years.

In addition, at year-end 2017, available liquidity easily covers the credit maturities for the next two years.

2.2.1 DEBT STRUCTURE AT DECEMBER 31, 2017

Net financial debt(1) amounted to €8,331 million at the end of 2017, up €4,749 million compared to last year due to the acquisition of Eurosic.

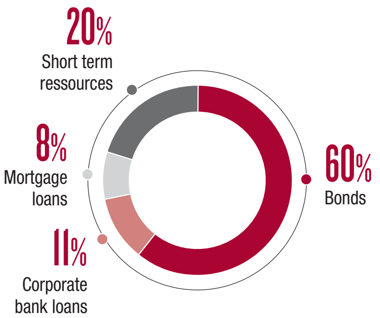
The main characteristics of the debt are:

	12/31/2016	12/31/2017
Gross financial debt (In € million)(2)	3,640	8,453
Net financial debt (In € million) (1)	3,582	8,331
Gross nominal debt (In € million)(2)	3,616	8,427
Unused credit lines (In € million)	2,245	3,760
Average maturity of debt (years, adjusted for available credit lines)	6.7	6.9
LTV	29.4%	42.4%
LTV (including transfer taxes)	27.7%	40.0%
ICR	4.9x	5.6x
Secured debt/Properties	6.5%	3.6%

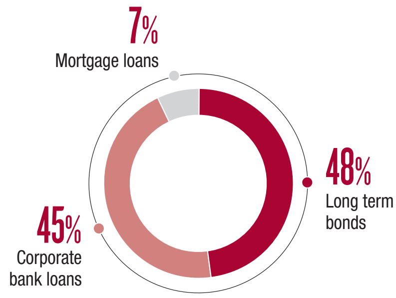
(1) Excluding fair value related to Eurosic's debt, €8,412 million including those items.
(2) Gross financial debt (excluding fair value related to Eurosic's debt) = Gross nominal debt + impact of the recognition of bonds at amortized cost + accrued interest not yet due + miscellaneous.

Debt by type

BREAKDOWN OF GROSS NOMINAL DEBT



BREAKDOWN OF AUTHORIZED FINANCING (INCLUDING €3,760 MILLION OF UNUSED CREDIT LINES AT 12/31/2017)



The Group's sources of financing are diversified, and long-term bonds make up 60% of the Group's nominal debt and 48% of the Group's authorized financings.

At December 31, 2017, Gecina's gross nominal debt comprised:

- €5,065 million of bonds issued under the EMTN (Euro Medium Term Notes) program;
- €1,648 million of bank loans, of which €700 million of mortgage financing and €948 million of corporate financing;
- €1,714 million of short-term resources, of which €1,414 million in commercial papers and €300 million in short-term private EMTN placements covered by confirmed medium- and long-term credit lines.

2.2.2 LIQUIDITY

As at December 31, 2017, Gecina had €3,882 million available liquidity, of which €3,760 million in unused credit lines and €122 million in cash, easily covering all credit maturities for the next two years. Net of the short-term resource hedge, liquidity amounts to €2,168 million.

Financing or refinancing transactions completed during the financial year amounted to €3.3 billion with an average maturity of 8.9 years and include:

- four bond issues for a total of €2.2 billion at 10.1 years of average maturity and an average coupon of 1.3% (average margin of 64 bp);
- the signing of €1.1 billion of bilateral credit lines with an average maturity of 6.5 years.

In addition, Gecina repaid €1.6 million of financing, including:

- the repayment of almost €0.9 billion of bank loans (mortgages and corporate loans) with an average maturity of less than three years;
- the buy back of the 2019, 2021 and 2023 bond issue (with coupons between 1.75% and 4.75%) for a total amount of €0.3 billion in September 2017;
- the early termination of €0.4 billion of credit lines with an average maturity of 2.1 years.

Gecina updated its EMTN program with the AMF in March 2017 and its commercial papers program with the Banque de France in May 2017 and increased the two ceilings to €8 billion and €1.5 billion, respectively.

In 2017, Gecina also had short-term resources in the form of commercial papers and private EMTN placements with short maturities. As of December 31, 2017, the Group's short-term resources amounted to €1,714 million, compared with €355 million at the end of 2016. The average outstanding amount in 2017 was €964 million, compared with €1,094 million in 2016.

Lastly, Gecina's loan repayments due in the next two years are easily hedged by €3,882 million in liquidity (unused credit lines and cash).

Significantly reduced following the two operations of bond redemptions in September 2016 and 2017 and the refinancing work prior to the maturities, the amortization and debt maturities of the 2018 and 2019 financial years amounted toabout €730 million excluding short-term resources.

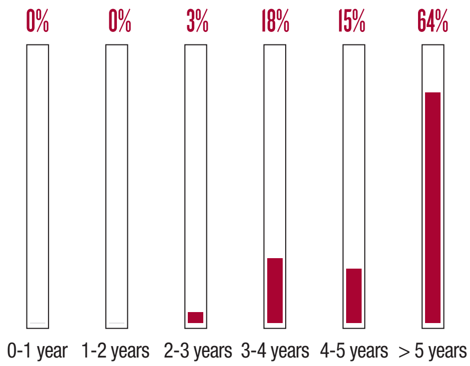
The main objectives of this liquidity are to provide sufficient flexibility to adapt the volume of debt to the pace of acquisitions and disposals, hedge the refinancing of short-term maturities, allow refinancing under optimal conditions, to meet the criteria of the credit rating agencies and finance the Group's investment projects.

2.2.3 DEBT REPAYMENT SCHEDULE

As at December 31, 2017, the average maturity of Gecina's debt is 6.9 years[1], 0.2 years longer compared with December 31, 2016.

The chart below presents Gecina's debt maturity breakdown at December 31, 2017 (after allocation of unused credit lines):

All of the credit maturities for the next two years were covered by unused credit lines as at December 31, 2017. Furthermore, 97% of the debt has a maturity of more than three years and 64% of debt has a maturity exceeding five years.

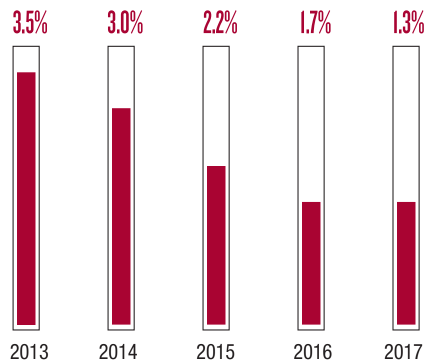


2.2.4 AVERAGE COST OF DEBT

The average cost of drawn debt significantly decreased in 2017, down from 1.7% in 2016 to 1.3%. This favorable development is mainly due to the rapid integration of the Eurosic debt portfolio and the continuation of the Group's financial strategy (credit rating, financial structure, hedging policy, active management of the credit schedule, etc.), which was set up in a still-favorable market environment.

The average cost of overall debt also improved, falling from 2.2% in 2016 to 1.7% in 2017.

The chart below shows the change of the average cost of Gecina's drawn debt during the last five financial years and shows its constant improvement:



Capitalized interest on development projects amounted to €16 million in 2017 (*versus* €6.5 million in 2016).

(1) After allocation of unused credit lines.

2.2.5 CREDIT RATING

Gecina is monitored by both Moody's and Standard & Poor's:

- Moody's upgraded Gecina's credit rating from Baa1 to A3 on December 22, 2016 and changed the outlook from neutral to negative in June 2017 following the announcement of the acquisition of Eurosic and pending completion of the disposal plan;
- Standard & Poor's, for its part, revised its outlook up from BBB+ stable outlook to BBB+ positive outlook on October 25, 2016 and confirmed this credit rating following the announcement of the transaction with Eurosic.

2.2.6 MANAGEMENT OF INTEREST RATE RISK HEDGE

Gecina's interest rate risk management policy is aimed at hedging the company's exposure to interest rate risk. To do so, Gecina uses fixed-rate debt and derivative products (mainly caps and swaps) in order to limit the impact of interest rate changes on the Group's results and to keep the cost of debt under control.

In financial year 2017, Gecina incorporated Eurosic's hedge portfolio (derivatives and fixed-rate debt) and optimized the new combined unit in line with the overall strategy being:

- maintaining an optimal hedging ratio;
- adapt its hedging portfolio following fixed-rate bond issues, the integration of the Eurosic portfolio and changes in the current and future debt volume following the completion of the disposal plan;
- raising the average maturity of hedges (fixed-rate debt and derivative instruments); and
- securing low interest rates for the long-term.

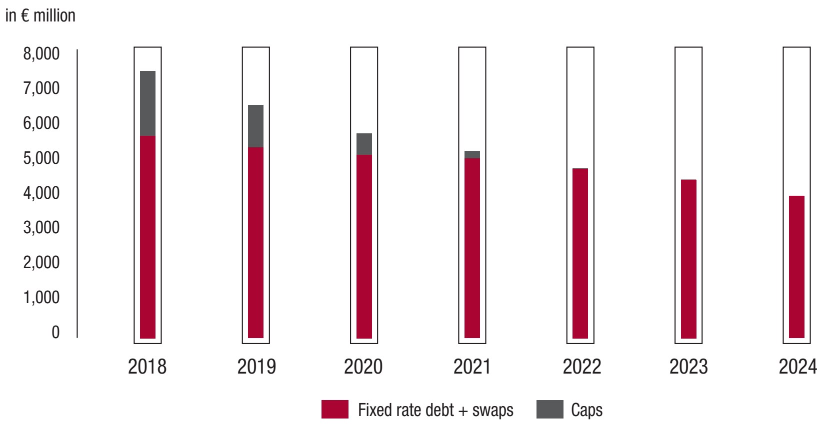
To this end, Gecina has:

- put in place €1,700 million in fixed-rate debt following bond issues in June and September (average maturity of 11.6 years);
- terminated €1,045 million in nominal swaps with an average maturity of 5.3 years;
- repaid €274 million of bonds outstanding with an average maturity of 2.4 years as part of the repurchase in September.

The combination of these transactions also lengthened the average duration of the Group's firm hedge portfolio to 7.5 years at the end of 2017 compared to 7.3 years at December 31, 2016.

As of December 31, 2017, based on the level of projected debt, the hedging ratio averages 70% (excluding caps) over the next seven years.

The chart below shows the profile of the hedge portfolio:



Gecina's interest rate hedging policy is implemented at Group level and on the long-term; it is not specifically assigned to certain loans. As a result, it does not meet the accounting definition of hedging instruments and the change in fair value is posted to the income statement.

Measuring interest rate risk

Gecina's anticipated net financial debt in 2018 is 95% hedged against interest rate increase (depending on observed Euribor rate levels, due to caps).

Based on the existing hedge portfolio, contractual conditions as at December 31, 2017, and anticipated debt in 2018, a 50 basis-points increase in the interest rate would generate an additional expense in 2018 of about €8 million. A 50 basis-points fall in interest rates would result in a reduction in financial expenses in 2018 of about €8 million.

2.2.7 FINANCIAL STRUCTURE AND BANKING COVENANTS

Gecina's financial situation as at December 31, 2017, meets all requirements of the various covenants of loan agreements the company has contracted.

The table below shows the status of the main financial ratios outlined in the loan agreements:

	Benchmark standard	Balance at 12/31/2017
LTV Net debt/revalued block value of property holding (excluding duties)	Maximum 55%/60%	42.4%
ICR EBITDA (excluding disposals)/net financial expenses)	Minimum 2.0x	5.6x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	3.6%
Revalued block value of property holding (excluding duties, € billion)	Minimum 6.0/8.0	19.6

The financial ratios shown above are the same as those used in the covenants included in all the Group's loan agreements.

The LTV stood at 42.4% at December 31, 2017, a sharp increase compared to December 31, 2016 due to the acquisition of Eurosic and the beginning of the completion of the disposal plan. The ICR is up sharply by +0.7x, from 4.9x in 2016 to 5.6x in 2017.

2.2.8 GUARANTEES GIVEN

The amount of consolidated nominal debt guaranteed by real sureties (*i.e.* mortgages, lender's liens, unregistered mortgages) amounted to €700 million at year-end 2017, compared with €748 million at year-end 2016.

Thus as at December 31, 2017, the total amount of financing secured by mortgage-backed assets or financial lease amounted to 3.6% of the total block value of the property holding held, *versus* 6.5% at December 31, 2016, for an authorized maximum limit of 25% in the various loan agreements.

2.2.9 EARLY REPAYMENT IN THE EVENT OF A CHANGE OF CONTROL

Some loan agreements to which Gecina is party and bonds issued by Gecina provide for mandatory early repayment and/or cancellation of loans granted and/or a mandatory early repayment liability if there is a change of control of Gecina.

On the basis of a total amount of authorizations of €10,473 million (including drawn debt and available credit lines) at December 31, 2017, €4,563 million of bank debt and €5,065 million of bonds are affected by such a clause concerning a change of control of Gecina (in most cases, this change must lead to a downgrading in the credit rating to Non-Investment Grade for this clause to be activated) or by the direct or indirect change of control of one of its subsidiaries.

In the case of bonds issued by Gecina, a change of control resulting in a downgrading of the Non-Investment Grade credit rating not raised within 120 days to the Investment Grade level may result in the early repayment of the loan.

2.3 APPRAISAL OF PROPERTY HOLDINGS

All of the Gecina group's real estate assets are assessed each year on June 30 and December 31 by a panel of independent experts: CBRE Valuation, Cushman & Wakefield and Crédit Foncier Expertise on the Gecina property portfolio before the integration of the Eurosic portfolio, CBRE Valuation, Cushman & Wakefield, BNPP Real Estate, Catella Valuation Advisors, Euroflemming Expertise and Christie & Co, on the Eurosic portfolio as at December 31. Regarding the historic Gecina portfolio, the property appraisers were selected in January 2016 under the supervision of the Group Audit and Risk Committee and on the basis of specifications. The selected contracts have six-year terms for a firm period of three years. For the formerly Eurosic real estate assets, the agreements resulting from the selection of experts were signed on June 30, 2017 for an expected duration of three years. The appraisers' fees are based on the number of assets appraised and not on the value of those assets.

The values presented in this chapter were obtained from the appraisals made by the property appraisers appointed by Gecina for this purpose. The Group's property portfolio is made up of tertiary assets (offices and shops), residential buildings, hotels, and other assets (business premises, restaurants, etc.). For the purposes of its consolidated financial statements, the Group opted for the fair value model of appraisal for its properties in accordance with IAS 40, with the fair value being measured by the independent appraisers twice a year. In accordance with this standard, changes in fair value of the properties (after factoring in capitalized work) in each accounting period are posted to the income statement.

Each asset that is appraised is valued by an appraiser from the Board, and each appraiser receives a portfolio of properties to appraise. The appraisers determine the fair value of the properties based on two approaches: the individual assignment of the lots constituting the buildings (appraised unit value) and the disposal of entire buildings (appraised block value). The method used by the appraisers is described in Note 3.5.3.1.1 to the Consolidated financial statements. The appraisers produce a detailed report for each building valued.

The appraisals were carried out in accordance with standard procedures that remain consistent from year to year on the basis of net sales prices, *i.e.*, exclusive of costs and duties. Gecina does not disclose values inclusive of duties, given that they do not add value for the shareholders. Gecina deems that disclosures including such costs that artificially increase the value of the assets are not appropriate.

Information on the sensitivity of the property portfolio valuation to changes in the economic situation is indicated in the Consolidated financial statements section, in Note 3.5.6.8.

During a real estate valuation, the appraiser performs the appraisal on the basis of the rental statement that he receives from the company.

If this statement includes vacant surface areas, the appraiser uses the market rental value to measure the rents of vacant surface areas.

For measuring the market rental value, the appraiser takes account of the market situation in question on the date on which the appraisal is performed.

Potential rent is then obtained by the combination of rents for ongoing leases and the rental values of vacant surface areas. The appraiser uses this overall rent as the basis for pricing the building's value by applying the yield linked to the type of asset under review in the case of income-based methods.

The gross or net capitalization rates are determined as the ratio of gross or net potential rents respectively over the appraisal values excluding transfer duties.

In the case of the Discounted Cash Flow method, the appraiser values vacant premises in the same way based on the market rental value.

In the case of a 10-year Discounted Cash Flow (DCF), the appraiser will use, at the end of each lease under consideration, the market rental value of the surface areas that have been released.

The 2017 change in the balance sheet fair value according to the Group's accounting standards is as follows:

In € million	Block value			Δ current basis		Δ Gecina[(1)] like-for-like	Δ Gecina[(1)] like-for-like	Δ Gecina + Eurosic combined scope[(2)]
	12/31/2017	06/30/2017*	12/31/2016*	12/31/2017 *vs* 12/31/2016	12/31/2017 *vs* 06/30/2017	12/31/2017 *vs* 12/31/2016	12/31/2017 *vs* 06/30/2017	12/31/2017 *vs* 06/30/2017
OFFICES	**15,752**	**10,294**	**9,526**	**+65.4%**	**+53.0%**	**+7.7%**	**+2.4%**	**+2.4%**
Paris City	8,816	5,738	5,217	+69.0%	+53.6%	+10.1%	+2.7%	+3.0%
■ Paris CBD & 5-6-7	6,202	4,373	4,000	+55.1%	+41.8%	+10.3%	+2.9%	+3.1%
■ Paris CBD & 5-6-7 - Offices	4,772	2,960	2,702	+76.6%	+61.2%	+10.5%	+4.0%	+4.0%
■ Paris CBD & 5-6-7 - Retail	1,430	1,412	1,298	+10.2%	+1.2%	+10.1%	+1.1%	+1.1%
■ Paris Other	2,614	1,365	1,218	+114.7%	+91.5%	+8.9%	+2.2%	+2.4%
Western Crescent - La Défense	4,551	3,567	3,399	+33.9%	+27.6%	+6.1%	+2.3%	+2.2%
Paris Region Other	1,130	631	617	+83.2%	+79.0%	-0.4%	+0.2%	+0.1%
Regions/Foreign	1,256	358	293	+328.1%	+250.6%	+0.6%	+0.0%	+1.9%
RESIDENTIAL	**3,160**	**3,153**	**2,644**	**+19.5%**	**+0.2%**	**+26.8%**	**+3.1%**	**+3.1%**
OTHER ACTIVITIES	**254**	**0**	**0**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**+3.0%**
HOTELS & FINANCIAL LEASE	**482**	**0**	**0**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**
TOTAL APPRAISED BLOCK VALUE	**19,648**	**13,447**	**12,171**	**+61.4%**	**+46.1%**	**+11.8%**	**+2.6%**	**+2.6%**
TOTAL APPRAISED UNIT VALUE	**20,101**	**13,807**	**12,788**	**+57.2%**	**+45.6%**	**+9.8%**	**+3.2%**	**+3.0%**

* *including the head office at fair value*
(1) *Like-for-like basis 2017.*
(2) *Combined scope = Gecina 2017 like-for-like +6-month Eurosic like-for-like.*

The property portfolio had a block value of €19,648 million, corresponding to a drop of €7,477 million in 2017.

The main items are the following:

- Eurosic portfolio valued at €5,686 million as of December 31, 2017, including €3,943 million of integrated assets within the constant scope of Eurosic for the second half of the year and €965 million of assets under development;
- a like-for-like Gecina structure representing €10,808 million, an increase of €1,138 million (or +11.8%) including €32 million of costs and capex completed during the year;
- €137 million increase in value for Gecina projects delivered over the year, with the delivery of 55 Amsterdam in the Paris 8th arrondissement and the Grande Halle in Lyon for €24 million of investments over the year;
- €161 million in acquisitions excluding Eurosic, including €142 million of investment;
- €413 million increase in value for properties under development before 2017 (including 69-81 Avenue de la Grande Armée in Paris 16th arrondissement and the Octant/Sextant in Levallois-Perret) representing an investment of €196 million in 2017;
- €8 million increase in valuation for land reserves;
- €131 million in assets sold in block;
- €397 million of assets under unit-by-unit sale as at December 31, 2017 out of which €200 million of units were sold in 2017.

Net capitalization rates excluding duties for the year dipped by 43 basis points like-for-like and 25 basis points between combined perimeter at year-end 2017 and like-for-like at year-end 2016.

	Net yield (incl. duties)			Net capitalization rate (excl. duties)		
	Combined[2] 12/31/2017	Gecina[1] 12/31/2017	Gecina[1] 12/31/2016	Combined[2] 12/31/2017	Gecina[1] 12/31/2017	Gecina[1] 12/31/2016
OFFICES	**4.26%**	**4.06%**	**4.33%**	**4.56%**	**4.34%**	**4.65%**
Paris City	3.66%	3.61%	3.95%	3.91%	3.88%	4.23%
■ Paris CBD & 5-6-7	3.24%	3.26%	3.56%	3.47%	3.49%	3.81%
■ Paris CBD & 5-6-7 - Offices	3.73%	3.91%	4.27%	3.99%	4.19%	4.57%
■ Paris CBD & 5-6-7 - Retail	2.24%	2.24%	2.44%	2.41%	2.41%	2.63%
■ Paris Other	5.04%	5.36%	5.87%	5.41%	5.77%	6.31%
Western Crescent - La Défense	4.45%	4.34%	4.61%	4.75%	4.64%	4.90%
Paris Region Other	6.30%	5.83%	5.89%	6.76%	6.27%	6.23%
Regions/Foreign	5.79%	5.81%	5.85%	6.12%	5.92%	5.96%
RESIDENTIAL	**3.24%**	**3.26%**	**4.10%**	**3.46%**	**3.48%**	**4.37%**
OTHER ACTIVITIES	**6.31%**	**N.A.**	**N.A.**	**6.70%**	**N.A.**	**N.A.**
TOTAL LIKE-FOR-LIKE BASIS[1]	**4.11%**	**3.87%**	**4.30%**	**4.39%**	**4.14%**	**4.59%**

(1) Like-for-like basis 2017.
(2) Combined scope = Gecina 2017 like-for-like +6-month Eurosic like-for-like.

For each asset category, the property appraisers established working assumptions based mainly on their knowledge of the market and in particular of the latest transactions. It is in this context that they determine the various capitalization and discount rates.

The table below indicates, by asset category, the range of discount rates used by the property appraisers to prepare the Discounted Cash Flow (DCF method) in their current appraisals.

Sector-specific premium risks were determined with reference to the French Treasury's ten-year OAT (with an interest rate of 0.70% as at December 31, 2017).

	Discount rate 12/2017			Specific risk premium 12/2017		
OFFICES	**3.00%**	**-**	**11.50%**	**2.30%**	**-**	**10.80%**
Offices - Paris	3.00%	-	8.75%	2.30%	-	8.05%
Offices - Paris Region	3.00%	-	11.50%	2.30%	-	10.80%
Regions Offices	3.00%	-	6.50%	2.30%	-	5.80%

The property portfolio value (block) rose by +61% on a current basis, or +€7,477 million (+15% excluding Eurosic or +€1,791 million).

This increase is due to the Eurosic acquisition, whose portfolio assets as of December 31, 2017 are valued at €5,686 million and the increase of the assets of the Gecina like-for-like scope (+€1,138 million, including €32 million in investments) in line with the fall in interest rates observed on the markets in the first half of the year.

- On a like-for-like basis in 2017, the portfolio value increased €1,138 million. On a combined scope (like-for-like Eurosic and Gecina for the second half of the year), the increase in value was +2.6%, or +€373 million.

(i) the value of office properties appreciated during the year (+7.7% or +€583 million). Net capitalization rates dropped on all properties (down 31 bp at 4.34%);

(ii) the value of the residential portfolio was up overall during the year: +29.8% or +€552 million for traditional residential and +1.6% or +€3 million for student residences. Unit valuations increased by 16.0%.

The value per square meter of traditional residential properties stood at €6,209/sq.m as at December 31, 2017 with a net capitalization rate of 3.35%. The value per square meter of student residences was €4,424/sq.m with a net capitalization rate of 4.95%.

- On a current basis:

(i) acquisition of the Eurosic portfolio valued at €5,686 million as of December 31, 2017 and two office assets for €142 million, valued at €161 million as of December 31, 2017;

(ii) two office assets and two student residences were delivered in 2017 for a value of €367 million as of December 31, 2017 (+€137 million over the year for a capex amount of €24 million) (55 Amsterdam in Paris 8th arrondissement, Grande Halle in Lyon, and the student residences La Grande Arche in Puteaux and Mazenod in Marseille);

(iii) the balance sheet valuation of the pipeline as at December 31, 2017 surged by €413 million. This increase in valuation can be explained by investments of +€196 million;

(iv) €125 million in apartments and car parks (€92 million in book value as of December 31, 2016) were sold unit-by-unit in 2017;

(v) €131 million of assets are in the process of being sold in a block.

The breakdown of balance sheet valuation by segment as at December 31, 2017 was as follows:

Segments	2017 *(In € million)*	2017 (%)
Offices	15,752	80%
Residential	3,160	16%
Hotels & financial lease	482	2%
Other activities	254	1%
TOTAL GECINA	**19,648**	**100%**

In accordance with the EPRA guidelines, the table below presents the reconciliation between the book value of buildings on the balance sheet and the total appraisal value of the property holdings:

In € million	12/31/2017
BOOK VALUE	**19,462**
Operating buildings (Hotels)	+74
Operating buildings (head office)	+113
Other	(1)
PROPERTY PORTFOLIO VALUE	**19,648**
Company fair value accounted for under the equity method	+3
APPRAISAL VALUE	**19,651**

2.3.1 BUILDINGS IN THE OFFICE PROPERTY HOLDINGS

Valuation of the buildings in the office properties portfolio

In € million	12/31/2017	12/31/2016*	Change
Valuation of office properties	15,752	9,526	+65.4%
Valuation of office properties on a like-for-like basis	8,179	7,596	+7.7%

* *including the head office at fair value.*

Given the Eurosic acquisition in 2017 and the decline in interest rates, the value of the buildings in the office properties portfolio increased by 65% to €15,752 million compared with the value as at December 31, 2016 (*i.e.* +€6,226 million).

In 2017, the office properties investment market remained dynamic in an environment featuring abundant liquidity and low interest rates. Investors sought out secured commercial assets located in desirable areas. As such, the value of the Group's office portfolio located in the Paris Central Business District appreciated by 10.3%, mainly in the first half.

On a like-for-like basis, in 2017 the block value of the office assets was up by €583 million, representing a 7.7% increase, reaching a total of €8,179 million (of which €191 million in the second half).

The appreciation of office property assets can be explained by:

- a positive rate effect (+6.0%);
- a positive business plan effect (+1.9%);
- the slightly negative impact of the tax increase (-0.2%).

After recognition of capex (€17 million), the change in valuation was +€566 million (+7.5%). Capitalization rates fell overall by 31 bp to 4.34%). Potential rents per square meter remained mostly stable at €451/sq.m. Average valuation per square meter was €8,179.

Assets in operation in the office property portfolio on a like-for-like basis combined (Gecina and Eurosic)

	Appraised valuation *(In € million)*	Valuation/sq.m *(In euros)*	Gross capitalization rate	Net capitalization rate
Paris City	6 424	12 659	4.04%	3.91%
■ Paris CBD & 5-6-7	4,946	17,313	3.57%	3.47%
■ Paris CBD & 5-6-7 - Offices	3,522	13,242	4.11%	3.99%
■ Paris CBD & 5-6-7 - Retail	1,424	50,448	2.49%	2.41%
■ Paris Other	1,478	6,662	5.58%	5.41%
Western Crescent - La Défense	3,634	7,978	4.90%	4.75%
Paris Region Other	971	2,805	6.97%	6.76%
Regions/Foreign	806	2,183	6.31%	6.12%
TOTAL	**11,835**	**7,297**	**4.70%**	**4.56%**

The office assets located in the CBD and 5-6-7 benefited from the market appetite for that asset class and earned +10.3% over the year on a like-for-like basis (+3.1% in the second half of the year over the combined scope of Gecina and Eurosic). The result was a net capitalization rate of 3.49% (3.47% with Eurosic) and 2.41% for retail assets. In the Western outskirts of Paris, the office portfolio increased +6.1% over the year (+2.2% for the combined scope in the second half of the year). The net capitalization rate of the Western Crescent offices was 4.64% (4.75% with Eurosic).

On a like-for-like basis, 53.5% of the Group's offices property portfolio is located in Paris and 45.7% in the Paris Region (54.3% and 38.9% on combined scop basis).

2.3.2 BUILDINGS IN THE RESIDENTIAL PROPERTY PORTFOLIO

Valuation of properties in the residential properties

In € million	**12/31/2017**	12/31/2016	Change
Valuation of residential properties	3,160	2,644	+19.5%
Valuation of residential properties on a like-for-like basis	2,628	2,074	+26.8%

On a current basis, the residential property holdings increased by +19.5% to €3,160 million due to the decline in discounts observed on the market and the yield rates linked to the newly found appetite of investors for this asset class.

Benefiting from this favorable market economy, residential portfolio earned +26.8% on a like-for-like basis, reaching €2,628 million for the year (+3.1% in the second half of the year for the combined scope).

On a like-for-like basis, the traditional residential portfolio grew over the year by 29.8% (€2,405 million, an increase of €552 million). Student residences valuation increased by 1.6% for the full year.

The appreciation of residential property assets can be explained by:

- a positive rate effect (+13.4%);
- a positive business plan effect (+13.4%).

Taking account of the capital expenditure on traditional residential buildings (€15 million), the annual change in value was up €536 million (+28.9%).

On a like-for-like basis, for traditional residential assets, the block/unit overall discount was at 13% as at December 31, 2017. Unit values were up by 17.7% to €2,751 million for the full year. The block value per square meter of these property assets stood at €6,209/sq.m as at December 31, 2017 with the net capitalization rate down by 91 bp at 3.35%.

Residential properties in operation Gecina + Eurosic on a like-for-like basis combined

	Appraisal valuation (block) *(In € million)*	Valuation/sq.m *(In euros)*	Gross capitalization rate	Net capitalization rate
Paris Region	2,610	6,211	4.07%	3.40%
Other regions	72	3,155	7.29%	5.54%
TOTAL	**2,682**	**6,053**	**4.15%**	**3.46%**

The Group's residential properties in operation on a like-for-like basis combined are located 97.3% in the Paris Region, of which 74.2% is in Paris. The average rate of net capitalization is 3.46% and the average metric valuation is €6,053/sq.m.

2.3.3 CONDENSED REPORT OF PROPERTY APPRAISERS

General background to the appraisal engagement

General background

The Gecina group consulted the property appraisers:

- CB Richard Ellis Valuation;
- Cushman & Wakefield;
- Crédit Foncier Expertise;
- BNP Paribas Real Estate;
- Euroflemming Expertise;
- Catella Valuation Advisors;
- Christie & Co;

to obtain the updated value of its portfolio of real estate assets, broken down as follows:

In €'000	Nb Assets	Valuation at 12/31/2017
CBRE Valuation	81	6,869,860
Cushman & Wakefield	76	5,774,790
Crédit Foncier Immobilier Expertise	74	3,381,260
BNP Paribas Real Estate	48	1,282,900
Euroflemming Expertise	31	839,261
Catella Valuation Advisors	32	728,980
Christie & Co	8	175,040
Other independent appraisers	5	302,465
Gecina Internal Valuation	57	296,075
TOTAL	**417**	**19,650,631**

In accordance with Gecina's instructions, the property appraisers drafted appraisal reports and determined the requested fair values, the objective valuation as at December 31, 2017.

No conflict of interest was recognized.

This engagement accounts for less than 5% of the annual revenue of each real estate appraiser. The fees of property appraisers are determined on the basis of a lump sum per asset examined and never on the basis of an amount proportional to the value of the building.

It was conducted in response to AMF recommendations on the presentation of valuation items, and the property holding risks of listed companies, published on February 8, 2010.

Mission (see detailed report, "Mission summary table")

All the concerned real estate assets have been inspected by the appraisal teams over the last five years, including 127 assets in 2016 and 102 assets in 2017.

To carry out this appraisal, no technical, legal, environmental, administrative, or other audit was required. The valuation was based on the documents provided by the principal, namely:

- leases;
- descriptive sections of purchase deeds;
- details of receipts;
- details about the tax regime and certain charges.

Performance conditions

This appraisal was conducted on the basis of documents and information sent by Gecina, in particular rental statements sent out in October, all presumed genuine and representing all the information and documents held by or known to the principal and likely to have an impact on the fair value of the property.

The appraisal procedures and assessments were made in accordance with:

- the recommendations of the Barthès de Ruyter report on assessing the property portfolio of publicly-listed companies, published in February 2000;
- the charter of Professional Real Estate Appraisers;
- the "European Valuation Standards", published by TEGoVA (The European Group of Valuers' Associations);
- the "Appraisal and Valuation Manual" of the Royal Institution of Chartered Surveyors (RICS);
- the "International Valuation Standards" of the International Valuation Standard Committee.

The following methods were used to estimate the fair value of assets:

- comparison method;
- revenue method;
- cash flow method;
- "Developer's balance sheet" method (only applied to buildings under construction).

The valuation method is summarized in Note 3.5.3.1.1 to the Consolidated financial statements.

This valuation applies subject to market stability and absence of significant changes in the buildings between the date of the appraisals discussed in this report and the value date.

With respect to properties and rights in rem covered by a financial lease, the appraisers exclusively valued the properties and the underlying rights in rem and not the assignment value of the financial lease.

Similarly, the appraisers did not take account of any specific financing methods that may have been used by property owners.

Others

Fair values are stated exclusive of costs and duties.

All appraisers have declared that they were independent and held no stake in Gecina; each appraiser has certified the fair values of the properties measured thereby without assuming liability for appraisals performed by any of the other appraisers and has agreed that this summary report be included in Gecina's Reference Document.

CBRE Valuation	Cushman & Wakefield	Crédit Foncier Expertise	BNP Paribas Real Estate	Euroflemming Expertise	Catella Valuation Advisors	Christie & Co

2.4 BUSINESS AND EARNINGS OF MAIN COMPANIES

2.4.1 GECINA

2.4.1.1 Business and earnings

2017 rental income amounted to €250 million compared with €251 million in 2016. Residential sector rents fell from €109 million to €103 million as a result of asset disposals in 2016 and 2017. Rental income from the commercial sector decreased to €147 million in 2017 (€143 million in 2016). This increase is mainly explained by the end of the free periods in 2016 and 2017.

Write-backs on provisions in 2017 concern €2.1 million in closed tax disputes, €1 million in rent receivables and €0.9 million in employee commitments.

Operating income also includes recharges to tenants for €50 million, recharges of intercompany services for €35 million (classified in other income).

Operating expenses for financial year 2017 came to €246 million (compared to €250 million for the previous year).

External charges decline by €4 million compared to the prior financial year. These charges include in particular €3 million in management fees and €20 million in advising fees including €14 million linked to the acquisition of Eurosic.

Depreciation totaled €60 million, a level comparable to 2016.

Operating income thus stood at €96 million (€87 million previous year).

Net financial income constituted net profit of €88 million, compared to net income of €20 million the previous year.

This reflects in particular:

- interest and related expenses (net of cash revenue) of €80 million (including €12 million linked to financial termination expenses following the restructuring of transactions on financial hedging instruments);
- dividends received from subsidiaries and income from equity investments of €188 million;
- write-downs and provisions for liabilities on securities and receivables of subsidiaries in an amount of -€15 million, mainly for the company Colvel Windsor.

A net profit of €150 million was recorded under exceptional items, of which €117 million of capital gains on disposals of properties, €54 million of net write-backs of provisions on properties and -€21 million of losses on buybacks of bonds and treasury shares.

In 2016, a net profit of €367 million was recorded under exceptional items, of which €317 million generated by the disposal of the Healthcare portfolio and €91 million of capital gains on property disposals.

Financial year 2017 net income amounted to a profit of €333 million, up from €469 million for 2016.

2.4.1.2 Financial position

As at December 31, 2017, the company reported total assets of €12,258 million, compared to €7,802 million as at December 31, 2016. This increase is mainly explained by the acquisition of the securities and OSRA of Eurosic for a total amount of €3,264 million.

The property portfolio directly held by Gecina totaled €3,573 million at the end of 2017 compared with €3,657 million at the end of 2016.

The changes were as follows:

In € million

■ net book value of assets sold	(108)
■ capitalized expenditures	29
■ depreciation	(59)
■ net allocations to provisions	54
CHANGE IN THE PORTFOLIO VALUE	**(84)**

Equity investments and related receivables represented a total net amount of €7,108 million as at December 31, 2017, compared to €3,667 million at the end of 2016.

In € milion

■ acquisition of Eurosic securities	2,375
■ acquisition of SCI Des Vaux securities	38
■ increase of related receivables (including €444 million with Eurosic)	861
■ net change in provisions	167
CHANGE IN EQUITY INVESTMENTS AND RELATED RECEIVABLES	**3,441**

At December 31, 2017, the most significant equity investments were as follows, in gross value: Eurosic (€2,375 million), Geciter (€782 million in securities) and Avenir Danton Défense (€476 million).

The other financial investments include the Eurosic OSRA for €890 million and treasury shares held by the company for €241 million.

In total, Gecina holds 2,169,611 treasury shares, including 29,511 shares entered in marketable securities for €2 million held representing share option plans allocated to employees and corporate officers. Total treasury shares represented 2.88% of share capital.

Current assets amounted to €297 million at December 31, 2017, *versus* €155 million at December 31, 2016. These include:

- other receivables (€169 million net), comprised mainly of intercompany receivables (€149 million, as the €20 million receivable on Bami Newco was entirely written down), tax and VAT receivables of €15 million;
- rent receivables for a net amount of €8 million;
- liquidities for €89 million;
- prepaid expenses for €30 million primarily concern loan issuance costs.

The €170 million increase in shareholders´ equity can be explained as follows:

In € million

SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016	**4,047**
Capital increase of August 11, 2017	982
Capital increase following the Public Exchange Offer	351
Capital increase and merger premium resulting from the exercise of stock options and subscriptions to the company savings scheme (PEE)	13
Dividends paid in 2017	(322)
2017 financial year earnings	333
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2017	**5,404**

Financial debt as at December 31, 2017 totaled €6,706 million compared with €3,599 million at the end of 2016, of which €184 million are intercompany debt.

During the financial year, the company issued six new bonds for a total of €2,500 million and increased its outstanding commercial papers by €1,169 million.

Provisions for liabilities and charges amounted to €31 million, compared with €30 million the previous year. The provisions concern €12 million for pension commitments and long service awards, €7 million for tax risk incurred following a number of tax audits and €7 million for property disputes, €5 million for subsidiary losses and €1 million for future provisions related to the allocation of performance shares and stock options to employees.

Disclosures about Gecina's terms of payment (Article D. 441-4 of the French Commercial Code)

The tables below present the analysis of trade payables and account receivables as at December 31, 2017:

	Invoices issued and not paid as of the close of the financial year ended					
Amounts including all taxes *(In millions of euros)*	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) LATE PAYMENT TRANCHES						
Number of invoices concerned	96					674
Amount of invoices concerned	724	1,561	319	260	251	2,391
Percentage of the total amount of purchases in the financial year	0.5%	1.0%	0.2%	0.2%	0.2%	1.5%
(B) INVOICES EXCLUDED FROM (A) RELATING TO PAYABLES AND DEBT DISPUTED OR NOT ENTERED						
Number of invoices	1,012					

Amounts including all taxes *(In millions of euros)*	Invoices issued and not paid as of the close of the financial year ended					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) LATE PAYMENT TRANCHES						
Number of invoices concerned						14,839
Amount of invoices concerned		2,231	4,045	918	8,204	15,399
Percentage of revenue of the financial year		0.6%	1.1%	0.2%	2.2%	4.1%
(B) INVOICES EXCLUDED FROM (A) RELATING TO PAYABLES AND DEBT DISPUTED OR NOT ENTERED						
Number of invoices						

2.4.2 BUSINESS AND EARNINGS OF THE MAIN SUBSIDIARIES

Geciter

This subsidiary, wholly owned by Gecina, owns 28 office buildings with a block value, excluding duties, of €1.8 billion as at December 31, 2017.

The total amount of rents invoiced in 2017 was €48.1 million, compared with €53.3 million in 2016 due to buildings sold or under construction in 2017. Net earnings for the year were a profit of €19 million, compared to €139.5 million in 2016 due to the €119.5 million increase in exceptional items (following the sale of the Achille Perreti, Bourse and Vinci buildings for a total price of €167.7 million in 2016).

In 2017, for the financial year 2016, Geciter distributed a dividend of €600 per share *i.e.* €104.9 million.

Eurosic

This subsidiary entered the Group during the year, and is 99.70% owned by Gecina at December 31, 2017, the balance is composed of treasury shares.

Eurosic holds 36 assets, with a block value of €1.1 billion at December 31, 2017.

The amount of rental income totaled €27.9 million compared with €34.8 million in 2016. This decrease originates from the effect of disposals realized in 2016 and 2017. Net earnings for the year were a profit of €167.2 million, compared with €73.5 million in 2016 due to the €219 million increase in exceptional items following the sale of the investment interests including those of diversification companies of the Group.

Foncière de Paris

This subsidiary, 99.90% owned by Eurosic, holds 62 office buildings with a block value, excluding duties, of €1.6 billion at December 31, 2017 (excluding buildings held by its subsidiaries).

The total amount of rents invoiced for 2017 was €47.6 million, compared with €56.8 million in 2016 due to buildings sold or placed under construction in 2017. The amount of financial leases (legacy activity) totaled €31.6 million compared with €37.0 million in 2016. The net earnings of the period are a loss of €33 thousand, taking into account an exceptional result of -€25.5 million linked to the purging of the reciprocal positions between Eurosic and Foncière de Paris (loss on the buyback of OSRA, capital gain on the disposal of Eurosic shares), *versus* earnings of €0.5 million in 2016.

In 2017, for the 2016 financial year, Foncière de Paris distributed €24.4 million that is €2.40 per share.

2.4.3 RELATED PARTY TRANSACTIONS

2.4.3.1 Transactions between Gecina group and its shareholders

As at December 31, 2017, Gecina had no material transaction with the company's major shareholders, other than those described in Note 3.5.9.3 to the Consolidated financial statements.

2.4.3.2 Transactions between Group companies

The Group structure is highly centralized. Gecina and Eurosic are direct employers of most of the administrative staff, with the exception of Locare's sales teams, the Gecina Management's teams and the property personnel, who are employees of the property companies. They re-invoice their subsidiaries for services and operating resources.

All the Group's financing requirements are organized by Gecina, with the exception of some financing specific to certain assets held by Eurosic and Foncière de Paris prior to their integration in the Group and some financing specific to the assets held by the subsidiaries.

Cash pooling agreements and loan agreements of associates and shareholders provide for optimized management of cash flow based on the various subsidiaries' excess funds and cash requirements between the different branches.

2.5 TRIPLE NET ASSET VALUE

EPRA NNNAV (TRIPLE NET ASSET VALUE – BLOCK)

The EPRA NNNAV is calculated according to the EPRA recommendations [(1)]. The calculation is based on the Group's shareholders' equity obtained from financial statements, which include the fair value by block, excluding duties, of investment properties, buildings under reconstruction and properties held for sale, as well as financial instruments.

The foregoing elements are restated of the Group's shareholders' equity to calculate EPRA NAV and EPRA NNNAV:

- unrealized capital gains on buildings valued at their historic cost such as operating building and inventory buildings are calculated on the basis of block appraisal values excluding duties, determined by independent appraisers;
- the fair value of fixed-rate financial debts and hotel commercial properties.

Registration fees are determined by taking into account the most appropriate mode of disposal of the asset: disposal of the asset or company shares. When the sale of the company appears to be more advantageous than the sale of the asset, the resultant registration rights replace those deducted from the property appraisals.

The number of diluted shares includes the number of shares likely to be created through the exercise of equity instruments to be issued in the right conditions. The number of diluted shares does not include treasury shares.

The diluted EPRA NNNAV amounted to €11,233.2 million at December 31, 2017 or €152.9 per share. The diluted EPRA NAV totaled €11,257.4 million at December 31, 2017, or €153.3 per share.

The diluted EPRA NNNAV by unit came to €159.0 per share at December 31, 2017, compared with €138.2* per share at December 31, 2016.

The table below, compliant with EPRA recommendations, presents the transition between the Group's shareholders' equity derived from financial statements and the EPRA NNNAV.

NET ASSET VALUE – BLOCK

	12/31/2017		12/31/2016	
In € million	Amount/no. of shares	€/share	Amount/no. of shares	€/share
Fully diluted number of shares	73,454,892		63,402,484	
SHAREHOLDERS' EQUITY UNDER IFRS	**10,986.0**		**8,276.0**	
+ Impact of exercising stock options	6.5		17.7	
DILUTED NAV	**10,992.5**	**€149.6**	**8,293.7**	**€127.4***
+ Fair value reporting of properties, if amortized cost option is adopted	113.3		92.9	
+ Hotel commercial properties	43.0			
+ Transfer duties adjustment	121.8		68.9	
- Fair value of financial instruments	(13.1)		29.5	
= EPRA NAV	**11,257.4**	**€153.3**	**8,484.9**	**€130.3***
+ Fair value of financial instruments	13.1		(29.5)	
+ Fair value of liabilities	(37.4)		(78.9)	
= EPRA NNNAV	**11,233.2**	**€152.9**	**8,376.5**	**€128.7***

* *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33.*

(1) European Public Real Estate Association.

2.6 STRATEGY AND OUTLOOK

RESIDENTIAL PORTFOLIO: A CORE STRATEGIC FOCUS FOR GECINA

Gecina is today confirming its commitment to keeping its portfolio of residential assets in areas of scarcity in the Paris Region. With a portfolio valued at €3.2 billion, concentrated in sectors with a structural housing supply shortfall in Paris and the West of Paris in particular, Gecina serves nearly 20,000 users.

With the leading private portfolio of residential real estate in Paris, the Group has the scale needed to ensure the success of future initiatives.

This portfolio is currently being analyzed, making it possible to identify three key areas for creating value, justifying the residential portfolio's continued inclusion in the Group's scope.

1- Capitalizing on the residential portfolio's focus on central sectors to identify opportunities for value-creating investments. The Group's residential portfolio offers numerous opportunities for investment with strong potential for creating value (operations to increase density levels, extend properties, etc.). To date, nearly €195 million of investments have already been identified, with an expected yield on cost of over 6.4%, including €107 million of investments that are already committed to.

2- Capturing rental reversion and optimizing the rental margin. The Group has already estimated its portfolio's reversion potential at a minimum of +5%, and also plans to align its portfolio's management approach with best practices in order to increase the rental margin generated on portfolio operations.

3- Developing new markets, capitalizing on privileged access to users across our network of buildings. The relationship with our tenants needs to move beyond the framework of leases to align itself with an approach for support and services on new markets, with their emergence supported by the economy's digitalization. In 2018, Gecina will be launching a first initiative focused on innovative services for Campuséa users and, in time, it plans to roll out this type of service across its entire residential portfolio. Other complementary opportunities are also being looked into, including certain innovative partnerships.

MODEL FURTHER STRENGTHENED, MAKING IT POSSIBLE TO LOOK AHEAD TO 2018 WITH CONFIDENCE

Thanks to the positive trends on Gecina's core markets and the success of Eurosic's rapid integration, the Group is looking ahead to 2018 with confidence. This year will be marked by an acceleration in the volume of deliveries, primarily over the second half of the year, as well as the sales planned following Eurosic's acquisition. By the end of December 2017, €571 million of sales had already been completed or secured. Based on the working assumption for an additional volume of sales of €1.2 billion in 2018, recurrent net income (Group share) per share is expected to increase by +3% to +6% depending on the timeline for finalizing the various sales being considered.

2.7 POST-BALANCE SHEET EVENTS

On February 19, 2018, Gecina announced the disposal of the Dock-en-Seine building complex of nearly 16,000 sq.m for around €130 million to the SCPI Accimmo Pierre, managed by BNP Paribas REIM France. The deal had been secured back in December 2017.

2.8 EPRA REPORTING AT DECEMBER 31, 2017

Gecina applies the EPRA [1] best practices recommendations regarding the indicators listed hereafter. Gecina has been a member of EPRA, the European Public Real Estate Association, since its creation in 1999. The EPRA best practice recommendations include, in particular, key performance indicators to make the financial statements of real estate companies listed in Europe more transparent and more comparable across Europe.

Gecina reports on all the EPRA indicators defined by the "Best Practices Recommendations" available on the EPRA website.

Moreover, EPRA defined recommendations related to corporate social responsibility (CSR), called "Sustainable Best Practices Recommendations". Gecina publishes all these indicators on its website (www.gecina.fr, CSR section).

	12/31/2017	12/31/2016	See Note
EPRA Earnings *(€ million)*	362.6	337.9	2.8.1
EPRA Earnings per share	€5.43	€5.23*	2.8.1
EPRA NAV *(€ million)*	11,257.4	8,484.9	2.5
EPRA NNNAV *(€ million)*	11,233.2	8,376.5	2.5
EPRA Net Initial Yield	3.69%	3.86%	2.8.3
EPRA "Topped-up" Net Initial Yield	4.05%	4.11%	2.8.3
EPRA Vacancy Rate	4.6%	4.1%	2.8.4
EPRA Cost Ratio (including direct vacancy costs)	21.3%	20.9%	2.8.5
EPRA Cost Ratio (excluding direct vacancy costs)	20.4%	19.9%	2.8.5
EPRA Property related capex *(€ million)*	466	403	2.8.6

* *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33*

2.8.1 EPRA EARNINGS

The table below indicates the transition between the net recurring income disclosed by Gecina and the EPRA Earnings:

In € thousand	12/31/2017	12/31/2016
Net recurring income (Group share)(1)	363,463	347,431
- Depreciations, net impairments and provisions	(1,795)	(9,559)
+ Recurring income from equity-accounted investments	981	61
EPRA EARNINGS	**362,649**	**337,933**
EPRA EARNINGS PER SHARE	**€5.43**	**€5.23(2)**

(1) *EBITDA less net financial expenses and recurring tax, and some expenses of an exceptional nature (see Note 2.1.4 "Recurrent net income").*
(2) *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33*

2.8.2 EPRA NAV AND EPRA NNNAV

The calculation for the EPRA NNNAV is explained in section 2.5 "Triple Net Asset Value".

In €/share	12/31/2017	12/31/2016
diluted NAV	€149.65	€127.40*
EPRA NAV	**€153.26**	**€130.33***
EPRA NNNAV	**€152.93**	**€128.67***

* *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33*

(1) *European Public real Estate Association*

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2.8.3 EPRA NET INITIAL YIELD AND EPRA "TOPPED-UP" NET INITIAL YIELD

The table below indicates the transition between the yield rate disclosed by Gecina and the yield rates defined by EPRA:

In %	12/31/2017	12/31/2016
GECINA NET YIELD(1)	**4.39%**	**4.59%**
Impact of estimated duties and costs	-0.28%	-0.30%
Impact of changes in scope	0.00%	-0.02%
Impact of rent adjustments	-0.41%	-0.41%
EPRA NET INITIAL YIELD(2)	**3.69%**	**3.86%**
Excluding lease incentives	0.35%	0.25%
EPRA TOPPED-UP NET INITIAL YIELD(3)	**4.05%**	**4.11%**

(1) *Like-for-like basis 2017 (including Eurosic assets, reconstituted like-for-like portfolio).*
(2) *The EPRA Net Initial Yield rate is defined as the annualized rental income, net of property operating expenses, after deducting rent adjustments, divided by the value of the portfolio, including duties.*
(3) *The EPRA "topped-up" Net Initial Yield rate is defined as the annualized rental income, net of property operating expenses, excluding lease incentives, divided by the value of the portfolio, including duties.*

2.8.4 EPRA VACANCY RATE

The financial occupancy rate disclosed corresponds to (1 – EPRA vacancy rate).

In %	12/31/2017	12/31/2016
Offices	4.7%	4.5%
Traditional residential	3.1%	3.4%
Student residences	9.7%	10.9%
Other activities	4.1%	N.A.
Healthcare	N.A.	0.0%*
GROUP TOTAL	**4.6%**	**4.1%**

* *Until July 1, 2016.*

2.8.5 EPRA COST RATIOS

In € thousand/%	12/31/2017	12/31/2016
Property expenses	(169,330)	(141,371)
Overheads	(71,840)	(63,198)
Depreciation, net impairments and provisions	(1,795)	(9,559)
Expenses	116,083	100,199
Rental expenses recharged in gross rent	0	0
Other income covering G&A expenses	73	201
Share of costs from equity-accounted affiliates	4,519	61
Land-related expenses	772	792
EPRA COSTS (INCLUDING COST OF VACANCY) (A)	**(121,518)**	**(112,876)**
Cost of vacancy	4,993	5,479
EPRA COSTS (EXCLUDING COST OF VACANCY) (B)	**(116,525)**	**(107,397)**
Gross rental income less land-related expenses	571,671	539,239
Rental expenses recharged in gross rent	0	0
Share of rental income from equity-accounted affiliates	0	0
GROSS RENTAL INCOME (C)	**571,671**	**539,239**
EPRA COST RATIO (INCLUDING COST OF VACANCY) (A/C)	**21.3%**	**20.9%**
EPRA COST RATIO (EXCLUDING COST OF VACANCY) (B/C)	**20.4%**	**19.9%**

2.8.6 CAPITAL EXPENDITURE

In € million	12/31/2017
Acquisitions	142
Development (ground-up/green field/brown field)	277
Like-for-like portfolio	48
CAPITAL EXPENDITURE	**466**

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CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In €'000	Note	12/31/2017 Net	12/31/2016 Net
NON-CURRENT ASSETS		**18,983,004**	**11,546,893**
Investment properties	3.5.5.1	15,407,425	10,430,624
Properties under reconstruction	3.5.5.1	2,806,401	1,038,680
Operating properties	3.5.5.1	243,965	61,139
Other tangible assets	3.5.5.1	13,262	7,351
Goodwill	3.5.5.1	207,688	0
Intangible assets	3.5.5.1	5,884	6,337
Financial receivables on financial leases	3.5.5.1	224,335	0
Financial fixed assets	3.5.5.2	3,384	2,762
Equity-accounted investments	3.5.5.3	44,718	0
Non-current derivatives	3.5.5.12.2	17,735	0
Deferred tax assets	3.5.5.4	8,207	0
CURRENT ASSETS		**1,123,087**	**798,779**
Properties for sale	3.5.5.5	578,692	547,406
Buildings in inventory	3.5.5.6	156,334	0
Trade receivables	3.5.5.7	141,669	105,949
Other receivables	3.5.5.8	99,966	67,673
Prepaid charges	3.5.5.9	22,257	17,641
Current derivatives	3.5.5.12.2	2,138	1,537
Cash and cash equivalents	3.5.5.10	122,031	58,573
TOTAL ASSETS		**20,106,091**	**12,345,672**

LIABILITIES

In €'000	Note	12/31/2017	12/31/2016
SHAREHOLDERS' EQUITY	**3.5.5.11**	**11,014,410**	**8,289,659**
Capital		565,226	475,760
Additional paid-in capital		3,167,093	1,910,693
Consolidated reserves linked to owners of the parent		5,358,091	5,076,063
Consolidated net income linked to owners of the parent		1,895,562	813,472
SHAREHOLDERS' EQUITY (OWNERS OF THE PARENT)		**10,985,972**	**8,275,988**
Non-controlling interests		28,438	13,671
NON-CURRENT LIABILITIES		**6,982,648**	**3,230,868**
Non-current financial debts	3.5.5.12.1	6,926,752	3,158,817
Non-current derivatives	3.5.5.12.2	6,509	31,013
Deferred tax liabilities	3.5.5.4	12,634	0
Non-current provisions	3.5.5.13	36,753	41,038
CURRENT LIABILITIES		**2,109,033**	**825,145**
Current financial debts	3.5.5.12.1	1,607,944	481,604
Current derivatives	3.5.5.12.2	247	0
Security deposits		86,789	49,301
Trade payables	3.5.5.15	278,399	211,671
Current tax and social security liabilities	3.5.5.16	57,267	41,229
Other payables	3.5.5.17	78,388	41,340
TOTAL LIABILITIES AND EQUITY		**20,106,091**	**12,345,672**

3.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In €'000	Note	12/31/2017	12/31/2016
GROSS RENTAL INCOME	3.5.6.1	558,916	500,669
Expenses not billed to tenants	3.5.6.4	(42,029)	(40,735)
NET RENTAL INCOME		516,887	459,934
CURRENT OPERATING INCOME ON FINANCIAL LEASE TRANSACTIONS	3.5.6.2	4,570	
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	3.5.6.2	275	
REAL ESTATE MARGIN	3.5.6.3	519	
Services and other income (net)	3.5.6.5	3,571	1,263
Overheads	3.5.6.6	(71,840)	(64,571)
EBITDA		453,982	396,626
Gains or losses on disposals	3.5.6.7	20,048	50,669
Change in value of properties	3.5.6.8	1,555,772	532,963
Amortization	3.5.5.1	(5,505)	(4,669)
Net impairments and provisions	3.5.5.13	8,730	(14,262)
Impacts of the business combination	3.5.6.9	(28,558)	
OPERATING INCOME		2,004,469	961,327
Financial costs		(84,024)	(90,246)
Financial income		3,610	2,680
Net financial expenses	3.5.6.10	(80,414)	(87,566)
Financial impairment and amortization	3.5.5.2	352	0
Change in value of derivatives and debts	3.5.6.11	12,734	(26,126)
Premium and costs paid on the repurchased bonds	3.5.6.11	(23,800)	(64,230)
Net income from equity-accounted investments	3.5.5.3	4,519	61
PRE-TAX INCOME		1,917,860	783,466
Taxes	3.5.6.12	(6,923)	(3,521)
NET INCOME FROM CONTINUED OPERATING ACTIVITIES		1,910,937	779,945
Net gains or losses from discontinued operations	3.5.6.13	0	32,371
CONSOLIDATED NET INCOME		1,910,937	812,316
Of which consolidated net income linked to non-controlling interests		15,375	(1,156)
OF WHICH CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT		1,895,562	813,472
Consolidated net earnings per share	3.5.6.14	€28.38	€12.58*
Consolidated diluted net earnings per share	3.5.6.14	€28.28	€12.52*

* *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33.*

In €'000	12/31/2017	12/31/2016
CONSOLIDATED NET INCOME	1,910,937	812,316
Items not to be recycled in the net income	**1,315**	**(1,285)**
Actuarial gains (losses) on post-retirement benefit obligations	1,315	(1,285)
Items to be recycled in the net income	**95**	**(226)**
Gains (losses) from translation differentials	95	(226)
COMPREHENSIVE INCOME	1,912,347	810,805
Of which comprehensive income linked to non-controlling interests	15,375	(1,156)
OF WHICH COMPREHENSIVE INCOME LINKED TO OWNERS OF THE PARENT	1,896,972	811,961

3.3 STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

At year-end 2017, the capital was composed of 75,363,444 shares with a par value of €7.50 each.

In €'000 (except for number of shares)	Number of shares	Share capital	Additional paid-in capital and consolidated reserves	Shareholders' equity (owners of the parent)	Non-controlling interests	Total shareholders' equity
BALANCE AT DECEMBER 31, 2015	**63,260,620**	**474,455**	**7,261,326**	**7,735,781**	**15,573**	**7,751,354**
Dividend paid in 2016			(313,784)	(313,784)	(550)	(314,334)
Assigned value of treasury shares[(1)]			25,152	25,152	0	25,152
Impact of share-based payments[(2)]			1,626	1,626	0	1,626
Actuarial gains (losses) on post-retirement benefit obligations			(1,285)	(1,285)	0	(1,285)
Gains (losses) from translation differentials			(226)	(226)	0	(226)
Group capital increase[(3)]	174,020	1,305	13,754	15,059	0	15,059
Changes in consolidation scope			196	196	(196)	0
Net income at December 31, 2016			**813,472**	**813,472**	**(1,156)**	**812,316**
BALANCE AT DECEMBER 31, 2016	**63,434,640**	**475,760**	**7,800,228**	**8,275,988**	**13,671**	**8,289,659**
Dividend paid in 2017			(322,163)	(322,163)	0	(322,163)
Assigned value of treasury shares[(1)]			(215,473)	(215,473)	0	(215,473)
Impact of share-based payments[(2)]			2,635	2,635	0	2,635
Actuarial gains (losses) on post-retirement benefit obligations			1,315	1,315	0	1,315
Gains (losses) from translation differentials			95	95	0	95
Group capital increase[(3)]	11,928,804	89,466	1,256,399	1,345,866	0	1,345,866
Changes in consolidation scope			2,144	2,144	(609)	1,535
Net income at December 31, 2017			**1,895,562**	**1,895,562**	**15,375**	**1,910,937**
Balance at December 31, 2017	**75,363,444**	**565,226**	**10,420,746**	**10,985,972**	**28,438**	**11,014,410**

(1) Treasury shares:

In €'000 (except for number of shares)	At 12/31/2017 Number of shares	At 12/31/2017 Net amount	At 12/31/2016 Number of shares	At 12/31/2016 Net amount
Shares recorded as a deduction from shareholders' equity	2,169,611	243,046	372,544	27,613
Treasury stock in %		2.88%		0.59%

(2) Impact of benefits related to shares award plans (IFRS 2).

(3) Creation of shares linked to the capital increase reserved for the Group's employees (58,287 shares in 2017 and 33,511 shares in 2016) and the exercise of share subscription options reserved for employees (84,536 shares in 2017 and 140,509 shares in 2016), and the final vesting of the performance shares from the award plans of December 13, 2013 (59,162 shares in 2016) and December 13, 2013 bis (8,340 shares in 2016. In 2017, creation of 11,785,981 new shares as a consequence of the capital increases realized in the framework of the acquisition of Eurosic.).

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3.4 STATEMENT OF CONSOLIDATED CASH FLOWS

In €'000	Note	12/31/2017	12/31/2016
CONSOLIDATED NET INCOME (INCLUDING NON-CONTROLLING INTERESTS)		**1,910,937**	**812,316**
NET INCOME FROM DISCONTINUED OPERATING ACTIVITIES		**0**	**32,371**
NET INCOME FROM CONTINUED OPERATING ACTIVITIES		**1,910,937**	**779,945**
Net income from equity-accounted investments		(4,519)	(61)
Net depreciation, impairments and provisions		(3,225)	18,930
Change in fair value and costs paid on repurchased bonds	3.5.7.1	(1,544,706)	(442,607)
Calculated charges and income from stock options		2,635	1,626
Tax charges (including deferred tax)	3.5.6.12	6,923	3,521
CURRENT CASH FLOW BEFORE TAX		**368,045**	**361,353**
Capital gains and losses on disposals	3.5.6.7	(20,048)	(50,669)
Other calculated income and expenses		(14,689)	(18,026)
Net financial expenses	3.5.6.10	80,414	87,566
NET CASH FLOW BEFORE COST OF NET DEBT AND TAX (A)		**413,722**	**380,225**
Tax paid (B)		10,036	(6,159)
Change in operating working capital (C)	3.5.7.2	(95,123)	(9,559)
CASH FLOW FROM CONTINUED OPERATING ACTIVITIES		**328,635**	**364,507**
NET CASH FLOW FROM DISCONTINUED OPERATING ACTIVITIES		**0**	**41,062**
NET CASH FLOW FROM OPERATING ACTIVITIES (D) = (A + B + C)		**328,635**	**405,569**
Acquisitions of tangible and intangible fixed assets	3.5.5.1.2	(394,391)	(405,089)
Disposals of tangible and intangible fixed assets	3.5.7.3	337,070	471,521
Disbursements for the acquisition of financial fixed assets (non-consolidated securities)		0	0
Proceeds from disposals of financial fixed assets		115,721	0
Incidence of scope variation	3.5.7.4	(2,803,337)	1,222,547
Dividends received (equity-accounted affiliates, non-consolidated securities)		0	215
Changes in loans and agreed credit lines		14,630	(3,700)
Other cash flows from investing activities		3,686	(7,046)
Change in working capital from investing activities	3.5.7.5	5,897	(170,239)
NET FINANCING CASH FLOW FROM CONTINUED OPERATIONS		**(2,716,255)**	**1,108,210**
NET FINANCING CASH FLOW FROM DISCONTINUED OPERATIONS		**0**	**(7,146)**
NET CASH FLOW FROM INVESTING ACTIVITIES (E)		**(2,716,255)**	**1,101,064**
Proceeds from capital increase received from shareholders		1,332,860	0
Amounts received on the exercise of stock options and of the company savings plans (PEE)		13,006	40,211
Purchases and sales of treasury shares		(215,473)	0
Dividends paid to owners of the parent		(322,163)	(313,784)
Dividends paid to non-controlling interests		0	(550)
New borrowings	3.5.7.7	5,345,863	3,352,000
Repayment of borrowings	3.5.7.7	(3,585,950)	(4,364,087)
Net interests paid		(81,678)	(117,319)
Other cash flows from financing activities		(35,388)	(86,831)
NET INVESTMENT CASH FLOW USED BY CONTINUED ACTIVITIES		**2,451,078**	**(1,490,360)**
NET INVESTMENT CASH FLOW USED BY DISCONTINUED ACTIVITIES		**0**	**(104,076)**
NET CASH FLOW FROM FINANCING ACTIVITIES (F)		**2,451,078**	**(1,594,436)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F)		**63,458**	**(87,802)**
Opening cash and cash equivalents		58,573	146,375
CLOSING CASH AND CASH EQUIVALENTS		**122,031**	**58,573**

3.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.5.1 HIGHLIGHTS

2017 financial year

Gecina's Board of Directors, chaired by Mr. Bernard Michel, met on January 6, 2017, decided to appoint Mrs. Méka Brunel as Gecina's Chief Executive Officer, replacing Mr. Philippe Depoux. The Board ended the duties of Philippe Depoux as Chief Executive Officer.

On January 6, 2017, Gecina announced that it had signed a 10-year lease with the Renault group for the entire "Le Cristallin" building (11,600 sq.m) in Boulogne-Billancourt. Under this lease the space will be made available to the tenant from February 1, 2017.

On February 22, 2017, Gecina has signed a lease for a firm nine-year period, starting in the early 2018, with the Caisse Régionale RSI Ile-de-France social security agency for all the vacant space in the "Dock-en-Seine" building in Saint-Ouen, representing nearly 8,700 sq.m.

In the context of the implementation of its share buyback program, on decision of the Board of Directors of February 23, 2017, Gecina gave mandate to an independent investment services provider to purchase Gecina shares on its behalf, depending on market conditions, within the limit of a maximum of €300 million starting from February 24, 2017 and over a period of one year. On June 21, 2017, in accordance with the provisions agreed with its financial services provider, Gecina closed the share buyback program, which had allowed the acquisition of 1.8 million securities since February 24, 2017 for an amount of €224.5 million, *i.e.*, an average of €121.8 per share.

On April 20, 2017, Gecina announced that it had signed a preliminary agreement to acquire an office building located at 145 rue de Courcelles, in the Parisian CBD, for €63 million excluding transfer taxes. This asset offers a strong complementarity with the adjacent building "Le Banville" already owned by Gecina, and thus opens up prospects of significant synergies between the two buildings in the future.

On April 25, 2017, Gecina signed a lease for a firm six-year period with an outstanding tenant, for 11,000 sq.m of space in the Le Valmy building located in the 20th arrondissement of Paris. Currently rented by the French Ministry of Finance, this space will be relet immediately following the current tenant's departure expected for end-2017, thereby proving Gecina's capacity and ambition to anticipate the Group's major rental challenges very early. Alongside this, the tenant, which already rented more than 5,000 sq.m in this building, has extended its commitment for this space, in line with this Group's plans to strengthen its presence at this site over the long term.

On May 2, 2017, Gecina signed, with a leading tenant, a lease for a firm six-year period, for 20 rue de la Ville-l'Évêque in the heart of the Parisian CBD, nine months prior to its delivery. The building, which has a total surface area of 6,400 sq.m, has been under reconstruction since the second quarter of 2016, and will be entirely leased after its scheduled delivery in the first quarter of 2018.

On June 15, 2017, Gecina signed a lease for a firm six-year period with a new web industry firm for nearly 40% of the 55 Amsterdam building, located in Paris in the 8th arrondissement. This next-generation building was delivered in the first quarter of 2017 following an ambitious redevelopment operation.

On July 4, 2017, Gecina completed the acquisition in La Défense of an office building with a total area of 10,500 sq.m, on the basis of an immediate net yield in the order of 5.7%, for a value of €78.5 million excluding duties.

On July 11, 2017, Gecina signed a lease for a firm 10-year period with the Lagardère Active group for 28,000 sq.m, representing nearly 81% of the rental space for the Octant-Sextant project in Levallois-Perret. This signature occurred nearly one year before the delivery of the project, currently under development.

On September 4, 2017, Gecina announced the signing of four new leases: two concerning the 55 Amsterdam building with the companies Thom Europe and Edicom, bearing on nearly 70% of the marketed surface area of the asset, a lease with a firm 9-year term with the company PartnerRe bearing on nearly 5,700 sq.m of its building in restructuring located at 32 rue Guersant in the 17th arrondissement of Paris, and an extension with the Orange group on an additional floor of the building SKY 56 in the Part-Dieu district in Lyon.

On September 11, 2017, Gecina took first place among office property companies in Europe in the Global Real Estate Sustainability Benchmark (GRESB) class with a score of 93/100, up by 18 points. In addition, the Dow Jones Sustainability Index (DJSI) confirmed this leadership in Europe and classed Gecina in second place among office property companies worldwide. Gecina was also recognized by the European Public Real Estate Association (EPRA) for the quality and the transparency of its financial and non-financial communication.

On September 19, 2017, Gecina successfully placed a bond in the amount of €700 million with maturity in January 2028 (*i.e.* a maturity of 10.3 years), offering a coupon of 1.375%. Alongside this, Gecina opened a buyback offer for three outstanding public bond issues maturing in 2019, 2021 and 2023, which closed on September 26, 2017, with a nominal amount of €274 million contributed to the offer, *i.e.* an average contribution rate of 30% on all issues.

On November 14, 2017, Gecina finalized the marketing of all the surfaces of the 55 Amsterdam building in the 8th arrondissement of Paris, with the signing of a new lease with a 6-year term on nearly 3,400 sq.m, thus completing the surfaces already leased to the groups Algolia, Thom Europe and Edicom.

On November 27, 2017, Gecina announced that it signed, with Icade, a preliminary sales agreement bearing on building D of the "Le Ponant" cluster located in the 15th arrondissement of Paris, for €55.5 million including commissions and fees. The building, with a total surface of nearly 5,800 sq.m is entirely occupied by a leading tenant. For Gecina, the disposal of this building, originally part of the Eurosic portfolio, in the terms and conditions compliant with the requirements of the Group, is part of the disposal plan announced at the time of the acquisition of Eurosic.

December 19, 2017, Gecina and five other large European property companies decided to create a think tank, to bring together their thinking and share their experience and best practices on the topics of innovation and CSR. This forum for discussion and initiatives is complementary to the initiatives taken by each of these property companies. The forum can provide a framework for research projects and other initiatives aiming to increase the capacity for innovation among property companies and implement best practices in CSR matters.

In compliance with the objective announced by Gecina at the time of the acquisition of Eurosic to carry out a disposals program of at least €1.2 billion, the Group had realized or secured, at the end of December 2017, the disposal of real estate assets or financial investments in the total amount of €571 million (Group share) of which €379 million were finalized, with the balance currently being under promise. Nearly half of the minimum program of arbitrage is therefore already secured, with an average premium on the latest appraisals on the order of 13%. These disposals concern non-strategic, secondary and/or mature assets, 74% originating from the historic scope of Eurosic. They also take into account the disposal of investments initially held by Eurosic in certain Parisian buildings.

Eurosic Acquisition

On June 21, 2017, Gecina announced, following the unanimous approval of its Board of Directors, its proposed acquisition of all the securities of Eurosic. This friendly operation between Gecina and Eurosic is supported by Eurosic's six main shareholders, representing 94.8% of its capital, under firm agreements signed to sell blocks of securities and undertakings to tender securities for the mandatory public offer that will be submitted once the blocks have been acquired. This acquisition is in line with the Group's total return strategy. Eurosic's integration will be facilitated by Gecina's new organization, which will be implemented starting from July.

After the announcement of the business combination with Eurosic, the rating agencies confirmed Gecina's high credit quality, with a rating of BBB+/positive outlook from Standard and Poor's and A3 from Moody's with however, a change from stable outlook to negative outlook pending the completion of the announced divestment program aimed at bringing LTV below 40%.

On June 27, 2017, as part of its friendly business combination with Eurosic, Gecina successfully placed a bond issue with three tranches for a total amount of €1.5 billion, with an average coupon of 1.3% and average maturity of ten years. Gecina thus placed €500 million for five years (maturing in June 2022) with a variable coupon based on the 3 month Euribor +38 bp (equivalent to a coupon of 0.5%), €500 million for 10 years (maturing June 2027) offering a coupon of 1.375% and €500 million for 15 years (maturing June 2032) offering a 2.0% coupon. These issues are effectively aligned with Gecina's overall financing strategy, enabling it to extend the average maturity of its debt, reduce its average cost and optimize its credit maturities, while combining short-term flexibility with long-term security.

On July 18, 2017, Gecina announced the launch of its capital increase with preservation of the preferential subscription right of shareholders for a gross amount of approximately €1 billion, whose subscription period was from July 21, 2017 to August 2, 2017 inclusive.

On August 9, 2017, Gecina announced the success of its capital increase, leading to the issue of 9,062,091 new shares, for a gross amount raised (issue premium included) of €1,001,361,055.50. At the end of the subscription period on August 2, 2017, total demand reached approximately €2.7 billion, *i.e.* a subscription rate of approximately 267%.

On August 29, 2017, Gecina acquired blocks of Eurosic shares and OSRA, bearing on a total of 38,122,108 shares and 17,126,902 OSRA. At the end of that transaction, Gecina thus held 85.4% of the diluted capital of Eurosic.

On October 17, 2017, at the end of the publication of the results of the alternative public offer for simplified purchase and exchange, Gecina reached a holding rate of 99.75%. This result made it possible to begin the final step in the Eurosic acquisition with the mandatory squeeze-out and the delisting on October 24, 2017.

3.5.2 GENERAL PRINCIPLES OF CONSOLIDATION

3.5.2.1 Reporting standards

The consolidated financial statements of Gecina and its subsidiaries ("the Group") are prepared in accordance with IFRS as adopted by the European Union on the balance sheet date.

The official standards and interpretations potentially applicable after the closing date (particularly IFRS 15 "Revenue from contracts with customers", IFRS 16 "Leases" and IFRS 9 "Financial instruments") were not applied early and should not have a significant impact on the financial statements.

The preparation of financial statements, in accordance with IFRS, requires the adoption of certain decisive accounting estimates. The Group is also required to exercise its judgment on the application of accounting principles. The areas with the most important issues in terms of judgment or complexity or those for which the assumptions and estimates are material in relation to the Consolidated financial statements are presented in Note 3.5.3.16.

Gecina applies the Ethical Code for French Real Estate Investment Trusts (SIIC) as established by the Fédération des Sociétés Immobilières et Foncières.

3.5.2.2 Consolidation methods

All companies in which the Group holds direct or indirect exclusive control and companies in which Gecina exercises a notable or joint influence are included in the scope of consolidation. The first group of companies is fully consolidated and the second group is consolidated using the equity method.

3.5.2.3 Scope of consolidation

At December 31, 2017, the scope of consolidation included the companies listed below.

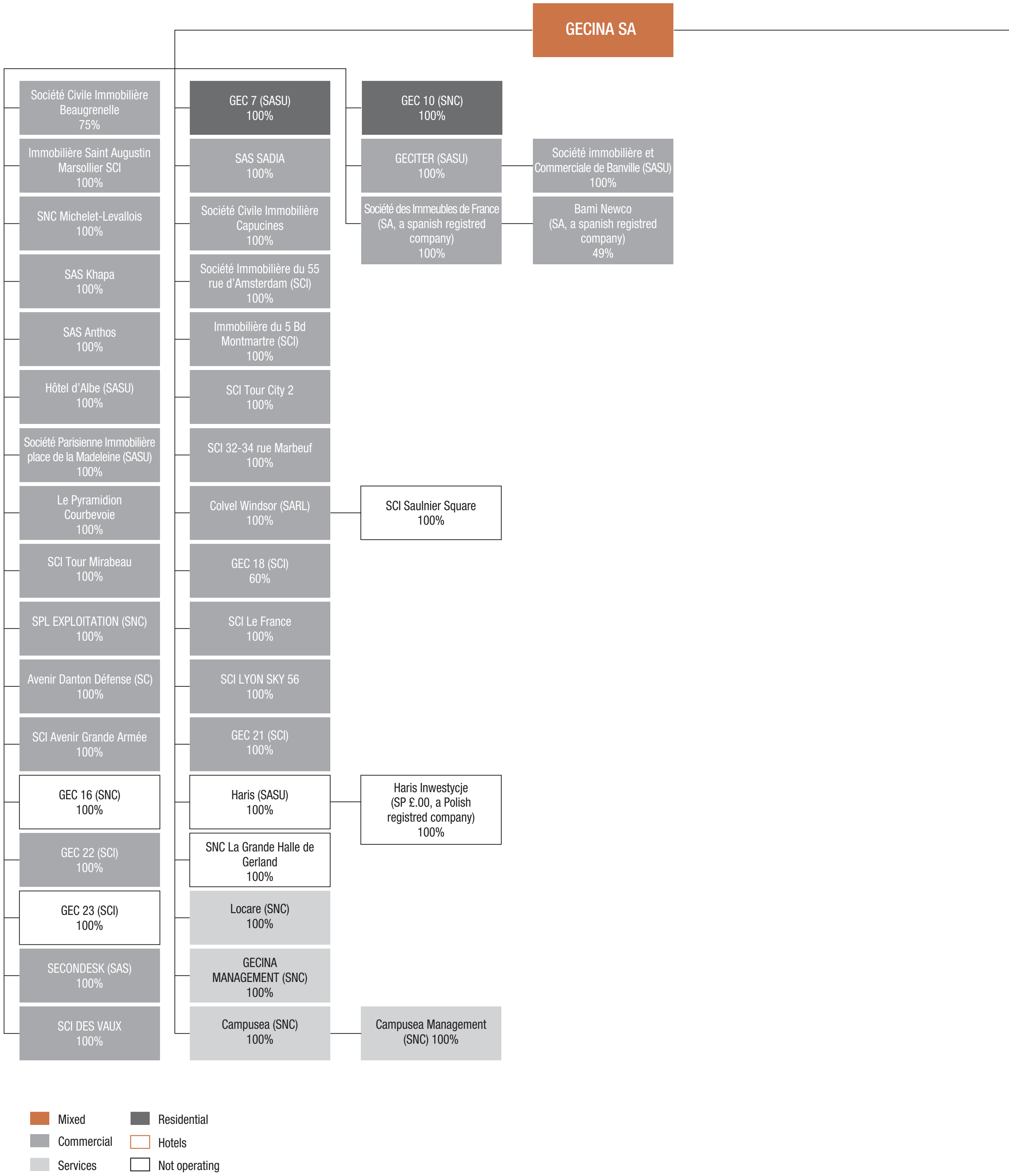
Companies	SIREN	12/31/2017 % interest	Method of consolidation	12/31/2016 % interest
Gecina	592 014 476	100.00%	Parent company	100,00%
5, rue Montmartre	380 045 773	100.00%	FC	100,00%
55, rue d'Amsterdam	382 482 065	100.00%	FC	100.00%
SCI Anthos	444 465 298	100.00%	FC	100.00%
SCI Beaugrenelle	307 961 490	75.00%	FC	75.00%
Campuséa	501 705 909	100.00%	FC	100.00%
Campuséa Management	808 685 291	100.00%	FC	100.00%
Capucines	332 867 001	100.00%	FC	100.00%
Colvel Windsor	477 893 366	100.00%	FC	100.00%
GEC 10	529 783 649	100.00%	FC	100.00%
GEC 16	751 103 961	100.00%	FC	100.00%
GEC 18	799 089 982	60.00%	FC	60.00%
GEC 21	810 066 126	100.00%	FC	100.00%
GEC 22	812 746 188	100.00%	FC	100.00%
GEC 7	423 101 674	100.00%	FC	100.00%
Gecina Management	432 028 868	100.00%	FC	100.00%
Geciter	399 311 331	100.00%	FC	100.00%
Grande Halle de Gerland	538 796 772	100.00%	FC	100.00%
Haris	428 583 611	100.00%	FC	100.00%
Haris Investycje		100.00%	FC	100.00%
Khapa	444 465 017	100.00%	FC	100.00%
Le Pyramidion Courbevoie	479 765 874	100.00%	FC	100.00%
Locare	328 921 432	100.00%	FC	100.00%
Marbeuf	751 139 163	100.00%	FC	100.00%
Michelet-Levallois	419 355 854	100.00%	FC	100.00%
Sadia	572 085 736	100.00%	FC	100.00%
Saint Augustin Marsollier	382 515 211	100.00%	FC	100.00%
Saulnier Square	530 843 663	100.00%	FC	100.00%
SCI Le France	792 846 123	100.00%	FC	100.00%
SCI Avenir Danton Défense	431 957 356	100.00%	FC	100.00%
SCI Avenir Grande Armée	751 037 631	100.00%	FC	100.00%
SCI Lyon Sky 56	809 671 035	100.00%	FC	100.00%
Société des Immeubles de France (Espagne)		100.00%	FC	100.00%
Société Hôtel d'Albe	542 091 806	100.00%	FC	100.00%
Société Immobilière et Commerciale de Banville	572 055 796	100.00%	FC	100.00%

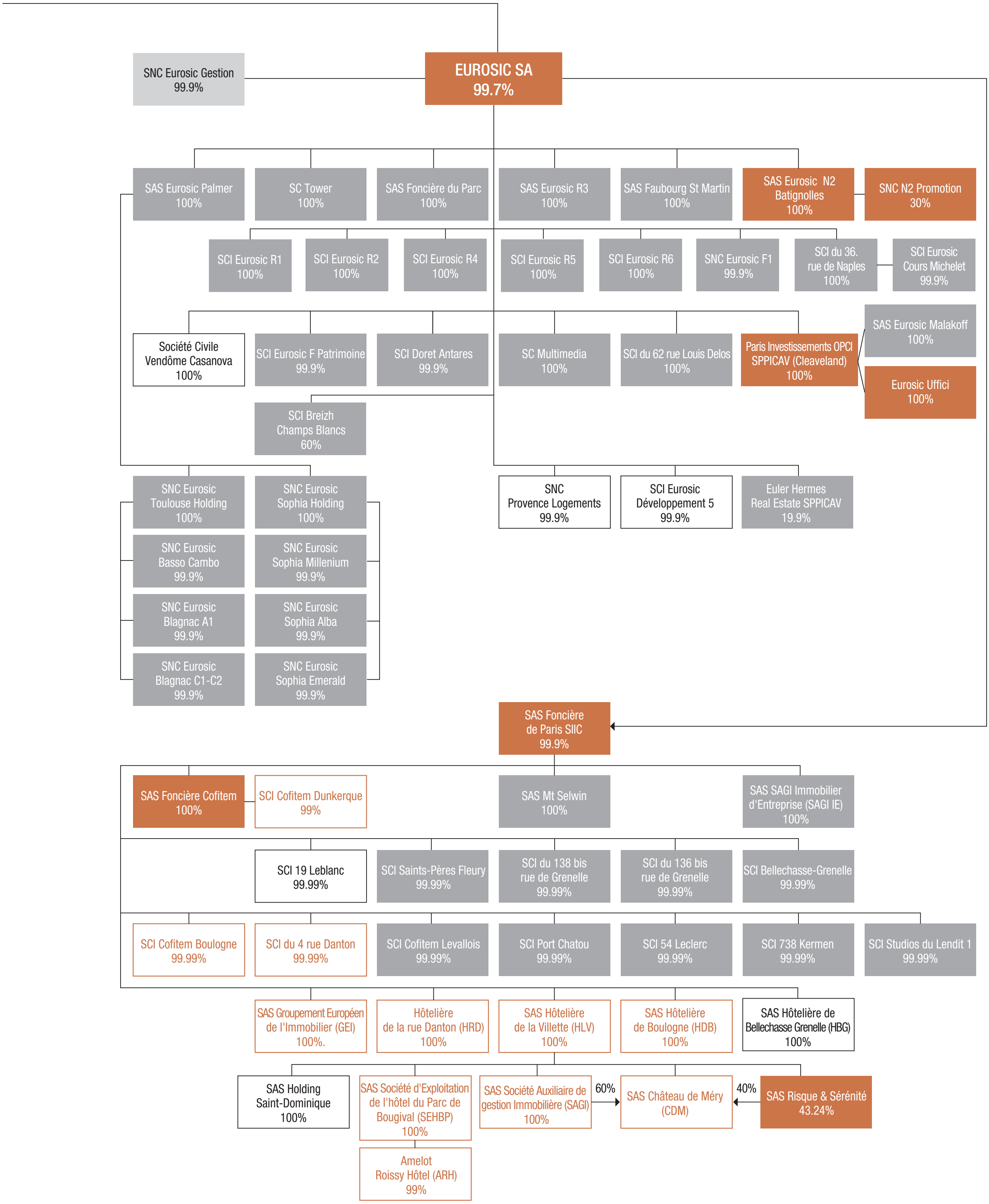
Companies	SIREN	12/31/2017 % interest	Method of consolidation	12/31/2016 % interest
SPIPM	572 098 465	100.00%	FC	100.00%
SPL Exploitation	751 103 961	100.00%	FC	100.00%
Tour City 2	803 982 750	100.00%	FC	100.00%
Tour Mirabeau	751 102 773	100.00%	FC	100.00%
JOINED CONSOLIDATION 2017				
SCI Des Vaux	449 228 816	100.00%	FC	
Eurosic SA	307 178 871	100.00%	FC	
SAS Eurosic Palmer	534 984 968	100.00%	FC	
SAS Eurosic Malakoff	453 385 601	100.00%	FC	
SAS Eurosic N2 Batignolles	820 809 945	100.00%	FC	
SAS Eurosic R3	504 444 118	100.00%	FC	
Faubourg Saint Martin	430 046 607	100.00%	FC	
Foncière du Parc	445 394 851	100.00%	FC	
Tower	433 566 932	100.00%	FC	
SCI du 62 Rue Louis Delos	441 907 037	100.00%	FC	
Multimédia	438 023 095	100.00%	FC	
Doret Antares	535 309 884	100.00%	FC	
Société Civile Vendôme Casanova	389 486 093	100.00%	FC	
SCI du 36 rue de Naples	479 871 659	100.00%	FC	
6SCI Breizh Champs Blancs	792 857 377	60.00%	FC	
SCI Eurosic Batignolles	811 932 599	33.33%	EM	
SCI Eurosic Saint Augustin	805 261 047	33.30%	EM	
SCI Provence Bureaux	752 814 103	33.30%	EM	
SCI Eurosic Cotentin	798 867 867	50.10%	FC	
SCI Eurosic Tombe Issoire	501 336 747	50.10%	FC	
SCI Eurosic 14 rue de Londres	804 750 123	33.30%	EM	
SCI Eurosic F Patrimoine	811 932 714	100.00%	FC	
SCI Eurosic Cours Michelet	811 963 438	100.00%	FC	
SCI Eurosic R1	498 859 156	100.00%	FC	
SCI Eurosic R2	502 733 249	100.00%	FC	
SCI Eurosic R4	505 215 251	100.00%	FC	
SCI Eurosic R5	518 632 278	100.00%	FC	
SCI Eurosic R6	529 151 060	100.00%	FC	
Eurosic Gestion	752 603 548	100.00%	FC	
SNC Eurosic F1	810 028 506	100.00%	FC	
SNC Provence Logements	752 811 265	100.00%	FC	
SNC Eurosic Basso Cambo	814 255 915	100.00%	FC	
SNC Eurosic Blagnac A1	814 256 079	100.00%	FC	
SNC Eurosic Blagnac C1-C2	814 256 244	100.00%	FC	
SNC Eurosic Sophia Alba	814 257 200	100.00%	FC	
SNC Eurosic Sophia Emerald	814 257 671	100.00%	FC	
Eurosic Sophia Holding	814 116 083	100.00%	FC	
Eurosic Sophia Millienium	814 256 954	100.00%	FC	
Eurosic Toulouse Holding	814 115 861	100.00%	FC	
SCI Eurosic Développement 5	824 082 192	100.00%	FC	
Euler Hermès Real Estate	538 610 825	19.90%	EM	
Paris Investissements OPCI	793 904 640	100.00%	FC	
SNC N2 Promotion	821 147 519	30.00%	EM	
SAS Foncière de Paris SIIC	331 250 472	100.00%	FC	
Foncière Cofitem	411 846 033	100.00%	FC	
Groupement Européen de l'immobilier	328 680 087	100.00%	FC	
Holding Saint Dominique	534 629 993	100.00%	FC	
Hôtelière de Bellechasse-Grenelle	809 441 553	100.00%	FC	
Hôtelière de Boulogne	505 104 190	100.00%	FC	
Hôtelière de la rue Danton	511 122 590	100.00%	FC	
Hôtelière de La Villette	479 469 405	100.00%	FC	
MT Selwin	418 089 280	100.00%	FC	

Companies	SIREN	12/31/2017 % interest	Method of consolidation	12/31/2016 % interest
Risque & Sérénité	419 403 449	43.20%	EM	
Société Auxiliaire de Gestion Immobilière	508 928 926	100.00%	FC	
SAGI Immobilier d'entreprise (SAGI IE)	528 047 129	100.00%	FC	
Château de Mery	479 916 298	77.20%	FC	
Rollins Hôtel Lille	523 728 129	100.00%	FC	
Société d'exploitation de l'hôtel du Parc de Bougival	310 728 563	100.00%	FC	
Wilburys Hotel Investment	518 555 875	100.00%	FC	
SCI 19 Leblanc	384 760 385	100.00%	FC	
SCI Saints Peres Fleury	509 110 151	100.00%	FC	
SCI 54 Leclerc	381 619 535	100.00%	FC	
SCI 738 Kermen	349 816 116	100.00%	FC	
SCI du 4 rue Danton	488 449 190	100.00%	FC	
SCI du 136 bis rue de Grenelle	493 293 823	100.00%	FC	
SCI du 138 bis rue de Grenelle	493 293 633	100.00%	FC	
SCI Bellechasse-Grenelle	802 446 195	100.00%	FC	
SCI Cofitem Boulogne	494 341 845	100.00%	FC	
SCI Cofitem Dunkerque	528 344 039	100.00%	FC	
SCI Cofitem Levallois	494 346 570	100.00%	FC	
SCI Du Port Chatou	491 025 441	100.00%	FC	
SCI Studio du Lendit 1	508 475 662	100.00%	FC	
Amelot Roissy Hôtel (ARH)	381 505 411	100.00%	FC	
Eurosic UFFICI		100.00%	FC	
JOINED CONSOLIDATION 2016				
GEC 23	819 358 201	100.00%	FC	100.00%
Secondesk	823 741 939	100.00%	FC	100.00%
LEFT CONSOLIDATION 2017				
Rollins Hôtel Lille	523 728 129	Merged	FC	
Wilburys Hotel Investment	518 555 875	Merged	FC	
SCI Eurosic Batignolles	811 932 599	Sold	MEE	
SCI Eurosic Saint Augustin	805 261 047	Sold	MEE	
SCI Provence Bureaux	752 814 103	Sold	MEE	
SCI Eurosic Cotentin	795 867 867	Sold	IG	
SCI EurosicTombe Issoire	501 336 747	Sold	IG	
SCI Eurosic 14 rue de Londres	804 750 123	Sold	MEE	
LEFT CONSOLIDATION 2016				
Gecimed	320 649 841	Sold	FC	Sold
8, rue de Cheuvreul/Suresnes	352 295 547	Sold	FC	Sold
Alouettes 64	443 734 629	Sold	FC	Sold
Bordeaux K1	512 148 438	Sold	FC	Sold
Eaubonne K1	512 148 974	Sold	FC	Sold
Lyon K1	512 149 121	Sold	FC	Sold
Suresnes K1	512 148 560	Sold	FC	Sold
Clairval	489 924 035	Sold	FC	Sold
Clos Saint Jean	419 240 668	Sold	FC	Sold
GEC 9	508 052 008	Sold	FC	Sold
GEC 15	444 407 837	Sold	FC	Sold
Hôpital Privé d'Annemasse	528 229 917	Sold	FC	Sold
SCI Polyclinique Bayonne Adour	790 774 913	Sold	FC	Sold
SCI Rhône Orange	794 514 968	Sold	FC	Sold
SCIMAR	334 256 559	Sold	FC	Sold
Tiers temps Aix-les-Bains	418 018 172	Sold	FC	Sold
Tiers temps Lyon	398 292 185	Sold	FC	Sold
GEC 8	508 052 149	Merged	FC	Merged
Dassault Suresnes	434 744 736	Merged	FC	Merged
Labuire Aménagement	444 083 901	Liquidated	EM	Liquidated

FC: full consolidation.
EM: accounted for under the equity method.

3.5.2.3.1 Legal organization chart




SNC Eurosic Gestion 99.9%
EUROSIC SA 99.7%
SAS Eurosic Palmer 100%
SC Tower 100%
SAS Foncière du Parc 100%
SAS Eurosic R3 100%
SAS Faubourg St Martin 100%
SAS Eurosic N2 Batignolles 100%
SNC N2 Promotion 30%
SCI Eurosic R1 100%
SCI Eurosic R2 100%
SCI Eurosic R4 100%
SCI Eurosic R5 100%
SCI Eurosic R6 100%
SNC Eurosic F1 99.9%
SCI du 36. rue de Naples 100%
SCI Eurosic Cours Michelet 99.9%
Société Civile Vendôme Casanova 100%
SCI Eurosic F Patrimoine 99.9%
SCI Doret Antares 99.9%
SC Multimedia 100%
SCI du 62 rue Louis Delos 100%
Paris Investissements OPCI SPPICAV (Cleaveland) 100%
SAS Eurosic Malakoff 100%
Eurosic Uffici 100%
SCI Breizh Champs Blancs 60%
SNC Eurosic Toulouse Holding 100%
SNC Eurosic Sophia Holding 100%
SNC Eurosic Basso Cambo 99.9%
SNC Eurosic Sophia Millenium 99.9%
SNC Eurosic Blagnac A1 99.9%
SNC Eurosic Sophia Alba 99.9%
SNC Eurosic Blagnac C1-C2 99.9%
SNC Eurosic Sophia Emerald 99.9%
SNC Provence Logements 99.9%
SCI Eurosic Développement 5 99.9%
Euler Hermes Real Estate SPPICAV 19.9%
SAS Foncière de Paris SIIC 99.9%
SAS Foncière Cofitem 100%
SCI Cofitem Dunkerque 99%
SAS Mt Selwin 100%
SAS SAGI Immobilier d'Entreprise (SAGI IE) 100%
SCI 19 Leblanc 99.99%
SCI Saints-Pères Fleury 99.99%
SCI du 138 bis rue de Grenelle 99.99%
SCI du 136 bis rue de Grenelle 99.99%
SCI Bellechasse-Grenelle 99.99%
SCI Cofitem Boulogne 99.99%
SCI du 4 rue Danton 99.99%
SCI Cofitem Levallois 99.99%
SCI Port Chatou 99.99%
SCI 54 Leclerc 99.99%
SCI 738 Kermen 99.99%
SCI Studios du Lendit 1 99.99%
SAS Groupement Européen de l'Immobilier (GEI) 100%.
Hôtelière de la rue Danton (HRD) 100%
SAS Hôtelière de la Villette (HLV) 100%
SAS Hôtelière de Boulogne (HDB) 100%
SAS Hôtelière de Bellechasse Grenelle (HBG) 100%
SAS Holding Saint-Dominique 100%
SAS Société d'Exploitation de l'hôtel du Parc de Bougival (SEHBP) 100%
SAS Société Auxiliaire de gestion Immobilière (SAGI) 100%
60%
SAS Château de Méry (CDM)
40%
SAS Risque & Sérénité 43.24%
Amelot Roissy Hôtel (ARH) 99%

03

3.5.2.4 Consolidation adjustments and eliminations

3.5.2.4.1 Restatements to homogenize individual financial statements

The rules and methods applied by companies in the scope of consolidation are restated to make them consistent with those of the Group.

All companies closed their accounts (or prepared a position of accounts) on December 31, 2017.

3.5.2.4.2 Intercompany transactions

Intercompany transactions and any profits on disposal resulting from transactions between consolidated companies are eliminated.

3.5.2.4.3 Business combinations (IFRS 3)

To determine if a transaction is a business combination placed under IFRS 3, the Group determines whether an integrated set of activities is acquired in addition to the real estate. The selected criteria may be the number of real estate assets held, the scope of the processes acquired or the autonomy of the target. In this case, acquisition cost corresponds to the fair value on the date of exchange of the contributed assets and liabilities and the equity instruments issued in exchange for the acquired entity. Goodwill is recognized as an asset in respect of the surplus of the acquisition cost over the buyer's share of the fair value of the assets and liabilities acquired net of deferred tax recognized if necessary while an amount for negative goodwill is posted to the income statement. Costs directly attributable to the acquisition process are recognized under expenses.

Revised IFRS 3 specifies a time of 12 months starting from the acquisition date for final accounting of the acquisition. Corrections and valuations made must be linked to events and circumstances existing at the date of acquisition. Goodwill is subject to an impairment test of these once per year or upon the appearance of an indication of loss of value.

For acquisitions that are not part of a business combination, IAS 40 applies (investment properties).

The acquisition of Eurosic and its subsidiaries by Gecina was treated as a business combination in the meaning of IFRS 3 and was represented in the following transactions:

- August 29, 2017: Gecina takes control of the Eurosic group following purchase of blocks of shares and subordinated bonds redeemable in shares (OSRA), representing 85.4% of the diluted capital;
- October 17, 2017: Closing of the alternative public offer for purchase and exchange of shares and OSRA (99.75% of the diluted capital held at the issue);
- October 24, 2017: Mandatory squeeze-out (100% of the diluted capital of Eurosic is now held by Gecina).

Since August 29, 2017, the Gecina group holds exclusive control of Eurosic in application of IFRS 10 with, in particular:

- more than two-thirds of the capital and voting rights;
- the power to direct financial and operating policies;
- the power to appoint and revoke the majority of the Board of Directors;
- the power to bring together the majority of voting rights.

The taking of control on August 29, 2017, followed by, in October 2017, the acquisition of minority interests and the squeeze-out procedure, is representative of a single transaction to the extent that:

- these transactions were concluded simultaneously in a short period of time and in consideration of each other;
- they are intended to have an overall commercial impact, Gecina always intented to purchase 100% of the Eurosic capital;
- the existence of one transaction is subordinated to that of at least one other transaction and the financial conditions are the same for each transaction;
- a transaction is not economically justified if it is considered in isolation, it is justified economically if it is considered with other transactions.

As of August 29, 2017, the sellers committed to providing 94.8% of the capital.

Consequently, the determination of the goodwill is made on the basis of 100% of the capital of Eurosic and the transaction costs of all the transactions were accounted for as expenses according to IFRS 3 (Business combinations) excluding issue expenses for equity instruments. Thus as of August 29, 2017, Gecina was almost certain to reach the 95% threshold, requested for the squeeze-out procedure.

On August 29, 2017, the identifiable assets, the liabilities included, the off-balance sheet elements, and any liabilities of Eurosic were evaluated at fair value, in particular concerning the following:

- the investment properties,
- the hotel operating investments,
- financial debts.

Consequently, the opening balance sheet presents as follows:

(In €'000)	EUROSIC 08/29/2017
NON-CURRENT ASSETS	**5,807,196**
Investment properties	4,235,387
Properties under reconstruction	963,076
Operating properties	179,982
Other tangible assets	3,580
Intangible assets	568
Financial receivables on financial leases	235,301
Financial fixed assets	4,286
Equity-accounted investments	159,828
Non-current derivatives	15,362
Deferred tax assets	9,826
CURRENT ASSETS	**658,662**
Properties for sale	62,120
Buildings in inventory	159,660
Trade receivables	24,144
Other receivables	41,571
Prepaid charges	7,244
Current derivatives	4,897
Cash and cash equivalents	359,026
TOTAL ASSETS	**6,465,858**

(In €'000)	EUROSIC 08/29/2017
NON-CONTROLLING INTERESTS	**39,838**
NON-CURRENT LIABILITIES	**2,287,436**
Non-current financial debts	2,269,456
Non-current derivatives	3,320
Deferred tax liabilities	12,637
Non-current provisions	2,023
CURRENT-LIABILITIES	**1,081,840**
Current financial debts	865,891
Current derivatives	410
Sécurity deposits	36,558
Trade payable	63,342
Current tax and social security liabilities	23,973
Other payables	91,666
TOTAL LIABILITIES	**3,409,114**

NET ASSET	**3,056,744**

The provisional goodwill, calculated on 100% of the capital of Eurosic, is as follows.

This residual goodwill shown in the financial statements is €207.7 million and corresponds to cost synergies from the combination with Eurosic. It may be revised in the 12 months following the acquisition.

Determination of goodwill	*€'000*
Cost of 100% of the shares of Eurosic	3,264,432
■ Of which cash	2,913,482
■ Of which shares	350,950
Group share of net assets at fair value at August 29, 2017	3,056,744
GOODWILL	**207,688**

The table below shows the Group's share of operating income starting from August 29, 2017, as shown in the consolidated statement of comprehensive income.

In €'000	**12/31/2017**
GROSS RENTAL INCOME	**70,280**
Expenses not billed to tenants	(2,921)
NET RENTAL INCOME	**67,359**
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS	**4,570**
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	**275**
REAL ESTATE MARGIN	**519**
Services and other income (net)	1,027
Overheads	(8,044)
EBITDA	**65,706**
Gains or losses on disposals	(3,041)
Change in value of properties	(12,571)
Amortization	(32)
Net impairments and provisions	1,121
Impacts of the business combination	(2,794)
OPERATING INCOME	**48,389**

The table below shows the financial information of the regrouped entity for the period ended December 31, 2017, as if the transaction had occurred on January 1, 2017.

This financial information was prepared for the sole purpose of illustrating the effect that the acquisition of Eurosic would have on the consolidated income statement of the Gecina group for the fiscal year ended December 31, 2017, as if the operation had taken effect at January 1, 2017. By its very nature, the information describes a hypothetical situation and is not necessarily representative of the financial situation or the performances that would have been recorded if the transaction or the event had occurred at a date prior to the real date of occurrence.

The accounting principles applied for the preparation of this information are identical to those of the consolidated financial statements of Gecina at December 31, 2017, as described in these notes. It has been prepared on the basis of the audited consolidated financial statements of the Gecina group at December 31, 2017, and from the consolidated income statement of the Eurosic group at December 31, 2017.

The accounting principles applied by Eurosic do not present any significant differences to the accounting principles used by Gecina.

In €'000	**2017 pro forma Gecina Group**
Gross rental income	696,927
Expenses not billed to tenants	(152,500)
Other services and fees	104,506
NET RENTAL INCOME	**648,933**
CURRENT OPERATING INCOME FROM FINANCIAL LEASES	**13,345**
CURRENT OPERATING INCOME FROM HOTEL ACTIVITY	**(951)**
REAL ESTATE MARGIN	**2,980**
Services and other income (net)	1,695
Overheads	(81,625)
EBITDA	**584,377**
Gains or losses on disposals	38,873
Change in value of properties	1,955,126
Amortization	(5,598)
Net impairments and provisions	(1,792)
Impact of the business combination	(28,155)
OPERATING INCOME	**2,542,831**
CURRENT OPERATING INCOME	**554,430**

The operating synergies taken into account to prepare the pro forma financial statements presented below were estimated at €23 million for 2017.

3.5.2.5 Foreign currency translation

The Group's operating currency is the euro. Transactions conducted by subsidiaries located outside the Eurozone are translated at the closing exchange rate for balance sheet items and at the average exchange rate over the period of the income statement. Exchange differentials recognized in the balance sheet at the beginning of the period and on earnings for the year are recorded on a separate line under shareholders' equity.

3.5.3 ACCOUNTING METHODS

3.5.3.1 Property holdings

3.5.3.1.1 Investment properties (IAS 40)

Properties held for the long term and intended to be leased under operating leases, and/or held for capital appreciation, are considered as investment properties.

On acquisition, investment properties are recorded on the balance sheet at cost, inclusive of duties and taxes.

The time spent by operational teams, directly attributable to disposals, rentals and development projects, is monitored and priced, and then, as appropriate:

(i) reported under fixed assets for the portion spent on development projects, studies or marketing actions;

(ii) recognized under gains or losses on disposals if related to pre-sale activities.

The financial costs linked to construction operations, as well as eviction allowances, paid in connection with property reconstructions, are capitalized.

Gecina has opted for the valuation of its investment properties at fair value as defined by IFRS 13 (see Note 3.5.3.1.2). The company has elected, by convention, to retain the block value of properties as the fair value of investment properties in the consolidated financial statements. This block value is understood as excluding transfer duties and is determined by independent experts (at December 31, 2017: CBRE Valuation, Cushman & Wakefield, Crédit Foncier Expertise, BNPP Real Estate, Catella Valuation Advisors, Christie & Co and Euroflemming Expertise) who value the property portfolio of the Group from the point of view of a sustainable holding at June 30 and December 31 of each year and take into account the capitalized works. Valuations are conducted in accordance with industry practices using fair value valuation methods to establish market value for each asset, pursuant to the professional real estate valuation charter. All Gecina assets are now appraised by independent appraisers.

The change in fair value of investment properties is recorded on the income statement. These properties are not therefore subject to depreciation or impairment.

The income statement records the change in fair value of each property over the year determined as follows:

- current market value – (prior year market value + cost of construction work and expenditure capitalized in the current year).

Investment properties in the course of renovation are recognized at fair value.

Properties under construction or acquired with the intention of reconstruction or in the process of being reconstructed are recognized at fair value where that value can be reliably measured. In cases where fair value cannot be reliably determined, the property is recognized at its last known value plus any costs capitalized during the period. At each balance sheet date, an impairment test is conducted to certify that the booked value does not require impairment. Impact is recognized at variation of fair value.

The fair value is determined by appraisers based on an evaluation of the property realizable value less all direct and indirect future development costs.

The Group considers that a property in the process of construction can be reliably appraised at fair value when construction begins and when its marketing is advanced. Whatever the case, the fair value appraisal will be performed when the asset is protected from the rain.

Nevertheless, when the asset is already leased and the signature of works contracts has sufficiently progressed to allow a reliable estimate of the construction cost, the asset under development may then be recognized at fair value.

Valuation methodology

Each property asset is valued separately by an independent appraiser. However, the appraisers use the same valuation methods, described below. When appraising a property, real estate appraisers exclude transfer duties, taxes and fees. They thus comply with the position taken by Afrexim[1], the French professional body of property appraisers, and use the following rates:

- 1.8% of legal fees for properties in VAT;
- from 6.9% to 7.5% of registration fees and expenses for other properties.

The property is assessed at fair value, which corresponds to the price at which it could be sold between informed consenting parties operating under normal market conditions without reference to the financing conditions as at the valuation date. The value used in the consolidated financial statements is the value excluding transfer duties.

a) Office property

The fair value of each asset is based on the results of the following three methods: through the comparison method, through capitalization of new income and discounting of future flows (DCF). The simple arithmetic mean of these three methods is used. In the event that a difference between the results of the three methods is 10% or more, the appraiser has the option of determining the more relevant valuation.

- Direct comparison method: this method consists in comparing the asset being appraised to transactions made on assets equivalent in type and location, on dates close to the date of appraisal.
- Net income capitalization method: this method consists in capitalizing recorded or potential income on the basis of a yield rate expected by an investor for a similar type of asset. The income base is generally constituted either of net annual rent excluding taxes and rental charges or the market rental value. For occupied premises, the appraiser conducts an analysis of the legal and financial conditions of each lease and of the rental market. For vacant premises, the market rental value is used as a reference, taking account of re-letting delays, renovation work and other miscellaneous expenditure.

(1) *Association française des sociétés d'expertise immobilière.*

- Discounted Cash Flow method the value of the asset is equal to the discounted sum of the financial flows expected by the investor, including the assumed resale at the end of a 10-year holding period. The sale price at the end of the period is determined on the basis of the net cash flow in year 11 capitalized at yield. Discounted cash flow is determined on the basis of a risk-free interest rate (10-year government bond equivalent) plus an appropriate risk premium for the property determined in comparison with standard discounted rates on cash flow generated by similar assets.

b) Residential properties

The fair value of each asset is based on the results of the following two methods: direct comparison and income capitalization. The simple arithmetic mean is used for the comparison and income capitalization methods. In the event that a difference between the results of the two methods is 10% or more, the appraiser has the option of determining the more relevant valuation.

- Direct comparison method: it is identical to the method used for office property.
- Net income capitalization method: this is identical to the method used for office property applied to gross income pursuant to the recommendations of the Afrexim[1], the French professional body of property appraisers.

c) Unit valuation for residential and mixed buildings

Unit valuation is used for buildings on sale by apartment (see Note 3.5.3.1.3).

The unit value is determined from unit prices per square foot recorded on the market for vacant premises. The appraisal includes discounts to reflect marketing periods, costs and the margin earned on the sale of all the units. These discounts are differentiated according to the size of the property and number of units included. The various lots of offices, as well as the commercial premises located on the ground floor of buildings are then added together for their estimated values on the basis of two methods: direct comparison and income capitalization.

For properties where the unit-by-unit sale process has been started, the valuation follows the same method, adjusting the allowances applied to the property's actual marketing situation.

3.5.3.1.2 Determination of fair value (IFRS 13)

The Group applies IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes a fair value hierarchy that categorizes into three levels the data used for measurements:

- level 1: price (not adjusted) on an active market for identical assets/liabilities available on the valuation date;
- level 2: valuation model using inputs directly or indirectly observable in an active market;
- level 3: valuation model using inputs not observable in an active market.

The fair value hierarchy is therefore established by reference to the levels of inputs to valuation techniques. When using a valuation technique based on inputs of several levels, the fair value level is then constrained by the lowest level.

Investment properties

The fair value measurement must consider the highest and best use of the asset. Gecina has not identified any high and best use different from the current use.

The fair value measurement of investment properties implies using different valuation methods based on unobservable or observable inputs that have been subject to certain adjustments. Accordingly, the Group's property holdings are considered, in their entirety, as categorized in level 3 with respect to the fair value hierarchy established by IFRS 13, notwithstanding the recognition of certain level 2 observable inputs.

Financial instruments

IFRS 13 requires the recognition of counterparty credit risk (*i.e.* the risk that a counterparty may breach any of its obligations) in measuring the fair value of financial assets and liabilities.

IFRS 13 retains the disclosure obligations on the 3-level fair value hierarchy of IFRS 7, which requires an entity to establish a difference between the fair values of financial assets and financial liabilities as a function of the observable nature of the inputs used to measure fair value.

As at December 31, 2017, IFRS 13 application by the Group does not challenge the fair value hierarchy of financial instruments, until then categorized as level 2 according to IFRS 7 (valuation model based on observable market inputs) to the extent that the adjustment for credit risk is considered as an observable input.

3.5.3.1.3 Assets held for sale (IFRS 5)

IFRS 5, "Non-recurring assets held for sale and discontinued operations", states that a non-recurring asset should be classified as held for sale insofar as it is a major line of activity if its carrying amount will be recovered principally through a sales transaction rather than through continuing use. In such cases, the sale should be highly probable.

The sale of an asset is thus highly probable if the following three conditions are met:

- a plan to sell the asset has been initiated by an appropriate level of management;
- the asset is being actively marketed at a reasonable price in relation to its current fair value;
- it is probable that the sale will be concluded within one year barring special circumstances.

(1) Association française des sociétés d'expertise immobilière.

When the sale pertains to an asset or group of assets only, the assets held for sale are reported separately in the balance sheet under “Properties for sale” and measured at the lower of their carrying amount and fair value less costs to sell.

Buildings recorded in this category are valued as follows:

- properties in block sales: sale value recorded in the preliminary sales agreement or the purchase offer, subject to the deduction of expenses and fees necessary for their sale;
- properties sold unit-by-unit: appraisal value in units (see Note 3.5.3.1.1). If more than 60% (in value) of the property is sold, the asset is recognized at the fair value of the last recorded transactions for unsold units, after taking account of allowances linked to the achievement of all lots and at the sale value recorded in the preliminary agreement subject to the deduction of expenses and fees for units covered by a preliminary agreement.

When a sale concerns a complete business line, the consolidated assets and liabilities, booked as appropriate under subsidiaries held for sale, are presented separately on the asset side of the balance sheet (Assets held for sale) and on the liabilities side of the balance sheet (Liabilities held for sale). The corresponding net gain or loss is isolated in the income statement on the line “Net gain or loss from discontinued activities”.

3.5.3.1.4 Operating properties and other property, plant and equipment (IAS 16)

The head office property at 16, rue des Capucines, Paris is valued at cost. It has been depreciated according to the component method, each component being depreciated on a straight-line basis over its useful life (10 to 60 years).

Hotel operating properties are valued at historical cost minus accumulated amortization and any impairments subject to amortization using a component approach, each component being amortized under the straight-line method, according to the planned term of the asset (from 9 to 90 years).

For each type of assets, the gross values of the buildings have been divided by components, determined on the basis of recent technical data (breakdown by current estimated cost of new reconstruction). In addition to the land, six components have been identified:

Type of assets	Depreciation period
Land	-
Framework structure	30 to 90 years depending on the type of the building
Walls and roofing	15 to 45 years depending on the type of the building
Technical installations	15 to 25 years depending on the type of the building
Parking works	20 years
Restoration	15 years
Fixtures and fittings	9 to 10 years

The amortization period of each component is calculated based on the date of start of service of the building in the property portfolio, except in the case of the replacement of a component (at the time of restoration, for example); in which case the date of the last replacement of the component is applied. No residual value was retained for any of the components identified.

Other tangible fixed assets are recorded at cost and depreciated under the straight-line method for periods of three to ten years. They are primarily composed of computer hardware and furniture.

When there is an index of impairment, the carrying value of an asset is immediately written down to its recoverable value, which is determined on the basis of an independent appraisal conducted using the methods described in section 3.5.3.1.1.

3.5.3.1.5 Intangible assets (IAS 38)

Intangible fixed assets correspond primarily to software.

The costs to purchase software licenses are recorded as an asset based on the costs incurred in acquiring and commissioning the software concerned. These costs are amortized over the estimated useful life of the software (three to five years).

3.5.3.2 Equity interests

3.5.3.2.1 Equity-accounted investments

Equity interests in companies in which the Group exercises joint control or significant influence are recorded on the balance sheet at the Group share of their net assets as at the balance sheet date adjusted to the Group’s accounting principles. Adjustments are related to the harmonization of methods.

In the event where the Group’s share in the negative equity of a company accounted for under the equity method were to exceed the book value of its investment, the Group considers its share to be nil and it ceases to recognize its share in upcoming losses, unless the Group is obliged or intends to financially support such investment.

3.5.3.2.2 Non-consolidated interests

Non-consolidated interests are valued at fair value pursuant to IAS 39. The changes in fair value are stated as equity until the date of disposal. For long-term impairment, underlying capital losses recognized in shareholders' equity are recorded as expenses.

3.5.3.2.3 Other financial fixed assets

Loans, receivables and other financial instruments are booked according to the amortized cost method on the basis of an effective interest rate. When there is non-recoverability or default risk, this is recognized in the profit and loss statement.

3.5.3.3 Buildings in inventory

Buildings relating to real estate development operations or acquired under the tax system governing properties held for rapid resale by real estate traders, legally designated as *marchands de biens*, are booked under inventories at their acquisition cost. An impairment test is carried out as soon as any indication of impairment is detected. In the event of such an indication and when the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognized based on the difference between those two amounts.

3.5.3.4 Operating receivables

Receivables are recorded for the initial amount of the invoice, after deduction for impairment valued on the basis of the risk of non-recoverability. The cost of non-recoverability risk is posted under property expenses.

Rent receivables are systematically written down according to the due date of the receivables and situation of the tenants.

An impairment rate is applied to the amount excluding tax of the receivable minus the security deposit:

- tenant has left the property: 100%;
- tenant in the property:
  - receivable between three and six months: 25%,
  - receivable between six and nine months: 50%,
  - receivable between nine and 12 months: 75%,
  - over 12 months: 100%.

Impairment thus determined is adjusted to take account of particular situations.

Receivables relating to the deferral of commercial benefits according to IAS 17 (see Note 3.5.3.13) and recognized by the difference between the economic rent and the paid rent, are subject to a specific analysis covering the ability of the tenant to effectively go to the end of the signed lease, to validate each time their basis is established.

3.5.3.5 Cash and cash equivalents

Cash and money-market UCITS are recorded on the balance sheet at fair value.

3.5.3.6 Treasury shares (IAS 32)

Treasury shares held by the Group are deducted from consolidated shareholders' equity at cost.

3.5.3.7 Share-based payments (IFRS 2)

Gecina has instituted an equity-based remuneration plan (stock options and performance shares). The impact of services rendered by employees in exchange for the award of options or the allocation of performance shares is expensed against shareholders' equity. The total amount expensed over the rights vesting period year is determined by reference to the fair value of equity instruments granted, the discounted value of future dividends paid over the vesting period and the staff turnover rate.

At each balance sheet date, the number of options that may be exercised is reviewed. Where applicable, the impact of revising estimates is posted to the income statement with a corresponding adjustment in shareholders' equity. Amounts received when options are exercised are credited to shareholders' equity, net of directly attributable transaction costs.

3.5.3.8 Financial Instruments (IAS 39)

IAS 39 distinguishes between two types of interest-rate hedge as follows:

- hedging of balance sheet items whose fair value fluctuates with interest rates ("fair value hedge");
- hedging of the risk of future cash flow changes ("cash flow hedge"), which consists of setting future cash flows of a variable-rate financial instrument.

Some derivative instruments attached to specific financing are classified as cash flow hedges pursuant to accounting regulations. Only the change in fair value of the effective portion of these derivatives, measured by prospective and retrospective effectiveness tests, is taken to shareholders' equity. The change in fair value of the ineffective portion of the hedge is posted to the income statement if material.

To a large extent, Gecina's interest rate hedging is covered by a portfolio of derivatives that are not specifically assigned and do not meet hedge accounting eligibility criteria. Furthermore, some derivatives cannot be classified as hedging instruments for accounting purposes. These derivative instruments can therefore be recorded at fair value on the balance sheet with recognition of changes in fair value on the income statement. The change in the value of derivatives is recognized for the recurring portion and when this is applicable (amortization of options premiums or periodic premiums) within financial expenses in the same capacity as the interest paid or received for these instruments, and for the non-recurring portion (fair value excluding amortization of premiums or periodic premiums) in the changes in value of the financial instruments. Where applicable, terminations of derivative instruments are considered as non-recurring, such that the gain or loss on disposal or termination is recognized in the income statement within changes in value of financial instruments.

Fair value is determined in accordance with IFRS 13 (see Note 3.5.3.1.2) by an external financial firm using valuation techniques based on the discounted forward cash flow method, as well as the Black & Scholes model for optional products integrating the counterparty risks mentioned by IFRS 13. Estimates of probability of default are obtained by using bond spreads on the secondary market. Valuations are also confirmed by banking counterparties and in-house valuations.

Marketable securities are recorded under this heading as assets at fair value and changes in value are posted to the income statement.

3.5.3.9 Financial liabilities (IAS 32 and 39)

Bank borrowings are mostly constituted of repayable borrowings and medium and long-term credit lines that can be used by variable term drawings. Successive drawings are recognized in the financial statements at face value, with the unused portion of the borrowing facility representing an off-balance sheet commitment.

Financial liabilities, including EMTN issues, are stated at their outstanding balance (net of transaction costs) based on the effective interest rate method. Security deposits are considered as short-term liabilities and are not subject to any discounting.

3.5.3.10 Long-term non-financial provisions and liabilities

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Group has a present obligation (legal or constructive) to a third party as a result of past events, and when it is probable or certain that this obligation will give rise to an outflow of resources to that third party, without at least the equivalent expected in exchange from that third party.

3.5.3.11 Employee benefit commitments

IAS 19 specifies the accounting rules for employee benefits. This accounting occurs during the rights vesting period. It excludes from its scope share-based payments, which come under IFRS 2.

Short-term benefits

Short-term benefits (*i.e.* salaries, paid holiday, social security contributions, profit-sharing, etc.), which fall due within twelve months of the end of the year during which members of staff provided corresponding services, are recognized as "accrued expenses" under the heading "Current tax and social security payables" under balance sheet liabilities.

Long-term benefits

Long-term benefits correspond to benefits payable during the employee's working life (anniversary premiums). They are recognized as non-recurring provisions.

Post-employment benefits

Post-employment benefits, also recognized as non-recurring provisions, correspond to end-of-career payments and supplementary retirement commitments to some employees. The valuation of these retirement commitments assumes the employee's voluntary departure.

These commitments that are related to the defined-benefit plans for supplementary pensions are paid to external organizations.

No post-employment benefits were granted to executives.

The net commitment resulting from the difference between amounts paid and the probable value of the benefits granted, recognized under salaries and fringe benefits, is calculated by an actuary according to the method known as "projected unit credit method", the cost of the provision being calculated on the basis of services rendered at the valuation date.

Actuarial variances are booked in equity.

3.5.3.12 Taxes

3.5.3.12.1 IFRIC 21 taxes levied by the public authorities

Since January 1, 2015, the Group has been applying the IFRIC 21 interpretation (Levies imposed by governments) which stipulates the timing for the recognition of a liability as a tax or levy imposed by a public authority. These rules cover both the duties or taxes recognized in accordance with IAS 37 Provisions, contingent liabilities and assets and those for which the timing and amount are certain.

The levies and taxes in question are defined as net outflows of resources (thus excluding VAT collected on behalf of the Government) levied by governments (as defined by IAS 20 and IAS 24) in application of the legal and/or regulatory provisions other than fines or penalties linked to non-compliance with laws or regulations. These include taxes that fall within the scope of application of IAS 37 on provisions (excluding those within the scope of IAS 12, such as income tax liabilities) as well as taxes with certain amounts and payment dates (*i.e.* liabilities that do not fall within the scope of IAS 37).

Pursuant to the IFRIC 21 interpretation, the following taxes are recognized (and their potential reinvoicing at the same time) at one time in the first quarter of the current year:

- property taxes;
- household garbage removal taxes;
- office taxes.

3.5.3.12.2 Ordinary law tax treatment

For companies not eligible to the SIIC system, deferred taxes resulting from timing differences on taxation or deductions are calculated under the liability method on all timing differences existing in the individual accounts or deriving from consolidation adjustments or eliminations of internal profits and losses. This happens when the book value of an asset or liability is different from its tax value. A net deferred tax asset is only recognized on loss carry-forwards provided that it is likely that it can be charged against future taxable income. Deferred tax is determined using the principles and tax rates of the finance laws in effect at the balance sheet date that are likely to be applied when the various taxes involved crystallize. The same rule applies for assets held abroad.

3.5.3.12.3 Deferred tax assets and liabilities

Deferred tax arises from temporary differences between the tax base of assets or liabilities and their carrying amounts. They particularly result from the fair value revaluation of investment buildings held by companies who did not opt for the SIIC regime or from the cost related to the adoption of this regime. Deferred tax assets are recognized in respect of tax loss carry-forwards if their future realization is likely.

3.5.3.12.4 SIIC tax treatment

Opting for the SIIC system means an exit tax immediately falls due at the reduced rate of 19% on unrealized capital gains related to properties and investments in entities not subject to income tax.

Profits subject to the SIIC system are tax-exempt subject to certain distribution conditions. However, for newly acquired companies, a deferred tax liability is calculated at a rate of 19% corresponding to the amount of exit tax that these companies have to pay when opting for the SIIC system, this option coming under the acquisition strategy.

The discounting of the exit tax liability due to opting for the SIIC system is only recognized when considered material.

3.5.3.13 Recognition of rental income (IAS 17)

Rent is recorded in the income statement when invoiced. However, pursuant to IAS 17, benefits granted to tenants in the commercial real estate sectors (mainly rent franchises and stepped rents) are amortized straight-line over the probable, firm period of the lease. Consequently, rents shown in the income statement differ from rents paid.

At the sale of an asset, the balance of the receivable arising from the straight-line recognition of benefits granted to tenants (mostly rent franchises and stepped rents) is fully reversed and posted in gain or loss on disposal.

Works carried out on behalf of tenants are capitalized and are not deferred over the probable term of the lease according to IAS 17.

3.5.3.14 Lessee loan contracts

Financial lease contracts are rental financing contracts recognized in the asset side of the balance sheet (according to IFRS standard IAS 40, Investment properties), and the corresponding loans are shown as financial debts in the liabilities side of the balance sheet. Accordingly, the fees are eliminated and the interest expense for financing and the fair value of the asset are recognized in accordance with the Group accounting principles, as if the Group were the owner. In the case of the acquisition of a financial lease contract, if the discrepancy between the fair value of the related debt and its nominal value represents a liability because of more favorable market conditions on the day of the acquisition, it is recorded in the balance sheet as a financial liability. This financial liability is recognized in income over the term of the contract and fully cleared through gain or loss in disposal if the contract is sold.

3.5.3.15 Financial lease contracts

In a financial lease contract, the lessor transfers all of the risks and benefits of the asset to the lessee. It is treated as financing granted to lessee for the purchase of a property.

The current value of payments due under the contract, increased, as necessary, by the residual value is entered as a receivable. The net income of the transaction for the lessor or the lessee corresponds to the amount of interest on the loan. It is entered in the income statement under the heading "Fees, advance fees, other income". The rents received are divided over the duration of the financing lease contract by recognizing them in capital amortization and interest such that the net income represents a constant rate of profit over the residual outstanding. The rate of interest used is the implicit rate of interest in the contract.

3.5.3.16 Key estimates and accounting judgments

To establish the Consolidated financial statements, the Group uses estimates and formulates judgments which are regularly updated and are based on historic data and other factors, especially forecasts of future events considered reasonable in the circumstances.

The significant estimates made by the Group mainly concern:

- the measurement of the fair value of investment properties;
- the measurement of the fair value of financial instruments;
- the measurement of equity interests;
- the measurement of provisions;
- the measurement of employee benefit commitments (pensions and share plans).

Due to the uncertainties inherent in any measurement process, the Group adjusts its estimates using regularly updated information. Estimates that carry a major risk of leading to a material adjustment in the net book value of assets and liabilities during the following period are analyzed below:

- the fair value of the property portfolio, whether it is held for the long term or for sale, is specifically determined on the basis of the valuation of the portfolio by independent experts according to the methods described in sections 3.5.3.1.1 and 3.5.3.1.2. However, given the estimated nature inherent in these valuations, it is possible that the actual sales value of some properties will differ significantly from the valuation, even in the event of disposal within a few months following the balance sheet date;
- the fair value of the financial instruments that are not traded on an organized market (such as over the counter derivatives) is determined using valuation techniques. The Group uses methods and assumptions that it believes are the most appropriate, based on market conditions at the balance sheet date. The realizable value of these instruments may turn out to be significantly different from the fair value used for the accounting statement;
- the value in use and the fair value of equity investment securities are determined on the basis of estimates based on various data available to the Group as at the balance sheet date. New information obtained subsequent to the balance sheet date may have a material influence on this valuation.

The procedures for determining fair value according to IFRS 13 are detailed in section 3.5.3.1.2.

In addition to the use of estimates, the Group's management formulates judgments to define the appropriate accounting treatment for certain activities and transactions where the IFRS in force do not specifically deal with the issues concerned. This is especially the case for the analysis of leases, whether operating leases or financial leases.

3.5.4 MANAGEMENT OF FINANCIAL AND OPERATIONAL RISKS

3.5.4.1 Real estate market risk

Holding property assets for rent exposes the Group to the risk of fluctuation of the value of property assets and rents as well as to the risk of vacancy.

However, this exposure is limited given that:

- the assets are essentially held with a long-term perspective and valued in the accounts at fair value, even if this fair value is determined on the basis of estimates described in sections 3.5.3.1.1 to 3.5.3.1.3 above;
- invoiced rents come from rental commitments, the term and spread of which contribute to moderating the impact of fluctuations in the rental market.

With respect to development projects, the search for tenants begins once the investment decision is taken and results in the signing of pre-construction leases (*Baux en l'État Futur d'Achèvement* – BEFA). These leases contain clauses on the definition of completion, the completion time and late penalties.

Certain aspects of this risk are quantified in Note 3.5.6.6.

3.5.4.2 Financial market risk

Holding financial instruments for the long term or for sale exposes the Group to the risk of fluctuation in the value of these assets. The analysis and quantification of the risk on hedging financial instruments are stated under Note 3.5.6.8.

In particular, the Group's exposure to equity risk in case of falling stock market indices gives rise to a problem of valuing hedging assets against pension liabilities. This risk is very limited with respect to the amounts of the hedging assets subject to equity risk.

Furthermore, Gecina may be subject to changes in share prices for its financial investments and for its treasury shares. Gecina has set up a share buyback program and therefore holds a certain number of its own shares. A fall in the price of the Gecina share has no impact on the consolidated financial statements, only on the individual company financial statements.

3.5.4.3 The counterparty risk

With a portfolio of clients of around 1,000 corporate tenants, from a wide variety of sectors, and around 8,300 individual tenants, the Group is not exposed to significant concentration risks. In the course of its development, the Group aims to acquire assets for which the rental portfolio is closely based on tenant selection criteria and the security provided by them. When a property is rented out, a detailed application is submitted by the tenant and an analysis of the tenant financial soundness is conducted. Tenant selection and rent collection procedures help to maintain a satisfactory rate of losses on receivables.

Financial transactions, especially hedging the interest rate risk, are carried out with a broad selection of leading financial institutions. Competitive tenders are conducted for all major financial transactions and the maintenance of a satisfactory diversification of sources of funds and counterparties is one of the selection criteria. Gecina has no material exposure to a single bank counterparty on its portfolio of derivatives. Counterparty risk is now an integral part of fair value as determined under IFRS 13 (see Note 3.5.3.1.2). The Group's maximum exposure on all its loans (used and unused) to a single counterparty is 10 %.

3.5.4.4 Liquidity risk

Liquidity risk is managed by constantly monitoring the maturity of financing facilities, maintaining available credit lines and diversifying finance sources. Liquidity is managed in the medium and long term as part of multi-annual financing plans and, in the short term, by using confirmed undrawn credit lines and asset disposal programs. Details of debt maturity dates are provided in Note 3.5.5.12.1 as well as a description of the various limits that might affect interest conditions or early repayment, as stipulated in the credit agreements.

3.5.4.5 Interest rate risk

Gecina's interest rate risk management policy, which includes the use of hedging instruments, is aimed at limiting the impact of a change in interest rates on the Group's earnings, where a significant portion of the Group's loans is at a floating rate. With respect to the foregoing, a management framework was presented and validated by the company's Audit and Risks Committee. This management framework defines in particular the management horizons, a percentage of coverage required on the time horizons, new hedging targets and the instruments enabling such management (mostly caps, floors and swaps). The interest rate risk is analyzed and quantified in Notes 3.5.5.12.2 and 3.5.6.8, together with an analysis of interest rate sensitivity. Gecina interest rate hedging policy is primarily implemented on a comprehensive basis for all its loans (*i.e.* not specifically assigned to certain loans). As a result, it does not meet the accounting qualification of hedging instruments and the fair value change therefore appears in the income statement, according to the procedures described in Note 3.5.3.8.

3.5.4.6 Foreign exchange risk

The Group conducts the majority of its business in the Eurozone and almost all its revenues, operating expenses, investments, assets and liabilities are denominated in euros. In this case, the Group is only very marginally exposed to a currency risk only through its logistics subsidiary in Poland, which now has no activity.

3.5.4.7 Operating risks

Gecina is exposed to a wide range of operating risks, the details of which are specified in chapters 1 and 6.

Until 2009 when Joaquín Rivero was a corporate officer of Gecina or one of its subsidiaries, Gecina carried out a number of transactions including the acquisition by SIF Espagne of a 49% equity investment in Bami Newco in 2009, and also undertook certain commitments, notably the grant of certain guarantees in relation to said transactions, as mentioned in Notes 3.5.5.13 and 3.5.9.3. When said commitments and transactions were revealed, impairment and provisions were recorded against some of them pursuant to applicable regulations. Some of the guarantees were also granted outside Gecina's internal control framework, despite the specific procedures implemented.

Gecina cannot totally rule out that non-compliance with internal control and risk management procedures, the worsening economic environment in Spain or fraud attempts will not result in further financial, legal or regulatory risks which have not been identified to date. Occurrence of such risks may impact the Group's reputation, results or financial situation.

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3.5.5 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3.5.5.1 Property holdings

3.5.5.1.1 Statement of changes in property holdings

GROSS VALUE

In €'000	At 12/31/2016	Acquisition values	Acquisitions	Asset disposals or exercise of options	Change in fair value	Other changes	Transfers between items	At 12/31/2017
Investment properties	10,430,624	4,235,387	179,384	(254,340)	1,109,739	1,323	(294,692)	15,407,425
Properties under reconstruction	1,038,680	963,076	276,549	0	333,489	7,915	186,692	2,806,401
Hotel operating properties	0	192,340	5,582	0	0	(525)	0	197,397
Operating properties (headquarters)	76,830	0	(1)	0	0	0	0	76,828
Financial receivables on financial leases	0	399,185	0	(7,729)	0	0	0	391,456
Intangible assets	9,276	1,378	1,063	0	0	(255)	0	11,462
Other tangible assets	17,519	5,887	5,633	(4)	0	(118)	42	28,959
Properties for sale	547,406	62,120	2,945	(254,347)	112,545	23	108,000	578,692
Buildings in inventory	0	159,660	0	(3,326)	0	0	0	156,334
GROSS VALUE	**12,120,335**	**6,019,033**	**471,155**	**(519,746)**	**1,555,773**	**8 363**	**42**	**19,654,954**

DEPRECIATIONS AND IMPAIRMENTS

In €'000	At 12/31/2016	Acquisition values	Allocations	Write-backs	Change in fair value	Other changes	Transfers between items	At 12/31/2017
Hotel operating properties	0	12,358	2,033	0	0	(525)	0	13,867
Operating properties (headquarters)	15,691	0	703	0	0	0	0	16,394
Financial receivables from financial leases	0	163,884	6,393	(3,157)	0	0	0	167,121
Intangible assets	2,939	810	1,822	0	0	8	0	5,578
Other tangible assets	10,168	2,307	2,981	(4)	0	204	42	15,697
DEPRECIATIONS AND IMPAIRMENTS	**28,798**	**179,360**	**13,932**	**(3,161)**	**0**	**(313)**	**42**	**218,656**
NET VALUE	**12,091,537**	**5,839,674**	**457,223**	**(516,585)**	**1,555,773**	**8,676**	**0**	**19,436,298**

Pursuant to the accounting principles defined in Note 3.5.3.1.1, five assets under restructuring are recognized at their historical cost for a total amount of €31.1 million.

The other changes represent the marketing costs for €5.2 million and capitalized internal costs for €3 million.

3.5.5.1.2 Analysis of acquisitions (including duties and costs)

Acquisitions concerned the following:

In €'000	12/31/2017
Tour Gamma (one floor) - 75012 Paris	5,322
2 à 14 rue Berthelot - Courbevoie	78,493
145 rue de Courcelles 75017 Paris	63,461
PROPERTY ACQUISITIONS	**147,276**
Construction and reconstruction works	256,039
Renovation works	39,420
WORKS	**295,459**
Operating properties	5,581
Capitalized financial expenses	16,143
TOTAL ACQUISITIONS	**21,724**
Tangible fixed assets	5,633
Intangible assets	1,063
TOTAL FIXED ASSETS	**471,155**

3.5.5.1.3 Details of income from sales

Disposals are detailed in Note 3.5.6.7.

3.5.5.1.4 Goodwill

The €207.7 million of goodwill corresponds exclusively to the acquisition of Eurosic.

3.5.5.1.5 Maturity dates of investment properties held on financial lease

The Group holds financial lease contracts.

In €'000	12/31/2017	12/31/2016
Less than 1 year	0	45,729
1 to 5 years	1,464	0
Over 5 years	0	0
TOTAL	**1,464**	**45,729**

3.5.5.2 Financial fixed assets

In €'000	12/31/2017	12/31/2016
Non-consolidated investments	110,462	109,421
Advances on fixed asset acquisitions	65,741	65,519
Deposits and guarantees	1,521	1,019
Other financial fixed assets	65	1,183
TOTAL	**177,789**	**177,142**
Impairment[(1)]	(174,405)	(174,380)
NET TOTAL[(2)]	**3,384**	**2,762**
(1) Impairment:		
Advances on fixed asset acquisitions	*65,038*	*65,039*
Equity interests and attached receivables	*109,366*	*109,341*

(2) Or wich €4,3 millions of Eurosic acquisition value.

The impairment of €174.4 million is related to the 49% equity interest in the Spanish company Bami Newco, which has been fully written down (€109.3 million) and the advance on property acquisition granted to the Spanish company Bamolo, written down for €65 million (in order to reduce it to the land's latest appraisal value of €0.5 million).

3.5.5.3 Equity-accounted investments

This item reflects the share held by the Group in the companies in which the Group exercises significant influence.

As shown in the table below, four companies accounted for by the equity method were sold in 2017. Their share of income continued to be included in the statements for the financial year until the disposal date of December 21, 2017.

The main elements of the financial situation of the main companies with investments that do not afford control are presented below:

In €'000	Euler Hermes SPPICAV	SNC N2 Promotion	Risque et sérénité	SCI Eurosic 14, rue de Londres[(1)]	Eurosic Saint Augustin SCI[(1)]	SCI Eurosic Batignolles[(1)]	SCI Provence Bureaux[(1)]	Total
Property holdings	235,500	0	0	0	0	0	0	235,500
Other assets	6,074	248	7,816	0	0	0	0	14,139
TOTAL ASSETS	**241,574**	**248**	**7,816**	**0**	**0**	**0**	**0**	**249,639**
Shareholders' equity	208,178	36	7,586	0	0	0	0	215,801
External loans and debts with partners	32,000	0	0	0	0	0	0	32,000
Other liabilities	1,396	212	230	0	0	0	0	1,838
TOTAL LIABILITIES	**241,574**	**248**	**7,816**	**0**	**0**	**0**	**0**	**249,639**
Revenue	5,479	0	0	0	0	0	3,999	9.478
Net income	**3,130**	**11**	**13**	**1,703**	**(1,668)**	**12,023**	**(395)**	**14,817**
% held	19.90%	30.00%	43.24%	33.33%	33.33%	33.33%	33.33%	
SHARE OF INCOME	**623**	**3**	**5**	**568**	**(556)**	**4,007**	**(132)**	**4,519**
SHAREHOLDERS' EQUITY	**208,178**	**36**	**7,586**	**0**	**0**	**0**	**0**	**215,801**
Securities of companies accounted for under the equity method	41,427	11	3,280	0	0	0	0	44,718

(1) Companies sold in 2017.

3.5.5.4 Deferred tax assets and liabilities

At December 31, 2017, deferred asset taxes represent an amount of €8.2 million. These includes mainly deficit carry-forwards and the impact of the fair valuation of financial instruments for those in place in companies in a taxable sector.

In €'000	At 12/31/2016	Eurosic acquisition values	Change in income	At 12/31/2017
Gains on financial lease contracts and inventory		(12,637)	3	(12,634)
TOTAL DEFERRED TAX LIABILITIES	**0**	**(12,637)**	**3**	**(12,634)**
Tax deficit activation		3,519	(1,622)	1,897
Other changes		6,307	3	6,310
TOTAL DEFERRED TAX ASSETS	**0**	**9,826**	**(1,619)**	**8,207**
TOTAL NET DEFERRED TAXES	**0**	**(2,811)**	**(1,616)**	**(4,427)**

3.5.5.5 Properties for sale

Movements on properties for sale are included in the overall statement of changes in property assets (see Note 3.5.5.1.1).

The amount of properties held for sale breaks down as follows:

In €'000	12/31/2017	12/31/2016
Properties for sale (block basis)	167,079	112,624
Properties for sale (units basis)	411,613	434,782
TOTAL[1]	**578,692**	**547,406**

(1) Of which €62 million of Eurosic acquisition value.

3.5.5.6 Buildings in inventory

These are mainly office assets located in the regions acquired from real estate traders. These assets are entered at their cost price (at cost, including expenses and works).

3.5.5.7 Trade receivables

The breakdown of net receivables by sector is indicated in Note 3.5.8.

In €'000	12/31/2017	12/31/2016
BILLED CLIENTS	**56,217**	**37,117**
Unbilled expenses payable	6,589	3,542
Balance of amortized rent – free periods and stepped rents (IAS 17)	96,635	76,016
TRADE RECEIVABLES (GROSS)	**159,441**	**116,675**
Impairment of receivables	(17,772)	(10,726)
TRADE RECEIVABLES (NET) [1]	**141,669**	**105,949**

(1) Of which €24,1 million of Eurosic acquisition value.

3.5.5.8 Other receivables

In €'000	12/31/2017	12/31/2016
Value added tax	38,737	42,874
Income tax	36,013	9,601
Bami Newco cash advances (fully depreciated)	12,623	12,623
Receivables on asset disposal	1,002	7,076
Other[1]	49,656	33,064
GROSS AMOUNTS	**138,031**	**105,238**
Impairment	(38,065)	(37,565)
NET VALUES[2]	**99,966**	**67,673**

(1) Of which:		
External agents and managers	*0*	*7,704*
Advances on equity investments	*2,300*	*2,300*
Deposit payments for orders	*3,077*	*1,197*
Bami Guarantee (Eurohypo)	*20,140*	*20,140*

(2) Of which €42 million of Eurosic acquisition value.

3.5.5.9 Prepaid charges

In €'000	12/31/2017	12/31/2016
Loan application costs[1]	11,447	10,668
10 year warranty insurance	2,456	2,999
Other	8,354	3,973
NET VALUES[2]	**22,257**	**17,641**

(1) Primarily including arrangement fees and mortgage costs.
(2) Of which €7 million of Eurosic acquisition value.

3.5.5.10 Cash and cash equivalents

In €'000	12/31/2017	12/31/2016
Money-market UCITS	2,582	46
Cash and cash equivalents	119,449	58,526
CASH AND CASH EQUIVALENTS (GROSS)	**122,031**	**58,573**
Bank overdrafts	0	0
CASH AND CASH EQUIVALENTS (NET)[1]	**122,031**	**58,573**

(1) Of which €359 million of Eurosic acquisition value.

3.5.5.11 Consolidated shareholders' equity

See the accounting statement preceding this note in section 3.3 "Statement of changes in consolidated equity".

3.5.5.12 Loans, debt and financial instruments

3.5.5.12.1 Loans and debt

OUTSTANDING DEBT

In €'000	**Outstanding 12/31/2017**	Repayments < 1 year	Outstanding 12/31/2018	Repayments 1 to 5 years	Outstanding 12/31/2022	Repayments more than 5 years
Fixed-rate debt	**5,146,010**	**(170,582)**	**4,975,428**	**(1,054,765)**	**3,920,663**	**(3,920,663)**
Fixed-rate bonds	4,511,759	(44,700)	4,467,059	(783,214)	3,683,845	(3,683,845)
Fixed-rate borrowings	472,356	(42,082)	430,274	(223,731)	206,543	(206,543)
Fixed-rate finance leases	0	0	0	0	0	0
Other fixed-rate liabilities	101,557	(23,462)	78,095	(47,820)	30,276	(30,276)
Accrued interest	60,338	(60,338)	0	0	0	0
Floating rate debt	**3,388,685**	**(1,437,362)**	**1,951,322**	**(1,873,822)**	**77,500**	**(77,500)**
Commercial paper	1,414,000	(1,414,000)	0	0	0	0
Floating-rate bonds	497,455	0	497,455	(497,455)	0	0
Floating-rate short-term bonds	300,000	0	300,000	(300,000)	0	0
Floating-rate borrowings	1,132,416	(20,812)	1,111,604	(1,034,104)	77,500	(77,500)
Floating-rate credit lines	43,350	(2,550)	40,800	(40,800)	0	0
Floating-rate finance leases	1,464	0	1,464	(1,464)	0	0
Bank overdrafts	0	0	0	0	0	0
GROSS DEBT	**8,534,696**	**(1,607,944)**	**6,926,750**	**(2,928,587)**	**3,998,163**	**(3,998,163)**
Cash (floating rate)						
Open-end investment funds, placements and income receivable	2,582	(2,582)	0	0	0	0
Cash and cash equivalents	119,449	(119,449)	0	0	0	0
TOTAL CASH AND EQUIVALENTS	**122,031**	**(122,031)**	**0**	**0**	**0**	**0**
Net debt						
Fixed rate	5,146,010	(170,582)	4,975,428	(1,054,765)	3,920,663	(3,920,663)
Floating rate	3,266,654	(1,315,331)	1,951,322	(1,873,822)	77,500	(77,500)
TOTAL NET DEBT	**8,412,664**	**(1,485,913)**	**6,926,750**	**(2,928,587)**	**3,998,163**	**(3,998,163)**
Available credit lines	3,760,000	0	3,760,000	(2,452,500)	1,307,500	(1,307,500)
Future cash flows on debt	0	(131,469)	0	(401,394)	0	(319,517)

The interest that will be paid up to maturity of the entire debt, estimated based on the rate curve at December 31, 2017 amounts to €852 million.

The breakdown of the repayment of the €1,608 million in gross debt of less than one year is as follows:

	1st quarter 2018	2nd quarter 2018	3rd quarter 2018	4th quarter 2018	Total
In €'000	953,867	378,939	215,424	59,714	1,607,944

The fair value of the gross debt used in calculating the NAV was €8,572 million at December 31, 2017, of which €37 million corresponding to the fair value adjustment of fixed-rate debt.

TYPE OF BONDS

Bonds	Issuer	Issue date	Issue amount *(in € million)*	Outstanding amount *(in € million)*	Issue price	Redemption price	Nominal rate	Maturity date
Bond 04/2019	Gecina	04/11/2012	650	248.5	€99,499	€100,000	4.75%	04/11/2019
Bond 05/2023	Gecina	05/30/2013	300	210.3	€98,646	€100,000	2.875%	05/30/2023
Bond 07/2021	Gecina	07/30/2014	500	185.8	€99,317	€100,000	1.75%	07/30/2021
Bond 01/2025	Gecina	01/20/2015	500	500	€99,256	€100,000	1.50%	01/20/2025
Bond 06/2024	Gecina	06/17/2015	500	500	€97,800	€100,000	2.00%	06/17/2024
Bond 01/2029	Gecina	09/30/2016	500	500	€99,105	€100,000	1.00%	01/30/2029
Bond 06/2032	Gecina	06/30/2017	500	500	€98,535	€100,000	2.00%	06/30/2032
Bond 06/2022	Gecina	06/30/2017	500	500	€100,000	€100,000	Euribor 3 month +0.38%	06/30/2022
Bond 06/2027	Gecina	06/30/2017	500	500	€99,067	€100,000	1.375%	06/30/2027
Bond 02/2019	Gecina	08/21/2017	150	150	€100,255	€100,000	Euribor 3 months +0.30%	02/21/2019
Bond 08/2019	Gecina	08/21/2017	150	150	€100,290	€100,000	Euribor 3 month +0.33%	08/21/2019
Bond 01/2028	Gecina	09/26/2017	700	700	€98,710	€100,000	1.375%	01/26/2028
Bond 03/2019	Eurosic	03/27/2013	125	125	€100,000	€100,000	3.95%	03/27/2019
Bond 12/2018	Foncière de Paris	12/20/2012	50	44.7	€100,000	€100,000	3.70%	12/20/2018
Bond 07/2019	Foncière de Paris	07/16/2013	80	75.6	€100,000	€100,000	4.125%	07/16/2019
Bond 07/2020	Foncière de Paris	07/13/2014	50	50	€100,000	€100,000	2.99%	07/13/2020
Bond 07/2021	Foncière de Paris	07/13/2014	50	50	€100,000	€100,000	3.30%	07/13/2021
Bond 11/2022	Foncière de Paris	11/06/2015	50	50	€100,000	€100,000	2.75%	11/06/2022
Bond 01/2023	Eurosic	12/15/2014	125	125	€100,000	€100,000	3.05%	01/16/2023
Bond 11/2023	Foncière de Paris	11/06/2015	100	100	€100,000	€100,000	3.00%	11/06/2023
Bond 06/2026	Eurosic	12/01/2015	100	100	€100,000	€100,000	3.00%	06/01/2026

03

Covenants

The company's main credit facilities are accompanied by contractual clauses relating to compliance with certain financial ratios, determining interest rates charged and early repayment clauses, the most restrictive of which are summarized below:

	Benchmark standard	Balance at 12/31/2017	Balance at 12/31/2016
Net debt/revalued block value of property holding (excluding duties)	Maximum 55% / 60%	42.4%	29.4%
EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	5.6x	4.9x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	3.6%	6.5%
Revalued block value of property holding *(excluding duties, in € million)*	Minimum 6.0 / 8.0	19.6	12.2

Change of control clauses

For bonds maturing in December 2018, February 2019, March 2019, April 2019, July 2019, August 2019, July 2020, July 2021, June 2022, November 2022, January 2023, May 2023, November 2023, June 2024, January 2025, June 2026, June 2027, January 2028, January 2029 and June 2032, a change of control leading to the downgrading of the credit rating to "Non-Investment Grade" not raised to "Investment Grade" within 120 days, can lead to early repayment of the loan.

3.5.5.12.2 Financial instruments

The financial instruments (Level 2 instruments as defined by IFRS 7 and IFRS 13) held by the Group are hedging instruments. The financial instruments held by the Group are traded on the over-the-counter market and valued on the basis of valuation models using observable inputs.

PORTFOLIO OF DERIVATIVES

In €'000	Outstanding 12/31/2017	Maturity or effective date < 1 year	Outstanding 12/31/2018	Maturity or effective date 1 to 5 years	Outstanding 12/31/2022	Maturity or effective date More than 5 years
PORTFOLIO OF OUTSTANDING DERIVATIVES						
Fixed-rate receiver swaps	234,565	(175,565)	59,000	(59,000)	0	0
Fixed-rate payer swaps	745,000	(45,000)	700,000	(400,000)	300,000	(300,000)
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed rate receiver swaps	0	0	0	0	0	0
Caps (purchases)	1,856,800	(195,000)	1,661,800	(1,661,800)	0	0
Caps (sales)	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,836,365**	**(415,565)**	**2,420,800**	**(2,120,800)**	**300,000**	**(300,000)**
PORTFOLIO OF DERIVATIVES WITH DELAYED EFFECT						
Fixed-rate receiver swaps	0	0	0	0	0	0
Fixed-rate payer swaps	0	0	0	400,000	400,000	(400,000)
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed rate receiver swaps	0	0	0	0	0	0
Caps (purchases)	0	0	0	0	0	0
Caps (sales)	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**400,000**	**400,000**	**(400,000)**
TOTAL PORTFOLIO OF DERIVATIVES						
Fixed-rate receiver swaps	234,565	(175,565)	59,000	(59,000)	0	0
Fixed-rate payer swaps	745,000	(45,000)	700,000	0	700,000	(700,000)
Selling of puts and calls on fixed rate payer swaps	0	0	0	0	0	0
Purchasing of puts and calls on fixed rate receiver swaps	0	0	0	0	0	0
Caps (purchases)	1,856,800	(195,000)	1,661,800	(1,661,800)	0	0
Caps (sales)	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**2,836,365**	**(415,565)**	**2,420,800**	**(1,720,800)**	**700,000**	**(700,000)**
Future interest cash flows on derivatives	0	(5,019)	0	(549)	0	15,702

GROSS DEBT HEDGING

In €'000	12/31/2017
FIXED-RATE GROSS DEBT	**5,146,010**
Fixed-rate debt converted to floating rate	(234,565)
RESIDUAL DEBT AT FIXED RATE	**4,911,445**
GROSS DEBT AT FLOATING RATE	**3,388,685**
Fixed-rate debt converted to floating rate	234,565
GROSS DEBT AT FLOATING RATE AFTER CONVERSION OF DEBT TO FLOATING RATE	**3,623,250**
Fixed-rate payer swaps and *activated caps*/floors	(745,000)
UNHEDGED GROSS DEBT AT FLOATING RATE	**2,878,250**
Caps *purchases*	(1,856,800)
Caps *sales*	0
FLOATING RATE DEBT	**1,021,450**

The fair value of hedging instruments, as recorded on the balance sheet, breaks down as follows:

In €'000	12/31/2016	Eurosic acquisition values	Acquisitions	Disposals	Transfer between items	Change of valuation	12/31/2017
Non-current assets	0	15,362	0	0		2,373	17,735
Current assets	1,537	4,897	0	0	(349)	(3,947)	2,138
Non-current liabilities	(31,013)	(3,320)	0	13,330	349	14,145	(6 ,509)
Current liabilities	0	(410)	0	0	0	163	(247)
TOTAL	**(29,476)**	**16,529**	**0**	**13,330**	**0**	**12,734**	**13,117**

Financial instruments (current and non-current assets and liabilities) increase by €43 million (of which €17 million due to Eurosic acquisition values). This can be explained by:

- the restructuring of financial instruments for €13 million;
- the €13 million increase in value related to the change in rates in 2017 and the timing impact.

3.5.5.13 Provisions

In €'000	12/31/2016	Eurosic acquisition values	Allocations	Write-backs	Utilizations	Reclas-sification	12/31/2017
Tax reassessments	9,141	0	3	(2,141)	0	0	7,002
Employee benefit commitments	14,647	867	659	(1,018)	0	0	15,155
Spain commitments	4,800	0	0	0	0	0	4,800
Other disputes	12,450	1,156	2,272	(1,922)	(4,160)	0	9,796
TOTAL	**41,038**	**2,023**	**2,933**	**(5,081)**	**(4,160)**	**0**	**36,753**

Some companies within the consolidation have been the subject of tax audits leading to notifications of tax reassessments, the majority of which are contested. These tax reassessments for a total amount of €170 million are contested by the company and are essentially not accrued as a provision. At December 31, 2017, the total amount accrued as a provision for the fiscal risk is €7 million, based on the assessments of the company and its advisers.

Furthermore, the company has several ongoing litigations with the French tax administration, which could result today, in the reimbursement of a maximum amount of nearly €14 million. This amount is related to the corporate income tax paid in 2003 when several Group companies opted for the SIIC tax regime. These amounts, which could be recovered at various dates in light of the various ongoing proceedings, were expensed at the time of payment and therefore no longer appear on the company's balance sheet.

The Group has also, directly or indirectly, been the subject of liability actions and court proceedings instigated by third parties. Based on the assessments of the company and its advisers, there is no risk that is not accrued, which would be likely to significantly impact the company's earnings or financial situation.

Employee benefit commitments (€15,2 million) concern supplemental pensions, lump-sum retirement benefits, and anniversary premiums. They are valued by independent experts.

Commitments provisioned in Spain (€4.8 million) primarily concern guarantees granted by SIF Espagne, then represented by Mr. Joaquin Rivero, on November 13, 2009, concerning Bami Newco's repayment of credit facilities granted to it until November 13, 2019 by Banco Popular for principal amounts of €3.3 million and €1.5 million respectively. As at December 31, 2017, provisions had been fully accrued for the full amount of these guarantees, *i.e.* €4.8 million.

The resulting contingent receivable was reported under the bankruptcy proceedings of Bami Newco. In June 2014, Banco Popular called in one of its two guarantees and claimed the payment of €3 million from SIF Espagne. In June 2016, MHB Bank claimed payment of this guarantee as the assignee. The company studied and analyzed this claim and believes that it is not required as of this date to make the payment.

Bami Newco was the subject of insolvency proceedings commenced in June 2013. Gecina and SIF Espagne reported their receivables in the context of these bankruptcy proceedings.

The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016 Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the *de facto* and *de jure* Directors of Bami Newco and they continue to assert their rights and defend their interests in these proceedings.

On July 16, 2012, the company was informed by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009 in the total amount of €140 million. Three of them were issued in the name of "Gecina SA Succursal en España" and one in the name of Gecina SA, for a Spanish company called Arlette Dome SL. This latter allegedly transferred the above-mentioned promissory notes to Banco de Valencia to guarantee loans granted by that bank.

After verification, the company realized that it had no information about these alleged promissory notes or about any business relationship with Arlette Dome SL which could have justified their issue. After also observing the existence of evidence pointing to the fraudulent nature of their issuance if the issue were to be confirmed, the company has filed a criminal complaint in this respect with the competent Spanish authorities. Following a series of decisions and appeals, Gecina was recognized as party to the proceedings on April 19, 2016 before the National Court, where the company continues to assert its rights. No provision was recognized for this purpose.

To date, the company is not in a position to evaluate any potential risks, in particular, regulatory, legal or financial, arising from the facts covered by the ongoing criminal proceedings and cannot, in particular, exclude the possibility that it may be joined as a party in the future, together with the company's officers and representatives.

Spanish bank Abanca, after seeking the payment by Gecina of €63 million (of which €48.7 million in principal) pursuant to the guarantee letters of engagement allegedly signed in 2008 and 2009 by Mr. Joaquin Rivero, former Gecina officer, summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain the payment of the claimed amounts.

Gecina is challenging Abanca's claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to try the dispute. On July 14, 2016, Abanca appealed this decision. On July 4, 2017, the Appeal Court of Madrid declared that the Spanish Courts do have jurisdiction to hear Abanca's claim. The proceedings on the merits are ongoing before the court of First Instance of Madrid. No provision was recognized for this purpose.

Gecina filed a criminal complaint in France against Mr. Rivero and any other party involved, for misuse of authority under letters of endorsement raised by Abanca.

Insofar as Mr. Joaquin Rivero was not the only person involved in this complaint, this procedure is still ongoing.

3.5.5.14 Pensions and other employee benefits

The amounts reported in the balance sheet as at December 31, 2017 are as follows:

In €'000	12/31/2017	12/31/2016
Discounted value of the liability	18,099	17,682
Fair value of hedging assets	(2,944)	(3,035)
DISCOUNTED NET VALUE OF THE LIABILITY	**15,155**	**14,647**
Non-recognized profits (losses)	0	0
Non-recognized costs of past services	0	0
NET LIABILITY ON THE BALANCE SHEET	**15,155**	**14,647**

The net commitment recorded as non-recurring provisions amounted to €15.2 million after taking into account hedging assets estimated at €2.9 million at December 31, 2017.

Actuarial variance for the period amounted to €1.3 million recorded primarily directly in shareholders' equity.

CHANGE OF BOND

In €'000	12/31/2017	12/31/2016
DISCOUNTED NET VALUE OF BOND AT BEGINNING OF PERIOD	**14,647**	**13,058**
Breakdown of expense		
Cost of services rendered during the year	819	722
Net interest	161	206
Actuarial losses and gains	(152)	(124)
EXPENSE REORGANIZED UNDER PAYROLL EXPENSE	**828**	**804**
Effects of any change or liquidation of the plan	642	292
Benefits paid (net)	(665)	(792)
Contributions paid	0	0
Actuarial losses and gains not written to income	(1,164)	1,285
Eurosic acquisition values	867	
DISCOUNTED NET VALUE OF BOND AT END OF PERIOD	**15,155**	**14,647**

Below are the main actuarial hypotheses used to calculate Group commitments:

	12/31/2017	12/31/2016
Expected yield rate of hedging assets	3.00%	3.00%
Wage increase rate (net of inflation)	0.25%	0.50%
Discount rate	0.00% -1.50%	0.00% -1.50%
Inflation rate	1.75%	2.00%

3.5.5.15 Trade payables

Fixed asset trade payables make up the bulk of the balance and relate to debt from the company's projects under development.

In €'000	12/31/2017	12/31/2016
Trade payables	17,663	3,293
Trade payables (invoices not received)	42,051	27,136
Fixed asset trade payables(1)	81,992	86,466
Fixed asset trade payables (invoices not received)(1)	136,693	94,775
TRADE PAYABLES(2)	**278,399**	**211,671**
(1) Of which:		
Acquisition of City 2		*2,288*
Acquisition of Van Gogh	*91,829*	*88,032*

(2) Of which €63 million of Eurosic acquisition value.

3.5.5.16 Tax and social security payables and debt

In €'000	12/31/2017	12/31/2016
Social security liabilities (short term)	31,237	23,995
Tax liabilities (representing VAT payable and local taxes)	26,030	17,234
TAX AND SOCIAL SECURITY PAYABLES AND DEBT(1)	**57,267**	**41,229**
of which non-current liabilities	*0*	*0*
of which current liabilities	*57,267*	*41,229*

(1) Of which €24 million of Eurosic acquisition value.

3.5.5.17 Other payables

In €'000	12/31/2017	12/31/2016
Client credit balances	48,214	28,017
Other payables	24,340	10,423
Deferred income	5,834	2,899
OTHER PAYABLES[(1)]	**78,388**	**41,340**

(1) Of which €92 million of Eurosic acquisition value.

3.5.5.18 Off balance sheet commitments

In €'000	12/31/2017	12/31/2016
Commitments given		
Off balance sheet commitments given linked to operating activities		
Deposits and guarantees (in favor of subsidiaries and equity investments)	1,020	1,020
Asset-backed liabilities	699,789	747,695
Works amount to be invested (including sales of property for future completion)	329,095	340,232
Commitments to sale of properties	241,645	180,630
Preliminary agreements to acquire buildings	0	1,620
Other[(1)]	28,652	27,520
TOTAL COMMITMENTS GIVEN	**1,300,201**	**1,298,717**
Commitments received		
Off balance sheet commitments received linked to financing		
Unused lines of credit	3,760,000	2,245,000
Off balance sheet commitments received linked to operating activities		
Commitments to sale of properties	187,579	140,599
Preliminary agreements to acquire buildings	0	1,800
Mortgage-backed receivables	480	480
Financial guarantees for management and transactions activities	1,025	1,264
Other[(2)]	1,259,011	1,247,057
TOTAL COMMITMENTS RECEIVED	**5,208,095**	**3,636,200**

(1) Of which €10 million of liabilities guarantee granted as part of the sale of shares of the subsidiary GEC 4.
(2) Of which €1.24 billion guarantee received as part of acquisition ADD and AGA equities.

During the course of its normal business operations, Gecina made certain commitments to be fulfilled within a maximum of ten years, and which do not appear in the table of commitments given because their cost is not yet known. Based on the assessments of the Group and its advisers, there are currently no commitments likely to be called and which would materially impact Gecina's earnings or financial position.

The outstanding amounts for future development costs (including sales of property for future completion) correspond to reciprocal guarantees with the developer who undertakes to complete the works.

3.5.5.19 Recognition of financial assets and liabilities

In €'000	Assets/ liabilities valued at fair value through the income statement	Assets/ liabilities held to maturity	Assets available for sale	Loans and receiva-bles	Liabilities at amortized cost	Historic cost	Fair value through share-holders' equity	Total	Fair value
Financial fixed assets(1)	0	1,586	0	480	0	1,318	0	3,384	3,384
Equity-accounted investments	0	0	0	0	0	44,718	0	44,718	44,718
Cash and cash equivalents	122,031	0	0	0	0	0	0	122,031	122,031
Current and non-current derivatives(2)	19,873	0	0	0	0	0	0	19,873	19,873
Other assets(1)	0	0	0	0	0	241,634	0	241,634	241,634
TOTAL FINANCIAL ASSETS	**141,904**	**1,586**	**0**	**480**	**0**	**287,671**	**0**	**431,640**	**431,640**
Non-current financial debts	0	1,962,238	0	0	4,964,514	0	0	6,926,752	6,926,752
Current and non-current derivatives(2)	6,756	0	0	0	0	0	0	6,756	6,756
Current financial debts	0	1,563,244	0	0	44,700	0	0	1,607,944	1,607,944
Other liabilities(1)	0	0	0	0	0	495,011	0	495,011	495,011
TOTAL FINANCIAL LIABILITIES	**6,756**	**3,525,482**	**0**	**0**	**5,009,214**	**495,011**	**0**	**9,036,463**	**9,036,463**

(1) Due to the short-term nature of these receivables and payables, the book value represents a good estimate of fair value, as the discount effect is immaterial.
(2) According to IFRS 7 and IFRS 13, the fair value of financial instruments is level 2 which means that the valuation is based on published market data.

3.5.6 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.5.6.1 Gross rental income

Gecina's revenue is separate from the rental income due to the nature of the contract whereas the sector analysis (Note 3.5.8) is based on the internal management organization of the Group.

Minimum future rents receivable until the next possible termination date under the operating leases of the commercial properties are as follows:

In €'000	12/31/2017	12/31/2016
Less than 1 year	471,925	324,425
1 to 5 years	1,113,108	660,858
Over 5 years	275,856	343,664
TOTAL	**1,860,889**	**1,328,948**

3.5.6.2 Operating income of the financial leases and hotel activity (excluding overheads)

In €'000	12/31/2017
Financial fees and other income on financial lease transactions	11,486
Operating expenses	(6,917)
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS	**4,570**
Hotel operating income	13,527
Hotel operating expenses	(11,218)
Depreciation of the hotel activity	(2,033)
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY	**275**

3.5.6.3 Real estate margin

In €'000	12/31/2017
Change in inventory of goods	(3,486)
Sale of goods	4,005
REAL ESTATE MARGIN	**519**

3.5.6.4 Direct operating expenses

These are composed of:

- rental charges that are payable by the owner, charges related to construction work, cost of disputes if any and property management fees;
- the portion of rechargeable rental charges by nature, which remain the Group's expense, mainly on vacant premises;
- the rental risk consisting of net impairments plus the amount of losses and profits on unrecoverable debts for the period.

The cost of the rental risk, which is included in property expenses is -€0.4 million", for the period ended December 31, 2017, whereas it was not significant in 2016.

Recharges to tenants consist of rental income from recharging for costs payable by them. For the year 2017, it includes the honoraria for rental and technical management eventually invoiced, *i.e.* €4.8 million (compared with €4.0 million at December 31, 2016).

In €'000	12/31/2017	12/31/2016
Other external expenses	(86,758)	(81,479)
Taxes and duties	(66,899)	(50,323)
Salaries and fringe benefits	(4,798)	(4,921)
Other charges	343	8
PROPERTY EXPENSES	**(158,112)**	**(136,715)**
Rental expenses to be regularized	4,036	3,154
Vacant premises' expenses	(4,993)	(5,479)
Miscellaneous recovery	54,463	31,774
Provisions on costs	62,577	66,531
EXPENSES	**116,083**	**95,980**
NET DIRECT OPERATING EXPENSES	**(42,029)**	**(40,735)**

3.5.6.5 Services and other income (net)

These largely comprise the following items:

In €'000	12/31/2017	12/31/2016
Income from service activities	723	914
Reversals of investment subsidies	256	215
Other income	2,592	134
TOTAL GROSS	**3,571**	**1,263**
Expenses	0	0
TOTAL NET	**3,571**	**1,263**

3.5.6.6 Overheads

Overheads break down as follows:

In €'000	12/31/2017	12/31/2016
Salaries and fringe benefits	(53,697)	(49,476)
Effect of Internal costs	4,737	5,353
Share-based payments (IFRS 2)	(2,635)	(1,626)
Net management costs	(20,245)	(18,823)
TOTAL	**(71,840)**	**(64,571)**

Payroll costs relate to the company's administrative staff, since the salaries of building staff are included in rental margins.

Depending on their type, a portion of salaries and fringe benefits has been reclassified to the income statement or balance sheet, as applicable, for a total amount of €4.7 million at December 31, 2017. Personnel expenses costs attributable to disposals are recorded under gains or losses on disposal. Those attributable to projects under development and marketing actions are recognized as fixed assets. Lastly, payroll costs attributable to ongoing studies are booked as prepaid expenses.

Share-based payments concern stock options for new or existing shares and performance shares (see Note 3.5.9.5) and are booked in accordance with IFRS 2 (see Note 3.5.3.7).

Management fees primarily include fees paid by the company and head office operating costs (computer maintenance, insurance, advertising, etc.).

3.5.6.7 Gains or losses on disposals

Disposals represented:

In €'000	12/31/2017	12/31/2016
Block sales	422,232	313,781
Units sales	125,274	169,196
PROCEEDS FROM DISPOSALS	**547,506**	**482,977**
Block sales	(421,225)	(292,894)
Units sales	(92,226)	(127,958)
NET BOOK VALUE	**(513,451)**	**(420,852)**
Block sales	(8,728)	(5,081)
Units sales	(5,279)	(6,375)
COST OF SALES	**(14,007)**	**(11,456)**
Block sales	(7,721)	15,807
Units sales	27,769	34,863
CAPITAL GAINS ON DISPOSAL	**20,048**	**50,669**

Salaries and fringe benefits directly attributable to disposals and to a lesser extent management fees recorded under "Gains or losses on disposal" for the year ended December 31, 2017, amounted to €1.7 million *versus* €2.5 million in 2016.

3.5.6.8 Change in value of properties

Changes in the fair value of property holdings break down as follows:

In € million	12/31/2016	12/31/2017	Change	%
Offices	7,596,030	8,179,335	583,305	+7.7%
Residential	2,073,520	2,628,490	554,970	+26.8%
INVESTMENT PROPERTIES(1)	**9,669,550**	**10,807,825**	**1,138,275**	**+11.8%**
Change in value of projects delivered and acquisitions(2)			130,558	
Change in value of projects in progress(2)			202,931	
Change in value of assets held for sale(3)			112,545	
CHANGE IN VALUE			**1,584,310**	
Capitalized works on investment properties(1)			(26,758)	
Capitalized salaries and fringe benefits on investment properties(1)			(1,081)	
Acquisition costs, translation differentials and other(1)			(697)	
CHANGE IN VALUE RECORDED IN INCOME STATEMENT AT DECEMBER 31, 2017			**1,555,772**	

(1) Change in value of investment properties (Note 5.5.5.1.1).
(2) Change in value of properties under reconstruction (Note 5.5.5.1.1).
(3) Change in value of properties for sale (Note 5.5.5.1.1).

Pursuant to IFRS 13 (see Note 3.5.3.1.2), the tables below break down, by activity sector, ranges of the main unobservable inputs (level 3) used by property appraisers:

Offices	Yield rate	Discount rate of the DCF	Rental market value In €/sq.m
Paris CBD	2.75% - 5.20%	3.25% - 5.25%	390 - 800 €/m²
Paris non-CBD	2.50% - 7.65%	3.00% - 8.75%	230 - 850 €/m²
PARIS	**2.50% - 7.65%**	**3.00% - 8.75%**	**230 - 850 €/M²**
Inner ring (Paris)	3.65% - 8.25%	3.00% - 8.10%	110 - 540 €/m²
Outer ring (Paris)	6.15% - 9.50%	3.00% - 11.50%	70 - 230 €/m²
PARIS REGION	**3.65% - 9.50%**	**3.00% - 11.50%**	**70 - 540 €/M²**
Rest of France	3.90% - 8.50%	3.00% - 6.50%	100 - 260 €/m²
OFFICES	**2.50% - 9.50%**	**3.00% - 11.50%**	**70 - 850 €/M²**

Residential	Unit-by-unit sale price (in €/sq.m)	Yield rate
Paris	6,700 - 16,690€/sq.m	2.35% - 3.75%
Inner ring (Paris)	4,600 - 6,840€/sq.m	3.65% - 4.35%
RESIDENTIAL	**4,600 - 16,690€/SQ.M**	**2.35% - 4.35%**

An unfavorable situation on the real estate market could have a negative impact on the valuation of Gecina's property portfolio as well as its operating income. For example, a downturn in the real estate market, resulting in an increase of 50 basis points (0.5%) in capitalization rates, could result in a decrease of approximately 9.6% in the appraised value of Gecina's property portfolio (on the assumption that such a downturn would affect all the different segments of Gecina's real estate business), representing roughly €1,862 million based on the block valuation of the assets at December 31, 2017, and would have a similar unfavorable impact on Gecina's consolidated earnings.

SENSITIVITY TO CHANGES IN THE CAPITALIZATION RATE

Sector	Change in capitalization rate	Valuation of assets (in € million)	Valuation of assets (in %)	Impact on consolidated income (in € million)
ALL SECTORS	**+0.50%**	**17,564**	**-9.6%**	**(1,862)**
Offices	+0.50%	14,282	-9.3%	(1,473)
Residential	+0.50%	2,811	-11.1%	(349)
Hotels	+0.50%	235	-8.9%	(23)
Other	+0.50%	237	-6.6%	(17)

3.5.6.9 Impacts of the business combination

This account represents exclusively the costs incurred as part of the acquisition of Eurosic, i.e. €28.6 million

3.5.6.10 Net financial expenses

Net financial expenses specifically include (i) interest, coupons or dividends, received or paid, to be received or to be paid, on financial assets and liabilities including hedge financial instruments; (ii) net gains and losses on assets held for trading (UCITS and other shares held for the short term) and (iii) straight line depreciation of premiums on option and periodic premiums on option; (iv) the straight line depreciation of the cost of arranging these loans and credit lines.

In €'000	12/31/2017	12/31/2016
Interests and expenses on bank loans	(24,915)	(22,836)
Interests and expenses on bond borrowings	(69,375)	(69,852)
Interests on finance leases	(231)	(404)
Interest expenses on hedging instruments	(5,317)	(1,207)
Other financial costs	(140)	(2,388)
Losses from translation differentials	(190)	(24)
Capitalized interests on projects under development	16,144	6,464
FINANCIAL COSTS	**(84,024)**	**(90,246)**
Interest income on hedging instruments	2,774	0
Other financial income	836	2,680
Gains from translation differentials	0	0
FINANCIAL INCOME	**3,610**	**2,680**
NET FINANCIAL EXPENSES	**(80,414)**	**(87,566)**

The average cost of the drawn debt was 1.3% in 2017.

3.5.6.11 Change in value of derivatives and debts

Based on the existing hedge portfolio and taking into account contractual conditions at December 31, 2017, and the anticipated debt in 2018, a 0.5% increase in the interest rate would generate an additional expense in 2018 of €7,9 million. An interest rate decrease of 0.5% would lead to a drop in financial expenses in 2018 of €7,9 million.

Financial instruments net (current and non-current) decrease by €43 million.

Based on the portfolio at December 31, 2017, the change in fair value of the derivatives portfolio, as a result of a 0.5% increase in the interest rate, would be €26 million recognized in income. A 0.5% interest rate cut would result in a change in fair value of -€26 million recorded in income.

The Group holds all financial instruments to hedge its debt. None of them is held for speculative purposes.

3.5.6.12 Taxes

In €'000	12/31/2017	12/31/2016
Income tax	29	(31)
Additional contribution to corporate income tax	1,741	(9)
CVAE	(3,838)	(3,207)
Tax credits	77	63
Repayment of tax credits	(1,038)	
RECURRING TAXES	**(3,029)**	**(3,184)**
Non-recurring taxes	(2,275)	(362)
Tax credits	0	24
Deferred taxes	(1,619)	0
TOTAL	**(6,923)**	**(3,521)**

The Group recognizes the CFE corporate property tax (mainly pertaining to the head office) in operating expenses.
The CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*) is considered to be an income tax.

In €'000	12/31/2017	12/31/2016
Consolidated net income	1,910,937	779,945
Tax (incl. CVAE)	6,923	3,521
CVAE	(3,838)	(3,207)
CONSOLIDATED NET INCOME, BEFORE TAX EXCL. CVAE	**1,914,022**	**780,259**
THEORETICAL TAX RATE	**34.43%**	**34.43%**
THEORETICAL TAX IN VALUE	**658,997**	**268,643**
Impact of tax rate differences between France and other countries	27	0
Impact of permanent and timing differences	3,619	(1,725)
Companies accounted for by the equity method	(1,556)	(21)
Impact of the SIIC regime	(658,002)	(266,523)
Tax disputes	0	0
CVAE	3,838	3,207
TOTAL	**(652,075)**	**(265,062)**
Effective tax charge per income statement	6,923	3,521
EFFECTIVE TAX RATE	**0.36%**	**0.45%**

The theoretical tax rate of 34.4% corresponds to the ordinary tax rate of 33.3% and to the corporate income tax social contribution of 3.3%.

In €'000	12/31/2017	12/31/2016
Consolidated net income	1,910,937	779,945
Non-SIIC companies	1,629	(6,171)
Income of companies accounted for under the equity method	(4,519)	(61)
Corporate income tax	1,465	314
Deferred taxes	1,619	0
Consolidated net accounting income	1,911,132	774,027
Theoretical tax rate	34.43%	34.43%
IMPACT OF THE SIIC REGIME	**658,002**	**266,523**

3.5.6.13 Net income from discontinued operating activities

In €'000	12/31/2017	12/31/2016
GROSS RENTAL INCOME		**39,362**
Property expenses		(4,656)
Expenses		4,220
NET RENTAL INCOME	**0**	**38,926**
Services and other income (net)		74
Overheads		(454)
EBITDA	**0**	**38,546**
Net gains on disposals of properties		(2,265)
Change in value of properties		(3,008)
OPERATING INCOME	**0**	**33,273**
Net financial expenses		(780)
Change in value of financial instruments and debt		116
PRE-TAX INCOME	**0**	**32,609**
Taxes		(238)
CONSOLIDATED NET INCOME	**0**	**32,371**

3.5.6.14 Earnings per share

Earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares in circulation during the year. Diluted earnings per share are calculated by dividing net income for the year attributable to shareholders by the average weighted number of shares outstanding during the year, adjusted for the impact of equity instruments to be issued when the issue conditions are met and the dilutive effect of the benefits granted to employees through the allocation of stock options and performance shares.

In accordance with IAS 33 "Earnings per share", the average weighted number of shares outstanding and the amounts per share for the previous financial period were restated retroactively to take the new shares created over the financial period into account.

	12/31/2017	12/31/2016
Net income linked to owners of the parent (in €'000)	1,895,562	813,473
Weighted average number of shares before dilution	66,783,047	62,959,735
UNDILUTED EARNINGS PER SHARE, LINKED TO OWNERS OF THE PARENT (IN €)	**28.38**	**12.58***
Earnings per share, after effect of dilutive securities, linked to owners of the parent (in €'000)	1,895,690	813,853
Weighted average number of shares after dilution	67,044,106	63,300,123
DILUTED EARNINGS PER SHARE, LINKED TO OWNERS OF THE PARENT (IN €)	**28.28**	**12.52***

* *Post adjustment of preferential subscription rights distribution linked to the share capital increase of August 2017 (adjustment factor of 0.97391), according to IAS 33*

	12/31/2017	12/31/2016
Net income linked to owners of the parent before dilution (in €'000)	1,895,562	813,472
Impact of dilution on net income (shares allocation effect)	128	381
NET INCOME LINKED TO OWNERS OF THE PARENT, AFTER EFFECT OF DILUTIVE SECURITIES (IN €'000)	**1,895,690**	**813,853**
Weighted average number of shares before dilution	66,783,047	62,959,735
Impact of dilution on weighted number of shares	261,059	340,388
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	**67,044,106**	**63,300,123**

3.5.7 NOTES TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

3.5.7.1 Change in value and costs paid on the repurchased bonds

In €'000	Note	12/31/2017	12/31/2016
Change in value of properties	3.5.5.1.1	(1,555,772)	(532,963)
Change in value of financial instruments and debt	3.2	(12,734)	26,126
Premium and costs paid on repurchased bonds	3.2	23,800	64,230
CHANGE IN VALUE AND COSTS PAID ON THE REPURCHASED BONDS		**(1,544,706)**	**(442,607)**

3.5.7.2 Change in operating working capital

In €'000	12/31/2017	12/31/2016
BALANCE SHEET ASSETS		
Changes in inventory	(3,326)	
Clients change	(9,049)	11,532
Change in other receivables[1]	4,215	(29,939)
Change in prepaid charges	(2,666)	(2,575)
TOTAL OF BALANCE SHEET ASSETS	**(10,825)**	**(20,982)**
BALANCE SHEET LIABILITIES		
Change of tenants' security deposits	774	(2,881)
Change of trade payables	3,427	7,504
Change of tax and social payables and debt	(15,436)	4,162
Change in other debts[2]	(96,491)	(38,836)
Change in prepaid expenses	1,783	(490)
TOTAL OF THE BALANCE SHEET LIABILITIES	**(105,945)**	**(30,541)**
TOTAL OF CHANGES IN OPERATING WORKING CAPITAL	**(95,122)**	**(9,559)**
(1) VAT	*(4,137)*	*(36,950)*
Taxes	*7,251*	*8,422*
(2) Client credit balances	*(20,197)*	*(37,255)*

3.5.7.3 Proceeds from disposals of tangible and intangible fixed assets

In € million	12/31/2017	12/31/2016
Block sales	225,803	313,781
Units sales	125,274	169,196
PROCEEDS FROM DISPOSALS	**351,077**	**482,977**
Block sales	(8,728)	(5,081)
Units sales	(5,279)	(6,375)
COST OF SALES	**(14,007)**	**(11,456)**
CASH IN LINKED TO DISPOSALS	**337,070**	**471,521**

3.5.7.4 Incidence of scope variation

ACQUISITIONS AND DISPOSALS OF CONSOLIDATED SUBSIDIARIES

In €'000	12/31/2017	12/31/2016
Equities at cost	(3,264,665)	0
Acquired cash	345,758	0
NET ACQUISITIONS ACQUIRED CASH	**(2,918,907)**	**0**
Equities sale and debt reimbursement	115,110	1,226,880
Transferred Cash	0	(4,333)
NET DISPOSALS TRANSFERRED CASH	**115,110**	**1,222,547**
INCIDENCE OF SCOPE VARIATION	**(2,803,797)**	**1,222,547**

In €'000	12/31/2017	12/31/2016
Healthcare business disposal		1,233,361
Disposal costs		(14,099)
La Buire equities sale		3,419
Securities acquisitions	(2,959,165)	
Others	228	(134)
Incidence of the sale of securities accounted for under the equity method	115,110	
Financial instruments	1,727	
Changes in the scope of shareholders' equity	(1,535)	
Non controlling interests	39,838	
INCIDENCE OF SCOPE VARIATION	**(2,803,797)**	**1,222,547**

3.5.7.5 Change in working capital from investing activities

In €'000	12/31/2017	12/31/2016
BALANCE SHEET ASSETS		
Change in other receivables (fixed asset buyers)	6,074	(3,255)
BALANCE SHEET LIABILITIES		
Change of trade payables fixed assets	(177)	(166,984)
CHANGE IN WORKING CAPITAL FROM INVESTING ACTIVITIES	**5,897**	**(170,239)**

3.5.7.6 Dividends paid to shareholders of the parent company

After paying an interim dividend of €2.60 per share on March 8, 2017, the Combined General Meeting of April 26, 2017 approved the payment of a dividend of €5.20 per share for the 2016 financial year. The outstanding balance of €2.60 per share was paid out on July 7, 2017. For 2015, the Group distributed a dividend per share of €5 for a total amount paid of €313.8 million.

3.5.7.7 New loans and repayments of loans

In €'000	12/31/2017	12/31/2016
New borrowings	5,345,863	3,352,000
Repayments of loans	(3,585,950)	(4,364,087)
CHANGE OF LOANS	**1,759,913**	**(1,012,087)**

In €'000	12/31/2017	12/31/2016
Debts at year closing	8,534,696	3,640,421
Debts at year opening	(3,640,421)	(4,761,055)
Accrued interest at year closing	(60,338)	(35,075)
Accrued interests at year opening	35,075	66,188
Change of scope Heathcare disposal	(3,135,348)	79,023
IAS 39 bonds at December 31, 2017	26,250	(1,290)
others variations	0	(299)
CHANGE OF LOANS	**1,759,913**	**(1,012,087)**

3.5.7.8 Closing cash and cash equivalents

In €'000	12/31/2017	12/31/2016
Money-market UCITS	2,594	46
Cash and cash equivalents	119,437	58,527
CASH AND CASH EQUIVALENTS	**122,031**	**58,573**

3.5.8 SEGMENT REPORTING

The Group only operates in France (except for minimal operations in other European countries). It is structured into various business lines, as follows:

INCOME STATEMENT FOR BUSINESS SECTORS AT DECEMBER 31, 2017

In €'000	Offices	Residential	Student residences	Other sectors[1]	Segments total
OPERATING INCOME					
Rental revenues on offices properties	430,720	8,145	0	0	438,865
Rental revenues on residential properties	4,618	100,303	0	0	104,921
Rental revenues on students residences	0	0	15,129	0	15,129
REVENUE: GROSS RENTAL INCOME	**435,338**	**108,448**	**15,129**	**0**	**558,916**
Expenses not billed to tenants	(19,772)	(18,891)	(3,366)	0	(42,029)
RENTAL MARGIN	**415,566**	**89,557**	**11,763**	**0**	**516,887**
MARGIN ON RENTS	**95.5%**	**82.6%**	**77.8%**		**92.5%**
CURRENT OPERATING INCOME ON FINANCE LEASE TRANSACTIONS				**4,570**	**4,570**
CURRENT OPERATING INCOME ON THE HOTEL ACTIVITY				**275**	**275**
REAL ESTATE MARGIN				**519**	**519**
Services and other income (net)	3,113	95	342	20	3,571
Salaries and fringe benefits					(51,595)
Net management costs					(20,245)
EBITDA				**0**	**453,982**
Net gains on disposals of properties	(7,542)	27,590	0	0	20,048
Change in value of properties	945,438	601,493	8,841	0	1,555,772
Amortization					(5,505)
Net impairments					8,730
Impacts of the business combination					(28,558)
OPERATING INCOME					**2,004,469**
Net financial expenses					(80,414)
Financial provisions and amortization					352
Change in value of financial instruments and debt					12,734
Premium and costs paid on the repurchased bonds					(23,800)
Net income from equity-accounted investments					4,519
PRE-TAX INCOME					**1,917,860**
Taxes					(6,923)
Consolidated net income linked to non-controlling interests					(15,375)
CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT					**1,895,562**
ASSETS AND LIABILITIES BY SEGMENT AT DECEMBER 31, 2017					
Property holdings (except headquarters)	15,621,435	2,810,084	303,877	842,731	19,578,126
▪ of which acquisitions	4,382,662	0	0	391,456	4,774,118
▪ of which properties for sale	176,680	402,012	0	0	578,692
Amounts due from tenants	129,910	10,046	765	18,721	159,441
Impairments of tenants' receivables	(10,391)	(6,897)	(485)	0	(17,772)
Security deposits received from tenants	74,949	9,834	2,006	0	86,789

(1) The other business sectors include the financial lease, merchants of property and hotel company operations.

INCOME STATEMENT FOR BUSINESS SEGMENTS AT DECEMBER 31, 2016

In €'000	Offices	Residential	Student residences	Total continued operations	Discontinued operations	Segments total
OPERATING INCOME						
Rental revenues on offices properties	368,141	8,061		376,202		376,202
Rental revenues on residential properties	4,766	105,655		110,420		110,420
Rental revenues on healthcare properties				0	39,362	39,362
Rental revenues on students residences			14,046	14,046		14,046
REVENUE: GROSS RENTAL INCOME	**372,907**	**113,715**	**14,046**	**500,669**	**39,362**	**540,031**
Expenses not billed to tenants	(16,410)	(20,373)	(3,953)	(40,735)	(436)	(41,171)
RENTAL MARGIN	**356,497**	**93,342**	**10,093**	**459,934**	**38,926**	**498,860**
MARGIN ON RENTS	**95.6%**	**82.1%**	**71.9%**	**91.9%**	**98.9%**	**92.4%**
Services and other income (net)	1,008	(148)	403	1,263	74	1,337
Salaries and fringe benefits				(45,748)		(45,748)
Net management costs				(18,823)	(454)	(19,277)
EBITDA				**396,626**	**38,546**	**435,172**
Net gains on disposals of properties	16,460	34,210	-	50,669	(2,265)	48,404
Change in value of properties	471,170	59,574	2,219	532,963	(3,008)	529,955
Amortization				(4,669)		(4,669)
Net impairments				(14,262)		(14,262)
OPERATING INCOME				**961,327**	**33,273**	**994,600**
Net financial expenses				(87,566)	(780)	(88,346)
Financial provisions and amortization				0		0
Change in value of financial instruments and debt				(26,126)	116	(26,010)
Premium and costs paid on the repurchased bonds				(64,230)		(64,230)
Net income from equity-accounted investments				61		61
PRE-TAX INCOME				**783,466**	**32,609**	**816,075**
Taxes				(3,521)	(238)	(3,759)
Consolidated net income linked to non-controlling interests				1,156		1,156
CONSOLIDATED NET INCOME LINKED TO OWNERS OF THE PARENT				**781,101**	**32,371**	**813,472**
ASSETS AND LIABILITIES BY SEGMENTS AS AT DECEMBER 31, 2016						
Property holdings (except headquarters)	9,372,427	2,390,906	253,377	12,016,710	0	12,016,710
▪ of which acquisitions	196,699	-	349	197,048	-	197,048
▪ of which properties for sale	12,830	534,576	-	547,406	(0)	547,406
Amounts due from tenants	103,664	11,816	1,196	116,675	(0)	116,675
Impairments of tenants' receivables	(3,454)	(6,763)	(509)	(10,726)	-	(10,726)
Security deposits received from tenants	37,419	10,415	1,467	49,301	0	49,301

3.5.9 OTHER INFORMATION

3.5.9.1 Shareholding structure of the Group

At December 31, 2017, Gecina's shareholding was structured as follows:

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT DECEMBER 31, 2017

Shareholders	Number of shares	% of share capital	% of theoretical voting rights[(1)]	% of exercisable voting rights[(2)]
Ivanhoé Cambridge[(3)]	14,803,793	19.64%	19.64%	20.23%
Crédit Agricole Assurances – Predica	9,940,159	13.19%	13.19%	13.58%
Norges Bank	6,824,636	9.06%	9.06%	9.32%
Other resident institutional shareholders	5,860,925	7.78%	7.78%	8.01%
Individual shareholders	2,894,949	3.84%	3.84%	3.96%
Non-resident shareholders	32,869,371	43.61%	43.61%	44.91%
Treasury shares	2,169,611	2.88%	2.88%	
TOTAL	**75,363,444**	**100.00%**	**100.00%**	**100.00%**

(1) The calculation of percentages of voting rights takes into account all shares entitled to voting rights, including shares with restricted voting rights (treasury shares).
(2) The calculation of percentages does not include the treasury shares held by the company which have restricted voting rights.
(3) On the basis of Ivanhoé Cambridge's latest declaration of crossing of ownership thresholds (Decision and Information AMF No. 217C2872 of December 8, 2017).

CHANGE IN THE BREAKDOWN OF SHARE CAPITAL OVER THE LAST THREE YEARS

	12/31/2017			12/31/2016			12/31/2015		
	% of share capital	% of theoretical voting rights[(1)]	% of exercisable voting rights[(2)]	% of share capital	% of theoretical voting rights[(1)]	% of exercisable voting rights[(2)]	% of share capital	% of theoretical voting rights[(1)]	% of exercisable voting rights[(2)]
Ivanhoé Cambridge	19.64%	19.64%	20.23%	22.91%	22.91%	23.04%			
Blackstone & Ivanhoé Cambridge							26.37%	26.37%	26.64%
Crédit Agricole Assurances – Predica	13.19%	13.19%	13.58%	13.29%	13.29%	13.37%	13.32%	13.32%	13.45%
Norges Bank	9.06%	9.06%	9.32%	9.68%	9.68%	9.74%	9.70%	9.70%	9.80%
Other resident institutional shareholders	7.78%	7.78%	8.01%	4.69%	4.69%	4.72%	3.75%	3.75%	3.78%
Individual shareholders	3.84%	3.84%	3.96%	4.21%	4.21%	4.24%	4.33%	4.33%	4.37%
Non-resident shareholders	43.61%	43.61%	44.91%	44.63%	44.63%	44.90%	41.55%	41.55%	41.96%
Treasury shares	2.88%	2.88%		0.59%	0.59%		0.98%	0.98%	
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

(1) The calculation of percentages of voting rights takes into account all shares entitled to voting rights, including shares with restricted voting rights (treasury shares).
(2) The calculation of percentages does not include the treasury shares held by the company which have restricted voting rights.

At December 31, 2017, the percentages of share capital and voting rights held by the members of the administrative and governance bodies were 32.4% and 33.3% respectively.

As at December 31, 2017, Group employees held 776,122 Gecina shares directly and 75,517 Gecina shares indirectly *via* the Gecina employee shareholding fund ("FCPE Gecina actionnariat"), representing a total of 1.13% of the share capital.

During the 2017 financial year, the Company was notified of seven declarations of crossing legal thresholds by the company BlackRock, Inc. These crossings, both upward and downward, of technical thresholds were due to transactions on the market and the decrease and increase in the number of Gecina shares held as collateral. On December 7, 2017, BlackRock, Inc. also declared that it had exceeded the statutory threshold of 5%. To the Company's knowledge, no other shareholder owns more than 5% of the share capital or voting rights at December 31, 2017.

The company has no pledges on its treasury shares.

Company transactions on treasury shares

The General Meeting of shareholders of April 26, 2017 renewed the authorization given to the company to purchase treasury shares on the stock market for a period of 18 months. The maximum purchase price was set at €150. The number of shares purchased by the company during the duration of the buyback program cannot exceed, at any time whatsoever, 10% of the shares comprising the company's share capital, and 5% in the event of share buybacks aimed at external growth projects at the time of the transaction. The maximum number of shares that can be held, at any time whatsoever, is set at 10% of shares comprising the share capital. Given that the General Meeting of shareholders of April 26, 2017 granted authorization for a period of 18 months, a motion was submitted for its renewal, which will be submitted to the approval of the General Meeting convened to approve the financial statements for 2017.

On a decision of the Board of Directors of February 23, 2017, Gecina granted, to an independent investment services provider, a mandate to purchase Gecina shares on its behalf, depending on market conditions, limited to a maximum of €300 million starting from February 24, 2017, for a term of one year. The 1,842,534 shares purchased were allocated to the remittance or exchange of shares as part of external growth transactions, in compliance with authorizations approved by the General Meetings of April 21, 2016 and April 26, 2017.

As at December 31, 2017, a total of 2,169,611 treasury shares were held, *i.e.* 2.88% of the share capital. The treasury shares represent a total investment of €243.04 million, at an average price per share of €112.02.

COMPANY TRANSACTIONS ON TREASURY SHARES

Aggregate information 2017		% of share capital
Number of shares comprising the issuer's share capital at December 31, 2017	75,363,444	
Number of treasury shares at December 31, 2016	372,544	0.59%
Options exercised in the year	44,397	0.06%
Shares allocated in the options plans (2017 adjustment)	1,070	
Share buyback	1,842,534	2.44%
Average price of share buybacks including transaction fees	€122.29	
Liquidity contract	none	none
Number of shares purchased		
Number of shares sold		
Average purchase price		
Average sale price		
Number of treasury shares at December 31, 2017	2,169,611	2.88%

3.5.9.2 Dividend distributed during the year

Pursuant to the provisions concerning the regime of French listed real estate investment trusts (SIIC), the system selected by Gecina, a proposal by the General Meeting was made for the distribution, in 2018, of a dividend of €5.30 per share for the fiscal year 2017.

Pursuant to Article 158 of the French General Tax Code and Article L. 221-31 of the French Monetary and Financial Code, the dividends distributed by listed real estate investment trusts (SIIC) to individual investors resident in France do not qualify for the 40% rebate. In addition, the 20% withholding tax introduced by Article 208C-II *ter* of the French General Tax Code is described below.

Consequently, a proposal will be put to the General Meeting to appropriate 2017 earnings for the year as follows, and to decide, after taking into account:

- The profit of the year of € 333,385,491.70 ;
- The allocation of the legal reserve for € - 8,946,603.00,
- The carryforward of € 146,955,277.66,
- Representing distribuable earnings of €471,394,166.36;
- To distribute a dividend per share of €5,30 under the SIIC tax regime, representing a maximum overall amount of €399,426,253.20
- To retain the balance of € 71,967,913.16.

The total amount of the distribution above is calculated on the basis of the number of shares granting rights to a dividend as of December 31, 2017, i.e. 75,363,444 shares. This may change if the number of shares granting rights to a dividend changes between January 1, 2018 and the ex-date of the dividend based, in particular, on the number of treasury shares, the final allocation of free shares and the exercise of options (if the beneficiary is entitled to a dividend in accordance with the provisions of the plans in question).

An interim payment of 50% of the 2017 dividend amount will be paid out on March 8, 2018 and the balance will be paid on July 5, 2018 for which shareholders will be able to choose to receive a payment in new shares or cash.

The dividends distributed in the previous five financial years are set out below:

DIVIDENDS IN THE LAST FIVE YEARS

	2013	2014	2015	2016	2017
Distribution	€289,204,282	€293,437,413	€316,303,100	€329,860,128	€399,426,253
Number of shares	62,870,496	63,104,820	63,260,620	63,434,640	75,363,444
Dividend under the SIIC system	€4.60	€4.65	€5.00	€5.20	€5.30[1]

(1) Proposal submitted for approval by the General Meeting called to approve the financial statements for 2017.

Dividends not claimed at the end of a period of five years are time-barred and paid to the French tax authorities.

3.5.9.3 Related parties

The attendance fees paid to Directors appear in Note 5.2.4.

A co-exclusive sale mandate for a building located in Neuilly-sur-Seine (Hauts-de-Seine) was concluded in May 2011, between Locare, a subsidiary of Gecina, and Resico, a subsidiary of Predica, shareholder and Director of the company. In this respect, Locare invoiced Resico the sum of €171.2 thousand for the financial year 2017.

Bami Newco was the subject of insolvency proceedings commenced in June 2013. Gecina and SIF Espagne reported their receivables in the context of these bankruptcy proceedings.

Bami Newco is neither consolidated nor booked under the equity method by Gecina since the Group has no control over that entity and significant influence.

The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016 Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the *de facto* and *de jure* Directors of Bami Newco and they continue to assert their rights and defend their interests in these proceedings.

On December 14, 2007, Gecina advanced €9.85 million to Bami Newco in connection with the acquisition by Gecina group of a plot of land in Madrid. This agreement was approved by the Shareholders' General Meeting of April 22, 2008. As a result of the repayments made, the balance on this advance that stood at €2.7 million was subject to a ruling on September 10, 2012, instructing Bami Newco to repay SIF Espagne. Bami Newco has appealed this ruling. An order handed down by the Madrid Appeal Court on January 18, 2013, confirmed the September 10, 2012 ruling. The resulting debt was reported under the bankruptcy proceedings of Bami Newco.

A joint bond of €5 million involving SIF Espagne was granted to FCC Construcción for the development by Bami Newco of a corporate office in Madrid on behalf of FCC Construcción. The latter went to a Spanish court to demand the payment of this bond. On September 12, 2014, the Madrid Appeals Court ordered Bami Newco and its guarantors (SIF Espagne and Inmopark 92 Alicante) to pay jointly to FCC Construcción the sum of €5 million in principal, in addition to late penalties and court costs.

In November 2014, FCC Construcción requested the execution of the aforesaid order against SIF Espagne, which made the corresponding payment.

Bami Newco and SIF Espagne appealed to the Court of Cassation, but their appeal was dismissed in a judgment on January 11, 2017, thereby firmly and definitively closing the appeal.

The corresponding provision of €5 million has been written back in the accounts of SIF Espagne and a debt has been recognized to Bami Newco and Inmopark 92 Alicante, on the assets side of the balance sheet, immediately written down for impairment due to the financial position of these two companies and their ongoing bankruptcy proceedings.

The ensuing statements of claims were confirmed in the bankruptcy proceedings of Bami Newco and Inmopark 92 Alicante.

In 2012, the company was informed about the existence of several guarantees granted by SIF Espagne, then represented by Mr. Joaquín Rivero:

- on January 14, 2010, concerning Bami Newco's repayment of a loan signed the same day in connection with a renewal with Caja Castilla La Mancha for a principal of €9 million, alongside Inmopark 92 Alicante, also a shareholder in Bami Newco and controlled by Joaquín Rivero. Through a payment of €5.2 million to Caja Castilla la Mancha in June 2012, the company definitively paid the balance of the guarantee granted to Bami Newco. SIF Espagne demanded the repayment of the €5.2 million from Bami Newco; this debt has been reported in the context of Bami Newco's bankruptcy proceedings. It remains fully written down on Gecina's consolidated balance sheet;
- on November 13, 2009, concerning Bami Newco's repayment of credit facilities granted to it until November 13, 2019 by Banco Popular for principal amounts of €3.3 million and €1.5 million respectively. The resulting contingent receivable was reported under the bankruptcy proceedings of Bami Newco. Pursuant to a letter dated June 17, 2014, Banco Popular called in one of its two guarantees and claimed the payment of €3 million from SIF Espagne. In June 2016 MHB Bank claimed payment of this guarantee as the assignee. The company studied and analyzed this claim and believes that it is not required as of this date to make the payment.

In connection with the contemplated acquisition by Gecina of the shares and securities giving access to the share capital of Eurosic, Gecina entered into the three following agreements on June 20, 2017:

- a share purchase agreement for the shares of Eurosic, amounting to €449 million, was entered into with Predica as part of the acquisition of blocks of shares from Eurosic's main shareholders;
- a commitment to tender was entered into between Predica and Gecina pursuant to which Predica commits to tender its remaining Eurosic shares that were not sold to Gecina pursuant to the above-mentioned share purchase agreement, *i.e.* 1,099,807 Eurosic shares, to the exchange offer of the public offer;
- a memorandum of understanding was entered into between Gecina and Eurosic, aimed in particular at organizing the terms and conditions of the cooperation between the two companies.

Taking into account the shareholding ties between Predica and Gecina, these agreements were unanimously approved by Gecina's Board of Directors on June 20, 2017 (with the exception of Predica, which did not take part in the vote, in accordance with the procedure for related-party agreements and the Board of Directors' bylaws). These agreements will be submitted to the next General Shareholders' Meeting approval in line with the procedure for related-party agreements.

A support and consulting contract - a one-year engagement letter - was signed on December 7, 2017 between Gecina and Dominique Dudan, independent director of the company. Under the terms of this agreement, a specific assignment as part of the process of selling the Company's hotel portfolio was given. Ms. Dominique Dudan's compensation for this assignment is established on the basis of a lump sum of € 40,000 excluding tax. This assistance and advisory contract - letter of engagement will be submitted, as part of the regulated agreements procedure, to the approval of the next General Meeting of Shareholders.

3.5.9.4 Group employees

Average headcount	12/31/2017	12/31/2016	12/31/2015
Management staff	220	194	195
Employees and supervisors	167	166	165
Building staff	70	76	78
TOTAL	**457**	**435**	**438**

3.5.9.5 Stock options and performance shares

STOCK OPTIONS

Grant date	Start date of exercise of options	Number of options advanced	Subscription or purchase price	Subscription or purchase price after adjustment of September 5, 2017*	Total to exercise at 12/31/2016	Options exercised in 2017	Options cancelled, expired or transferred	Number of additional options after adjustment of September 5, 2017*	Total to exercise at 12/31/2017	Residual life (in years)
12/13/2007	12/13/2009	230,260	€103.52	€101.45	38,040	38,403		363	0	0.0
12/18/2008	12/18/2010	331,875	€36.80	€36.06	35,868	7,064		707	29,511	1.0
04/16/2010	04/16/2012	252,123	€78.08	€76.52	59,790	44,717		1,236	16,309	2.3
12/27/2010	12/27/2012	210,650	€83.55	€81.88	88,260	39,819	506	1,815	49,750	3.0

* *On August 11, 2017, the company issued 9,062,091 new shares, as part of the Capital Increase and, in order to preserve the rights of options holders, the parameters of the options were adjusted on September 5, 2017.*

PERFORMANCE SHARES

Grant date	Vesting date	Number of shares advanced	Stock price when granted	Balance at 12/31/2016	Shares acquired in 2017	Shares canceled in 2017	Balance at 12/31/2017
02/19/2015	02/19/2018	58,120	€116.45	55,740		1,313	54,427
04/21/2016	04/21/2019	60,990	€125.00	59,690		5,038	54,652
07/21/2016	04/21/2019	3,000	€128.65	3,000			3,000
07/17/2017	07/20/2020	53,810	€136.08	0		400	53,410

Note: the 138,440 Eurosic bonus shares (in acquisition or holding period) that could not or had not been contributed to the Offer were subject to a liquidity mechanism.

3.5.9.6 Compensation for administrative and governance bodies

Compensation for management bodies concerns Gecina's corporate officers.

In €'000	12/31/2016	12/31/2017
Short-term benefits	1,390	3,095
Post-employment benefits	N.A.	N.A.
Long-term benefits	N.A.	N.A.
End-of-contract benefits (ceiling for 100% of criteria)	N.A.	N.A.
Share-based payment	300	N.A.

3.5.9.7 Auditors' Fees

The fees of the Independent Auditors recognized in the income statement for 2017 for the audit and certification of the individual and consolidated financial statements and for various audit-related missions amounted to:

	Pricewaterhouse Coopers Audit				Mazars				Total			
	Amount (net of tax)*		%		Amount (net of tax)*		%		Amount (net of tax)*		%	
In €'000	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT												
Statutory Auditor certification, review of individual and consolidated accounts...	703	567	79%	82%	781	570	77%	82%	1,484	1,137	78%	82%
Services other than the certification of accounts	187	121	21%	18%	230	125	23%	18%	417	246	22%	18%
TOTAL	**890**	**688**	**100%**	**100%**	**1,011**	**695**	**100%**	**100%**	**1,901**	**1,383**	**100%**	**100%**

* *Including share of non-refundable VAT.*

Services other than the certification of accounts were in 2017 predominantly comprised of services required under legal and regulatory provisions. They mainly include duties related to the Eurosic public tender offer (including the capital increase and bond issue) for €280 thousand and the certification of human resources, environmental and social information (€65 thousand).

The data in the table above includes the fees paid by Eurosic since its integration within the Gecina group (last four months of 2017): €131 thousand in certification fees (€7 thousand to PWC and €126 thousand to Mazars), and €13 thousand to Mazars in respect of services other than the certification of accounts.

3.5.9.8 Post-balance sheet events

None

04

ANNUAL FINANCIAL STATEMENTS

4.1 BALANCE SHEET AS AT DECEMBER 31, 2017

ASSETS

	12/31/2017			12/31/2016
In €'000	Gross	Depreciations and impairments	Net	Net
FIXED ASSETS				
INTANGIBLE ASSETS	**7,511**	**3,820**	**3,691**	**3,858**
Concessions, patents, licenses	7,511	3,820	3,691	3,858
TANGIBLE FIXED ASSETS	**4,165,703**	**593,038**	**3,572,665**	**3,657,115**
Land	2,104,775	14,640	2,090,135	2,099,711
Buildings	1,722,174	559,350	1,162,825	1,223,164
Buildings on third party land	25,421	12,498	12,923	14,751
Other	10,676	6,551	4,125	3,405
Merger losses on land	258,544		258,544	267,063
Construction in progress	44,113		44,113	49,021
FINANCIAL INVESTMENTS	**8,693,057**	**345,942**	**8,347,115**	**3,965,515**
Equity investments and related receivables	7,210,911	103,187	7,107,724	3,667,215
Other equity investments	1,131,054		1,131,054	21,587
Loans	178,795	177,564	1,231	178,728
Other financial investments	10,006	153	9,853	732
Merger losses on securities	96,773		96,773	96,773
Advances on property acquisitions	65,519	65,039	480	480
TOTAL I	**12,866,272**	**942,800**	**11,923,471**	**7,626,488**
CURRENT ASSETS				
Advances and deposits	564		564	778
RECEIVABLES				
Rent due	15,922	8,339	7,583	15,200
Other	196,318	27,649	168,669	49,381
Investment securities	1,834		1,834	6,026
Liquid assets	88,763		88,763	61,263
ASSET ACCRUALS				
Prepaid charges	29,985		29,985	22,373
TOTAL II	**333,385**	**35,988**	**297,397**	**155,021**
Bond redemption premiums	37,266		37,266	20,372
TOTAL III	**37,266**		**37,266**	**20,372**
GRAND TOTAL (I + II + III)	**13,236,923**	**978,788**	**12,258,135**	**7,801,881**

LIABILITIES

In €'000	Before income appropriation 12/31/2017	12/31/2016
SHARE CAPITAL		
Capital	565,226	475,760
Issue, merger and contribution premiums	3,175,315	1,918,916
Revaluation gain/loss	418,295	428,915
Legal reserve	46,280	46,280
Legal reserve from long-term capital gains	1,296	1,296
Regulatory reserves	24,220	24,220
Distributable reserves	691,975	681,356
Retained earnings	146,955	
Net income for the year	333,385	469,119
Investment subsidies	1,280	1,516
TOTAL I	**5,404,230**	**4,047,378**
PROVISIONS		
Provisions for liabilities	11,118	6,837
Provisions for expenses	19,951	23,166
TOTAL II	**31,069**	**30,003**
PAYABLES AND DEBT		
Bonds	4,686,379	2,563,254
Loans and debt	2,019,251	1,035,530
Security deposits	24,056	22,540
Advances and deposits received	11,023	12,313
Trade payables	24,780	22,682
Tax and social security payables and debt	23,691	27,080
Fixed asset payables	22,588	31,789
Other payables	10,415	8,450
ACCRUALS		
Prepaid income	654	862
TOTAL III	**6,822,837**	**3,724,500**
GRAND TOTAL (I + II + III)	**12,258,135**	**7,801,881**

4.2 INCOME STATEMENT AT DECEMBER 31, 2017

In €'000	12/31/2017	12/31/2016
OPERATING REVENUES		
Rental income	249,953	251,461
Write-backs on impairment and provisions	4,707	2,948
Recharges to tenants	50,452	49,641
Other transferred expenses	849	494
Other income	35,651	32,718
TOTAL	**341,611**	**337,262**
OPERATING EXPENSES		
Purchases	(10,333)	(10,580)
Other external expenses	(82,296)	(86,172)
Taxes and duties	(41,513)	(32,168)
Salaries and fringe benefits	(47,400)	(41,537)
Depreciation	(60,366)	(61,519)
Impairment on current assets	(2,119)	(1,890)
Provisions	(87)	(13,960)
Other charges	(1,429)	(2,617)
TOTAL	**(245,543)**	**(250,443)**
OPERATING INCOME	**96,068**	**86,819**
FINANCIAL INCOME		
Interest and related income	44,980	44,640
Write-backs on impairment and provisions, transferred expenses	5,685	730
Income from securities and receivables	154,431	87,284
Income from equity investments	33,206	33,166
TOTAL	**238,302**	**165,820**
FINANCIAL COSTS		
Interest and related expenses	(125,367)	(131,503)
Impairment and provisions	(24,489)	(14,483)
TOTAL	**(149,857)**	**(145,986)**
NET FINANCIAL ITEMS	**88,445**	**19,834**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS	**184,514**	**106,653**
EXCEPTIONAL ITEMS		
Net gains on disposals of properties	117,089	91,418
Net gains on sale of securities	(13)	316,982
Provisions for property impairments	53,689	10,223
Subsidies	243	406
Exceptional income and expenses	(21,259)	(52,454)
EXCEPTIONAL ITEMS	**149,749**	**366,575**
INCOME BEFORE TAX	**334,262**	**473,228**
Employee profit-sharing	(545)	(4,187)
Income tax	(332)	78
INCOME	**333,385**	**469,119**

4.3 NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2017

4.3.1 HIGHLIGHTS

2017 Financial Year

Gecina's Board of Directors, chaired by Mr. Bernard Michel, met on January 6, 2017, decided to appoint Mrs. Méka Brunel as Gecina's Chief Executive Officer, replacing Mr. Philippe Depoux. The Board ended the duties of Philippe Depoux as Chief Executive Officer.

On February 22, 2017, Gecina has signed a lease for a firm nine-year period, starting in the early 2018, with the Caisse Régionale RSI Ile-de-France social security agency for all the vacant space in the "Dock-en-Seine" building in Saint-Ouen, representing nearly 8,700 sq.m. A preliminary sales agreement was signed in December 2017 for this building.

In the context of the implementation of its share buyback program, on decision of the Board of Directors of February 23, 2017, Gecina gave mandate to an independent investment services provider to purchase Gecina shares on its behalf, depending on market conditions, within the limit of a maximum of €300 million starting from February 24, 2017 and over a period of one year. On June 21, 2017, in accordance with the provisions agreed with its financial services provider, Gecina closed the share buyback program, which had allowed the acquisition of 1.8 million securities since February 24, 2017 for an amount of €224.5 million, *i.e.*, an average of €121.8 per share.

On April 25, 2017, Gecina signed a lease for a firm six-year period with an outstanding tenant, for 11,000 sq.m of space in the Le Valmy building located in the 20th arrondissement of Paris. Currently rented by the French Ministry of Finance, this space will be relet immediately following the current tenant's departure expected for end-2017, thereby proving Gecina's capacity and ambition to anticipate the Group's major rental challenges very early. Alongside this, the tenant, which already rented more than 5,000 sq.m in this building, has extended its commitment for this space, in line with this Group's plans to strengthen its presence at this site over the long term.

On May 2, 2017, Gecina signed with a leading tenant, a lease for a firm six-year period, for 20, rue de la Ville-l'Êvêque at the heart of the Parisian CBD, nine months prior to its delivery. The building, which has a total surface area of 6,400 sq. m, has been under reconstruction since the second quarter of 2016, and will be entirely leased after its scheduled delivery in the first quarter of 2018.

On July 4, 2017, Gecina acquired all the shares in SCI Des Vaux, owner of an office building in La Défense with a total area of 1,500 sq. m. and valued at €78.5 million excluding duties.

On September 11, 2017, Gecina took first place among office property companies in Europe in the Global Real Estate Sustainability Benchmark (GRESB) ranking with a score of 93/100, up by 18 points. In addition, the Dow Jones Sustainability Index (DJSI) confirmed this leadership in Europe and ranked Gecina in second place among office property companies worldwide. Gecina was also recognized by the EPRA (European Public Real Estate Association) for the quality and the transparency of its financial and non-financial communication.

On September 19, 2017, Gecina successfully placed a bond in the amount of €700 million maturing in January 2028 (*i.e.* a maturity of 10.3 years), offering a coupon of 1.375%. Alongside this, Gecina opened a buyback offer for three outstanding public bond issues maturing in 2019, 2021 and 2023, that closed on September 26, 2017, with a nominal amount of €274 million contributed to the offer, *i.e.* an average contribution rate of 30% on all issues.

On December 19, 2017, Gecina and five other large European property companies decided to combine their thinking in order to share their experience and best practices on the themes of innovation and CSR, by creating a think tank. This forum for discussion and initiatives is complementary to the initiatives taken by each of these property companies. The forum can be the framework for research projects and any other initiative needed to increase the capacity for innovation of property companies and implement the best practices in CSR matters.

Eurosic Acquisition

On June 21, 2017, Gecina announced, following the unanimous approval of its Board of Directors, its proposed acquisition of all the securities of Eurosic. This friendly operation between Gecina and Eurosic is supported by Eurosic's six main shareholders, representing 94.8% of its capital, under firm agreements signed to sell blocks of securities and undertakings to tender securities for the mandatory public offer that will be submitted once the blocks have been acquired. This acquisition is in line with the Group's total return strategy. Eurosic's integration will be facilitated by Gecina's new organization, which will be implemented starting from July.

After the announcement of the business combination with Eurosic, the rating agencies confirmed Gecina's high credit quality, with a rating of BBB+/positive outlook from Standard and Poor's and A3 from Moody's with however, a change from stable outlook to negative outlook pending the completion of the announced divestment program aimed at bringing LTV below 40%.

On June 27, 2017, as part of its friendly business combination with Eurosic, Gecina successfully placed a bond issue with three tranches for a total amount of €1.5 billion, with an average coupon of 1.3% and average maturity of ten years. Gecina thus placed €500 million for five years (maturing in June 2022) with a variable coupon based on the 3 month Euribor +38 bp (equivalent to a coupon of 0.5%), €500 million for 10 years (maturing June 2027) offering a coupon of 1.375% and €500 million for 15 years (maturing June 2032) offering a 2.0% coupon. These issues are effectively aligned with Gecina's overall financing strategy, enabling it to extend the average maturity of its debt, reduce its average cost and optimize its credit maturities, while combining short-term flexibility with long-term security.

On July 18, 2017, Gecina announced the launch of its capital increase with preservation of the pre-emptive subscription right of shareholders for a gross amount of approximately

€1 billion, whose subscription period was from July 21, 2017 to August 2, 2017 inclusive.

On August 9, 2017 Gecina announced the success of its capital increase that gave way to the issue of 9,062,091 new shares, for a gross amount raised (issue premium included) of €1,001,361,055.50. At the end of the subscription that ended on August 2, 2017, the total demand reached approximately €2.7 billion, *i.e.* a subscription rate of approximately 267%.

On August 29, 2017, Gecina acquired blocks of shares and of OSRA Eurosic, bearing on a total of 38,122,108 shares and 17,126,902 OSRA. At the end of that transaction, Gecina thus held 85.4% of the diluted capital of Eurosic.

On October 17, 2017, at the end of the publication of the results of the alternative public offer for simplified purchase and exchange, Gecina reached a holding rate of 99.75%. This result made it possible to begin the final step in the acquisition of Eurosic with the mandatory squeeze-and delisting on October 24, 2017.

4.3.2 ACCOUNTING RULES AND PRINCIPLES

The annual financial statements are prepared in accordance with the French General Chart of Accounts and the French Commercial Code.

4.3.3 VALUATION METHODS

The method used for valuing items recorded in the financial statements is the historical cost method.

Note that the balance sheet was subjected to a voluntary revaluation at January 1, 2003, after Gecina opted for the French listed real estate investment trust (SIIC) tax regime.

4.3.3.1 Fixed assets

4.3.3.1.1 Intangible assets

Intangible assets are measured at cost and amortized under the straight-line method according to the planned term of the asset.

4.3.3.1.2 Gross value of tangible fixed assets and depreciation

Gecina has been using a component approach since January 1, 2005. The table below gives the straight-line depreciation periods for each of the components:

	Proportion of component		Depreciation period (in years)	
	Residential	Offices	Residential	Offices
Framework structure	60%	50%	80	60
Roofing and walls	20%	20%	40	30
Technical components	15%	25%	25	20
Fixtures and fittings	5%	5%	15	10

The new assets are stated at cost made up of the purchase price and all direct costs including transfer duties, fees and commissions linked to the acquisition, or at cost for constructions.

In accordance with ANC regulation 2015-6, the technical merger losses for the unrealized capital gains recognized are recorded in the assets in question.

4.3.3.1.3 Property impairment and value adjustments

Any impairment charge following a reduction in value of properties is determined as follows:

Long-term property holdings

An impairment is recognized on a line-by-line basis if there is an indication of loss of value, especially if the block appraisal value of the property valued by one of the independent appraisers (at December 31, 2017: CBRE Valuation, Cushman & Wakefield and Crédit Foncier Expertise), is more than 15% below the building's net book value. In this case, the impairment amount recorded is then calculated in relation to the appraisal amount excluding transfer taxes. In the event of an unrealized capital loss of the total property holding, impairment is recognized for each property as an unrealized capital loss. This impairment is primarily assigned to non-depreciated assets and adjusted each year based on subsequent appraisals.

Property for sale or to be sold in the short term

Properties for sale or due to be sold in the short term are valued in relation to their independent block valuation or their realizable market value, and an impairment is recognized if this value is lower than the book value.

Valuations are conducted in accordance with industry practices using valuation methods to establish market value for each asset, pursuant to the professional real estate valuation charter. These valuation methods are described in detail in the notes to the Consolidated financial statements.

The impairment allocation of a tangible asset is booked under extraordinary items, just as any impairment write-back due to appreciation in the asset's value.

4.3.3.2 Financial investments

Equity investments are stated on the balance sheet at subscription or acquisition cost, except for those held at January 1, 2003 that were revalued.

The acquisition costs of investments previously recorded under deferred expenses have been recorded under expenses and not included in the acquisition cost of financial investments.

This heading notably includes Gecina's equity investment in companies with rental property holdings (including equity interests and non-capitalized advances).

Treasury shares held by the company are recorded in "Other financial investments", except for those specifically assigned to cover stock options or performance shares granted to employees and corporate officers, which are recorded under investment securities.

Subordinated bonds redeemable in shares (OSRA), are also recorded under "Other equity investments".

Where there is a sign of long-term impairment of securities, loans, receivables and other capitalized assets, impairment, which is determined on the basis of several criteria (Net Asset Value, profitability and strategic value, in particular) is recorded under income. The net asset value of real estate companies includes the fair market value of the properties based on the independent appraisals.

4.3.3.3 Operating receivables

Receivables are recognized at par value. Rent receivables are always written down based on the receivables' aging and the situation of the tenants.

An impairment rate is applied to the amount of the receivable, excluding tax, minus the security deposit:

- tenant has left the property: 100%;
- tenant in the property:
  - receivable between 3 and 6 months: 25%,
  - receivable between 6 and 9 months: 50%,
  - receivable between 9 and 12 months: 75%,
  - over 12 months: 100%.

Impairment thus determined is adjusted to take account of particular situations.

4.3.3.4 Investment securities

Investment securities are stated on the balance sheet at cost. An impairment charge is recorded when realizable value is lower than net book value.

Shares specifically assigned to cover stock options awarded to employees and corporate officers are included in this item. Where applicable, they are written down to the lower of the exercise price of the options or the average stock market price in the last month of the year.

4.3.3.5 Accrued assets and related amounts

This item mainly includes the following prepaid expenses:

- renovation costs for properties up for sale (in addition to disposal costs). They are recognized in income when disposals have been carried out;
- the redemption or issue premiums of bonds as well as the issue costs of loans, which are amortized over the term of the loans under the straight-line method.

4.3.3.6 Bonds

Bonds issued by the company are recorded at their redemption value. The redemption premium is recorded on the asset side of the balance sheet and amortized under the straight-line method over the term of the bonds.

4.3.3.7 Hedging instruments

The company uses interest rate swaps, caps, swaptions and floors to hedge lines of credit and borrowings.

It applied ANC regulation 2015-05 for the first time at the close of the 2017 financial year.

The corresponding interest expenses and income are posted on an accruals basis to the income statement.

Premiums on derivatives are amortized over the term of the instruments, with the exception of swaptions, for which the premiums are amortized on a straight-line basis over the term of the option.

The recognition of the financial instruments is a reflection of management and a function of the intent of the transactions are carried out.

In the case of hedging transactions, the unrealized and realized income from the hedging instruments is recorded in income over the residual life of the hedged item, symmetrically with the recognition method used for the item's income and expenses. Changes in the value of the instruments are not recognized on the balance sheet unless they enable symmetrical handling of the hedged item.

In the case of isolated open positions, changes in value are recognized in the balance sheet and unrealized losses are consistently entered as a provision for contingencies.

4.3.3.8 Employee benefit commitments

Retirement benefit commitments

Retirement benefit commitments resulting from the application of national and company-level collective agreements are valued by independent experts under the actuarial method and taking account of mortality tables. They are covered by an insurance policy or are accrued for any portion not covered by the insurance fund in case the funds paid are insufficient.

Supplementary retirement commitments to certain employees

Supplementary retirement commitments to certain employees are valued under actuarial methods factoring in mortality tables. They are managed by external organizations and payments are made to these organizations. Additional provisions are constituted in the event that the insurance fund is underfunded for the liabilities. The valuation of these retirement commitments assumes the employee's voluntary departure.

Long-service awards

Commitments for long-service awards (anniversary premiums paid to personnel) are accrued on the basis of an independent estimate made at each year end.

4.3.4 NOTES ON THE BALANCE SHEET ITEMS

4.3.4.1 Fixed assets

GROSS VALUE OF ASSETS

In €'000	Gross brought forward	Transfers between items	Acquisitions	Decreases	Gross carried forward
INTANGIBLE ASSETS	**6,196**		**1,316**		**7,511**
Concessions, licenses	6,196		1,316		7,511
TANGIBLE FIXED ASSETS	**4,265,607**		**28,912**	**128,815**	**4,165,703**
Land	2,165,592		200	61,017	2,104,775
Buildings	1,748,114	9,378	21,600	56,918	1,722,174
Buildings on third party land	27,779			2,358	25,421
Other tangible assets	8,038		2,642	4	10,676
Merger losses on land	267,063			8,518	258,544
Fixed assets in progress	49,021	(9,378)	4,470		44,113
FINANCIAL INVESTMENTS	**4,301,376**		**4,523,084**	**131,403**	**8,693,057**
Equity investments	2,372,777		2,412,927		4,785,704
Receivables related to equity investments	1,565,108		986,320	126,220	2,425,207
Other financial investments	21,587		1,114,336	4,869	1,131,054
Loans	178,728		152	85	178,795
Other financial investments	884		9,350	229	10,006
Merger losses on securities	96,773				96,773
Advances on property acquisitions	65,519				65,519
TOTAL	**8,573,179**		**4,553,311**	**260,218**	**12,866,272**

Changes in equity investments mainly concern:

- the acquisition of Eurosic SA's shares in the amount of €2.4 billion;
- the acquisition of SCI Des Vaux's shares in the amount of €38 million;

Receivables related to equity investments mainly cover long-term financing set up by Gecina with its subsidiaries, in the form of long-term shareholder loans.

The largest loans are for:

- Eurosic for €444 million;
- Avenir Danton Défense for €315 million;
- Avenir Grande Armée for €215 million;
- Tour City 2 for €185 million;
- GEC 22 for €124 million;
- Michelet Levallois for €113 million;
- GEC 7 for €106 million;
- Immobilière et Commerciale de Banville for €100 million.

The other equity investments consist of:

- subordinated bonds redeemable in shares (OSRA) acquired with the Eurosic SA shares in the amount of €890 million;
- treasury shares, for €241 million (see Note 4.3.4.4).

Loans include a participating loan arranged in 2010 with the Spanish subsidiary SIF Espagne for €178 million.

Other financial fixed assets include coupons accrued on Eurosic OSRA (subordinated bonds redeemable in shares) for €9 million.

AMORTIZATION

In €'000	Balance brought forward	Allocations	Write-backs	Balance carried forward
Intangible assets	**2,338**	**1,482**		**3,820**
Concessions, licenses	2,338	1,482		3,820
Tangible fixed assets	**533,585**	**58,884**	**20,650**	**571,820**
Buildings	515,924	56,494	19,647	552,770
Buildings on third party land	13,028	468	998	12,498
Other tangible assets	4,633	1,923	4	6,551
TOTAL	**535,923**	**60,366**	**20,650**	**575,640**

IMPAIRMENT

In €'000	Balance brought forward	Allocations	Write-backs	Balance carried forward
Tangible fixed assets	**74,907**	**62**	**53,751**	**21,218**
Land	65,880		51,241	14,640
Buildings	9,027	62	2,510	6,579
Financial investments	**335,861**	**15,767**	**5,685**	**345,942**
Equity investments and related receivables and Group loans	270,669	15,767	5,685	280,750
Other financial investments	153			153
Advances on property acquisitions	65,039			65,039
TOTAL	**410,768**	**15,829**	**59,436**	**367,161**

Tangible fixed asset impairments are related to the impairments of portfolio properties when there is a sign of impairment (see Note 4.3.3.1.3 on impairment method).

Impairment of investments and related receivables mainly concern SIF Espagne for €211 million.

The impairment of advances on property acquisitions is related to the advance granted to the Spanish company Bamolo, written down for €65 million (in order to reduce it to the land's latest appraisal value of €0.5 million).

4.3.4.2 Operating receivables

In €'000	12/31/2017	12/31/2016
Rent due	15,922	23,211
Impairment of rent due	(8,339)	(8,011)
TOTAL RENT DUE AND RELATED RECEIVABLES	**7,583**	**15,200**
Group receivables	169,572	50,375
Group income due	8,821	98
Miscellaneous income due	1,692	439
French state – income tax receivables	9,161	10,502
French state – VAT	4,746	6,274
Management agencies, co-ownerships and external managers	1,251	828
Miscellaneous other receivables	1,075	7,812
Other receivables impairment	(27,649)	(26,947)
TOTAL OTHER RECEIVABLES	**168,669**	**49,381**

Group receivables mainly comprise receivables derived from the centralized cash management and from Bami Newco, SIF Espagne's subsidiary, for an amount of €20 million, which was fully written down.

This receivable of €20 million corresponds to Gecina's guarantee (issued in 2010), counter-guaranteeing the SIF Espagne subsidiary's €20 million guarantee in connection with the restructuring of financing facilities for Bami Newco which was called and paid by Gecina in November 2013 as ordered by the courts. The receivership proceedings for Bami Newco are ongoing.

Operating receivables have a maturity of less than one year.

4.3.4.3 Investment securities

In €'000	12/31/2017	12/31/2016
Treasury shares reserved for employees	1,833	6,025
Other investment securities.	1	1
TOTAL INVESTMENT SECURITIES	**1,834**	**6,026**

Treasury shares recorded as investment securities for €1.8 million include the 29,511 Gecina shares held to cover the stock options awarded to employees and company officers. The impairment method is described in Note 4.3.3.4.

4.3.4.4 Changes in treasury shares

	Number of shares	In €'000
Balance at 1/1/2017	298,636	21,587
Share buyback contract	1,842,534	224,494
Reclassification due to a decrease of rights to shares for employees	(1,070)	(70)
Sale of pre-emptive subscription rights		(4,800)
BALANCE AT 12/31/2017(1)	**2,140,100**	**241,212**

(1) These shares are recorded in "Other equity investments".

A share buyback contract was implemented on February 24, 2017 for a total maximum amount of €300 million. Gecina closed out the program on June 21, 2017. In all, Gecina bought back 1.8 million shares for a total of €224.5 million, *i.e.* at an average of €121.8 per share.

As part of its capital increase, the company sold 2,193,081 pre-emptive subscription rights at a unit price of €2.58. The share of pre-emptive subscription rights in the book value of treasury shares was €4.8 million.

4.3.4.5 Bond redemption premiums

At December 31, 2017, this line comprised premiums related to all non-convertible bonds, which are amortized on a straight line over the term of the debt (€4.1 million amortized in 2017).

4.3.4.6 Change in share capital and shareholders' equity

In €'000	Capital	Issue, merger and conversion premiums	Revalu-ation gain/loss	Reserves	Retained earnings	Net shareholders equity excluding earnings for the year and subsidies	Income	Subsidies	Share capital	Distribution of dividends
12/31/2015	**474,455**	**1,905,293**	**445,535**	**765,689**		**3,590,971**	**284,497**	**1,347**	**3,876,815**	
Capital increase (employees)	1,305	13,623		130		15,058			15,058	
Account transfers			(16,620)	16,620						
Other changes								169	169	
2015 Income appropriation				(29,286)		(29,286)	(284,497)		(313,783)	313,783
2016 Net income							469,119		469,119	
12/31/2016	**475,760**	**1,918,916**	**428,915**	**753,153**		**3,576,743**	**469,119**	**1,516**	**4,047,378**	
Capital increase	88,395	1,244,465				1,332,860			1,332,860	
Capital increase (employees)	1,071	11,935				13,006			13,006	
Account transfers			(10,619)	10,619						
Other changes								(236)	(236)	
2016 Income appropriation					146,955	146,955	(469,119)		(322,163)	322,163
2017 Net income							333,385		333,385	
12/31/2017	**565,226**	**3,175,315**	**418,295**	**763,772**	**146,955**	**5,069,564**	**333,385**	**1,280**	**5,404,230**	**322,163**

At year-end 2017, the capital was composed of 75,363,444 shares with a par value of €7.50 each.

The company carried out a capital increase on August 11, 2017 *via* the issue of 9,062,091 shares at €110.50, for a total of €1,001 million, of which €68 million in capital and €933 million in issue premium. The fees for the capital increase were allocated to the issue premium in the amount of €19 million.

On October 17, 2017, 2,723,890 new shares were issued as part of the public offer for exchange of shares and Eurosic OSRA, representing a capital increase of €20 million and an issue premium of €331 million.

4.3.4.7 Provisions

In €'000	12/31/2016	Allocations	Write-backs	12/31/2017
Provisions for tax audits	9,141		2,141	7,000
Provisions for employee benefits	13,074		892	12,182
Provisions for share buyback plans	951		181	770
Provisions for losses in subsidiaries		4,597		4,597
Other provisions	6,837	87	403	6,521
TOTAL	**30,003**	**4,684**	**3,617**	**31,069**

Gecina has been the subject to tax audits that have resulted in notifications of tax reassessments, the majority of which are contested. These tax reassessments for a total amount of €31 million are contested by the company and are not accrued as a provision. At December 31, 2017, the total amount accrued as a provision for the fiscal risk is €7 million, based on the assessments of the company and its advisers. Furthermore, the company has several ongoing litigations with the French tax administration, which could result today in the reimbursement of a maximum amount of nearly €14 million. This amount is related to the corporate income tax paid in 2003 when the company opted for the SIIC tax regime. This amount was expensed at the time of payment and therefore no longer appears on the company's balance sheet.

Gecina has also, directly or indirectly, been the subject of liability actions and court proceedings instigated by third parties. Based on the assessments of the company and its advisers, there is no risk that is not accrued which would be likely to significantly impact the company's earnings or financial situation.

The €12.2 million provision for employee benefits covers the company's commitments for the portion of employee benefits not covered by insurance funds.

The provision for share buyback plans corresponds to the expense to be incurred by Gecina in relation to stock option plans for existing shares and spread over the vesting period.

The allowance for losses on subsidiaries corresponds to the share of unrealized losses not covered by the impairment of securities, loans and receivables.

4.3.4.8 Loans and debt

REMAINING MATURITIES

In €'000	Less than 1 year	1 to 5 years	Over 5 years	Total 12/31/2017	Total 12/31/2016
Non-convertible bonds	41,779	1,234,300	3,410,300	4,686,379	2,563,254
Loans and debt (excluding Group)	1,435,989	399,575		1,835,564	836,692
Group debt	183,686			183,686	198,838
TOTAL	**1,661,454**	**1,633,875**	**3,410,300**	**6,705,629**	**3,598,784**

The company issued six new bond loans for a total of €2.5 billion and a bond loan of €110 million matured during the financial year. In addition, the company carried out a partial buyback of three bond issues for €274 million.

The company made early repayment on three mortgage loans for a total of €146 million.

In addition, the company increased its outstanding treasury notes by €1.2 billion.

Bank covenants

The company's main credit facilities are accompanied by contractual clauses relating to compliance with certain financial ratios (calculated on consolidated figures), determining interest rates charged and early repayment clauses, the most restrictive of which are summarized below:

	Benchmark standard	Balance at 12/31/2017	Balance at 12/31/2016
Net debt/revalued block value of property holding (excluding duties)	Maximum 55% / 60%	42.4%	29.4%
EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	5.6x	4.9x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	3.6%	6.5%
Revalued block value of property holding (excluding duties) *in € billion*	Minimum 6.0 / 8.0	19.6	12.2

Change of control clauses

For all the bonds a change of control leading to the downgrading of Gecina's credit rating to "Non-Investment Grade", not raised to "Investment Grade" within 120 days, can lead to early repayment of the loan.

4.3.4.9 Exposure to interest rate risks

In €'000	Debt before hedging at 12/31/2017	Effect of hedging at 12/31/2017		Debt after hedging at 12/31/2017	Debt after hedging at 12/31/2016
Floating rate financial debt	2,633,825	(925,000)	-	1,708,825	266,075
Fixed rate financial debt	3,844,600	925,000	-	4,769,600	3,093,400
INTEREST-BEARING FINANCIAL DEBT[1]	**6,478,425**			**6,478,425**	**3,359,475**

(1) *Gross debt excluding accrued interest, bank overdrafts and Group debts.*

DERIVATIVE PORTFOLIO

In € '000	12/31/2017	12/31/2016
Derivatives in effect at year-end		
Fixed rate swaps	300,000	450,000
Caps (*purchases*)	625,000	625,000
Floating rates swaps		400,000
SUB-TOTAL	**925,000**	**1,475,000**
Derivatives with deferred impact[1]		
Fixed rate swaps		150,000
SUB-TOTAL		**150,000**
TOTAL	**925,000**	**1,625,000**

(1) *Including nominal changes on derivatives in portfolio at closing.*

All financial instruments are interest rate risk hedging instruments and no transactions are isolated open positions.

The fair value of the derivatives portfolio as at December 31, 2017 shows an unrealized termination loss of €7 million.

Hedging instruments were restructured during the fiscal year, leading to financial expenses of €12 million.

4.3.4.10 Expenses payable, income receivables and prepaid charges and accrued income

These elements are included in the following balance sheet items:

In €'000	12/31/2017	12/31/2016
Bonds	41,779	34,854
Financial debts	1,739	60
Trade payables	19,253	17,033
Tax and social security payables and debt	16,606	19,463
Fixed asset payables	20,061	29,788
Others	812	484
TOTAL ACCRUED EXPENSES	**100,251**	**101,682**
Prepaid income	654	862
TOTAL LIABILITIES	**100,905**	**102,544**
Financial investments	15,617	6,302
Trade receivables	1,485	1,620
Other receivables	10,513	651
TOTAL ACCRUED INCOME	**27,614**	**8,573**
Prepaid charges	29,985	22,373
TOTAL ASSETS	**57,599**	**30,946**

Prepaid charges mainly concern loan issuance costs for €29 million. Income receivables recognized under "Other receivables" correspond, for €9 million to revenues from inter-company recharges.

4.3.4.11 Deposits and guarantees received

This item, for a total of €24 million, primarily represents deposits paid by lessees to guarantee their rent payments.

4.3.4.12 Other liabilities

All other liabilities are due in less than one year.

4.3.4.13 Off balance sheet commitments

In €'000	12/31/2017	12/31/2016
COMMITMENTS RECEIVED		
Swaps	300,000	1,000,000
Caps	625,000	625,000
Unused lines of credit	3,175,000	2,245,000
Commitments to sale of properties	166,293	140,599
Mortgage-backed receivable	480	480
Other		3,600
TOTAL	**4,266,773**	**4,014,679**
COMMITMENTS GIVEN		
Guarantees granted(1)	432,171	625,397
Swaps	300,000	1,000,000
Caps	625,000	625,000
Payables secured by collateral	389,825	537,075
Commitments to sale of properties	190,394	180,630
Outstanding amounts for future developments (incl. pre-construction agreements)	3,344	
Other	26,000	26,000
TOTAL	**1,966,734**	**2,994,102**

(1) Including guarantees granted at December 31, 2017 by Gecina to Group companies for €432 million.

During the course of its normal business operations, Gecina made certain commitments to be fulfilled within a maximum of ten years, and which do not appear in the table of commitments given because their cost is not yet known. Based on the assessments of the Group and its advisers, there is no commitment which could be called and which would be likely to significantly impact the company's earnings or financial situation.

The outstanding amounts for future development costs (including sales of property for future completion) correspond to reciprocal guarantees with the developer who undertakes to complete the works.

4.3.5 NOTES ON THE INCOME STATEMENT

4.3.5.1 Operating revenues

In €'000	12/31/2017	12/31/2016
Rental revenues on residential properties	103,360	108,686
Rental revenues on commercial properties	146,592	142,775
TOTAL RENTAL REVENUES	**249,953**	**251,461**

4.3.5.2 Operating expenses

Operating expenses (excluding depreciation and provisions) mainly include property rental expenses to recharge to tenants for €53 million.

Salaries and fringe benefits include the competitiveness and employment tax credit (CICE) for an amount of €70,000 in 2017. This tax credit has been used for various investments.

4.3.5.3 Depreciation and impairment allocations and write-backs

	12/31/2017		12/31/2016	
In €'000	Allocations	Write-backs	Allocations	Write-backs
Fixed assets depreciation(1)	60,366		61,519	
Tangible fixed assets impairment(1)	62	53,751	336	10,559
Impairment of financial investments and investment securities (1)	15,767	5,685	9,352	730
Receivables impairment(2)	2,119	1,089	1,890	1,655
Provisions for risks and charges(3)	4,684	3,617	13,960	1,293
Amortization of bond redemption premiums(4)	4,126		5,131	
TOTAL	**87,125**	**64,143**	**92,188**	**14,238**
of which:				
▪ operating	62,573	4,707	77,369	2,949
▪ financial	24,489	5,685	14,483	730
▪ non-recurring and tax	62	53,751	336	10,559

(1) See Note 4.3.4.1.
(2) See Note 4.3.4.2.
(3) See Note 4.3.4.7.
(4) See Note 4.3.4.5.

4.3.5.4 Net financial items

In €'000	12/31/2017 Expenses	12/31/2017 Income	12/31/2016 Expenses	12/31/2016 Income
Interest and related expenses or income	125,367	44,980	131,503	44,640
Dividends of subsidiaries and income from equity investments		178,535		120,450
Interest income		9,103		
Depreciation, impairment and provision charges and write-backs:				
▪ amortizations of bond redemption premiums	4,126		5,131	
▪ impairments of investment in subsidiaries, related receivables or treasury shares	15,767	5,685	9,352	730
▪ provisions for losses in subsidiaries	4,597			
TOTAL	**149,857**	**238,302**	**145,986**	**165,820**

4.3.5.5 Exceptional items

In €'000	12/31/2017	12/31/2016
Net gains on sale of properties	117,089	91,418
Impairment of fixed assets	53,689	10,223
Capital gains or losses on disposals of securities or mergers	(13)	316,982
Losses on purchase of bonds and treasury shares	(21,469)	(59,157)
Other non-recurring income and expenses	453	7,109
EXCEPTIONAL ITEMS	**149,749**	**366,575**

Unit-by-unit sales generated a gain of €59 million, the balance of €58 million having been generated by block disposals.

4.3.5.6 Transactions with related companies

in €'000

Assets (gross values)		Liabilities		Net financial items	
Financial investments	8,287,552	Financial debts	183,686	Financial costs	(51,018)
Trade receivables	17	Trade payables	6,322		
Other receivables	178,393	Other payables	0	Financial income	236,759
Guarantees granted by Gecina on behalf of related companies			432,171		

Transactions with companies in which Gecina has a significant equity interest are limited to billing for services rendered and operating resources (€35 million in 2017) as well as loans governed by specific agreements.

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4.3.6 OTHER INFORMATION

4.3.6.1 Exceptional events and disputes

On July 16, 2012, the company was informed by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009 in the total amount of €140 million. Three of them were issued in the name of "Gecina SA Succursal en España" and one in the name of Gecina SA, for a Spanish company called Arlette Dome SL. The latter allegedly transferred the above-mentioned promissory notes to Banco de Valencia to guarantee loans granted by that bank.

After verification, the company realized that it had no information about these alleged promissory notes or about any business relationship with Arlette Dome SL which could have justified their issue. After also observing the existence of evidence pointing to the fraudulent nature of their issuance if the issue were to be confirmed, the company has filed a criminal complaint in this respect with the competent Spanish authorities. Following a series of decisions and appeals, Gecina was recognized as party to the proceedings on April 19, 2016 before the National Court, where the company continues to assert its rights. No provision was recognized for this purpose.

To date, the company is not in a position to evaluate any potential risks, in particular, regulatory, legal or financial, arising from the facts covered by the ongoing criminal proceedings and cannot, in particular, exclude the possibility that it may be joined as a party in the future, together with the company's officers and representatives.

Spanish bank Abanca, after seeking the payment by Gecina of €63 million (of which €48.7 million in principal) pursuant to the guarantee letters of engagement allegedly signed in 2008 and 2009 by Mr. Joaquin Rivero, former Gecina officer, summoned Gecina to appear before the Court of First Instance of Madrid in order to obtain the payment of the claimed amounts.

Gecina is challenging Abanca's claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to try the dispute. On July 14, 2016, Abanca appealed this decision. On July 4, 2017, the Appeal Court of Madrid declared that the Spanish Courts do have jurisdiction to hear Abanca's claim. The proceedings on the merits are ongoing before the court of First Instance of Madrid. No provision was recognized for this purpose.

Gecina filed a criminal complaint in France against Mr. Rivero and any other party involved, for misuse of authority under letters of endorsement raised by Abanca. Since Mr. Joaquin Rivero was not the only person targeted by this complaint, this procedure is still ongoing.

4.3.6.2 Change in share capital and results over the last five years

Year	Transactions	Number of shares	Capital *(in €)*	Share issue or merger premium *(in €)*
2013	Balance at January 1, 2013	62,777,135	470,828,512.50	
	Exercise of stock options	2,094	15,705.00	148,109
	Subscription under the company's savings plan	43,302	324,765.00	2,665,238
	Shares issued under the performance share award plan – December 2011	47,965	359,737.50	
	Balance at December 31, 2013	62,870,496	471,528,720.00	
2014	Balance at January 1, 2014	62,870,496	471,528,720.00	
	Exercise of stock options	134,184	1,006,380.00	9,554,385
	Subscription under the company's savings plan	53,260	399,450.00	3,750,569
	Shares issued under the performance share award plan – April 2010	1,600	12,000.00	
	Shares issued under the performance share award plan – December 2012	45,280	339,600.00	
	Balance at December 31, 2014	63,104,820	473,286,150.00	
2015	Balance at January 1, 2015	63,104,820	473,286,150.00	
	Exercise of stock options	39,529	296,467.50	2,917,491
	Subscription under the company's savings plan	39,219	294,142.50	3,403,817
	Shares issued under the performance share award plan – December 2012 *bis*	9,550	71,625.00	
	Shares issued under the performance share award plan – December 2013	59,162	443,715.00	
	Shares issued under the performance share award plan – December 2013 *bis*	8,340	62,550.00	
	Balance at December 31, 2015	63,260,620	474,454,650.00	
2016	Balance at January 1, 2016	63,260,620	474,454,650.00	
	Exercise of stock options	140,509	1,053,817.50	10,285,062
	Subscription under the company's savings plan	33,511	251,332.50	3,338,031
	Balance at December 31, 2016	63,434,640	475,759,800.00	
2017	Balance at January 1, 2017	63,434,640	475,759,800.00	
	Shares issued as part of the capital increase with pre-emptive subscription rights	9,062,091	67,965,682.50	913,920,850
	Shares issued as part of the public exchange offer with Eurosic	2,723,890	20,429,175.00	330,544,052
	Exercise of stock options	84,536	634,020.00	6,048,105
	Subscription under the company's savings plan	58,287	437,152.50	5,886,404
	Balance at December 31, 2017	75,363,444	565,225,830.00	

THE COMPANY'S RESULTS OVER THE LAST FIVE FISCAL YEARS

	2013	2014	2015	2016	2017
I - CLOSING SHARE CAPITAL					
Share capital *(€'000)*	471,529	473,286	474,455	475,760	565,226
Number of ordinary shares outstanding	62,870,496	63,104,820	63,260,620	63,434,640	75,363,444
Maximum number of future shares to be issued by converting bonds, awarding performance shares and exercising stock options	588,730	4,151,027	344,334	266,480	231,548
II - OPERATIONS AND EARNINGS FOR THE YEAR *(in €'000)*					
Net revenue	270,879	271,910	264,269	251,461	249,953
Income before tax, depreciation, impairment and provisions	388,612	315,913	315,661	546,992	356,699
Income tax	(3,818)	(2,849)	(683)	78	(332)
Earnings after tax, depreciation, impairment and provisions	317,775	229,508	284,497	469,119	333,385
Distributed profits	289,204	293,437	316,303	329,860	399,426 (1)
III - EARNINGS PER SHARE *(€)*					
Earnings after tax but before depreciation and impairments	6.12	4.96	4.98	8.62	4.73
Earnings after tax, depreciation, impairments and provisions	5.05	3.64	4.50	7.40	4.42
Total net dividend per share	4.60	4.65	5.00	5.20	5.30 (1)
IV - WORKFORCE					
Average headcount during the year	405	397	361	354	340
Annual payroll *(€'000)*	28,574	28,698	26,863	26,783	31,909
Annual employee benefits including social security and other social charges *(€'000)*	10,333	15,150	13,909	14,754	15,491

(1) Subject to approval by the General Meeting of shareholders.

4.3.6.3 Workforce

Average headcount	2017	2016
Management staff	158	163
Staff	119	123
Workers and building caretaker staff	63	68
TOTAL	**340**	**354**

4.3.6.4 Compensation for administrative and governance bodies

Attendance fees allocated to members of Gecina's Board of Directors for 2017 amounted to €461,000. No loans or guarantees were granted or arranged for members of the administrative and governance bodies.

4.3.6.5 Consolidating company

None.

4.3.6.6 Stock options and performance share plans

PERFORMANCE SHARE PLANS

	Performance shares[1]	Performance shares[1]	Performance shares[1]	Performance shares[1]
Date of Shareholder Meeting	04/18/2013	04/21/2016	04/21/2016	04/21/2016
Date of Board Meeting	02/19/2015	04/21/2016	07/21/2016	07/17/2017
Effective allocation date	02/19/2015	04/21/2016	07/21/2016	07/17/2016
Vesting date	02/19/2018	04/21/2019	04/21/2019	07/20/2020
Number of rights	58,120	60,990	3,000	53,810
Withdrawal of rights	3,693	6,338		400
Share price on day of allocation (after adjustment)	€116.45	€125.00	€128.65	€136.08
NUMBER OF SHARES THAT MAY BE AWARDED	**54,427**	**54,652**	**3,000**	**53,410**
Performance Conditions	yes	yes	yes	yes
Internal	Total Return progression	Total Return progression	Total Return progression	Total Return progression
External	Gecina share performance/ Euronext IEIF SIIC France index - dividends reinvested	Gecina share performance/ Euronext IEIF SIIC France index - dividends reinvested	Gecina share performance/ Euronext IEIF SIIC France index - dividends reinvested	Gecina share performance/ Euronext IEIF SIIC France index - dividends reinvested

(1) Shares to be issued.

STOCK OPTIONS PLANS

	Stock options	Stock options	Options to subscribe[1]	Options to subscribe[1]
Date of Shareholder Meeting	06/19/2007	06/19/2007	06/15/2009	06/15/2009
Date of Board Meeting	12/13/2007	12/18/2008	03/22/2010	12/09/2010
Effective allocation date	12/13/2007	12/18/2008	04/16/2010	12/27/2010
Start date for exercise of options	12/13/2009	12/18/2010	04/16/2012	12/27/2012
Expiry date	12/14/2017	12/19/2018	04/17/2020	12/28/2020
Number of rights	231,519	332,320	253,537	212,888
Number of rights (after adjustment)[2]	231,882	333,027	254,773	214,703
Withdrawal of rights	63,184	0	1,779	786
Subscription or purchase price (after adjustment)[2]	€101.45	€36.06	€76.52	€81.88
Number of shares bought or subscribed (after adjustment)[2]	168,698	303,516	236,685	164,167
NUMBER OF OPTIONS TO BE EXERCISED	**0**	**29,511**	**16,309**	**49,750**
Performance Conditions	no	no	yes	yes
Internal			no	no
External			Gecina share performance/ Euronext IEIF SIIC France index	Gecina share performance/ Euronext IEIF SIIC France index

(1) Shares to be issued.
(2) On August 11, 2017, the Company issued 9,062,091 new shares, as a result of the completion of the capital increase and in order to preserve the rights of the option holders, the parameters of the options were adjusted on September 5, 2017.

4.3.6.7 Post balance sheet events

None.

4.3.6.8 Table of subsidiaries and equity investments

Financial information (in €'000)	Capital	Reserves and retained earnings before allocation of income	Equity interest (%)	Book value of shares held	
				Gross	Net
Subsidiaries and equity interests					
A – DETAILED INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS					
1- Subsidiaries					
SAS GECITER	17,476	831,434	100.00%	782,018	782,018
SAS HÔTEL D'ALBE	2,261	63,655	100.00%	216,096	216,096
SCI CAPUCINES	14,273	2,162	100.00%	26,188	26,188
SNC MICHELET LEVALLOIS	75,000	7,673	100.00%	95,965	95,965
SAS KHAPA	30,037	32,633	100.00%	66,659	66,659
SCI 55 RUE D'AMSTERDAM	18,015	(4,634)	100.00%	36,420	36,420
SAS GEC 7	81,032	41,188	100.00%	119,553	119,553
SIF ESPAGNE	60	(182,759)	100.00%	33,161	
SARL COLVEL WINDSOR	32,000	(13,235)	100.00%	58,016	18,765
SAS SPIPM	1,226	24,389	100.00%	26,890	26,890
SAS SADIA	90	20,854	100.00%	24,928	24,928
SCI ST AUGUSTIN MARSOLLIER	10,515	1,454	100.00%	23,204	23,204
SAS LE PYRAMIDION COURBEVOIE	37	25,757	100.00%	22,363	22,363
SCI AVENIR DANTON DÉFENSE	1	23,681	99.99%	476,458	476,458
SCI 5 BD MONTMARTRE	10,515	5,999	100.00%	18,697	18,697
SAS ANTHOS	30,037	466	100.00%	50,953	50,953
SCI BEAUGRENELLE	22	9,381	75.00%	30,097	7,211
SNC GECINA MANAGEMENT	3,558	5,686	100.00%	12,215	6,828
SCI DU 32-34 RUE MARBEUF	50,002	2,184	100.00%	50,002	50,002
SCI TOUR MIRABEAU	120,002	4,418	100.00%	120,002	120,002
SCI LE FRANCE	60,002	(1,116)	100.00%	60,002	60,002
SCI AVENIR GRANDE ARMÉE	100	(21,959)	100.00%	108,526	108,526
SA EUROSIC	758,141	881,940	99.70%	2,374,592	2,374,592
SCI DES VAUX	0	(5,368)	100.00%	38,176	38,176
B – GENERAL INFORMATION ON OTHER SUBSIDIARIES OR EQUITY INVESTMENTS WITH GROSS VALUE NOT EXCEEDING 1% OF GECINA'S SHARE CAPITAL					
a. French subsidiaries (Total)	5,059	(10,022)		11,217	9,716
b. Foreign subsidiaries (Total)					
c. Equity investments in French companies (Total)	4	3,640			
d. Equity investments in foreign companies (Total)					

(1) Amount of technical losses on merger assigned to shares contributed by SIF and GECI 1 and GECI 2 (unrealized capital gains).
(2) Amount of additional provisions for impairment of securities.

Outstanding loans and advances granted by the company and not yet reimbursed	Guarantees and sureties given by the company	Net revenue for most recent year ended	Earnings (profit or loss for most recent year ended)	Dividends recorded by the company during the year	Others
78,279	41,360	48,057	18,968	104,855	
99,554		22,003	15,901	16,203	69,873[1]
33,309		4,515	2,162		4,702[1]
113,300			(8,496)	12,376	
68,151		6,240	136	457	
57,777		683	(4,634)		4,255[1]
111,130	803	10,606	2,231	3,304	
			(181)		182,699[2]
45,921		3,859	(11,563)		
1,210		2,383	896	1,115	4,075[1]
11,572		2,729	1,734	2,250	5,870[1]
11,015		2,730	1,454		4,537[1]
15,012	43,350	4,807	2,757	2,651	
315,851		44,736	16,817		
19,932		3,424	1,965	2,117	3,462[1]
19,933		3,140	761		
9,497			962		
1,969		7,868	2,417		
61,761		6,544	2,184		
46,000		14,632	4,418		
67,500		4,709	(1,116)		
221,336		20,728	(3,354)		
444,000		33,583	166,197		
41,531		2,257	(3,497)		
478,633	345,637	24,740	(16,685)		1,164[2]
4,840		1,422	(3,640)		

05

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

This report, prepared by the Board of Directors pursuant to Article L.225-37 of the French Commercial Code, includes the information mentioned in Articles L.225-37-2 to L.225-37-5 of said Code, and in particular:

- information on corporate governance;
- information on the compensation of the corporate officers; and
- information about the capital structure and factors that could have an impact in the event of a public offer.

This report has been prepared with the support of the Legal Department, the Human Resources Department and the Finance Department. Various meetings were organized with the heads of the different Group Departments to discuss this report.

It was presented to the Governance, Appointment and Compensation Committee prior to its approval by the Board of Directors at its meeting of February 21, 2018.

Gecina complies with the AFEP-MEDEF Corporate Governance Code for listed companies ("AFEP-MEDEF Code"), pursuant to the decision by the Board Meeting of December 18, 2008. As at the date of preparation of this report, Gecina complies with all recommendations of this Code, which is available on the MEDEF website (***www.medef.com***).

5.1 GOVERNANCE

5.1.1 STRUCTURE OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

BERNARD MICHEL
Chairman of the Board of Directors

MÉKA BRUNEL
Chief Executive Officer and Director

ISABELLE COURVILLE
Independent director

LAURENCE DANON ARNAUD
Independent director

DOMINIQUE DUDAN
Independent director

STRUCTURE OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM AT FEBRUARY 21,2018

CLAUDE GENDRON
Director

SYLVAIN FORTIER
Permanent representative of Ivanhoé Cambridge Inc. Director

JACQUES-YVES NICOL
Independent director

JEAN-JACQUES DUCHAMP
Permanent representative of Predica Director

INÈS REINMANN TOPER
Independent director

BERNARD CARAYON
Observer

Under the bylaws, the Board of Directors must be made up of a minimum of three and maximum of 18 members. Directors are appointed for four years. Exceptionally, to allow the staggered renewal of the terms of office of Directors, the Ordinary General Meeting may appoint one or more Directors for a period of two or three years. Observers are appointed for three years.

At December 31, 2017, the Gecina Board of Directors is made up of ten members, 50% of whom are independent Directors and 50% are women.

Ms. Méka Brunel, Director, performs the duties of Chief Executive Officer. Additional information on Executive Management procedures is provided in section 5.1.2.

The Board of Directors also includes, since September 7, 2017, an Observer, Mr. Bernard Carayon, whose main duty is to ensure compliance with the bylaws and the Board's internal regulations. The Board also benefits from his skills and experience, notably in the fields of banking, risk management, CSR and asset management.

It should be noted that since the total number of employees of the company and its subsidiaries is lower than the thresholds fixed by Article L. 225-27-1 of the French Commercial Code, there is no Director representing employees on the Board of Directors. However, in accordance with Article L. 2312-72 of the French Labor Code, members of the Works Council attend Board of Directors' Meetings in an advisory capacity.

During 2017 the following movements occurred in the structure of the Board of Directors:

Name of Director/observer	Renewal	Appointment	Departure	Comments
Mr. Rafael Gonzalez de la Cueva Independent Director			X	Expiry of his directorship at the end of the Annual General Meeting of April 26, 2017.
Ms. Laurence Danon Arnaud Independent Director		X		Appointment by the Annual General Meeting of April 26, 2017 for a four-year term, *i.e.*, until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2020. This appointment is consistent with the company's plan to diversify the structure of the Board of Directors in terms of expertise and gender equality.
Ivanhoé Cambridge Inc. Director	X			Renewal by the Annual General Meeting of April 26, 2017 for a four-year term, *i.e.*, until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2020. The permanent representative of the company Ivanhoé Cambridge Inc. on the Gecina Board of Directors was Mr. William Tresham until October 13, 2017, on which date he was replaced by Mr. Sylvain Fortier.
Mr. Bernard Carayon Observer		X		Appointment by the Board of Directors Meeting of September 7, 2017, for a period of three years, *i.e.* until the end of the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2019. This appointment is subject to ratification by the Annual General Meeting to be held in 2018. Mr. Bernard Carayon, observer, is not taken into account when calculating the percentage of independent Directors nor when calculating gender representation on the Board of Directors.

Furthermore, the Board of Directors decided, at its Meeting of February 21, 2018 and on recommendation of the Governance, Appointments and Compensation Committee, to propose to the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2017:

- the renewal, for a period of four years, of the term of office of Director of Ms. Méka Brunel and Mr. Jacques-Yves Nicol;
- the appointment as Director, for a period of four years, of Mr. Bernard Carayon, to replace Mr. Bernard Michel;
- the appointment as Director, for a period of four years, of Ms. Gabrielle Gauthey[(1)], to replace Ms. Isabelle Courville who has resigned from her office as Director with effect as of the end of the 2018 Annual General Meeting.

During the same meeting, the Board of Directors agreed on the appointment of Mr. Bernard Carayon as the new Chairman of the Board of Directors as of the end of the Annual General Meeting to be held in 2018, at which time Mr. Bernard Michel's term of office as a director and as Chairman of the Board of Directors will also expire. This appointment is subject to the above-mentioned approval of the General Meeting.

Mr. Bernard Carayon has sat on the Board as an observer since September 7, 2017. His appointment as successor to the Chairman of the Board of Directors would allow for a smooth transition, under the best possible conditions, when the time comes.

Furthermore, subject to the votes of the shareholders and taking into account that Mr. Bernard Carayon and Ms. Gabrielle Gauthey, prior to their appointment, were considered by the Board of Directors as independent Directors pursuant to the criteria listed in the AFEP-MEDEF Code, the proportion of independent Directors would increase from 50% to 60% and the proportion of women on the Board of Directors would remain at 50%.

Structure of the Board of Directors and the Executive Management team

The table below presents the age, nationality, gender, independence status, appointment on any Committees, term of office expiry date, number of Gecina shares held, attendance rate at Board and Committee Meetings of each Director, the Chief Executive Officer and the observer, as well as the list of terms of office held as at December 31, 2017 and any terms of office or positions held during the past five years and terminated. Unless otherwise indicated, all the terms of offices indicated are held outside the Group.

(1) Former student of the Ecole Polytechnique and graduate of Telecom Paris Tech and l'école des Mines of Paris, general mining engineer, Ms. Gabrielle Gauthey is currently the Investment and local development director and member of the Etablissement Public et du Groupe Caisse des Dépôts (Deposits Fund Group and Public Establishment) management committee.

BERNARD MICHEL, Chairman of the Board of Directors

Member of the Strategic and Investment Committee

AGE:
69 years old

NATIONALITY:
French

FIRST APPOINTMENT:
GM of 05/10/2010

OFFICE EXPIRY DATE:
GM 2018

DOMICILED:
14-16, rue des Capucines
75002 Paris

NUMBER OF SHARES HELD:
46

OFFICES HELD AT DECEMBER 31, 2017

- Chairman of the Gecina Corporate Foundation
- Member of the Supervisory Board of UNOFI SAS
- Chairman of the Board of UNOFI gestion d'actifs SA
- Chairman of BM Conseil SASU
- Director of MEDEF Paris
- Elected member of the Chamber of Commerce and Industry of the greater Paris area
- Gecina representative, member of the Executive Committee of the Palladio Foundation
- Chairman of the Board of Directors and member of the Audit Committee of Viparis Holding SA
- Member of the Audit Committee of Viparis Porte de Versailles SNC

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- CEO of Gecina
- Chairman of CA Grands Crus SAS
- Director of the holding company La Sécurité Nouvelle SA
- Corporate officer in most Gecina subsidiaries
- Chairman of the Supervisory Board of Finogest SA
- Observer for Sopra group[(1)]
- Chairman of the Corsica Crédit Agricole Foundation
- Director of EPRA

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT STRATEGIC AND INVESTMENT COMMITTEE MEETINGS: 100%

BRIEF RESUME

A graduate of the École nationale des impôts and General Inspector of Finances, he began his career at the Direction générale des impôts (1970-1983) then joined the Inspection générale des finances to carry out audit and control engagements (1983-1987). He joined the GAN group in 1987 as Director. He was then appointed Director of Life Assurance Management (1990-1993), Chairman of Socapi (GAN and CIC life assurance company) (1992-1996), Deputy-CEO and Executive Vice President of Assurances France (1993-1996). He was Chairman of the Banque Régionale de l'Ouest (CIC) from 1994 to 1996 and in parallel Chairman of the retirement fund of the CIC group. Joined the CNCA (now Crédit Agricole SA) In 1996, as Secretary General and member of the Executive Committee of Crédit Agricole SA. Two years later, he was appointed Deputy CEO, a position he held until 2003. He was in charge of the Technologies, Logistics and Banking Services cluster in particular, and was appointed Chairman of Crédit Agricole Immobilier. Since 2003, Bernard Michel has been Deputy Director of Operations and Logistics then Director of Operations and Logistics of Crédit Agricole SA, Director of the Real Estate, Purchasing and Logistics Department, and Vice-Chairman of Predica, before being appointed CEO of Predica in 2009, Director of the Crédit Agricole Assurances Department. Since February 16, 2010, he has been Chairman of the Board of Directors of Gecina and also performed, from October 4, 2011 to June 3, 2013, the duties of Chief Executive Officer for Gecina. Furthermore, as part of his duties as an elected member of the Chamber of Commerce and Industry of the greater Paris area, he is Chairman of the Board of Directors and member of the Audit Committee of Viparis Holding.

(1) Listed company.

05

MÉKA BRUNEL, Chief Executive Officer and Director

Member of the Strategic and Investment Committee

OFFICES HELD AT DECEMBER 31, 2017

- Director and Chairman of the Appointments Committee of Crédit Foncier de France
- Director of EPRA
- Director of FSIF
- Chairwoman of the Development Board of Métropole du Grand Paris (Codev)
- Legal representative of Gecina, member of the ORIE Collège Investisseurs (Investment Council)
- Corporate officer in most Gecina subsidiaries

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Chairman of ORIE
- Director of ORIE
- Chairman of France GBC
- Director of P3
- Chairwoman of Ivanhoé Cambridge Europe
- Director of HBS PG

Independent Director and member of the Strategic Committee of Poste Immo

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT STRATEGIC AND INVESTMENT COMMITTEE MEETINGS: 100%

AGE:
61 years old

NATIONALITY:
French

FIRST APPOINTMENT AS DIRECTOR:
GM of 04/23/2014

OFFICE EXPIRY DATE AS DIRECTOR:
GM 2018

APPOINTMENT AS CEO:
Board Meeting of 01/06/2017

OFFICE EXPIRY DATE (CEO):
indefinite

DOMICILED:
14-16, rue des Capucines
75002 Paris

NUMBER OF SHARES HELD:
28,014

BRIEF RESUME

A business leader in the real estate industry, Méka Brunel is an ETP engineer, FRICS and has an executive MBA from HEC. From 1996, she held various Executive Management positions with Simco, which later merged with Gecina. In 2006, she became CEO of Eurosic, before joining Ivanhoé Cambridge in 2009 as Executive Vice President in charge of its real estate business in Europe. She has been a Director at Gecina since 2014 and was appointed as its Chief Executive Officer in January 2017. Actively engaged in community life and industry associations, particularly as a Director of Crédit Foncier de France, Honorary President of the HQE-France GBC association, a Director of FSIF and EPRA, Méka Brunel was also named Professional of the Year in the 2013 Pierres d'Or awards. In October 2017, she was appointed Chairwoman of the Development Board of Métropole du Grand Paris.

ISABELLE COURVILLE, Independent Director

Member of the Audit and Risk Committee

OFFICES HELD AT DECEMBER 31, 2017

- Director and non-executive Chair of the Board of Laurentian Bank of Canada(1)
- Director of Canadian Pacific Railway(1)
- Director of Veolia Environnement(1)
- Director of SNC-Lavalin(1)

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Chairman of Hydro-Québec Distribution
- Chairman of Hydro-Québec TransEnergie
- Member of the Board of Directors of Groupe TVA Inc.(1) and member of the Compensation Committee

AGE:
55 years old

NATIONALITY:
Canadian

FIRST APPOINTMENT:
GM of 04/21/2016

OFFICE EXPIRY DATE:
GM 2020

DOMICILED:
258, Willowtree, Rosemère
Quebec - J7A 2E3 Canada

NUMBER OF SHARES HELD:
40

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT AUDIT AND RISK COMMITTEE MEETINGS: 86%

BRIEF RESUME

Isabelle Courville, an engineer and lawyer by training, is a Corporate Director. She is non-executive Chair of the Board of Directors of Laurentian Bank of Canada. Prior to this, Isabelle Courville was Chairman of Hydro-Quebec Distribution and of Hydro-Quebec TransEnergie. Isabelle Courville was active for 20 years in the Canadian telecommunications industry, in particular as Chairwoman of Bell Canada's Enterprise group and as Chairwoman and Chief Executive Officer of Bell Nordiq group. She also serves on the Board of Directors of Canadian Pacific Railway, SNC-Lavalin and Veolia Environnement. She is a member of the Board of Directors of Igopp (Institute for Governance of Private and Public Organizations) and of the Institute of Corporate Directors in Canada.

(1) Listed company.

LAURENCE DANON ARNAUD, Independent Director

Member of the Governance, Appointment and Compensation Committee

OFFICES HELD AT DECEMBER 31, 2017

- Independent Director and Chairwoman of the Audit Committee of TF1[(1)]
- Independent Director and Chairwoman of the Strategic Committee of Amundi[(1)]
- Independent Director of Groupe Bruxelles Lambert[(1)]
- Chairwoman of Primerose
- Member of the Academy Technology

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Chairwoman of the Board of Directors of Leonardo & Co
- Director of Diageo PLC[(1)] (UK)
- Member of the Supervisory Board and Chairwoman of the Appointments and Compensation Committee of BPCE[(1)] (Banques Populaires – Caisse d'Épargne)
- Chairwoman of the Management Board of Edmond de Rothschild Corporate Finance
- Senior Advisor at Natixis Partners[(1)]
- Chairwoman of the MEDEF "Prospectives" Commission

AGE:
61 years old

NATIONALITY:
French

FIRST APPOINTMENT:
GM of 04/26/2017

OFFICE EXPIRY DATE:
GM 2021

DOMICILED:
30, bd Victor Hugo
92200 Neuilly-sur-Seine

NUMBER OF SHARES HELD:
200

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT THE GOVERNANCE, APPOINTMENT AND COMPENSATION COMMITTEE MEETINGS: 100%

BRIEF RESUME

Laurence Danon Arnaud joined the École Normale Supérieure de Paris in 1977, graduating as a qualified physics teacher in 1980. After two years of research in the French national center for scientific research (CNRS) laboratories, she entered the École Nationale Supérieure des Mines in 1981 and graduated as a Corps des Mines engineer in 1984.

After five years with the French Ministry for Industry and the Hydrocarbons Division, Laurence Danon Arnaud joined the ELF group in 1989. From 1989 to 2001, she held various positions in the Total FINA ELF group's chemicals branch, notably as CEO of Bostik, the world No. 2 for adhesives, from 1996 to 2001.

In 2001, Laurence Danon Arnaud was appointed Chairwoman and CEO of Printemps and a member of the Executive Board of PPR (KERING). Following the repositioning and successful sale of Printemps in 2007, she moved to the world of finance. Initially, from 2007 to 2013, as Chairwoman of the Management Board of Edmond de Rothschild Corporate Finance, then from 2013 as Chairwoman of the investment bank Leonardo & Co. SAS (subsidiary of the Italian Banca Leonardo group). After Leonardo & Co was sold to Natixis in 2015, she devoted herself to her family office, Primerose.

Laurence Danon Arnaud has been a Director of Amundi since 2015 and is Chairwoman of its Strategic Committee. She has also been a member of the Board of Directors of TF1 since 2010, chairing its Audit Committee. She is also served as a member of other companies' Boards of Directors, including the British company Diageo (2006-2015), Plastic Omnium (2003-2010), Experian PLC (2007-2010), Rhodia (2008-2011) and of the Supervisory Board of BPCE (2009-2013) where she chaired its Appointments and Compensation Committee.

From 2005 to 2013, Laurence Danon Arnaud was also Chairwoman of the MEDEF Commission.

From 2000 to 2003, she was Chairwoman of the Board of Directors of École des Mines de Nantes, and, from 2004 to 2006, Chairwoman of the École normale supérieure Paris Foundation.

(1) Listed company.

JEAN-JACQUES DUCHAMP, Permanent representative of Predica - Director

Member of the Strategic and Investment Committee and of the Audit and Risk Committee

OFFICES HELD AT DECEMBER 31, 2017

- Deputy CEO of Crédit Agricole Assurances[2] (Member of the Executive Committee)
- Vice President of the Board of Directors, Director of Générale de Santé SA[1]
- Director of Société Foncière Lyonnaise[1]
- Director of CPR-AM[2]
- Director of Spirica[2], ULP[2] and ISR Courtage[2]
- Director of CA Vita[2]
- Director of Pacifica[2]
- Member of the Office of the Economic and Financial Commission of FFSA

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Director of Foncière des Régions[1]
- Director of BES VIDA
- Director of Korian[1]
- Director of CA-IMMO
- Director of Dolcea Vie
- Director of Sanef (Autoroutes du Nord et de l'Est de la France)

AGE:
63 years old

NATIONALITY:
French

FIRST APPOINTMENT:
GM of 12/20/2002

OFFICE EXPIRY DATE:
GM 2019

DOMICILED:
16-18, bd Vaugirard
75015 Paris

NUMBER OF SHARES HELD BY PREDICA:
9,556,136

NUMBER OF SHARES HELD BY JEAN-JACQUES DUCHAMP:
400

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT STRATEGIC AND INVESTMENT COMMITTEE MEETINGS: 100%
ATTENDANCE RATE AT AUDIT AND RISK COMMITTEE MEETINGS: 100%

BRIEF RESUME

Graduate of AGRO-INAPG and ENGREF. After a career abroad (India, Morocco and Colombia) in public works and hydraulics, and later infrastructure financing with the World Bank, Jean-Jacques Duchamp joined the Crédit Agricole group, where he has held a variety of positions in the general inspectorate of finances and auditing at regional mutuals of Crédit Agricole, and later internationally on capital markets, before joining the Board of Finances of Crédit Agricole group. In 2001, he was part of the personal insurance division of Predica where he assumed the management of "Financing and Corporate" on the Executive Committee. In 2011, he was appointed Deputy CEO of Crédit Agricole Assurance and member of its Executive Committee.

He is also a member of the Office of the Economic and Financial commission of the Fédération Française de l'Assurance.

(1) Listed company.
(2) Crédit Agricole SA group company.

DOMINIQUE DUDAN, Independent Director

Member of the Audit and Risk Committee

AGE:
63 years old

NATIONALITY:
French

FIRST APPOINTMENT:
GM of 04/24/2015

OFFICE EXPIRY DATE:
GM 2019

DOMICILED:
1, rue de Condé 75006 Paris

NUMBER OF SHARES HELD:
45

OFFICES HELD AT DECEMBER 31, 2017

- Director of ORIE
- Member of the Supervisory Board of Swiss Life Reim
- Manager of SCI du Terrier and SCI du 92
- Manager of SARL William's Hotel
- Chairwoman of Artio Conseil
- Co-manager of Warburg HIH France
- Co-Chair of the Bozelec Association MX

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Chairwoman of Union Investment Real Estate France
- President of 6 real estate investment funds (OPCI) managed on a proprietary basis by Union Investment Real Estate France
- Member of the Board of RICS France

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT AUDIT AND RISK COMMITTEE MEETINGS: 100%

BRIEF RESUME

After studying science, Dominique Dudan joined the real estate industry. Admitted as a member of the Royal Institution of Chartered Surveyors (MRICS), she subsequently became a Fellow of the institution. Between 1996 and 2005, Dominique Dudan held the position of Development Director inside the Accor Hotels & Resorts group. She then joined HSBC Reim as Director of Operations and Executive Board member, then BNP Paribas Reim as Deputy CEO and Director of Regulated Real Estate Funds. In 2009, Dominique Dudan created her own Artio Conseil structure and in 2010 she became CEO of Arcole Asset Management. From 2011 to 2015, she was the President of Union Investment Real Estate France SAS. Now a Senior Advisor at LBO France, Dominique Dudan is also Director of the Ile-de-France (Paris area) Real Estate Regional Observatory (ORIE), member of the MEDEF Economic Commission for the Service Professions group, member of the Cercle des Femmes de l'Immobilier and the Ile-de-France Club de l'Immobilier. She is a Knight of the National Order of Merit.

SYLVAIN FORTIER, Permanent representative of Ivanhoé Cambridge Inc. - Director

Chairman of the Strategic and Investment Committee

OFFICES HELD AT DECEMBER 31, 2017

- President, Residential, Hotels and Real Estate Investment Funds, Ivanhoé Cambridge Inc.
- Chairman of the Board of Directors of Otéra Capital
- Director of Théâtre du Nouveau Monde (non-profit organization)

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Executive Vice President and Head of Investments – Ivanhoé Cambridge Inc.
- Executive Vice President, Residential, Hotels and Real Estate Investment Funds - Ivanhoé Cambridge Inc.
- Executive Vice President, Residential and Hotels – Ivanhoé Cambridge Inc.

AGE:
52 years old

NATIONALITY:
Canadian

FIRST APPOINTMENT:
Board Meeting of 04/21/2016 (coopted)

OFFICE EXPIRY DATE:
GM 2021

DOMICILED:
80, rue Deauville S. Candiac (QC) J5R 6X7 Canada

NUMBER OF SHARES HELD BY IVANHOÉ CAMBRIDGE INC.:
40

NUMBER OF SHARES HELD BY IVANHOÉ CAMBRIDGE CONCERT PARTY:
14,803,793

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT STRATEGIC AND INVESTMENT COMMITTEE MEETINGS: 100%

BRIEF RESUME

Sylvain Fortier serves, as of January 1, 2018, as Strategic Advisor to the Chief Executive Officer, after having served as President, Residential, Hotels and Real Estate Investment Funds at Ivanhoé Cambridge, a real estate subsidiary of the Caisse de Dépôt et Placement du Québec, one of the largest institutional fund managers in Canada. He was responsible for a residential portfolio valued at CAD 12 billion and a hotel portfolio currently consists of almost 4,000 rooms in Canada and the United States, as well as the company's acquisitions of real estate funds which combined represent over CAD 5 billion in invested capital worldwide. Mr. Fortier is also Chairman of the Board of Directors of Otéra Capital, a mortgage lender valued at CAD 11 billion. Sylvain Fortier has almost 30 years of global experience in the investment and financing of real estate. He began his career at London Life, before joining Standard Life. After moving to the Caisse de Dépôt et Placement du Québec and its real estate divisions, he held a number of senior management positions both in Canada and the United States. In 2010, he was appointed Vice President, Strategic Advisory and went on to hold several strategic positions in this field, leading to the role as President, Residential, Hotels and Real Estate Investment Funds at Ivanhoé Cambridge and afterward to his current role. Sylvain Fortier graduated from McGill University (Montreal, Canada) with a Bachelor's degree in commerce, specializing in finance and real estate. He is a member of the PREA and the National Multifamily Housing Council (NMHC) and is a Director of Théâtre du Nouveau Monde (Montreal).

CLAUDE GENDRON, Director

Member of the Governance, Appointment and Compensation Committee and the Audit and Risk Committee

OFFICES HELD AT DECEMBER 31, 2017

- Special Advisor to the senior management team of Ivanhoé Cambridge
- Director of the McCord Museum Foundation of Montreal

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Senior partner at the Fasken Martineau Du Moulin LLP Law Firm
- Executive Vice President for Legal Affairs and Head of Litigation of Ivanhoé Cambridge and companies affiliated to the Ivanhoé Cambridge group
- Member of the Ivanhoé Cambridge Executive Committee

AGE:
65 years old

NATIONALITY:
Canadian

FIRST APPOINTMENT:
GM of 04/23/2014

OFFICE EXPIRY DATE:
GM 2020

DOMICILED:
4898, rue Hutchison
Montreal (Quebec)
H2V 4A3 Canada

NUMBER OF SHARES HELD:
40

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT THE GOVERNANCE, APPOINTMENT AND COMPENSATION COMMITTEE MEETINGS: 100%
ATTENDANCE RATE AT AUDIT AND RISK COMMITTEE MEETINGS: 100%

BRIEF RESUME

Claude Gendron is a professional lawyer. He holds the position of Special Advisor to the senior management team of Ivanhoé Cambridge, a real estate subsidiary of the Caisse de Dépôt et Placement du Québec, one of the largest institutional fund managers in Canada. Until 2017, Mr. Gendron was Executive Vice President, Legal Affairs and General Counsel at Ivanhoé Cambridge and a member of its Executive Committee.

Claude Gendron holds a degree in business administration from the University of Ottawa (Canada) in addition to a BA and MA in business law from the University of Montreal (Canada).

Specialized in financial and real estate transactions for more than 30 years, he started as a legal adviser at the Banque Nationale du Canada, a leading Canadian bank (1975 to 1980). Claude Gendron then continued his career in law firms by joining Fasken Martineau DuMoulin, a leading international business law firm, where he was the senior partner (1998-2013) before joining Ivanhoé Cambridge.

JACQUES-YVES NICOL, Independent Director

Chairman of the Audit and Risk Committee

AGE:
67 years old

NATIONALITY:
French

FIRST APPOINTMENT:
GM of 05/10/2010

OFFICE EXPIRY DATE:
GM 2018

DOMICILED:
7, rue Brunel
75017 Paris

NUMBER OF SHARES HELD:
45

OFFICES HELD AT DECEMBER 31, 2017

- Member of the Club des Présidents de Comité d'Audit of the IFA

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- None

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT AUDIT AND RISK COMMITTEE MEETINGS: 100%

BRIEF RESUME

Jacques-Yves Nicol graduated from ESSEC Business School and completed postgraduate studies in Economics. He was Managing Director of the ESSEC group Alumni Association, after being the Managing Director (France) of Aberdeen Property Investors and Tishman Speyer Properties.

He has also held posts at Bank of America in France and internationally, at Bouygues (CFO and Deputy General Manager for Spain), then with the AXA group as Managing Director of AXA Immobilier, then responsible successively for overseeing life-insurance activities in Asia-Pacific and the South Europe/Middle East area of AXA. He is a member of the Club des Présidents de Comité d'Audit of the Institut français des administrateurs.

INÈS REINMANN TOPER, Independent Director

Chairwoman of the Governance, Appointment and Compensation Committee and member of the Audit and Risk Committee

OFFICES HELD AT DECEMBER 31, 2017

- Independent Director and member of the Audit Committee of Cofinimmo[1]
- Vice-Chair of the Supervisory Board of SAS Cleveland[2]
- Director of:
  - AINA Investment Fund (Luxembourg)[2], SICAV
  - Orox Asset Management (Geneva)[2], SA
- Observer for OPCI Lapillus

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Chairman of Acxior Immo
- Partner at Acxior Corporate Finance
- Director of Acxior Corporate Finance
- Co Joint leader of the Innovative Financing group – Plan Bâtiment Grenelle 2
- Member of the Management Board of EDRCF (Edmond de Rothschild Corporate Finance)

AGE:
60 years old

NATIONALITY:
French

FIRST APPOINTMENT:
GM of 04/17/2012

OFFICE EXPIRY DATE:
GM 2020

DOMICILIED:
57, bd du Commandant Charcot
92200 Neuilly-sur-Seine

NUMBER OF SHARES HELD:
46

ATTENDANCE RATE AT BOARD MEETINGS: 100%
ATTENDANCE RATE AT THE GOVERNANCE, APPOINTMENT AND COMPENSATION COMMITTEE MEETINGS: 100%
ATTENDANCE RATE AT AUDIT AND RISK COMMITTEE MEETINGS: 100%

BRIEF RESUME

After studying law (post-graduate degree in property law), Inès Reinmann Toper worked for Dumez SAE and Bouygues, then continued her career with Coprim (Société Générale group), first as Development Director, then as Operational Director and lastly as Corporate Real Estate Commercial Director. From 2000 to 2004, she was the CEO of Tertial, then between 2004 and 2007 was Director of the Icade Commercial Property Market, President of EMGP, President of Tertial and a Board member of Icade Foncière des Pimonts. Between 2007 and 2010, she occupied the position of Managing Director Continental Europe at Segro Plc. She was also a Director of that company. From 2010 to 2014, she was the partner in charge of the real-estate subfund of Acxior Corporate Finance. She is a member of the Edmond de Rothschild Corporate Finance Management Board, in charge of real estate, and Director of Cofinimmo. She is also a Fellow of the Royal Institution of Chartered Surveyors. In addition, she is a member of the Club de l'Immobilier Île-de-France and the Cercle des Femmes de l'Immobilier.

(1) Listed company.
(2) Edmond de Rothschild group company.

BERNARD CARAYON, Observer

AGE:
68 years old

NATIONALITY:
French

FIRST APPOINTMENT:
Board meating of 09/07/2017

OFFICE EXPIRY DATE:
GM 2020

DOMICILIED:
101, avenue Mozart
75016 Paris

NUMBER OF SHARES HELD:
40

OFFICES HELD AT DECEMBER 31, 2017

- Chairman of the Board of Directors:
  - Amundi Mutual Fund Brokerage Securities (Thailand) Company Ltd. (formerly Amundi Thailand Ltd.)
  - Amundi Pension Fund
  - Vice-Chairman of ABC-CA Fund Management Co
- Director of:
  - CPR Asset Management
  - Amundi Hong Kong Ltd.
  - LCH Clearnet SA
  - Amundi Japan Ltd. (formerly SGAM Japan Co Ltd.)
- Chairman of Dadou SAS

OFFICES AND FUNCTIONS EXERCISED DURING THE PAST FIVE YEARS AND TERMINATED

- Director of:
  - BFT Investment Managers
  - LCL Obligations Euros
  - CACEIS Amundi Finance
- Director and Deputy CEO of Amundi Asset Management
- Executive Director and Head of the Steering and Control Division at Amundi(1)

ATTENDANCE RATE AT BOARD MEETINGS: 100%

BRIEF RESUME

Bernard Carayon has a PhD in Economics from Paris-Sorbonne University and works for Amundi as an Advisor to its Executive Management team in matters relating to SRI, voting policy, Advisory Boards, China and the ASEAN region. Until February 2017, he was Deputy CEO of Amundi AM and Head of Steering and Control for Amundi (Finance, Risk, Compliance, Legal, Audit). Since March 2008, Bernard Carayon has served as Director and member of the Executive Management Committee, and Head of Risk Management, Compliance and Regulatory Relations for the Crédit Agricole Asset Management group (CAAM group). From 1999 to 2008, he was Head of Risk Management and Control at Crédit Agricole Indosuez and later at Calyon. Before joining Calyon, Mr. Carayon was Head of Central Risk Control at the CNCA (Caisse Nationale du Crédit Agricole) from 1991 to 1999. Between 1984 and 1989, he worked as an Inspector and Project Manager for the General Inspection & Audit Service. As an Economics graduate, Bernard Carayon began his career in 1978 at the CNCA in the Commitments Department, where he spent six years.

(1) Listed company.

Diversity of the structure of the Board of Directors

The Board of Directors reflects a diversification goal in its structure in terms of the representation of women and men, nationalities, international experiences and expertise, as recommended by the AFEP-MEDEF Code and its internal regulations (Article 7) which stipulate that "The Board shall regularly examine the desired balance of its structure and that of its Committees especially with respect to the representation of women and men, nationalities and diversity of backgrounds."

The Board of Directors ensures that each movement in its structure is compliant with this goal in order to be able to carry out its tasks under the best conditions. Accordingly, to date, the members of the Board of Directors :

- include two different nationalities (French and Canadian);
- respect gender parity with a 50% representation of women on the Board;
- 50% are independent directors; and
- come from diverse and complementary backgrounds, especially in the area of real estate, finance, accounting, management, law, CSR and risk management. Their expertise is detailed in the biographies above, which list the functions and offices held by each of the Directors, as well as the experience and skills thereof.

The table below sums up the main areas of expertise of the company's Directors.

Areas of expertise	Board of Directors (10 Directors)
Administration and management	10 Directors
Real Estate	8 Directors
Finances	9 Directors
International experience	9 Directors
Human Resources	4 Directors
Banks – Insurance	5 Directors
CSR	3 Directors
Law	2 Directors
Accounting	2 Directors

In line with actions undertaken since 2014, the Board of Directors confirmed its intention to comply with the recommendations of the AFEP-MEDEF Code and the AMF, in terms of diversity of its members, particularly regarding independent directors, the representation of women and men, and the skills of the directors.

As such, the Board of Directors, at the recommendation of the Governance, Appointment and Compensation Committee, proposed to the Combined General Meeting of April 26, 2017, the appointment of Ms. Laurence Danon Arnaud, an independent director, to replace Mr. Rafael Gonzalez de la Cueva, an independent director whose term of office was expiring. At the end of a selection process carried out with the assistance of an external firm, Ms. Laurence Danon Arnaud was selected, with a view to further diversifying the skillset of the current Board of Directors.

The policy regarding having more women on the Board of Directors and other executive bodies of the Company was again praised in 2017 by the French Ministry of Family, Children and Women's Rights. Gecina retained its leading position obtained in 2016 in the ranking of companies with female executives on the SBF 120 Ethics & Boards.

The Board also aims to preserve the diversity it has created. Thus, subject to the approval of the resolutions relating to the renewal or appointment of directors by the 2018 Annual General Meeting, the proportion of independent directors would be raised from 50% to 60% and the proportion of women on the Board of Directors would remain at 50%.

Training of Directors

In the context of the introduction of new Directors, and pursuant to the AFEP-MEDEF Code recommendation relating to the training of Directors, documentation on the key subjects of the company ("Director's kit") has been distributed to the latter.

Meetings with the company's senior managers and asset tours were also arranged in 2017 for all of the Directors.

In addition, a budget was allotted for the training of Directors and the use of external consultants by the Board of Directors and its Committees.

Independent Directors

Each year, after seeking the opinion of the Governance, Appointment and Compensation Committee, the Board of Directors reviews the situation of each of its members in relation to the independence criteria listed in the AFEP-MEDEF Code.

(i) not be employees or executive corporate officers of the company, employees, executive corporate officers or directors of a company consolidated by the company, or employees, executive corporate officers or directors of the company's parent company or a company consolidated by it, and not have been any of these at any time in the last five years;

(ii) not be executive corporate officers of a company in which the company directly or indirectly holds a directorship, or in which an employee who has been appointed as such or an executive corporate officer of the company (currently or at any time in the last five years) has a directorship;

(iii) not be clients, suppliers, investment bankers or commercial bankers:

- of significance to the company or its Group;
- or for which the company or its Group represent a significant amount of business;

(iv) not have any close family ties with a corporate officer;

(v) not have served as an auditor for the company at any time in the last five years;

(vi) not have served as a director for the company for more than 12 years; the loss of the status of independent director occurs after 12 years;

(vii) for non-executive corporate officers, not have received variable compensation in cash or securities or any compensation linked to the performance of the company or Group;

(viii) directors representing major shareholders of the company are considered to be independent provided they are not involved in the control of the company. If Directors hold more than 10% of the share capital or voting rights, the Board, acting on the basis of a report issued by the Governance, Appointment and Compensation Committee, must systematically investigate compliance with the independence criteria, taking account of the shareholder structure and the existence of any potential conflicts of interest.

Pursuant to the aforementioned criteria, the Board of Directors concluded from its review on December 31, 2017, that five of its ten members qualify as independent Directors, namely: Ms. Isabelle Courville, Ms. Laurence Danon Arnaud, Ms. Dominique Dudan, Mr. Jacques-Yves Nicol and Ms. Inès Reinmann Toper.

It is specified that on the day of publication of this report and among the independent Directors, only Ms. Dominique Dudan has had a business relationship with the company. The Board of Directors, according to both the quantitative and qualitative criteria, considers this business relationship to be insignificant to all parties and that it does not therefore affect the qualification of independence of Ms. Dominique Dudan.

Specific role assigned to an independent Director

As part of the process of selling its hotel portfolio and on the recommendation of Executive Management, the Board of Directors has decided to assign a specific role to Ms. Dominique Dudan. This role, with a one-year term, notably includes the provision of advice and assistance in the selection of external stakeholders (*e.g.* technical and legal service providers) and a review of the market approach methodology and associated marketing documentation. The extensive professional experience of Ms. Dominique Dudan in the hotel sector, in addition to her vast knowledge of the market, explain the company's decision to assign such a role to her. In respect of this role, Ms. Dominique Dudan receives a fixed compensation of €40,000 excluding tax, compensation that is not significant compared to her overall revenue. As the amount of this compensation is not significant for any party and as it relates to a one-off role which is not likely to be extended or renewed, the Board of Directors considers it to be part of the normal order of the Directors' involvement in the company's business and that it does not therefore affect the independence of Ms. Dominique Dudan.

The granting of this assignment to Ms. Dominique Dudan was subject to the procedure for related-party agreements (see Section 5.1.5).

Shares held by Directors

As stated in the internal regulations for the Board of Directors, each Director must own at least 40 shares for the duration of his or her term in office.

Directors are responsible for reporting to the Autorité des marchés financiers (the French market regulator) with a copy addressed to Gecina, within three trading days, transactions involving company shares or any other security issued by the company, carried out directly or through a third party on their own behalf or for any other third party under a mandate not applying to third party management services. Transactions carried out by people with close links to the Directors as described by the applicable regulations are also concerned. This reporting obligation applies only when the total sum of transactions carried out over the course of the calendar year exceeds €20,000.

A summary of the transactions carried out in 2017 by officers, senior managers and/or people to whom they are closely linked, involving company shares, is presented below:

Declarer	Financial instruments	Type of transaction	Number of transactions	Total amount
Predica SA, Director	Shares	Disposals	5	€41,834,805.85
	Shares	Acquisition	13	€35,435,234.64
	Shares	Subscription	1	€127,203,290.50
	Shares	Exchange	1	
	Debt securities	Disposals	2	€157,397,040.00
Omaha Investment SARL, legal entity linked to Ivanhoé Cambridge Inc., Director	Pre-emptive subscription right	Disposals	1	€10,303,108.74
	Shares	Subscription	1	€9,574,714.50
Utah Investment SARL, legal entity linked to Ivanhoé Cambridge Inc., Director	Pre-emptive subscription right	Disposals	1	€5,821,094.04
	Shares	Subscription	1	€5,426,544.50
Juno Investment SARL, legal entity linked to Ivanhoé Cambridge Inc., Director	Pre-emptive subscription right	Disposals	1	€9,282,548.46
	Shares	Subscription	1	€8,647,067.00
Sword Investment SARL, legal entity linked to Ivanhoé Cambridge Inc., Director	Pre-emptive subscription right	Disposals	1	€7,095,167.70
	Shares	Subscription	1	€6,604,364.00
Méka Brunel, Chief Executive Officer	Pre-emptive subscription right	Disposals	1	€23,252.52
	Share	Subscription	1	€257,796.50
Nicolas Dutreuil, member of the Executive Committee	Pre-emptive subscription right	Disposals	1	€6,443.39
	Shares	Disposals	1	€47,025.23
	Shares	Subscription	2	€85,637.10
Philippe Valade, member of the Executive Committee	Pre-emptive subscription right	Disposals	1	€124,667.64
Vincent Moulard, member of the Executive Committee (until 07/10/2017)	Shares	Disposals	1	€81,696.00

Rules about multiple offices

The internal regulation of the Board of Directors (Article 2), in accordance with the recommendations of the AFEP-MEDEF Code and with the provisions of law no. 2015-990 of August 6, 2015 for growth, activity and equal economic opportunity (known as the "Macron Act") with respect to the number of mandates of executive corporate officers and Directors, stipulates that:

"Directors should devote the necessary time and attention to their duties and participate, as much as possible, in all Board Meetings and, as applicable, in the Meetings of the Committees to which they belong. A Director shall not hold more than four other offices in listed companies external to the Group, including foreign ones. Where a Director exercises executive functions in the company, such Director must devote his/her time to the management of the company and shall not hold more than two other directorships in listed companies external to his/her Group, including foreign ones. He/she shall seek the approval of the Board before accepting another corporate office in a listed company."

Furthermore, the Directors' charter (Article 16), which is an appendix to the Board of Directors' internal regulations, specifies that "*The Director undertakes, for any new office of any kind, inside the Group, a French or foreign company, to contact the Chairman of the Board of Directors or the Secretary of the Board of Directors, in order to inform him/her, as necessary, of the conditions for compliance with the regulation applicable to the holding of multiple offices and the principles stemming from this charter*".

5.1.2 EXECUTIVE MANAGEMENT PROCEDURES

5.1.2.1 Separation of the duties of Chairman of the Board of Directors and Chief Executive Officer

The Board of Directors considers that the separation of duties is the most suitable form of governance for the company's activity, as it helps to strengthen Strategic and Control functions at the same time as Operational functions. It should also strengthen governance and allow a better balancing of powers between the Board of Directors on the one hand, and the CEO on the other.

At its Meeting of January 6, 2017, the Board of Directors, on a recommendation of the Governance, Appointment and Compensation Committee, and following the termination of the term of office of Mr. Philippe Depoux as CEO, decided to appoint Ms. Méka Brunel in his place, for an indefinite term. Ms. Méka Brunel remains a member of the Board of Directors.

5.1.2.2 Specific role assigned to the Chairman of the Board of Directors

In addition to the remits generally provided for by law, the Board of Directors decided to assign the specific missions described below to the Chairman of the Board of Directors.

The Chairman of the Board of Directors:

- attends Internal Meetings regarding issues of strategy, external and financial communication or compliance, Internal Audit and risks;
- ensures compliance with the principles of corporate and environmental responsibility;
- participates in shareholder and investor relations;
- participates in representing the company in its high-level relations, especially major clients and public authorities, on the national and international level as well as in external and internal communication.

This role is carried out in close coordination with the actions conducted in these fields by Executive Management and does not allow the Chairman of the Board of Directors to exercise the executive responsibilities of the CEO. The Board of Directors' internal regulations were updated to include this role (Article 4.1.1).

In 2017, in addition to the assignments provided for by law, Mr Bernard Michel, Chairman of the Board of Director's activity involved in particular:

- participating in the recruitment procedure of the Managing Director and the new directors;
- ensuring compliance with the principle of social and environmental governance;
- meetings with shareholders and investors;
- implication and promotion of the corporate social responsibility policy, in particular regarding the questions of diversity, parity and professional gender equality;
- involvement in the corporate innovation policy;
- participating in public authority reflections on territory, Greater Paris (Grand Paris) and housing questions.

5.1.2.3 Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in the company's name under any and all circumstances.

As an internal measure and pursuant to the provisions of Article 4.1.2 of the internal regulations, the Board of Directors has set limits to the CEO's powers.

Accordingly, pursuant to Article 4.1.2 of the Board of Director's internal regulations and the law, the Chief Executive Officer may not grant any endorsement, deposit or guarantee to third parties without the express prior authorization of the Board of Directors. The Board's internal regulations also provide that the CEO be specifically required to obtain the authorization of the Board of Directors for any significant decision above certain thresholds that fall outside the scope of the annual budget and the strategic business plan or are related to their change or for any decision likely to involve a conflict of interest between a member of the Board of Directors and the company or leading to a change of corporate governance or share capital.

Authorizations for guarantees, endorsements and deposits – Article L. 225-35 of the French Commercial Code

The Board of Directors' Meeting of February 23, 2017 renewed the authorization given to the CEO, with an option to subdelegate such powers, to issue, on behalf of Gecina, deposits, endorsements and guarantees, for the duration of the commitments guaranteed (i) for up to €1.65 billion on behalf of its subsidiaries, (ii) €50 million on behalf of third parties, and (iii) without limit for guarantees made to tax and customs authorities, and to continue with any deposits, endorsements and guarantees granted previously.

Commitments made by Gecina in previous financial years, which were still in effect as at December 31, 2017, represented a total of €473 million.

5.1.3 CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

The procedures for the Board of Directors' organization and operation are governed by the company's bylaws and by the internal regulations of the Board of Directors. These internal regulations were adopted by the Board of Directors on June 5, 2002 and are regularly reviewed by the Board of Directors. They have been amended whenever necessary, as well as the appendices mentioned below, to reflect the regulatory context, marketplace recommendations and changes in corporate governance.

Attached to these regulations are: the Director's charter, the charter of the representative of the Works Council on the Board of Directors and the internal regulations of the Governance, Appointment and Compensation Committee, of the Audit and Risk Committee, and of the Strategic and Investment Committee.

Some sections of the Board of Directors' internal regulations are reproduced in this report. It is also available on the company's website, in accordance with AMF recommendation 2012-02.

5.1.3.1 Role of the Board of Directors

In accordance with Article 3 of its internal regulations, the Board of Directors:

- sets the strategies for the company's business and oversees their implementation, in particular through management control;
- addresses any issues relating to the effective performance of the company and, through its deliberations, resolves any issues affecting said performance and carries out any controls and checks that it deems appropriate;
- is kept regularly informed about changes in the Group's activities and property holdings, as well as its financial situation and cash flow. It is also informed about any significant commitments made by the Group;
- in the context of authorizations given by the Shareholders' General Meeting, it decides on any transactions leading to a change in the company's share capital or the issue of new shares and, more generally, deliberates on issues falling under its legal or regulatory authority. In addition, any significant transaction that does not fall within the company's stated strategy, including major investments for organic growth or company restructuring, is subject to the prior approval of the Board of Directors;
- reviews and approves prior to their implementation, as an internal measure, the deeds, transactions and commitments that fall under the restrictions to the powers of the Chief Executive Officer, defined and set out in Article 4.1.2 of its internal regulations (see section 5.1.2 above);
- reviews the company's financial communication policy as well as the quality of information supplied to shareholders and to financial markets in the form of financial statements or on the occasion of major transactions;
- presents to the Annual Ordinary General Meeting the compensation of executive corporate officers in accordance with the recommendations of the AFEP-MEDEF Code and the provisions of Law 2016-1691 on transparency and the fight against corruption (known as the "Sapin II Law");
- deliberates annually on the company's policy with respect to professional and wage equality, in accordance with the provisions of Law 2011-103 of January 27, 2011.

As part of the exercise of their duties, the Directors are entitled to meet with the company's key senior management, in the presence or absence of the CEO and of the Chairman of the Board of Directors, after submitting a prior request to the Chairman of the Board of Directors and informing the CEO thereof.

Directors can organize work meetings on specific subjects in order to prepare, if necessary, Board of Directors' Meetings, including without the presence of the CEO or the Chairman. In this case, the Chairman or the CEO shall be informed thereof in advance.

5.1.3.2 Organization and frequency of the Board of Directors' Meetings

The Board of Directors meets whenever necessary but at least four times a year, these Meetings being normally convened by its Chairman. Directors representing at least one-third of the total number of Board members may also convene the Board at any time, indicating the agenda for the Meeting. The Chief Executive Officer may also ask the Chairman to convene a Board Meeting on a specific agenda. Decisions are taken by a majority vote of the members present or represented. In the event of a tie, the Chairman of the Meeting does not have a casting vote.

Article 14 of the bylaws and Article 6 of the Board's internal regulations allow Directors to meet and take part in the Board's deliberations using video-conferencing or telecommunications facilities, or any other means provided for under French law. They are deemed present using such facilities for calculating the quorum and majority votes, except for the adoption of decisions described in Articles L. 232-1 and L. 233-16 of the French Commercial Code, namely approval of annual financial statements and the management report and approval of the consolidated financial statements and the Group management report. However, at least one-quarter of the Directors must be physically present in the same location.

The above-mentioned restrictions do not, however, prevent any Directors excluded from quorum and majority calculations from taking part in Meetings and giving their opinion on an advisory basis.

NUMBER OF MEETINGS AND AVERAGE ATTENDANCE RATE FOR THE 2017 FINANCIAL YEAR

Type of Meetings	Number of Meetings	Average attendance rate
Board of Directors	9	100%
Strategic and Investment Committee	6	100%
Audit and Risk Committee	7	98%
Governance, Appointment and Compensation Committee	12	100%

5.1.3.3 Activities of the Board of Directors in 2017

In addition to the exercise by the Board of Directors of its duties pursuant to the provisions of the law and market recommendations, 2017 was marked by a change in Executive Management and by the acceleration of the implementation of the company's strategy with the acquisition of Eurosic.

In this respect, the Board met nine times, with an attendance rate of 100%.

Monitoring of the Group's routine management

The Board of Directors is regularly informed about changes in the Group's activities and property holdings, as well as its financial position and cash flow. To this end, the Executive Management presents an overview of the Group's business (landing forecast, rental management, disposals and investments, financing and overheads) at each Board of Directors' Meeting.

During 2017, the Board of Directors set up the Group's 2016 annual and consolidated financial statements, the consolidated financial statements for the period ended March 31, June 30, and September 30, 2017, management forecasts, press releases as well as the annual and half-year financial reports and the Reference Document. It also monitored the execution of the budget for financial year 2017 and approved the budget for financial year 2018.

The Board of Directors noted the capital increases resulting from subscriptions by members of the Group's savings plan and performance share and stock option plans. It also renewed the authorization given to the CEO to grant deposits, endorsements and guarantees on behalf of the company within the limits restated above (see section 5.1.2.3).

Pursuant to Article L. 225-40-1 of the French Commercial Code, the Board of Directors, after reviewing the related-party agreements signed and authorized in prior years whose performance continued in 2016, duly noted the continuation of these agreements.

Change in Executive Management with a view to accelerating the implementation of the strategy

The Board of Directors, meeting on January 6, 2017, unanimously decided to appoint Ms. Méka Brunel as Chief Executive Officer, to replace Mr. Philippe Depoux. With the appointment of Ms. Méka Brunel, the Board of Directors planned to accelerate the implementation of the company's strategy and to reinforce its position as a leader on the Paris office property market, by prioritizing operational, financial and environmental performance.

Authorization for real estate acquisition/development and disposal transactions in line with the defined strategy, including the acquisition of Eurosic

The Board of Directors has ensured the implementation of the strategy with the objective of reinforcing its leadership on the Paris office property market, delivering yield and creating value for the company's shareholders, taking a total return approach.

To this end, it made decisions regarding various investment activities and more specifically, the acquisition of all shares in the company Eurosic, as well as the terms and conditions of this transaction. In this respect, the Board of Directors agreed the cost of the acquisition, in cash and securities, and approved the methods of financing for the transaction, comprising of bond issues of €1.5 billion and a capital increase with pre-emptive subscription right of €1 billion.

At the same time, the Board of Directors also decided to put in place a disposal plan with a minimum amount of €1.2 billion, so as to maintain an LTV below 40%. This disposal plan is also in line with the company's real estate portfolio rotation strategy.

Strengthening governance - Implementation of the succession plan for the Chairman of the Board of Directors

In line with actions undertaken since 2014, the Board of Directors confirmed its intention to follow the recommendations of the AFEP-MEDEF Code and the AMF, in particular regarding the appointment of independent Directors, gender representation and the expertise of Directors (see the diversity policy described in section 5.1.1).

In addition, the Board of Directors, with the support of the Governance, Appointment and Compensation Committee, devoted the time necessary to prepare the succession plan for corporate officers, and in particular Mr. Bernard Michel, Chairman of the Board of Directors, whose mandate will expire at the end of the Ordinary General Meeting to be held in 2018. Mr. Bernard Michel will on this date also reach the age limit set by the Company's bylaws for the Chairman of the Board of Directors.

As part of the implementation of this succession plan, the Board of Directors agreed, at its meeting of December 12, 2017, on the appointment of Mr. Bernard Carayon as Mr. Bernard Michel's successor, subject to Mr Bernard Carayon being appointed by the General Meeting as a company director. Mr. Bernard Carayon has sat on the Board as an observer since September 7, 2017. His appointment as successor to the Chairman of the Board of Directors would allow for a smooth transition, under the best possible conditions, when the time comes.

With respect to issues of compensation, the Board of Directors expressed its opinion on the conditions of the termination of the duties of Mr. Philippe Depoux as CEO, on the various compensation elements of Ms. Méka Brunel, CEO, as well as on those of the Directors (see section 5.2). In this respect, the Board of Directors, assisted by the Governance, Appointment and Compensation Committee ensured compliance with the provisions of the AFEP-MEDEF Code and AMF recommendations on executive and Directors' compensation.

With respect to issues of compensation, the Board of Directors decided the conditions of the termination of the duties of Mr. Philippe Depoux as CEO, on the various compensation elements of Ms. Méka Brunel, CEO, as well as those of the Directors (see section 5.2). In this respect, the Board of Directors, assisted by the Governance, Appointment and Compensation Committee ensured compliance with the provisions of the AFEP-MEDEF Code and AMF recommendations on executive and Directors' compensation.

Continuing the corporate social responsibility strategy

Since April 2015, CSR related duties, which used to be the responsibility of the Audit and Risk Committee, have been entrusted to the Strategic and Investment Committee in order to further strengthen CSR in the company's strategy.

The Board of Directors also reviewed the 2016 report on the comparative situation as presented to it by the company Secretary in charge of human resources, and duly noted the company's policy with respect to professional and wage equality.

Risk management and monitoring of disputes

The Board of Directors, assisted by the Audit and Risk Committee, has continued to ensure the existence of reliable procedures for identifying, controlling and evaluating the company's commitments and risks. In this respect, the works of the Audit and Risk Committee in the field have been extensively reported to the Board of Directors.

5.1.3.4 Board of Directors' Committees

To ensure the quality of work of Gecina's Board of Directors and help it in the exercise of its responsibilities, three specialized Committees comprising representatives of the principal shareholders and independent Directors were established by the Board of Directors:

- the Strategic and Investment Committee;
- the Audit and Risk Committee; and
- the Governance, Appointment and Compensation Committee.

The internal regulations of each of these Committees specify their operating principles and roles.

The Committees systematically submit an executive summary of their findings to the Board of Directors.

Furthermore, the Committees may call upon any expert of their choice to assist them in their duties (after having informed the Chairman of the Board of Directors or the Board of Directors itself), at the expense of the company. The Committees shall verify, where applicable, the objectivity, competence and independence of said expert.

Strategic and Investment Committee

Structure	**4 members:** ▪ Ivanhoé Cambridge Inc., represented by Mr. Sylvain Fortier, Chairman of the Committee; ▪ Ms. Méka Brunel; ▪ Mr. Bernard Michel; ▪ Predica, represented by Mr. Jean-Jacques Duchamp.
Main duties	The Committee: ▪ reviews the strategic projects presented by Executive Management, including their economic and financial consequences (budget, financing structure, including cash flow forecasts); ▪ provides guidance to the Board through its analysis of the strategic plans submitted to it by Executive Management, on developments and the progress of ongoing significant transactions; ▪ examines information on market trends, reviews the competition and the resulting medium- and long-term outlook; ▪ examining the company's long-term development projects specifically with respect to external growth, especially concerning acquisitions or divestments of subsidiaries, equity interests, real estate assets or other important assets, in investment or divestment as well as financial transactions likely to have a material impact on the balance sheet structure; ▪ evaluates the Corporate Social Responsibility policies proposed by Executive Management and ensures the integration of such policies in the company's strategy. It also monitors their development and improvement to guarantee the company's growth. More generally, it gives an opinion on any subject that falls within the scope of matters referred to its attention or likely to be referred to its attention.
2017 Works	The Committee met six times, with an attendance rate of 100%. During these Meetings, the Committee: ▪ made decisions about a significant number of investment projects (in particular the Eurosic acquisition) and asset disposals presented by Executive Management, after carefully reviewing the economic, financial and strategic consequences thereof; ▪ devoted one agenda item to reviewing the dividend distribution policy, seeking to balance the company's development with shareholders' interests. In this respect, it confirmed the relevance of introducing an interim dividend payment system with effect from 2016; ▪ it completed the 2017 budget and began the in-depth analyses necessary for drafting the 2018 budget, on the basis of a preliminary budget submitted by Executive Management; ▪ reviewed the CSR report.

Audit and Risk Committee

The Committee operates and performs its tasks in accordance with Articles L. 823-19 and L. 823-20 of the French Commercial Code (transposing the EU Directive of May 17, 2006), the AFEP-MEDEF Code, the works of the IFA and the IFACI, and specifically the works of the EPRA.

Structure	**6 members, of which 4 independent and no executive corporate officers** ■ Mr. Jacques-Yves Nicol, Chairman of the Committee ■ Ms. Isabelle Courville ■ Ms. Dominique Dudan ■ Mr. Claude Gendron ■ Predica, represented by Mr. Jean-Jacques Duchamp ■ Ms. Inès Reinmann Toper The Chair of the Committee has a casting vote in the event of a tie. All members have specific expertise in financial or accounting matters, presented in more detail under section 5.1.1. Mr. Jacques-Yves Nicol, Chairman of the Committee, is a member of the Club des Présidents de Comité d'Audit of the Institut français des administrateurs (a club for Chairs of Audit Committees).
Main duties	The Committee gives the Board of Directors its opinions and recommendations on: ■ the financial reporting preparation process; ■ the review of individual and consolidated financial statements and financial reporting; ■ the review of the budget and business plans; ■ the process for appointing Statutory Auditors, reviewing their fees, monitoring their independence (including the pre-approval of the provision of services other than certification of accounts), and the performance of their legal audit duties with respect to the annual and consolidated financial statements; ■ the process for appointing appraisal experts and the performance of their engagement; ■ financial policy and financing plans; ■ risk mapping, quality, internal control and their effectiveness; ■ the operation and assignments of Internal Audit; ■ the main risks linked to sensitive judicial cases/proceedings. More generally, it gives an opinion on any subject that falls within the scope of matters referred to its attention or likely to be referred to its attention. As part of its work, the Committee ensures that the timelines for the provision and review of the financial statements are sufficient.
2017 Work	The Committee met seven times, with an attendance rate of 98%. During these Meetings, the Committee: ■ examined the results of the appraisals of the property assets as at December 31, 2016 and June 30, 2017, the annual and consolidated financial statements for the 2016 financial year and the consolidated financial statements at June 30, 2017, the situation of financing and hedging plans, as well as the 2018 budget. On these occasions, it examined the clarity and reliability of the information communicated to shareholders and to the market by reviewing the draft press releases. It studied the annual report and the Chairman's report on governance and internal control; ■ it conducted a review of rental, legislative, financial, technological and fraud risks, and risks related to CSR; ■ it examined the work plan and Internal Audit reports and the financing, hedging and banking relations plan. At these Meetings, Internal Audit submitted presentations on its review of off-balance sheet commitments and risk mapping. The Committee also reviewed the draft analysis of risk exposure and performed an in-depth analysis of certain risks and certain aspects of internal control. In addition, it was kept informed of the change in sensitive judicial cases/procedures in order to examine associated risks; ■ it examined the risks and the accounting and financial treatment of significant acquisition and disposal transactions. In this respect, it reviewed the accounting and financial treatment of the acquisition of Eurosic shares and performed a risk analysis of this transaction. The Committee also examined the impacts and risks associated with the share buyback program;

2017 Work	it continued reviewing the insurance program, litigations/disputes and related provisions; ▪ it met with the Finance Department, the Internal Audit, Risk and Compliance Department and the Statutory Auditors. The Committee reviewed the budget for the Statutory Auditors and verified the independence thereof, having specifically in this respect, and in accordance with new regulations, granted pre-approval of the duties and services, other than certification, assigned to the Statutory Auditors. Statutory Auditors systematically participate in the Committee's works relating in particular to the different presentations of accounts, and presented to the Committee the results of the legal audit, the review of certain aspects of internal control and the recommendations issued as well as the selected accounting options. Furthermore, the Committee held an in-depth Meeting with the Statutory Auditors, without the presence of management; ▪ continued to devote a portion of its time to the research into and analysis of the EU Audit Reform, covering in particular the increased role of the Audit Committee in terms of the selection of auditors, auditor independence and the pre-approval of services other than the certification of accounts, as well as the enhanced prerogatives of the French auditors' council (*Haut Conseil du Commissariat aux Comptes*); ▪ reviewed current regulations (Sapin II Law/Fight against corruption, European regulation on data protection "GDPR") and new accounting requirements (new European Accounting Directive, IFRS 9, 15 and 16); ▪ checked the existence of a process for appointing the independent third party tasked with verifying CSR information and issued a recommendation on the selection of the latter.

Governance, Appointment and Compensation Committee

Structure	**3 members, of which 2 independents and no executive corporate officers** ▪ Ms. Inès Reinmann Toper, Chairwoman of the Committee ▪ Ms. Laurence Danon Arnaud ▪ Mr. Claude Gendron The Chair of the Committee has a casting vote in the event of a tie.
Main duties	The Committee: ▪ reviews the operation of the Board of Directors and its Committees and makes proposals to improve corporate governance; ▪ leads discussions on the Committees in charge of preparing the Board of Directors' work; ▪ supervises the Board of Directors' assessment procedure; ▪ examines the structure of the company's executive bodies and prepares a succession plan for corporate officers and Directors; ▪ makes proposals to the Board of Directors on all aspects of officers' compensation. The Committee may invite officers and executives of the company and its subsidiaries, Statutory Auditors and, more generally, any person who may be of assistance in achieving its goals, to its meetings.
2017 work	The Committee met 12 times, with an attendance rate of 100%. At these Meetings, the Committee addressed various issues related to governance, appointment and compensation. With regard to governance and appointment, the Committee: reviewed the company's Executive Management situation and recommended that the Board of Directors appoint Ms. Méka Brunel as Chief Executive Officer, to replace Mr. Philippe Depoux; committed, at the request of the Board of Directors, to the recruitment of a female Independent Director, with the assistance of an external firm selected for this purpose. At the end of this process, the Committee recommended that the Board of Directors propose, at the General Meeting held on April 26, 2017, the appointment of Ms. Laurence Danon Arnaud, to replace Mr. Rafael Gonzalez de la Cueva, whose term of office was expiring. On this occasion, the Committee paid special attention to diversifying the composition of the Board of Directors in terms of establishing a balanced representation of gender and expertise; continued its work on the succession plan for corporate officers and submitted it to the Board of Directors, who approved it. This plan provides for various continuity solutions, both in the event of the planned departure of an officer and in the event of a crisis or accident;

2017 Work

- expressed its opinion in favor of the candidacy of Mr. Bernard Carayon, Observer, to succeed Mr. Bernard Michel, Chairman of the Board of Directors, when his term of office expires at the end of the Ordinary General Meeting to be held in 2018, the date on which Mr. Bernard Michel will also reach the age limit set by the Company's bylaws for the Chairman of the Board of Directors.
- expressed an opinion on those Directors who may quality as independent;
- supervised the assessment work of the Board of Directors (see section 5.1.3.5).

With regard to compensation, the Committee:

- reviewed the terms and conditions associated with the termination of the duties of Mr. Philippe Depoux as CEO, while ensuring compliance with the relevant provisions of the law and the AFEP-MEDEF Code;
- examined the elements of the compensation of Ms. Méka Brunel, CEO. In this respect, the Committee ensured compliance with the principles laid down in the AFEP-MEDEF Code: exhaustiveness, balance between compensation elements, comparability, coherence, intelligibility of rules and measure;
- reviewed draft press releases related to the elements of the compensation of executive corporate officers which were made public immediately after the Board Meeting at which they were approved;
- was informed of the compensation policy for key non-executive corporate officers;
- debated the use and calculation method of attendance fees for 2017;
- analyzed the provisions of the Sapin II Law on "Say on Pay" and their application by the company.

In addition, the Committee analyzed current regulations, notably the Sapin II Law introducing the Board of Directors' report on corporate governance.

The Committee also familiarized itself with the company's human resource policy and its policy pertaining to professional gender equality. It also monitored the integration of the Eurosic teams following the company's acquisition of the latter.

As part of its work, the Committee solicited the services of independent external firms, which were asked to conduct benchmark studies on the compensation of officers.

Over the course of the 2017 financial year, Mr. Bernard Michel, Chairman of the Board of Directors, was invited to attend certain Committee Meetings that covered the appointment of Directors and the succession plan for corporate officers. Similarly, Ms. Méka Brunel, CEO, was invited to attend certain Committee Meetings that covered, in particular, the compensation of Executive Committee members.

5.1.3.5 Evaluation of the Board of Directors' work and the performance of Executive Management

The rules for evaluating the Board of Directors' work are defined in its internal regulations (Article 7):

- annual discussion of its operating principles and those of its Committees;
- potential discussion once a year, excluding corporate officers and chaired by the Chairman of the Governance, Appointment and Compensation Committee, relative to the quality of the company's management, its relations with the Board of Directors and the recommendations that it would like to make to management;
- every three years, evaluation of its members, organization and operating principles. This evaluation is primarily aimed at checking that important issues are suitably prepared and discussed by the Board of Directors.

Evaluation of the Board of Directors' work

Pursuant to the decision of the Board of Directors, the assessment of its work and that of its Committees in 2017, was carried out by the Board Secretariat.

For this, a questionnaire, prepared by the Board Secretariat and validated by the Governance, Appointment and Compensation Committee was sent to each of the Directors.

The questionnaire concerned the main themes below:

- the size and structure of the Board of Directors;
- the organization and operation of the Board of Directors;
- the areas of competence of the Board of Directors and its working method;
- the Board's relations with the Chairman and Executive Management;
- risk management;
- organization and operation of Committees;
- Directors' compensation;
- personal appreciation of governance and benchmark;
- the expectations of Directors.

During the evaluation, the actual contribution of each Director was measured. The results of this measurement were placed in a report to the Board of Directors but remain confidential and are not intended for public disclosure.

Upon receipt of the questionnaires completed by the Directors, a report was drafted and presented to the Governance, Appointment and Compensation Committee, and then to the Board of Directors. An item was placed on the agenda of these meetings.

This annual assessment revealed, both on a statistical basis as on the merits of the comments issued, that the Directors were satisfied, or very satisfied, particularly about:

- the compliance of the Board's operation with corporate governance rules;
- an open forum for debate during Board Meetings;
- improvement in the content of the files presenting strategic decisions submitted to the Board;
- the excellent contributions and extended expertise of the Board members;
- the implementation by the Committees of their duties.

Some Directors expressed the wish for improvement in the following areas:

- additional time allocated by the Board to topics related to technological risks and the risk of property obsolescence, as well as risks associated with the new economy;
- receive more information about the company's operation and internal organization;
- continued diversification of the Board's competences.

Following the desire for improvement expressed during the 2016 and 2017 assessments, several actions have since been implemented, such as:

- the organization, for all Directors, of asset tours and meetings with the company's key officers;
- the integration of new skills on the Board of Directors, upon the renewal of Directors' terms of office;
- the establishment of a Board work plan more focused on strategy and on the company's priority issues;
- finalization of the succession plan for executive corporate officers.

For 2018, a formal assessment will be carried out with the support of an external consultant.

Evaluation of the performance of Executive Management ("Executive Session")

Pursuant to the recommendations of the AFEP-MEDEF Code, the Directors meet at least once a year, without the CEO, to evaluate the Executive Management's performance of its duties.

As Ms. Méka Brunel took up her office as CEO in January 2017, a first executive session, at which the Directors will review the performance of her duties, will be held in 2018.

It should be noted that in 2015 and 2016, executive sessions were held concerning the CEO at that time, Mr. Philippe Depoux.

5.1.4 CONFLICTS OF INTEREST AMONG THE ADMINISTRATIVE, MANAGEMENT AND EXECUTIVE OFFICERS

The internal regulations of the Board of Directors and the Directors' charter, in accordance with the AFEP-MEDEF recommendations, set out the rules to be followed by Directors in the area of prevention and management of conflicts of interests.

Article 2 of the Board of Directors' internal regulations state that "*The Director shall inform the Board of any situations of conflict of interest, even potential, and shall refrain from participating in the vote on the corresponding deliberation*".

Article 14 of the Directors' charter provides further clarity on the issue by stating that: "*The Director undertakes to ensure that the interests of the company and of all its shareholders prevail under all circumstances over direct or indirect personal interests.*

Any Director who may, even potentially, be it directly or through an intermediary in a situation of conflict of interests with respect to the corporate interest, owing to the duties that he or she performs and/or the interests that he or she owns elsewhere, undertakes to inform the Chairman of the Board of Directors or any person designated by said Chairman. In the event of a conflict of interests, the Director shall refrain from participating in the debates and decision-making on the issues concerned and may have to leave the Board Meeting during the debates or voting, where necessary. This rule shall be waived if all Directors have to abstain from taking part in the vote owing to the application of this rule.

Pursuant to the law, each Director shall communicate to the Chairman of the Board any agreement to be concluded directly or by the intermediary of another person, with the company or its subsidiaries, except where it is not material for any of the parties owing to its object or financial implications.

Regarding a legal entity which is a Director, the agreements concerned are those concluded with the company itself and the companies that it controls or which control it as defined by Article L. 233-3 of the French Commercial Code. The same applies for agreements in which the Director is indirectly interested.

The Director may, for any ethical issue, even occasional, consult the Chairman of the Board of Directors or the Chairman of the Governance, Appointment and Compensation Committee."

Each year, the Governance, Appointment and Compensation Committee devotes a point of its agenda to reviewing potential situations of conflict of interest.

For transactions for which there could be a conflict of interests (acquisition, disposal of assets, etc.), the Board of Directors ensures that the aforesaid rules are strictly followed. Furthermore, the information or documents linked to such transactions are not disclosed to the Directors in such situations of conflicts of interests, even potential ones.

To Gecina's knowledge:

- no member of the Board of Directors has been convicted of fraud in the last five years;
- none of its members have held senior positions in companies subject to bankruptcy, receivership or liquidation proceedings in the last five years and no one has been under arraignment and/or been the object of official public sanction levied by a statutory or regulatory authority;
- none of these members have been prohibited by a Court from serving as a member of an administrative, executive, or supervisory body of an issuer or from being involved in the management of an issuer during the last five years.

To the knowledge of Gecina, (i) there exists no arrangement or agreement entered into with the principal shareholders, clients, suppliers, or others, based on which any of the Directors have been chosen, (ii) there exists no restriction, other than those, if any, mentioned in section 5.3, accepted by the corporate officers, concerning the transfer of their equity shares after a certain period of time, (iii) there exists no service contract linking members of executive bodies to Gecina or to any of its subsidiaries providing for benefits after the expiry of such a contract, with the exception of the contract with Ms. Dominique Dudan as detailed in section 5.1.5.

To the company's knowledge, there is no family link among (i) members of the Board of Directors, (ii) corporate officers of the company and (iii) between the persons referred to under (i) and (ii).

5.1.5 RELATED-PARTY AGREEMENTS

Agreements and commitments authorized during the past year

Agreement defining the terms and conditions of the severance pay, in the event of the termination of the duties of Ms. Méka Brunel as Chief Executive Officer

The Board of Directors on January 6, 2017, authorized, pursuant to Article L. 225-38 of the French Commercial Code, the conclusion of an agreement defining the terms and conditions of the severance pay, in the event of the termination of the duties of Ms. Méka Brunel as Chief Executive Officer. The terms of this agreement can be summarized as follows:

A severance pay granted to Ms. Méka Brunel in the event of forced departure. The amount of the payment is based on her seniority as CEO of the company:

- **seniority of between one and two years**: severance pay of 100% maximum of total gross compensation in respect of her position as CEO (fixed + variable) for the preceding calendar year;
- **seniority of more than two years**: severance pay of 200% maximum of total gross compensation in respect of her position as CEO (fixed + variable) for the preceding calendar year.

The payment of this allowance will be subject to the performance conditions described in the table below.

Performance conditions for seniority of more than one year

The severance will be paid at 100% only if the bonus for the year (N-1) ended before termination of the appointment is equal to or greater than the target bonus.

Performance Conditions	Severance pay
Bonus year N-1 ≥ target bonus	100%
Bonus year N-1 ≥ 80% target bonus	80%
Bonus year N-1 ≥ 70% target bonus	50%
Bonus year N-1 < 70% target bonus	No severance payment

Performance conditions for seniority of more than two years

The severance payment will be made at 100% only if the average of the bonuses for the last two years (N-1 and N-2) ended before termination is equal to or greater than the target bonus.

Performance Conditions	Severance pay
Average of the bonuses for the years N-1 and N-2 ≥ target bonus	100%
Average of the bonuses for years N-1 and N-2 ≥ 80% target bonus	80%
Average of the bonuses for years N-1 and N-2 ≥ 70% target bonus	50%
Average of the bonuses for years N-1 and N-2 < 70% target bonus	No severance payment

It is the duty of the Board of Directors to check that these performance-related criteria are satisfied, with the understanding that the Board of Directors may take into account exceptional events that occurred during the year.

The prior authorization of the Board of Directors was based on the fact that this agreement was in the company's interests.

This agreement was approved by the Shareholders' General Meeting of April 26, 2017.

Agreement entered into in connection with the proposed acquisition by Gecina of shares and securities giving access to the share capital of Eurosic

The Board of Directors on June 20, 2017, authorized the conclusion of three agreements in connection with the proposed acquisition by Gecina of shares and securities giving access to the share capital of Eurosic (the "Transaction").

The prior authorization of the Board of Directors was given on the basis that these agreements were in the company's interests, particularly with regard to the expected positive impact of the completion of the Transaction, and more generally with regard to the strategic interest that these agreements represented for Gecina.

Mr. Jean-Jacques Duchamp, Predica's permanent representative, did not take part in the vote regarding theses agreements.

1. Agreement to purchase Eurosic securities from Predica

Under the terms of the agreement entered into on June 20, 2017, Gecina acquired in cash from Predica, Pacifica, Spirica and La Médicale de France (together, "Predica") (i) 7,940,230 shares of the 9,040,037 Eurosic shares held by Predica, and (ii) all subordinated bonds redeemable in shares issued by Eurosic in June 2015 ("OSRA 2015") held by Predica, *i.e*. 1,958,041 OSRA 2015.

The purchase price per Eurosic share and per OSRA 2015 (ex-coupon) was €51.

The acquisition of the aforementioned shares took place on August 29, 2017, and this agreement ended on the same date.

2. Contribution commitment entered into between Predica and Gecina

Concomitantly to the conclusion of the agreement to purchase the aforementioned securities, Predica and Gecina, on June 20, 2017, entered into a commitment to contribute the balance of the Eurosic shares that it held and that would not be sold to Gecina under the aforementioned securities purchase agreement, *i.e*. 1,099,807 Eurosic shares, to the exchange portion of the public offer initiated by Gecina on August 30, 2017 of the outstanding Eurosic securities (the "Public Offer").

This Public Offer comprised a portion in cash (public offer of purchase) on the basis of a price per Eurosic share (2017 coupon attached) or OSRA of €51 (interest coupon attached for OSRA 2015 and, for OSRA 2016, coupon paid on September 26, 2017 to holders of OSRA 2016, ex-coupon) and a share exchange portion (public offer of exchange) based on 64 company shares (2017 coupon attached) for 23 Eurosic shares (2017 coupon attached) or OSRA (interest coupon attached for OSRA 2015 and, for OSRA 2016, coupon paid on September 26, 2017 to holders of OSRA 2016, ex-coupon).

In accordance with its commitment, Predica contributed 1,099,648 Eurosic shares to the exchange portion of the Public Offer and 159 Eurosic shares to the cash portion of the Public Offer, on September 18, 2017, *i.e*. all shares that it still held in Eurosic, and this agreement ended on the date of settlement-delivery of the Public Offer, October 19, 2017.

3. Memorandum of understanding between Gecina and Eurosic

A memorandum of understanding was entered into between Gecina and Eurosic on June 20, 2017 (the "Memorandum of Understanding"), with a view to formalizing the terms and conditions of the cooperation between both companies and, in particular:

- the main terms and conditions of the Public Offer;
- Eurosic's commitment to collaborate with the company particularly with respect to (i) relations with the French Competition Authority, (ii) the management of change of control clauses or clauses conferring rights to co-contractors or company creditors contained in some contracts entered into by Eurosic and/or its subsidiaries and that may be triggered or applied by the Transaction, (iii) relations with the independent expert, (iv) relations with the AMF, and (v) the preparation of documents related to the Public Offer.

Predica is a Director and shareholder of Gecina, holding more than 10% of the voting rights of Gecina. It was, at the time of signature of this agreement, also a Director and shareholder of Eurosic, holding more than 10% of the voting rights of Eurosic.

These three agreements will be submitted to the next Shareholders' General Meeting for approval, in line with the procedure for related-party agreements.

Assistance and advisory services contract - engagement letter, entered into with Ms. Dominique Dudan, independent Director of Gecina

The Board of Directors, on October 19, 2017, authorized the conclusion of an assistance and advisory services contract - engagement letter, with Ms. Dominique Dudan, independent Director of the company, under the terms of which a specific support role is assigned thereto, as part of the process to sell the company's hotel portfolio. The extensive professional experience of Ms. Dominique Dudan in the hotel sector, in addition to her vast knowledge of the market, explain the company's decision to assign such a role to her. This role, with a one-year term, notably includes the provision of advice and assistance in the selection of external stakeholders (*e.g.* technical and legal service providers) and a review of the market approach methodology and associated marketing documentation.

The compensation paid to Ms. Dominique Dudan in respect of this role is set on the basis of a fixed sum of €40,000 excl. VAT.

The engagement letter was signed on December 7, 2017 and will be submitted to the next Shareholders' General Meeting for approval, in line with the procedure for related-party agreements.

Ms. Dominique Dudan did not take part in the vote regarding this agreement.

Agreements and commitments approved in previous years which remained in force during the financial year

Pursuant to the provisions of Article L. 225-40-1 of the French Commercial Code, based on order 2014-863 of July 31, 2014, the agreements and undertakings mentioned above approved in previous financial years and which continued to be performed during the year, were reviewed by the Board of Directors' Meeting of February 23, 2017, which duly noted the continuation of these agreements and commitments.

Agreement entered into with Mr. Christophe Clamageran

The Board of Directors' Meeting of October 4, 2011 authorized the signature of a transaction with Mr. Christophe Clamageran, following the termination of his duties as CEO of the company.

The agreement continued to be effective in 2017 on the following point: the right of Mr. Christophe Clamageran to retain the benefit of the stock options awarded to him at the Board Meetings of March 22, 2010 and December 9, 2010, as the Board of Directors has waived for Mr. Christophe Clamageran the presence condition specified in the plan regulations governing these awards, while the other procedures of said plans remain unchanged.

Mr. Christophe Clamageran received a total of 63,349 options under these plans.

This agreement was approved by the Shareholders' General Meeting of April 17, 2012 and ended on December 12, 2017, when Mr. Christophe Clamageran had exercised all of these options.

5.1.6 SPECIAL CONDITIONS GOVERNING THE ATTENDANCE OF SHAREHOLDERS AT GENERAL MEETINGS

The conditions governing shareholders' attendance at General Meetings are specified in Article 20 of the bylaws and are restated in section 9.3 of the Reference Document, in the chapter on legal information.

5.1.7 SUMMARY OF FINANCIAL AUTHORIZATIONS

Securities concerned Date of General Meeting (Term of authorization and expiry date)	Restrictions	Use of authorizations
1. Issue with pre-emptive subscription right		
Capital increase by issue of shares and/or transferable securities giving access to share capital and/or the issue of transferable securities (A) GM of April 26, 2017 – 15th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** €100 million (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	Issue of 9,062,091 shares as part of the capital increase with pre-emptive subscription right. Issue of 84,536 shares from the stock option plans of 2010
Capital increase by capitalization of reserves, profits or premiums (B) GM of April 26, 2017 – 22nd resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** €100 million	None
2. Issue without pre-emptive subscription right		
Capital increase by issue of shares and/or marketable securities giving access to share capital in connection with a public offer (C) GM of April 26, 2017 – 16th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** €47.50 million (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	None
Capital increase by issue of shares and/or marketable securities giving access to share capital in the event of a public exchange offer initiated by the company (D) GM of April 26, 2017 - 17th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** €47.50 million Maximum amount of marketable securities representing debt securities €1 billion (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	Issue of 2,723,890 shares in exchange for Eurosic shares tendered to the public exchange offer
Capital increase by issue of shares and/or transferable securities giving access to share capital in connection with a private placement offer (E) GM of April 26, 2017 – 18th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** €47.50 million (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	None
Capital increase as remuneration for contributions in kind (F) GM of April 26, 2017 – 20th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** 10% of adjusted share capital (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	None
Issue of shares at a freely-set price (G) GM of April 26, 2017 – 21st resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** 10% of adjusted share capital per year (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	None
Capital increase through issues reserved for members of the company savings plans (H) GM of April 26, 2017 – 23rd resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** €2 million	58,287 shares issued in November 2017

Securities concerned Date of General Meeting (Term of authorization and expiry date)	Restrictions	Use of authorizations
Performance shares (I) GM of April 21, 2016 – 18th resolution (up to 26 months, expiring on June 21, 2018)	**Maximum number of existing or yet-to-be-issued performance shares** 0.5% of share capital on the day of the decision by the Board of Directors Shares granted to executive corporate officers: Maximum 0.2% of share capital on the day of the decision by the Board of Directors	Award of 53,810 shares to be issued on July 17, 2020
3. Issue with or without pre-emptive subscription right		
Increase of the number of shares to issue in case of capital increase (J) GM of April 26, 2017 – 19th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum amount of capital increase 15% of initial issue** 15% of original issue (A) + (C) + (D) + (E) + (F) + (G) + (J) limited to €147.50 million	None
4. Share buyback		
Share buyback transactions GM of April 26, 2017 – 14th resolution (up to 18 months, expiring on October 26, 2018)	**Maximum number of shares that can be purchased** 10% of adjusted share capital or 5% in the event of share buybacks for external growth acquisitions Maximum number of shares that can be held by the company: 10% of share capital Maximum price of share buybacks: €150 per share Maximum overall amount of the share buyback program: €951,519,600	1,842,534 shares purchased(1)
Reduction of share capital by cancellation of treasury shares GM of April 26, 2017 – 24th resolution (up to 26 months, expiring on June 26, 2019)	**Maximum number of shares that can be canceled in 24 months** 10% of shares comprising the adjusted share capital	None

(1) It is specified that the share buyback transactions carried out in February, March and April 2017 were done so under the authorizations granted by the General Meetings of April 21, 2016, and April 26, 2017.

5.2 COMPENSATION

The information presented below, drafted with the assistance of the Governance, Appointment and Compensation Committee, reflects, in view of its presentation, the AFEP-MEDEF Code, the activity reports of the French council for corporate governance (*Haut Comité de Gouvernement d'Entreprise*), the AMF 2017 report on corporate governance and the compensation for officers and the guide for preparing annual reports updated by the AMF on April 13, 2015.

5.2.1 COMPENSATION POLICY FOR CORPORATE OFFICERS

Pursuant to Article L. 225-37-2 of the French Commercial Code, the principles and criteria used to determine, allocate and award the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind attributable to the Chairman of the Board of Directors and to the Chief Executive Officer are presented below.

The General Meeting of April 18, 2018 will be asked, on the basis of these elements, to approve the compensation policy for the corporate officers for 2018. To this end, two resolutions, set out below, will be presented in relation to the Chairman of the Board of Directors and the Chief Executive Officer, respectively. It should be noted that resolutions of this type will be submitted at least every year for the approval of the Shareholders' General Meeting as required by law.

If the General Meeting of April 18, 2018 does not approve these resolutions, compensation will be determined in line with the compensation policy that was approved for previous years, or, if there is no compensation policy that was previously approved, in line with the compensation allocated for the previous year or, if no compensation was paid for the previous year, in accordance with standard practice in the company.

It should be noted that as of 2017, payment of the variable and exceptional compensation elements depends on the approval by an Ordinary General Meeting of the compensation elements for the corporate officer in question in respect of the previous financial year.

Furthermore, it should be noted that the Board of Directors and the Governance, Appointment and Compensation Committee take into consideration and rigorously apply the principles recommended by the AFEP-MEDEF Code (exhaustiveness, balance between compensation elements, comparability, coherence, intelligibility of rules and measure). These principles apply to all elements of the corporate officers' compensation.

5.2.1.1 Compensation policy for the Chairman of the Board of Directors, non-executive corporate officer

Determination of the Chairman of the Board's compensation is the responsibility of the Board of Directors and is based on the recommendations of the Governance, Appointment and Compensation Committee.

In this context, the Board of Directors and the Governance, Appointment and Compensation Committee may take into consideration the benchmarking studies and, where applicable, the duties assigned to the Chairman of the Board of Directors in addition to the general duties stipulated by law.

The compensation of the Chairman of the Board of Directors consists of a fixed compensation and of benefits in kind (company car and IT devices required to perform his duties).

The Chairman of the Board receives no variable compensation in cash or securities or any performance-based compensation from the company and the Group.

He does not receive attendance fees in his capacity as Director.

Draft resolution submitted to the General Meeting of April 18, 2018 on the approval of the elements of the compensation policy for the Chairman of the Board of Directors

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having read the Board of Directors' report on Corporate Governance prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for the Chairman of the Board of Directors, as it is presented in this report.

5.2.1.2 Compensation policy for the Chief Executive Officer, executive corporate officer

Determination of the Chief Executive Officer's compensation is the responsibility of the Board of Directors and is based on the recommendations of the Governance, Appointment and Compensation Committee.

In this context, the Board of Directors and the Governance, Appointment and Compensation Committee may take into consideration the benchmarking studies in addition to any non-recurring elements occurring over the course of the year.

The CEO's compensation includes a fixed compensation, an annual variable compensation, and performance shares as well as benefits in kind. A severance payment in the event of forced termination can also be awarded and depends on seniority and the achievement of performance conditions, pursuant to the provisions of the AFEP-MEDEF Code and the article L. 225-42.1 of the French Commercial Code.

Fixed compensation

The gross annual fixed compensation is set by the Board of Directors and based on the recommendations of the Governance, Appointment and Compensation Committee, in accordance with the principles as recommended by the AFEP-MEDEF Code.

This amount should in principle be reviewed only at relatively long intervals (time of the term of office). However, exceptional circumstances may give rise to its review during the year by the Board of Directors as a result of changes in the scope of responsibility or significant changes within the Company or the market. In these particular situations, the adjustment of the fixed compensation and the reasons for it will be made public.

In application of these principles, with effect from January 1, 2018 and subject to approval by the 2018 Annual General Meeting of the CEO compensation policy, the Board of Directors, based on the work done by the Mercer firm to analyze a sampling of comparable companies, and on the recommendation of the Governance, Appointment and Compensation Committee, has set the annual fixed compensation of Ms. Méka Brunel at €650,000, an increase of €150,000 compared to 2017. This change in Ms. Méka Brunel's annual fixed compensation notably takes account of the change in the scope of responsibility following the Eurosic acquisition in 2017. Gecina is today the leading office real estate company in Europe.

Annual variable compensation

The rules for setting this compensation must be consistent with the annual assessment of the performance of the Chief Executive Officer and with the company's strategy. These are contingent upon the performance of the CEO and the progress made by the company.

The Board specifically defines the quantifiable and qualitative criteria used to determine the annual variable compensation.

The quantitative performance criteria will be based on the main financial indicators decided by the Board to assess the financial performance of the Group and, in particular, those provided to the market such as EBITDA, the net recurring earnings per share and the real estate investment performance of Gecina compared with the IPD index.

The qualitative criteria will be set based on detailed objectives defined by the Board that reflect the implementation of the Group's strategic plan as well as other performance indicators or objectives intended to assess the level of achievement of overall or specific strategic initiatives.

A maximum limit is set for each portion that corresponds to the quantitative and qualitative criteria, with the quantitative criteria carrying the most weight. These will account for 60% of the target variable compensation and the qualitative criteria for 40%.

The maximum amount of variable compensation is determined as a percentage of the fixed compensation and is proportionately higher than this fixed portion. It is set at 100% of the CEO's fixed compensation, but it is possible to achieve a maximum of 150% of the fixed compensation if the target quantitative and qualitative performance criteria are exceeded.

By way of example, for 2018, the target variable compensation of Ms. Méka Brunel, CEO, was set by the Board of Directors on February 21, 2018 at 100% of her fixed compensation, with however the possibility of reaching a maximum of 150% of fixed compensation if the target quantitative or qualitative performance criteria are exceeded. The quantitative criteria represent 60% of the target variable compensation and the qualitative criteria represent 40%.

Quantitative performance criteria: Target 60% / Maximum 90%

The achievement of the quantitative performance criteria will be established according to the grid below:

EBITDA % achieved/budget	Bonus	NRI - GS% achieved/budget	Bonus	Asset Value Return % property value creation	Bonus
> 102	30%	> 102	30%	> IPD + 1%	30%
> 100	20% Target	> 100	20% Target	> IPD + 0%	20% Target
> 98	10%	> 98	10%	> IPD - 0.5%	10%
> 96	5%	> 96	5%	> IPD - 1%	5%
< 96	0%	< 96	0%	> IPD - 1%	0%

NRI - GS = Net Recurring Income - Group Share / IPD = Index that measures real estate investment performance in France.

Qualitative performance criteria: Target 40% / Maximum 60%

Each qualitative criterion is quantified:

Qualitative criteria	Target bonus (40%)	Maximum bonus (60%)
Realisation of the sales plan of 1.2 billion Euros, as announced at the time of the acquisition of Eurosic aiming for an LTV of 40% through arbitrages strengthening the centrality strategy	1/3	1/3
Human resources policy, including the setting up of a leadership training programme for all the managers and a talent review as well as the drawing up of a succession plan for the company's managers	1/3	1/3
Continuation of the reflections on the changes relating to digital developments in real estate practices	1/3	1/3

Payment of the annual variable compensation of the CEO for 2018 is conditional upon its approval by the Ordinary General Meeting to be held in 2019.

Performance shares

Performance shares are not only intended to encourage the executive corporate officers to consider their action over the long term, but also to enhance loyalty and promote the alignment of their interests with the corporate interest of the company and the interest of the shareholders.

The Board of Directors may, when setting up the Company's performance share plans, award performance shares to the CEO. These allocations, which are valued based on IFRS, cannot account for more than 100% of the maximum annual gross compensation granted to them (fixed portion + maximum variable portion). The allocations must be subject to demanding relative and, if applicable, internal performance conditions, which must be met over a period of three years. The performance conditions consist, in general, of two criteria representative of Gencina's performance, adapted to the specificity of its business activity, that correspond to the key indicators followed by investors and analysts to measure the performance of companies in the real estate sector. They are set by the Board of Directors, which will also review their achievement following a prior review by the Governance, Appointment and Compensation Committee. Whether or not they are awarded is also ultimately subject to a presence condition applicable to all of the beneficiaries, unless otherwise provided by the plan rules (e.g. in the event of death or disability) or decided by the Board of Directors.

The Chief Executive Officer must make a formal commitment to not engage in risk hedging transactions on performance shares until after the end of the share holding period that may be set by the Board of Directors.

In accordance with the rules and criteria previously approved by the General Meeting of Shareholders, the current practices of the company, and the conditions and criteria presented by the Board of Directors to the Combined General Meeting of April 21, 2016 under the 17th resolution (which are consistent with the principles and criteria for the 2018 financial year, subject to the approval of the General Meeting of Shareholders in 2018), the Board of Directors, at its meeting of February 21, 2018 granted Ms. Méka Brunel 12,000 performance shares under the 2018 performance share plan for the time of her term of office as CEO and under the following terms:

- This allocation represents 0.016% of the share capital as at the date of the plan and 20.7% of all shares allocated to Group employees and officers benefiting from the same plan.
- The value (IFRS 2) of the 12,000 shares granted represents 56.7% of her potential annual total gross compensation for the 2018 financial year.
- The term of the vesting period is three years and the holding period is two years.

These allocations, with effect as of February 21, 2018, is subject to the vote by the 2018 Annual General Meeting on the compensation policy for the CEO.

Definitive acquisition of performance shares is subject to compliance with the presence condition and achievement of the following performance conditions:

Total Shareholder Return (TSR): performance criteria adopted for 75% of the performance shares awarded

- Gecina's Total Shareholder Return compared to the Euronext IEIF "SIIC France" TSR index over the same period (January 4, 2021 opening share price versus January 2, 2018 opening share price), the number of performance shares vested varying to reflect the performance rate achieved;
- all the shares contingent on this condition shall only vest if the shares outperform this index by at least 5%;
- at 100% of the index, 80% of the total number of shares contingent on this condition will be vested;
- in the event of a performance rate of between 101% and 104%, stepwise progression will be applied up to the achievement of 96% of the total number of shares contingent on this condition;
- in the event of performance comprised between 99% and 85%, stepwise regression will be applied within the limit of the achievement of 25% of the total number of shares contingent on this condition;
- in the event of performance below 85%, none of these performance shares will be vested.

Total Return: performance criterion adopted for 25% of the performance shares awarded

- Total return: Triple net NAV dividends attached per share compared to a group of five French real estate companies. The vesting of performance shares shall be contingent on exceeding the average performance of the comparison group. If this average performance is not exceeded, none of these performance shares will be vested.

Holding period of securities

The performance shares that will be definitively vested for Ms. Méka Brunel will be recorded in a registered account and must be held in registered form until the end of the two-year holding period. In addition, Ms. Méka Brunel is required to hold at least 25% of the performance shares which will be definitively vested for her until the end of her term of office. This obligation will continue to apply until the total amount of shares held and definitively vested represents 200% of the last gross annual fixed compensation, calculated on that same date. This second obligation then replaces the first.

Prohibition on hedging

Ms. Méka Brunel may not use any hedging instrument to hedge the risk inherent in her shares.

Exceptional compensation

In accordance with the AFEP-MEDEF Code (Article 24.3.4), the Board of Directors, at the recommendation of the Governance, Appointment and Compensation Committee, has adopted the principle that the Chief Executive Officer may receive exceptional compensation in certain exceptional circumstances which will have to be precisely communicated and justified.

In any case, in the event of such a decision by the Board:

- the payment of this exceptional compensation, the amount of which will be assessed on a case-by-case basis by the Board of Directors, at the recommendation of the Governance, Appointment and Compensation Committee, depending on the event justifying it and the particular involvement of the party concerned, may not take place without prior approval from the shareholders pursuant to Article L.225-37-2 of the French Commercial Code;
- this decision will be made public immediately after it has been taken by the Board of Directors; and
- it must be justified and the events leading up to it explained.

Benefits in kind

The Chief Executive Officer may benefit from a company car in accordance with company policy, in addition to the health insurance and welfare benefits policies set up by the company.

Severance payment in the event of termination of the CEO's duties

The Board of Directors may decide, subject to the provisions of Article L. 225-42-1 of the French Commercial Code and the AFEP-MEDEF Code, to grant a severance payment in the event of termination of the Chief Executive Officer's duties.

The performance conditions associated with this payment are applied over at least two financial years. They are strict and only allow payment to the CEO in the event of forced departure.

The severance pay shall not, where applicable, exceed the sum of two years' compensation (annual fixed and variable).

As an example, the Board of Directors of January 6, 2017 decided that a severance payment would be granted to Ms. Méka Brunel, CEO, in the event of forced departure. The calculation and performance conditions of this payment are detailed in Section 5.1.5 of this report.

The CEO shall not receive any attendance fees.

Draft resolution submitted to the General Meeting of April 18, 2018 on the approval of the elements of the compensation policy for the Chief Executive Officer

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having read the Board of Directors' report on Corporate Governance prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for the Chief Executive Officer, as it is presented in this report.

5.2.2 COMPENSATION ELEMENTS PAID OR AWARDED FOR 2017

Pursuant to Article L. 225-100 of the French Commercial Code, the General Meeting rules upon the fixed, variable and exceptional elements comprising the total compensation and benefits of any kind paid or awarded in respect of the preceding financial year through specific resolutions for the Chairman of the Board of Directors and the Chief Executive Officer. The General Meeting must explicitly approve the payment of variable and exceptional compensation elements.

The General Meeting of April 18, 2018 will thus be asked to rule upon the compensation elements paid or awarded in respect of the 2017 financial year to the Chairman of the Board of Directors and to the Chief Executive Officer, as described hereunder.

5.2.2.1 Compensation elements paid or awarded to Mr. Bernard Michel, Chairman of the Board of Directors

Compensation elements	Amount or accounting valuation *(in €'000)*	Overview
Fixed compensation	550	
Annual variable compensation	N/A	Mr. Bernard Michel is not entitled to any variable compensation.
Multi-year variable compensation	N/A	Mr. Bernard Michel is not entitled to any multi-year variable compensation.
Exceptional compensation	N/A	Mr. Bernard Michel is not entitled to any exceptional compensation.
Award of stock options	N/A	No stock options were awarded in 2017.
Award of performance shares	N/A	Mr. Bernard Michel is not entitled to performance shares.
Attendance fees	N/A	Members of the management team do not receive attendance fees in their capacity as corporate officers in Group companies.
Benefits in kind	8	Company car.
Severance pay	none	Mr. Bernard Michel is not entitled to any severance pay.
Non-compete compensation	N/A	Mr. Bernard Michel is not entitled to any non-compete compensation.
Pension plan	N/A	Mr. Bernard Michel does not have a supplementary pension plan with the Group.

5.2.2.2 Compensation elements paid or awarded to Ms. Méka Brunel, Chief Executive Officer

Compensation elements	Amount or accounting valuation *(in €'000)*	Overview
Fixed compensation(1)	493	No changes were made to this compensation in 2017 after it was set by the Board of Directors on January 6, 2017.
Annual variable compensation	600	The target variable compensation is set at 100% of the fixed portion of the compensation with, however, a possibility of reaching a maximum of 120% of the fixed portion of the compensation if the target quantitative or qualitative performance criteria are exceeded. The quantitative criteria represent 60% of the variable compensation and the qualitative criteria represent 40%. The qualitative performance criteria relate to the implementation of the roadmap defined by the Board of Directors including the acceleration of the office portfolio strategy, innovation and the consolidation of the company's leading position in key non-financial ratings. The achievement of quantitative performance criteria is determined in accordance with the grid presented below this table.
Multi-year variable compensation	N/A	Ms. Méka Brunel is not entitled to any multi-year variable compensation.
Exceptional compensation	N/A	Ms. Méka Brunel is not entitled to any exceptional compensation.
Award of stock options	N/A	No stock options were awarded in 2017.
Award of performance shares	N/A	As Ms. Méka Brunel was appointed Chief Executive Officer on January 6, 2017 and by a decision of the Board of Directors, the first award in her favor cannot be decided approved before the end of the financial year ended December 31, 2017.
Attendance fees	N/A	Members of the management team do not receive attendance fees in their capacity as corporate officers in Group companies.
Benefits in kind	8	Company car.

Compensation elements	Amount or accounting valuation *(in €'000)*	Overview
Severance pay	N/A	Ms. Méka Brunel, in her capacity as CEO, is entitled to a severance pay in the event of forced departure. The amount of this payment and the terms thereof (contingent upon achievement of performance conditions) are described in section 5.1.5. Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, the granting of this severance pay was subject to the procedure for related-party agreements and was approved by the Shareholders' General Meeting of April 26, 2017.
Non-compete compensation	N/A	Ms. Méka Brunel is not entitled to non-compete compensation.
Pension plan	N/A	Ms. Méka Brunel does not have a supplementary pension plan with the Group.

(1) Ms. Méka Brunel was appointed Chief Executive Officer on January 6, 2017, and her fixed compensation is paid prorata temporis.

Annual variable compensation of the CEO in respect of 2017

For 2017, the target variable compensation was set at 100% of the fixed portion of the compensation, which stands at €500,000, however with the possibility of achieving a maximum of 120% of the compensation if the target quantitative and/or qualitative performance criteria are exceeded. The quantitative criteria represented 60% of the variable compensation and the qualitative criteria represented 40%.

Quantitative performance criteria: Target 60%/Maximum 75%

The achievement of the quantitative performance criteria was established according to the grid below:

EBITDA % achieved/budget	Bonus	NRI - GS % achieved/budget	Bonus	Asset Value Return % real estate value creation	Bonus
> 102	25%	> 102	25%	> IPD +1%	25%
> 100	20% Target	> 100	20% Target	> IPD +0%	20% Target
> 98	10%	> 98	10%	> IPD -0.5%	10%
> 96	5%	> 96	5%	> IPD -1%	5%
< 96	0%	< 96	0%	< IPD -1%	0%

NRI – GS = Net Recurring Income – Group Share.
IPD = Index that measures real estate investment performance in France.

Qualitative performance criteria: Target 40%/Maximum 45%

The main qualitative performance criteria concerned:

- the implementation of the roadmap decided by the Board and notably the acceleration of the strategy regarding the office portfolio;
- consolidation of the company's position among leaders in key non-financial ratings;
- innovation.

Like for the quantitative criteria, each qualitative criteria is quantified.

The Board of Directors, on February 21, 2018, having reviewed these quantitative and qualitative performance criteria, and at the recommendation of the Governance, Appointment and Compensation Committee, set the variable compensation of Ms. Méka Brunel in respect of the 2017 financial year at 120% of her fixed base compensation in 2017, *i.e.* €600,000. This 120% breaks down as follows:

- 75% for the achievement of quantitative criteria:
  - 25% for EBITDA,
  - 25% for net recurring income,
  - 25% for Gecina's real estate investment performance in relation to the IPD index;
- 45% for the achievement of qualitative criteria.

5.2.3 STANDARDIZED PRESENTATION OF THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

In the interests of enhanced legibility and comparability of information on the compensation of executive corporate officers, all elements of the compensation of Mr. Bernard Michel and Ms. Méka Brunel are presented below in the form of tables, as recommended by the AMF and the AFEP-MEDEF Code (Table 3 appears in section 5.2.4 on the compensation of Directors).

TABLE SUMMARIZING THE COMPENSATION AND STOCK OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER (TABLE 1)

In €'000	12/31/2016	12/31/2017
Bernard Michel – Chairman of the Board of Directors		
Compensation due for the period (details in table 2)	558	558
Valuation of the multi-year variable compensation allocated during the period		
Valuation of stock options awarded during the period	N/A	N/A
Valuation of performance shares awarded during the period	N/A	N/A
TOTAL	**558**	**558**
Méka Brunel - CEO(1)		
Compensation due for the period (details in table 2)		1,101
Valuation of the multi-year variable compensation allocated during the period		
Valuation of stock options awarded during the period (details in table 4)	N/A	N/A
Valuation of performance shares awarded during the period (details in table 6)		
TOTAL		**1,101**
Philippe Depoux – Chief Executive Officer(2)		
Compensation due for the period (details in table 2)	2,444	8
Valuation of the multi-year variable compensation allocated during the period		
Valuation of stock options awarded during the period (details in table 4)	N/A	N/A
Valuation of performance shares awarded during the period (details in table 6)	300	
TOTAL	**2,744**	**8**

(1) Ms. Méka Brunel was appointed Chief Executive Officer on January 6, 2017.
(2) Mr. Philippe Depoux was Chief Executive Officer from June 3, 2013 to January 6, 2017.

TABLE SUMMARIZING THE COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER (TABLE 2)

	12/31/2016		12/31/2017	
In €'000	Amounts due	Amounts paid	Amounts due	Amounts paid
Bernard Michel – Chairman of the Board of Directors				
Fixed compensation	550	550	550	550
Annual variable compensation				
Multi-year variable compensation				
Exceptional compensation				
Attendance fees				
Value of benefits in kind (new technologies)				
Value of benefits in kind (company car)	8	8	8	8
TOTAL	**558**	**558**	**558**	**558**
Méka Brunel - CEO(1)				
Fixed compensation			493	493
Annual variable compensation*			600	
Multi-year variable compensation				
Exceptional compensation				
Severance pay				
Attendance fees				
Value of benefits in kind (new technologies)				
Value of benefits in kind (company car)			8	8
TOTAL			**1,101**	**501**
Philippe Depoux – Chief Executive Officer(2)				
Fixed compensation	408	400	8	8
Annual variable compensation*	380	424		380
Multi-year variable compensation				
Exceptional compensation				
Severance pay	1,648			1,648
Attendance fees				
Value of benefits in kind (new technologies)				
Value of benefits in kind (company car)	8	8		
TOTAL	**2,444**	**832**	**8**	**2,036**

* *The variable compensation due for year N-1 is paid in year N.*
(1) *Ms. Méka Brunel was appointed Chief Executive Officer on January 6, 2017.*
(2) *Mr. Philippe Depoux was Chief Executive Officer from June 3, 2013 to January 6, 2017.*

STOCK OPTIONS FOR THE PURCHASE OF NEW OR EXISTING SHARES AWARDED DURING THE YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY (TABLE 4)

No stock option for new or existing shares was granted to executive corporate officers in 2017.

STOCK OPTIONS FOR THE PURCHASE OF NEW OR EXISTING SHARES EXERCISED DURING THE YEAR BY EACH EXECUTIVE CORPORATE OFFICER (TABLE 5)

No executive corporate officer exercised stock options for new or existing shares in 2017.

PERFORMANCE SHARES AWARDED TO EACH CORPORATE OFFICER (TABLE 6)

Mr. Bernard Michel is not entitled to performance shares in respect of his term of office as Chairman of the Board of Directors.

Ms. Méka Brunel, appointed Chief Executive Officer on January 6, 2017, did not receive any performance shares in 2017.

PERFORMANCE SHARES THAT BECAME AVAILABLE FOR EACH CORPORATE OFFICER (TABLE 7)

No performance share became available for corporate officers in 2017.

HISTORY OF THE ALLOCATION OF STOCK OPTIONS FOR THE PURCHASE OF NEW OR EXISTING SHARES – INFORMATION ON STOCK OPTIONS FOR THE PURCHASE OF NEW OR EXISTING SHARES (TABLE 8)

None.

STOCK OPTIONS FOR THE PURCHASE OF NEW OR EXISTING SHARES GRANTED TO THE TOP 10 NON-CORPORATE OFFICER EMPLOYEE BENEFICIARIES AND OPTIONS EXERCISED BY THESE BENEFICIARIES (TABLE 9)

Stock options for new or existing shares granted to the top 10 non-corporate officer employees and options exercised by the latter	Total number of options granted/shares subscribed or bought	Weighted average price	Share purchase options 12/13/2007	Share purchase options 12/18/2008	Stock options 04/16/2010	Share subscription options 12/27/2010
Options granted during the year by the issuer and by any company in the options allocation scope, to the top 10 employees of the issuer and any company included in this scope, where the number of options granted under the plans is the highest (comprehensive data).	none					
Options held on the issuer and in the companies described above, exercised during the year, by the 10 employees of the issuer and these companies, where the number of options bought or subscribed under the plan is the highest (comprehensive data).	23,688	€89.95	11,370	1,110	4,311	6,897

HISTORY OF PERFORMANCE SHARE AWARDS (TABLE 10)

	AP13	AP15	AP16	AP17
Date of Shareholders' Meeting	04/18/2013	04/18/2013	04/21/2016	04/21/2016
Date of Board Meeting	12/13/2013	02/19/2015	04/21/2016 & 07/21/2016	07/17/2017
Total number of shares awarded free of charge	62,560	58,120	63,990	53,810
including those awarded to:				
Ms. Méka Brunel	N/A	N/A	N/A	N/A
Mr. Philippe Depoux	10,000	7,000	5,000	N/A
Acquisition date of shares	12/13/2015	02/19/2018	04/23/2019	07/20/2020
End of holding period	12/13/2017	02/19/2020	04/23/2021	07/20/2022
Performance conditions	**Performance** of the Gecina share compared to the Euronext SIIC France index	**Performance** of the Gecina share compared to the Euronext SIIC France index dividends reinvested (for 75%) Triple net **NAV** dividends attached per share compared to a group of seven French real estate companies (for 25%)	**Performance** of the Gecina share compared to the Euronext SIIC France index dividends reinvested (for 75%) Triple net **NAV** dividends attached per share compared to a group of seven French real estate companies (for 25%)	**Performance** of the Gecina share compared to the Euronext SIIC France index dividends reinvested (for 75%) Triple net NAV dividends attached per share compared to a group of six French real estate companies (for 25%)
Number of shares definitively awarded at 12/31/2017	59,162	-	-	-
Aggregate number of canceled or obsolete shares	3,398	3,693	6,338	400
Outstanding shares awarded free of charge at year end (in vesting period)	-	54,427	57,652	53,410

The Board of Directors on January 6, 2017 agreed that Mr. Philippe Depoux would retain the potential benefit of the performance shares awarded to him by the Board of Directors on February 19, 2015 and April 21, 2016; with Mr. Philippe Depoux exclusively exempted by the Board of Directors from compliance with the presence condition included in the plan regulations, with the other conditions from these plans, particularly the performance conditions, remaining unchanged.

The regulations of the performance share plans specify, in Article 5.3 "Prohibition of hedging", that: "Beneficiaries may not use any hedging instruments to hedge the risk inherent in their shares."

OTHER INFORMATION (TABLE 11)

		Employment contract		Supplementary pension plan		Compensation[1] or benefits due or likely to be due as a result of the termination of or change in duties		Compensation related to a non-compete clause	
Corporate officers		Yes	No	Yes	No	Yes	No	Yes	No
Bernard Michel – Chairman			x		x		x		x
Date of appointment	02/16/2010								
Date of expiry of term[2]	GM 2018								
Méka Brunel - CEO			x		x	x			x
Date of appointment	01/06/2017								
Philippe Depoux – CEO			x		x	x			x
Date of appointment	06/03/2013								
Date of expiry of term[3]	01/06/2017								

(1) Compensation in the event of termination of the duties of the CEO are presented in section 5.1.5.

(2) The General Meeting of April 23, 2014 reappointed Mr. Bernard Michel as Director for a period of four years, which will end after the General Meeting convened to approve the financial statements for the 2017 financial year.

(3) At its Meeting on January 6, 2017, the Board of Directors decided to end Mr. Philippe Depoux's term of office as Chief Executive Officer.

5.2.4 DIRECTORS' COMPENSATION

The Combined General Meeting of April 24, 2015 set, for the year starting on January 1, 2015, the annual total amount of attendance fees granted to Directors at €800,000.

The table below presents the attendance sharing method as adopted by the Board of Directors which takes into account benchmarking studies and the recommendations of the AFEP-MEDEF Code.

	Sharing method *(in euros)*
Annual fixed portion for each Director	20,000
Annual fixed portion for each Committee member	6,000
Annual fixed portion for each Committee Chairman	25,000
Variable portion by attendance at a Board Meeting	3,000
Variable portion by attendance at a Committee Meeting	2,000

The other methods relating to the payment of attendance fees are also described below:

- if an extraordinary Committee Meeting takes places (i) during an interruption of a Board of Directors session, (ii) or immediately before, (iii) or immediately after, only the Board of Directors will give rise to compensation;
- should several Board of Directors' Meetings be held on the same day, especially on the day of the Annual General Meeting, attendance of these Meetings by a Director shall be considered as only one attendance;
- as appropriate, capping amounts and any rebates at the end of the year in order not to exceed the annual total amount authorized by the General Meeting and ensure a balance between the number of Meetings and each of the Committees.

As a result of the application of these rules, the variable portion linked to the regular attendance of Board Meetings and Committee Meetings outweighs the fixed portion.

Mr. Bernard Carayon, Observer, is paid compensation in the same way as the Directors.

Furthermore, it should be noted that:

- Directors linked to the Ivanhoé Cambridge group do not receive attendance fees for reasons related to the internal policy of their group;
- Mr. Bernard Michel, Chairman of the Board of Directors, and Ms. Méka Brunel, Director and Chief Executive Officer, are not entitled to attendance fees;
- some extraordinary Committee Meetings held immediately before Board of Directors' Meetings, and the Board of Directors' Meeting held after the Annual General Meeting of April 26, 2017 did not lead to any compensation.

On this basis, the amounts of attendance fees paid in 2016 and 2017 were as follows:

TABLE SUMMARIZING THE ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS (TABLE NO. 3 AMF GUIDELINE – AFEP-MEDEF CODE)

Non-executive corporate officers	Amounts paid during the 2016 financial year *(in euros)*	**Amounts paid during the 2017 financial year** *(in euros)*
Ivanhoé Cambridge Inc., represented by Mr. Sylvain Fortier		
Attendance fees		-
Other compensation		
Mr. Bernard Carayon(1)		
Attendance fees		12,356
Other compensation		
Ms. Isabelle Courville		
Attendance fees	43,164	60,000
Other compensation		
Ms. Laurence Danon Arnaud(1)		
Attendance fees		40,808
Other compensation		
Ms. Dominique Dudan		
Attendance fees	74,000	62,000
Other compensation(2)		
Mr. Claude Gendron		
Attendance fees	-	-
Other compensation		
Mr. Rafael Gonzalez de la Cueva(1)		
Attendance fees	76,000	27,263
Other compensation		
Mr. Jacques-Yves Nicol		
Attendance fees	93,000	81,000
Other compensation		
Predica, represented by Mr. Jean-Jacques Duchamp		
Attendance fees	91,000	80,000
Other compensation		
Ms. Inès Reinmann Toper		
Attendance fees	89,000	97,110
Other compensation		
TOTAL	**466,164**	**460,537**

(1) Directors/Observer whose terms of office began or ended in 2017.

(2) In addition to attendance fees, Ms. Dominique Dudan receives a fixed compensation of €40,000 excl. taxes in respect of a specific role assigned to her by the Board of Directors (see section 5.1.5).

The company recorded no provision for Directors' compensation and benefits.

5.3 INFORMATION ABOUT THE CAPITAL STRUCTURE AND FACTORS THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Under Article L. 225-100-3 of the French Commercial Code, the company is required to identify factors that could have an influence in the event of a takeover bid. Among these factors are agreements made by the company that would be amended or terminated in the event of a change in control of the company. In this respect, the company has disclosed the clauses of change of control contained in the financing contracts (see the "Financial Resources" section in chapter 2).

The company is not aware of the existence of any shareholders' agreements.

06

RISKS

6.1 RISKS

6.1.1 GENERAL ORGANIZATION OF RISK CONTROL

Risk management is a dynamic process that is defined and implemented under Executive Management's responsibility. It consists of a set of resources, behaviors, procedures and actions adapted to the Group's characteristics in order to maintain risks at an acceptable level for the company.

Risk management is integrated in the company's decision-making and operational processes. It is one of the management and decision-making tools. It gives executives an objective and comprehensive vision of the potential threats to and opportunities for the company so that they can take measured and considered risks, thereby supporting their decisions with regard to the allocation of human and financial resources. In 2016, the Chairman, Executive Management, and all Board members received a training session in risk management.

The Board of Directors ensures that the management of the company integrates management of the major risks. Through the work of the Audit and Risk Committee, it ensures that the effectiveness of the internal control and risk management systems is monitored.

Executive Management, acting through the Executive Committee, is responsible for implementing and directing the risk management process.

The various company departments are responsible for assessing and handling risks, particularly through the use of adequate procedures and controls of the processes for which they are responsible. The functional departments, which are experts in their respective areas, also assist the operating departments in managing their risks by providing resources, tools, analyses and controls.

Those functions dedicated to risks assist the various departments in particular in identifying and assessing their risks and in establishing procedures and standards to help control such risks. Risk identification, analysis and management systems are implemented by the Property Risks Department with respect to risks related to the safety and environment of properties. General risks are monitored by the Risks and Compliance Department, attached to the Internal Audit Department. The main tasks of this department are risk management, supervision of the risk management policy and the mapping of operating risks, as well as permanent control and compliance oversight within the company.

The Internal Audit Department, reporting directly to Executive Management, strengthens the process through the implementation of its audit plan, which is developed on the basis of a risk-based approach and which also takes into account the concerns of Executive Management and the Audit and Risk Committee.

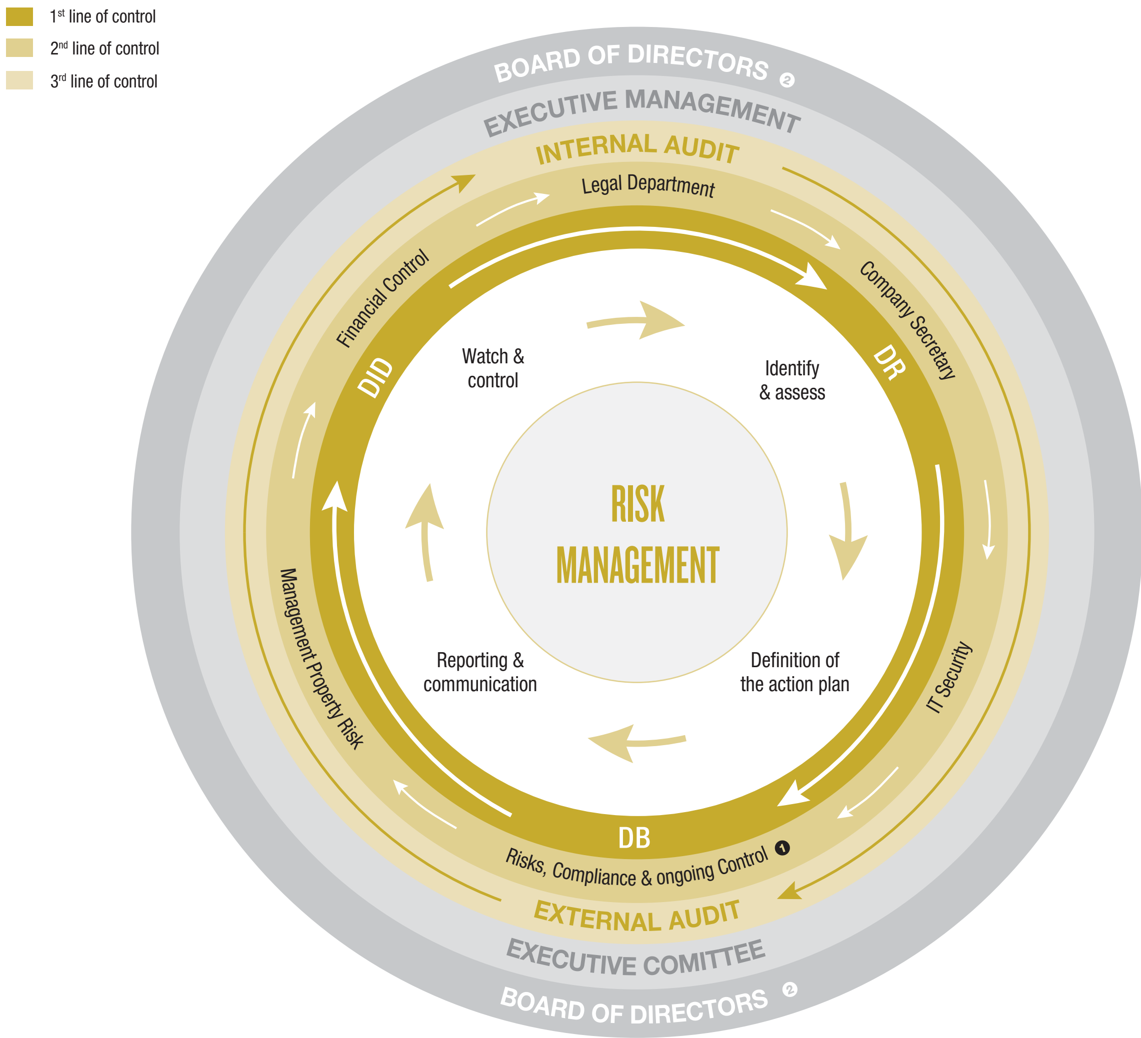
As part of risk management, Gecina has defined an appetite for risk that matches the company's risk profile as defined by Management, in order to conduct its business and achieve its objectives while taking into consideration the strategy and values of the company. In general, the company's operations must also be conducted in compliance with regulations and the principles defined in the Group's ethics charter. They must also comply with the company's CSR commitments.

All risk management processes are incorporated in a risk management policy deployed in-house. This policy is closely correlated with the Group's strategy. For this reason, it is updated at times of significant change in the Group's strategy.

This policy makes it easier to incorporate risk management into the organization's objectives, culture and operation. It strengthens the ties between the company's strategy and risk management through a process to identify, analyze and handle risks, primarily on the basis of the risk mapping. The risk management policy clarifies the roles and responsibilities of all stakeholders and tends to strengthen the involvement of each party. This risk management policy can be viewed by all the Group employees on the company's Intranet.

Three lines of control model

The corporate governance model is based on three lines of control. This reference model, which reflects the IFACI/AMRAE position, is organized in three lines of control that define the roles and responsibilities of operational management, Group functions, and Internal Audit. It clarifies the issues involved in the risk management system and contributes to their effectiveness by identifying employee contributions to risk control.



DID = Investments and Development Department
DB = Offices Department
DR = Residential Department

❶ Internal rules and Delegation of powers and authorities
❷ CAR - Audit and Risk Committee

1st line of control	2nd line of control	3rd line of control
The first line of control corresponds to the controls directed by management and consists of the operating managers responsible for assessing and mitigating risks.	The second line of control corresponds to the various functions set up by management to monitor risk control and compliance. This line consists of functional departments responsible for areas of expertise, and functions dedicated to managing the global risk control process.	The third line of control ensures the effectiveness and consistency of the first two lines. It is composed primarily of Internal Audit, which reports to the highest level of the organization, as well as external auditors to provide independent assurance.

06

Risk sensitivity and correlation

The purpose of a risk correlation study is to identify interactions among the principal risks in order to improve the risk control process. In 2016, the Risk and Compliance Department initiated preparatory work to correlate the Group's risks. In 2017, the analysis was completed by formalizing a risk sensitivity analysis method. The latter will be deployed starting in 2018 and will include improved analysis of the correlation of certain risks.

6.1.2 SUMMARY OF THE MAIN RISKS

6.1.2.1 Presentation of the principal risks

See chapter I.

6.1.2.1.1 Summary table of main risks and control process

Every year, Gecina analyzes those risks whose occurrence could have a material impact on the Group's business. The Eurosic acquisition has been included in the risk review due procedures. The summary table of the Group's main risks ranks risks according to two levels (high or moderate). Note that the summary table neither seeks to compile an exhaustive inventory of risks, nor make a chronological ranking, with respect to the dynamic changes in each of the risk levels over time.

Risk control actions are integrated into the objectives determined by each of the departments concerned. Refer to Chapter 1 for the four main risks.

The icons symbolizing changes are represented according to the following key:

- ↑ **Risk with a rating that increased over the period;**
- → **Stability of the risk level;**
- ↓ **Decrease in the risk of exposure.**

The summary table of risks includes a CSR integration notification in the risk control process concerned, by way of a reference to the corresponding CSR chapter.

SUMMARY TABLE OF MAIN MODERATE RISKS AND CONTROL PROCESSES

Risks	CONTROL PROCESSES	Change over the 2016-2017 period
	MODERATE RISK LEVEL	
	CSR RISKS	
Risks related to the sensitivity of real estate assets and changing social pressures: ■ climate change (rising average temperatures) and increased number of extreme weather events (heat waves, floods, droughts, storms); ■ scarcity of resources and increases in the prices of the raw materials (sand, water, energy, etc.) requiring the implementation of circular economy procedures; ■ changes in urban development conditions (urban diversity and territorial inclusion). **Impacts:** ■ increases in insurance premiums, operating costs (consumables and technical maintenance) and the construction costs of assets; ■ deterioration in the valuation of the Group's assets; ■ damage to its image and reputation.	■ The CSR roadmap is fully integrated in the objectives and action plans of the various operational departments for the operation of the office and residential portfolio, the inclusion of environmental performance in investments and in developments. A CSR team is dedicated to leading and coordinating the strategy, raising the awareness of, and supporting, employees and monitoring changes in the issues and potential solutions. These items are explained in chapter 7 of this document (see 7.2); ■ Gecina launched a study to analyze the impact of physical risks related to climate change on its buildings in order to identify and implement the adaptation plans required for their proper operation and to measure the financial impact, in response to the requirements of Article 173 of the energy transition law for green growth (see 7.3.2); ■ In addition, the Group is working to manage the carbon footprint of its developments with the aim of optimizing the energy efficiency of the materials used via bio-sourced and recycled materials and is undertaking actions with its tenants to promote waste sorting and the circular economy (see 7.5.1 and 7.5.3); and ■ Gecina also takes into account the environmental impact of the products and services it purchases from its suppliers. It updated its ethics charter in 2017 to further its integration and that of the fight against money laundering, the financing of terrorism, and corruption (see 7.6.4 and 7.7.4).	The risk is the subject of medium- and long-term action plans intended to monitor it and anticipate future changes. Despite a consistent and effective control process and close governance, this risk is growing due to the scale and increasing multiplicity of external factors.
	LEGAL AND TAX RISKS	
■ The Group is required to comply with numerous legal and tax regulations. Changes in the nature, interpretation, application or compliance with the formalism associated with these regulations could call into question certain Gecina practices or activities, and/or adversely impact its financial position and earnings (see section 3.5.5.13 "Provisions"). **Impacts:** ■ challenge to certain Gecina practices or activities; ■ adverse impacts on the Group's financial position and earnings.	Generally, the Group follows a policy of prudent interpretation of the regulations and has set its goals beyond the regulatory obligations. With respect to legal risks: ■ the operational departments are assisted by the Legal Department in their regulatory watch and in vetting the various contracts signed within the Group. The departments also call upon external legal advisors, where necessary. Regulatory changes result in updates to standard contracts and the relevant processes. With respect to tax risks: ■ compliance with tax regulations is supervised by the Finance Department, which conducts periodic reviews, calling in external advisors whenever necessary	As a major player in the real estate market, the Group complies with the regulations in force. The Group is permanently adapting to changes in legislation.

Risks	CONTROL PROCESSES	Change over the 2016-2017 period
MODERATE RISK LEVEL		
RISKS LINKED TO FAILURE TO ISSUE ADMINISTRATIVE PERMITS AND REVIEW		
Risks of refusal to issue, late issue, or review, withdrawal or expiration of the administrative permits required for the company's property investments. **Impacts:** ■ operational delays, carrying costs; ■ cost overruns, sometimes resulting in the abandonment of operations; ■ impossibility of operating certain assets.	■ operations are carried out under the supervision of specialized internal departments (real estate programs). These departments organize a regulatory watch in conjunction with the Legal Department and external consultants; ■ permit applications are anticipated at the project design phase and are factored into the business plans of operations; ■ significant development projects are also reviewed and approved by the Investment Committee; ■ the implementation of permit applications is then frequently checked by the specialist department in charge, which may seek the assistance of external project managers or consultants.	➔ This risk was stable over the period under consideration. Its impacts, mainly financial (carrying costs, etc.), and potentially to the Group's reputation, are considered as moderate. The Group's regulatory intelligence and internal procedures are the main control tools.
FINANCIAL RISKS – MARKET RISK		
The risk primarily covers financial assets held for the long term or for sale. Financial fixed assets are immaterial at Group level. They are primarily comprised of securities and financial advances linked to investments in Spain, which have been fully written down for impairment. The Group is primarily exposed to the risk of fluctuations in its financial instruments used exclusively to hedge its debt and treasury shares. Foreign exchange risk. **Impacts:** ■ changes in the stock prices of financial investments, as well as in the treasury shares it holds; ■ fluctuations in the value of liabilities could result in a change to its Net Asset Value.	■ all transactions related to financial instruments or treasury shares are subject to procedures that include rules for approval, authorization and formalized controls; ■ the use of hedging instruments is governed by a formalized management framework; ■ lastly, Gecina is not exposed to foreign exchange risk.	➔ The Group has little exposure to this risk which is considered stable.
FINANCIAL RISKS – LIQUIDITY RISK		
Risk of not having the financial resources necessary for the everyday running of the company's activities and investment or acquiring them under adverse conditions. This risk is specifically influenced by changes in financial and property markets, but also by the company's strategy, performance and financial management (see section 3.5.4.4 on "Liquidity risk"). **Impacts:** ■ a potential credit crunch among banks or downgrading of Gecina's credit rating could affect the Group's ability to raise funds.	■ this risk is managed by constantly monitoring the maturity of loans, maintaining available credit lines, and diversifying resources and counterparties, in addition to monthly cash forecasts; ■ furthermore, the Group strives to continuously improve its financial credit rating.	➔ Liquidity risk is heavily dependent on external factors. The current risk control process has enabled the Group to limit the impact of liquidity risk.

Risks	CONTROL PROCESSES	Change over the 2016-2017 period
	MODERATE RISK LEVEL	
	FINANCIAL RISKS – COUNTERPARTY RISK	
Risk particularly linked to the possible default of banking counterparties on available credit lines or hedging instruments. **Impacts:** ■ payment delays or defaults; ■ deterioration of the company's cash and earnings (see section 3.5.4.3 on "Counterparty risk").	■ management via constant diversification of financial resources and counterparties, giving priority to first-rate financial institutions; ■ monitoring of a hedge management framework which specifically provides for counterparty exposure and quality standards.	➔ The risk is stable and considered to be relatively low. The Group strives to maintain a long-term strategy of diversifying its leading sources of financing to minimize any significant exposure to concentration or quality risks.
	FINANCIAL RISKS – INTEREST RATE RISK	
Risk that the Group's performance and objectives may be affected by interest rate increases over time (see section 3.5.4.5 "Interest rate risk"). **Impacts:** ■ deterioration of the company's cash and earnings.	■ this risk is controlled by using hedging instruments managed by the Financing, Treasury and Business Plan Department supported by external advisors in this area; ■ the hedging policy is managed within a formalized framework that specifically defines hedge limits, decision-making channels and authorized instruments; ■ hedge management is reported to the Audit and Risks Committee every six months.	➔ The risk was stable over the period under consideration. The Group ensures that interest rate risk is kept under control. The adopted financial strategy options are managed through strict guidelines. Risk prevention is enhanced by the improved financial strength of the Group, recognized in particular by the financial market and financial rating agencies.
	ASSET VALUATION RISKS	
Risk of asset value estimate error or non-realization of the adopted assumptions. **Impacts:** ■ cost of debt; ■ compliance with financial ratios; ■ the Group's borrowing capacity.	■ property appraisals are made twice a year by independent appraisers according to recognized and consistent methods from one year to another (see section 2.3 "Valuation of property holdings" and section 3.5.3.1 "Accounting methods"); ■ internal valuations are also undertaken by each operational department on the basis of rental statements; ■ the asset valuation process is governed by a formalized procedure, the application of which is supervised by a central function, independent of the operational departments; ■ the results of each half-year appraisal campaign are presented to the Audit and Risk Committee.	The control system implemented is significant and reviewed on a regular basis given the potential impact of this risk on the value of Gecina's property portfolio. Over the period under consideration, the assessed value of Gecina's properties increased mechanically with the Eurosic acquisition. The estimated value of the assets is satisfactory, backed by the observed disposal prices. The Group observed no estimate error that could have a negative impact on the Group's financial statements.

Risks	CONTROL PROCESSES	Change over the 2016-2017 period
MODERATE RISK LEVEL		
RISKS LINKED TO SUB-CONTRACTING		
Risks of insolvency, poor performance or non-compliance with regulations by the main subcontractors, especially for construction/restructuring and maintenance works for the properties. **Impacts:** ■ a decline in the quality of the services provided by the Group; ■ damage to the company's image; ■ an increase in corresponding costs or legal risks.	■ construction and renovation projects are supervised by specialized and dedicated internal departments: Real estate programs and Technical Departments. These functions also use the services of external consultants (engineering, inspection firms, etc.) and, as appropriate, delegated project management; ■ suppliers are listed so that they meet their legal obligations, and sub-contracting is authorized only with Gecina's explicit, prior approval; ■ these procedures take into account all safety regulations and obligations for compliance with labor laws; ■ suppliers also sign the responsible purchasing charter (chapter 7.6.4 "Responsible purchasing"); ■ project suppliers are selected by reviewing quotations or competitive bidding procedures on the basis of predefined thresholds; ■ specifications and standard agreements binding on suppliers are frequently updated to reflect regulatory obligations; ■ payment deadlines for operating and site contractors are shorter than regulatory deadlines; ■ progress on works is subject to frequent operational and budget checks.	This risk is considered to be stable. It is the result of several components related to the economic context.
RISKS RELATED TO INSURANCE COST AND LACK OF COVERAGE FOR CERTAIN RISKS		
Risks that the company may not be capable of maintaining the appropriate insurance covers at an acceptable cost, may not be covered for certain types of risks or may be confronted by the default risk of one of its insurers. **Impacts:** ■ deterioration of the company's financial situation and earnings.	■ management of this risk is monitored by the Insurance function, which reports to the Finance Department, with the assistance of an external broker-consultant; ■ regular audits of the Group's insurance programs and renewal of competitive bidding procedures for brokers and insurers allow the Group to optimize its insurance coverage and costs; ■ the policy categories are, moreover, distributed among several brokers and insurers; ■ the cost of insurance premiums paid by Gecina for its compulsory and optional insurance coverage accounts for only a limited portion of its operating costs, and all of the Group's assets are covered by insurance policies.	This risk is considered stable to date. For the year just ended, no significant insurance default was observed. Reorganization of the overall insurance policy conducted for several years now has allowed us to maintain a high hedging level at contained costs.
RISKS LINKED TO COMPETITION		
Risks of an obstacle to achieving the company's strategy and non-achievement of the Group's investment and sale strategy or rental management strategy, owing to competition. The Group competes against numerous national and international players. Some competitors have potentially larger financial resources, property holdings and acquisition and asset management capacities. **Impacts:** ■ deterioration of rent levels or margins; ■ non-achievement of the strategy.	■ the mechanisms for controlling acquisition and liquidity risks, detailed above, specify the method for managing the risk component that could affect the investment and sale strategy; ■ sales are carried out by dedicated teams acting in collaboration with sales agents and/or external advisors; ■ monitoring of sales transactions and reporting by property; ■ all real estate functions are internalized, ensuring greater responsiveness in a competitive context; ■ the process is completed by Asset Reviews.	The risk is considered stable over the period. It exists within a context of high demand for real estate investments, which is, however, offset by a rental market showing signs of recovery in the city of Paris. As the leading real estate company in Europe in office property, Gecina maintains a definite competitive advantage through its positioning. Gecina is present in three segments of the real estate market (offices, traditional residential, and student residences).

Risks	CONTROL PROCESSES	Change over the 2016-2017 period
	MODERATE RISK LEVEL	
	RISK OF TENANT INSOLVENCY	
Risks of deterioration in rent recovery rates as a result of the financial difficulties of tenants. **Impacts:** ■ payment delays or defaults, deterioration of the company's cash and earnings (see 3.5.4.3 on "Counterparty risk").	■ the Group strives to diversify its tenant portfolios, both in terms of income per tenant and in terms of business sectors; ■ in 2017, Gecina's top 20 tenants accounted around a third of the annualized rental income of the entire Group; ■ the top 10 tenants accounted around a quarter of the annualized rental income of the entire Group; ■ tenant selection procedures include an analysis of their financial strength with the assistance of a financial advisor, in addition to the arrangement of collateral; ■ rent monitoring and collection procedures are also used to prevent and minimize the risk of losses on receivables.	➔ The risk level remained the same for the office segment. Gecina carefully monitors such key indicators as the rate of past dues or the loss rate. The risk level also stayed unchanged for the residential segment and there was little or no impact at Group level.
	ACQUISITION RISKS	
Risk of overestimating the expected yield or the value accretion potential of the acquired assets, or failure to detect hidden defects of said assets. This risk consists of the components related to acquisitions in the context of blank or pre-construction sale agreements (VEFA); in this case, the risk primarily affects the financing for the work and the financial costs. **Impacts:** ■ the risk of not having the financial resources projected at the time the asset is acquired; ■ for projects under development, there is the additional risk of underestimating development costs; ■ risk of carrying costs for projects initiated before marketing, if users are not found quickly after construction begins.	■ acquisition process based on technical, legal and financial studies, including modeling tools; ■ assistance from outside advisors; ■ acquisition projects are first studied by the Investment Committee; ■ thresholds are defined to limit powers within the context of the review of investment projects (CEO, Board of Directors, Strategic Committee) ; ■ the acquisition financing risk control mechanism is presented with the financial risks (liquidity risk); ■ for VEFA projects, the search for tenants begins once the investment decision is made in order to sign pre-construction leases (Baux en l'État Futur d'Achèvement – BEFA). (See section 3.5.4.1 "Property market risk"); ■ in view of the restrictions on the CEO's powers established by Gecina's Board of Directors, these VEFA transactions must also, depending on pre-defined thresholds, receive the Board's prior approval, and the opinion of the Strategic and Investments Committee.	➔ These risks remained stable over the period
	PROPERTY RISKS	
Risks of non-compliance with the regulations for real estate activities (hygiene, safety, health, environment) **Impacts:** ■ adverse consequences for the company's financial situation and earnings.	■ management of these risks is monitored by the Real Estate Risks Department attached to the Technical Department; ■ these risks are assessed on the basis of control reporting standards defined for each area of risk (18), and indicators measuring the level of efficiency for the various buildings (see 6.1.7); ■ each evaluation results in the introduction of action plans based on objectives to be achieved; ■ the introduction of a real estate risk map in 2006 has improved the management of these risks.	For new developments linked to these risks, please refer to the description of real estate risk mapping in chapter 6.1.7.

Risks	CONTROL PROCESSES	Change over the 2016-2017 period
	MODERATE RISK LEVEL	
	DIGITAL AND TECHNOLOGICAL RISKS	

Risks related to the change in the external IT environment. These risks consist primarily of the risks related to physical and software security, information flows, loss of information, failure in the IT security system, and cyberattacks.
Impacts:
▪ data processing failure;
▪ loss or destruction of IT equipment, data and archives;
▪ cost of repair or reconstruction.
	▪ management of this risk is monitored by the Department of Information Systems through:
	  ▪ 24/7 monitoring of the information systems,
	  ▪ an IT watch, increasing employee awareness of electronic and technological risks,
	  ▪ a Committee that meets bi-monthly, and monthly reporting of the main security indicators;
	▪ software security applications (antiviruses, firewalls, filtering, encryption systems, etc.);
	▪ the existence of procedures such as the procedure for backup and storage on the network space, internal procedures to monitor systems operations, a procedure governing archives, and the validation procedures when software is acquired/installed;
	▪ penetration tests conducted annually by an external company;
	▪ IT charter distributed on the Intranet.
		↑
		This risk is considered to be trending upward. This is due to the evolving external environment, the increased computerization of business line processes and objects and the standardization of Gecina/Eurosic applications currently under way. The Group has strengthened its control process for this purpose.

See chapter 1 for the four main risks.

6.1.3 ADDITIONAL INFORMATION ABOUT CERTAIN RISK FACTORS

6.1.3.1 Risks linked to a drop in the financial occupancy rate of its buildings, primarily in office buildings

The average financial occupancy rate of the Group's buildings was 95.4% at the end of December 2017. When the current leases expire, Gecina may be unable to renew or lease the assets concerned as rapidly as it expects and with terms as favorable as those of the current leases. The vacancy of some premises could have a negative impact on Group results for several reasons: the absence of rent combined with an increase in operating expenses borne by the Group, resulting from the fact that Gecina cannot recharge part of the overheads relating to the vacant premises, together with rehabilitation expenses before the property is put back on the market. Should Gecina be unable to attract enough tenants to rent its offices and maintain a satisfactory financial occupancy rate and rental income, this could adversely affect its revenues, operating income, profitability and valuation of its property holdings.

RENTAL VOLUME BY THREE-YEAR COMMERCIAL LEASE TERMS

In € million	2018	2019	2020	2021	2022	2023	2024	> 2024
Offices	111	117	76	58	35	36	22	100

RENTAL VOLUME BY COMMERCIAL LEASE AGREEMENTS EXPIRY SCHEDULE

In € million	2018	2019	2020	2021	2022	2023	2024	> 2024
Offices	58	57	42	84	30	41	57	186

6.1.3.2 Risks related to constraints stemming from the SIIC tax regime

Gecina is subject to the tax system for French listed real estate investment trusts (here in after "SIIC") as provided for in Article 208 C of the French General Tax Code, which allows it to benefit from a corporate tax exemption on the portion of its profits generated from the rental of its buildings as well as from capital gains from disposals of properties or equity interests in real estate companies, and dividend payments from certain subsidiaries.

The benefit from the tax exemptions under the SIIC regime is contingent on compliance with the mandatory distribution of a significant percentage of Gecina's profits. However, this could be revoked if this obligation is not adhered to. The obligation to distribute could limit the resources available for financing new investments and oblige the Group to take on more debt or turn to the market to finance its development.

Under the SIIC regime, Gecina is not subjected to an exclusive corporate purpose. It may engage in activities incidental to its main corporate purpose (for example property trading, marketing and development) on the condition that the value of the assets used for and directly involved in the exercise of this business does not exceed 20% of the gross value of Gecina's assets. In case of the contrary, the benefit of the SIIC regime could be revoked. In any event, the profits accruing from incidental business are subject to corporate income tax based on the ordinary tax rate.

Gecina is exposed to risks related to changes in applicable tax rules, their interpretations and new levies and taxes. Even if Gecina can sometimes pass on part of the corresponding costs to third parties, such changes could have an adverse effect on the Group's financial position and earnings.

6.1.4 RISKS LINKED TO CERTAIN TRANSACTIONS IN SPAIN

Up until 2009, Gecina, chaired by Mr. Joaquín Rivero, made a certain number of acquisitions in the Spanish real estate sector, including SIF Espagne's acquisition of a 49% stake in Bami Newco in 2009. Gecina also made certain commitments, notably granting certain guarantees relating to these acquisitions, as referred to in Notes 3.5.5.13 and 3.5.9.3 of the Notes to the Consolidated Financial Statements.

Gecina cannot entirely rule out the possibility of non-compliance with its internal control and risk management arrangements resulting in additional financial, legal or regulatory risks that have not been identified to date. Occurrence of such risks may impact the Group's reputation, results or financial situation.

6.1.5 DISPUTES

Each of the known legal disputes in which Gecina or the Group's companies are involved was reviewed at the close of the accounts and the provisions deemed necessary have, where called for, been created to cover the estimated risks (see also Note 3.5.5.13 in the Notes to the Consolidated Financial Statements).

Except the disputes mentioned below, the disputes and claims in which Gecina and its subsidiaries are parties to this day are in the normal course of their business.

6.1.5.1 Pending criminal court disputes

To date, the company is not in a position to evaluate any potential risks, in particular, regulatory, legal or financial, arising from the facts covered by the ongoing criminal proceedings and cannot, in particular, exclude the possibility that it may be joined as a party in the future, together with the company's officers and representatives.

- In 2009, a complaint was filed in France pertaining to certain transactions involving in particular the former Chairman of Gecina's Board of Directors, Mr. Joaquín Rivero.

  The company fully assisted the investigations and joined the proceedings as a civil party in 2010 to safeguard its interests.

  The investigating judge, Mr. Van Ruymbeke, during the investigation ordered the seizure of sums representing the dividends owed to Joaquín Rivero and the companies he controlled pursuant to the resolutions passed by the Shareholders' Meetings of April 17, 2012 and April 18, 2013 (approximately €87 million).

  Mr. Joaquín Rivero was sent back to the Criminal Court (*Tribunal correctionnel*) on various counts as a result of the aforementioned complaint and, in a ruling handed down on March 11, 2015, he was convicted of misuse of corporate assets and money laundering and sentenced to four years of imprisonment, with a one-year suspended sentence. He was also ordered to pay around €209 million to Gecina in damages and a fine of €375,000. The Court ordered the confiscation of all the sums seized during the investigation (around €87 million). The Court also indicated that a portion of the damages would have to be paid directly by the AGRASC (*Agence de gestion et de recouvrement des avoirs saisis et confisqués*) to Gecina, firstly from the confiscated assets which the AGRASC managed and up to this amount. Lastly, Mr. Joaquín Rivero was acquitted on the counts of failure to report threshold crossings and circulation of false or misleading information.

  As the parties have appealed this decision, the ruling is not enforceable.

  Joaquín Rivero died on September 18, 2016. This death extinguishes the public action against Mr. Rivero, but does not extinguish Gecina's civil action, which may continue, against Mr. Rivero's assigns. Gecina continues to defend its rights in the ongoing appeal proceeding.

  Following the judgment of March 11, 2015, Gecina proceeded with the seizure of the 8,839 shares held personally by Joaquín Rivero and of the dividends attached to those shares since 2014.

- On September 11, 2014, the Spanish bank Abanca requested the payment by Gecina of €63 million pursuant to the guarantee letters of endorsements that were allegedly signed in 2008 and 2009, by Mr. Joaquin Rivero, former Gecina officer.

  Gecina, which had no knowledge of these letters of endorsement, considered, after talking to its legal advisers, that they represent a fraudulent arrangement since they are in breach of its corporate interest and of applicable rules and procedures.

  For these reasons, Gecina informed Abanca that it contested the fact that it owed the sum being claimed and that as a result, it would not respond to its claim. On October 24, 2014, the company filed a criminal complaint against Mr. Rivero and any other person involved, for misuse of authority under these letters of endorsement. Since Mr. Joaquin Rivero was not the only person targeted by this complaint, this procedure is still ongoing. Abanca summoned Gecina before the Court of First Instance of Madrid. (See section 6.1.5.2).
- On July 16, 2012, the company was informed by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009 in the total amount of €140 million. Three of them were issued in the name of "Gecina SA Succursal en España" and one in the name of Gecina SA, for a Spanish company called Arlette Dome SL. The latter allegedly transferred the above-mentioned promissory notes to Banco de Valencia to guarantee loans granted by the bank.

  After verification, the company realized that it had no information about these alleged promissory notes or about any business relationship with Arlette Dome SL which could have justified their issue. After also observing the existence of evidence pointing to the fraudulent nature of their issuance if the issue were to be confirmed, the company has filed a criminal complaint in this respect with the competent Spanish authorities. Following a series of decisions and appeals, Gecina was recognized as party to the proceedings on April 19, 2016 before the National Court, where the company continues to assert its rights. No provision was recognized for this purpose.

6.1.5.2 Pending civil and commercial court disputes

- The Spanish bank Abanca, after seeking the payment by Gecina of €63 million (€48.7 million in principal) pursuant to the guarantee letters of engagement allegedly signed in 2008 and 2009 by Mr. Joaquin Rivero, former Gecina officer (see section 6.1.5.1), issued a summons to Gecina to appear in the lower court of Madrid in order to obtain payment of the sums claimed.

  Gecina is challenging Abanca's claims, asserting its rights and defending its interests in these proceedings. On June 10, 2016, the Court of First Instance of Madrid declared that it had no jurisdiction to try the dispute. On July 14, 2016, Abanca appealed this decision. On July 4, 2017, the Appeal Court of Madrid declared that the Spanish Courts do have jurisdiction to hear Abanca's claim. The proceedings on the merits are ongoing before the court of First Instance of Madrid. Gecina also filed a criminal complaint in France against Mr. Rivero and any other party involved, for misuse of authority for letters of commitment cited by Abanca (see section 6.1.5.1).

  No provision was recognized for this purpose.
- Bami Newco was the subject of insolvency proceedings commenced in June 2013. Gecina and SIF Espagne reported their receivables in the context of these bankruptcy proceedings.

  The liquidation plan sent to the parties in November 2015 is still in execution by the court-ordered liquidator. This plan shows a liability significantly higher than the remaining assets of Bami Newco, thereby confirming that it is unlikely for Gecina and SIF Espagne to recover their receivables, considered as subordinated debt. On January 22, 2016, Gecina and SIF Espagne filed pleadings seeking a classification of fraudulent bankruptcy and liability of the *de facto* and *de jure* Directors of Bami Newco and they continue to assert their rights and defend their interests in this proceeding.

  The Spanish company Bamolo, to which Gecina granted in 2007 a €59 million loan, which matured in October 2010, filed for bankruptcy in 2011. Gecina has reported this loan refund receivable as a loss, under the Spanish proceedings. Having gained knowledge of a loan at the same time as the Gecina loan, granted by Bamolo, for an equivalent amount to a company known as Eusko Levantear Eraikuntzak II (ELE), also in receivership, Gecina is asserting its rights and defending its interests in these two bankruptcy proceedings. Following the liquidation phase of Bamolo, on March 10, 2015, Gecina filed, before the Spanish courts, a liability action against the *de jure* and *de facto* Directors of Bamolo, including Mr. Joaquin Rivero, for fraudulent bankruptcy. The proceedings are ongoing.
- A joint bond of €5 million involving SIF Espagne was granted to FCC Construcción for the development by Bami Newco of a corporate office in Madrid on behalf of FCC Construcción. The latter went to a Spanish court to demand the payment of this bond. On September 12, 2014, the Madrid Appeals Court ordered Bami Newco and its guarantors (SIF Espagne and Inmopark 92 Alicante) to pay jointly to FCC Construcción the sum of €5 million in principal, in addition to late penalties and court costs.

  In November 2014, FCC Construcción requested the execution of the aforesaid order against SIF Espagne, which made the corresponding payment.

  Bami Newco and SIF Espagne appealed to the Court of Cassation, but their appeal was dismissed in a judgment on January 11, 2017, thereby firmly and definitively closing the appeal.

The corresponding provision of €5 million has been written back in the accounts of SIF Espagne and a debt has been recognized to Bami Newco and Inmopark 92 Alicante, on the assets side of the balance sheet, immediately written down for impairment due to the financial position of these two companies and their ongoing bankruptcy proceedings.

The ensuing statements of claims were confirmed in the bankruptcy proceedings of Bami Newco and Inmopark 92 Alicante.

- There are no other government, judicial or arbitration proceedings pending, including any proceeding of which the company is aware, or with which it is threatened, which may or have had in the last twelve months material impacts on the financial position or profitability of the company and/or the Group.

6.1.6 MANAGEMENT OF SPECIFIC RISKS RELATED TO CLIMATE CHANGE

The specific risks related to climate change consist of the following:

- physical risks: the impact of rising average temperatures and of the increased frequency of extreme weather events on Gecina buildings;
- transition risks: changes related to the development of a low-carbon economy (changes in regulations and standards governing the carbon footprint and energy performance, changes in the expectations of stakeholders and, in particular, those of clients, evolving sector practices, etc.).

Physical risks resulting from climate change are among the social pressures which Gecina is exposed to. The control process is based on the deployment of a strategy to adapt the property portfolio to climate change.

The transition risks related to a low-carbon economy are a contributing factor of obsolescence. The associated control process consists in deploying a strategy to mitigate the impact of Gecina's activities throughout its value chain with the aim of complete neutralization.

6.1.6.1 Identification and control process for risks related to climate change

Since 2016, Gecina has used the services of Carbone 4, a third-party expert in climate strategy, to analyze and understand the physical risks associated with climate change impacting its property portfolio and, consequently, to define a adaptation strategy.

A first study focused on identifying the main climate risks which could impact the region in question (greater Paris area) by 2070. In a second step, Gecina determined the zones of vulnerability of the assets to these climatic hazards, by constituting seven families of buildings representative of its property assets. An analysis of the aggravating or mitigating factors related to the location of each building then revealed those with the greatest risk in terms of the portfolio. Finally, consideration of the adaptation solutions incorporated in these buildings helped identify nine priority assets on account their level of exposure to physical risks related to climate change.

Gecina has also implemented action plans to mitigate the impact of its activities on climate change since 2008. In 2016, Gecina drew up a climate roadmap consisting of four main areas and created jointly by all of the company's departments. The roadmap sets reduction objectives for the broader carbon footprint both in terms of the operation of assets and the development of real estate programs involving Gecina partners and clients. In 2017, the major objective of reducing the greenhouse gas emissions of commercial properties by 2030 was recognized by the Science Based Targets initiative as being compatible with the trajectory required to maintain the average rise in temperature at 2°C. The action plans are identified and included in multi-year project plans to ensure attainment of the target performances (details are available in chapter 7.5.1 "Carbon impact management" of this Reference Document). As part of the updating of its CSR roadmap, Gecina carried out an exhaustive analysis of Eurosic's residential and commercial real estate portfolio to identify the actions and budgets required to extend the objective across its entire new scope.

6.1.6.2 Financial assessment of climate change risks

The continuous progress made by Gecina with respect to its portfolio contributes to the appeal of its assets with tenants and investors while reducing operating costs. By creating a carbon budget, Gecina improved the resiliency of its economic model in the event that a global carbon tax comes into effect. The budget consists of annual contributions from the office real estate in operation and an internal carbon price set at €25 per ton. It is partially dedicated to the purchase of carbon credits to offset Gecina's residual emissions.

In addition, value of the property assets identified as priorities following analysis of the physical risks related to climate change, less the two assets that are the subject of a short-term restructuring project, represents €0.9 billion.

6.1.7 PROPERTY RISKS

6.1.7.1 Management of the real property risks

Foreword: this section covers the Gecina property portfolio excluding Eurosic.

The inventory of risks associated with building safety and environment is regularly reviewed by the Risk Management Department and validated by Executive Management.

Such risks are assessed based on a set of control reporting standards defined for each area of risk, with indicators measuring the level of efficiency for the various buildings in relation to these reporting standards.

For certain subjects that are deemed to be more important or linked to regulatory requirements, preference has been given to an external assessment of compliance (asbestos, soil contamination, fire, floods, etc.).

Each evaluation results in the introduction of action plans to respond to Gecina's strategy.

The control of property risks is based on three main tools: risk mapping, risk prevention plans and an alarm mechanism.

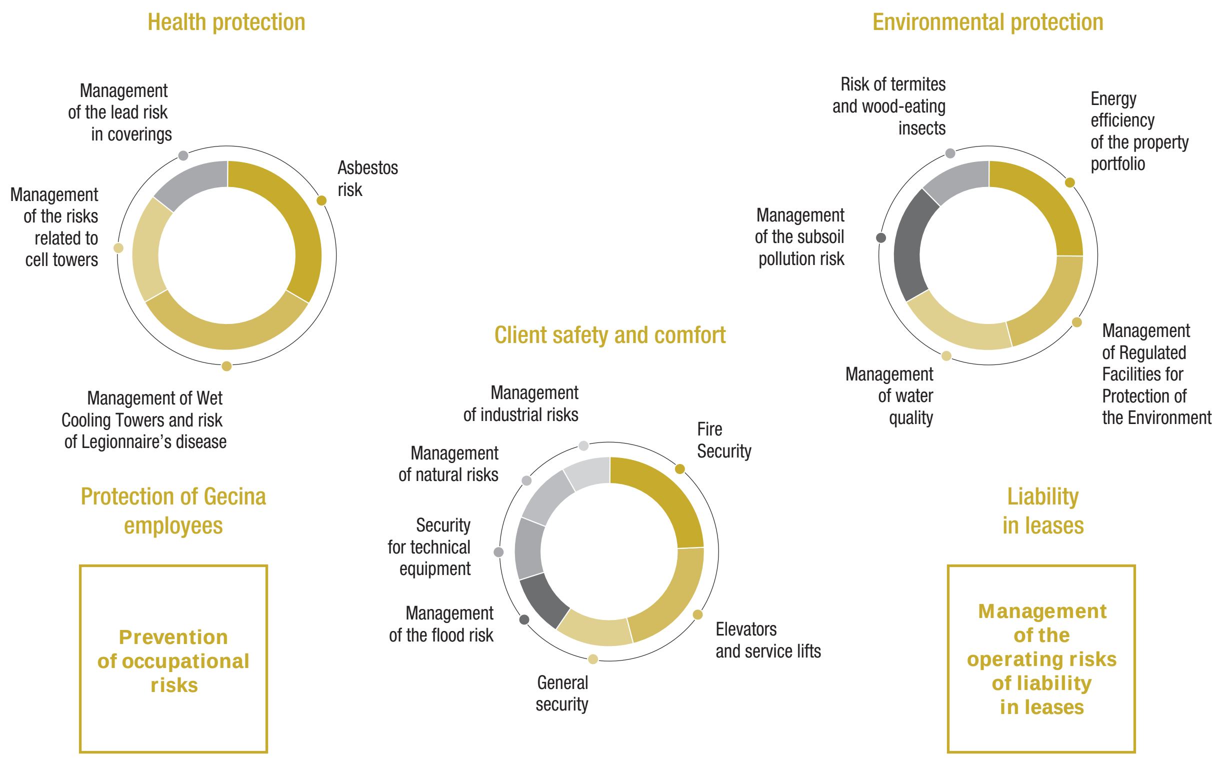
6.1.7.1.1 Property risk mapping

It aims to identify and define sets of standards and policies for each of the major risks associated with property portfolio.

It is meant to be updated whenever the relevant regulations change and in the event of a significant change in the Group's strategy.

It seeks to help the different Group players pay more attention to risks linked to buildings in their day-to-day management and to reinforce their involvement in this regard.

It covers 18 areas of risk, hazard or relating to environmental protection which are broken down into five categories:



Underlying principles

The process has been identical since it was set up in 2006. As of July 3, 2017, this mechanism has been steered by the Offices Department and concerns all of Gecina's property portfolio.

Risk control support tool

Since 2006, the Gecina group has been supported by Provexi. Provexi provides Gecina with a secure web platform, where data linked to the risks for its assets in the 18 mapped areas is centralized, structured and harmonized. All the audits required by regulation (asbestos, lead paints, etc.) and those stemming from Gecina's strategic policy (flood, fire, operational safety, mobile telephony antennas, etc.) are integrated and controlled on this platform.

Dynamic dashboards make it possible to constantly monitor buildings' compliance with Gecina's regulations and strategy. The action plans to be undertaken stem from the support tool, and promote a better awareness of the risks and, once addressed, boost the efficiency of the assets.

Since 2011, in collaboration with Provexi, the "Technical Audit Files" (DDT) module has been added to the mechanism. It makes it possible to generate, directly on the platform, the files that need to be produced when a unit is rented or sold. Warning systems have been set up to inform operational staff of actions to be implemented or non-satisfactory controls for compiling the Technical Audit Files. A simulation tool allows projection of the compliance level of documents on the estimated date of the sale or the arrival of a new tenant.

The improvements made to the mechanism over 2017 include, in particular, an adjustment of the lead and water indicators, the establishment of periodic elevator visits (in addition to the five-year visit reports already conducted), the inclusion of summaries on asbestos per site following a new visual that allows easier access to information, the integration of the new control obligations in relation to Gas and Electricity facilities within the DDT (Technical Audit File) locations, the creation of specific access channels for those conducting audits that make it possible to establish a control and exchange work flow on audit reports before their integration into the files (extended to all areas of real estate audits), the introduction of mobile applications to facilitate the preparation of occupational risk prevention and risk assessments plans in the field, and the development of the platform in order to integrate the new Gecina organizational framework.

The scope of property holdings concerned (excluding Eurosic acquisition)

It covers all of the Group's activities, not including the Eurosic sites. The integration of these new real estate assets will take place during 2018.

Therefore, the risk mapping and DDT module are currently used to process 186 assets (*versus* 192 in 2016), 33 of which are in the process of being sold. 28 with the unit surface area < 200 sq.m, are solely monitored within the framework of DDT sale. The 38 remaining assets are discarded because they are atypical (sites under construction, under management for third parties or withdrawn from market).

In 2017, changes in the scope mainly related to the finalization of the disposals of housing units across ten assets, not offset by the acquisition of two office sites, Paris-Guersant 2 and Adamas-La Défense, and the delivery of two student residences in Marseille and La Défense.

Calculation method

Assets are rated and ranked using measurement indicators by:

- the introduction of sets of different indicators adapted to the method of holding (full ownership or joint ownership) and renting (multiple tenants or single tenant);
- the improvement of the performance of the assets over and above regulatory compliance;
- the introduction of a rating of indicators by area, on three levels modeled on the HQE® process:
  - standard: level corresponding to the regulatory performance. It may exceed the level required by the regulation if that regulation is not considered sufficiently demanding with regard to the efficiency of buildings,
  - efficient: standard level reached + level corresponding to satisfactory performance defined by Gecina,
  - very efficient: level corresponding to best industry practices.

The 18 areas are assessed:

- either through self-assessment by operational departments and audited by an independent external auditor;
- or by qualified and independent external third parties.

The efficiency of an area on each asset is then calculated according to whether the standard, efficient and very efficient indicators were assessed and/or met.

The weighted efficiency rate of an area is calculated by combining the satisfied standard, efficient and very efficient indicators weighted by the financial values of the assets.

An area will be rated:

- standard: if all "standard" indicators are assessed and met;
- efficient: standard level reached and all "efficient" indicators are assessed and met;
- very efficient: efficiency level reached and at least one "very efficient" indicator is met.

The efficiency of an asset is obtained by calculating the sum of its various efficiency levels by weighted risk according to the risk level of the areas (scale of 1 to 9). Obtaining an award (bronze, silver or gold) depends on the result obtained.

Note: at the very least, all 18 areas of an asset must be assessed under the standard criteria before it can qualify for a trophy.

The weighted distribution of awards on the entire property portfolio is calculated by weighting each asset by its financial value and by applying the inter-area weightings.

Risk mapping accessible to tenants and external contractors

The specific web platform also ensures transparency for clients with regard to risk. Customers can access technical files on asbestos, paint lead, ICPEs (regulated facilities for environmental protection), TARs (cooling towers), and the Statement of Natural, Mining and Technological Risks (SNTR) of their building. The general and specific instructions in case of a major risk (natural and/or technological) are also provided on the platform.

Transparency also for companies referenced with Gecina which, for the buildings on which they work, are issued a login/password to access information on asbestos, lead, and since 2014 extended to files on ICPEs (regulated facilities for environmental protection), TARs (cooling towers) and cell towers. The generalized display of the QR code on each site also allows them to consult the platform, directly on site *via* an Android or iPhone smartphone or tablet.

A risk management system audited every year by an outside independent auditor

An external audit was performed in late 2017-early 2018 to verify the mapping in the following four areas:

- the appraisal of the quality of the self-assessments and the quality of the data transmission and consolidation process (of the seven self-assessed areas, six were audited in 2017 (lead paint, ICPEs, TARs, elevators, water and antennas)) from a sample of the assets in question randomly selected by the auditor;
- the achievement of the efficiency objectives on the mapping mechanism in relation to Gecina's commitments for 2017:
  - indicator evaluation rate of 99% for all risk areas at December 31, 2017,
  - overall efficiency level weighted at 99% across all indicators at December 31, 2017,
  - attainment of gold and silver trophies by 80% of the weighted property portfolio;
- the verification of the appropriateness of the changes to the mapping mechanism in relation to Gecina policy;
- the evaluation of the practices and procedures of the provider in charge of providing and hosting the risk mapping tool.

2017 results of the property risk mapping, all areas combined

The level of reasonable assurance was confirmed in 2017 with the following conclusions:

"At the end of our audit, we observed that the risk assessment and management system in place in response to Gecina's needs is efficient and allows permanent management of Gecina's property portfolio. The roll-out of smartphone applications is in keeping with the digitization and simplification efforts, which are set to continue. All actions performed are traceable and logged in the web platform.

The audit carried out on the premises of Provexi made it possible to verify the quality of the mechanism, the procedures for exchanging information, the data for the mapping and the cross-checks application. This procedure is rigorous as regards the quality of the information provided and the business and regulatory consistency. It also made it possible to evaluate the legal monitoring actions carried out by Provexi and check the processes and controls implemented by Provexi in connection with this monitoring.

The portion of the audit dedicated to Meetings with operating staff confirmed that kits are conscientiously filled out on the basis of the elements in their possession, their understanding of the indicators in the kits and the response methods.

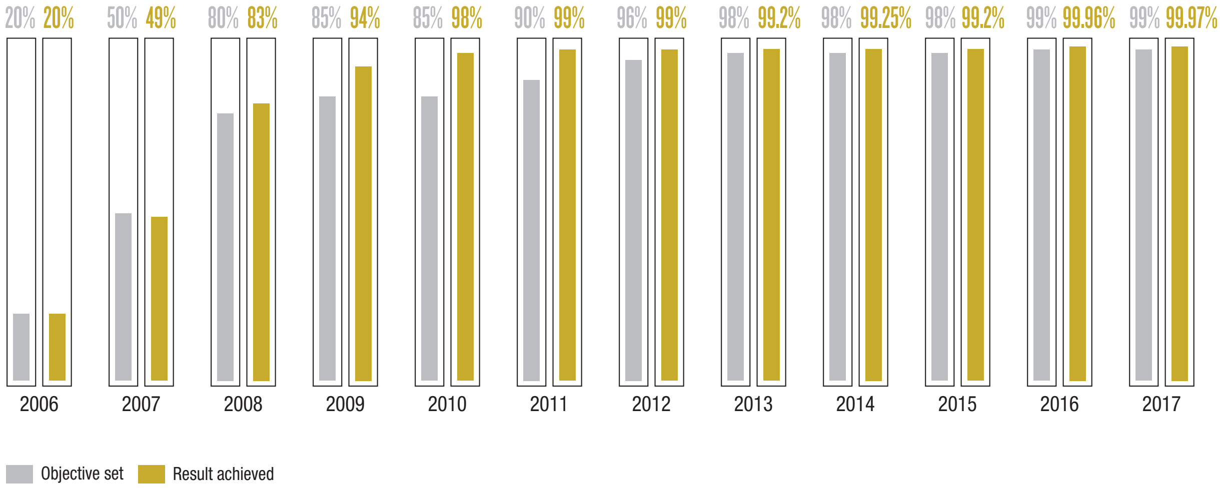
Lastly, the audit confirmed that Gecina is committed to the continuous improvement of its risk management system and that this concerns both regulations and its development, the business, the optimization of processes, and the ergonomics of the system.

This commitment is reflected in general improvement in the performance indicators and the achievement of all the objectives set for 2017."

The certification provided by the outside auditor is presented at the end of this section.

RISK ASSESSMENT RATE: 99.97% OF INDICATORS ARE COMPLETED ON THE ADOPTED SCOPE OF ASSETS

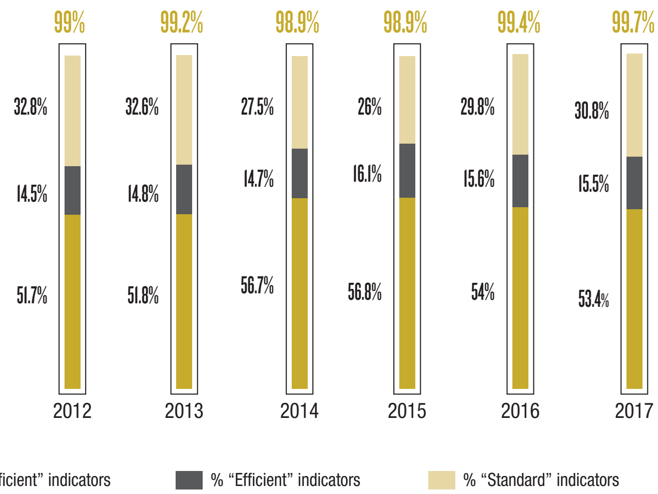
The quantitative and qualitative control of assessments confirms “that the overall assessment rate for risk control indicators was 99.97%, which exceeded Gecina’s goal of reaching 99% at the end of 2017”.



88.84% of the indicators met in 2017

Out of a total of 34,004 indicators, 88.84% were met, thus guaranteeing a strong mobilization of the Group in relation to property risk control.

CHANGE IN INDICATORS MET BY EFFICIENCY CRITERION OVER SIX YEARS (AFTER INTER-AREA AND FINANCIAL WEIGHTINGS)



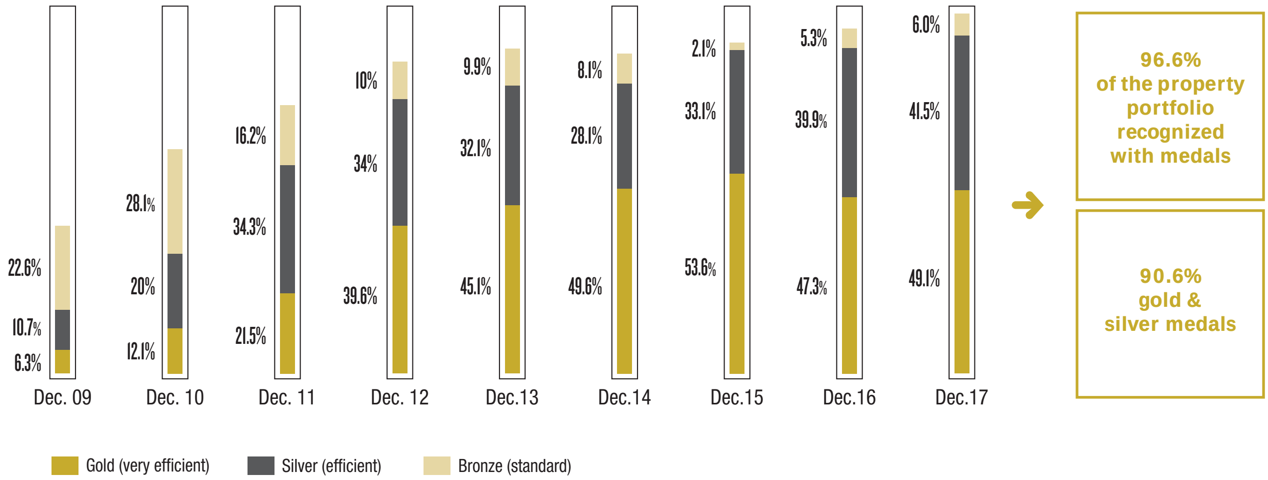
99.7% Weighted overall efficiency rate

The total percentage of weighted indicators met increased by 0.3 point compared to 2016.

A weighted overall efficiency rate of 99.7%: the initial target of 99% for 2017 was exceeded by 0.7 point.

The acquisitions of two office sites, Paris-Guersant 2 and Adamas-La Défense, and the delivery of two student residences in Marseille and La Défense had no direct impact on the weighted results of the mapping exercise. The improved results for 2017 can be explained in particular by the roll-out of actions undertaken in relation to the risks presented by asbestos and lead in paints.

In fact, 96.6% of the weighted property portfolio earned a trophy, representing a net increase compared to 2016: +4.1 points.

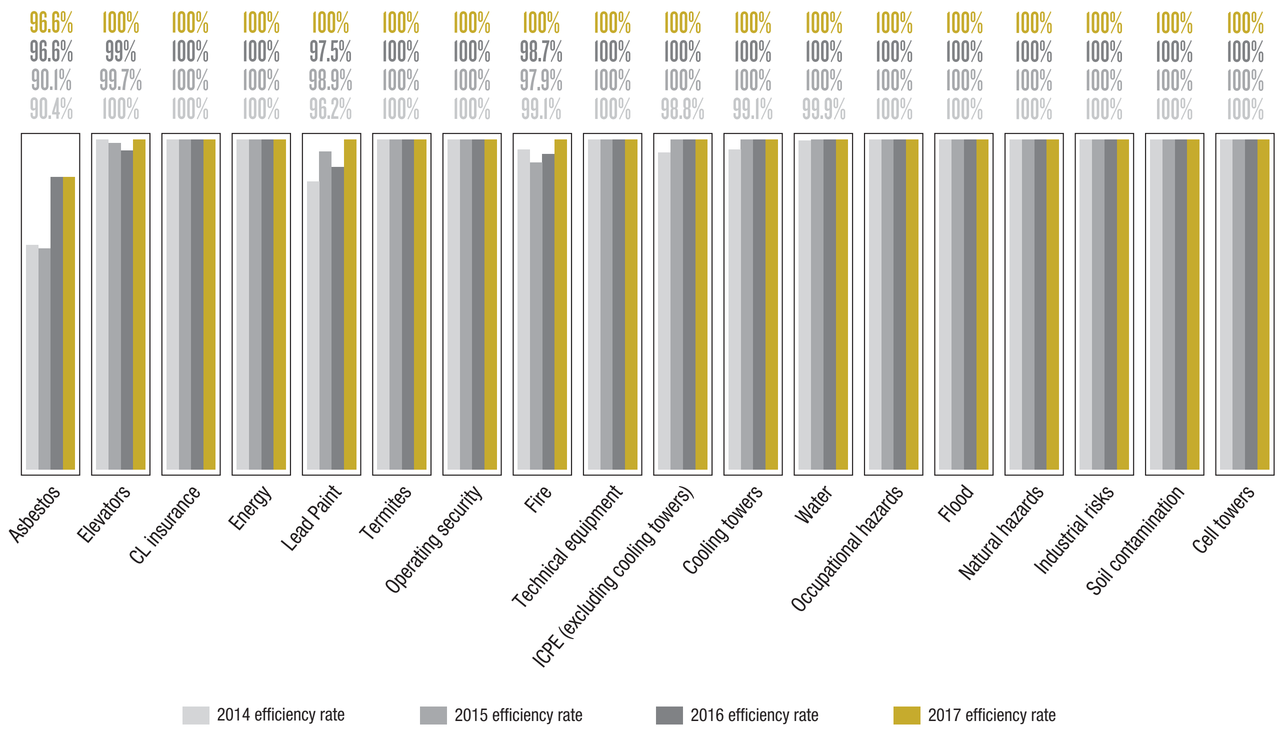


Lastly, the ambitious goal of obtaining gold and silver trophies for 80% of the weighted property portfolio was largely exceeded, since 90.6% of it did, which represents an increase of +3.4 points compared to the previous year.

Overall, the Group has a policy of prudent interpretation of regulations, and a proactive risk management policy, notably in order to minimize the risk of its property portfolio becoming obsolete due to regulatory changes.

6.1.7.1.2 Measured classification of Gecina's property risk exposure

BREAKDOWN OF FINANCIALLY-WEIGHTED EFFICIENCY BY AREA



Following tougher asbestos regulations and in the face of the complexity of certain actions, Gecina has appointed an outside expert to assist it since 2015. The expert inspects the sites concerned by level 1 & level 2 corrective actions and proposes implementation solutions. This process, combined with the participation of the operational departments, has had a strong impact on the improvement in performance in this area of risk over the last two years.

Since 2017, elevators have been the object of enhanced monitoring resulting in an efficiency rate of 100%. The provisional dates of the various periodic checks and the list of reserves to be lifted across the property portfolio are available directly on the platform.

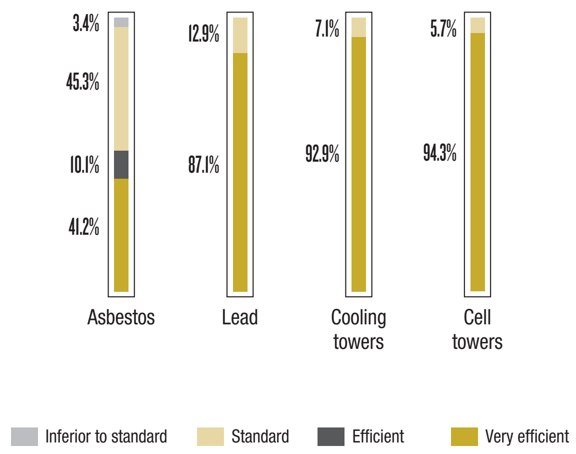
As regards lead in paints, the efficiency rate reached 100%, a markedly improved result compared to 2016. Gecina's policy is more stringent than regulations since it applies the obligations that should be met for residential property to office property. The Group works, as soon as possible, on commercial premises containing Class 3 lead.

In the area of fire, the performance recorded improved by 1.3 points compared to 2016. The parking space shared by 2 co-ownership assets, which did not meet the criteria of Gecina's policy, is currently undergoing compliance work under the direction of the management agency.

SUMMARY TABLE OF RISK AREAS AND CONTROL MECHANISMS

High risk **Moderate risk**

HEALTH PROTECTION

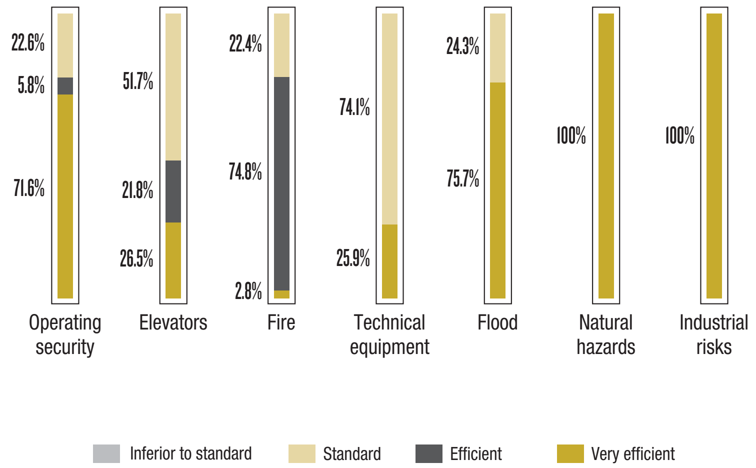


Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a % 2016	2017	Variation in efficiency
ASBESTOS					
Over the last five years, asbestos regulations have been significantly tightened to prevent sanitary risks. It covers several aspects: public health, environment and work.	High risk	They fall into five areas: ■ continue asbestos searches extended to the entire property portfolio; ■ adopt an aggressive stance on the treatment of asbestos (removal, confinement, prevention); ■ adopt regular and systematic monitoring of all materials left in place and take advantage of periodic controls to carry out the additional tracking of materials and products containing asbestos in the external elements on list B, due no later than February 1, 2021 on non-sale assets or assets not affected by work or to be demolished; ■ be proactive on controlling the risks for the companies involved, commit to full transparency on the presence of asbestos in its buildings with clients/tenants but also with associates and the employees of the construction and maintenance companies; ■ ■ finally, in order to preserve the environment for future generations, Gecina is careful to render all its asbestos waste inert.	96.6	96.6	The weighted efficiency rate remains stable. Of the 186 assets monitored in the risk mapping, 151 have an initial building permit dating prior to July 1, 1997. The tougher regulations triggered new actions to be implemented (corrective actions on materials containing asbestos, additional identification of external elements, destructive diagnostics prior to work that reveals the presence of new asbestos materials). Materials containing asbestos kept on sites have latent evolving risks linked to the works and acquisitions programs, results of inspections and the life of materials in place. Faced with the complexity of some of the actions to be taken, Gecina has appointed an external expert for assistance in achieving its objectives.

Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a %		Variation in efficiency
			2016	2017	
LEAD IN PAINT					
Children are exposed to lead mainly through eating crumbling wall coatings which contain lead (mostly paint). To a lesser extent, inhaling dust is also dangerous for people who have to work on elements that may contain lead.	=	Gecina is very sensitive to the presence of lead paint and goes beyond the regulations by applying the obligations that should be met for housing assets to all its real estate assets: Gecina is committed to removing the risk of exposure when degraded coatings containing lead are present at a concentration above the defined thresholds, thus reinforcing its regulatory obligations. The external contractors on the sites are informed of the presence of lead paint.	97.5	100	The efficiency recorded has improved, and reached 100%. 46 assets date before 1949, i.e. 24.7% of the property portfolio, primarily in the corporate real estate segment where the class 3 lead is being treated. The 12 residential sites concerned are under sale. In 2017, no tenant reported significant deterioration in its private unit and, as in previous years, no case of lead poisoning was reported. No record revealed a deterioration factor for built structures requiring communication to the Prefet.
WET COOLING TOWERS					
Wet cooling towers (TARs) are locations where legionella can proliferate. These bacteria can cause serious chest infections. Contamination is through the respiratory canal, by inhaling contaminated water sprayed into the air.	+	Gecina protects the environment and complies with the regulations in force by implementing controls and carrying out the necessary maintenance of water distribution, heating or cooling systems with selected contractors; checks the quality of the elements discharged by cooling towers (discharges into the air, into sewers) and ensures transparency by placing documents on the management of TARs online for its tenants and external contractors.	100	100	Results remained stable over the period. Gecina now owns only seven assets equipped with wet cooling towers and continues its policy of decommissioning installations during reconstruction operations. Four of them are managed directly by management agencies or single tenants.
MOBILE CELL TOWERS					
To date, findings from national and international appraisals present no conclusive evidence about the existence of sanitary risks linked to exposure to the electromagnetic emissions from mobile telephone relay masts when the public exposure limits are respected.	+	In 2013, Gecina amended its policy to include the upgrades required by the changes stipulated in the city of Paris charter, and also applies it on sites in other French cities unless there are more restrictive local constraints. Gecina has entrusted a specialized research agency with the task of monitoring the terms set out in operator contracts. A measurement campaign, conducted in 2016, confirmed that, on its installations, the maximum level of exposure in closed living spaces complied with the city of Paris charter of March 30, 2017. Tenants or their representatives may request access to the technical documents relating to the safety of the mobile telephone installations.	100	100	The results remained stable. 18 installations are located on the terraces of buildings. The tenants are informed about any modification programs and planned work. New facilities will be installed only if the agreement of tenants is obtained through their representative bodies (health, Safety and Working Conditions Committees, Union Boards, associations, etc.).

CLIENT SAFETY AND COMFORT

High risk **Moderate risk**

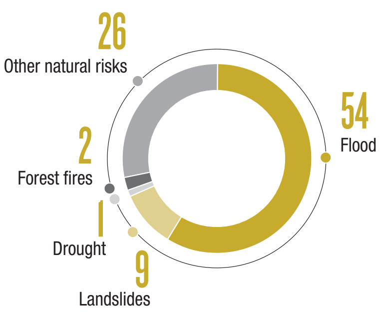


Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a % 2016	2017	Variation in efficiency
OPERATING SECURITY					
In this area, security is apprehended from a “multi-criteria” angle while taking the conduct of users into account. It includes, in particular, risks associated with explosions, falls and traffic accidents, accidents and falls from a height, intrusions, electrical accidents, leaks, floods, ICPEs and other.	+	The control process is based on the performance of audits by experts on the entire property portfolio. These analyses allow operating teams to identify risky assets, evaluate their vulnerability and set up preventive actions and risk mitigation measures.	100	100	The risk level remained the same. 100% of the property portfolio is evaluated, including the sites delivered or acquired in 2017.
ELEVATORS					
The regulations are restrictive and there could, potentially, be numerous liability issues. The valuation of assets may be affected by poor service quality linked to an elevator.	+	In order to guarantee an optimum level of safety for its occupants and external contractors, Gecina has decided to take preventive and proactive action: ▪ respect for the safety standards of elevators in the context of the compliance upgrade of old elevators; ▪ all elevator cars are inspected annually by technical service companies working under standardized contracts; ▪ these machines are covered by a full maintenance contract tailored to the latest regulatory changes; technical inspections are conducted by an independent inspection company at the intervals required by regulations, especially in high-rise buildings and after any new standards are introduced.	99	100	The efficiency rate rose to 100% in 2017. Modernization work for a total of €942,000 was carried out in 2017. This work involved 8 residential elevator cars for an amount of approximately €221,000 and 14 office elevator cars for an amount of approximately €721,000. Moreover, minor reserves not lifted at the date of publication of the results are currently being resolved. Neither Gecina nor its occupants/users were involved in any accidents in 2017.

Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a % 2016	2017	Variation in efficiency
FIRE					
Regulations on fire risks prevention are thorough and often complex. Indeed, premises governed by the French Labor Code, ICPEs (regulated facilities for environmental protection), public access facilities (ERPs), high-rise buildings (IGHs), and residential premises are all governed by different regulatory texts. They mainly seek to guarantee the protection of people. Furthermore, insurers recommend specific measures to protect property.	+	Gecina seeks to provide the occupants of its property assets with a good level of fire safety and eliminate the faults that could be the source of danger for people and properties. Gecina implements the vulnerability reduction measures identified by experts following the audit of the sites.	98.7	100	The efficiency recorded improved in 2017. The Group uses renovation work on all or a portion of a building to improve fire safety, beyond the regulations if necessary, and informs the occupants concerned of the measures taken. As a reminder, since 2015, the Group has taken over the supply and installation of autonomous smoke alarms (DAAF) across its residential property portfolio.
TECHNICAL COMPONENTS					
Gecina is subject to strict regulations concerning technical equipment on which, for the most part, the safety and quality of service provided to occupants depends (fire equipment, electricity, lightning rods, boiler rooms, CMV gas, lifelines, etc.).	=	The extent of Gecina's obligation means that all of its property assets are appropriately equipped with safety devices and technical systems that function properly. The inspections, tests and technical examinations provide an opportunity to identify the installations in order to detect any possible defects that could endanger people and property, and to rapidly implement the recommendations made during these operations.	100	100	The weighted efficiency rate is stable. Technical equipment is maintained by selected, qualified companies under formal framework contracts and particularly studied in the interest of the Group.

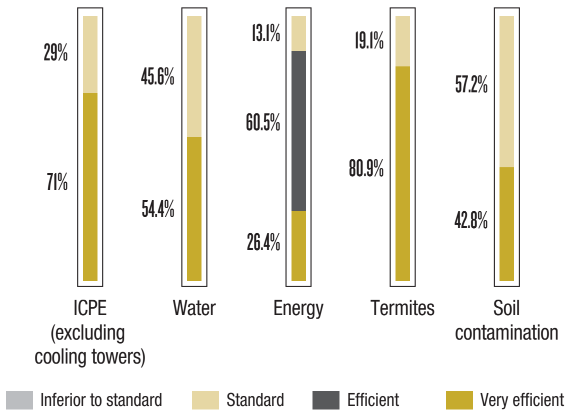
Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a %		Variation in efficiency
			2016	2017	
AREAS LINKED TO NATURAL, MINING AND TECHNOLOGICAL RISKS					
With regard to natural or industrial events or accidents, the law requires preparation of Natural Risk Prevention Plans (NRPPs) and Technological Risk Prevention Plans (TRPPs), and calls for better public information. The mapping of these risks enables the necessary economic and strategic information to be consolidated, and the cumulative risk involving the same event to be identified. Gecina's property assets are not located in a mining risk zone.	=	**Flood – Natural risks – Industrial and technological risks** In addition to a better understanding of the risks involved, Gecina strives to: ▪ on the technical level, limit vulnerability and reduce potential damage; ▪ guarantee the comfort and continued activities of the occupants; ▪ and, above all, ensure the safety of occupants. ▪ lastly, general and specific instructions in case of major risks (natural (including flood) and/or technological) are integrated in the web platform and accessible to tenants.	100	100	**Flood** All Gecina sites have been analyzed with the help of outside experts. The 54 assets exposed to the risk and their vulnerability levels have been identified. Gecina has included among the buildings at risk those located in service areas susceptible to disruptions in the supply of water, electricity and heating. This brings the number of sites exposed to 130. 51 buildings have already undergone a flooding hazard audit and action plans are being implemented.
	=		100	100	**Natural hazards** To Gecina's knowledge, no building has to be subjected to a special survey procedure to reveal any possible risk of collapse. 89 assets are located within the scope of a natural risks prevention plan (NRPP) approved and 12 prescribed in 2017*.
	=		100	100	**Industrial and technological hazards** In the current state of TRPPs, 100% of Gecina's real estate assets are not located in a technologically hazardous zone.

** Breakdown of natural risks identified in Gecina's property portfolio.*



PROTECTION OF THE ENVIRONMENT

⊕ **High risk** ⊜ **Moderate risk**



Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a % 2016	2017	Variation in efficiency
REGULATED FACILITIES FOR ENVIRONMENTAL PROTECTION					
The existence and operation of regulated facilities for environmental protection (ICPEs) expose Gecina to risks of harm or pollution. These risks can also affect the health and safety of tenants and nearby residents.	⊕	As a real estate professional, Gecina undertakes to: ▪ protect the environment and comply with the regulations in force; ▪ guarantee the quality of discharges from the ICPEs (air emissions, sewer discharges, etc.); ▪ be transparent: supply any document concerning the management of ICPEs; ▪ use the services of knowledgeable persons.	100	100	20 sites are concerned by the presence of ICPEs. 7 are directly operated by Gecina and appear to be highly efficient. The Group is very attentive to the compliance of these installations. All documents relating to the management of ICPEs are stored in the web platform.
WATER					
The management of water presents Gecina with several challenges: ▪ from a health and legal point of view, in terms of water quality (presence of lead, particles or bacteria above regulated levels); ▪ from an environmental standpoint: management of the water resources which is described in the chapter dedicated to CSR.	⊕	Gecina's policy focuses on a commitment to: ▪ protect the environment and comply with the regulations in force; ▪ guarantee the quality of drinking water at pumping points; ▪ be transparent: supply any document concerning water quality on demand.	100	100	The efficiency rate remains stable. The upkeep and maintenance of the water supply facilities are entrusted to specialized external service providers. The subject of water is further developed in the CSR chapter.
ENERGY					
The results from Energy efficiency audits incorporated into the mapping are used to evaluate the commercial risk linked to the asset's obsolescence in terms of energy performance.	⊜	The risk mapping integrates the values of the energy labels of assets in order to rank them according to efficiency. The measures taken with regard to the energy risks mapped and analyzed by Gecina are explained in the chapter dedicated to CSR.	100	100	The energy performance audits (by asset and by unit) are included in the energy area and used to prepare the DDTs. For further information see chapter 7.

Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a % 2016	2017	Variation in efficiency
TERMITES					
The presence of termites can have serious consequences for the building structure, resulting in material damage and often significant repair costs or the risk of contamination of neighboring buildings.	Moderate risk	Gecina regularly checks the entire property portfolio if it is located in an area covered by a regional administrative order. If an asset turns out to be concerned by the presence of termites and if it contains a wooden structure, a preventive audit is conducted to arrange for the property to be treated, where necessary.	100	**100**	Results have been consistent over four years: the presence of termites was not identified in any building in 2017, including in the units for sale.
SOIL CONTAMINATION					
The presence of pollutants in the soil can be a health hazard for the people staying on a site. These reports and associated regulations give rise to legal and market risks, as well as a risk to Gecina's image.	High risk	The control process is characterized by four action areas: ■ know the contaminated or potentially contaminated sites; ■ store the information to ensure that, over time, actions taken are maintained and, more importantly, the use associated with them is known; ■ take preventive action to ensure that active sites or land reserves are not a source of underground pollution; ■ treat/manage (if necessary) the contaminated sites, according to their intended use, to ensure the protection of the environment.	100	**100**	The Group systematically checks whether its assets are in a zone with a soil contamination risk (BASIAS, BASOL database). 51 sites have been the subject of historical and vulnerability studies. Based on these results and the activities that are subsequently conducted there, operational departments have verified the absence of risks for occupants and the environment.

Risks to the environment are not covered by any provision or guarantee. No compensation was paid during the 2017 financial year.

PROTECTION OF GECINA'S EMPLOYEES

High risk **Moderate risk**

Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) as a % 2016	2017	Variation in efficiency
OCCUPATIONAL HAZARDS					
The assessment of occupational assets entails identifying the dangers and analyzing the risks facing Gecina's staff. The assessment is formalized in a single document, which is updated.	High risk	Gecina identifies the dangers and analyzes the risks to which its employees are exposed. Field audits have been conducted in all residences employing Group staff. The smartphone application facilitates the preparation of single documents. They are updated every year and can be consulted by employees on the web platform.	100	**100**	The measures taken by the Group these last years aimed at ensuring the safety of its staff and protecting their physical and mental health have produced good results. The corrective or preventive actions taken*, in order to mitigate the risks to which the company's employees may be exposed, allowed the company to resolve significant risks that were not controlled.

* *Personal protective equipment is routinely provided to each caretaker. Training courses (electrical accreditation (H0B0), conflict management, gestures and postures) were conducted this year.*

LIABILITY IN LEASES

High risk

Moderate risk

Areas	Lev. Risk	Control mechanism	Results (weighted efficiency rate) 2016	2017	Variation in efficiency
LEASE MANAGEMENT					
The danger of liability risk has to do with its complexity and growing importance as laws and regulations evolve. The origin of a third-party liability is no longer to be found solely in the fault but rather increasingly in the responsibilities and competence required of professionals.	Moderate risk	In order to enhance its risk control linked to the insurance and liability conditions mentioned in leases linked to buildings, Gecina hires an expert to analyze insurance clauses.	100	100	Assessments relating to these reporting standards are described in the "Insurance" section of this chapter.

6.1.7.1.3 Crisis management

In order to be responsive and effective when an incident or accident occurs, a 24-hour monitoring and crisis management system has been set up to galvanize the skills required to deal with a major accident.

The system is based on three successive response levels to match the seriousness of the identified incidents:

- the first level is based on a call center (Gecina Sécurité) which tenants can call for "everyday" problems;
- the second level generates the intervention of an on-call officer for events considered more serious;
- finally, the crisis unit can be mobilized for accidents considered "serious" or exceptional events that may have serious consequences for the Group.

Since July 3, 2017, two distinct property portfolio departments have been created: one comprising the offices portfolio and the other the residential portfolio. This new organizational structure has had an impact on the composition of the crisis unit. Its new members will be trained in early 2018.

Gecina Security recorded 383 calls that required an intervention, and 152 without any immediate follow-up.

NUMBER OF CALLS FOR MINOR INCIDENTS OUTSIDE OFFICE HOURS (EXAMPLE: WATER DAMAGE, VARIOUS BREAKDOWNS, ETC.)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of calls to the call center	574	641	614	584	494	581	432	425	414	383

Magellan Consulting

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GECINA
Risks Management
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CERTIFICATE

Magellan Consulting was appointed by Gecina to issue an external qualified opinion on the output of the risk mapping on its assets. The audit conducted November 27th, 2017 till January 15th, 2018 enabled us to provide a **reasonable level of assurance** based on the following conclusions:

Achievement of performance objectives:

Magellan Consulting certifies that, as per January 15, 2018, the global rate of estimated indicators reaches 99.98 %. This realisation is in excess of the target of 99 %. In addition, the rate of overall weighted performance reaches 99.7 % in 2017 (with a target fixed at 99%). This performance exceeds by 0.3 point the 2016 level. Magellan Consulting certifies that, for 2017, 90.6 % of Gecina's assets was rewarded by either gold or silver trophies. This score is significantly up compared to 2016 (87.2 %). In 2017, Gecina reached a level of 3.4% of sites without trophy, 55% less than the 2016 under-performance (7.5%).

Performance objectives for 2017 are thus respected.

Quality of self-assessments:

Regarding self-assessment quality, the audit covered six segments: Telecommunications Antennas, Elevators, Equipment requiring Environmental Protection, Cooling Towers, Lead and paint, Water. According to the results of the interviews and the sample testing we performed during our audit, we can certify that the quality of self-assessment for these segments is globally satisfactory.

Quality of data transmission & consolidation process:

We identified no incident on data transmission quality & consolidation process between data input and output. A process audit, performed on premise of the TPA in charge of the IT platform and the risk mapping data consolidation, enabled us to check compliance of 1st and 2nd level controls, as well as the implementation of detailed procedures and dedicated regulatory outlook and assessment. The strict quality controls performed by the TPA assure good process quality. Further detailed verifications helped to control the reliability of risk mapping and data quality.

Evolution of the risks control device:

Magellan Consulting noticed several value adding improvements made on the risk framework in 2017, including: deployment of a mobile applications for prevention planning and for professional risks evaluation, risk assessment accessible by scanning a QR code, a new dashboard for lead and asbestos indicators evolution, alignment with Gecina's new organization, follow-up tracking on lead and asbestos risks, improvement of asbestos synthesis and the list of materials containing asbestos, diagnostics expert platform access and management of inconsistency on asbestos diagnostic, management of findings on asbestos risks, monitoring of periodic elevator audits and improvement on gas and electricity to comply with new regulation.

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Certified in PARIS, January 15th, 2018
Michel HATIEZ, CEO

6.1.8 INSURANCES

Gecina's approach to insurance (including for the Eurosic portfolio acquired in 2017) is primarily intended to protect its assets and to protect it against any liabilities incurred.

It is focused on assuring the Group's long-term viability faced with various risks, reducing the costs of these risks when they occur, constant improvement of guarantees and management of indemnification flows, and providing quality service to tenants.

The main risks for which Gecina has taken out insurance coverage are property damage and consequent loss of rents, construction risks and civil liability as a property owner and real estate professional.

The insurance program consists of four distinct parts: Insurance for developed real estate assets, including Property Owners Liability (POL/RCPI); construction insurance (contractor's liability insurance and job site insurance); third-party liability (general and environmental); and other policies (vehicles, staff travel, comprehensive IT risks, fraud and malicious intent, etc.).

To ensure that there is adequate coverage and management of the major risks, the Group has traditionally given preference to high levels of coverage with deductibles, enabling it to keep insurance costs down.

Cover for damage to properties and/or loss of use and POL account for the bulk of the budget, because of its strategic importance to the Group in terms of risk management.

These risks are insured in a program that covers Gecina as well as all its subsidiaries or partnerships with leading insurers, principally Chubb and AXA, Allianz and Liberty Mutual, through its insurance brokers, Assurances Conseils, Siaci Saint Honoré, Marsh and Bessé.

In addition, in commercial leases Gecina favors a mutual waiver of appeal to facilitate the management of claims and reduce its frequency risk and that of its insurers.

There is no captive insurance company in the Group.

6.1.8.1 Coverage of damage and liabilities associated with properties

Because of the geographic dispersion of the Group's assets and its custom insurance coverage, a major claim affecting one of the Group's properties should have little impact on its financial situation. Indeed, cover has been set at levels that would easily cover a major claim for the largest property of the Group.

Gecina benefits from a Group insurance program that covers damage to its property holding, including that caused by natural events, acts of terrorism and attacks, claims by neighbors and third parties, loss of rental income, and consequential losses and indemnities. The program also covers replacement value as at the day of the loss.

The property portfolio is covered up to its brand-new value with a Limit of Indemnity (LOI) of €150 million, with the exception of seven assets (large office or residential buildings) which are covered by LOIs of €300 million and three office assets acquired in 2015 which benefit from an LOI of €600 million.

Property damage and casualty policies include building owner third-party liability and environmental risks.

The general exclusions common to the insurance market as a whole (*e.g.* acts of war, damage consequential to the possible presence of asbestos, etc.) normally apply to the coverage taken out by Gecina.

The insurance program for buildings also includes construction insurance, namely, primarily contractor's liability insurance (in France *Dommages Ouvrages* or DO), in accordance with the Spinetta Law 78-12 of January 4, 1978, and all construction risks insurance.

A master agreement signed with Allianz, through the firm Marsh, provides all construction risks, contractor's liability and promoter (*Constructeurs Non Réalisateurs*) coverage to all construction sites for up to €15 million.

For works entailing sums greater than €15 million, contracts are negotiated and concluded on a case-by-case basis.

6.1.8.2 General and professional third-party liability

The consequences of bodily, material and immaterial third-party liability due to employee malpractice or flawed professional work are insured under a Group policy.

Mandatory coverage for professional third-party liability of subsidiaries whose activities come under the Hoguet Law is incorporated into the Group's civil liability program. The program was renewed for three years on January 1, 2018.

6.1.8.3 Environmental third-party liability

This coverage was instituted as early as 2007 to cover Gecina's liability for damage suffered by third parties and damage to biodiversity when such damage is the result of the impact of the Group's activities on the environment, and also any costs incurred from on-site pollution cleanup operations to neutralize or eliminate an environmental hazard. The program was renewed for two years on January 1, 2018.

6.1.8.4 Lease management and management of supplier contracts

The real estate risk assessment approach described in this chapter contains guidelines on the management of the insurance clauses and liability in the leases.

Since 1998, liability law has been toughened considerably and made much more complex with the integration of European Directives harmonizing the legal provisions of Member States. In the aim of ensuring indemnification of the victim, origin of a third-party liability is no longer to be found solely in the fault but rather more and more in the responsibilities and competence required of professionals (the "deep pocket" principle).

The importance of liability risk has to do with its complexity and growing importance as laws and regulations evolve. This risk is difficult to foresee. It materializes when court proceedings are initiated by one or more third parties without it being possible to prejudge the validity of their reasons.

The court costs, and the expenses and internal costs of defense may also have major indirect effects on earnings and the company's finances. Whatever the case, they can adversely affect Gecina's image.

Like all other professionals, organizations or individuals, the Gecina group is bound by four types of commitment, which must all be followed: its technical commitments; control over them; its disclosure and advisory obligations; its contractual obligations.

To each of them must be added the notion of security, which is increasingly taking the form of a quasi-performance guarantee.

Although Gecina accepts in its commercial leases an equitable mutual appeal waiver clause with its tenants and the relevant insurers, the regulation specific to residential leases requires the tenant to take out insurance for damage that might be sustained by the lessor and for which the tenant may be judged liable. However, even though the regulations authorize the lessor to require an appeal waiver from tenants for damage they might sustain due to the owner's fault, Gecina does not wish to systematically include such a clause in its leases out of concern for fairness towards its customers.

6.1.8.5 Claims

There was no significant claim in 2017 and until the date of publication of this document.

6.2 INFORMATION REGARDING CERTAIN CONTROL ACTIVITIES

6.2.1 INTERNAL CONTROL PROCEDURES FOR THE PRODUCTION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Production and processing of accounting and financial information

The process for producing financial statements is mostly based on:

- the existence of formalized procedures related to closing and consolidation of financial statements based on a specific account closing schedule;
- the regular update of the Group's accounting principles and methods to reflect regulatory changes and the activity of Group companies;
- anticipation, validation and documentation of accounting and financial incidences of any significant transaction that occurs during the fiscal year;
- analytical reviews to validate changes in the main balance sheet items and the income statement linked to changes in Group structure;
- in addition, the Financial Department submits every year to the Audit and Risk Committee a presentation of various year-end sensitive issues, prior to the Committee's Annual Accounts Review Meeting.

The Group's Accounts and Tax Department performs and checks all the accounting works of the Group companies through a single information system. This centralization enables better control over accounting and consolidation practices, in accordance with the principles and standards defined at Group level.

The procedure and schedule of year-end closure are distributed to all parties involved and include the tasks of centralization, reconciliation and analysis that are required for the accuracy of the financial and accounting information. This process includes a hierarchical review of the closing procedures of all Group companies at each reporting date. Specific documentation has been issued to cover these procedures. In general, the reliability of accounting information is guaranteed by an organizational structure ensuring a separation of duties and control measures undertaken by the Group's various entities. Invoicing and collection of rent and other charges are tasks performed by the operational departments in accordance with specific procedures and subject to a series of detailed controls. Major transactions are automatically recorded in the accounting information system.

Furthermore, the budgetary monitoring system based on the Group's chart of accounts and the comparative analyses developed by the Financial Control function provide further reassurance.

Off-balance sheet commitments are monitored for each consolidated entity, centralized, then subject to a specific semi-annual review by Internal Audit.

Gecina also relies on external advice, on tax issues in particular, by reviewing and monitoring the Group's main risks and disputes.

The reliability of the valuation of the real estate properties is based on a biannual process of property appraisals. The Valuations and Appraisals function is responsible for coordinating and overseeing the performance of property appraisals, performed at least twice a year by independent appraisers, in connection with the semi-annual reporting. The function reports to Financial Control. It is centralized and separate from the responsibility for property transactions (which is handled by the operational departments) in order to guarantee the reliability and objectivity of property appraisal data.

Furthermore, internal valuations are carried out by each operational department concerned on the basis of the updated rental statements of the latest rentals carried out and the application of a yield rate per asset, which reflects developments on the markets concerned. This information is cross-checked using metric values and previous period appraisals. The property appraisal process is governed by a specific procedure that explicitly defines the principles for selecting appraisers, and indicates how appraisal campaigns should be conducted. Under this procedure, the Audit and Risk Committee is provided with regular progress reports on the property appraisal process. Subsequent to each campaign, this Committee holds a Meeting devoted exclusively to reviewing property appraisals and, if necessary, obtaining additional appraisals on certain buildings.

Experts are selected on the basis of specifications and under the supervision of the Audit and Risk Committee.

The Financial Communication Department handles the following key activities:

- preparation and writing of press releases: these are subject to a strict writing process and a suitable level of control and approval;
- writing and supervision of the Reference Document and of the half-year financial report. The Reference Document/half-year report approval process is centralized in the Finance Department with several levels of control;
- special presentations to third parties: a presentation is used for investor roadshows. It can be completed with additional presentations for individual investors or shareholders. Presentations are also made to credit rating agencies (with the approval of all departments involved). CSR and corporate governance presentations for non-financial investors. Publication of the presentations is supervised by the departments (financial and operational) and by the CEO.

Financial Control

The Financial Control Department makes a significant contribution to the reliability of financial and accounting information through its budgetary activities and analyses.

Budget preparation and control

A forecast budget is drawn up for each building, covering rent, work and property-related expenses. Assumptions are made for each building with regard to vacancy rate, turnover rate, new letting trends and re-letting periods.

Budget monitoring of properties is performed on a monthly basis for rent and construction work, and quarterly for property-related expenses. Any differences between forecasts and actual figures are analyzed and justified in conjunction with the relevant operational departments.

With respect to overheads, payroll expenses are checked every month, and other expenses are checked quarterly.

Monitoring of activity indicators

There are activity indicators for measuring the performance of the rental activity in each sector. These indicators are primarily used to monitor rentals and departure notices. The Financial Control Department, liaising with the various operational departments concerned, regularly analyzes the vacancy rate, prices and re-letting periods, as well as turnover rates.

Property profitability analysis

This is assessed on the basis of market indicators and the last known appraisals. Properties are classified for each category (by asset type and region). Buildings with an abnormally low level of profitability are specifically monitored in order to improve their profitability in order to optimize their earnings or decide on their future status within the property holdings.

To monitor operations more effectively, Gecina's Financial Control is carried out at two levels:

- on an operational level by liaising directly and continuously with each of the departments by supplying the reports required for monitoring the activity and useful for decision taking;
- on a centralized level, it is specifically responsible for drawing up and monitoring budgets, tracking key business indicators, analyzing the profitability of properties and conducting property appraisals. It produces detailed monthly reports on each business line and performs any budgetary analysis specifically requested by the Executive Management.

The Financial Control Department is currently composed of 11 people and is integrated into the Finance Department.

6.2.2 INTERNAL AUDIT DEPARTMENT

The Internal Audit Department, which reports to Executive Management, combines the Internal Audit and Risks and Compliance functions. It takes part in supervising internal control and risk management.

INTERNAL AUDIT DEPARTMENT

6 people

INTERNAL AUDIT

RISK AND COMPLIANCE

ROLE

Internal Audit

- Audit missions defined in the Group Audit Charter;
- Implementation of the annual audit program and of audit assignments and monitoring of the implementation of recommendations. Internal Audit's annual work plan is approved by Executive Management and includes:
  - Periodic audits of specific areas;
  - Recurring assignments related to the control of the production and processing of accounting and financial information;
  - One-off assignments requested by Executive Management or the Audit and Risk Committee;

  The Annual Audit Plan and mission reports are distributed to the Chairman, Executive Management and the Audit and Risk Committee;
- Internal Audit reviews fees and monitors the independence of the Statutory Auditors and reports to the Audit and Risk Committee.

Risk and Compliance

- Risk management;
- Monitoring of the risk management policy and mapping operational risks;
- Permanent control through continuous verification of the application of the main activities of the internal control mechanisms;
- Monitoring of the implementation of recommendations;
- Compliance through oversight of regulatory intelligence mechanisms;
- Monitoring and coordination of the ethics charter and the whistle-blowing mechanism;
- Anti-fraud and anti-corruption measures;
- Monitoring of the “anti-money laundering and terrorism financing” system.

6.2.3 INFORMATION ABOUT THE RISK AND COMPLIANCE FUNCTION

Ethics charter

All the regulations, measures and internal procedures were supplemented by the implementation of the Group's ethics charter. The ethics charter was updated in 2017. It includes specific information related to corruption which is now included in whistle-blowing.

The ethics charter was drafted in accordance with Gecina's fundamental values and ratified by the Board of Directors. It was distributed to all employees and posted on the Group's website and on the Intranet. In 2017, the charter was updated and distributed to all employees. It focuses on nine key issues:

- compliance with regulations;
- Group's commitments towards its stakeholders;
- Group corporate social responsibility;
- community involvement and political neutrality;
- work conduct;
- ethical business management;
- confidentiality;
- stock exchange compliance;
- whistle-blowing rights.

Each employee is asked to follow and ensure that others follow the charter and act with integrity at all times. A practical guide illustrating the principles listed in the ethics charter has been distributed to all administrative staff. In the event of an additional query regarding a transaction or doubt about a specific situation, employees may report this directly to the Chief Compliance Officer. A whistle-blowing right has been in place since 2012 through a special email address. Depending on the nature and seriousness of the problem, a Whistle-Blowing Committee is then set up to handle the issue as rapidly as possible.

Each new employee is given the ethics charter and the practical guide on joining the company. A presentation on the charter is also added to the orientation process for new Group employees and the executive induction seminar. All new employees attended the presentation in 2016 and 2017. This included seven awareness-raising sessions on the topic for new employees in 2017. Taking into account the initial trainings when the charter was issued in 2012 and staff turnover, 98% of Group employees have been familiarized with the ethics charter. The ethics charter has been incorporated into internal regulations since 2016.

Anti-fraud and anti-corruption measures

The Group's anti-fraud and anti-corruption arsenal is supervised by the Risks and Compliance function. It is based on the evaluation and analysis of risks of fraud and corruption through annual risk mapping projects. The evaluation helps to define specific prevention measures based on the Group's ethical charter and on the repository of internal procedures, which include various controls, segregation of tasks and access security measures. Prevention is also based on awareness-raising actions conducted by the Risks and Compliance function, which organizes briefings and training for the Group's employees. In line with our policy of raising awareness about risks, an awareness-raising session for employees exposed to corruption risk and influence peddling is planned for 2018. A detection system includes the risk of fraud and corruption in the permanent control audit work carried out by the Risk and Compliance function within the reporting and warning systems, as well as *via* occasional investigations when anomalies are detected or reported. This system is enhanced by updating the ethics charter, on these aspects in particular.

The Risk and Compliance function carried out a review of the main provisions of the Sapin II law on the fight against corruption, which came into effect on June 1, 2017, in order to ensure its proper implementation. This work, which includes management's action plans, was presented to the Audit and Risk Committee.

Anti-money laundering and terrorism financing

The anti-money laundering and terrorism financing system is incorporated into the ethics charter. A procedure and tools for identifying and managing these risks has been developed for operational departments. An awareness-raising and information session was organized by the Risks and Compliance function for the Management Committee and the employees concerned when the procedure was published to all Group employees. The Risks and Compliance function is integrated in this procedure as an informed entity and consulted by the operational entities. An additional detection system has been established, by incorporating anti-money laundering and terrorism financing risks into the permanent audit control work performed by the Risk and Compliance function. The system will be strengthened in 2018 *via* the implementation of a new counterparty identity intelligence tool.

For an overall description of how risk management is organized, see the description in the chapter "Risks" (6.1.1).

07

FROM CORPORATE RESPONSIBILITY TO SUSTAINABLE PERFORMANCE

7.1 SOCIETAL IMPACT AND MATERIALIZATION OF VALUE

7.1.1 GECINA'S BUSINESS MODEL AND ITS ENVIRONMENTAL, SOCIAL AND SOCIETAL IMPACTS

Gecina's activity generates environmental, social and societal impacts specific to its business model, its strategic positioning and the location and characteristics of its property portfolio. These impacts are analyzed for each step in Gecina's business: investment, design, construction or restructuring, operation and then possibly the disposal of assets. All of these elements are described in chapter 1.1 "The fundamentals of the new Gecina". The various factors below therefore influence the evolution of the societal footprint of Gecina:

- Gecina's position on the so-called PRIME office buildings segment calls for consideration, as early as possible in its activities, of emerging non-financial issues (e.g. occupant well-being of adaptability of the assets);
- the lifetime of an asset (at least 50 years) requires taking into account the long-term, non-financial issues, progressively integrated in regulations, such as energy performance (Grenelle laws, the Energy Transition Law for Green Growth), the reduction of carbon footprint (National Low Carbon Strategy), biodiversity and the impact of the building on the comfort and well-being of its occupants (work in progress on *Thoughts on 2020 Responsible Buildings*);
- the strategic choice for development of its activities in urban areas that are already dense and the intermediate size of its assets moderate the specific contribution of Gecina to the development of these territories, as well as its impact on biodiversity and urban sprawl;
- the significant portion that the real estate sector represents in national energy consumption (40%) and the average energy consumption of Gecina's operating portfolio which, given its intrinsic characteristics (average age and architectural specificities), tends to be greater than that of more recent portfolios, strengthens the relative impact of its energy performance and its carbon weight;
- Gecina's business model and its positioning as an ordering customer make its direct social impact lower than its environmental and societal impacts. In 2015, a detailed analysis of its societal impact shows a major contribution in terms of indirect and induced employment (10 times greater than the number of its employees) and of capacity for influencing suppliers (VSEs accounting for 40%). Likewise, the indirect emissions of greenhouse gases generated by the operating services are significant since they equate to those of the energy consumption of its assets;
- the strategy for overall value creation called "total return" leads Gecina to acquire buildings, often older, to redesign and thus contribute to the energy and environmental transition of the locality.

Consequently, Gecina's influence is shown to be significant for four UN Sustainable Development Goals (SDG):

- SDG 3 "Good Health and Well-being", by the capacity of its buildings to be healthy, comfortable and productive living and working spaces (see section 7.3 "Priority 1: Generating productivity and well-being for the occupants of adaptable buildings" and 7.7.8 "Safety and control of risks");
- SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action", by the ongoing improvement of the energy efficiency of its operating portfolio, the development of renewable energy in its energy mix, the use of bio-sourced or reused materials, and the involvement of its clients and suppliers in the overall performance of its assets (see 7.5 "Priority 3: To reduce environmental footprint by a resource-efficient and carbon-neutral building");
- SDG 11 "Sustainable cities and communities", by its choice to be established in the urban areas and the contribution to their dynamism by promoting the accessibility of its buildings for all people and the diversity of uses (residential, student residences, businesses and offices) on a territory-wide basis (see 7.4 "Priority 2: Energizing the construction of a sustainable city by developing biodiversity and accessibility for all people").

7.1.2 STAKEHOLDERS AND THEIR EXPECTATIONS

Gecina identified eight stakeholders groups according to their degree of importance and their direct or indirect relations with the company: Government and local authorities, customers who are tenants and real estate users and investors, local communities and associations and NGOs, suppliers, investors and financial partners, employees, rating agencies and analysts, peers and competitors and professional associations. If these stakeholders contribute to Gecina's strategy (see 1.1 "Gecina's fundamentals"), the environmental, social and societal impacts of its activity generate expectations among them. Since 2013 the process has consisted in:

- identifying the expectations of each category of stakeholders from a direct or indirect dialogue with each of them (*via* the Stakeholders' Committee organized by a third-party, information watch, dedicated studies, etc.);
- evaluating the magnitude of Gecina's impacts on these categories of stakeholders and each other;
- proposing partnerships on the issues that require a group approach.

The presentation of the eight categories of stakeholders, the methods of dialogue, their expectations, their relative importance and a summary of the discussions that took place in the Stakeholders' Meetings organized on a regular basis since 2013, are available at the following address: ***http://www.gecina.fr/en/csr/stakes-and-stakeholders.html.***

7.1.3 MATERIALITY ANALYSIS

The materiality analysis ranks the issues identified to highlight those that create the most economic and societal value for Gecina and its stakeholders. On a regular basis since 2008, Gecina updates this analysis in order to, as necessary, adapt its priorities based on acquired experience, the analysis of the results of actions taken, the evaluation of best practices and expert opinions. Since the end of the year 2016, in view of the conclusion of its four year plan, and in 2017 following the joint venture with Eurosic, Gecina identified 76 issues using a documentary analysis of the major standards, practices of 11 peers, questionnaires from non-financial rating agencies and by collecting the information requested by the analysts, and the expertise of third parties taking part in the process, that of the Stakeholders' Meeting (in particular those of the December 2016 session – see page 225 of the 2016 Reference Document), of the Executive Committee and the employees surveyed. Among these issues, only 23 were preselected according to their importance and their occurrence, for an in-depth analysis:

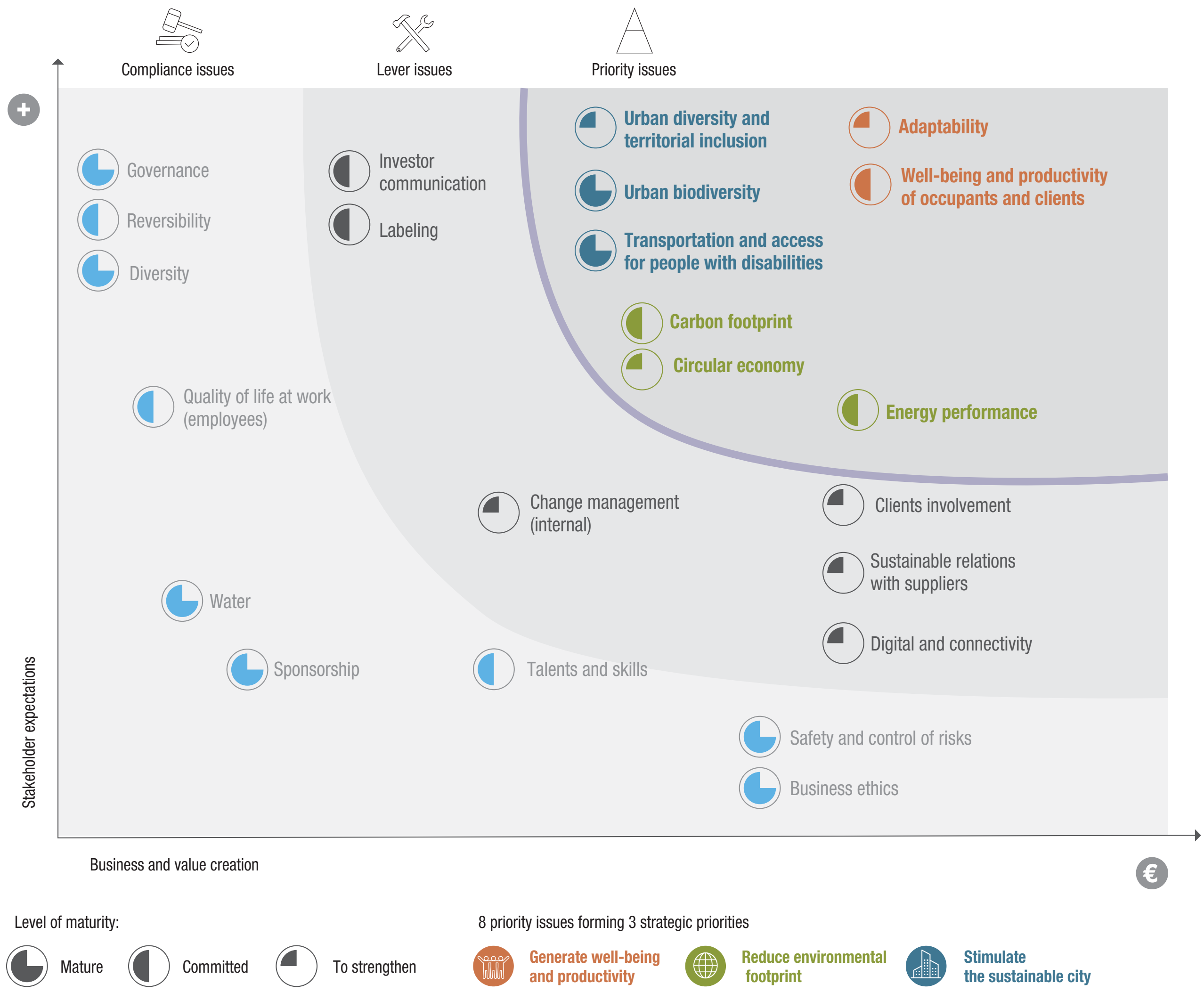
- of the potential to create or destroy economic value for Gecina (risks and associated opportunities, real or potential costs, capacities to materialize the financial value created);
- of the potential for creation of societal value for the stakeholders (recurrence and importance of expectations, impacts and measured societal challenges);
- of the level of Gecina's maturity in these areas, to identify the priorities for action (progress since 2008, actions and indicators deployed).

Eight priority issues appear following the analysis and outline three strategic priorities for Gecina:

- Strategic priority 1 - to generate productivity and well-being for the occupants of the adapted holdings;
- Strategic priority 2 - to energize the sustainable city by developing, in particular, biodiversity and accessibility for all people;
- Strategic priority 3 - to reduce environmental footprint by a resource-efficient and carbon-neutral building.

In order to reach a level of performance in these three areas of focus and create a collective dynamics with the stakeholders, six levers must be put in play. Finally, compliance issues were identified as fundamentals managed by Gecina and creating little differentiation on the market or among stakeholders.

GECINA'S MATERIALITY MATRIX



7.1.4 MATERIALIZATION OF THE VALUE POTENTIAL

The CSR actions deployed by Gecina to addres the issues identified in the materiality analysis are intended to while the main expectations of its stakeholders by strengthening its activity. Clients especially need exemplary offices to lend credibility to their CSR commitments and to retain talent. Contributing to the attractiveness of the assets, both from a rental point of view or that of acquisition, to cost or risk control, to the credibility of the company process and its legitimacy for territorial action, the actions implemented generate a value potential that can be materialized all or in part.

MATERIALISATION OF THE POTENTIAL VALUE FOR GECINA AND ITS STAKEHOLDERS BY PRIORITY ISSUES

Priority issues	Value for Gecina	Value for the stakeholders
Productivity and well-being of occupants and clients	▪ Commercial advantage, potential increase in rent ▪ Increase in the valuation of buildings (7% according to the World Green Building Council)	▪ Improvement in the productivity of the occupants (up to 15%), well-being and decline in absenteeism ▪ Contribution to the strengthening of the employer's brand
Adaptability	▪ Improve in the ability to pre-let ▪ Decrease in the vulnerability to extreme weather events ▪ Decrease in the time and costs of arranging changes for tenants	▪ Reduction in use of construction and finishing products materials ▪ Increase in the ability to customize buildings ▪ Improvements in the resiliency of the city to climate change
Territorial inclusion and urban diversity	▪ Increase in the valuation of buildings through development of surroundings ▪ Strengthening of the licence to operate for projects	▪ Contribution to the strengthening of the attractiveness of the surroundings ▪ Reduction of urban sprawl by the pooling of spaces and redesign
Urban biodiversity	▪ Increase in the lifetime of technical equipment by managing the UHI (urban heat island) effect ▪ Improvement of the licence to operate for projects ▪ Decrease energy consumption	▪ Attenuation of the UHI effect evaluated at 8°C in the city to the 2100 horizon ▪ Contribution to air quality ▪ Increase in the cognitive well-being of building and territory occupants by the impact of biophilia
Transportation access	▪ Increase in the rent and the valuation of an asset in the central neighborhoods ▪ Management of compliance concerning the accessibility for people with reduced mobility	▪ Reduction of the emissions and the pollution associated with the transportation of occupants (27% of the total carbon footprint of Gecina) ▪ Contribution to the well-being and productivity of the occupants
Carbon footprint	▪ Improvement in the increase of rent and the valuation of the asset ▪ Savings on carbon taxes	▪ Contribution to the control of the primary global challenge (the real estate sector represents 25% of greenhouse gas emissions in France) ▪ Support of the renewable energy industries
Circular economy	▪ Construction cost control through the reuse of materials ▪ Sale of materials on dedicated platforms	▪ Waste reduction (the construction and real estate sector represents 70% of waste produced in France) ▪ Reduction of impact related to the production of construction materials
Energy efficiency	▪ Improvement in the increase of rent and the valuation of the asset ▪ Strengthening of the attractiveness and the future profitability of the assets by adding the charges to rent ▪ Regulatory compliance	▪ Decrease in energy consumption (the real estate sector represents 40% of energy consumption in France) ▪ Reduction of energy charges (€14/sq.m/year on average for offices)

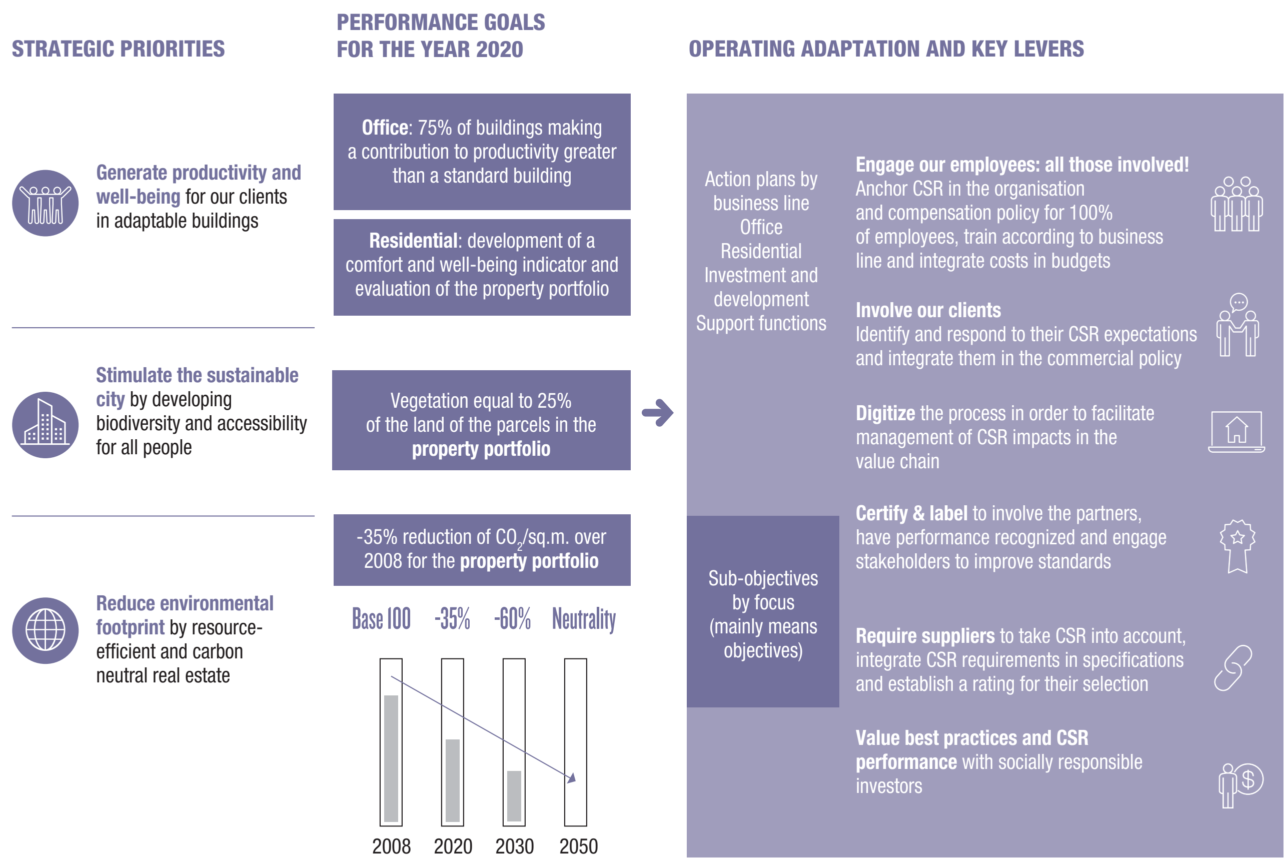
7.2 AN INTEGRATED CSR ROADMAP SUPPORTING THE STRATEGY

7.2.1 STRUCTURE AND KEY PRIORITIES OF THE CSR ROADMAP

The results of the completed materiality analysis (see 7.1.3 “Materiality analysis”), presented to the Executive Committee in March 2017, were shared with the representatives of the operational teams in order to adapt the thinking and target objectives to the new scope following the takeover of Eurosic group. This supplementary work took place from September to December 2017 in weekly workshops dedicated to CSR under the direct supervision of the Chief Executive Officer, Méka Brunel.

This work led to three strategic priorities for which Gecina has set performance targets for 2020. In response to these focus points, action plans have been adapted for the different business lines, integrating the six key levers identified, accompanied by specific sub-objectives (mainly tracking means implemented). These action plans are monitored as described in paragraph 7.2.3.2 “CSR management” and regularly updated according to progress and results.

STRUCTURING OF THE GECINA CSR ROADMAP



7.2.2 SUMMARY OF PERFORMANCE

Taking into account the impact of the long-term energy and carbon issues, Gecina anticipated updating its strategic thinking and put in place, starting in 2016, a climate roadmap setting the targets for the year 2030 (see 7.5.1 "Carbon footprint"). The major objective for reduction of greenhouse gas emissions of all uses combined, from 60% in 2030 compared to 2008 for the commercial properties, was viewed as compatible with the necessary trajectory to maintain the increase in the average level of planetary temperature at 2°C by the Science Based Targets (SBTi)(1) initiative. Gecina is thus the 1st French property company and the 3rd world-wide to have its goal recognized by the SBTi.

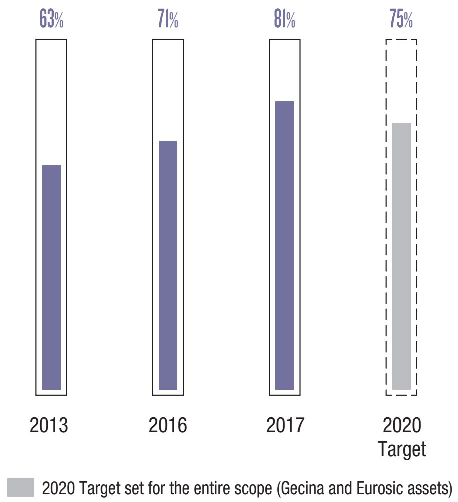
As part of this new CSR roadmap, Gecina has analyzed the entirety of its new scope (residential and commercial integrating the Eurosic portfolio) and has identified the actions and budgets necessary to extend the objective of reducing greenhouse gas emissions from all uses combined by 60% in 2030 compared with 2008. This goal over this extended scope will be again submitted to the SBTi for recognition in the year 2018, thereby demonstrating Gecina's commitment to climate change issues.

7.2.2.1 Performance indicators

Strategic priority 1: Generate productivity and well-being for our clients in adaptable buildings

GOAL: STRENGTHEN OCCUPANT WELL-BEING AND CONTRIBUTE TO THE CLIENT'S EMPLOYER BRAND

Office Buildings that promote the productivity and well-being of the occupants more than a standard building on the market



Key 2017 achievements:

- reconciliation of the property portfolio diagnosis with the methodology developed by the VIBEO working group;
- targeted investments to improve thermal comfort, ventilation, air quality and lighting of our office buildings under operation.

Main actions 2018-2020:

- promote the intangible value generated by increased well-being and occupant productivity during the prospecting phase;
- adapt the approach and assessment to the residential business.

GOAL: MAKE OUR BUILDINGS RESILIENT TO CLIMATE CHANGE AND ADAPTIVE TO CLIENT DEMANDS

FOCUS: methodology for risk analysis related to climate change, tracking 3 stages

- 5 major climate-related issues identified for the geographical area after studying 3 scenarios to 2070 (floods and intense rains, heat waves, droughts, higher temperatures and storms);
- 6 aggravating background factors analyzed;
- sensitivity assessments of the assets (by area and by unit).

Key 2017 achievements:

- mapping of Gecina commercial properties (excluding Eurosic - 72 buildings) and identification of nine priority assets in terms of limiting climate risk;
- 20 adaptation solutions identified.

Main actions 2018-2020:

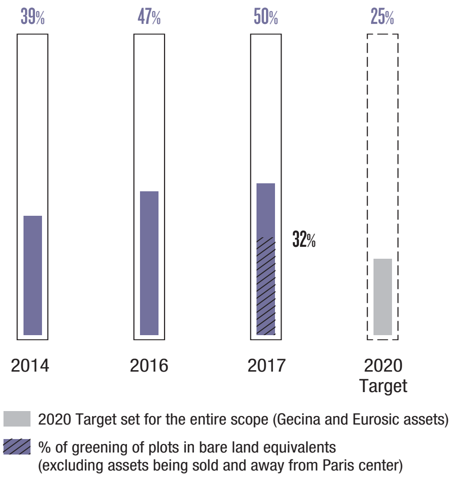
- extend the mapping to include commercial assets from the Eurosic portfolio and residential assets;
- incorporate the adaptation measures into the priority assets and the specifications of buildings under development;
- evaluate the cost associated with climate risks;
- define guidelines for adapting to new uses.

(1) The SBTI initiative was launched by the leading players to stimulate the competitive advantage of companies by making their economic models more carbon efficient based on targets compatible with scientific scenarios.

Strategic priority 2: Stimulate the sustainable city by developing, in particular, biodiversity and accessibility for all

GOAL: GREENIFY OUR SURFACE AREAS TO MITIGATE THE HEAT ISLAND EFFECT AND PROMOTE OCCUPANT SERENITY

Greenification of plots in the property portfolio in bare land equivalents ☑



Key 2017 achievements:

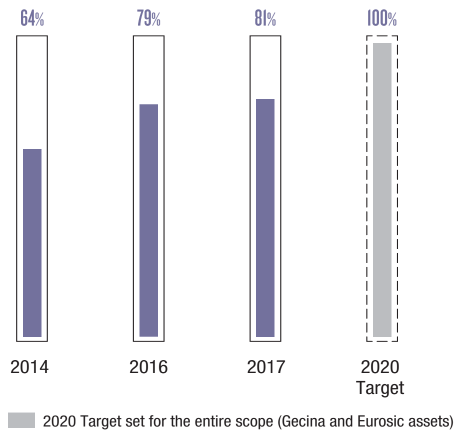
- annual update of biodiversity mapping of property portfolio;
- obtaining BiodiverCity© certification for the 55 Amsterdam and Grande Halle operations in Lyon.

Main actions 2018-2020:

- earn BiodiverCity© certification for every development;
- identify properties sensitive to the heat island effect and explore the potential for limiting this through biodiversity (green roofs, walls and façades);
- encourage tenants to consider species;
- develop the Eco-jardin label for the property portfolio.

GOAL: IMPROVE ACCESSIBILITY TO OUR BUILDINGS BY ALTERNATIVE MODES OF TRANSPORT

Office properties accessible by an alternative mode of transport (in % surface area)



Key 2017 achievements:

- maintained a high level of accessibility by public transport: 95% of property portfolio spaces located less than 400 meters from public transport;
- 473 recharging stations for electric vehicles (RSEVs);
- 98% of the common areas of the property portfolio assessed for disabled access.

Main actions 2018-2020:

- carry out the actions set out in the accessibility agenda to make the property portfolio more accessible to persons with disabilities;
- take further steps and have further discussions with the tenants for the buildings not easily accessed by public transport (five buildings in 2017);
- specify the extent of actual accessibility by public transportation.

GOAL: INCREASE THE PROPORTION OF SHARED SPACES IN OUR BUILDINGS

Focus: Third Place offerings

- 2 spaces opened in 2017;
- hosting nomadic employees of Gecina clients, project-based teams and creative meetings.

Secondesk

Key 2017 achievements:

- opening of Third Place;
- easy access to central offices for start-ups and small businesses (buildings awaiting reconstruction);
- pooling of parking spaces in 37 buildings.

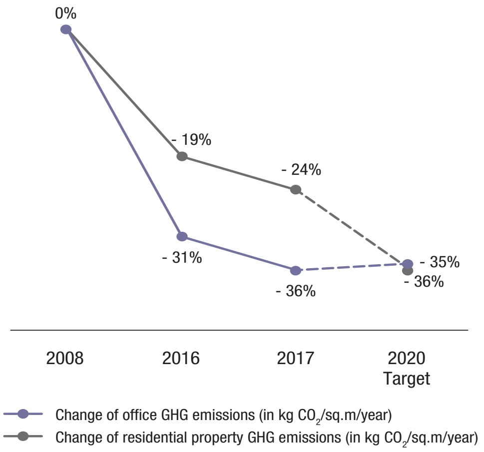
Main actions 2018-2020:

- pool spaces that can be shared (car parks, auditoriums, cafeterias, meeting rooms);
- systematize the temporary occupation of spaces awaiting reconstruction.

Strategic priority 3: Reduce environmental footprint with a resource-efficient and carbon-neutral building

GOAL: ACHIEVING ZERO NET EMISSIONS OF GREENHOUSE GASES (GHG) BY 2050

Change in the carbon performance of the property portfolio (all uses included) compared to 2008 ☑



2020 target set for the entire scope (Gecina and Eurosic assets) -36% related to residential assets -35% related to office assets.

Key 2017 achievements:

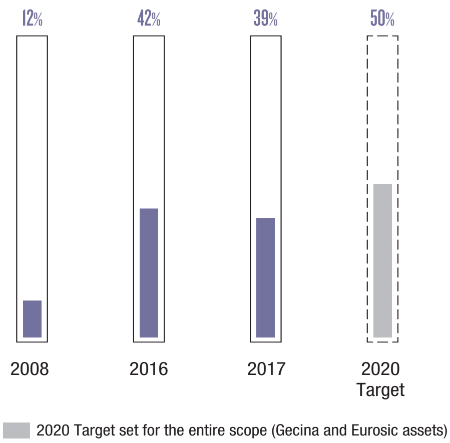
- improvement in the energy efficiency of assets in operation;
- analysis of the carbon footprint of acquisitions that will not be rebuilt in the short-term and setting of ambitious targets for our developments;
- offsetting residual GHG emissions of office properties.

Main actions 2018-2020:

- continue the key actions undertaken (energy efficiency, purchasing lower GHG-emitting energy) and roll-out across the property portfolio;
- include the carbon weight of products in the specifications;
- raise tenant awareness of reducing the carbon footprint related to their specific uses.

GOAL: IMPROVE THE ENERGY PERFORMANCE OF ASSETS AND INCREASE THE SHARE OF RENEWABLE ENERGY IN OUR MIX

Renewably-sourced electricity consumed in the total energy mix (excluding residential uses) ☑



Key 2017 achievements:

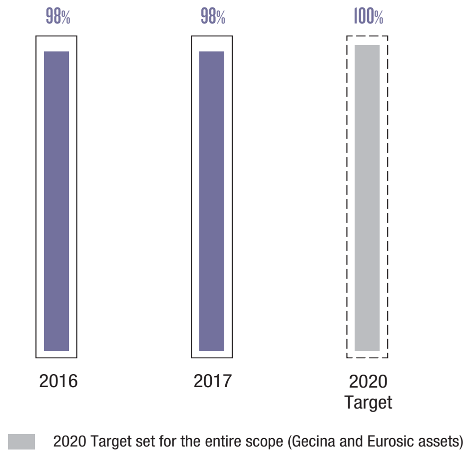
- increased purchasing of energy guaranteed of renewable origin;
- 7 office projects under development designed with a performance level below 70 kWhFE/sq.m/year;
- recalibration of technical equipment for greater efficiency (retro-commissioning) for 14 properties.

Main actions 2018-2020:

- produce renewable energy on each project developed;
- reach 70 kWhFE/sq.m/year for the developments;
- involve the tenants in the reduction of their specific consumption and encourage them to sign up for green energy.

GOAL: ECO-DESIGN OUR DEVELOPMENTS AND RECOVER ALL CONSTRUCTION WASTE, PROMOTING RE-USE AND RECYCLING

Construction site waste recovered in terms of material or energy (delivered properties)



Key 2017 achievements:

- conducted a re-use analysis on the 75 Grande Armée operation and reuse of certain equipment and materials;
- developed special partnerships for operated real estate assets (Le Relais, Cy-clope and Eco Clean) to promote re-use.

Main actions 2018-2020:

- take into account the disassembly potential for projects and LCA results in the choice of materials;
- standardize reuse diagnostics before demolition and make them freely accessible (especially via platforms);
- equip assets with selective waste collection facilities.

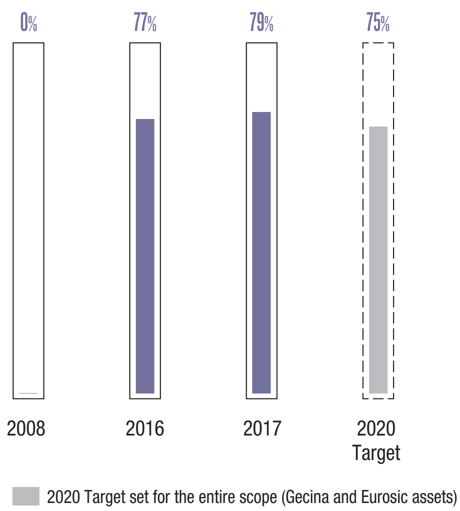
6 levers supporting the 3 strategic priorities of the CSR roadmap

ENGAGE OUR EMPLOYEES: EVERYONE IN!

Employees interested in achieving CSR objectives

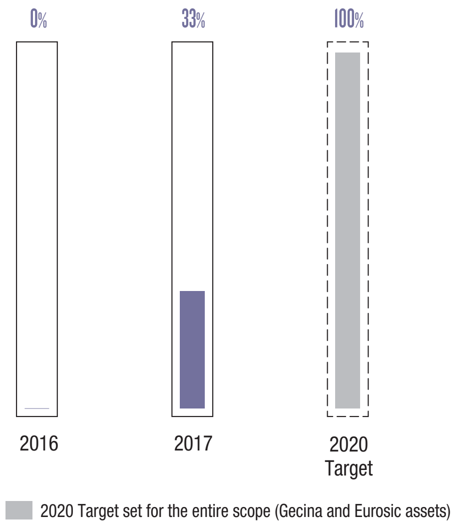
OBTAIN CERTIFICATION TO ENLIST THEIR SUPPORT

Office property surface areas certified HQE™ Operations ☑



DIGITIZE OUR PROCESSES

Projects under development using building information modeling (BIM)



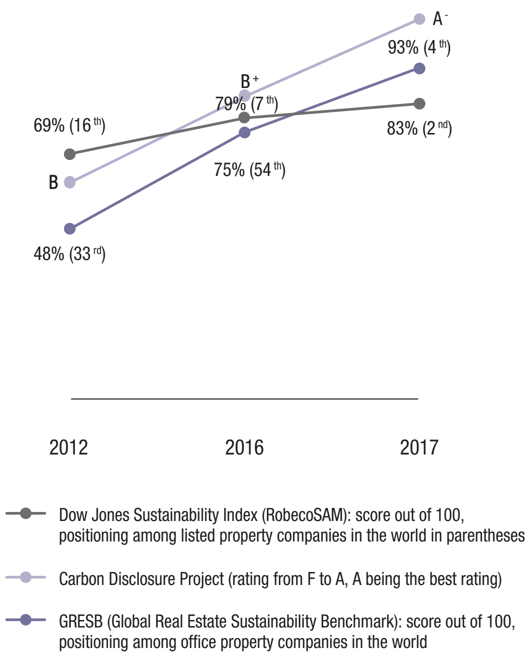
INVOLVE OUR CLIENTS

Focus: Integration of CSR into the Key Accounts approach

- 2017 key actions: establishment of the approach and identification of CSR priority themes;
- 2020 target: 100% of key accounts customers met for organizing CSR performance action plans.

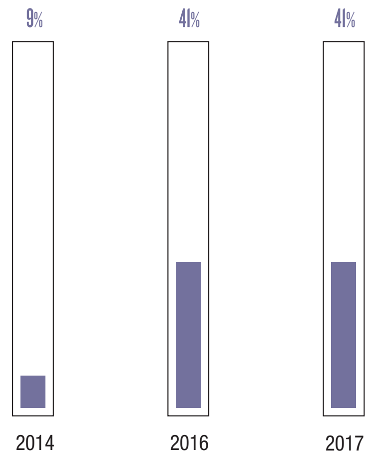
HIGHLIGHT CSR PERFORMANCE TO INVEST

Gecina's leadership in the major rankings



REQUIRE SUPPLIERS TO OBSERVE CSR

Suppliers assessed according to their CSR performance



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7.2.2.2 Results and analysis of non-financial rankings

The non-financial rating agencies carried out detailed evaluation of the environmental, social, societal and governance performance of Gecina, and compared it to that of its peers, for investors. Gecina responded to them in a spirit of transparency, dialogue and anticipation of emerging issues and continuing improvement.

Gecina improved its score in the following three classifications, identified as priorities in detailed review of their notoriety, their credibility, and the relevance of their questions with respect to the business sectors:

- Global Real Estate Sustainability Benchmark (GRESB): an 18-points increase in its score to 75/100 due to improvement in environmental performance. Gecina took 1st place among European office property companies and 4th place worldwide;
- Dow Jones Sustainability Index (DJSI) by RobecoSAM: Gecina took 2nd place worldwide due to a 4-points increase in its score reaching 83/100, carried by a 7-points growth with respect to the environmental criteria;
- Carbon Disclosure Project (CDP), climate change program: overall score of “A-” (against a sector average of “C” and an improvement over the “B+” awarded in 2016).

Gecina maintains itself in the 10 stock indices calculated by the non-financial rating agencies in which it was present last year.

The analysis of these evaluations shows that the improvement of its results on key indicators, the achievement of its targets and the deployment of innovative actions as part of the 2012-2016 plan were recognized by the evaluators, which placed Gecina among the best in the sector. Five main paths of improvement were identified:

- information on the rate of deployment of each of the performance improvement actions on the buildings;
- valuation of environmental and societal externalities created by Gecina’s business;
- transparency on the building materials used;
- formalization of Gecina’s specific expertise and quantification of return on investment related to actions for development of its areas of expertise;
- implementation of specific actions deployed in partnership at the end of the 1st phase of the responsible purchasing process.

All the results can be accessed on the Gecina website: ***http://www.gecina.fr/en/csr/policy-and-performance.html.***

7.2.3 CSR MANAGEMENT

7.2.3.1 CSR at the heart of the organization

As described in chapter 1 of this Reference Document, CSR is a key element of the company’s strategy. It is fully integrated in the processes and actions of the employees, as a vector of transformation whose impact on valuation is progressively materialized.

Proof of its exemplarity in the matter, on October 10, 2017, Gecina was granted the Integrated Thinking award in the category of European companies with less than 500 employees by the Responsible Capitalism Institute.

The CSR Department is attached to the Department of R&D, Communication and CSR, in order to:

- facilitate the integration of CSR, make Gecina's commitments a lever of exemplarity and strengthen the materialization of its impacts;
- reflect on, facilitate and structure the Gecina CSR process to inscribe it in the core of its business;
- steer the implementation of the CSR process in Gecina’s strategy, offer, process and tools by uniting all the company’s departments;
- nourish a productive dialogue with stakeholders.

The template for integration and animation of CSR in the organization was adapted to organizational changes that occurred in the year 2017 at the time of the joint venture with Eurosic.

Gecina’s business lines (Offices Department, Investments and Development Department and Residential Department) include CSR action plans and objectives in their missions, objectives and organization:

- the Department of Investments and Development takes into account the identified priority CSR issues in its analyses of acquisitions and in the design of restructuring projects (see 7.2.1 “Structure and key priorities of the CSR roadmap”). Its role is essential for the following:
  - to guarantee the non-financial performance of acquisitions intended for direct operation or potential for improvement when restructuring is targeted,
  - to facilitate the overall progress of Gecina in regard to certain issues (such as biodiversity or disabled accessibility) that cannot be improved within the restructuring;
- the Offices and Residential Departments placed sustainable development at the heart of the operational management of the assets:
  - in the Management function or the dialogue with the tenant clients and environmental appendices facilitating the commitment of the latter,
  - within the Technical cross-functional department, the various employees carry out direct tasks on the CSR aspects of the asset (energy and greenhouse gases, water, certification, biodiversity, waste, etc.) in the diagnostic phases or when carrying out progress plans and steer deployment of the CSR mapping of the property portfolio,
  - in the asset management process (analysis of the CSR quality of assets in the asset reviews) and the creation of multi-year budgets.

In addition, the CSR prerequisites were formalized in the management systems used during the construction and operation phases.

The General Secretary, whose main mission is to give the company the human and technical resources to implement its strategy, takes into consideration the deployment of actions linked to change management leveraging and other identified issues such as diversity, quality of life at work, sponsorship or talent and skills management. This person co-steers the integration of the CSR criteria in the variable compensation mechanisms of employees.

The Legal Department provides the expertise necessary for the deployment of new actions concerning all of the issues identified.

The Finance Department coordinates the integration of CSR in communications with investors and facilitates the materialization of the non-financial impacts.

Focus on the CSR mapping of Gecina's properties

Since 2008, Gecina conducts a mapping process on its property portfolio on all the non-financial themes applicable to a responsible asset (see pages 205, 206 and 227 of the 2016 Reference Document). The detailed score of each asset (CSR score) and its potential for improvement (action plans, budgets and CSR target score) are consolidated in an ID card.

These audits were deployed in 100% of the surfaces of office assets (72 assets) and 70% of the surfaces of student residences (10 assets). Each asset acquired for operation in its existing state is subject to an audit that uses this methodology to analyze its performances, its potential, and the actions necessary for improvement.

The audit reports are shared with all parties intervening in the buildings and the actions identified are included:

- in the multi-year work plan following the feasibility study for identification of the necessary investment budgets;
- in the objectives set for multi-techniques;
- in the discussions with the tenants.

These elements are integrated into a performance monitoring and steering tool for each asset (Performance Improvement Action Plan, PIAP) and consolidated at the property portfolio level. In the beginning of 2018, the PIAP monitoring tool will be included with the CSR reporting tool for more reliability and better sharing among operating teams (see 7.2.4.2 "Digitized non-financial reporting").

7.2.3.2 CSR governance and management

The CSR Department is represented on the Executive Committee by the Director of R&D, Communication and CSR (Brigitte Cachon) and the CSR Director is a member of the company's Management Committee (Aurélie Rebaudo-Zulberty). The CSR issues and action plans are therefore fully integrated and represented in these governance bodies of the company.

Since 2013 for members of the Executive Committee, 2014 for members of the Management Committee and 2015 for all manager-employees in the company (that is 46% of company employees), individual objectives linked to CSR issues and correlated with variable remuneration have been implemented, thereby contributing to the consistency of the company's management system. The weight of the CSR objectives thus assigned in the final evaluation of results and thus in the allocation of bonuses, represents between 2% and 15% on average of the final evaluation of employees (except for the CSR Department). The individual objectives included in the variable remuneration schemes will be aligned with the objectives by business line documented in a roadmap in 2018.

CSR was placed twice on the agenda of the Audit and Risk Committee in 2017 for a discussion about results and for a more in-depth study of the terms of the review conducted by the third-party organization. Taking into account the work necessary for the integration of the Eurosic property portfolio, the CSR roadmap will be included in the Meeting agenda of the Strategic Committee of the Board of Directors in 2018.

Composed of four full-time employees, the CSR Department monitors the progress and proper deployment of CSR action plans in relation to the objectives set with the main departments concerned through:

- a quarterly Climate Committee Meeting of the representatives of the 15 company functions impacted by the action plans on the subject which in 2018 will be enlarged to 17 members (designated as CSR referents) to coordinate the cross-disciplinary actions on all of the CSR themes. It will be chaired by the Chief Executive Officer, Méka Brunel;
- quarterly Business Line Meetings (offices in 2017 then offices, residential and investments and development starting in 2018) dedicated to operational monitoring of specific actions and to sharing of CSR information;
- specific discussions with the CSR referents and those performing actions identified in the departments of operating business lines.

In this system, the CSR referents are in charge of transferring and referring the demands of the CSR Department, reacting to ideas submitted by it and preparing the Meetings of the CSR Committee.

In addition, reporting on the progress of non-financial actions and performance will be formally added to the Meeting agendas of the Executive Committees, starting in 2018.

Gecina's CSR governance and simplified management chart is accessible on the website ***(http://www.gecina.fr/en/csr/politicy-and-performance.html)***.

7.2.4 CSR REPORTING

7.2.4.1 Reporting focused on Gecina's strategic priorities

Anticipating the application of the European directive on non-financial reporting, and consistent with the integrated reporting approach initiated in 2014, Gecina summarized the main financial and non-financial information in chapter 1 of this document. This includes the key figures, the value creation model and description of the business model as well as the contribution of the stakeholders to the company's strategy. In addition, chapter 7 details the strategic priorities of the CSR roadmap resulting from the materiality analysis (see 7.1.3 "Materiality analysis") and consolidates most of the public information. Cross-references to specific documents published on the company's website (www.gecina.fr) are provided for the expert public, in particular the leveraging issues.

Convinced of the role of non-financial information in continuous improvement, Gecina has built a reporting system compliant with the following principles of quality:

- that can be used in internal decision-making to facilitate analysis and corrective action;
- exhaustive since all of Gecina's operating surfaces (excluding Eurosic's assets) are taken into account in the report. Exclusions from the scope for the indicators related to consumption correct the effect of asset rotations (17% of surfaces);
- representative, Gecina having set the objectives at current basis in order to reflect the reality of its impacts;
- as opposed to like-for-like objectives, which would have ignored the portion of its property portfolio reflecting the rotation of assets;
- adapted to its activity since the indicators are specific to Gecina's business lines (operation and development) and the types of assets (Offices and Residential);
- applicable with respect to the expectations of the stakeholders, the indicators of the methods for calculation are consistent with the major standards and the requests of the stakeholders (customers, rating agencies, investors);
- reliable, beacause no reservation or observation from the independent third-party agency has been issued since the financial year 2013, despite a high proportion of verified indicators with a high requirement level (20 out of 47 with reasonable assurance).

LEVEL OF DETAIL OF THE INFORMATION REPORTED IN THE 2017 RD FOR EACH TYPE OF CONTENT DEPENDING ON ITS MATERIALITY

	Type of Content			
Materiality	**Context & Definition**	**Actions**	**Data**	**Verification by independent third party**
Strategic priorities	Contextualization and precise explanations for each issue	Detailed presentation of action plans	Details of relevant indicators and specific analysis of changes over time	Reasonable assurance
Lever issues	Key points of contextualization and definition related to strategic priorities	Presentation of the main actions	Analysis of changes in key indicators	Moderate assurance
Compliance issues	Key explanations for understanding	Describe of the main actions	Indicators and main changes over time	Review of consistency

7.2.4.2 A digitized non-financial report

In order to facilitate and make the collection, consolidation and calculation of non-financial information reliable, Gecina has implemented a dedicated reporting tool. The indicators associated with energy, carbon, and biodiversity, the contribution to the productivity of the occupants, accessibility and transportation, waste and water are all tracked with this software. In December and January, the raw data are imported. The automated calculations only require updating of the emission factors and the energy mix for each year.

This set-up is based on the rules established in Gecina's reporting protocol available on the website *(http://gecina.fr/en/csr/reporting-ecosystem.html)*.

For each indicator, the protocol defines:

- the scope;
- the terms of the indicator and each data point used;
- the data collection processes, calculation rules and methodologies;
- the interpretation, consolidation, validation and control procedures.

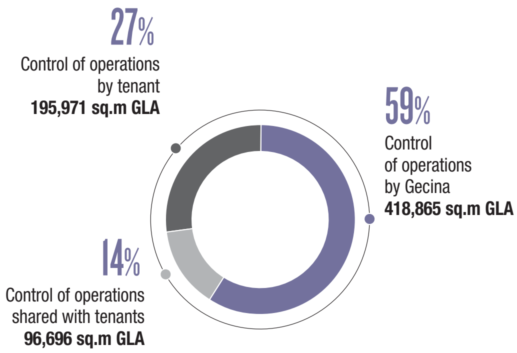
7.2.4.3 Summary of the non-financial scope and reporting period

Activities concerned

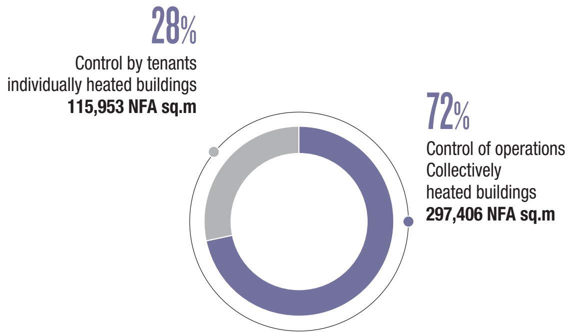
- The scope covers all operational and development activities of offices and residential (including student residences) properties from January 1 to December 31 of the reporting year (year Y). Gecina operates exclusively in France. As the joint venture with Eurosic took place in the 2nd part of the year 2017, the non-financial information published in this document, except for duly mentioned exceptions, only includes the property portfolio of Gecina prior to the transaction. The consolidated information for the entirety of the scope will be published starting from the 2018 reporting period.
- The scope integrates all of the assets regardless of the level of operating control (full control by Gecina, shared control with the tenant or full control by tenant). Gecina has different levers for influencing the performance of the assets:
  - when Gecina has full control over the operations, the company manages all action levers to guide performance;
  - when Gecina has partial control, part of the action levers may be activated directly by Gecina to improve the performance and some require a dialogue with the tenants;
  - when the tenant has sole responsibility for operating the site, Gecina has no control over the action plans deployed in the buildings. A study of developments in the key account clients has revealed that a majority of them, through their responsible approach, have committed efforts to improve these aspects. Gecina hopes to strengthen the dialogue with the latter to facilitate implementation of the key action levers.

Breakdown of property surface areas in operation according to Gecina's operational control

BY SURFACE AREA AND % OF SURFACE AREA (OFFICES)



BY SURFACE AREA AND % OF SURFACE AREA (RESIDENTIAL)



For the residential portfolio, differentiated tracking is used depending on the usable points of leverage, as between:

- Buildings with collective heating, whose operation is under Gecina's control and whose actual consumption, climate adjusted, is measured (31 assets or 72% of residential space in 2017) and used as the basis for actions taken (work on the structure, changing energy source, improving how the property is operated); and
- Buildings with individual heating, whose operation is not under Gecina's control and for which the EPC methodology is used, given the difficulty of collecting the invoices of actual consumption for large numbers of tenants, as the basis for actions taken (work on the structure and changing energy source - 21 assets, i.e. 28% of residential spaces in 2017).

Employees taken into account in the reporting scope

The following are included in the scope:

- head office: the administrative employees of Gecina (except for Eurosic and duly mentioned exceptions);
- Group: the head office scope, building staff and caretakers.

The coverage ratio corresponds to the number of employees taken into account to calculate the indicator over the total number of employees in the scope concerned.

Assets included in the reporting scope

- The reporting scope for indicators linked to operation takes into account all assets present at December 31 of year N. An asset sold in year N is therefore excluded (even on disposal of one or more units in a residential building) from the scope and an asset acquired or delivered in year N is added to the scope.

  However, for indicators concerning occupants' consumption of utilities (energy and water use, waste collection and sorting and GHG emissions), in order to guarantee the highest reliability and comparability of data, the following assets are excluded:
  - in operation for less than one year;
  - with a physical occupancy rate below 50%;
  - acquired for reconstruction in the short term (within less than five years and identified in asset review.
- For indicators concerning construction certification and life cycle analysis, assets taken into account include all assets delivered in the year following a reconstruction or construction project.
- For indicators related to certification in operation, assets acquired for a very short-term restructuring (three years) whose date of departure of the tenant is known, are excluded.
- The indicator associated with the EMS (Environmental Management System) includes assets in operation, assets under construction and reconstruction and assets in design during the year. These rules are intended to smooth out the effect of the rapid rotation of assets on the time-series data, for a better analysis of changes.

The coverage ratio corresponds to the number of buildings or the sum of surface areas taken into account to calculate the indicator divided by the total number of buildings or the total surface area of the buildings in the scope concerned in relation to the indicator (offices or residential including student residences).

The surface areas used are:

- gross leasable area (GLA) for offices;
- net floor area (NFA) for residential assets.

2017 REPORTING OFFICES AND RESIDENTIAL SURFACE AREAS

		Number of buildings 2017	2017 Surface area
Offices (GLA, sq.m)	Scope in operation	72	860,082
	Scope in operation considered for consumption indicators	61	711,532
	Scope under construction or restructuring	13	211,328
	Scope delivered during the year	2	32,776
Residential including students residences (NFA, sq.m)	Scope in operation	52	413,359
	Scope in operation considered for consumption indicators	52	413,359
	Scope under construction or restructuring	3	11,862
	Scope delivered during the year	2	7,682
Total (sq.m)	**Scope in operation**	**124**	**1,273,441**
	Scope in operation considered for consumption indicators	**113**	**1,124,891**
	Scope under construction or restructuring	**16**	**233,190**
	Scope delivered during the year	**4**	**40,458**

For the intensity indicators calculated per occupant of the buildings, given that it is impossible to obtain the actual number of occupants, the following are taking into account:

- the security staffing for office assets, corrected by the physical occupation rate;
- a ratio of 20 sq.m/occupant for residential assets corrected by the physical occupation rate;
- of the number of beds in student residences, adjusted by the rate of physical occupancy.

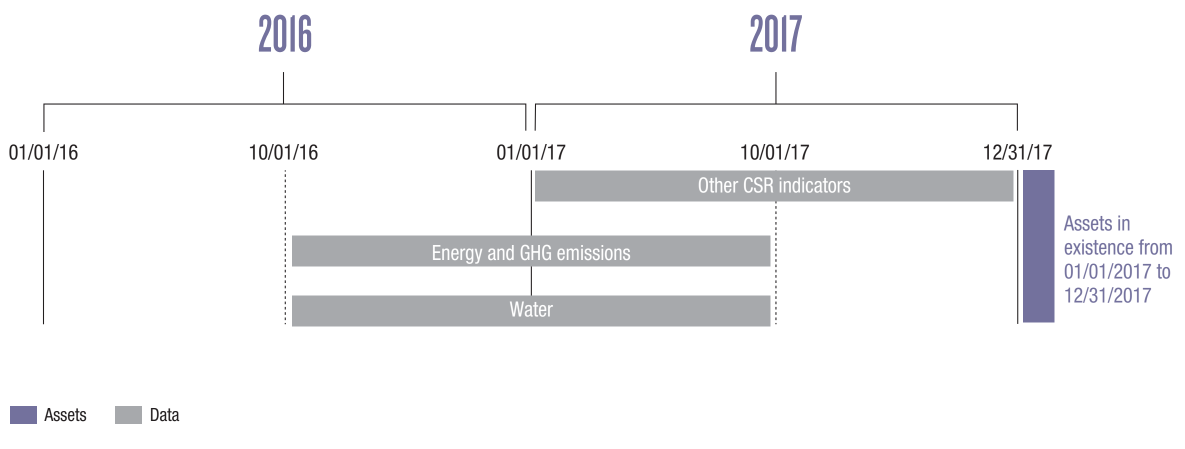
Lastly, to monitor the performance specifically linked to actions implemented on the portfolio, energy consumption and greenhouse gas emission indicators are corrected for climate hazards. This method is used by most real estate companies, especially French. Methodological precisions are accessible in Appendix II of the online reporting protocol on the website (*http://gecina.fr/en/csr/reporting-ecosystem.html*). These indicators are not corrected for changes in the behavior of users nor for activity variations (daily and weekly occupancy periods, tenant type of use, etc.).

Changes in scope

From one year to another, changes in scope may be due to the following causes:

- acquisition, development or sale of assets;
- start-up or wind-up of businesses.

REPORTING PERIOD



7.2.4.4 External verification of non-financial information

Since 2011, as a listed company and as required by Article R. 225-105-1 of the French Commercial Code (known as Article 225 of the Grenelle 2 Act), Gecina has arranged for the external verification of the social, environmental and societal information disclosed in its management report, in accordance with the procedures described in its reporting protocol.

In agreement with the Audit and Risks Committee of the Board of Directors, Mazars, an organization accredited by COFRAC, was appointed by Gecina's Chief Executive Officer as the Independent Third Party to audit the social, environmental and societal information disclosed in the management report for the financial year ended December 31, 2017. Combating food waste is not relevant for Gecina's activity, this topic is excluded from the report.

The audit engagement covering topics defined by Article R. 225-105-1 of the French Commercial Code is composed of two parts:

- the review of the completeness of the information disclosed;
- the review of the fairness of the information disclosed.

The indicators may thus be reviewed:

- with reasonable assurance: the highest level of assurance, this certifies that the relevant indicators were established fairly in all material aspects, in accordance with the reporting standards;
- with moderate assurance this level of assurance certifies that the information does not contain any material misstatement likely to call into question its fairness;
- with review of consistency this level of assurance certifies the consistency of the information disclosed.

In accordance with the professional standards applicable in France and with the ISAE 3000 international standard, the data verification sample used to calculate the indicators and the quantity of supporting documents requested for the qualitative disclosures are larger for the reasonable assurance level (coverage of around 50% of overall data) than for the moderate assurance level (coverage of around 20% of overall data). Furthermore, Gecina deliberately seeks a reasonable level of assurance, whereas the regulatory audit only requires a moderate assurance level and consistency review. At the end of this audit, the Independent Third Party issues a report describing the procedures implemented and including:

- an attestation of completeness of the disclosed information;
- an opinion on the fair presentation of the disclosed information;
- the audit procedures used in the assignment.

The audit carried out in 2017 received an unqualified opinion in all aspects (see 9.2.2.5 "Independent third-party report on consolidated social, environmental and societal information published in the management report").

DISTRIBUTION OF AUDITED INDICATORS ACCORDING TO LEVEL OF ASSURANCE

	"Reasonable assurance"	"Moderate assurance"	"Review of consistency"
Number of indicators	20	16	21
including KPI	13	6	1

NB: in this document, the 2017 data that have been audited at the highest level "reasonable assurance" by the Independent Third Party are identified by the symbol ☑.

7.3 PRIORITY 1: GENERATE PRODUCTIVITY AND WELL-BEING FOR THE OCCUPANTS IN ADAPTABLE BUILDINGS

7.3.1 PRODUCTIVITY AND WELL-BEING OF OCCUPANTS AND CLIENTS

7.3.1.1 Background

Various scientific studies have shown that the characteristics of a building influence the conditions of well-being of its occupants. However, in office buildings, their well-being has an impact on both work efficiency and hours worked by reducing absenteeism, turn-over and delays. Since productivity is defined as the quantity of goods or services divided by the cost of labor, a correlation can be established between the characteristics of a building that impact the well-being of the occupants and their productivity. Since office-based costs for an office tenant are for the most part related to the salaries it pays its employees[1], the contribution of the building that it occupies to their productivity is a critical factor in improving its operating income (unvarying production for a reduced cost at the workstation or higher production for the same cost). This additional use value for the tenant contributes to the strengthening of the immaterial value of the asset.

Studies conducted with Goodwill Management in 2013 on four buildings in Gecina's property portfolio demonstrated the economic gains for tenants linked to the enhanced productivity derived from the intrinsic qualities of these buildings, in the order of around 25% of the rent (see example below for one building).

ECONOMIC ASSESSMENT OF A GECINA BUILDING COMPARED TO A RIVAL BUILDING

Type of additional cost or gains	Gecina building compared to a rival
Expenses linked to additional operating cost	-€399,946
Revenue generated by productivity gains linked to the intrinsic qualities of the building	+€1,657,538
Revenue generated by productivity gains linked to its central location (close to retail and transportation)	+€619,498
Expenses linked to the building's additional rent	-€726,083
TOTAL (GAINS FOR THE TENANT)	**+€1,151,000**

According to the methodology developed by the VIBEO[2] working group, the characteristics of the building that impact the well-being of its occupants can be grouped according to various criteria presented below in decreasing order of influence:

- the **quality of access to the building**, such as proximity to an urban center, the amount and frequency of transportation available and the number of shops and services;
- **physical well-being**, such as thermal comfort, ventilation, air quality, glare, lighting and personal space;
- **motivation**, such as the location of the building, its maintenance and identity, the feeling of safety related to the neighborhood or the modularity of offices;
- **cognitive well-being or serenity**, such as the exterior view, proximity of natural spaces, interior and exterior noise, spaces for relaxation;
- the **non-work time spent in the building** by the occupants, such as the accessibility of the stairs and Meeting rooms, availability of elevators, quality of organization of vertical and horizontal flows, technical flexibility of the building and services offered (restaurant, parking lots, concierge, showers, gym, etc.);

Based on these results, Gecina has updated its measurement indicator for the contribution of its office buildings to the productivity of their occupants (detailed method on page 235 of the Gecina 2015 Reference Document).

To be consistent with the VIBEO methodology, the results of this simplified indicator are expressed in the form of labels identifying for each building the difference in contribution to occupant productivity compared to a standard building (average to good qualities for all of the evaluated characteristics).

(1) *According to a 2010 study by the US Department of Labor, workplace costs are 90% salary, 9% rent and 1% expenses (including energy costs).*
(2) *Immaterial value of buildings and well-being of occupants (Valeur Immatérielle des bâtiments et Bien-Être des Occupants) – a Working Group made up of the companies BNP Paribas Real Estate, Bolloré Logistics, Bouygues Construction, EDF, Engie, Foncière des Régions, Gecina, Goodwill management, Ivanhoé Cambridge, Saint Gobain and Sercib – to scientifically determine a theoretical methodology for evaluating the contribution of an office building to the productivity of its occupants (based on the Thésaurus Ecopolis© model of GoodWill Management) and verify it in a series of in situ tests.*

The results of these assessments for the characteristics that can improve without a restructuring of the building are taken into account to determine the means of improving the performance of the property portfolio and are incorporated into the performance improvement action plans (see 7.2.3 "CSR management"). The main key actions are presented in the table below.

For residential property portfolio, most of these characteristics have an impact on the initial choice of housing and encouraging tenant loyalty. The methodology applied for office properties will be adapted to the residential sector starting in 2018 to define action plans and improve the performance of assets in this area.

7.3.1.2 Actions and results

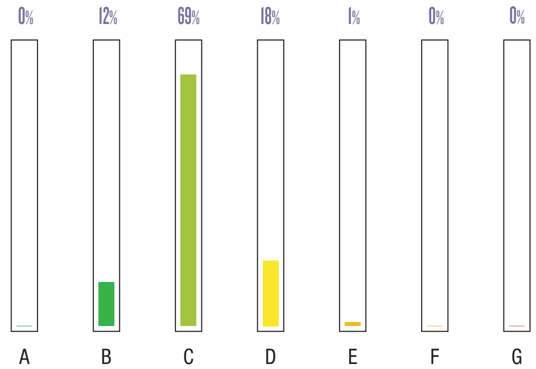
Theme	Key actions	Progress and results
Physical well-being of occupants	▪ **thermal comfort:** systematic incorporation of individual adjustment devices, replacement of heating and cooling systems with radiant technologies ▪ **ventilation**: systematic installation of individual adjustment devices ▪ **air quality:** improved air filtration systems ▪ **glare** control: systematic installation of interior shades ▪ **lighting**: deployment of presence and light sensors	▪ Specifications now being written for typical work needed to renovate office areas and common areas, including the equipment necessary according to the five criteria (thermal comfort, ventilation, air quality, glare and lighting) and replacement of fan-coils on two properties ▪ Establishment of target performance levels for reconstruction projects
Cognitive well-being or serenity of the occupants	▪ **proximity of natural spaces**: greening of outdoor spaces ▪ **Indoor and outdoor noise**: installation of acoustic woodwork adapted to the external context and acoustic baffles on the ducts	▪ The establishment of action plans for improving the green spaces of equipped buildings (49% of the assets in operation) and accessibility to green spaces with respect to all projects under development ▪ Replacement of the woodwork of two assets in operation in 2017, identification of target buildings for 2018 and performance measures per type of equipment to check compliance with the objectives set for each development
Occupant motivation	▪ **building maintenance**: regular maintenance of facade, maintenance of common areas and outdoor spaces ▪ **modularity of the building**: use of architectural features that make it possible to reconfigure spaces	▪ Cleaning of façades of two assets in operation, renovation of floors on four assets and green spaces on one asset ▪ Incorporation of adaptability to the changing needs of occupants (modularity) for projects under development
Time not worked spent in the building by occupants	▪ **Availability of elevators:** use of technical solutions to make elevators more available ▪ **Stairs:** installation of standardized, improved signage ▪ **Services:** deployment of multiple services to occupants	▪ 14 elevators renovated on four assets for improved service ▪ Installation of handrails on one asset ▪ Renovation of company restaurants on two assets and electrical recharging terminals on one asset

7.3.1.3 Analysis of Performance

The results of the portfolio analysis are presented according to the labels for contribution to occupant productivity compared to a standard building.

LABELS FOR CONTRIBUTION TO OCCUPANT PRODUCTIVITY (DIFFERENCE IN PRODUCTIVITY COMPARED TO A STANDARD BUILDING)

DISTRIBUTION OF GECINA'S BUILDINGS ACCORDING TO THEIR LABEL FOR CONTRIBUTION TO OCCUPANT PRODUCTIVITY



In 2017, 81% of buildings in Gecina's office portfolio contributed more to the productivity of their occupants than a standard building available on the market. This figure exceeds the target of 75% that Gecina set for 2020. However, a comprehensive assessment of the quality of the offices portfolio can only begin in 2018, given the analysis underway of Eurosic's property portfolio. Depending on the results of the analysis, specific improvements will be identified for implementation.

The changes in methodology occurring in 2017 have complicated the direct comparison of results to those obtained in 2016.

7.3.2 BUILDING ADAPTABILITY

7.3.2.1 Background

The adaptability of a building is characterized by its ability to evolve in time depending on changes:

- in the usages and needs of its occupants, such as the increasing need for useful surface areas, changes in the breakdown and location of group and individual spaces, or the densification of occupation in the building;
- in the physical conditions of its environment, and mainly those linked to the effects of climate change and an increase in temperatures by at least 2°C.

In order to facilitate the implementation of new usages and respond to changes in the needs of occupants, certain structural, architectural and technical provisions must be made in the initial design of a building. These involve the capacity and size of the building, the walls, the partitioning, the integration, the choice in the sizing of technical systems or the implementation of vertical servicing, rest rooms and emergency exits.

One study, conducted by the firm Carbone 4 for Gecina, based on bibliographical sources[(1)], analyzed climate change in the Île-de-France region to the 2070. This study was conducted using three scenarios of evolution in greenhouse gas (GHG) emissions from the GIEC report [(2)]: optimistic scenarios (RCP 2.6), neutral (RCP 4.5) and pessimistic (RCP 8.5). This study shows that the risks of flooding remain very high on a regional level. The risks of major droughts causing the shrinking and swelling of clay present an increasing trend, as well as the risks of heat waves and the average increase in temperature level. All of the climatic hazards, taken together, will have more or less major consequences on structures, equipment and the functioning of buildings depending on the specific context linked to their location, their intrinsic capacity for adaptation, and measures that could be taken to reduce their vulnerability.

(1) Climate change in Paris (Le changement climatique à Paris), Agence Parisienne du climat – Météo France; Prospective study of the impacts of climate change on buildings to the 2030-2050 horizon (Étude prospective sur les impacts du changement climatique pour le bâtiment à l'horizon 2030 à 2050, ADEME - January 2015; climate report on France in the XXIst century (Rapport Climat de la France au XXIe siècle), Volume 4: Regionalized scenarios (Scénarios régionalisés) -2014 edition - for the metropolis and the overseas regions, directed by Jean Jouzel – August 2014; MÉTÉO-FRANCE report - EPICEA Project - Part 1: Changes in the Paris climate (Évolution du climat de Paris) 2011.

(2) Intergouvernemental group of experts on climate change.

7.3.2.2 Actions and results

Theme	Key actions	Progress and results
Adaptation to the usages and needs of occupants	■ Deployment of structural systems to facilitate the organizational evolution of the space (reserves for networks, zoning and scalability of power reserves) ■ Deployment of structural systems to facilitate the modularity of the building (façade openings facilitating the entry of daylight) ■ Establishment of key premises to enable the evolution of the densification of floor space for offices and facilitate the transformation of living spaces for housing units	■ 100% of buildings developed for high levels of performance to meet the "adaptability" criterion of HQE™ Construction certification and thus reflecting the key actions
Adaptation to climate change	■ Definition of a methodology for analyzing risk by family of buildings for five major hazards (heat waves, flooding, droughts, storms and average temperature increases) ■ Mapping commercial and residential properties with analysis of capacity for adaptation of the assets (to evaluate net risk) ■ Evaluation of costs linked to climate risk ■ Implementation of adaptation measures in the specifications of buildings in development ■ Incorporation of adaptation measures in the specifications of buildings in development	■ A study carried out in 2017 by the firm Carbone 4 taking into account the five major hazards and six aggravating contextual factors for seven families of offices ■ Creation of a mapping of Gecina's commercial properties (excluding Eurosic, i.e., 72 buildings) and identification of nine priority assets ■ Completion of the mapping of Gecina commercial properties (excluding Eurosic, which includes 72 buildings) and identification of nine priority assets ■ 20 solutions for adaptation identified for the priority buildings and arbitrage to carry out depending on evaluation of the cost of impacts (in 2018) ■ Changing specifications based on asset categories (launching in 2018))

Focus on adaptation to the usages and needs of the occupants

Faced with a rapid evolution of organizations, companies more and more must reconfigure their work spaces (open platforms, partitioned offices or Meeting rooms), even if only temporary. A Gecina tenant, for example, has identified that all of the building platforms that they lease are subject to remodeling every two years.

Given that the ventilation systems condition the capacity for remodeling of spaces according to needs, Gecina is developing technical solutions facilitating the adaptation of its property portfolio, such as on the buildings:

- 32 Guersant, for which front air arrival modules are installed following a scheme authorizing the channeling and extraction of new air up to 120 m^3/h. Each system can be equipped with a CO_2 sensor for modulating the speed depending on the occupancy in the Meeting room;
- Grande Halle, for which adaptation is provided by air distribution terminal systems, of the chilled beam type. An additional motor may be added, as needed, to increase the ventilation speeds and guarantee, in the case of installation in Meeting rooms, the supply of new air adequate for the comfort of the occupants.

According to the setup of the building, Gecina is studying the possibility of designing spaces for multiple functions, following the example of the Be Issy building whose reception hall can be reconfigured as an auditorium.

Focus on adaptation to climate change

To limit the physical risks related to climate change on the buildings as well as their financial impacts, Gecina has begun a process of analysis resulting in the implementation of action plans for improving the resiliency of assets defined as priority assets.

The first step in this study, conducted with the help of the firm Carbone 4, consisted in analyzing the vulnerability of all of the operating office assets faced with six major climactic hazards: heat waves, intense precipitation and flooding, increase in average temperatures, droughts and storms. Vulnerability profiles were thus created for seven families of buildings based on their technical characteristics (construction and architectural modes, equipment, wall coverings, etc.). These profiles list the physical and functional impacts of each of the hazards on different units: structure (roofing, superstructure, etc.), technical equipment (electricity, heating, ventilation air conditioning, etc.) as well as the usages. For example, during heat waves, the power needed for air conditioning will be greater and the thermal comfort on the occupants will be worsened. These impacts are evaluated according to a predefined scale (not serious, major impact, breakdown) to create an aggregate vulnerability rating for each risk. Secondly, the surrounding environment was analyzed to take into account any aggravating or attenuating factors related to the local context of the different buildings.

The building risk index, for a given hazard, is obtained by crossing the vulnerability rating with that of the projected risk according to a climate scenario and a given time horizon. Details on the methodology are available on the Gecina website at ***http://www.gecina.fr/en/csr/policy-and-performance.html.***

7.3.2.3 Analysis of Performance

Following the above analysis, nine assets were identified as priorities relative to the risk levels of the offices portfolio of Gecina.

Among these assets, two are now undergoing short term restructuring work. Adaptation solutions have already been identified for the seven other assets. They will be integrated into an operating action plan following a comparative study of their costs, the potential loss of valuation of the asset and the cost of any damages caused. This additional economic analysis will be carried out in 2018. The results of this approach will contribute to the improvement of knowledge of the financial risks associated with climate change.

The value of the real estate properties concerned by these action plans represents €0.9 billion.

In addition, 100% of the development projects integrate technical systems to anticipate the evolution of needs and usages of the tenants of the buildings.

7.4 PRIORITY 2: STIMULATE THE SUSTAINABLE CITY BY DEVELOPING, BIODIVERSITY AND ACCESSIBILITY FOR ALL

7.4.1 TERRITORIAL INCLUSION AND URBAN DIVERSITY

7.4.1.1 Background

The location of its property portfolio, and its strategic positioning give Gecina few opportunities to participate in projects to revitalize areas on the outskirts of urban centers. At its territory scale, Gecina's strategy for diversification contributes to provide homes and student housing units, representing 352,115 sq.m and 48,562 sq.m respectively. In addition, 56% of the buildings host a commercial surface area. Gecina promotes the dynamism of the neighborhoods in which they are located.

By developing and managing its assets, Gecina actively participates in maintaining urban diversity to promote an inclusive city - combining residential usages, workplaces and retail for all - and resource-efficient, by improving environmental performance and limiting emission-producing and constraining travel for the people. By choosing mainly to restructure existing assets rather than construct new buildings, Gecina helps optimize the space and limits urban sprawl and surface development of natural land in the surrounding areas.

7.4.1.2 Actions and results

Theme	Key actions	Progress and results
Promote the diversity of usages at the regional level	■ Convert office buildings to student housing depending on opportunities ■ Develop shared gardens	■ 3 office buildings converted into student housing since 2015 and development of a residential building at La Défense (Skylight, with 168 housing units) ■ 2 shared gardens developed in residential buildings
Increase social inclusion and improve gender parity of contractors	■ Include low-income housing quotas in its residential portfolio ■ Develop a partnership to provide assistance to residential tenants in difficulty ■ Support social re-integration through housing in partnership with specialized associations ■ Support social re-integration through housing in partnership with specialized associations ■ For start ups and very small businesses, promote access to urban surface areas ■ Host "third place" areas in property portfolio ■ Mutualize spaces in assets (parking lots, inter-company restaurants, Meeting rooms and auditoriums)	■ 21 low-income housing units available in 2017 and 40 under construction ■ Action to be launched to identify the signs of difficulty and consider partnership solutions ■ 4 apartments housing families in temporary difficulty via the associations New Solidarity Solutions for Housing (SNL) Paris, Habitat and Humanism, and Coallia ■ Availability of 2,000 sq.m in the neighborhood of the Gare de Lyon for the Paris&Co start ups incubator, preferential rental of spaces waiting for restructuring to growing companies (*e.g.* Offices to Share in the Neuilly building between 2015 and 2016) ■ 2 co-working spaces (Secondesk) opened in the property portfolio (in Colombes and Paris 17th arrondissement) ■ 1,300 parking spaces for 37 buildings available in the Op'n Go sharing platform, meeting rooms, auditoriums and head office restaurant (Paris 2nd arrondissement) open to other tenants

7.4.1.3 Analysis of Performance

Gecina operates primarily in the Paris Region and introduces financing into the market on the scale of that area, as on the whole of the French economy (see detailed breakdown below). This analysis evaluates the impact of Gecina's business on its ecosystem. In addition, more than 46,200 persons work in Gecina's office properties and more than 20,000 live in its residential properties.

BREAKDOWN OF GECINA CASH FLOWS (EXCLUDING EUROSIC SCOPE) BY TYPE OF STAKEHOLDER

		Accounting lines	2016	2017	Change
Inflows *(in € million)*	Clients-buyers	Disposals	1,799	234	-87%
	Clients-tenants	Rental income	542	491	-9%
	Clients-tenants	Expenses	100	94.5	-5%
	Clients-tenants	Locare	0.7	0.4	-47%
Outflows *(in € million)*	Commercial partners	Acquisitions	123	142	15%
	Suppliers and providers	Utilities (energy and water)	17.5	18	3%
	Suppliers and providers	Construction and public work industry (construction, maintenance and small works)	284	257	-10%
	Suppliers and providers	Suppliers (excl. Construction/public works and utilities)	79	72	-9%
	Local communities, associations and NGOs	The Gecina Foundation (sponsorship)	0.3	0.34	12%
	Employees	Employees	33	33	1%
	Investors – shareholders	Shareholders (dividends)	314	322	3%
	Government and local authorities	Social security contributions	15	16	-1%
	Government and local authorities	Taxes (property taxes, office tax, TEOM (tax on the removal of household refuse), tax on dividends, CVA (value added contribution), research tax credit)	55	52	-5%
	Financial partners	Banks and lenders (gross financial costs and miscellaneous costs)	100	92	-8%

Because of its status as an SIIC, Gecina distributes 95% of its profit and 60% of its gains on disposals of assets, thus providing individual investors the opportunity to access a category of assets suitable for establishing retirement savings. The direct fiscal contribution of Gecina totals €51 million in 2017. Gecina also paid out €15 million in different social security contributions.

Gecina produces economic benefits in various sectors of the economy through the development of new properties and the restructuring and maintenance of its existing assets. In 2017, the amount of Gecina's expenses in the construction and trades sector reached €257 million. In 2017, Gecina spent close to €18 million for utilities and just over €72 million on suppliers and service providers from other business sectors such as maintenance, insurance, headquarters overheads, etc.

All of Gecina's financial flows to its different stakeholders have an "indirect" impact on the territorial economic activity in terms of taxes or employment. The study carried out by a third-party expert in 2015 to identify the indirect impacts of Gecina may be viewed on the website ***http://www.gecina.fr/sites/default/files/gecina_rapport-contribution-economique_anglais_planche_0116_0.pdf***. It will be updated in 2018 to include the Eurosic's assets.

7.4.2 URBAN BIODIVERSITY

7.4.2.1 Approach

Gecina's assets are mainly located in less vegetated urban city centers (Paris and surrounding areas, Lyon) and do not represent any serious or significant risk for biodiversity. Moreover, its strategy leads to favoring restructuring over buildings in this region. Thus, the impact of its activities on the artificialization of land is limited. Gecina nonetheless would like to strengthen the biodiversity on its real estate properties by vegetating the residual spaces on the ground, and walls and roofs wherever possible.

Although these green spaces sequester only a small amount of CO_2, they contribute to the reduction of urban heat islands, to regulation of atmospheric pollutants and better insulation of walls. The reinforcement of the inertia of these latter leads to approximately 10% in annual energy savings. In addition, biodiversity plays a role in the well-being and productivity of the occupants of the building, improving its immaterial value. In fact, the bibliographical study carried out as part of the VIBEO[1] working group showed that the integration of biodiversity is related to a reduction in absenteeism by 0.7%, an increase in mental well-being of 15% and speed of production by 10%.

(1) Immaterial value of buildings and well-being of occupants (Valeur Immatérielle des bâtiments et Bien-Être des Occupants) – a Working Group made up of the companies BNP Paribas Real Estate, Bolloré Logistics, Bouygues Construction, EDF, Engie, Foncière des Régions, Gecina, Goodwill management, Ivanhoé Cambridge, Saint Gobain and Sercib – to scientifically determine a theoretical methodology for evaluating the contribution of an office building to the productivity of its occupants (based on the Thésaurus Ecopolis© model of GoodWill Management) and verify it in a series of in situ tests.

To contribute to the preservation and creation of ecological continuities (green and blue networks) and therefore promote the ecosystemic services made possible by biodiversity, Gecina has defined a dedicated strategy with 10 commitments grouped in three focuses:

- to inscribe biodiversity as an essential value in the company's responsible process;
- to develop and implement innovative solutions for managing the biodiversity footprint of the real estate properties;
- to collaborate with all stakeholders to respond to an ecological and societal issue.

The National Biodiversity Strategy award obtained until 2016 was renewed for the 2017-2020 period.

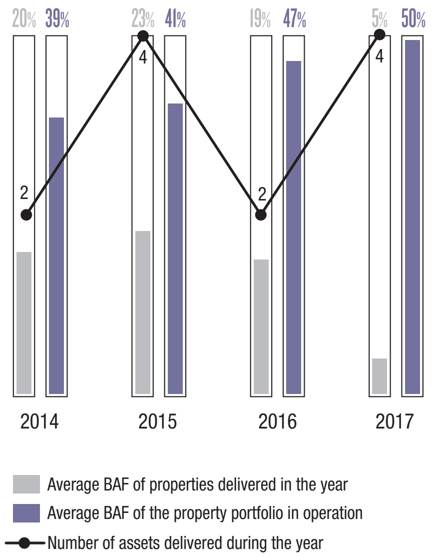
7.4.2.2 Actions and results

Theme	Key actions	Progress and results
Incorporate biodiversity into Gecina's RMS	■ Drawing up of specifications for landscaping design applicable to all properties ■ Launch of a campaign to measure the surface area of real estate assets to make BAF reliable	■ Currently being checked for deployment ■ Achieved on every renovated green space
Develop a biodiversity mentality internally	■ Creation of theoretical training courses and site visits to develop the biodiversity skills of technical managers	■ Detailed presentation of the BiodiverCity© label to program directors; enhancing the ecological management of sites by technical managers with regard to the renewal of green space maintenance contracts
Display Gecina's commitment to biodiversity	■ Obtain an A grade on Commitment under the BiodiverCity© label for all operations	■ Level obtained on Grande Halle and 55 Amsterdam
Carry out an ecological audit on sites with major biodiversity issues	■ Annual update of biodiversity mapping of real estate assets	■ Completion of 22 audits to improve services for the management and maintenance of green spaces
Incorporate biodiversity into the design and construction phase	■ Greater greenification of each operation under development compared to its initial situation and strive for BiodiverCity© label	■ Programmatic requirement for 7 assets (32 Guersant, 7 Madrid, le Balancelle, 75 Grande Armée, Delcassé, Be Issy and Neuilly Graviers)
Incorporate biodiversity into the operation phase	■ Continuation of the Ecojardin labeling of the property portfolio	■ 8 sites certified and action plans for 7 new sites in 2018
Incorporate biodiversity into the renovation phase	■ Renovation of planted spaces for five buildings	■ Replacement of the Anthos green wall (2017-2018): review of 4 other assets
Raise the awareness of tenants and users to biodiversity issues and meet their expectations on this issue	■ Organization of activities/events at the sites ■ Information to tenants on the development of green spaces	■ Outdoor sports workshops and installation of information screens announcing events on the two sites (Défense Ouest and Crystalys); urban agriculture workshops at 2 student residences ■ Creation of a communication process with contractors in charge of maintaining green spaces
Involve Gecina's partners in recognizing the importance of biodiversity	■ Management and monitoring of dedicated green space contracts via regular meetings with the contractors	■ Reduction in the number of service providers when renewing by calls for tenders on the entire property portfolio; meetings every 4 months and site-by-site action plans

7.4.2.3 Analysis of Performance

Like several local urban planning schemes in the Ile-de-France region, Gecina has used the biotope area factor (BAF) as an indicator of its contribution to the strengthening of biodiversity. It describes the proportion of surface areas conducive to biodiversity with respect to the total surface area of a parcel of land. The growth of this indicator reveals the improvement made by the work carried out on the environmental quality of the development projects or operating property assets.

GREENING OF PLOTS IN THE PORTFOLIO IN BARE EARTH EQUIVALENTS (OR PER-AREA HABITAT COEFFICIENTS) ☑



The BAF, calculated for the entire residential and commercial property portfolio in operation during 2017, presents an average value of 50%, significantly up compared to 2016. This progress was due to work done to improve the quality of the green spaces at the residential properties (51% in 2017 against 47% in 2016). Excluding the assets currently being disposed, in particular one away from Paris center having a large vegetated area, the BAF of the portfolio reaches 32%. This value is slightly higher than the target of 25%, set for 2020. This target remains ambitious for an urban portfolio and the comprehensive assessment of the quality of the portfolio can only begin in 2018, given the analysis underway of Eurosic's vegetated areas. Depending on the results of the analysis, specific improvements will be identified.

Although the BAF of assets delivered in 2017 is lower level than for those delivered in 2016, the greenification of each project has been improved compared to its initial situation.

In addition, in order to account for the entire effort undertaken by Gecina to boost biodiversity on the property portfolio assets, other indicators are being studied, similarly to the identification of the on-site presence of endemic, invasive or allergenic species.

This indicator does not, however, represent all the work to reinforce biodiversity that Gecina has carried out on its assets. New indicators thus are being studied, such as the identification of the on-site presence of endemic, invasive or allergenic species.

7.4.3 TRANSPORTATION ACCESS

7.4.3.1 Background

Gecina has made it a priority to develop its assets close to public transportation (bus lines, subways, RER trains, tramways, trains and public bicycle rental stations) to improve both productivity and the well-being of the occupants of its buildings (see 7.3.1 “Productivity and well-being of client occupants”) and to limit the extended carbon footprint of its property portfolio by reducing the emissions generated from the commuting of occupants (see 7.5.1 “Carbon footprint”). Gecina therefore evaluates the percentage of the surface areas of its property portfolio located at less than 400 meters from public transportation infrastructures (i.e. less than 10 minutes of walking).

To reduce its extended carbon footprint, Gecina has committed to offering the occupants of its buildings an additional alternative to public transportation to replace carbon-emitting means of transportation. Thus, since 2014, Gecina has been monitoring the proportion of its property portfolio that has access to alternative modes of transport: buildings with bicycle shelters, infrastructure for recharging electric vehicles and/or carpooling spaces.

7.4.3.2 Actions and results

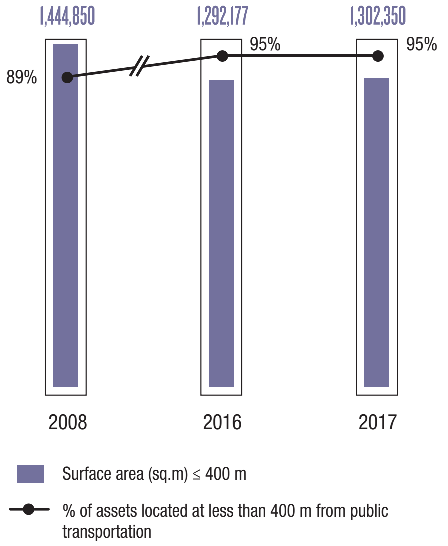
Theme	Key actions	Progress and results
Productivity and well-being of client occupants	▪ Study the accessibility of our property assets upon the acquisition or construction of new assets ▪ Build new infrastructure (bike shelters, electric vehicle recharging stations, carpooling spaces) in multi-tenant buildings	▪ 95% of surface areas of the assets located at less than 400 m from a public transportation ▪ Multi-tenant building at Porte de la Défense equipped with 42 outlets for electric vehicles
Manage the carbon footprint	▪ Provide alternative transportation to our occupants	▪ 81% of office surface areas offering possibility of commuting using an alternative means of transportation ▪ 473 electrical vehicle recharging stations (IRVE)

At tenants’ request, Gecina offers the possibility of installing electric vehicle recharging stations in its office property assets. In 2017, the parking lot of the Porte de La Défense building began installation of 42 IRVE recharging stations that will be ready in the 1st quarter of 2018. Thinking is in progress on opportunities to install these recharging terminals in the residential portfolio.

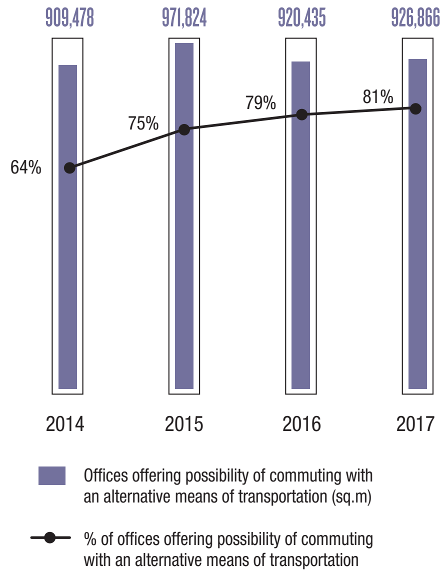
7.4.3.3 Performance analysis

In 2017, three new assets became operational, Adamas, 55 Amsterdam and La Grande Halle, located less than 400 meters from a public transportation. Another asset acquired for renovation in the year (the Courcelles building) will take part in the growth of performance when delivered.

CHANGE IN THE CONNECTIVITY OF THE PROPERTY PORTFOLIO ☑



CHANGES IN ACCESSIBILITY TO COMMERCIAL PROPERTY PORTFOLIO BY ALTERNATIVE MEANS OF TRANSPORTATION



In 2017, 81% of offices offered tenants the possibility of commuting with one of the three alternative modes of transport, up by 3% compared to 2016.

79% of commercial surface areas are equipped with special parking areas for bicycles, which represent a 21% increase compared to 2016. 48% of the same surface areas have facilities for recharging electric vehicles, up by more than 3% over 2016. In 2017, Gecina installed new infrastructures in a multi-tenant building at Porte de la Défense faced with the growth in demand for equipment. In all the buildings under reconstruction or construction, these facilities will be installed before delivery.

7.4.4 ACCESSIBILITY TO PEOPLE WITH DISABILITIES

7.4.4.1 Background

To anticipate the needs of its occupants and favor access for all to its buildings, Gecina has initiated a volunteer policy to carry out a diagnostic and work on its office and residential assets.

Starting in 2010, Gecina launched a campaign to assess the common areas in all of its real estate assets following the criteria for accessibility of public access establishments, going beyond the obligations under the French Labor Code which apply to its office assets. The purpose of these assessments is to identify the work to carry out to facilitate access to its buildings for all persons, with or without disabilities. For this, the following five types of disability were taken into account: wheelchair users, persons of reduced mobility, the partially or non-sighted, deaf or hard of hearing, and those with cognitive dissorders.

At the same time, and in response to the regulatory framework applicable only to public access establishments, Gecina conducted assessments on its 201 establishments concerned in 90 buildings. Following the assessment of their level of compliance with the Programmed Accessibility Agenda (Ad'AP) accepted by the Prefecture in February 2016, the work must be complete before 2021. Concerning the residential portfolio, Gecina must bring a residential building into compliance when the amount of work exceeds 80% of the value of that building. After participating in the development of an Accessibility Label LA (*Label LA Accessibilité*) along with certification agency Certivéa, Gecina launched a thinking process on the added value of a labeling of its property assets in 2018.

7.4.4.2 Actions and results

Theme	Key actions	Progress and results
Productivity and well-being of occupants	■ Conduct assessments of the common areas on the basis of public access establishments criteria	■ 98% of the common areas of the properties assessed according to public access establishments criteria and 5% of the surface areas of the real estate properties compliant with regulation
	■ Identify the buildings to certify "Accessibility Label"	■ 36 office buildings that are good candidates for certification

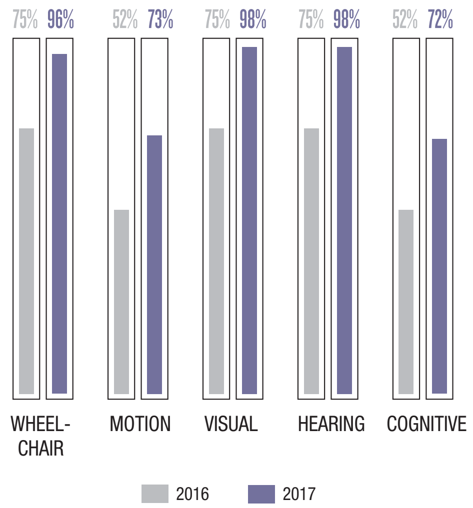
Bringing the public access establishments (ERP) up to compliance as part of the Programmed Accessibility Agenda (Ad'Ap) is scheduled in four phases:

- 2016: creation of specifications and a signage charter organize the work;
- 2017-2018: interventions for public access establishments located in stages and control of work not carried out by the businesses;
- 2019-2020: interventions with businesses;
- 2021: obtaining certifications of compliance.

7.4.4.3 Analysis of Performance

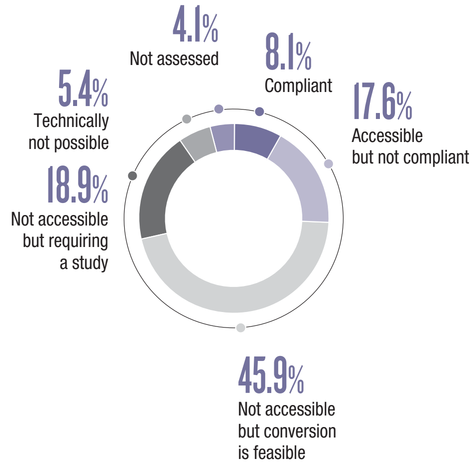
The fraction of public access establishment buildings diagnosed is 98%. In addition, the distribution of the surfaces in the portfolio whose common areas have been diagnosed on a voluntary basis following these same procedures, is set forth below.

BREAKDOWN (BY TYPE OF DISABILITY) OF THE PORTFOLIO PROPERTIES WHOSE COMMON AREA HAS BEEN DIAGNOSED

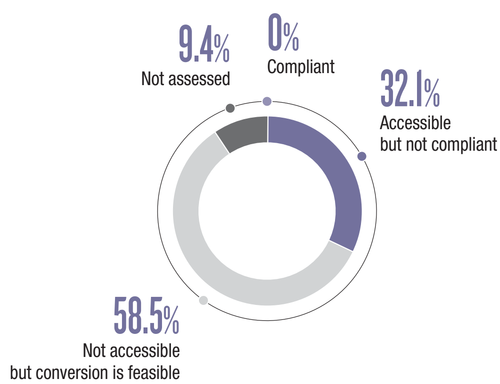


For wheelchair users, (the most restrictive disability in terms of physical mobility and buildings) accessibility represents 8% of this scope. No residential building is currently compliant, but none presents any technical challenge that is impossible to overcome.

RESULTS OF WHEELCHAIR ACCESSIBILITY AUDITS OF OFFICE PROPERTIES (IN PROPORTION OF SURFACE AREAS)



RESULTS OF WHEELCHAIR ACCESSIBILITY AUDITS OF RESIDENTIAL PROPERTY (IN PROPORTION OF SURFACE AREAS)



7.5 PRIORITY 3: REDUCE ENVIRONMENTAL FOOTPRINT BY A RESOURCE-EFFICIENT AND CARBON-NEUTRAL REAL ESTATE

7.5.1 CARBON FOOTPRINT

7.5.1.1 Background

In 2015, in order to limit its impact on climate change, extend its objectives set for 2016 and 2020 and bring them in line with national environmental commitments (law on the Energy Transition for Green Growth and National Low Carbon Strategy), Gecina prepared a climate roadmap up to 2030 for the office properties. A specific report is published on the Gecina website (***http://www.gecina.fr/en/csr.html***).

Prepared jointly by stakeholder representatives and the departments of the company concerned, the roadmap organizes Gecina's actions around four key priorities and dedicated targets:

- reduce the carbon intensity of the portfolio in operation by 60% by 2030 compared to 2008 (all uses included and at constant climate);
- pursue neutrality for assets in operation to eliminate their impact;
- pursue carbon neutrality by real estate program;
- engage the partners through transparency and dialogue.

The goal of reducing the office property's greenhouse gas (GHG) emissions was recognized by the Science Based Targets initiative (SBTi) as being compatible with the trajectory required to maintain the average temperature increase at 2°C, making Gecina the 1st French property company, and the 3rd globally, to have its target recognized.

Achievement of the above targets is predicated on a dedicated action plan currently consisting of over 50 actions. Progress updates are provided quarterly during Climate Committee Meetings. Monitoring is led by the CSR Department which brings together all of the departments involved (see 7.2.3.2 "CSR Governance and management").

To limit its impact on global warming, Gecina combines energy efficiency actions (described in paragraph 7.5.2 "Energy performance") and decarbonization of the production mix *via* the application of carbon criteria to the energies it uses to supply its buildings. The decrease in the carbon impact resulting from the purchase of products and services is fully explained in paragraph 7.6.4 "Sustainable relations with suppliers". The reduction in emissions created by the travel of occupants is tied to the actions described in paragraph 7.4.3 "Transportation access".

Gecina reports in accordance with the GHG Protocol, which breaks down the operational scope of GHG emissions as follows:

- scope 1 - direct emissions resulting from the combustion in buildings of the resources owned or controlled by the company (fuel oil and gas mainly);
- scope 2 - indirect emissions linked to the purchase of electricity or coming from urban networks;
- scope 3 - other indirect emissions, primarily related to energy consumption by existing buildings outside of the control of Gecina (including those related to specific tenant uses), as well as emissions related to the purchase of products and services[1] and travel by building occupants[2].

In 2017, Gecina analyzed the full extent of its new scope (residential and commercial, including the Eurosic portfolio) and identified the actions and budgets required to extend its reduction target for greenhouse gases by 60% (all uses included and at constant climate) by 2030 compared to 2008 for its entire property portfolio. The actions identified were taken into account for the creation of multi-year work plans and for the budget preparation process. The objective for the expanded scope will be submitted to the SBTi for recognition during 2018 (see 7.2.1 "Structure and key priorities of the CSR roadmap").

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(1) Estimate using Utopies' LOCALFOOTPRINT® method - see the report on the socioeconomic contribution: http://www.gecina.fr/sites/default/files/gecina_rapport-contribution-economique_anglais_planche_0116_0.pdf

(2) Calculations by Carbone 4, based on building locations and the national survey on transportation and commuting published by the French National Institute for Statistics and Economic Research (INSEE).

7.5.1.2 Actions and results

Theme	Key actions	Progress and results
Building design and investments	■ Calculate the development project's carbon footprint ■ Incorporation into specifications of carbon content requirements in the selection of products ■ Adaptation of building designs to favor denser occupancy ■ Incorporate renewable energy generation into projects ■ Anticipate connection to urban heating or cooling networks for new developments and study this possibility for assets in operation ■ Study the carbon footprint of acquisitions which will not be rebuilt in the short term	■ Finalized methodology, calculations carried out for assets delivered and in progress for assets whose design has been finalized ■ As regards Building 7 Madrid: Choice of Métisse® insulation (5.5 kg of CO_2 for 1 sq.m. of insulation), savings in finishing materials (no false ceilings) and selection of a wood (versus concrete) extension model ■ Update of standards in the performance specifications ■ 8 projects in development incorporate photovoltaic panels or geothermal energy (equivalent to 380 kW of installed power) ■ Sky 56 connection planned to urban networks (heating/cooling) in the city of Lyon ■ CSR scoring of the asset in question
Operation of buildings	■ Modification of power modes and optimization of equipment ■ Use of incentive-based contracts with suppliers (FM) ■ Installation of renewable energy production ■ Deployment of green energy supply contracts ■ Pooling of spaces (inter-company cafeterias, Meeting rooms and parking lots)	■ CPCU connection for the Lourmel residence (361 t of CO_2 avoided) ■ 87% of residences with performance incentives have generated benefits (500 t of CO_2 avoided) ■ Conduct a feasibility study portfolio-wide ■ 2,834 tCO_2 avoided by using green electricity contracts with guaranteed renewable sources ■ Completion of the methodology for accounting emissions avoided by deploying shared Op'n Go parking lots
Specific tenant uses, their travel, and service providers	■ Creation of GHG emissions reduction plans ■ Raise tenant awareness about reducing the carbon footprint related to their specific uses	■ Analyze key account clients, organize the Meeting process and future planning

Focus on carbon offsetting and internal price

Alongside the gradual reduction in building-related GHG emissions from operational office properties, Gecina calculates emissions avoided through the use of green electricity supply contracts, the generation of renewable energy fed back into the grid, and the optimized use of spaces. The residual emissions resulting from the differences between these GHG emissions are offset each year to neutralize the impact of Gecina's activities on global warming. The residual emissions are recorded in a carbon offset budget with an internal carbon price set at €25/t. It is used to buy certified carbon credits covering the residual emissions and to finance other low-carbon projects as well (a dedicated fund is being set up). In order to ensure it is funding projects having a positive environmental and social impact, Gecina has signed a contract with the specialist consultancy firm EcoAct to obtain advice on selecting projects and purchasing credits. Gecina is financing a project to preserve the Peruvian forest.

Since the expense for the offset budget is recognized on the balance sheet of each building, it constitutes an added incentive for reducing the carbon footprint. For each renovation project, Gecina compares the GHG emissions generated by the works (demolition, materials and technical solutions used, transportation and other impacts related to the construction phase) to the emissions avoided over the life of the renovation project. If the neutrality of the operation is not guaranteed by the choice of processes and products, the offset fund is financed by the difference.

7.5.1.3 Analysis of Performance

7.5.1.3.1 Carbon footprint of the property portfolio in operation and under development

GHG EMISSIONS OF THE PROPERTY PORTFOLIO IN OPERATION BASED ON THE GHG PROTOCOL (ALL USES INCLUDED)

			Scope 3		
	Scope 1	Scope 2	Consumptions out of control	Movements of occupants	Purchase of goods and services
ton of CO_2	7,724	8,516	14,076	35,000	27,000
ton of CO_2 climate adjusted*	7,994	8,591	13,971	-	-

* *Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html)*

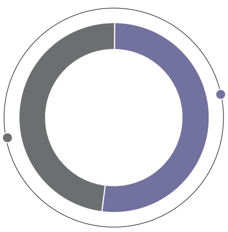
CHANGES IN PROPERTY PORTFOLIO GHG EMISSIONS SINCE 2008 (ALL USES COMBINED)

	2008	2017	Change since 2008
ton of CO_2	60,385	30,555	-49%
ton of CO_2/sq.m.	46	32	-30%

The measures taken on the property portfolio (some of which are specifically detailed in the introductory table) have generated a 12% decrease in building-related GHG emissions, climate adjusted, compared with 2016. By adding the emissions related to specific uses of the tenants (in Scope 3), a decrease of 10% is recorded, for total emissions of 36,343 tCO_2.

In addition the emission of 2,834 tCO_2, (*i.e.* 8% of the total emissions from existing buildings) was avoided through the use of green energy for the office portfolio. However, this performance cannot yet be valued directly in the reporting because there is no recognized method to do so.

DISTRIBUTION OF GHG EMISSIONS FROM THE PROPERTY PORTFOLIO IN OPERATION ADJUSTED FOR CLIMATE BY TYPE OF ACTIVITY WITH SPECIFIC TENANT USES



Given the French energy mix and the importance of electricity in the power supply of office properties, the proportion for emissions for residential properties is lower (48%) than for office properties in end energy consumption (39%).

GHG EMISSIONS FROM THE PROPERTY PORTFOLIO IN OPERATION BASED ON FRANCE GBC RECOMMENDATIONS

Property portfolio	Corporate (head office)	Activities (operation controlled by Gecina, excluding tenants' use)	Stakeholders (operation controlled by tenants and uses)	Total
ton of CO_2	174	15,732	14,446	30,352
ton of CO_2 climate adjusted*	177	16,057	14,321	30,555

* *Heating/cooling DDU adjusted for the property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

Since 2014, Gecina has published the CO_2 emissions of its real estate assets by taking into account the occupancy of its buildings.

CO_2 INTENSITY OF THE PROPERTY PORTFOLIO IN OPERATION PER OCCUPANT

		Offices			Residential		
		2016	2017	change	2016	2017	change
Excluding specific tenant useS	ton of CO_2 climate adjusted*	13,772	11,835	-14%	14,648	13,483	-8%
	kg of CO_2 climate adjusted* per occupant	**315**	**260**	**-18%**	**731**	**655**	**-10%**
All uses combined	ton of CO_2 climate adjusted*	17,916	15,875	-11%	21,634	20,468	-5%
	kg of CO_2 climate adjusted* per occupant	**401**	**348**	**-15%**	**1,080**	**1,019**	**-6%**

* *Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

As mentioned in Section 7.2.4.3, the change in energy and carbon flows is studied from two angles: one deals exclusively with non-use items related to the functioning and operation of the structure (heating, air conditioning, domestic hot water, lighting, and general services), and the other includes tenant uses. Operationally speaking, Gecina has undertaken a great many actions to reduce the environmental footprint of operating its buildings. Continuing this commitment will result in initiatives to reduce two thirds of emissions related to occupant uses.

In 2017, Gecina joined with the company Artelia to develop a methodological tool to be used from the design phase forward for buildings not yet built or under reconstruction in order to optimize carbon emissions throughout their life cycle. As the design phase is underway or still to come for a certain number of operations, projected data for Friedland, 152 avenue Charles de Gaulle, Neuilly Graviers, 75 Grande Armée and Avenue de Niepce in Montigny do not appear in the table below. Since the Be Issy and Sky 56 buildings were built under pre-construction agreements, Gecina was not able to intervene in the design modeling.

PROJECTION OF THE CARBON PERFORMANCE OF COMMERCIAL BUILDINGS TO BE RENOVATED, BEFORE AND AFTER RENOVATION (EXCLUDING SPECIFIC TENANT USE)

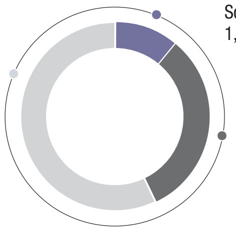
Projects whose design has been finalized	tCO_2/sq.m before renovation	tCO_2/sq.m after renovation
Le France	33.0 tCO_2/sq.m	8.6 tCO_2/sq.m
7 Madrid	64.2 tCO_2/sq.m	5.4 tCO_2/sq.m
Octant Sextant	21.4 tCO_2/sq.m	12.1 tCO_2/sq.m
32 Guersant	16.8 tCO_2/sq.m	6.3 tCO_2/sq.m
20 Ville L'évèque	25.0 tCO_2/sq.m	8.0 tCO_2/sq.m
Ibox	28.8 tCO_2/sq.m	6.0 tCO_2/sq.m

7.5.1.3.2 Carbon footprint of the offices portfolio in operation

Reminder of the 2020 targets:
- Offices without usage: 17 $kgCO_2$/sq.m/year, i.e. -40% compared to 2008
- Offices including usage: 22 $kgCO_2$/sq.m/year, i.e. -35% compared to 2008

55% of emissions generated by activity in the commercial properties (excluding purchases of products and services and travel by the occupants) are linked to occupancy of the buildings. Accordingly, actions by Gecina account for 45% of total emissions generated. However, aware of the importance of involving the occupants of buildings in their overall performance, the targets set for 2020 and 2030 focus on the totality of emissions, including the specific uses of tenants.

BREAKDOWN OF OFFICE PROPERTIES GHG EMISSIONS PER SCOPE (DDU ADJUSTED)



OFFICES PORTFOLIO GHG EMISSIONS ACCORDING TO THE GHG PROTOCOL (ALL USES COMBINED)

	Scope 1	Scope 2	Scope 3	Total
ton of CO_2	1,737	5,038	9,204	15,979
ton of CO_2 climate adjusted*	1,797	4,992	9,086	15,876

** Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

The Performance Improvement Action Plans make it possible to capitalize on high-potential actions to reduce Gecina's emissions, with the idea being to then extend them to a maximum of portfolio properties. In 2017, retro-commisioning, the installation of heat-insulated ductwork, reduction of air flows and optimisation of the temperature settings saved over 1,000 metric tons of CO_2.

Gecina has evaluated the carbon footprint of the renovation work being done on its entry hall as part of its exemplarity approach deployed at its head office in 2017. In total, 19 tCO_2 have been generated by the extraction, manufacturing and transportation of the materials and furniture used, service provider travel and waste management.

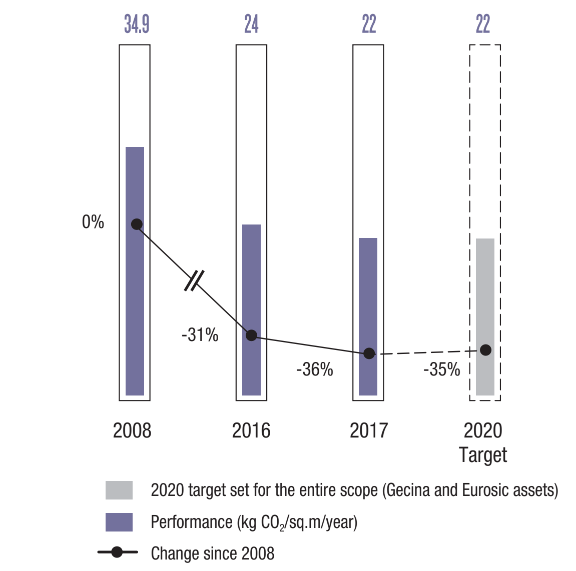
CHANGES IN THE GHG EMISSIONS OF THE OFFICES PORTFOLIO ☑

		2008	2016	2017	Change since 2008	YtoY change
Excluding specific tenant uses	ton of CO_2 climate adjusted*	18,998	13,772	11,835	-38%	-14%
	kg of CO_2/sq.m/year climate adjusted*	**27.8**	**18.5**	**16.6**	**-40%**	**-10%**
	ton of CO_2 climate adjusted* per occupant	-	315	260	-	-18%
All uses combined	ton of CO_2 climate adjusted*	23,888	17,916	15,875	-34%	-11%
	kg of CO_2/sq.m/year climate adjusted*	**34.9**	**24.0**	**22.3**	**-36%**	**-7%**
	ton of CO_2 climate adjusted* per occupant	-	409.7	348.3	-	-15%

** Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

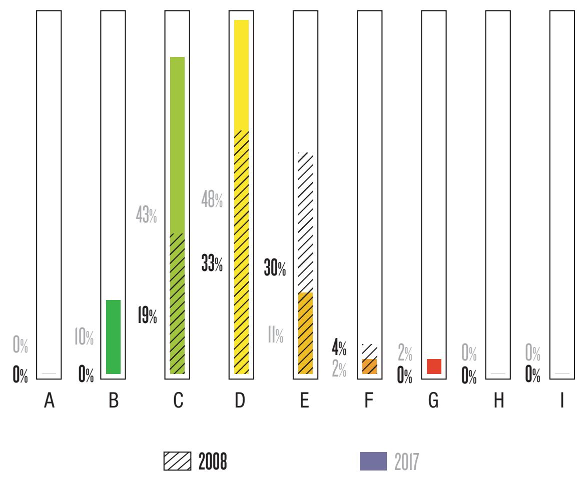
By taking the specific uses of tenants into account, Gecina records a drop of 36% in its CO_2 emissions and has thus achieved its target set for 2020 two years in advance. Only 19% of the decrease in emissions (i.e., 361 tCO_2) is due to the change in emission factor of the CPCU urban heating network, which supplies 19 office buildings. The rest of the gains came directly from steps to improve energy efficiency taken in the portfolio.

AVERAGE GHG EMISSIONS OF THE OFFICES (ALL USES PUT TOGETHER AND AT A CONSTANT CLIMATE BASED ON 2008) ☑



With respect to the property portfolio controlled by Gecina (61% of assets and 59% of office space), the reduction was nearly 25% compared to 2016.

2008-2017 BREAKDOWN BY CLIMATE LABEL – OFFICES IN OPERATION (BY NUMBER OF ASSETS)



Climate labels for commercial assets benefit from a predominantly electrical energy mix, with low carbon emissions.

The proportion of buildings below 22 $kgCO_2/m^2$ represents 80% of commercial space in the property portfolio, 7% more than in 2016. The improvement per the labels since 2008 is attributable to an increase in the use of low-carbon energy, such as such as electricity, and of urban heating and cooling networks with low CO_2 emissions (19 buildings connected to the CPCU network and 13 buildings connected to the Climespace network).

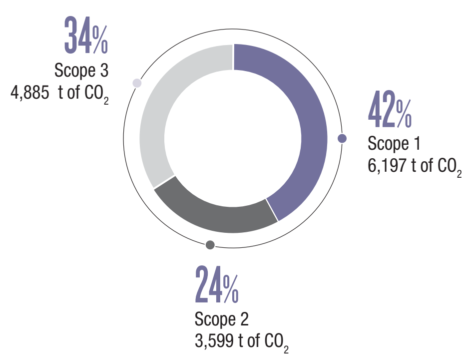
The total amount of GHG all uses combined totaled 15,725 tCO_2. The use of green energy supply contracts avoided the emission of 2,834 tCO_2 by the offices portfolio in 2017. In order to neutralize the impact of its office portfolio, Gecina offsets the residual GHG emissions due to the building operations (scope 1, 2 and 3 excluding transportation of the tenant's employees and goods and services purchased). For 2017, the total carbon emissions offset amounts to 13,179 tCO_2 including GHG emissions from employee travel. With the enforcement of the internal carbon price set by Gecina (€25 per ton), the carbon compensation fund received 322,275 and the equivalent carbon credit certified will be obtained in 2018.

7.5.1.3.3 Carbon footprint of the residential portfolio in operation

Reminder of the 2020 target:

- Residential portfolio without usage: 27 $kgCO_2$/sq.m/year, i.e. -38% compared to 2008
- Residential assets with uses : 30kg/CO_2/sq.m/year, -3% compared to 2008

BREAKDOWN OF RESIDENTIAL PROPERTY'S GHG EMISSIONS BY SCOPE



EMISSIONS OF RESIDENTIAL PROPERTIES ACCORDING TO THE GHG PROTOCOL (ALL USES COMBINED)

	Scope 1	Scope 2	Scope 3	Total
ton of CO_2	5,987	3,478	10,659	20,124
ton of CO_2 climate adjusted*	6,197	3,599	4,885	14,680

** Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

CHANGES IN GHG EMISSIONS OF RESIDENTIAL PROPERTY BY OPERATIONAL CONTROL ☑

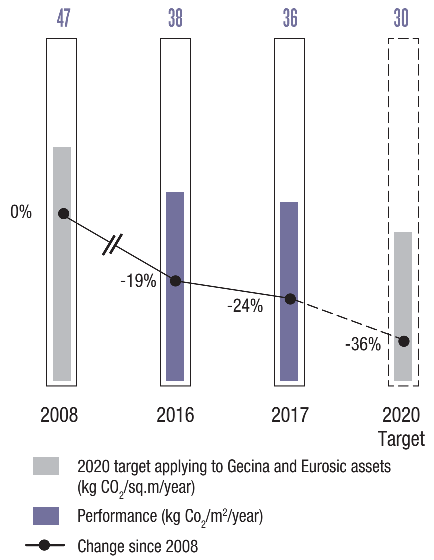
		2008	2016	2017	Change compared to 2008	YoY change
Excluding specific tenant uses	ton of CO_2 climate adjusted*	38,818	14,648	13,483	-65%	-8%
	kg of CO_2/sq.m/year climate adjusted*	**43.8**	**35.4**	**32.6**	**-26%**	**-8%**
	ton of CO_2 climate adjusted* per occupant	-	731	655	-	-10%
All uses combined	ton of CO_2 climate adjusted*	41,476	15,888	14,680	-65%	-8%
	kg of CO_2/sq.m/year climate adjusted*	**47**	**38**	**35.5**	**-24%**	**-7%**
	ton of CO_2 climate adjusted* per occupant	-	1,600	1,019	-	-6%

** Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

The gain is equivalent to the gain in primary energy (-20%), a 5% improvement on 2016. The re-evaluation of the Energy Performance Certificates for 20 residential buildings, providing a more realistic picture of consumption, and thus indirectly emissions, explains this decrease in emissions.

In 2017, 36% of the residential surface area met the 44 $kgCO_2/m^2$ target set for 2020. In order to make a marked improvement in this portion of the property portfolio, capital spending plans to 2022 have been taken into consideration and are expected to positively affect the residential carbon impact.

AVERAGE GHG EMISSIONS OF RESIDENTIAL PROPERTIES (ALL USES INCLUDED AND AT 2008 CONSTANT CLIMATE) ☑



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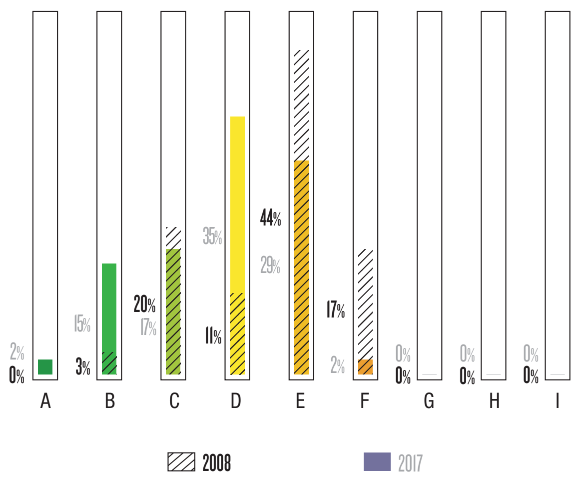
2008/2017 BREAKDOWN BY CLIMATE LABEL – RESIDENTIAL (BY NUMBER OF ASSETS)



Excluding uses from tenants, 27 residential buildings emit less than 27 $kgCO_2/m^2$ and have been awarded labels A, B or C. Between 2008 and 2017, the share of buildings with E to H labels fell from 66% to 31%, reflecting the improvements Gecina has made to its property portfolio, particularly in terms of the increase in buildings rated class A to D (34% of assets in 2008 compared to 69% in 2017).

7.5.1.3.4 Energy mix

In 2017, Gecina continued its efforts to increase the share of renewables in its energy mix.

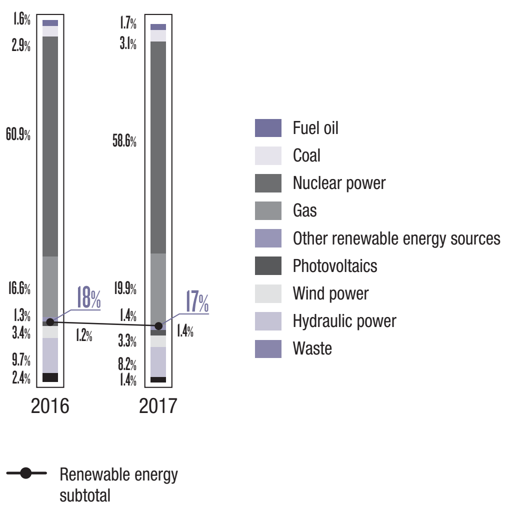
One study in particular was conducted to improve the operating efficiency of the solar panels installed on nine portfolio buildings. Next year Gecina will report the emissions avoided due to the installation of this equipment. Two buildings now rely on a geothermal system to handle their total heating and cooling needs: Grande Halle in Lyon, delivered in 2017, and soon the Be Issy building.

In terms of development, Gecina plans to install photovoltaic panels on eight of its buildings slated for reconstruction.

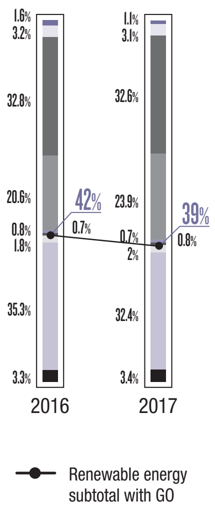
Factoring in uses and the green energy contracts of buildings under its control, the proportion of renewable energy in Gecina's energy mix is 39% (versus 42% in 2016). That three-point decline is mainly related to the decreased use of renewable energy in the conventional energy mixes provided by RTE and the CPCU network. Six buildings that were already under this type of contract last year were excluded from the scope this year due to reconstruction plans.

CHANGES IN ENERGY PRODUCTION METHOD FOR GECINA'S PROPERTY ASSETS ☑

Changes in portfolio energy production methods (excluding residential uses)



Change in energy production method for Gecina's assets (with Guarantees of Origin from renewable energy sources and excluding residential uses)



7.5.2 ENERGY EFFICIENCY

7.5.2.1 Background

In addition to providing a mean to manage charges for the benefit of customers and to generate value for the property portfolio, energy consumption optimization provides a key lever to attain the GHG emission reduction targets set by Gecina in its climate roadmap (see 7.5.1 "Carbon footprint"). It must be pursued systematically and be consistent with the goal of meeting the comfort and well-being requirements of occupants.

The energy management system implemented includes multi-year action plans defined to ensure achievement of the targets set and is built on continuous improvement of the energy performance management processes. In September 2017, this performance was modeled out to 2020 and 2030 and presented to the members of the Executive Committee. To achieve these goals, Gecina's technical teams responsible for energy management:

- manage energy consumption (collection and processing of building data);
- define and deploy action plans to improve energy performance (during work and operation) in cooperation with the teams in charge of asset property management;
- support tenants, and notably those with which an environmental appendix has been signed, jointly with the management teams;
- manage supply contracts and optimize utilities purchases;
- conduct a technology watch in this area.

Gecina has been certified ISO 50001 since 2015, thanks to the process that it implemented across all of its property portfolio in terms of energy management within a rigorous framework.

The actions carried out for the property portfolio (described in the following paragraph) include optimization of the performance of properties in operation for intrinsic consumption, the determination of ambitious consumption levels for new development and increased involvement of tenants in optimizing consumption for their specific uses.

The levers used and the performance of the office portfolio differ based on the level of operational control exercised by Gecina (see 7.2.4.3 "Summary of the non-financial scope and reporting period").

The consumption reduction target set for the residential portfolio, which fully conforms with the Grenelle thresholds (30% reduction in energy consumption all uses combined by 2020 compared to 2008), was reassessed in 2017. The residential portfolio has, therefore, been included in the overall reduction target of 35% of energy consumption throughout the full extent of its new scope compared to 2008 (following the acquisition of Eurosic and taking into account all uses).

7.5.2.2 Actions and results

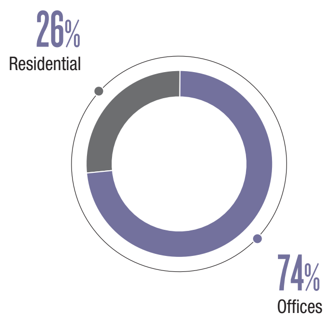
Theme	Key actions	Progress and results
Building design and investments	■ Design of assets with a maximum average threshold of 70 kWhFE/sq.m/year for the office property and low energy building (BBC) renovation for residential ■ Systematic integration of commissioning operations in commercial developments ■ Analysis of the carbon footprint of acquisitions which will not be rebuilt in the short term	■ 7 projects under development designed with a performance level below 70 kWhFE/sq.m/year ■ 100% of projects in development commissioned ■ Implementation of CSR scoring for the asset in question
Building operation	■ Deployment of a retro-commissioning approach to monitor all devices and equipment and to ensure their optimal operation based on occupant needs (seasonal audits, adjustment of management tools and required repairs)	■ 24 buildings commissioned in 2016 showed a reduction in consumption of 7.2% in 2017 (excluding specific uses of the tenants) ■ 14 buildings commissioned in 2017 and 18 buildings for which this program will be put in place in 2018
	■ Monitoring and management of consumption *via* a remote metering system to ensure data feedback and define an alert system	■ 42 buildings connected to the Hypervision® system
	■ Implementation of contracts with an energy performance clause for office buildings (incentive contracts with operators) ■ Improvements to equipment performance and structural work (offices and residential)	■ 44% of commercial surface areas have contracts incorporating an incentive clause linked to the energy performance of the building ■ 32 parking lots (of which 8 in 2017) moved to LED lighting (cumulative gain: 662,153 kWhFE/yr) ■ 13 buildings with insulated piping and ductwork (cumulative gain: 67,386 kWhFE/yr) ■ 16 buildings received reduced ventilation flows (cumulative gain: 725,009 kWhFE/yr) ■ 13 buildings with optimized setpoints (602,724 kWhFE/year)
	■ Implementation of contracts that include an incentive clause for the residential portfolio when Gecina controls operations	■ 62% of residential surface areas arecovered by an incentives contract linked to the energy performance of the building
Specific tenant uses	■ Raising tenant and occupant awareness about reducing consumption	■ Identification of a partner to deploy soft incentive solutions (nudges) to promote changes in tenant behavior and implementation study with a tenant

7.5.2.3 Analysis of Performance

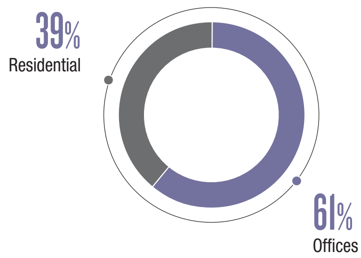
7.5.2.3.1 Energy performance of the property portfolio in operation and under development

BREAKDOWN OF TOTAL ENERGY CONSUMPTION BY ACTIVITY (AT CONSTANT CLIMATE, EXCLUDING SPECIFIC TENANT USES)

Primary energy



Final energy



ENERGY PERFORMANCE OF THE COMMERCIAL PROPERTY PORTFOLIO IN OPERATION BASED ON THE RECOMMENDATIONS OF FRANCE GBC (ALL USES)

Property portfolio	Corporate (head office)	Activities (operation controlled by Gecina excluding specific tenant uses)	Stakeholders (operation controlled by tenants and specific tenant uses)	Total
kWhPE	3,889,635	160,703,310	271,274,019	435,866,964
kWhPE climate adjusted*	3,766,078	153,099,860	283,988,039	440,853,977

* *Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

ENERGY PERFORMANCE OF THE PROPERTY PORTFOLIO UNDER DEVELOPMENT (EXCLUDING SPECIFIC TENANT USES)

Projects whose design has been finalized	Annual energy performance before rebuilding	Annual energy performance after rebuilding
Le France	237 kWhFE/sq.m	87 kWhFE/sq.m
7 Madrid	237 kWhFE/sq.m	61 kWhFE/sq.m
Octant Sextant	131 kWhFE/sq.m	68 kWhFE/sq.m
32 Guersant	192 kWhFE/sq.m	69 kWhFE/sq.m
20 Ville-l'Évêque	188 kWhFE/sq.m	63 kWhFE/sq.m
Sky 56	na	70 kWhFE/sq.m
Be Issy	na	52 kWhFE/sq.m
Ibox	234 kWhFE/sq.m	69 kWhFE/sq.m

na : not applicable

As stated in Chapter 7.5.1.3, the table above only shows the performance of projects whose design has been finalized. Of these developments, only one does not meet the target of 70 kWhFE/sq.m/year, given the nature of the work done. It is not as significant as that taken into account to set the overall goal for the performance of reconstruction projects.

7.5.2.3.2 Energy performance of the office properties in operation

Reminder of the 2020 targets:

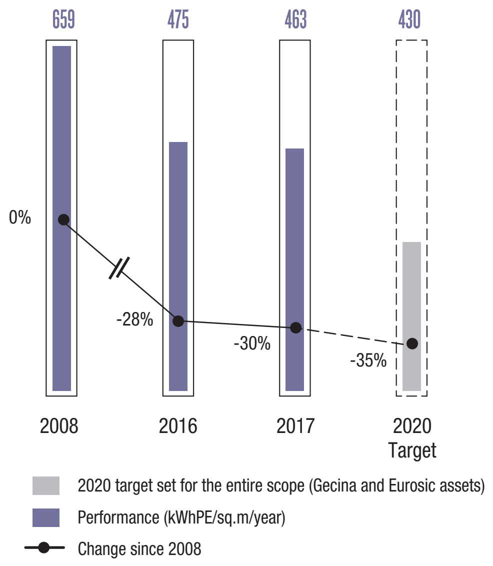
- Offices without usage: 284 kWhEP/sq.m/year, i.e. -40% compared with 2008
- Office portfolio including all uses: 430 kWhPE/sq.m/year, i.e. -35% compared with 2008

CHANGE IN OFFICE PORTFOLIO ENERGY CONSUMPTION ☑

		2008	2016	2017	Change since 2008	Change 2016/2017
Excluding specific uses	kWhPE heating climate adjusted*	315,698,545	228,758,744	207,498,455	-	
	kWhPE/sq.m/year climate adjusted*	473	307	291	-38%	-5%
	kWhPE climate adjusted* per occupant	**-**	**5,231**	**5,019**	**-**	**-4%**
Including specific uses	kWhPE heating climate adjusted*	450,900,370	354,094,813	329,865,332		
	kWhPE/sq.m/year climate adjusted*	659	475	463	-30%	-2%
	kWhPE climate adjusted* per occupant	**-**	**8,097**	**7,237**	**-**	**-11%**

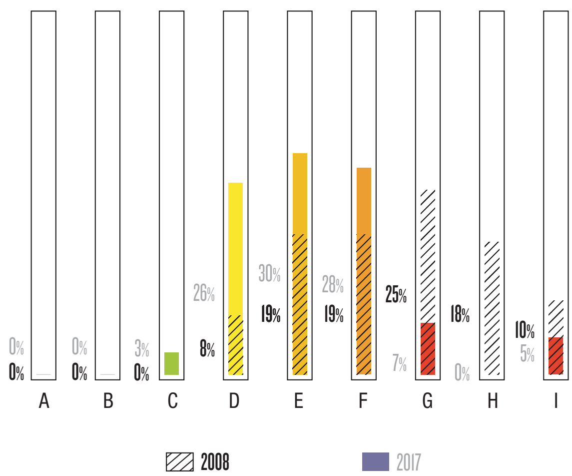
** Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

AVERAGE OFFICE PORTFOLIO ENERGY CONSUMPTION (INCLUDING ALL USES AND AT 2008 CONSTANT CLIMATE) ☑



In 2017, average energy consumption of the offices portfolio, including all uses, was 463 kWhPE/m², approaching its target for 2020 of 430 kWhPE/m². Buildings entirely operated by Gecina have already met the targets set for 2020 with 253 kWhPE/m² excluding specific uses of tenants, and 424 kWhPE/m² including all uses. Optimization between the needs of occupants and equipment operating times are both essential to improving the efficiency of buildings where control is shared or where the tenant has total control of operations. 17 buildings will start retro-commissioning in this regard in 2018. This year, 34 buildings (representing 60% of the surface area of commercial properties in operation and 61% of their energy consumption) have contributed to the efficiency of the portfolio by going from an average climate-adjusted consumption of 506 kWhPE/m² to 466 kWhPE/m² between 2016 and 2017, a decrease of 9% in one year. 12 of these buildings benefited from special measures (insulated networks, reduced ventilation flows, optimization of setpoints, etc.), as part of the PIAP, with energy savings of 7%, or more than 7 million kWh of primary energy. Energy costs for offices, all uses included, amounted to €9,993,785, or €14/m². Actions implemented to improve energy performance in this portfolio generated total savings of €711,375 for the tenants. In 2017, 14 buildings were retro-commissioned, the effectiveness of which will become known in 2018. In 2016, the retro-commissioning carried out on 24 buildings led to a reduction in energy consumption of 12%.

DISTRIBUTION BY ENERGY LABEL OF OFFICE ASSETS 2008/2017, EXCLUDING THE SPECIFIC USES OF TENANTS (IN NUMBER OF ASSETS)



7.5.2.3.3 Energy performance of the residential portfolio in operation

Reminder of 2020 targets:

- Residential properties excluding specific uses: 137 kWhPE/sq.m/year, *i.e.* -38% compared with 2008
- Residential properties including all uses: 230 kWhPE/sq.m/year, *i.e.* -27% compared with 2008

CHANGES IN RESIDENTIAL PORTFOLIO ENERGY CONSUMPTION

		2008	2016	2017	Change since 2008	Change 2016/2017
Excluding specific uses	kWhPE heating climate adjusted*	195,391,780	74,537,574	73,128,507		
	kWhPE/sq.m/year climate adjusted*	221	180	177	-20%	-2%
	kWhPE climate adjusted* per occupant	-	3,721	3,552	-	-5%
Including specific uses	kWhPE heating climate adjusted*	279,055,980	113,220,631	110,988,645		
	kWhPE/sq.m/year climate adjusted*	315	275	270	-14%	-2%
	kWhPE climate adjusted* per occupant	**-**	**4,939**	**4,739**		**-4%**

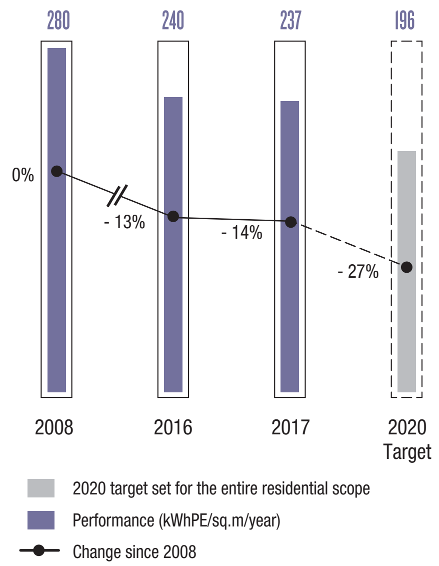
**Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

Energy costs for residential portfolio amount to €4,001,584 or €9.7/sq.m.

20 residences, including five student residences, representing 40% of the surface area of Gecina's residential portfolio, had their energy performance diagnosis updated, as the period for which they were valid had expired. 18 of these new EPCs helped lower the average consumption of the buildings concerned, resulting in a reduction of 3% compared to the total energy consumption measured last year.

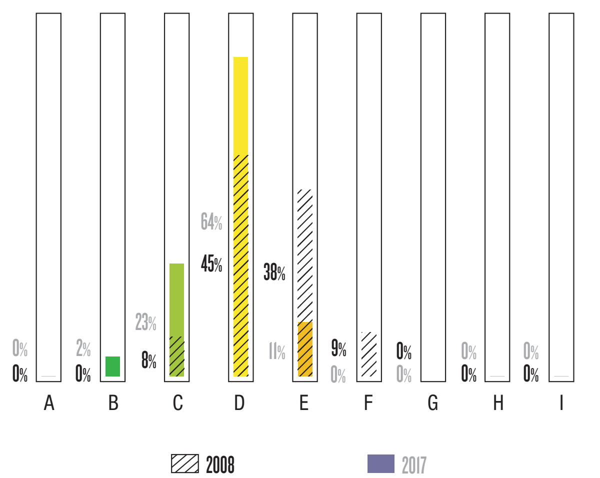
Two CPCU sub-stations were renovated in 2017 for the Auguste-Lançon and Saint Didier residences, located in the 13th and 16th arrondissements of Paris respectively. The benefits of this work are already measurable at the Saint Didier building, its consumption having fallen 22% in 2017.

AVERAGE RESIDENTIAL PROPERTY PORTFOLIO ENERGY CONSUMPTION (AT 2008 CONSTANT CLIMATE ALL USES COMBINED) ☑



Action plans were defined in 2017 to improve the energy performance of Gecina's residential properties. To reduce the energy consumption of wholly-owned residences, three scenarios were studied, and confirm attainment of the 2020 targets.

2008/2017 BREAKDOWN OF RESIDENTIAL PROPERTY BY CLIMATE LABEL (BY NUMBER OF ASSETS)



The residential portfolio has not changed since 2016 which explains the stability of the energy ranking for this part of the portfolio.

25% of the assets hold an A, B or C label and are therefore above the national objective of 150 kWhPE/sq.m/year set for 2020.

7.5.3 CIRCULAR ECONOMY

7.5.3.1 Background

In contrast to the linear model, the circular economy is inspired by the functioning of natural ecosystems to optimize the use of resources at all stages of a product life cycle. This model aims to dissociate economic growth from depletion through the creation of innovative products, services and business models.

The HQE-GBC France alliance has established a framework for defining the circular economy that is adapted to buildings by identifying 12 working areas grouped into four main ambitions:

- territorial optimization of flows (knowledge of resources and potentialities, connectivity and sustainable supply);
- sobriety (optimization of needs, eco-design and economy of functionality);
- extension of life expectancy (durability of products and equipment, scalability of spaces and uses and approach as an overall cost);
- creation of resources to limit waste (dismantling and selective decommissioning, recovery and reuse, and recycling).

Gecina's CSR approach responds to each of these ambitions by taking into account the various working areas mentioned at different levels. Some are treated in the action plans of other physical challenges, such as the economy of functionality in the challenge of urban diversity and inclusion of surroundings (see 7.4.1), scalability in the challenge of adaptability and reversibility (see 7.3.2 and 7.7.6) and product sustainability in the challenge of biodiversity (see 7.4.2). The project management and manager model adopted by Gecina also encourages it to spontaneously take into account the repairability, maintenance and overall cost of equipment in its construction choices.

Other areas for improvement are identified by Gecina as levers of performance, such as connectivity and optimization of needs (see 7.6.6) or responsible purchasing (see 7.6.4). The integration of requirements in specifications such as the carbon weight of products (see 7.5.1) or specific labels (FSC, PEFC, etc.) encourages supply sobriety and the use of local channels.

Other areas for improvement are taken into account in the action plan described in the following paragraph and focus mainly on project eco-design, dismantling and selective decommissioning, recovery and reuse and material recycling. Given the number of projects under development and the large quantity of materials and waste produced during construction, Gecina is undertaking specific actions in this area. At the same time, the property division is continuing its efforts to optimize the management of operational waste.

7.5.3.2 Actions and results

Theme	Key actions	Progress and results
Eco-design	■ Completion of LCAs for each project under development for materials and constructive measures	■ 100% of operations in development were given a Life Cycle Analysis ☑
Selective disassembly and demolition	■ Considering potential disassembly in projects ■ Integration of sorting at the source with the goal of recycling in specifications for construction site asbestos removal and cleaning or maintenance	■ Waterless construction methods (7 Madrid wooden extension) ■ Evolution of the performance program as regards sorting at source
Recovery and reuse	■ Standardizing reuse diagnostics before decommissioning ■ Making available products and materials identified in reuse diagnostics ■ Incorporating into the specifications the option of using reused products	■ Materials audit undertaken at 75 Grande Armée. 36 listings identified, of which 77% indicated good to very good feasibility for potential reuse on other buildings or put online on different platforms. Effective re-use of materials and equipment (through sale and donation) ■ Seek to reuse equipment and material onsite in our next developments
Recycling of materials and products	■ Identifying recycling channels for all construction site waste ■ Completion of a resource study for the buildings and reconstructions in order to contain the optimal number of collection bins according to the type of tenant activity for each building ■ Creation of specific areas for the storage of different material streams in operation ■ Development of specific partnerships for certain sectors (Le Relais, Cy-clope and Eco Clean) in operation	■ 98% waste recovery for the Grande Halle building delivered in 2017 ■ 2 buildings delivered under a pre-construction agreement certified Profile A under Habitat & Environment, guaranteeing a rational management of waste ■ Le Relais: 12 metric tons of clothing collected in 2017, thereby avoiding the emission of 104 tCO_2 ■ Cy-Clope: 149 kg of cigarette butts collected (representing 13 metric tons of toxic waste and 298,620 m3 of water pollution avoided) and used to produce 60 sheets of 30 kg drywall ■ 400 liters of water per day captured and recovered through the Eco Clean systems

Focus on eco-design

The design and construction of low energy buildings (BBC – *bâtiments basse consommation*) has brought to light the increase in requirements of construction materials needed to reduce energy use during operation (increase in thickness of insulation, more complex outside finishing carpentry, need for blinds, etc.). This change involves consideration of the overall impact of buildings throughout their life cycle in terms of both gray energy(1) and the production of hazardous waste, air and water pollution, and eutrophication (excess nitrogen, phosphorus, etc.) of environments (indicators determined by life cycle analysis - LCA).

Since 2011, Gecina has performed LCA on all of the assets that it develops though internal project management to encourage low environmental impact solutions in its choice of materials and constructive measures. As a result, the impact on the protection of biodiversity, consumption of non-renewable natural resources, gray energy consumption and primarily CO_2 emissions is studied at various project phases:

- sketching for modeling and choice of the structure;
- final design phase for the modeling and choice of technical equipment;
- the project phase for modeling and choice of finishing products.

Focus on operating waste

Waste can represent an abundant source of raw materials provided that its capacity for recovery can be guaranteed in recycling channels. In residential buildings and mixed-use buildings (offices and residential) that produce less than 1,100 liters of waste per week, the waste is collected by the local authorities. In office buildings and mixed-use buildings which produce more than 1,100 liters of waste per week, the waste is collected by private companies.

In 2017, 29 office buildings have a waste collection agreement implemented by Gecina that includes a weighing requirement or an estimate depending on the number of bins removed, for a minimum of five channels (paper/cardboard, plastic, glass, and wood (in compliance with decree No. 2016-288 of March 10, 2016 respecting waste prevention and management adaptation and simplification). Depending on the waste generated on site, complementary sorting channels have been implemented to recycle cans, plastic cups, ink cartridges and WEEE. Gecina's reporting on waste production and recovery will therefore cover more than 369,494 sq.m, *i.e.* 52% of offices portfolio.

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(1) *Gray energy: energy necessary for the extraction, transformation, transportation and end-of-life cycle of the materials used in buildings.*

To further improve the recycling of waste produced in its buildings, Gecina has entered into a partnership with three companies:

- Le Relais, the leading collection and recovery operator for textiles, cloth and footwear in France, has deployed its collection containers in five residences (Charbonnel, Saint-Antoine, Avray and Abreuvoir in Courbevoie and the Vouillé building). Among the clothes collected, jeans will be recovered and transformed into a thermal insulator called "Métisse®" (http://www.isolantmetisse.com/). Gecina will use this recycled material for some reconstruction or renovation projects (roof insulation after waterproofing) such as the building located at 26/28 rue Danielle Casanova, for which work will begin in 2018;
- The Cy-clope start-up is deploying the first environmental solution for the recycling of cigarette butts (Cy-Clopeurs ashtrays) in its commercial properties. This waste, which is highly polluting when discarded (each butt contains 4,000 toxic molecules and can pollute up to 500 liters of water), can be recycled into material to make building boards and used in the manufacturing of outdoor furniture. Three buildings, including Gecina's headquarters, have benefited from the installation of these ashtrays;
- Eco Clean implements an on-site recovery solution for residues from the preparation of meals at the Défense Ouest building. The waste (made up of 80% water) is dehydrated through an accelerated process resulting in the production of compost reused as agricultural fertilizer, which can be used partly in the green areas. The water recovered can be used for cleaning surfaces and watering green areas.

7.5.3.3 Analysis of Performance

7.5.3.3.1 Eco-design of programs under development

Gecina has conducted LCAs (life cycle analysis) on all the assets that it develops as under the supervision of its in-house project management teams. In 2017, LCA were conducted in the two operations delivered.

For the 55 Amsterdam operation, for example, the choice of a wood fiber-based interior insulation was preferred to more conventional insulation from the processing industry.

Gecina has adopted a methodological tool based on standards shared by the profession to develop LCAs for buildings under development in its property portfolio. This process is then used by designers to optimize the carbon emissions associated with demolition, stripping and construction (see also section 7.5.1).

7.5.3.3.2 Development site waste management

A specific monitoring process is in place for waste produced during work on all buildings and renovations headed by Gecina. For example, asbestos waste is systematically vitrified at high temperature and then inertised, it is used as roadbed for roads. At the La Grande Halle building, which was delivered in May 2017, 1,860 tons of waste were collected during the decommissioning and restructuring phases. Wood (10%), ordinary industrial waste (38%), rubble (25%), and inert waste (21%), close to half of the total mass of waste, were recycled in 98.5% of cases.

Operations ordered through VEFA pre-construction agreements are monitored directly by the project manager responsible for overseeing the work. In 2017 the two student residences of Marseille and Puteaux obtained a high level of certification (Habitat and Environment Profile A), which helped Gecina ensure that construction waste was soundly managed.

RECOVERY OF WASTE FROM CONSTRUCTION SITES DELIVERED IN 2017 BY CATEGORY (IN % AND IN TONS)

Grande Halle

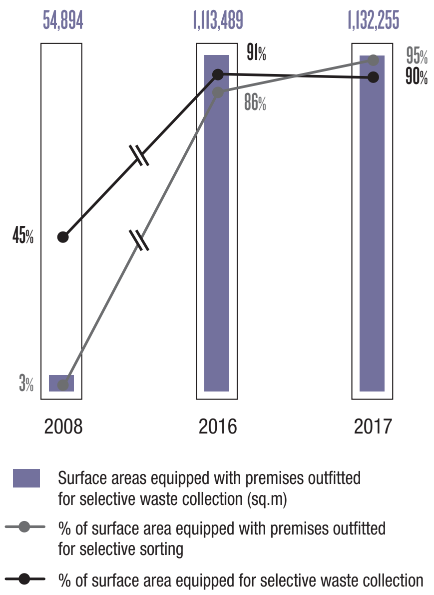
Waste category	Waste produced *(in tons)*	Recycled physical waste *(in tons)*	Recycled energy waste *(in tons)*	% recovery
Wood	196	125	67	98%
OIW	711	122	588	100%
Inert	399	387	0	97%
Scrap iron	42	41	na	98%
Rubble	471	471	na	100%
Plaster	15	14	na	96%
Hazardous waste	26	0	25	95%
TOTAL	**1,860**	**1,161**	**680**	**98%**

NA: NOT APPLICABLE

7.5.3.3.3 Operating waste management (waste from activity)

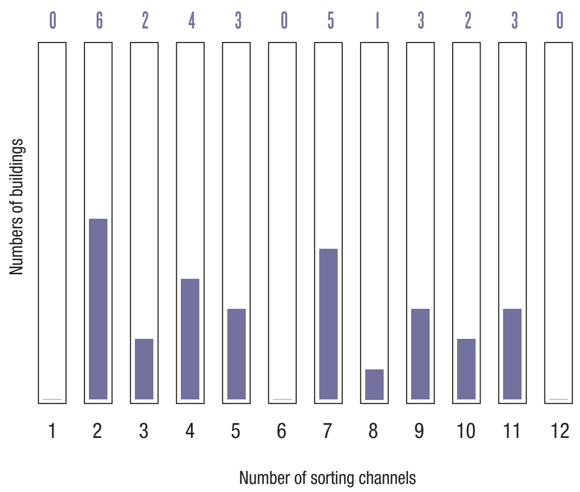
90% of office surface areas have selective waste collection contracts subscribed independently or by Gecina and 95% of residential surface areas are equipped with a specially adapted room for this collection6. This change is linked both to Gecina's sale policy and to the deployment of equipment, together with an in-depth analysis of its property assets under operation.

CHANGES IN SURFACE AREAS OF PROPERTY ASSETS EQUIPPED FOR SELECTIVE WASTE COLLECTION

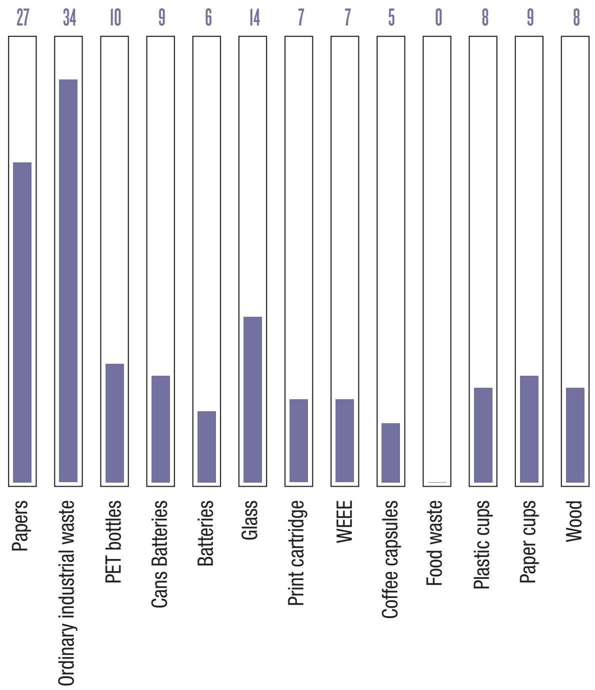


Office property buildings that have a selective waste collection contract subscribed by Gecina with an occupancy rate above 50% correspond to a surface area of 369,494 sq.m (*i.e.* more than 50% of the office properties), representing 29 buildings. The overall cost of this arrangement for these buildings amounted to €407,033 in 2017, *i.e.* around €1.1/sq.m.

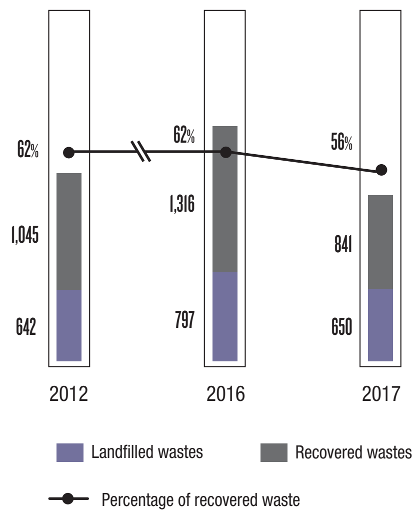
BREAKDOWN OF BUILDINGS WHERE GECINA CONTROLS OPERATIONS BY NUMBER OF RECYCLING CAPABILITY



BREAKDOWN OF BUILDINGS WHERE GECINA CONTROLS OPERATIONS BY TYPE OF RECYCLING CAPABILITY



CHANGES IN THE PROPORTION OF WASTE RECYCLED (IN TONS)



In 2017, the percentage of recovered waste represented 56% of the total volume of waste. 18 buildings had their collection contracts renewed with a provision as to actual weight carried. The decline this year is explained in particular by this change in methodology, as hitherto the volumes collected were estimated.

7.6 KEY LEVERS FOR SUCCESS

7.6.1 LABELING

The labeling and certification of Gecina's property portfolio are levers of performance to guarantee the well-being and productivity of its client occupants, guarantee that the operating performance of buildings (energy, CO_2, water, waste, etc.) is maintained or improved and mobilize its partners for emerging environmental and societal challenges in order to improve standards. By obtaining the highest levels of certification, Gecina operates the levers of value creation, which have been measured in several studies:

- 95% of investments in real estate take into account the environmental certifications of the building in the acquisition phase (source: Novethic, 2016);
- the yield from operating office buildings in France that have obtained an environmental certification is 12% higher than for non-certified buildings (source: MSCI, 2015);
- "Green" residential buildings that meet regulatory benchmarks or have certifications are worth an average of 5% more (source: the DINAMIC Association (Development of Notarial Information and Analysis of the Real Estate Market and Environment - October 2017).

KEY ACTIONS RELATED TO LABELING BY STRATEGIC PRIORITY

Strategic CSR priorities	Key actions	Progress and results
Generalist certifications are levers for mobilizing and enhancing performance for the CSR roadmap's three strategic priorities.	HQE™ Certification Construction/Renovation	100% of surface areas delivered certified in 2017 with a high level of certification
	HQE™ Operations certification	79% of the Office properties certified
	NF Habitat HQE™ certification	51% of student residence surface area certified
Enhancing sustainable cities by increasing biodiversity	BiodiverCity® label	■ 55 Amsterdam: 1st labeled transaction in 2017 ■ 140,454 sq.m of planned construction or reconstruction space with the goal of obtaining the label by 2021
Generating productivity and well-being for clients in adaptable buildings	Wired Score label	■ 55 Amsterdam: 1st labeled transaction in 2017 ■ 215,931 sq.m of building space planned or in operation hope to obtain the label by 2021
	Well label	■ 55 Amsterdam: 1st labeled transaction in 2017 ■ 176,759 sq.m of planned construction or restructuring space with the goal of obtaining the label by 2021

7.6.1.1 Environmental Management System (EMS)

The Environmental Management System (EMS) is the heart of the HQE certification process. HQE™ Construction and Operation certification through Certivéa for offices and NF Habitat HQE™ certification through Cerqual for residential attest to the implementation of this environmental management system.

Beyond certification, the buildings in operation use an EMS to reach the best levels of performance in the various responsible building themes through Performance Improvement Action Plans (PIAP), which:

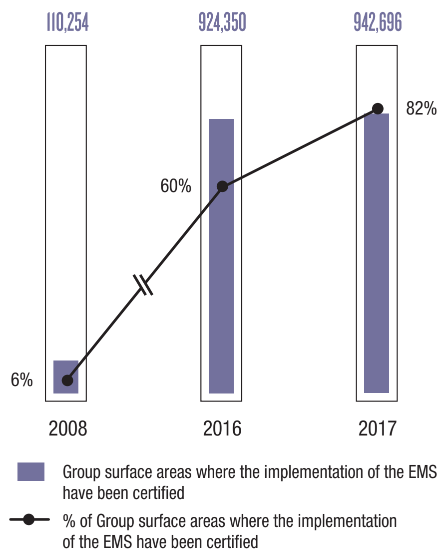
- determine target performance goals and establish actions to be implemented to achieve them;
- set monitoring procedures and the budgets to be allocated (see 7.2.3 "Managing CSR" - Focus on the CSR mapping of Gecina's property portfolio).

This EMS is shared and monitored by all stakeholders involved in the development or operation of assets through standard procedures and documents. This EMS applies to all assets in the portfolio, residential and tertiary, in operation and in development. Gecina's ambition to move toward HQE™ Green Building certification involves a re-evaluation of the organization and procedures to be followed by the Cerqual body.

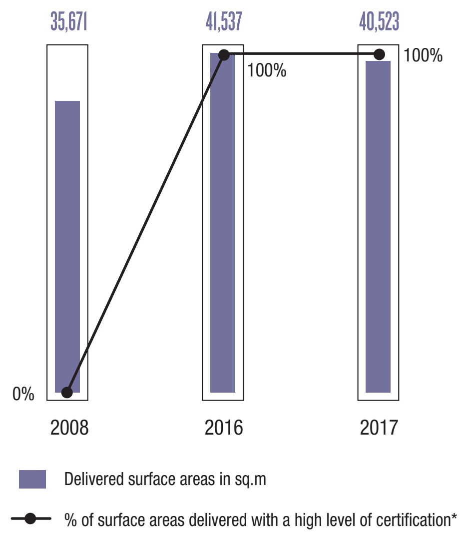
Gecina has real estate assets under certified operation of 729,883 sq.m. If we add buildings under development that have obtained certification, the surface area where the implementation of the EMS has been certified reaches 942,696 sq.m, *i.e.* 82% of surface area of the real estate assets. The limited certification rate in the residential portfolio (7% of surface areas) and the gap on the target for HQE™ Operations certification of office properties lowered this indicator.

Four buildings were delivered in 2017: two under Gecina, and two acquired under pre-construction agreements. All of them obtained a high level of certification. In this way, Gecina expresses its desire to invest in new quality assets, imposing the same level of ambition for its operations as for those it acquires from other operators. Convinced that such levels of ambition help to create valuation, in 2017, Gecina spent €682,383[3] for the certification of the buildings under its project management.

EMS CERTIFICATION RATIO ☑



SURFACE AREAS OF OFFICE AND RESIDENTIAL PROPERTIES CERTIFIED WITH A HIGH LEVEL OF CONSTRUCTION CERTIFICATION ☑



* Offices: 12/14 HQE™ Efficient or Very Efficient targets;
Residential: H&E or PH&E Profile A

7.6.1.2 Certification of development and renovation programs

Since the end of 2016, Gecina has hoped to achieve HQE™ certification in accordance with the Green Building reporting standards for all office development programs. This new version, in comparison with the former target of the NF Commercial Buildings HQE™ reporting standards, incorporates all sustainable development challenges[1] and exceeds regulatory requirements. Gecina's ambition today is to systematically seek one of the two highest levels of certification for its operations, known as the HQE™ Excellent or Exceptional passports.

To certify residential development programs, in 2016, Gecina chose the NF Habitat HQE™ certification, which is based on a responsible management system that includes noise pollution and eight other themes[2]. As with office developments, Gecina is seeking the most ambitious levels of certification: the HQE™ Excellent or Exceptional passport.

In addition to these certifications, Gecina seeks, for any type of renovation or construction being planned, to obtain specific labels or certificates (LEED, BiodiverCity©, Well, Wired Score) in order to more accurately meet the expectations of future occupants, investors and local authorities.

7.6.1.3 Certification of operating buildings

HQE™ Operations certification guarantees the quality level of the building for tenants and investors by establishing mandatory responsible management methods and improvement of environmental performance (analyzed using objective metrics) through a progress action plan. The reporting standards thus recognize the intrinsic quality of the building (*through* the sustainable building focus) and the specific operational quality (*through* the sustainable management focus). The "Sustainable Use" focus is also certifiable and falls within the decision-making scope of each client occupant.

For the first year, Gecina has obtained NF Habitat HQE™ Operations certification for its student residences.

By regularly intervening either through *in situ* audit, or through documentary analysis, Certivéa, for office buildings, and Cerqual, for residential buildings, assess the resources in place and check the achievement of the established efficiency goals on a range of buildings submitted for certification.

(1) The Green Building standard is built around 28 themes grouped into four commitments (quality of life, respect for the environment, economic performance and responsible management) and 12 objectives.
(2) Safety and Security, Services and Transportation, Land Use, Waste, Biodiversity, Maintenance Cost and Sustainability of the Envelope, Control of Consumption and Expenses and Overall Cost.
(3) These costs include the fees of the certification body in addition to the supporting intellectual services.

As of the end of 2017, the Gecina HQE™ Operations-certified office portfolio represents 699,911 sq.m, or 79% of surface areas.

In 2017, four assets, representing 47,146 sq.m and various characteristics were presented by Gecina for HQE™ Operations certification and attested by Certivéa:

- the 55 Amsterdam building in Paris and the Grande Halle building in Lyon, which were recently delivered;
- the Adamas building, which was acquired during the year;
- the 159 boulevard Charles de Gaulle building in Neuilly, which was renovated.

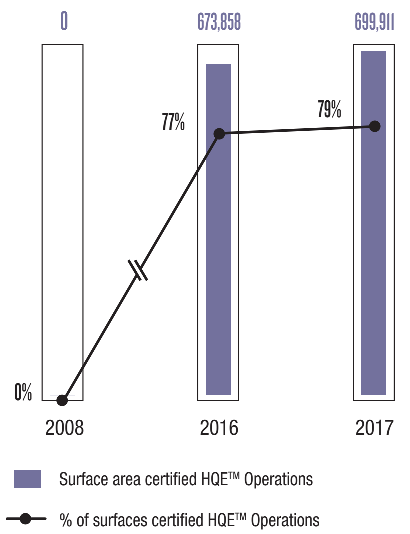
For the residential portfolio, Cerqual has recognized the environmental management system put in place by Gecina for the 17 currently operating student residences in its portfolio. In light of the minimum standards required for certification, only eight residences representing 27,204 sq.m or 7% of residential surface areas were given certification:

- the 15 Lecourbe, Montsouris, Cité Cinéma, Paris Est Bagnolet, Camille Claudel residential buildings located in Paris and the Paris Region;
- the 7-Guerland residential building in Lyon;
- the Bassin à Flot residential building in Bordeaux;
- the Mazenod student residence in Marseille, which was recently delivered.

In addition, Gecina is working for the recognition of the rest of its residential portfolio by identifying actions to improve the intrinsic qualities or operating conditions necessary to obtain certification. These actions will be integrated into the work plans of these buildings according to budgets determined during asset reviews.

At the end of 2017, 66% of the market valuation of office properties held by Gecina is HQE™ Operations certified, or 79% of surface areas held.

OFFICE PROPERTY SURFACE AREAS HQE™ OPERATIONS CERTIFIED



The total cost[(1)] of HQE™ Operations certification was €346,643 for 2017.

Gecina also uses reporting standards developed with Interface called Restaurant Vert® that recognizes the quality of products and services in the company restaurants in its property portfolio. Thus among the 22 interoffice restaurants (14 of which are operated by external contractors and eight by tenants), 14 restaurants were engaged in this approach in 2017. This approach is regularly implemented during calls for tenders for the management and operation of all restaurants under development or when renewing the contracts of the interoffice restaurant service providers.

7.6.1.4 Green leases and environmental appendices

The "green lease" (or environmental appendix) has been mandatory for all leases signed or renewed for office or commercial premises larger than 2,000 sq.m since July 14, 2013. In 2010, Gecina strategically wanted to sign green leases with its clients for new buildings.

In 2017, Gecina continued its efforts with its clients. The "green lease" and the sharing with occupants that it entails is necessary for the achievement of goals, with respect to energy and carbon especially, because energy consumption and greenhouse gases related to tenant use account for between 30% and 35% of total office building consumption.

(1) Including project management support costs and certification costs.

GREEN LEASES SIGNED ACCORDING TO SURFACE AREAS

	Assets number			Surface areas			Rent		
	In nb	In %	*Change 2016-2017 in %*	In sq.m	In %	*Change 2016-2017 in %*	In €'000	In %	*Change 2016-2017 in %*
Green leases > 2,000 sq.m	67	89%	18%	638,657	93%	6%	278,312	93%	7%
Green leases < 2,000 sq.m	215	51%	10%	106,032	60%	23%	54,412	58%	12%
TOTAL		**282**			**744,689**			**332,724**	

At the end of 2017, the number of green leases signed was up sharply, as 282 "green leases" were recorded, 12% more than in 2016. 93% of surface areas of less than 2,000 sq.m were covered by "green leases" in 2017, representing 215 signed leases, on a voluntary basis. This corresponds to 58% of the rent paid to Gecina.

7.6.2 CLIENT INVOLVEMENT

The client relationship is key performance and the implementation of Gecina's strategy. By fostering good relations with its current and prospective clients, at all stages of its business activity, Gecina aims to:

- facilitate the pre-commercialization of developments by tailoring them to the specific expectations of its current and prospective clients;
- anticipate swift changes in client expectations and in the way clients use buildings and prepare appropriate responses;
- enhance its real estate assets and expertise.

KEY ACTIONS FOR CLIENT INVOLVEMENT

Theme	Key actions	Progress and results
Satisfaction survey and continuous improvement	Offices: biannual barometric study by IPSOS. 2016 panel: 100 clients, including key account clients	■ Client recommendation rate of 82% ■ Areas for improvement: the functioning of common areas, buildings with equipment in poor condition, monitoring requests and responsiveness, communication and information
	Residential: annual quantitative study. 500 clients interviewed by telephone.	■ Client recommendation rate of 92% ■ Areas for improvement: cleanliness of car parks, basements and cellars, work on the apartment, maintenance of shared equipment and discussions with technical contacts
	Student residential. Annual online survey (response rate of 10%) open to the whole target group	■ Entry recommendation rate of 69% and exit recommendation rate of 62% ■ 4 areas for improvement: Wi-Fi quality, rent, price and insulation
Refocus on the client using a structured approach	Define a roadmap for commercial and residential clients	■ Offices: formalization of the Key Accounts approach, rolled out during 1st half 2018 ■ Residential, three priorities: innovation and creation of services, develop and enhance property portfolio, optimize processes
	Enrich client relationship tools	■ A range of new products and services ■ New digital approach to promote client experience ■ Launch of a digital client portal for smoother communication
	Repositioning of the Gecina Lab	■ Develop to become the Gecina R&D Lab, focusing on client satisfaction, improving operating and non-financial performances

Following the review performed as part of the Cyrus project and the analysis of the results of client satisfaction surveys, Gecina has identified three process transformation areas to improve client guidance.

Within the Offices Department, Gecina created a Key Accounts Department in 2017, which has two main objectives:

- to encourage loyalty from Key Account clients by anticipating their needs and their potential very early departure;
- to identify prospective Key Accounts with strong potential and develop a specific range of services.

The implementation of the Key Accounts approach requires a number of actions to be rolled out during the first half of 2018:

- centralized and personalized communication between each client or prospective client and a manager;
- establishment of a database that incorporates all information held on target companies;
- creation of specific marketing materials;
- management of external relationships with clients and internal relationships with employees involved.

In this regard, Gecina will demonstrate to its clients or prospects that the extra-financial performance of its portfolio contributes to their effectiveness, the awareness and coordination of their employees as they deploy their CSR commitments, and talent retention.

Within the Residential Department, the analysis of the client journey and work on the client experience has resulted in the drafting of an action plan that will be rolled out in 2018, based on three main areas:

- digitalization of the client journey and offer easier access to products and services;
- rethink the range of products and services on offer to improve its comprehensiveness and bring it in line with the expectations of both target groups (students and families);
- select only the best suppliers to avoid malfunctions and offer rapid and effective solutions when malfunctions do occur.

Lastly, the positioning of the Gecina Lab has been updated. The role of the Gecina Lab is to anticipate client expectations and technological developments to continuously reinvent the building of tomorrow, in terms of design, integration within its surrounding area, and new usages. It is part of an innovative iterative approach to identify, test and roll out new solutions to improve the flexibility of buildings, make them blend in better with the city whilst being rich in terms of services and efficiency.

During the course of 2017, Gecina Lab made some transformative changes and accelerated the development of new solutions, by:

- strengthening and anticipating responses to client requirements, ensuring that it stands out and positions itself as a long-term partner;
- capitalizing on the collection and analysis of data on how buildings are used, so as to improve performance;
- supporting CSR actions and achieving targets.

Gecina Lab also leads the work to reinforce a culture of innovation within the company.

Meanwhile, since 2015, Gecina's CSR performance has been assessed by the platform Ecovadis, to which clients can subscribe to check the CSR maturity of suppliers as part of their selection process. Thanks to its strong non-financial performance, Gecina has maintained its score of 81/100, double the industry average. Only 1% of companies, all categories combined, had a score that was higher than or equal to Gecina.

7.6.3 CHANGE MANAGEMENT

Changing professional practices are a key success factor which ensure the company's full commitment to sustainable development. In addition, they provide an opportunity to unite teams around a common project against a backdrop of management renewal, the Eurosic merger with Gecina, rapidly changing client needs and the new expectations of stakeholders. However, the number of CSR challenges associated with real estate and the complexity involved in understanding their full extent and handling them present a challenge when implementing actions. To ensure employee buy-in of the roadmap, it was created jointly with the teams involved and forwarded to the business lines as specific action items. What is more, the action plan leadership and follow-up systems have been adjusted for each business line and the achievement of CSR targets will be included in variable remuneration mechanisms.

KEY ACTIONS FOR DIGITALIZATION AND CONNECTIVITY BY STRATEGIC PRIORITY

Strategic CSR priorities	Key actions	Progress and results
Change management contributes to the implementation of the CSR roadmap overall by: ■ Generating productivity and well-being for clients in adaptable buildings ■ Energizing the sustainable city by developing biodiversity and accessibility for all ■ Reducing the environmental footprint with resource-efficient and carbon-neutral buildings	Company culture survey (McKinsey Organizational Health Index) as part of the Cyrus project (see below) Panel: All employees (including Eurosic). Response rate: 75%. (3 levels expressed: Agree, Neutral, Disagree)	■ A clear strategic vision, widely-shared by the teams: 59% of employees stated that they are "highly motivated" and 79% believe that they have the resources and skills required to achieve their objectives Progress expected in terms of accountability, recognition and follow-up: 54% are of the opinion that each entity has explicit targets for its operational performance and 38% have sufficient authority to take the decisions required
	Reorganization	■ The company reorganized around the Office and Residential businesses and Development joined the Investments Department ■ Changes in the Executive Committee: 4 of its 8 members joined Gecina in 2017
	Employee involvement in CSR issues	■ 56 employees involved in CSR issues ■ The goal is to involve 100% of employees in the achievement of the 2020 roadmap's targets ■ 1,469 hours of training on CSR topics
	Experimentation with sustainable innovations at the head office.	■ Deployment of 3 key actions as part of the "Exemplary head office" action plan (see the website) ■ Launch of the head office redevelopment

Focus: Cyrus project

In light of the merger between Eurosic and Gecina, and current thinking on business transformation, Gecina, with the assistance of McKinsey & Co., has launched a change management project entitled Cyrus. The primary objective of this project, conducted from October 2017 to March 2018, is to rigorously compare, for each line of business, the practices of the two companies as well as those of the market, in order to build the most effective organization and processes possible. 180 employees were enlisted into 32 working groups, each co-led by a Eurosic employee and a Gecina employee. Making use of survey findings on the subject (the McKinsey Organizational Health Index), this process is aimed at eliciting a collaborative, client-oriented culture for employees together with lasting digital innovations. The objectives and associated action plans were formalized by each task force, before being approved by the Executive Committee. Execution of the action plans devised in this project will be monitored by the Executive Committee.

Focus: Renovating the corporate headquarters

Based on a diagnosis and study conducted in 2017, Gecina's headquarters will be renovated in 2018 in order to accommodate all of the Group's employees and to reflect the evolution of practices and working methods:

- the "model headquarters" action plan, introduced in 2012 to test the latest sustainable innovations (materials, measuring systems, operating procedures) before implementing them in our property portfolio, was adopted;
- four types of work spaces will be deployed to adapt to the needs of employees (to work alone, to concentrate, to meet for decisions, to discuss) and increase their productivity.

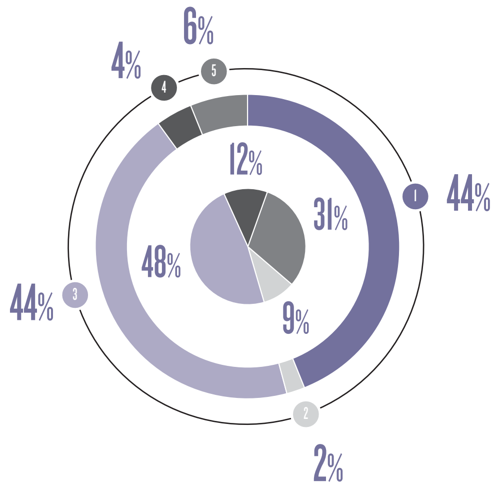
In addition, various services will be offered to staff to facilitate their day-to-day work.

7.6.4 SUSTAINABLE RELATIONS WITH SUPPLIERS

As stated in Paragraph 7.1.1 "The business model and its environmental, social and societal impacts", Gecina relies on an important network of suppliers to develop and operate its property portfolio. Gecina is therefore affected, indirectly, by the main environmental, social and societal impacts of its supply chain.

Gecina has identified five categories of supplier (see graph below). The suppliers of real estate programs and asset operation and maintenance categories are those on which Gecina may exercise the most significant influence and for which the stakes are the highest (environmental impact of construction sites and construction materials, accidents, management of payment periods).

NUMERICAL BREAKDOWN OF ACTIVE SUPPLIERS ACROSS THE FIVE MAJOR PURCHASING CATEGORIES (MIDDLE CIRCLE) AND BREAKDOWN OF PURCHASING EXPENCES (OUTER RINGS)



1 **Investment:** 1 supplier, expenditure €190.4 M excl. VAT

2 **Real estate programs:** finishes, technical equipment, roofed enclosure. 71 suppliers, expenditure €10.5 M excl. VAT

3 **Operation and Maintenance:**
- ongoing contracted maintenance and repairs & replacements
- layouts and finishes of common and private areas

358 suppliers, expenditure €191.8 M excl. VAT

4 **General and IT services:** 90 suppliers, expenditure €18.6 M

5 **Intellectual services:** 231 suppliers, expenditure €24.2 M excl. VAT

KEY ACTIONS RELATED TO RESPONSIBLE PURCHASING AND SUPPLIER RELATIONS

Strategic CSR priorities	Theme	Key Actions	Progress and Results
Involve suppliers and take into account their CSR performance to help implement the CSR roadmap as a whole: ▪ generate productivity and well-being for our clients in adaptable buildings ▪ energize the sustainable city by developing, in particular, biodiversity and accessibility for all ▪ reduce environmental footprint with resource-efficient and carbon-neutral buildings	Involvement of employees and suppliers	▪ Mapping of purchases based on 92% of supplier expenses ▪ Formalization of responsible purchasing tools (charter, evaluation questionnaire) and processes ▪ Training of employees	▪ 751 suppliers defined as active, prioritized according to size within 12 groupings ▪ 97% of suppliers signed the Charter ▪ 98 employees in direct contact with suppliers trained in 2015
	Factoring CSR performance into asset acquisitions	▪ Scoring CSR performance for acquisitions for which there are no reconstruction plans	▪ CSR scoring completed for the one property affected in 2017
	Factoring CSR performance into the development of assets	▪ Coordination of health and safety conditions and monitoring of accident rates on construction sites where Gecina is project owner	▪ 5 work accidents for a total of 176 days off work, equal to a frequency rate of 4.09 and a severity rate of 0.2
	Factoring CSR performance into the selection of operating suppliers	▪ Evaluation of active suppliers, in keeping with the overall quality analysis of work done ▪ Factoring CSR performance of suppliers into the final scoring of calls for tenders ▪ Inclusion of responsible purchasing criteria in specifications	▪ 41% of active suppliers who signed the Charter were assessed. Average score of those assessed for the first time in 2017 was 67%, 9% higher than the average score of the panel (58%) ▪ 63% of specifications reviewed with regard to responsible purchasing
	Monitoring compliance of payment periods for construction site work and operational services	▪ Establishment of a maximum payment period of 45 days from receipt of invoice ▪ Quarterly measurement of compliance with payment periods	▪ Payment of suppliers at 35 days on average, whereas construction firms are paid within an average of 68 days according to the 2016 Observatoire des délais de paiement (French Trade Credit Observatory)

RATE OF FREQUENCY AND SEVERITY OF WORK ACCIDENTS AFFECTING DEVELOPMENTS WHERE GECINA IS PROJECT OWNER

	Construction sites where Gecina was project owner in 2017	Average France/construction industry*
Number of work accidents with time off work	5	nd
Total number of days lost due to work accident	176	nd
Total number of hours worked on the sites (excluding Eurosic developments)	1,027,985	nd
Rate of frequency of accidents	4.9	38.9
Rate of severity of accidents	0.2	2.7

** Source: Statistics of the Caisse nationale de l'assurance maladie [national health insurance fund] on employed construction industry workers during 2016*

In 2017, five work accidents occurred at Gecina-owned developments, causing 176 days of lost time. The rates of frequency and severity at these sites remained significantly below the average rates of construction companies in France during 2016.

As part of its overall strategy and commitment to clients, Gecina strove to work more closely with suppliers and to lay the foundations for a partnership approach. A work plan was submitted to the largest suppliers of the Residential Department in December 2017. It provides in particular for:

- the application by the suppliers of three key commitments made by Gecina in its client relations: quality, responsiveness, effectiveness;
- the evaluation of the quality of suppliers' work according to five criteria (general quality, cost, economic strength of the company, meeting deadlines, observance of safety rules), followed by inclusion of a CSR assessment as of March 2018;
- the formulation of corrective action plans, or even sanctions, in the event of non-compliance with terms and conditions.

The structure of the new CSR roadmap for 2020 bears out the importance of the responsible purchasing policy for changing the practices of suppliers in keeping with the performance targets set by Gecina in its strategic priorities. The following areas have been identified to work on:

- accelerate the assessment of the CSR performance of suppliers and the consideration thereof in their selection by tailoring the questionnaire as much as possible to the key issues of each area of business;
- include in the contracts the reporting of certain key environmental and social data for suppliers with major CSR impacts, including minimal carbon impact and the accident rates for work sites;
- identify the portion of requests sent by suppliers (requests for information, payment, contact) relating to payment delays in order to accelerate payment in the event of difficulty;
- share efforts with other companies in the sector, particularly in order to improve the practices of rank 2 and 3 suppliers;
- continue discussions with suppliers to identify as early as possible innovative solutions to satisfy Gecina's CSR goals.

7.6.5 INVESTOR COMMUNICATION

Promoting best practices and CSR performance with investors, particularly socially responsible ones, provides leverage which increases the inclusion of these elements in their investment decisions. Therefore, to maintain a special relationship with private shareholders and a relationship of trust with institutional investors and analysts (financial or specialized in socially responsible investing), Gecina:

- provides transparent, truthful and accurate information to its shareholders, investors and analysts;
- improves its appeal for Socially Responsible Investors (SRI).

KEY INVESTOR COMMUNICATION ACTIONS

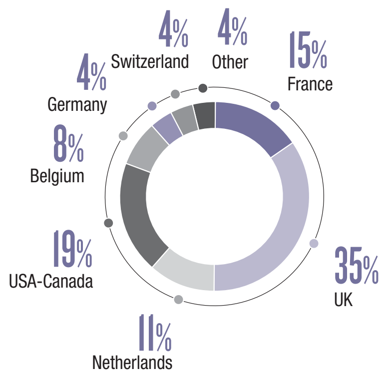
Theme	Key actions	Progress and results
Transparency and contact with investors	Roadshows, conferences and other Institutional Investor Meetings	▪ Meetings with 450 investors and financial and non-financial analysts in 2017 ▪ 26 financial roadshows (see distribution below) ▪ Analyst recommendations on 01/15/2018: 41% Buy, 50% Neutral and 9% Sell with an average price objective of €145.50 per share (highest €175/share, lowest €121.5/share)
	Meetings and visits with individual shareholders	▪ Two Regional Meetings with 300 individual investors ▪ One visit of the property portfolio ▪ One Fondation Gecina presentation, in the presence of Bernard Michel, Chairman, during a Meeting of the Shareholders' Club
	Relationships and quality of service for all investors	▪ *Trophée de bronze des Meilleurs services aux actionnaires du SBF 120* (best shareholder services) ▪ *Coup de cœur du jury* (jury favorite) at the *Grand Prix FAS 2017 de l'actionnariat salarié* (employee shareholding structure)
Improve the company's appeal for SRI investors	Exchanges with SRI investors	▪ Individual and Group Meetings with 7 SRI investors ▪ 19 SRI funds invested in Gecina according to the September 2017 IPREO barometer, accounting for 8.9% of the capital
	Questions and answers	Responded to 3 priority surveys (CDP, DJSI and GRESB) and 4 complementary ones (re-reading and occasional exchanges) Overall progress made in assessments, notably in the 3 priority rankings - see 7.2.2.2 "Results and analysis of non-financial rankings"

Gecina maintains a privileged relationship with all its shareholders through its registered shareholding format. All shareholders are identified in the company's registers and get personalized treatment and free custody and management fees as their account is held by the Securities and Market Department, which is part of the Financial Communication Department.

Lastly, Gecina offers a certain number of additional services to its shareholders:

- a seasoned Shareholders Relations team that responds to all questions related to the General Meeting, account management, taxes, Gecina news, etc.;
- a dedicated space in the company's website ***www.gecina.fr*** from which all publications of the company may be received by electronic mail (letters to shareholders, press releases on results and Group news) and where shareholders can register to visit properties;
- a toll-free number from France (+33 (0) 800 800 976);
- a specific e-mail address: ***actionnaire@gecina.fr;***
- and new: A Shareholders' Club.

GEOGRAPHICAL BREAKDOWN OF ROADSHOWS MATCHING INVESTOR LOCATIONS



SUMMARY OF ROADSHOWS AND MEETINGS WITH INVESTORS

	2014	2015	2016	2017
Number of financial roadshows completed	12	22	19	26
Number of investors met	261	270	311	450
Number of non-financial roadshows completed	2	2	2	1
Number of investors SRI met	28	22	15	7
Existence of an individual Shareholders Committee and number of Committee Meeting	no	no	no	no
Number of individual Shareholders Meetings	5	4	5	4

7.6.6 DIGITAL AND CONNECTIVITY

Economic, regulatory, environmental and societal changes force the sector to adapt to a new reality for which digital technology provides tools and solutions. It constitutes a key lever for strengthening the performance sought by Gecina concerning the following:

- the well-being and productivity of building occupants through building connectivity as well as the integration of connected systems for measuring and managing physical parameters (quality and flow of air, temperature, luminosity, noise, etc.), with respect to the confidentiality of data;
- the strengthening of the sustainable city by facilitating and simplifying transport and movement to buildings and promoting the conditions for developing the space-sharing economy as flows;
- management of the environmental footprint by working to optimize resources both in the construction phase of buildings (precise quantification of resources and facilitation of discussions and reuse) and operation phase (monitoring of consumptions, management of the energy mix, anticipation of renewals).

KEY ACTIONS LINKED TO DIGITISATION AND CONNECTIVITY BY STRATEGIC FOCUS

CSR strategic priorities	Key actions	Progress and results
Generate productivity and well-being for our customers in adaptable buildings	■ Development of the WiredScore certification for new developed buildings to guarantee the best standards of digital infrastructure and connectivity ■ Connection of buildings to different fibre networks ■ Installation of indoor air quality sensors and connected systems for gathering physical parameters (IoT)	■ Development of a partnership with the company WiredScore for fifteen assets in development and five buildings in operation ■ 34 out of 52 residential buildings (65%) under a contract with Numéricable and 23 out of 72 commercial properties (32%) connected by Gecina to fibre networks ■ Measurement of indoor air quality (Azimut Monitoring terminal) upon receipt in 100% of delivered buildings
Modernize the sustainable city by developing, in particular, biodiversity, territorial inclusion and accessibility for all people	■ Protection of tenants against the cyber security risks related to buildings ■ Partnership for providing the parking lots of the property portfolio on a platform of pooled services (OPnGo)	■ Participation in a study with shared costs (ARP-Astrance) ■ 20 buildings in which the solution is deployed and 8 in progress, out of a total of 134 buildings (that is 21% of the portfolio, corresponding to more than 800 places) through weekly or monthly reservations
Reduce environmental footprint by resource-efficient and carbon neutral buildings	■ Implementation of a system for the energy monitoring of buildings ■ Provision of materials from deconstruction on platforms promoting their reuse ■ Development of new BIM (Building Information Modelling) design-and-build projects promoting the quantification of needs and the use of resources ■ Deployment of BIM GEM (Management, Operation, Maintenance) in the operating property portfolio optimizing the conditions of maintenance and their impacts	■ Deployment in 42 out of 72 office buildings in operation ■ Integration of materials from deconstruction at 75 Grande Armée on the Batiphoenix platform ■ 4 projects (BE ISSY, Bancelle, Delcassé and Grande Armée) out of 12 in BIM (building information modelling) development ■ 2020 target set for BIM design : 100% ■ Ongoing test on an asset for setting a target for 2020 for the portfolio in operation

To improve the management of the non-financial performance of its property portfolio, Gecina has implemented an information system for collecting and consolidating data relating to the building (see 7.3.4 “CSR Reporting”). Moreover, Gecina is developing a management forecasting tool for operational action plans by identifying the gains and associated costs (see 7.2.3 “CSR steering”).

7.7 ADDITIONAL INFORMATION

7.7.1 TALENTS AND SKILLS

Like any company, Gecina cares about its ability to attract and develop talent, particularly in the context of:

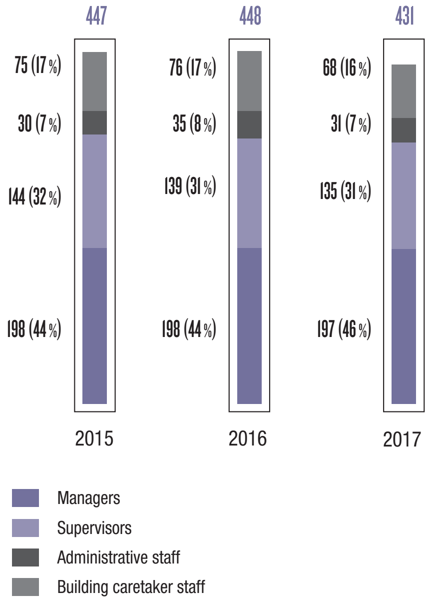
- changes in the organization of and business lines within the real estate industry (see chapter 7.6.3 “Change management”);
- the need to manage key skills (see chapter 1.4 "Governance in the Shareholder interest”);
- the business combination with Eurosic.

KEY ACTIONS FOR TALENT AND SKILL DEVELOPMENT

Policy	Key actions	Progress and results
Jobs and Skills	Succession plan	Succession plan in place for all directors
	Annual Professional Interviews	90% completion rate in 2016
	Professional Interviews	72% of eligible employees were invited to their professional interview in 2017
	Training plan	■ Annual training plan prepared in concert with the relevant managers (based on the Group’s strategic priorities), taking employee expectations into account ■ 103% of employees attended at least one training session during the year (taking into account turnover rate) ■ Average training investment of €2,464 per employee, corresponding to 15 hours per employee and 3.3% of gross annual employee expenses
	Promotions	41 employee promotions, 15 of which related to a change in status and 3 of which a change in professional category
	Internal mobility	27 employees moved to a new position internally, representing 51% of all recruitment
Recruitment and Induction	Induction process	■ Bimonthly Group presentation morning for new arrivals ■ Annual induction seminar (one full day at head office and one asset visit) for employees recruited in 2017
	Integration of Eurosic employees	■ Interviews with the Gecina HR Department and the direct managers to discuss their career path and professional development ■ Almost 80 employees welcomed (average age of 42.9 years)
	Recruitment	■ 26 employees recruited on indefinite-term contracts (-13.3% compared to 2016) ■ 7,400 resumes received and processed, of which 416 were spontaneous applications and 6,984 were applications received in response to offers published
Young Potentials Program	Mobility and promotion	4 internal moves (Offices Marketing, Residential Management, Residential Asset Management, Campuséa Asset Management) and 2 promotions (Residential Asset Management and IT) out of 16 young potentials in 2017

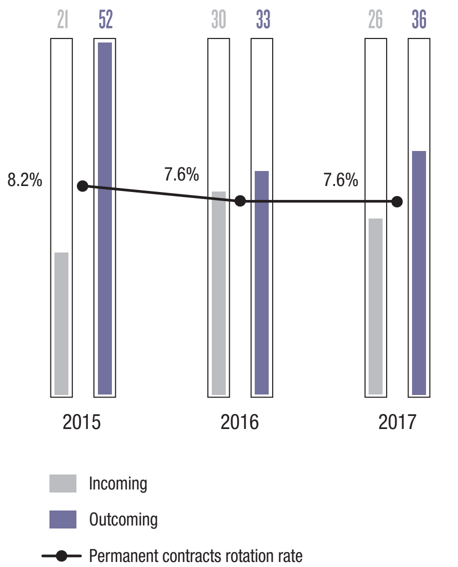
7.7.1.1 Workforce and its evolution

BREAKDOWN OF EMPLOYEES BY STATUS ☑



With 431 employees in 2017, the Gecina workforce is down 3.8% compared to 2016. The breakdown between employees on fixed-term contracts and those on indefinite-term contracts remains fairly stable (7.7% on fixed-term contracts in 2017 compared to 8.7% in 2016). These contracts mainly relate to replacements and work/study contracts.

CHANGES IN THE INDEFINITE-TERM CONTRACT TURNOVER RATE ☑



With the exception of positions requiring high levels of expertise or technical knowledge, recruitment is handled by internal staff. 80.5% of fixed-term recruitment was to substitute absent residential staff (caretaker and building staff). Over the course of the year, 200 contracts were signed, compared to 178 in 2016. This recruitment was made from a pool of substitute candidates, identified in advance by the management teams.

In 2017, Gecina recorded 36 departures of employees on indefinite-term contracts (including 14 terminations), compared to 33 in 2016 (increase of 9.1%), bringing the turnover rate to 7.6%, unchanged from 2016 but slightly below the 2015 rate of 8.2%.

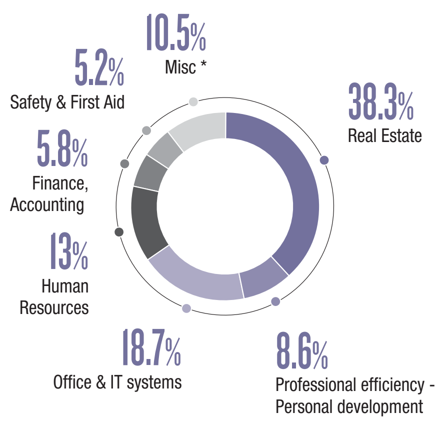
Talent retention remains an important issue for the Group. At December 31, 2017, 71% of new recruits were still with the Group after three years, compared to 76.5% in 2016.

7.7.1.2 Skills development

In 2017, the Gecina training policy focused on:

- digital options: offering employees new ways of learning and personalized training plans. 50 employees had access to a digital platform offering a lot of training sessions on office equipment and multimedia;
- developing training programs led by in-house staff recognized for their professional expertise, using presentation formats tailored to identified short-term and operational needs. 36% of training hours and 1,430 trainees were trained by 20 in-house trainers.

BREAKDOWN OF TRAINING HOURS BY FIELD



* Misc (incl. audit-quality-risks, commercial, procurement communication & marketing, CSR, legal, languages)

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The main training programs are therefore linked to mastering digital tools with regard to:

- the use of business smart phones and the Outlook environment (messaging service, Skype, mobility, calendar, contacts, etc.) within the context of changing communication and messaging systems. In total, 561 trainees were trained over 808 hours;
- the use of the property management tool Cassiopae, continuing from 2016. 229 trainees attended group training sessions and/or customized training covering a total of 492 hours;
- the use of an online platform for professional interviews and annual appraisal interviews for 379 employees;
- the roll-out of the budget management tool, requiring 66 employees to be trained by the finance teams.

7.7.2 DIVERSITY AND EQUAL TREATMENT

Gecina believes that diversity enhances performance and it has implemented a human resources management policy for many years intended to draw a diverse range of talented people and gain their loyalty by taking into account their specific needs. For this purpose, tools and programs are developed to manage the issues of gender equality, the employment of young people and seniors and of people with disabilities. In order to ensure follow-up, the issues are included in the company agreements, managed *via* indicators, some of which are implemented though objectives, and periodically presented to the employee representatives. This commitment is embodied in the signature of the diversity charter (in 2011) and of the LGBT charter (2015) and through our partnership with the Our Neighborhoods Have Talent non-profit organization.

KEY ACTIONS FOR DIVERSITY

Policy	Key actions	Progress and results
Gender equality	Increasing the number of womanmanagers	■ In 2017, the Group had: 50% women on the Board of Directors; 37.5% women on the Executive Committee; 28.6% of women senior managers (Executive Committee and Board of Directors). ■ First place in the *Ethics & Board sur la Féminisation des Instances Dirigeantes* ranking since 2016
	Salary compensation in the event of an abnormal remuneration gap between women and men	■ One category of employees out of seven has a gap in excess of 3% due to workforce movements in the Group following organizational changes. Analysis of the gaps by category, which will be undertaken after the integration of Eurosic personnel in 2018, will result in the appropriate action plans ■ An envelope of €46,000 accounting for 0.14% of employee expenses dedicated to gender equality
Disabilities	Employment of persons with disabilities	■ Total rate of employment of 12.25%, nearly double the legal rate of 6% ■ 7.2% of employees with a declared disability compared to 6.5% in 2016
	Collaboration with the protected work sector (ESAT, adapted companies, etc.)	■ €138,218 in revenue for 6.85 beneficiary units compared to 3.24 beneficiary units in 2016
Employment of young people	Recruitment of young people under 26	■ 11.5% of employees hired are under the age of 26, of which 67% were previously employed on a work/study contract or under a fixed-term contract
Employment of seniors	Recruitment of employees over 55	■ 7.7% of employees hired are 55 or older

HR management tools, such as the age pyramid, provide the basis for analysis prior to Gecina commitment. The breakdown between men and women remained unchanged in 2017 compared with 2016. Female employees remained the majority, with 60.1% of the total workforce at December 31. Similarly, the average seniority of employees on indefinite-term contracts was the same in the last three years, at 14.4 years in 2017 compared to 14.6 years in 2016.

Age is an important issue within the company, considering that the average age of employees on indefinite-term contracts remains high. The average was 46.4 years in 2017 compared with 46.2 in 2016. Given the level of professional experience required upon recruitment, the average age of new employees was 36.8 in 2017 compared to 34.1 in 2016.

The commitments of the diversity policy are implemented in HR processes for each of the vulnerable groups.

FOCUS ON 2017 KEY DIVERSITY ACCOMPLISHMENTS FOR THE TWO MAIN HR PROCESSES

HR process	Group concerned	Main accomplishments
Management of the workforce and career development	Young people	Since 2012, the company has assisted 95 young Bac +4/5 (higher learning) graduates in their search for employment in partnership with Our Neighborhoods Have Talent, of which 44 found work
	Seniors	15.4% of employees over 55 have opted for part-time work and maintained part of their compensation
	Gender equality	■ 65.4% of employees recruited, of which 34.6% in the management category, are women ■ 56% of the candidates interviewed by HR were women ■ 60.9% of employees are women ■ 74 members of the internal network “Open Your I” (of which 22% are men)
	Disabilities	■ 4 interns with a disability were hosted this year ■ The workstations of four people with a disability were adapted for their needs ■ 2 employees had their disability recognized
Training	Seniors	■ 98.9% of senior employees over 55 attended at least one training session during the year ■ 94.5% of eligible employees (aged 45 and over) attended training sessions on the prevention of workplace accidents, over the past three years
	Gender equality	105% of women attended at least one training session during the year (compared to 100.6% of men)
	Disabilities	■ 72.2% of employees present on 12/31/17 received disability awareness training over the past five years ■ 100% of employees with a disability on an indefinite-term contract had access to training

7.7.3 QUALITY OF LIFE AT WORK

Gecina is aware of the strenuous work positions experienced by some of the building staff and that the requirements of their job are high. It therefore maintains an ongoing dialogue with employee representative bodies to:

- improve the quality of life at work for employees;
- prevent workplace accidents and occupational illnesses;
- provide motivating compensation aligned with the company’s objectives and individual results.

In addition, Gecina adheres to ILO principles incorporated in French social law (such as the elimination of forced labor and the abolition of child labor) for its own employees and shares its requirements in its relations with its suppliers and subcontractors (see 7.6.4 “Sustainable relation with suppliers”). The commitments undertaken under the Global Compact are reflected in the specific measures presented below.

KEY ACTIONS FOR QUALITY OF LIFE AT WORK

Workplace healthcare and safety	Managing absenteeism (criteria included in the incentive agreement)	■ 127 employees were absent for three or fewer days, *i.e.* 29.8% of employees (compared to 28.5% last year), in line with the objective of 30%. The total number of days of absence are declining ■ The sick leave rate was 2.7%, down by 21% thanks to the decrease by half of the number of days off for long-term illness (greater than 100 days) ■ Sick days averaged 9.8 days off per employee (annual FTE) compared with 12.5 days in 2016. ■ 4.9% decrease in the number of employees on sick leave ■ There were 4 workplace accidents in 2017
	Prevention of occupational illnesses	Recognition of an occupational illness resulting from repetitive tasks
Employee-management relations	Agreements signed during the year	4 agreements and two amendments were signed in 2017 for: ■ the term of office of the employee representatives; ■ job classification and career management; ■ the mandatory annual salary negotiation; ■ the integration of Eurosic and standardization of the collective status; ■ job management and career development.
	Consultation with the employee representative bodies	■ 64 Ordinary and Extraordinary Meetings were held with the Works Council (WC), the staff representatives and members of the CHSCT (Health, Security and Working Conditions Committee) as were meetings to follow up on the various company agreements ■ The WC was consulted 18 times about work organization projects, strategic orientations and regulatory points
Professional life/private life balance	Home office experiment	■ The outcome of the experiment was positive for the 24 employees involved and their managers. However, the ntegration of the Eurosic teams and organizational changes prevented continuation of the experiment
	Part-time work schedules	■ 33 employees on indefinite-term contracts work under this system
	Day care places	■ Employees used 5 places in day care under the parenthood charter
Attractive compensation Remuneration	Compensation and group benefits	■ 18.4% of employee expenses were dedicated to the profit-sharing scheme
	Individual compensation	■ Individual bonuses accounting for 13.5% of employee expenses ■ Distribution of 53,810 performance shares to 93 beneficiary employees

7.7.3.1 Organization of working hours

Work-time and the organization of work are defined in a company-wide agreement for the two major categories of employees:

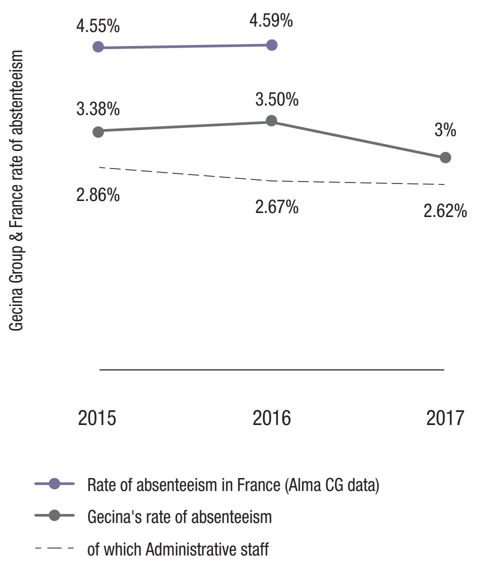
- managers (excluding senior management) who are not subject to regulations governing work-time): until December 31, an annual fixed number of 206 days with 17 days in lieu in addition to 30 annual vacation days;
- non-management employees: variable collective work time of 37 hours 30 minutes based on an average weekly schedule of 35 hours or annual set number of 1,567 hours in the event of frequent travel. Allocation of 15 days in lieu in addition to 30 annual vacation days.

7.7.3.2. Health, safety and absenteeism of employees

In 2015, the Property Risks Department finalized "the comprehensive workplace risk prevention assessment" for the head office. The purpose of this document is to inventory and identify all risks that could affect the safety of all employees and to recommend actions to mitigate these risks. This document is updated on a regular basis.

Of the six factors identified and taking effect since July 1, 2016, Gecina was only concerned with the "strenuous work positions" factor. This factor was removed from the prevention system since October 1, 2017. Measurement of exposure to this risk will no longer be required. No collective agreement on occupational health and safety has been signed in 2017.

GECINA'S ABSENTEEISM RATE (SICK AND WORK ACCIDENTS INCLUDED) COMPARED WITH NATIONAL AVERAGE



The study based on the annual Ayming Consulting barometer shows that absenteeism at Gecina is much less than the French average. The study uses 2016 data.

RATE OF FREQUENCY OF WORKPLACE ACCIDENTS

		2015	2016	2017	Change 2017-2016
Rate of frequency		**6.82**	**6.88**	**5.62**	**-18.3%**
of which	*Administrative*	*1.73*	*5.19*	5.22	*0.7%*
	Building	*25.92*	*13.41*	7.28	*-45.7%*

Calculation = (Number of work accidents with time off x 1,000,000)/(Number of hours worked x Average annual FTE).

Four work accidents were reported in 2017, down by 20% compared to 2016. The rate of frequency also fell by 18.3%. None of the accidents required workplace accident prevention training provided for by company agreement.

RATE OF SEVERITY OF WORKPLACE ACCIDENTS

		2015	2016	2017	Change 2017-2016
Rate of severity		**0.51**	**0.03**	**0.22**	**615.3%**
of which	*Administrative*	*0.13*	*0.03*	0.04	*67.8%*
	Building	*1.94*	*0.05*	0.94	*1,899.8%*

Calculation = (Number of days off work following a work accident regardless of year x 1,000)/(Number of hours worked x Average annual FTE).

2017 work accidents resulted in 154 lost work days (commuting accidents excluded) compared to 22 days in 2016. This increased the severity rate to 0.22 compared to 0.03 in 2016. The increase was primarily due to a single case which totaled 129 days.

7.7.3.3 Profit sharing and involvement of employees in Gecina's performance

Gecina has implemented an incentivizing variable individual and group compensation policy based on the following:

- variable group compensation (profit-sharing) which amounts to €6.1 million in 2017 (in accordance with the collective agreements in force, the incentive scheme is not applied given the amount of the profit-sharing system);
- matching, which was €856,982 in 2017 for the PEG (Group Savings Plan) and PERCO (Collective Retirement Savings Plan);
- the Works Council budget, which helps employees increase their purchasing power and accounts for 1.6% of employee expenses, *i.e.* on average €1,087 per employee.

GROSS MEDIAN MONTHLY SALARY IN THE GROUP (INDEFINITE-TERM EMPLOYMENT CONTRACTS)

Median monthly salary *(in euros)*	2015	2016	2017	Change 2017-2016
Managers	5,024	5,118	5,395	5.4%
Non-managers	3,312	3,337	3,399	1.9%
Building caretaker staff	2,441	2,503	2,606	4.1%

Management's gross median monthly salary increased in 2017 in particular due to the compensation to offset the loss of five in lieu days.

AVERAGE INDIVIDUAL AND GENERAL RAISES BY GENDER AND CATEGORY

		% increase CWR + IR 2016			% increase CWR + IR 2017		
		Total M + W	M	W	Total M + W	M	W
Managers	Individual raise	2.74%	2.97%	2.43%	1.73%	1.46%	2.08%
	Company-wide raise	0.97%	0.95%	0.98%	0.84%	0.78%	0.86%
Non-managers	Individual raise	1.22%	1.46%	1.15%	0.84%	0.84%	0.83%
	TOTAL RAISES, NON MANAGERS	**2.19%**	**2.41%**	**2.12%**	**1.68%**	**1.63%**	**1.70%**

In 2016, Gecina paid to administrative staff an average increase of 2.74% for managers and 2.19% of which 1% of general increase, for non-managers.

VARIABLE COMPENSATION

In euros	Administrative staff	Building caretaker staff	Group
Amount paid out*	4,247,669	218,000	4,465,669
Gross employee expenses	30,630,429	2,500,885	33,131,314
Percentage of employee expenses	13.9%	8.7%	13.5%

* *Including loyalty bonus, anniversary bonus and tutoring bonus.*

All employees with indefinite-term contracts are entitled to a variable bonus, provided they have been with the company for at least six months during the reference year. The amount of these premiums is defined based on the results achieved by each manager employee in relation to the objectives set, or in relation to exceptional projects carried out by non-management staff (including building staff).

Employee shareholding

As at December 31, 2017, Group employees held 776,122 Gecina shares directly and 75,517 Gecina shares indirectly *via* the Gecina employee shareholding fund ("FCPE Gecina actionnariat"), representing a total of 1.13% of share capital.

Performance shares

The performance share plan was allocated under the provisions of the regulation approved by the Board of Directors on July 17, 2017. 53,810 performance shares were allocated to 93 beneficiary employees The beneficiaries' performance shares will vest following the vesting period subject to two performance conditions described in the plan. Detailed information on these performance shares can be found in Section 5.2.3 "Standardized presentation of the compensation of executive corporate officers."

7.7.4 GOVERNANCE

In 2017, Gecina maintained its governance procedures and in September 2017 created the observer position. Since September 7, 2017 the Board of Directors includes one observer, Mr. Bernard Carayon, whose main duty is to ensure compliance with the Bylaws and the Board's internal regulations. The Board also benefits from his skills and experience, notably in the fields of banking, risk management, CSR and asset management. A description of the exercise and organization of governance, the internal control process and information on remuneration and benefits of corporate officers may be found in chapter 5 "Board of Directors' report on Corporate Governance". The table below summarizes the main information on matters of governance and shareholder participation in Gecina's decisions.

SUMMARY OF GOVERNANCE AND SHAREHOLDER DEMOCRACY INDICATORS

		2014	2015	2016	2017	2017 Reference Document page
Operation of management bodies	Number of Board members	9	10	10	10	P. 132
	Number of observers*	0	0	0	1	P. 132
	% of independent Board members	44%	50%	50%	50%	P. 146-147
	Definition of independence in accordance with the AFEP-MEDEF Code	yes	yes	yes	yes	P. 146-147
	% of women on the Board of Directors	33%	50%	50%	50%	P. 134
	AFEP-MEDEF reference table	yes, "comply or explain" table			No "comply or explain" table, Gecina in compliance with all AFEP-MEDEF recommendations	P. 132
	Number of employee representatives on the Board of Directors	4 members representing the administrative statuses of employees (employee, supervisor, manager, senior manager); no voting right			3 members representing the administrative statuses of employees (employee, supervisor, manager, senior manager); no voting right	P. 133
	Board member term of office	4	4	4	4	P. 133
	Turnover (incoming/outgoing)	4 incoming/ 8 outgoing	2 incoming/ 1 outgoing	2 incoming/ 2 outgoing	1 incoming/ 1 outgoing	P. 133
	Directors' compensation (voted at GM)	€1,360,000(1)	€800,000(1)	€800,000(1)	€800,000(1)	P. 171
	Director's compensation voted at GM	yes	yes	yes	yes	P. 171
	Number of Board of Directors Meetings	13	10	13	9	P. 150
	Board Meetings attendance rate	94%	99%	97%	100%	P. 150
	Board of Directors' evaluation	yes external	yes external	yes internal	yes internal	P. 155
	Number of Independent Board Committees	3(2)	3(2)	3	3	P. 152-155
	Number of Board Committee Meetings	28	29	28	24	P. 150
	Board Committee Meetings attendance rate	97%	99%	98%	99%	P. 150

07

		2014	2015	2016	2017	2017 Reference Document page
Corporate officer	Separation of the duties of Chairman of the Board of Directors and Chief Executive Officer	yes	yes	yes	yes	P. 149
	Effective separation of roles	yes	yes	yes	yes	P. 149
	Organization of the succession of the CEO	no	yes(3)	yes	yes	P. 154
	Compensation of the CEO voted at GM	yes(4)	yes(4)	yes	yes	P. 162
Shareholder democracy	Publication of the detailed breakdown of company capital	yes	yes	yes	yes	P. 9
	Publication of bylaws	yes(5)	yes(5)	yes(5)	yes(5)	P. 315-320
	Voting rights	1 share = 1 vote; no double vote				P. 319
	Anti-takeover actions	no	no	no	no	-
	Voter turnout/quorum	73.91%	76.48%	68.62%	63,52%	-
	Number of resolutions submitted at GM	20	26	19	25	-
	% positive votes/ % negative votes/ % abstained breakdown	P: 96.08%	P: 96.62%	P: 95.41%	P: 97.8%	
		C: 3.83%	C: 3.29%	C: 4.49%	C: 2.1%	
		A: 0.05%	A: 0.10%	A: 0.10%	A: 0.10%	-
	Number of resolutions submitted by minority shareholders	0	0	0	0	-
	Number of regulated agreements presented at GM	1	1	1	1	-
	Rate of approval of regulated agreements % positive votes/% negative votes/% abstained	P: 92.32%	P: 99.49%	P: 67.4%	P: 87.1%	
		C: 7.54%	C: 0.44%	C: 32.5	C: 12.8%	
		A: 0.14%	A: 0.07%	A: 0.1%	A: 0.1%	-
	Provisions to facilitate voting rights	Prior online publication of the information on the Meeting including ballot + sending of ballots to all shareholders + "Votaccess" Internet voting platform + voting by electronic box during the Meeting				-

* *Observers are not taken into account in the calculation of the proportion of independent Directors and women on the Board of Directors.*
(1) *The envelope of attendance fees was used up to €1,292,179 for 2012, €929,667 for 2014, €489,192 for 2015, €487,142 for 2016 and €460,537 for 2017.*
(2) *The Board of Directors has formed, during financial year 2013, two ad hoc Committees. He ended the mission of these Committees in 2014 and 2015.*
(3) *Succession plan in development.*
(4) *Advisory vote.*
(5) *Website.*
(6) *Non-presence in quorum of one of the main shareholders in the Group.*

7.7.5 BUSINESS ETHICS

Distributed to all employees in 2012, Gecina's ethics charter documents the fundamental values of the Group, so they may be known and respected by all. This charter guides the action of employees on the following topics: Strict compliance with regulations, relations with stakeholders (customers, shareholders, employees, suppliers), contribution to CSR objectives, commitments within the Group and neutrality with respect to political activities, behavior at work (loyalty to Gecina, compliance with procedures, respect for privacy), application of rules of market ethics and ethical business behavior. This last topic treats the prohibition of any form of corruption, the prevention of conflict of interest, fraud or money laundering, respect for the right of competition and the independence of property appraisers, as well as the procedure for accepting or refusing gifts received. The charter also specifies provisions on whistle-blowing rights that each worker can activate anonymously in the case of dysfunction, violation or questioning. Given the employee turnover of the year, 98% of Gecina's employees were made aware of the ethics charter.

In 2017, as in 2016, no grievances about the integrity of professional practices were brought to the attention of Gecina or its Audit and Risk Committee. No sanction was therefore taken and no specific action plan was implemented on this issue. One potential situation of conflict of interest was reported by employees to the Risk and Compliance function, and the situation was appropriately handled. Thirteen attempts of external fraud against Gecina were reported to the Risks and Compliance Department which are currently the subject of an inquiry in progress and a report has been made to the legal authorities. These have given rise to internal control reinforcement plans and awareness-raising sessions for employees and clients on this issue. These actions are supplemented by regular emails to tenants intended to raise awareness.

All of the procedures related to compliance with business ethics are presented in chapter 5 "Board of Directors' report on Corporate Governance".

7.7.6 REVERSIBILITY

The principle of reversibility can be defined as the anticipation, starting from initial design, of changes in the uses of a building over time and its future transformation into another use without the need for structural work (supporting structures and envelope constituting the frame of a building). In order to create valuation and fight against obsolescence, Gecina is now studying the future of each of its buildings, anticipating the potential departure of its occupants. According to the specificities of each project, an obsolete office building may be demolished and rebuilt into offices, restructured into offices or reconverted for a different use.

By signing the "Housing for All" pact launched by the Mayor of Paris in 2014, Gecina chose to transform offices into student housing units, thus contributing to the municipal objective to convert 250,000 sq.m of obsolete offices into housing units in Paris. This reconversion choice allows Gecina to renew its property portfolio with new assets meeting the newest technological and environmental standards. These transactions, that revolutionize the initial use of a building, represent architectural and structural challenges that can only be faced in certain conditions: size and initial shape of a building to reconvert, technical, financial and regulatory feasibility, location in a primarily residential and commercial environment well-served by public transportation. The players in construction, however, formalized specific offers to manage these challenges (Conjugo de Vinci, Office Switch Home of Bouygues Construction).

Two transactions meet this challenge of reversibility: the Campuséa Paris 15 Lecourbe and Paris 13 Montsouris residential buildings that were initially office buildings constructed the 1970s. Fully rented at its opening in 2014, the Paris 15 Lecourbe residential building needed 17 months of work and today offers 104 student housing units including 15 social housing units. Its location near subway Lines 6 and 12 and its green lifestyle (patios, indoor gardens, planted roofs) is very sought after by students. Delivered in 2015, the residential building in the 13th arrondissement of Paris now houses 60 student housing units after 16 months of work. It is entirely rented by an American university to house 90 students.

7.7.7 WATER

Generally speaking, as Gecina's real estate assets are located in France, its activities are not subject to water provisioning constraints, and do not consume large amounts of water.

For the operating properties, Gecina's water consumption is mainly linked to the sanitary needs of its commercial and residential buildings. The deployment of an oversight system applicable to the offices and the search for optimization of the behavior of occupants have led to a 24% reduction in water consumption of the buildings in operation since the year 2008. At the same time, as part of the Performance Improvement Action Plan (PIAP) created for the buildings, the technical managers prepare a list of priorities that, depending on the type of action, influence water consumption.

During the construction or restructuring of real estate properties, Gecina applies the environmental organizational charter requiring the Site Environmental Manager to prepare a weekly report on water consumption and make sure that an accidental spill treatment kit is available to everyone on the work site. Given the significant impact of construction in the "water footprint" of a building, optimizing the role of water in the lifecycle analysis of buildings under development represents the second priority.

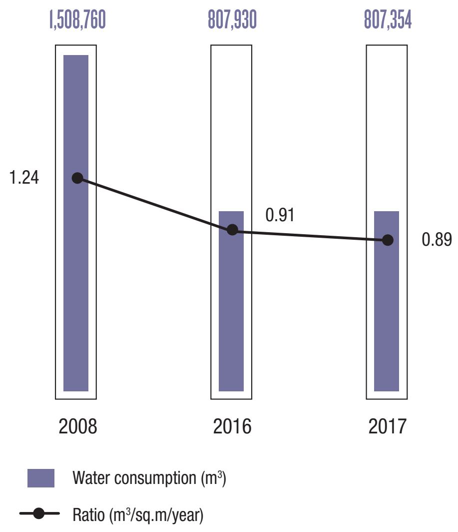
In addition to working for the reduction of water consumption, Gecina puts in place, when possible, rainwater and waste water management by ground permeabilization and/or the implementation of re-utilization solutions, although this is a lower priority.

In 2017, the average consumption of the property portfolio remains stable with respect to 2016 and reached 0.89 m^3/sq.m/year.

The total of expenses linked to water consumption for its property portfolio was €2,815,387 including tax. The reduction in consumption represents a savings of €140,446 compared to 2016.

Gecina's residential assets represent slightly less than two-thirds of the total water consumption of the property portfolio, which justifies a slightly higher level of priority and better monitoring in the residential property than in the office properties.

CHANGE IN WATER CONSUMPTION OF THE PROPERTY PORTFOLIO



Concerning rainwater recovery, when the conditions are possible, these systems are deployed in the portfolio buildings in development or restructuring, concerning 33% of development projects (*i.e.* 3 buildings). Four operating buildings are now equipped with water recovery tanks for watering, that is 3% of the portfolio (the Velum building in Lyon delivered in 2013, the building at 96/104, avenue Charles-de-Gaulle delivered in Neuilly-sur-Seine, the residential building Château des Rentiers in Paris 13th delivered in 2011 and the 55 Amsterdam building delivered in 2017).

7.7.8 SAFETY AND CONTROL OF RISKS

Approach

The methodology for the management and control of property risks (with a possible impact on safety such as asbestos, lead, fire, water quality, wet cooling towers, flooding and soil contamination risks) as well as Gecina's performance in the matter is set out in section 6.1.5 "Property risks".

Analysis of Performance

The percentage of real estate properties with a "Very Efficient" or "Efficient" rating was 90.6% in 2017. This year Gecina continues improving its property risk management, as this percentage increased by nearly 4% compared to 2016. Gecina continues the diagnostic work on asbestos in its property portfolio and has effectively processed buildings with lead-containing wall coverings. Gecina provides no environmental provision or guarantee.

7.7.9 SPONSORSHIP

7.7.9.1 Gecina Foundation

Approach

Chaired by Bernard Michel, the Gecina Foundation has been structuring the company's philanthropic projects since 2008. It supports general interest projects focusing on two goals, which extend the CSR approach of Gecina and open it up to civil society, above and beyond commercial commitments:

- the improvement of living conditions and accessibility for people with disabilities;
- the protection of nature through schemes to preserve or restore natural sites and biodiversity in urban settings.

Group employees may participate through volunteering and charity work by means of participation mechanisms:

- partnership by contributing expertise;
- sponsoring projects;
- group mobilization for concrete and periodic support.

These initiatives help develop employee expertise and build team spirit, strengthening their well-being at work and their understanding of the environmental and societal issues. These actions also create opportunities for dialogue with local authorities in the areas in which the properties are located. Finally, Gecina benefits from the visibility of the Foundation's actions on social networks, illustrating its social commitment.

Analysis of Performance

To manage the Foundation's operations, its Board of Directors met four times to approve 15 programs initiated with employees in 2017. The Foundation made payments amounting to €329,761.

281 employees participated in all of the programs proposed (sponsorship, partnership, group actions), in particular in the operation called "Flowers for bees" on June 20 with the OFA (French Observatory of Apidology).

At the same time, the Chief Executive Officer Méka Brunel instituted a "solidarity day" that took place on September 29, bringing together all employees from Eurosic and Gecina for a day of mutual assistance and giving, in partnership with the ONF (National Office of Forests), the LPO (League for the Protection of Birds) and the OFA.

The share of skills-based sponsorship in 2017 stood at 391.5 days devoted to general-interest projects by employees. Depending on the type of project, actions may or may not be carried out during working hours. The value of working hours amounts to €165,663 and forms part of an additional contribution by the company based on the participation of volunteer employees.

Finally, since its establishment in 2008, the Foundation has supported 119 projects with some 50 partners and 400 volunteer Gecina employees. At December 31, 2017, and since its establishment, the total resources of the Foundation have amounted to €2,525,095 (including gifts received).

The Foundation's governance and projects are described in detail on the dedicated website: ***http://www.gecina.fr/en/group/foundation.html.***

7.7.9.2 Palladio Foundation

As a founding member of the Palladio Foundation, Gecina contributes support, from coaching to the training of all persons involved (students, researchers or young professionals) committed to building the city of the future. In addition to its financial support and active participation in the annual seminars, Gecina hosts the teams of the Palladio Foundation in its premises. In 2017, the training cycle was dedicated to "The City of Tomorrow - what kind of work place" sponsored by Xavier Bertrand, Chairman of the Hauts-de-France Region. Bernard Michel, Chairman of Gecina's Board of Directors has also served as Chairman of the Committee that distributed scholarships to students. All the publications and contributions of the Palladio Foundation are accessible on its website ***http://fondationpalladio.fr/***.

08

LIST OF PROPERTY HOLDINGS

8.1 OFFICES

Dept	Address	Construction year	Year of last restruc-turation	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Business surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
	Assets in operation										
75	**Paris 1st arrondissement**										
	2, place Maurice Quentin	1981				9,188	819			10,007	100%
	25/27, rue des Pyramides	1850	2004			2,119				2,119	100%
	10/12, place Vendôme	1750	1750		80	7,821	1,002		689	9,592	100%
	1, boulevard de la Madeleine	1890	1996	6	542	1,488	716		196	2,942	100%
	Paris 2nd arrondissement										
	35, avenue de l'Opéra - 6, rue Danielle-Casanova	1878	1878	5	593	1,003	591		342	2,529	100%
	26/28, rue Danielle-Casanova	1800/ 1830	1800/ 1830	2	145	1,117	283		117	1,662	100%
	Central Office - 120/122, rue Réaumur - 7/9, rue Saint-Joseph	1880	2008			4,642			216	4,858	100%
	16, rue des Capucines	1970	2005			7,241			2,531	9,772	100%
	Le Building - 37, rue du Louvre - 25, rue d'Aboukir	1935	2009			6,586	654		787	8,027	100%
	Parking Bourse										100%
	64, rue Tiquetonne - 48, rue Montmartre	1850	1987	52	4,717	2,963	1,923		1,546	11,150	100%
	8/10, rue Saint Fiacre	1800	2012			2,842				2,842	100%
	31/35, boulevard des Capucines	1700	1989			4,542	1,465		280	6,287	100%
	5, boulevard Montmartre	1850/ 1900	1996	18	1,418	3,938	2,579		431	8,365	100%
	29/31, rue Saint-Augustin	1900	1996	6	447	4,744	259		421	5,870	100%
	3, place de l'Opéra	1908	1908			4,587	837		81	5,504	100%
	Paris 6th arrondissement										
	83, boulevard du Montparnasse	1973	1996			1,883				1,883	100%
	Paris 7th arrondissement										
	3, avenue Octave Gréard - 15/19, avenue de Suffren	1910	2009			8,820				8,820	100%
	136 *bis*, rue de Grenelle	1822	2009			2,110				2,110	100%
	138 *bis*, rue de Grenelle	1822	2009			912				912	100%
	24/26, rue Saint Dominique	1950	2008			8,743				8,743	100%
	41/43, rue Saint Dominique	1970	2012			4,390				4,390	100%
	45/47, rue Saint Dominique		2012			6,470				6,470	100%
	49/51, rue Saint Dominique		2012			4,570				4,570	100%
	26/28, rue des Saints Pères	1926	2003			10,188				10,188	100%
	24, rue de l'Université	1800	2013			2,275				2,275	100%
	127/129, rue de l'Université	1958				2,963				2,963	100%
	209, rue de l'Université	1990	2017			1,298				1,298	100%
	127, rue de l'Université	1958	2017								100%
	Paris 8th arrondissement										
	26, rue de Berri	1971	1971			2,046	921		57	3,023	100%
	151, boulevard Haussmann	1880	1880	13	645	3,012			87	3,744	100%
	153, boulevard Haussmann	1880	1880	15	798	4,194			211	5,202	100%
	155, boulevard Haussmann	1880	1880	9	745	4,078	2		86	4,910	100%
	22, rue du Général-Foy	1894	1894	4	323	2,434			276	3,034	100%
	38, avenue George-V - 53, rue François-1er	1961	1961			583	704		15	1,301	100%

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	41, avenue Montaigne - 2, rue de Marignan	1924	1924	2	136	1,523	591		140	2,389	100%
	162, rue du Faubourg - Saint-Honoré	1953	1953			1,812	125		134	2,070	100%
	141, boulevard Haussmann	1864	2017			1,780				1,780	100%
	142, boulevard Haussmann	1864	2002			2,095				2,095	100%
	164, boulevard Haussmann										100%
	36, rue de Liège	1920	2013			1,588				1,588	100%
	47, rue de Monceau	1957				3,676				3,676	100%
	36, rue de Naples	1890	2016			2,303				2,303	100%
	124/126, rue de Provence	1913	1994			2,403				2,403	100%
	39, avenue Pierre 1er de Serbie	1970				2,401	87			2,488	100%
	169, boulevard Haussmann	1880	1880	8	735	746	268		233	1,981	100%
	Magistère - 64, rue de Lisbonne - rue Murillo	1884/ 1960	2012			7,405			449	7,854	100%
	18, avenue Hoche										100%
	40, avenue Hoche										100%
	1-5, rue Euler	1958	2015			11,371			1,135	12,506	19.90%
	Parkings - Haussmann	1880	1880								100%
	32/34, rue Marbeuf	1930/ 1950/ 1970	2005/ 2007			9,633	2,331		72	12,036	100%
	18/20, rue Treilhard	1970				5,467				5,467	100%
	44, avenue des Champs-Élysées	1925	1925			2,498	2,324		1	4,823	100%
	66, avenue Marceau	1997	2007			4,858			185	5,043	100%
	Parkings - 45, rue Galilée	-	-								100%
	30, place de la Madeleine	1900	1900	2	338	816	983		181	2,317	100%
	Parkings - Parc Haussmann-Berry	1990	1990								100%
	9/15, avenue Matignon	1890	1997	35	2,684	5,269	3,810		700	12,463	100%
	24, rue Royale	1880	1996			1,747	1,150			2,897	100%
	18/20, place de la Madeleine	1930	1930			2,902	648		231	3,780	100%
	101, avenue des Champs-Élysées	1931	2006			4,300	3,885		1,206	9,391	100%
	Parkings - George-V	1977	1977								100%
	8, avenue Delcassé	1988	2007			9,316	510		76	9,902	100%
	55, rue d'Amsterdam	1929/ 1996	2017			11,322			1,336	12,658	100%
	17, rue du Docteur-Lancereaux	1972	2002			5,428			1,733	7,161	100%
	27, rue de la Ville-l'Évêque	1962	1962			3,156			70	3,226	100%
	5, rue Royale	1850	1850	1	130	2,234	158		97	2,619	100%
	31, avenue de Friedland										100%
	Paris 9th arrondissement										
	21, rue Auber - 24, rue des Mathurins	1866	1866		10	1,253	422		50	1,734	100%
	Mercy-Argenteau - 16, boulevard Montmartre	1778	2012	22	1,422	2,459	412		202	4,494	100%
	3, rue Moncey	1910	2012			1,921				1,921	100%
	52, rue de Dunkerque	1898	2017			1,621				1,621	100%
	1/3, rue de Caumartin	1780	1780	4	284	1,648	1,041		136	3,110	100%
	32, boulevard Haussmann	1850	2002			2,385	287		351	3,022	100%
	Paris 10th arrondissement										
	210, quai de Jemmapes	1993				10,012				10,012	100%
	8, cité Paradis	1850	1982			2,200				2,200	100%

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	27, rue des Petites-Écuries	1930	1992			3,810				3,810	100%
	Paris 11th arrondissement										
	21/23, rue Jules Ferry	1900	2000			1,883				1,883	100%
	Paris 12th arrondissement										
	Parkings - 58/62, quai de la Rapée	1990	1990								100%
	Tour Gamma - 193, rue de Bercy	1972	1972			14,528	695		1,252	16,475	100%
	Paris 13th arrondissement										
	8, rue de la Croix-Jarry - 5/7 & 11/13, rue Watt	1988	2006			30,461				30,461	100%
	Paris 14th arrondissement										
	37/39, rue Dareau	1988	1988			4,724			557	5,280	100%
	Paris 15th arrondissement										
	Tour Mirabeau - 39, quai André-Citroën	1972	1972			32,680			2,769	35,449	100%
	23, rue Linois	1978	2015			5,525				5,525	100%
	82/84, rue de la Procession	1999				940				940	100%
	9/11, rue Robert de Flers					3,944		1,272	498	5,714	100%
	Paris 16th arrondissement										
	91, boulevard Exelmans	1970				1,149				1,149	100%
	58/60, avenue Kléber	1875/ 1913	1992			4,297	588		202	5,087	100%
	Paris 17th arrondissement										
	63, avenue de Villiers	1880	1880	8	415	2,964	98		385	3,861	100%
	Le Banville - 145, rue de Courcelles	1994	2004			4,524			304	4,828	100%
	Le Banville - 153, rue de Courcelles	1991	1991			19,442	1,138		1,243	21,822	100%
	63 *bis*, boulevard Bessières	1985				1,410				1,410	100%
	129, boulevard Malesherbes	1877	2010			1,175				1,175	100%
	163, boulevard Malesherbes	1979	2015			1,312				1,312	100%
	16 *bis*, avenue Carnot										100%
	111, rue Cardinet	1930				1,997				1,997	100%
	247-255, boulevard Pereire	1974	2014			1,148				1,148	100%
	31, rue Pouchet	1970				890				890	100%
	34/36 rue Guersant	1977	2007			5,479			506	5,985	100%
	Paris 18th arrondissement										
	139, boulevard Ney	2004						3,745		3,745	100%
	Paris 19th arrondissement										
	28, avenue des Flandre - 4, rue des Saisons	1990	1993			15,686				15,686	100%
	216/218, avenue Jean-Jaurès					6,327			46	6,373	100%
	249, rue de la Crimée	1967				4,365				4,365	100%
	Paris 20th arrondissement										
	Le Valmy - 4/16, avenue Léon-Gaumont	2006	2006			27,325			2,123	29,448	100%
	TOTAL ASSETS IN OPERATION IN PARIS			**212**	**16,604**	**465,321**	**34,304**	**5,017**	**26,967**	**548,213**	
78	**78140 Vélizy-Villacoublay**										
	Crystalys - 6, avenue Morane-Saulnier - 3, rue Paul-Dautier	2007	2007			24,059			2,304	26,362	100%
	14, rue des Frères Caudron					3,647				3,647	100%
	78170 La Celle-Saint-Cloud										
	106, avenue Jean-Moulin	1989				5,626				5,626	100%

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	78280 Guyancourt										
	3, avenue du 8 mai 1945	1991				3,000				3,000	100%
	78350 Jouy en Josas										
	96/100, rue Albert Calmette	1988				3,333				3,333	100%
91	**91100 Corbeil Essone**										
	281/283, boulevard John Kennedy					3,898				3,898	100%
	91220 Brétigny-sur-Orge										
	ZI Les Bordes	1975	1975			15,646			1,493	17,139	100%
	91300 Massy										
	30, avenue Carnot					1,898				1,898	100%
	91570 Bièvres										
	9, Route de Gisy	1991				786				786	100%
	15, Route de Gisy	1992				1,673				1,673	100%
	26, Route de Gisy	1992				2,193				2,193	100%
92	**92100 Boulogne-Billancourt**										
	Khapa - 65, quai Georges-Gorse	2008	2008			17,889	427		1,324	19,639	100%
	Anthos - 63/67, rue Marcel Bontemps - 26/30, Cours Émile-Zola	2010	2010			8,919	230		577	9,725	100%
	Tour Horizons - Rue du Vieux Pont de Sèvres	2011	2011			32,381	1,005		3,079	36,465	100%
	City 2 - 204, rond-point du Pont-de-Sèvres	2016	2016			24,134			4,222	28,355	100%
	3, rue des 4 Cheminées	1989				1,997				1,997	100%
	96, avenue du Général Leclerc	1989				2,469				2,469	100%
	54/56, avenue du Général Leclerc	1991				3,804				3,804	100%
	44/46, rue de Sèvres					2,058				2,058	100%
	738, rue Yves Kermen	1991				4,051				4,051	100%
	Le Cristallin – 122, avenue du Général Leclerc	1968	2006			18,235	2,986		4,521	25,742	100%
	92120 Montrouge										
	19, rue Barbès	2010				6,476				6,476	100%
	21-27, rue Barbes - Porte Sud	1975	1998			11,190				11,190	100%
	Park Azur - 97, avenue Pierre-Brossolette	2012	2012			21,648			2,427	24,075	100%
	92130 Issy-les-Moulineaux										
	11, rue des Peupliers	1991	2008			1,735				1,735	100%
	92160 Antony										
	5-10, rue de la Renaissance	1990				9,835				9,835	100%
	3, rue de la Renaissance	1989				2,552				2,552	100%
	92200 Neuilly-sur-Seine										
	96/104, avenue Charles-de-Gaulle	1964	2012			9,154			1,406	10,560	100%
	12/16, boulevard du Général Leclerc	1976	2004	8	541	14,432			2,353	17,326	100%
	31, rue du Pont	1973				793				793	100%
	92230 Gennevilliers										
	Pointe Metro 2 - 1-17, rue Henri-Barbusse	2012	2012			13,333	351		1,081	14,765	100%
	92240 Malakoff										
	76, avenue Brossolette	1992				3,832				3,832	100%
	166/180, Boulevard Gabriel Péri	1930	2009			19,922				19,922	100%

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	92300 Levallois-Perret										
	43/45, rue Jean Jaurès	1988				2,133				2,133	100%
	41/43, rue Louise Michel	2012				3,096				3,096	100%
	55, rue Deguingand	1974	2007			4,682			432	5,114	100%
	92400 Courbevoie (La Défense)										
	Pyramidion - ZAC Danton - 16, 16 *bis* 18 to 28, avenue de l'Arche - 34, avenue Léonard de Vinci	2007	2007			8,728			683	9,411	100%
	16, rue du Capitaine Guynemer	2003				12,008				12,008	100%
	Tour T1 - Tour Engie - Place Samuel-Champlain	2008	2008			61,539			5,310	66,848	100%
	Bât. B - Tour Engie - Place Samuel-Champlain	2008	2008			18,931			2,248	21,179	100%
	Parking Cartier - Tour Engie - Place Samuel-Champlain	2008	2008								100%
	Adamas - 2 to 14, rue Berthelot - 47-49, bd de la Mission Marchand - 38, avenue Léonard de Vinci - 1, rue Alexis Séon	2010	2010			9,292	786		444	10,522	100%
	92500 Rueil Malmaison										
	8, rue Peugeot	1991				3,183				3,183	100%
	20, rue Jacques Daguerre	1993				3,028				3,028	100%
	92700 Colombes										
	Portes de La Défense - 15/55, boulevard Charles-de-Gaulle/ 307, rue d'Estienne-d'Orves	2001	2001			42,387			484	42,871	100%
	Défense Ouest - 420/426, rue d'Estienne-d'Orves	2006	2006			51,768			6,249	58,018	100%
	92800 Puteaux										
	33, quai de Dion Bouton	2009				22,553				22,553	100%
93	**93100 Montreuil**										
	10/14, rue de Vincennes	1976				11,482				11,482	100%
	278/290, rue de Rosny								3,199	3,199	100%
	93200 Saint-Denis										
	143, boulevard Anatole France	1990				4,691				4,691	100%
	93400 Saint-Ouen										
	Docks en Seine - 1-5, rue Paulin-Talabot	2013	2013			15,999				15,999	100%
	93500 Pantin										
	140, avenue Jean Lolive					6,346				6,346	100%
94	**94000 Créteil**										
	41, avenue Le Corbusier					2,983				2,983	100%
	94033 Fontenay sous bois										
	14, avenue Louison Bobet	1987				3,388				3,388	100%
	94110 Arcueil										
	13, rue Nelson Mandela - Bat. A - B - C	2006	2006			42,175	714		1,833	44,722	100%
	94300 Vincennes										
	5/7, avenue de Paris	1988	1988			3,507			125	3,633	100%
	9, avenue de Paris	1971	2003			1,969			166	2,135	100%
	94340 Joinville le pont										
	3, allée Edmée Lheureux	1989				2,304				2,304	100%
	94400 Vitry-sur-Seine										
	140-146, rue Léon Geoffroy	1990	2014			1,507				1,507	100%

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95	**95700 Roissy en France**										
	165, avenue du bois de la Pie	2003				5,000				5,000	100%
	95863 Cergy Pontoise										
	10, avenue de l'Entreprise	1988				357				357	100%
	10, avenue de l'Entreprise	2015				9,905				9,905	100%
	10, avenue de l'Entreprise	1988				30,839			26	30,865	100%
	10, avenue de l'Entreprise	1988				2,546				2,546	100%
	10, avenue de l'Entreprise	1988				13,322				13,322	100%
	10, avenue de l'Entreprise	1988						910		910	100%
	10, avenue de l'Entreprise	1988				12,476				12,476	100%
	10, avenue de l'Entreprise								5,321	5,321	100%
	TOTAL ASSETS IN OPERATION IN THE PARIS REGION			**8**	**541**	**710,719**	**6,498**	**910**	**51,308**	**769,977**	
	TOTAL ASSETS IN OPERATION IN PARIS AND ITS REGION			**220**	**17,145**	**1,176,040**	**40,803**	**5,927**	**78,275**	**1,318,190**	
06	**06259 Mougins**										
	805, avenue du Docteur Maurice Donat	2001				3,731				3,731	100%
	06410 Biot										
	rue Evariste Galois	2001				1,104				1,104	100%
	rue Evariste Galois	2001				1,145				1,145	100%
	rue Evariste Galois	2001				1,104				1,104	100%
	rue Evariste Galois	2001				1,104				1,104	100%
	06560 Valbonne										
	150, Allée Pierre Ziller	2001				3,477				3,477	100%
	06800 Cagnes sur mer										
	5, chemin des Presses	2009				4,681				4,681	100%
13	**13009 Marseille**										
	111, avenue de la Jarre	1990				5,052				5,052	100%
	250, Boulevard Mireille Lauze	2009				8,789				8,789	100%
	7, rue Gaspard Monge	2004				4,745				4,745	100%
	13100 Aix en Provence										
	14, Parc Archimède	2006				1,303				1,303	100%
	135, rue René Descartes	2000				2,878				2,878	100%
	14, Parc Archimède	2006				1,527				1,527	100%
	14, Parc Archimède	2006				1,658				1,658	100%
26	**26300 Valence**										
	Quartier de la Gare	2010				5,729				5,729	100%
31	**31100 Toulouse**										
	9, rue Michel Labrousse	2002				1,508				1,508	100%
	9, rue Michel Labrousse	2002				1,508				1,508	100%
	9, rue Michel Labrousse	2002				2,405				2,405	100%
	9, rue Michel Labrousse	2002				2,413				2,413	100%
	5, rue Claude Marie Perroud	2004				6,910				6,910	100%
	6, rue Brindejonc des Moulinais	2000				3,772				3,772	100%
	6, rue Brindejonc des Moulinais	2000				4,375				4,375	100%
	6, rue Brindejonc des Moulinais	1991				5,775			1,100	6,875	100%
	6, rue Brindejonc des Moulinais	2004				3,096				3,096	100%
	6, rue Brindejonc des Moulinais	2005				3,096				3,096	100%
	6, rue Brindejonc des Moulinais	2014				3,273				3,273	100%
	6, rue Brindejonc des Moulinais	2018	2018			3,644				3,644	100%

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	31700 Blagnac										
	17, avenue Didier Daurat	1990	2016			5,535				5,535	100%
	17, avenue Didier Daurat	2000				4,122				4,122	100%
	3, impasse Louis Pueyo	2003				2,200				2,200	100%
	3, impasse Louis Pueyo	2003				3,301				3,301	100%
	3, impasse Louis Pueyo	2003				3,294				3,294	100%
	Parc du Millénaire A2	2007				3,350				3,350	100%
	Parc du Millénaire	2009				3,270				3,270	100%
	Parc du Millénaire B2	2009				3,278				3,278	100%
	4, rue du Groupe d'Or	2008				15,414				15,414	100%
33	**33600 Pessac**										
	30-34, avenue Léonard de Vinci	2006				2,108				2,108	100%
	30-34, avenue Léonard de Vinci	2006				2,104				2,104	100%
	30-34, avenue Léonard de Vinci	2006				2,889				2,889	100%
	33700 Mérignac										
	331, avenue Jean Monnet	2009				5,981				5,981	100%
34	**34000 Montpellier**										
	6, rue Pommessargues	2010				7,677				7,677	100%
	6, rue Pommessargues	2010				2,987				2,987	100%
	avenue Marcel Dassault	2008				9,709				9,709	100%
35	**35000 Rennes**										
	rue Maurice Fabre	2010				5,529				5,529	100%
	35510 Cesson Sévigné										
	avenue des Champs Blancs/rue Clément Ader	2015				7,195				7,195	60%
44	**44000 Nantes**										
	11, rue Arthur III	1976	2007			14,004	637			14,641	100%
	11, rue Arthur III										100%
	32, rue du Coulongé	2001	2015			4,531				4,531	100%
	4, rue de l'Indre	2004				3,198				3,198	100%
	44700 Orvault										
	130, avenue Antoine Peccot	2008				1,708				1,708	100%
	130, avenue Antoine Peccot	2008				3,890				3,890	100%
59	**59000 Lille**										
	3-13, boulevard de Belfort	2017	2017			3,430	1,108			4,538	100%
	Avenue de la Marne 3 allée de la Marque					4,502				4,502	100%
	253 boulevard de Leeds	2002				4,575				4,575	100%
	59113 Seclin										
	rue de la Pointe	1980				30,977				30,977	100%
	59700 Marcq en Barœul										
	62, rue Louis Delos	2002				7,193				7,193	100%
63	**63800 Clermont Ferrand**										
	Zone de bois joli	2008				4,312				4,312	100%
67	**67100 Strasbourg**										
	2, rue Bartisch	2008				5,222				5,222	100%
69	**Lyon 2nd arrondissement**										
	8/10, Cours Charlemagne	2008				3,322				3,322	100%
	19, quai Perrache	2013				2,763				2,763	100%

Dept	Address	Construction year	Year of last restruc-turation	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Business surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
	Lyon 3rd arrondissement										
	77, boulevard Marius Vivier Merle	2016				10,426	259			10,685	100%
	83/85 boulevard Marius Vivier Merle	2000				11,229				11,229	100%
	Le Velum - 106, boulevard Marius Vivier Merle	2013	2013			13,032			946	13,978	100%
	Lyon 7th arrondissement										
	8 avenue Tony Garnier	2007				5,550				5,550	100%
	Septen - Grande Halle - ZAC Gerland	2017	2017			19,132			987	20,118	100%
	Lyon 9th arrondissement										
	37 rue Sergent Berthet	2008				7,272				7,272	100%
	29, avenue Joannès Masset	2006				4,149				4,149	100%
	69130 Ecully										
	21, chemin de La Sauvegarde	2005				3,676			778	4,454	100%
	21, chemin de La Sauvegarde	2005				3,993				3,993	100%
	21, chemin de La Sauvegarde	2005				3,152				3,152	100%
	69300 Caluire										
	8, avenue de Poumeyrol	2009				2,025				2,025	100%
	8, avenue de Poumeyrol	2009				2,026				2,026	100%
	8, avenue de Poumeyrol	2009				2,026				2,026	100%
	TOTAL ASSETS IN OPERATION IN OTHER REGIONS					**361,059**	**2,004**		**3,811**	**366,874**	
Other countries	**Milan - Italy**										
	Via Antonini 26					1,570	3,610			5,180	100%
	San Donato Milanese - Italy										
	Via Agadir 38					6,035				6,035	100%
	Turin - Italy										
	Via Magenta					4,373				4,373	100%
	TOTAL ASSETS IN OPERATION IN OTHER COUNTRIES					**11,978**	**3,610**			**15,588**	
	TOTAL ASSETS IN OPERATION			**220**	**17,145**	**1,537,100**	**42,807**	**5,927**	**82,085**	**1,685,064**	
	Assets under development										
75	**Paris 7th arrondissement**										
	104, rue de Grenelle					9,080				9,080	100%
	37-39, rue de Bellechasse								2,700	2,700	100%
	Paris 8th arrondissement										
	43, avenue de Friedland - rue Arsène-Houssaye	1867	1867			1,459	227		100	1,785	100%
	7, rue de Madrid	in progress	in progress			9,972				9,972	100%
	20, rue de la Ville-l'Évêque	1967	in progress			5,575			954	6,530	100%
	Paris 12th arrondissement										
	Tour IBOX - 5-9, rue Van-Gogh	1974	in progress			19,949				19,949	100%
	Tour Gamma - 193, rue de Bercy	1972	in progress			1,057	572		527	2,156	100%
	Paris 13th arrondissement										
	Le France - 190-198, avenue de France	2001	2001			17,860	248		2,112	20,220	100%

08

LIST OF PROPERTY HOLDINGS

Offices

Dept	Address	Construction year	Year of last restructuration	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Business surface area (sq.m)	Other surface area (sq.m)	**Total surface area (sq.m)**	% of interests
	Paris 15th arrondissement										
	85, quai Andre Citroen					22,032				22,032	100%
	Paris 16th arrondissement										
	37, boulevard de Montmorency					14,104				14,104	100%
	69-81, avenue de la Grande-Armée	1973	1973			27,148	753		5,762	33,662	100%
	Paris 17th arrondissement										
	32, rue Guersant	1970-1992	in progress			12,789			1,030	13,818	100%
78	**78140 Vélizy-Villacoublay**										
	Square - Morane Saulnier - 8/10, avenue Morane Saulnier	1979	in progress								100%
92	**92100 Boulogne-Billancourt**										
	90/92, route de la Reine	1995				2,696				2,696	100%
	92130 Issy-les-Moulineaux										
	Be Issy - 16, boulevard Garibaldi	in progress	in progress			23,029	297			23,326	100%
	Neuilly-sur-Seine										
	157, avenue Charles-de-Gaulle	1959	1959			5,487	232		407	6,126	100%
	159, avenue Charles-de-Gaulle	1970	2005			3,573	243		32	3,848	100%
	6 *bis*/8, rue des Graviers	1959	2000			4,559			213	4,772	100%
	Levallois-Perret										
	Octant - Sextant - 2/4, quai Charles Pasqua	1996	in progress			34,900			4,103	39,003	100%
	92800 Puteaux										
	12, cours Michelet					37,360				37,360	100%
69	**Lyon 3rd arrondissement**										
	Sky 56 - Avenue Félix-Faure	in progress	in progress			28,236	238			28,474	100%
	TOTAL ASSETS UNDER DEVELOPMENT					**280,864**	**2,811**		**17,938**	**301,613**	
	Land reserve										
78	**78140 Vélizy-Villacoublay**										
	Square – Colvel Windsor – 8/10, avenue Morane-Saulnier	1979	in progress								100%
	78180 Montigny-le-Bretonneux										
	1, avenue Niepce	1984	in progress								100%
	5/9, avenue Ampère	1986	in progress								100%
	4, avenue Newton	1978	in progress								100%
	6, avenue Ampère	1981	1981								100%
31	**31700 Blagnac**										
	2, rue Marcel Doret										100%
69	**Lyon 7th arrondissement**										
	ZAC des Girondins	in progress	in progress								100%
	ZAC Gerland	in progress	in progress								100%
	TOTAL LAND RESERVES										
	GRAND TOTAL OFFICES			**220**	**17,145**	**1,829,942**	**49,228**	**5,927**	**100,023**	**2,002,266**	

8.2 RESIDENTIAL

Dept	Address	Construction year	Year of last restructuration	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Other surface area (sq.m)	**Total surface area (sq.m)**	% of interests
	Assets in operation									
75	**Paris 3rd arrondissement**									
	7/7 *bis*, rue Saint-Gilles	1987	1987	42	2,732		133		2,865	100%
	Paris 7th arrondissement									
	76 *bis*, rue des Saints Pères		2016			154			154	100%
	18, rue de Bourgogne	1969		21	1,960				1,960	100%
	Paris 11th arrondissement									
	8, rue du Chemin-Vert	1969	1969	42	2,238		685		2,923	100%
	Paris 12th arrondissement									
	18/20 *bis*, rue Sibuet	1992	1992	63	4,497	69			4,566	100%
	9/11, avenue Ledru-Rollin	1997	1997	62	3,121		177	30	3,328	100%
	25, avenue de Saint-Mandé	1964	1964	82	3,670		130	0	3,800	100%
	220, rue du Faubourg Saint-Antoine	1969	1969	125	6,535		1,019	2	7,556	100%
	24/26, rue Sibuet	1970	1970	158	9,760	85		1	9,846	100%
	Paris 13th arrondissement									
	20, rue du Champ-de-l'Alouette	1965	1965	53	3,997	564	453	250	5,263	100%
	53, rue de la Glacière	1970	1970	53	646		82	81	809	100%
	49/53, rue Auguste-Lançon - 26, rue de Rungis - 55/57, rue Brillat-Savarin	1971	1971	40	3,443			110	3,553	100%
	2/12, rue Charbonnel - 53, rue de l'Amiral-Mouchez - 65/67, rue Brillat-Savarin	1966	1966	181	12,063		517	201	12,781	100%
	Paris 14th arrondissement									
	3, villa Brune	1970	1970	108	4,745				4,745	100%
	Paris 15th arrondissement									
	18/20, rue Tiphaine	1972	1972	80	4,932	1,897	173	103	7,105	100%
	37/39, rue des Morillons	1966	1966	37	2,295	220	287	33	2,835	100%
	6, rue de Vouillé	1969	1969	588	28,391	768	1,147	670	30,976	100%
	199, rue Saint-Charles	1967	1967	58	3,284			10	3,294	100%
	159/169, rue Blomet - 334/342, rue de Vaugirard	1971	1971	320	21,631		7,651	38	29,320	100%
	76/82, rue Lecourbe - rue François-Bonvin (Bonvin-Lecourbe)	1971	1971	247	13,926	216	425	358	14,925	100%
	10, rue du Docteur-Roux - 189/191, rue de Vaugirard	1967	1967	222	13,085	3,052		11	16,148	100%
	74, rue Lecourbe	1971	1971	93	8,102	186	3,910	9	12,207	100%
	89, rue de Lourmel	1988	1988	23	1,555		239		1,794	100%
	168/170, rue de Javel	1962	1962	85	5,894	135		76	6,105	100%
	148, rue de Lourmel - 74/86, rue des Cévennes - 49, rue Lacordaire	1965	1965	316	22,172	190	620	2	22,984	100%
	85/89, boulevard Pasteur	1965	1965	260	16,703			11	16,714	100%
	Paris 16th arrondissement									
	6/14, rue de Rémusat - square Henri-Paté	1962	1962	185	16,110		1,838	29	17,977	100%
	46 *bis*, rue Saint-Didier	1969	1969	42	2,117		649	150	2,916	100%
	Paris 18th arrondissement									
	56, boulevard Rochechouart		2002	15	1,072		2,158		3,230	100%
	Paris 20th arrondissement									
	59/61, rue de Bagnolet	1979	1979	57	3,305		99	1	3,405	100%
	44/57, rue de Bagnolet	1992	1992	30	1,926		292	54	2,272	100%

Dept	Address	Construction year	Year of last restructuration	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
	42/52 and 58/60, rue de la Py - 15/21, rue des Montibœufs	1967	1967	142	8,084	486		85	8,655	100%
	TOTAL ASSETS IN OPERATION IN PARIS			**3,830**	**233,990**	**8,021**	**22,686**	**2,316**	**267,013**	
92	**92100 Boulogne-Billancourt**									
	94/98, rue de Bellevue	1974	1974	63	4,534				4,534	100%
	108, rue de Bellevue - 99, rue de Sèvres	1968	1968	322	24,969			350	25,319	100%
	92350 Le Plessis-Robinson									
	25, rue Paul-Rivet	1997	1997	132	11,265	284			11,549	100%
	92400 Courbevoie									
	4/6/8, rue Victor-Hugo - 8/12, rue de l'Abreuvoir - 11, rue de l'Industrie	1966	1966	202	14,040	137	2,213	259	16,649	100%
	43, rue Jules-Ferry - 25, rue Cayla	1996	1996	58	3,639			16	3,655	100%
92	**92410 Ville-d'Avray**									
	14/18, rue de la Ronce	1963	1963	159	15,977			19	15,996	100%
	1 to 33, avenue des Cèdres – 3/5, allée Forestière – 1, rue du Belvédère-de-la-Ronce	1966	1966	550	40,352		1,113	38	41,503	100%
94	**94410 Saint-Maurice**									
	1/5, allée des Bateaux-Lavoirs - 4, promenade du Canal	1994	1994	87	6,382			89	6,471	100%
	TOTAL ASSETS IN OPERATION IN THE PARIS REGION			**1,573**	**121,157**	**421**	**3,326**	**771**	**125,676**	
	TOTAL ASSETS IN OPERATION			**5,403**	**355,147**	**8,442**	**26,012**	**3,087**	**392,689**	
	Assets on unit-by-unit sale									
75	**Paris 2nd arrondissement**									
	6 *bis*, rue Bachaumont	1905	1905	4	336			51	387	100%
	Paris 6th arrondissement									
	1, place Michel-Debré	1876	1876	10	616			63	679	100%
	Paris 7th arrondissement									
	262, boulevard Saint-Germain	1880	1880	2	215			12	227	100%
	266, boulevard Saint-Germain	1880	1880	2	348			0	348	100%
	Paris 8th arrondissement									
	80, rue du Rocher	1903	1903	1	161			10	170	100%
	165, boulevard Haussmann	1866	1866	2	251			0	251	100%
	3, rue Treilhard	1866	1866	1	105			0	105	100%
	Paris 9th arrondissement									
	13/17, cité de Trévise	1998	1998	17	1,111			38	1,149	100%
	Paris 12th arrondissement									
	25/27, rue de Fécamp - 45, rue de Fécamp	1988	1988	19	1,581			40	1,621	100%
	Paris 13th arrondissement									
	22/24, rue Wurtz	1988	1988	49	3,275			100	3,375	100%
	82, boulevard Massena (Tour Ancone)	1972	1972				14		14	100%
	84, boulevard Massena (Tour Bologne)	1972	1972				30		30	100%
	Paris 14th arrondissement									
	26, rue du Commandant-René-Mouchotte	1966	1966	13	956			9	965	100%
	83/85, rue de l'Ouest	1978	1978	3	182			4	186	100%
	8/20, rue du Commandant-René-Mouchotte	1967	1967	1	42				42	100%
	Paris 15th arrondissement									
	12, rue de Chambéry	1968	1968	10	287			0	287	100%
	191, rue Saint-Charles - 17, rue Varet	1960	1960	41	3,098			229	3,327	100%
	22/24, rue Edgar-Faure	1996	1996	57	4,909			122	5,031	100%
	39, rue de Vouillé	1999	1999	50	3,512			50	3,562	100%
	3, rue Jobbé-Duval	1900	1900	2	80			4	84	100%

Dept	Address	Construc-tion year	Year of last restruc-turation	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Other surface area (sq.m)	**Total surface area (sq.m)**	% of interests
	27, rue Balard	1995	1995	48	4,203			96	4,299	100%
	Paris 16th arrondissement									
	8/9, avenue Saint-Honoré-d'Eylau	1880	1880	1	218			4	222	100%
	Paris 17th arrondissement									
	169/183, boulevard Pereire 7/21, rue Faraday - 49, rue Laugier	1882	1882	4	277				277	100%
	10, rue Nicolas-Chuquet	1995	1995	29	1,513			29	1,542	100%
	28, avenue Carnot	1882	1882	7	750			7	757	100%
	30, avenue Carnot	1882	1882	1	24				24	100%
	32, avenue Carnot	1882	1882	1	97			6	103	100%
	169/183, boulevard Pereire - 7/21, rue Faraday - 49, rue Laugier	1882	1882	12	972			132	1,103	100%
	Paris 18th arrondissement									
	40, rue des Abbesses	1907	1907	14	973			73	1,046	100%
	Paris 19th arrondissement									
	25/29, rue des Lilas	1970	1970					1	1	100%
	104/106, rue Petit - 16, allée de Fontainebleau	1977	1977	1	66			7	73	100%
	Paris 20th arrondissement									
	162, rue de Bagnolet	1992	1992	18	1,240			36	1,276	100%
	19/21, rue d'Annam	1981	1981	41	2,097			78	2,175	100%
	TOTAL ASSETS ON UNIT-BY-UNIT SALE IN PARIS			**461**	**33,490**		**44**	**1,205**	**34,738**	
77	**77350 Le Mée**									
	349, rue Libération	-	-					3	3	100%
78	**78000 Versailles**									
	Petite place - 7/9, rue Sainte-Anne 6, rue Madame 20, rue du Peintre-Le-Brun	1968	1968	102	7,563			220	7,783	100%
	78390 Bois-d'Arcy									
	2, rue Toulouse-Lautrec	1966	1966					6	6	100%
	78600 Maisons-Laffitte									
	56, avenue de Saint-Germain	1981	1981	3	282			10	292	100%
91	**91300 Massy**									
	91 MASSY - Bon Puits							2	2	100%
	91380 Chilly-Mazarin									
	5, rue des Dalhias	1972	1972	1	94			1	95	100%
92	**92100 Boulogne-Billancourt**									
	Rue Marcel-Bontemps, Ilôt B3 lot B3abc - ZAC Séguin Rives de Seine	2011	2011	25	1,697				1,697	100%
	59 *bis*/59 *ter*, rue des Peupliers - 35 *bis*, rue Marcel-Dassault	1993	1993	17	1,528			0	1,529	100%
	92200 Neuilly-sur-Seine									
	47/49, rue Perronet	1976	1976	4	257			35	292	100%
	92300 Levallois-Perret									
	136/140, rue Aristide-Briand	1992	1992	12	839			12	851	100%
	92400 Courbevoie									
	8/12, rue Pierre-Lhomme	1996	1996	46	2,527			39	2,566	100%
	3, place Charras	1985	1985	43	2,893			86	2,979	100%
	92600 Asnières									
	46, rue de la Sablière	1994	1994	9	516			33	549	100%
94	**94000 Créteil**									
	1/15, passage Saillenfait	1971	1971	2	126			4	130	100%
95	**95100 Argenteuil**									
	Tour Sannois							25	25	100%

Dept	Address	Construction year	Year of last restructuration	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
	Wallon			1	25				25	100%
	Alessandria							15	15	100%
	TOTAL ASSETS ON UNIT-BY-UNIT SALE IN THE PARIS REGION			**265**	**18,346**			**491**	**18,837**	
01	**01280 Prevessin – Moens**									
	“La Bretonnière” Route de Mategnin - Le Cottage mail du Neutrino	2010	2010	79	6,308				6,308	100%
13	**13008 Marseille**									
	116, avenue Cantini - Quartier le Rouet	2010	2010	6	443				443	100%
	Avenue Merlaud-Ponty	1961	1961					62	62	100%
59	**59000 Lille**									
	Parc St-Maur							13	13	100%
	59170 Croix									
	Flandres Appts							4	4	100%
	TOTAL ASSETS ON UNIT-BY-UNIT SALE IN OTHER REGIONS			**85**	**6,751**			**79**	**6,830**	
	TOTAL ASSETS ON UNIT-BY-UNIT SALE			**811**	**58,587**		**44**	**1,775**	**60,406**	
	Land reserve									
92	**92410 Ville-d’Avray**									
	Éco-quartier - 20, rue de la Ronce	in progress	in progress							100%
	TOTAL LAND RESERVES									
	GRAND TOTAL TRADITIONAL RESIDENTIAL			**6,214**	**413,735**	**8,442**	**26,056**	**4,862**	**453,095**	

8.3 STUDENT RESIDENCES

Dept	Address	Construction year	Year of last restructuration	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Other surface area (sq.m)	**Total surface area (sq.m)**	% of interests
	Assets under development									
75	**Paris 13th arrondissement**									
	75, rue du Château-des-Rentiers	2011	2011	183	4,168				4,168	100%
	rue Auguste-Lançon	2015	2015	60	1,465			147	1,612	100%
	Paris 15th arrondissement									
	76/82, rue Lecourbe - rue François Bonvin	1971	2014	103	2,674				2,674	100%
	TOTAL ASSETS IN OPERATION IN PARIS			**346**	**8,307**			**147**	**8,454**	
77	**77420 Champs-sur-Marne**									
	6, Boulevard Copernic	2010	2010	135	2,659				2,659	100%
91	**91120 Palaiseau**									
	Plateau de Saclay	2015	2015	145	3,002			158	3,160	100%
92	**92800 Puteaux**									
	La Grande Arche - Castle Light - Terrasse Valmy	in progress	in progress	168	3,940				3,940	100%
93	**93170 Bagnolet**									
	16-18, rue Sadi Carnot - 2-4, avenue Henriette	2015	2015	163	3,745		381	46	4,172	100%
	93200 Saint-Denis									
	Cité Cinéma - Saint-Denis Pleyel - Rue Anatole France	2014	2014	183	4,282		268		4,550	100%
	93350 Le Bourget									
	5, rue Rigaud	2008	2008	238	4,648				4,648	100%
	TOTAL ASSETS IN OPERATION IN THE PARIS REGION			**1,032**	**22,276**		**648**	**204**	**23,128**	
	TOTAL ASSETS IN OPERATION IN PARIS AND ITS REGION			**1,378**	**30,583**		**648**	**351**	**31,582**	
13	**13002 Marseille**									
	1, rue Mazenod	2017	2017	179	3,742				3,742	100%
33	**33000 Bordeaux**									
	26/32, rue des Belles Iles	1994	1994	99	2,034				2,034	100%
	rue Blanqui - rue de New York	2015	2015	159	3,800				3,800	100%
	33400 Talence									
	11, avenue du Maréchal de Tassigny	2000	2000	150	3,621		933		4,554	100%
	36, rue Marc Sangnier	1994	1994	132	2,740				2,740	100%
	33600 Pessac									
	80, avenue du Docteur Schweitzer	1995	1995	92	1,728				1,728	100%
59	**59000 Lille**									
	Tour V Euralille- avenue Willy Brandt	2009	2009	190	4,738				4,738	100%
69	**Lyon 7th arrondissement**									
	7, rue Simon Fryd	2010	2010	152	3,258				3,258	100%
	TOTAL ASSETS IN OPERATION IN OTHER REGIONS			**1,153**	**25,661**		**933**		**26,594**	
	TOTAL ASSETS IN OPERATION			**2,531**	**56,244**		**1,581**	**351**	**58,176**	

Dept	Address	Construction year	Year of last restructuration	Nb of housing units	Residential surface area (sq.m)	Office surface area (sq.m)	Retail surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
	Assets under development									
75	**Paris 15th arrondissement**									
	Résidence Brancion	in progress	in progress							100%
	Résidence Lourmel	in progress	in progress							100%
92	**92800 Puteaux**									
	Rose de Cherbourg	in progress	in progress	355	7,379		100		7,479	100%
	Rose de Cherbourg F	in progress	in progress							100%
	TOTAL ASSETS UNDER DEVELOPMENT			**355**	**7,379**		**100**		**7,479**	
	Land reserves									
75	**Paris 13th arrondissement**									
	2, 12 rue Charbonnel	in progress	in progress							100%
92	**92100 Boulogne-Billancourt**									
	Résidence La Traverse	in progress	in progress							100%
	TOTAL LAND RESERVES									
	GRAND TOTAL STUDENT RESIDENCES			**2,886**	**63,623**		**1,681**	**351**	**65,655**	

8.4 HOTELS

Dept	Address	Construction year	Year of last restructuration	Hotel surface area	Total surface area (sq.m)	% of interests
	Assets in operation					
75	**Paris 6th arrondissement**					
	4, rue Danton		2010	3,800	3,800	100%
	92, rue de Vaugirard	1988	2009	4,300	4,300	100%
	Paris 19th arrondissement					
	68, quai de la Seine	2009		5,875	5,875	100%
	TOTAL ASSETS IN OPERATION IN PARIS			**13,975**	**13,975**	
78	**78830 Bougival**					
	10-12, rue Yvan Tourgueneff	1999	2012	10,319	10,319	100%
92	**92100 Boulogne-Billancourt**					
	114-116, route de la Reine		2012	5,465	5,465	100%
95	**95540 Mery sur Oise**					
	3, avenue Marcel Perrin	2010	2010	6,564	6,564	100%
	TOTAL ASSETS IN OPERATION IN THE PARIS REGION			**22,348**	**22,348**	
	TOTAL ASSETS IN OPERATION			**36,323**	**36,323**	
	Assets under development					
77	**77990 Le Mesnil - Amelot**					
	Rue de la Chapelle	1993	in progress	13,091	13,091	100%
	TOTAL ASSETS UNDER DEVELOPMENT			**13,091**	**13,091**	
	GRAND TOTAL HOTELS			**49,414**	**49,414**	

8.5 OTHER ACTIVITIES

Dept	Address	Construction year	Year of last restructuration	Office surface area (sq.m)	Retail surface area (sq.m)	Business surface area (sq.m)	Hotel surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
	Assets in operation									
75	**Paris 10th arrondissement**									
	5, rue de Dunkerque	1926	2013				6,440		6,440	100%
	Paris 18th arrondissement									
	16, rue des Fillettes					1,809			1,809	100%
	Paris 19th arrondissement									
	la Rotonde de Ledoux - 6/8, place de la Bataille de Stalingrad		2008					1,699	1,699	100%
	68, quai de la Seine	2008						597	597	100%
	TOTAL ASSETS IN OPERATION IN PARIS					**1,809**	**6,440**	**2,296**	**10,545**	
77	**77170 Servon**									
	21, avenue Pierre Guérin	2001						575	575	100%
	77185 Lognes									
	Parc d'activités de Paris Est - Boulevard du Courcerin	1981	1985			11,551			11,551	100%
78	**78190 Trappes**									
	ZA Trappes Elancourt - 71/73, avenue Georges Politzer	1971	1990			21,501			21,501	100%
	7 *bis*, avenue Roger Hennequin			3,186		684			3,870	100%
	Route de Chartres	1997						520	520	100%
	78240 Chambourcy									
	5, rue Camille Blanc							287	287	100%
91	**91100 Corbeil Essone**									
	52, rue Maréchal de Lattre de Tassigny					938			938	100%
	91310 Montlhéry									
	113, route d'Orléans							570	570	100%
	91380 Chilly Mazarin									
	55, route de Longjumeau					10,057			10,057	100%
92	**92000 Nanterre**									
	21, rue du Pont	1991	2000			3,800			3,800	100%
	93, rue des Hautes Pâtures							540	540	100%
	92500 Rueil Malmaison									
	250, route de l'Empereur							2,607	2,607	100%
93	**93100 Montreuil**									
	34, rue Gaston Lauriau					5,175			5,175	100%
	93200 Saint-Denis									
	12-16, rue André Campra	2008		3,436		12,932			16,368	100%
	93400 St Ouen									
	29, rue Emile Cordon		2003			2,756			2,756	100%
	100 to 106, rue du Landy		2003			2,366			2,366	100%
95	**95200 Sarcelles**									
	1, rue du Père Heude	1960						350	350	100%
	TOTAL ASSETS IN OPERATION IN THE PARIS REGION			**6,622**		**71,760**		**5,449**	**83,831**	
	TOTAL ASSETS IN OPERATION IN PARIS AND ITS REGION			**6,622**		**73,569**	**6,440**	**7,745**	**94,376**	
16	**16000 Angoulême**									
	18/20, rue Chabaneix	1968	1988			4,731			4,731	100%

Dept	Address	Construction year	Year of last restructuration	Office surface area (sq.m)	Retail surface area (sq.m)	Business surface area (sq.m)	Hotel surface area (sq.m)	Other surface area (sq.m)	Total surface area (sq.m)	% of interests
31	**31700 Blagnac**									
	4, rue Marcel Doret	1980				2,626			2,626	100%
33	**33140 Villenave d'Ornon**									
	3, rue Lino Ventura	2003						670	670	100%
	33520 Bruges									
	ZI de Bordeaux Fret-rue Henri Delattre	1981				2,468			2,468	100%
	Z.I. de Bordeaux Fret-rue R. Mathieu/rue Cdt Moli	2000				3,030			3,030	100%
	33600 Pessac									
	9, avenue de la Tuileranne							555	555	100%
35	**35137 Bedée**									
	Zone Artisanale de la Touche	1988				7,930			7,930	100%
37	**37170 Chambray Les Tours**									
	7, rue Thomas Edison	1998						575	575	100%
41	**41200 Romorantin Lanthenay**									
	avenue de Villefranche BAT B	1996			1,689				1,689	100%
42	**42530 St Genest Lerpt**									
	ZA Tissotrue Jules Vernes	1980						750	750	100%
47	**47300 Villeneuve Sur Lot**									
	Zone Industrielle du Rooy-rue Ampère	1965	1998			4,402			4,402	100%
	Zac du Villeneuvois-Lieudit "Barbès Ouest"	2007				3,920			3,920	100%
49	**49300 Cholet**									
	2, rue du Charolais	1987	1993			3,430			3,430	100%
	Z.I. du Cormier - rue Gustave Fouilleron	2000				11,000			11,000	100%
51	**51370 Thillois**									
	rue des Ormisseaux-Parc Millésime	2001						660	660	100%
54	**54390 Frouard**									
	ZA du Saule Gaillard-8, rue Nerbevaux							773	773	100%
56	**56000 Vannes**									
	Route de Sainte Anne Kerluherne							2,502	2,502	100%
57	**57500 Vandoeuvre Les Nancy**									
	7, rue d'Albertville	1998						520	520	100%
59	**59160 Lomme**									
	rue du Château d'Isenghien	2011						520	520	100%
63	**63170 Aubiere**									
	ZI du Capavenue Ernest Cristal							630	630	100%
76	**76140 Le Petit Quevilly**									
	63, rue Pierre Corneille							965	965	100%
85	**85000 La Roche Sur Yon**									
	Z.I. des Ajoncs	1992	2008			7,881			7,881	100%
	85120 La Chataigneraie									
	Chemin du fief tardif	1973	1989			3,825			3,825	100%
	85700 Pouzauges									
	Zone Industrielle de Montifaut	1975	1984			4,456			4,456	100%
	85700 Meilleraie-Tillay									
	Gare de Pouzauges	2008				4,788			4,788	100%
	TOTAL ASSETS IN OPERATION IN OTHER REGIONS				**1,689**	**64,487**		**9,120**	**75,296**	

Dept	Address	Construc-tion year	Year of last restruc-turation	Office surface area (sq.m)	Retail surface area (sq.m)	Business surface area (sq.m)	Hotel surface area (sq.m)	Other surface area (sq.m)	**Total surface area (sq.m)**	% of interests
Other countries	**Pregnana Milanese - Italy**									
	Via Brughiera 1							10,731	10,731	100%
	TOTAL ASSETS IN OPERATION IN OTHER COUNTRIES							**10,731**	**10,731**	
	TOTAL ASSETS IN OPERATION			**6,622**	**1,689**	**138,056**	**6,440**	**16,865**	**169,672**	
	GRAND TOTAL OTHER ACTIVITIES			**6,622**	**1,689**	**138,056**	**6,440**	**27,596**	**180,403**	

8.6 SUMMARY OF SURFACE AREAS

Summary of the office property portfolio

	Office surface area (sq.m)	Retail surface area (sq.m)
Paris	**473,342**	**56,990**
Commercial portion of predominantly residential assets	8,021	22,686
Commercial portion of predominantly commercial assets	465,321	34,304
Paris Region	**717,762**	**10,473**
Commercial portion of predominantly residential assets	421	3,975
Commercial portion of predominantly commercial assets	717,341	6,498
Rest of France	**361,059**	**4,626**
Commercial portion of predominantly residential assets	0	933
Commercial portion of predominantly commercial assets	361,059	3,693
Other countries	**11,978**	**3,610**
Commercial portion of predominantly residential assets	0	0
Commercial portion of predominantly commercial assets	11,978	3,610
COMMERCIAL PORTFOLIO IN OPERATION AS AT DECEMBER 31, 2017	**1,564,142**	**75,699**
Unit-by-unit sale programs	**0**	**44**
Commercial portion of predominantly residential assets	0	44
Commercial portion of predominantly commercial assets	0	0
Programs under construction and land reserves	**280,864**	**2,911**
Commercial portion of predominantly residential assets	0	100
Commercial portion of predominantly commercial assets	280,864	2,811
TOTAL COMMERCIAL PROPERTY HOLDINGS AS AT DECEMBER 31, 2017	**1,845,006**	**78,654**
Commercial portion of predominantly residential assets	8,442	27,737
Commercial portion of predominantly commercial assets	1,836,564	50,917

Summary of the residential property portfolio

	Nb of housing units	Residential surface area (sq.m)
Paris	**4,388**	**258,902**
Residential portion of predominantly residential assets	4,176	242,297
Residential portion of predominantly commercial assets	212	16,604
Paris Region	**2,613**	**143,974**
Residential portion of predominantly residential assets	2,605	143,433
Residential portion of predominantly commercial assets	8	541
Rest of France	**1,153**	**25,661**
Residential portion of predominantly residential assets	1,153	25,661
Residential portion of predominantly commercial assets	0	0
RESIDENTIAL PORTFOLIO IN OPERATION AS AT DECEMBER 31, 2017	**8,154**	**428,537**
Unit-by-unit sale programs	**811**	**58,587**
Residential portion of predominantly residential assets	811	58,587
Residential portion of predominantly commercial assets	0	0
Programs under construction and land reserves	**355**	**7,379**
Residential portion of predominantly residential assets	355	7,379
Residential portion of predominantly commercial assets	0	0
TOTAL RESIDENTIAL PROPERTY HOLDINGS AS AT DECEMBER 31, 2017	**9,320**	**494,503**
Residential portion of predominantly residential assets	9,100	477,358
Residential portion of predominantly commercial assets	220	17,145

09

ADDITIONAL INFORMATION

9.1 REFERENCE DOCUMENT CONTAINING AN ANNUAL FINANCIAL REPORT

9.1.1 PUBLIC DOCUMENTS

This financial report is available free of charge on request from Gecina's Financial Communication Department at the following address: 16, rue des Capucines – 75002 Paris - France, by telephone at +33 (0)1 40 40 50 79, or by e-mail to ***actionnaire@gecina.fr.*** It is also available on Gecina's website (***www.gecina.fr***).

Other documents accessible at Gecina's head office or on its website include:

- the company's bylaws;
- the historic financial reports of the company and its subsidiaries for the two financial years preceding the publication of the annual financial report.

Person responsible for the Reference Document

Méka Brunel, CEO of Gecina (hereinafter the "company" or "Gecina").

Persons responsible for Financial Communications

Nicolas Dutreuil, CFO

Samuel Henry-Diesbach, Head of Financial Communications

Laurent Le Goff: +33 (0)1 40 40 62 69

Virginie Sterling: +33 (0)1 40 40 62 48

Financial Communications, institutional investor, financial analyst and press relations:

ir@gecina.fr

Private shareholder relations:

Toll-free number (only available in France): 0 800 800 976 or +33 (0)1 40 40 50 79

actionnaire@gecina.fr

9.1.2 HISTORICAL FINANCIAL INFORMATION

In accordance with Article 28 of European regulation 809/2004 of April 29, 2004, this Reference Document incorporates by reference the following information, to which readers are invited to refer:

- for the financial year ended December 31, 2015: The Consolidated financial statements and the related Statutory Auditors' report, included in the Reference Document filed with the AMF on February 25, 2016 under reference D. 16-0082 in Pages 69 to 112 and 321;
- for the financial year ended December 31, 2016: The Consolidated financial statements and the related Statutory Auditors' report, included in the Reference Document filed with the AMF on February 24, 2017 under reference D. 17-0110 in Pages 79 to 122 and 327.

These documents are available on the AMF and Gecina websites:

www.gecina.fr

www.amf-france.org

9.1.3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT CONTAINING AN ANNUAL FINANCIAL REPORT

"I certify that, having taken all reasonable measures to this effect, the information contained in this Reference Document is, to the best of my knowledge, fair and accurate, and free from any omission that could alter its substance.

I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with the applicable accounting standards and faithfully reflect the assets, liabilities, financial situation and earnings of the company and all the companies included in its consolidation group, and that the information from the management report listed in the correspondence table on page 303 presents an accurate picture of the development of the business, earnings and financial situation of the company and all the companies included in the consolidation group, as well as a description of the main risks and uncertainties facing them.

I have received a completion letter from the Statutory Auditors in which they indicate that they have verified the information relating to the financial situation and financial statements given in this document and that they have reviewed the entire document.

The historical financial information relating to the financial year ended December 31, 2017 presented in this document is the object of reports by the Statutory Auditors, which appear on pages 305 to 312 of this document. The report on the consolidated financial statements for the year ended December 31, 2017 is presented on page 305 of this document. The consolidated financial statements for the year ended December 31, 2016, included in the Reference Document filed with the AMF under number D. 17-0110 on February 24, 2017, were the object of a report by the Statutory Auditors, which appears on page 327 of said document. The consolidated financial statements for the year ended December 31, 2015, included in the Reference Document filed with the AMF under number D. 16-0082 on February 25, 2016, were the object of a report by the Statutory Auditors, which appears on page 321 of said document."

Méka Brunel

CEO

9.1.4 CORRESPONDENCE TABLE FOR THE REFERENCE DOCUMENT

9.1.5 CORRESPONDENCE TABLE WITH THE INFORMATION REQUIRED IN THE ANNUAL FINANCIAL REPORT

Since the Reference Document also contains the annual financial report, the statement by the person responsible makes reference to information from the management report. In the document's current form, this information can be found in various sections.

Annual financial report

Elements required by Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's general regulations	Pages
Consolidated financial statements	55-106
Annual financial statements	107-130
Statement of the responsible person	300
Management report	See below
Auditors' report on the Consolidated financial statements	305-308
Auditors' report on the Annual financial statements	309-312
Auditors' fees	106

Management report

	Pages
Analysis of changes in the company and the Group's business, earnings and financial situation, the company and the Group's situation during the past year (L. 225-100, L. 225-100-2, L. 232-1 and L. 233-26 of the French Commercial Code)	4-54
Predictable changes (L. 232-1 and L. 233-26 of the French Commercial Code)	51
Research and development activities (L. 232-1 and L. 233-26 of the French Commercial Code)	324
Information on environmental issues and the environmental consequences of business operations (L. 225-100 and L. 225-102-1 of the French Commercial Code)	209-276
Information on employee issues and the social consequences of business operations (L. 225-100 and L. 225-102-1 of the French Commercial Code)	264-270
Description of the major risks and uncertainties (L. 225-100 and L. 225-100-2 of the French Commercial Code)	24-26; 175-208
Information about the capital structure and organization: authorizations for capital increases (L. 225-100 of the French Commercial Code), information on the buying of treasury shares (L. 225-211 of the French Commercial Code), identity of shareholders with more than 5%; treasury stocks (L. 233-13 of the French Commercial Code), employee shareholding as the last day of the financial year (L. 225-102 of the French Commercial Code)	102-103; 125-126; 148; 160-161; 173
Factors likely to have an impact in the event of a public offer (L. 225-100-3 of the French Commercial Code)	173
Amount of dividends distributed during three last financial years (243 bis of the French General Tax Code)	104
Total compensation and fringe benefits paid to each corporate officer, offices and positions held in any company by each of the corporate officers during the financial year (L. 225-102-1 of the French Commercial Code)	131-172

9.2 STATUTORY AUDITORS

9.2.1 PARTIES RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Incumbent Statutory Auditors

Mazars

Member of the Compagnie Régionale de Versailles

Represented by Julien Marin-Pache

61, rue Henri-Regnault

92075 Paris La Défense Cedex

Mazars was appointed at the Combined General Meeting on June 2, 2004 for a six-year term. The firm's appointment was renewed by the Ordinary General Meeting held on May 10, 2010 and by the Combined General Meeting held on April 21, 2016. His term of office will expire at the end of the Ordinary General Meeting called to approve the annual financial statements for the year ending December 31, 2021.

PricewaterhouseCoopers Audit

Member of the Compagnie Régionale de Versailles

Represented by Jean-Pierre Bouchart

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed at the Combined General Meeting on June 2, 2004 for a six-year term. The firm's appointment was renewed by the Ordinary General Meeting held on May 10, 2010 and by the Combined General Meeting held on April 21, 2016. His term of office will expire at the end of the Ordinary General Meeting called to approve the annual financial statements for the year ending December 31, 2021.

Deputy Statutory Auditors

Gilles Rainaut

Member of the Compagnie Régionale de Versailles

61, rue Henri-Regnault

92075 Paris La Défense Cedex

Mr. Gilles Rainaut was appointed by the Combined General Meeting held on April 21, 2016 for a six-year term. His term of office will expire at the end of the Ordinary General Meeting called to approve the annual financial statements for the year ending December 31, 2021.

Jean-Christophe Georghiou

Member of the Compagnie Régionale de Versailles

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

Mr. Jean-Christophe Georghiou was appointed by the Combined General Meeting of April 21, 2016 for a six-year term. His term of office will expire at the end of the Ordinary General Meeting called to approve the annual financial statements for the year ending December 31, 2021.

9.2.2 STATUTORY AUDITORS' REPORTS

9.2.2.1 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Gecina,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Gecina for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of investment properties

(Notes 3.5.3.1.1, 3.5.3.1.2 et 3.5.3.1.3 to the consolidated financial statements)

Description of risk

At December 31, 2017, investment properties amounted to €15,407 million in the consolidated balance sheet, representing 77% of the Group's assets.

Investment properties are recognized at fair value in Gecina's consolidated financial statements, as provided for in IAS 40. This is the value taken into account for determining key indicators of the Group's performance and financial position, such as Net Asset Value and the Loan-to-Value ratio. With this in mind, management has implemented a procedure for property appraisals, which are performed by independent appraisers to measure the fair value of the assets.

Measuring the fair value of a property asset is a complex process of estimation, as described in the notes to the consolidated financial statements. It requires judgment in order to determine the appropriate assumptions, yield and discount rates, market rental values, cost estimates for work to be carried out (assets under development), and any advantages (e.g., rent-free periods) to be granted to certain tenants.

Given the significant amount of these assets, the degree of judgment involved in management's determination of the main assumptions used, and the sensitivity of the properties' fair value to these assumptions, we deemed the valuation of investment properties to be a key audit matter.

How our audit addressed this risk

Our work consisted in:

- obtaining the engagement letters of property appraisers and assessing their competency and their independence with respect to the Group;
- familiarizing ourselves with the procedure implemented by management for working with property appraisers;
- obtaining the property appraisal reports and critically assessing the appraisal methods used, the market parameters applied (yield rate, discount rate, market rental values) and the asset-specific assumptions, in particular the cost estimates for work to be carried out on assets under development;
- testing, on a sample basis, the data used (reconciliation of appraiser data with construction budgets and rental situations);

- conducting interviews with management and the property appraisers to discuss the reasons behind their appraisal of the overall property portfolio and the appraised values of the assets;
- reconciling the appraised values with the consolidated financial statements;
- assessing the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Accounting treatment of the acquisition of Eurosic

(Note 3.5.2.4.3 to the consolidated financial statements)

Description of risk

Gecina took control of Eurosic on August 29, 2017 and had acquired 100% of its capital at December 31, 2017 for a total purchase price of €3,264 million. Eurosic is a real estate company which manages a portfolio valued at €5,344 million at December 31, 2017.

The accounting treatment of the first-time consolidation of Eurosic Group requires its identifiable assets and liabilities to be measured and recognized at fair value, as provided for in IFRS 3, at the acquisition date. These measurements are significant and necessarily estimates.

Given the amounts at stake, the degree of judgment involved in the measurements, mainly regarding the fair value of properties, and the identification and measurement of Eurosic's liabilities and contingent liabilities, we deemed the accounting treatment of the acquisition of Eurosic to be a key audit matter.

How our audit addressed this risk

Our work consisted in:

- assessing the Eurosic Group's accounting policies and the harmonization of accounting policies at the date of acquisition by Gecina;
- gaining an understanding of the process established by management to identify and measure Eurosic's assets, liabilities and contingent liabilities to be recognized in the Gecina group's consolidated financial statements in respect of the business combination;
- analyzing contracts between the Group and other parties to the transaction and discussing the particulars of the business combination with management that affect the accounting treatment of the acquisition;
- implementing the following procedures in relation to Eurosic's property assets:
  - assessing the property appraisers' competency and their independence with respect to Gecina,
  - familiarizing ourselves with the procedure implemented by management for working with property appraisers,
  - obtaining the property appraisal reports and assessing the appraisal methods used, the market parameters applied (yield rate, discount rate, market rental values) and the asset-specific assumptions, in particular the cost estimates for work to be carried out on assets under development,
  - testing, on a sample basis, the data used (reconciliation of appraiser data with construction budgets and rental situations),
  - reconciling the appraised values with the fair value recognized in the opening balance sheet;
- assessing the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Accounting treatment of certain transactions and/or commitments in Spain

(Notes 3.5.4.7, 3.5.5.13 and 3.5.9.3 to the consolidated financial statements)

Description of risk

A number of liability claims and lawsuits have been filed against Gecina, directly and indirectly, by third parties. Notes 3.5.4.7, 3.5.5.13 and 3.5.9.3 to the consolidated financial statements describe, in particular, certain transactions and/or commitments in Spain, and the alleged issue of four promissory notes and letters of guarantee by Gecina SA in favor of a Spanish company named Arlette Dome SL. These notes provide details of the legal proceedings relating to these transactions and the accounting treatment applied.

We deemed the accounting treatment of these transactions and/or commitments to be a key audit matter given the amounts at stake and the inherent uncertainty involved due to the complexity of pending or potential legal proceedings.

How our audit addressed this risk

Our work consisted in:

- examining the accounting methods and controls implemented by management to report on these transactions;
- obtaining the analyses of Gecina and its advisors on the transactions in question;
- conducting interviews with management in order to gain an understanding of Gecina's defense strategy and arguments before the various courts involved;
- assessing the appropriateness of the accounting treatment applied by the Group in light of all these aspects;
- assessing the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Gecina by the General Meeting of April 22, 2016.

As at December 31, 2017, Mazars and PricewaterhouseCoopers Audit were in the 21st year and the 14th year of total uninterrupted engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Group or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Group.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements.
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion.
- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Paris La Défense and Neuilly-sur-Seine, February 21, 2018

The Statutory Auditors

Mazars		**PricewaterhouseCoopers Audit**
Julien Marin-Pache	Baptiste Kalasz	Jean-Pierre Bouchart

9.2.2.2 Statutory Auditors' report on the annual financial statements

For the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Gecina,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Gecina for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 4.3.3.7 of the financial statements, which describes the change of accounting policy due to the application of ANC Regulation 2015-05 of July 2, 2015 on forward financial instruments and hedging operations.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement and risk of impairment of tangible fixed assets

(Note 4.3.3.1.3 to the financial statements)

Description of risk

At December 31, 2017, tangible fixed assets amounted to €3,573 million, or 29% of the Company's assets. They mainly comprise real estate properties, held in order to collect rents and increase the value of the asset.

Property assets are recognized at cost less accumulated depreciation and any impairment losses, the latter of which are calculated based on fair value. With this in mind, management has implemented a procedure for property appraisals, which are performed by independent appraisers to measure the fair value of the assets.

Appraising a property asset requires estimation and judgment from management, in order to determine the appropriate assumptions, yield and discount rates, market rental values, cost estimates for work to be carried out (especially for assets under development) and any advantages (e.g., rent-free periods) to be granted to certain tenants.

Given the significant amount represented by these assets in the financial statements, the risk of impairment, the degree of judgment involved in management's determination of the main assumptions used, and the high sensitivity of the fair value of the assets to these assumptions, we deemed this issue to be a key audit matter

How our audit addressed this risk

Our work consisted in:

- obtaining the engagement letters of the property appraisers and assessing their competency and their independence with respect to the Company;
- familiarizing ourselves with the procedure implemented by management for working with property appraisers;
- obtaining the property appraisal reports and critically assessing the appraisal methods used, the market parameters applied (yield rate, discount rate, market rental values) and the asset-specific assumptions, in particular the cost estimates for work to be carried out on assets under development;
- testing, on a sample basis, the data used (reconciliation of appraiser data with construction budgets and rental situations);
- conducting interviews with management and the property appraisers to discuss the reasons behind their appraisal of the overall property portfolio and the appraised values of the assets;
- reconciling the appraised values with the fair value of the assets;
- verifying the impairment losses recorded, in accordance with accounting policies;
- assessing the appropriateness of the disclosures provided in the notes to the financial statements.

Evaluation of financial fixed assets

(Note 4.3.3.2. to the financial statements)

Description of risk

At December 31, 2017, financial fixed assets amounted to €8,347 million, or 68% of the Company's assets.

When there is an indication of long-term impairment of securities, loans, receivables and other capitalized assets, an impairment loss is recorded. Impairment is determined on the basis of various criteria, including net asset value, profitability and strategic value. For investments in real estate companies, the criterion used is generally the net asset value, which includes unrealized capital gains on real estate assets evaluated at fair value (determined with support from real estate experts).

Estimating impairment loss requires that the Company's management exercise judgment, in order to determine the appropriate assumptions to be used.

Given the significant amount of these assets and the degree of judgment involved in management's determination of the main assumptions used, as well as the high sensitivity of the value of use of the assets to these assumptions, we deemed this issue to be a key audit matter.

How our audit addressed this risk

We carried out the following procedures:

- verifying the appropriateness of management's evaluation methods;
- verifying, on a sample basis, the inputs used to estimate the net asset values, and in particular for the appraisal of real estate companies:
  - verification that recorded equity can be reconciled with the accounts of the companies evaluated,
  - verification that adjustments made to equity in order to calculate the net asset value, mainly by including unrealized capital gains on the real estate assets, are estimated at their fair value by management, with support from real estate experts;
- verifying the impairment recorded with respect to losses in equity interests and their related receivables, by reconciling the net asset value with the carrying amount;
- assessing the appropriateness of the disclosures provided in the notes to the financial statements.

Accounting treatment of transactions and/or commitments in Spain

(Note 4.3.6.1. to the financial statements)

Description of risk

A number of liability claims and lawsuits have been filed against Gecina, directly and indirectly, by third parties. Note 4.3.6.1. to the financial statements describes certain transactions and/or commitments in Spain and the alleged issue of four promissory notes and letters of guarantee by Gecina SA in favor of a Spanish company named Arlette Dome SL, and provides details of the legal proceedings relating to these transactions and the accounting treatment applied.

We deemed the accounting treatment of these transactions and/or commitments to be a key audit matter given the amounts at stake and the inherent uncertainty involved due to the complexity of pending or potential legal proceedings.

How our audit addressed this risk

Our work consisted in:

- examining the accounting methods and controls implemented by management to report on these transactions;
- obtaining the analyses of Gecina and its advisors on the transactions in question, which, where appropriate, we corroborated with response to our request for external confirmation from the Company's legal counsel;
- conducting interviews with management in order to gain an understanding of Gecina's defense strategy and arguments before the various courts involved;
- assessing the appropriateness of the accounting treatment applied by the Company in light of all these aspects;
- assessing the appropriateness of the disclosures provided in the notes to the financial statements.

Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Information with respect to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Gecina by the General Meeting of April 22, 2016.

As at December 31, 2017, Mazars and PricewaterhouseCoopers Audit were in the 21st year and the 14th year of total uninterrupted engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements.
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion.
- Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Paris La Défense and Neuilly-sur-Seine, February 21, 2018

The Statutory Auditors

Mazars		PricewaterhouseCoopers Audit
Julien Marin-Pache	Baptiste Kalasz	Jean-Pierre Bouchart

9.2.2.3 Statutory Auditors' special report on related party agreements and commitments

(General Meeting for the approval of the financial statements for the year ended December 31, 2017)

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

GECINA SA

14-16, rue des Capucines

75084 PARIS CEDEX 02, France

To the Shareholders,

In our capacity as Statutory Auditors of Gecina SA, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the performance during the year of agreements and commitments already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorized by the Board of Directors.

Agreements in connection with the proposed acquisition by Gecina of shares and securities giving access to the share capital of Eurosic

At its meeting on June 20, 2017, the Board of Directors authorized three agreements in connection with the proposed acquisition by Gecina of shares and securities giving access to the share capital of Eurosic (the "Transaction").

Director concerned: Predica, director and shareholder of Gecina and Eurosic. At the date of the agreements, it held more than 10% of the voting rights in both companies.

The Board of Directors authorized the agreements in view of their value to the Company, in particular with respect to their anticipated positive effect on the completion of the Transaction and more generally because of their strategic interest.

I - Share purchase agreement with Predica for Eurosic shares

Under the terms of the agreement entered into on June 20, 2017, Gecina acquired in cash from Predica, Spirica and La Médicale de France (together "Predica") (i) 7,940,230 of the 9,040,037 Eurosic shares held by Predica and (ii) all the subordinated bonds redeemable in shares (*obligations subordonnées remboursables en actions* – OSRA) issued by Eurosic in June 2015 (the "2015 OSRA") and held by Predica, i.e., 1,958,041 2015 OSRA.

The purchase price of the shares and the 2015 ORSA was €51 (coupon detached).

The shares were purchased on August 29, 2017 and the agreement expired on this date.

II - Commitment to tender between Predica and Gecina

At the same time as the share purchase agreement above, on June 20, 2017 Predica entered into a second agreement with Gecina, under which it committed to tendering to the exchange portion of the public offer initiated by Gecina on August 30, 2017 on the outstanding Eurosic shares (the "Public Offer"), the shares that it did not sell to Gecina under the above share purchase agreement, i.e., 1,099,807 Eurosic shares.

The Public Offer comprised (i) a cash portion (public tender offer) based on a price per Eurosic share (2017 coupon attached) or per OSRA (2015 OSRA interest coupon attached and 2016 OSRA interest coupon paid to 2016 OSRA holders on September 26, 2017 detached) of €51 and (ii) an exchange portion (public exchange offer) based on a ratio of 64 Gecina shares (2017 coupon attached) for 23 Eurosic shares (2017 coupon attached) or OSRA (2015 OSRA interest coupon attached and 2016 OSRA interest coupon paid to 2016 OSRA holders on September 26, 2017 detached).

Pursuant to its commitment, on September 18, 2017 Predica tendered 1,099,648 Eurosic shares to the exchange portion of the Public Offer and 159 shares to the cash portion, representing all its remaining Eurosic shares. The agreement expired on the settlement/delivery date of the Public Offer, i.e., October 19, 2017.

III -Memorandum of understanding between Gecina and Eurosic

On June 20, 2017, Gecina and Eurosic entered into a memorandum of understanding to establish the terms and conditions of their cooperation, including:

- the main terms and conditions of the Public Offer;

- the commitment undertaken by Eurosic to work with the Company, in particular in (i) dealings with the French competition authorities; (ii) the management of clauses in certain agreements entered into by Eurosic and/or its subsidiaries relating to a change of control or conferring rights on co-contracting parties or creditors of the Company and which may be exercised under or triggered by the Transaction; (iii) dealings with the independent property appraiser; (iv) dealings with the French financial markets authority (Autorité des marchés financiers – AMF); and (v) the preparation of documents relating to the Public Offer.

In accordance with the related-party agreements procedure, the three above-mentioned agreements will be submitted for the approval of the next General Meeting.

Assistance and consulting agreement with Dominique Dudan, independent director of Gecina

Director concerned: Dominique Dudan

At its meeting on October 19, 2017, the Board of Directors authorized an assistance and consulting agreement with Dominique Dudan, an independent director of the Company. Under the terms of this agreement, Dominique Dudan will support the Company in the sale of its hotel portfolio. The Company has entrusted Dominique Dudan with this assignment in view of her substantial professional experience in the hotel sector and her extensive knowledge of the hotel market. As part of her one-year assignment, Dominique Dudan will assist and advise the Company on the choice of external stakeholders (technical service providers, legal professionals, etc.) and the review of the market approach methodology and related marketing documentation.

Compensation will be paid to Dominique Dudan with respect to the assignment in a fixed amount of €40,000 excluding tax.

The engagement letter was signed on December 7, 2017 and will be submitted for the approval of the next General Meeting, in accordance with the related-party agreements procedure.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in previous years

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the General Meeting in previous years, remained in force during the year ended December 31, 2017. These agreements and commitments were re-examined by the Board of Directors at its meeting on February 23, 2017.

Agreement with Christophe Clamageran, following the termination of his duties as CEO of the Company

Executive concerned: Christophe Clamageran

At its meeting on October 4, 2011, the Board of Directors authorized an agreement with Christophe Clamageran, following the termination of his duties as CEO of the Company. The agreement continued to be effective in 2017 with respect to the following matter:

- the right of Christophe Clamageran to retain the stock options awarded to him by the Board of Directors at its meetings on March 22, 2010 and December 9, 2010 in view of the decision of the Board of Directors to waive the rule requiring leavers to cease all participation in stock-based incentive plans. No changes were made to any other plan rules.

The agreement was approved by the General Meeting of April 17, 2012. It expired on December 12, 2017 as Christophe Clamageran had exercised all the stock options at this date.

AGREEMENTS AND COMMITMENTS APPROVED DURING THE YEAR

We were informed that the following agreements and commitments, already approved by the General Meeting of April 26, 2017 further to the Statutory Auditors' special report of February 23, 2017, were performed during the year.

Agreement defining the conditions of the severance pay due to Méka Brunel in the event of the termination of her duties as CEO of the Company

Executive concerned: Méka Brunel

At its meeting on January 6, 2017, the Board of Directors defined the conditions of the severance pay due to Méka Brunel in the event of the termination of her duties as CEO of the Company. These conditions can be summarized as follows:

- in the event of the termination of her duties as CEO following a forced departure, Méka Brunel will receive severance pay, the maximum amount of which will be calculated as follows:
  - seniority of between one and two years: severance pay corresponding to a maximum of 100% of the gross total compensation (fixed and variable) payable for the preceding calendar year with respect to her duties as CEO;
  - seniority of more than two years: severance pay corresponding to a maximum of 200% of the gross total compensation (fixed and variable) payable for the preceding calendar year with respect to her duties as CEO.

Payment will be subject to the fulfilment of the performance conditions set forth below.

Performance conditions for seniority of more than one year:

Payment will only be made in full if the bonus for the year preceding the termination of duties (Y-1) is more than or equal to the target bonus.

Performance conditions	Severance pay
Y-1 bonus ≥ target bonus	100%
Y-1 bonus ≥ 80% of target bonus	80%
Y-1 bonus ≥ 70% of target bonus	50%
Y-1 bonus < 70% target bonus	No severance pay

Performance conditions for seniority of more than two years:

Payment will only be made in full if the bonus for the two years preceding the termination of duties (Y-1 and Y-2) is more than or equal to the target bonus.

Performance conditions	Severance pay
Average of Y-1 and Y-2 bonuses ≥ target bonus	100%
Average of Y-1 and Y-2 bonuses ≥ 80% of target bonus	80%
Average of Y-1 and Y-2 bonuses ≥ 70% of target bonus	50%
Average of Y-1 and Y-2 bonuses < 70% of target bonus	No severance pay

It will be the responsibility of the Board of Directors to verify whether the performance criteria are met. Where applicable, the Board of Directors may consider exceptional items that occurred during the year.

Neuilly-sur-Seine and Courbevoie, February 21, 2018

The Statutory Auditors

Mazars

Julien Marin-Pache Baptiste Kalasz

PricewaterhouseCoopers Audit

Jean-Pierre Bouchart

9.2.2.4 Report by the independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2017

To the Shareholders,

In our capacity as independent third party, certified by COFRAC under number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of Gecina's Statutory Auditors, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocol used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- provide, at the request of the Company, a reasonable assurance as to whether the information identified by the symbol √ in the Chapter 7 of the management report was prepared, in all material respects, in accordance with the adopted Guidelines.

It is however not our responsibility to attest compliance with other legal dispositions where appropriate.

Our work involved six persons and was conducted between September 2017 and February 2018, during an eight-week period.

We performed our work in accordance with professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement, and with ISAE 3000[(1)] concerning our conclusion on the fairness of CSR Information.

I - Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code, within the limitations set out in the methodological note, presented in section 7.2.4 of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

II - Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted about twenty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[1]:

- at entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data], and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 100% of the reporting perimeter's total headcount, considered as material data of social issues and 100% of the reporting perimeter's managed surface, considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

*(1) **Human resources information:** Total headcount distributed by gender, age, contract type and status; Work accidents frequency rate ; Absenteeism rate.*
__Environmental information:__ Assets with public transport access at less than 400 m (in percentage of surface); EMS (Environmental Management System) coverage rate ; EMS certification rate; GMS (General Management System) certification rate - building and renovating (in percentage of surface); GMS certification rate - Exploitation (in percentage of surface); percentage of reduction in primary energy consumption at a constant climate per sqm since 2008 - Offices and Residential ; percentage reduction in final energy consumption at a constant climate per sqm since 2008 – Offices and Residential; Energy mix; greenhouse gas emission levels in kgCO_2/sqm/year and percentage of reduction since with a constant climate – Offices and Residential; percentage of reduction in the level of employee greenhouse gas emissions in tCO_2eq/employee/ year ; biotope area factor by surface; Percentage of programs delivered within the year for which a LCA was conducted; LCAs conducted over the year; Real estate's climate risk assessment method; Construction waste valorisation rate for programs delivered during the year; Number of signed green leases and coverage in surface percentage; average water consumption; percentage of reduction in water consumption; percentage of recovered / recycled waste; percentage of surface areas equipped with a space fitted for selective sorting of waste.
__Social information:__ economic contribution; number of « responsible purchasing » charters signed with suppliers; distribution of surfaces based on their productive efficiency label; actions taken against construction sites nuisance (waste, noise, health & safety…); actions taken to prevent corruption; procedures to consult stakeholders.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

III - Reasonable assurance report on selected CSR information

Nature and scope of procedures

Regarding information selected by the Group and identified by the √ symbol, we conducted similar work as described in paragraph 2 above for CSR information that we consider to be most significant but of greater depth, especially regarding the number of tests.

The selected sample represents 100% of the reporting perimeter's headcount and 100% of the reporting perimeter's quantitative environmental information identified by the √ symbol.

We deem this work allows us to express a reasonable assurance on the information selected by the company and identified by the √ symbol.

Conclusion

In our opinion, the Information selected by the Group and identified by the √ symbol was prepared, in all material respects, in accordance with the Guidelines.

Paris La Défense, February 21st, 2018

The independent third party

Mazars SAS

Baptiste KALASZ	Julien MARIN-PACHE	Edwige REY
Partner	Partner	Partner CSR and Sustainable Development

9.3 LEGAL INFORMATION

9.3.1 REGISTERED OFFICE, LEGAL FORM AND APPLICABLE LEGISLATION

Name	Gecina
Registered office	14-16, rue des Capucines, Paris (II^{e})
Legal form	French *Société Anonyme* (public limited company) governed by Articles L. 225-1 *et seq*. and R. 210-1 *et seq*. of the French Commercial Code and all subsequent legislation
Legislation	French legislation
Date of formation and termination of company	The company was found on January 14, 1959 for 99 years. It will expire on January 14, 2058
Trade and company registry	592 014 476 RCS PARIS
Identification number	SIRET 592 014 476 00150
APE Code	6820A
Place where documents and information relating to the company may be consulted	At head office (telephone: +33 (0)1 40 40 50 50)
Financial year	The financial year starts on January 1 and ends on December 31. It lasts twelve months

French listed real estate investment trusts system

The company opted for the tax system introduced by the 2003 Finance law dated December 30, 2002 and applicable from January 1, 2003, which provided for the creation of listed real estate investment trusts (SIIC). It allows companies opting for this system to claim exemption from the tax imposed on the income and capital gains deriving from their business as a real estate company, contingent on the payment of an exit tax now calculated at a rate of 19% on unrealized capital gains existing on the date of the option, and for which the payment is to be spread over four years. In return for this tax exemption, the SIICs are subject to the mandatory distribution of 95% of their exempt rental income and 60% of their exempt capital gains within two years, and 100% of profits received from subsidiaries.

9.3.2 BY-LAWS

Title I – Form – purpose – corporate name – registered office - term

Article 1 - Form of the company

The company is incorporated under the form of a *société anonyme* (public limited company) with a Board of Directors.

Article 2 - Corporate name

The corporate name is: Gecina

Article 3 - Company purpose

The company has the purpose of running buildings or groups of buildings to be rented out located in France or abroad.

In particular for such purpose:

- the acquisition through the purchase, exchange, contribution in kind or other manner, of building plots or equivalent;
- the construction of buildings or groups of buildings;
- the acquisition through the purchase, exchange, contribution in kind or other manner of buildings or groups of buildings, which have already been constructed;
- the financing of the acquisitions and construction operations;
- the rental, administration and the management of all buildings for itself or on behalf of third parties;
- the sale of all real estate rights or property;
- the acquisition of holdings in all Companies or organisations, the activities of which are in relation with the corporate purpose through the contribution, subscription, purchase or exchange of securities or company rights or otherwise,

and generally all financial, real estate and movable property transactions directly or indirectly relating to this purpose and likely to facilitate the development and the completion thereof.

Article 4 - Registered office

The registered office is located in Paris (2^{e}) – 14-16, rue des Capucines.

Article 5 - Term of the company

Except in the event of an early winding up or extension decided upon by the Extraordinary General Meeting of shareholders, the term of the company is fixed at ninety-nine years as from the date of its incorporation at the Registry of Trade.

Title II – Share capital - shares

Article 6 - Share capital

The share capital is fixed at the amount of €565,225,830 (five hundred and sixty-five million two hundred and twenty-five thousand eight hundred and thirty euros) and is divided into 75,363,444 shares of seven euros and fifty cents (€7.50) of nominal value, all of the same category and fully paid up.

Article 7 – Form of Shares

The shares are mandatorily registered shares. They give rise to a registration on account under the conditions and pursuant to the terms provided for by the legislative and regulatory provisions in force.

Article 8 - Transmission and assignment of shares

The shares shall be freely transferable and their assignment shall take place under the legal and regulatory conditions in force.

Article 9 – Exceeding of the thresholds - Information

In addition to the legal obligation to inform the company when certain fractions of the share capital or voting rights are held and to declare the intention consequent thereto, every individual or corporate shareholder, acting alone or in concert, who has acquired or ceases to hold, directly or indirectly, a fraction equal to or higher than 1% of the share capital and voting rights or any multiple of this percentage, must inform the company of the total number of shares and voting rights it holds, of the number of securities it holds giving access in the future to the company's share capital and the associated voting rights, and equivalent securities or financial instruments (as defined by laws and regulations in force), by registered letter with recorded delivery to the company's registered office within five trading days of having crossed one of such thresholds.

This disclosure requirement shall apply in every instance that one of the aforementioned thresholds has been crossed, including thresholds over and above the thresholds provided for under French law. To determine whether the threshold has been crossed, shares equivalent to the shares held as defined by the legislative and regulatory provisions of Articles L. 223-7 *et seq*. of the French Commercial Code shall be taken into account.

In the event of a failure to disclose, under the aforementioned conditions, the shares in excess of the fraction that should have been disclosed will forfeit their voting rights under the conditions provided by French law if one or more shareholders holding at least 5% of the share capital should requests this as recorded in the minutes of the General Meeting. The forfeiture of voting rights applies to all General Meetings held within a period of two years following the date on which the failure to disclose is rectified.

Any shareholder other than a natural person that directly or indirectly comes into possession of 10% of the company's dividend rights will be required to indicate in their declaration on exceeding the threshold limit whether or not they are a Deduction Shareholder as defined in Article 23 of the bylaws. Any shareholder other than a natural person that directly or indirectly comes to hold 10% of the company's dividend rights as at the date this paragraph comes into force is required to indicate within ten (10) business days before distributions are scheduled to be paid out, whether or not they are a Deduction Shareholder as defined in Article 23 of the bylaws. Any shareholder who declares that he or she is not a Deduction Shareholder, will be required to justify this claim whenever requested to do so by the company, and at the company's request provide a legal opinion from an internationally-renowned law firm specialized in tax matters confirming that the shareholder is not a Deduction Shareholder. Any shareholder other than a natural person having disclosed that they have directly or indirectly crossed the 10% threshold for dividend rights or directly or indirectly holding 10% of the company's dividend rights as at the date when this paragraph comes into force, is required to notify the company as promptly as possible or in any event within ten (10) business days before the payouts are to be made, of any change in their tax status that would cause them to acquire or lose their status as a Deduction Shareholder.

Article 10 – Rights and obligations attached to each share

In addition to the voting rights, allocated to it by law, each share gives right to a quota proportional to the number and to the minimal value of the existing shares, of the company assets, the profits or the liquidating dividend.

The shareholders shall only be liable for the company liabilities up to the nominal amount of the shares, which they hold.

The rights and obligations attached to the share shall accompany the security regardless of the person to whom it is transferred.

The ownership of a share entails automatic adhesion to the memorandum and articles of association of the company and to the decisions of the General Meeting.

Article 11 – Paying up of the shares

The amount of the shares issued in respect of an increase in capital and to be paid up in cash shall be payable under the conditions determined by the Board of Directors.

Title III – Management of the company and Advisory Board

Article 12 – Board of Directors

The company is managed by a Board of Directors made up of at least three (3) members and of a maximum of eighteen (18) members, subject to the derogations provided for by law.

The Directors shall be appointed for a term of four years. By way of exception in order to allow the staggered renewal of the mandates of the Directors, the Ordinary General Meeting may appoint one or several Directors for a period of two or three years. They shall be re-eligible and may be dismissed at any time by the General Meeting.

No person may be appointed as a Director if he or she is over 75 years old. In the event that a Director were to exceed such age, he or she shall be deemed to have resigned his or her office at the end of the General Meeting convened to approve the accounts of the financial year during the course of which he or she has reached the age limit.

During the term of his, her or its mandate each Director shall have to own at least one share.

Article 13 – Executive Committee

The Board of Directors shall elect a Chairman amongst its members, who shall have to be a physical person and as the case may be a Co-Chairman and one or several Vice-Presidents.

In the event that the Board of Directors decides to appoint a Co-Chairman, such title shall also be allocated to the Chairman without for all that such appointment entailing a limitation on the powers devolved by law or these articles of association hereof to the Chairman only.

The Board of Directors shall determine the term of office of the Chairman and as the case may be of the Co-Chairman and the Vice-President or Vice-Presidents, which may not exceed that of their Director's mandate.

The Chairman of the Board of Directors and as the case may be the Co-Chairman or the Vice-President or Vice-Presidents may be dismissed at any time by the Board of Directors.

No person may be appointed as Chairman, Co-Chairman or Vice-President if he or she is over 70 years old. In the event that the Chairman, Co-Chairman or a Vice-President were to exceed such age, he or she shall be deemed to have resigned his or her office at the end of the General Meeting convened to approve the accounts of the financial year during the course of which he or she has reached the age limit.

The Meetings of the Board shall be chaired by the Chairman. In the absence of the Chairman, the Meeting shall be chaired by the Co-Chairman or by one of the Vice-Presidents present, upon appointment, for each Meeting by the Board. In the event of the absence of the Chairman, Co-Chair person and the Vice-Presidents, the Board shall appoint for each Meeting one of the members present who shall chair the Meeting.

The Board shall choose the person who shall carry out the duties of Secretary.

Article 14 - Deliberations of the Board of Directors

The Board of Directors shall meet as often as the interests of the company so require either at the registered office or in any other location including overseas.

The Chairman shall determine the agenda for each Board Meeting and shall convene the Directors by all appropriate means.

The Directors making up at least one third of the members of the Board of Directors may, upon indicating the agenda of the Meeting, convene the Board at any time.

The Managing Director may, as the case may be, also request the Chairman to convene the Board of Directors on a determined agenda.

The Chairman shall be bound by the requests, made to him or her pursuant to the two preceding paragraphs.

The effective presence of at least half of the members of the Board shall be necessary for the validity of the deliberations.

A Director may give a mandate to another Director in order to represent him or her at a Meeting of the Board of Directors in accordance with the legal and regulatory provisions in force.

The provisions of the preceding paragraphs shall be applicable to the permanent representatives of a legal entity Director.

The Board of Directors may meet and deliberate through video-conference or telecommunication means or any other means, provided for by law, in accordance with the terms and conditions determined by its internal regulations.

In this respect, subject to the limitations fixed by law, the internal regulations may provide that the Directors participating to the Meeting of the Board by video-conference or telecommunication means or any other means, the nature and conditions of implementation of which are determined by the regulatory provisions in force, shall be deemed to be present for the calculation of the quorum and the majority.

The decisions shall be taken on a majority of votes of the members present or represented, the Director representing one of his or her colleagues having two votes; in the event of a tied vote, the Chairman of the Meeting shall not have a casting vote.

Article 15 – Powers of the Board of Directors

The Board of Directors shall determine the orientations of the activity of the company and shall ensure their implementation. Subject to the powers expressly allocated to the General Meetings and subject to the limitations of the corporate purpose, all questions relating to the proper running of the company shall be referred to it and it shall rule on the affairs, which concern it through its deliberations.

In its relations with third parties, the company shall be bound by the actions of the Board of Directors even if they do not enter into the corporate purpose, unless it can prove that the third party knew that the action exceeded such purpose or that he, she or it could not have ignored it given the circumstances, it being excluded that the sole publication of the memorandum and articles of association is sufficient to constitute such proof.

The Board of Directors shall carry out controls and verifications, which it deems to be useful.

The Board of Directors may entrust any special mandate for one or several determined purposes to one or several of its members or to third parties, whether they are shareholders or not.

It may also decide upon the creation of Committees in charge of studying questions, which it or its Chairman shall submit for an opinion pursuant to their review. Such Committees, the composition and allocations of which shall be determined in the internal regulations shall carry out their activity under the responsibility of the Board of Directors.

Article 16 – Powers of the Chairman of the Board of Directors

In accordance with article L. 225-51 of the French Commercial Code, the Chairman of the Board of Directors shall represent the Board of Directors. Subject to the legal and regulatory provisions, he or she shall organise and manage the works of the latter and shall report thereon to the General Meetings. He or she shall ensure the proper functioning of the bodies of the company and shall in particular ensure that the Directors are capable of carrying out their assignments.

He or she may also, pursuant to the application of Article 17 of these articles of association hereof, ensure the general management of the company.

Article 17 – Management of the company

17.1 The general management of the company shall be taken on, pursuant to the choice of the Board of Directors, either by the Chairman of the Board of Directors or by another physical person appointed by the Board of Directors and holding the title of Managing Director.

The Board of Directors shall choose between the two methods of exercise of the general management referred to in the preceding paragraph.

The Board of Directors shall exercise such choice upon the majority of the votes of the Directors who are present or represented.

The shareholders and third parties shall be informed of such choice in accordance with the applicable regulatory provisions.

17.2 Where the general management is taken on by the Chairman of the Board of Directors, he or she shall hold the position of Chief Executive Officer. The Board of Directors shall determine the term of the office of the Chief Executive Officer, which may not exceed the term of his or her Director's mandate. The Chief Executive Officer may be dismissed at any time by the Board of Directors.

17.3 In the event that the general management is not taken on by the Chairman of the Board of Directors, a Managing Director shall be appointed by the Board of Directors.

The term of the office of the Managing Director shall be freely determined by the Board of Directors.

17.4 The Managing Director or as the case may be the Chief Executive Officer shall be vested with the widest powers in order to act in all circumstances in the name of the company and in particular to carry out the purchase or sale of any real estate rights or property. They shall exercise their powers subject to the limitations of the corporate purpose and subject to those, which the law expressly allocates to the General Meeting and to the Board of Directors.

They shall represent the company in their relations with third parties. The company shall be bound by the actions of the Managing Director or, as the case may be, the Chief Executive Officer, which do not fall under the corporate purpose, unless it can prove that the third party knew that the action exceeded such purpose or that he, she or it could not have ignored it given the circumstances, it being excluded that the sole publication of the memorandum and articles of association is sufficient to constitute such proof.

The Board of Directors may limit the powers of the Managing Director or, as the case may be, the Chief Executive Officer in the context of the internal organisation of the company, however the restrictions, thereby made to their powers shall not be binding on third parties.

17.5 Pursuant to the proposal of the Managing Director or as the case may be of the Chief Executive Officer, the Board of Directors may appoint one or several physical persons in charge of assisting the Managing Director or, as the case may be, the Chief Executive with the title of Assistant Managing Director.

The number of Assistant Managing Directors may not exceed a maximum number of five.

In agreement with the Managing Director or, as the case may be, the Chief Executive Officer, the Board of Directors shall determine the scope and term of the powers entrusted to the Assistant Managing Directors.

Where the Managing Director or, as the case may be, the Chief Executive Officer cease or are prevented from exercising their functions, the Assistant Managing Directors shall keep their functions and powers until the appointment of the new Managing Director or, as the case be, of the new Chief Executive Officer, unless a decision is made to the contrary by the Board.

The Assistant Managing Directors shall have with regard to third parties, the same powers as the Managing Director or, as the case may be, as the Chief Executive Officer.

17.6 The Managing Director may be dismissed at any time upon just grounds by the Board of Directors. This also holds true for the Assistant Managing Directors, pursuant to a proposal of the Managing Director or, as the case may be, of the Chief Executive Officer.

17.7 No person may be appointed as Managing Director or Assistant Managing Director if he or she is over 65 years old. In the event that a Managing Director or an Assistant Managing Director in office were to exceed such age, he or she shall be deemed to have resigned his or her office at the end of the General Meeting convened to approve the accounts of the financial year during the course of which he or she has reached the age limit.

Article 18 – Advisory Board

The Annual General Meeting may appoint an Advisory Board within the company chosen amongst the shareholders, subject to their number not exceeding a maximum of three. The Advisory Board may also be appointed by the Board of Directors of the company subject to the ratification of such appointment by the next General Meeting.

No person may be appointed as a member if the Advisory Board if he or she is over 75 years old. In the event that a member of the Advisory Board were to exceed such age, he or she shall be deemed to have resigned his or her office at the end of the General Meeting convened to approve the accounts of the financial year during the course of which he or she has reached the age limit.

The members of the Advisory Board shall be appointed for a term of three years and shall be re-eligible. They shall be convened to the Meetings of the Board of Directors and shall take part in its deliberations with a consultative vote.

The members of the Advisory Board may be entrusted with specific assignments.

Article 19 - Remuneration of the Directors, members of the Advisory Board, the Chairman, the Managing Director and the Assistant Managing Directors

19.1 The Directors shall receive, as remuneration for their duties, a fixed annual amount, by way of Director's fees, the amount of which shall be determined by the Ordinary General Meeting.

The Board of Directors shall freely distribute the amount of such Directors' fees amongst its members and Advisory Board members.

It may also allocate exceptional remuneration for effective assignments or mandates entrusted to Directors or Advisory Board members. Such agreements are subject to the legal provisions relating to agreements subject to the prior authorisation of the Board of Directors.

19.2 The Board of Directors shall determine the remuneration of the Chairman, the Managing Director and the Assistant Managing Directors.

Title IV – General Meetings

Article 20 – Shareholder Meetings

1. Convening

The General Meetings shall be convened and shall deliberate pursuant to the conditions determined by the legal and regulatory provisions.

The Meetings shall either be held in the registered office or in any other location specified in the notice of convocation.

2. Right of access

The right to participate in the company's General Meetings shall be based on the registration of shares in an account in the name of the shareholder or the intermediary registered on his or her behalf in the company's records within the time frames and under the conditions provided by law.

3. Bureau – Attendance sheet

The General Meetings shall be chaired by the Chairman of the Board of Directors or in his or her absence by a Vice-President or in the absence of the latter by a Director, specially delegated for this purpose by the Board. Failing this, the General Meeting shall itself elect its Chairman.

The functions of vote-tellers shall be carried out by two members of the Meeting in accordance with the legal and regulatory provisions in force, holding the greatest number of votes.

The bureau of the Meeting shall appoint the secretary, who need not be a shareholder.

4. Voting rights

The voting right attached to the company's shares corresponds to the percentage of capital that it represents and one company share entitles the holder to one vote. Pursuant to the option offered by subparagraph 3 of Article L. 225-123 of the French Commercial Code, no double voting right shall be conferred to fully paid-up shares for which proof of registration is given for two years in the name of the same shareholder.

The shareholders may vote in the Meetings by sending the voting by correspondence form either in paper format or pursuant to a decision of the Board of Directors by tele-transmission (including by electronic means), in accordance with the procedure determined by the Board of Directors and specified in the notice of the Meeting and/or of the convocation. Where this latter method is used, the electronic signature may take the form of a process meeting the conditions defined in the first sentence of the second paragraph of article 1316-4 of the French Civil Code.

The shareholders may also be represented at the Meetings by sending the company a proxy form either in paper format or by tele-transmission in accordance with the procedure determined by the Board of Directors and specified in the notice of the Meeting and/or of the convocation pursuant to the conditions provided for by the applicable legal and regulatory provisions. The electronic signature may take the form of a process meeting the conditions defined in the first sentence of the second paragraph of article 1316-4 of the French Civil Code.

The proxy given for a Meeting may be revoked in the same form as that required for the appointment of the representative.

The General and Special Meetings shall deliberate pursuant to the quorum and majority provisions provided for by the legal and regulatory provisions in force.

Pursuant to a decision of the Board of Directors published in the notice of Meeting and/or the notice of convocation, the shareholders participating to the Meetings by way of video-conference or by tele-communication of means allowing for their identification pursuant to the conditions provided for by the regulations in force, shall be deemed to be present or represented for the purposes of the calculation of the quorum and the majority.

The minutes of the Meetings shall be drawn up and their copies certified and delivered in accordance with the law.

Title VI – Financial year – auditors of the corporate accounts – distribution of profits

Article 21 – Financial year

Each financial year of a period of one year shall start on the January 1 and shall end on the December 31.

Article 22 – Auditors of the corporate accounts

One or several Auditors of the Corporate Accounts, both statutory and substitute shall be appointed by the Ordinary General Meeting and shall exercise their auditory assignments in accordance with the legal and regulatory provisions in force.

Article 23 – Distribution of the profits - reserves

The profits for the financial year closed in accordance with the provisions of the legal provisions shall be made available to the General Meeting.

The distributable profits shall be made up of the profits for the financial year as decreased by the losses for the preceding years as well as amounts allocated to reserves pursuant to the application of the law and as increased by amounts carried forward.

Following the approval of the accounts and the noting of the existence of distributable amounts, the General Meeting shall determine the share allocated to the shareholders under the form of a dividend.

The General Meeting deciding on the accounts of the financial year may grant each shareholder, as regards all or part of the dividend or interim dividend distributed, with an option between the payment of the dividend or interim dividend, either in cash or in shares of the company in accordance with the legal and regulatory provisions in force.

Any shareholder, other than a physical person:

(i) holding at the time of the payment of any distribution of dividends, reserves, bonuses or revenue deemed to be distributed pursuant to the meaning of the French General Tax Code (a "Distribution"), whether directly or indirectly at least 10% of the dividend rights of the company; and

(ii) whose own situation or that of its shareholders holding at the time of the payment of any Distribution, whether directly or indirectly 10% or more of the dividend rights of such shareholder, renders the company liable to the 20% levy referred to in article 208 C II *ter* of the French General Tax Code (the "Levy") (such a shareholder hereinafter referred to as a "Levying shareholder"), shall be a debtor with regard to the company at the time of the payment of any Distribution for a sum, the amount of which shall be determined in such manner as to completely neutralise the cost of the Levy owed by the company in respect of the said Distribution.

In the event that the company were to hold, whether directly or indirectly, 10% or more of one or several SIIC (listed real estate investment companies) referred to in article 208 C of the French General Tax Code (an "SIIC Subsidiary"), the Levying shareholder shall in addition be a debtor of the company as at the date of payment of any Distribution of the company for an amount (the "SIIC Subsidiary Levy") equal as the case may be:

- either to the amount for which the company has become a debtor with regard to the SIIC Subsidiary, as from the latest Distribution of the company, in respect of the Levy for which the SIIC Subsidiary was liable owing to the holding of the company;
- or, in the absence of any payment to the SIIC Subsidiary by the company, to the Levy for which the SIIC Subsidiary was liable, as from the latest Distribution of the company, owing to a Distribution to the company multiplied by the percentage of dividend rights of the company within the SIIC Subsidiary,

in such manner that the other shareholders do not have to bear any share whatsoever of the Levy paid by any of the SIICs in the chain of holdings owing to the Levying shareholder.

In the event of there being several Levying shareholders, each Levying shareholder shall be the debtor of the company for the share of the Levy and the SIIC Subsidiary Levy for which its direct or indirect holding shall be the cause. The capacity of Levying shareholder shall be assessed as at the date of the payment of the Distribution.

Subject to the information provided in accordance with article 9 of the articles of association, any shareholder other than a physical person holding or coming to hold whether directly or indirectly at least 10% of the dividend rights of the company shall be deemed to be a Levying shareholder.

The amount of any debt owed by the Levying shareholder shall be calculated in such manner that the company is placed, following the payment of the latter and taking into account the taxation, which may be applicable to it, in the same situation as if the Levy had not been payable.

The payment of any Distribution to a Levying shareholder shall be made by registration in the individual current account of such shareholder (without the latter bearing any interest), the repayment of the current account taking place within a period of five working days as from this registration following compensation with any amounts owed by the Levying shareholder to the company pursuant to the application of the provisions provided for hereabove. In the event of a Distribution realised other than in cash, the said amounts shall have to be paid by the Levying shareholder prior to the payment of the said Distribution.

In the event that:

(i) it were to be found, subsequent to a Distribution by the company or an SIIC Subsidiary, that a shareholder was a Levying shareholder at the time of the payment of the Distribution; and where

(ii) the company or the SIIC Subsidiary should have made the payment of the Levy in respect of the Distribution thereby paid to such shareholder, without the said amounts having been subject to the compensation provided for in the preceding paragraph, such Levying shareholder shall be liable to pay to the company not only the amount, which it owed to the company pursuant to the application of the provisions of this article hereof but also an amount equal to the penalties and interest on arrears, which as the case may be, may be owed by the company or SIIC-Subsidiary as a consequence of the late payment of the Levy.

The company shall, as the case may be, have the right to implement a compensation, equivalent to its receivable in this respect and any amounts, which may be paid subsequently in favour of such Levying shareholder.

The Meeting shall decide on the allocation of the balance, which may be carried forward or allocated to one or several reserve accounts.

The time, method and location of the payment of the dividends shall be determined by the Annual General Meeting or, failing this, by the Board of Directors.

Title VII - Miscellaneous

Article 24 – Winding up and liquidation

Upon the winding up of the company, one or several liquidators shall be appointed by the General Meeting of shareholders, pursuant to the conditions of quorum and of majority provided for by the Extraordinary General Meetings. Such appointment shall put an end to the offices of the Directors. The Auditors of the Corporate Accounts shall be maintained in their office with their powers.

The liquidator shall represent the company. He, she or it shall be vested with the widest powers in order to liquidate the assets even on an out of court basis. He, she or it shall be authorised to pay the creditors and distribute any available balance.

The General Meeting of shareholders may authorise him, her or it to continue the business in progress or to undertake new business for the purposes of the liquidation.

The sharing of the net assets remaining following the reimbursement of the nominal amount of the shares shall be allocated to the shareholders in the same proportions as their investments in the capital.

Article 25 – Disputes

Any disputes, which may arise during the term of the company's existence or at the time of its liquidation, either between the company and its shareholders or between the shareholders themselves in relation to the company affairs, shall be subject to the jurisdiction of the competent courts of the registered office.

9.3.3 RESEARCH AND PATENTS

None.

9.4 GLOSSARY

Available supply:

All vacant surface areas, offered for commercialization on the market.

Block sales:

Sale of an entire building to the same buyer.

Capitalization rate:

Its calculation is determined by the ratio of potential rents over the appraisal value excluding rights. Duties correspond mainly to transfer duties (notary expenses, registration taxes, etc.) applied to the asset sale or the company holding that asset.

Current basis:

All real estate assets as held over a given period or on a given date.

Face-value rent:

Face-value rent corresponds to the valuation present on the lease signed by two parties.

EPRA (European Real Estate Association):

Gecina has been a member of EPRA, the European Public Real Estate Association, since its creation in 1999. The EPRA publishes recommendations on, in particular, performance indicators to make the financial statements of real estate companies listed in Europe more transparent and more comparable.

ICC:

Index of the cost of construction published by INSEE and used for the annual review of certain rents, such as commercial or office leases.

IGH:

High rise building (*immeuble de grande hauteur*). They are subject to strict safety standards, especially regarding fire protection.

ILAT (INSEE Retail Rental Index):

Retail Rental Index (*indice des loyers des activités tertiaires*) published by INSEE and used for the annual review of certain rents, such as office leases.

ILC:

Index of commercial rents (*indice des loyers commerciaux*) published by INSEE and used for the review of certain rents, such as commercial leases.

IRL:

Rent reference index (*indice de référence des loyers*) published by INSEE and used for the annual indexation of rental revenues on residential properties.

Like-for-like:

All real estate assets excluding acquisitions, disposals and all programs intended for redevelopment or under development.

LTV (Loan-to-Value)

The Loan-to-Value ratio is calculated by dividing consolidated net debt by the portfolio value as determined by independent experts.

NAV (Net Asset Value):

Diluted Net Asset Value (NAV) per share: its calculation is defined by EPRA. Detailed in paragraph 2.5, this indicator comprises the company's revalued shareholders' equity, *i.e.* based on the fair value of consolidated assets and liabilities, including balance sheet items not valued at fair value, such as the headquarters and most financial debt at fixed rate. This amount, known as the NAV, is calculated in relation to the company's number of shares at the end of the period excluding treasury shares, taking account of any diluting items stemming from the equity instruments to be issued when the issuance conditions are met.

Net recurring income:

Net recurring income (also known as net current cash flow) per share, which Gecina defines as the difference between EBITDA and net financial expenses and recurring income tax. This can be calculated by excluding certain non-recurring elements. This amount is based on the average number of shares comprising share capital, excluding treasury shares.

Pipeline:

The pipeline of Gecina projects refers to all the investments the Group plans to make over a given period, in terms of development or redevelopment. The pipeline breaks down into three categories:

- the committed pipeline, which comprises transactions under development;
- the "certain" controlled pipeline, which 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;
- the "probable" controlled pipeline, which brings together the projects identified and held by Gecina, for which a redevelopment project aligned with Gecina's investment criteria has been identified, and which might require pre-commercialization (for "greenfield" projects in peripheral locations within the Paris Region) or in respect of which tenant departures are not yet certain in the short term.

Potential rent:

Potential rent = annualized rent at end of period + market rental value of vacant units.

Pre-commercialization:

Firm commitment of a user prior to the actual availability of a building.

Prime yield:

Lowest ratio between the rent and the sales price excluding tax, obtained for the acquisition of a building of standard size, of excellent quality, offering the best amenities, and in the best location of the market.

Take-up:

All transactions, whether leasing or sale, carried out by end users, including turnkey.

TOF (financial occupancy rate, or *taux d'occupation financier*):

The financial occupancy rate is the ratio between the rents billed for a given period and the rents the Group would receive if all of its property holdings were rented (vacant premises are computed at the rent paid by the departing tenant). Properties for which the disposal process is initiated are not taken into account in the calculation of the financial occupancy rate because, as of this stage, the Group ceases to offer these properties for lease.

Turnover rate:

The turnover rate is defined, for a given period, as the number of housing units becoming vacant in the period under consideration divided by the number of Group housing units at the same given period, excluding buildings for which the transfer period has been initiated.

Units sales:

Sale of a building unit by unit, whether said units are empty or occupied, to several buyers. Unit-by-unit sales are mainly used for residential property.

Vacancy rate:

Ratio measuring the relationship between the immediately available supply and the existing stock. It is the share of housing units or vacant premises across all assets offered for lease.

VLM (market rental value, or *valeur locative de marché*):

It is analyzed as the annual financial compensation for the use of a real estate asset in the framework of a lease. It corresponds to the market rent that should be obtained from a real estate asset under the usual terms and conditions of leases for a given property category and region.

Yield rate:

Its calculation is based on a potential rent relative to the block value of the property assets including duties and costs. Duties correspond mainly to transfer duties (notary expenses, registration taxes, etc.) applied to the asset sale or the company holding that asset.

Yield on cost:

Ratio between the gross face-value rent expected post-transaction and the overall cost of said transaction, taking into account the land value or, if applicable, the last appraised value before the launch of the program for the projects undertaken (or the latest appraisal available for audited projects), the technical cost, the marketing fees and the capitalized financial expenses.

Yield on cost = gross face-value rent/total cost of investment

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