2016

REFERENCE DOCUMENT

Bien plus que des mètres carrés

Reference document

including the Annual Financial Report
and the Sustainable Development Report

2016

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This reference document was filed with the French securities regulator (Autorité des marchés financiers, AMF) on 02/24/2017, 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.

Contents

GECINA HAS STRATEGICALLY REFOCUSED ON THE OFFICE MARKET AND ON THE MOST CENTRAL LOCATIONS

2016 will be remembered as a particularly active year in the wake of an exceptional 2015, as Gecina continued to strengthen its leadership on the office market in Paris by applying the strategic roadmap announced in early 2015.

Since early 2015, the Group has completed or secured nearly €2.2 billion of new investments in the most central office property areas in the Paris region, in Paris and at La Défense and in the best areas of the Western Crescent. At the same time, in the course of the last two years, we have completed the disposal of nearly €2.5 billion of non-strategic assets such as the healthcare portfolio and mature office assets mainly located in areas that we consider peripheral. Gecina's portfolio currently consists of 78% office properties, an improvement compared with 63% at the end of 2014. We have therefore reached the objective we defined two years ago, but we remain full of the ambition to stay particularly dynamic on investment markets.

We have also increased the exposure of our office portfolio in the most promising areas of the Paris region, areas where the market is driven by scarcity and centrality. At year-end 2016, more than half of our office property portfolio was situated in the heart of Paris, particularly in the Central Business District (CBD), with the rest mainly located in the best areas of the Western Crescent.

AN UNRIVALED POTENTIAL OF GROWTH AND VALUE CREATION

In line with the strategy validated by the Board of Directors, we are also preparing for the future, by increasing our development and redevelopment projects pipeline to more than €3.7 billion at the end of 2016. These projects are full of promise regarding both value creation and growth for the coming years. We launched seven new development projects during the year, five of them are from our own property portfolio, thanks to our ability to identify untapped sources of value within our office portfolio in particular. Consequently, our committed project pipeline consists of 15 operations that will be delivered within the next three years, with nearly €100 million in rent and a substantial value creation potential.

CONFIDENCE FOR THE FUTURE ENABLES A DIVIDEND INCREASE

Gecina's net recurring income (Group share) remained stable in 2016 compared with 2015, in spite of the disposal of the healthcare portfolio completed on July 1, 2016. We will therefore submit a proposal, subject to the approval of the Shareholders' General Meeting in April 2017, for the payment of a dividend of 5.2 euros per share for 2016, up by +4%, reflecting confidence in the Group's future prospects.

This year, Gecina will once again pay its dividend in two installments, the first in March and the balance in July, to allow shareholders to receive regular payments, as and when rents are collected during the year.

AN INCREASINGLY ACTIVE AND RECOGNIZED CSR POLICY

Today, Gecina's CSR policy is perfectly integrated in all its business lines. Preservation of biodiversity, energy consumption and carbon footprint are central concerns in all our strategic decisions especially during reconstructions or new developments.

Our goals in these matters remain resolutely ambitious and demanding, as we fully embrace our leading role in the various CSR themes specific to our sector. The actions undertaken since 2012 (under our 2012-2016 plan) have proven their effectiveness, since we have achieved most of the objectives set on the material stakes, despite their audacity. Since 2008, our assets have slashed their energy consumption by -39%, greenhouse gas emissions are down -37% and 77% of our property portfolio is now certified HQE Operation. But we wish to go even further, and have set new objectives for 2020 and even 2030 by developing a particularly ambitious climate roadmap, for greenhouse gases and energy consumption in particular.

At the same time, we are striving to optimize the comfort and wellbeing of the occupants of our buildings, because we know how important immaterial value will become in the real estate investment decisions of tomorrow. The Well and Biodiversity certifications, for example, illustrate the high performance that we strive to achieve.

The Group has also a good track record in diversity and equal representation. The gender balance of its governance has been praised by the Ethics & Boards ranking, which places Gecina first in the SBF 120 ranking on this issue. We also maintained or improved most of our non-financial indicators in 2016, which is further proof of the Group's unflagging commitment. This CSR policy is a major driver for value creation, because it compels us to anticipate changes in our environment and constantly find new ideas for the building of the future, in order to meet the expectations of all stakeholders and of our clients and shareholders in particular.

GECINA USES INNOVATION TO LEVERAGE REAL ESTATE PERFORMANCE

We have also been making giant strides in innovation to leverage the company's performance, because we believe that by doing so we can offer outstanding properties for tomorrow. Strengthening our leadership on office properties in Paris is not just a quantitative ambition; it is also a qualitative ambition for the Group, because we are convinced that innovation leads to value creation in office properties. We feel compelled to become leaders in innovation, a considerable vector for differentiation and creating real estate value for the future.

Accordingly, Gecina has developed innovative solutions with its partners for start-ups in Neuilly and in Paris, and is currently setting up new tools to optimize the operation of its parking lots. At the same time, the Group continuously strives to offer quality services and new solutions that make life easier for our customer-tenants. This year, we launched the third-party venues, with a first location in one of our buildings close to La Défense. We want our offices to represent more than a workspace; we want them to be genuine living areas where people meet and talk to each other.

ACCELERATION OF THE STRATEGIC IMPLEMENTATION ADVOCATED BY OUR NEW EXECUTIVE MANAGEMENT

In the last two years, we have been steering Gecina's evolution towards a new model, focused on those real estate choices that create the most value, while upholding our staunch commitments in the field of Corporate Social Responsibility. While the Board of Directors is happy with the achievements thus far, it is conscious of what remains to be done. It felt that we needed to hasten the implementation of this strategy in the interest of all shareholders.

Consequently, the Board of Directors decided to appoint Méka Brunel to the position of Chief Executive Officer. Méka Brunel is a former Gecina executive and has been a Group Director since 2014. As a result, she is already perfectly familiar with the Group. Her executive experience within several listed real estate companies and her international background on complex real estate projects are also undeniable assets. The Board therefore embraces with confidence this new page in the Group's history.

Bernard Michel

Chairman

A BUOYANT MARKET, FULL OF PROMISE IN THE MOST CENTRAL AREAS

In 2016, the office property market in the Paris region showed clear signs of recovery, especially in the most central locations where Gecina is well established. While the balance of certain peripheral markets continues to raise some concern although slightly improving, very encouraging trends were observed in 2016 in the City of Paris.

In 2016, take-up increased by +7% over one year, thus prolonging the recovery observed since 2014. But this performance, while generally satisfactory, varies from one area to another; it reflects excellent dynamism on the most central areas and in particular in the City of Paris (+14%), where the volume of transactions is now very significantly higher than the ten-year average, while the average momentum was weaker outside Paris (+1%). At the same time, the offer of available offices shrank by -10% compared with 2015, creating local situations of shortages of quality surface areas, especially in the City of Paris where available offering was down -30%. Consequently, at 3.1%, the vacancy rate in Paris is close to a historic low (source CBRE), very much below the average in the Paris region (6.2%).

This is a very favorable background for Gecina, as demonstrated by the major marketing deals secured in these last few weeks. In light of the foregoing, we are highly confident about the rental stakes we will face in 2017 and 2018, especially with regard to the pre-marketing of our pipeline, whose committed projects are ideally located in areas with insufficient quality offers today.

ENHANCED INVESTMENT DISCIPLINE IN A VERY COMPETITIVE MARKET

The investment market is particularly dynamic, dominated by increasingly fierce competition among investors and a lack of available for-sale products. For the moment, the slightly less favorable climate for interest rates has had no impact on the appetite of real estate investors, which remains particularly strong for quality assets in the best areas of the region. This competition between investors has no impact on our requirements, and we continue to stand by our investment criteria. In the interest of optimizing our capital allocation, and considering the current scarcity of investment opportunities that meet Gecina's criteria, Gecina is launching a program to buy back its own shares for a maximum of €300 million. This operation will allow us to intensify the growth momentum and value mining while maintaining a substantial strike force (proforma maximum LTV for this operation would be close to 32%).

EXCELLENT REAL ESTATE, FINANCIAL AND OPERATIONAL PERFORMANCE IN 2016…

We are particularly satisfied with the performance achieved by Gecina in 2016. NAV increased +7.7% to €132.1 per share in 2016, i.e. an increase of around €+9.5 per share, nearly half of which originated from the set-up of the total return strategy, in particular through capital gains on disposals and the revaluation of recently purchased assets or assets under development.

The net recurring income (Group share) in 2016 was stable compared to 2015 (-0.5%). Restated for the costs linked to the departure of the previous Chief Executive Officer, net recurring income would amount to €349.6 million (+0.1%). This performance is the result of substantial scope changes, particularly with the significant acquisitions made in 2015 (primarily T1&B buildings at La Défense and the current head office of the PSA Group in the Parisian CBD), but also the disposal of non-strategic and mature assets primarily concentrated in 2016 (sales of the healthcare portfolio and office assets located in non-strategic areas for Gecina). The 2016 performance also reflects the continued optimization of financial expenses, down -28% with an average cost of total debt of 2.2% (1.7% on the drawn debt) and a significant increase in the maturity of the drawn debt and interest rate hedging (at 6.7 years and 7.3 years respectively).

We also performed remarkably well on our property assets. Indeed, since early 2016, we have carried out nearly 95,000 sq. m of lettings, relettings, lease renegotiations and renewals, concerning nearly €34 million in rent, with in particular the pre-letting of more than 80% of the surface areas of the Sky 56 project in Lyon, and the letting of the entire Le Cristallin building in Boulogne-Billancourt. Consequently, the office vacancy rate stayed close to an incompressible level of 4.2%, well below the average rate in the Paris region (6.2 % according to CBRE).

... OFFERING ROBUST VALUE CREATION AND GROWTH OUTLOOK

The year was also memorable for the sharp increase in our growth and value creation potential in our committed projects portfolio, which rose from €0.91 billion at the end of 2015 to €1.54 billion at the end of 2016. Most of these projects will be delivered in 2018 with an additional rental potential that could approach €100 million. This entails seven new projects that joined our pipeline this year. Five of the projects are new reconstructions launched in 2016 on the assets in the property portfolio, following the departure of the tenants in place. We have launched the machine for mining the potential value of our own property portfolio!

We are therefore very confident about the outlook offered in the medium term by our strategy, in terms of both income growth and value creation. Although the net recurring income should naturally be down in 2017 due to the large volumes of disposals and projects under reconstruction, without new investment assumptions, the growth of income in the medium term (2018-2020) should average 5% to 7%, thanks to the delivery of projects currently under development.

STRENGTHENING AND ACCELERATION OF GECINA'S STRATEGY

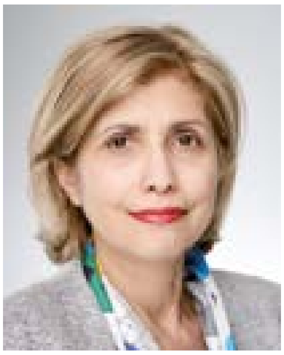
We intend to accelerate the implementation of Gecina's strategy, as announced in early 2015, around four major value-creating pillars. To uphold this ambition, Gecina's teams are already working on three acceleration drivers.

First of all, we will strive to optimize the allocation of capital by asserting our investment discipline. As such, we have decided to set up a share buyback program for a maximum of €300 million. This operation will allow us to intensify the growth momentum and value mining, while maintaining a substantial strike force for the Group, in order to seize new investment opportunities if they occur. Indeed, we think that if new challenges were to emerge in upcoming years, the expected economic trends should also open up new opportunities which we must be ready to seize. Next, we wish to redefine our strategy regarding the diversification of traditional and student accommodation, without ruling out any scenario that could maximize the value, in order to optimize the profitability of this segment for all our shareholders. We also need to redefine our operational priorities around value-drivers. Gecina seeks to accelerate the materialization of value creation by prioritizing the pre-letting process. Real estate innovation should also be positioned to leverage value creation in a cross-functional support approach for the Group's activities. Lastly, the Group has set itself another priority of capturing new high-potential investment opportunities, without, however, modifying its investment criteria from a financial or location viewpoint. In this respect, we expect the upcoming years to be fraught with challenges, but rich with potential opportunities to prepare for.

Méka Brunel

Chief Executive Officer

EXECUTIVE COMMITTEE MEMBERS



Méka Brunel
Chief Executive Officer

Thibault Ancely
Executive Director
Investments and Sales

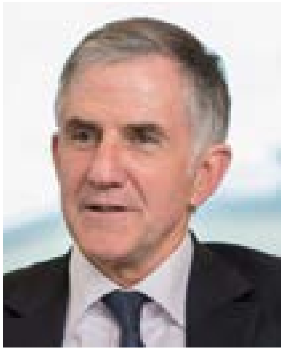
Brigitte Cachon
Executive Director
Transformation,
Marketing and CSR

Nicolas Dutreuil
Executive Director
Finance

Loïc Hervé
Executive Director
Real Estate Holdings

Vincent Moulard
Executive Director
Asset Management

Florence Négrel Biecheler
Executive Director
Legal and Board Secretary



Philippe Valade
Executive Director
and General Secretary

Chapter 01

Group profile

1.1. KEY FIGURES

In € million	Change	2016	2015
Gross rental revenue	**-6.0%**	**540.0**	**574.6**
Offices	+2.4%	372.9	364.2
- Paris CBD - Offices	+8.3%	106.8	98.7
- Paris CBD - Retail	+2.6%	35.9	35.0
- Paris excluding CBD	-10.4%	47.2	52.6
- Western Crescent - La Défense	+7.5%	147.3	137.0
- Other	-12.8%	35.7	41.0
Residential	-4.1%	127.8	133.2
Healthcare and other	-49.0%	39.4	77.1
Net recurring income(1)	**-0.4%**	**347.6**	**349.0**
Net recurring income - Group share(1)	**-0.5%**	**347.4**	**349.2**
Value in block of property holding(2)	**-6.2%**	**12,078**	**12,875**
Offices	+6.1%	9,434	8,892
- Paris CBD - Offices	+1.3%	2,609	2,576
- Paris CBD - Retail	+18.1%	1,298	1,098
- Paris excluding CBD	+17.6%	1,218	1,036
- Western Crescent - La Défense	+0.2%	3,399	3,392
- Other	+15.2%	910	790
Residential	-0.8%	2,644	2,667
Healthcare	-100.0%	0	1,316
Net yield on property holding(3)	**-18 bp**	**4.60%**	**4.78%**

Data per share In €	Change	2016	2015
Net recurring income	-1.6%	5.52	5.61
Net recurring income - Group share	-1.7%	5.52	5.61
EPRA NNNAV(4)	+7.7%	132.1	122.7
Net dividend(5)	+4.0%	5.20	5.00

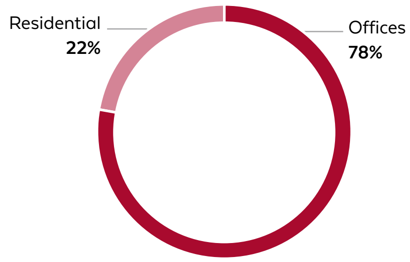
Number of shares	Change	2016	2015
Number of shares comprising share capital as at December 31	+0.3%	63,434,640	63,260,620
Number of shares excluding treasury stocks as at December 31	+0.7%	63,062,096	62,640,073
Diluted number of shares excluding treasury stocks as at December 31	+0.1%	63,402,484	63,327,690
Average number of shares excluding treasury stocks	+1.2%	62,959,735	62,216,325

(1) EBITDA less net financial expenses and recurring tax, and adjusted from expenses related to the offer on Foncière de Paris (see note 2.1.3 "Reccurent net income").
(2) See note 2.3. "Valuation of property holding".
(3) Like-for-like basis 2016.
(4) See note 2.5. "Triple Net Asset Value".
(5) Dividend 2016 submitted for approval by General Meeting 2017.

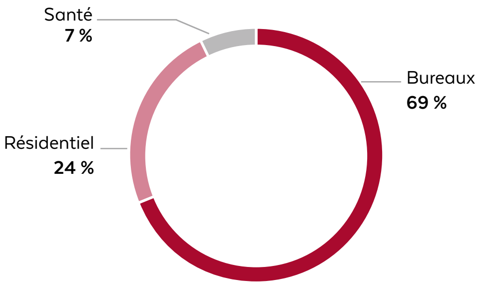
CSR	Change	2016	2015
Energy consumption trend on office assets controlled operationally by Gecina (in kWhep/sq.m/year) (1)	-8%	274	299
Percentage of office space with HQE® Operation certification	+6 pt	77%	71%

(1) Primary energy at constant climate.

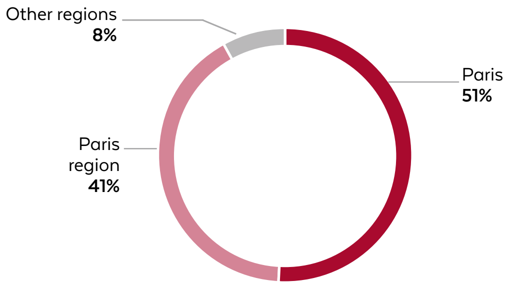
Property holding appraisal by business



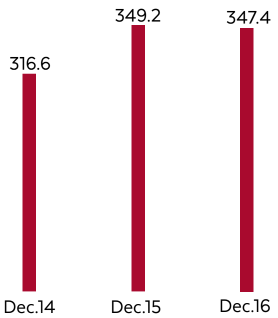
Breakdown of rental revenues by business



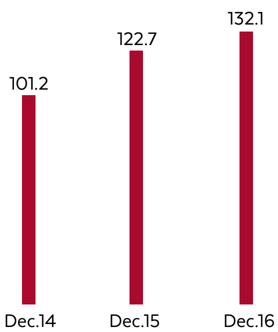
Geographic breakdown of rental revenues



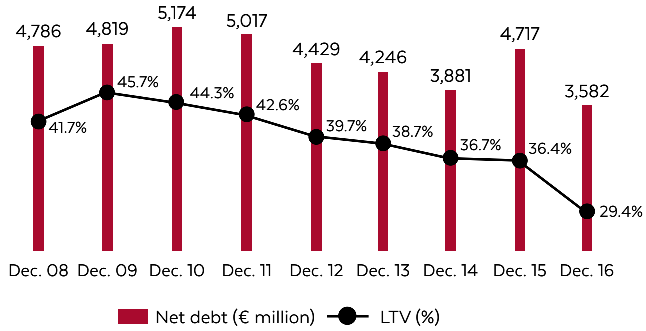
Net recurring income – Group share (€ million)



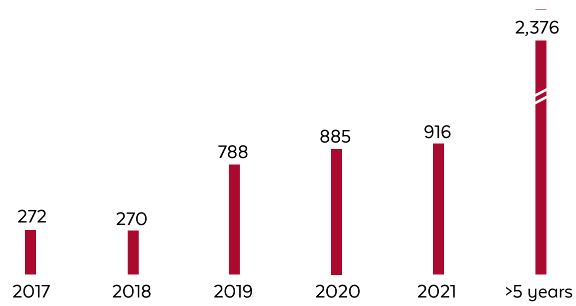
EPRA NNNAV per share (€)



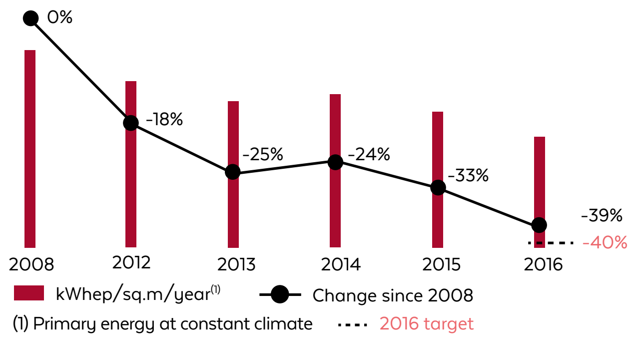
LTV ratio



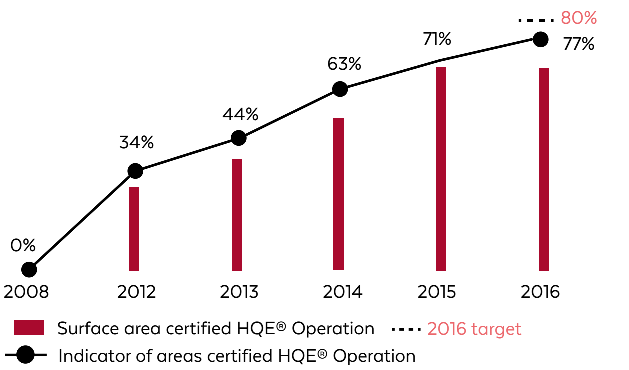
Schedule of authorized financing (including unused credit lines and excluding commercial paper) (€ million)



Energy consumption trend on office assets controlled operationally by Gecina



Percentage of office space with HQE® Operation certification



1.2. GECINA IN BRIEF

Gecina holds, manages and develops a property holdings of €12.1 billion as of December 31, 2016, mainly located in the Paris region and primarily made up of office buildings.

Gecina's office building portfolio, valued at €9.4 billion, represents 78% of its total property assets, and is heavily concentrated in the most central areas of the Paris region. More than half of these assets are made up of Parisian assets (54%), the majority of which are located in the Central Business District, and 36% of the office building portfolio is located in the Western Crescent and La Défense.

Gecina also owns "diversification" assets, which make up 22% of its portfolio (*i.e.* nearly €2.6 billion). Since the sale of the healthcare portfolio, which was finalized on July 1, 2016, this diversification portfolio now holds only traditional residential property and student residences.

In recent years, Gecina has reinforced its exposure on offices in the Paris region through the active turnover of its portfolio. It has disposed of nearly €8 billion assets since 2008 and invested over €6 billion. Thanks to this active turnover of its property holdings, Gecina succeeded in raising the weight of office property in its portfolio from 52% in 2006 to 78% at end 2016, in line with Gecina's stated desire to increase its exposure to the Paris office markets.

Gecina intends to remain active in the real estate markets of the Paris region. As part of this, Gecina will give priority to Paris region offices, offering a unique breadth of market within the eurozone, as well as good prospects both in economic and development terms through in particular the "Grand Paris" project.

With a stable shareholding and stronger balance sheet in recent years, the company is poised to build its future, and announced at the beginning of 2015 its strategic ambitions aimed in particular at strengthening its leadership in the Paris urban office market:

- by seizing investment opportunities that create value;
- by identifying and exploiting the untapped intrinsic opportunities of its own real estate portfolio;
- by selling non-core and mature assets in a buoyant market context;
- by developing the new generation building, offering differentiating services that will meet the needs of its tenants and also environmental criteria through "sustainable innovation".

2016 continued the dynamic progress of 2015. Gecina thus secured nearly €321 million in new investments, and €2.0 billion from completed sales or pending sales as at December 31, 2016, including €1.3 billion for the sale of its healthcare portfolio (finalized on July 1, 2016). The Group has also continued to improve its potential for extracting property value by continuing to identify major projects within its portfolio that will contribute to the Group's growth in the coming years. As of December 31, 2016, the Group's pipeline was up to nearly €3.7 billion.

Gecina has also almost achieved its targets set in 2008 for environmental certifications and reduction in energy consumption of its portfolio. 77% of Gecina' office spaces are certified HQE® Operation at year-end 2016 (71% at year-end 2015) and the primary energy consumption at constant climate of office assets controlled by Gecina is down -39% (-33% at year-end 2015). Gecina has already set new ambitious targets for 2020.

Gecina is a French real estate investment trust (SIIC) listed on Euronext Paris, and is part of the SBF 120, FTSE4Good, DJSI Europe and World, Stoxx Global ESG Leaders, Euronext 100 and Vigeo indices.

1.3. KEY GECINA DATES

1959

- Foundation of Groupement pour le Financement de la Construction (GFC).

1963

- Listing of GFC on the Paris stock market.

1991

- GFC absorbs GFII.

1997

- GFC acquires Foncina.

1998

- GFC absorbs UIF and acquires Foncière Vendôme. GFC becomes Gecina.

1999

- Gecina absorbs Sefimeg (which holds Fourmi Immobilière founded in 1879) followed by Immobilière Batibail.

2002

- 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).

2003

- Gecina adopts the status of a Société d'Investissement Immobilier Cotée (Listed Real Estate Investment Trust).
- Gecina absorbs Simco.
- Gecina creates the Risk Management and Sustainable Development Function.

2005

- 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.
- First investments in new types of assets, hotel properties and logistics.
- "Building of the Year 2005" trophy, "renovated building" category, awarded at SIMI.
- 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.

2007

- 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%.
- Merger by absorption of Société des Immeubles de France by Gecina.
- Creation of an energy/carbon mapping of all the property holdings.

2008

- The "Building", former head office of "Le Figaro", receives the "Building of the Year 2008" trophy, renovated buildings category, awarded at SIMI.
- Gecina launches its Corporate Foundation.
- Gecina launches "Campuséa", its student residences brand.

2009

- Labuire Park receives the urban development prize.
- Gecina launches a mandatory public offer on Gecimed and obtains 98.5% of the share capital.
- Definite waiving of the Separation Agreement.
- Gecina amends its system of governance, separates the positions of Chairman and Chief Executive Officer and in November appoints Christophe Clamageran as Chief Executive Officer.
- The "Mercure" building is the first HQE® Operations certified building.
- Signing of the first green lease with Barclays.

2010

- Bernard Michel is appointed Chairman to replace Joaquín Rivero.
- Gecina starts withdrawing from Spain by shutting down the local branch and selling its interests in Sanyres.
- Gecina acquires 25% of SCI Beaugrenelle, and raises its interests to 75%.
- Gecina is included on the FTSE4Good and DJSI indices.

2011

- Gecina combines the duties of Chairman and Chief Executive Officer and Bernard Michel is appointed Chairman and CEO in October.
- The Horizons building wins the SIMI Grand Prize in the "New building" category.
- Gecina is included on the Stoxx Global ESG Leaders index.

2012

- Gecina wins the "SIIC Trophy" in the "Best Transaction for the Year" category for its financial restructuring.
- As part of its refocusing policy, Gecina disposes of its logistics assets.
- "Newside" is the first building to obtain triple certification (HQE®, LEED® and BREEAM®).
- The "96-104" building in Neuilly-sur-Seine is the first building to obtain the BBC (low-energy building) label.

2013

- The "Pierre d'Or 2013" is awarded to Bernard Michel in the manager category.
- Gecina decides to separate the duties of Chairman of the Board of Directors from those of CEO; Philippe Depoux is appointed Chief Executive Officer in June.
- As part of its refocusing policy, Gecina disposes of its hotel assets.
- Reopening of Beaugrenelle shopping center in October.

2014

- The "Pierre d'Or 2014" is awarded to Beaugrenelle in the "Programs" category.
- The concert party Blackstone and Ivanhoé Cambridge acquires a 22.98% stake in Gecina.
- As part of its refocusing policy, Gecina disposes of its Beaugrenelle shopping center.
- Gecina acknowledges the disposal by Metrovacesa of all its shares (26.74%) to institutional investors, including in particular Blackstone and Ivanhoé Cambridge, Crédit Agricole Assurances and Norges Bank.
- Gecina wins the "SIIC Trophy" in the "CSR" category.

2015

- As part of its refocusing policy, Gecina disposes its last office building in Spain, an 11,000 sq.m asset located in Madrid and let to BMW.
- Gecina acquires the T1&B Towers and the PSA group's historic headquarters, located avenue de la Grande Armée, for an amount of €1.24 billion, from Ivanhoé Cambridge.
- In October, Gecina launches a process to sell its healthcare portfolio.
- Gecina acknowledges, on October 29, the sale by Gevrey Investissement of nearly 3.4% of the capital, concerning the securities held by The Blackstone Group.
- Gecina is the first real estate company to be ISO 50001-certified by AFNOR.

2016

- Early in February, Gecina records the sale of 3.4% of the capital, representing the share of capital held by Blackstone following the dissolution of the concert party previously formed with Ivanhoé Cambridge.
- On February 8, Gecina announces the signing of an agreement for the sale of its healthcare portfolio for €1.35 billion. The sale process is finalized on July 1, 2016.
- On May 19, Gecina announces that it has filed a bid for all shares in Foncière de Paris with the French *Autorité des Marchés Financiers* (AMF).
- Gecina acknowledges on September 20, the provisional results of its bid for the Foncière de Paris shares, establishing that as the threshold of 50% of the capital stock and voting rights has not been reached, the shares of Foncières de Paris tendered to Gecina will be returned to their owners.
- On October 25, Standard & Poor's raises Gecina's rating outlook to BBB+/positive outlook. Moody's raised Gecina's rating to A3/stable outlook on December 22.
- Gecina wins awards in the 2016 Best Shareholder Relations Trophies by "Le Revenu" and in the 2016 Shareholder and Investor Relations Prizes by "Les Échos".

2017

- Méka Brunel is appointed Chief Executive Officer on January 6.

1.4. GROUP STRUCTURE AND ORGANIZATION CHART

1.4.1. GROUP STRUCTURE AND ORGANIZATION CHART

The Group's operations are organized around France's leading office property holdings, as well as around "diversification" assets (traditional residential assets and student residences).

To ensure its strategic refocusing on the office property market and to consolidate its model, Gecina adopted a organization adjusted to the property value creation chain.

The operational teams, work "horizontally" across business lines. Three multi-product divisions: Acquisitions & Sales, Asset Management and Real Estate Holdings. The Acquisitions & Sales Department identifies opportunities and manages acquisition and sale processes. The Asset Management Department is in charge of real estate strategy, business plans per building and the management of major account customers. The Real Estate Holdings Department is responsible for managing construction operations, the oversight of renovation and property management.

CSR has also a key component of Gecina's strategy, under the responsibility of the Transformation, Marketing and CSR Department since 2016. The purpose of this department is to support the Group's ambition to be at the forefront of the building of the future, a building that meets environmental criteria and best meets the needs of the tenants and the expectations of stakeholders.

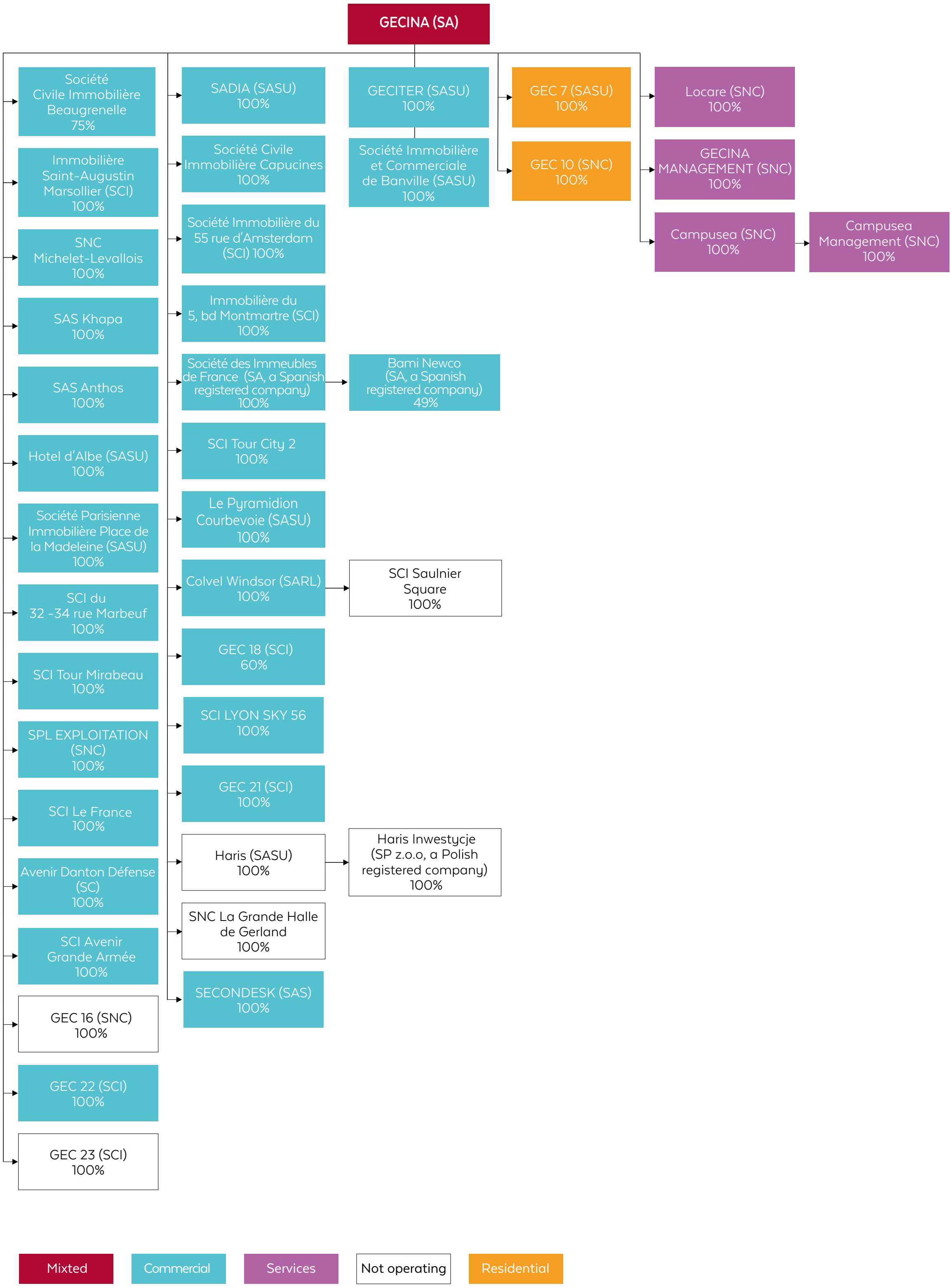
Moreover, as at December 31, 2016, the Gecina group consisted of 42 distinct legal entities including (i) 32 real estate companies with property holdings or real estate rights, and (ii) four service companies.

The main legal entities are based in France.

The organization chart below shows that most subsidiaries are wholly owned by the Group with the exception of:

- Spanish company Bami Newco, in which Gecina holds a 49% equity stake through its wholly-owned subsidiary SIF Espagne;
- SCI Beaugrenelle, in which Gecina holds a 75% equity stake;
- SCI GEC 18, in which Gecina holds a 60% equity stake.

Legal organization chart



1.4.2. CHANGES IN THE GROUP'S ORGANIZATION CHART DURING THE FISCAL YEAR

On February 8, 2016, Gecina signed a preliminary sales agreement with Primonial Reim, representing a club deal involving various institutional investors, and concerning, in particular, the Gecimed shares. This agreement was reiterated on July 1, 2016.

On October 18, 2016, SAS 1 quai M dassault Surenes, wholly owned by Geciter, which is wholly owned by Gecina, was subject to a universal transfer of its assets to Geciter and was deregistered on December 7.

On November 3, 2016 SNC GEC 8 was subject to a universal transfer of its assets to Gecina and was deregistered on December 19.

On December 7, 2016, SAS Labuire Aménagement, in which Gecina held a 59.7% stake, was liquidated.

1.4.3. POST-BALANCE SHEET EVENTS RELATING TO THE GROUP STRUCTURE

None.

1.5. BUSINESS AND MARKETS

In recent years, Gecina has significantly streamlined its property holdings by disposing of non-strategic assets, primarily aimed at reinforcing the company's specialization around its office building portfolio in the most central and dynamic areas of the Paris region, while reducing its debt. In 2016, Gecina sold several office properties that did not meet the Group's criteria in terms of location and risk profile. Gecina thus sold properties in Rueil Malmaison and Suresnes, as well as some few mature buildings located in the more central areas of Neuilly and Paris. On July 1, 2016, Gecina also finalized the sale of its Healthcare segment, and continued to sell a portion of its housing portfolio as tenants left. In total, the Group has secured €2.0 billion in asset disposals, most of which are non-strategic (and €644 million excluding the healthcare portfolio), thus repositioning the quality of its portfolio more in line with the Group's ambitions. Along with these disposals, Gecina also secured nearly €321 million in new office investments in Paris and Issy-les-Moulineaux.

As a result, the proportion of the office portfolio rose from 52% of the total portfolio in 2006 to 78% at end 2016, in line with the Group's objective, reflecting the strategic repositioning performed in recent years around urban office space in the Paris region.

In the Paris and Île-de-France office market, Gecina's core business, the context in 2016 showed major signs of improvement in the most central areas of the Paris region, while outside these areas improvement was more mixed.

The volume of investments in Île-de-France remains at very high levels historically, with nearly €19.6 billion over 2016 (source: CBRE), down slightly from the volume recorded the previous year (€20.3 billion).

While the rental market has shown a few signs of stagnation in the suburbs, the more central locations (particularly the City of Paris) show very encouraging signs. The outlook is favorable in Gecina's priority areas (the City of Paris, in particular) where take-up rallied sharply, immediate supply fell sharply, and vacancy rates are also down as a result. Overall, the Paris region rental market are on a moving in the right direction, despite the still glaring differences in trends and very diverse performances depending on the quality and location of assets.

1.5.1. THE OFFICE BUILDING MARKET: 2016 TRENDS AND OUTLOOK

Sources: BNP Paribas Real Estate, CBRE, Cushman & Wakefield, Immostat, IPD, Jones Lang LaSalle, Knight Franck, MBE Conseil.

Property holdings

At the end of 2016, Gecina managed a portfolio of office and retail assets of over 1,000,000 sq.m including more than 900,000 sq.m in operation broken down (in value) as follows:

- 55% in the City of Paris;
- 44% in the rest of the Paris region;
- 1% in Lyon.

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

- properties with a floor space of more than 10,000 sq.m representing 60% of the portfolio;
- 28% of the portfolio is comprised of properties between 5,000 and 10,000 sq.m;
- properties with less than 5,000 sq.m of floor space account for only 12% of the property holdings.

A buoyant investment market concentrated in the most established markets of the Paris region

Large volumes of liquidities continued to maintain the buoyancy of the investment market, in France, and especially in the Paris region. For instance, nearly €19.6 billion were invested in commercial real estate in France in 2016, confirming the momentum observed in 2014 and 2015. The concentration of the investment market further intensified in 2016, in favor of office assets in the Paris region. Out of a total volume of investment in France estimated at €23.6 billion, CBRE reports that the vast majority of these investments (nearly 86%) were made in investments in the Paris region (*versus* 75% in 2014 and 83% in 2015). CBRE further indicated that nearly 73% of commitments during the year pertained to office assets (*versus* 66% in 2014 and 72% in 2015), while only 16% of these investments concerned retail assets (27% in 2014, 18% in 2015). The trend already observed in 2014 and reinforced in 2015 for growing investor preference for office assets located in the Paris region was confirmed in 2016.

Another notable change is that investments are primarily concentrated in the most central area of the Paris region, as 68% of the total amount of investments made in France in 2016 focused on the City of Paris, La Défense and the Western Crescent.

The market proved particularly active on large transactions, since 66 transactions worth more than €100 million were recorded, representing almost 61% of the total investment amount, in value, *i.e.*, a similar weight to that recorded in 2015 (source: CBRE). Given the scarcity of properties available for sale in prime locations with good rental situations, the abundance of capital for investment contributed to the further compression of prime rates observed during the year. In the Paris Central Business District, the prime rate is now 3.0% (down from 3.25% at end 2015 and 3.75% at end 2014). This compression of rates was also observed in prime locations in the Western Crescent and some markets in the first and second rims that are well served by public transport and where there is significant rental market depth.

National investors were the principal investors (69% of transactions), with insurance companies, real estate investment trusts (SCPI) and real estate mutual funds (OPCI) all net buyers, being particularly active, and confirming the trends observed in recent years. Sovereign funds returned over the year, while the German open funds generally remained sellers, particularly in the move to gradually liquidate their assets.

An encouraging rental market in central areas

Take-up reached 2.4 million sq.m in 2016, an increase of +7% year on year, a performance that continues the recovery seen since 2014 (+13%) and 2015 (+1%), and now exceeds the ten-year average.

This performance indicates two main strong trends over 2016.

- First, the movement is driven by the net recovery in transactions for large surface areas (>5,000 sq.m), which rose +23% over one year, and particularly transactions for very large premises (>10,000 sq.m) up +37% over one year.
- Second, the recovery take-up varies from area to area, reflecting excellent momentum in the most central areas, particularly the City of Paris (+14%), where the transaction volume is now significantly higher than the ten-year average, while the recovery on average has been much weaker outside Paris (+1%).

In 2016, the market in the City of Paris exceeded the symbolic threshold of one million sq.m marketed, an increase of +14% (after a +15% increase in 2015), representing 46% of the total volume of transactions recorded in the Paris region over the year. The improvement is also significant in La Défense, where the transaction volume grew +93%. This recovery therefore marks the return of users to traditional business districts while other geographic sectors such as the second rim and south first rim continued to struggle, remaining well below the long-term average recorded in these areas.

At the same time, immediately available office space dipped slightly by -10% relative to the end of 2015 and fell to 3.5 million sq.m. Here again, this decline was primarily driven by the contraction of available supply in the most central areas where the net absorption was very high. Immediately available supply dropped sharply in the City of Paris (-30%), more moderately in La Défense (-11%) and marginally elsewhere (between -2% and -5%). It should be noted that the proportion of this offer, consisting of new or renovated buildings, is historically low since it represents only 19% of the total immediately available supply, and generates a shortage of new/renovated assets, particularly in the center of Paris. CBRE indicates, for example, that there is currently a shortage of new and renovated assets, particularly in spaces larger than 5,000 sq.m, immediately available in Paris.

The combination of a significant increase in take-up and a decline in available supply generated a decrease in the average vacancy rate in the Paris region of 70 bp to 6.2% (source: CBRE), compared with 6.9% a year ago. In Paris this rate is now around 3.2% *versus* 4.6% at end 2015 and 5.2% in 2014 (source: Cushman & Wakefield), reflecting a shortage situation. The vacancy rate is also down in La Défense, dropping below 10% at 9.8% (compared with 11% at end 2015). The decline is real, but less pronounced in the other areas of the Paris region.

Against this background, market headline rents remained flat, marking a slight increase in shortage areas, particularly in the City of Paris, on new/renovated buildings and on older buildings. This trend is in line with observations made by Gecina during transactions completed on its own portfolio.

2017: a still-favorable context for Paris

In 2017, the abundance of liquid assets available for investing internationally is expected to continue. In this context, real estate is expected to remain a priority asset class, primarily because of a yield/risk ratio that continues to be particularly attractive in Europe, where the decrease in real estate yields, which has not completely followed bond yields, supports a very high risk premium. In this context, France, particularly Paris, is becoming a serious alternative to London, and should be the entry point for international capital looking for real estate in the eurozone. As a result, the investment market is expected to remain particularly active over the year.

Given this influx of cash and a cost of money that is expected to remain low despite a moderate increase in long rates, real estate yields should remain at their current levels, as the risk premium offered remains particularly attractive. In this context, some sellers are likely to seize transaction opportunities in order to streamline their portfolios.

The main question is the willingness of investors to raise their exposure to secondary assets or to developing speculative projects, given the scarcity of prime assets available intensifying the imbalance between capital to invest and the available supply. This will depend to a large extent on the development of investor confidence that the economic cycle will pick up.

In the rental market, the office property market will remain dependent on the macroeconomic environment, particularly the employment trend, which currently appears mildly encouraging. CBRE notes that while the search for savings still dictates a solid proportion of rental transactions, the criterion of good location in order to attract and retain talent is just as important. The lack of immediately available supply is expected, however, to restrict the choices of major users, which could lead some to focus for the moment, due to a lack of opportunities, on extending their current commitments. CBRE estimates that the volumes placed on the market for major transactions (>5,000 sq.m) are not expected to increase in 2017 in contrast to smaller premises, which should maintain the momentum observed in recent years. At the same time, this supply deficit could prolong the trend toward an increase in headline rental values for quality assets in the central areas. CBRE estimates that the outlook for rents in the Paris region could constitute a source of growth for the area, particularly if the outlook for relocations related to Brexit confirm this trend.

Gecina on the office building market in the Paris region

In 2016 Gecina let, relet and renewed nearly 72,000 sq.m of office space, representing an economic rent volume of around €30 million. As a result, the average vacancy rate of Gecina's office portfolio stayed close to a record low of 4.5%, which was significantly lower than the market rate (6.2% according to CBRE).

Lease management this year resulted in the emergence of a negative reversion that had a modest -0.5% organic growth of rents in the segment, which improved slightly from 2015. However, the recovery observed in the most central areas of the region suggest that the change in rents, at a constant portfolio, will be positive in 2017.

The valuation of Gecina's assets increased on average over the year, up + 4.3% on the office portfolio, reflecting a certain heterogeneity between the trends observed in 2016 in Paris and those in the rest of the Paris region (the valuation of Gecina's central business district rose + 6.5% on a comparable basis). This change shows a slight positive rental effect, particularly in the most central areas of the region.

With nearly €321million of new investments secured over the year and €2.0 billion in completed sales or pending sales as at December 31, 2016 (€644 million excluding the healthcare portfolio), Gecina ranked once again among the foremost players on the investment market. During the year, Gecina completed the speculative off-plan acquisition (VEFA) of the Be Issy project in Issy-les-Moulineaux, a building on rue de Madrid in the Paris central business district now being renovated, as well as an office located in the 17th district of Paris (rue Guersant) adjacent to an asset already owned by the Group, which could allow a combined renovation. At the same time, Gecina generated profits by selling its healthcare portfolio (finalized on July 1, 2016), and mature or non-strategic office buildings in Rueil-Malmaison, Suresnes, Neuilly and in Paris.

Finally, it should be noted that, in a particularly competitive investment environment, Gecina intends to continue to capitalize on the value potential that is intrinsic to its property portfolio, by exploiting its land reserves, and mostly by conducting asset restructuring programs on its own portfolio, particularly in Paris, in order to extract maximum value from them.

1.5.2. DIVERSIFICATION MARKETS

1.5.2.1. Residential

Sources: www.paris.notaires.fr, INSEE, Guide du crédit, Clameur, LPI-Seloger

Property holdings

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:
- 69% in the City of Paris;
- 30% in the Paris Region;
- 1% in other regions.

Higher volumes and a return to higher prices in 2016

The second half of 2016 posted a strong momentum in transaction volume, as well as a return to higher prices, particularly in Paris. The price of Paris residential properties should be around €8,500/sq.m at end 2016 according to the latest estimates from notaries (*vs.* €7,990/sq.m at end 2015), an estimated increase of around +6.4% (+3.6% as at the end of September). This upward trend can also be seen in towns near Paris, particularly in Hauts-de-Seine (+2.4% at the end of September) where Gecina holds a portion of its residential properties.

This increase in prices reflects a trend observed over the second half of the year and the recovery in sales of older buildings that began in the second half of 2015, and which gained +10% over one year at the end of September 2016 (+11% in the City of Paris and +13% in the first rim). This recovery in demand, driven by historically low interest rates and a fear that rates would rise, reversed the slow downward trend observed over the last four years. This also highlights the structural shortfall of housing in the Paris region, particularly in the City of Paris, but also in neighboring towns.

Notaries explain that interest rates are, however, expected to play a decisive role in the potential continuation of this trend toward higher prices. Although this bullish trend could persist throughout 2017, Notaries remain cautious, waiting for confirmation of green shoots and for changes in the unemployment rate.

In this context, Gecina has successfully continued a unit-by-unit sales program worth €189 million (completed or pending sales) in 2016, representing an average premium on appraised value (block value) of more than 34%. €11 million in additional sales were also being prepared at December 31, 2016.

Prices continue to be supported by scarcity of supply and particularly attractive credit terms, which compensated for a certain number of less favorable factors, although improving during the year (economic environment and the confidence of households). Thus, at the end of December 2016, credit rates for 15-year mortgage loans were historically low at around 1.45%, compared with 2.15% at the end of 2015, 2.40% in 2014 and 3.20% in 2013.

Paris and to a lesser extent, the First Rim, represent a market with genuine shortages and growing demand due to demographic changes, concern about pensions and uncertain financial markets. The Paris market continued to serve as a safe haven for a number of private investors.

Rents rising moderately in the absence of indexation

In 2016, rents in Paris rose only +0.5% to €25.0/s.q.m/month, a rental revaluation less than average annual growth since 2000 (source: Clameur), primarily reflecting a low indexation effect and rent regulation requirements in effect since August 2015.

Yet, the scarcity of rental supply remains particularly significant in the City of Paris. This is particularly the result of the shortage of new constructions in this zone. This situation could not be corrected by the deliveries of new buildings covered by the Scellier (since 2009), Duflot (since January 2013) and Pinel (since 2014) tax-relief initiatives. In this context of limited supply, the gradual increase in the number of first-time homeowners resulted in a lower number of private properties available for rental. These market conditions are reflected in a high average financial occupancy rate of 96.6% for Gecina's residential property holdings in 2016.

Outlook

The scarcity of housing supply in Paris and in the First Rim should remain the structuring factor for this market in the medium term and will help to keep asset prices around current levels. Although it improved slightly in 2016, the macroeconomic context remains very uncertain, calling for a certain degree of prudence, along with the uncertainty about interest rate levels in the coming quarters. However, the positive trend observed at the end of 2016 could continue, at least supporting prices at current levels.

Rents are not expected to rise significantly in 2017 in Paris or in the First Rim, but are likely to remain close to current levels, especially considering the rent regulation decree, but also the weak indexing. The tenant turnover rate in the Gecina portfolio should remain close to the 2016 level (14.9%).

1.5.2.2. Student residences sector

Property holdings

At the end of 2016, Gecina holds and manages, through its Campuséa subsidiary, 15 student residences, including 8 in the Paris region and 7 in other French regions, representing approximately 2,400 beds in operation. Gecina is currently developing 3 residences through this subsidiary.

A market with insufficient capacity in large university cities

In the long term, the student residences sector is expected to be boosted by an increase in the number of students, while supply continues to be limited.

This is because France, together with Germany and the United Kingdom constitute the three European countries with the largest student populations, *i.e.*, nearly 2.4 million students. This number is expected to rise given the age pyramid, the increase in the length of university courses and in the number of foreign students. According to the French Minister of Higher Education and Research, the number of students is likely to increase by 7% to more than 2.5 million by 2020. At the same time, the number of foreign students should increase by around 285,000 now to nearly 750,000 in 2020, representing by that date 30% of the total number of students in France.

Within this student population, more than 60% of students no longer live at home, in particular due to the rising trend in student mobility. The level of apartment sharing rises in proportion to the age of students: two thirds of students aged 21 and above no longer live with their parents. In this context, there is a genuine shortage of suitable housing, especially in the Paris region. Students need to find accommodation in the traditional sector, often sharing with other students, sometimes in conditions of limited comfort, and at very high prices.

Outlook

Gecina's ambition is to continue to expand its student residence portfolio, by targeting major French university cities. A total of three development projects are currently covered by agreements or under construction in the Paris region and in Marseilles, and several other projects are still being studied and could be launched very soon, especially in Paris. The Group acquires existing student residences, develops entirely new residences, or converts office buildings into residences, always to the highest sustainable development standards and all with the Effinergie+ label and compliant with the premium concept (high level of comfort, design, equipment and services) of Campuséa, its dedicated subsidiary. This confirms Gecina's ranking as the number one owner-operator of private residences in this sector in France.

Currently, three projects already underway are therefore scheduled for delivery between 2017 and 2018, one in Marseille and two in Puteaux. These three projects represent total investment of nearly €80 million for nearly 15,000 sq.m.

1.5.2.3. Locare, Gecina's marketing agent

Through its subsidiary Locare, Gecina is one of the only fully integrated French players in the residential property sector, exclusively promoting the interests of the Group's portfolio.

As such, Locare focuses on three key areas:

- rental of residential assets within Gecina's group;
- sales of residential assets by block or by unit;
- asset management for Gecina group companies.

1.6. DEFINITION AND SENSITIVITY OF MAIN INDICATORS

Rental income from offices and retail depends on the average rent levels, the occupancy rate, and acquisitions or disposals of real estate assets, but also on criteria specific to this business, namely:

- as regards offices, changes in rents depend on office market conditions, on lease renewal negotiations carried on by the management teams and on automatic annual reviews on the basis of the French Cost of Construction Index (ICC) and the Tertiary Activities Rent Index (ILAT) for current leases. On expiration of the lease, since office rent is not subject to the cap rules applicable to retail leases, the Group's asset management teams negotiate with the tenant to set the renewal rent at the rental value;
- as regards retail, leases signed for several years contain automatic annual review clauses for rents based on the French Cost of Construction Index (ICC) or on the French Commercial Rent Index (ILC). For rents subject to renewal, the rules are more restrictive than those applicable to offices, in that these rents are in principle subject to the cap rule.

The change in rental income for housing units depends, in particular, on rental market conditions, how efficiently the Group manages its property holdings, and current legislation.

The principal factors affecting the amount of rents taken by the Group for its housing units are as follows:

- the rent per sq.m billed to tenants. Its change is principally a function of the French Rent Reference Index (IRL) for current leases and of the regulation for re-rentals. The regulation is described further on in this chapter;
- the financial occupancy rate of buildings. 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). The vacancy periods are determined day by day during the period of calculation. Buildings for which a disposal procedure has been initiated are not taken into account in the calculation of financial occupancy because, beginning at this stage, the Group stops putting the vacant units up for rent in order to be able to sell the wholly unoccupied units. The structural cap of the financial occupancy rate is less than 100% because of improvements performed during the periods of structural non-occupancy of housing units at times of tenant turnover (these periods being the minimum time necessary to complete the work needed to restore to previous condition or to renovate). The level of this cap depends on the efficiency of the rental and marketing management teams, the goal of the Group in the present market context being to keep the financial occupancy rate close to the structural cap;
- the financial occupancy rate is influenced by the turnover rate, defined for any given period as the number of housing units becoming vacant in the given period divided by the number of the Group's housing units at the same given period, exclusive of buildings for which the transfer period has been initiated. In principle, unless the units are not re-rented within a short time, an increase in the turnover rate will result in a fall in the financial occupancy rate;
- acquisitions and disposals of real estate assets.

Four indicators are particularly sensitive for real estate companies:

- 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 items. This amount is based on the average number of shares comprising share capital, excluding treasury shares;
- Diluted Net Asset Value (NAV) per share: its calculation is defined by the European Public Real Estate Association (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;
- the yield: it is calculated on the basis of a potential rent over the block value of the property holdings duties included, where the potential rent corresponds to the following definition: Potential rent = annualized rent end of period + market rental value of vacant units;
- the capitalization rate: it is calculated as the ratio of potential rents as described above to appraisal values excluding duties. Duties correspond mainly to transfer duties (notary expenses, registration taxes, etc.) applied to the asset sale or the company holding that asset.

Gecina applies the EPRA best practices recommendations regarding key performance indicators. These indicators aim to make the financial statements of public real estate companies more transparent and more comparable across Europe. Gecina reports on all the EPRA key performance indicators (see Section 2.8. "Reporting EPRA"):

- EPRA Earnings;
- EPRA NAV and EPRA NNNAV;
- EPRA Net Initial Yield and EPRA "topped-up" Net Initial Yield;
- EPRA Vacancy Rate;
- EPRA Cost Ratios (including and excluding vacancy cost);
- Property related capex.

1.7. RISKS

1.7.1. 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 in particular 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 the risk management processes are incorporated into the risk management policy deployed in 2014. 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.

Overview using the three lines of control model

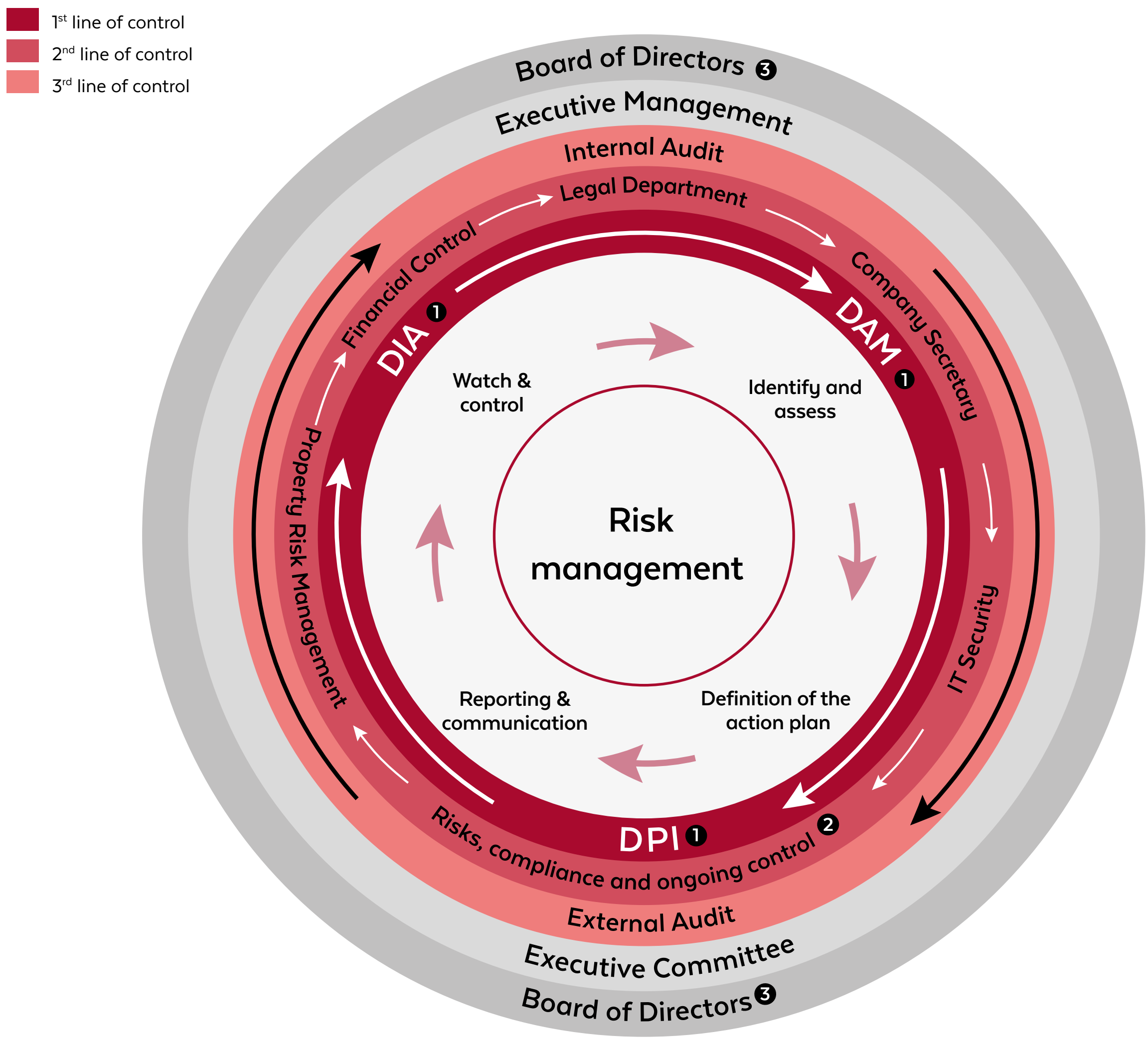
This reference model, which reflects the IFACI/AMRAE position, is organized in three lines of control that define the roles and responsibilities of operational management, group functions, and Internal Audit. The governance model is based on these three lines. It clarifies the issues involved in the risk management system and contributes to their effectiveness by identifying employee contributions to risk 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.

Below is the graphic presentation of the three lines of control within Gecina.

Graphic presentation of Gecina's three lines of control

Lines of control



DIA = Acquisitions and Sales Department
DAM = Asset Management Department
DPI = Property Holdings Department

❶ Steering commitee, Business Review and Asset Review
❷ Internal rules, Procedures and Delegation of powers
❸ CAR: Audit and Risk Committee

Risk mapping

Mapping allows assessment of the risks. It is performed through interviews with the various risk managers in the Group. The risk mapping tool gives rise to action plans prioritizing areas in which control processes must be improved. It is also used as a support for defining the workload plan for Internal Audit and ongoing control.

Residual risks, which represent the level of risk remaining after the implementation of the control process, are taken into account in this assessment. These risks are evaluated on the basis of three main elements: measurement of the impact, measurement of the probability, and assessment of the effectiveness of the control process.

The scales for impact and effectiveness of the control process for each risk consist of four levels ranging from very low to very high. In addition, the impact of the risk is measured on the basis of three criteria: financial, social, image/reputation. Two additional aggregates make up the financial criterion: recurring revenue and the balance sheet/NAV impact.

The probability scale for each risk consists of four levels: from improbable to highly probable.

Risk correlation

The purpose of a risk correlation study is to identify interactions among the principal risks in order to improve the risk control process. First, a risk correlation study requires collecting the information necessary to define and classify the inter-risk connections. In 2016, the Risk and Compliance department initiated preparatory work to correlate the Group's risks. An analysis will be completed and finalized in 2017. A reinforcement of the analysis of the sensitivity of certain risks will complete the risk correlation exercise.

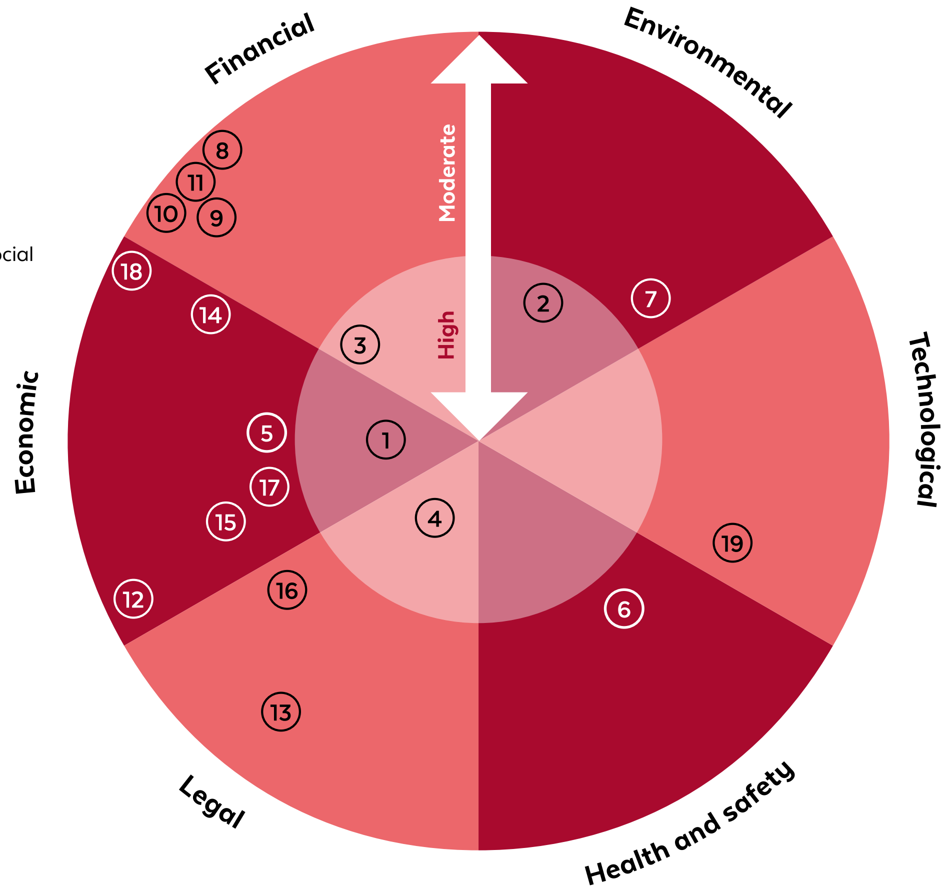
1.7.2. SUMMARY OF THE PRINCIPAL RISKS

1.7.2.1. Graphic presentation of the principal risks

Assessment of the principal risks

Principal risks:

1. Risks of changes in the real estate market
2. Risk of obsolescence
3. Risk of a fall in the financial occupancy rate
4. Corporate dispute risks
5. Acquisition risks
6. Property risks
7. Risks linked to the deterioration of social and environmental conditions
8. Market risk
9. Liquidity risk
10. Counterparty risk
11. Interest rate risk
12. Risks related to insurance costs and lack of coverage for certain risks
13. Legal and tax risks
14. Asset valuation risks
15. Subcontracting risks
16. Risks linked to failure to issue administrative permits and review
17. Risk of tenant insolvency
18. Competition risks
19. Digital and technological risks



1.7.2.2. Summary table of main risks and control mechanisms

Every year, Gecina analyzes those risks whose occurrence could have a material impact on the Group's business. 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.

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 clarification of our CSR strategic involvement via reference to the four pillars of CSR, represented as follows:

Assets - Cf. 7.3.

Planet - Cf. 7.4.

Employees - Cf. 7.5.

Society - Cf. 7.6.

Risks	Control mechanisms	Change over the 2015-2016 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 valuation 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; ■ business plans prepared for each property are reviewed by annual Asset Review committees in connection with the Medium Term Plan; ■ qualitative review of the properties; ■ management of asset rotation by the Asset Management 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 decreased during the period in connection with measures to strengthen the process. 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. The Asset Management Department seeks in particular to reduce this risk as best as possible by implementing a medium-term action plan by asset and continuous monitoring of the property portfolio.
	Obsolescence risk	
Risk of harsher regulations, changes in industry practices or tenant expectations. **Impacts:** ■ non-compliance or inadequate assets to meet market expectations because the company failed to foresee such changes; ■ changes in CSR are an important component of this risk, the principal challenges of which are: - energy performance and renewable energies; - integration within surrounding areas; - relations with stakeholders; - environmental labeling, certification and performance; - biodiversity; - the flexibility of assets and leases to adapt to changes in work methods.	■ Operational Departments conduct technological and industrial watch operations in which they are mainly assisted by the CSR and Building risks functions; ■ quality studies are performed with tenants in order to identify changes in their expectations. The intelligence gathered from the watch is reflected in updates to building renovation budgets, and acquisition and sale criteria; ■ in general, the Group's CSR policy is translated into specific goals and action plans, the achievement of which is measured with the help of published indicators. The Gecina CSR materiality matrix provides a comprehensive overview of CSR challenges, the main control mechanisms of which are summarized in Chapter 7.	The organization by business line established in 2014, and the action plans, have allowed the company to reach a stable risk level fully integrated in the company's strategy. In the medium and long term, the management of energy remains a priority issue and theme for the action plans set up by the Group. In 2016: working groups and group studies involving Gecina employees and a panel of customers were launched to reach a definition of the specifications for the building of the future.

Risks	Control mechanisms	Change over the 2015-2016 period
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 its leases, on the basis of statements obtained from its information system; ■ establishment of an organization dealing with tenant relations and a watch 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 95.9% at the end of December 2016 (see tables 1.7.3.1 "Rent volume by three-year lease terms" and "Rent volume by lease agreement expiry schedule").	This risk is linked to the economic context and the acquisition and sale policy. However, the risk declined over the period. This decline is primarily due to the persistently high financial occupancy rate and satisfactory rental revenues. They are primarily linked to the Group's highly successful rental activity materializing the quality of Gecina's assets as well as their appeal for customers, especially those in the service sector.
Corporate dispute risks		
Risk linked to acquisitions and commitments made in Spain, under the Chairmanship of Mr. Joaquín Rivero. 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. Frequent coordination meetings are held with the other departments concerned under the authority of the CEO. Finally, new developments of these risks are regularly reported to the Audit and Risk Committee.	The risk rose slightly over the period because of the uncertainties related to 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.
Moderate risk 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.	■ These risks are controlled by using an acquisition process based on the technical, legal and financial studies of the asset, including modeling tools; ■ assistance from outside advisors; ■ acquisition projects are preceded by a preliminary study by a Steering Committee, then by the Investment and Divestment Committee; ■ definition of thresholds for limitations of powers in the context of the review of investment projects (CEO, Board of Directors, Strategic Committee). See Chapter 5.1.9; ■ the acquisition financing risk control mechanism is presented with the financial risks below (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, depending on pre-defined thresholds, also receive the Board's prior approval, and the opinion of the Strategic Committee.	These risks remained stable over the period.

Risks	Control mechanisms	Change over the 2015-2016 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 position and earnings.	■ The management of these risks is monitored by the "Real Estate Risks" department attached to the Project Management 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, published in chapter 1; ■ each evaluation results in the introduction of action plans based on objectives to be achieved; ■ the introduction of a real estate risk mapping in 2006 has strengthened control over these risks.	Concerning new developments linked to these risks, we shall refer to the description of the real estate risk mapping in Chapter 1.7.5.
	Risks linked to the deterioration of social and environmental contexts	
Impairment risk for the Group related to the heightened sensitivity of the property assets to extreme weather events (heat waves, floods, drought). The Group might also suffer from the scarcity and increase in the prices of the raw materials required for operating its business (sand, water, energy, etc.). **Impacts:** ■ increase in insurance premiums and operating costs (consumables and technical maintenance) and construction costs of its assets; ■ failure to achieve the CSR objectives set by the Group; ■ the Group's image and reputation; The main CSR issues associated with these risks are: ■ climate change and GHG emissions; ■ energy performance and renewable energies; ■ natural resources and waste other than water and energy; ■ responsible purchasing.	■ The Group has made CSR a central issue in its strategy. The Asset Management functional unit fully integrates these criteria in its strategic monitoring of the properties (Asset Reviews and business plans by assets). The Department of Acquisitions and Sales studies the environmental performance of potential acquisitions and disposals. The Department of Real Estate Holdings integrates these elements into the operation and development of its portfolio of assets; ■ all the Departments and employees of the Group have been trained in the components of CSR culture; ■ A special CSR team has been created to translate the Group's CSR strategy into organized events and learning opportunities for employees; ■ the Group has structured its CSR action, which has been integrated into existing management methods and employee objectives; ■ the Group monitors the consumption for its assets in detail. Gecina is engaged in an energy efficiency and production mix carbon reduction approach for its portfolio; ■ the Group also undertakes actions with its tenants regarding waste sorting; ■ Lastly, for more information regarding the control mechanism for the main CSR risks, please refer to Chapter 7.	➡ Corporate social responsibility is fully integrated in Gecina's corporate strategy and policy. This commitment is materialized in particular at the level of the Group's governance and processes. The risk is studied in medium- and long-term action plans to keep it under control and prepare for it as much as possible. Gecina continues its commitment and is structuring its path to 2020 and 2030 focused on the physical challenges for its business and its stakeholders. Ambitious objectives and action plans are being developed with the various operational teams involved to meet these deadlines. These physical challenges include energy consumption and greenhouse gas emissions, for which a climate roadmap lays out action plans and defines the objectives necessary for control of its impact on climate change.
	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:** ■ change in stock prices in its financial investments, but also through the treasury shares it holds; ■ the fluctuation in the value of its liabilities could generate a change in its net asset value; ■ exposure to foreign exchange risk.	■ 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 financial hedges is also defined by a formalized management framework; ■ finally, Gecina is not exposed to foreign exchange risk.	➡ The Group considers its exposure to the risks of the financial market as stable in 2016.

Risks	Control mechanisms	Change over the 2015-2016 period
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 on financial and property markets, but also by the company's strategy, performances 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, 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 exogenous factors. However, the current risk control system has allowed the Group to limit the impacts of this risk on its operations.
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").	■ This risk is managed through constant diversification of financial resources and counterparties by giving priority to the choice of premier financial institutions; ■ the hedge management framework 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 with 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 Group's hedging policy is managed under a formalized framework that specifically defines hedge limits, decision-making channels and authorized instruments; ■ hedges are also managed through half-year reporting to the Audit and Risks Committee.	The risk rose over the period in question because of changes in external uncertainties at the global level (US presidential and national elections and the effects of Brexit), as well as an increase in mid-swap rates. 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.
Risks related to insurance costs 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 cash and earnings.	■ The management of this risk is monitored by the dedicated "Insurance" Department which reports to the Financial Department, with the assistance of an external broker-consultant; ■ regular audits of the Group's insurance programs and the renewal of competitive bidding procedures of brokers and insurers allow the Group to optimize its insurance coverage and costs; ■ 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.	As at this date, this risk is considered stable. 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	Control mechanisms	Change over the 2015-2016 period
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. **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 inside 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.
Asset valuation risks		
Risk of asset value estimate error or non-realization of the adopted assumptions. **Impacts:** ■ cost of debt; ■ compliance with financial ratios; ■ Group's borrowing capacity.	■ Property valuations 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 made by each Operational Department on the basis of rental statements; ■ the 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.	⬆ Gecina has set up a significant control system that is regularly updated to keep abreast of the potential impact of this risk on the value of Gecina's property portfolio. Over the period under consideration, the appreciation in the value of Gecina's properties automatically slightly increased the risk. 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 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; ■ increase in the corresponding costs or the legal risks.	■ Construction or renovation works are supervised by dedicated internal specialized departments: Project Management 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 on an externalized platform, which allows service providers to meet their legal obligations, and sub-contracting is authorized only with Gecina's explicit, prior approval; ■ these procedures take into account the safety regulations and obligations for compliance with labor laws; ■ suppliers also sign the responsible purchasing charter (Chapter 7.6.4. "Responsible purchasing"); ■ during the works, suppliers are selected by viewing quotations or competitive bidding procedures on the basis of predefined thresholds; ■ the specifications and standard agreements that are binding on the suppliers are frequently updated to reflect regulatory obligations; ■ the progress of the work 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. The Group has strengthened its risk control mechanism notably through the creation in 2015 of a development division, under the authority of the Asset Management Department, tasked with coordinating group-wide development initiatives. In 2016, all employees were given additional training on the supplier list.

Risks	Control mechanisms	Change over the 2015-2016 period
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 cost; ■ cost overruns, even the abandonment of operations; ■ impossibility of operating certain assets.	■ These operations are carried out under the supervision of internal specialized departments (Project Management and Technical Departments). These Departments organize a regulatory watch in conjunction with the Legal Department and external consultants; ■ permit applications are anticipated right from the design phase of projects and are factored into the business plans of operations; ■ significant development projects are also reviewed and validated by the Investment and Divestment 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 remained 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.
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 Section 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; ■ Gecina's top 20 tenants in 2016 accounted for 40% of the annualized rental income of the entire Group; ■ the top ten tenants accounted for 30% of the annualized rental income of the entire Group; ■ procedures for selecting tenants include an analysis of their financial strength with the assistance of a financial advisor, in addition to the arrangement of collaterals; ■ rent monitoring and collection procedures are also used to prevent and minimize the risks 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.
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; ■ marketing is conducted by dedicated teams acting in collaboration with sales agents and/or external advisors; ■ monitoring sales transactions and reporting by property; ■ all real estate functions are internalized to ensure greater responsiveness in a competitive context; ■ since 2014, the process has been strengthened by the Asset Management unit and the implementation of Asset Reviews.	➡ The risk is considered stable over the period; it changed in a context of high demand for real estate investments, which was, however, offset by a rental market showing signs of recovery in the city of Paris. As the leading real estate company in France 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 mechanisms	Change over the 2015-2016 period
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:** ■ failure in data processing; ■ loss or destruction of IT equipment, data and archives; ■ cost of repair or reconstruction.	■ The 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 (antivirus, firewall, 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.	The risk may be considered to be trending upward. This is related to the context of change in the exogenous environment and the growing digitization of the processes for businesses and things. This trend is confirmed by external annual studies. In this context, the Group has strengthened its control process.

1.7.3. ADDITIONAL INFORMATION ABOUT CERTAIN RISK FACTORS

1.7.3.1. Risks linked to a drop in the financial occupancy rate of its buildings, primarily in its office buildings

The average financial occupancy rate of the Group's buildings was 95.9% (95.5% excluding Healthcare) at the end of December 2016. 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.

Rents volume by three-year commercial lease terms

In € million	2017	2018	2019	2020	2021	2022	2023	> 2023
Offices	68	70	74	16	32	20	15	75

Rent volume by commercial lease agreements expiry schedule

In € million	2017	2018	2019	2020	2021	2022	2023	> 2023
Offices	34	30	43	38	58	16	31	119

1.7.3.2. Legal and tax risks

It is incumbent upon the Group to comply with numerous general or specific regulations that govern, among other items, real estate rental activities and transactions, urban planning, operating permits, construction, public health, the environment, and safety.

Gecina can also been subject to tax audits resulting in notifications of tax reassessments (see 3.5.5.13 and 4.3.4.7 of the Notes to the consolidated and annual financial statements).

1.7.3.3. Risks linked to changes in lease regulations

1.7.3.3.1. Residential leases

With respect to residential leases, the annual rent revision is regulated and, for a current lease, it may not exceed the annual change in the French Rent Reference Index (IRL). So long as the annual turnover rate of the Group's operating residential properties is low, rent increases for most residential leases concluded by the Group and consequently the Group's residential rentals will follow the change in the Rent Reference Index. In this respect, it should be noted that changes in rents are capped annually by decree in high-demand areas and, for Paris in particular, a rent control experiment was introduced in August 2015. It should also be noted that the regulator has indicated a desire to expand the rent control mechanism beyond Paris by 2018; however, as Gecina has around two-thirds of its properties in Paris, the Company would be only slightly affected by this possible legislative change.

1.7.3.3.2. Student residential leases

Concerning student residential leases, since the entry into force of the law dated March 24, 2014, known as the "ALUR" Act, the regulatory framework for the aforesaid rents, which applied only to rentals of unfurnished premises, will now apply to tenancy agreements for furnished premises signed or renewed since August 1, 2014. The ceiling principle now applicable to leases concluded or renewed on Campuséa residences is subject to the same exceptions as those relating to the principle of rent capping.

1.7.3.3.3. Office and retail leases

For offices and retail leases, the law of June 18, 2014, known as the "Pinel" Act, stipulates that rents should be revised according to three types of indices, namely the Construction Cost Index (ICC), the Commercial Rents Index (ILC) and the INSEE Retail Rental Index (ILAT). The Pinel Act has canceled any reference to the cost of construction index (ICC) for the triennial revision of rents (Article L. 145-38 of the French Commercial Code) and introduced a ceiling for rent renewal (Article L. 145-34 of the French Commercial Code).

Rent revision and the setting of the renewed rent, in case of change as a function of an index and not of the rental value, will now be governed by the Commercial Rents Index (ILC) and the INSEE Retail Rental Index (ILAT) only.

However, since no amendments have been made to the provisions of the French Monetary and Financial Code (L. 112-2), which describe the ICC as an index that can be used as the basis for the annual indexing of rents, any indexing clause that would be based on this index remains perfectly valid.

The other measures of the Pinel Act have no impact on Gecina's office real estate business.

1.7.3.4. Risks linked to constraints stemming from the SIIC tax regime

Gecina is subject to the tax system for French listed real estate investment trusts (hereinafter "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 subject 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.

1.7.3.5. 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.

1.7.4. 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.

1.7.4.1. 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 to Gecina, first on the assets that were confiscated 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.
  On October 28, 2016, the Court of Cassation ruled the forfeiture of the appeal filed by Joaquín Rivero and the companies he controlled against the judgment of the Paris Court of Appeals of December 8, 2014, which upheld the seizure of the dividends (around €43 million) reverting to them for fiscal 2012 as approved by the Shareholders' Meeting of April 18, 2013.
  Following the judgment of March 11, 2015, Gecina proceeded to the seizure of the 8,839 shares held personally by Joaquín Rivero and the 2014 and 2015 dividends attached to those shares.
- 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. Abanca summoned Gecina to the lower court of Madrid, which ruled it lacked jurisdiction in a decision dated June 10, 2016 (see point 1.7.4.2).

- On July 16, 2012, the company was informed by the banking institution Banco de Valencia of the existence of four promissory notes, issued in 2007 and 2009, for a total of €140 million, in the name of "Gecina S.A. Succursal en España" for three of them, and Gecina S.A. for one of them, in favor of a Spanish company Arlette Dome SL. The latter allegedly gave these promissory notes to Banco de Valencia as a guarantee for 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 a party on April 19, 2016 in the National Court, where the company continues to assert its rights. No provision was recognized for this purpose.

1.7.4.2. 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 1.7.4.1), 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 lower court of Madrid ruled that it lacked jurisdiction to hear the dispute. On July 14, 2016, Abanca appealed this decision. The proceeding is ongoing.
  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 1.7.4.1.). 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.
  In December 2014, Bami Newco asked for the commencement of receivership proceedings that was agreed by the Spanish court. Gecina and SIF Espagne are challenging the conditions for commencing this liquidation phase. Following a claim filed by a Bami Newco senior creditor, the Spanish Bankruptcy judge authorized in June 2015, a procedure to sell off the property assets of Bami Newco. Despite the various petitions filed by some creditors, including Gecina and SIF Espagne, the Spanish bankruptcy judge authorized, through a firm and final order at the end of July 2015, the sale of the property assets to the senior credit of Bami Newco.
  In November 2015, the liquidation plan was sent to the parties and is currently being executed by the court-ordered liquidation administrator. 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 proceeding is 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) jointly to pay to FCC Construcción the sum of €5 million in principal, in addition to penalty interest 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.

1.7.5. RISK MANAGEMENT

Gecina's risk management control structure is intended to:

- create and protect the company's value, assets and reputation;
- secure decision-making and the company's procedures to ensure that it meets its targets;
- ensure that the company's actions are in line with its values;
- mobilize employees around a shared vision of the main risks.

Risk identification, analysis and management systems are implemented by the Risks Department with respect to risks linked to the safety and environment of properties, and by Internal Audit with respect to general risks. Risk management falls under the responsibility of the various Group Departments, depending on the nature of the risks. Risk management was strengthened in 2013 with the creation of a "Risks & Compliance" function within the Internal Audit Department. The main tasks of this function entail updating the risk mapping, in addition to permanent control and compliance oversight in the company.

In 2014, the function set up a risk management policy. This policy makes it easier to incorporate risk management into the organization's objectives, culture and operation. It strengthens the link between the company's strategy and risk management through a risk identification, analysis and treatment process based primarily on risk mapping. It sets a risk acceptability level defined by management, beyond which each risk must be closely monitored in order to reduce it or ensure its stability. 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's employees on the company's Intranet.

Risk management is described in a summarized form in the table in Section 1.7.1, and in Section 5.1.9. of Chapter 5 "Corporate governance".

1.7.5.1. Management of real estate risks

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 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.

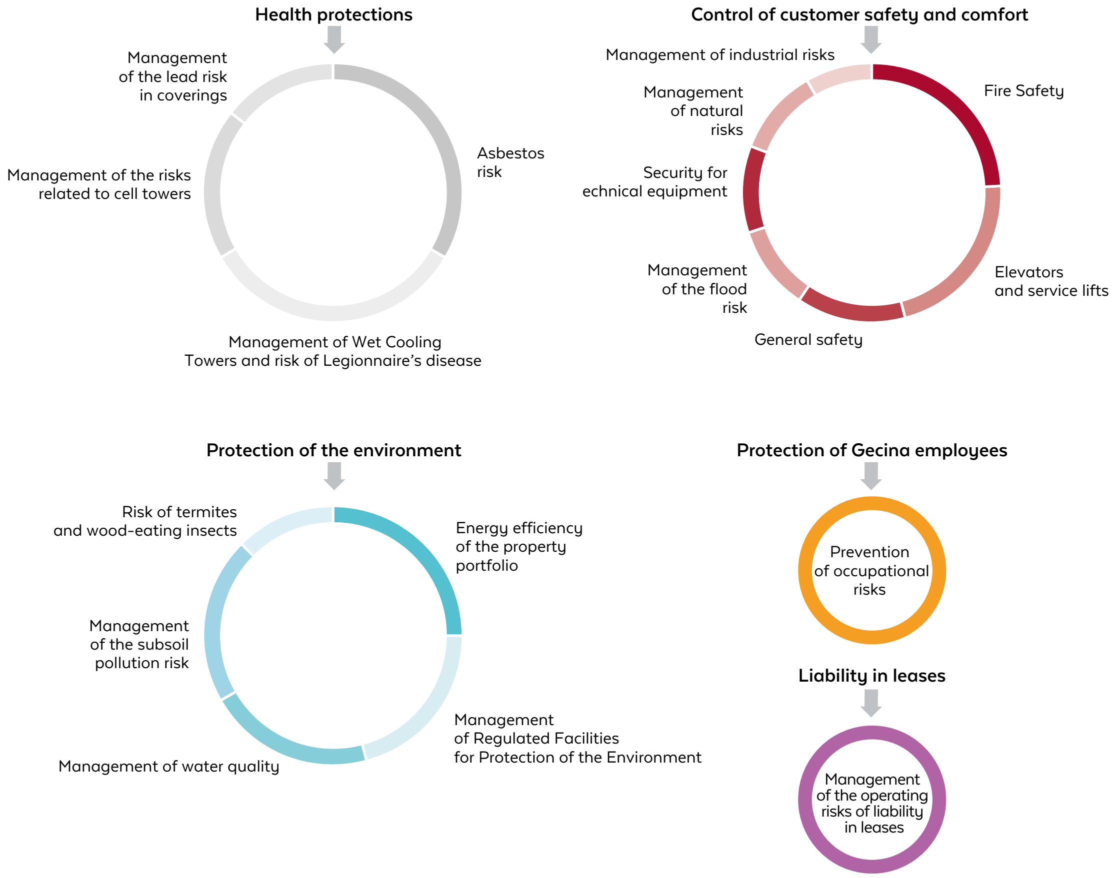
The control of real estate risk is based on three principal tools: risk mapping, risk prevention plans and an alert system.

1.7.5.1.1. Real estate risk mapping

The mapping aims to identify and define sets of standards and policies for each of the major risks associated with property holdings.

It seeks to help the different Group players pay more attention to risks linked to buildings in their day-to-day management. It is constantly updated.

The mapping covers 18 areas of risk, hazard or factors relevant to environmental protection broken down into five categories:



Underlying principles

Since its introduction, this approach follows the same process. It is managed by the Project Management Department.

Risk control support tool

The Gecina group has been using the services of Provexi since 2006. 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, general safety, etc.) are integrated and controlled on this platform.

Dynamic scorecards are used to constantly monitor the compliance of buildings with regulations and Gecina's policy and to control the action plans to be taken to improve risk management and enhance the efficiency of assets.

Since 2011, in collaboration with Provexi, the "Technical Audit Files" (DDT) module has been added to the mechanism. This module allows the editing of the required documents on the platform (asbestos, lead (homes), state of natural and technological risks, EPA) in case of rental, in addition to verifications of the electrical, gas (homes) installations and parasitic statements in case of a sale. 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 process over 2016 primarily consist in the establishment of a new integration process for diagnostic reports (prior control of deliverables and discussions with the diagnostician for correction, if necessary, before integration in the database), the installation of a new graphic interface, the securing of passwords to access the platform, the adjustment of the indicators in the areas of Elevators, ICPEs and TAR, the extension of the lead domain in order to have a summary of the location of the class 3 diagnostics and the creation of dynamic tracking of actions to be initiated in the areas of asbestos and lead.

The scope of property holdings concerned

It covers the entire spectrum of the Group's activities. The risk mapping and DDT module are used to process 192 assets (*versus* 261 in 2015), 42 of which are in the process of being sold. 29 with the unit surface area < 200 sq.m, are solely monitored within the framework of DDT sale. The 33 remaining assets are discarded because they are atypical (sites under construction, under management for third parties or withdrawn from market).

The change in scope is primarily due to the disposals of the healthcare portfolio and office assets considered mature, which were not offset by the delivery of the City 2 tower and the acquisition of Guersant 2. The property portfolio is updated in real time.

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 overall 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 medal.

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 customers 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 late 2016-early 2017 to verify the mapping in the following three areas:

- the assessment 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 2016 (lead paint, ICPEs, TARs, elevators, technical equipment and telephone poles) from a sampling of the assets in question randomly selected by the auditor;
- checking of the results obtained against Gecina's commitments for 2016 (assessment rate of indicators at 99%, weighted overall efficiency level at 98% and earning gold and silver trophies on at least 70% of the financially weighted property portfolio and, by including the bronze trophies, earning at least 90.2% of the weighted properties);
- verification of the suitability of changes in the mapping system, related to Gecina's policy and the recommendations made by the auditor early in 2016, regarding in particular:
  - the relevance of risk assessment and risk mitigation,
  - continuous improvement of the system.

2016 results of the real estate risk mapping, all areas combined

The level of reasonable assurance was confirmed in 2016 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 audit carried out on the premises of Provexi allowed verification of the quality of the process, the procedures for receiving information, the data for the mapping and the cross-checks. This procedure is rigorous on the quality of the information provided and on the business and regulatory consistency. It also allowed qualification of legal watch actions carried out by Provexi and checking of the processes and controls implemented by Provexi in connection with this watch.

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 and their understanding of the questions in the kits and the conditions of responses.

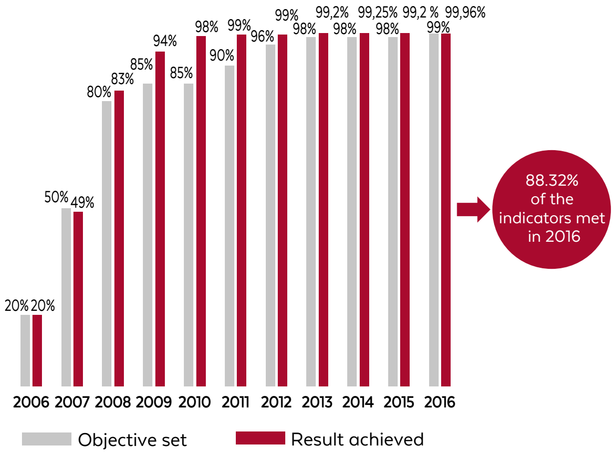
Finally, the audit confirmed that Gecina is committed to the continuous improvement of its risk management system and that this concerns regulations, business lines, the optimization of processes, and the ergonomics of the system.

This commitment is reflected in general improvement in the performance indicators and the achievement of all the objectives set for 2016."

The certification provided by the outside auditor is presented at the end of this section.

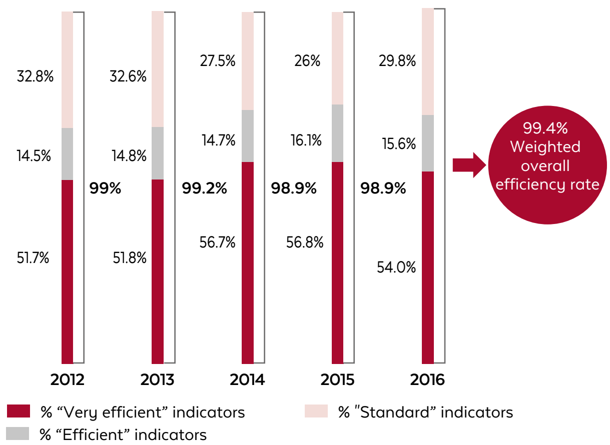
Risk assessment rate: 99.96% of indicators are completed on the adopted scope of assets

The quantitative and qualitative control of assessments confirms "that the overall assessment rate for risk control indicators was 99.96%, which exceeded Gecina's goal of reaching 99% at the end of 2016".



Out of a total of 35,226 indicators, 88.32% were met, which confirms the strong mobilization of the teams in the area of risk control.

Change in indicators by efficiency criterion over 5 years (after inter-area and financial weightings)

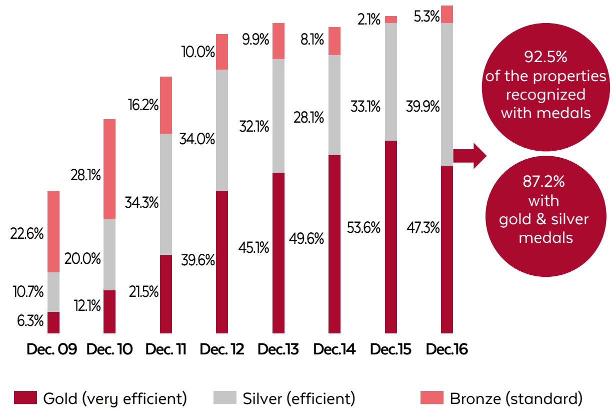


The total percentage of weighted indicators met increased by 0.5 point compared to 2015.

A weighted overall efficiency rate of 99.4%: the initial target of 98% for 2016 was exceeded by 1.4 point.

The sale of the healthcare and mature assets had no direct impact on the weighted mapping results and the improvement in the results compared to 2016 was driven primarily by the deployment of the action taken with respect to the asbestos risk.

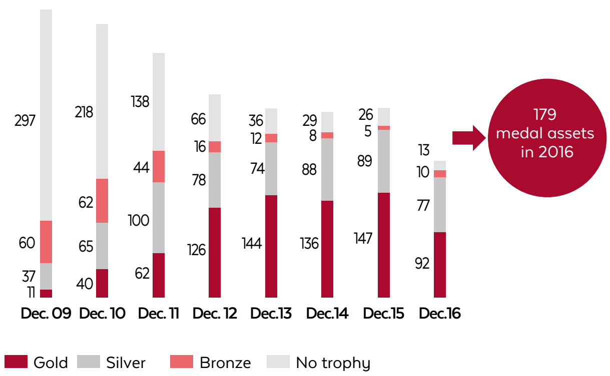
In fact, 92,5% of the weighted property holdings earned a trophy, representing a net increase compared to 2015: +3.8 points.



Finally, the goal of obtaining gold or silver trophies for 70% of the weighted property portfolio at year-end 2016 was largely exceeded for the fifth consecutive year, reaching 87.2%.

Breakdown of trophies in number of sites

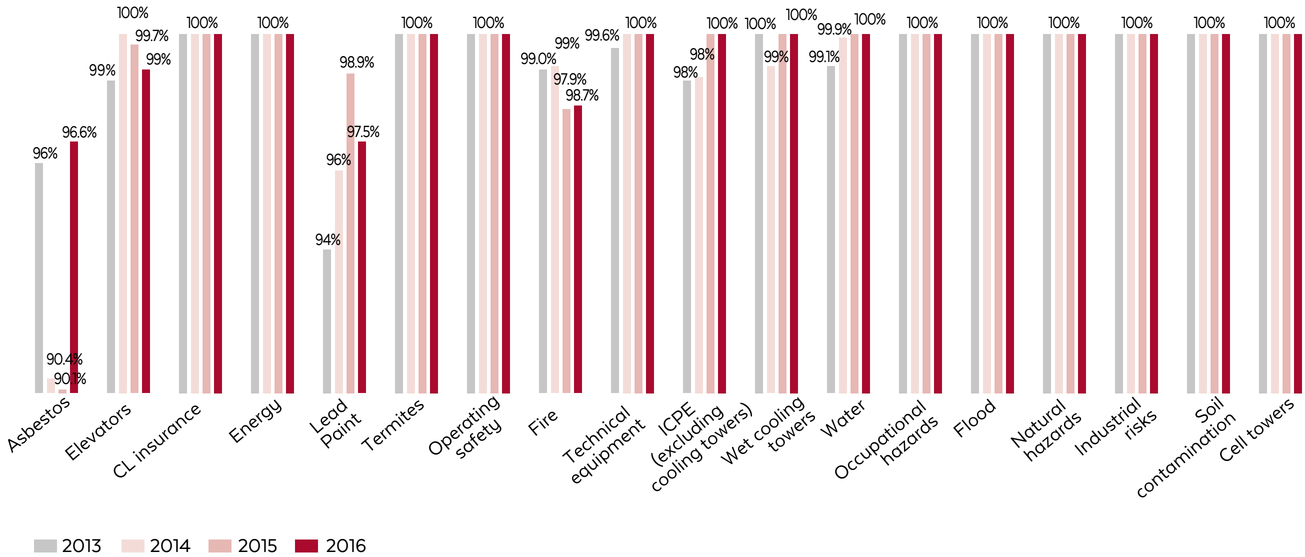
Gecina earned a total of 169 assets with gold and silver medals, down 2 points from 2015: the acquisition of City 2 and Guersant 2 did not offset the sale of the mature office assets (recognized with medals).



Overall, the Group has a policy of prudent interpretation of regulations, and a proactive risk management policy minimizes the risk of its property portfolio becoming obsolete due to regulatory changes.

1.7.5.1.2. Measured classification of Gecina's 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.

In the area of elevators, the very slight drop in the efficiency rate is essentially due to the presence of old equipment on an unleased site that will be renovated early in 2017.

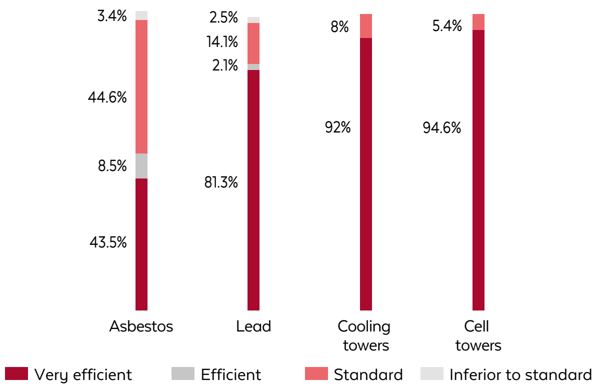
In the area of lead paint, a decline in the efficiency rate was recorded; Gecina's policy is more rigorous than the regulations since it applies the obligations to be met for residential buildings to the office properties.

In the area of fire, the performance recorded improved by 0.8 point compared to 2015. The parking area shared by two condominium assets does not fully meet Gecina's policy with respect to this risk. Proposals for improvements are currently being studied with the property agent.

Summary table of risk areas and control mechanisms

Risk level key:
● High risk
● Moderate risk

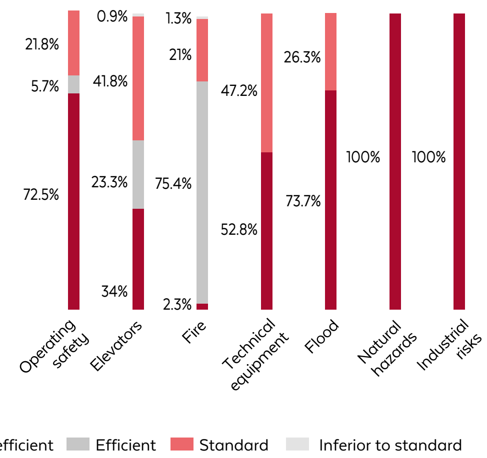
Health protection



Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate) 2014 %	2015 %	2016 %	Variation in efficiency
Asbestos Over the last four years, asbestos regulations have been significantly tightened to prevent health risks. It covers several aspects: public health, environment and work.	●	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 customers/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.	90.4	90.1	96.6	The weighted efficiency rate of the property portfolio is now 96.6%, which represents good improvement. Of the 192 assets monitored in the risk mapping, 160 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) 2014 %	2015 %	2016 %	Variation in efficiency
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 exceeds regulatory requirements by applying the mandatory housing obligations to its entire property portfolio: Gecina undertakes to remove the risk of exposure in case of the presence of deteriorated coatings containing lead at a concentration exceeding the defined thresholds, thereby reinforcing its regulatory obligations.	96.3	98.9	97.5	Although down 1.4 point, the weighted efficiency rate remains satisfactory. 47 assets date before 1949, i.e. 24.5% of the property portfolio, primarily in the corporate real estate segment where the class 3 lead is being treated. The 13 residential sites concerned are under sale. In 2016, no tenant reported significant deterioration in its private area 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.
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, etc.); and ensures transparency by placing documents on the management of TARs online for its tenants and general contractors.	99.1	100	100	The Group posted very good results in 2016. Gecina now owns only seven assets equipped with wet cooling towers and continues its policy of decommissioning installations during reconstruction operations. Five of them are managed directly by management agents or single tenants.
Mobile cell towers To date, findings from national and international appraisals present no conclusive evidence about the existence of health 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 new 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 was conducted in 2016 that confirms that, on its installations, the maximum level of exposure in closed living spaces complies with the city of Paris charter of December 13, 2012. Tenants or their representatives may request access to the technical documents relating to the safety of the mobile telephone installations.	100	100	100	The results remained stable. 19 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.).

Customer safety and comfort

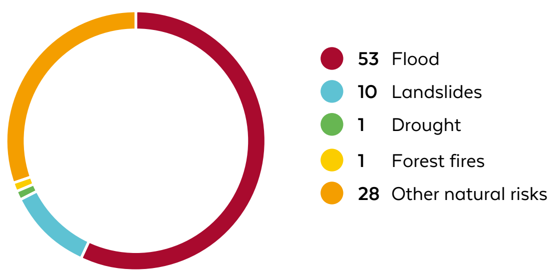


Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate) 2014 %	2015 %	2016 %	Variation in efficiency
Operating safety In this area, safety is apprehended from a "multi-criteria" angle while taking the conduct of users into account. It includes, in particular, risks associated with explosions, falls and traffic accidents, accidents and falls from a height, intrusions, electrical accidents, leaks, floods, ICPEs and other.	●	The control mechanism 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	100	The risk level remained the same. 100% of the property portfolio was appraised and subject, in 2016, to a review of outstanding action to be undertaken.
Elevators The regulations are restrictive and there could, potentially, be numerous liability issues. The value 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.	100	99.7	99	The weighted efficiency rate declined slightly by 0.7 point in 2016: One unoccupied asset does not meet Gecina's requirements. Some minor reservations had not been lifted on the closing date of the mapping results but they have since been cleared. Compliance work on 14 elevators was performed in 2016, primarily in the residential segment, for a total of €540,000. For unoccupied offices and sites awaiting complete restructuring, the standards in place will be taken into account during the renovations. Neither Gecina nor its occupants/users were involved in any accidents in 2016.

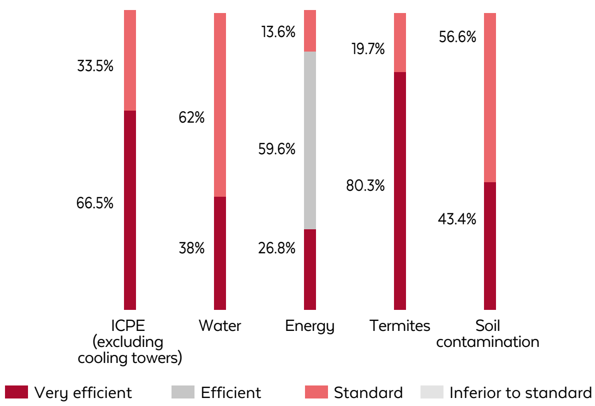
Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate) 2014 %	2015 %	2016 %	Variation in efficiency
Fire Regulations on fire risks prevention are thorough and often complex. In effect, premises regulated by the French Labor Code, regulated facilities for environmental protection (ICPEs), public access buildings (ERP), high-rise buildings (IGH), and residential premises are all governed by different regulations. 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 assets with a good level of fire safety and eliminate the faults that could be the source of danger for people and properties. Gecina has set up measures to reduce weak points identified by consultants accredited by the Group's insurer: - management measures: procedures, monitoring and alert systems, etc.; - constructive measures; - preventive measures.	99.1	97.9	98.7	The efficiency recorded is improving. The two sites that do not fully meet the criteria defined by Gecina share the same parking area. Proposals for improvements are currently being reviewed by the management board that manages this parking area. 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. It should be noted that, in 2015, the Group supplies and installed autonomous smoke detectors (D.A.A.F.) in all the housing properties.
Technical equipment 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, etc.).	●	The extent of Gecina's obligation means that all of its properties 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	100	The weighted efficiency rate is stable Technical equipment is maintained by selected, qualified companies under formal contracts and particularly studied in the interest of the Group.

Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate) 2014 %	2015 %	2016 %	Variation in efficiency
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 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 and/or technological) have been placed online and are accessible to tenants.	100	100	100	Flood All Gecina sites have been analyzed with the help of outside experts. The 53 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 134. 49 buildings have already undergone a flooding hazard audit and action plans are being implemented. The flood of June 2016 had very little impact on Gecina's properties. Damage was very slight at the six assets concerned: rising water table on four of them to the lower subsoils and disturbances at the other two sites related to the CPCU network (heat supply and production equipment) was partially flooded.
	●		100	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. 88 assets are located within the perimeter of a natural risks prevention plan (NRPP) in 2016. See* the breakdown of natural risks identified in Gecina's property portfolio.
	●		100	100	100	Industrial and technological hazards In the current state of TRPPs, 99.5 % of Gecina's property holdings are not located in a technologically hazardous zone.

** Breakdown of natural risks identified in Gecina's property portfolio*



Protection of the environment



Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate) 2014 %	2015 %	2016 %	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.	98.8	100	100	21 sites are concerned by the presence of ICPEs. Seven are directly operated by Gecina and appear to be highly efficient. The Group is very attentive to the compliance of these installations.
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 resource 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.	99.9	100	100	The results remain stable. The analysis campaign conducted in 2016 on old properties confirmed the supply of good quality water. The water theme is further developed in Chapter 7.
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 efficiency.	●	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 by the CSR Department (Chapter 7 of this document).	100	100	100	Energy labels are defined (by asset and by lots) for the entire property portfolio tracked in the risk mapping. For further information see Chapter 7

Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate)			Variation in efficiency
			2014 %	2015 %	2016 %	
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.	●	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	100	The results have been constant over the past three years: there were no termites in any of Gecina's buildings in 2016.
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.	●	The control mechanism 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 protection of people and the environment.	100	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 fiscal year 2016.

Protection of Gecina's employees

Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate)			Variation in efficiency
			2014 %	2015 %	2016 %	
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.	●	Gecina identifies the dangers and analyzes the risks to which its employees are exposed. Field audits have been conducted in all residences and at the head office employing Group staff. The introduction of a new single document template allowed the addition of musculoskeletal and psychosocial risks to the list. These single documents are updated annually and may be consulted by employees on the risk mapping platform.	100	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(1), 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.

(1) For example, a mandatory kit of personal protective equipment is supplied to each superintendent. Training sessions (electrical skills certification (H0B0), practices and postures, conflict management) were conducted over the year and equipment to improve working conditions was purchased.

Liability in leases

Areas	Lev. risk	Control mechanism	Results (weighted efficiency rate)			Variation in efficiency
			2014 %	2015 %	2016 %	
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.	●	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	100	Assessments relating to these reporting standards are described in the "Insurance" section of this chapter.

1.7.5.1.3. 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.

The existing tools have been supplemented with the preparation of potential crisis scenarios and new entrants have been trained.

Gecina Sécurité recorded 414 calls that required an intervention, and 169 without any immediate follow-up.

Number of calls for minor incidents outside office hours (example: water damage, various breakdowns, etc.)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of calls to the call center	584	574	641	614	584	494	581	432	425	414

No serious incident required the mobilization of the crisis unit in 2016.

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Risks Management
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CERTIFICATE

Magellan was appointed by Gecina to issue an external opinion on the output of the risk mapping on its assets. The audit conducted between November 15th, 2016 and January 13th, 2017 led us to provide a **reasonable level of assurance** based on the following conclusions:

Achievement of performance objectives:
Magellan certifies that, at January 9, 2016, the global rate of estimated indicators reaches 99.96 %. This realisation exceeds the target of 99 %. In addition, the rate of overall weighted performance reaches 99.4 % in 2016 (with a target set at 98%). This exceeds by 0.5 point the 2015 performance. Magellan certifies that, for 2016, 87.2 % of Gecina's assets was rewarded by either gold or silver trophies. This score is slightly up compared to 2015 (86.7 %).

Moreover, in 2016, Gecina fixed a new limit to respect regarding sites without any trophy. The limit is 9.8% and the score is 7.5%. This performance is significantly stronger than the limit.

Performance objectives for 2016 are thus respected.

Quality of self-assessments:
Regarding self-assessment quality, the audit covered six segments: Telecommunications Antennas, Elevators, Installations Classified for Environmental Protection, Cooling Towers, Lead and paint, Technical Equipments. According to the results of the interviews and the 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. Verifications helped to control the reliability of risk mapping and data quality.

Evolution of the risks control device:
Magellan noticed improvements made on the risk framework in 2016, including: a new user screen design to display site information, new dashboards including leaseholds to be processed and document management processing for all sites, management of engaged orders from a task list, some added information available for lead giving to manager a resume of "UDC class 3" location without "CREP" reading requirement, availability of DPE for each site and each parcel, budget management for communication costs and estimated work cost for flood domain.

Certified in PARIS, January 17th, 2017
Michel HATIEZ, CEO

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1.7.6. INSURANCE

The core objective of Gecina's policy with regard to insurance is the safeguarding of its assets and protection against 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 principal 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 "RCPI", *i.e.* Property Owners Liability (POL);
- construction insurance policies (constructor's liability, all construction risks);
- third-party liabilities (general, environmental);
- other policies (cars, 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.

1.7.6.1. Coverage of damages 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.

1.7.6.2. 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, 2017.

1.7.6.3. Environmental third-party liability

This innovative coverage in the real estate sector 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, 2016.

1.7.6.4. 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 described herein.

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.

Aside from court costs, and the expenses and internal costs of defense, these steps to respond to court injunctions 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.

1.7.6.5. Claims

There was no significant claim in 2016 and until the date of the publication of this document.

Chapter 02

Comments on the fiscal year

The Group's consolidated income 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). 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. STRONG FOCUS ON CREATING VALUE AND RATIONALIZING THE PORTFOLIO IN 2016

Following on from an exceptional year for its portfolio's rotation in 2015, Gecina maintained its firm focus on rationalizing its portfolio and creating value in 2016.

The Group has secured nearly 2.0 billion euros of sales of real estate assets, delivering an immediate accretive impact on NAV, with 644 million euros excluding the healthcare portfolio's sale and an average premium of around +15% versus the latest appraisal values, capitalizing on favorable conditions on the investment market to maximize value extraction by divesting mature or non-strategic assets.

Alongside this, Gecina secured nearly 321 million euros of new investments in 2016 in the best business districts in the Paris Region, at the heart of Paris (rue Guersant, rue de Madrid) and in the Southern Loop of Paris' Western Crescent (Be Issy in Issy-les-Moulineaux), through operations with strong potential for creating value.

The total pipeline for development and redevelopment operations is up to over 3.7 billion euros, despite the delivery of two major projects in 2016 (City 2 and Le Cristallin in Boulogne).

Seven new development projects were launched in 2016, thanks to the new investments secured during the year (Be Issy and rue de Madrid), as well as five new redevelopment operations that started up in 2016 on assets within the portfolio after the properties were vacated (three new projects in Paris City, with the other two located in Neuilly and Levallois-Perret). Gecina's pipeline for committed projects is up to over 1.5 billion euros (versus 910 million euros at end-2015), based on 15 operations, with nearly 90% located in Paris City and the Western Crescent's best sectors (Issy-les-Moulineaux, Neuilly and Levallois). This committed pipeline will have a significant accretive impact on NAV as the work progresses and on recurrent net income when the projects are delivered, expected for 2017 to 2019.

NAV climbed +7.7% to 132.1 euros per share in 2016, with an increase of around +9.5 euros per share, driven primarily by the total return strategy rolled out, particularly with capital gains from sales, as well as growth in the value of assets acquired recently or under development. Including the 5 euro dividend paid in 2016, the total property return performance comes out at nearly +12%.

Recurrent net income (Group share) was stable in 2016 compared with 2015 (-0.5%). Restated for costs linked to the departure of the previous Chief Executive Officer, recurrent net income represents 349.7 million euros (+0.1%). This performance factors in significant changes in scope, particularly with the major acquisitions made in 2015 (primarily the T1&B buildings in La Défense and the PSA Group's current headquarters in Paris' CBD), as well as sales of mature and non-strategic assets concentrated primarily over 2016 (sales of the healthcare portfolio and office buildings located in non-strategic areas for Gecina). The performance for 2016 also reflects the continued optimization of financial expenses, down -28.3%, with an overall average cost of debt of 2.2% (down 50 bp) and a significant increase in the maturity of drawn debt and rate hedging.

2.1.2. RENTAL INCOME IN LINE WITH THE GROUP'S FORECASTS

Gross rental income came to 540 million euros in 2016, down -6.0%, reflecting the significant changes in scope from the last two years. Like-for-like, rental income shows a moderate contraction of -0.5%.

Like-for-like, this moderate contraction of -0.5% at end-2016 is consistent with the Group's expectations. It factors in the level of indexation, which is still low (+0.2%), and the slightly negative reversion resulting from renegotiations in 2015, some of which came into effect at the start of 2016. Like-for-like growth has also been impacted by the departure of a tenant from a building located in the Outer Rim, while part of the space vacated has already been relet. Excluding just this asset, rental income is stable like-for-like (+0.1%).

On a current basis, the -6.0% reduction is linked primarily to the high volume of sales completed and particularly the healthcare portfolio's sale, finalized on July 1, 2016. This drop also reflects the sales programs rolled out in 2015 and 2016, making it possible to achieve significant capital gains on residential assets, as well as mature or non-strategic office buildings. Lastly, the change in rental income on a current basis also factors in the temporary loss of rental income from office buildings with strong value creation potential, on which redevelopment work has been launched following their tenants' departures.

Over the period, the additional rent generated by acquisitions and deliveries made in 2015 and 2016 totaled +46.1 million euros, with the T1&B buildings in La Défense, PSA-Grande Armée in Paris' CBD, City 2 in Boulogne-Billancourt, Guersant-2 in Paris and four student residences.

On the other hand, the loss of rental income resulting from sales represents -70.5 million euros, with -37.1 million euros from the healthcare portfolio's sale and -33.4 million euros resulting from sales of commercial and residential assets in 2015 and 2016, particularly in Gentilly, Boulogne-Billancourt, La Garenne-Colombes, Neuilly, Suresnes and Rueil Malmaison. The change in rental income also reflects the impact of the building redevelopment projects launched in 2015 and 2016, representing a loss of rent of around -8.2 million euros.

Gross rental income In million euros	Dec 31, 16	Dec 31, 15	Change (%) Current basis	Change (%) Like-for-like
Group total	**540.0**	**574.6**	**-6.0%**	**-0.5%**
Offices	372.9	364.2	+2.4%	-0.5%
Traditional residential	113.7	121.3	-6.2%	-0.3%
Student residences	14.0	12.0	+17.5%	-1.6%
Healthcare and other	39.4	77.1	-49.0%	NA

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

On a current basis, rental income from offices is up +2.4% thanks in particular to the impact of the acquisition of the T1&B buildings in La Défense and PSA's current headquarters in Paris' CBD in the second half of 2015, as well as acquisitions immediately generating rental income that were finalized in 2016 (City 2 in Boulogne-Billancourt, Guersant-2 in Paris). Over the year, these acquisitions offset the impact of sales and redevelopments (particularly the Paris-Guersant 1 building in 2015, as well as the Octant-Sextant assets in Levallois, Paris-Ville l'Evêque, Paris-Friedland and a real estate complex in Neuilly in 2016).

Like-for-like, rental income is down slightly, with -0.5%, in line with the Group's expectations. This slight contraction factors in a particularly low level of indexation (+0.2%) and the latest impacts of the renewals and renegotiations granted in 2015 and early 2016 on suburban Paris assets in return for extending the maturity of their leases. Like-for-like growth notably reflects the impact of the departure of Oracle, which vacated part of the Crystalys building in Vélizy at the end of August 2015 (in the Paris Region's Outer Rim). Today, this space has been partially relet. **Excluding just this asset, like-for-like growth would be positive, with +0.3% for 2016.**

Like-for-like rental income growth is **already positive for Paris City (+1.4%), confirming the first signs of rents picking up again in central sectors.**

In view of the improvement in rental market conditions in the Paris Region's most central sectors, the **like-for-like change in office rental income is expected to be positive in 2017.**

Gross rental income – Offices In million euros	Dec 31, 16	Dec 31, 15	Change (%) Current basis	Like-for-like
Offices	**372.9**	**364.2**	**+2.4%**	**-0.5%**
Paris City	189.9	186.3	+1.9%	+1.4%
Paris CBD - Offices	*106.8*	*98.7*	*+8.3%*	*+1.0%*
Paris CBD - Retail units	*35.9*	*35.0*	*+2.6%*	*+3.2%*
Paris excl. CBD	*47.2*	*52.6*	*-10.4%*	*+0.6%*
Western Crescent - La Défense	147.3	137.0	+7.5%	-2.0%
Other	35.7	41.0	-12.8%	-5.9%

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

The trends observed for 2016 confirm Gecina's confidence in the Paris Region's most central business sectors picking up again. Although they reveal an upturn in take-up across the entire Paris Region, the Immostat statistics published recently show significantly contrasting trends within the region. While the most central areas and particularly Paris City have reached a rental turning point, the situation is still more delicate for more peripheral areas (Inner and Outer Rims), although Gecina has very few assets in these sectors.

Take-up shows an average increase of +7% for the Paris Region compared with 2015, but the most central sectors have continued to account for the majority of the volume of transactions recorded. Take-up for Paris City climbed +14% in 2016, while the volume came in 32% higher than the 10-year average, accounting for nearly half of the total volume of transactions for the Paris Region. However, trends for the rest of the region are less positive, with an increase in take-up of only +1%, lower than the 10-year averages, particularly in more peripheral areas in the Inner and Outer Rims.

Immediate supply levels are also contracting, with an average of -10% for the Paris Region. However, once again, the trends are very mixed and more positive for the most central sectors. While immediate supply levels are down -30% for Paris City and -7% for the Western Crescent and La Défense, they show only a moderate reduction for peripheral sectors (-5% for the Inner Rim and -2% for the Outer Rim). For Paris City, following the contraction in available supply, it now represents only 15% of total immediate supply for the Paris Region.

As a result, the average **vacancy rate** for Paris City, reported by BNP Paribas Real Estate, is now down to less than 3.5% (vs. 5% at end-2015), highlighting the shortage of quality assets and moving close to an all-time low. On average for the Paris Region, this rate is down from 7.4% to 6.7%.

The outlook in terms of available supply within one year suggests that the **market balance will continue to be favorable in 2017**. The lack of available supply for quality premises in the region's most central sectors is expected to support rental trends and confirm the moderate upturn in market rents seen primarily in Paris and La Défense.

Diversification portfolios

Rental income from **traditional residential** assets is virtually stable like-for-like (-0.3%), primarily due to no impact for indexation in 2016. On a current basis, the -6.2% contraction primarily factors in the program to sell apartments on a unit basis when they become vacant as tenants naturally free up assets.

The **student residence** portfolio achieved strong growth in rental income (+17.5%) in 2016, driven by the major deliveries seen in the third quarter of 2015 in Paris, Bagnolet, Palaiseau-Saclay and Bordeaux. Like-for-like, rental income is down -1.6%, notably factoring in a temporary increase in the vacancy rate linked to work to overhaul the IT and operational systems in a residence in the Paris Region; excluding this residence, like-for-like growth comes out at +0.8%.

2.1.3. OCCUPANCY RATE STABLE AND STILL HIGH

The **average financial occupancy rate** for 2016 came to 95.5% excluding healthcare (95.9% including the healthcare portfolio), stable over six months and down slightly year-on-year, linked primarily to the delivery of Le Cristallin, which had not been let by the end of 2016. Indeed, this rate does not take into account the lease signed in January 2017 with the Renault Group to rent all of this asset.

Average financial occupancy rate	Dec 31, 15	Jun 30, 16	Sep 30, 16	Dec 31, 16
Offices	**95.8%**	**95.4%**	**95.5%**	**95.5%**
Diversification	**97.0%**	**95.9%**	**95.5%**	**95.6%**
Residential	97.7%	97.1%	96.9%	96.6%
Student residences	91.7%	88.7%	87.2%	89.1%
GROUP TOTAL EXCLUDING HEALTHCARE	**96.1%**	**95.5%**	**95.5%**	**95.5%**
Healthcare	100.0%	100.0%	100.0%	100.0%
Reported Group total	**96.6%**	**96.2%**	**96.0%**	**95.9%**

Rental margin

The **rental margin** represents 92.4%, up 80 bp year-on-year, driven by the improved margin for the office portfolio, benefiting from the fully let, single-tenant assets acquired in 2015 being integrated into Gecina's portfolio, with their higher rental margins than the Group average. The rental margin for offices also reflects the impact of the restatement of rental management fees previously recognized as revenue from "services and other income". Like-for-like, the office rental margin is up +0.1%.

	Group	Offices	Residential	Healthcare
Rental margin at Dec 31, 2015 - reported	91.6%	94.0%	81.1%	99.4%
Rental margin at Dec 31, 2015 - excl. healthcare	90.4%			
Rental margin at Dec 31, 2016 - reported	92.4%	95.5%	81.0%	98.9%
Rental margin at Dec 31, 2016 - excl. healthcare	91.9%			

2.1.4. RECURRENT NET INCOME (GROUP SHARE) STABLE

Recurrent net income (Group share) is stable year-on-year at 347.4 million euros (-0.5%). Excluding the costs linked to the departure of the previous Chief Executive Officer, recurrent net income (Group share) shows a very slight increase, up to 349.7 million euros (+0.1%).

This stability reflects the impact of the acquisitions made in 2015 (including T1&B in La Défense and PSA's current headquarters in Paris' CBD), as well as the continued optimization of financial expenses, which, during the year, offset the impact of the healthcare portfolio's sale (finalized on July 1, 2016) and the new projects launched to redevelop buildings after they have been vacated.

In million euros	Dec 31, 16	Dec 31, 15	Change (%)
Gross rental income	**540.0**	**574.6**	**-6.0%**
Net rental income	**498.9**	**526.2**	**-5.2%**
Services and other income (net)	1.3	8.3	-83.8%
Salaries and management costs	(63.2)	(62.1)	+1.7%
EBITDA	**437.0**	**472.4**	**-7.5%**
Net financial expenses	(86.0)	(119.8)	-28.3%
Recurrent gross income	**351.0**	**352.5**	**-0.4%**
Recurrent minority interests	(0.2)	0.2	NA
Recurrent tax	(3.4)	(3.5)	-2.2%
RECURRENT NET INCOME (GROUP SHARE) (1)	**347.4**	**349.2**	**-0.5%**

(1) Recurrent net income excludes the costs linked to the offer for Foncière de Paris, representing 4.2 million euros.

2.1.5. INVESTMENTS AND SALES

2.0 billion euros of sales secured or completed in 2016, with 644 million euros excluding healthcare

In line with the Group's ambition to accelerate its portfolio rotation, **Gecina has completed or secured nearly 2.0 billion euros of sales since the start of 2016** (excluding duties, Group share), including the sale of the Group's healthcare portfolio, which was finalized on July 1.

The amount of sales completed or secured excluding the healthcare portfolio represents 644 million euros, including **483 million euros finalized with a premium of around +15% versus the latest appraisal values and an exit yield of approximately 4.2%** based on expected annualized rents for 2016.

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

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

339 million euros of office sales completed or secured in 2016

Since January 1, 2016, the Group has completed or secured nearly 339 million euros of office sales, 319 million euros of which have already been finalized, primarily in Rueil-Malmaison, Suresnes and Neuilly. These operations show an average premium versus the end-2015 appraisals of almost 7.3%, with a loss of rental income of approximately 4.7% based on expected annualized rents for 2016.

305 million euros of residential sales completed or secured, with 189 million euros on a unit basis, achieving a premium of around 34% versus the appraisal values

In 2016, Gecina completed or secured 189 million euros of vacant unit-based residential sales, with 162 million euros already completed on, achieving a premium of around 34% compared with their appraisal values, while the loss of rental income for Gecina represents 3.2%. At end-December 2016, nearly 28 million euros of sales were subject to preliminary agreements. Alongside this, Gecina has secured 113 million euros of block residential sales, also achieving a significant premium versus the latest appraisals (around 19%).

Over 321 million euros of new investments secured

Alongside these sales, Gecina has already secured over **321 million euros[1] of new investments** in assets for development or redevelopment that will be **delivered in 2018 and 2019**.

This amount concerns the acquisition of three assets, including one off-plan in Issy-les-Moulineaux, while the other two assets - 34 rue de Guersant and 7 rue de Madrid, at the heart of Paris - are already being redeveloped or could benefit from redevelopment programs.

During the first half of the year, Gecina signed an agreement with the developer PRD Office to acquire the **"BE ISSY"** office building off-plan, with delivery in 2018. This asset, located in Issy-les-Moulineaux, in the Southern Loop of Paris' Western Crescent, will offer a gross leasable area of around 25,000 sq.m and 258 parking spaces. The transaction represents a total of **161 million euros** including commissions and fees. Based on current market rents, Gecina expects this operation to achieve a net yield on delivery of 6.7%.

(1) Total amount of investments secured including acquisition prices and outstanding capex through to project deliveries.

At the start of the second half of 2016, Gecina also acquired a building at **34 rue Guersant (Paris 17th)** for nearly **51 million euros**. This building, currently occupied by CBRE under a lease that will end in 2017, is adjacent to another asset already owned by Gecina at 32 rue Guersant, which has been redeveloped since the start of 2016. The two buildings will be able to represent a combined complex with 20,000 sq.m of space, which is rare at the heart of Paris, while potentially offering significant operational synergies.

Lastly, the Group has acquired a 10,500 sq.m asset located at **7 rue de Madrid (Paris 8th)**, in Paris' CBD. This asset, which is currently vacant, is now being redeveloped, taking the total volume of investment up to almost 109 million euros, with a net yield on delivery of nearly 6.4%.

2.1.6. BUOYANT PROJECT PIPELINE CREATING VALUE OVER THE SHORT, MEDIUM AND LONG TERM

In 2016, Gecina's pipeline grew to over 3.7 billion euros, despite the delivery of the "City 2" and "Le Cristallin" buildings in Boulogne-Billancourt. More than 41% of this portfolio is made up of committed projects (1.54 billion euros), with 19% controlled and certain projects (0.70 billion euros), on which work will start up when their current tenants leave, while 40% (1.49 billion euros) is made up of projects identified within Gecina's portfolio, but when tenant departures are not yet certain.

Seven new projects representing over 100,000 sq.m of offices were launched this year in Paris, Neuilly, Levallois-Perret and Issy-les-Moulineaux.

In total, the pipeline for committed projects could generate up to **100 million euros of additional rental income**.

1.54 billion euros of committed projects with deliveries expected primarily for 2018

The committed pipeline is up to 1.54 billion euros (versus 0.91 billion euros at end-2015), with an average yield on delivery of around 6.4% expected, offering significant value creation potential given the project locations. **Half of this committed pipeline is concentrated in Paris City**, with 37% in the Western Crescent (Levallois, Neuilly and Issy-les Moulineaux).

The year-on-year increase in the committed pipeline (+628 million euros), despite the delivery of two buildings (City 2 and Le Cristallin), reflects the inclusion of seven new committed projects:

- **Two acquisitions of projects and assets for redevelopment** ("Be Issy" in Issy-les-Moulineaux and Paris-Madrid).
- **Launch of redevelopment work on five buildings** located in Paris City, Levallois and Neuilly, with their deliveries expected primarily for 2018. These five new redevelopment projects represent a total investment volume of around 614 million euros.
- The "City 2" and "Le Cristallin" buildings, which were delivered in the first half of 2016, represented only 258 million euros.

At end-2016, 463 million euros were still to be invested on committed projects, with 276 million euros in 2017, 170 million euros in 2018 and 17 million euros in 2019.

0.70 billion euros of "certain" controlled projects over the short or medium term, exclusively in Paris' CBD

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 0.70 billion euros (versus 1.2 billion euros at end-2015). This reduction reflects the launch of redevelopment work for the "Octant-Sextant" and "20 Ville l'Evêque" buildings in the first half of the year, as well as a real estate complex in Neuilly and another two buildings in Paris during the second half of the year. The "certain" controlled pipeline is now concentrated exclusively in Paris' CBD, through projects with indicative delivery dates from 2020 to 2021.

1.49 billion euros of "probable" controlled projects over the longer term, with 87% 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.**

Concise overview of the developments pipeline

Projects	Immostat sector	Delivery date	Space (sq.m)	Total investment (€m) [1]	Already invested (€m) [2]	Still to invest (€m)	Est. yield on cost (net)	Pre-letting (%)
Paris - 55 Amsterdam	Paris non-CBD	Q1-17	12,300	101	95	6	7.5%	
Lyon - Gerland	Lyon	Q2-17	20,300	52	46	5	8.4%	100%
Levallois - Octant Sextant	Western Crescent	Q1-18	37,500	222	167	55	7.2%	
20 Ville l'Evêque	Paris CBD	Q1-18	6,400	69	60	9	5.4%	
Paris - Guersant	Paris non-CBD	Q3-18	14,100	127	94	34	6.1%	
Lyon Part Dieu - Sky 56	Lyon	Q3-18	30,700	133	69	64	6.9%	83%
Paris – IBOX (previously Sunflower)	Paris non-CBD	Q3-18	19,400	163	108	55	5.9%	
Issy les M. - Be Issy	Western Crescent	Q3-18	25,000	161	74	86	6.7%	
Paris - Friedland	Paris CBD	Q4-18	2,000	23	18	6	5.7%	
Undisclosed project [3]	Paris	Q4-18		182	159	23	5.2%	
Neuilly	Western Crescent	Q2-19	14,500	116	90	26	5.9%	
Paris - 7, Rue de Madrid	Paris CBD	Q3-19	10,500	109	64	45	6.4%	
Total offices			**>192,700**	**1,458**	**1,044**	**414**	**6.4%**	
Marseille - Mazenod	Other regions	Q2-17	3,700	14	11	4	6.7%	NA
Puteaux Valmy – Skylights	Western Crescent	Q2-17	4,000	21	7	14	6.4%	NA
Puteaux - Rose de Ch.	Western Crescent	Q2-18	7,400	43	13	30	6.9%	NA
Total student residential			**15,100**	**79**	**31**	**48**	**6.7%**	
TOTAL committed projects			**>207,800**	**1,538**	**1,075**	**463**	**6.4%**	
Controlled and certain			**47,300**	**698**	**538**	**159**	**4.8%**	
Controlled and probable			**199,400**	**1,489**	**618**	**871**	**6.7%**	
TOTAL PIPELINE			**>454,500**	**3,724**	**2,231**	**1,493**	**6.2%**	

(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
(3) This project, which is currently occupied, is classed as committed since the tenant's departure has been firmly agreed on for the end of the first half of the year

2.2. FINANCIAL RESOURCES

2016 was marked by distinctive macroeconomic and financial circumstances: historically low interest rates and significant political and monetary events, such as the English referendum on Brexit, the Italian referendum, the US presidential elections and the ECB's monetary policy, which sparked greater volatility on rates and financial markets than in the past.

Regarding Gecina, the year was also marked by a sharp decline in debt volume (by €1.1 billion) following the disposal of the Healthcare portfolio in July.

Despite this particular context, the Group carried out a very active liability management, raising €1,480 million of new financings (including €660 million in early 2017) at an average 8.3 years maturity, including a new bond issue in September of €500 million with a 1% coupon and 12.3-year maturity.

This year again, the overall impact of financial policies on the Group's key aggregates was significant:

- fall in the cost of drawn debt to 1.7% (-50 bp compared to 2015);
- extension of the average maturity of debt (6.7 years *vs.* 5.7 years at year-end 2015) and average maturity of hedging (7.3 years *vs.* 5.8 years at year-end 2015).
- decrease in LTV to 29.4% (mainly thanks to the disposal of the Healthcare portfolio) and increase in ICR to 4.9x (mainly because of the drop in the cost of deb);
- improvement in Moody's rating to A3 and S&P rating to BBB+/positive outlook.

Throughout the year, 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 2016, available liquidity easily covers the credit maturities for the next three years.

2.2.1. DEBT STRUCTURE AT DECEMBER 31, 2016

Net financial debt amounted to €3,582 million at year-end 2016, down €1,135 million compared to year-end 2015, due to the disposal of the Healthcare portfolio on July 1, 2016.

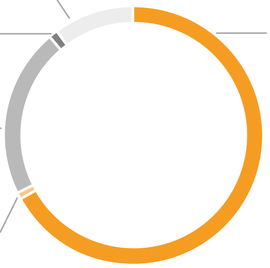
The main characteristics of the debt are:

	12/31/2015	12/31/2016
Gross financial debt (€ million)(1)	4,863	3,640
Net financial debt (€ million)	4,717	3,582
Gross nominal debt (€ million)(1)	4,814	3,616
Unused credit lines (€ million)	2,410	2,245
Average maturity of debt (years, adjusted for available credit lines)	5.7	6.7
LTV	36.4%	29.4%
LTV (including transfer taxes)	34.7%	27.7%
ICR	3.9x	4.9x
Secured debt/Properties	7.7%	6.5%

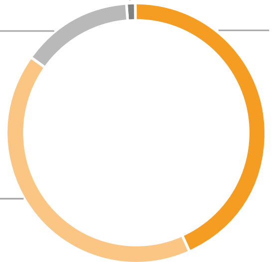
(1) Gross financial debt = Gross nominal debt + impact of the recognition of bonds at amortized cost + accrued interests not due + other.

Debt by type

Breakdown of gross nominal debt



Breakdown of authorized financing (including €2,245 million of unused credit lines at 12/31/2016)



The Group's sources of financing are diversified, and long-term bonds make up 67% of the Group's nominal debt and 44% of the Group's authorized financings.

At December 31, 2016, Gecina's gross nominal debt comprised:

- €2,418 million of bonds issued under the EMTN (Euro Medium Term Note) program;
- €797 million of bank loans, of which €748 million of mortgage financing and €49 million of corporate financing;
- €46 million of financial leases; and
- €355 million of short-term resources, of which €245 million in commercial papers and €110 million in short-term private placements covered by confirmed medium- and long-term credit lines.

2.2.2. LIQUIDITY

As at December 31, 2016, Gecina had €2,304 million available liquidity, of which €2,245 million in unused credit lines and €59 million in cash, easily covering all credit maturities for the next three years.

Financing or refinancing transactions completed during the fiscal year amounted to €1,480 million (including €660 million at the beginning of 2017) with an average maturity of 8.3 years and include:

- a €500 million 12.3-year bond issue (2029 maturity) in September 2016 with a coupon of 1.0% (62 bp spread on the mid-swap rate);
- the signing of €980 million (including €660 million at the beginning of 2017) in bilateral bank credit lines with an average maturity of 6.3 years in return for the cancellation of €684 million outstanding maturing in 2017-2018.

In addition, Gecina repaid €1,925 million, (with €199 million at the beginning of 2017) of which:

- repayment of the €500 million bond due in February 2016;
- the buyback program for the 2019, 2021 and 2023 bond issues (with coupons between 1.75% and 4.75%) for a total amount of €532 million in October 2016, alongside the new €500 million 12.3-year bond issue;
- the early termination of €684 million (of which €199 million at the beginning of 2017) of bank credit lines maturing in 2017-2018;
- the sale or termination of financing bound to the Healthcare portfolio for a total of €96 million;
- the sale of two financial leases of €48 million as part of the disposal of a building.

Gecina updated its EMTN program with the AMF in February 2016 and its commercial paper program with the Banque de France in May 2016.

In 2016, Gecina also had short-term resources in the form of commercial papers and private placements with short maturities. At December 31, 2016, the Group carried €355 million in short-term resources, compared to €813 million at year-end 2015 and €1,351 million mid-year, in connection with the disposal of the Healthcare portfolio. The average outstanding amount in 2016 was €1,094 million, compared with €616 million in 2015.

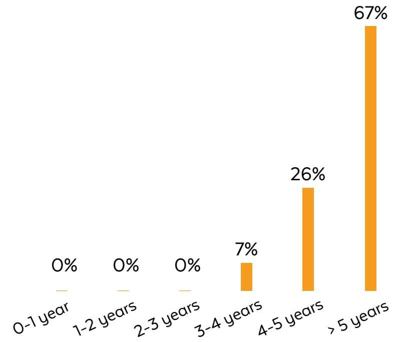
Lastly, Gecina's loan repayments due in the next three years are easily covered by €2,304 million in liquidity (unused credit lines and cash). Debt amortizations and maturities for 2017, 2018 and 2019 amount to €1,214 million. The purposes of this liquidity are to cover the refinancing of short-term maturities, to enable refinancing under optimal conditions, to meet the criteria of rating agencies and to finance the Group's investment projects.

2.2.3. DEBT REPAYMENT SCHEDULE

As at December 31, 2016, the average maturity of Gecina's debt is 6.7 years[1], 1 year longer compared with December 31, 2015.

All the credit maturities for the next three years were covered by unused credit lines as at December 31, 2016. Furthermore, 93% of the debt has a maturity of more than four years and 67% of debt has a maturity exceeding five years.

Schedule of the debt as at December 31, 2016 (after allocation of unused credit lines)



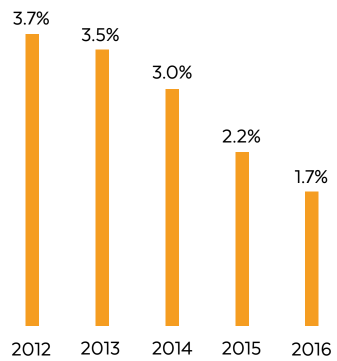
2.2.4. AVERAGE COST OF DEBT

The average cost of drawn debt significantly decreased in 2016, down from 2.2% in 2015 to 1.7%. This positive change is primarily due to the Group's financial strategy (rating, financial structure, hedging policy, loan repayment schedule, etc.) that has been implemented in a favorable market environment.

The average cost of overall debt also improved, falling from 2.7% in 2015 to 2.2% in 2016.

Capitalized interest on development projects amounted to €6.5 million in 2016 (*versus* €5.9 million in 2015).

Average cost of drawn debt over the last five years



2.2.5. CREDIT RATING

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

- on December 22, 2016, Moody's upgraded Gecina's rating from Baa1 with a stable outlook to A3 with a stable outlook;
- in addition, on October 25, 2016, Standard & Poor's reviewed its rating outlook from BBB+ with a stable outlook to BBB+ with a positive outlook.

(1) After taking into account unused credit lines.

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.

Gecina continued to adjust and optimize its hedging policy in 2016 aimed at:

- maintaining an optimal hedging ratio;
- adjusting its hedging portfolio after the issue of the fixed-rate bond and when the debt volume changes;
- raising the average maturity of hedges (fixed-rate debt and derivative instruments); and
- securing historically low interest rates for the long-term.

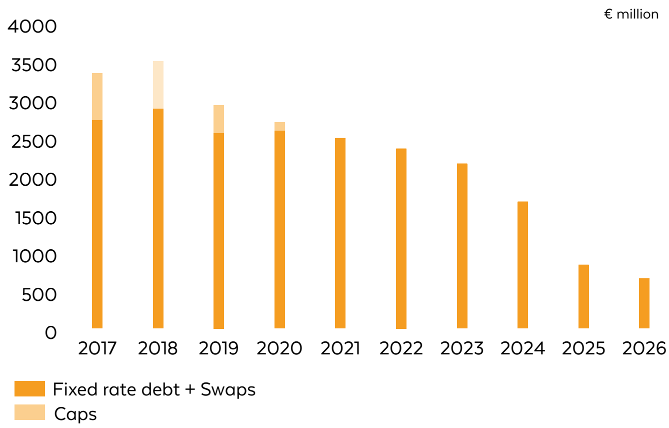
To this end, Gecina put in place €300 million of swaps with a 10-year maturity and terminated €240 million of swaps with an average maturity of 4.1 years. Furthermore, the bond buyback combined with a new 12.3 years issue maintained at a fixed rate also contributed to significantly extend the average maturity of the Group's hedging portfolio.

As a result of these transactions:

- the average maturity of hedges (fixed-rate debt and derivative instruments) was 7.3 years at year-end 2016 compared to 5.8 years at December 31, 2015;
- based on the current debt level, the average hedging ratio is 77% over the next seven years.

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.

Profile of the hedging portfolio



Measuring interest rate risk

Gecina's anticipated net financial debt in 2017 is 84% hedged against interest rate increase (depending on observed Euribor rate levels, due to caps).

Based on the existing hedging portfolio, contractual conditions as at December 31, 2016, and anticipated debt in 2017, a 50 basis-point increase in the interest rate would generate an additional expense in 2017 of €5.8 million. A 50 basis-point fall in interest rates would result in a reduction in interest expense in 2017 of €5.8 million.

2.2.7. FINANCIAL STRUCTURE AND BANKING COVENANTS

Gecina's financial position as at December 31, 2016, meets all requirements of the various covenants of loan agreements the company has contracted.

Main financial ratios outlined in the loan agreements

	Benchmark standard	Balance at 12/31/2016
LTV Net debt/revalued block value of property holding (excluding duties)	Maximum 55%	29.4%
ICR EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	4.9x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	6.5%
Revalued block value of property holding (excluding duties, € million)	Minimum 6,000/8,000	12,171

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

At December 31, 2016, the LTV was 29.4%, significantly lower than at December 31, 2015, due to the disposal of the Healthcare portfolio in July 2016. The ICR is up sharply by +1.0x, from 3.9x in 2015 to 4.9x in 2016.

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 €748 million at year-end 2016, compared with €863 million at year-end 2015. Furthermore, outstanding nominal financial leases amounted to €46 million compared with €139 million at December 31, 2015.

Thus as at December 31, 2016, the total amount of financing secured by mortgage-backed assets or leasing amounted to 6.5% of the total block value of the property holding held, *versus* 7.7% at December 31, 2015, 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.

Based on a total amount of authorizations of €5,506 million as at December 31, 2016 (including drawn debt and available credit lines), €2,430 million of bank debt and €2,418 million in bonds (falling due on April 11, 2019, May 30, 2023, July 30, 2021, June 17, 2024, January 20, 2025 and January 30, 2029) are affected by such a clause concerning a change of control of Gecina (in most of the cases, this change must result in a downgrading in the credit rating to "Non-Investment Grade" for this clause to be activated).

Regarding bond issues maturing in April 2019, May 2023, July 2021, June 2024, January 2025 and January 2029, a change of control followed by the downgrading of Gecina's credit rating to Non-Investment Grade, not upgraded to Investment Grade within the next 120 days, may trigger the early repayment of the loan.

2.3. APPRAISAL OF PROPERTY HOLDINGS

The entire property holding of Gecina group undergoes appraisals each year as at June 30 and December 31 conducted by a board of three independent appraisers: CBRE Valuation, Cushman & Wakefield and Crédit Foncier Expertise. The real estate appraisers underwent a selection process in January 2016 under the supervision of the Group's Audit and Risk Committee and on the basis of a statement of work. The contracts that were awarded have a six-year term, including a firm three-year period. 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 real estate holdings comprise commercial assets (offices and retail) and residential buildings. 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: sale of entire buildings (appraised block value) or, where appropriate, for residential assets, individual sale of units comprising the properties (appraised unit value). The method used by the appraisers is described in Note 3.5.3.1.1 of the Notes 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 holding valuation to changes in the economic situation is indicated in the Consolidated financial statements section, in Note 3.5.6.6.

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 2016 change in the balance sheet fair value according to the Group's accounting standards is as follows:

€ million	Block value			Δ Change current basis		Δ Change like-for-like
	12/31/2016	06/30/2016	12/31/2015	12/31/2016 vs 12/31/2015	12/31/2016 vs 06/30/2016	12/31/2016 vs 12/31/2015
Offices	**9,434**	**9,066**	**8,892**	**+6.1%**	**+4.1%**	**+4.3%**
- Paris City	5,125	4,937	4,710	+8.8%	+3.8%	+6.4%
Paris CBD – Offices	2,609	2,627	2,576	+1.3%	-0.7%	-
Paris CBD – Retail	1,298	1,209	1,098	+18.1%	+7.4%	-
Paris excl. CBD	1,218	1,101	1,036	+17.6%	+10.6%	-
- Western Crescent – La Défense	3,399	3,314	3,392	+0.2%	+2.6%	+1.7%
- Other	910	815	790	+15.2%	+11.7%	+0.7%
Residential	**2,644**	**2,666**	**2,667**	**-0.8%**	**-0.8%**	**+2.2%**
Healthcare	**0**	**1,309**	**1,316**	**-100.0%**	**-100.0%**	**n.a.**
GROUP TOTAL	**12,078**	**13,041**	**12,875**	**-6.2%**	**-7.4%**	**+3.8%**
TOTAL APPRAISED UNIT VALUE	**12,788**	**13,772**	**13,531**	**-5.5%**	**-7.1%**	**+4.6%**

The property holdings had a block value of €12,078 million, corresponding to a drop of €797 million in 2016.

The main items are the following:

- a like-for-like structure representing €9,965 million, an increase of €367 million (or +3.8%) including €47 million of costs and capex completed during the year;
- €64 million increase in value for projects delivered during the year, with the delivery of City 2 and Le Cristallin in Boulogne;
- €126 million in acquisitions, including €123 million in investment;
- €114 million of increase in value for new projects under development in 2016 (including Be Issy and Octant Sextant), representing an investment of €86 million during the year;
- €215 million increase in value for buildings under development before 2016 (including 55, rue d'Amsterdam in the 8th arrondissement of Paris and SKY 56 in Lyon), representing an investment of €138 million in 2016;
- €61 million of head office book value including €1 million of impairment in 2016;
- €12 million of increase in value for land reserves, for which €4 million of expenses and works were booked in 2016;
- €1,609 million in assets sold as a block, including the healthcare portfolio assets for €1,316 million;
- €422 million of assets under unit-by-unit sale as at December 31, 2016 out of which €121 million of units were sold in 2016.

Net capitalization rates excluding duties for the year dipped by 18 basis points like-for-like.

€ million	Net yield (incl. duties) 12/31/2016	12/31/2015	Change	Net capitalization rate (excl. duties) 12/31/2016	12/31/2015	Change
Offices	**4.37%**	**4.61%**	**-25 bp**	**4.65%**	**4.87%**	**-21 bp**
Paris CBD	3.58%	3.83%	-25 bp	3.80%	4.03%	-23 bp
- Paris CBD – Offices	4.16%	4.26%	-10 bp	4.42%	4.48%	-6 bp
- Paris CBD – Retail	2.45%	2.86%	-40 bp	2.64%	3.04%	-40 bp
Paris excl. CBD	5.78%	6.32%	-54 bp	6.21%	6.71%	-49 bp
Western Crescent – La Défense	4.67%	4.81%	-14 bp	5.01%	5.09%	-9 bp
Other	5.85%	6.04%	-19 bp	6.14%	6.32%	-18 bp
Residential	**4.10%**	**4.19%**	**-9 bp**	**4.37%**	**4.45%**	**-7 bp**
TOTAL LIKE-FOR-LIKE BASIS[1]	**4.31%**	**4.52%**	**-21 bp**	**4.60%**	**4.78%**	**-18 bp**

(1) Like-for-like basis 2016.

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 10-year OAT (with an interest rate of 0.70% as at December 31, 2016).

	Discount rate December 2016	Specific risk premium December 2016
Offices	**3.50% – 11.50%**	**2.80% – 10.80%**
Paris CBD	3.50% – 5.75%	2.80% – 5.05%
Paris excl. CBD	4.40% – 8.75%	3.70% – 8.05%
Western Crescent – La Défense	4.25% – 7.00%	3.55% – 6.30%
Other	5.00% – 11.50%	4.30% – 10.80%

The block value of property holdings dropped by 6.2% on a current basis.

This drop results from the sale of the healthcare portfolio for €1,316 million and the increase in value of projects under development (+€329 million) and of assets on a like-for-like basis (+€367 million, of which €47 million of investments) linked to the decline in rates observed on the markets in the first half of the year.

- Like-for-like, the value of property holdings rose 3.8%, or €367 million:
  (i) The value of office properties appreciated during the year (+4.3% or +€323 million). Net capitalization rates dropped on all properties (down 21 bp at 4.65%).
  (ii) The overall value of the residential portfolio rose during the year: the value of traditional residential properties appreciated during the year by 2.3% or €42 million and the value of student residences appreciated by 1.3% or €3 million. Unit valuations increased by 5.8%.

  The value per square meter of traditional residential properties stood at €4,785/sq.m as at December 31, 2016 with a net capitalization rate of 4.26%. The value per square meter of student residences was €4,356/sq.m with a net capitalization rate of 5.32%.

- On a current basis:
  (i) Two office assets, City 2 and Le Cristallin in Boulogne, were delivered in 2016 for a value of €413 million at December 31, 2016 (+€64 million during the year, for a capex amount of €1 million).
  (ii) Purchase for €123 million of two office assets whose appraisal value was €127 million at December 31, 2016.
  (iii) The balance sheet value of the pipeline as at December 31, 2016 surged by €329 million. This increase in value can be explained by investments of €221 million in particular.

(iv) Block sale of nine assets, in addition to the healthcare portfolio, for a total sale price, including healthcare, of €1,630 million and a value as at December 31, 2015, of €1,612 million (before allocation of healthcare sales costs), of which:
- €1,316 million of the healthcare portfolio;
- €291 million of office assets (including Vinci 1&2 in Rueil-Malmaison);
- €2 million of residential assets.

(v) €162 million of apartments and car parks (€121 million in book value as at December 31, 2015) were sold unit-by-unit in 2016.

(vi) €113 million of assets are in the process of being sold in a block (€95 million book value at December 31, 2015).

The breakdown of balance sheet value by segment as at December 31, 2016 was as follows:

Segments	2016 (€ million)	2016 (%)
Offices	9,434	78%
Residential	2,644	22%
TOTAL GECINA	**12,078**	**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:

€ million	12/31/2016
Book value	12,078
Operating property (head office)	+93
APPRAISAL VALUE	**12,171**

2.3.1. BUILDINGS IN THE OFFICE PROPERTY HOLDINGS

Balance sheet valuation of office properties

€ million	12/31/2016	12/31/2015	Change
Valuation of office properties	9,434	8,892	+6.1%
Valuation of office properties on a like-for-like basis	7,892	7,569	+4.3%

Given the investments in 2016 (€362 million) and the drop in rates, the value of buildings in the office properties portfolio increased by 6% to €8,892 million compared with the value as at December 31, 2015 (*i.e.*, +€541 million).

In 2016, the office properties investment market remained active 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 6.5%, mainly in the first half.

On a like-for-like basis, the value of office assets reached €7,892 million in 2016, corresponding to an appreciation of 4.3%, or +€323 million (of which €86 million in the second half).

The appreciation of office property assets can be explained by:

- a positive rate effect (+4.7%);
- a slightly positive business plan effect (+0.6%).
- the negative impact of the tax increase (-1.1%).

After recognition of capex (€34 million), value was up by 3.8% or +€289 million. Capitalization rates fell overall (down -21 bp at 4.65%). Potential rents per square meter remained stable for the most part at €466/sq.m. Average value per square meter was €9,236/sq.m.

Office portfolio assets in operation (on a like-for-like basis)

	Appraisal value (€ million)	Value (€/sq.m)*	Gross capitalization rate	Net capitalization rate
Paris CBD – Offices	2,431	10,746	4.56%	4.42%
Paris CBD – Retail	1,298	46,293	2.72%	2.64%
Paris excl. CBD	783	6,239	6.40%	6.21%
Western Crescent – La Défense	2,706	7,391	5.16%	5.01%
Other	674	4,096	6.33%	6.14%
TOTAL	**7,892**	**8,830**	**4.80%**	**4.65%**

** Average value per sq.m of offices surface, restated of parking estimated values.*

Office assets located in the CBD were boosted by market appetite for this asset class and as such appreciated by 6.5% over the full year (of which +1.6% in the second half). The result was net capitalization rate of 3.80% and 2.64% for retail assets. In the Western outskirts of Paris, the office portfolio increased +1.7% over the year. The net capitalization rate of Western Crescent offices was 5.09%.

On a like-for-like basis, 57.2% of the Group's office real estate portfolio is located in Paris and 42.0% in the Paris region.

2.3.2. BUILDINGS IN THE RESIDENTIAL PROPERTY HOLDINGS

Balance sheet valuation of residential properties

€ million	12/31/2016	12/31/2015	Change
Valuation of residential property holdings	2,644	2,667	-0.8%
Valuation of residential properties on a like-for-like basis	2,074	2,029	+2.2%

On a current basis, the value of the residential property shrank by -0.8% to €2,644 million following the divestments in 2015 (€162 million of unit sales for a block value of €121 million as at December 31, 2015 and €2 million in block sales).

Benefiting from favorable market conditions, the residential portfolio appreciated 2.2%, to €2,074 million, during the year on a like-for-like basis.

The traditional residential portfolio appreciated over the year by 2.3% (€1,854 million, an increase of €42 million). Student residences valuation increased by 1.3% for the full year.

The appreciation of residential property assets can be explained by:

- a positive rate effect (+1.6%);
- a slightly positive business plan effect (+0.9%);
- the negative impact of the tax increase (-0.3%).

Taking account of the capital expenditure on traditional residential buildings (€16 million), the annual change in value was up €26 million (+1.4%).

On a like-for-like basis, for traditional residential assets, the block/unit overall discount was at 21% as at December 31, 2016. Unit values were up by 6.2% to €2,338 million for the full year. The block value per square meter of these assets stood at €4,785/sq.m as at December 31, 2016 with the net capitalization rate down by 7 bp at 4.26%.

Residential portfolio assets in operation (on a like-for-like basis)

	Appraisal value (block) (€ million)	Value (€/sq.m)	Gross capitalization rate	Net capitalization rate
Paris Region	2,003	4,826	5.19%	4.32%
Other regions	71	3,105	7.34%	5.86%
TOTAL	**2,074**	**4,736**	**5.27%**	**4.37%**

96.6% of the Group's residential property in use is located in the Paris region, of which 71.7% in Paris. The average gross and net capitalization rates and the average value per square meter barely changed in 2016.

2.3.3. CONDENSED REPORT OF PROPERTY APPRAISERS

General background to the appraisal engagement

General background

Gecina consulted the property appraisers:

- CB Richard Ellis Valuation;
- Cushman & Wakefield;
- Crédit Foncier Expertise;

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

€ million		Number of assets	Valuation at 12/31/2016
CBRE	Offices	42	5,252
Cushman & Wakefield	Offices	44	3,898
Crédit Foncier Expertise	Offices	5	293
	Residential	68	2,411
Non-appraised assets		62	317
TOTAL GECINA GROUP ASSETS		**221**	**12,171**

(1) Appraisal value of €12,171 million versus book value of €12,078 million.

In accordance with Gecina's instructions, the property appraisers drafted appraisal reports and determined the requested fair values, the objective values as at December 31, 2016.

No conflict of interest was recognized.

This engagement accounts for less than 1% 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

All the concerned real estate assets have been inspected by the appraisal teams over the last five years, including 30 assets in 2015 and 134 assets in 2016.

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 real estate portfolios 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 of the Notes to the Consolidated financial statements.

This value 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.

Comments

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	Credit Foncier Expertise

2.4. BUSINESS AND EARNINGS OF MAIN COMPANIES

2.4.1. GECINA

2.4.1.1. Business and earnings

2016 rental income amounted to €251 million compared with €264 million in 2015. Residential sector rents fell from €116 million in 2015 to €109 million in 2016 as a result of asset disposals in 2015 and in 2016.

Rental income from the commercial sector decreased to €143 million in 2016 (€148 million in 2015). This drop was due to the block disposals in 2015.

With respect to the write-backs of provisions in 2016, €1.7 million were written back for impaired receivables (in 2015 they concerned €1.7 million of provisions for receivables and €0.1 million for provisions for share buyback plans).

Operating income includes €50 million of recharges to tenants and, under other income, recharges of inter-company services amounting to €32 million.

Operating expenses for 2016 came to €250 million (compared to €239 million for the previous year).

External expenses were up €9 million and included €3 million in management fees and €20 million in consultancy fees, of which €10 million related to the sale of the healthcare company securities.

Depreciation expenses dropped in 2016 by €10 million, mainly as a result of the write-off of items in 2015.

Operating income thus stood at €87 million (€113 million previous year).

Net financial income constituted net profit of €20 million, compared to net income of €143 million the previous year. This reflects:

- interest and related expenses (net of cash revenues) of €87 million (including €23 million in payments of balances resulting from the restructuring of transactions on hedging financial instruments);
- dividends received from subsidiaries and income from equity investments of €120 million;
- write-backs on depreciations of €1 million related to shares and receivables from subsidiaries;
- financial deprecation expenses of €9 million mainly for Beaugrenelle and Colvel Windsor.

A net profit of €367 million was recorded under exceptional items, of which €91 million of capital gains on property disposals, €10 million of net write-backs of provisions on properties and €59 million of losses on buybacks of treasury shares and a net income of €317 million generated by the disposal of the Healthcare portfolio.

2016 net income amounted to a profit of €469 million, up from €284 million for 2015.

2.4.1.2. Financial position

As at December 31, 2016, the company reported total assets of €7,802 million, compared to €8,675 million as at December 31, 2015.

Fixed assets include intangible assets, primarily consisting in unrealized merger gains; these losses were reclassified in order to comply with the new regulations under the "other tangible fixed assets" and "other financial assets" items.

Gecina´s directly held property holdings stood at €3,657 million at year-end 2016, compared to €3,485 million at year-end 2015, an increase of €172 million.

The changes were as follows:

■ item transfer of merger losses on land	274
■ capitalized expenditures	42
■ net book value of assets sold	(95)
■ net depreciations and provisions	(49)
	172

Investments in subsidiaries, equity interests and related receivables represented a total net amount of €3,667 million as at December 31, 2016, compared to €4,235 million at the end of 2015.

The main changes were as follows (€ million):

■ sale of Healthcare portfolio securities	(314)
■ reduction of Avenir Grande Armée shares price	(5)
■ liquidation of Labuire Aménagement	(3)
■ reduction of related receivables (including 457 million for the Healthcare companies offset mainly by an increase of 185 million for Tour City 2)	(247)
■ net change in provisions	9

At December 31, 2016, the most significant equity investments were as follows, in gross value: Avenir Danton Défense (€477 million in shares and €325 million in receivables), Geciter (€782 million in shares) and Avenir Grande Armée (€109 million in shares and €227 million in receivables and loans).

Other equity investments consisted of 298,636 treasury shares amounting to €22 million, plus 73,908 shares recorded as transferable securities held for stock options granted to employees and corporate officers amounting to €6 million (gross value). Total treasury shares represented 0.59% of share capital.

Losses on merger securities, reclassified as financial fixed assets, amount to €97 million after the sale of the Healthcare portfolio (down €32 million).

"Other loans", amounting to €179 million, were down by €55 million, mainly as a result of the repayment of a €38 million loan when the Healthcare portfolio was sold.

Current assets amounted to €155 million as at December 31, 2016 *versus* €272 million as at December 31, 2015. They include:

- "Other receivables" (€49 million net), comprised mainly of intra-group receivables (€30 million, as the €20 million debt on Bami Newco was entirely impaired), tax receivables amounting to €11 million, VAT receivables of €6 million.
- €6 million of investment securities made up primarily of treasury shares reserved for employees (net of provisions) and €61 million of liquidities.

Prepaid expenses (€22 million) primarily concern deferred loan issuance costs.

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

€ million	
Shareholders' equity at December 31, 2015	**3,877**
Capital increase and merger premium resulting from the exercise of stock options and subscriptions to the company savings scheme (PEE)	15
Dividends paid in 2016	(314)
2016 earnings	469
Shareholders' equity at December 31, 2016	**4,047**

Financial debt as at December 31, 2016 totaled €3,599 million compared with €4,700 million at the end of 2015, of which €205 million represented intra-group debt.

The company issued a new bond loan in January 2016 for €500 million and concurrently repaid a €500 million bond loan that matured, and made €532 million worth of partial issue repayments.

Provisions for risks and charges amounted to €30 million, compared with €17 million the previous year.

The provisions concern €13 million for pension commitments and long service awards and €1 million for future charges caused by the allocation to employees of performance shares and stock options, €9 million for tax risk incurred following tax audits and €7 million for property disputes.

Disclosures about Gecina's terms of payment (art. D. 441-4 of the french commercial code)

The table below presents the breakdown of outstanding trade payables by maturity date, as at December 31, 2015 and December 31, 2016.

Balances € '000	Not due				Due at year end		Off schedules		Total	
	< 30 days		Between 30 and 60 days							
	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016
Suppliers	4,546	2,418	0	0	760	4,552			5,306	6,970
Provision for invoices not received							28,838	46,821	28,838	46,821
Other							(90)	(100)	(90)	(100)
TOTAL GECINA	**4,546**	**2,418**	**0**	**0**	**760**	**4,552**	**28,748**	**46,721**	**34,054**	**53,691**

2.4.2. BUSINESS AND EARNINGS OF THE MAIN SUBSIDIARIES

Gecimed

On February 8, 2016, Gecina, the sole partner of Gecimed, signed a preliminary sales agreement with Primonial Reim, acting as part of a club deal involving institutional investors and applying to Gecimed securities. This agreement was reiterated on July 1, 2016.

At the same time, it was decided that Gecimed's 2016 fiscal year would be shortened to six months, spanning from January 1, 2016, to June 30, 2016. Consequently, the rents billed for fiscal year 2016 amounted to €22.2 million, *versus* €44.4 million in 2015. Net income amounted to a profit of €6.8 million, compared to a loss of €3.4 million for 2015, mainly due to the €7.3 million decrease in income before tax and exceptional items due to the sale of the company on July 1, 2016, and the €18.5 million increase in exceptional items (in 2015, a depreciation of the net book value of lands and clinics had been recorded).

Finally, on June 24, 2016, Gecimed carried out an exceptional distribution of premiums and reserves that totaled €49.0 million.

Geciter

This subsidiary, wholly owned by Gecina, owns 28 office buildings with a block value, excluding duties, of €1.5 billion as at December 31, 2016.

The total amount of rents billed for 2016 was €53.3 million, compared with €70.7 million in 2015 due to buildings sold or under construction in 2016. Net earnings for the year were a profit of €139.5 million, compared to €41.4 million in 2015 because of the €119.8 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, Geciter distributed a dividend of €250 per share for fiscal year 2015, for a total amount of €43.7 million (€34 million of which was paid in December 2015 as an interim dividend).

2.4.3. RELATED PARTY TRANSACTIONS

2.4.3.1. Transactions between Gecina group and its shareholders

As at December 31, 2016, Gecina had no material transaction with the company's major shareholders, other than those described in Note 3.5.9.3. of the Notes to the Consolidated financial statements.

2.4.3.2. Transactions between Group companies

The Group structure is highly centralized. Gecina is the direct employer of most of the administrative staff, with the exception of Locare's sales teams and the property personnel, consisting mainly of caretaker staff, who are paid by the property companies.

All the Group's financing requirements are organized by Gecina (with the exception of some financing specific to certain assets held by 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;
- consideration of the deferred tax systems of companies not covered by the SIIC system;
- the fair value of fixed-rate financial debts;
- impact of the increase of transfer duties in Paris and the additional tax on offices disposals in the Paris region, applicable as of January 1, 2016 (anticipated at December 31, 2015).

Registration fees are determined by taking into account the most appropriate mode of disposal of the asset: sale 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 EPRA NNNAV amounted to €8,376.5 million as at December 31, 2016 or €132.1 per share. EPRA NAV totaled €8,484.9 million as at December 31, 2016, or €133.8 per share.

The EPRA NNNAV by unit came to €141.9 per share as at December 31, 2016, compared with €131.5 per share as at December 31, 2015.

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

	12/31/2016		12/31/2015	
€ million	**Amount/ no. of shares**	**€/share**	**Amount/ no. of shares**	**€/share**
Fully diluted number of shares	63,402,484		63,327,690	
Shareholders' equity under IFRS	**8,276.0**		**7,735.8**	
+ Impact of exercising stock options	17.7		57.5	
DILUTED NAV	**8,293.7**	**€130.8**	**7,793.3**	**€123.1**
+ Fair value reporting of properties, if amortized cost option is adopted	92.9		86.6	
- Increase in transfer duties			(72.9)	
+ Transfer duties adjustment	68.9		74.3	
- Fair value of financial instruments	29.5		26.8	
- Deferred tax due to the effects of entry into the SIIC system	-		1.8	
= EPRA NAV	**8,484.9**	**€133.8**	**7,909.9**	**€124.9**
+ Fair value of financial instruments	-29.5		(26.8)	
+ Fair value of liabilities	-78.9		(113.4)	
+ Deferred tax due to the effects of entry into the SIIC system	-		(1.8)	
= EPRA NNNAV	**8,376.5**	**€132.1**	**7,767.9**	**€122.7**

(1) European Public Real Estate Association.

2.6. STRATEGY AND OUTLOOK

Gecina is confirming its main strategic guidance as presented at the start of 2015 and will continue building on its progress from the last few years around four core pillars for creating value, with its ambition to accelerate the process underway.

2017 will be marked by Gecina's strong choices in terms of value extraction, particularly the sales of mature and non-strategic assets in 2016, as well as the launch of work to redevelop five previously occupied buildings (including three at end-2016) in order to optimize its extraction of value creation potential. **In 2017, recurrent net income, restated for the impact of the healthcare sale, is expected to contract by nearly -5% to -6%[(1)].** This expected performance reflects the combined impact of underlying growth, which is expected to reach around +2% to +3%[(2)] including the impact of sales (excluding healthcare) and the start of work to redevelop buildings from the portfolio after they have been vacated.

Gecina therefore has very strong potential for growth and value extraction through its pipeline in particular, as well as positive trends for the Group's preferred sectors in terms of real estate investment. In view of this, **average recurrent net income growth (CAGR) over the medium term (between 2018 and 2021) is expected to come in at around +5% to +7%[(3)].**

2.7. POST-BALANCE SHEET EVENTS

On January 6, 2017, Gecina announced to have 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.

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.

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 social security agency for all the vacant space in the "Dock-en-Seine" building in Saint-Ouen, representing nearly 8,700 sq.m.

(1) This objective may be revised up or down depending on opportunities for investments and sales during the year.
(2) Including the impact of sales (excluding healthcare) in 2016, deliveries of assets in 2016 and 2017, and organic growth.
(3) This objective may be revised up or down depending on opportunities for investments and sales.

2.8. EPRA REPORTING AS AT DECEMBER 31, 2016

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).

	12/31/2016	12/31/2015	See Note
EPRA Earnings	337.9	344.9	2.8.1.
EPRA Earnings per share	€5.37	€5.54	2.8.1.
EPRA NAV	8,484.9	7,909.9	2.8.2.
EPRA NNNAV	8,376.5	7,767.9	2.8.2.
EPRA Net Initial Yield	3.71%	3.75%	2.8.3.
EPRA "Topped-up" Net Initial Yield	3.99%	4.32%	2.8.3.
EPRA Vacancy Rate	4.1%	3.4%	2.8.4.
EPRA Cost Ratio (including direct vacancy costs)	20.9%	19.0%	2.8.5.
EPRA Cost Ratio (excluding direct vacancy costs)	19.9%	18.0%	2.8.5.
EPRA Property related capex	403	1,699	2.8.6.

2.8.1. EPRA EARNINGS

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

€'000	12/31/2016	12/31/2015
Net recurring income (Group share)[1]	347,431	349,236
- Depreciations, net impairments and provisions	(9,559)	(4,375)
+ Recurring income from equity-accounted investments	61	55
EPRA EARNINGS	**337,933**	**344,916**
EPRA EARNINGS PER SHARE	**€5.37**	**€5.54**

(1) EBITDA less net financial expenses, recurring tax and adjusted from expenses related to the offer on Foncière de Paris.

2.8.2. EPRA NAV AND EPRA NNNAV

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

€/share	12/31/2016	12/31/2015
Diluted NAV	€130.81	€123.06
EPRA NAV	**€133.83**	**€124.90**
EPRA NNNAV	**€132.12**	**€122.66**

(1) European Public Real Estate Association.

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:

%	12/31/2016	12/31/2015
GECINA NET YIELD[1]	**4.60%**	**4.78%**
Impact of estimated duties and costs	-0.29%	-0.25%
Impact of changes in scope	-0.03%	-0.05%
Impact of rent adjustments	-0.56%	-0.73%
EPRA NET INITIAL YIELD[2]	**3.71%**	**3.75%**
Excluding lease incentives	+0.27%	+0.57%
EPRA TOPPED-UP NET INITIAL YIELD[3]	**3.99%**	**4.32%**

(1) Comparable basis December 2016.
(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).

%	12/31/2016	12/31/2015
Offices	4.5%	4.2%
Residential	3.4%	2.3%
Student residences	10.9%	8.3%
Healthcare	0.0%*	0.0%
GROUP TOTAL	**4.1%**	**3.4%**

** Until July 1, 2016.*

2.8.5. EPRA COST RATIOS

€'000/%	12/31/2016	12/31/2015
Property expenses	(141,371)	(143,904)
Overheads	(63,198)	(62,129)
Depreciation, net impairments and provisions	(9,559)	(4,375)
Recharges to tenants	100,199	95,523
Rental expenses recharged in gross rent	0	0
Other income covering G&A expenses	201	5,139
Share of costs from equity-accounted affiliates	61	59
Land-related expenses	792	822
EPRA COSTS (INCLUDING COST OF VACANCY) (A)	**(112,876)**	**(108,866)**
Cost of vacancy	5,479	5,685
EPRA COSTS (EXCLUDING COST OF VACANCY) (B)	**(107,397)**	**(103,181)**
Gross rental income less land-related expenses	539,239	573,771
Rental expenses recharged in gross rent	0	0
Share of rental income from equity-accounted affiliates	0	0
GROSS RENTAL INCOME (C)	**539,239**	**573,771**
EPRA COST RATIO (INCLUDING COST OF VACANCY) (A/C)	**20.9%**	**19.0%**
EPRA COST RATIO (EXCLUDING COST OF VACANCY) (B/C)	**19.9%**	**18.0%**

2.8.6. EPRA PROPERTY RELATED CAPEX

€ million	12/31/2016
Acquisitions	123
Development (ground-up/green field/brown field)	228
Like-for-like portfolio	52
CAPITAL EXPENDITURE	**403**

Chapter 03

Consolidated financial statements

The application since January 1, 2015 of IFRS 5 (Non-current assets and liabilities held for sale and discontinued activities) to the healthcare assets sold leads to a specific presentation of the financial statements. For a presentation without the application of IFRS 5, see Note 3.5.2.6.

3.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

In €'000	Note	12/31/2016 Net	12/31/2015 Net
Non-current assets		**11,546,893**	**11,045,175**
Investment properties	3.5.5.1	10,430,624	10,188,259
Properties under reconstruction	3.5.5.1	1,038,680	766,624
Operating properties	3.5.5.1	61,139	61,853
Other tangible fixed assets	3.5.5.1	7,351	7,160
Intangible fixed assets	3.5.5.1	6,337	5,572
Financial fixed assets	3.5.5.2	2,762	2,885
Shares in equity-accounted companies	3.5.5.3	0	3,573
Non-current derivatives	3.5.5.12.2	0	9,249
Deferred tax assets	3.5.5.4	0	0
Current assets		**798,779**	**880,831**
Properties held for sale	3.5.5.5	547,406	542,493
Inventories	3.5.5.1	0	0
Accounts and notes receivable	3.5.5.6	105,949	81,661
Other receivables	3.5.5.7	67,673	89,939
Prepaid expenses	3.5.5.8	17,641	20,401
Current derivatives	3.5.5.12.2	1,537	0
Cash and cash equivalents	3.5.5.9	58,573	146,337
Assets classified as held for sale(1)	3.5.5.10	0	1,309,439
TOTAL ASSETS		**12,345,672**	**13,235,445**

(1) See Note 3.5.2.6. for the application of IFRS 5 on non-current assets and liabilities held for sale and discontinued activities.

Liabilities

In €'000	Note	12/31/2016	12/31/2015
Shareholders' equity	**3.5.5.11**	**8,289,659**	**7,751,354**
Share capital		475,760	474,455
Additional paid-in capital		1,910,693	1,897,070
Consolidated reserves linked to owners of the parent		5,076,063	3,754,994
Consolidated net income linked to owners of the parent		813,472	1,609,262
Shareholders' equity linked to owners of the parent		**8,275,988**	**7,735,781**
Non-controlling interests		13,671	15,573
Non-current liabilities		**3,230,868**	**3,469,240**
Non-current financial debt	3.5.5.12.1	3,158,817	3,406,481
Non-current derivatives	3.5.5.12.2	31,013	35,200
Deferred tax liabilities	3.5.5.4	0	0
Non-current provisions	3.5.5.13	41,038	27,559
Non-current tax and social security liabilities	3.5.5.15	0	0
Current liabilities		**825,145**	**1,900,879**
Current financial debt	3.5.5.12.1	481,604	1,354,574
Current derivatives	3.5.5.12.2	0	0
Security deposits		49,301	53,197
Trade payables	3.5.5.15	211,671	374,613
Current tax and social security liabilities	3.5.5.16	41,229	37,535
Other current liabilities	3.5.5.17	41,340	80,960
Liabilities classified as held for sale[1]	3.5.5.18	0	113,972
TOTAL LIABILITIES AND EQUITY		**12,345,672**	**13,235,445**

(1) See Note 3.5.2.6. for the application of IFRS 5 on non-current assets and liabilities held for sale and discontinued activities.

3.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In €'000	Note	12/31/2016	12/31/2015
Gross rental income	**3.5.6.1**	**500,669**	**498,178**
Expenses non billed to tenants	3.5.6.2	(40,735)	(47,893)
Net rental income		**459,934**	**450,285**
Services and other income (net)	3.5.6.3	1,263	7,592
Overheads	3.5.6.4	(64,571)	(61,164)
EBITDA		**396,626**	**396,713**
Gains or losses on disposals	3.5.6.5	50,669	91,029
Change in value of properties	3.5.6.6	532,963	1,068,358
Depreciation	3.5.5.1	(4,669)	(5,000)
Net impairments and provisions	3.5.5.13	(14,262)	(540)
Operating income		**961,327**	**1,550,560**
Financial interest		*(90,246)*	*(118,879)*
Financial revenues		*2,680*	*664*
Net financial expenses	3.5.6.7	(87,566)	(118,215)
Financial impairment and amortization	3.5.5.2	0	(4,470)
Change in value of derivatives	3.5.6.8	(26,126)	(51,061)
Premium and costs paid on the repurchased bonds	3.5.6.8	(64,230)	0
Net income from equity-accounted investments	3.5.5.3	61	55
Pre-tax income		**783,466**	**1,376,869**
Tax	3.5.6.9	(3,521)	(1,564)
Net gains or losses from continued operations		**779,945**	**1,375,305**
Net gains or losses from discontinued operations[1]	3.5.6.10	32,371	243,485
Consolidated net income		**812,316**	**1,618,790**
Of which consolidated net income linked to non-controlling interests		(1,156)	9,528
Of which consolidated net income linked to owners of the parent		**813,472**	**1,609,262**
Consolidated net earnings per share	3.5.6.11	€12.92	€25.87
Consolidated diluted net earnings per share	3.5.6.11	€12.86	€25.61

In €'000	12/31/2016	12/31/2015
Consolidated net income	**812,316**	**1,618,790**
Items not to be recycled in the net income	**(1,285)**	**159**
Actuarial gains (losses) on post-retirement benefit obligations	(1,285)	159
Items to be recycled in the net income	**(226)**	**15**
Gains (losses) from translation differentials	(226)	15
Comprehensive income	**810,805**	**1,618,964**
Of which comprehensive income linked to non-controlling interests	(1,156)	9,528
Of which comprehensive income linked to owners of the parent	**811,961**	**1,609,436**

(1) Results from the application of IFRS 5 to the healthcare business as presented in Note 3.5.2.6.

3.3. STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

At year-end 2016, the capital was composed of 63,434,640 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, 2014	**63,104,820**	**473,286**	**5,796,360**	**6,269,646**	**10,354**	**6,280,000**
Dividend paid in 2015			(290,357)	(290,357)	(4,152)	(294,509)
Assigned value of treasury shares(1)			24,336	24,336		24,336
Impact of share-based payments(2)			2,267	2,267		2,267
Actuarial gains (losses) on post-retirement benefit obligations			159	159		159
Gains (losses) from translation differentials			15	15		15
Group capital increase(3)	155,800	1,169	5,802	6,971		6,971
Changes in consolidation scope			0	0	(157)	(157)
Ornanes bonds conversion			113,482	113,482		113,482
Net income at December 31, 2015			**1,609,262**	**1,609,262**	**9,528**	**1,618,790**
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		25,152
Impact of share-based payments(2)			1,626	1,626		1,626
Actuarial gains (losses) on post-retirement benefit obligations			(1,285)	(1,285)		(1,285)
Gains (losses) from translation differentials			(226)	(226)		(226)
Group capital increase(3)	174,020	1,305	13,754	15,059		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**

(1) Treasury shares:

	12/31/2016		12/31/2015	
In €'000 (except for number of shares)	**Number of shares**	**Net amount**	**Number of shares**	**Net amount**
Shares recorded as a deduction from shareholders' equity	372,544	27,613	620,547	46,062
Treasury stock in%		0.59%		0.98%

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

(3) Creation of shares linked to capital increase reserved for the Group's employees (33,511 shares in 2016 and 39,219 shares in 2015) and the exercise of share subscription options reserved for employees (140,509 shares in 2016 and 39,529 shares in 2015), and the definitive vesting as a result of the performance share award plan of December 13, 2013 (59,162 shares) and December 13, 2013 bis (8,340 shares).

3.4. STATEMENT OF CONSOLIDATED CASH FLOWS

In €'000	12/31/2016	12/31/2015
Consolidated net income (including non-controlling interests)	**812,316**	**1,618,790**
Net income from discontinued operating activities	**32,371**	**243,485**
Net income from continued operating activities	**779,945**	**1,375,305**
Net income from equity-accounted investments	(61)	(55)
Net depreciations, impairments and provisions	18,930	10,011
Changes in fair value and premium and costs paid on the repurchased bonds	(442,607)	(1,017,297)
Calculated charges and income from stock options	1,626	2,267
Tax charges (including deferred tax)	3,521	1,564
Current cash flow before tax	**361,353**	**371,795**
Capital gains and losses on disposals	(50,669)	(91,029)
Other calculated income and expenses	(18,026)	3,450
Net financial expenses	87,566	118,214
Net cash flow before cost of net debt and tax (A)	**380,225**	**402,430**
Tax paid (B)	(6,159)	(4,925)
Change in operating working capital (C)	(9,559)	(47,010)
Cash flow from continued operating activities	**364,507**	**350,495**
Net cash flow from discontinued operating activities	**41,062**	**80,309**
NET CASH FLOW FROM OPERATING ACTIVITIES (D) = (A + B + C)	**405,569**	**430,804**
Acquisitions of tangible and intangible fixed assets	(405,089)	(438,195)
Disposals of tangible and intangible fixed assets	471,521	512,698
Impact of changes in consolidation	1,222,547	(585,195)
Dividends received (equity-accounted affiliates, non-consolidated securities)	215	0
Changes in loans and agreed credit lines	(3,700)	313
Other cash flows from investing activities	(7,046)	(5,647)
Change in working capital from investing activities	(170,239)	313,043
Net financing cash flow from continued operating activities	**1,108,210**	**(202,983)**
Net financing cash flow from discontinued operating activities	**(7,146)**	**(57,463)**
NET CASH FLOW FROM INVESTING ACTIVITIES (E)	**1,101,064**	**(260,446)**
Capital provided by non-controlling interests	0	0
Amounts received on the exercise of stock options and of the company savings plans (PEE)	40,211	31,307
Purchases and sales of treasury shares	0	0
Dividends paid to owners of the parent	(313,784)	(290,327)
Dividends paid to non-controlling interests	(550)	(4,152)
New borrowings	3,352,000	3,512,658
Repayment of borrowings	(4,364,087)	(3,120,031)
Net interests paid	(117,319)	(120,927)
Other cash flows from financing activities	(86,831)	(37,112)
Net investment cash flow used by continued activities	**(1,490,360)**	**(28,583)**
Net investment cash flow used by discontinued activities	**(104,076)**	**(8,654)**
NET CASH FLOW FROM FINANCING ACTIVITIES (F)	**(1,594,436)**	**(37,237)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F)	**(87,802)**	**133,120**
Opening cash and cash equivalents	146,375	13,255
Closing cash and cash equivalents	**58,573**	**146,375**

3.5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.5.1. HIGHLIGHTS

Foreword

Gecina owns, manages and develops property holdings worth €12.1 billion at December 31, 2016, with 97% located in the Paris Region. The Group is building its business around France's leading office portfolio and a diversification division composed of residential assets, student residences and healthcare facilities (sold over the course of the year). Gecina has put sustainable innovation at the heart of its strategy to create value, anticipate its customers' expectations and invest while respecting the environment, thanks to the dedication and expertise of its staff.

Gecina is a French real estate investment trust (SIIC) listed on Euronext Paris, and is part of the SBF 120, Euronext 100, FTSE4Good, DJSI Europe and World, Stoxx Global ESG Leaders and Vigeo indices. In line with its commitments to the community, Gecina has created a company foundation, which is focused on protecting the environment and supporting all forms of disability.

Fiscal year 2016

On January 26, 2016, Gecina has acknowledged the disclosure threshold declarations and statements of intent filed with the French securities regulator (AMF), relating to the dissolution of Ivanhoé Cambridge's partnership to hold Gecina shares in concert with Blackstone. Following these operations, Ivanhoé Cambridge, directly and through its subsidiaries, now holds 23% of Gecina's capital. This percentage corresponds to Ivanhoé Cambridge's interest under the previous investment in concert, as announced in June 2015 when it further strengthened its stake.

On February 8, 2016, Gecina signed a preliminary sales agreement with Primonial Reim, representing a club deal involving various institutional investors, for its subsidiaries Gecimed and Gec 15 holding its entire healthcare real estate portfolio. The transaction represents a total of 1.35 billion euros including commissions and fees, with a net yield of 5.9%. Gecina has completed on the sale of its healthcare real estate portfolio on July 1, 2016.

On February 16, 2016, Gecina has signed a preliminary agreement with the developer PRD Office for its speculative off-plan acquisition of the BE ISSY office building. This asset, located in Issy-les-Moulineaux, in the Southern Loop of Paris' Western Crescent, will offer a gross leasable area of around 25,000 sq.m and 258 parking spaces. The transaction represents a total of 157.8 million euros including commissions and fees, with around 6,100 euros per sq.m excluding parking spaces. This agreement was reiterated on May 2, 2016.

On February 19, 2016, Gecina signed two nine-year leases with CREDIPAR and the PSA Peugeot Citroën Group for nearly 10,000 sq.m in the "Pointe Métro 2" building in Gennevilliers, representing 77% of this asset's total space.

On April 21, 2016, Gecina announced that the Group had secured or completed sales of a 13,100 sq.m building on Quai Marcel Dassault in Suresnes, a 7,630 sq.m building on Avenue Achille Peretti in Neuilly, and the final sites previously held by Gecina in Madrid. On April 1, 2016, Gecina also finalized the sale of the 36,000 sq.m building in Rueil-Malmaison occupied by the Vinci Group.

On June 9, 2016 Gecina has signed a preliminary agreement to acquire an office building located 34 rue Guersant in Paris' 17th arrondissement, close to Paris' central business district, from the AVIVA Group. This building, offering 5,700 sq.m of space, was fully renovated in 2008 and has 104 parking spaces. The transaction represents approximately 50 million euros. With immediate annual revenues of 2.8 million euros, the building is close to 90% occupied, primarily by the CBRE Group, whose lease runs through to mid-2017. This asset is adjacent to another building that is already owned by Gecina at 32 rue Guersant, which is under redevelopment since the end of 2015, with delivery expected for 2018. The two assets could represent a combined complex with almost 20,000 sq.m of space, which is rare at the heart of Paris, while potentially offering significant operational synergies. This acquisition was completed on July 11, 2016.

On July 7, 2016, Gecina signed a preliminary purchase agreement and a preliminary sales agreement with a French institutional operator for two buildings in Paris' central business district (CBD), in connection with an asset exchange operation. Gecina has secured the acquisition of a 10,000 sq.m office building on Rue de Madrid with 114 parking spaces, for 63.8 million euros (including commissions and fees). This asset is currently partially let and is expected to be vacated by the end of the year, it will then benefit from a redevelopment program. The preliminary sales agreement concerns the sale for 56.0 million euros (including commissions and fees) of a mixed-used predominantly commercial building located Rue de la Bourse with nearly 5,000 sq.m of space. In this way, Gecina is securing the acquisition of an asset with strong value creation potential and the simultaneous sale of a mature asset. This operation was completed on September 15, 2016.

On September 23, 2016, Gecina placed a 500 million euro bond issue, maturing in January 2029 (maturity of 12.3 years). This bond issue with a coupon of 1.0% combines the lowest ever achieved with the highest ever maturity for a bond issue by Gecina. Alongside this, Gecina opened a redemption offer for three outstanding public bond issues maturing from January 2019 to May 2023. These operations are in line with the Group's financing strategy, contributing towards extending the average maturity of its debt and reducing its average cost over the medium term.

On October 25, 2016, Standard & Poor's has upgraded its outlook for Gecina's rating from BBB+ / outlook stable to BBB+ / outlook positive.

On December 14, 2016, Gecina announced to have signed a lease with the Orange Group for an average firm period of 11 years covering 16,000 sq.m of the Sky 56 building in Lyon. At its delivery scheduled for the second half of 2018, this asset will offer 30,700 sq.m. of office space in the business district of Lyon Part-Dieu.

On December 22, 2016, Moody's has upgraded its rating for Gecina from Baa1 / outlook stable to A3 / outlook stable. The rating agency highlighted the significant improvement in the Group's financial ratios, particularly its EBITDA interest coverage and loan-to-value ratios.

At the same time, on May 19, 2016, Gecina announced that it had filed a takeover bid proposal with the AMF, to acquire all the shares of Foncière de Paris, a listed real estate investment trust with a portfolio mostly composed of office property based in Paris and in the first rim. Gecina's bid was contending with the rival bid launched by Eurosic, filed on March 11, 2016 with the AMF and declared compliant on April 27, 2016.

Gecina's draft bid included a cash offer of €150 per share and a securities offer of six Gecina shares for five Foncière de Paris shares. On June 14, 2016 Gecina decided to add an OSRA bond component to its initial bid proposal to further strengthen its attractiveness and flexibility and to give all shareholders of Foncière de Paris a third possibility. The bid, completed by the addition of another component in the form of exchange into OSRA equity-linked notes, was filed with the AMF on June 21, 2016.

The success of Gecina's bid depended on whether it obtained more than 50% of the capital and voting rights of Foncière de Paris.

On September 20, 2016, Gecina acknowledged the preliminary results of its public offering for Foncière de Paris' securities, indicating that the threshold of 50% of Foncière de Paris' share capital and voting rights was not reached, the securities submitted to Gecina were returned to their owners.

The total amount of fees, costs and external expenses concerning the takeover bid on Foncière de Paris amounts on December 31, 2016 to €4.2 million.

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 3.5.3.14.

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 are fully consolidated and the second group are consolidated using the equity method.

3.5.2.3. Scope of consolidation

At December 31, 2016, the scope of consolidation included the companies listed below.

Companies	SIREN	12/31/2016 % interest	Method of consolidation	12/31/2015 % 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%
Anthos	444 465 298	100.00%	FC	100.00%
Beaugrenelle	307 961 490	75.00%	FC	75.00%
Campusea	501 705 909	100.00%	FC	100.00%
Campusea 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 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%
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%
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 2016				
GEC 23	819 358 201	100.00%	FC	
Secondesk	823 741 939	100.00%	FC	
JOINED CONSOLIDATION 2015				
SCI Avenir Danton Défense	431 957 356	100.00%	FC	100.00%
SCI Avenir Grande Armée	751 037 631	100.00%	FC	100.00%

Companies	SIREN	12/31/2016 % interest	Method of consolidation	12/31/2015 % interest
SCI Lyon Sky 56	809 671 035	100.00%	FC	100.00%
GEC 21	810 066 126	100.00%	FC	100.00%
GEC 22	812 746 188	100.00%	FC	100.00%
LEFT CONSOLIDATION 2016				
Gecimed	320 649 841	Sold	FC	100.00%
8, rue de Cheuvreul/Suresnes	352 295 547	Sold	FC	100.00%
Alouettes 64	443 734 629	Sold	FC	100.00%
Bordeaux K1	512 148 438	Sold	FC	100.00%
Eaubonne K1	512 148 974	Sold	FC	100.00%
Lyon K1	512 149 121	Sold	FC	100.00%
Suresnes K1	512 148 560	Sold	FC	100.00%
Clairval	489 924 035	Sold	FC	100.00%
Clos Saint Jean	419 240 668	Sold	FC	100.00%
GEC 9	508 052 008	Sold	FC	100.00%
GEC 15	444 407 837	Sold	FC	100.00%
Hôpital Privé d'Annemasse	528 229 917	Sold	FC	100.00%
SCI Polyclinique Bayonne Adour	790 774 913	Sold	FC	100.00%
SCI Rhone Orange	794 514 968	Sold	FC	100.00%
SCIMAR	334 256 559	Sold	FC	100.00%
Tiers temps Aix les bains	418 018 172	Sold	FC	100.00%
Tiers temps Lyon	398 292 185	Sold	FC	100.00%
GEC 8	508 052 149	Merged	FC	100.00%
Dassault Suresnes	434 744 736	Merged	FC	100.00%
Labuire Aménagement(1)	444 083 901	Liquidated	EM	59.70%
LEFT CONSOLIDATION 2015				
Braque	435 139 423	Merged	FC	Merged
Braque Ingatlan	12 698 187	Merged	FC	Merged
L'Angle	444 454 227	Merged	FC	Merged

FC: full consolidation.
EM: accounted for under the equity method.
(1) Although Gecina owns more than 50% of Labuire Aménagement, it does not, under the shareholder agreement, control the company. Labuire Aménagement was therefore accounted for under the equity method.

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 cut off their accounts (or prepared a position of accounts) on December 31, 2016.

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.

IAS 40 standard is applied (investment property) for acquisitions that do not fall under a business combination.

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.

3.5.2.6. Changes to the presentation of financial statements

The application at December 31, 2016 of IFRS 5 in the context of the sale of the healthcare business led to a specific presentation of the financial statements.

At December 31, 2016, the balance sheet recognizes on a separate line residual assets and liabilities held for sale for this discontinued activity, while the income statement presents the net income from discontinued activities separately from the net income of continued activities. The statement of consolidated net cash flows also presents the net cash flows generated by the discontinued activities.

The presentation of consolidated balance sheets and income statements, such as it would have been if IFRS 5 had not been applied, is provided below for information.

Assets

In €'000	12/31/2016 Net	12/31/2015 Net
Non-current assets	**11,546,893**	**11,049,101**
Investment properties	10,430,624	10,188,259
Properties under reconstruction	1,038,680	766,624
Operating properties	61,139	61,853
Other tangible fixed assets	7,351	7,160
Intangible fixed assets	6,337	5,572
Financial fixed assets	2,762	6,811
Shares in equity-accounted companies	0	3,573
Non-current derivatives	0	9,249
Deferred tax assets	0	0
Current assets	**798,779**	**2,186,344**
Properties held for sale	547,406	1,842,718
Inventories	0	0
Accounts and notes receivable	105,949	82,513
Other receivables	67,673	91,089
Prepaid expenses	17,641	23,649
Current derivatives	1,537	0
Cash and cash equivalents	58,573	146,375
TOTAL ASSETS	**12,345,672**	**13,235,445**

Liabilities

In €'000	12/31/2016	12/31/2015
Shareholders' equity	**8,289,659**	**7,751,354**
Share capital	475,760	474,455
Additional paid-in capital	1,910,693	1,897,070
Consolidated reserves linked to owners of the parent	5,076,063	3,754,994
Consolidated net income linked to owners of the parent	813,472	1,609,262
Shareholders' equity linked to owners of the parent	**8,275,988**	**7,735,781**
Non-controlling interests	13,671	15,573
Non-current liabilities	**3,230,868**	**3,564,179**
Non-current financial debt	3,158,817	3,501,420
Non-current derivatives	31,013	35,200
Deferred tax liabilities	0	0
Non-current provisions	41,038	27,559
Non-current tax and social security liabilities	0	0
Current liabilities	**825,145**	**1,919,912**
Current financial debt	481,604	1,362,252
Current derivatives	0	796
Security deposits	49,301	54,212
Trade payables	211,671	383,572
Current tax and social security liabilities	41,229	37,849
Other current liabilities	41,340	81,231
TOTAL LIABILITIES AND EQUITY	**12,345,672**	**13,235,445**

Consolidated income statement

In €'000	12/31/2016	12/31/2015
Gross rental income	**540,031**	**574,593**
Expenses non billed to tenants	(41,171)	(48,381)
Net rental income	**498,860**	**526,212**
Services and other income (net)	1,337	8,268
Overheads	(65,025)	(62,129)
EBITDA	**435,172**	**472,351**
Gains or losses on disposals	48,404	91,026
Change in value of properties	529,955	1,238,713
Depreciation	(4,669)	(5,000)
Net impairments and provisions	(14,262)	(540)
Operating income	**994,600**	**1,796,550**
Financial interest	*(91,205)*	*(121,114)*
Financial revenues	*2,859*	*1,302*
Net financial expenses	(88,346)	(119,812)
Financial impairment and amortization	0	(4,470)
Change in value of derivatives	(26,010)	(51,610)
Premium and costs paid on the repurchased bonds	(64,230)	0
Net income from equity-accounted investments	61	55
Pre-tax income	**816,075**	**1,620,713**
Tax	(3,759)	(1,923)
Consolidated net income	**812,316**	**1,618,790**
Of which consolidated net income linked to non-controlling interests	(1,156)	9,528
Of which consolidated net income linked to owners of the parent	**813,472**	**1,609,262**
Consolidated net earnings per share	€12.92	€25.87
Consolidated diluted net earnings per share	€12.86	€25.61

In €'000	12/31/2016	12/31/2015
Consolidated net income	**812,316**	**1,618,790**
Items not to be recycled in the net income	**(1,285)**	**159**
Actuarial gains (losses) on post-retirement benefit obligations	(1,285)	159
Items to be recycled in the net income	**(226)**	**15**
Gains (losses) from translation differentials	(226)	15
Comprehensive income	**810,805**	**1,618,964**
Of which comprehensive income linked to non-controlling interests	(1,156)	9,528
Of which comprehensive income linked to owners of the parent	**811,961**	**1,609,436**

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.

Financial lease contracts are recognized as financial leases and recorded as assets on the balance sheet, and the corresponding borrowings are recorded as liabilities under financial debt. 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.

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 excludes transfer duties and is determined by independent appraisers (as at December 31, 2016: CBRE Valuation, Cushman & Wakefield and Crédit Foncier Expertise), which value the Group portfolio on the assumption of a long-term holding at June 30 and December 31 of each year and which take into account capitalized construction work. 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 French professional body of property appraisers Afrexim[1] 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 expert appraisals of December 31, 2016 take into account the increase in transfer taxes in Paris and the additional tax on sales of office premises in the Paris region.

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.

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

a) Office properties

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 of comparing the asset that is the object of the appraisal to transactions made on assets equivalent in type and location, on dates close to the date of appraisal.
- Capitalization of new income method: this method consists of capitalizing recorded or potential income on the basis of a yield 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 rent 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 rent value is used as a reference, taking account of re-letting delays, renovation work and other miscellaneous expenditure.
- 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 block fair value of each asset is determined from the results of the following two methods: direct comparison and capitalization of income. 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: this is identical to the method used for office properties.
- Income capitalization method: this is identical to the method used for office properties applied to gross revenue, pursuant to the recommendations of Afrexim[1].

c) Unit valuation for residential and mixed buildings

Unit valuation is used for buildings on sale by apartments (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 and 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 capitalization of revenue.

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.

d) Healthcare properties

The healthcare assets were recognized at December 31, 2015 at the value of the sales agreement and they so had not been appraised. They were sold on July 1, 2016.

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.

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

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, 2016, 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 as for 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.

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 sold in block: sale value recorded in the sale agreement or in 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).

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 investments

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 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.

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, result in a specific analysis covering the ability of the tenant to go effectively to the end of the signed lease, in order 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 organization 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 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. 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 and the healthcare 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. 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 500 corporate tenants, from a wide variety of sectors, and more than 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 (cf. Note 3.5.3.1.2.). The Group's maximum exposure on all its loans (used and unused) to a single counterparty is 9%.

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 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 Note 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 Note 1.7.3.1. of Chapter 1.

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.

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 12/31/2015	Acquisitions	Disposals	Change in fair value	Change in scope	Transfers between items	At 12/31/2016
Investment properties	10,188,259	101,558	0	349,438	2,117	(210,749)	10,430,624
Properties under reconstruction	766,624	294,810	0	145,039	4,810	(172,603)	1,038,680
Operating properties	76,801	29	0	0	0	0	76,830
Intangible assets	11,437	2,535	(4,716)	0	0	20	9,276
Other tangible assets	14,970	2,348	(15)	0	0	216	17,519
Properties for sale	542,493	3,809	(420,852)	38,487	117	383,352	547,406
GROSS VALUE	**11,600,584**	**405,089**	**(425,582)**	**532,964**	**7,044**	**236**	**12,120,335**

Depreciations and impairments

In €'000	At 12/31/2015	Allocations	Write backs	Change in fair value	Change in scope	Transfers between items	At 12/31/2016
Operating properties	14,948	743	0	0	0	0	15,691
Intangible assets	5,865	1,769	(4,716)		0	20	2,939
Other tangible assets	7,810	2,156	(15)	0	0	216	10,168
Depreciations and impairments	**28,623**	**4,669**	**(4,731)**	**0**	**0**	**236**	**28,798**
NET VALUE	**11,571,961**	**400,421**	**(420,852)**	**532,964**	**7,044**	**0**	**12,091,537**

Pursuant to the accounting principles defined in Note 3.5.3.1.1., seven assets under restructuring are recognized at their historical cost for a total amount of €96.4 million.

The other changes represent the marketing costs for €4.1 million and capitalized internal costs for €2.9 million.

3.5.5.1.2. Analysis of acquisitions (including duties and costs)

Acquisitions concerned the following:

In €'000	12/31/2016
Be Issy in Issy-les-Moulineaux	73,733
7, rue de Madrid in Paris 7th arrondissement	64,138
34 rue de Guersant in Paris 17th arrondissement	50,763
Tour Gamma in Paris 12th arrondissement (one floor)	8,065
1 student residence	349
Property acquisitions	**197,048**
Construction and reconstruction works	142,061
Renovation works	54,604
Works	**196,665**
Head office	29
Capitalized financial expenses	6,464
TOTAL ACQUISITIONS	**400,206**
Other tangible fixed assets	2,349
Intangible fixed assets	2,534
TOTAL FIXED ASSETS	**405,089**

3.5.5.1.3. Details of income from sales

Disposals are detailed in Note 3.5.6.5.

3.5.5.1.4. Maturity dates of investment properties held on financial lease

The Group holds 1 variable rate financial lease that matures in 2017.

In €'000	12/31/2016	12/31/2015
Less than 1 year	45,729	57,914
1 to 5 years	0	46,006
Over 5 years	0	0
TOTAL	**45,729**	**103,920**

3.5.5.2. Financial fixed assets

In €'000	12/31/2016	12/31/2015
Non-consolidated investments	109,421	109,421
Advances on fixed asset acquisitions	65,519	65,519
Deposits and guarantees	1,019	1,195
Other financial investments	1,183	1,130
TOTAL	**177,142**	**177,265**
Impairment	(174,380)	(174,380)
NET TOTAL	**2,762**	**2,885**

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

As of December 31, 2016, the Group no longer holds any interest in equity-accounted investments as the Labuire Aménagement company was liquidated over the course of the year.

3.5.5.4. 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.

As at December 31, 2016, no deferred tax assets and liabilities were booked.

3.5.5.5. Properties for sale

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

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

In €'000	12/31/2016	12/31/2015
Properties for sale (block basis)	112,624	17,594
Properties for sale (units basis)	434,782	524,899
TOTAL	**547,406**	**542,493**

3.5.5.6. Accounts and notes receivable

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

In €'000	12/31/2016	12/31/2015
Billed clients	**37,117**	**28,720**
Unbilled expenses payable	3,542	4,063
Balance of amortized rent – free periods and stepped rents (IAS 17)	76,016	60,443
TRADE RECEIVABLES (GROSS)	**116,675**	**93,226**
Impairment of receivables	(10,726)	(11,565)
TRADE RECEIVABLES (NET)	**105,949**	**81,661**

3.5.5.7. Other receivables

In €'000	12/31/2016	12/31/2015
Value added tax[1]	42,874	76,824
Income tax	9,601	1,179
Bami Newco cash advances (fully depreciated)	12,623	12,623
Receivables on asset disposal	7,076	3,848
Other[2]	33,064	30,659
GROSS AMOUNTS	**105,238**	**125,133**
Impairment	(37,565)	(35,194)
NET AMOUNTS	**67,673**	**89,939**
(1) Of which:		
VAT on the acquisitions of City 2 and Tour Van Gogh	*1,551*	*56,000*
(2) Of which:		
External agents and managers	*7,704*	*2,420*
Advances on equity investments	*2,300*	*2,300*
Deposit payments for orders	*1,197*	*1,260*
Bami Guarantee (Eurohypo)	*20,140*	*20,140*

3.5.5.8. Prepaid charges

In €'000	12/31/2016	12/31/2015
Loan application costs[1]	10,668	13,917
10 year warranty insurance	2,999	3,189
Other	3,973	3,295
NET VALUES	**17,641**	**20,401**

(1) Primarily including arrangement fees and mortgage costs.

3.5.5.9. Cash and cash equivalents

In €'000	12/31/2016	12/31/2015
Money-market UCITS	46	6,187
Bank current accounts	58,526	140,150
CASH AND CASH EQUIVALENTS (GROSS)	**58,573**	**146,337**
Bank overdrafts	0	0
CASH AND CASH EQUIVALENTS (NET)	**58,573**	**146,337**

3.5.5.10. Assets classified as held for sale

In €'000	12/31/2016	12/31/2015
Non-current assets	**0**	**3,926**
Financial fixed assets		3,926
Current assets	**0**	**1,305,513**
Properties for sale		1,300,225
Trade receivables		852
Other receivables		1,149
Prepaid expenses		3,249
Cash and marketable securities		38
TOTAL ASSETS	**0**	**1,309,439**

3.5.5.11. Consolidated shareholders' equity

See the accounting statement preceding this note in Chapter 3, Section 3 "Statement of changes in consolidated equity".

3.5.5.12. Loans, debt and financial instruments

3.5.5.12.1. Borrowings and financial debt

Outstanding debt

In €'000	Outstanding debt 12/31/2016	Repayments < 1 year	Outstanding debt 12/31/2017	Repayments 1 to 5 years	Outstanding debt 12/31/2021	Repayments more than 5 years
Fixed-rate debt	**2,442,997**	**(35,075)**	**2,407,922**	**(691,215)**	**1,716,707**	**(1,716,707)**
Bonds	2,388,964	0	2,388,964	(672,257)	1,716,707	(1,716,707)
Other liabilities	18,958	0	18,958	(18,958)	0	0
Accrued interest	35,075	(35,075)	0	0	0	0
Floating-rate debt	**1,197,424**	**(446,529)**	**750,895**	**(717,745)**	**33,150**	**(33,150)**
Commercial paper	245,000	(245,000)	0	0	0	0
Floating-rate bonds	110,000	(110,000)	0	0	0	0
Floating-rate and variable-rate borrowing	750,795	(43,250)	707,545	(707,545)	0	0
Credit lines	45,900	(2,550)	43,350	(10,200)	33,150	(33,150)
Finance leases	45,729	(45,729)	0	0	0	0
Bank overdrafts	0	0	0	0	0	0
GROSS DEBT	**3,640,421**	**(481,604)**	**3,158,817**	**(1,408,960)**	**1,749,857**	**(1,749,857)**
Cash (floating rate)						
Open-end investment funds, deposits and income receivable	46	(46)	0	0	0	0
Current bank accounts	58,526	(58,526)	0	0	0	0
TOTAL CASH AND EQUIVALENTS	**58,573**	**(58,573)**	**0**	**0**	**0**	**0**
Net debt						
Fixed rate	2,442,997	(35,075)	2,407,922	(691,215)	1,716,707	(1,716,707)
Floating rate	1,138,852	(387,957)	750,895	(717,745)	33,150	(33,150)
TOTAL NET DEBT	**3,581,849**	**(423,032)**	**3,158,817**	**(1,408,960)**	**1,749,857**	**(1,749,857)**
Available credit lines	2,245,000	(180,000)	2,065,000	(1,465,000)	600,000	(600,000)
Future cash flows on debt	0	(69,783)	0	(209,236)	0	(98,169)

The interest that will be paid until maturity of the entire debt, estimated on the basis of the interest rate curve at December 31, 2016, amounts to €377 million.

The breakdown of the €482 million repayment of gross debt within less than one year is as follows:

	1st quarter 2017	2nd quarter 2017	3rd quarter 2017	4th quarter 2017	Total
In €'000	195,595	111,791	123,734	50,484	481,604

The fair value of the gross debt used to calculate NAV was €3,719 million at December 31, 2016 of which €79 million corresponding to the fair value adjustment of fixed-rate debt.

Type of bonds

	EMTN	EMTN	EMTN	EMTN	EMTN	EMTN	EMTN
Issue date	April 11, 2012	May 30, 2013	July 30, 2014	January 20, 2015	June 17, 2015	December 18, 2015	September 30, 2016
Issue amount (in € million)	650	300	500	500	500	110	500
Outstanding amount (in € million)	439.7	242.6	236.1	500	500	110	500
Issue/conversion price	99.499%	98.646%	99.317%	99.256%	97.800%	100.000%	99.105%
Redemption price	€100,000	€100,000	€100,000	€100,000	€100,000	€100,000	€100,000
Nominal rate	4.75%	2.875%	1.75%	1.50%	2.00%	Euribor 3 months + 0.30%	1.00%
Maturity date	April 11, 2019	May 30, 2023	July 30, 2021	January 20, 2025	June 17, 2024	July 18, 2017	January 30, 2029

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 12/31/2016	Balance at 12/31/2015
Net debt/revalued block value of property holding (excluding duties)	Maximum 55%	29.4%	36.4%
EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	4.9x	3.9x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	6.5%	7.7%
Revalued block value of property holding (excluding duties, in € million)	Minimum 6,000/8,000	12,171	12,971

Change of control clauses

For bonds maturing in April 2019, May 2023, July 2021, June 2024, January 2025 and January 2029, a change in control leading to the downgrading of Gecina's credit rating to "Non-investment Grade", which is not raised to "Investment Grade" within 120 days, can generate accelerated redemption 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 12/31/2016	Maturity or effective date < 1 year	Outstanding 12/31/2017	Maturity or effective date 1 to 5 years	Outstanding 12/31/2021	Maturity or effective date More than 5 years
Portfolio of outstanding derivatives						
Fixed-rate receiver swaps	400,000	(400,000)	0	0	0	0
Fixed-rate payer swaps	450,000	0	450,000	0	450,000	(450,000)
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	625,000	0	625,000	(625,000)	0	0
Caps sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**1,475,000**	**(400,000)**	**1,075,000**	**(625,000)**	**450,000**	**(450,000)**
Portfolio of derivatives with delayed effect						
Fixed-rate receiver swaps	0	0	0	0	0	0
Fixed-rate payer swaps	0	0	0	150,000	150,000	(150,000)
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**	**150,000**	**150,000**	**(150,000)**
Total portfolio of derivatives						
Fixed-rate receiver swaps	400,000	(400,000)	0	0	0	0
Fixed-rate payer swaps	450,000	0	450,000	150,000	600,000	(600,000)
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	625,000	0	625,000	(625,000)	0	0
Caps sales	0	0	0	0	0	0
Floors sales	0	0	0	0	0	0
TOTAL	**1,475,000**	**(400,000)**	**1,075,000**	**(475,000)**	**600,000**	**(600,000)**
Future interest cash flows on derivatives	0	(5,933)	0	(24,125)	0	100

Gross debt hedging

In €'000	12/31/2016
Fixed-rate gross debt	**2,442,997**
Fixed-rate debt converted to floating rate	(400,000)
Residual debt at fixed rate	**2,042,997**
Gross debt at floating rate	**1,197,424**
Fixed-rate debt converted to floating rate	400,000
Gross debt at floating rate after conversion of debt to floating rate	**1,597,424**
Fixed-rate payer swaps and activated caps/floors	(450,000)
Unhedged gross debt at floating rate	**1,147,424**
Caps purchases	(625,000)
Caps sales	
Floating rate debt	**522,424**

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

In €'000	12/31/2015	Acquisitions	Disposals	Transfer between items	Change in value	12/31/2016
Non-current assets	9,249	0	0	(1,537)	(7,712)	0
Current assets	0	0	0	1,537	0	1,537
Non-current liabilities	(35,200)	(7,702)	22,601	0	(10,712)	(31,013)
Current liabilities	0	0	0	0	0	0
TOTAL	**(25,951)**	**(7,702)**	**22,601**	**0**	**(18,424)**	**(29,476)**

Financial instruments (current and non-current) increase by €3 million. This can be explained by:
- the restructuring of financial instruments for €23 million;
- the €26 million decrease in value related to the change in rates in 2016 and the timing impact.

3.5.5.13. Provisions

In €'000	12/31/2015	Allocations	Write backs	Utilizations	Reclassification	12/31/2016
Tax reassessments	2,141	7,000	0	0	0	9,141
Employee benefit commitments	13,058	1,752	(164)	0	0	14,647
Spain commitments	5,940	0	(1,140)	0	0	4,800
Other disputes	6,420	10,400	(2,837)	(1,532)	0	12,450
TOTAL	**27,559**	**19,152**	**(4,141)**	**(1,532)**	**0**	**41,038**

Some companies within the consolidation have been the subject of tax audits leading to notifications of tax reassessments, the majority of which are contested. In particular, some tax reassessments were notified after accounting review in respect of 2012 and 2013 fiscal years, essentially. These tax reassessments for a total amount of €86 million are contested by the company and are essentially not accrued as a provision. At December 31, 2016, the total amount provisioned for the fiscal risk was €9 million, based on the assessments made by the company and its advisors.

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 €30 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 (€14.6 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, 2016, 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 case and believes that it is not currently required to make this 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.

In December 2014, the Spanish court declared the commencement of receivership proceedings for Bami Newco. Gecina and SIF Espagne are challenging the conditions for commencing this liquidation phase. Following a claim filed by a Bami Newco senior creditor, the Spanish Bankruptcy judge authorized in June 2015, a procedure to sell off the property assets of Bami Newco. Despite the various petitions filed by some creditors, including Gecina and SIF Espagne, the Spanish Bankruptcy judge authorized, through a firm and final order at the end of July 2015, the sale of the property assets to the Bami Newco senior creditor. In November 2015, the liquidation plan was sent to the parties and is currently being executed by the court-ordered liquidation administrator. 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.

Following SIF Espagne's sale of a land parcel in Madrid that it owned, the provision of €1.1 million corresponding to the security for the same amount, which SIF Espagne had given to the City of Madrid, was reversed in the accounts at December 31, 2016. This guarantee covered a commitment made by SIF Espagne to build a building on this parcel.

The company was informed on July 16, 2012 by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009, for a total amount of €140 million, three of which are in the name of «Gecina S.A. Succursal en España» and one in the name of Gecina S.A., in favor of a Spanish company known as Arlette Dome SL. The latter allegedly gave these promissory notes to Banco de Valencia as a guarantee for 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. The proceedings are ongoing. 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.

3.5.5.14. Pensions and other employee benefits

The amounts reported in the balance sheet as at December 31, 2016 are as follows:

In €'000	12/31/2016	12/31/2015
Discounted value of the liability	17,682	16,246
Fair value of hedging assets	(3,035)	(3,188)
Discounted net value of the liability	**14,647**	**13,058**
Non-recognized profits (losses)	0	0
Non-recognized costs of past services	0	0
NET LIABILITY ON THE BALANCE SHEET	**14,647**	**13,058**

The net commitment recorded as non-recurring provisions amounted to €14.6 million after taking into account hedging assets estimated at €3.0 million at December 31, 2016.

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

Change of bond

In €'000	12/31/2016	12/31/2015
Discounted net value of bond at beginning of period	**13,058**	**12,866**
Breakdown of expense		
Cost of services rendered during the year	722	731
Net interest	206	171
Actuarial losses and gains	(124)	0
Expense reorganized under payroll expense	**804**	**902**
Effects of any change or liquidation of the plan	292	0
Benefits paid (net)	(792)	(171)
Contributions paid	0	(380)
Actuarial losses and gains not written to income	1,285	(159)
DISCOUNTED NET VALUE OF BOND AT END OF PERIOD	**14,647**	**13,058**

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

	12/31/2016	12/31/2015
Expected yield rate of hedging assets	3.00%	3.00%
Wage increase rate (net of inflation)	0.50%	0.50%
Discount rate	0.00% - 1.50%	0.00% - 2.00%
Inflation rate	2.00%	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	12/31/2016	12/31/2015
Trade payables	3,293	1,779
Trade payables (invoices not received)	27,136	21,589
Fixed asset trade payables[(1)]	86,466	309,393
Fixed asset trade payables (invoices not received)[(1)]	94,775	41,853
TRADE PAYABLES	**211,671**	**374,613**
(1) Of which:		
Acquisition of City 2	*2,288*	*225,390*
Acquisition of Van Gogh	*88,032*	*84,528*

3.5.5.16. Tax and social security liabilities

In €'000	12/31/2016	12/31/2015
Social security liabilities (short term)	23,995	22,584
Other tax liabilities (representing VAT payable and local taxes)	17,234	14,951
TAX AND SOCIAL SECURITY PAYABLES	**41,229**	**37,535**
of which non-current liabilities	*0*	*0*
of which current liabilities	*41,229*	*37,535*

3.5.5.17. Other current liabilities

In €'000	12/31/2016	12/31/2015
Client credit balances	28,017	65,272
Other payables	10,423	12,066
Deferred income	2,899	3,622
OTHER PAYABLES	**41,340**	**80,960**

3.5.5.18. Liabilities classified as held for sale

In €'000	12/31/2016	12/31/2015
Non-current payables and debt	**0**	**94,939**
Financial payables and debt		94,939
Current payables and debt	**0**	**19,033**
Share short-term of financial debt		7,678
Financial instruments		796
Security deposits		1,015
Trade payables		8,959
Tax and social security payables and debt		314
Other debts		271
TOTAL LIABILITIES	**0**	**113,972**

3.5.5.19. Off balance sheet commitments

In €'000	12/31/2016	12/31/2015
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(1)	747,695	862,506
Works amount to be invested (including sales of property for future completion)	340,232	300,411
Preliminary sale agreements for properties	180,630	55,181
Preliminary agreements to acquire buildings	1,620	0
Other(2)	27,520	17,987
TOTAL COMMITMENTS GIVEN	**1,298,717**	**1,237,105**
Commitments received		
Off balance sheet commitments received linked to financing		
Unused lines of credit	2,245,000	2,410,000
Off balance sheet commitments received linked to operating activities		
Preliminary sale agreements for properties	140,599	19,331
Preliminary agreements to acquire buildings	1,800	0
Mortgage-backed receivables	480	480
Financial guarantees for management and transactions activities	1,264	2,160
Other(3)	1,247,057	1,249,904
TOTAL COMMITMENTS RECEIVED	**3,636,200**	**3,681,875**

(1) List of main mortgaged properties: 148 and 152 rue de Lourmel (75015 Paris); 4-16 avenue Léon Gaumont (93105 Montreuil); Zac Charles de Gaulle (92700 Colombes); 418-432 rue Estienne d'Orves and 25-27 and 33 rue de Metz (92700 Colombes); 10/12 place Vendôme (75002 Paris); 9 to 11 bis avenue Matignon, 2 rue de Ponthieu, 12 to 14 rue Jean Mermoz, 15 avenue Matignon (75008 Paris); 37 rue du Louvre, 25 rue d'Aboukir (75002 Paris); ZAC Danton, 34 avenue Léonard de Vinci (92400 Courbevoie); 101 avenue des Champs-Élysées (75008 Paris).
(2) Of which €10 million and €16 million for liability guarantee granted in the GEC 4 and Gecimed subsidiaries' equities disposal.
(3) 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.

3.5.5.20. 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 receivables	Liabilities at amortized cost	Historic cost	Fair value through shareholders' equity	Total	Fair value
Financial fixed assets[1]	0	2,202	0	480	0	80	0	2,762	2,762
Equity-accounted investments	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	58,573	0	0	0	0	0	0	58,573	58,573
Current and non-current derivatives[2]	1,537	0	0	0	0	0	0	1,537	1,537
Other assets[1]	0	0	0	0	0	173,622	0	173,622	173,622
TOTAL FINANCIAL ASSETS	**60,110**	**2,202**	**0**	**480**	**0**	**173,702**	**0**	**236,494**	**236,494**
Non-current financial debts	0	769,853	0	0	2,388,964	0	0	3,158,817	3,158,817
Current and non-current derivatives[2]	31,013	0	0	0	0	0	0	31,013	31,013
Current financial debts	0	481,604	0	0	0	0	0	481,604	481,604
Other liabilities[1]	0	0	0	0	0	340,642	0	340,642	340,642
TOTAL FINANCIAL LIABILITIES	**31,013**	**1,251,457**	**0**	**0**	**2,388,964**	**340,642**	**0**	**4,012,076**	**4,012,076**

(1) Due to the short term nature of these receivables and debts, 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 derivatives 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

In its revenues, Gecina distinguishes rental income by type of lease while the analysis by sector (Note 3.5.8) is based on the Group's internal management.

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

In €'000	12/31/2016	12/31/2015
Less than 1 year	324,425	320,965
1 to 5 years	660,858	565,640
Over 5 years	343,664	90,061
TOTAL	**1,328,948**	**976,666**

3.5.6.2. 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 not significant for the period ended December 31, 2016 versus €0.9 million in 2015.

Recharges to tenants consist of rental income from recharging for costs payable by them. For fiscal 2016, they include the rental management and technical fees, if any, invoiced, which was €4.0 million (*versus* €4.4 million at December 31, 2015, recognized at that time on the line for "Services and other net income").

In €'000	12/31/2016	12/31/2015
Other external expenses	(81,479)	(79,080)
Taxes and other payables	(50,323)	(49,880)
Salaries and fringe benefits	(4,921)	(5,089)
Other expenses	8	(1,017)
Property expenses	**(136,715)**	**(135,066)**
Rental expenses to be regularized	3,154	4,702
Vacant premises' expenses	(5,479)	(5,685)
Miscellaneous recovery	31,774	25,097
Provisions on costs	66,531	63,059
Recharges to tenants	**95,980**	**87,173**
NET DIRECT OPERATING EXPENSES	**(40,735)**	**(47,893)**

3.5.6.3. Services and other income (net)

These largely comprise the following items:

In €'000	12/31/2016	12/31/2015
Income from service activities	914	5,994
Reversals of investment subsidies	215	169
Other	134	1,836
TOTAL GROSS	**1,263**	**7,999**
Expenses	0	(407)
TOTAL NET	**1,263**	**7,592**

3.5.6.4. Overheads

Overheads break down as follows:

In €'000	12/31/2016	12/31/2015
Salaries and fringe benefits	(49,476)	(47,373)
Internal costs	5,353	6,002
Share-based payments (IFRS 2)	(1,626)	(2,267)
Net management costs	(18,823)	(17,526)
TOTAL	**(64,571)**	**(61,164)**

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 payroll expenses has been reclassified to the income statement or balance sheet, as applicable, for a total amount of €5.4 million at December 31, 2016. 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 (cf. Note 3.5.9.5) and are booked in accordance with IFRS 2 (cf. Note 3.5.3.7).

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

3.5.6.5. Gains or losses on disposals

Disposals represented:

In €'000	12/31/2016	12/31/2015
Block sales	313,781	407,026
Units sales	169,196	125,467
Proceeds from disposals	**482,977**	**532,494**
Block sales	(292,894)	(324,484)
Units sales	(127,958)	(97,185)
Net book value	**(420,852)**	**(421,669)**
Block sales	(5,081)	(12,039)
Units sales	(6,375)	(7,756)
Cost of sales	**(11,456)**	**(19,795)**
Block sales	15,807	70,503
Units sales	34,863	20,526
CAPITAL GAINS ON DISPOSAL	**50,669**	**91,029**

Personnel expenses directly attributable to disposals and, to a lesser extent, management costs recorded under "Gains or losses on disposal" for the year ended December 31, 2016 amounted to €2.5million *versus* €1.9 million in 2015.

3.5.6.6. Change in value of properties

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

€ million	12/31/2015	12/31/2016	Change	%
Offices	7,569	7,892	322.7	4.3%
Residential	2,029	2,074	44.8	2.2%
Investment properties	**9,598**	**9,965**	**367.5**	**3.8%**
Change in value of projects delivered and acquisitions			64.0	
Change in value of projects in progress			119.7	
Change in value of assets held for sale			34.4	
Change in value			**585.6**	
Capitalized works on investments properties			(50.5)	
Capitalized salaries and fringe benefits on investments properties			(0.9)	
Acquisition costs, translation differentials and other			(1.2)	
CHANGE IN VALUE RECORDED IN INCOME STATEMENT AS AT DECEMBER 31, 2016			**533.0**	

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 (DCF method)	Rental market value In €/sq.m
Paris CBD	3.00% - 5.20%	3.50% - 5.75%	420 - €780/sq.m
Paris excl. CBD	4.00% - 7.65%	4.40% - 8.75%	300 - €490/sq.m
Paris	**3.00% - 7.65%**	**3.50% - 8.75%**	**300 - €780/sq.m**
1st rim	4.00% - 6.50%	4.25% - 7.00%	240 - €540/sq.m
2nd rim	6.40% - 10.00%	6.25% - 11.50%	70 - €200/sq.m
Paris Region	**4.00% - 10.00%**	**4.25% - 11.50%**	**70 - €540/sq.m**
Rest of France	6.15% - 6.15%	6.00% - 6.00%	260 - €260/sq.m
OFFICES	**3.00% - 10.00%**	**3.50% - 11.50%**	**70 - €780/SQ.M**

Residential	Units sales price In €/sq.m	Yield rate
Paris	5,630 - €9,310/sq.m	3.90% - 4.90%
1st rim	4,100 - €5,810/sq.m	4.50% - 5.60%
RESIDENTIAL	**4,100 - €9,310/SQ.M**	**3.90% - 5.60%**

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 around 9.6% in the appraised value of Gecina's property holdings (on the assumption that such a downturn would affect all the different segments of Gecina's real estate business), representing roughly €1,166 million based on the block valuation of the assets at December 31, 2016, 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 €m	Variation of assets In%	Impact on consolidated income In €m
All sectors	**0.50%**	**11,004**	**-9.6%**	**(1,166)**
Offices	0.50%	8,612	-9.6%	(914)
Residential	0.50%	2,392	-9.5%	(252)

3.5.6.7. 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	12/31/2016	12/31/2015
Interests and expenses on bank loans	(22,836)	(29,047)
Interests and expenses on bond borrowings	(69,852)	(87,005)
Interests on finance leases	(404)	(851)
Interest expenses on hedge instruments	(1,207)	(6,503)
Other financial costs	(2,388)	(49)
Losses from translation differentials	(24)	(142)
Capitalized interests on projects under development	6,464	4,717
Financial costs	**(90,246)**	**(118,879)**
Interest income on hedging instruments	0	22
Other financial income	2,680	565
Gains from translation differentials	0	78
Financial income	**2,680**	**664**
NET FINANCIAL EXPENSES	**(87,566)**	**(118,215)**

The average cost of the drawn debt was 1.7% in 2016.

3.5.6.8. Change in value of derivatives and debts

Based on the existing hedge portfolio and taking into account contractual conditions at December 31, 2016 and anticipated debt in 2017, a 0.5% increase in the interest rate would generate an additional expense in 2017 of €5.8 million. An interest rate cut of 0.5% would lead to a drop in financial expenses in 2017 of €5.8 million.

Financial instruments (current and non-current) increase by €3 million.

Based on the portfolio at December 31, 2016, the change in fair value of the derivatives portfolio, as a result of a 0.5% increase in the interest rate, would be €23 million recognized as income. A 0.5% interest rate cut would result in a change in fair value of -€23 million recorded in income.

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

3.5.6.9. Taxes

In €'000	12/31/2016	12/31/2015
Corporate income tax	(31)	0
Additional contribution to corporate income tax	(9)	(619)
CVAE	(3,207)	(2,512)
Tax credits	63	0
Recurring taxes	**(3,184)**	**(3,131)**
Exit tax	0	0
Non-recurring taxes	(362)	(182)
Tax credits	24	0
Deferred taxes	0	1,750
TOTAL	**(3,521)**	**(1,564)**

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	12/31/2016	12/31/2015
Consolidated net income from continued operations	779,945	1,365,777
Tax (incl. CVAE)	3,521	1,564
CVAE	(3,207)	(2,512)
Consolidated net income, before tax excl. CVAE	**780,259**	**1,364,830**
Theoretical tax rate	**34.43%**	**38.00%**
Theoretical tax in value	**268,643**	**518,635**
Impact of tax rate differences between France and other countries	0	0
Impact of permanent and timing differences	(1,725)	(3,456)
Companies accounted for by the equity method	(21)	(21)
Impact of the SIIC regime	(266,523)	(516,106)
Tax disputes	0	0
CVAE	3,207	2,512
TOTAL	**(265,062)**	**(517,071)**
Effective tax charge per income statement	3,521	1,564
Effective tax rate	**0.45,%**	**0.11,%**

The theoretical tax rate of 34.4% corresponds to the ordinary law rate of 33.3% and to the corporate tax social contribution of 3.3% (the exceptional contribution on corporate tax of 10.7% no longer applies to the Group over fiscal year 2016).

3.5.6.10. Net income from discontinued operating activities

In €'000	12/31/2016	12/31/2015
Gross rental income	**39,362**	**76,415**
Property expenses	(4,656)	(8,838)
Recharges to tenants	4,220	8,350
Net rental income	**38,926**	**75,927**
Services and other income (net)	74	676
Overheads	(454)	(965)
EBITDA	**38,546**	**75,638**
Gains or losses on disposals	(2,265)	(3)
Change in value of properties	(3,008)	170,355
Operating income	**33,273**	**245,990**
Net financial expenses	(780)	(1,597)
Change in value of financial instruments and debt	116	(549)
Pre-tax income	**32,609**	**243,844**
Tax	(238)	(359)
CONSOLIDATED NET INCOME	**32,371**	**243,485**

3.5.6.11. 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.

	12/31/2016	12/31/2015
Net income linked to owners of the parent (in €'000)	813,472	1,609,262
Weighted average number of shares before dilution	62,959,735	62,216,325
Undiluted earnings per share, linked to owners of the parent (in €)	**12.92**	**25.87**
Earnings per share, after effect of dilutive securities, linked to owners of the parent (in €'000)	813,853	1,610,775
Weighted average number of shares after dilution	63,300,123	62,903,942
Diluted earnings per share, linked to owners of the parent (in €)	**12.86**	**25.61**

	12/31/2016	12/31/2015
Net income linked to owners of the parent before dilution (in €'000)	813,472	1,609,262
Impact of dilution on net income (securities allocations effect)	381	1,513
Net income linked to owners of the parent, after effect of dilutive securities (in €'000)	**813,853**	**1,610,775**
Weighted average number of shares before dilution	62,959,735	62,216,325
Impact of dilution on weighted number of shares	340,388	687,617
Weighted average number of shares after dilution	**63,300,123**	**62,903,942**

3.5.7. NOTES TO THE STATEMENT OF CONSOLIDATED CASH FLOWS

3.5.7.1. Acquisitions and disposals of consolidated subsidiaries

In €'000	12/31/2016	12/31/2015
Equities price acquisition	0	590,032
Acquired cash	0	(6,973)
Net acquisitions acquired cash	**0**	**583,059**
Equities sale and debt reimbursement	(1,226,880)	0
Transferred cash	4,333	0
Net disposals transferred cash	**(1,222,547)**	**0**
Incidence of scope variation	**(1,222,547)**	**583,059**

3.5.7.2. Proceeds from disposals of tangible and intangible fixed assets

In €'000	12/31/2016	12/31/2015
Block sales	313,781	408,136
Units sales	169,196	125,467
Proceeds from disposals	**482,977**	**533,604**
Block sales	(5,081)	(12,041)
Units sales	(6,375)	(7,756)
Cost of sales	**(11,456)**	**(19,797)**
Impacts of the application of IFRS 5	0	(1,108)
CASH IN LINKED TO DISPOSALS	**471,521**	**512,698**

3.5.7.3. Dividends paid to shareholders of the parent company

After the payment of an interim dividend of €2.50 per share on March 9, 2016, the Combined General Meeting of April 21, 2016 approved the payment of a dividend of €5 per share for fiscal year 2015. The remaining balance of €2.50 per share was paid on July 6, 2016. For 2014, the Group distributed a dividend per share of €4.65 for a total amount of €290.4 million paid out on April 30, 2015.

3.5.7.4. Closing cash and cash equivalents

In €'000	12/31/2016	12/31/2015
Money-market UCITS	46	6,187
Cash and cash equivalents	58,527	140,188
Closing cash and cash equivalents	**58,573**	**146,375**
Cash and cash equivalents of the Healthcare sector (IFRS 5)	0	(38)
CASH AND CASH EQUIVALENTS	**58,573**	**146,337**

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 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 logistics properties				0		0
Rental revenues on students residences			14,046	14,046		14,046
Turnover: 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)
Net rental income	**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 derivatives				(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**
Tax				(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	-	49,301

Income statement for business segments at December 31, 2015

In €'000	Offices	Residential	Student residences	Services	Total continued operations	Discontinued operations	Segments total
Operating income							
Rental revenues on offices properties	359,850	8,753	0	0	368,603	0	368,603
Rental revenues on residential properties	4,379	112,526	0	0	116,905	0	116,905
Rental revenues on healthcare properties	0	0	0	0	0	76,415	76,415
Rental revenues on logistics properties	717	0	0	0	717	0	717
Rental revenues on students residences	0	0	11,953	0	11,953	0	11,953
Turnover: gross rental income	**364,946**	**121,279**	**11,953**	**0**	**498,178**	**76,415**	**574,593**
Expenses not billed to tenants	22,655	21,959	3,280	0	47,893	488	**48,381**
Net rental income	**342,291**	**99,320**	**8,673**	**0**	**450,285**	**75,927**	**526,212**
Margin on rents	**93.79%**	**81.89%**	**72.56%**		**90.39%**	**99.36%**	**91.58%**
Services and other income (net)	1,377	188	440	5,588	7,592	676	8,268
Salaries and fringe benefits					(43,638)	0	(43,638)
Net management costs					(17,526)	(965)	(18,491)
EBITDA					**396,713**	**75,638**	**472,351**
Net gains on disposals of properties	69,721	21,483	(175)	0	91,029	(3)	91,026
Change in value of properties	1,074,348	(15,418)	9,427	0	1,068,358	170,355	1,238,713
Amortization					(5,000)	0	(5,000)
Net impairments					(540)	0	(540)
Operating income					**1,550,560**	**245,990**	**1,796,550**
Net financial expenses					(118,215)	(1,597)	(119,812)
Financial provisions and amortization					(4,470)	0	(4,470)
Change in value of derivatives					(51,061)	(549)	(51,610)
Net income from equity-accounted investments					55	0	55
Pre-tax income					**1,376,869**	**243,844**	**1,620,713**
Tax					(1,564)	(359)	(1,923)
Consolidated net income linked to non-controlling interests					(9,528)		(9,528)
Consolidated net income linked to owners of the parent					**1,365,777**	**243,485**	**1,609,262**
Assets and liabilities by segments as at December 31, 2015							
Property holdings (except headquarters)	8,830,432	2,436,530	230,414	0	11,497,377	1,300,225	12,797,602
- of which acquisitions	1,552,903	0	0	0	1,552,903	0	1,552,903
- of which properties for sale	15,394	527,099	0	0	542,493	1,300,225	1,842,718
Amounts due from tenants	80,144	12,160	748	175	93,227	852	94,078
Impairments of tenants' receivables	(4,575)	(6,671)	(319)	0	(11,565)	0	(11,565)
Security deposits received from tenants	40,656	11,067	2,540	0	54,263	1,015	55,277

3.5.9. OTHER INFORMATION

3.5.9.1. Shareholding structure of the Group

At December 31, 2016, Gecina's shareholding was structured as follows:

Shareholders	Number of shares	% of share capital
Ivanhoé Cambridge	14,529,973	22.91%
Crédit Agricole Assurances – Predica	8,432,260	13.29%
Norges Bank	6,139,377	9.68%
Other resident institutional shareholders	2,973,481	4.69%
Individual shareholders	2,672,847	4.21%
Non-resident shareholders	28,314,158	44.63%
Treasury shares	372,544	0.59%
TOTAL	**63,434,640**	**100%**

3.5.9.2. Dividend distributed during the year

After the payment of an interim dividend of €2.50 per share on March 9, 2016 (€156.7 million), the Combined General Meeting of April 21, 2016 approved the payment of a dividend of €5 per share for fiscal year 2015. The remaining balance of €2.50 per share was paid on July 6, 2016 (€157.1 million). For 2014, the Group distributed a dividend per share of €4.65 for a total amount of €290.4 million paid out on April 30, 2015.

3.5.9.3. Related parties

The attendance allowances paid to directors appear in Note 5.2.3.

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 192,000 euros for fiscal year 2016.

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.

In December 2014, Bami Newco asked for the commencement of receivership proceedings that was agreed by the Spanish court. Gecina and SIF Espagne are challenging the conditions for commencing this liquidation phase (see Section 3.5.5.13).

Following a claim filed by a Bami Newco senior creditor, the Spanish Bankruptcy judge authorized in June 2015, a procedure to sell off the property assets of Bami Newco. Despite the various petitions filed by some creditors, including Gecina and SIF Espagne, the Spanish Bankruptcy judge authorized, through a firm and final order at the end of July 2015, the sale of the property assets to the Bami Newco senior creditor.

In November 2015, the liquidation plan was sent to the parties and is currently being executed by the court-ordered liquidation administrator. 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.

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.

3.5.9.4. Group employees

Average headcount	12/31/2016	12/31/2015	12/31/2014
Managers	194	195	199
Employees and supervisors	166	165	176
Building staff	76	78	101
TOTAL	**435**	**438**	**477**

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 July 21, 2016 (1)	Total to exercise at 12/31/2015	Options exercised in 2016	Options cancelled, expired or transferred in 2016	Number of additional options after adjustment of July 21, 2016(1)	Total to exercise at 12/31/2016	Residual life In years
03/14/2006	03/14/2008	251,249	€95.73	€95.73	74,016	56,860	17,156		0	0.0
12/12/2006	12/12/2008	272,608	€103.25	€102.86	128,959	124,414	4,738	193	0	0.0
12/13/2007	12/13/2009	230,260	€103.91	€103.52	103,852	65,996		184	38,040	1.0
12/18/2008	12/18/2010	331,875	€36.94	€36.80	36,456	733		145	35,868	2.0
04/16/2010	04/16/2012	252,123	€78.37	€78.08	113,427	54,064		427	59,790	3.3
12/27/2010	12/27/2012	210,650	€83.86	€83.55	174,037	86,445		668	88,260	4.0

(1) In order to preserve the rights of holders of stock-options further to the distribution in accordance with Articles L. 225-181 and L. 228-91 of the French Commercial Code. The Board of Directors of July 21, 2016 proceeded with the adjustment provided for in the third paragraph of Article L. 228-99 of the French Commercial Code.

Performance shares

Grant date	Vesting date	Number of shares advanced	Stock price when granted	Balance at 12/31/2015	Shares vested in 2016	Shares cancelled in 2016	Balance at 12/31/2016
02/19/2015	02/19/2018	58,120	€116.45	56,870		1,130	55,740
04/21/2016	04/21/2019	60,990	€125.00			1,300	59,690
07/21/2016	04/21/2019	3,000	€128.65				3,000

3.5.9.6. Compensation for administrative and governance bodies

Compensation for management bodies concerns Gecina's corporate officers.

In €'000	12/31/2015	12/31/2016
Short-term benefits	1,286	1,390
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	390	300

3.5.9.7. Auditors' Fees

The fees of the Independent Auditors recognized in the income statement for 2016 for the audit and certification of the individual and consolidated financial statements and for various audit-related missions amounted to:

	PricewaterhouseCoopers Audit				Mazars				Total			
	Amount (net of tax)*		%		Amount (net of tax)*		%		Amount (net of tax)*		%	
In €'000	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
AUDIT												
Statutory auditing, certification, review of individual and consolidated accounts												
Issuer	477	455	69%	60%	480	459	69%	67%	957	914	69%	63%
Fully consolidated subsidiaries	148	166	21%	22%	150	163	22%	24%	298	329	22%	23%
Services other than the certification of accounts												
Issuer	63	118	9%	16%	66	66	9%	10%	129	184	9%	13%
Consolidated subsidiaries	0	15	0%	2%	0	0	0%	0%	0	15	0%	1%
TOTAL	**688**	**754**	**100%**	**100%**	**695**	**688**	**100%**	**100%**	**1,383**	**1,442**	**100%**	**100%**
OTHER SERVICES RENDERED BY THE NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES												
Subtotal	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**	**0**	**0**	**0%**	**0%**
TOTAL	**688**	**754**	**100%**	**100%**	**695**	**688**	**100%**	**100%**	**1,383**	**1,442**	**100%**	**100%**

** Including share of non-refundable VAT.*

3.5.9.8. Post-balance sheet events

The Gecina Board of Directors met on January 6, 2017, and appointed Ms. Méka Brunel as Chief Executive Officer of Gecina. The Board ended the duties of Philippe Depoux as Chief Executive Officer. The severance package he received in the amount of €2.2 million, including charges, was provisioned in full as salaries and fringe benefits at December 31, 2016.

Chapter 04

Annual financial **statements**

4.1. BALANCE SHEET AS AT DECEMBER 31, 2016

Assets

In €'000	12/31/2016 Gross	12/31/2016 Depreciations and impairments	12/31/2016 Net	12/31/2015 Net
Fixed assets				
Intangible fixed assets	**6,196**	**2,338**	**3,858**	**406,386**
Concessions, patents, licenses	6,196	2,338	3,858	3,299
Intangible assets				403,087
Tangible fixed assets	**4,265,607**	**608,491**	**3,657,115**	**3,485,036**
Land	2,165,592	65,880	2,099,711	2,134,510
Buildings	1,748,114	524,950	1,223,164	1,288,189
Buildings on third party land	27,779	13,028	14,751	15,252
Other tangible fixed assets	8,038	4,633	3,405	3,494
Merger losses on land	267,063		267,063	
Fixed assets in progress	49,021		49,021	43,456
Advances and instalments				135
Financial investments	**4,301,376**	**335,861**	**3,965,515**	**4,490,767**
Equity investments and related receivables	3,937,884	270,669	3,667,215	4,235,119
Other equity investments	21,587		21,587	20,187
Loans	178,728		178,728	234,169
Other financial investments	885	153	732	812
Merger losses on securities	96,773		96,773	
Advances on property acquisitions	65,519	65,039	480	480
TOTAL I	**8,573,179**	**946,690**	**7,626,488**	**8,382,189**
Current assets				
Advances and instalments	778		778	789
Receivables				
Rent due	23,211	8,011	15,200	4,921
Other	76,328	26,947	49,381	68,031
Investment securities	6,026		6,026	30,875
Liquid assets	61,263		61,263	141,508
Asset accruals				
Prepaid expenses	22,373		22,373	26,014
TOTAL II	**189,979**	**34,958**	**155,021**	**272,138**
Bond redemption premiums	20,372		20,372	21,028
TOTAL III	**20,372**	**0**	**20,372**	**21,028**
GRAND TOTAL (I + II + III)	**8,783,530**	**981,648**	**7,801,881**	**8,675,355**

Liabilities

In €'000	Before allocation of income 12/31/2016	12/31/2015
Equity		
Capital	475,760	474,455
Issue, merger and contribution premiums	1,918,916	1,905,293
Revaluation gain	428,915	445,535
Reserves:		
Legal reserve	46,280	46,149
Legal reserve from long-term capital gains	1,296	1,296
Regulatory reserves	24,220	24,220
Distributable reserves	681,356	694,023
Retained earnings	0	0
Net income for the year	469,119	284,497
Investment subsidies	1,516	1,347
TOTAL I	**4,047,378**	**3,876,815**
Provisions		
Provisions for contingencies	6,837	2,557
Provisions for liabilities	23,166	14,779
TOTAL II	**30,003**	**17,336**
Payables and debt		
Bonds	2,563,254	3,223,029
Loans and debt	1,035,530	1,449,893
Security deposits	22,540	27,139
Advances and instalments received	12,313	10,928
Trade payables	22,682	15,508
Tax and social security payables	27,080	26,400
Fixed asset payables	31,789	20,040
Other payables	8,450	7,174
Accruals		
Deferred income	862	1,093
TOTAL III	**3,724,500**	**4,781,204**
GRAND TOTAL (I + II + III)	**7,801,881**	**8,675,355**

4.2. INCOME STATEMENT AS AT DECEMBER 31, 2016

In €'000	12/31/2016	12/31/2015
Operating revenues		
Rental income	251,461	264,269
Write-backs on impairment and provisions	2,948	2,549
Recharges to tenants	49,641	50,523
Other transferred expenses	494	508
Other income	32,718	33,429
TOTAL	**337,262**	**351,278**
Operating expenses		
Purchases	10,580	11,923
Other external expenses	86,172	76,067
Taxes and duties	32,168	32,933
Salaries and fringe benefits	41,537	40,773
Depreciation	61,519	71,527
Impairment on current assets	1,890	1,477
Provisions	13,960	2,140
Other charges	2,617	1,233
TOTAL	**250,443**	**238,073**
Operating income	**86,819**	**113,205**
Financial income		
Interest and related income	44,640	111,925
Net gains on sale of marketable securities		118
Write-backs on impairment and provisions, transferred expenses	730	35,245
Income from investment securities and receivables	87,284	200,668
Income from equity investments	33,166	24,614
TOTAL	**165,820**	**372,570**
Financial costs		
Interest and related expenses	131,503	203,360
Impairment and provisions	14,483	26,162
TOTAL	**145,986**	**229,522**
Net financial items	**19,834**	**143,048**
Income before tax and exceptional items	**106,653**	**256,253**
Exceptional items		
Net gains on sale of properties	91,418	78,322
Net gains on sale of securities	316,982	412
Provisions for property impairments	10,223	33,032
Subsidies	406	169
Exceptional income and expenses	(52,454)	(81,612)
Exceptional items	**366,575**	**30,323**
Income before tax	**473,228**	**286,576**
Employee profit-sharing	(4,187)	(1,396)
Income tax	78	(683)
RESULT	**469,119**	**284,497**

4.3. NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

4.3.1. HIGHLIGHTS

Fiscal Year 2016

On January 26, 2016, Gecina has acknowledged the disclosure threshold declarations and statements of intent filed with the French securities regulator (AMF), relating to the dissolution of Ivanhoé Cambridge's partnership to hold Gecina shares in concert with Blackstone. Following these operations, Ivanhoé Cambridge, directly and through its subsidiaries, now holds 23% of Gecina's capital. This percentage corresponds to Ivanhoé Cambridge's interest under the previous investment in concert, as announced in June 2015 when it further strengthened its stake.

On February 8, 2016, Gecina signed a preliminary sales agreement with Primonial Reim, representing a club deal involving various institutional investors, for its subsidiaries Gecimed and Gec 15 holding its entire healthcare real estate portfolio. The transaction represents a total of €1.35 billion including commissions and fees, with a net yield of 5.9%. Gecina has completed on the sale of its healthcare real estate portfolio on July 1, 2016.

On February 19, 2016, Gecina signed two nine-year leases with CREDIPAR and the PSA Peugeot Citroën Group for nearly 10,000 sq.m in the "Pointe Métro 2" building in Gennevilliers, representing 77% of this asset's total space.

On September 23, 2016, Gecina placed a €500 million bond issue, maturing in January 2029 (maturity of 12.3 years). This bond issue with a coupon of 1.0% combines the lowest ever achieved with the highest ever maturity for a bond issue by Gecina. Alongside this, Gecina opened a redemption offer for three outstanding public bond issues maturing from January 2019 to May 2023. These operations are in line with the Group's financing strategy, contributing towards extending the average maturity of its debt and reducing its average cost over the medium term.

On October 25, 2016, Standard & Poor's has upgraded its outlook for Gecina's rating from BBB+ / outlook stable to BBB+ / outlook positive.

On December 22, 2016, Moody's has upgraded its rating for Gecina from Baa1 / outlook stable to A3 / outlook stable. The rating agency highlighted the significant improvement in the Group's financial ratios, particularly its EBITDA interest coverage and loan-to-value ratios.

At the same time, on May 19, 2016, Gecina announced that it had filed a takeover bid proposal with the AMF, to acquire all the shares of Foncière de Paris, a listed real estate investment trust with a portfolio mostly composed of office property based in Paris and in the first rim. Gecina's bid was contending with the rival bid launched by Eurosic, filed on March 11, 2016 with the AMF and declared compliant on April 27, 2016.

Gecina's draft bid included a cash offer of €150 per share and a securities offer of six Gecina shares for five Foncière de Paris shares. On June 14, 2016 Gecina decided to add an OSRA bond component to its initial bid proposal to further strengthen its attractiveness and flexibility and to give all shareholders of Foncière de Paris a third possibility. The bid, completed by the addition of another component in the form of exchange into OSRA equity-linked notes, was filed with the AMF on June 21, 2016.

The success of Gecina's bid depended on whether it obtained more than 50% of the capital and voting rights of Foncière de Paris.

On September 20, 2016, Gecina acknowledged the preliminary results of its public offering for Foncière de Paris' securities, indicating that the threshold of 50% of Foncière de Paris' share capital and voting rights was not reached, the securities submitted to Gecina were returned to their owners.

The total amount of fees, costs and external expenses concerning the takeover bid on Foncière de Paris amounts on December 31, 2016 to €4.2 million.

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.

Following amendments made by regulation ANC 2015-6, and as from January 1, 2016, the technical merger losses corresponding to recognized unrealized capital gains cannot be recorded as intangible assets but should be assigned to the assets concerned.

Therefore, the technical losses existing at the beginning of the period have been reclassified, as required by the new rules, in the specific sub accounts of "Other tangible fixed assets" for buildings or "Other financial fixed assets" for securities (see Section 4.3.4.1).

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	**Commercial**	**Residential**	**Commercial**
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.

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 (as at December 31, 2016: CBRE Valuation, Cushman & Wakefield and 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 fixed assets

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.

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.

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 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.

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. The corresponding 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.

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	Mergers	Transfers between items	Acquisitions	Decreases	Gross carried forward
Intangible fixed assets	**411,888**	**0**	**(403,087)**	**2,111**	**4,716**	**6,196**
Concessions, licenses	8,801			2,111	4,716	6,196
Intangible assets	403,087		(403,087)			0
Tangible fixed assets	**4,056,405**	**0**	**274,126**	**42,518**	**107,442**	**4,265,607**
Land	2,210,477		4,763	5,377	55,025	2,165,592
Buildings	1,767,623		9,176	16,519	45,204	1,748,114
Buildings on third party land	27,779					27,779
Other tangible fixed assets	6,935			1,118	15	8,038
Merger losses on land			274,126		7,063	267,063
Fixed assets in progress	43,456		(13,939)	19,504		49,021
Advances and instalments	135				135	0
Financial investments	**4,818,018**	**(50)**	**128,961**	**435,347**	**1,080,900**	**4,301,376**
Equity investments	2,696,139	(50)		4	323,316	2,372,777
Receivables related to equity investments	1,801,039			433,358	669,289	1,565,108
Other financial investments[1]	20,187			1,435	35	21,587
Loans	234,169			322	55,764	178,727
Other financial investments	964			228	308	884
Merger losses on securities			128,961		32,188	96,773
Advances on property acquisitions	65,520					65,520
TOTAL	**9,286,311**	**(50)**	**0**	**479,976**	**1,193,058**	**8,573,179**

(1) Including treasury shares (see Note 4.3.4.4).

The intangible asset amount corresponded to the underlying capital gains on the property holdings contributed at the merger of SIF, its subsidiaries, Horizons, Parigest, Montbrossol, Geci 1 and Geci 2. Following the amendment to the accounting rules for technical losses (see Section 4.3.3.1.1), the intangible asset amount was reclassified under "merger losses on land" and "merger losses on securities". This allocation in the accounts was made, on the basis of the initial allocation.

This item decreased by €32 million, a result of the disposal of GEC 15 securities.

Changes in equity investments mainly concern:
- the disposal of Gecimed securities for €314 million;
- the reduction of the securities of Avenir Grande Armée for €5 million (price reduction);
- the liquidation of Labuire Aménagement for €3 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 disposal of the securities of the Healthcare subsidiaries led to the repayment of €479 million in shareholder loans.

Further the largest loans concerned:
- Avenir Danton Défense for €325 million;
- Avenir Grande Armée for €227 million;
- Tour City 2 for €185 million;
- GEC 7 for €72 million;
- Khapa and Lyon Sky 56 for €69 million each;
- Le France for €64 million;
- Spanish subsidiary SIF Espagne for €178 million for an equity loan arranged in 2010.

Amortization

In €'000	Balance brought forward	Mergers	Allocations	Write-backs	Balance carried forward
Intangible fixed assets	**5,502**		**1,552**	**4,716**	**2,338**
Concessions, licenses	5,502		1,552	4,716	2,338
Tangible fixed assets	**486,238**		**59,968**	**12,621**	**533,585**
Buildings	470,270		58,260	12,606	515,924
Buildings on third party land	12,527		501		13,028
Other tangible fixed assets	3,441		1,207	15	4,633
TOTAL	**491,740**	**0**	**61,520**	**17,337**	**535,923**

Impairment

In €'000	Balance brought forward	Mergers	Allocations	Write-backs	Balance carried forward
Intangible fixed assets	**0**				**0**
Tangible fixed assets	**85,130**		**336**	**10,559**	**74,907**
Land	75,966		333	10,419	65,880
Buildings	9,164		3	140	9,027
Financial investments	**327,251**	**(12)**	**9,352**	**730**	**335,861**
Equity investments and related receivables	262,059	(12)	9,352	730	270,669
Other financial investments	153				153
Advances on property acquisitions	65,039				65,039
TOTAL	**412,381**	**(12)**	**9,688**	**11,289**	**410,768**

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 €33 million and €183 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	12/31/2016	12/31/2015
Rent due	23,211	12,697
Impairment of rent due	(8,011)	(7,776)
TOTAL RENT DUE AND RELATED RECEIVABLES	**15,200**	**4,921**
Group receivables	50,375	71,929
Group income due	98	8,876
Miscellaneous income due	439	466
French state – income tax receivables	10,502	7,469
French state – VAT	6,274	3,865
Management agencies, co-ownerships and external managers	828	1,333
Miscellaneous other receivables	7,812	1,040
Other receivables impairment	(26,947)	(26,947)
TOTAL OTHER RECEIVABLES	**49,381**	**68,031**

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 (with Eurohypo bank as the lead manager) 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	12/31/2016	12/31/2015
Treasury shares reserved for employees	6,026	25,875
Cash instruments	0	5,000
Total gross amounts	**6,026**	**30,875**
Impairment	0	0
TOTAL INVESTMENT SECURITIES	**6,026**	**30,875**

Treasury shares recorded as investment securities for €6,025,000 include the 73,908 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	€'000
Balance at January 1, 2016	277,264	20,187
Reclassification due to a decrease of rights to shares for employees	21,372	1,400
BALANCE AT DECEMBER 31, 2016[(1)]	**298,636**	**21,587**

(1) These shares are recorded in "Other equity investments".

4.3.4.5. Bond redemption premiums

At December 31, 2016, this line comprised premiums related to all non-convertible bonds, which are amortized on a straight line over the term of the debt (€5 million amortized in 2016).

4.3.4.6. Change in share capital and shareholders' equity

At year-end 2016, the capital was composed of 63,434,640 shares with a par value of €7.50 each.

In €'000	Capital	Issue, merger and conversion premiums	Reserves	Revaluation gain	Retained earnings	Net shareholders equity excluding earnings for the year and subsidies	Income	Subsidies	Share capital	Distribution of dividends
12/31/2014	473,286	1,898,971	819,241	453,351		3,644,849	229,508	1,260	3,875,617	
Capital increase (employees)	1,169	6,322	(519)			6,971			6,971	
Account transfers			7,816	(7,816)						
Other changes								87	87	
2014 Income appropriation			(60,849)			(60,849)	(229,508)		(290,357)	290,357
Result 2015							284,497		284,497	
12/31/2015	474,455	1,905,293	765,689	445,535	0	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
Result 2016							469,119		469,119	
12/31/2016	475,760	1,918,916	753,153	428,915	0	3,576,743	469,119	1,516	4,047,378	313,783

4.3.4.7. Provisions

In €'000	Values at 12/31/2015	Contribution/ Merger	Allocations	Write-backs	12/31/2016
Provisions for tax audits	2,141		7,000		9,141
Provision for employee benefits	11,677		1,560	163	13,074
Provision for share buyback plans	961			10	951
Other provisions	2,557		5,400	1,120	6,837
TOTAL	**17,336**	**0**	**13,960**	**1,293**	**30,003**

Gecina has been the subject to tax audits that have resulted in notifications of tax reassessments, the majority of which are contested. In particular, some tax reassessments were notified after accounting review in respect of 2012 and 2013 fiscal years, essentially. These tax reassessments for a total amount of €77 million are contested by the company and are not accrued as a provision. At December 31, 2016, the total amount accrued as a provision for the fiscal risk is €9 million, based on the assessments of the company and its advisers.

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 €13.1 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.

4.3.4.8. Borrowings and financial debt

Remaining maturities

In €'000	Less than 1 year	1 to 5 years	Over 5 years	Total 12/31/2016	Total 12/31/2015
Non-convertible bonds	144,854	675,800	1,742,600	2,563,254	3,223,029
Ornane bond				0	0
Loans and debt (excluding Group)	290,467	546,225		836,692	1,234,725
Group debt	198,838			198,838	215,167
TOTAL	**634,159**	**1,222,025**	**1,742,600**	**3,598,784**	**4,672,921**

During the fiscal year, the company issued a new bond with a value of €500 million, maturing in January 2029 at a rate of 1%. At the same time, Gecina made partial repayments on bond issues for €532 million. A €500 million bond also matured during the fiscal year.

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 12/31/2016	Balance at 12/31/2015
Net debt/revalued block value of property holding (excluding duties)	Maximum 55%	29.4%	36.4%
EBITDA (excluding disposals)/net financial expenses	Minimum 2.0x	4.9x	3.9x
Outstanding secured debt/revalued block value of property holding (excluding duties)	Maximum 25%	6.5%	7.7%
Revalued block value of property holding (excluding duties, € 000)	Minimum 6,000/8,000	12,171	12,971

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 12/31/2016	Effect of hedging at 12/31/2016		Debt after hedging at 12/31/2016	Debt after hedging at 12/31/2015
Floating rate financial debt	941,075	(1,075,000)	400,000	266,075	595,925
Fixed rate financial debt	2,418,400	1,075,000	(400,000)	3,093,400	3,775,000
INTEREST-BEARING FINANCIAL DEBT[1]	**3,359,475**	**0**	**0**	**3,359,475**	**4,370,925**

(1) Gross debt excluding accrued interests, bank overdrafts and Group debts.

Derivative portfolio

In €'000	12/31/2016	12/31/2015
Derivatives in effect at year-end		
Fixed rate swaps	450,000	390,000
Caps (purchases)	625,000	625,000
Caps (sales)		
Floating rates swaps	400,000	400,000
Subtotal	**1,475,000**	**1,415,000**
Derivatives with deferred impact[(1)]		
Caps (purchases)		
Fixed rate swaps	150,000	
Subtotal	**150,000**	**0**
TOTAL	**1,625,000**	**1,415,000**

(1) Including nominal changes on derivatives in portfolio at closing.

The fair value of the derivatives portfolio as at December 31, 2016 shows an unrealized termination loss of €29 million.

Hedging instruments were restructured during the fiscal year, leading to financial expenses of €23 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	12/31/2016	12/31/2015
Bonds	34,854	63,029
Financial debt	60	2,857
Trade payables	17,033	12,398
Tax and social security payables	19,463	16,977
Fixed asset payables	29,788	17,142
Miscellaneous	484	468
Total accrued expenses	**101,682**	**112,871**
Prepaid income	862	1,092
TOTAL LIABILITIES	**102,544**	**113,963**
Financial investments	6,302	6,391
Trade receivables	1,620	902
Other receivables	651	9,406
Total accrued income	**8,573**	**16,699**
Prepaid charges	22,373	26,014
TOTAL ASSETS	**30,946**	**42,713**

Prepaid charges mainly concern loan issuance costs for €19 million. Income receivables recognized under "Other receivables" correspond, for €98,000, to revenues from inter-company recharges.

4.3.4.11. Deposits and guarantees received

This item, for a total of €23 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	12/31/2016	12/31/2015
Commitments received		
Swaps	1,000,000	790,000
Caps	625,000	625,000
Unused lines of credit	2,245,000	2,410,000
Commitments to sale of properties	140,599	12,206
Mortgage-backed receivable	480	480
Other	3,600	3,904
TOTAL	**4,014,679**	**3,841,590**
Commitments given		
Guarantees granted(1)	625,397	594,749
Swaps	1,000,000	790,000
Caps	625,000	625,000
Payables secured by collateral	537,075	557,925
Commitments to sale of properties	180,630	48,056
Other	26,000	11,517
TOTAL	**2,994,102**	**2,627,247**

(1) Including guarantees granted at December 31, 2016 by Gecina to Group companies for €625 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.

4.3.5. NOTES ON THE INCOME STATEMENT

4.3.5.1. Operating income

In €'000	12/31/2016	12/31/2015
Rental revenues on residential properties	108,686	115,748
Rental revenues on commercial properties	142,775	148,521
TOTAL RENTAL REVENUES	**251,461**	**264,269**

4.3.5.2. Operating expenses

Operating expenses (excluding depreciation and provisions) mainly include property rental expenses to recharge to tenants for €53 million.

Payroll costs include the competitiveness and employment tax credit (CICE) for an amount of €90,000 in 2016. This tax credit has been used for various investments.

4.3.5.3. Depreciation and impairment allocations and write-backs

	12/31/2016		12/31/2015	
In €'000	**Allocations**	**Write-backs**	**Allocations**	**Write-backs**
Fixed assets depreciation[1]	61,519		71,527	
Intangible fixed assets impairment[1]				
Tangible fixed assets impairment[1]	336	10,559	14,485	47,517
Impairment of financial investments and investment securities	9,352	730	23,142	35,245
Receivables impairment[2]	1,890	1,655	1,477	1,745
Provisions for risks and charges[3]	13,960	1,293	2,140	803
Amortization of bond redemption premiums[4]	5,131		3,020	
TOTAL	**92,188**	**14,238**	**115,791**	**85,310**
of which:				
- operating	77,369	2,949	75,144	2,548
- financial	14,483	730	26,162	35,245
- non-recurring and tax	336	10,559	14,485	47,517

(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

	12/31/2016		12/31/2015	
In €'000	Expenses	Income	Expenses	Income
Interest and related expenses or income	131,503	44,640	203,360	111,925
Net gains on sale of marketable securities				118
Dividends of subsidiaries and income from equity investments		120,450		225,282
Depreciation, impairment and provision charges and write-backs:				
- amortization of bond redemption premiums	5,131		3,020	
- impairment of investment in subsidiaries, related receivables or treasury shares	9,352	730	23,142	35,245
TOTAL	**145,986**	**165,820**	**229,522**	**372,570**

4.3.5.5. Exceptional items

In €'000	12/31/2016	12/31/2015
Net gains on sale of properties	91,418	78,322
Impairment of fixed assets	10,223	33,032
Capital gains or losses on disposals of securities or mergers	316,982	412
Loss on purchase of treasury shares	(59,157)	(88,253)
Other non-recurring income and expenses	7,109	6,810
EXCEPTIONAL ITEMS	**366,575**	**30,323**

Unit-by-unit sales generated a gain of €77 million, the balance of €12 million having been generated by block sales.

4.3.5.6. Operations with affiliated companies

In €'000

Assets (gross values)		Liabilities		Net financial items	
Financial investments	4,115,369	Financial debts	198,838	Financial costs	35,347
Trade receivables	0	Trade payables	6,282		
Other receivables	50,473	Other payables	0	Financial income	165,686
Guarantees granted by Gecina on behalf of related companies			**625,397**		

Transactions with companies in which Gecina has a significant equity interest are limited to billing for services rendered and operating resources (€32 million in 2016) as well as loans governed by specific agreements.

4.3.6. OTHER INFORMATION

4.3.6.1. Exceptional events and disputes

The company was informed on July 16, 2012 by Banco de Valencia of the existence of four promissory notes issued in 2007 and 2009, for a total amount of €140 million, three of which are in the name of "Gecina S.A. Succursal en España" and one in the name of Gecina S.A., in favor of a Spanish company known as Arlette Dome SL. The latter allegedly gave these promissory notes to Banco de Valencia as a guarantee for 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. The proceedings are ongoing. 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.

4.3.6.2. Workforce

Average headcount	2016	2015
Managers	163	163
Employees and supervisors	123	127
Building staff	68	71
TOTAL	**354**	**361**

4.3.6.3. Compensation for administrative and governance bodies

Attendance allowances allocated to members of Gecina's Board of Directors for 2016 amounted to €487,000. No loans or guarantees were granted or arranged for members of the administrative and governance bodies.

4.3.6.4. Consolidating company

None.

4.3.6.5. Stock options and performance share plans

Performance share plans

	Performance shares[1]	Performance shares[1]	Performance shares[1]
Date of General Meeting	04/18/2013	04/21/2016	04/21/2016
Date of Board of Directors' meeting	02/19/2015	04/21/2016	07/21/2016
Effective allocation date	02/19/2015	04/21/2016	07/21/2016
Vesting date	02/19/2018	04/21/2019	04/21/2019
Number of rights	58,120	60,990	3,000
Withdrawal of rights	2,380	1,300	
Share price on day of allocation (after adjustment)	€116.45	€125.00	€128.65
Number of shares to be awarded	**55,740**	**59,690**	**3,000**
Performance conditions	Yes	Yes	Yes
Internal	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

(1) Shares to be issued.

Stock options plans

Meeting date	06/02/2004	06/02/2004	06/19/2007	06/19/2007	06/15/2009[1]	06/15/2009[1]
Date of Board of Directors' Meeting	03/14/2006	12/12/2006	12/13/2007	12/18/2008	03/22/2010	12/09/2010
Effective allocation date	03/14/2006	12/12/2006	12/13/2007	12/18/2008	04/16/2010	12/27/2010
Start date for exercise of options	03/14/2008	12/12/2008	12/13/2009	12/18/2010	04/16/2012	12/27/2012
Expiration date	03/15/2016	12/13/2016	12/14/2017	12/19/2018	04/17/2020	12/28/2020
Number of rights	251,249	272,608	230,260	331,875	252,123	210,650
Number of rights (after adjustment)	252,185	274,205	231,519	332,320	253,537	212,888
Withdrawal of rights	60,605	55,468	63,184	0	1,779	280
Subscription or purchase price (after adjustment)	€95.73	€102.86	€103.52	€36.80	€78.08	€83.55
Number of shares bought or subscribed (after adjustment)	191,580	218,737	130,295	296,452	191,968	124,348
Number of shares to be exercised	**0**	**0**	**38,040**	**35,868**	**59,790**	**88,260**
Performance conditions	no	no	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.

4.3.6.6. Post balance sheet events

The Gecina Board of Directors' meeting of January 6, 2017, decided to appoint Ms. Méka Brunel as Chief Executive Officer of Gecina. The Board terminated the duties of Mr. Philippe Depoux as Chief Executive Officer. The gross severance package of €2.2 million paid to Mr. Depoux was fully recognized as payroll expense provisions in the financial statements at December 31, 2016.

4.3.6.7. Table of subsidiaries and equity investments

Financial information In €'000	Capital	Reserves and retained earnings before allocation of income	Equity interest In %	Book value of shares held	
				Gross	Nette
Subsidiaries and equity interests					
A – Detailed information on subsidiaries and equity investments					
1- Subsidiaries					
SAS GECITER	17,476	917,321	100.00%	782,018	782,018
SAS HOTEL D'ALBE	2,261	63,957	100.00%	216,096	216,096
SCI CAPUCINES	14,273	2,133	100.00%	26,188	26,188
SNC MICHELET LEVALLOIS	75,000	28,545	100.00%	95,965	95,965
SAS KHAPA	30,037	32,954	100.00%	66,659	66,659
SCI 55 RUE D'AMSTERDAM	18,015	(4,722)	100.00%	36,420	36,420
SAS GEC 7	81,032	42,272	100.00%	119,553	119,553
SIF Espagne	60	(182,577)	100.00%	33,161	0
SARL COLVEL WINDSOR	32,000	(1,673)	100.00%	58,016	33,531
SAS SPIPM	1,226	24,639	100.00%	26,890	26,890
SAS SADIA	90	21,370	100.00%	24,928	24,928
SCI ST AUGUSTIN MARSOLLIER	10,515	1,531	100.00%	23,204	23,204
SAS LE PYRAMIDION COURBEVOIE	37	25,651	100.00%	22,363	22,363
SCI AVENIR DANTON DEFENSE	1	22,955	99.99%	476,458	476,458
SCI 5 BD MONTMARTRE	10,515	6,151	100.00%	18,697	18,697
SAS ANTHOS	30,037	(295)	100.00%	50,953	50,953
SCI BEAUGRENELLE	22	8,419	75.00%	29,938	6,330
SNC GECINA MANAGEMENT	3,558	4,872	100.00%	12,215	6,828
SCI DU 32-34 RUE MARBEUF	50,002	1,664	100.00%	50,002	50,002
SCI TOUR MIRABEAU	120,002	4,070	100.00%	120,002	120,002
SCI LE France	60,002	4,685	100.00%	60,002	60,002
SCI AVENIR GRANDE ARMEE	100	(24,980)	100.00%	108,526	108,526
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	(5,084)		11,217	9,706
b. Foreign subsidiaries (Total)					
c. Equity investments in French companies (Total)	4	(3,029)		0	
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 provisions on loans and advances.

Outstanding loans and advances granted by the company and not yet reimbursed	Guarantees and sureties given by the company	Net revenues for most recent year ended	Earnings (profit or loss for most recent year ended)	Dividends recorded by the company during the year	Others
1,240	87,529	53,336	139,474	9,689	
314	122,920	21,885	16,203	4,295	69,873 [1]
33,284		4,334	2,133		4,702 [1]
66,242		13,228	12,376	4,511	
70,871		6,922	481	4,736	
49,327			(4,722)		4,255 [1]
75,065	22,390	10,157	3,478	1,530	
177,564			445		182,963 [2]
43,377		3,377	(4,905)		
32		2,218	864	1,324	4,075 [1]
10,346		2,939	2,202	1,989	5,870 [1]
9,103		2,706	1,531		4,537 [1]
63	45,900	4,782	2,651	2,145	
327,911		44,306	16,091		
18,556		3,451	2,111	1,844	3,462 [1]
23,202		3,125	763		
		(41)	(5,425)	1,650	
675		6,803	1,602		
61,637		6,439	1,664		
53,583		14,218	4,070		
64,067		9,976	4,685		
228,269		15,646	(6,375)		
381,526	345,637	24,260	(9,080)		
7,058		1,276	(3,029)		

Chapter 05

Corporate Governance

5.1. CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

As required by Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors reports specifically in this document, on the structure of the Board of Directors, the application of the principle of gender equality on the Board, the terms governing the preparation and organization of the Board of Directors' work, limitations to the powers of the Chief Executive Officer and the internal control and risk management procedures set up by the company. Information on the compensation and benefits of executive corporate officers and Directors are presented in Section 5.2. "Compensations and Benefits" of this Reference Document.

This report was prepared with the support of Internal Audit, the Board of Directors Secretariat and the Legal Department. Various meetings were organized with the heads of the different Group Departments to discuss this report.

This report was presented to the Governance, Appointment and Compensation Committee for matters concerning corporate governance, the structure of the Board and the terms governing the preparation and organization of its work, and to the Audit and Risk Committee for matters concerning Internal Audit procedures and risk management, prior to its approval by the Board of Directors at its meeting of February 23, 2017.

5.1.1. REFERENCE TO THE AFEP-MEDEF CODE

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.

This decision was announced in a statement released by Gecina on December 24, 2008. The Code, which was last amended in November 2016, can be viewed on the MEDEF website (www.medef.com).

Article L. 225-37 of the French Commercial Code stipulates that "when a company chooses to refer to a corporate governance code drafted by corporate representative organizations, the report required in this article shall also specify the provisions that were discarded and the reasons for discarding them". Pursuant to this Article, recommendation 27.1 of the AFEP-MEDEF Code and the stipulations of Recommendation no. 2012-02 of the AMF regarding the implementation of the "comply or explain" rule, the table below presents the AFEP-MEDEF Code provision with which Gecina did not fully comply at December 31, 2016 and explains the reasons for this situation. It must be noted that according to the position of the High Committee for Corporate Governance ("HCGE") expressed in its 2014 activity report and repeated in its 2016 activity report, this situation remains compliant with the spirit of the AFEP-MEDEF Code.

Subject	Recommendation of the AFEP-MEDEF Code	Gecina's situation at December 31, 2016	Justifications/Remarks
Percentage of independent directors on the Audit and Risk Committee	At least two-thirds of independent directors, or at least 66% of the members (recommendation 15.1)	Three out of the five Directors can be described as independent, *i.e.*, 60% of the members.	The Board of Directors is made up of 10 Directors, five of whom are independent. Among these five independent directors, three are members of the Audit and Risk Committee and two of the Governance, Appointment and Compensation Committee. A larger percentage of independent directors on the Audit and Risk Committee would imply the participation of at least one independent director on both Committees. Considering the considerable workload of the Committees, the Board of Directors' choice in the structure of its Committees allows Directors to devote the necessary time and attention to their duties. Furthermore, it should be noted that the HCGE considers that an Audit Committee comprising three independent members out of five is still in line with the spirit of the AFEP-MEDEF Code insofar as it is chaired by an independent director, which is the case for the Gecina Audit and Risk Committee (2014 HCGE Activity Report p. 14).

5.1.2. STRUCTURE OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

5.1.2.1. Directors and changes in the structure of the Board of Directors

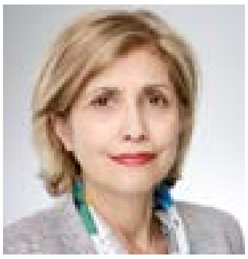
Under the bylaws, the Board of Directors must be made up of a minimum of three and maximum of 18 members. At December 31, 2016, the Gecina Board of Directors was made up of 10 members, 50% of whom are independent directors and 50% women.

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.

At December 31, 2016, the Executive Management was represented by Mr. Philippe Depoux, whose duties as Chief Executive Officer ended on January 6, 2017. Since that date, Executive Management has been represented by Ms. Méka Brunel, appointed by the Board of Directors as Chief Executive Officer to replace Mr. Philippe Depoux. Ms. Méka Brunel remains a member of the Board of Directors. Additional information on Executive Management procedures is provided in Section 5.1.3.

Structure of the Board of Directors and the Executive Management team at February 23, 2017

Bernard Michel
Chairman of the Board of Directors



Méka Brunel
Chief Executive Officer and Director

Isabelle Courville
Independent director

Dominique Dudan
Independent director

Claude Gendron
Director

Rafael Gonzalez de la Cueva
Independent director

William Tresham
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

The table below indicates for each Director and for the Chief Executive Officer, the age, nationality, gender, independence status, appointment to one or several committees, expiry dates of term of office, number of Gecina shares held, attendance rate at Board and Committee meetings and the list of terms of office as at December 31, 2016. Unless otherwise indicated, all the terms of offices indicated are held outside the Group.

Structure of the Board of Directors and the Executive Management team at December 31, 2016

Chairman of the Board of Directors		
Mr. Bernard Michel 68 years old, French nationality First appointment: GM of 05/10/2010 Office expiry date: GM 2018	Chairman of the Strategic Committee Attendance rate at Board meetings: 100% Attendance rate at Strategic Committee meetings: 100% Number of shares held: 40 Domiciled: 14-16, rue des Capucines – 75002 Paris	Chairman of the Gecina Corporate Foundation Member of the Supervisory Board of UNOFI SAS Chairman of the Board of Directors of UNOFI GESTION D'ACTIFS SA Chairman of BM Conseil SASU Director of: - EPRA - MEDEF Paris Elected member of the Chamber of Commerce and Industry of the Paris Ile-de-France Region. Gecina representative, member of the Executive Committee of the Palladio Foundation
Chief Executive Officer		
Mr. Philippe Depoux 55 years old, French nationality Appointment: BoD of 04/17/2013 with effect from 06/03/2013 Expiry of term: 01/06/2017	Number of shares held: 9,525 Domiciled: 14-16, rue des Capucines – 75002 Paris	Director of the *Club de l'Immobilier* Director of: - IEIF - NGO Première Urgence – Aide Médicale Internationale Member, in the capacity of a qualified personality, of the Investment Committee and Steering and Monitoring Committee of the National Agency for Urban Renovation (ANRU), a public entity. Corporate officer in most Gecina subsidiaries
Directors		
Ms. Méka Brunel 60 years old, French nationality First appointment: GM of 04/23/2014 Office expiry date: GM 2018	Member of the Strategic Committee and the Audit and Risk Committee(*) Attendance rate at Board meetings: 100% Attendance rate at Strategic Committee meetings: 100% Attendance rate on the Audit and Risk Committee: 90.90% Number of shares held: 25,681 Domiciled: 15, rue Jouvenet – 75016 Paris	Chairman of Ivanhoé Cambridge Europe(**) Director of: - EPRA - FSIF - POSTE IMMO Director and Chairman of the Appointments Committee of Crédit Foncier de France (*) End of duties as a member of the Audit and Risk Committee following her appointment as CEO of Gecina on January 6, 2017 (**) Expiry of term: 01/06/2017
Ms. Isabelle Courville 54 years old, Canadian nationality First appointment: GM of 04/21/2016 Office expiry date: GM 2020	Independent director Member of the Audit and Risk Committee Attendance rate at Board meetings: 88.88%[2] Attendance rate on the Audit and Risk Committee: 85.71%[2] Number of shares held: 40 Domiciled: 258, Willowtree, Rosemère, Quebec, J7A 2E3 - Canada	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]

Ms. Dominique Dudan 62 years old, French nationality First appointment: GM of 04/24/2015 Office expiry date: GM 2019	Independent director Member of the Audit and Risk Committee Attendance rate at Board meetings: 100% Attendance rate on the Audit and Risk Committee: 100% Number of shares held: 40 Domiciled: 1, rue de Condé – 75006 Paris	Director and Chair of the Observatoire Régional de l'Immobilier d'Île-de-France (ORIE) Fellow of the Royal Institution of Chartered Surveyors and member of the Board of RICS France Manager of SCI du Terrier and SCI du 92 Manager of SARL William's Hotel Chairman of Artio Conseil (SASU) Co-manager of Warburg HIH France (EURL)
Mr. Claude Gendron 64 years old, Canadian nationality First appointment: GM of 04/23/2014 Office expiry date: GM 2020	Member of the Governance, Appointment and Compensation Committee Attendance rate at Board meetings: 100% Attendance rate at the Governance, Appointment and Compensation Committee: 100% Number of shares held: 40 Domiciled: 4898, rue Hutchison – Montreal (Quebec) H2V 4A3 – Canada	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 Director of the McCord Museum Foundation of Montreal
Mr. Rafael Gonzalez de la Cueva 51 years old, Spanish nationality First appointment: GM of 05/24/2011 Office expiry date: GM 2017	Independent director Member of the Governance, Appointment and Compensation Committee Attendance rate at Board meetings: 100% Attendance rate at the Governance, Appointment and Compensation Committee: 100% Number of shares held: 40 Domiciled: Calle Ana de Austria, 34, Portal 0-2C – 28050 Madrid (Spain)	Chairman – founder of Nuevos Espacios de Arquitectura y Urbanismo, S.L.
Mr. Jacques-Yves Nicol 66 years old, French nationality First appointment: GM of 05/10/2010 Office expiry date: GM 2018	Independent director Chairman of the Audit and Risk Committee Attendance rate at Board meetings: 100% Attendance rate on the Audit and Risk Committee: 100% Number of shares held: 40 Domiciled: 7, rue Brunel – 75017 Paris	Member of the *Club des Présidents de Comité d'Audit* of the IFA

Ms. Nathalie Palladitcheff [3], permanent representative of Ivanhoé Cambridge Inc. 49 years old, French nationality First appointment: BoD of 04/21/2016 (coopted) Office expiry date: GM 2017	Member of the Strategic Committee Attendance rate at Board meetings: 92.31% Attendance rate at Strategic Committee meetings: 100% Number of shares held by Ivanhoé Cambridge Inc.: 40 Number of shares held by Ivanhoé Cambridge concert party: 14,529,973 Domiciled: 934 avenue Hartland H2V 2Y1 Montreal (Quebec) – Canada	Executive Vice-President and CFO of Ivanhoé Cambridge Member of the Ivanhoé Cambridge Executive Committee Director of SPIE SA[1], member of the Strategy and Acquisitions Committee and member of the Appointments Committee Director of the Chamber of Commerce and Industry of France in Canada (CCIFC)
Mr. Jean-Jacques Duchamp, permanent representative of Predica 62 years old, French nationality First appointment: GM of 12/20/2002 Office expiry date: GM 2019	Member of the Strategic Committee and the Audit and Risk Committee Attendance rate at Board meetings: 100% Attendance rate at Strategic Committee meetings: 100% Attendance rate on the Audit and Risk Committee: 100% Number of shares held by Predica: 8,103,863 Domiciled: 16-18, bd de Vaugirard – 75015 Paris	Deputy CEO of Crédit Agricole Assurances* (Member of the Executive Committee) Vice-President of the Board of Directors, Director of Générale de Santé SA[1] Director of: - SANEF (Autoroutes du Nord et de l'Est de la France) - Société Foncière Lyonnaise[1] - CPR-AM* - SPIRICA* - CA Vita* - PACIFICA* Permanent representative of SPIRICA*, Director of: - Lifeside Patrimoine* - ISR Courtage* Member of the Office of the Economic and Financial commission of FFSA
Ms. Inès Reinmann Toper 59 years old, French nationality First appointment: GM of 04/17/2012 Office expiry date: GM 2020	Independent director Chairwoman of the Governance, Appointment and Compensation Committee Attendance rate at Board meetings: 92.31% Attendance rate at the Governance, Appointment and Compensation Committee: 100% Number of shares held: 40 Domiciled: 57, bd du Commandant Charcot – 92200 Neuilly-sur-Seine	Independent director of Cofinimmo[1] Vice-Chair of the Supervisory Board of SAS Cleveland** Director of: - AINA Investment Fund (Luxembourg)** - SICAV Orox Asset Management SA** Observer for OPCI Lapillus Member of the Management Board of EDRCF (Edmond Rothschild Corporate Finance)**, SAS - Member of: - Club de l'Immobilier Île-de-France - Cercle des Femmes de l'Immobilier Fellow of The Royal Institution of Chartered Surveyors

(1) Listed company.
(2) Ms. Courville attended 8 out of 9 Board of Directors' meetings and 6 out of 7 Audit and Risk Committee's meetings, which were held after her appointment on April 21, 2016.
(3) Ms. Nathalie Palladitcheff was the permanent representative of Ivanhoé Cambridge Inc. on the company's Board of Directors until January 3, 2017. Since this date, this function has been held by Mr. William Tresham.
** Crédit Agricole SA Group's companies.*
*** Edmond de Rothschild Group's companies.*

During 2016 the following movements occurred in the structure of the Board of Directors:

Director's name	Renewal	Appointment	Departure	Comments
Ms. Sylvia Fonseca			X	Expiry of her directorship at the end of the Annual General Meeting of April 21, 2016.
Ms. Isabelle Courville		X		Appointment by the Shareholders' General Meeting of April 21, 2016 for a four-year term, i.e., until the end of the Shareholders' General Meeting convened to approve the financial statements for the year ending December 31, 2019.
Mr. Claude Gendron	X			Renewal by the Shareholders' General Meeting of April 21, 2016 for a four-year term, i.e., until the end of the Shareholders' General Meeting convened to approve the financial statements for the year ending December 31, 2019.
Ms. Inès Reinmann Toper	X			Renewal by the Shareholders' General Meeting of April 21, 2016 for a four-year term, i.e., until the end of the Shareholders' General Meeting convened to approve the financial statements for the year ending December 31, 2019.
Ms. Nathalie Palladitcheff			X	Resignation duly noted by the Board of Directors' Meeting of April 21, 2016, held after the Annual General Meeting of the same day.
Ivanhoé Cambridge Inc.		X		Cooptation by the Board of Directors' Meeting of April 21, 2016, held after the Annual General Meeting of the same day, to replace Ms. Nathalie Palladitcheff, who had resigned, for Ms. Nathalie Palladitcheff's remaining period in office, i.e. until the end of the Shareholders' General Meeting convened to approve the financial statements for the year ending December 31, 2016. This cooptation would be submitted to the Annual General Meeting convened to approve the financial statements for the year ending December 31, 2016. Ms. Nathalie Palladitcheff was the permanent representative of Ivanhoé Cambridge Inc. at Gecina's Board of Directors until January 3, 2017. Since this date, this function has been held by Mr. William Tresham[1]. Following this change of permanent representative of Ivanhoé Cambridge Inc. to the Gecina Board of Directors, the percentage of women on the Board of Directors fell from 50% to 40% and remains compliant with the law and the recommendations of the AFEP-MEDEF Code. The percentage of independent directors remains unchanged (50%).

(1) William Tresham
Mr. Tresham is Chairman and Member of the Board of Directors of Ivanhoé Cambridge. In this respect, he is responsible for all investment, operation and development activities within the company.
Mr. Tresham held the position of Chairman, Investments at Ivanhoé Cambridge until October 2014. He previously joined the management team of SITQ in July 2010 as Chief Operating Officer, Office Buildings, and was appointed Chairman and Chief Executive Officer in September 2010, a position he held until the consolidation with Ivanhoé Cambridge Inc.
Mr. Tresham has held senior management positions in large companies for several years. He joined the Montreal office of Trizec Properties Inc. in 1995 as Vice-Chairman, Asset Management. He was then appointed senior Vice-Chairman in 1997 in charge of the Eastern Canada portfolio, then Executive Vice-Chairman and Chief Operating Officer, from 2004 to 2006. He subsequently went on to join Callahan Capital Partners as Partner and Chief Operating Officer, at the Chicago office.
During his career, Mr. Tresham was involved in several charitable causes of the University of Princeton. He was Director of the McCord Museum of Canadian History for several years. In the real estate industry, he is an active member of the International Council of Shopping Centers (ICSC) and of the Urban Land Institute, where he served at one time as Chairman of the Board of the Quebec association.
Mr. Tresham graduated from Princeton University (USA) and McGill University (Canada) in Common Law.

Furthermore, the Board of Directors decided, at its meeting of February 23, 2017 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, 2016:

- the renewal, for a period of four years, of the term of Ivanhoé Cambridge Inc.;
- the appointment, for a period of four years, of Ms Laurence Danon, independent director, to replace Mr. Rafael Gonzalez de la Cueva.

Subject to the votes of the shareholders, the proportion of independent directors on the Board of Directors would remain at 50% and the proportion of women would rise from 40% to 50%.

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. 2323-62 of the French Labor Code, members of the Works Council attend Board of Directors' meetings in an advisory capacity.

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 comprise three different nationalities and come from diverse and complementary backgrounds, especially in the area of real estate, finance, accounting, management, law, CSR and risk management. These skills are set forth in detail in points 5.1.2.1, 5.1.2.2 and 5.1.2.3, which describe the duties and mandates exercised by the Directors as well as the experience and expertise of each one.

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	9 Directors
Finances	8 Directors
International experience	8 Directors
Human Resources	5 Directors
Banks – Insurance	4 Directors
CSR	4 Directors
Law	3 Directors
Accounting	2 Directors

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. Briefings on certain topics, meetings with the company's main senior managers and asset tours were organized for them.

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.

In 2016, all Directors participated in the training given by external experts on the topic of risk management and, in particular, risks in the real estate sector.

Independent directors

The Board of Directors reviews every year, after seeking the opinion of the Governance, Appointment and Compensation Committee, the situation of each of its members regarding the independence criteria stated in the AFEP-MEDEF Code, namely:

(i) not to 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 the latter, and not have been so at any time in the last five years;

(ii) not to 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 a corporate officer of the company (currently or at any time in the last five years) has a directorship;

(iii) not to be clients, suppliers, investment bankers or commercial bankers:
- of significance to the company or its Group,
- or for which the company or its Group represents a significant amount of business;

(iv) not to have any close family ties with a corporate officer;
(v) not to have served as an auditor for the company at any time in the last five years;
(vi) not to 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 the non-executive corporate director, 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 aforesaid criteria, the Board of Directors concluded from its investigation on December 31, 2016, that five out of its ten members qualify as independent directors, namely: Ms. Isabelle Courville, Ms. Dominique Dudan, Mr. Rafael Gonzalez de la Cueva, Mr. Jacques-Yves Nicol and Ms. Inès Reinmann Toper.

As at the publication date of this report, none of the Directors considered as independent had direct or indirect business relations with the company or its Group.

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.

Transactions in company shares conducted by officers, senior managers or persons to whom they are closely connected are listed in Section 6.3.4.

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"*. The table in Section 5.1.2.1. describes the offices of members of the Board of Directors and its Chairman as well as those of the company's Chief Executive Officer as at December 31, 2016.

5.1.2.2. Summary of offices and functions exercised in any company during the past five years and terminated

The table below summarizes all companies in which the members of the Board of Directors, its Chairman and the company's Chief Executive Officer have been members of an executive, governance or supervisory body or a general partner at any time during the last five years. Unless otherwise clarified, all the terms of offices indicated are held outside the Group.

It is recalled that Mr. Philippe Depoux terminated his duties as CEO on January 6, 2017 and the company's executive management has been represented since that date by Ms. Méka Brunel, CEO and member of the Board of Directors.

Name and surname	Offices and functions exercised in any company during the past five years and terminated
Mr. Bernard Michel	CEO of Gecina Chairman of the Supervisory Board of Finogest SA Chairman of CA Grands Crus SAS Director of: - La Sécurité Nouvelle SA Corporate officer in most Gecina subsidiaries Observer for SOPRA Group[1] Chairman of the Corsica Crédit Agricole Foundation
Mr. Philippe Depoux	Chairman of: - Generali France Immobilier SA - Immocio (Immobilière Commerciale des Indes Orientales) - Locaparis - Generali Résidentiel - SAS 100 CE Chairman-CEO, Deputy CEO, Director of Segprim CEO of GEII Rivoli Holding SAS Permanent representative of Generali France Assurances: - on the Supervisory Board of Foncière des Murs[1] - on the Board of Directors of Expert Finance - on the Board of Directors of Association pour la location du Moncey – Beeo Top Permanent representative of Generali Vie: - on the Supervisory Board of Foncière Développement Logements[1] - on the Supervisory Board of Foncière des Régions[1] - on the Board of Directors of Eurosic[1] - on the Supervisory Board of SCPI Generali Habitat Permanent representative of Generali IARD on the Board of Directors of Silic[1] Director of: - ULI (Urban Land Institute) - Generali Bureaux - OFI GR1 - OFI GB1 - Architecture et Maîtrise d'Ouvrage (AMO) Manager of: - SCI Malesherbes - SCI Daumesnil - SCI 15 Scribe - SCI Saint-Ouen C1 Head of the France and overseas operations of Generali Real Estate SPA (GRESPA) – branch in France Chairman of the Club de l'Immobilier
Ms. Méka Brunel	Chairman of ORIE Director of ORIE Chairman of France GBC Director of SPPICAV Lutiq Director of HBS PG Director of P3
Ms. Isabelle Courville	Chairman of Hydro-Québec Distribution Chairman of Hydro-Québec TransEnergie Member of the APEC (Asia Pacific Economic Cooperation) Business Advisory Council and co-President of the Sustainable Development Forum Member of the Board of Directors and Executive Committee of Polytechnique Montréal Member of the Board of Directors and Executive Committee of the Chamber of Commerce of Montreal Metropolitan Member of the Board of Directors of Groupe TVA Inc.[1] and member of the Compensation Committee
Mr. Jean-Jacques Duchamp, permanent representative of Predica	Director of Foncière des Régions[1] Director of BES VIDA Director of Korian[1] Director of CA-IMMO Director of Dolcea Vie
Ms. Dominique Dudan	Chairman of Union Investment Real Estate France SAS President of 60 real estate mutual funds (OPCI) managed on a proprietary basis by Union Investment Real Estate France
Mr. Claude Gendron	Senior partner at the Fasken Martineau Du Moulin LLP Law Firm

Name and surname	Offices and functions exercised in any company during the past five years and terminated
Mr. Rafael Gonzalez de la Cueva	N/A
Mr. Jacques-Yves Nicol	N/A
Ms. Nathalie Palladitcheff, permanent representative of Ivanhoé Cambridge*	Chairman, CEO of Icade Finances Chairman of Icade Services Director of: - Crédit Agricole CIB - SILIC(1) - Inmobiliaria de la Caisse des dépôts España - Qualium Investissement Chairman of the Crédit Agricole CIB Audit Committee Member of the Audit, Accounts and Risk Committee of SILIC(1) Interim CEO of Icade(1) Member of the Icade(1) Executive Committee, in charge of finance, legal, IT and real estate services. Permanent representative of Icade(1), Chairman of: - I-Porta - Icade Property Management - Icade Transactions - Sarvilep - Icade Expertise Permanent representative of Icade(1), Liquidator of the Caisse des dépôts des Pays de Loire Permanent representative of Icade(1), Managing Partner of SCI de la Résidence de Sarcelles Permanent representative of Icade Services, Chairman of: - I-Porta - Icade Transactions - Icade Property Management - Icade Résidences Services - Icade Gestec Member of the ULI FRANCE Steering Committee
Ms. Inès Reinmann Toper	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

(1) Listed company.
** Ms. Nathalie Palladitcheff was the permanent representative of Ivanhoé Cambridge Inc. on the company's Board of Directors until January 3, 2017. Since this date, this function has been held by Mr. William Tresham.*

5.1.2.3. Management expertise and experience of the members of the Board of Directors, its Chairman and the CEO

Bernard Michel

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. After joining the CNCA (now Crédit Agricole S.A.) in 1996 as Secretary General and member of the Executive Committee of Crédit Agricole S.A., he was appointed Deputy CEO in 1998, 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 S.A., 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.

Philippe Depoux

Philippe Depoux, a graduate of the École Supérieure de Commerce de Rouen and holder of a degree in business administration and finance (DESCAF), was Head of Sales and Acquisitions inside the real estate division of GAN, Director of Sales, Acquisitions and Appraisals for Immobilière FINAMA, Director of Sales and Acquisitions at AXA REIM, Managing Director of Société Foncière Lyonnaise and Chairman of Generali Real Estate France. He joined Gecina in June 2013 as Chief Executive Officer. He received the 2012 Pierre d'Or Investor Award, 2016 Professional of the year Award, 2016 Manager of the Year Award, and the 2016 Public Pierre d'Or Award. As a reminder, Mr. Philippe Depoux's duties as Chief Executive Officer ended on January 6, 2017.

Méka Brunel

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 real estate operations in Europe duties she has left on January 6, 2017. 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.

Isabelle Courville

Isabelle Courville, an engineer and lawyer by training, is the non-executive Chairman 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. Previously Isabelle Courville was active for 20 years in the Canadian telecommunications industry, in particular as Chairman of Bell Canada›s Enterprise Group and as Chairman and Chief Executive Officer of Bell Nordiq Group. She also serves on the Board of Directors of Canadian Pacific Railway and of 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. She was a member of the APEC (Asia-Pacific Economic Cooperation) Business Advisory Council, from 2010 to 2013.

Dominique Dudan

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 Senior Advisor of LBO France, Dominique Dudan is also director of the Paris region Real Estate Regional Observatory (ORIE) and of RICS France, member of the MEDEF Economic commission for the Service professions group, member of the *Cercle des Femmes de l'Immobilier* and the *Club de l'Immobilier d'Île-de-France*. She is a Knight of the National Order of Merit.

Claude Gendron

Claude Gendron is a professional lawyer. He holds the position of Executive Vice-President for Legal Affairs and head of litigation at Ivanhoé Cambridge, a real estate subsidiary of the Caisse de dépôt et placement du Quebec, one of the largest institutional fund managers in Canada. Claude Gendron is a member of the Ivanhoé Cambridge Executive Committee. He is in charge of all the legal affairs of the company as well as the General Secretariat.

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.

Rafael Gonzalez de la Cueva

A graduate of ETSA Madrid, Rafael Gonzalez de la Cueva began his career as an architect for Ara Arquitectos. He was then appointed Promotions Manager for Ferrovial Inmobiliaria before joining Vallehermoso, where he held several positions including Director of Special Projects. Thereafter he worked for Nozar as Promotions Director. In 2005, he joined Martinsa as Director of Investment, and then from 2007 to 2010, Martinsa Fadesa as Director of Strategy, Assets and Valuations. He is currently Chairman and founder of Urbanea.

Jacques-Yves Nicol

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*.

Nathalie Palladitcheff, Permanent Representative of Ivanhoé Cambridge Inc.

Nathalie Palladitcheff is graduate of ESC Dijon and holds DECF and DESCF degrees in accounting and finance. She began her career at Coopers & Lybrand Audit (1991 to 1997). She then joined the Banque Française Commercial Océan Indien (1997 to 2000) as Director of financial affairs and management control. In 2000 she was appointed CFO of Société Foncière Lyonnaise, where she subsequently became deputy CEO. She became CEO of Dolmea Real Estate in May 2006. She then joined Icade in September 2007 as member of the Executive Committee in charge of finance, legal and IT, then also of the real estate services division from August 2010. In April 2015, she was appointed, effective from August 3, 2015, Executive Vice-President and Head of Finance at Ivanhoé Cambridge. Nathalie Palladitcheff has been director of Silic et Qualium and director and Chairman of the Crédit Agricole CIB Audit Committee. She has been honored as Knight of the National Order of Merit.

Jean-Jacques Duchamp, Permanent Representative of Predica

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 became Deputy Managing Director of Crédit Agricole Assurances. He is also a member of the Office of the Economic and Financial commission of the *Fédération Française de l'Assurance*.

Inès Reinmann Toper

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*.

5.1.3. EXECUTIVE MANAGEMENT PROCEDURES

5.1.3.1. Separation of the duties of Chairman of the Board of Directors and Chief Executive Officer

The separation of the duties of Chairman of the Board of Directors from those of Chief Executive Officer was set up by the Board of Directors at its meeting in May, 2009, and remained the company's governance procedure until October 4, 2011.

After the period from October 4, 2011 to April 17, 2013, during which the two functions were unified, the Board of Directors decided on April 17, 2013 with effect from June 3, 2013 to return to the separation of the duties of Chairman of the Board of Directors from those of CEO. It therefore appointed Mr. Philippe Depoux to the office of CEO for an indefinite period and confirmed Mr. Bernard Michel in his position as Chairman of the Board of Directors for a term that could not exceed that of his directorship.

At its meeting of January 6, 2017, the Board of Directors, based on the opinion of the Governance, Appointment and Compensation Committee, decided to terminate Mr. Philippe Depoux's term as CEO and to appoint in his place Ms. Méka Brunel for an indefinite term. Ms. Méka Brunel remains a member of the Board of Directors.

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.

5.1.3.2. 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:

- is the Chairman and moderator of the Strategic Committee;
- 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).

5.1.3.3. 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 24, 2016 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 fiscal years, which were still in effect as at December 31, 2016, represented a total of €650 million.

5.1.4. CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

5.1.4.1. Internal regulations for the Board of Directors

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.

The Director's charter, the charter of the Works Council representative on the Board of Directors and the internal regulations of the Governance, Appointment and Compensation Committee, the Audit and Risk Committee, and the Strategic Committee are attached to these regulations.

Some sections of the Board of Directors' internal regulations are reproduced in this report. The internal regulations of the Board of Directors are available on the company's website, in accordance with AMF recommendation no. 2012-02.

5.1.4.2. Role of the Board of Directors

In accordance with Article 3 of its internal regulations, the Board of Directors' role is to set the guidelines for the company's business and ensure their implementation, in particular through the management control department. It addresses any issues that relate to the smooth operation of the company and through its deliberations resolves any business concerning it. It performs the controls and verifications it deems necessary. It is regularly informed about changes in the Group's activities and property holdings, as well as its financial position and cash flow. It is also informed about any significant commitments made by the Group.

In the context of authorizations given by the General Meeting of shareholders, the Board of Directors decides on any transaction leading to a change in the company's share capital or issue of new shares and, more generally, deliberates on issues 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.

As an internal measure, the Board of Directors reviews and approves prior to their implementation, 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 5.1.3 above).

The Board of Directors 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.

The Board 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 no. 2016-1691 on transparency and fight against corruption (known as "Sapin II").

Pursuant to Article L. 225-37-1 of the French Commercial Code introduced by law no. 2011-103 of January 27, 2011, the Board of Directors holds an annual deliberation on the company's policy with respect to professional and wage equality.

Furthermore, the Directors are entitled to meet the main executive officers of the company, 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.

5.1.4.3. 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.

The Board of Directors met 13 times in 2016 with an attendance rate of 96.88%. The various committees held 28 meetings, which shows the involvement of directors and the scale of the works carried out and the subjects addressed. The average attendance rate of directors at the meetings is given in the table below. The individual attendance rate of directors is provided in Section 5.1.2.1. above.

Table of average attendance rates during fiscal year 2016

Type of meetings	Number of meetings	Average attendance rate
Board of Directors	13	96.88%
Strategic Committee	9	100.00%
Audit and Risk Committee	11	94.23%
Governance, Appointment and Compensation Committee	8	100.00%

5.1.4.4. Activities of the Board of Directors during fiscal year 2016

The Board of Directors continued, throughout fiscal year 2016, to implement the strategy adopted at the end of 2014. It met 13 times with an attendance rate of 96.88%.

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 2016, the Board of Directors drafted the Group's 2015 annual and consolidated financial statements, the consolidated financial statements for the period ended March 31, June 30 and September 30, 2016, 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 fiscal year 2016 and drafted the budget for fiscal year 2017.

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 recalled above (see Section 5.1.3).

Pursuant to ordinance no. 2014-863 of July 31, 2014, the Board of Directors, after reviewing the related-party agreements signed and authorized in prior years whose performance continued in 2015, duly noted the continuation of these agreements.

Authorization for real estate acquisition/development and disposal transactions in line with the defined strategy

The Board of Directors has ensured the implementation of the strategy defined in December 2014 with the objective of reinforcing Gecina's leadership on the Paris office property market and delivering yield while creating value for the company's shareholders in a total return approach.

To this end, it made decisions regarding different office investment transactions such as the acquisition of the Be Issy property in Issy-les-Moulineaux, for an amount of €160 million and of a building located rue Madrid in Paris 8th for €63 million. It also ensured that the company continued to create organic value within the portfolio, in particular by expanding the pipeline with new buildings under reconstruction.

2016 was also marked by the transaction involving the public offer launched by Gecina for Foncière de Paris securities. Although the transaction was not completed despite the better offer from Gecina, it served to significantly galvanize the members of the Board of Directors.

At the same time as the acquisition and development projects, the Board of Directors reviewed various disposal transactions regarding non-strategic assets, to generate capital gains. In particular, it closely followed the sale of the Group's healthcare property portfolio and gave its opinion on the choice of the purchaser at the end of a call for tender process implemented by the company. The transaction represented a total of €1.35 billion including commissions and fees, with a net yield of 5.9%.

Confirmation of strategic guidelines

The members of the Board of Directors met at a strategic seminar organized outside the head office in November 2016 and in the presence of Executive Committee members, in order to discuss the company's strategic guidelines. The Board of Directors, at its December 2016 meeting, confirmed the continuation of the strategy defined in December 2014.

These strategic guidelines were then presented to the Works Council under the conditions set out by law no. 2013-504 of June 14, 2013 on protecting employment.

The seminar provided an opportunity for external experts to present the members of the Board of Directors with reports on economic trends and the French and European real estate market.

Strengthening governance in accordance with market recommendations

In line with actions undertaken since 2014, the Board of Directors confirmed its will to follow the recommendations of the AFEP-MEDEF and the AMF, in particular regarding the appointment of independent directors, the representation of women and men, different nationalities and the international background of Directors.

As such, the Board of Directors, on the opinion of the Governance, Appointment and Compensation Committee, proposed to the Combined General Meeting of April 21, 2016, the appointment of Ms. Isabelle Courville as independent director to replace Ms. Sylvia Fonseca, an independent director whose term of office was expiring. At the end of a selection process with the assistance of an external firm, Ms. Isabelle Courville was selected in particular for her solid international background and governance experience.

At December 31, 2016, the proportion of independent directors and women on the Board of Directors totaled 50%.

The policy regarding having more women on the Board of Directors and other executive bodies of the company was praised by the Ministry of family, childhood and Women's Rights. Gecina thus moved up from fifth place in 2015 to first place in 2016 in the ranking of companies with female executives on the SBF 120 Ethics & Boards.

With respect to issues of compensation, the Board of Directors expressed its opinion on the various compensation items of Mr. Philippe Depoux, Chief Executive Officer, as well as on that of Directors (see Section 5.2.3). 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

In the same way as in previous fiscal years, the Board of Directors devoted one item on its agenda to the company's CSR policy. Accordingly, the Director of CSR department presented the challenges, strategy and organization of the CSR policy as well as the actions undertaken and the results obtained by the company in recent years. The Board of Directors took the opportunity of confirming that the CSR policy was an integral part of the company's overall strategy.

As such, since April 2015, CSR-related missions, which used to be the responsibility of the Audit and Risk Committee, have been entrusted to the Strategic Committee in order to further strengthen CSR in the company's strategy.

The Board of Directors also reviewed the 2015 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.

At the special risk management training for Directors, the Group's methodology and risk mapping process were analyzed.

The Board of Directors also continued to monitor and analyze the changes to all judicial proceedings in France and in Spain involving a number of former shareholders. The Board also relied on the findings of the Audit and Risk Committee in this respect, and ensured the protection of the company's rights.

5.1.4.5. 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 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.

Strategic Committee

Structure

The members of the Strategic Committee are appointed by the Board of Directors, which sets their term of office and may dismiss one or more members at any time.

At December 31, 2016, the Committee was made up of four directors: Mr. Bernard Michel, Ms. Méka Brunel, Ivanhoé Cambridge Inc. represented by Ms. Nathalie Palladitcheff and Predica, represented by Mr. Jean-Jacques Duchamp. It is chaired by Mr. Bernard Michel, Chairman of the Board of Directors.

The movements below occurred in the Committee's structure during 2016 and before the publication of this report:
- the Board of Directors' Meeting of April 21, 2016, held after the Annual General Meeting of the same day, decided to appoint Ivanhoé Cambridge Inc. as a member of this Committee to replace Ms. Nathalie Palladitcheff, who had resigned. Ivanhoé Cambridge Inc. was represented by Ms. Nathalie Palladitcheff;
- the Board of Directors Meeting of January 6, 2017 duly noted the replacement of Ms. Nathalie Palladitcheff by Mr. William Tresham as permanent representative of Ivanhoé Cambridge Inc. on the Gecina Board of Directors.

Role

The Strategic Committee gives its opinions and recommendations to the Board of Directors on the definition of the company's strategy as proposed by the Executive Management, on the implementation of this strategy, on major projects, on investments and on their impact on the financial statements. It oversees the maintenance of key financial balances and the company's performance in terms of corporate social responsibility.

Its specific tasks include:
- reviewing the strategic projects presented by the Executive Management with their economic and financial consequences (budget, financing structure, cash flow forecasts in particular);
- providing guidance to the Board through its analyses of the strategic plans submitted by the Executive Management, on developments and the progress of ongoing significant transactions;
- examining information on market trends, reviewing 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;

- evaluating the corporate social responsibility policies proposed by Executive Management and ensuring 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.

The Committee may ask any expert of its choice for assistance in its mission (after informing the Chairman of the Board of Directors or the Board of Directors itself), and doing so at the company's expense. Should that happen, the Committee ensures the objectivity of the said expert.

Work accomplished in 2016

The Strategic Committee met nine times in 2016, with an attendance rate of 100%.

During these meetings, the Committee made decisions about a significant number of acquisition projects (such as the transaction linked to the public offer launched by Gecina on Foncière de Paris securities) and the asset disposals submitted by Executive Management, after carefully reviewing the economic, financial and strategic consequences. It forwarded its recommendations to the Board of Directors concerning the process for selling the Group's healthcare real estate portfolio.

The Committee also provided guidance to the Board through its analyses of the strategic plans submitted by Executive Management to prepare for the Board of Director's strategy seminar. In view of this, it examined the perspectives and opportunities for development of the company in the medium and long term, regarding both operational and financial aspects.

As in preceding years, the Committee 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 a interim dividend payment system starting from 2016 for the payment of the 2015 dividend. In addition, it completed the 2016 budget and began the in-depth analyses necessary for drafting the 2017 budget on the basis of a preliminary budget handed down from Executive Management.

In addressing these issues, the Committee received a report from the Director of CSR about the results from non-financial rating agencies, the climate roadmap and the revision of the company's post 2016 CSR strategic plan. The Committee also 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

The members of the Audit and Risk Committee are appointed by the Board, which sets their term of office and may dismiss one or more members at any time.

At December 31, 2016, the Committee is comprised of five directors, three of whom are independent: Ms. Méka Brunel, Ms. Dominique Dudan, Ms. Isabelle Courville, Mr. Jacques-Yves Nicol and Predica, represented by Mr. Jean-Jacques Duchamp. It is chaired by Mr. Jacques-Yves Nicol, an independent director, who has the casting vote in the event of a tie. There is no executive corporate officer on this Committee.

According to the position of the High Committee for Corporate Governance ("HCGE") concerning the proportion of independent directors on Audit Committees (see 2014 Activity Report of the HCGE), Gecina's Audit and Risk Committee, comprising three independent members out of five and chaired by an independent director, remains compliant with the spirit of the AFEP-MEDEF Code, although the proportion of two-thirds of independent directors is not met.

All members of the Audit and Risk Committee have specific qualifications in financial or accounting issues, as detailed in Section 5.1.2.3. 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).

The movements below occurred in the Committee's structure during 2016 and before the publication of this report:

- the Board of Directors' Meeting of April 21, 2016, held after the Annual General Meeting of the same day, decided to appoint Isabelle Courville as a member of this Committee to replace Ms. Sylvia Fonseca whose term of office had expired;
- the Board of Directors Meeting of January 6, 2017 duly noted the resignation of Ms. Méka Brunel from her duties as a member of this Committee following her appointment as CEO of the company.

Role

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 and the performance of their legal audit engagement 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.

The Committee may ask any expert of its choice for assistance in its mission (after informing the Chairman of the Board of Directors or the Board of Directors itself), and doing so at the company's expense. Should that happen, the Committee ensures the objectivity, competence and independence of the said expert.

Work accomplished in 2016

The Audit and Risk Committee met 11 times in 2016, with an attendance rate of 94.23%.

At these meetings, the Committee mainly examined the results of the property holdings appraisals as of December 31, 2015 and June 30, 2016, the annual and consolidated financial statements for fiscal year 2015 and the consolidated financial statements of March 31, June 30 and September 30, 2016 and the situation of financing and hedging plans. 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.

In line with its works carried out in previous fiscal years, the Committee conducted a review of rental, legislative and financial risks, technological and fraud risks, and risks related to CSR. Furthermore, it continued reviewing the insurance program and litigations/disputes and related provisions. 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 conducted an in-depth analysis of certain risks and certain aspects of internal control. In addition, it was kept informed of the change in these sensitive judicial cases/procedures in order to examine these risks.

The Committee further examined the risks and accounting and financial treatment of significant acquisition and disposal transactions. In this respect, it reviewed in particular the accounting treatment of the disposal of the Group's healthcare real estate portfolio and studied the impact of this disposal on the company's main aggregates. The Committee also performed a risk analysis linked to the offer initiated by the company on Foncière de Paris securities.

Furthermore, the Committee 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 monitored their independence. 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 met the Statutory Auditors, without the management.

In 2016, the Committee devoted part of its time to studying and analyzing the European audit reform; it paid particular attention to the new provisions relating to the statutory auditing engagements, on the extended role of the Audit Committee and on the enhanced prerogatives of the *Haut Conseil du Commissariat aux Comptes*.

In addressing these issues, the Committee also checked the existence of a process for appointing the independent third party tasked with verifying CSR information and issuing a recommendation on the choice of the latter.

The Committee has a minimum deadline of two days before the Board of Directors reviews the financial statements.

Governance, Appointment and Compensation Committee

Structure

The members of the Governance, Appointment and Compensation Committee are appointed by the Board of Directors, which sets their term of office and may dismiss one or more members at any time.

At December 31, 2016, the Committee consisted of three directors, including two independent directors, in accordance with the recommendations of the AFEP-MEDEF Code: Ms. Inès Reinmann Toper, Mr. Claude Gendron and Mr. Rafael Gonzalez de la Cueva. It is chaired by Ms. Inès Reinmann Toper, an independent Director, who has the casting vote in the event of a tie. There is no executive corporate officer on this Committee.

The movements below occurred in the Committee's structure during 2016 and until the publication of this report:

- The Board of Directors' Meeting of April 21, 2016, held after the Annual General Meeting of the same day, decided to:
  - renew the term of Ms. Inès Reinmann Toper as Chair and member of the Governance, Appointment and Compensation Committee,
  - renew Mr. Claude Gendron as member of this Committee.

Role

The role of this Committee is to inform, train and advise:

- it reviews the operation of the Board of Directors and its Committees and makes proposals to improve corporate governance. It leads discussions on the Committees in charge of preparing the Board of Directors' work. It supervises the Board of Directors' assessment procedure;
- it examines the structure of the company's executive bodies. It prepares a succession plan for corporate officers and Directors;
- it 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.

The Committee may ask any expert of its choice for assistance in its mission (after informing the Chairman of the Board of Directors or the Board of Directors itself), and doing so at the company's expense. Should that happen, the Committee ensures the objectivity of the said expert.

Work accomplished in 2016

The Governance, Appointment and Compensation Committee met eight times in 2016, with an attendance rate of 100%.

At these meetings, the Committee addressed various issues related to governance, appointment and compensation.

Regarding governance and appointments, at the request of the Board of Directors, the Committee organized, in particular, recruitment processes for female independent directors with the help of an external firm selected for this purpose. At the end of the process, the Committee recommended to the Board of Directors to propose to the General Meeting of April 21, 2016, the appointment of Ms. Isabelle Courville, to replace Ms. Sylvia Fonseca whose term of office had expired. On this occasion, the Committee paid special attention to diversifying the composition of the Board of Directors in terms of a balanced representation of gender, competences and international experience.

With respect to issues of compensation, the Committee examined in particular the compensation of Mr. Philippe Depoux, Chief Executive Officer, and the application of performance linked to his variable compensation, also discussed during an executive session (see Section 5.1.4.6). It checked in particular compliance with the principles stated in the AFEP-MEDEF Code: exhaustiveness, balance between compensation elements, comparability, coherence, intelligibility of rules and measure. In addition, it was informed of the compensation policy for the key non-corporate officer executive.

The committee also analyzed the provisions of the Sapin II Act on "Say on Pay" and their application by the company.

It also debated the use and calculation method of the attendance allowance package for 2016.

In addressing these issues, the Committee solicited the services of independent external firms, which were, in particular, asked to conduct benchmark studies.

It also reviewed the draft statements on the compensation elements of executive corporate officers which must, in accordance with the AFEP-MEDEF Code, be disclosed publicly immediately after the Board of Directors' meeting that decides on said compensation.

Furthermore, it supervised the assessment work of the Board of Directors (see Section 5.1.4.6).

The Committee further expressed an opinion on directors who may be described as independent. Moreover, it familiarized itself with the company's human resources policy and monitored its policy with respect to professional gender equality.

Pursuant to the recommendations of the AFEP-MEDEF Code, the Committee continued the work concerning the succession plan for corporate executive officers. The Committee also ensured the existence of a succession plan for the company's key positions.

In fiscal year 2016, Mr. Bernard Michel, Chairman of the Board of Directors, was invited to some of the Committee's meetings concerning, in particular, the appointment of Directors and preparation of the evaluation of the Board of Directors' works. Likewise, Mr. Philippe Depoux, CEO, was invited to some Committee meetings concerning, in particular, the compensation of members of the Executive Committee and the succession plan for key positions in the company.

5.1.4.6. 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 committees in respect of 2015 was made in 2016 by the Board Secretariat. It is recalled that for prior fiscal years, a formal assessment was made with the help of an external consultant.

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 the receipt of these questionnaires completed by the directors, a report was drafted and presented to the Governance, Appointment and Compensation Committee, then to the Board of Directors. A point had been recorded 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 performance of the Board and the attendance rate of directors;
- the compliance of the Board's operation with corporate governance rules;
- the conduct of debates by the Chairman which facilitates the expression of opinions and discussions;
- the smooth operation of the Committees and their smooth interaction with the Board of Directors.

Some directors expressed the wish for improvement in the following areas:

- fewer and shorter Board of Directors' and Committee meetings;
- receive more information about the company's operation and internal organization;
- continued diversification of the Board's competences.

Following the improvement wishes expressed during this assessment, several actions have since then been implemented, such as:

- continuing the organization of an annual strategic seminar for the Board of Directors, an occasion used by the directors to talk to members of the Executive Committee about the organization and the operation of the company;
- the organization, for new directors, of asset tours and meetings with the company's key managers;
- the proposal to include new skills on the Board of Directors, when renewing Directors' terms of office.

Furthermore, each Committee performed its self-assessment. As part of this self-assessment, each Committee examined in particular the suitability of its composition, organization and operation for the missions assigned to it by the Board of Directors.

The annual assessment of the work of the Board of Directors and of the Committees for fiscal year 2016 will be made in 2017 and its results will be detailed in the 2017 Reference Document.

Evaluation of the performance of Executive Management ("Executive Session")

Pursuant to the recommendations of the AFEP-MEDEF Code, the Directors met in February 2016, without the CEO, in order to evaluate fulfillment by Executive Management of its missions in 2015 and discuss its objectives for 2016.

The Board of Directors plans such a meeting at least once a year.

5.1.5. 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.

For example, during the healthcare real estate disposal transaction, Predica and Ms. Inès Reinmann-Toper declared that they could be in a situation of conflict of interest and consequently would not take part in the debates and voting. Documents linked to the transaction were not transmitted to them.

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 Gecina's knowledge (i) there exists no arrangement or agreement concluded with the principal shareholders, customers, suppliers, or others based on which one of the Directors has been chosen, (ii) there exists no restriction, other than those, if any, mentioned in Section 6.3.2, accepted by the corporate officers, concerning the transfer of their equity shares after a certain lapse of time, (iii) no service contracts exist linking members of executive bodies to Gecina or any of its subsidiaries providing for benefits after the expiry of such a contract.

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).

5.1.6. RELATED-PARTY AGREEMENTS

Agreements and commitments authorized during the past year

No agreement or commitment was submitted to the approval of the Board of Directors in 2016.

Agreements and commitments authorized since the end of the fiscal year 2016

The Board of Directors of January 6, 2017 defined the conditions for severance pay in the event of the termination of the duties of CEO of Ms Méka Brunel. In accordance with Article L.225-42-1 of the French commercial code (Code de commerce), the awarding of this severance pay is subject to the regulated agreements procedure and will need to be approved by the General Shareholders' Meeting of April 26, 2017 (resolution n°6).

The details of this agreement are displayed in the Auditors' special report , which is part of the present reference document.

Agreements and commitments approved in previous years which remained in force during the fiscal year

Pursuant to the provisions of Article L. 225-40-1 of the French Commercial Code, based on ordinance no. 2014-863 of July 31, 2014, the agreements and undertakings mentioned above approved in previous fiscal years and which continued to be performed during the year, were reviewed by the Board of Directors' Meeting of February 24, 2016, which duly noted the continuation of these agreements and commitments. These will be subject to further review by the Board of Directors on February 23, 2017.

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 2016 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 the said plans remain unchanged.

The total number of options received by Mr. Christophe Clamageran under these plans is 62,078 options.

This agreement was approved by the Shareholders' General Meeting of April 17, 2012.

Agreement entered into with Mr. Philippe Depoux

The Board of Directors of April 17, 2013 defined the conditions for severance pay in the event of the termination of the duties of CEO of Mr. Philippe Depoux. Provisions which continued to produce their effects in fiscal year 2016 can be summed up as follows:

- In case of termination of the services as CEO, following a forced departure due to a change in control or strategy, Mr. Philippe Depoux will receive a severance benefit contingent on a performance condition with a maximum amount calculated as indicated below:
  - in office for more than two years: severance pay of 200% maximum of the total gross compensation for his functions as CEO (fixed and variable) for the previous calendar year.

Performance-related conditions

The indemnity will only be fully paid if the recurring income in the previous financial year (N), completed prior to the severance, is greater than the average of the recurring income for the two years (N-1 and N-2) preceding the termination of services. The comparison of recurring incomes will be made by taking account of changes to the property-holding structure during the years under review.

Performance-related conditions	Severance pay
Recurring income year N (excluding fair value adjustments) > average recurring income of years (N-1 + N-2)	100%
Recurring income year N (excluding fair value adjustments)/average recurring income of years (N-1 + N-2) > 0.96	80%
Recurring income year N (excluding fair value adjustments)/average recurring income of years (N-1 + N-2) > 0.92	50%
Recurring income year N (excluding fair value adjustments) / average recurring income of years (N-1 + N-2) < 0.92	No severance pay

This agreement was approved by the Shareholders' General Meeting of April 23, 2014 (resolution no. 5).

This agreement ended on January 6, 2017, further the Board of Directors' decision at the same day, which terminated Mr. Philippe Depoux's appointments as CEO and based on the opinion of the Governance, Appointment and Compensation Committee, decided to pay Mr. Philippe Depoux a severance package capped at two years of his overall gross compensation (fixed and variable) in respect of 2016, *i.e.*, €1,648,000 gross, considering the fulfillment of the performance criteria, which were the pre-requirements for this payment.

Indeed, net recurring income for 2016 exceeds the average of the net recurring income for 2014 and 2015.

No other agreements were concluded or continued in 2016.

5.1.7. 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.

5.1.8. INFORMATION ABOUT THE CAPITAL STRUCTURE AND FACTORS THAT COULD HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID FOR THE COMPANY

These are described in the Chapter "Comments on the year" in Section 2.2. "Financial resources" and in Section 6.3.3.

5.1.9. RISK MANAGEMENT AND INTERNAL CONTROL

For this description and for the implementation of its systems, Gecina draws on the general principles proposed in the "Risk management and internal control systems framework", updated in July 2010 by the AMF work group. It should, however, be remembered that these systems cannot provide an absolute guarantee of meeting the company's targets. The internal control and risk management systems apply to all the activities covered by the Group, without exception.

5.1.9.1. Risk management system

Gecina's current risk management system is described in paragraph 7 of Chapter 1 "Risks". It also features a summary table of the main general risk factors (operational) and the corresponding control mechanisms.

Gecina's risk management control structure is intended to:
- create and protect the company's value, assets and reputation;
- secure decision-making and the company's procedures to ensure that it meets its targets;
- ensure that the company's actions are in line with its values;
- mobilize employees around a shared vision of the main risks.

Risk identification, analysis and management systems are implemented by the "Property Risks" Department with respect to risks linked to the safety and environment of properties and by the "Risks and Compliance" Department with respect to general risks. Risk management falls under the responsibility of the various Group Departments, depending on the nature of the risks.

Risk management works are presented and monitored on a regular basis by the Audit and Risk Committee. A summary of risk management works is presented annually to the Board of Directors.

A risk management policy, circulated by the "Risks and Compliance" Department, supplements the internal procedures and regulations.

5.1.9.2. Internal control system

Gecina's current internal control system comprises a set of resources, behaviors, procedures and activities aimed at ensuring that:
- management decisions or operations are carried out within the framework defined for the company's activities by corporate bodies, in accordance with applicable laws and regulations and subject to the company's internal rules;
- assets are protected, and more generally, any risks resulting from the company's activities are prevented and effectively managed;
- accounting, financial and management information faithfully reflects the company's activities and position.

It should thus be remembered that the scope of internal control is not limited to procedures or to accounting and financial processes alone.

Company management and organization

Company management

The Board of Directors opted for the separation of the duties of Chairman of the Board of Directors and those of CEO as organizational method for Executive Management. The duties of Chairman of the Board of Directors are awarded to Mr. Bernard Michel and the duties of CEO to Ms. Meka Brunel, who has been the successor to Mr. Philippe Depoux since January 6, 2017.

The specific missions entrusted to the Chairman of the Board of Directors and the powers of the CEO are described in Sections 5.1.3.2. and 5.1.3.3.

Company organization

As a reminder, since 2014, the company is organized along business lines to better reflect the Group's strategy and promotes cross-functionality and employee versatility. The company is organized around the following main Departments:
- an "Acquisitions & Sales" Department, which centralizes oversight of acquisitions and sales processes;
- a "Real Estate Holdings" Department in charge of the real estate management of the property holdings including management, marketing as well as the Project Management function;
- an "Asset Management" Department, with the task of preparing the real estate strategy in coordination with the Real Estates Holding Department and the Acquisitions and Sales Department. Furthermore, the "Asset Management" Department has a development unit in charge of the oversight of cross-functional development actions;
- the "Marketing, Communication and Innovation" Department extended its scope in 2016 to the CSR function. This extended Department became the "Transformation, Marketing and CSR" Department. Its main duties are focused on the marketing of the commercial offering, relational and digital marketing. With respect to communication, this Department is in charge of commercial, corporate and internal communications;
- the Board Secretariat has included since 2016 all the corporate and real estate legal functions of Gecina;
- the Financial Department includes the Financial Communications, Financial Control, Financing, Treasury & Business Plan, and Appraisals Departments, in addition to the Accounts, Tax and Insurance Department.

The General Secretariat includes the Human Resources and Information Systems Departments and the Foundation.

The Internal Audit, Risk and Compliance functions together with the Departments mentioned above report to the CEO.

The Legal Department and the Board Secretariat report, on one hand, to Executive Management for legal activity, and on the other hand, to the Chair, for the Board Secretariat.

Executive Committee Structure

The Gecina group's executive structure comprises:
- an Executive Committee, which brings together the heads of the principal Departments around the CEO. The Executive Committee sets goals, guidelines for strategic projects, decides on priorities and the necessary resources and ensures the implementation of decisions taken. This Committee meets once a week;
- a Management Committee that comprises all the members of the Executive Committee, including representatives of key functions in the company. The Management Committee implements all the Group's projects, guides business operations and monitors the key performance indicators. It meets once a month.

The Group Executive and Management Committees are supported by special Committees tasked with gathering information, expressing opinions and monitoring operations in their specific areas of concern. The special Committees include the Acquisitions & Divestment Committee, which meets to review ongoing acquisition or disposal projects presented by the Acquisitions & Sales Department. The role of the CSR Steering Committee, which meets once a month, is to anticipate the pillars on which Gecina must build its approach, define the objectives and related action plans, ensure compliance with the CSR strategy and organize theme-specific Committees.

Lastly, communication between the Executive Management and the entire Group is handled by a specific Committee for managers, which meets regularly and represents a venue for information and sharing.

Group organization

The Group consists of the parent company and the subsidiaries included in the scope of consolidation. Group management is organized centrally with common teams and departments applying the same methods and procedures for all companies (see 1.4. "Group organization and organization chart").

Definition of responsibilities and powers

The responsibilities assigned to employees are formalized in job descriptions and delegations of authority in line with the Group's management procedures. Job descriptions are drafted by the Human Resources Department and the delegations of authority are prepared by the Legal Department. In addition, detailed organization charts are freely available through various internal communications systems. Organization charts and delegations of powers are updated to reflect changes in the Group's organization. Furthermore, other internal communications media or devices such as the intranet or the guide distributed to each new employee help to clarify the responsibilities and powers of each party.

Human Resources management

The HR Department is the guardian of the development of the Group's human assets. In this respect, it is in charge of the recruitment and induction of employees, management, training and their career development.

Guardian of a top-quality social climate, it ensures the Group's compliance with its legal and social obligations and nurtures permanent dialogue with union organizations through the Group's employee representatives. Collective measures regarding human resources management are regularly subject to briefings, consultations and negotiations, resulting in the signing of specific agreements.

The Group's HR policy seeks to promote a high-quality professional environment, devoid of any form of discrimination and which fosters diversity as well as the professional development of its employees. It is deployed through numerous systems such as the current recruitment, training and careers management processes, as well as the commitments made with respect to gender equality, employment for young and older people and people with disabilities.

Information System

The information system automates a growing number of processes in the fields of real estate management, accounting and finance management, and human resource management, through software programs and interfaces between internal servers and in cloud mode. The implementation of Cassiopae RE in 2015/2016 constitutes a set of property reporting standards that lend structure to the functions of customer relationship management and energy consumption monitoring of properties.

Keeping the system and its data secure has become a critical challenge for Gecina. The latter is protected, in particular, by access right procedures, software security applications and regular data and systems backup procedures. Two back-ups are performed and saved with a specialized service provider. Critical systems are hosted in a protected facility with secure access. Business continuity is guaranteed through a formalized disaster recovery plan tested annually with the participation of users. In addition, a back-up contract with an external service provider guarantees the company's business continuity should its information systems become unavailable following a major disaster.

Furthermore, experiments on co-working and home office spaces have provided the opportunity to review employee tools and provide many of them with tablets and smartphones. In addition to analysis, interception and backup systems, stress tests are performed on a regular basis to assess Gecina's exposure to these risks.

Management procedures

The Group's management procedures draw on best practices promoting higher operating security by positioning the required controls. They are accessible to all employees through internal IT communication systems. The coordination and support required for upgrading the procedures' reporting standards and their updates are provided by Internal Audit and 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 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 2016, 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. 100% of new employees have attended this presentation in 2015 and 2016. Taking into account the initial trainings when the Charter was issued in 2012 and staff turnover, 95% 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. To this end and considering the recent changes in practices and the regulation, another awareness program will be organized in 2017 for employees exposed to the risk of corruption. A detection measure is also implemented. It specifically concerns the integration of risks of fraud and corruption in the permanent control audit works carried out by the Risks and Compliance function, on reporting and warning systems, as well as on occasional investigations when anomalies are detected or reported. This system is enhanced by updating the Ethics Charter, on these aspects in particular.

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.

Steering and coordination of the CSR strategy

Fight against climate change

Gecina's strategy in this respect entails adapting its assets to the impacts of climate change and reducing its greenhouse gas emissions on its entire value chain. It is presented in detail in Chapter 7.4.1 of the Reference Document and in the report describing its climate roadmap, available at the address: http://www.gecina.fr/sites/default/files/rapport_climat_juillet_2016.pdf.

With regard to adaptation to climate change, Gecina has conducted an in-depth study with the assistance of a third-party expert to identify the various vulnerability zones of a building (roof, front walls, etc.) to climate hazards. Gecina will use this study in 2017 to evaluate the specific vulnerabilities of its assets in order to implement the solutions necessary for controlling the impacts of potential climate hazards, and ultimately, managing the cost of adaptation to climate change.

Since 2008, Gecina has implemented action plans intended to reduce the greenhouse gas emissions of its property portfolio. Gecina has reduced its greenhouse gas emissions 37% between 2008 and 2016 for office assets controlled by Gecina and 19% for residential properties (at constant climate). These results are close to the objectives fixed for the period and the measures to reach them have already been launched. Gecina should therefore exceed these goals in 2017. This performance is primarily linked to actions to improve energy efficiency, the choice of energy sources with low greenhouse gas emissions and the recognition of these factors in investment choices. The progress achieved so far has helped to enhance the attractiveness of assets with lessors and with investors, while reducing costs for Gecina and its tenant clients. Gecina prepared its 2030 climate roadmap in 2016 to continue its commitment to stay consistent with the trajectory to limit temperature increase to 2°C. Focused on four targets and designed with all the company's Departments, this roadmap sets new progress objectives on the subject of the operation of assets and the development of real estate programs, while involving Gecina partners and clients in the reduction of its extended carbon footprint.

CSR function

The CSR function reports to the "Transformation, Marketing and CSR" Department. With the support of the operational Departments concerned, it oversees the structuring of CSR strategy and its operational translation thanks to action plans and dedicated reporting. It also ensures that its achievements are fully recognized by non-financial assessors. Sign of the incorporation of CSR into oversight and corporate governance, key performance indicators, the achievement of objectives and CSR-related structuring decisions are presented to the Executive Committee, the Board of Directors, the Audit and Risk Committee and the Strategic Committee. Analyzing Gecina's performance on issues identified as material by Gecina and its stakeholders, namely bearers of risks and opportunities for the company, reveals the effectiveness of the action plans deployed and guides the corrective measures. KPIs are calculated from the data collected from all the Departments of the company concerned and verified by an accredited independent third-party organization. They are modeled on international reporting standards and comply with Art. R 225-105-1. Chapter 7 of the Reference Document presents the material issues, the strategy in place, the mechanisms for integration into the company's business lines and the action plans for each material issue.

Conditions for the internal distribution of relevant information

The internal procedures for communicating relevant, reliable and timely information to relevant stakeholders are based primarily on the "business" and "finance" production applications.

These provide their users with the tracking reports and consultation modules required to perform their functions.

On a second level, decision-support IT based on the Group's data warehouse and analysis systems makes it possible to prepare the various reports and records required to control budgets and to oversee activities.

Furthermore, collaborative tools such as the intranet, email and the Internet ensure rapid access and sharing of information.

Specifically, the intranet system makes it possible to share organization charts, Group procedures, documentation, archives and relevant information on properties.

Shared network spaces and intranet communities also facilitate the distribution of control reports or templates between the Departments.

Secure access from mobile devices or from the Internet has been set up for functions requiring such access.

Risk management

Gecina's internal control system relies on the risk management system to identify the major risks requiring the introduction of controls. Gecina's current risk management system is set forth in Section 5.1.9.1. and described in Section 7 of Chapter 1 "Risks".

Control activities

Internal control procedures, intended to manage the risks associated with the Group's operations, are especially described through major procedures: valuation of property holdings, rental management, production and processing of accounting and financial information and shared functions.

Valuation of property holdings

Main risks covered in this process are risks associated with the authorization and monitoring of investments, divestments and construction work, as well as risks involved in building maintenance and security.

Acquisitions

The Group's main guidelines on asset acquisitions are set through a strategic business plan and rolled out in the budget. Control of risks associated with authorization for acquisitions (assets portfolio, predominant real estate company and development projects) is handled through a validation process based on a technical, legal, fiscal, environmental and financial study. The acquisitions process is formalized within a procedure disseminated and monitored by the Acquisitions and Sales Department teams. This procedure is performed by the Acquisitions & Sales Department, with the backing of various support functions (Legal and Finance Departments and Project Management Department especially). It also incorporates support from external advisors (*e.g.* lawyers, notaries, tax experts, auditors, etc.) and real estate appraisers. An intermediary analysis committee known as the Steering Committee has been set up to analyze planned investments. It is composed of members of the Acquisitions and Sales Department at the origin of the file, the representatives of each of the other Group Departments and in particular for the Real Estate Holdings Department, a representative of the commercial function, a representative of the Project Management function and a representative of the technical function. The Directors of Financial Control, Legal and CSR are also permanent members of this Committee. Acquisitions files are put together according to specific formal rules and parameters defined in a procedure. Acquisition files reviewed by a Steering Committee and selected must then be validated by the Acquisitions and Sales Committee, composed of members of the Executive

Committee. This Committee meets as often as necessary. Lastly, in view of the restrictions on the CEO's powers established by Gecina's Board of Directors, acquisition files must also receive the prior opinion of the Strategic Committee and be approved by the Board, when the files involve amounts that:

- exceed €300 million, or concern speculative real estate development dossiers exceeding €30 million (property development projects not initially marketed), for investments included in the annual budget and the Group's approved strategic business plan;
- exceed €50 million, or concern speculative real estate files (no limit on the amount), for investments that are neither included in the annual budget nor in the Group's approved strategic business plan.

Divestments

The Group's main guidelines on asset sales are set through a strategic business plan and rolled out in the budget. The transaction volumes under consideration are planned by asset class. The list of assets likely to be sold is defined by a panel at Asset Review meetings and transmitted to Financial Control for validation. The plan is then presented for approval to the Acquisitions and Divestments Committee by the Acquisitions & Sales Department, or the Real Estate Holdings Department concerning unit-by-unit residential sales. If the plan has been agreed by the Acquisitions and Divestments Committee and as part of the validation process for the upcoming annual budget, the Strategic Committee is consulted for opinion. This plan covers hypothetical block or unit-by-unit divestments. In the same manner as for acquisitions and considering the restrictions on the CEO's powers, divestment files must also receive the prior opinion of the Strategic Committee and be approved by the Board, when the files involve amounts that:

- exceed €50 million for disposals included in the approved annual disposal plan;
- are not included in the approved annual disposal plan.

The implementation of asset disposal transactions is overseen by the Acquisitions & Sales Department, which uses support functions and third parties (*e.g.* sales agents, lawyers, tax specialists, notaries, quantity surveyors, real estate experts, etc.).

Divestments are covered by a procedure disseminated and monitored by the Acquisitions and Sales Department teams. Ultimately, the finalization of transactions is then secured through specific procedures required for the preparation of notarial deeds or deeds of conveyance validated by law firms, as appropriate.

Residential block sales

In the context of the disposal budget line by asset type set out in the disposals annual budget approved in accordance with the aforesaid divestment procedure, the Head of Acquisitions & Sales puts together a team to oversee the implementation of the disposal.

To coordinate these actions, the Acquisitions & Sales Department relies on Locare teams and if necessary external sales agents with, in particular, the help of lawyers/notaries.

Unit-by-unit sales

Unit-by-unit sales of residential properties are handled by a specific department reporting to the Real Estate Holdings Department. Within this Department, under the authority of the Director of Sales, asset managers in charge of programs coordinate the internal and external parties (notaries, quantity surveyors, property managers, sales agents, etc.).

Unit-by-unit sales pertaining to any given property are subject to a specific procedure involving the creation of a detailed file covering both legal and technical issues. The units are marketed by sale teams at Locare, a Gecina subsidiary attached to the Acquisitions & Sales Department, or, if necessary, external sales agents. Such sales are carried out strictly in accordance with current regulations. They specifically require tenants to be provided with complete documentation on issues including but not limited to legally-required expert audits, the preferential conditions and protections available to them, as well as on the state of the building. Today, Gecina sells vacant apartments as part of new programs, as and when they become available.

Project Management

The Project Management function is integrated in the Real Estate Holdings Department. It provides assistance to all the company's business lines. In particular, it monitors development operations by relying on external experts (engineering firms, auditing firms, etc.) and, as applicable, project owners' assistance services, while providing advisory services upstream of investment operations. In this context, it ensures the improved management of the different risks linked to construction operations such as obtaining administrative authorizations, complying with regulatory standards and performing works.

Security, maintenance and improvement of property holdings

For the entire property portfolio, the Real Estate Holdings Department participates actively in the security and management of the physical risks of properties: it is associated in particular with the assessments made under the oversight of the Properties Risks Function, and takes into account or oversees the implementation of prevention or correction actions following these evaluations.

The overview of expenditure linked to works is reinforced by the existence of works programs, established for each building by the Project Management and Property Management Department. Budgetary monitoring of commitments and actual achievements is subsequently carried out. The cost effectiveness of investment works that result in higher profitability in capital and/or rental income is analyzed for significant commitments or exceeding predefined thresholds.

Risks associated with the authorization of work are also covered by the following procedures:

- rules for approving and listing suppliers;
- suppliers are selected based on a review of estimates submitted for projects valued at under €50,000 excluding VAT and a tender procedure with strictly defined rules for projects over €50,000 excluding VAT;
- work orders and invoices are approved on the basis of authorization limits determined in accordance with the level of responsibility of the employees involved and recorded in the information system;
- specifically relating to residential assets, itemized price lists define standard services for each category of building, and suppliers are required to comply with them. Calls for tenders and certain requests for proposals are also validated by a Commitments Committee.

Certain capex works in the commercial real estate sector can be paid by the lessor in return for the renegotiation of rental conditions (lease term and financial conditions).

Rental management

Main risks covered in this process: risks related to the setting of rents, vacancy and the solvency of tenants.

Setting of rents

The risks associated with poorly adapted rent levels are minimized by ongoing efforts to monitor the market and resorting to a second level of control:

- concerning residential property holdings, rents for new leases are based on a comparison of market rent levels with the regulation on rent control and capping, and in-house data (unit features, work undertaken, etc.). The rents set in this way are based on a series of specific criteria and are regularly reviewed throughout the marketing process in joint bimonthly meetings with Locare teams. The teams receive regular training in new regulatory developments in the area of rent setting;
- concerning commercial real estate assets, rents for premises to be marketed are also set in relation to market data (published prices, statistics, etc.) and, for larger properties, on the basis of a specific market analysis carried out in collaboration with sales teams. The rents and lease conditions set in this way are systematically subject to a hierarchical control process, and are regularly reviewed throughout the marketing process in meetings with the sales teams; the rents overseen by the Commercial Department must be compliant with conditions defined with inside Asset Reviews;
- for all properties in use, leases for renewal are systematically monitored and any proposed new rental conditions are evaluated according to a specific procedure. The renewal of commercial leases is also monitored on a regular basis by a committee organized by the Property Management Department. Annual rent reviews are subject to explicit procedures including several levels of prior controls.

Marketing (re-letting)

For commercial real estate, marketing is undertaken by in-house teams specialized in this activity. These teams work with leading external sales agents and/or independent consultants, identified on the basis of their presence and level of performance in the geographic sectors concerned.

The marketing of residential properties is almost systematically entrusted to teams at Locare and, depending on the type of unit, sub-delegated to external agents if necessary. Student residences are operated by Campuséa using dedicated Internet tools. Seasonal price grids are set by the person in charge of student residences. A second-level control is provided by the Director of Real Estate Assets.

Marketing campaigns are monitored in joint meetings of management and marketing teams from the Operational Departments.

Finally, an individual property reporting system enables regular monitoring of new rentals, re-letting periods and vacant properties.

Vacancy monitoring

A register of properties that are vacant or expected to become vacant as a result of tenants having given their notice or expressed their intention to leave is updated regularly. This register makes it possible to monitor vacancy trends and measure the occupancy rate for each building and for all properties in use.

To minimize the financial costs associated with property vacancies, the planning of refurbishing or renovation work as well as the sales and marketing actions required to secure new tenants begins as soon as possible after notice has been given. Such plans are explicitly based on preliminary inventories that are drawn up within the timeframes set for each product line.

All of this information relating to the management of the property portfolio is automatically transferred to the information system used to support commercial activity.

Selection of customers

New tenants for residential properties are chosen by a daily Committee composed of lessor and marketing representatives. The Committee undertakes a comprehensive analysis of the bad debt risk for each proposed tenant, while ensuring compliance with the regulations regarding non-discrimination.

The Campuséa teams select the new tenants of the students' residential property based on strictly financial criteria. Note that priority is given to students from schools that have signed an allotment contract with Campuséa.

New tenants for commercial real estate properties are selected after a solvency check performed with the assistance of a financial adviser and subject to a hierarchical control process.

Rent collection and receipts

For the entire property portfolio, delays in payment are regularly monitored and systematic payment reminders issued, in accordance with internal rules of procedure. Depending on each case, the situation of certain commercial real estate tenants can be thoroughly researched with the assistance of a partner specialized in solvency-related reporting. Outstanding payments are dealt with in collaboration with the legal department, which has employees specialized in this field.

Awareness-raising campaigns about efforts to control external fraud are sent to tenants in all business sectors on a regular basis. This awareness-raising begins on the day the lease is signed.

Customer relations

The Commercial Department oversees customer relations and works with the Communication and Marketing Department to monitor quality and customer satisfaction. At Group level, the Communication & Marketing Department oversees "customer relations barometer" surveys and studies.

These barometers must define the Group customer-relations performance indicators and key factors of quality by asset type (and client type) in order to assist operational action plans. This involves building an iterative and participative approach that fits into a comprehensive progress policy.

The data obtained is extended through customer action plans and regularly monitored and updated.

The Communication & Marketing Department conducts occasional surveys to better understand market changes from the viewpoint of demand.

The Transformation, Marketing and CSR Department also develops digital strategy at the service of customers. Gecina Lab, the think-tank and forum for dialog on topics such as CSR and innovation, strengthens its relation with all its customers and stakeholders. The aim of Gecina Lab is to establish a close relationship with customer-tenants by promoting knowledge, exchange and the sharing of best practices, and comparing expert and user viewpoints. Gecina Lab seeks to transpose progressive ideas into concrete actions to help improve performance and the wellbeing of employees for the tenant-user.

The Communication and Marketing Department defines and oversees different customer communication and relational marketing actions with both present and future customers, with a concern for efficiency and measurement of the actions undertaken.

Real estate portfolio risk management

Asset Management is responsible for defining the real estate strategy per property asset through the development of a business plan per property. In addition to monitoring the real estate market, Asset Management conducts biannual portfolio reviews. It also ensures that the strategy is implemented in line with Asset Reviews.

Upstream of the Asset Reviews, the files are presented in Business Review in order to:

- review the Business Plan of the building;
- to work and debate on the identified valuation scenarios;
- identify the potential disposal of the property;
- prepare and challenge the file for Asset Review.

Within Asset Management, the role of the development division is to coordinate group-wide development actions and accordingly strengthen the value creating internal control mechanism of the existing portfolio and of assets under construction. Project Management is active throughout the asset development process.

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 Management Control provide additional control.

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.

Lastly, concerning more particularly the reliability of the property holdings valuation in connection with the preparation of the accounting and financial information, such valuation is based on the 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. In this way, this function is centralized and separated 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.

A selection of experts was organized on the basis of specifications and under the supervision of the Audit and Risk Committee in January 2016. The selected contracts have six-year terms for a firm period of three years.

Group functions

In discussing the functions in question, this section will primarily focus on the risks of failure in IT data processing, the risks of unreliable financial and accounting information, as well as legal, tax and financial risks.

IT

The IT Department is in charge of systems upgrades, linked to the needs of Operational Departments, regulatory constraints or technological risks, in accordance with good project management practices (specifications, developments, tests and user coaching). A dedicated team equipped with alert management tools is in charge of the 24/7 supervision of the smooth operation and security of IT systems, in accordance with predefined procedures and schedules. Within this framework, a full analysis of system operations is permanently carried out.

As the IT Department is a stakeholder in the governance of projects under construction, it organizes, to this end, coordination committees at the various stages of such projects, in order to constantly guarantee that the implemented automated solutions match the expressed needs.

The Legal Department and Board Secretariat

Property sales and acquisitions are carried out with the help of notaries that have been carefully selected in light of their reliability and expertise. In addition, they are systematically supervised by in-house legal experts with or without the support of specialized lawyers.

Rental management transactions involving such items as leases for new tenants and marketing mandates are all formulated on the basis of standards defined by the Legal Department in conjunction with the various management services.

Annual legal requirements for professional real estate agent cards (Hoguet Act) are monitored by in-house lawyers.

The Legal Department handles the monitoring and management of the Group's operational disputes and the monitoring of subsidiaries with the assistance of specialized lawyers. It also handles the legal monitoring of the parent company, with the participation of specialized lawyers.

The Legal Department monitors the observance of applicable regulations, especially in checking the wording and validity of some contracts concluded within the Group as well as through its interventions concerning specific issues confronting the Group.

Generally, other legal risks are monitored in-house with recourse, where necessary, to leading law firms.

Tax
Compliance with tax regulations and more specifically the obligations resulting from the French Listed Real-Estate Investment Company (SIIC) system is supervised by the Accounts & Tax Department, which conducts regular reviews, calling in external advisors where necessary. In addition, the Account & Tax Department systematically provides support for the management of any tax risks resulting from the acquisition or disposal of assets.

Financial management
Financial risks (liquidity, rates, solvency, etc.) are managed in the Finance Department by the Financing, Cash Management and Business Plan Department, which regularly monitors market trends, the Group's financial ratios, cash flow forecasts and forecast financing plan, all updated on a monthly basis.

The management of interest rate risk is performed using hedging instruments under a policy designed to protect the company against market changes while optimizing the cost of debt.

The Financing, Cash Management and Business Plan Department receives assistance from external advisers in this area. The Group's hedging policy is managed under a formalized framework that specifically defines hedge limits, decision-making channels, authorized instruments and reporting procedures. The management goals are presented and validated each year by the Audit and Risk Committee. Furthermore, a report on hedging transactions is presented and validated every quarter to the Audit and Risk Committee.

Liquidity risk is managed by constantly monitoring the maturity of loans, maintaining available credit lines, diversifying resources and counterparties, in addition to monthly cash forecasts.

Payments are secured by the procedure of organizing bank signatures, set up by Executive Management and the Legal Department, which entrusts the authorities required for administering bank accounts to a limited number of people, in accordance with the separation of responsibilities and the corresponding precisely defined limits.

Supervision of practices

Gecina has four organizations supervising its internal control and risk activities: the Building Risk function, Financial Control, Risk and Compliance and Internal Audit. These organizations report to the Project Management Department for matters related to Building Risks, and to the Finance Department for financial control issues. The Internal Audit Department, which reports to Executive Management, combines the Internal Audit and Risks and Compliance functions. They present reports of their activities to Executive Management, to the specialized Board Committees and in particular to the Audit and Risk Committee.

The Building Risk function
Supporting the Operational and Functional Departments, the Building Risk function is responsible for identifying and addressing risks associated with the security of assets and people, the effective management of responsibilities and respect for the environment. It constitutes an expert function responsible for steering, coordinating and supervising the management of random risks.

This function, which is responsible for providing guidance and support in its area of expertise for the various Group departments, may also carry out inspections and issue recommendations. More specifically, it is tasked with conducting risk assessments on properties, assisting operational managers in their acquisition/disposal or managerial activities, and undertaking actions to improve training and increase awareness.

A "Building Risks" meeting is organized six times a year, attended by the Technical Directors, heads of the real estate entity, members of the Executive Committee and the Management Committee. Building risks and their developments are analyzed at these meetings.

A round-the-clock surveillance and crisis management system designed to be triggered in response to a major incident is also in place. It consists in particular of a crisis unit, an outsourced platform made available to tenants and a set of rules governing on-call duties.

The Financial Control Function
Through its budgetary activities and analyses, the Financial Control Department significantly contributes to the effective management and supervision of risks, notably with regard to rental management, overheads, property valuation, and the production of financial and accounting information.

- **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.

Risk and Compliance function

The Risk and Compliance Function is composed of three people and reports to Internal Audit. Its main tasks include:

- risk management, monitoring of the risk management policy and mapping operational risks;
- permanent control through the continuous verification of the application of the main activities of the internal control mechanism, as well as monitoring the implementation of recommendations;
- compliance through oversight of regulatory intelligence mechanisms and monitoring and coordination of the ethics charter and the whistle-blowing mechanism;
- anti-fraud and anti-corruption measures, and monitoring of the "anti-money laundering and terrorism financing" system.

Internal Audit

The Internal Audit Department is composed of six people. It includes the functions below divided into separate teams.

- the Internal Audit function in charge of implementing the annual audit program and one-off audit assignments requested by the Executive Management or the Audit and Risk Committee;
- the Risks and Compliance function in charge of risk management and compliance.

Its main tasks, and the responsibilities of the various Operational and Functional Departments in terms of internal control, are defined in the Group audit charter.

The annual work plan of Internal Audit is prepared by the Audit Department and validated by Executive Management. This program covers audits on specific areas and the ongoing cycle for monitoring control activities. Audit reports are submitted to the Chairman, CEO and members of the Departments concerned. The Annual Audit Plan and mission reports are also distributed to the Audit and Risk Committee. The audit reports receive recommendations with answers from Departments, as well as the action plans and associated deadlines. Lastly, Internal Audit regularly monitors the implementation of its recommendations.

Guarantee commitments granted in Spain

Guarantee commitments, presented in Notes 3.5.5.13. and 3.5.9.3 to the consolidated financial statements, were taken on in Spain at the end of 2009 and the beginning of 2010. Despite the specific arrangements put in place by the company within its internal control framework, the existence of these guarantee commitments was only brought to the company's attention from 2012. Gecina has already implemented and will continue to move forward with the procedures required to protect its interests.

5.2. COMPENSATION AND BENEFITS

5.2.1. COMPENSATION AND BENEFITS GRANTED TO EXECUTIVE CORPORATE OFFICERS

This section describes the elements of compensation and benefits granted to executive corporate officers by the Board of Directors after taking into account the opinion of the Governance, Appointment and Compensation Committee. To determine these elements, the Board of Directors sought to take into account the principles of exhaustiveness, balance among compensation elements, benchmarks, coherence, intelligibility of the rules and metrics as recommended by the AFEP-MEDEF Code. 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 High Committee for Corporate Governance, the AMF 2016 report on corporate governance and the compensation for officers and the guide for preparing annual reports updated by the AMF on April 13, 2015.

Given the nature of their functions, the respective compensation of the Chairman of the Board of Directors, Mr. Bernard Michel, and the CEO, Mr. Philippe Depoux, include different elements which are detailed below.

It should be remembered that Mr. Bernard Michel has been Chairman of the Board of Directors since February 16, 2010. He combined these duties together with those of CEO from October 4, 2011 to June 3, 2013, when Mr. Philippe Depoux was appointed CEO, following the Board of Directors' decision to separate the two functions. Mr. Bernard Michel continues to be the Chairman of the Board of Directors.

Mr. Philippe Depoux ended his duties as Chief Executive Officer on January 6, 2017 and the executive management of the company has been assumed by Mrs. Méka Brunel, CEO, since that date.

Neither Mr. Bernard Michel, Mr. Philippe Depoux nor Ms. Méka Brunel hold employment contracts or benefit from any supplementary pension plan in the Group.

The Chief Executive Officer and the members of the Executive Committee do not receive attendance allowances for their corporate offices held in the Group's companies.

As required by the recommendation of the AFEP-MEDEF Code regarding the shareholders' right to have a say on the individual pay of officers ("say on pay"), the information below provides details of the compensation owed or allocated during the year ended to each executive corporate officer which will be submitted to a mandatory vote of shareholders at the General Meeting of April 26, 2017.

Moreover, pursuant to the provisions of the law governing transparency, the fight against corruption and the modernization of economic life, known as the "Sapin II" Act, the principles and criteria for determining, allocating and awarding the elements of the compensation paid to the CEO and to the Chairman of the Board of Directors for 2017 are set forth in the report of the Board of Directors attached to this Reference Document (See 5.3). These compensation policies will be submitted to the approval of the General Meeting on April 26, 2017.

5.2.1.1. Compensation and benefits of the Chairman of the Board of Directors, Mr. Bernard Michel

The compensation of the Chairman of the Board of Directors includes a fixed compensation and benefits in kind.

Fixed compensation

The gross annual fixed compensation for Mr. Bernard Michel was set by the Board of Directors' Meeting of April 17, 2013 with effect from June 3, 2013 at €550,000. This fixed compensation has not changed since that date.

Benefits in kind

The benefits in kind correspond to the provision to Mr. Bernard Michel of a company car and the IT devices required for carrying out his duties.

5.2.1.2. Compensation and benefits of the Chief Executive Officer, Mr. Philippe Depoux

The CEO's compensation includes a fixed compensation, an annual variable compensation, and performance shares as well as benefits in kind. The CEO also receives severance pay if forced to resign and if his departure is linked to a change of control or change in the company's strategy.

Fixed compensation

The gross annual fixed compensation for Mr. Philippe Depoux was set by the Board of Directors' Meeting of April 17, 2013 with effect from June 3, 2013 at €400,000.

This fixed compensation did not change during the term of office as Chief Executive Officer of Mr. Philippe Depoux, which ended on January 6, 2017.

Annual variable compensation

The Board meeting of February 24, 2016, after seeking the opinion of the Governance, Appointment and Compensation Committee, set the performance criteria relating to the variable compensation for 2016 for Mr. Philippe Depoux.

The target variable compensation remained set at 100% of the fixed component of the compensation with, however, a possibility of reaching a maximum 120% of the fixed portion if target quantitative or qualitative performance criteria were 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 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	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%

Qualitative performance criteria concerned:

- total return strategy;
- the organization's adaptation to new challenges and issues;
- the corporate social responsibility policy and innovation.

The Board meeting of January 6, 2017, during which the Board decided to end the appointment of CEO Mr. Philippe Depoux, after reviewing both the quantitative and qualitative performance criteria and on the opinion of the Governance, Appointment and Compensation Committee, set the variable compensation for Mr. Philippe Depoux for 2016 at 95% of his fixed compensation received in 2016, or €380,000. This 95% breaks down as follows:

- 50% corresponding to the achievement of quantitative criteria:
  - 5% for EBITDA,
  - 20% 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.

Performance shares

Information relating to the performance shares allocated to Mr. Philippe Depoux is presented in tables no. 6 and no. 10 below (AFEP-MEDEF recommendation).

Benefits in kind

The benefits in kind consisted of a company car for Mr. Depoux and the IT devices required for carrying out his duties.

Severance pay in the event of termination of the CEO

The Gecina Board of Directors decided, at its meeting of April 17, 2013, to set the terms of the severance pay of Mr. Philippe Depoux in the event of termination of his duties as CEO under the conditions set forth below.

Mr. Philippe Depoux, in his capacity as the CEO, would receive severance pay if forced to resign and if his departure was linked to a change of control or change in the company's strategy.

The amount of the allowance would also depend on how long Mr. Philippe Depoux had been in office as the company's CEO. Mr. Depoux had been in office for three and a half years as of December 31, 2016.

- In office for more than two years: severance pay of 200% maximum of the total gross compensation for his functions as CEO (fixed and variable) for the previous calendar year.

The payment of this indemnity would be subject to the performance conditions described in the table below.

The indemnity would only be paid in full if the recurring income in the previous financial year (N) ended prior to termination, were greater than the average of the recurring income for the two years (N-1 and N-2) preceding the termination of services. The comparison of recurring incomes will be made by taking account of changes to the property holding structure during the years under review.

Performance conditions	Severance pay
Recurring income year N (excluding fair value adjustments) > average recurring income of years (N-1 + N-2)	100%
Recurring income year N (excluding fair value adjustments)/average recurring income of years (N-1 + N-2) > 0.96	80%
Recurring income year N (excluding fair value adjustments)/average recurring income of years (N-1 + N-2) > 0.92	50%
Recurring income year N (excluding fair value adjustments)/average recurring income of years (N-1 + N-2) < 0.92	No severance pay

Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, the granting of this severance package was subject to the procedure for related-party agreements and received the approval of the General Meeting of April 23, 2014. (Resolution No. 5).

The Board of Directors meeting on January 6, 2017, after terminating the office of Mr. Philippe Depoux as CEO, and after consulting with the Governance, Appointment and Compensation Committee, approved the payment of a severance package to Mr. Philippe Depoux, capped at two years of his gross total compensation (fixed and variable) for 2016, or €1,648,000 gross, as the performance criteria governing this payment had been met.

In effect, net recurring income for fiscal 2016, which amounted to €347,4 million, is greater than the average of net recurring income for 2014 (€316.6 million) and 2015 (€349.2 million).

The Board of Directors on January 6, 2017 also 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 (7,000 shares valued at €389,550) and April 21, 2016 (5,000 shares valued at €300,350); with Mr. Philippe Depoux exclusively exempted by the Board of Directors from compliance with the presence condition included in the plan regulations governing these awards, with the other conditions from these plans, particularly the performance conditions, remaining unchanged.

The Board of Directors has decided to maintain his potential entitlement to these performance shares in order to take into consideration the work accomplished by Mr. Philippe Depoux since 2013, which has enabled Gecina to further strengthen its fundamentals and prepare for its continued development.

Mr. Philippe Depoux is not subject to a non-compete clause.

For enhanced legibility and comparability of information on the compensation of executive corporate officers, all the details of the compensation of Mr. Bernard Michel and Mr. Philippe Depoux is presented below, particularly in the form of tables as recommended by the AFEP-MEDEF Code.

Table summarizing the compensation and stock options and shares granted to each executive corporate officer (table no. 1 AMF – AFEP-MEDEF Code)

In € '000	12/31/2015	12/31/2016
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**
Philippe Depoux – Chief Executive Officer[1]		
Compensation due for the period (details in table 2)	832	2,444
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)	390	300
TOTAL	**1,222**	**2,744**

(1) Mr. Philippe Depoux served as CEO from June 3, 2013 to January 6, 2017.

Table summarizing the compensation to each executive corporate officer (table no. 2 AMF – AFEP-MEDEF Code)

In € '000	12/31/2015		12/31/2016	
Bernard Michel – Chairman of the Board of Directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	550	550	550	550
Annual variable compensation				
Multi-year variable compensation				
Exceptional compensation				
Attendance allowance				
Value of benefits in kind (new technologies)				
Value of benefits in kind (company car)	8	8	8	8
TOTAL	**558**	**558**	**558**	**558**
Philippe Depoux – Chief Executive Officer(1)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	400	400	408	400
Annual variable compensation*	424	320	380	424
Multi-year variable compensation				
Exceptional compensation				
Severance pay			1,648	
Attendance allowance				
Value of benefits in kind (new technologies)				
Value of benefits in kind (company car)	8	8	8	8
TOTAL	**832**	**728**	**2,444**	**832**

** The variable compensation due in year N-1 is paid in year N.*
(1) Mr. Philippe Depoux served as CEO from June 3, 2013 to January 6, 2017.

Stock options for existing or new shares awarded during the year to each executive corporate officer by the issuer and by any Group company (table no. 4 AMF Guideline – AFEP-MEDEF Code)

No stock option for new or existing shares was granted to executive corporate officers in 2016.

Stock options for existing or new shares exercised by each executive corporate officer (table no. 5 AMF Guideline – AFEP-MEDEF Code)

No corporate officer exercised stock options for new or existing shares in 2016.

Performance shares awarded to each corporate officer (table no. 6 AMF Guideline – AFEP-MEDEF Code)

Performance shares awarded to each corporate officer

Performance shares awarded by the Shareholders' General Meeting during the year to each corporate officer by the issuer and by any Group company	Grant date	Number of shares awarded in the year	Value of the shares according to the method used for the Consolidated Financial Statements[1]	Vesting date	Date of availability	Performance Conditions
Philippe Depoux	04/21/2016	5,000	€60.07	04/23/2019	04/23/2021	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%)

(1) Estimate of the fair value of the performance shares under IFRS2 – AON Report.

As for the other beneficiaries of the 2016 performance share plan, the 5,000 shares awarded to the CEO are subject to compliance with the presence condition and the achievement of performance conditions.

At the end of a three-year vesting period and subject to the presence condition and the achievement of the aforesaid performance condition, the shares transferred to the CEO will be recorded in the registered account and must be held in registered form until the end of the two-year holding period. In addition, the CEO is required to hold at least 25% of the performance shares which will be definitively vested for him until the end of his term of office. This obligation applies until the total amount of shares held reaches, at the final vesting of the shares, a threshold equal to 200% of the last gross annual fixed compensation, calculated on that same date.

The value (IFRS 2) of the performance shares awarded to Mr. Philippe Depoux represent 25.4% of his theoretical gross annual compensation (fixed portion + maximum of the variable portion recalculated over 12 months + valuation of the performance shares).

The number of performance shares awarded to Mr. Philippe Depoux represents 7.8% of all shares allocated to Group employees and officers in 2016.

In accordance with the performance share plan regulations, beneficiaries may not use any hedge instrument.

This award represents less than 0.008% of the capital at December 31, 2016.

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.

Mr. Bernard Michel is not entitled to any performance share award.

Performance shares that became available for each corporate officer (table no. 7 AMF Guideline – AFEP-MEDEF Code)

No performance share became available for corporate officers in 2016.

Other disclosures (table no. 11 AMF – AFEP-MEDEF Code Recommendation)

		Employment contract		Supplementary pension plan		Compensation[1] or benefits due or likely to be due after the corporate officer leaves the position or changes functions		Compensation resulting from 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								
Philippe Depoux – CEO			x		x	x			x
Date of appointment	06/03/2013								
Date of expiry of term[3]	01/06/2017								

(1) Severance pay in the event of termination of duties of the CEO are presented in Note 5.1.6.
(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 Shareholders' General Meeting convened to approve the financial statements for fiscal year 2017.
(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.

5.2.1.3. Elements of compensation due or awarded in 2016

Pursuant to the guidelines of the AFEP-MEDEF Code amended in November 2016 (Article 24.3), a code to which the company refers in application of Article L. 225-37 of the French Commercial Code, elements of the compensation due or awarded for the year ended to each company executive corporate officer must be submitted to shareholders for advisory opinion.

The Shareholders' Meeting on April 26, 2017 will be asked to issue a mandatory opinion on the elements of the compensation due or awarded for fiscal 2016 to each executive corporate officer.

Elements of compensation due or awarded in 2016 to Mr. Bernard Michel, Chairman of the Board of Directors

Elements of compensation	Amounts 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 2016.
Award of performance shares	N/A	Mr. Bernard Michel is not entitled to performance shares.
Attendance allowance	N/A	The management team does not receive attendance allowances in their capacity as corporate officers in Group companies other than Gecina.
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.

Elements of compensation due or awarded in 2016 to Mr. Philippe Depoux, Chief Executive Officer[(1)]

Elements of compensation	Amounts or accounting valuation (in € '000)	Overview
Fixed compensation	408	
Annual variable compensation	380	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 concern profitability and productivity, value creation strategy and corporate social responsibility. The achievement of quantitative performance criteria is established according to the grid described in Section 5.2.1.2.
Multi-year variable compensation	N/A	Mr. Philippe Depoux is not entitled to any multi-year variable compensation.
Exceptional compensation	N/A	Mr. Philippe Depoux is not entitled to any exceptional compensation.
Award of stock options	N/A	No stock options were awarded in 2016.
Award of performance shares[(2)]	300	5,000 performance shares were awarded to Philippe Depoux under the 2016 performance share plan set up by the Board of Directors of April 21, 2016, in accordance with the resolutions taken by the Combined General Meeting of April 21, 2016, in its 17th resolution. This award represents around 0.008% of the capital at December 31, 2016. The shares awarded to the CEO are subject to compliance with the presence condition and the achievement of the performance conditions described below: Total Shareholder Return: performance criterion adopted for 75% of the performance shares awarded. Gecina's Total Shareholder Return compared over a three-year period with the Euronext IEIF "SIIC France" gross index dividends reinvested over the same period (January 4, 2019 opening share price versus January 4, 2016 opening share price); the number of vested performance shares varying to reflect the performance rate achieved: - if the average performance of the Gecina share has been equal to the average performance of the Euronext IEIF "SIIC France" gross index dividends invested, a performance rate of 80% will be applied to the target number of Shares; - if the average performance of the Gecina shares is between 101% and 105%, a step progression will be applied up to 100%; - if the average performance of the Gecina share is between 99% and 85%, a stepwise regression will be applied within the limit of the achievement of 25%; - if performance is less than 85%, no performance share 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 seven French real estate companies. The vesting of performance shares will be contingent on exceeding the average performance of the comparison group. - If the average performance of Gecina's Total Return Gecina has been higher than the average of the comparison group over the period from January 1, 2016 to June 30, 2018, the award will be applied at 100%; - If the average performance of Gecina's Total return has been less than the average of the comparison group over the period from January 1, 2016 to June 30, 2018, no Performance Share will be awarded.
Attendance allowance	N/A	The management team does not receive attendance allowances in their capacity as corporate officers in Group companies other than Gecina.
Benefits in kind	8	Company car
Severance pay	1,648	Mr. Philippe Depoux, in his capacity as the CEO, would receive severance pay if forced to resign and if his departure were linked to a change of control or change in the company's strategy. The amount of this pay and its payment (contingent on compliance with the performance conditions) are described in Section 5.2.1.1. 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 23, 2014.
Non-compete compensation	N/A	Mr. Philippe Depoux is not entitled to any non-compete compensation.
Pension plan	N/A	Mr. Philippe Depoux does not have a supplementary pension plan with the Group.

(1) Mr. Philippe Depoux served as CEO from June 3, 2013 to January 6, 2017.
(2) 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.

5.2.2. INFORMATION ON STOCK OPTIONS FOR NEW OR EXISTING SHARES AND PERFORMANCE SHARES

History of the allocation of stock options for new or existing shares – information on stock options for new or existing shares (table no. 8 AMF Guideline – AFEP-MEDEF Code).

None.

History of performance share awards (table no. 10 Recommendation – AFEP-MEDEF Code)

	AP13[1]	AP15[2]	AP16 & AP16-2[3]
Date of Shareholders' Meeting	04/18/2013	04/18/2013	04/21/2016
Date of Board Meeting	12/13/2013	02/19/2015	04/21/2016 & 07/21/2016
Total number of shares awarded free of charge	62,560	58,120	63,990
including the number awarded to:			
Mr. Philippe Depoux	10,000	7,000	5,000
Acquisition date of shares	12/13/2015	02/19/2018	04/23/2019
End of holding period	12/13/2017	02/19/2020	04/23/2021
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%)
Number of shares definitively awarded at 02/22/2017	59,162	-	-
Aggregate number of canceled or obsolete shares	3,398	2,380	1,300
Outstanding shares awarded free of charge at year end (in vesting period)	-	55,740	62,690

(1) The plan regulations have set the term of the performance shares' vesting period at two years from the Gecina Board of Directors' meeting that agreed on the award of said shares, contingent on the beneficiary's presence in the company and performance under the terms described below:
Gecina stock market performance rate compared with the SIIC France index over the same period:
- if the average performance of the Gecina share exceeded, in the 24 months preceding the Vesting Date (December 1, 2015 closing price versus December 1, 2013 closing price) the average performance of the Euronext IEIF "SIIC France" index during the same period, a performance rate of 100% will be applied to the target number of shares,
- if the average performance ranges between 90% and 100% of the index, a penalty equal to double the underperformance will be directly applied to the target number of shares,
- if the average performance ranges between 85% and 90% of the index, a penalty equal to three times the underperformance will be directly applied to the target number of shares,
- if during the same period, the performance is 85% below that of the SIIC France index, no performance share will be awarded.
In addition, the CEO is required to hold at least 25% of the performance shares which will be definitively vested for him, until the end of his term of office. This obligation applies until the total amount of shares held reaches, at the final vesting of the shares, a threshold equal to 200% of the last gross annual fixed compensation, calculated on that same date.
The number of performance shares allocated to Mr. Philippe Depoux in December 2013 represented 16% of all the shares allocated to Group employees and officers in 2013.
(2) The plan regulations have set the term of the performance shares' vesting period at three years from the Gecina Board of Directors' meeting that agreed on the award of said shares, contingent on the beneficiary's presence in the company and performance under the terms described below:
Total Shareholder Return: performance criterion adopted for 75% of the awarded performance shares
Gecina's Total Shareholder Return compared over a three-year period, to the Euronext IEIF "SIIC France" gross index dividends reinvested over the same period (January 2, 2018 opening share price versus January 2, 2015 opening share price), the number of vested performance shares varying to reflect the performance rate achieved:
- all the shares contingent on this condition shall only vest if the shares outperform this index by 5%,
- at 100% of the index, 70% of the total number of shares contingent on this condition will be vested,
- 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 awarded performance shares
Total return: Triple net NAV dividends attached per share compared to a group of seven 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.
In addition, the CEO is required to hold at least 25% of the performance shares which will be definitively vested for him, until the end of his term of office. This obligation applies until the total amount of shares held reaches, at the final vesting of the shares, a threshold equal to 200% of the last gross annual fixed compensation, calculated on that same date.
(3) The plan regulations have set the term of the performance shares' vesting period at three years from the Gecina Board of Directors' meeting that agreed on the award of said shares, contingent on the beneficiary's presence in the company and performance under the terms described below:
Total Shareholder Return: performance criterion adopted for 75% of the performance shares awarded.
Gecina's Total Shareholder Return compared over a three-year period with the Euronext IEIF "SIIC France" gross index dividends reinvested over the same period (January 4, 2019 opening share price versus January 4, 2016 opening share price); the number of vested performance shares varying to reflect the performance rate achieved:
- if the average performance of the Gecina share has been equal to the average performance of the Euronext IEIF "SIIC France" gross index dividends invested, a performance rate of 80% will be applied to the target number of Shares;
- if the average performance of the Gecina shares is between 101% and 105%, a step progression will be applied up to 100%;
- if the average performance of the Gecina share is between 99% and 85%, a stepwise regression will be applied within the limit of the achievement of 25%;
- if performance is less than 85%, no performance share 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 seven French real estate companies. The vesting of performance shares will be contingent on exceeding the average performance of the comparison group.
- If the average performance of Gecina's Total Return Gecina has been higher than the average of the comparison group over the period from January 1, 2016 to June 30, 2018, the award will be applied at 100%;
- if the average performance of Gecina's Total return has been less than the average of the comparison group over the period from January 1, 2016 to June 30, 2018, no Performance Share will be awarded.

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 rules of the performance share plans specify in Article "5.3 Prohibition for hedging" that: "Beneficiaries may not use any hedge instrument to hedge the risk inherent in their shares".

Mr. Bernard Michel is not entitled to any performance share award.

Stock options granted to the top 10 non-corporate officer employee beneficiaries and options exercised by these beneficiaries (table no. 9 AMF Guideline – AFEP-MEDEF Code)

Stock options for new or existing shares granted to the top ten non-corporate officer employees and options exercised by the latter	Total number of options granted/ shares subscribed or bought	Weighted average price	Stock options of March 14, 2006	Stock options of December 12, 2006	Stock options of December 13, 2007	Stock options of April 16, 2010	Stock options of December 27, 2010
Options granted during the year by the issuer and by any company in the options allocation scope, to the top ten 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 ten employees of the issuer and these companies, where the number of options bought or subscribed under the plan is the highest (comprehensive data).	262,459	€92.79	23,591	68,297	53,838	46,678	70,055

5.2.3. 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 allowance granted to directors at €800,000.

The table below describes the attendance allocation sharing method as adopted by the Board of Directors on April 23, 2015 and amended by the Board on July 21, 2016. On these occasions, the Board of Directors took into consideration the benchmark studies and 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 presence at a Board meeting	3,000
Variable portion by presence at a Committee meeting	2,000

Until July 21, 2016, the amount of the variable portions was halved if members participated in Board or Committee meetings *via* videoconferencing, or any other telecommunication method. On July 21, 2016, the Board of Directors decided that directors would be paid the full amount of the attendance allowance in such cases. This decision takes into consideration the growing international membership of the Board, which does not always allow all members to be physically present at a meeting in the same location and follows a benchmark.

The other methods relating to the payment of attendance allowance 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.

Furthermore, it should be noted that:

- directors linked to the Ivanhoé Cambridge group do not receive attendance allowance for reasons related to the internal policy of their group;
- Mr. Bernard Michel receives no attendance allowance as Chairman of the Board of Directors;
- 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 21, 2016 did not lead to any compensation.

On these bases, the amounts of attendance allowances paid in 2015 and 2016 were as follows:

Table summarizing the attendance allowances and other compensation received by non-executive corporate officers (table no. 3 AMF Guideline – AFEP-MEDEF Code)

Non-executive corporate officers	Amounts paid in 2015 In euros	Amounts paid in 2016 In euros
Ms. Méka Brunel		
Attendance allowance	-	-
Other compensation		
Ivanhoé Cambridge Inc., represented by Ms. Nathalie Palladitcheff(2)		
Attendance allowance		
Other compensation		
Ms. Isabelle Courville(1)		
Attendance allowance	-	43,164
Other compensation		
Ms. Dominique Dudan		
Attendance allowance	47,379	74,000
Other compensation		
Ms. Sylvia Fonseca(1)		
Attendance allowance	73,188	20,978
Other compensation		
Mr. Claude Gendron		
Attendance allowance	-	-
Other compensation		
Mr. Rafael Gonzalez de la Cueva		
Attendance allowance	74,688	76,000
Other compensation		
Mr. Jacques-Yves Nicol		
Attendance allowance	99,562	93,000
Other compensation		
Predica, represented by Mr. Jean-Jacques Duchamp		
Attendance allowance	98,814	91,000
Other compensation		
Ms. Nathalie Palladitcheff(1)		
Attendance allowance	-	-
Other compensation		
Ms. Inès Reinmann Toper		
Attendance allowance	95,562	89,000
Other compensation		
TOTAL	**489,192**	**487,142**

(1) Directors whose terms began or ended in 2016.
(2) It should be noted that Ivanhoé Cambridge Inc. was appointed by the Board of Directors on April 21, 2016 to replace Nathalie Palladitcheff, who resigned. Ms. Nathalie Palladitcheff was then the permanent representative of Ivanhoé Cambridge Inc. on the Gecina Board of Directors until January 3, 2017, the date on which she was replaced by Mr. William Tresham.

The company recorded no provision for Directors' compensation and benefits.

5.3. REPORT OF THE BOARD OF DIRECTORS ON THE COMPENSATION POLICY FOR CORPORATE OFFICERS

In this report prepared pursuant to Article L. 225-37-2 of the French Commercial code, the Board of Directors sets forth the principles and criteria used to determine, allocate and award the fixed, variable and exceptional elements composing the total compensation and benefits in kind attributable to the corporate officers.

The General Meeting of April 26, 2017 will be asked, on the basis of this report, to approve the compensation policy for the corporate officers for 2017. For this purpose, two resolutions will be presented for the Chairman of the Board and the CEO respectively. It should be noted that resolutions of this type will be submitted at least every year for the approval of the General Meeting as required by law.

If the General Meeting of April 26, 2017 does not approve these resolutions, the compensation will be determined in line with the compensation allocated for the previous year or, if no compensation was paid for the previous year, in accordance with the 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.

It is reminded that the Board of Directors and the Governance, Appointment and Compensation Committee take into consideration and rigorously apply the following principles as 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.

5.3.1 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 take into consideration the benchmarking studies and the duties assigned to the Chairman of the Board in addition to the general duties stipulated by law.

The compensation of the Chairman of the Board of Directors includes a fixed compensation and benefits in kind (a company car and the IT devices required to perform his duties).

As an example, the gross annual fixed compensation for the Chairman of the Board is €550,000.

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 allowance in his capacity as director.

5.3.2 COMPENSATION POLICY FOR THE EXECUTIVE CORPORATE OFFICERS

Determination of the executive corporate officers' compensation is the responsibility of the Board of Directors and is based on the recommendations of the Governance, Appointment and Compensation Committee.

The compensation of the executive corporate officers is composed of fixed compensation, an annual variable compensation, performance shares and 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 may be modified during his or her term of office by the Board of Directors; it should, however, be noted that, pursuant to the AFEP-MEDEF recommendations, the fixed amount of the annual compensation will be revised only at relatively long intervals, e.g. every three years.

As an example, the gross annual fixed compensation of the CEO was set by the Board of Directors' Meeting of January 6, 2017 at €500,000.

Annual variable compensation

The rules for setting this compensation are consistent with the assessment of the performance of the executive corporate officers and the strategy of the company. They depend on the executive corporate officers' performance and the progress made by the company.

As an example, for 2017, the target variable compensation of the CEO is set at 100% of the fixed compensation with, however, the possibility of reaching a maximum of 120% of the fixed 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 quantitative performance criteria (Target 60%/Maximum 75%) cover EBITDA, net recurring income and the real estate investment performance of Gecina compared with the IPD index.

The qualitative performance criteria (Target 40%/Maximum 45%) especially cover :

- the implementation of the roadmap decided by the board and notably the acceleration of the strategy regarding office portfolio,
- innovation and consolidation of the company's position among leaders in key non-financial ratings.

Like for the quantitative criteria, each qualitative criteria is quantified.

Payment of the annual variable compensation for 2017 depends on the approval of the CEO's compensation elements by the Ordinary General Meeting to be held in 2018.

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.

As an example, when performance share plans of the company will be established, the Board of Directors will be asked to award performance shares to the Chief Executive Officer. The performance conditions and conditions for exercising these shares will be defined by the Board. As the CEO took office on January 6, 2017, the first award of performance shares cannot be decided before the end of the year ending December 31, 2017.

Benefits in kind

The executive corporate officers are entitled to a company car, in line with the Company's practices, and are covered by 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 can decide, subject to the provisions of the article L. 225-42-1 of the French Commercial code and the AFEP-MEDEF code, to allocate a severance payment to the executive corporate officers in the event of forced termination. In accordance with the recommendations of the AFEP-MEDEF code, this compensation component is taken into account when determining the overall compensation level of the executive corporate officers.

As an example, the Board of Directors of January 6, 2017 decided that a severance payment would be allocated to the CEO in the event of forced termination. The amount of the payment is based on her seniority as CEO of the company:

- seniority between one and two years: severance payment of 100% maximum of the gross total compensation for the position of CEO (fixed and variable) for the preceding calendar year;
- seniority of more than two years: severance payment of 200% maximum of the gross total compensation for the position of CEO (fixed and variable) for the preceding calendar year.

The payment of this severance shall be subject to the achievement of the performance conditions as set forth 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 the 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 pay

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 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 pay

The Board of Directors will be responsible for determining the achievement of these performance criteria, and may also take into consideration non-recurring elements seen during the year, if applicable.

In accordance with Article L.225-42-1 of the French commercial code (Code de commerce), the awarding of this severance pay is subject to the regulated agreements procedure and will need to be approved by the General Shareholders' Meeting of April 26, 2017 (resolution n°6).

Chapter 06

Distribution, share capital and shares

TABLE DES MATIÈRES

6.1. DISTRIBUTION

6.1.1. DISTRIBUTION AND APPROPRIATION OF INCOME

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 has been made for the payment in 2017, regarding fiscal year 2016, of a dividend of €5.20 per share.

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 in Section 6.1.2 below.

Consequently, a proposal will be put to the General Meeting of Shareholders to appropriate 2016 earnings for the year as follows, and to decide, after taking into account:

- profit for the year of €469,118,664.66;
- representing distributable earnings of €469,118,664.66;
- to distribute dividend per share of €5.20 under the SIIC system, representing a maximum overall amount of €329,860,128;
- to retain the balance of €139,258,536.66.

Should the number of shares conferring dividend rights vary with respect to the 63,434,640 shares comprising share capital at December 31, 2016, the overall amount of dividends would be adjusted on the basis of dividends effectively paid out.

An interim payment of 50% of the 2016 dividend amount will be paid out on March 8, 2017 and the balance will be paid on July 7, 2017.

As required by law, details of dividends distributed in the previous three fiscal years are set out below:

Dividends distributed in the previous three years

Year	2013	2014	2015
Total distribution	€289,204,282	€293,437,413	€316,303,100
Dividend per share	€4.60	€4.65	€5.00

Since January 1, 2011, dividend no longer qualifies for the 40% tax rebate for resident individual investors.

The General Meeting will also be asked to decide on the transfer to a specific reserve account of the revaluation gain/loss on assets sold during the year and the additional impairment resulting from the revaluation amounting to €10,619,471.11.

6.1.2. COMPOSITION OF PROFITS (ARTICLE 23 OF THE BYLAWS)

As required by law, the appropriation of the profit for the year is decided by the General Meeting of Shareholders.

Distributable earnings are composed of the year's profit, minus losses from previous years and the sums required by law to be taken to reserves, plus retained earnings.

After approval of the financial statements and recognition of the distributable earnings, the General Meeting of Shareholders determines the portion to be distributed to Shareholders in the form of a dividend.

The General Meeting of Shareholders ruling on the financial statements for the year may grant each Shareholder an option between payment of the dividend or interim dividends either in cash or in shares of the company, for some or all of the dividend or interim dividends payable, pursuant to the legal and regulatory provisions in force.

All Shareholders, other than individual investors:

- owning, directly or indirectly, at the time of payment of any Distribution of dividends, reserves, premiums or income deemed distributed as defined in the French General Tax Code (a "Distribution"), at least 10% of the rights to the company's dividends; and
- whose own situation or that of their associates owning, directly or indirectly, at the time of payment of any Distribution, 10% or more of the dividend entitlement, renders the company liable to the 20% withholding tax specified in Article 208-C-II ter of the French General Tax Code (the "Withholding Tax") (such Shareholder being hereinafter called a "Deduction Shareholder"), will be a debtor with regard to the company at the time payment is made of any Distribution, the amount of which will be determined so as to fully offset the cost of the Withholding Tax payable by the company for the Distribution.

In the event that the company holds, directly or indirectly, 10% or more of one or more SIICs specified in Article 208-C of the French General Tax Code (a "Daughter SIIC Trust"), the Deduction Shareholder will be a further debtor of the company, on the date payment is made of any distribution by the company, for an amount (the "Daughter SIIC Trust Withholding Tax") equal, depending on the case:

- either to the amount for which the company has become liable to the Daughter SIIC Trust, since the previous Distribution by the company, in respect of the Withholding Tax that the Daughter SIIC Trust has to pay due to the company's equity interest;
- or in the absence of any payment to the Daughter SIIC Trust by the company, to the Withholding Tax for which the Daughter SIIC Trust has become liable, since the previous Distribution by the company, at the rate of a Distribution to the company multiplied by the percentage of the company's dividend rights in the Daughter SIIC Trust, such that the other Shareholders do not have to bear any part whatsoever of the Withholding Tax paid by any of the SIICs in the chain of equity investments as a result of the Deduction Shareholder.

If there are several Deduction Shareholders, each Deduction Shareholder will be liable to the company for the portion of the Deduction and the Daughter SIIC Trust Deduction resulting from his direct or indirect interest. The status of Deduction Shareholder is recognized on the date of payment of the Distribution.

Unless information to the contrary is provided, as required by Article 9 of the bylaws, any Shareholder other than an individual investor holding or coming to hold directly or indirectly at least 10% of the rights to the company dividend will be presumed to be a Deduction Shareholder.

The amount of any debt owned by a Deduction Shareholder will be calculated in such a way that the company is placed, after payment of the debt and taking account of any tax that may apply to it, in the same situation as if the Withholding Tax had not been required.

Payment of any Distribution to a Deduction Shareholder will be made by registration in an individual (non-interest-bearing) current account for that Shareholder, the repayment of the current account being made within five business days of the registration after payment with the sums payable by the Deduction Shareholder to the company, pursuant to the above provisions. If the Distribution is made in a form other than cash, the amount must be paid by the Deduction Shareholder before the payment of the Distribution.

In the event that:

- it turns out, after a Distribution by the company or a Daughter SIIC Trust, that a Shareholder was a Deduction Shareholder on the date of payment of the Distribution; and if
- the company or the Daughter SIIC Trust had to make the payment of the Withholding Tax for the Distribution thus paid to that Shareholder, without said amounts having been paid as specified above, that Deduction Shareholder will be required to repay the company not only the sum that it owed the company under the provisions of this article but also an amount equal to any late payment penalties and interest that may be owed by the company or a Daughter SIIC Trust as a result of the late payment of the Withholding Tax.

If necessary, the company will be entitled to offset the full amount between its receivable in this respect and any sums that may be subsequently payable to the Deduction Shareholder.

The General Meeting of Shareholders shall decide on the allocation of the balance, which may either be carried forward as retained earnings or transferred to one or more reserve accounts.

The time, method and place of dividend payments are set by the Annual General Meeting of Shareholders, and failing this, by the Board of Directors.

6.1.3. DIVIDENDS IN THE LAST FIVE YEARS

The dividend is paid on the dates and at the places determined by the General Meeting of Shareholders, or failing this, by the Board of Directors, within a maximum of nine months after the close of the year.

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

Dividends in the last five years

	2012	2013	2014	2015	2016
Distribution	€276,219,394	€289,204,282	€293,437,413	€316,303,100	€329,860,128
Number of shares	62,777,135	62,870,496	63,104,820	63,260,620	63,434,640
Dividend under the SIIC system	€4.40	€4.60	€4.65	€5.00	€5.20 (1)

(1) Proposal submitted for approval by the General Meeting called to approve the financial statements for 2016.

6.1.4. RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

The General Meeting of Gecina Shareholders is called to approve the resolutions that were sent to Shareholders within the legally specified time before the General Meeting and are also available on the company's website.

6.2. INFORMATION ON SHARE CAPITAL

Share capital, composed of 63,434,640 shares at a par value of €7.50, totaled €475,759,800 at the end of fiscal year 2016.

6.2.1. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

No shares carry a double voting right. However, the number of voting rights is adjusted to take account of treasury shares that do not carry voting rights. Accordingly, at December 31, 2016, the breakdown of share capital and voting rights, to the company's knowledge, is as follows:

Breakdown of share capital and voting rights at December 31, 2016

Shareholders	Number of shares	% of share capital	% of theoretical voting rights[1]	% of exercisable voting rights[2]
Ivanhoé Cambridge	14,529,973	22.91%	22.91%	23.04%
Crédit Agricole Assurances - Predica	8,432,260	13.29%	13.29%	13.37%
Norges Bank	6,139,377	9.68%	9.68%	9.74%
Other resident institutional shareholders	2,973,481	4.69%	4.69%	4.72%
Individual shareholders	2,672,847	4.21%	4.21%	4.24%
Non-resident shareholders	28,314,158	44.63%	44.61%	44.90%
Treasury shares	372,544	0.59%	0.59%	
TOTAL	**63,434,640**	**100%**	**100%**	**100%**

(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.

To the company's knowledge, no other shareholder owns more than 5% of the share capital or voting rights at December 31, 2016.

As at December 31, 2016, the percentages of share capital and voting rights held by the members of the administrative and governance bodies were 35.8 % and 36 % respectively.

As at December 31, 2016, Group employees held 652,227 Gecina shares directly and 70,352 Gecina shares indirectly *via* the Gecina employee share ownership plan ("FCPE Gecina actionnariat"), representing a total of 1.14% of share capital.

The company has no pledges on its treasury shares.

6.2.2. SECURITIES GIVING ACCESS TO SHARE CAPITAL

As at December 31, 2016, the potential number of shares to be created by the exercise of stock options and performance shares amounted to 148,050, or 0.23% of share capital.

For information, and assuming the exercise of all outstanding stock options and the definitive award of all performance shares, the company should issue 266,480 new shares representing a maximum dilution potential of 0.42%.

Information on the stock options and performance shares granted and/or exercised in 2016 can be found in the special report of the Board of Directors, presented in paragraph 6.4.

- The company has not issued any founder shares or voting right certificates.
- There are no other securities giving access to the company's share capital.

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

	12/31/2016			12/31/2015			12/31/2014		
	% 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	22.91%	22.91%	23.04%						
Blackstone(3) & Ivanhoé Cambridge				26.37%	26.37%	26.64%	29.83%	29.83%	30.70%
Crédit Agricole Assurances – Predica	13.29%	13.29%	13.37%	13.32%	13.32%	13.45%	13.37%	13.37%	13.76%
Norges Bank	9.68%	9.68%	9.74%	9.70%	9.70%	9.80%	9.70%	9.70%	9.98%
Other resident institutional shareholders	4.69%	4.69%	4.72%	3.75%	3.75%	3.78%	7.73%	7.73%	7.95%
Individual shareholders	4.21%	4.21%	4.24%	4.33%	4.33%	4.37%	4.34%	4.34%	4.47%
Non-resident shareholders	44.63%	44.63%	44.90%	41.55%	41.55%	41.96%	32.20%	32.20%	33.14%
Treasury shares	0.59%	0.59%		0.98%	0.98%		2.83%	2.83%	
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(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) Blackstone's gradual withdrawal from Gecina's capital between June 2015 and February 2016. Blackstone sold 2% of the capital to Ivanhoé Cambridge, before selling its remaining interest through two placements with an accelerated book-building process on October 22, 2015 and February 1, 2016.

6.2.4. CHANGE IN SHARE CAPITAL AND RESULTS OVER THE LAST FIVE YEARS

Year	Transactions	Number of shares	Capital (€)	Share issue or merger premium (€)
2012	Balance at January 1, 2012	62,650,448	469,878,360.00	
	Shares issued under the performance share award plan – April 2010	37,180	278,850.00	
	Subscription under the company's savings plan	28,807	216,052.50	1,497,964
	Shares issued under the performance share award plan – December 2010	60,700	455,250.00	
	Balance at December 31, 2012	62,777,135	470,828,512.50	
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	

During fiscal year 2016, 174,020 new company shares entitled to dividend on January 1, 2016, were created as a result of:
- the subscription of 33,511 shares under the Company Savings Plan;
- the creation of 140,509 shares from the exercise of stock options.

The company's results over the last five fiscal years

	2012	2013	2014	2015	2016
I – Closing share capital					
Share capital (€'000)	470,829	471,529	473,286	474,455	475,760
Number of ordinary shares outstanding	62,777,135	62,870,496	63,104,820	63,260,620	63,434,640
Maximum number of future shares to be issued by converting bonds, awarding performance shares and exercising stock options	510,539	588,730	4,151,027	344,334	266,480
II – Operations and earnings for the year (€'000)					
Net revenues	268,394	270,879	271,910	264,269	251,461
Income before tax, depreciation, impairment and provisions	81,730	388,612	315,913	315,661	546,992
Income tax	(314)	(3,818)	(2,849)	(683)	78
Earnings after tax, depreciation, impairment and provisions	410,673	317,775	229,508	284,497	469,119
Distributed profits	276,219	289,204	293,437	316,303	329,860 (1)
III – Earnings per share (€)					
Earnings after tax but before depreciation, impairment and provisions	1.30	6.12	4.96	4.98	8.62
Earnings after tax, depreciation, impairments and provisions	6.54	5.05	3.64	4.50	7.40
Total net dividend per share	4.40	4.60	4.65	5.00	5.20(1)
IV – Workforce					
Average headcount during the year	417	405	397	361	354
Annual payroll (€'000)	27,848	28,574	28,698	26,863	26,783
Annual employee benefits including social security and other social charges (€'000)	13,019	10,333	15,150	13,909	14,754

(1) Subject to approval by the General Meeting of Shareholders.

6.2.5. CONDITIONS FOR CHANGES TO SHARE CAPITAL AND THE RESPECTIVE RIGHTS OF VARIOUS CLASSES OF SHARES

The Extraordinary General Meeting of Shareholders is able to delegate to the Board of Directors the powers or authority necessary to change the company's share capital and number of shares, especially in the event of a capital increase or reduction.

6.2.6. AMOUNT OF AUTHORIZED SHARE CAPITAL NOT ISSUED

1. The Combined General Meeting of April 24, 2015 delegated its power to the Board of Directors to issue, in one or more installments, in the proportions and at the times of its choosing, in France and/or abroad, either in euros or another currency, company shares and any other marketable securities of any kind, giving access immediately and/or in the future, at any time or on a fixed date, to company shares. The marketable securities thus issued could consist of bonds or be related to the issue of bonds, or could enable their issue as intermediary securities. The total amount of share capital increases that could be conducted immediately and/or in the future by virtue of the above delegation may not be greater than €150 million in par value, to which amount can be added the par value of additional shares that may be issued to preserve the rights (in accordance with the law) of holders of marketable securities that give entitlement to shares.
   These issues may be conducted with or without a pre-emptive subscription right.
   These authorizations, valid for 26 months from the General Meeting of Shareholders of April 24, 2015, have not yet been used.
2. The same Meeting delegated power to the Board of Directors to conduct a capital increase:
   - to pay for contributions in kind, up to a limit of 10% of share capital;
   - by capitalization of premiums, reserves or profits, up to a limit of €100 million;
   - by the issue of shares, at a freely set price, up to a limit of 10% of share capital per annum;
   - for the benefit of employees, up to a limit of €2 million.

   These authorizations, valid for 26 months from the General Meeting of Shareholders of April 24, 2015, have not yet been used.
3. The General Meeting of Shareholders held on April 24, 2015, delegated to the Board of Directors its power to award performance shares of existing or new shares to Group employees or officers, up to a limit of 1% of share capital.
   This authorization, valid for 26 months from the General Meeting of Shareholders of April 24, 2015, has not yet been used.

6.2.7. 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 24, 2015 – 12th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** €100 million (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	2015: Issue of 77,052 shares from the performance share plans of 2012/2013 and of 39,529 shares from the stock options plans of 2010. 2016: Issue of 140,509 shares from the stock options plans of 2010.
Capital increase by capitalization of reserves, profits or premiums (B) GM of April 24, 2015 – 19th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** €100 million	None

Securities concerned Date of General Meeting *(Term of authorization and expiry date)*	Restrictions	Use of authorizations
2. Issue without pre-emptive subscription right		
Capital increase by issue of shares and/or transferable securities giving access to share capital in the event of a public exchange offer initiated by the company (C) GM of July 27, 2016 – 1st resolution (up to 26 months, expiry on September 27, 2018)	**Maximum amount of capital increase** €50 million (independent ceiling) Maximum amount of marketable securities representing debt securities €3 billion (independent ceiling) At its June 13, 2016 meeting, the Board of Directors decided that in the event that this delegation of authority is used for a purpose other than the offer made in 2016 by Gecina for the securities of Foncière de Paris, it will only use this delegation of authority within the limits provided in the former delegation of authority which it replaces (14th resolution of the April 24, 2015 General Meeting), namely a capital ceiling of €50 million in nominal value and a debt ceiling of €1 billion in nominal value.	None
Capital increase by issue of shares and/or transferable securities giving access to share capital in connection with a public buyout offer (D) GM of April 24, 2015 – 13th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** €50 million (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	None
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 24, 2015 – 15th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** €50 million (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	None
Capital increase as remuneration for contributions in kind (F) GM of April 24, 2015 – 17th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** 10% of adjusted share capital (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	None
Issue of shares at a freely-set price (G) GM of April 24, 2015 – 18th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** 10% of adjusted share capital per year (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	None
Capital increase through issues reserved for members of the Company Savings Plans (H) GM of July 27, 2016 – 2nd resolution (up to 26 months, expiry on September 27, 2018)	**Maximum amount of capital increase** €2 million (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	33,511 shares issued in 2016
Performance shares (I) GM of April 21, 2016 – 18th resolution (up to 26 months, expiry on April 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 (A) +(D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	Award 63,990 shares to be issued on April 23, 2019

Securities concerned Date of General Meeting *(Term of authorization and expiry date)*	Restrictions	Use of authorizations
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 24, 2015 – 16th resolution (up to 26 months, expiry on June 24, 2017)	**Maximum amount of capital increase** 15% of initial issue (A) + (D) + (E) + (F) + (G) + (H) + (I) + (J) limited to €150 million	None
4. Share buyback		
Share buyback transactions GM of April 21, 2016 – 17th resolution (up to 18 months, expiry on October 21, 2017)	**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 €948,909,300	None
Reduction of share capital by cancellation of treasury shares GM of April 24, 2015 – 22nd resolution (up to 26 months, expiry on June 24, 2017)	**Maximum number of shares that can be canceled in 24 months** 10% of shares comprising the adjusted share capital	None

6.3. SHARE CAPITAL TRANSACTIONS

6.3.1. COMPANY TRANSACTIONS ON TREASURY SHARES

The General Meeting of Shareholders of April 21, 2016 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 21, 2016 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 2016.

In 2016, Gecina did not use the authorization given to the Board of Directors by the General Meeting of Shareholders of April 24, 2015, then by the General Meeting of Shareholders of April 21, 2016, to purchase treasury shares.

As at December 31, 2016, 372,544 treasury shares were held, *i.e.* 0.59% of share capital. The treasury shares represent a total investment of €27.6 million, at an average price per share of €74.12.

Company transactions on treasury shares

Aggregate information 2016		% of share capital
Number of shares comprising the issuer's share capital at December 31, 2016	63,434,640	
Number of treasury shares at December 31, 2015	620,547	0.98%
Options exercised in the year	248,003	0.39%
Share buyback	None	None
Average price of share buybacks including transaction fees		
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, 2016	372,544	0.59%

The conditions for implementing the share buyback program submitted for authorization are provided in a description of the program and are notably subject to the provisions of Article L. 225-209 *et seq.* of the French Commercial Code, amended by Ordinance 2009-105 of January 30, 2009, European Regulation No. 2273/2003 of December 22, 2003 pursuant to Council Directive 2003/6/EC of January 28, 2003, known as the "Market Abuse Directive", which came into effect on October 13, 2004, Article L. 451-3 of the French Monetary and Financial Code and Articles 241-1 to 241-6 of the General Regulations of the AMF (amended by the decrees of April 2 and July 10, 2009), by the AMF Instruction 2005-06 of February 22, 2005 (latest amendment on July 20, 2009) and by two AMF decisions dated March 22, 2005 and October 1, 2008.

6.3.2. AGREEMENT BETWEEN SHAREHOLDERS

On January 26, 2016, the company was informed of the dissolution of a shareholders' agreement between Blackstone and Ivanhoé Cambridge, which is summarized in Section 6.3.5.

6.3.3. FACTORS THAT COULD HAVE AN INFLUENCE IN THE EVENT OF A TAKEOVER BID FOR THE COMPANY

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).

By letters received on January 22, 2016, the Autorité des Marchés Financiers (the French market regulator) was informed of the end of the concert party existing between the affiliates of The Blackstone Group L.P. (Blackstone) and Ivanhoé Cambridge II Inc. with respect to Gecina, and also received the declarations of threshold crossing. This information is detailed in Section 6.3.5. "Declarations of Threshold Crossing and Statements of Intent".

6.3.4. TRANSACTIONS IN COMPANY SHARES CONDUCTED BY OFFICERS, SENIOR MANAGERS OR PERSONS TO WHOM THEY ARE CLOSELY CONNECTED

In 2016, the declarations made by officers and by the persons covered by Article L. 621-18-2 of the French Monetary and Finance Code to the AMF pursuant to the provisions of Article 223-24 *et seq.* of the AMF's General Regulations are as follows:

Summary of transactions performed

Declarer	Financial instruments	Type of transaction	Date of transaction	Date of receipt of declaration	Place of transaction	Unit price	Amount of the transaction
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	March 1, 2016	March 2, 2016	OTC	€95.7300	€228,698.97
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	March 1, 2016	March 2, 2016	Euronext Paris	€114.8752	€229,750.40
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	March 3, 2016	March 5, 2016	OTC	€95.7300	€378,612.15
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	March 3, 2016	March 5, 2016	Euronext Paris	€113.6042	€227,208.40
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	March 3, 2016	March 5, 2016	Euronext Paris	€113.4336	€153,135.36
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	March 4, 2016	March 5, 2016	OTC	€95.7300	€562,700.94
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	March 4, 2016	March 5, 2016	Euronext Paris	€113.0508	€565,254.00
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	March 4, 2016	March 5, 2016	OTC	€95.7300	€226,018.53
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	March 4, 2016	March 5, 2016	Euronext Paris	€113.5338	€227,067.60
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 8, 2016	March 10, 2016	Euronext Paris	€109.9197	€2,347,665.00
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 9, 2016	March 10, 2016	Euronext Paris	€110.0826	€2,391,104.00
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	March 14, 2016	March 14, 2016	OTC	€95.7300	€246,313.29
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	March 14, 2016	March 14, 2016	Euronext Paris	€114.0574	€247,618.62
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 10, 2016	March 16, 2016	Euronext Paris	€111.2451	€3,998,037.65

Declarer	Financial instruments	Type of transaction	Date of transaction	Date of receipt of declaration	Place of transaction	Unit price	Amount of the transaction
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 11, 2016	March 16, 2016	Euronext Paris	€112.7498	€3,216,526.29
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 14, 2016	March 16, 2016	Euronext Paris	€114.6929	€3,338,251.55
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 16, 2016	March 18, 2016	Euronext Paris	€116.5413	€7,318,560.56
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 17, 2016	March 18, 2016	Euronext Paris	€117.4569	€4,479,688.71
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 15, 2016	March 18, 2016	Euronext Paris	€114.8942	€4,830,611.75
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 18, 2016	March 22, 2016	Euronext Paris	€117.9960	€4,901,435.84
PREDICA SA, Member of the Board of Directors	Shares	Disposal	March 21, 2016	March 22, 2016	Euronext Paris	€118.7400	€893,399.76
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	March 22, 2016	March 23, 2016	Euronext Paris	€117.9139	€2,862,831.58
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	March 24, 2016	March 30, 2016	Euronext Paris	€117.2590	€2,431,248.11
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	March 29, 2016	March 30, 2016	Euronext Paris	€118.0743	€3,781,093.31
André LAJOU, Member of the Executive Committee	Shares	Exercise of stock options	March 30, 2016	March 31, 2016	OTC	€103.9100	€2,190,007.16
André LAJOU, Member of the Executive Committee	Shares	Exercise of stock options	March 30, 2016	March 31, 2016	OTC	€103.2500	€2,176,200.25
André LAJOU, Member of the Executive Committee	Shares	Disposal	March 30, 2016	March 31, 2016	Euronext Paris	€119.2538	€5,026,905.43
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	March 30, 2016	April 1, 2016	Euronext Paris	€119.3100	€4,175,850.00
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	March 31, 2016	April 1, 2016	Turquoise and other	€119.5207	€2,250,574.78
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	April 1, 2016	April 4, 2016	Euronext Paris	€119.3273	€4,501,503.07
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	April 4, 2016	April 5, 2016	Euronext Paris	€119.9255	€1,955,025.50
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	April 5, 2016	April 5, 2016	OTC	€103.2500	€359,000,25
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	April 5, 2016	April 5, 2016	Euronext Paris	€120.2258	€360,677.40
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	April 26, 2016	April 27, 2016	OTC	€103.2500	€374,694.25
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	April 26, 2016	April 27, 2016	Euronext Paris	€125.4606	€376,381.80
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	April 25, 2016	April 27, 2016	Bats and other	€124.2516	€9,555,196.54
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	April 26, 2016	April 27, 2016	Euronext Paris	€125.9956	€4,228,916.32
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	April 27, 2016	April 27, 2016	Euronext Paris	€125.8363	€377,508.90
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	April 28, 2016	April 28, 2016	OTC	€103.2500	€373,868.25

Declarer	Financial instruments	Type of transaction	Date of transaction	Date of receipt of declaration	Place of transaction	Unit price	Amount of the transaction
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	April 28, 2016	April 28, 2016	Euronext Paris	€125.1917	€375,575.10
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	April 27, 2016	April 28, 2016	Bats and other	€125.8147	€840,190.57
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	April 29, 2016	April 29, 2016	OTC	€103.2500	€376,346.25
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	April 29, 2016	April 29, 2016	Euronext Paris	€126.0040	€378,012.00
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	May 2, 2016	May 3, 2016	OTC	€103.2500	€379,030.75
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	May 2, 2016	May 3, 2016	Euronext Paris	€127.4225	€246,180.27
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	May 3, 2016	May 3, 2016	Euronext Paris	€125.9346	€134,498.15
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	May 4, 2016	May 4, 2016	OTC	€103.2500	€481,454.75
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	May 4, 2016	May 4, 2016	Euronext Paris	€125.6571	€482,648.92
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	May 13, 2016	May 17, 2016	Euronext Paris	€128.7125	€257,425.00
Yves DIEULESAINT, Member of the Executive Committee	Shares	Disposal	May 16, 2016	May 17, 2016	Euronext Paris	€129.9402	€259,880.40
Yves DIEULESAINT, Member of the Executive Committee	Shares	Exercise of stock options	May 13, 2016	May 18, 2016	OTC	€103.9100	€517,056.16
PREDICA SA, Member of the Board of Directors	Shares	Disposal	May 20, 2016	May 25, 2016	Euronext Paris	€127.0762	€5,998,759.10
PREDICA SA, Member of the Board of Directors	Shares	Disposal	May 23, 2016	May 25, 2016	Euronext Paris	€127.3044	€4,823,691.02
PREDICA SA, Member of the Board of Directors	Shares	Disposal	May 24, 2016	May 25, 2016	Euronext Paris	€127.6929	€6,684,340.24
PREDICA SA, Member of the Board of Directors	Shares	Disposal	May 25, 2016	May 27, 2016	Euronext Paris	€126.9926	€3,174,815.00
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	May 31, 2016	June 3, 2016	Bats and other	€126.2594	€5,436,603.50
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	June 1, 2016	June 3, 2016	Bats and other	€126.7960	€5,893,351.28
Isabelle COURVILLE, Member of the Board of Directors	Shares	Acquisition	June 15, 2016	June 16, 2016	Euronext Paris	€125.7500	€5,030.00
Philippe VALADE, Member of the Executive Committee	Shares	Exercise of stock options	July 22, 2016	July 25, 2016	OTC	€83.5500	€1,253,250.00
Loïc HERVÉ, Member of the Executive Committee	Shares	Exercise of stock options	July 22, 2016	July 25, 2016	OTC	€83.5500	€1,690,300.05
Vincent MOULARD, Member of the Executive Committee	Shares	Exercise of stock options	July 22, 2016	July 25, 2016	OTC	€83.5500	€334,200.00
Philippe VALADE, Member of the Executive Committee	Shares	Disposal	July 22, 2016	July 25, 2016	Euronext Paris	€132.0257	€1,980,385.50
Vincent MOULARD, Member of the Executive Committee	Shares	Disposal	July 22, 2016	July 25, 2016	Euronext Paris	€132.4749	€529,899.60
Loïc HERVÉ, Member of the Executive Committee	Shares	Disposal	July 22, 2016	July 25, 2016	Euronext Paris	€132.2314	€2,675,173.45

Declarer	Financial instruments	Type of transaction	Date of transaction	Date of receipt of declaration	Place of transaction	Unit price	Amount of the transaction
André LAJOU, Member of the Executive Committee	Shares	Exercise of stock options	September 1, 2016	September 5, 2016	OTC	€83.5500	€1,690,300.05
André LAJOU, Member of the Executive Committee	Shares	Disposal	September 1, 2016	September 5, 2016	Euronext Paris	€140.2760	€502,889.46
André LAJOU, Member of the Executive Committee	Shares	Disposal	September 2, 2016	September 5, 2016	Euronext Paris	€139.8524	€2,041,285.63
André LAJOU, Member of the Executive Committee	Shares	Disposal	September 5, 2016	September 6, 2016	Euronext Paris	€140.1204	€287,246.82
Vincent MOULARD, Member of the Executive Committee	Shares	Exercise of stock options	September 6, 2016	September 6, 2016	OTC	€83.5500	€52,636.50
Vincent MOULARD, Member of the Executive Committee	Shares	Disposal	September 2, 2016	September 6, 2016	Euronext Paris	€140.0158	€88,209.95
IVANHOÉ CAMBRIDGE INC, Member of the Board of Directors	Shares	Acquisition	November 11, 2016	November 14, 2016	Euronext Paris	€124.3500	€4,974.00
PREDICA SA, Member of the Board of Directors	Shares	Acquisition	December 2, 2016	December 6, 2016	Turquoise and other	€122.0100	€931,424.34

To the company's knowledge, the summary of the transactions completed by the company's officers show all the financial transactions and instruments (disposals, purchases, exercise of stock options, etc.) reported by the officers on Gecina shares.

6.3.5. DECLARATIONS OF CROSSING OF OWNERSHIP THRESHOLDS AND STATEMENTS OF INTENT

During fiscal year 2016, the company was notified of declarations regarding the crossing of the following legal and statutory thresholds:

- By letters received on January 22, 2016, the Autorité des Marchés Financiers (the French market regulator) was (i) informed of the end of the concert party existing between the affiliates of The Blackstone Group L.P. (Blackstone) and Ivanhoé Cambridge II Inc.[1] with respect to Gecina, and (ii) also received the following declarations of threshold crossing, occurring on January 22, 2016:
  - Blackstone and Ivanhoé Cambridge II Inc.[1] reported that they had, in concert, fallen below the thresholds of 25%, 20%, 15%, 10% and 5% of Gecina's capital and voting rights;
  - Blackstone stated that it now held, through its affiliates, 2,141,926 Gecina shares representing as many voting rights, *i.e.*, 3.39% of the capital and voting rights of this company[2], broken down as follows:

	Shares and voting rights	% of share capital and voting rights
Gevrey Investissement S.à.r.l.[1]	2,133,310	3.37%
Gevrey Investissement II S.à.r.l.[1]	0	-
Moon Finance EIII ESC-Q S.à.r.l.[1]	4,495	0.01%
Moon Finance VII ESC-Q S.à.r.l.[1]	2,116	ns
Moon Finance Holding-Q S.à.r.l.[1]	2,005	ns
TOTAL BLACKSTONE	**2,141,926**	**3.39%**

(1) Controlled and managed by Blackstone.

(1) Company controlled at the highest level by the Caisse de dépôt et placement du Québec (see in particular D&I 214C0609 of April 23, 2014, D&I 214C1616 of August 5, 2014 and D&I 215C1544 of October 29, 2015).
(2) Based on share capital comprised of 63,260,620 shares representing as many voting rights, in application of the 2nd subparagraph of Article 223-11 of the General Regulation.

On this occasion, Gevrey Investissement S.à.r.l.[3] stated that it had individually fallen below the thresholds of 15%, 10%, and 5% of the capital and voting rights of Gecina and Gevrey Investissement II S.à.r.l.[3] stated that it had individually fallen below the thresholds of 10% and 5% of the capital and voting rights of Gecina.

Furthermore, Ivanhoé Cambridge Inc.[1] reported that it had exceeded, indirectly through the intermediary of its subsidiaries and in concert with the latter and the Caisse de dépôt et placement du Québec, the thresholds of 5%, 10%, 15% and 20% of Gecina's share capital and voting rights, and that it held indirectly 14,542,318 Gecina's shares representing as many voting rights, *i.e.*, 22.99% of the capital and voting rights of this company[2], broken down as follows:

	Shares and voting rights	% of share capital and voting rights
Omaha Investments S.à.r.l.[1]	4,600,000	7.27%
Sword Investments S.à.r.l.[1]	3,168,442	5.01%
Juno Investments S.à.r.l.[1]	4,145,665	6.55%
Utah Investments S.à.r.l.[1]	2,600,000	4.11%
Caisse de dépôt et placement du Québec	28,211	0.04%
TOTAL CONCERT PARTY	**14,542,318**	**22.99%**

(1) Controlled at the highest level by the Caisse de dépôt et placement du Québec.

On this occasion, Omaha Investments S.à.r.l., Sword Investments S.à.r.l. and Juno Investments S.à.r.l. individually exceeded the ownership thresholds of 5% of the capital and voting rights of Gecina. These threshold crossings are the result (i) of the decision of Blackstone Real Estate Associates (Offshore) VII L.P. and Ivanhoé Cambridge II Inc. to terminate, by agreement on January 22, 2016, the limited partnership entered into on March 11, 2013 between Ivanhoé Cambridge II Inc. (as the limited partner) and Blackstone Real Estate Associates (Offshores) VII L.P. (as the general partner) regarding the limited partnership incorporated under the laws of Alberta (Canada), Blackstone Real Estate Principal Transaction Partners (Gold) L.P. and the concert party formed by Blackstone, Ivanhoé Cambridge II Inc. and their affiliates, as well as (ii) the disposal on the same date, by Gevrey Investissement S.à.r.l. and Gevrey Investissement II S.à.r.l. of 8,745,665 and 5,768,442 Gecina shares respectively to Omaha Investments S.à.r.l., Sword Investments S.à.r.l, Juno Investments S.à.r.l. and Utah Investments S.à.r.l., all affiliates of Ivanhoé Cambridge Inc.[4].

In the same letters, the following intention was stated:
"The concert party hereby declares that:
Pursuant to Article L. 233-7 VII of the French Commercial Code, and Article 223-17 of the General Regulation, after Omaha Investments S.à.r.l., Sword Investments S.à.r.l., Juno Investments S.à.r.l. and Utah Investments S.à.r.l. exceeded the thresholds of 5%, 10%, 15% and 20% of Gecina's capital and voting rights, Ivanhoé Cambridge Inc. decided, in the name and on behalf of the concert party formed with Omaha Investments S.à.r.l., Sword Investments S.à.r.l., Juno Investments S.à.r.l., Utah Investments S.à.r.l., and the Caisse de dépôt et placement du Québec (the concert party), to report the following, regarding the intentions of the concert party for the next six months:

- Juno Investment S.à.r.l. and Omaha Investments S.à.r.l. became owners, following the acquisition from Gevrey Investissements S.à.r.l., of 8,745,665 Gecina shares representing as many voting rights, *i.e.*, 13.82% of the capital and voting rights of this company.
- Sword Investments S.à.r.l. and Utah Investments S.à.r.l. became owners, following the acquisition from Gevrey Investissements S.à.r.l., of 5,768,442 Gecina shares representing as many voting rights, *i.e.*, 9.12% of the capital and voting rights of this company.
  As a result of these transactions, the members of the concert party collectively own 14,542,318 Gecina shares representing as many voting rights, *i.e.*, 22.99% of the capital and voting rights of this company. The foregoing thresholds were exceeded as a result of the acquisition of Gecina shares by Omaha Investments S.à.r.l., Sword Investments S.à.r.l., Juno Investments S.à.r.l. and Utah Investments S.à.r.l., following the dissolution of the Alberta (Canada) law limited partnership Blackstone Real Estate Principal Transaction Partners (Gold) L.P. within which Ivanhoé Cambridge II Inc. was acting in concert with Blackstone Group L.P. and its affiliates[5], and the end of the said concert party.
- The acquisition of the said equity interests was financed with the equity of Ivanhoé Cambridge Inc.
- Ivanhoé Cambridge Inc., the Caisse de dépôt et placement du Québec, Omaha Investments S.à.r.l., Sword Investments S.à.r.l., Juno Investments S.à.r.l. and Utah Investments S.à.r.l., which act in concert, do not act in concert with any other person, either an individual or a legal entity.

(1) Company controlled at the highest level by the Caisse de dépôt et placement du Québec (see in particular D&I 214C0609 of April 23, 2014, D&I 214C1616 of August 5, 2014 and D&I 215C1544 of October 29, 2015).
(2) Based on share capital comprised of 63,260,620 shares representing as many voting rights, in application of the 2nd subparagraph of Article 223-11 of the General Regulation.
(3) Controlled and managed by Blackstone.
(4) See statement released by Blackstone and Ivanhoé Cambridge on January 22, 2016.
(5) See D&I 213C0350 of March 15, 2013.

- The concert party does not plan to increase its equity interest in Gecina beyond the threshold of the mandatory public tender offer, nor does it plan to take control of Gecina.
- The concert party supports the strategy defined by Gecina.
- To date, the concert party has three representatives on Gecina's Board of Directors; in the light of its current equity interest, it does not plan to request the cooptation or appointment of other representatives to Gecina's Board of Directors.
- The concert party does not plan to implement the measures set out in Article 223-17. I(6) of the General Regulation.
- None of the members of the concert party is party to (i) the agreements or instruments set out in (4) and (4) bis of Article L. 233-9 of the French Commercial Code or (ii) temporary transfer agreements relating to Gecina shares or voting rights."

By letter received on January 22, 2016, the Autorité des Marchés Financiers (the French market regulator) was informed that the shareholders' agreement concluded on March 11, 2013 between Blackstone and Ivanhoé Cambridge II Inc.[1] was terminated on January 22, 2016.

(1) See D&I 213C0350 of March 15, 2013.

6.4. OPTIONS AND PERFORMANCE SHARES

6.4.1. STOCK OPTIONS

The company has set up various stock option plans for the purchase of new and existing shares, the allocation of which are reserved for officers or employees of the company and of companies associated with it as defined in Article L. 225-180 of the French Commercial Code. The company did not implement a stock option plan in 2016.

The report below shows the number and main terms of the stock options awarded between 2006 and 2010 by Gecina to its staff:

Stock options

Date of Shareholder Meeting	**06/02/2004**	**06/02/2004**	**06/19/2007**	**06/19/2007**	**06/15/2009**	**06/15/2009**
Date of Board Meeting	03/14/2006	12/12/2006	12/13/2007	12/18/2008	03/22/2010[1]	12/09/2010[1]
Date of option allocation	03/14/2006	12/12/2006	12/13/2007	12/18/2008	04/16/2010	12/27/2010
Expiry date	03/15/2016	12/13/2016	12/14/2017	12/19/2018	04/17/2020	12/28/2020
Number of options awarded	**236,749**	**254,008**	**200,260**	**331,875**	**251,913**	**210,650**
of which number of options awarded to corporate officers	57,450	60,648	31,370	73,198	31,731	30,347
of which number of options awarded to top ten employee beneficiaries	130,336	123,393	110,320	157,376	144,293	117,000
Subscription or purchase adjusted price (€)	95,73	102,86	103,52	36,80	78,08	83,55
Number of options awarded (after adjustment[2])	*252,185*	*274,205*	*231,519*	*332,320*	*253,537*	*212,888*
Number of shares subscribed or purchased at December 31, 2016	**191,580**	**218,737**	**130,295**	**296,452**	**191,968**	**124,348**
of which number of options awarded to corporate officers	28,881	30,651	0	73,198	0	0
of which number of options awarded to top ten employee beneficiaries	122,354	120,222	97,519	131,234	140,124	90,961
Number of shares that can be exercised (after adjustment)	**0**	**0**	**38,040**	**35,868**	**59,790**	**88,260**
of which number of options awarded to corporate officers	0	0	0	0	31,731	30,347
of which number of options awarded to top ten employee beneficiaries	0	0	12,801	26,142	4,169	26,039

(1) Stock options.
(2) In order to preserve the rights of holders of stock-options further to the distribution in accordance with Articles L. 225-181 and L. 228-91 of the French Commercial Code, the Board of Directors of July 21, 2016 proceeded with the adjustment provided for in the third paragraph of Article L. 228-99 of the French Commercial Code.

Special report on stock options granted to corporate officers and employees

To the Shareholders,

Pursuant to the provisions of Article L. 225-184 of the French Commercial Code, the purpose of this report is to inform you of the award of stock options during 2016 for the purchase or subscription of new or existing shares to members of staff of the company or affiliated companies or groups as specified in Articles L. 225-177 to L. 225-186 of the French Commercial Code.

Stock options granted in 2016

None.

Stock options granted to corporate officers of Gecina in 2016

None.

Stock options granted to the 10 employees (not corporate officers) of Gecina who received the greatest number of options in 2016

None.

Stock options exercised by corporate officers and employees of Gecina in 2016

The Gecina stock options exercised by all Group employees in 2016 were as follows:

Plans	Strike price of options	Number of options exercised in 2016
Stock options March 14, 2006	€95.73	56,860
Stock options December 12, 2006	€102.86	124,414
Stock options December 13, 2007	€103.52	65,996
Stock options December 18, 2008	€36.80	733
Stock options April 16, 2010	€78.08	54,064
Stock options December 27, 2010	€83.55	86,445
TOTAL		**388,512**

Information concerning options exercised by the 10 employee stock option holders who exercised the highest number of options during 2016

Plans	Strike price of options	Number of options exercised in 2016
Stock options March 14, 2006	€95.73	23,591
Stock options December 12, 2006	€102.86	68,297
Stock options December 13, 2007	€103.52	53,838
Stock options April 16, 2010	€78.08	46,678
Stock options December 27, 2010	€83.55	70,055
TOTAL		**262,459**

6.4.2. AWARD OF PERFORMANCE SHARES

Pursuant to the authorization granted by the eighteenth resolution of Gecina's Combined General Meeting of April 21, 2016, Gecina's Board of Directors adopted on April 21, 2016, a performance share plan regulation. This plan allows the award of Gecina performance shares to beneficiaries designated from among the employees and corporate officers most directly concerned by the development of Gecina group, within the limit of 0.5% of the share capital.

Shares issued under the performance share award plan of April 21, 2016 (AP16) and July 21, 2016 (AP16-2)

The plan regulations have set the term of the performance shares vesting period at three years from the Gecina Board of Directors' meeting that agreed on the award of said shares, contingent on the beneficiary's presence in the company and performance under the terms described below:

- *Total Shareholder Return:* performance criterion adopted for 75% of the awarded performance shares
  - Gecina's Total Shareholder Return compared over a three-year period, to the Euronext IEIF "SIIC France" dividends reinvested gross index over the same period (January 4, 2019 opening share price *versus* January 4, 2016 opening share price), the number of vested performance shares varying to reflect the performance rate achieved:
    - if the average performance of the Gecina share equaled the average performance of the dividends invested Euronext IEIF "SIIC France" gross index, a performance rate of 80% will be applied to the target number of Shares;
    - if the average performance of the Gecina share is comprised between 101% and 105%, stepwise progression will be applied within the limit of the achievement of 100%;
    - if the average performance of the Gecina share is comprised between 99% and 85%, stepwise regression will be applied within the limit of the achievement of 25%;
    - in the event of performance below 85%, no Performance Share will be paid.
- *Total Return:* performance criterion adopted for 25% of the awarded performance shares
  - Total return: Triple net NAV dividends attached per share compared to a group of seven French real estate companies[1]. The vesting of performance shares shall be contingent on exceeding the average performance of the comparison group:
    - if the average performance of the Gecina Total return exceeds the average of the comparison group over the period from January 1, 2016 to June 30, 2018, the award will be applied at 100%;
    - if the average performance of the Gecina Total return is less than the average of the comparison group over the period from January 1, 2016 to June 30, 2018, no Performance Share will be awarded.

The table below shows the number and main characteristics of the performance shares awarded based on the aforementioned delegations:

Performance shares award plan	AP16 and AP16-2
Date of Board Meeting	04/21/2016 and 07/21/2016
Start date of vesting period	04/21/2016 and 07/21/2016
Vesting date	04/23/2019
Number of shares awarded	63,990
of which number of shares awarded to corporate officers	5,000
of which number of shares awarded to top ten employee beneficiaries	24,500
Number of shares subscribed, purchased or canceled	1,300
of which number of shares subscribed, purchased or canceled by corporate officers	0
of which number of shares subscribed, purchased or canceled by top ten employee beneficiaries	800
Number of shares that may be awarded	62,690
of which number of shares that may be awarded to corporate officers	5,000
of which number of shares that may be awarded to top ten employee beneficiaries	23,700

(1) Foncière de Paris, Foncière des Régions, Icade, SFL, Tour Eiffel, Eurosic, and Unibail.

Special report on performance shares granted to corporate officers and employees

To the Shareholders,

Pursuant to the provisions of Article L. 225-197-4 of the French Commercial Code, the purpose of this report is to inform you of the award of performance shares during 2016, to be issued to members of staff of the company or affiliated companies or groups as specified in Articles L. 225-197-2 of the French Commercial Code and the corporate officers referred to in Article L. 225-197-1-II of the said Code.

Performance share plans awarded by the Board of Directors' meetings of April 21, 2016 and July 21, 2016

Pursuant to the authorization granted by the eighteenth resolution of the Combined General Meeting of April 21, 2016 and at the recommendation of the Compensation Committee, the Board of Directors decided on April 21 and July 21, 2016 to award a performance share plan of 60,990 and 3,000 company shares, worth €125.00[1] and €128.65[1].

The (AP16+AP16-2) plans correspond to 63,990 performance shares to be issued to beneficiaries designated from among the employees and corporate officers most directly concerned by the Group's development.

In accordance with Article L. 225-197-1 of the French Commercial Code and the conditions defined in the Gecina performance share plan of April 21, 2016 and July 21, 2016, the shares awarded by the aforementioned Board of Directors' meetings will be definitively vested at the expiration of a three-year period following their award date (the vesting date) and contingent on compliance with the presence and performance conditions.

From the vesting date and subject to meeting the aforesaid conditions, the beneficiaries will become owners of the shares freely awarded to them and will have the full rights of a shareholder. However, they cannot dispose of the performance shares that will be definitively awarded to them during a period of two years starting from the vesting date.

Executive Managers will be required to hold at least 25% of the Performance Shares definitively vested for them until the end of their term of office. This obligation applies until the total amount of Shares held reaches, at the final vesting of the Shares, a threshold equal to 200% of the last gross annual fixed compensation, calculated on that same date.

Executive Committee members will be required to hold at least 25% of the Performance Shares definitively vested for them until the end of their employment contract. This obligation applies until the total amount of Shares held reaches, at the final vesting of the Shares, a threshold equal to 100% of the last gross annual fixed compensation, calculated on that same date.

Stock options granted to corporate officers of Gecina

Date of Board meeting	Grant date	Number of shares	Beneficiary	
04/21/2016	04/21/2016	5,000	Philippe Depoux	CEO

Performance shares granted to the 10 employees (not corporate officers) of Gecina who received the greatest number of shares in 2016

24,500 performance shares were awarded under the plans (AP16+AP16-2).

(1) Stock price on the award date.

6.5. GECINA'S STOCK

6.5.1. EQUITY MARKET

Stock exchange listing

Gecina's shares are listed on Euronext Paris, Compartment A (Large Cap) under ISIN Code FR0010040865. The shares are eligible for the Deferred Settlement System (SRD) and are included in the SBF 120, Euronext 100, SBF TOP 80, Cac Mid 60, EPRA, FTSE4Good, DJSI Europe and World, STOXX Global ESG Leaders, GPR250, IEIF REITS, IEIF SIIC France, Euronext Vigeo Europe 20, Europe 120 and Eurozone120 indices.

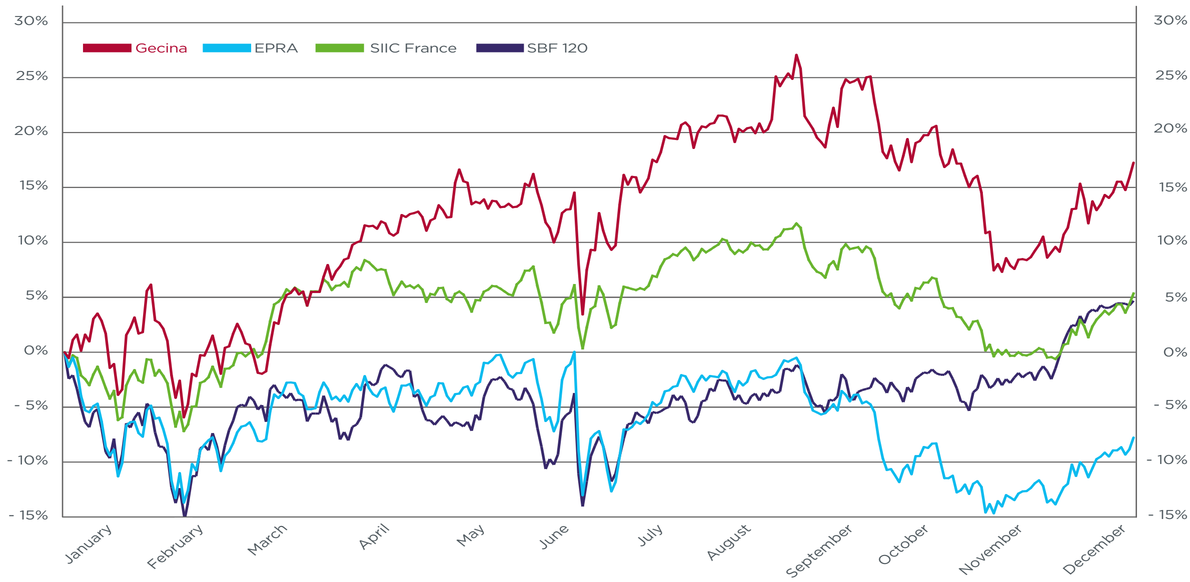
ICB (Industry Classification Benchmark): 8671 Industrial & Office Reits.

Other issues and stock exchange listings

Stock Exchange listing	Euronext Paris	Euronext Paris	Euronext Paris	Euronext Paris	Euronext Paris	Euronext Paris	Euronext Paris
Name and type of the Issue	Gecina 4.75%APR19	Gecina 2.875%MAY23	Gecina 1.75%JULY21	Gecina 1.50%JAN25	Gecina 2%17JUN24	Gecina 1%30JAN29	Gecina E3M+0.30%JUL17
	Euro Medium	Euro Medium	Euro Medium	Euro Medium	Euro Medium	Euro Medium	Euro Medium
	Term Notes	Term Notes	Term Notes	Term Notes	Term Notes	Term Notes	Term Notes
Issue date	04/11/2012	05/30/2013	07/30/2014	01/20/2015	06/17/2015	09/30/2016	12/18/2015
Amount of the Issue	€650 million	€300 million	€500 million	€500 million	€500 million	€500 million	€110 million
Outstanding amount	€439,700,000	€242,600,000	€236,100,000	€500,000,000	€500,000,000	€500,000,000	€110 million
Issue price	99.499% in respect of €650 million	98.646% in respect of €300 million	99.317% in respect of €500 million	99.256% in respect of €500 million	97.800% in respect of €500 million	99.105% in respect of €500 million	100.000% in respect of €110 million
Maturity date	04/11/2019	05/30/2023	07/30/2021	01/20/2025	06/17/2024	01/30/2029	07/18/2017
Annual interest	4.75%	2.875%	1.75%	1.50%	2.00%	1.00%	Euribor 3 months + 0.30%
ISIN Code	FR0011233337	FR0011502814	FR0012059202	FR0012448025	FR0012790327	FR0013205069	FR0013078144

6.5.2. THE SHARE PRICE IN 2016

The Gecina share price was up by 17.26% in 2016, climbing from €112.10 on December 31, 2015 to €131.45 on December 31, 2016. This price ranged between a low of €104.60 on February 11 and a high of €142.60 on September 7.



The table presented in Section 6.5.3 below provides a summary of the statistics on the share's performance on the stock exchange in 2016. In total, 18,538,665 securities were traded on Euronext in 2016 for a total amount in capital of €2,299 million.

At year-end 2016, the company's market capitalization amounted to €8,338 million.

6.5.3. TRADING VOLUMES IN NUMBER OF SHARES AND VALUES

Shares (ISIN Code FR0010040865).

Trading volume and price trends

Month	Number of shares traded monthly	Value traded per month (€ million)	Price extremes high (€)	Price extremes low (€)
July 2015	1,498,940	173.47	122.50	109.20
August 2015	1,221,958	141.83	121.80	106.65
September 2015	1,456,123	159.59	116.00	105.30
October 2015	1,763,677	200.41	119.85	106.90
November 2015	1,359,208	155.72	117.75	109.95
December 2015	1,400,207	159.06	118.65	110.35
January 2016	1,766,484	200.33	118.35	107.00
February 2016	1,925,725	215.20	119.45	104.60
March 2016	1,851,033	214.28	121.00	109.20
April 2016	1,419,750	175.30	126.75	118.45
May 2016	1,863,947	237.02	131.75	122.60
June 2016	1,972,850	246.43	130.75	115.95
July 2016	1,370,633	176.49	135.35	122.00
August 2016	944,471	128.04	140.80	131.15
September 2016	1,369,488	188.25	142.60	132.50
October 2016	1,274,915	170.16	141.00	129.60
November 2016	1,447,192	179.84	133.10	119.25
December 2016	1,332,177	168.13	131.50	121.10

Trading volumes and price trends over five years

Year	Number of shares traded	Number of trading days	Price extremes high	Price extremes low	Latest prices
2012	16,783,264	256	€89.25	€58.10	€84.90
2013	11,008,793	255	€100.10	€82.50	€96.03
2014	15,192,672	255	€113.00	€89.70	€103.50
2015	21,311,866	256	€132.50	€102.45	€112.10
2016	**18,538,665**	**257**	**€142.60**	**€104.60**	**€131.45**

Source: Euronext.

Chapter 07

CSR responsibility and performance

EDITORIAL

Overview of the 2012-2016 period and highlights of the year

Real estate is an important economic sector, as it is key to environmental issues such as energy efficiency, climate change, stronger urban biodiversity, the sparing use of resources, and to societal issued linked to lifestyles, working methods and the construction of the sustainable city.

Conscious of the vital role of real estate in the necessary paradigm shift of our economic models, Gecina has incorporated sustainable development into its strategy and operations since 2007. Gecina therefore has made a strong commitment to pursuing this goal by integrating all of these issues into the construction of its materiality matrix, before identifying strategic priorities on the subject of CSR and defining a continuous improvement policy in this field. The matrix was designed by taking into account the enlightened views of Gecina's stakeholders, and was reassessed in 2014, identifying 17 issues that have been incorporated into the implementation of Gecina's projects, management mode, the functioning of all its services and the day-to-day practices of its 448 employees. Gecina defines its action plans over four-year periods. It began by setting itself objectives for a first period which expired at the end of 2012, then for a second which expired at the end of 2016. Measuring material impacts and enforcing the accountability principle in line with core reporting frameworks (Article R. 225-105-1 of the French Commercial Code, including the verification by the Independent Third Party, GRI-G4, EPRA, integrated reporting) provided the ground work to build on Gecina's own CSR strategy.

Out of the 21 objectives set as key performance indicators, ten had been achieved at the end of 2016 and nine were close to being achieved. Regarding the nine objectives close to be reached in 2016, action plans are being implemented to make sure eight objectives will be achieved by 2017. Two indicators present a shortfall of 20% or more between the achieved result and the objective set for 2016: the objective of 30% of training hours integrating CSR themes (non-material issue which will be reviewed in 2017) and the objective of 30% of buildings open to their surrounding areas (which will be achieved after completion of the shared parking lots project with the OpnGo operator). Thanks to its commitments, progress and transparency, Gecina has kept its benchmark non-financial rankings and improved its position, without however joining the industry's top three.

Despite theses successes, challenges are still important and the results of the efforts made will be tangible in the medium/long term. The responsible purchasing approach, for example, needs to be worked out in partnership with the suppliers and bring them value. Within the climate roadmap, producing renewable energy and making this investment viable is challenging. In the context of the climate roadmap, it will be difficult to produce renewable energy while controlling the needs of sustainability of this kind of investment.

As in previous years, 2016 was marked by the commitment of Gecina's teams with regard to these several issues, and in particular by:

- the carrying out of 23 retro-commissioning assignments (see 7.3.1. "Energy efficiency of the property portfolio") on the main properties in the office portfolio, the results of which, although partial, have allowed Gecina to reduce its primary energy consumption on buildings under its operational control by 39%, very close to the -40% objective set for this perimeter in 2016. These actions are expected to yield their full results in 2017, and the launch of new retro-commissioning transactions will help to significantly improve performance with regard to energy consumption and greenhouse gas emissions;
- support for the renewable energy production sector by using guaranteed renewably sourced power, helping to reduce greenhouse gas emissions from the property portfolio under Gecina's operational control by around 8%;
- the finalization of action plans determined specifically for each building to improve their environmental performance and develop a monitoring tool scheduled for deployment in 2017, will be contribute to improvements in operational management;
- Gecina's involvement in identifying and taking into account the immaterial value of buildings through active participation, for the second consecutive year, in the industry task force composed of real estate players (real estate companies, major users of office space and general contractors) and led by Goodwill Management, which seeks to identify, test, improve and promote a method for measuring the contribution of buildings to the productivity and wellbeing of its occupants. To demonstrate its determination to develop buildings with high-use value for its occupants, in early 2017 Gecina delivered the 55 Amsterdam building located in the 8th arrondissement of Paris, the first office building to be certified WELL Core & Shell™ for the intrinsic qualities of its construction;

- the continued deployment of actions to foster equality at work for people with disabilities (with an employment rate of 10.5%, well above the legal obligation of 6%) and for gender equality with, in particular, the launch of the diversity network known as “Open Your I”. Gecina’s performance on this theme was recognized by the Ethics & Boards award for SBF 120 companies with female executives;
- the deployment of its “third places” offer with the opening of the first space, located in Colombes;
- the operational launch of Gecina’s shared parking lots through the OpnGO platform;
- decisive action by teams to assess the CSR performance of 392 suppliers through campaigns conducted since 2014, concerning 41% of active suppliers in 2016 who signed the responsable purchasing charter compared to an objective of 50%. Better response rates have, however, been observed with key suppliers, creating an opportunity for crucial discussions on material topics;
- the creation of a climate committee composed of members from the company’s various functions, having determined an action plan to reach the objectives fixed by Gecina in its roadmap (see following paragraph).

The CSR trajectory to 2020/2030: strategic challenges and priorities

In 2015, to limit its impact on climate change, extend the objectives set for 2020 and bring them in line with national environmental commitments (law on energy transition, green growth and low-carbon strategy), Gecina drew up a climate road map up to 2030. Prepared with stakeholder representatives and members of various departments concerned within the firm, it structures Gecina’s actions around four key focuses for its offices:

- reduce the carbon intensity of the portfolio by 60% by 2030 compared to 2008 with constant usage and at constant climate;
- offset net emissions of the portfolio in an annual perspective of neutrality as of 2017;
- maximize the moderation of real estate programs and strive to achieve carbon neutrality for each program;
- engage its partners through transparency and dialogue.

In addition, in anticipation of the expiry of its four-year plan at the end of 2016, Gecina has selected Deloitte to assist the Group in reviewing the issues at stake in defining its strategic vision for 2030 and interpreting it through objectives and action plans around a first milestone in 2020.

In line with its policy of consulting stakeholders, Gecina wished to review the issues at stake in the light of the views of internal and external experts. Based on its experience, the analysis of its results, an assessment of best practices and the expertise of Deloitte, this analysis led to the identification of more than 20 issues incorporated into a new materiality matrix and divided into three categories: priorities, drivers and secondary issues. Three families of issues emerge from these priorities, linked to:

- the environment, with energy efficiency, climate impact and the circular economy;
- the quality of office buildings for enhanced wellbeing at work for occupants and flexible spaces;
- the sustainable city, by promoting the network economy, functional diversity, urban biodiversity and mobility.

To achieve the above, the relevant and effective drivers will include responsible communication towards all stakeholders, the quest for building certifications, change management with employees, commitment by and towards customers, sustainable relations with suppliers and digital technology and connectivity.

In order to guarantee the relevance and suitability of its process, Gecina wishes to share the definition of quantitative objectives and co-design the action plans to be tailored to these different stakes for 2020, with all departments concerned. This stage, in progress at the time of writing this document, will be finalized during the first half of 2017 and will serve as the basis for Gecina’s future publications, which will include gradually the recommendations of the “International integrated reporting framework”. All this information (materiality matrix, strategy and objectives) will be published on Gecina’s website by June 2017.

Aurélie Rebaudo-Zulberty, Directrice RSE

7.1. A CSR POLICY IN RESPONSE TO THE EXPECTATIONS OF STAKEHOLDERS

7.1.1. MACROECONOMIC TRENDS AND OUTLOOK FOR THE REAL ESTATE INDUSTRY

In general, practices in the real estate sector are subject to strict regulations. The same applies to CSR themes, where regulations set stricter thresholds than those applicable to most sectors. In fact, through the Grenelle laws of 2009 and 2010, followed by the Energy Transition Law for Green Growth (LTECV), and the National Low-Carbon Strategy (SNBC) in 2015, France has developed a set of regulations to involve industry players in the energy and environmental transition of the building sector. In addition to the energy conservation objectives set for all buildings by 2050 (50 kWhPE/sq. m/year) and the generalization of the POSitive Energy Building (BEPOS) for all constructions from 2020 onwards, there is also the ambition to reduce greenhouse gas emissions by 54% by 2030 compared to 2013, and to develop renewable energy sources on buildings. Today, the Réflexion Bâtiment Responsable 2020 think tank is inviting stakeholders and public authorities to broaden their reflections and consider the carbon footprint of projects in their construction choices, their productive capacity in relation to their surrounding areas, their biodiversity potential and their impact on the comfort and health of occupants. Aside from this regulatory context, four key trends are challenging practices in the sector.

The environmental sobriety of economic and urban development models

COP22 highlighted the need to speed up the operational implementation of the historical commitments made by the 115 signatories of the Paris Agreement. Companies and territories have a key role to play in the deployment of practices to reduce their carbon footprint, their pressure on resources and their impact on biodiversity. Real estate companies conducting their business in urban centers play a primary role in the construction of these new models. The circular economy, which optimizes the use of resources, fosters a functional economy that encourages use over ownership, reduces the production of waste and develops sorting channels, is key to this paradigm shift. Real estate, and urban real estate in particular, needs to contribute to this momentum by rethinking the design, management, operation and treatment of obsolete buildings comprising the territory, even as far as transforming their impacts into a positive footprint.

Network dynamics and territorial interactions

To respond to the challenges of environmental sobriety, real estate should be part of a network dynamic based on powerful digital tools, and forge stronger ties with its territory. Office buildings, connected to their environment, could foster mixed use by proposing pooled services to their occupants and to an entire neighborhood (fitness rooms or building auditorium open to companies not housed in the building, to neighborhood clubs and to inhabitants). By becoming the conduit for local offers of services, or by directly integrating retail activities or daycare services, office buildings will contribute to supporting local economic progress and the functioning of territories.

Acceleration of the pace of change

The electronic and digital revolution has considerably quickened the pace of change. New ways of working have emerged, such as home offices and roaming, and project mode has become the norm for companies seeking an agile organization that keeps on changing. In the light of these trends, office buildings need to become more flexible to guarantee the performance levels expected by their users. In addition to focusing on anticipating the reversible use of surface areas and guaranteeing the possibility of giving several lives to buildings, flexibility should also be written into lease agreements to allow rental practices conducive to the adjustment of surface areas.

The search for well-being to promote efficiency at work

Real estate is at the heart of the construction of cities and represents a key element in the organization of companies. As such, in addition to guaranteeing the health quality of spaces, buildings should also contribute to the well-being and productivity of their occupants. By guaranteeing acoustic performance, air quality, access to light and thermal comfort, and by encouraging occupants' interaction with biodiversity, buildings should be positioned as sources of value creation for occupants, corporate tenants and the territory in which they exist.

7.1.2. CSR IN GECINA'S VALUE CHAIN

So as to be able to implement its extended responsibility all along its value chain, Gecina identifies its key issues and the stakeholders concerned at each stage in its activity. A simplified representation of this analysis is accessible on the Gecina website, at the following address: http://www.gecina.fr/en/cse/states-and-stakeholders.html.

Employees are galvanized at each stage of the company's activity chain to ensure that employee-related issues are naturally core concerns of the company's social responsibility strategy. In addition, at each of the key stages of its activity, *i.e.* investment, design, construction and reconstruction, marketing, operations and divestment, Gecina identifies the impacts on the environment and on its stakeholders.

At the investment stage, the impacts of assets are analyzed based on responsible building themes (see 7.6.4.3. "Incorporation of CSR criteria in investments") and Gecina selects those with the potential to generate value for both the company and its future tenants, immediately or after reconstruction. To do so, it takes into account the intrinsic qualities and potential in terms of the environment, health and the community (location, accessibility, integration in the surrounding area, immaterial value, presence of asbestos, lead, flood risks, etc.).

The design stage impacts the future performance of the building by determining the resources that need to be implemented to limit environmental impacts during both construction and operation, and create value on the territory and for occupants (see 7.1.5.1.1. "Gecina's 2012-2016 trajectory"/ Focus on the responsible building integrated into its surroundings). As such, optimizing energy consumption, reducing greenhouse gas emissions, the sustainable use of raw materials and biodiversity conservation are important issues during this stage. The latter are taken into account as early as during the definition of projects, through specifications and in exchanges with architects and project managers (see 7.6.4.2. "Incorporation of CSR criteria in specifications for construction and reconstruction"). Environmental impacts linked to the manufacture, transportation and implementation of products (use of raw materials, GHG emissions, construction site waste, water and ground pollution, etc.) are also taken into account in the specifications. Impacts at the societal level linked to support for the economic activity of service providers (expenditure flow, working conditions, etc.) and relations with local residents are regularly monitored during the construction or reconstruction phase.

At the marketing stage, the impacts mostly lie in relations with customers and potential prospects, and are managed through the green lease and regular dialogue with tenants.

Operating the property has an impact on achieving the environmental and societal performances defined during the design phase. Customer satisfaction with respect to their expectations is regularly assessed and regular dialogue, maintained particularly through green leases for offices, helps to achieve progress on environmental subjects.

During the divestment stage, Gecina sells off mature assets. Impacts on the environment are then no longer controlled by Gecina which, nevertheless, gives the purchaser the means to maintain the performance level of assets (operating contracts, transparency of information and compliance with ethical rules, etc.).

The stages of design, construction and refurbishing and operation are those where impacts are potentially the most important, especially from an environmental point of view. Relations between Gecina and its suppliers and clients being important during those stages, the quality and the organization of the dialogue with those stakeholders turn out to be determining for the management of Gecina's value chain.

7.1.3. GECINA'S STAKEHOLDERS

The paragraphs below describe the key elements of Gecina's dialogue process with its stakeholders. A special report was also published on this theme in 2015 and provides an overall perspective of the process pursued since 2013 (http://www.gecina.fr/sites/default/files/20150422-REPORT-STAKEHOLDERS_0_0_1.pdf).

7.1.3.1. Mapping of stakeholders

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, local communities and associations and NGOs, suppliers, investors and financial partners, employees, rating agencies and analysts, peers and competitors and professional associations.

These stakeholders may be categorized according to the level at which dialogue with them must be held:

- the corporate (overall) level;
- both the corporate (overall) and local (per asset) levels.

The level of influence on the company's business is determined by the following with regard to each stakeholder group:

- a major impact on the company's business that could result in a clear and direct loss of revenue;
- a significant impact on the company's business, particularly in terms of image and reputation, competition or quality of services.

The representation of this mapping of stakeholders is accessible on the Gecina website, at the following address: http://www.gecina.fr/en/csr/stakes-and-stakeholders.html.

7.1.3.2. Methods of dialogue with every group of stakeholders

Gecina has identified the expectations of each stakeholder group and explains in detail the dialogue methods used for each of them to respond to their expectations, in the diagram accessible on the Gecina website: http://www.gecina.fr/en/csr/stakes-and-stakeholders.html.

In addition, actions carried out during the year and the analysis of their results are specified in Section 7.6.2. "Relations with stakeholders".

7.1.3.3. Gecina's Stakeholder Committees

Apart from the different bilateral dialog mechanisms described in the previous Section, Gecina has engaged in multilateral dialogue with representatives of its stakeholders since 2013, by means of a committee of experts that it set up. The subjects addressed by this Committee primarily deal with Gecina's assimilation of sustainable development issues of the real estate sector and the analysis of solutions provided to the most significant or material of these (see Section 7.1.4.2. "The new Gecina materiality matrix"). The Committee has been meeting at least once a year since 2013. The analysis and recommendations issued by experts were systematically presented to the Executive Committee in the weeks following the holding of these committees. Meetings are held according to a stakeholder dialogue methodology that is guided and monitored by an independent expert (Institut RSE Management, EY or Deloitte, depending on the year) consistent with the "Principles for Constructive Dialogue with Stakeholders", drafted by the Comité 21 and signed by Gecina on January 13, 2015. This independent expert ensures that the choice of experts consulted and the preparation, carrying out and evaluation of the exchanges meet the independence requirements of participants and those of building an authentic dialog, without avoiding subjects and targeting the collective interest.

The final syntheses of and list of participants at the Committee meetings of 2013, 2014 and 2015 are accessible via the Gecina website http://www.gecina.fr/en/csr/stakes-and-stakeholders.html

In 2016, in anticipation of the revision of its strategic plan, Gecina solicited the representatives of its stakeholders for their opinions and recommendations on the reassessment of the issues that an urban real estate company may face in coming years. This process was organized around a qualitative interview with 19 experts and a meeting for evaluation and exchange with nine of them. The priority expectations of stakeholders were thus reassessed with a view to revising Gecina's materiality matrix. The results of these works will bepresented on the occasion of a work session of the Executive Committee dedicated to the validation of the CSR strategic plan by 2020 and 2030 (see 7.1.5.1.2. "Gecina's trajectory by 2020 and 2030").

7.1.4. KEY ISSUES AND MATERIALITY MATRIX

7.1.4.1. Methodology and hierarchy of CSR issues

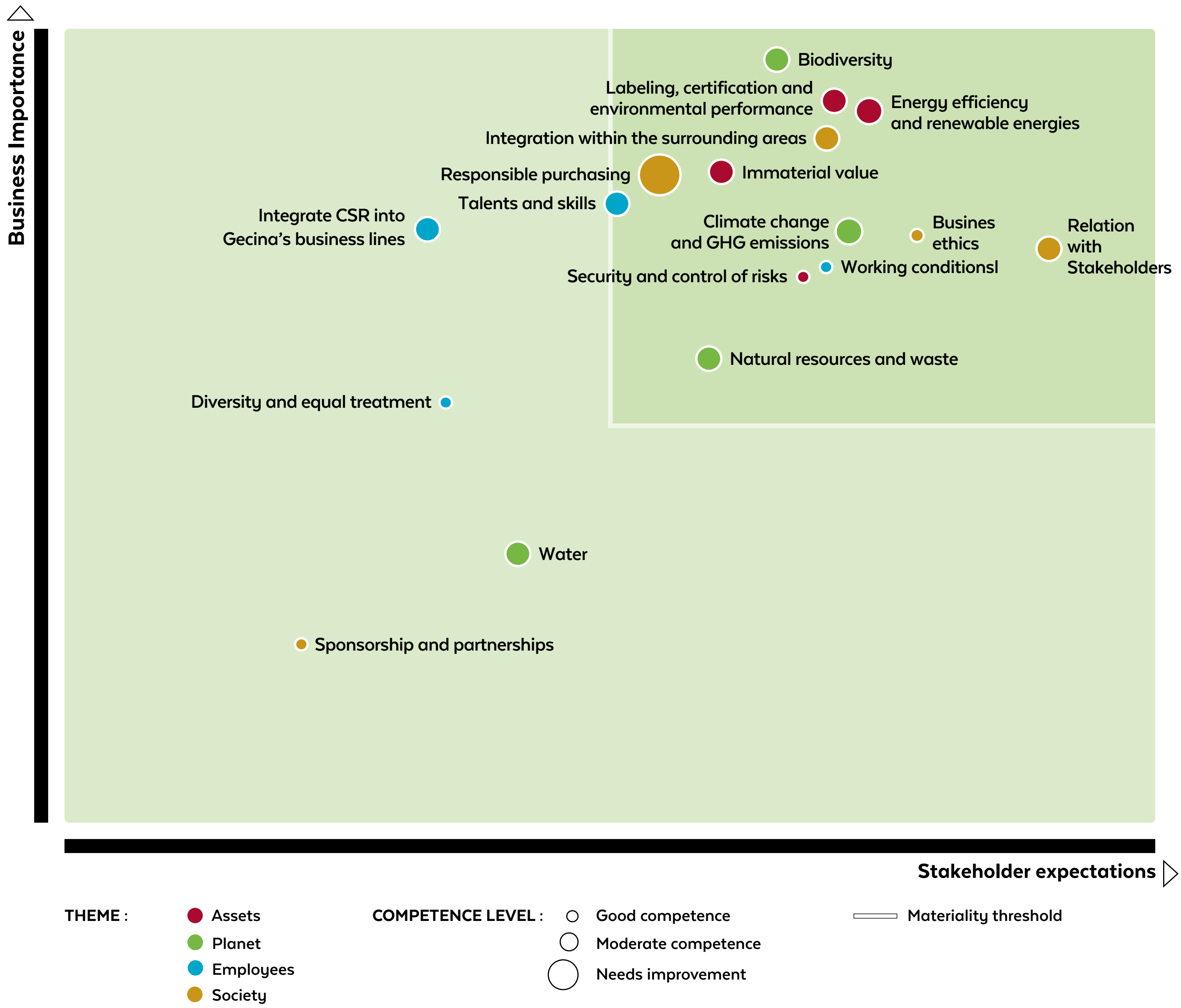
In 2012, Gecina chose to carry out a full review of the issues mapping it completed in 2008 and to enhance it with a materiality analysis that accounted for its context, organization and business-related constraints. The development of this materiality matrix was entrusted to an external expert, Institut RSE Management. Initially, an analysis of major reference sources and sector reports led to determining the nature of different issues. The impact on Gecina's business and expectations of stakeholders was subsequently evaluated by members of the Executive Committee with the support of the institute. This segmentation of the issues was then shared with all members of the Executive Committee. Committee members enhanced the work by evaluating the level of control Gecina exerted over the various issues. The consultation process promoted the assimilation of the method by each of the Executive Committee members, whose involvement was one of the key factors in completing the materiality matrix. Details on the methodology and completion of this matrix are available in the 2013 Reference Document (Section 7.1.2.2. "Methodology and priorities of CSR issues", page 206). In order to continue this process of analyzing issues, Gecina decided to re-evaluate its materiality matrix in 2014. To accomplish this, the Group relied on the expertise of the Stakeholders Committee and on the completion of a sector benchmark study. The benchmark methodology used, the results compared and the evolution of the materiality matrix are described in the 2014 Reference Document (pages 208 to 213) and in the stakeholders report, both available on the Gecina website: www.gecina.fr.

The impact on Gecina's business and expectations of stakeholders identified in the 2014 materiality matrix remains unchanged for 2016.

7.1.4.2. Gecina's materiality matrix

The Gecina materiality matrix includes 17 issues arranged according to their level of impact on Gecina's activity, stakeholder expectations and the company's degree of control. These issues are grouped into four pillars: assets, planet, employees and society. In addition to the representation below, the diagram available on the Gecina website, at the following address: http://www.gecina.fr/en/csr/stakes-and-stakeholders.html, offers a dynamic presentation of the results of the benchmark carried out in 2014, changes in the level of control over the issues by Gecina. The list of stakeholders related to each stake identified in the matrix is available at the same address.

Gecina's materiality matrix



7.1.5. CSR POLICY: COMMITMENTS, GOALS AND ACTION PLANS

7.1.5.1. Gecina's CSR trajectory

7.1.5.1.1. Gecina's 2012-2016 trajectory

Confronted with a necessary transformation of the offer, practices and company governance policies required by multiple societal issues, Gecina chose to respond in a proactive and determined manner *via* its CSR policy that features both:

- a specific offering of buildings and real estate services that are both sustainable and responsible to clients and that act as a catalyst to their growth chains and to their own societal responsibility issues (see focus below);
- a mobilizing project for stakeholders and employees, the policy acts as a change factor at collective and individual levels all along the value chain.

In this way, Gecina has taken on commitments and set objectives to address each of the 17 issues identified in the four CSR pillars of Assets, Planet, Employees and Society. These objectives were set out in 2008 by the Executive Management as part of the four-year plans for 2012 and 2016.

All the stakes linked to the Assets and Planet pillars describe what is represented by the sustainable building integrated into its surroundings (see Focus below). The experience acquired during these four-year plans and the implementation of monitoring tools showed, for some of these issues or asset types, a difficulty in reaching the objectives set for 2016. Thus in 2014, the Executive Committee revised the objectives linked to energy performance and reset their achievement from 2016 to 2020 depending on the level of operational control of assets, to take into account the specific contexts of various types of assets while continuing to aim high.

The issues in the Employees and Society pillars address key themes in the UN Global Compact, such as respect for human rights and labor law. In accordance with its commitments, Gecina chose to improve the readability of its actions on this theme and to publish a special human rights report on its website (http://www.gecina.fr/en/csr.html).

2012-2016 Assessment

Out of the 21 objectives set as key performance indicators, ten had been achieved at the end of 2016 and nine were close to being achieved. Two indicators, one of which was defined for a non-material issue, present a shortfall of 20% or more between the achieved result and the objective set for 2016. Thanks to the effectiveness of action plans and regular monitoring processes implemented during the 2012-2016 period for (construction) certification, the immaterial value (well-being and productivity of occupants), security and risk control, the use of resources, biodiversity, water management, talents and skills management, working conditions, business ethics and sponsorships and partnerships, Gecina achieved or exceeded the objectives set for these, mostly material, ten issues during the period. Out the nine objectives close to being achieved in 2016, eight have action plans guaranteeing that they will be achieved in 2017. Some have already been launched and will yield their full results in 2017, such as energy efficiency, (operating) certification and greenhouse gas emissions. Corrective or additional actions will be implemented for issues linked to diversity and equal opportunities, stakeholder relations and responsible purchasing. While actions to improve waste sorting in offices in operation – where performance is close to the objective for 2016 – will continue, a new key performance indicator will be identified in 2017 to better reflect the scope of construction sites and the circular economy (recovery and reuse). The 30% objective for training hours integrating CSR themes, which was not achieved in 2016, will also be reviewed in 2017, since the latter only partially reflects actions implemented and Gecina's performance in terms of integrating CSR into its businesses. Lastly, the 30% objective for buildings open to their surrounding area (hosting incubators, new working methods or shared services), which was not achieved in 2016, will be achieved in 2017 by finalizing the deployment of shared parking lots with the operator OpnGo and the "third places" offer. The table in Section 7.2.3. "Table of non-financial performance indicators" presents a summary of the changes and corresponding analysis for each of these indicators.

In sum, Gecina made a strong and ambitious commitment to CSR by setting 55 quantitative targets for 2016, of which 32 were met, 18 were almost met and 5 were missed. This return on operating experience will help Gecina define specific and ambitious targets for its CSR trajectory to 2020/2030.

Gecina was, in the main, able to set up the necessary means to reach ambitious objectives, but progress is expected to create a collective dynamics within the responsible purchasing approach, to increase office client satisfaction, to use the new solutions offered by eco-design and circular economy methods.

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Focus on Gecina's concept of a responsible building integrated into its surroundings

Gecina participates in the planning and development of sustainable cities by deciding, building, managing or operating sustainable buildings. These buildings are part of a perspective of sustainable development and address the issues highlighted in the Assets and Planet pillars of the company's CSR policy, as shown in the diagram available on Gecina's website (http://www.gecina.fr/fr/patrimoine.html#block-gecina-utils-block-gecina-schema-4).

The action plans set out for each of the issues making up sustainable buildings and the level of progress achieved and monitoring methods are stipulated on Gecina's website (http://www.gecina.fr/en/csr/policy-and-performance.html). Gecina's operational departments (Real Estate Holdings Department, Acquisition and Sales Department, Asset Management Department) contribute to action plans' progress in order to improve the real estate portfolio's performance. To do so, they have support from technical teams that are experts on each of the 12 issues of the responsible building.

In order to identify the qualities and potential for progress of each asset in operation on those 12 issues, a specific tool has been deployed (see 7.1.6.1. "CSR at the heart of the organization/ Focus on the CSR mapping of properties").

For new properties or properties under refurbishment, technical specifications describe the Group's minimum standards on each of the 12 responsible building's issues. In addition, a constructive dialogue has been engaged with service providers and suppliers in order to find new solutions, reinforcing expected performances.

The responsible building designed by Gecina aims at maximum flexibility in order to facilitate the building's adaptation to changes in use while ensuring that it retains a high level of efficiency with respect to the 12 identified themes. Gecina also seeks to foster the intensity and pooling of uses by encouraging networking services on the scale of its portfolio and territory (sharing of car parks in the portfolio buildings, creation of places for third parties, collaboration with start-ups, optimization of the running of companies' restaurants, etc.). Gecina offers, for example, a flexible rental offer adapted to specific expectations from entrepreneurs and users of co-working places though the creation of a 1,300 sq.m incubator located in the heart of Neuilly-sur-Seine and 2,000 sq.m in the Gamma towers close to the Gare de Lyon train station.

Gecina wants to turn its head office, at rue des Capucines, into a benchmark in terms of responsible buildings by testing out innovative materials, measuring systems, operating procedures, services and uses, in order to reproduce them in its premises where relevant. Details of actions carried out and their results, including fight against food waste, are presented on the Gecina website http://www.gecina.fr/sites/default/files/Plan-d%27action-siege-aout-2016.pdf.

7.1.5.1.2. Gecina's trajectory by 2020 and 2030

In 2015, to limit its impact on climate change, extend its objectives set for 2020 and bring them in line with national environmental commitments (law on energy transition, green growth and low-carbon strategy), Gecina drew up a climate roadmap up to 2030. Prepared with its stakeholder representatives and members of different departments concerned within the firm, this roadmap organizes Gecina's actions around four key focuses:

- reduce the carbon intensity of the portfolio by 60% by 2030 compared to 2008 with constant usage and at constant climate;
- offset net emissions of the portfolio in an annual perspective of neutrality as of 2017;
- maximize the moderation of real estate programs and strive to achieve carbon neutrality for each program;
- engage its partners through transparency and dialogue.

In 2016, Gecina published a special report detailing the four priorities of its climate roadmap. The roadmap is accessible on its website (http://www.gecina.fr/fr/rse.html). In addition, the actions already implemented and their projected results are described in Section 7.4.1. "Climate change and GHG emissions".

In addition, in anticipation of the expiry of its four-year plan at the end of 2016, Gecina wished to review the issues at stake to define its strategic vision for 2030 and interpret it through objectives and action plans around a first milestone in 2020. Deloitte was selected to assist Gecina, at the end of a request for proposals process carried out in summer 2016.

The issues at stake were reviewed in the light of the experience acquired by Gecina during prior periods, the analysis of the results of the 2012-2016 plan, an assessment of best practices and the expertise of Deloitte. The review was compared with the vision of 19 experts representing Gecina's different stakeholders (including 15 external experts) at individual interviews and a group workshop held on December 7, 2016 in the presence of nine of them (including eight external experts). The risks and opportunities for Gecina and its stakeholders were formalized for each stake.

Following this first stage of work, the materiality matrix was updated, ranking twenty identified stakes into three categories: priorities, drivers and monitoring stakes. The strategic vision for CSR by 2030 will be presented and validated pr during a work session with the Executive Committee at the beginning of the year 2017. It will then be declined in operational action plan and accompanied with quantitative objectives for 2020.

The analysis of materiality realized shows three families of priority stakes, associated with:

- the environment with energy performance, the impact on the climate and circular economy;
- the quality of office buildings, by providing the best conditions of well-being at work for its occupants and making occupied spaces reversible and flexible;
- the sustainable city, by fostering a networking economy, mixed-use projects, urban biodiversity and mobility.

To achieve the above, the necessary drivers will include responsible communication (certification for buildings or overall communication towards all stakeholders), change management (with employees), commitment of and towards customers, sustainable relations with suppliers and digital technology and connectivity.

In order to guarantee the relevance and suitability of its process, Gecina wishes to share the definition of quantitative objectives and co-build the action plans to be tailored to these different stakes for 2020, with all the departments concerned. This stage, under construction at the time of writing this document, will be finalized during the first half of 2017 and will serve as a basis for Gecina's future publications. All this information (materiality matrix updated, strategy, objectives) will be published on Gecina's website by June 2017.

7.1.5.2. CSR actions and their level of achievement

Gecina defined action plans for each of the issues that it had identified in the materiality matrix with all departments concerned, to ensure that it achieves the objectives defined. Priority is given to action plans directed at the 10 issues requiring improvements in management from among the 13 identified as "material" (*i.e.* that are above the materiality threshold of the matrix).

For all issues linked to the property portfolio, and in particular those linked to air quality and the management of sanitary risks and obsolescence, action plans were defined even in cases where there was no scientific certainty. In this way, Gecina follows the precautionary principle defined in the Rio declaration and set out in French law in 1995 (Barnier Act[1]).

Coordinated by the CSR Department, the actions plans are monitored throughout the year and revised if necessary, with the different teams concerned: operational, technical and management services, management control, human resources, marketing and communication, audit and risk, IT services, and support services (see 7.1.6. "Steering and coordination of the CSR strategy"). In addition, they may be submitted to the opinion of experts representing Gecina stakeholders in *ad hoc* committees, to improve their relevance.

Indicators implemented to monitor the progress of action plans and the efficiency of results are presented in chapter 7.2.3. "Table of non-financial performance indicators".

The objectives and action plans are presented in detail on the Gecina website, at the following address: http://www.gecina.fr/en/csr/policy-and-performance.html.

7.1.6. STEERING AND COORDINATING THE CSR STRATEGY

7.1.6.1. CSR at the heart of the organization

CSR has been identified as an accelerator for each of the four strategic pillars of the company, *i.e.* revitalizing the turnover policy, acquisition of buildings with value creation potential, maximization of value creation on existing properties and embodiment of the building of tomorrow (see 1.2. "Gecina in brief"). It is thus fully integrated into the company's strategy as a vector for transformation and value creation. The CSR Department has therefore been naturally attached, since September 1, 2016, to the Transformation, Marketing and CSR Department, in order to:

- make Gecina's CSR commitment a major avenue of demarcation;
- 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 real estate functions, which make up Gecina's core business (Asset Management Department, Acquisitions & Sales Department and Real Estate Holdings Department), have gradually incorporated CSR action plans and objectives into their assignments, objectives and organization:

- the Asset Management Department, which co-steered the CSR mapping project of assets, has harmonized the financial analysis criteria of the performance of properties over their life cycles, expenditures, operations and transactions and associated the dimensions of responsible buildings with this. The systematic analysis of assets, a process involving asset review and business review, is carried out twice yearly and covers both financial and non-financial aspects;
- the Acquisitions & Sales Department has enhanced its analysis of the dimensions of the responsible building and has expanded its acquisition presentation files to include the diagnostics and action plans that may be necessary to improve the efficiency of projects in these areas (satisfaction of the responsible building criteria with and without complementary actions and contribution to changes in the property portfolio overall);
- the Real Estate Properties Department has placed sustainable development at the core of the operational management of assets:
  - both in the management function, where environmental appendices modify the type of customer relationship;
  - and within the technical function itself, whose various staff members assume direct responsibilities for the CSR aspects of buildings, such as water use, certification, biodiversity, waste, etc., in the diagnostic phases or in carrying out progress plans. A special unit was assigned to management of energy use and the reduction of GHG emissions.

The primary task of the Secretary General is to provide the company with the human and technical resources for implementing its strategy, and thus implement the Employees pillar action plan and co-steer the development of Gecina's IT system in CSR areas (gradual implementation of the application for specific CSR reporting and instrumentation of buildings). Employee CSR training, detailed in Section 7.5.1 "Integrate CSR into Gecina's business lines", ensures that each employee is involved in and supports CSR projects.

To highlight the impact of non-financial issues on its business model and its performance, Gecina is gradually expressing the economic value of some of its indicators (cost of absenteeism, cost savings related to energy and water consumption, cost of

(1) *In France, the Barnier Act of 1995 states that "the lack of certainty, taking into account current scientific and technical knowledge, should not delay the adoption of effective and proportionate measures to prevent a risk of serious and irreversible damage to the environment at an economically acceptable cost".*

carbon tax) and has based its reporting and communication on an "integrated rationale" in line with the recommendations of the International Integrated Reporting Council (IIRC[2]). Since 2013 it has therefore published an integrated annual report that aims to reflect the analysis of its business model with respect to social, societal and environmental issues and to describe how its strategy, governance, performance and outlook create value (http://www.gecina.fr/en/investors/publications-and-press-releases.html).

Focus on the CSR mapping of Gecina's properties

In 2008, Gecina initiated a first mapping of its assets focusing solely on the themes of energy and CO_2 emissions. Changes in the company's perception of the issues led Gecina in 2014 to carry out a new analysis of its assets incorporating the 12 themes that define responsible buildings (see 7.1.5.1.1. "Gecina's 2012-2016 trajectory"). Taking into account the number of audits to be performed on each of these themes, Gecina decided to put the priority on assets with commercial leases, for which both investors and tenants have a growing interest in environmental criteria.

Each audit (detailed method in chapter 7.1.4.3. "CSR scoring to assist in mapping of properties", pp. 205-206 of the 2015 Gecina Reference Document) identifies the available facilities, the performances achieved and actions to be carried out (with or without investment) to improve actual (considering the specific occupation of the site) and intrinsic (for a typical occupation) performances of the site. The result of the audit is materialized by a score (CSR scoring) reflecting the current state of the site and its potential. These scores, prepared over a scale from 1 (the worst score) to 9 (best score), are calculated based on scores per theme and their relative weight. All these data are then consolidated in an identity card prepared for each asset.

Analysis of the CSR quality of Gecina's property assets is gradually integrated in asset reviews.

These audits were deployed on 94 assets: 84 office assets and 10 student residences. Among the six office assets acquired between 2015 and 2016, three assets which are still occupied have been audited; the three others, which will be reconstructed in the short term, were not audited. City light, an office asset delivered in 2016 and five student residences, delivered in 2015, have not yet been audited in the absence of operating data to prepare the ranking. Ten audited office assets were sold, four in 2015 and six in 2016. Thus, the CSR scoring is deployed for office properties in operation on 96% of the surface area and the value. For student residences the scoring concerns 70% of the surface area in operation in 2016 and 64% of the value.

The audit reports are shared with all parties intervening on the buildings (asset managers, real estate entities in charge of the operational management of buildings and the technical department in charge of cross-functional real estate actions). Identified actions are reviewed and scheduled at meetings attended by the technical department and the heads of operations and building management. Each action is associated with:

- investment budgets integrated into the multi-year construction plan or feasibility study as appropriate;
- the steering actions integrated into management objectives for multi-technical staff; and
- tenant awareness actions, steered by the marketing and communications department.

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.

7.1.6.2. CSR governance and management

The CSR Department is represented on the Executive Committee by the Director of Transformation, Marketing and CSR (Brigitte Cachon) and the CSR Director has been a member of the company's Management Committee (Aurélie Rebaudo-Zulberty) since September 2016, following the retirement of Yves Dieulesaint. CSR issues and actions plans are thus fully integrated and discussed at each of these governance bodies, on a weekly basis for the Executive Committee and monthly for the Management Committee.

Since 2013 for members of the Executive Committee, 2014 for members of the Management Committee and 2015 for all employees, individual objectives linked to CSR issues and correlated with variable remuneration have been implemented, thereby contributing to the coherence of the company's management system. Indeed, every manager, accounting for 44% of the total headcount, sets at least one objective in each of the following four dimensions with its superior: business, financial, management and CSR. The weight of each objective in the yearly review, and hence in the bonus, differs. On average, CSR objectives account for between 2 and 15% of the criteria affected to individual objectives (see 7.5.1.1 "Involving top management in CSR").

In 2015, a Management Committee session (committee bringing together all managers of the company) was specifically dedicated to sharing the objectives of the climate roadmap. The CSR Department reports to the two Board of Directors committees (Audit and Risk Committee and Strategic Committee).

CSR was placed twice on the agenda of the Audit and Risk Committee in 2016 for a discussion about results and for a more in-depth study of the terms of the review conducted by the third-party organization. It was also placed twice on the agenda of the Strategic Committee to detail the results of the assessments of the leading non-financial rating agencies and discuss the definition and monitoring of the company's climate roadmap and the revision of the CSR plan (materiality of issues at stake, action plans, objectives, organization). The Board of Directors' meeting of December 15, 2016 reviewed the main CSR issues.

(2) *The International Integrated Reporting Council published an international reference framework for integrated reporting in December 2013.*

Comprised 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 two steering committees created in 2014:

- a steering committee for issues related to Assets and Planet pillars, managed by the Real Estate Holdings Department which holds bimonthly meetings with the CSR team and the principal managers of the Real Estate Holdings Department (15 members);
- a steering committee for the Employees pillar which holds quarterly meetings with the CSR team and the principal General Secretariat managers (seven members).

In addition, and in order to monitor the progress of action plans concerning the other issues (Society pillar in particular), the CSR Department manages cross-functional projects bringing together the different functions of the company concerned (responsible purchasing meetings held with around 10 departments twice a year, climate committees comprised of nine departments four times a year and monthly exemplary head office meetings held with six departments of the company).

Gecina's CSR governance and simplified management chart is accessible on the website (http://www.gecina.fr/en/csr/politicy-and-performance.html).

The increase in the number of criteria for monitoring of actions and performance, the requirement for rapidly available results, the implementation of real-time measuring instruments in buildings, and the search for convergence in the integrated reporting process, have all led Gecina to reassess its reporting system to implement an application that will be specific to CSR reporting through the Cr360 solution. This solution was selected in 2015 and will be configured, integrated and gradually deployed in 2016. Its group-wide deployment is scheduled for 2017.

7.2. CSR PERFORMANCE

7.2.1. A REPORTING PROCESS BASED ON FRENCH LAW AND INTERNATIONAL REPORTING STANDARDS AND IN ACCORDANCE WITH SECTOR RECOMMENDATIONS

In order to measure non-financial performance and to guide its actions, Gecina has had a non-financial reporting system in place since 2010, based on the most significant international and domestic reporting standards in its business sector. In connection with the issues identified in the materiality matrix (see 7.1.4.2. "The Gecina materiality matrix"), this reporting represents a guidance tool for Gecina's CSR performance. It takes into account the five reporting standards listed below:

- Article R. 225-105-1 of the French Commercial Code, which Gecina is required to comply with as a listed company. Compliance implies the disclosure of information on the issues identified as material among the 43 themes cited in the article;
- the property supplement of the Global Reporting Initiative (GRI), the most widely-used non-financial reporting standard worldwide and in the sector. Gecina reached the "core" level of the GRI G4 version in 2016;
- United Nations Global Compact, supported by Gecina since 2013 and under which Gecina is recognized at the "Advanced" level by its peers every year;
- best practice recommendations for CSR reporting of the European Public Real Estate Association (EPRA), under which Gecina provides data as required by the reporting standards, and for which Gecina is recognized as "SBPR Gold" since 2014;
- France Green Building Council, reporting standard modeled on Article R. 225-105-1 for real estate business lines.

Besides these reporting guidelines, Gecina follows the recommendations of two further initiatives: the integrated reporting, since 2013, and the Sustainable Development Goals (SDGs) of the UN. The approach of the integrated reporting led to schematize the process of economic and societal value creation, to translate gradually the economic value of some of its social and environmental indicators, and share the lessons learned in the Annual Integrated Report and the Reference Document.

This year, in accordance with the materiality analysis process and in line with its new strategy, Gecina has measured its actual or potential contribution to the UN's 17 Sustainable Development Goals (SDGs). The 17 SDGs adopted in September 2015 constitute a voluntary program for global sustainable development by 2030, and concern global challenges, most of which exceed Gecina's scope of business. Gecina has identified four material SDGs for its activity:

- SDG 3 "Good Health and Wellbeing", which Gecina stimulates by making its buildings more pleasant and more conducive to productive efficiency (see Section 7.3.3. "Immaterial value – wellbeing and productivity"), and also by keeping sanitary risks under control (see Section 7.3.4. "Security and control of risks");
- SGD 7 "Affordable and Clean Energy" and SGD 13 "Climate Action", on which Gecina works by improving its energy efficiency, by sourcing renewable energy, by using eco-designed materials and by including its customers and suppliers in all the initiatives of its climate roadmap (see Sections 7.3.1 "Energy efficiency and renewable energy" and 7.4.1 "Climate change and greenhouse gas emissions");

- SDG 11 "Sustainable Cities and Communities", to which Gecina contributes by connecting its buildings to existing local services, by ensuring that they are located close to public transportation, by converting office buildings into student residences, and by creating "third places" spaces venues and co-working spaces (see Section 7.6.1 "Integration in the surrounding area").

In addition, Gecina is involved in other initiatives to reinforce the financialization of its reporting and to include specific indicators on themes that are not fully covered by these standards, such as biodiversity, immaterial value and integration within surrounding areas. The details of these processes and correspondence tables are available on the Gecina website (http://www.gecina.fr/en/csr/reporting_standards.html).

7.2.2. SUMMARY OF THE REPORTING METHODOLOGY

7.2.2.1. Summary of reporting process

To ensure the quality and consistency of the non-financial indicators, Gecina publishes and updates its reporting protocol annually. The reporting protocol is available on the Group's website (http://gecina.fr/en/csr/reporting-ecosystem.html).

For each indicator, the protocol defines:

- the scope;
- definitions of the terms of the indicator and each data point used;
- data collection processes, calculation rules and methodological precisions;
- the interpretation, consolidation, validation and control procedures.

7.2.2.2 Summary of the non-financial scope and reporting period

Activities concerned

The scope covers all operational and development activities of office and residential (including student residences) properties from January 1 to December 31 of the reporting year (year Y). Gecina operates exclusively in France.

Employees taken into account in the reporting scope

The following are included in the scope:

- Head Office: the Group's administrative employees;
- 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 includes assets present at December 31 of year Y. Consequently, an asset sold in year Y is excluded from the scope and an asset acquired or delivered in year Y is integrated in 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 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 assets delivered in the year following a reconstruction or construction project.
- For indicators related to certification in operation, assets acquired for a short-term restructuring (3 years) which 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 covered by a construction and reconstruction project during the year.

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 (offices or residential including student residences).

The surface areas used are:

- gross leasable area (GLA) for offices;
- net floor area (NFA) for residential assets.

2016 reporting offices and residential surfaces

		nb. of buildings	Surface area
Offices	Scope in operation (GLA, sq.m)	77	920,435
	Scope in operation considered for consumption indicators (GLA, sq.m)	68	745,653
	Scope under construction or restructuring (GLA, sq.m)	11	242,109
	Scope delivered during the year (GLA, sq.m)	2	54,537
Residential including students residences	Scope in operation (NFA, sq.m)	52	400,677
	Scope in operation considered for consumption indicators (NFA, sq.m)	52	400,677
	Scope under construction or restructuring (NFA, sq.m)	6	20,037
	Scope delivered during the year (NFA, sq.m)	0	0
TOTAL	**Scope in operation (sq.m)**	**129**	**1,321,112**
	Scope in operation considered for consumption indicators (sq.m)	**120**	**1,146,330**
	Scope under construction or restructuring (sq.m)	**17**	**262,146**
	Scope delivered during the year (sq.m)	**2**	**54,537**

For intensity indicators (calculated by building occupant), since Gecina does not have the number of occupants in its assets, the following are taken into account:

- security staff for office assets;
- a ratio of 20 sq.m/occupant for residential assets.

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 III of the online reporting protocol on the website (http://gecina.fr/fr/rse/referentiel-de-reporting.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

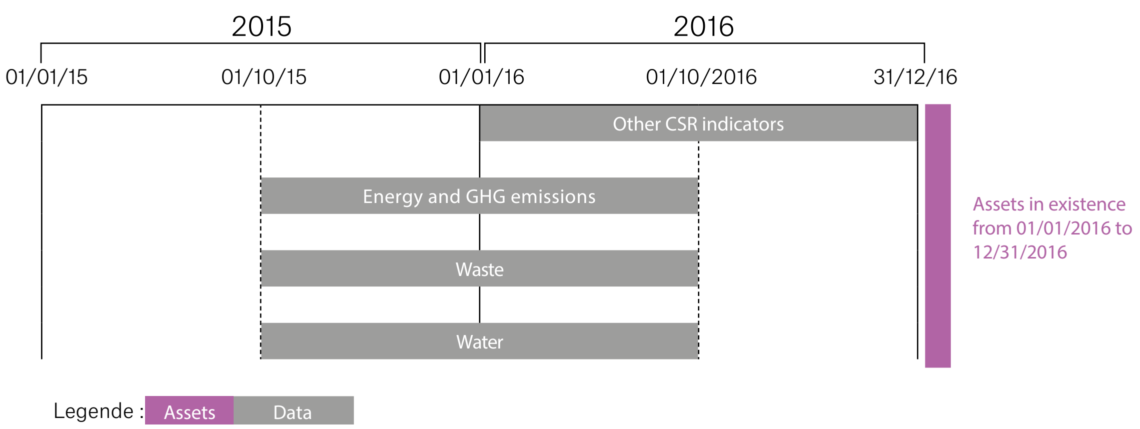
From one year to another, changes in scope may be due to the following causes:

- acquisition, development or sale of assets;
- start-up or wind-up of businesses.

Reporting period and frequency

Gecina's reporting cycle is annual and is aligned to the calendar year, except in exceptional circumstances, from January 1 to December 31 of the reporting year Y. Data are collected once a year. However, since Gecina does not yet have full control over fluid meters, the data collection and reporting period regarding occupants' consumption (energy and water use, waste collection and sorting and GHG emissions) has been shifted in order to ensure the most comprehensive monitoring possible of these indicators. As such, for the latter, the data disclosed for fiscal year Y correspond to the data collected for the period between 10/01/Y-1 and 09/30/Y.

Reporting period



7.2.2.3. 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 fiscal year ended December 31, 2016.

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:

- in reasonable assurance: the highest level of assurance, this attests to the fact that the relevant indicators were established fairly in all material aspects, in accordance with the reference source;
- in moderate assurance: this level of assurance attests that the information does not contain any material misstatement likely to call into question their fairness;
- review of consistency: this level of assurance attests to the consistency of 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 2016 received an unqualified opinion in all aspects (see 9.2.2.5. "Statutory auditors' 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	29	24	24
including KPI	6	13	4

NB: in this document, the 2016 data that have been audited at the highest level "reasonable assurance" by the Independent Third Party are identified by the symbol ☑.

7.2.3. Table of non-financial performance indicators

	Issues	Targets and indicators[2]	Scope[1]	Results		
				2008	2015	2016
Assets	**Energy efficiency and renewable energy**	**267 kWhep/m^2/an as average consumption of primary energy (at constant climate) for assets under full operational control by Gecina**	**Offices (100%)**	**445**	**299**	**274**
		40% reduction of primary energy consumption per sq.m/year (constant climate) for assets under full operational control by Gecina by Gecina	Offices (100%)	Basis	33%	39%
		30% reduction of final energy consumption per sq.m/year (constant climate)	Offices (100%)	Basis	32%	32%
		10% of properties with an EPD label of A, B or C (at constant climate)	Offices (100%)	0%	3%	3%
		176 kWhep/m^2/an (at constant climate) as average consumption of primary energy	**Residential (100%)**	**221**	**174**	**180**
		20% reduction of primary energy consumption per sq.m/year	100% Residential	Basis	21%	18%
		20% reduction of final energy consumption per sq.m/year	Residential (100%)	Basis	19%	16%
		10% of properties with an EPD label of A, B or C (at constant climate)	Residential (100%)	8%	26%	19%
	Labeling, certification and environmental performance	**80% of office surface areas with HQE™ Operations certification ☑**	**Offices (100%)**	**0%**	**71%**	**77%**
		100% of surface areas delivered certified with a high level of certification ☑	**Property portfolio (100%)**	**0%**	**100%**	**100%**
		100% of surface areas delivered certified during the year ☑	Property portfolio (100%)	87%	100%	100%
		65% of surface areas where the implementation of the BMS has been certified ☑	Property portfolio (100%)	6%	56%	60%
	Immaterial value, well-being and productivity	**70% of assets with high intangible value (categories A, B and C)**	**Offices (100%)**	**-**	**66%**	**71%**
		90% of assets with public transport access at less than 400 m ☑	Property portfolio (100%)	89%	94%	95%
		50% of portfolio surface areas where communal areas are accessible or adaptable for people with reduced mobility	Offices (100%)	36%	81%	76%
		60% of portfolio surface areas where communal areas are accessible or adaptable for people with reduced mobility	Residential (100%)	-	79%	69%
	Safety and control of risks	**More than 70% of assets with a "Very Efficient" or "Efficient" rating**	**Property portfolio (100%)**	**-**	**87%**	**87%**

-: Non available// NA: Not applicable
(1) Coverage rate in relation to the scope stated in chapter 7.2.2. Summary of the reporting process and scope
(2) In accordance with relevant recommendations in this area, the only data reported are 2015 data verified by the statutory auditors as providing reasonable assurance ☑ Other indicators with no remarks received a moderate assurance opinion by the statutory auditors.
(3) Progress status regarding 2016 objective:
Target achieved (2016 result equal to 100% of target set)
Nearly achieved target (2016 result higher than 80% of target set)
Target not achieved (2016 result below 80% of target set)

Progress status[3]	Performance evolution and additional information	Pages
	- For assets under full operational control by Gecina, the average consumption of primary energy, corrected for climate, was -39% from 2008, which is very close to the target of -40% set for 2016. Within this category, 23 buildings in the portfolio were retro-commissioned during the year, and the gain resulting from this work was recorded at 8.3%. - Gecina's performance in primary energy consumption was stable between 2015 and 2016. However, Gecina already met last year the target to curb its consumption by 30% between 2008 and 2016. For properties under development, a maximum target of 70 kWhFE/sq. m/year is set for all projects (focus 1 of the climate roadmap), that is to say half less than the average of the offices in operation. - Energy costs for offices amount to €10,707,577, or €14.36/sq.m. Actions implemented to improve energy performance in this portfolio generated savings totaling €290,805 for the tenants.	243 244 245 246
	- After decreasing steadily over the last two years, including a strong drop last year (-7%), the average consumption of primary energy of residential assets goes up by 4% between 2015 and 2016. The trend is similar in terms of final energy. However, the constant improvement in the energy efficiency of our residential properties through a work plan and an optimized management of asset operation resulted in reductions of 18% in primary energy and 16% in final energy in 2016. The -20% targets are then partially met, knowing that the target for residential assets has been raised to -38% by 2020 in 2014 to strictly match the regulatory thresholds. Energy costs for residential assets amount to €3,848,748, or €9.3/sq.m. Actions implemented to improve energy performance in this portfolio generated savings totaling €290,805 for the tenants. - 19% 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.	248 248 248 249
	- At the end of 2016, Gecina's office portfolio with HQE™ Operations certification represented a surface area of 673,858 sq.m, or 77.5% of its total surface area, which is close to the 2016 target of 80%, up 10% over last year. In 2016, eight assets, representing 107,378 sq.m and various characteristics were presented by Gecina for HQE™ Operations certification and attested by Certivéa. In addition, actions to improve the intrinsic qualities or operating conditions necessary to obtain the certification were identified for 11 buildings representing 8.7% of the surface areas of the property portfolio. These actions will be integrated into the work plans of these buildings according to budgets determined during asset reviews. - Three certified assets were sold in 2016, representing a surface area of 47,759 sq.m, i.e., 4% of the surface area of the property portfolio. - The total cost of HQE™ Operations certifications including the costs of project management support and certification in 2016 was €426,418. - Regarding the certification of new buildings, the two buildings were delivered in 2016, one under Gecina's management and the other acquired on a pre-construction agreement, obtained a high level of certification. The overall costs incurred by Gecina in 2016 for the HQE™ certifications of its buildings under construction and reconstruction amount to €723,548. - the surface area where the implementation of the EMS has been certified reaches 924,351 sq.m. i.e. 60 % of surface areas. The limited certification rate in residential assets and the gap on the target for HQE™ Operations of office assets lowered this indicator. The objective to reach 65 % of surface areas where the implementation of the EMS has been certified is missed.	254 253 253 252
	- In 2016, 71% of buildings are assessed in class A, B or C, presenting a productivity gain potential of more than 7.2% for its occupant. This represents an increase of 14% with respect to 2013. Gecina exceeded the objective thanks to actions in buildings and the divestments of five assets. This progress is significant because it yields value for both Gecina and its tenants. For instance, for a tenant, the economic gains linked to the enhanced productivity generated by Gecina's building in comparison to the building of a competitor amounts to €1,151,000 (see example in chapter 7.3.3.1), even with factoring a higher rent. - With 95% of its properties located less than 400 meters from public transportation, the Group has maintained a performance level that exceeds the 90% fixed for 2016 mainly due to the turnover in assets. - 76% of areas in offices are accessible or adaptable to wheelchair users, versus 69% of areas in residential assets. Only 1% of the surface areas of office buildings present technical challenges making it impossible for their communal areas to be rendered accessible.	257 261 262 262
	In 2016, Gecina further improved its coverage of property risks by 0.6% compared to 2015, exceeding its 2016 objective of 70% for the fifth year running. Regarding adaptation to climate change, Gecina identified the vulnerability of the various parts of the building structure (roof, facade) to climate-related hazards in order to measure their impact and the potential costs to manage the risks for every building.	262

	Issues	Targets and indicators[2]	Scope[1]	Results 2008	Results 2015	Results 2016
Planet	**GHG emissions and climate change**	**16 kgCO_2/m²/an (at constant climate) as average greenhouse gas emissions for assets under full operational control by Gecina**	**Offices (100%)**	**27.8**	**17**	**17**
		40% reduction of greenhouse gas emissions per sq.m/year (at constant climate) for assets under full operational control by Gecina	Offices (100%)	Basis	35%	37%
		10% of properties with an A, B or C climate label (at constant climate)	Offices (100%)	19%	49%	44%
		35 kgCO_2/m²/an (at constant climate) as average greenhouse gas emissions	**Residential (100%)**	**44**	**35**	**35**
		20% reduction of greenhouse gas emissions per sq.m/year (at constant climate)	Residential (100%)	Basis	21%	19%
		10% of properties with an A, B or C climate label (at constant climate)	Residential (100%)	23%	30%	33%
		20% reduction in the level of greenhouse gas emissions from employees in tCO_2eq/employee/year (at constant climate) ☑	Head office	Basis	19%	20%
	Natural resources and waste	**100% of buildings delivered during the year subjected to LCA**	**Property portfolio (100%)**	**-**	**0%**	**100%**
		80% of waste sorted for recycling	**Offices (49%)**	**-**	**63%**	**74%**
		80% of properties equipped for selective sorting of waste	Property portfolio (100%)	45%	88%	91%
		80% of properties with a separate room outfitted for selective sorting of waste	Property portfolio (100%)	3%	82%	86%
	Biodiversity	**Average biotope area factor of the portfolio in operation of 0.40 ☑**	**Property portfolio (100%)**	**-**	**0.41**	**0.47**
		Biotope area factor of 0.20 for surface areas of properties delivered during the year ☑	Property portfolio (100%)	-	0.23	0.19
	Water	**0.93 as average consumption of water in m³/sq. m/year**	**Property portfolio (65%)**	**1.24**	**0.93**	**0.91**
		25% reduction in water consumption in m³/sq.m/year	Property portfolio (65%)	Basis	25%	27%

-: Non available// NA: Not applicable
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Target achieved (2016 result equal to 100% of target set)
Nearly achieved target (2016 result higher than 80% of target set)
Target not achieved (2016 result below 80% of target set)

Progress status(3)	Performance evolution and additional information	Pages
	- A reduction of 2% in CO_2 emissions corrected for climate between 2015 and 2016 is observed, representing a reduction of 33% in CO_2 emissions since 2008. Concerning the properties under full operational control by Gecina (68% of assets or 65% of surface areas, see 7.3.1.1.1. "Energy efficiency of the office portfolio"), the reduction is -37% compared with -35% in 2015, in line with the -60% target in the climate roadmap. The high gain in primary energy consumption contributes very little in terms of CO_2 emissions because of the small carbon footprint of electrical power. The retro-commissioning approach undertaken contributes a gain of 3.7%, which is partially neutralized by a 1.7% increase in emissions due to the entry into operation of a building. - Gecina offset the 14,280 tCO_2 it could not avoid emitting and transfered €357,000 to its carbon compensation fund, making its offices carbon neutral in 2016, before ensuring carbon neutrality for all assets in 2017. Moreover, the use of supply contracts in green energy (guarantee of renewable energy origin) avoided, in 2016, the emission of 2,282 tCO_2 for office properties.	266 267 258
	- The gain is equivalent to the gain in primary energy obtained (-19%), down slightly from the gain recorded in 2015. This result is due to a 22% improvement for properties under full operational control by Gecina, while a 14% decline from 2008 is recorded for properties not controlled by Gecina. However, the benefit of investments to improve the assets, and the integration of efficient student residences in the portfolio mitigate this loss in comparison to 2015.	269 269 270
	Actions implemeted at Gecina's head office as long as awareness session to employees helped decrease greenhouse gas emissions per employee by 20%, which fell from 2.52 tCO_2/employee/year to 2.01.	225
	In 2016, an LCA was conducted for the two operations delivered which entered the Gecina portfolio. The modeling conducted on each operation has thus led Gecina to work to limit its total carbon footprint. For instance, the extensive renovation initiated on an office building presents a reduction in GHG emissions in operation of 24.6 $kgCO_2$/sq.m/year with a carbon footprint of 91.2 $kgCO_2$/sq.m for the construction. Within four years, the savings in CO_2 emissions during operation offsets the carbon.	271
	- In 2016, the percentage of recovered waste represented 74% of the total volume of waste, close to the fixed objective of 80%. The new waste collection and recycling contracts arranged at the end of 2016 providing in-situ sorting for certain buildings, will help to improve the percentage of waste recovered in 2017. - 91% of surface areas are equipped with selective collection facilities and 86% are equipped with a specially adapted room for this collection, i.e., an increase of 3% and 4% respectively for 2015 for each of these two indicators. This change is linked both to Gecina's sale policy and to the deployment of equipment, together with an in-depth analysis of its properties under operation. The overall cost of this arrangement for these 30 buildings amounted to €419,577 in 2016, i.e., around 1 euro/sq.m. This represents a gain of 12% compared to 2015.	273 273 273
	The BAF, calculated for the entire residential and commercial property portfolio in 2016, presents an average value of 0.47, significantly up compared to 2015. This change can be explained by an improvement in the BAF of residential assets due to the disposal of assets with little or no vegetation (0.47 in 2016 versus 0.44 in 2015) as well as that of the commercial property portfolio (0.46 in 2016 versus 0.37 in 2015), by the renovation of gardens such as in the Banville and Cristallin properties. The BAF of the two commercial buildings delivered in 2016, CityLights and Cristallin, is 0.19, slightly below the objective due to the characteristics of the projects. A building that integrates biodiversity creates immaterial value thanks to the higher productivity of the employee (up 2.1% according to several academic studies) and thanks to the reduction of the heat island effect (-10% on annual energy requirements, valued at €6,500 per year for a BBC building).	275 275
	- In 2016, the average consumption of the property portfolio improved by more than 2% compared to 2015 and reached 0.91 m^3/sq.m/year. Gecina thus exceeded the objective set for 2016, 0.93 m^3/sq.m/year, already achieved in 2015. Water consumption by the residential property portfolio remains identical to that of 2015, despite the entry into service of student residences, which have a higher occupancy intensity than conventional residential buildings. The total amount of expenses linked to water consumption for its property portfolio was €2,955,833 including VAT. The reduction in consumption represents a saving of €194,080 compared to 2015. By cumulating, the average consumption of the property portfolio in sq.m decreased in 27% since 2008, more than the objective of 25%.	277 277

	Issues	Targets and indicators[2]	Scope[1]	Results 2008	Results 2015	Results 2016
Employees	**Integrate CSR into Gecina's business lines aux métiers de Gecina**	**30% of hours of training integrating CSR**	**Group (100%)**	**-**	**18%**	**13%**
		5% of hours of training dedicated to CSR	Group (100%)	-	4%	2%
	Talents and skills	**More than 25% of positions filled through in-house mobility**	**Group (100%)**	**-**	**42%**	**30%**
		95% of employees who participated in at least one training course during the year	Group (100%)	-	98%	99,8%
		25 average training hours per employee trained ☑	Group (100%)	12	22	26
		Turnover rate of indefinite-term contracts between 7 and 10% ☑	Group (100%)	-	8%	7,6%
	Working conditions	**29% of employees with at least one work stoppage for medical reasons less than or equal to 3 days ☑**	**Group (100%)**	**-**	**31%**	**28%**
		Absenteeism (sick days) ☑	Group (100%)	6,429	4,919	5,425
		% of part-time employees between 7.5 and 12.5%	Group (100%)	-	10%	8%
	Diversity and equal treatment	**No professional classification levels under 7 for which the wage gap between men and women is greater than 3% (administrative population excluding Executive Committee members) ☑**	**Group (100%)**	**-**	**0/7**	**1/7**
		40% women in the Board of Directors	Group (100%)	6%	50%	50%
		% of employees on work-study contracts between 3 and 5%	Group (100%)	-	3%	5%
		4% of employees with a declared disability	Group (100%)	-	7%	11%
		Rate of access to training of employees aged over 55 higher than the share of workforce aged over 55	Group (100%)	-	19%	21%

-: Non available// NA: Not applicable
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Progress status(3)	Performance evolution and additional information	Pages
	Despite 247 training hours provided on CSR and 1,481 training hours integrating CSR, this percentage, although less than the 30% objective fixed over four years (2012-2016), corresponds to the priorities for the year. However, this year, 60% of employees trained throughout the Group received training with a focus on CSR themes. Thus, one employee in five (excluding caretakers) is involved in CSR processes or projects.	279
		279
	- In 2016, 13 employees changed jobs through internal mobility, which in four cases concerned temporary assignments. These 13 internal recruitments represent 30.2% of all recruitments made by the Group, a figure which exceeds the 25%. - Access to training by employees remains high and ensures fair access for all genders. It was 99.8% in 2016, versus 97.8% in 2015. - The access rate of administrative staff to training was 104% because it reflects employees who were no longer part of the workforce at December 31, 2016. - In 2016, thanks to the increase of 16.2% in training spendings per employee (€3,600), the number of training hours per employee rose by 18% versus 2015. This represents an average of 26 hours per year per employee, exceeding the target. The recorded satisfaction rate for the panel of identified training programs stood at 96.3% for the year. - In 2016, 33 employees with indefinite-term contracts left the Group, down 36.5% over last year, lowering the turnover rate to 7.6%. That said, retaining new employees remains an important issue for the Group given that in 2016, only 76.5% of new employees were still with the Group after three years of joining Gecina.	283
		285
		285
		282
	- Regarding time off work for illness of less than or equal to 3 days, the number of employees concerned fell by 9.5% to 28.5%, i.e., better than the objective fixed at 29%. Gecina introduced a criterion linked to short-term absenteeism in the profit-sharing agreement renegotiated in 2016 for three years. - In 2016, the absenteeism rate for illness rose by 11.2% following the increase in days lost due to sick leaves, and stood at 3.47% compared with 3.12% in 2015. This change is primarily linked to long-term illnesses (exceeding 100 days), which increased from 1,017 days to 2,571 days in 2016. Consequently, absenteeism costs rose by 20% in comparison to 2015, mainly for managers, for a total cost of €419,915 euros. - In 2016, the total number of employees on indefinite-term contracts who adopted a part-time work scheme represented 35 people, and 88.6% of them are women.	288
		288
		286
	- In 2016, the only difference observed concerned the Management Committee category for which promotions generated a wage gap of 4% from category C3. In 2016, Gecina kept implementing compensation measures actively, using a €50,338 envelope, representing 0.26% of employee expenses (up 15,9% versus 2015). - At December 31, 2016, the proportion of women on Gecina's Board of Directors was identical to 2015 at 50%, exceeding the regulatory threshold of 40%. - In 2016, for the 2016-2017 academic year, Gecina welcomed 22 work/study program students in nearly all departments. In 2016, seven employees previously hired on work/study contracts were hired on fixed-term and indefinite-term contracts. - The employment rate for people with disabilities increased by 72% within two years to reach 10.5%, by supporting employees to have their disability recognized, recruiting people with disabilities and working with facilities employing people with disabilities, which generated 3.22 beneficiary units. 6.6% of Gecina's employees are persons des salariés, well above the mandatory 6%, avoiding the payment of the AGEFIPH contribution, corresponding to savings of around €42,388. - Seniors represent 21% of the employees having at least a training during the year, that is close to their proportion in the total workforce (22%). Thus, 93% of the employees aged 55 and over have been trained in 2016.	295
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	Issues	Targets and indicators[2]	Scope[1]	Results 2008	Results 2015	Results 2016
Society	**Integration within surrounding areas**	**30% of buildings open to their surrounding areas and home to business incubators, new ways of working, and shared services**	**Property portfolio (100%)**	**-**	**4%**	**13%**
	Relations with stakeholders	**Satisfaction rate of outgoing customers (residential excluding student residences) higher than 90%**	**Residential (100%)**	**93%**	**89%**	**88%**
		100% of renewal of collective bargaining agreements before term	**NA**	**-**	**100%**	**100%**
		20 SRI investors met	NA	-	22	15
	Business ethics	**No conviction for non-compliance with laws and regulations (excluding fines)**	**Group (100%)**	**0**	**0**	**0**
		100% of employees trained in or made aware of the Ethics Code over the past five years	Head office	-	90%	95%
	Responsible purchasing	**50% of suppliers who have been evaluated by their CSR performance ☑**	**Group (100%)**	**-**	**23%**	**41%**
		100% of regular suppliers who have signed the Responsible Purchasing Charter ☑	Group (100%)	-	91%	97%
		40% specifications revisited in light of responsible purchasing (risk categories)	Group (100%)	-	63%	63%
	Sponsoring and partnerships	**20% employees actively involved in one or more actions of the Foundation**	**Group (100%)**	**-**	**21%**	**29%**

-: Non available// NA: Not applicable
(1) Coverage rate in relation to the scope stated in chapter 7.2.2. Summary of the reporting process and scope
(2) In accordance with relevant recommendations in this area, the only data reported are 2015 data verified by the statutory auditors as providing reasonable assurance ☑ Other indicators with no remarks received a moderate assurance opinion by the statutory auditors.
(3) Progress status regarding 2016 objective:
☑ Target achieved (2016 result equal to 100% of target set)
Nearly achieved target (2016 result higher than 80% of target set)
☒ Target not achieved (2016 result below 80% of target set)

Progress status(3)	Performance evolution and additional information	Pages
	In 2016, 19 buildings, or 14.7% of the portfolio in operation, were "open" to their surrounding areas and home to business incubators, spaces dedicated to new ways of working or shared services, while Gecina had set itself an objective of 30%. This variance can be explained by the time it takes to set up shared parking lots with OPnGO for administrative reasons. After full implementation in early 2017, more than 30% of the portfolio in operation will be "open" to their surrounding areas. The opening of Gecina's first "third places" space, shared gardens at two student residences and two sites for urban agriculture in 2016 also contributed to raise this indicator.	286
	The two-point difference between the objective and the results for 2016 regarding the overall satisfaction rate of outgoing residential clients (excluding students residences) can be explained by Gecina's strategic reorientations, particularly the refocusing of activity and work budgets on office real estate.	300
	In 2016, 11 collective agreements have been signed with staff representatives, including the generation contract, profit-sharing scheme and classification grid.	290
	Gecina participated in two non-financial roadshows in 2016 and met 15 SRI investors at individual and collective meetings, against 22 last year. However, thanks to its direct and indirect approach to SRI institutional investors, particularly through answers to non-financial questionnaires, 24 SRI funds invested in Gecina according to the September 2016 IPREO barometer.	302
	Given the turnover of the year, 95% of Gecina's employees were aware of the ethics code. Gecina has maintained a status of no criminal convictions since 2008 and again in 2016, excluding traffic fines. Gecina has maintained a status of no criminal convictions since 2008 and again in 2016, excluding traffic fines. Finally, in order to increase risk management culture within top management, members of the management committee attended a training session on risk management in January 2017.	305
		305
	- Since 2014, 392 suppliers have answered the questionnaire. 337 suppliers were assessed in 2016, which represents 41% of the 834 active suppliers who have signed the charter. The 50% objective would have been reached without the 37 % increase in the number of active suppliers and the inactivity in 2016 of 55 suppliers which have been evaluated previously. The 50% threshold is exceeded if we consider purchasing amounts instead of the number of suppliers, since the 337 active suppliers in 2016 who have signed the charter and who were assessed represented 60% of purchasing amounts. Lastly, by sending the questionnaire exclusively to suppliers with strong environmental, social and societal stakes (namely 30 out of the 188 new signatories of the charter in 2016), Gecina restricted the general assessment rate, even though these suppliers responded in 93% of cases. - The rise in the charter signature rate by active suppliers (97% in 2016) was not enough to reach the goal of 100% set for 2016. The lengthy nature of the referencing process, the apprehensions of some suppliers and the significant increase in the number of active suppliers explain this gap. - In total, 63% of Gecina's specifications for construction services and renovation work (representing €284 million in 2016) include environmental and social criteria. - The fourth focus of Gecina's climate roadmap plans to integrate the carbon footprint of purchased products and services in the specifications.	306
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		307
	A total of 132 employees were employed in 2016 across all proposed measures (sponsorship, partnerships, collective action), which represented 29.5% of employees, greater than the 20% target set.	308

7.2.4. A PROCESS RECOGNIZED BY STAKEHOLDERS

7.2.4.1. Results and analysis of non-financial rankings

Gecina responds actively to requests from non-financial rating agencies in a spirit of transparency, dialogue and anticipation of emerging challenges. Answers to questionnaires, analysis of results and exchanges with assessors provide material for determining corrective actions (best practices to initiate, indicators to measure, explanations to integrate in future publications).

Gecina has answered the questionnaires of six non-financial analysis agencies and organizations in charge of updating the Group's score in 2016. It improved its score and analyzed its results in detail in the following three rankings, identified as a priority at the end of a detailed review of their notoriety, their credibility, and the relevance of their questions to provide material for the continuous improvement process:

- Dow Jones Sustainability Index (DJSI) of RobecoSAM: two-point increase to 79/100 thanks to progress on economic criteria, while the industry average dropped by two points. However, Gecina remains 8th out of 101 respondents;
- Carbon Disclosure Project (CDP) , climate change program: overall score of "B", to be compared to the global segment average of "C", up compared to 2015 where Gecina's transparency (100/100) and performance ("C") scores, which were merged in the new methodology, corresponded to "B-";
- Global Real Estate Sustainability Benchmark (GRESB): eight-point increase in the score to 75/100 thanks to improvement in environmental and governance criteria to climb to 54th position in the global ranking out of 173 office real estate companies.

This analysis was presented to the Board of Directors and shared internally with all departments concerned in order to enhance action plans and improve performances.

Gecina held its position in 10 stock market indices calculated by the non-financial assessment organizations in which it was present last year, namely: Dow Jones Sustainability Index World and Europe, FTSE4GOOD, STOXX Global ESG Leaders, Euronext Vigeo France 20, Euronext Vigeo Monde 100, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, Ethibel Pioneer, Ethibel Excellence and Gaia (Ethifinance).

The analysis of the results of all these assessments reveal the quality of Gecina's strategic process and its reporting as well as the relevance of the actions implemented in relation to environmental themes. However, the continuous progress of environmental indicators since 2008 is not enough to position Gecina as segment leader when analysts only evaluate quantitative performance. The completeness of data on residential properties is also an area for improvement, as is the quantification of return on investment in skills development processes and the improvement of workplace health and safety. Overall, Gecina's positioning improved in non-financial rankings between 2012 and 2016 thanks to the progress recorded at the environmental, social and societal level and the accuracy of answers given to analysts.

All the results can be accessed on the Gecina website (http://www.gecina.fr/en/csr/policy-and-performance.html).

7.2.4.2. A reporting process recognized by other real estate and CSR actors

Gecina progressed from 5th to 1st place in the Ethics & Boards classification of SBF 120 companies for the increasing number of women on management bodies. This result acknowledges the full gender equality on the Board of Directors, changes in the proportion of women on the Executive and Management Committees as well as the relevance of actions linked to male/female equality, such as the creation of the "Open Your I" network.

In recognition of the attention paid to shareholders and investors, Gecina was awarded the Reference Document and General Meeting Prize in the Mid/Small Caps category, by Les Échos, Investir and Mazars in recognition of the quality of relations with shareholders and during General Meetings, the rapid publication of the Reference Document and the publication of an integrated annual report since 2014. The quality of the information about the environmental impacts, CSR integration into business lines, responsible purchasing, integration within surrounding areas and relations with stakeholders were greeted in particular by the jury. Gecina also won three awards at the 2016 Best Shareholder Relations Trophies, given by the Le Revenu Group. Lastly, for the third year running, Gecina received two EPRA Gold Awards from the eponymous European listed property sector association. These two accolades recognize the quality and transparency of Gecina's financial reporting in its 2015 Reference Document, including the Annual Financial Report and the Sustainable Development Report.

The Well at Work magazine received the prize for best news magazine at the Trophées de la Communication®, a sign of Gecina's innovative positioning on the topics of well-being and quality of life at work. The responsible corporate catering process developed by Gecina in partnership with the Le Chaînon Manquant association received the gold medal for the work environment ARSEG Trophies.

Lastly, to meet the expectations of its clients and guarantee reciprocity with its responsible purchasing approach, Gecina decided to submit its CSR commitments and performance to an independent assessment by Ecovadis. In 2016, Gecina obtained a score of 81/100 compared with an industry average of 42/100, and the "GOLD" recognition level. Types of improvement concern the QHSE ISO 14001 and OHSAS 18001 certifications, as well as cyber-security and suppliers audits. Only 1% of companies, all categories combined, had a score that was higher than or equal to Gecina.

7.3. ASSETS

7.3.1. ENERGY EFFICIENCY AND RENEWABLE ENERGIES

KPI: Average consumptions and % reduction of primary energy (offices and residential)

2016 objective:

- Offices (full control of operations by Gecina), without usage: 267 kWhPE/sq. m/year, *i.e.* -40% compared with 2008
- Residential without usage: 177 kWhEP/sq. m/year, *i.e.* -20% compared with 2008

2020 objective:

- Offices without usage: 284 kWhEP/sq. m/year, *i.e.* -40% compared with 2008
- Offices including usage: 430 kWhEP/sq. m/year, *i.e.* -35% compared with 2008
- Residential without usage: 137 kWhEO/sq. m/year, *i.e.* -38% compared with 2008

7.3.1.1. Energy efficiency of the property portfolio

Approach

Gecina set energy efficiency objectives in 2008 as part of the four-year plans for 2012, 2016 and 2020. It thus chose to distinguish between the monitoring of the energy consumption of the commercial property portfolio and that of the residential property portfolio, given the many differences between these two asset types.

Gecina also considers that in office buildings, consumption is primarily due to the technical systems incorporated in the buildings and placed at the disposal of users. For this reason, the consumption related to tenant-specific uses (primarily process and IT) were not included in the monitoring for the periods 2008/2012 and 2012/2016.
In its residential properties, Gecina controls only collective heating and domestic hot water consumption and monitoring is limited to these two areas.

Given the difference between the scope of consumption monitored for these two types of assets, the average consumption for each type of building varies significantly. For example, in 2008, the average consumption of office assets was 473 kWhPE/sq. m/year, while average consumption for residential assets was 221 kWhPE/sq. m/year. The approach used and the tracking of the efficiency of each type of asset are differentiated in the following two paragraphs.

Gecina is the first real estate company to be ISO 50001-certified. This certification is an acknowledgement of the effort Gecina has employed on its entire property portfolio, with respect to energy management through a stringent framework of standards.

An energy management system is in place to meet the obligations of the standard. It integrates the multi-year action plans defined in order to guarantee that the objectives set are achieved and is based on the continuous improvement of the processes for managing energy efficiency. In order to do this, the "Energy Management" unit:

- manages energy consumption (collection and processing of the data);
- defines and implements action plans to improve energy efficiency (to be implemented during work or operations);
- supports tenants, particularly those with whom it has signed a green lease;
- manages supply contracts and optimizes utility purchases (see Section 7.3.1.2. "Development of renewable energy");
- conducts a technology watch in this area.

In order to extend its energy and climate commitments and defined objectives for beyond 2016 and 2020, Gecina has established a climate roadmap for 2030 for its office properties (see Section 7.1.5.1.2. "Gecina's trajectory to 2020 and 2030"). As a necessary vector for achieving the objectives set for CO_2 emissions, optimized energy consumption is naturally integrated into this roadmap. The actions initiated on the properties by the "Energy Management" unit (described in detail in the following paragraph for the office holdings) are continued. They include the enhanced instrumentation of the buildings, the deployment of the energy efficiency guarantee, and the implementation of retro-commissioning for properties in operation. For properties under development, a maximum target of 70 kWhFE/sq. m/year is set for all projects and commissioning operations are systematically integrated into the processes.

Gecina is aware of the need to involve building occupants in their overall performance, and wanted to set objectives for all energy consumption in its office properties. Thus, in addition to the objective set for 2020 for the intrinsic consumption of its office buildings (284 kWhPE/sq. m/year, representing a decline of -40% from 2008), a target is also set for overall consumption that integrates the specific uses of these buildings (430 kWhPE/sq. m/year, representing a decrease of -35% in energy consumption with constant climate).

Analysis of performance

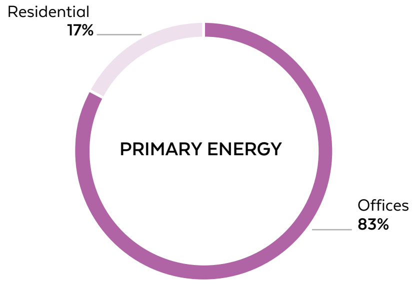
Gecina decided to renew the application of the recommendations of Article 225 of the France GBC-published CSR Reporting Guidelines for the Construction/Real Estate Sector, which it helped to draft. Data is broken down by source.

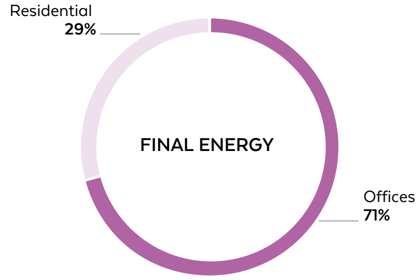
Performance énergétique du patrimoine conformément au guide de reporting RSE élaboré par France GBC (avec usages spécifiques des locataires)

Property portfolio	Corporate (head office)	Businesses (control of operations by Gecina excluding tenants' specific use)	Stakeholders (control of operations by tenants and tenants' specific use)	Total
kWhPE	4,144,495	180,269,632	251,255,434	435,669,561
kWhPE climate adjusted*	4,167,997	179,481,856	244,982,534	428,632,387
kWhFE	2,140,409	111,014,521	120,120,231	233,275,161
kWhFE climate adjusted*	2,092,779	114,575,024	116,748,853	233,416,656

Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).

Breakdown of total energy consumption by activity (at constant climate)





Energy intensity of property portfolio per occupant

	Offices (excluding use)			Residential		
	2015	2016	Change	2015	2016	Change
kWhFE	127,279,684	121,981,395	-4%	64,996,866	62,521,650	-4%
kWhFE per occupant	**2,929**	**2,789**	**-5%**	**3,030**	**3,121**	**3%**
kWhFE climate adjusted*	117,377,979	116,258,986	-1%	68,504,852	68,385,554	0%
kWhFE climate adjusted* per occupant	**2,701**	**2,658**	**-2%**	**3,194**	**3,413**	**7%**
kWhPE	268,573,068	241,659,822	-10%	71,150,641	68,673,670	-3%
kWhPE per occupant	**6,180**	**5,526**	**-11%**	**3,317**	**3,428**	**3%**
kWhPE climate adjusted*	244,510,345	228,758,744	-6%	74,661,850	74,537,574	0%
kWhPE climate adjusted* per occupant	**5,626**	**5,231**	**-7%**	**3,481**	**3,721**	**7%**

Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).

7.3.1.1.1. Energy consumption of the office portfolio

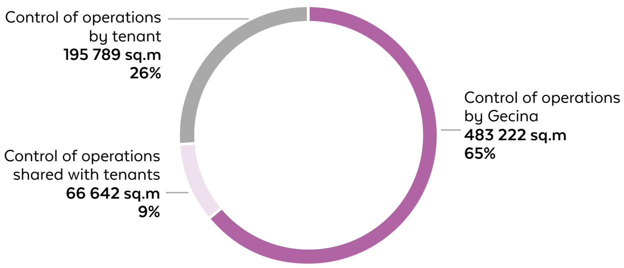
Approach

The lessons learned from this initial monitoring period (2008-2012) and the work carried out collectively with France GBC in 2012 have called attention to the need to segment the property portfolio according to the following categories:

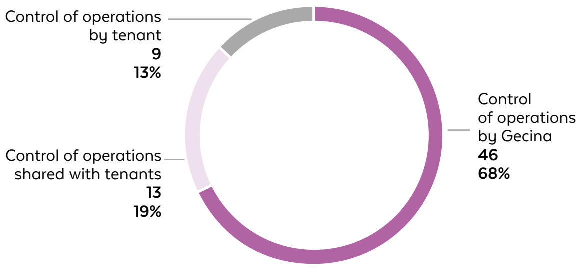
- when Gecina has full control over operations (65% of surface area in 2016), it controls all levers for action to manage the energy efficiency of the buildings, excluding consumption related to tenant-specific usage. The target of an energy efficiency of 40% in primary energy corrected for climate variations compared to 2008, excluding tenant-specific usage, was defined for 2016;
- when Gecina controls only a part of operations (9% of surface area in 2016), improved energy efficiency can be obtained only through long-term dialogue with tenants. Thus, the target initially set for 2016 was moved back to 2020 in 2014. The draft text of the decree relating to the obligation to carry out work to improve energy efficiency in existing commercial buildings reinforces the concept of joint work between the lessor and the tenant, which is already included in the environmental appendix, and which should be a useful lever for this category of buildings;
- when the tenant has sole responsibility for operating the site (26% of surface area in 2016), Gecina has no control over the action plans deployed in the buildings. Year-after-year analysis of these properties shows, however, that the major users, most of whom are subject to compliance with the DDADUE Act (transposition into French law of the European directive on energy efficiency), have made efforts to develop their ethical management of energy. This is why the 40% target also applies to this category for 2020.

Breakdown of properties according to Gecina's operational control

By surface area and % of surface area



By number of assets and % of assets



In order to achieve its objectives for 2016 and 2020 for office buildings, Gecina has since 2014 been implementing an action plan composed of six levers:

1. **Optimization of consumption through a "retro-commissioning" approach**
   This approach consists in controlling all building devices and equipment in order to guarantee optimal operation based on the needs of the occupants. Diagnostics are scheduled each season to factor in the various constraints and their impact on consumption areas (heating, air-conditioning, ventilation, and lighting). These technical analyses result in the adjustment of management resources and the repair of faulty systems to optimize energy consumption while improving comfort.
2. **Monitoring and management of consumption via a remote metering system**
   The deployment of the Hypervision® system initiated in 2014 continues, and energy consumption data is available for 42 buildings (out of the 54 targeted). This data is periodically analyzed and areas for improvement are identified. Deployment continues with the goal of continuous data feedback, expanding the scope of the buildings monitored, and installing an automatic alert system in case of excess consumption.
3. **The establishment of contracts that include an energy efficiency clause for office buildings**
   At the end of the retro-commissioning phase, Gecina is establishing incentive contracts with the technical operators of its buildings. This type of contract constitutes a new working base between Gecina and its technical operators. By fixing a performance objective for the operation of building systems, all the players work to guarantee comfort as well as energy efficiency. Based on a bonus/malus principle, the system encourages operators to optimize their operations to avoid potential sanctions and to obtain additional compensation if they achieve results that exceed expectations. The new multi-technical contracts awarded in 2016 following a competitive bidding process include these stipulations for 42% of offices surface areas.
   An energy efficiency guarantee (GPE) or energy result guarantee (GRE) is also implemented on each reconstruction or new project conducted by Gecina. These GPE/GRE guarantees concern all the building's energy consumption sources and ensure maximum operating energy efficiency set at 70 kWhFE/sq. m/year in order to reach the targets defined by the climate roadmap (see Section 7.1.5.1.2. "Gecina's trajectory to 2020 and 2030"). The efficiencies to be achieved per consumption area are estimated through

an energy simulation during the design phase, then set as the target for the operators selected. Operating contracts are awarded at the end of the design phase in order to have the winner participate in the construction phases. When the building enters into operation, the operators thus have full knowledge of the building mechanisms, which guarantees the performance. Depending on the context (type of tenant, usage, weather conditions, etc.), energy efficiency is assessed every year and the targets redefined as applicable.

4. **Improvement of intrinsic performance through targeted investments**

   For several years, the replacement of aging energy equipment has been the subject of a technical/economic analysis of total cost in order to give priority to the most energy-efficient, while taking into account controlling expenses and improving comfort for users.

   In connection with retro-commissioning and the audits conducted on the property portfolio, actions that require investment are scheduled as priorities for the most significant consumption areas and on the basis of their return on investment.

   The shift to LED lighting in all parking areas completed in 2016, insulation for all heating networks to limit heat loss, and the analysis and improvements of Building Management Systems (BMS) to improve equipment management are all actions planned before the end of 2020. Other actions that generate a slower return, such as work on the frame (replacement of windows, roof and facade insulation), are performed between two leases, once the premises are vacated, in order to limit disruption for tenants, or when the space is occupied, when the work provides other immediate added value (such as improved thermal comfort or acoustical improvements by installing double glazed windows).

   The review of energy requirements for building heating and cooling needs is also an influential vector, not only on the performance of a property but also on its primary energy and CO_2 footprint. Where district heating systems are located nearby, the technical/economic analysis integrates this solution and involves it in the selection of the energy strategy to implement in the building.

5. **Maximum efficiency levels for developments (see 7.3.2.2. "Construction and renovation")**

   Gecina insists on high energy efficiency levels by using the Effinergie+ label as the target for new buildings and BBC Renovation for reconstruction and major renovations. Where these projects are part new/partly restructured combinations, targeted energy efficiency is set with relation to RT2012, as with the Grande Halle project in Lyon, which has achieved a level of RT 2012 - 25% through the high-performance and an energy mix largely provided by renewable energy.

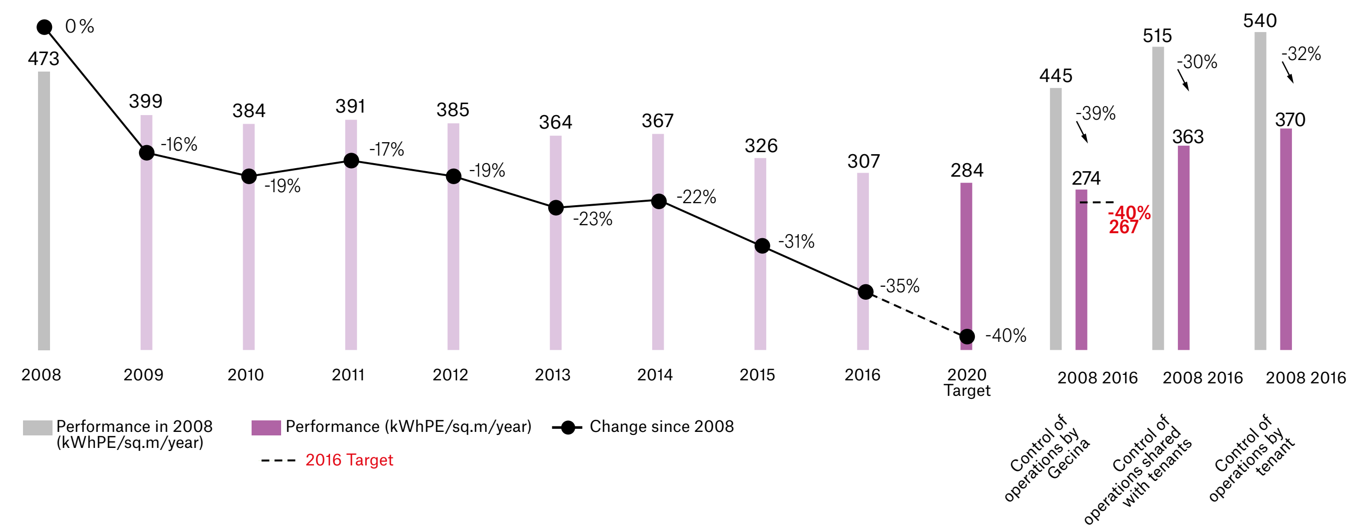
6. **Increased awareness and training of occupants**

   The total energy efficiency of a building cannot be disassociated from its occupants. Audits conducted by Gecina on each of its commercial assets (Section 7.1.6.1. "CSR at the center of the organization" – Focus on Gecina's CSR mapping of its properties) have identified energy gains associated with changes in the uses of the premises. These improvement projects have been consolidated at the level of the portfolio and the estimated gains will be achieved through the deployment of the best solutions (internal competitions in the buildings, nudges, etc.).

Analysis of performance

The average energy consumption of the office properties recorded significant improvement in 2016, following a large gain in 2015, the result of all the actions completed in the last two years. The average consumption of the office properties, corrected for climate, is 307 kWhPE/sq. m/year, representing a 35% decline in consumption compared to 2008: 473 kWhPE/sq. m/year.

Average energy consumption (at 2008 constant climate) – Residential



Changes in average energy consumption of offices depending on the level of control (without usage)

	2008	2015	2016	Control of operations by Gecina	Control of operations shared with tenants	Control of operations by tenant
kWhEP	323,783,329	268,573,068	241,659,822	138,851,176	24,934,565	77,874,081
kWhEP/sq. m/year	**473**	**358**	**324**	**287**	**374**	**398**
YoY change	-	-3%	-9%	-12%	-12%	-4%
Change since 2008	-	-24%	-32%	-35%	-27%	-26%
kWhEP climate adjusted	323,783,329	244,510,345	228,758,744	132,222,997	24,179,002	72,356,745
kWhEP/sq. m/year climate adjusted	**473**	**326**	**307**	**274**	**363**	**370**
YoY change	-	-11%	-6%	-8%	-9%	2%
Change since 2008	-	-31%	-35%	-39%	-30%	-32%
kWhEF	156,635,473	127,279,684	121,981,395	68,320,696	13,751,923	39,908,776
kWhEF/sq. m/year	**229**	**169**	**164**	**141**	**206**	**204**
YoY change	-	-4%	-3%	-10%	-5%	12%
Change since 2008	-	-26%	-29%	-36%	-17%	-17%
kWhEF climate adjusted	156,635,473	117,377,979	116,258,986	65,969,665	13,354,396	36,934,926
kWhEF/sq. m/year climate adjusted	**229**	**156**	**156**	**137**	**200**	**189**
YoY change	-	-12%	0%	-6%	-2%	15%
Change since 2008	-	-32%	-32%	-38%	-20%	-23%

When use is included, the average performance of the portfolio corrected for climate variations is 475 kWhPE/sq. m/year for 2016, which is 28% increase compared with 2008.

Energy costs for offices amount to €10,707,577, or €14.36/sq.m. Actions implemented to improve energy performance in this portfolio generated savings totaling €290,805 for the tenants.

For information, in 2014, Gecina noted that the mid-season period negatively influenced building performance given the operation of the equipment within a range far from extreme conditions. The same type of climate episode occurred again in 2016, but special attention paid to the operation of equipment based on weather conditions countered its impact on consumption.

For the properties which Gecina controls operations in full, the average consumption of primary energy, corrected for climate, was -39% from 2008, which is very close to the target of -40% set for 2016.

Within this category, 23 buildings in the portfolio were retro-commissioned during the year, and the gain resulting from this work was recorded at 8.3%. By modeling the impact of all the actions taken during the year on which the gains could not be totally recorded, the gain would have been around 12% and overall efficiency would have exceeded the objective, reaching -43% and 252 kWhPE/sq. m/year, corrected for climate conditions.

Principal measures taken and related gains in energy efficiency recorded over the year

	Final energy (MWh)	Primary energy (MWh)
Replacement LED Parking Lights	862	2,200
Changing Hour Programs	3,500	7,800
Reduction of flows	789	1,700
Optimization of setpoints	1,000	3,400
Insulation of networks	336	830

or the same period, the rest of the buildings in the category on which no work was done over the year (23 buildings) recorded no gain (+0.2% consumption over efficiency compared between 2015 and 2016). Given these results, in 2017 Gecina will begin to retro-commission the remaining buildings within the controlled category.

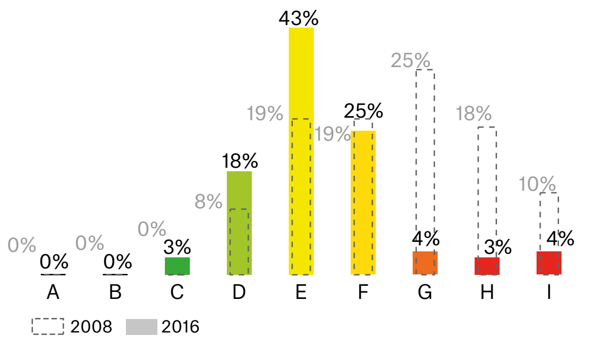
There is always a significant difference in energy efficiency depending on the mode of control of operations. Thus in 2016, where Gecina does not manage the operation in full, the efficiency gain was only 30% for buildings in which operation is shared with the tenants, and a 32% gain where the tenant had full control of operation. Optimization between the needs of occupants and equipment operating times, are both essential to improvements in efficiency, these two areas will begin to be retro-commissioned in 2018.

The environmental certification of surface area in properties still remains an important lever for improving energy efficiency. HQE™ Operation-certified buildings feature primary energy consumption of 287 kWhPE/sq. m/year corrected for climate variations in 2015, which is 6.3% lower than the average consumption in office properties.

Transactions concerning the assets have little impact on the result. Eight buildings were removed from the category with average consumption of 371 kWhPE/sq. m/year in 2015, while three new buildings in the category had average consumption of 310 kWhPE/sq. m/year for an equivalent surface area (111,596 sq.m were sold and 105,354 sq.m were acquired respectively).

Between 2008 and 2016, the proportion of buildings with G, H and I labels went from 53% to 11%. Classes D, E and F represented 86% of assets in 2016. The most represented class is Class E (43% of buildings) and 3% of assets are in Class C.

2008/2016 breakdown of office properties by energy label (by number of properties without usage)



7.3.1.1.2. Energy consumption of residential properties and student residences

Approach

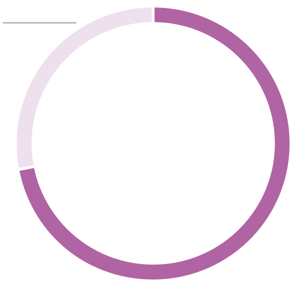
The objective of reducing energy consumption defined for residential property was revised in 2014 in strict compliance with the thresholds of the Grenelle Act. The objective set for reducing consumption was 20% in 2016 with relation to 2008, and a reduction of 38% by 2020.

The choice made in 2008 to communicate about results derived from Energy Performance Certificates using the 3CL methodology only covered the results of building work or a changes in energy sources. Thus, in 2012, in order to include improvements to operation, differentiated monitoring of the two categories was set up:

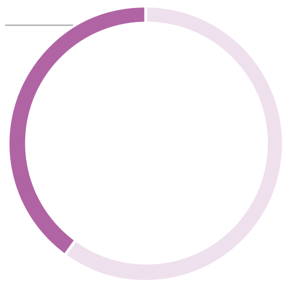
- for buildings with collective heating for which Gecina controls operations, real consumption, corrected for climate, is taken into consideration (methodology identical to the office portfolio); in 2016, this represented 31 assets, *i.e.* 72% of the surface area of residential properties are concerned);
- for buildings with individual heating over which Gecina exerts no operational control in view of the large number of tenants, it is not conceivable to collect all invoices to identify actual consumption in properties, and the Energy Performance Certificate methodology therefore continues to be used (21 assets, representing 28% of the surface area of residential properties, are concerned).

Breakdown of properties according to Gecina's operational control

By surface area and % of surface area



By number of assets and % of assets



In order to achieve its objectives set for 2016 and 2020 for office buildings, in 2008 Gecina initiated an action plan based on three components:

1. **The establishment of contracts that include an incentive clause for the areas of the portfolio where Gecina controls operations**
   The heating contracts include a clause incentivizing the operators to monitor energy consumption and avoid any variance and guaranteeing the comfort of the occupants. Targets are defined at the beginning of the contract on the basis of climate and achievement of the targets is evaluated each year taking the actual climate severity into account. The targets are re-evaluated on three occasions in order to improve energy consumption: as soon as the work is initiated, to take into account the improvement in efficiency in the residences; when the annual gain is greater than 15% over two consecutive years; or when the gain over one year is greater than 20%. A penalty is applied if the target is not achieved for 62% of the surface area of residential properties in 2016.

2. **Improvement of intrinsic performance through targeted investments**
   Several measures are taken on the building shell in order to fight heat loss: the sealing on inaccessible deck roofs is gradually being replaced by reinforced thermal insulation, insulation on the horizontal sanitary hot water networks located in the common areas, and replacement of external wood joinery with double glazing in housing units.
   Heating and hot water equipment is replaced by more efficient equipment: renovation of building boilers and urban network substations, improvement of heating terminals as soon as possible (replacement or installation of thermostatic valves).
   The energy supply for the heating needs of the building influences both the asset's primary energy efficiency and its CO_2 footprint. Where district heating systems are located nearby, the technical/economic analysis integrates this solution and involves it in the selection of the energy strategy to implement in the building.

3. **Maximum efficiency levels for developments**
   Gecina insists on high energy efficiency levels by using the Effinergie+ label as the target for new buildings and BBC Renovation for reconstruction and major renovations.

Analysis of performance

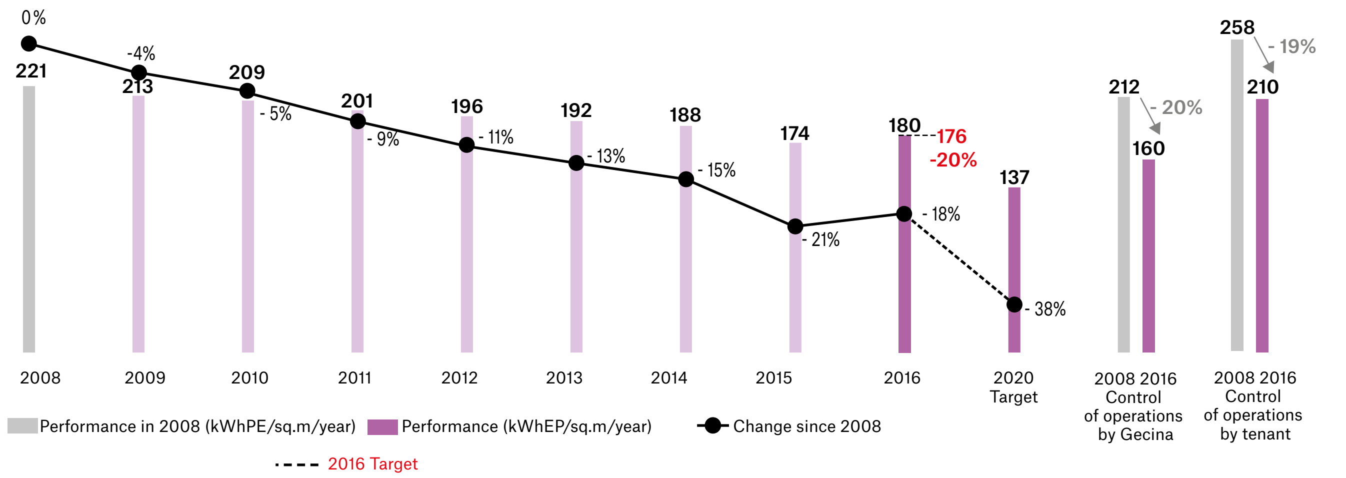
The constant improvement in the energy efficiency of our residential properties through a work plan and an optimized management of asset operation resulted in reductions of 18% in primary energy and 16% in final energy in 2016.

Changes in average energy consumption of residential properties depending on the level of control

	2008	2015	2016	Control of operations by Gecina (real consumption of collective heating)	Control of operations by tenants (consumption of individual heating estimated by 3CL method)
kWhPE	195,391,780	71,150,641	68,673,670	44,373,020	24,300,650
kWhPE/sq. m/year	**221**	**166**	**166**	**149**	**210**
Yoy change	-	-3%	0%	0.0%	0.0%
Change since 2008	-	-25%	-25%	-30%	-19%
kWhPE heating climate adjusted	195,391,780	74,658,628	74,537,574	50,236,924	24,300,650
kWhPE/sq. m/year climate adjusted	**221**	**174**	**180**	**169**	**210**
Yoy change	-	-7%	4%	0.0%	0.0%
Change since 2008	-	-21%	-18%	-20%	-19%
kWhFE	174,508,921	64,996,865	62,521,650	44,373,020	18,148,630
kWhFE/sq. m/year	**197**	**152**	**151**	**149**	**157**
Yoy change	-	5%	0%	0.0%	0.0%
Change since 2008	-	-23%	-23%	0.0%	0.0%
kWhFE heating climate adjusted	174,508,921	68,508,707	68,385,554	50,236,924	18,148,630
kWhFE/sq. m/year climate adjusted	**197**	**160**	**165**	**169**	**157**
Yoy change	-	-1%	4%	0.0%	0.0%
Change since 2008	-	-19%	-16%	0.0%	0.0%

Energy costs for residential assets amount to €3,848,748, or €9.3/sq.m. Actions implemented to improve energy performance in this portfolio generated savings totaling €116,910 for the tenants.

Average energy consumption (at 2008 constant climate) – Residential



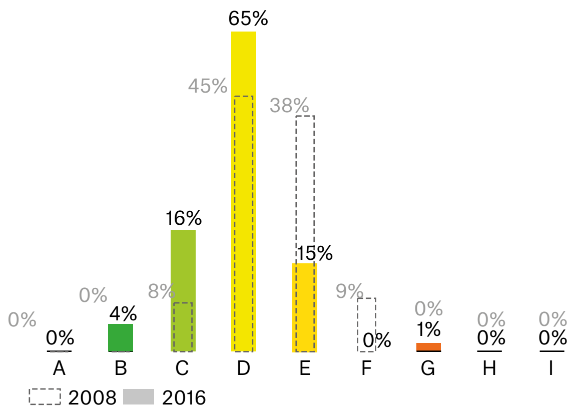
The slight drop in efficiency from 2015 (3% increase in primary energy consumption) is related in large part to a mid-season correction. In the case of a mild winter, there is indeed an overconsumption due to the fact that the equipments are set up to functionon the basis of low average temperatures, at least until adjustment.

However, actions taken generated an improvement in efficiency in three buildings:

- completion of the renovation of the deck roofs with reinforced thermal insulation, the replacement of external joinery and improvement of ventilation, and replacement of the radiators with the installation of thermostatic valves at the Docteur Roux residence located in Paris' 15th arrondissement;
- renovation of the deck roofs with reinforced thermal insulation on the building at 6/10 and 20 rue de Vouillé.

In addition, transactions concerning buildings in the residential portfolio also contributed to the drop in efficiency. The Mouchotte building (21,137 sq. m) sold in 2016 recorded an average consumption of 124 kWhPE/sq. m/year, while the three student residences (10,547 sq. m) included in the reporting had an average of 134 kWhPE/sq. m/year.

2008/2016 breakdown of residential properties by energy label (by number of properties)



Given the actions initiated on the portfolio since 2008, the number of assets in the least efficient categories has declined sharply. There are now no assets in the two most energy-consuming classes, and only seven buildings are in a class that consumes more than 230 kWhPE/sq.m/year.

More than 65% of the residential assets are in energy class D, a class that integrates the value set for the objective of the residential portfolio in 2016. The 20% increase in the number of buildings in class D reflects the work carried out on managing operations, showing a net improvement in the real efficiencies of the collective heating buildings.

20% 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.

The new methodology for calculating Energy Performance Certificates will negatively impact the efficiency of the residential buildings in 2017. A change in the distribution of the classes is planned as a result, and measures are currently being identified in order to reduce the impact.

7.3.1.2. Development of renewable energies

Approach

Gecina continues to pull out of carbon-intensive energy from fuel oil and coal and has rolled out several actions to increase the proportion of renewable energy in its energy mix:

- by installing in-situ energy producing facilities.
  - On properties with high demand for domestic hot water (such as student residences and company restaurants), part of this energy is produced by thermal solar sensors. This type of production is systematically integrated into corresponding developments. Thus, four student residences and five office buildings in operation were equipped with thermal solar panels in 2016. For example, 4% of the domestic hot water used by the restaurant in the 96/104 avenue Charles-de-Gaulle in Neuilly building is produced through solar energy (reducing the building's energy consumption by 7% as a result).
  - Gecina is studying the possibility of installing photovoltaic sensors depending on surface areas available on rooftops and exterior walls. Gecina launched a study on its property portfolio to identify production capacity and related profitability based on two scenarios: reselling the energy produced to the grid or using it in the building. For optimal return, only the solution consisting in rooftop installations is being studied. Depending on the results of this study of untapped resources, an in-depth analysis will be made on buildings that offer significant production potential.
  - Urban wind turbines are occasionally considered, as a temporary solution, for limited local needs;
- by choosing equipment that capitalizes on local resources.
  - Depending on the context, groundwater-source or earth-source geothermal systems cover all or part of heating and cooling needs, as, for example, in the case of the Vélum building in Lyon in operation, or the Grande Halle, which will be delivered in 2017;
  - Innovative domestic hot water preheating systems are being studied on future developments such as, for example, a digital boiler that recovers energy from computer servers for the building located rue Blomet in the 15th arrondissement of Paris (Stimergy), a heat pump for energy recovery from waste water presenting a high performance ratio (PAC F7), or the recovery of lost heat from the cold room units of company restaurants for the building located rue du Faubourg St Antoine (75012 Paris);
- by connecting buildings to urban grids mostly operating from renewable energy sources.
  - The integration of wood-fired power into the Paris CPCU grid (39 buildings, i.e. more than 30% of the property portfolio) and power supply to the Idex grid in Boulogne-Billancourt (2 buildings, i.e. 4% of the property portfolio) through a thermal-fridge-pump system benefits Gecina's energy mix. Two student residences in Palaiseau and Bordeaux, delivered in 2015, are connected to urban grids powered by a wood-fired plant.
  - Gecina is also considering the potential of connection to the urban cooling grid.

- lastly, and indirectly, by supplying buildings with green power generated from renewable sources. During the migration of contracts subject to historic regulated tariffs to market offers, Gecina chose to keep the 100% guaranteed renewable origin offers for a further 38 months. These contracts generated expenditure savings of 19.6%, used entirely to lower charges for its tenants. Discussions are already under way with gas suppliers to prepare for the changeover to contracts using biogas.

The energy mix is assessed by breaking down primary energy consumption in Gecina properties and by consulting the French energy production mix published each year by RTE and the data transmitted by distributors of heating and cooling networks.

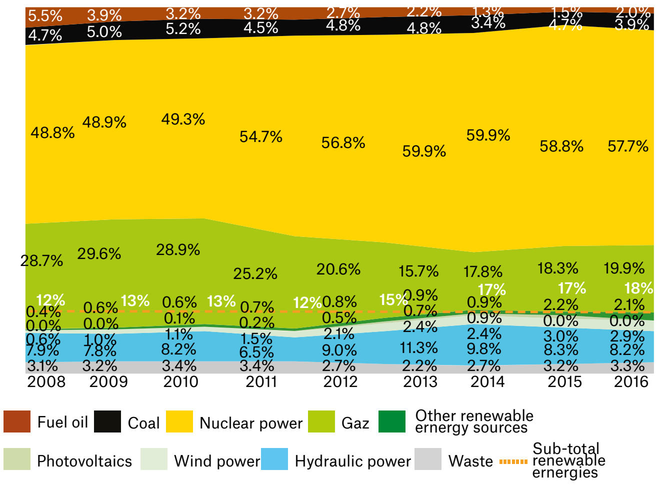
Analysis of performance

The preponderance of electricity in our properties is largely due to the relative increase of office surface area compared to that of residential properties. This has a positive effect on CO_2 emissions performance, given the French energy production mix.

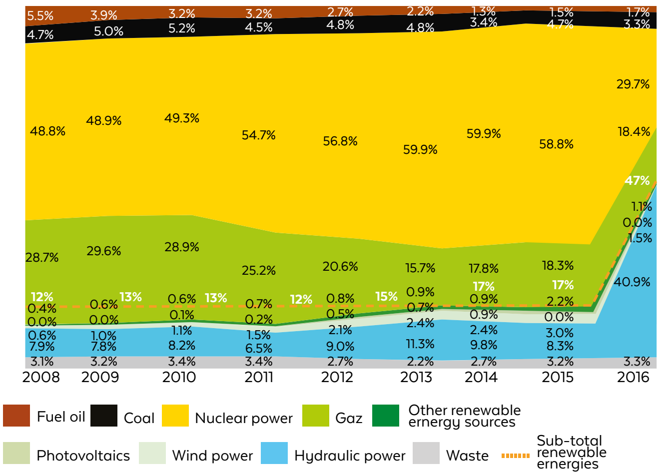
The share of renewable energies in Gecina's energy mix is stable at 18%, as there has been no significant change in the French context since 2013.

However, the choice of green power supply contracts for the entire consumption of the property portfolio purchased by Gecina supports the renewable sector. By including origins' guarantees in the energy mix, the proportion of renewable energy reaches 47%.

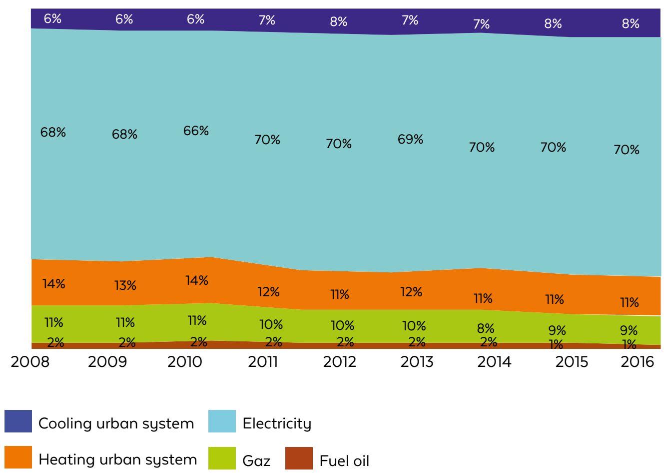
Changes in energy production method for Gecina's assets



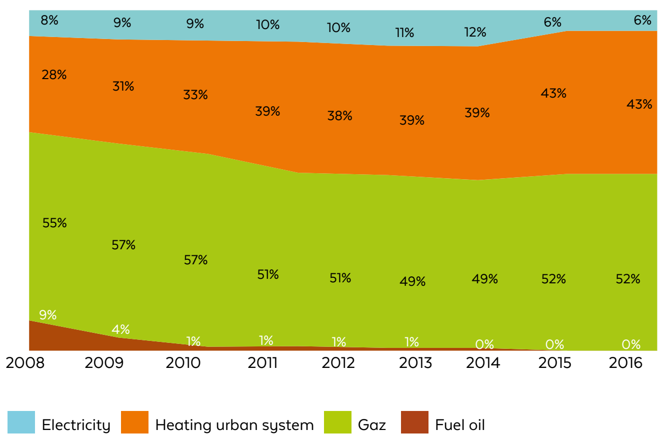
Change in energy production method for Gecina's assets (with Guarantees of Origin from renewable energy sources)



Changes in final energy mix for offices



Changes in final energy mix for residential



7.3.2. LABELING, CERTIFICATION AND ENVIRONMENTAL PERFORMANCE

KPI: % of surface areas delivered certified with a high level of certification / % of office space with HQE™ Operations certification
2016 objective: 100%/80%

7.3.2.1. Environmental Management System

Approach

Gecina has integrated environmental management principles into its management system for buildings in operation, in order to achieve optimal performance on the various responsible building themes (see Section 7.1.5.1. "Gecina's CSR trajectory" – Focus on the responsible building): determination of target performance objectives, establishment of actions to be implemented to achieve these objectives and definition of follow-up procedures (see Section 7.1.6.1. "CSR at the heart of the organization" – Focus on the CSR mapping of properties).

The certification body Certivéa has evaluated and recognized the quality of this management system with respect to its reporting standards, known as SMG (General Management System). Since 2010, the HQE™ Operations certification certifies the application of this environmental management system (EMS) for each of the office buildings concerned.

This process was extended in 2012 to the construction and reconstruction operations management system, to guarantee the achievement of best standards and prepare all projects for responsible operation.

Gecina implements its management system on all its buildings in operation and operations under construction. The environmental management tools and procedures are described in the table below.

Description of Gecina's Environmental Management System

	Construction phase	Operation phase
Process Breakdown according to the operational phases of the operating mode to be implemented on an operation	- 1. Programming - 2. Selection of stakeholders - 3. Design - 4. Development - 5. Commissioning	- 1. Operation of the building - 2. Renovation / Restructuring / Sale
Procedures Specific operating mode for carrying out recurring tasks	- Assessment of the environmental quality of the building - Assessment of skills - Management of differences - Capitalization of shared databases, specific to each of the phases	
	- Project audit - Market compliance	- Operations follow-up meeting - Processing of user claims - Budget management explanatory sheets - Evaluation of services - Works - Assessment of skills and training programs - Management of emergency situations and exceptional events - Action sheets - Launch of the certification process - Admission - Monitoring - Renewal - Management system review

	Construction phase	Operation phase
Standard documents “templates” to re-use and adapt to the specific character of each operation	- Buyer specifications - Environmental Occupancy Guide for operators - Environmental Occupancy Guide for users - Environmental Operations Guide	
	- Performance-driven program summarizing requirements in terms of quality, usage and technical and environmental performances for office buildings and student residences (document systematically integrating the NF Habitat HQE certification requirements) - Standard commitment for certification - Standard listing for environmental analysis - AMO HQE™ specification - Standard contract in check list form - Worksite Environmental Organization Charter	- Definition of the certification scope - Standard environmental commitment - Skill and training - Dashboard and action plan - Works - GOE - List of actually proven risks - Services evaluation sheet - Integration study - Waste management
Management tools Documents added to as project develops for monitoring targeted performance data	- Monitoring table for buildings certified HQE™ operations and construction / renovation - Steering Committee meeting	
	- “Responsible building” dashboard featuring the 11 technical themes for monitoring, at each phase, the technical solutions selected and the performance reached by KPI and related labels. - Capitalization table - Evaluation grid for design and implementation suppliers - Assessment of the operation - Operations sheet - Environmental sheet - Schedule of operations	- HQE™ Operations presentation - Internal audit report - Specifications for HQE™ technical studies - Operations meeting agenda - RMA Checklist - Environmental documents for leases - Gecina CSR policy - Training - Operations management system review - Air quality - Communications plan - Documentary management

Standard procedures and documents are shared with all parties concerned by the projects and buildings in operation and are available on the Gecina website (http://www.gecina.fr/en/portfolio.html).

In 2016, the two French building certification bodies, Certivéa (for commercial properties) and Cerqual (for residential properties), decided to unify their approaches by drawing up common construction and operation reporting standards, which they named SMR (Responsible Management System).

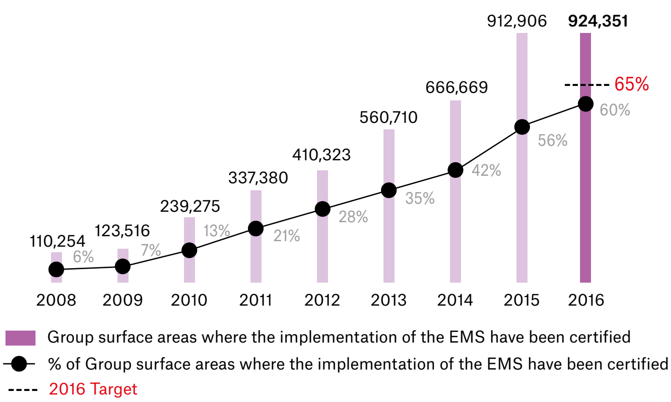
Gecina has already had its environmental management system certified by Cerqual and has obtained level 2 in maturity, on a scale of 3. All student residences under development are involved in the NF Habitat HQE certification process with this management system. Student residences in operation will be submitted for certification in 2017 through the NF Habitat HQE in operation reporting standards. Work has begun with residence maintenance companies to ensure that the certification requirements are incorporated into maintenance operations. Once this work is completed, the surface area where the implementation of the EMS has been certified will increase by 2 points and will reach 62%.

In 2017, the audit performed by Certivéa will determine the maturity level of Gecina’s management system for its commercial buildings with respect to its SMR (Responsible Management System).

Analysis of performance

Gecina pursues its certification process through third parties. Today, it has real estate assets under certified operation of 673,858 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 924,351 sq.m, i.e. 60% of surface areas. The limited certification rate in residential assets and the gap on the target for HQE™ Operations certification of office assets lowered this indicator. The objective to reach 65% of surface areas where the implementation of the EMS has been certified is missed.

Certification of EMS implementation ☑



7.3.2.2. Construction and renovation

Approach

Since 2005, Gecina has used the NF HQE™ Commercial Buildings certification for its office buildings under development. This was the only certification for this area in existence at the time and has since become the most widely used in France, as 82% of the 1,274 construction and renovation operations carried out in France are certified according to these reporting standards (source: 2016 Environmental Certification Survey; conducted by Greensoluce for France GBC, a non profit organization). While Gecina's initial choice has therefore been proven relevant, its 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.

On October 27, 2016, Certivéa launched a new certification known as HQE™ Green Building, in which Gecina actively took part. This new certification version covers the full range of environmental, societal, economic, digital and responsible project management issues by way of 28 themes, including noise pollution and new ones such as climate change, biodiversity, building services and the attractiveness of the territory. Gecina participated in the various working groups of the HQE Association (called now Alliance HQE-GBC France) on this theme and tested the new reporting standards on one of its operations under reconstruction: the building located 32 rue Guersant in Paris. Gecina has selected this new certification for its latest two operations currently in study phase: 7 Madrid and 75 Grande Armée.

Concerning the certification of its housing assets, after having selected the Habitat & Environnement (for constructions) and Patrimoine Habitat & Environnement (for reconstructions) certifications for its first operations, Gecina chose in 2016 the multi-criteria certification developed by CERQUAL, sector leader in residential certification in France, NF Habitat HQE™. This new benchmark is still structured around a responsible management system that includes for instance noise pollution and eight new themes: Safety and Security, Services and Transportation, Use of Ground Area, Waste, Biodiversity, Cost of Maintenance and Sustainability of the Envelope, Control of Consumption and Charges and Overall Cost. As for its office buildings, Gecina seeks the most ambitious levels of the certification: Profile A for operations seeking Habitat & Environnement or Patrimoine Habitat & Environnement certification or Excellent or Exceptional Level Passport for the NF Habitat HQE™ certification.

Gecina seeks to complement these certifications, selected as the basis of all its certifications, with other certifications or labels (LEED, BREEAM®, Effinergie+, Effinergie Rénovation, BiodiverCity©, Well, BBCA, Wired Score), with a view to bringing its operations more in line with the expectations of stakeholders, current and future tenants, investors and local authorities.

Analysis of performance

Two buildings were delivered in 2016, one under Gecina's management and the other acquired on a pre-construction agreement. These two buildings obtained a high level of certification, maintaining the indicator at 100% which is in line with the objective, as for the last three years.

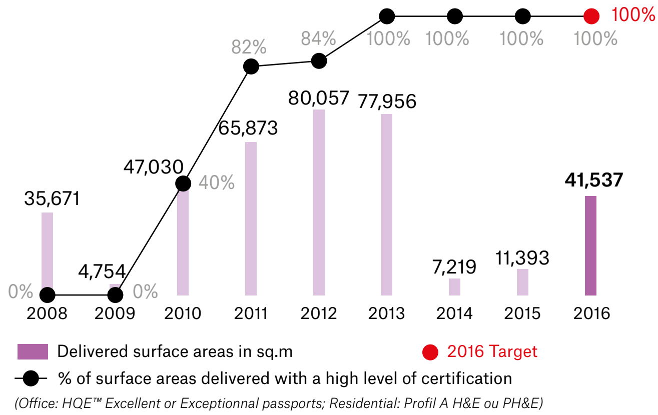
This performance demonstrates Gecina's command of the reporting standards, as well its policy to invest in high-quality new assets, by imposing this level of ambition on the operations that it acquires from other operators.

Moreover, the Cristallin building was the subject of a carbon efficiency research process with a Factor 4 objective, *i.e.* to cut down greenhouse gas emissions during operation by four after reconstruction. This modeled level of efficiency will be monitored when the building is in nominal operation, to guarantee the achievement of the objective.

The certification levels of the residential and office buildings delivered since 2005 are presented in detail on the Gecina website (http://www.gecina.fr/en/portfolio.html).

The overall costs incurred by Gecina in 2016 for the HQE™ certifications of its buildings under construction and reconstruction amount to €723,548.15. These costs include the fees of the certification body in addition to the supporting intellectual services.

Surface areas of office and residential properties certified with a high level of construction certification



7.3.2.3. Operations

Approach

To demonstrate that its operations are focused on environmental concerns, reveal the quality of its assets to its stakeholders (tenants and potential investors in particular) and generate value, Gecina set itself the objective of achieving HQE™ Operations certification for 80% of its office portfolio in 2016.

The HQE™ Operations certification is the most widespread initiative in France[3], and represents the most appropriate reference framework for Gecina's type of assets and for its property management activity. This 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).

In addition, in 2016 Gecina began to implement a specific process to deploy the NF Habitat HQE™ Operations reporting standards, published in 2015, to its residential portfolio.

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. The certification of each asset is re-assessed every five years.

Gecina's certification strategy is organized according to the operating mode of the asset and its intrinsic qualities:

- sustainable building focus and sustainable management focus certifications for buildings operated by Gecina, which have intrinsic qualities compliant with the expectations of the reporting standard;
- sustainable building focus and sustainable management focus certification for buildings operated by tenants, which have intrinsic qualities compliant with the expectations of the reporting standard. In this case, sustainable management focus certification is discussed with tenants, mainly through green lease meetings;
- sustainable management focus certification of buildings for which Gecina controls operations and which have insufficient intrinsic quality to be recognized by the sustainable building focus. In this case, a renovation work plan is created in order to achieve certification on the sustainable building focus, depending on what is possible when the building is in operation or when the tenant leaves it.

Certification of the residential portfolio concerns buildings operated for more than one year that have set up sustainable operation actions and demonstrate minimal qualities, either through construction certification or thanks to good results during an assessment to check their intrinsic qualities. Gecina therefore conducted a feasibility study on student residences operated for more than one year to initiate the certification process on the surface areas concerned.

Analysis of performance

At the end of 2016, Gecina's office portfolio with HQE™ Operations certification represented a surface area of 673,858 sq.m, or 78% of its total surface area, which is close to the 2016 target of 80%.

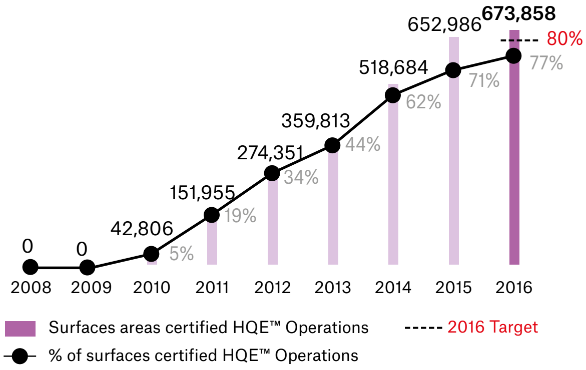
In 2016, eight assets, representing 107,378 sq.m and various characteristics were presented by Gecina for HQE™ Operations certification and attested by Certivéa:

- the Cristallin and City Lights buildings in Boulogne, recently delivered;
- the building located at 34 rue Guersant, acquired during the year, restructured in 2008;
- the 55 Deguigand building, built in 1968, and the Banville building, built in 1991, assets studied in 2015 for which work was required to meet minimum standards;
- the 9/15 Matignon building, built in 1900, and the 41 Montaigne building, built in 1924, present intrinsic qualities at the minimum level required considering the changes made in recent years, such as replacing the windows.

In addition, actions to improve the intrinsic qualities or operating conditions necessary to obtain the certification were identified for 11 buildings representing 8.7% of the surface areas of the property portfolio. These actions will be integrated into the work plans of these buildings according to budgets determined during asset reviews.

Three certified assets were sold in 2016, representing a surface area of 47,759 sq.m, *i.e.* 4% of the surface area of the property portfolio.

Office property surface areas HQE™ Operations certified



(Office : HQE™ Excellent or Exceptional passports ; Residential: Profile A H&E or PH&E)

The total cost of HQE™ Operations certifications including the costs of project management support and certification in 2016 was €426,418.

The results of these feasibility studies conducted on recent residences have encouraged Gecina to contract with Cerqual and become involved in the operations certification process. The operations management system recognition audit was carried out in the first quarter of 2016 and the findings were favorable to its recognition with regard to the student residences. In 2017, the operating contracts signed with maintenance companies will be reviewed to include the residences delivered since 2011 in the NF Habitat HQE™ operations certification process.

(3) In France, 176 assets are certified HQE™ Operations, 100 BREEAM in use and two LEED EBOM, 85% of which are office buildings (source: Operations certification – 5 years later – OID – November 2014).

Gecina also uses a standard developed with Interface 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 8 by tenants), 14 restaurants were already involved in a certification process in 2016.

7.3.2.4. Green leases and environmental appendices

Approach
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.

Gecina viewed the environmental appendix as an opportunity to implement progress for the mutual benefit of the CSR strategy of Gecina and the one of its customers, and in 2010 signed green leases with its partner-customers for new buildings. Gecina also devoted several meetings of Gecina Lab, the group's think tank, to the themes of sustainable development in order to spread good practices and promote dialogue with its customers on this approach. Since 2011, all new leases signed by Gecina concerning surface areas exceeding 2,000 sq.m include an environmental appendix. As a link between participants, it helps to ensure consistency between the various real estate-specific environmental themes and has proven to be a key factor in the success of the HQE™ Operations certification processes. In 2012, Gecina wanted to strengthen this process by progressively deploying the signature of environmental appendices with all its customers. Since then, therefore, the Gecina teams have set up personalized meetings with customers to explain the content and issues of environmental leases. In order to succeed in this process, during the initial phase priority has been given to customers of buildings in which at least one "regulatory" green lease (for an area > 2,000 sq.m) has to be signed.

Above and beyond regulatory obligations, the detailed structure of the contracts proposed by Gecina are as follows.

1. **Obligations assumed by Gecina:**
   - set up a technical "building environmental audit" in order to determine its performances for setting general and specific environmental objectives to be achieved,
   - update the environmental audit every three years to monitor the environmental performance of the building and improve it where possible,
   - undertake compliance and improvement of energy and environmental efficiency work on equipment for which it is responsible,
   - review these environmental commitments with the parties concerned with managing the building or occupying the leased premises, especially with the building manager, maintenance and care-taking companies;
2. **Obligations assumed by the customer (in adopting an eco-responsible attitude towards the use of the leased premises):**
   - review the environmental and social commitments determined by the lease with the contracting parties in connection with the occupation of the premises and especially with maintenance and care-taking companies,
   - share information related to the various energy consumption data with Gecina, including energy, water, waste processing, etc., in order to monitor performance,
   - cooperate in obtaining a certification or accreditation for the building,
   - accept the constraints required for obtaining or maintaining certifications and/or accreditations.

This practice and experience in implementing environmental appendices have resulted in the emergence of different types of customers:

- those who welcome this process positively as being in line with their own CSR goals and objectives;
- those who spontaneously voice several reservations:
  - a reluctance to see environmental or green clauses written into the lease, perceived as solely a way to enhance the value of Gecina's real estate properties,
  - reluctance with regard to exchanging information that could relate to their business,
  - a fear of having to assume major costs and constraints in return for accounting for the energy performance of the building and environmental targets (especially the completion of major work at the lessor's initiative),
  - or the fear of having to demonstrate the achievement or lack of achievement of fixed objectives.

The absence of sanctions and the current market oversupply drives reluctant customers to wait for the renewal date on their leases to begin discussions about the potential signature of an environmental appendix.

In 2016, Gecina continued its efforts to convince these customers, since the achievement of its objectives for reducing energy use and GHG emissions must necessarily involve a process shared with occupants, considering energy consumption and GHG emissions from the occupants account for between 30% and 35% of total consumption.

Analysis of performance
Thus, Gecina signed an environmental appendix with all its office and retail tenants in the Mercy Argenteau building, even though the surface area of each tenant is less than 2,000 sq.m.

Green leases signed according to surface areas

	Assets number			Surface areas			Rent		
	In nb	In %	*Change 2015-2016 in %*	In sq.m	In %	*Change 2015-2016 in %*	In k€	In%	*Change 2015-2016 in %*
Green leases > 2,000 sq.m	57	84%	*10%*	577,929	88%	*6%*	259,246	89%	*6%*
Green leases < 2,000 sq.m	195	45%	*32%*	102,421	55%	*23%*	48,415	52%	*41%*
TOTAL	**252**			**680 350**			**307 661**		

At December 31, 2016, the determination of Gecina staff again resulted in a significant increase in the number of green leases signed, with 252 green leases recorded in the accounts, representing 17% more than in 2015.

57 of them cover surface areas greater than 2,000 sq.m; these represent a rate of signature of 84% (against 77% in 2015) and 88% of the surface areas and rents (against 84% in 2015). Of the eleven unsigned leases greater than 2,000 sq.m, one is the object of a dispute for another reason, the negotiation was not thus begun about environmental issues. Seven are the subject of negotiations with the tenants with the prospect of signature in 2017; two are due to expire in the first half of 2017 and only one was refused by the tenant.

195 leases were signed for surface areas under 2,000 sq.m, and therefore carried no obligation for an environmental appendix. they represent a rate of signature of 45% (against 34% in 2015) and 55% of the surface areas (against 44% in 2015) and 52% of rents (against 41% in 2015).

7.3.3. IMMATERIAL VALUE, WELL-BEING AND PRODUCTIVITY

> KPI: % of properties with high productive efficiency (categories A, B and C)
> 2016 objective: 70%

It has long[4] been established that various characteristics of an office building, including comfort, interior air quality, acoustical performance, the quality of the office space and workstation planning, as well as the location, have an influence on the productivity of occupants.

Likewise, in the residential sphere, most of these factors have an impact on the initial choice of the residence but also on the well-being of occupants.

Gecina decided to perform detailed monitoring on these subjects throughout its properties *via* the following themes and indicators:

- the productive effectiveness of office buildings, an indicator developed with Goodwill Management, the calculation methods of which is detailed in Section 7.3.3.1. of office buildings". Comfort (thermal, visual, acoustic) and sanitary quality (interior air, water), while integrated with other themes in this indicator, have specific monitoring arrangements, described in Sections 7.3.3.2 and 7.3.3.3.;
- since location has an extremely important weighting in terms of productivity gains, often in the order of 50%, Gecina assesses the portion of its commercial and residential properties located near public transportation infrastructure (see Section 7.3.3.4. "Transportation and connections");
- Gecina wishes to address the widest audience possible and assesses areas accessible to people with reduced mobility through specific methods (see Section 7.3.3.5. "Accessibility of persons with disabilities").

7.3.3.1. Productive efficiency of office buildings

Approach

Productivity is defined as the quantity of service or goods produced divided by the cost of labor. For example, a productivity gain of 3% means that people can produce 3% more at constant wage costs or that their production may be invariable with a like reduction in cost of labor. Thus a gain in productivity means an increase in operating profit for a company occupying a building.

Studies conducted with Goodwill Management in 2013(5) 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).

(4) Brill, Michael, et al. "Using Office Design to Increase Productivity, Workplace Design and Productivity", Buffalo Organization for Social and Technological Innovation (BOSTI), 1984.
Wyon, David "Predicting the Effects of Individual Control on Productivity", White Paper 960130, 1996.
(5) http://immobilierdurable.eu/medias/sites/5/2014/09/Fustec-Carpier-Dieulesaint-valeur-immat%C3%A9rille-2013.pdf (in French).

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 shops and transportation)	+€619,498
Expenses linked to the building's additional rent	-€726,083
TOTAL (GAINS FOR THE TENANT)	**+€1,151,000**

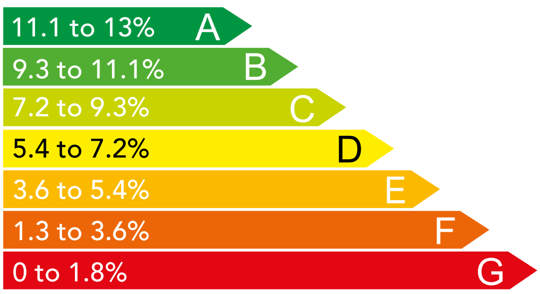
Based on this conclusion Gecina wanted to measure the contribution of its office buildings to the productivity of their occupants under the concept of "productive efficiency", based on the method presented in page 235 of the Gecina 2015 Reference Document. In 2014, to improve the accuracy of this indicator, all employees working on its office property portfolio were mobilized to assess the various characteristics of the buildings more precisely. In 2016, the scope of analysis was updated to take account of disposals, acquisitions and commissioning of buildings within the asset portfolio.

Convinced of the interest in sharing these studies and results among real estate stakeholders, in 2015 Gecina decided to join a task force composed of around ten businesses that are users of real estate, real estate firms, or property developers, in order to determine and test a detailed methodology to measure the productivity generated by the intrinsic qualities of an office building (see http://www.gecina.fr/fr/rse/enjeux-et-parties-prenantes.html).

Evaluations of the characteristics of each of the buildings (source data used for this indicator) were taken into account to determine how to improve the efficiency of the properties, integrated into action plans to improve efficiency (see 7.1.6.1. "CSR at the heart of the organization/Focus on the CSR mapping of Gecina's properties)."

Gecina expressed the result in the form of a "productivity labeling" – similar to the energy label – in seven classes, from A to G. Class "A" corresponds, for example, to a productivity gain of between 11.1% and 13% and class "G", from 0 to 1.8%.

Productive efficiency labels

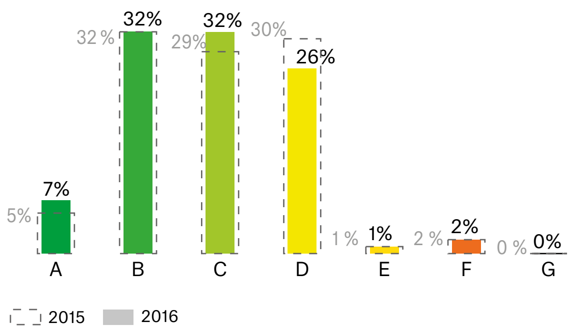


Analysis of performance

Gecina has set itself a 70% objective for its properties, in number of buildings, in a productive efficiency class A, B or C, *i.e.* presenting a productivity gain potential of more than 7.2% for its occupant.

In 2016, the objective was reached with 71% of buildings assessed in class A, B or C, representing an increase of 14% with respect to 2013. This change is linked to both actions in buildings as well as, and especially, divestments of properties. In 2016, in effect, Gecina sold off five assets presenting a productive efficiency rating lower than C, due primarily to their location (fairly low potential for improvement). Furthermore, eight assets ranked in class D presenting a satisfactory location (less than 400 m from public transportation – see 7.3.3.4. "Transportation and connections") are undergoing reconstruction to improve their potential. Works have already begun on two of them. Gecina also acquired two assets in 2016. One of them is already under reconstruction with a view to achieving a high productive efficiency class. The second is still in operation. Currently in class D, it has the benefit of a good location (34 rue Guersant) and will be the subject of a joint redevelopment operation with an adjacent building owned by Gecina, which is scheduled for delivery in 2018. Therefore, the strategy implemented to create a complex of nearly 20,000 sq.m, rare in the heart of Paris, allows the development of significant operational synergies in services to tenants, which improve the productive efficiency class of the complex thus created.

Breakdown of Gecina properties by productive efficiency class



7.3.3.2. Thermal, visual and acoustic comfort

Approach

Although difficult to grasp, comfort (including thermal, visual and acoustic aspects) is an element that illustrates how the quality of an asset is felt by occupants in both office and residential properties.

This theme is assessed specifically on the assets developed by Gecina.

With regard to office properties, the performance program (see Section 7.3.2. "Labeling, certification and environmental performance") defines the "Efficient" level as the minimum standard to achieve for targets 8 (hygrothermal comfort), 9 (acoustic comfort) and 10 (visual comfort) in the NF HQE™ Commercial Buildings certification. These levels guarantee a high potential for tenants regardless of future fit-outs.

"Profile A" of the Habitat & Environnement certification is used for student residences, applying a higher level to the acoustic theme than that provided for in the regulatory framework. With regard to operations requiring NF Habitat HQE™ certification, this subject is dealt with through the theme linked to quality of life. Where the reference guidelines are those of renovation, the certification is extended to include the acoustic option.

For properties in operation, the comfort level is measured through two tools depending on the asset type: certification and the productive efficiency questionnaire for office buildings.

Actions implemented by Gecina regarding the energy efficiency of a building, such as installing double glazing to replace windows and insulating the outside walls of residences, reduce the effects of cold walls and the sensation of drafts and improve comfort for occupants. While in housing units, the impact of external noise pollution can be controlled by replacing windows, improving indoor acoustic levels in office spaces requires solutions that may only be implemented in unoccupied spaces. In order to improve knowledge of its certified properties and identify areas of improvement, the indoor and outdoor acoustic quality of several assets have been measured. In addition, certified assets that have not been measured are assessed through the level achieved for target 9 (acoustic comfort) of the HQE™ Operations certification (generally Basic or higher level where the building was developed by Gecina such as the Magistère, which has a Very Efficient level). The productive efficiency assessment questionnaire also identifies office assets in operation that will require work to improve comfort levels.

The comfort of Gecina's buildings also constitutes an element of dialogue with occupants.

With regard to commercial properties, tenant meetings are an excellent platform for discussion on the subject, especially when drawing up a green lease. The direct link with energy use leads to setting out shared action plans, such as reducing set point temperatures, which simultaneously guarantees occupant comfort and energy savings. In order to detect any malfunctions that could affect the comfort of occupants and optimize the time for repairs, Gecina has rolled out an application to handle tenant requests and monitor related actions on 18 buildings.

With regard to the residential arena, comfort issues are discussed during Collaborative Rental Councils. Overall solutions at the level of all properties, concerning the relationship between comfort and operators' interest in heating operations, or specific to certain buildings, focusing on the different temperatures in units depending on climatic exposure of facades, are reviewed during these councils. In addition, building caretakers and site staff in student residences take in tenant complaints to rapidly resolve any malfunctions.

The implementation of an extranet portal is intended to further optimize monitoring of this relation.

Analysis of performance

All the results show a comfort level exceeding standards (Basic level of certifications) in the large majority of Gecina's certified properties.

Evaluation of comfort through certification

Perimeter	Number of certified assets	Indicators	Category	Number of assets that have reached the level	
				Efficient	Very efficient
Office properties under construction (HQE™ Construction et HQE™ Renovation)	7	Hygrotherrmal comfort	Target 8	2	4
		Acoustic comfort	Target 9	5	0
		Visual comfort	Target 10	4	0
Office properties in operation (HQE™ Operation)	35	Hygrotherrmal comfort	Target 8	10	14
		Acoustic comfort	Target 9	2	0
		Visual comfort	Target 10	22	0

Thermal, visual and acoustic comfort is assessed through "wellbeing" and "serenity" categories of the productive efficiency questionnaire. For commercial properties in operation, actions and disposals carried out in 2016 had no impact on the average results of properties compared to 2015.

Evaluation of comfort by measuring productive efficiency

Rank awarded*	Thermal comfort	Visual comfort		Acoustic comfort	
	Heating and cooling	Solar glare control	Lighting	Indoor noise	Outdoor noise
0	Identified comfort issue	No protective system, clear glass	Artificial lighting is too weak in the daytime	Poor indoor acoustic insulation causing major disturbances for work	Very noisy neighborhood and no reinforced insulation on glass surfaces
	2 Nb. of assets	*23 Nb. of assets*	*0 actif*	*1 actif*	*2 Nb. of assets*
4	Adjustment of overall comfort level for the building	Interior shades	Artificial lighting is too weak at night	Some office areas have poor indoor acoustic quality	Poor attenuation of outdoor noise
	5 Nb. of assets	28 Nb. of assets	1 actif	3 Nb. of assets	5 Nb. of assets
8	Adjustment of comfort level by floor	Interior shades & double glazing with glare control	Artificial lighting is required by day in many offices	Some office areas have passable indoor acoustic insulation	Outdoor noise is attenuated but can still be bothersome
	13 Nb. of assets	16 Nb. of assets	21 Nb. of assets	25 Nb. of assets	21 Nb. of assets
12	Adjustment of comfort level by office	Double glazing with glare control & fixed sun screens	Artificial lighting is required by day in some offices	Office areas are insulated, but common areas, such as entryways and cafeterias, have poor indoor acoustic quality	Area undergoing urbanization, disturbances only during construction periods
	11 Nb. of assets	14 Nb. of assets	19 Nb. of assets	9 Nb. of assets	7 Nb. of assets
16	Adjustment of comfort level by office, manual adjustment	Fixed sun screens & reflective double glazing	Some rare non-office areas where artificial lighting is too weak	Office areas are insulated, but common areas, such as entryways and cafeterias, have passable indoor acoustic quality	Outdoor noise is extremely attenuated (no disturbance)
	16 Nb. of assets	*4 Nb. of assets*	*27 Nb. of assets*	*25 Nb. of assets*	*36 Nb. of assets*
20	Automated adjustment of optimized comfort, with possible manual adjustment provided	Automatic sun screens & reflective double glazing	Optimal lighting everywhere and at all times	There are no areas, whether office space, meeting rooms or common areas, near noisy areas, such as machine rooms or boiler-rooms.	No outside noise
	29 Nb. of assets	*1 Nb. of assets*	*8 Nb. of assets*	*13 Nb. of assets*	*5 Nb. of assets*
MOYENNE	**14.5**	**5.2**	**13.4**	**13.4**	**13**

** Each of the three persons in charge assigned a rating equal to 0, 4, 8, 12, 16 or 20. An average was then calculated based on those 3 ratings (if the rating for one item was 8, 8 and 12 for example, the average would be 9.3).*

7.3.3.3. Sanitary quality (air and water)

Approach

Because of its importance for public health and the difficulty in identifying all the factors affecting the sanitary quality of buildings, Gecina is continuing its action as an extension of previous years' work, by:

- implementing the resources and solutions for which certain positive impact has been identified;
- adopting suitable measures in areas much less well documented to enhance available data and improve correlations;
- participating in dedicated work groups to improve knowledge on the subject (see INSPIR approach p. 239 of the 2015 Reference Document).

All technical specifications have been revisited in order to give priority to the most efficient ventilation systems, the materials having the labels and certifications with the highest performances (class A+, European Ecolabel, GUT, Blue Angel, White Swan, etc.) and the conditions for their implementation (protection of materials against humidity during site work, for example).

In new constructions, these requirements have been described in commercial and student residence performance programs. These specifications are submitted to design teams at the beginning of a program. For work being done in operational buildings, the descriptions of interior fixtures and fittings for private and shared areas of both company and residential buildings also integrate these requirements.

With regard to office properties, the performance program defines the "Efficient" level as the minimum standard to achieve for targets 11 (olfactory comfort, related to the comfort theme) and 13 (health quality of air, related to the health theme) for the NF HQE™ Commercial Buildings certification.

"Profile A" of the Habitat & Environnement certification is used for student residences. This includes air sanitary quality aspects (mainly theme 6). Where the developed reporting standard is that of renovation, the certification covers this theme through three areas: the sanitary quality of housing units, the facilities of common areas and technical equipment of housing units. Buildings located close to high urban pollution areas presenting a risk related to fine particles are fitted with dual flow systems. An example is the Cité Cinéma student residence delivered in 2014 (see p. 267 of the 2014 Reference Document).

Since 2011, in anticipation of specific future regulations, Gecina has carried out interior air quality measures at handover of buildings based on HQE™ Performance "Evaluation of interior air quality of a new or renovated building" using a standardized methodology involving a pump system and passive measures with a Radiello tube.

In the same respect as comfort, air quality is evaluated through certification and through the air quality score in the productive efficiency questionnaire.

Through this questionnaire, Gecina identifies those assets among its office properties that will require work to improve their sanitary quality. As shown by the experiment conducted at Gecina's head office and also carried out on the Tour Mirabeau building (Paris 15th), sanitation works on ventilation systems play a major role in indoor air quality (see p. 239 of the 2015 Reference Document). Given the results of these first tests, the extension of this action to the entire property portfolio has already been scheduled. This should increase ratings for the ventilation and air quality criteria of productive efficiency.

Analysis of performance

All the results show a sanitary quality level exceeding standards (Basic level of certifications) in the large majority of Gecina's certified property assets.

Evaluation of air quality through certification

Perimeter	Number of certified assets	Indicators	Category	Number of assets that have reached the level: Efficient	Very efficient
Office properties under construction (HQE™ Construction et HQE™ Renovation)	7	Health quality of air	Target 13	2	4
		Olfactory comfort	Target 11	3	3
Office properties in operation (HQE™ Operation)	35	Health quality of air	Target 13	13	3
		Olfactory comfort	Target 11	14	0

Sanitary quality is evaluated through the "ventilation" and "air quality" categories of the productive efficiency questionnaire.

For commercial properties in operation, actions and disposals carried out in 2016 had no impact on the average results of properties compared to 2015.

Evaluation of air quality by measuring productive efficiency

Rank awarded*	Ventilation	Air quality
0	No mechanical ventilation	Interior air quality problem noted by occupant complaints, headaches, odors, etc
	11 assets	*0 asset*
4	Old ventilation system or one with defects	Mediocre fresh air renewal
	7 assets	*14 assets*
8	Old ventilation system functioning properly	Constant air renewal without fresh air filtering
	20 assets	*9 assets*
12	Recent ventilation system	Constant air renewal with treatment of fresh air
	15 assets	*43 assets*
16	Recent, good quality ventilation system	Flow adapted to occupation and treatment of fresh air (pollen and bacteria filters, no VOC capture)
	19 assets	*7 assets*
20	Innovative latest-generation ventilation system	Flow adapted to occupation and treatment of fresh air (pollen and bacteria filters, VOC capture)
	4 assets	*3 assets*
AVERAGE	**10.2**	**11.0**

* *Each of the three persons in charge assigned a rating equal to 0, 4, 8, 12, 16 or 20. An average was then calculated based on those three ratings (if the rating for one item was 8, 8 and 12 for example, the average would be 9.3).*

7.3.3.4. Transportation and connections

Approach

Gecina has made it a priority to develop real estate assets close to public transportation (buses, metros, RER trains, tramways, trains and public bicycle rental stations) in order to improve the productive efficiency of its buildings and their contribution to the productivity of their occupants (see Section 7.3.3.1. "Productive efficiency of office buildings") and to limit the extended carbon footprint of its property portfolio by reducing the emissions generated from the commuting of occupants (see Section 7.4.1. "Climate change and greenhouse gas emissions" Two indicators have been selected to measure these impacts.

Gecina evaluates the percentage of surface areas of its property assets located at less than 400 meters from public transportation infrastructures. As this distance corresponds to less than ten minutes of walking, it appears as a reasonable period for returning home or going to work using public transportation. Initially based on addresses, the indicator's methodology was upgraded in 2015 to include the GPS coordinates of building entrances and transportation infrastructures as markers.

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 transport. Thus, since 2014, Gecina has been monitoring the proportion of its property holdings that have access to alternative modes of transport: buildings with bicycle shelters, infrastructure for recharging electric vehicles and/or carpooling spaces.

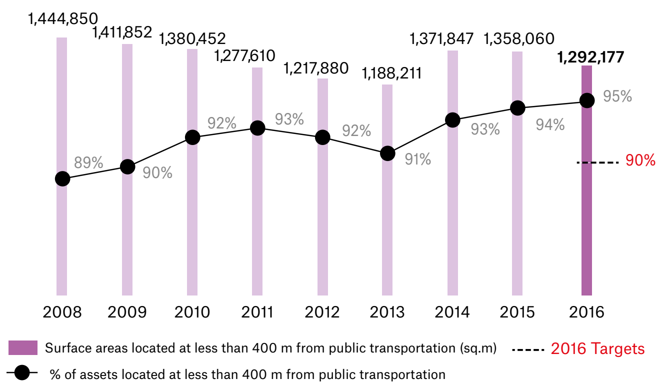
Analysis of performance

With 95% of its properties located less than 400 meters from public transportation (98% for office assets and 89% for residential assets), the Group has maintained a performance level that exceeds the 90% fixed for 2016.

The 7% increase in this indicator compared to 2008 is linked to Gecina's acquisitions and sales policy.

In 2016, two new assets (CityLights and 34 Guersant) that came into operation are located less than 400 meters away from public transportation. Two other assets acquired in the year for reconstruction, Ibox located close to the Gare de Lyon train station and 7 Madrid close to the Gare Saint-Lazare train station, will help to further improve the performance upon their delivery.

Change in the connectivity of the property portfolio ☑

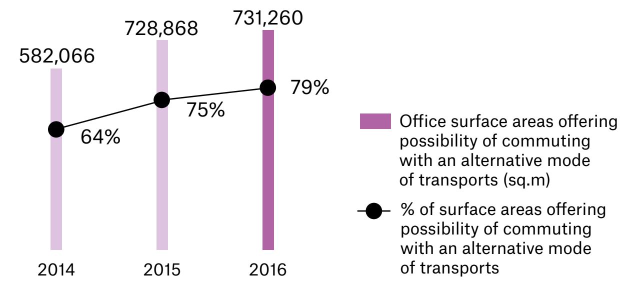


In 2016, 79% of offices offered tenants the possibility of commuting with one of the three alternative modes of transports, up by 4% compared to 2015.

77% of commercial surface areas are equipped with special parking areas for bicycles, which represents a 4% increase compared to 2015.

45% of the same areas have facilities for recharging electric vehicles, as in 2015. Although this system is required by law for single-tenant buildings (decree no. 2011-873 of July 25, 2011 of Article 225-105-1 of the French Commercial Code), Gecina has studied the opportunity of setting up several new facilities in multi-tenant buildings to meet the growing demand for such equipment. Works will begin in 2017. In all the buildings under reconstruction or construction, these facilities will be installed before delivery.

Changes in accessibility to properties by alternative means of transportation



7.3.3.5. Accessibility of people with disabilities

Approach

The regulations regarding accessibility for people with disabilities only applies to premises declared as public access establishments by Gecina's clients and not to all surface areas in properties. Such premises were identified in 2015 and can be found in 90 buildings within Gecina's property portfolio. Public access audits have been performed on all these premises. They are included in the Ad'AP (Scheduled Accessibility Agenda) accepted by the *Préfecture* in February 2016. This Ad'AP will be used for the compliance upgrade of these premises by the end of 2021.

This system adopted by Gecina allows the company to comply with all regulatory requirements concerning public access establishments.

In addition, in order to anticipate the potential needs of its tenants and strengthen its societal commitment, Gecina wanted to exceed its obligations by appraising its property portfolio according to the public access establishment accessibility criteria. The results presented below therefore reflect a proactive process by Gecina, which has been conducting public access establishment-type Communal Area Accessibility audits since 2010, on both residential and office buildings. These audits are intended to identify works to be carried out to make Gecina's property portfolio accessible to all people with disabilities, by meeting and exceeding the obligations of the French Labor Code and the Construction and Housing Code which govern its property portfolio.

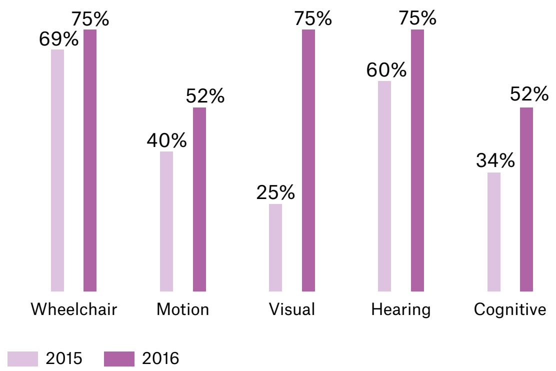
In an effort to enhance clarity regarding the accessibility of its property portfolio, Gecina helped to prepare a new certification created by Certivéa, due to be launched in Spring 2017. This is the "LA Accessibility Label".

Analysis of performance

The first year of the Ad'AP was essentially devoted to creating "tools", such as a Signage Charter and terms of reference for the technical teams and subcontractors in order to propose effective, long-term solutions. In 2017 and 2018, effort will be devoted to access works to public access establishments, regardless of building type, and Gecina will focus on carrying out access work on retail outlets if the tenants are unable to complete such work within the next two years. Lastly, in 2021, Gecina will focus on obtaining accessibility certifications.

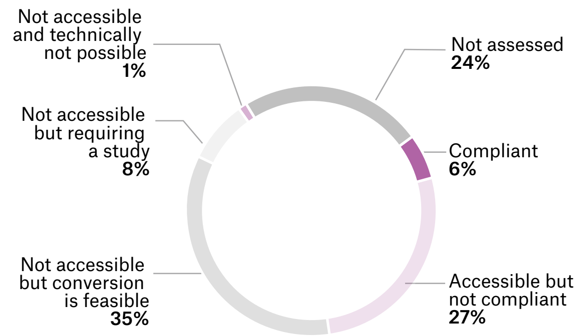
Concerning its proactive process, there was a significant increase in the percentage of buildings with communal areas audited according to the public access establishment assessment criteria. The five types of disabilities taken into consideration are: wheelchair users, people with reduced mobility, sight-impaired or blind people, deaf or hearing-impaired people, and people with cognitive disorders.

Surface areas of communal areas audited for accessibility by type of disability (office and residential)

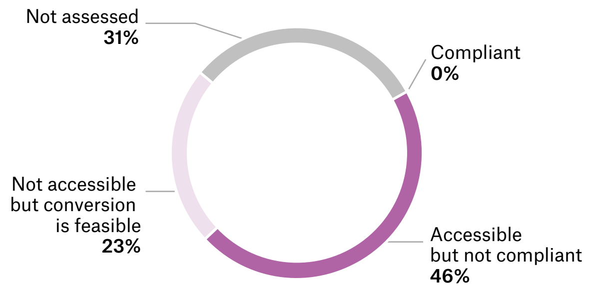


For the most restrictive disability in terms of physical mobility and buildings, accessibility for wheelchair users, office surface areas meeting the public access establishment standard represent 6% of total office surface areas audited. In all, 76% of audited surface areas for offices compared to 69% for the residential portfolio are accessible or adaptable to this disability. Only 1% of the surface areas of office buildings present technical challenges making it impossible for their communal areas to be rendered accessible. 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 properties (in proportion of surface areas)



7.3.4. SECURITY AND CONTROL OF RISKS

KPI: % of properties with a "Very Efficient" or "Efficient" rating

2016 objective: > 70%

Approach

The methodology for the management and control of property risks (that could have an impact on safety such as risks related to asbestos, lead, fire, water quality, wet cooling towers, floods and soil contamination) as well as Gecina's performance in this respect is set out in Section 1.7.5.1. "Real estate risk management".

Analysis of performance

The percentage of properties with a "Very Efficient" or "Efficient" rating was 87.2% in 2016. In 2016, Gecina further improved its coverage of property risks by 0.6% compared to 2015, exceeding its 2016 objective of 70% for the fifth year running. Following the introduction of stricter regulations, in 2016 Gecina decided to perform asbestos audits on its properties with the aim of implementing appropriate solutions if necessary. Accordingly, performance on this theme improved by 7%, rising from 90.1%

in 2015 to 96.6% in 2016. Gecina has no amount set aside as provisions or reserves to cover environmental risks.

Focus on risks related to climate change

The real estate sector is directly impacted by global warming. The increase in the number of extreme events related to this phenomenon has a definite effect on buildings[6]:

- existing buildings because severe storms, floods and forest fires lead to more repairs and even reconstruction, and impact insurance costs. The growing number of heat wave[7] also affects air-conditioning requirements and increases energy loads while unit costs are rising;
- buildings under development because the risk of increased rainfall encourages local authorities to require harvesting or even infiltration of rainwater, which requires land space and limits areas for construction. New ways to design and build must be devised to adapt buildings to deteriorating climate conditions while preserving occupant comfort and limiting energy requirements. The increase in the number of bad weather days also poses a risk of construction delays.

The location of the assets therefore becomes crucial when assessing their potential vulnerability. Gecina's property holdings are primarily located in high-density city centers (Paris, Lyon, Bordeaux, Marseille, Lille) and therefore are severely impacted by all these issues. Upstream of the Gecina value chain, the industry of construction materials is very affected by climate change, which could result in an increase in real estate development costs.

For each risk related to climate change and inherent to its business that has been identified in the risk mapping (see 1.7 "Risks"), Gecina analyzes the impacts and determines the related control mechanisms. This approach is used again in the data reported to the Carbon Disclosure Project (public elements).

With regard to properties in operation, Gecina has strengthened its systems based on the extent of the constraints at each location and is implementing anticipatory measures to guard against risks such as flooding (application of the model of the 1910 Great Flood of Paris) or natural disasters. In addition to ensuring that the properties themselves are more resilient to major disasters, scenarios are prepared, under the authority of a duly constituted disaster unit, detailing what needs to be done to mitigate the consequences and costs of such disasters and facilitate the restart of operations. This system was not implemented during the floods that occurred in Paris in June 2016, since only six buildings in the portfolio suffered minor deteriorations. All claims have been identified and are being processed accordingly.

The increase in energy costs, linked to an increase in unit prices or the introduction of taxes such as the carbon tax, is a significant and direct risk which has an impact not only on the fees paid by Gecina but also on those paid by tenants. This additional cost is valued at €0.73 million for 2016 for the entire property portfolio, based on the current carbon pricing system (€22/t CO_2).

Energy additional costs modeling related to the Carbon tax increase

	2016	2017	2020	2030
Tax (€/t CO_2)	22.0	30.5	56.0	100.0
Amount (M€)	0.73	1.01	1.86	3.32

Several solutions have been identified to control this risk, including the reduction of consumption (improvement in the intrinsic efficiency of buildings, better use of facilities, etc.), increased monitoring of energy purchases (purchase of green energy, competitive tenders, etc.) or the gradual development of renewable energy sources for its buildings.

With climate disruptions (hotter summers and the effects of increased heat islands) coupled with the ever-increasing energy needs of users, Gecina is constantly improving the management of its buildings. In fact, the estimated impact from heat islands is up to 15% increase in the use of air conditioning during a quarter of the year, which represents an average extra cost of €0.2 million per year.

The solutions implemented on its properties to improve the energy efficiency of its buildings are described in Section 7.3.1. "Energy efficiency and renewable energy".

At the same time, Gecina has launched an in-depth study to analyze what needs to be done (technically and managerially) to adapt its property assets to the effects of climate change by 2030/2050. For example, it seems unrealistic to Gecina to imagine a future in which a building would not be cooled to counteract temperature spikes resulting in heat waves in the Paris region of well over 40°C. A summary of the study is available in the climate report published on the subject (http://www.gecina.fr/en/csr.html). The challenge will be to anticipate what future investments will be required to optimize performance and keep control of expenses, not just those related to energy but also to building servicing and maintenance, and ensure that Gecina's buildings are comfortable for tenants.

Gecina has already implemented a number of measures to adapt its buildings under development (constructions and reconstructions) to the effects of global warming. The planting of green roofs, for example, help to reduce urban heat islands, and special attention is paid to the materials used in the building envelopes. As the Grenelle 1 Act stipulates that any new building built after 2020 should be a positive energy building, there is a risk of an increase in construction costs due to the growing complexity of technologies and methods used. To prepare for this, Gecina has set itself energy efficiency and CO_2 emissions objectives in line with the best standards for all its schemes under development.

(6) According to Climate change: implications for buildings – University of Cambridge, BPIE, GBPN, WBSCD.
(7) Green Paper: Assessment of climate issues, Paris region, July 2010: the Île-de-France region currently experiences one heat-wave alert day (over 35°C) per year, with 10 one-day spikes in 2003. During the second half of the 21st century, there will be an average of between two and eight days per year depending on the scenarios, with spikes of up to 40 days. The increased frequency of heat waves is one of the main climate risks facing our property portfolio in the Paris region.

7.4. PLANET

7.4.1. CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

KPI: GHG emissions average and % of reduction at constant climate (offices and residential)

2016 objective:

- Offices (full control of operations by Gecina), without usage: 16 $kgCO_2$/sq. m/year, *i.e.* -40% compared to 2008
- Residential without usage: 35 $kgCO_2$/sq. m/year, *i.e.* -20% compared with 2008

2020 objective:

- 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
- Residential without usage: 27 $kgCO_2$/sq. m/year, *i.e.* -38% compared to 2008

7.4.1.1. Greenhouse gas emissions of the property portfolio

Approach

Limiting impact on global warming means combining energy efficiency and a decarbonization of the production mix. Gecina has decided to adopt this dual approach.

Since 2008, Gecina has implemented a greenhouse gas (GHG) reduction policy, not only by monitoring and reducing energy consumption, but also by integrating these criteria into the selection of energy sources for its buildings. Gecina reports in accordance with the GHG Protocol, which breaks down the operational scope of the greenhouse gas emissions of an organization into three scopes:

- scope 1: direct emissions linked to the combustion of fossil fuels of resources owned or controlled by the company;
- scope 2: indirect emissions linked to the purchase or production of electricity or coming from urban networks;
- scope 3: all other indirect emissions, primarily emissions related to energy consumed but not controlled by the company. In 2015, as part of the analysis required to establish its climate roadmap, Gecina estimated the CO_2 emissions related to its purchases of products and services (LocalFootprint® methodology of sustainability firm Utopies – see the report on socio-economic contributions: http://www. gecina.fr/fr/rse.html) and the movements of its buildings' occupants (by Carbone 4, based on buildings' locations and the national survey on transport and travel published by INSEE).

In order to reduce the carbon intensity of the Gecina portfolio (emissions per unit of area in kg of CO_2/sq.m), several levers are used:

- Closely manage the energy efficiency of the operating portfolio by optimizing the performance of the facilities in order to prevent any excess consumption.The level of consumption determined is defined as the objective in the contractual relationship with the supplier and is monitored annually. The target for GHG emissions is then calculated.
- Use energy supply methods that limit direct emissions (scope 1), or indirect emissions (scope 2), by undertaking work to improve the facilities of the buildings in operation. Dedicated budgets are allocated in order to implement lower GHG emitting eco-variants for each technical installation to be replaced. For example, fuel oil boilers are replaced by other systems (networks, natural gas) for greater energy efficiency and a lower carbon footprint (this criterion takes precedence over the first). As a result, connection to urban networks that emit lower levels of greenhouse gases, for example the Paris CPCU network (175 gCO_2/kWh) or the Idex network, in Boulogne-Billancourt (103 gCO_2/kWh) are favored over natural gas solutions (300 gCO_2/kWh) or electric solutions (180 gCO_2/kWh). Likewise, the use of urban cooling networks, like the Climespace network (40 gCO_2/kWh), substantially improves the footprint of the properties compared to an electrical solution.
- Produce renewable energies on portfolio buildings using thermal solar, photovoltaic and geothermal energy.

- Take into account the efficiency of the assets over time by carrying out service and maintenance work on the building.
- Set a high carbon efficiency level in operation for reconstruction projects (taking the carbon impact into account in the design phase and in management of the projects – see Section 7.4.2.1 “Eco-design”). For example, the Cristallin building, which was delivered in 2016, was subject to a factor 4 approach, cutting emissions by four after reconstruction.
- Assist tenants in optimizing their usages and develop services in the buildings. These actions can generate a snowball effect and particulary encourage, the promotion of lower-emitting transport methods (scope 3).
- Optimize the carbon footprint of operations by integrating the carbon weight of products and services in Gecina's standards. During competitive bidding, recurring suppliers and service providers are committed to plans to reduce their emissions.

Furthermore, to offset the impact of GHG emissions of the portfolio on climate, Gecina will mobilize the following levers to avoid the production of additional GHG emissions:

- Support for low carbon energy production industries to limit indirect emissions (scope 2). With the transition to deregulated electricity tariffs (NOME Act, New Organization of the Electricity Market), Gecina has incorporated into its new contracts a clause stipulating that a portion of its power supply must come from french renewable energy. Currently, this electricity is exclusively from hydraulic production, emitting 6 gCO_2/kWh while the electricity without guarantee of origin emits 6 to 30 times more emissions.
- Optimized use of the portfolio by pooling spaces, such as the opening up of parking lots for the portfolio with the OpnGo solution, and the increased occupancy rate of the spaces.

All these measures are deployed on office and residential properties.

Analysis of performance

All consolidated data for the property portfolio are detailed in the following tables in accordance with the GHG Protocol..

GHG emissions of the property portfolio in accordance with the GHG Protocol (excluding usages)

	Scope 1	Scope 2	Scope 3		
			Consumptions out of control	Movements of occupants	Purchase of goods and services
ton of CO_2	7,253	10,274	8,815	27,000	35,000
ton of CO_2 climate adjusted*	8,210	11,109	9,102	-	-

** Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

The measures taken on the property portfolio (some of which are specifically detailed below) have generated a 10% decrease in GHG emissions linked to the frame corrected for climate conditions compared with 2015. 28,421 tCO_2 (excluding occupant travel and purchases of products and services) were emitted in 2016.

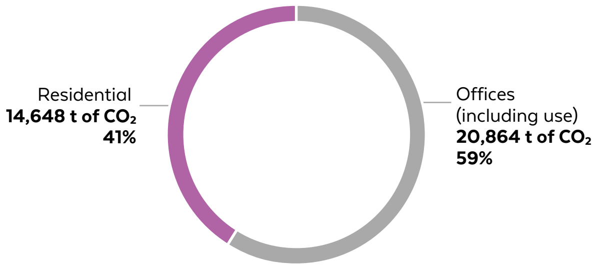
In addition:

- the emission of 1,354 tCO_2, i.e. 4.8% of the total emissions related to the frame, was prevented thanks to the new CPCU energy mix, but because this is not yet officially recognized by national bodies, this performance cannot be counted in the reporting;
- the emission of 2,282 tCO_2, i.e. 8% of the total emissions related to the frame, has been prevented through the use of green energy in offices, but this performance cannot yet be valued in the reporting because there is no recognized method to do so.

Initiatives to reduce GHG emissions detailed for CDP 2016 reporting (item CC3.3 b excerpts)

Description of activity	Estimated annual CO_2e savings In ton of CO_2	Annual monetary savings In euros excluding tax	Investment required In euros excluding tax	Payback period In years	Estimated lifetime of the initiative In years
Installation of LED lighting in office buildings car park areas	64	88,117	945,583	10-12	15
Modification of equipments schedules	482	261,464	9,971	1	-
Reduction of air flows	75	64,266	0	0	-
Optimisation of the temperature settings	120	69,192	25,070	1	-
Networks insulation	45	28,814	152,855	4-6	30

Breakdown of GHG emissions adjusted for climate by type of activity



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 higher (41%) than for office properties in end energy consumption (29%).

Emissions of properties according to France GBC recommendations

Property portfolio	Corporate (head office)	Businesses (control of operations by Gecina excluding tenants' use)	Stake-holders (control of operations by tenants and tenants' use)	Total
ton of CO_2	205	17,637	15,408	33,250
ton of CO_2 climate adjusted*	221	19,427	15,863	35,512

* *Heating/cooling DDU adjusted for 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 assets by taking into account the occupancy of its buildings.

CO_2 intensity of the property per occupant

	Offices (excluding use)			Residential		
	2015	2016	Change	2015	2016	Change
ton of CO_2	14,149	12,980	-8%	14,054	13,362	-5%
ton of CO_2 per occupant	**0.3**	**0.3**	**-9%**	**0.7**	**0.7**	**2%**
ton of CO_2 climate adjusted*	14,404	13,772	-4%	14,830	14,648	-1%
ton of CO_2 climate adjusted* per occupant	**0.3**	**0.3**	**-5%**	**0.7**	**0.7**	**6%**

* *Heating/cooling DDU adjusted for property portfolio (see reporting protocol on the Gecina website http://www.gecina.fr/en/csr/reporting-ecosystem.html).*

7.4.1.2. Greenhouse gas emissions of office properties

Approach

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/fr/rse.html).

Designed in collaboration with representatives of its stakeholders and the various company departments concerned (Asset Management, management control, financial communication, technical function, acquisitions and sales, marketing, general services, building programs, risks, and CSR), this roadmap organizes Gecina's actions around four key focuses and dedicated objectives:

- reduce the carbon intensity of the portfolio by 60% by 2030 compared to 2008 with constant usages and at constant climate;
- offset net emissions of the portfolio in an annual perspective of neutrality as of 2017;
- maximize the moderation of real estate programs and strive to achieve carbon neutrality for each program;
- engage its partners through transparency and dialogue.

Conscious of the need to involve the occupants of buildings in their overall performance, Gecina decided to set itself targets for all building-related emissions from its office assets by 2030 (i.e. all building-related scope 3 GHG emissions). To achieve this, in addition to the target set for 2020 for greenhouse gas emissions excluding usage (17 kg CO_2/sq. m/year, or a 40% reduction from 2008), regardless of the level of operational control, a target has also been set to reduce overall emissions (including usage) from these buildings over the same period (22 kg CO_2/sq. m/year, or a 35% reduction in GHG emissions, at constant climate).

The achievement of these objectives is based on a dedicated action plan, composed as of this date of 49 measures identified for all the levers described in the preceding paragraph. These measures are thus planned for the medium-term horizon and the resources (financial, external service providers, etc.) and internal contributors have been identified. A steering committee, composed of a member from each of the functions, is supervising deployment. The committee is managed by the CSR Department, and meets quarterly.

Alongside the gradual reduction in building-related CO_2 emissions from operational office assets, 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. Residual emissions, or the difference between these quantities of GHG emissions, are offset annually to ensure that Gecina's offices are carbon-neutral in relation to global warming. These residual emissions are recorded in a carbon offset fund and an internal carbon price set of €25/t. The carbon offset fund is used to buy certified carbon credits at least covering the residual emissions and to finance other low-carbon projects as well. 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.

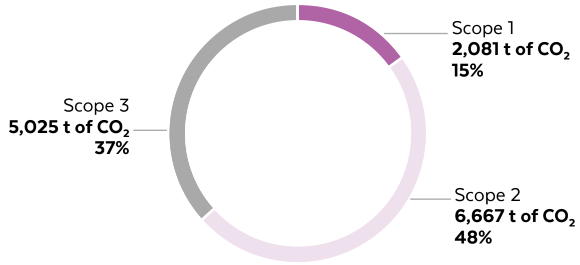
As well as being an effective engagement tool, the internal carbon tax also constitutes an added incentive for reducing the carbon footprint.

For each renovation project, Gecina quantifies the CO_2 emissions related to the works (demolition, materials and technical solutions used, transport and other impacts related to the construction phase) and the emissions prevented over the life of the renovation project. These two values are compared for the purpose of guaranteeing the neutrality of the operation, and ensuring that the carbon footprint for the work is not greater than the reduction in CO_2 emissions that it generates. If this goal is not achieved, the climate compensation fund is financed in order to guarantee neutrality.

Analysis of performance

A major portion of the emissions of the office portfolio related to the frame is due to energy used outside Gecina's control (scope 3 excluding purchases of products and services and travel of occupants). Gecina's action can thus be assessed on only 63% of the total emissions generated by its assets.

Breakdown of office properties GHG emissions per scope (DDU adjusted)



Emissions of office properties according to the GHG protocol Emissions (without usage)

	Scope 1	Scope 2	Scope 3	Total
ton of CO_2	1,840	6,350	4,790	12,980
ton of CO_2 climate adjusted	2,081	6,667	5,025	13,773

The total amount of GHG with usage reaches 17,916 tCO_2. The use of supply contracts in green energy and the new CPCU energy mix avoided, in 2016, the emission of 3,636 tCO_2 for office properties. Gecina is working to develop a methodology to promote the optimization of the use of surface areas and the mutualization of services. The emissions avoided cannot be counted for 2016. In order to ensure carbon neutrality of its office portfolio, Gecina offsets the residual greenhouse gas emissions due to the building operations (scope 1, 2 and 3 excluding transportation of the tenant's employees and goods and services purchased). For 2016, the total carbon emissions offset amounts to 14,280 tCO_2. With the enforcement of the internal carbon price set by Gecina, the carbon compensation fund received €357,000 and the equivalent carbon credit certified will be obtained in 2017.

Changes in GHG emissions of office properties by operational control (without usage)

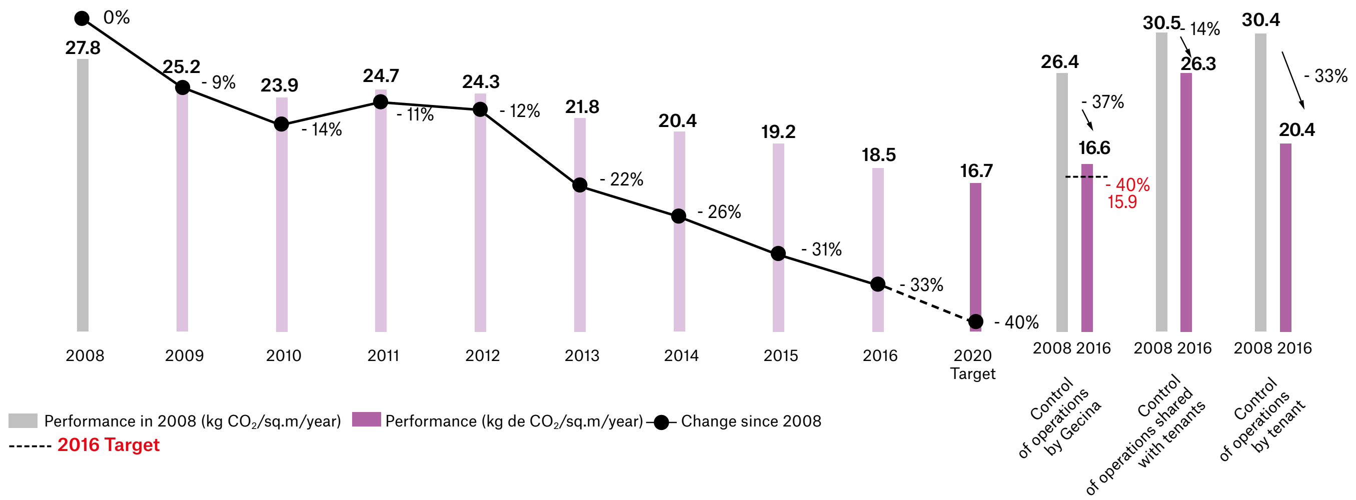
	2008	2015	2016	Control of operations by Gecina	Control of operations shared with tenants	Control of operations by tenant
ton of CO_2	18,998	14,149	12,980	7,539	1,620	3,822
kg of CO_2/sq.m/year	**27.8**	**18.8**	**17.4**	**15.6**	**24.3**	**19.5**
Yoy change	-	2%	-8%	-	-	-
Change since 2008	-	-32%	-37%	-41%	-20%	-36%
ton of CO_2 climate adjusted	18,998	14,404	13,772	8,033	1,752	3,987
kg of CO_2/sq. m/year climate adjusted	**27.8**	**19.2**	**18.5**	**16.6**	**26.3**	**20.4**
Yoy change	-	-6%	-4%	-	-	-
Change since 2008	-	-31%	-33%	-37%	-14%	-33%

A reduction of 2% in CO_2 emissions corrected for climate between 2015 and 2016 is observed, representing a reduction of 33% in CO_2 emissions since 2008.

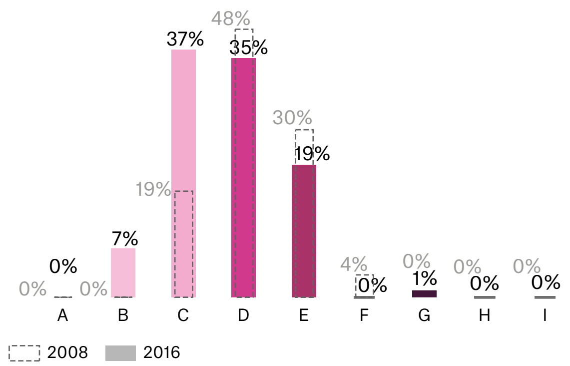
Concerning the properties controlled by Gecina (68% of assets or 65% of surface areas, see 7.3.1.1.1. "Energy efficiency of the office portfolio"), the reduction is -37% compared with -35% in 2015. The high gain in primary energy consumption contributes very little in terms of CO_2 emissions because of the small carbon footprint of electrical power, the main target of efforts. The retro-commissioning approach undertaken contributes a gain of 3.7%, which is partially neutralized by a 1.7% increase in emissions due to the entry into operation of a building that is powered by a fuel oil boiler (31.6 kgCO_2/sq. m/year for a portfolio average of 18.5 kgCO_2/sq.m/year).

In addition, the change in the energy mix in favor of lower carbon energies will contribute a notable gain over time. In 2016, the connection to the Idex urban networks for the Cristallin building, and Climespace for 32 rue Marbeuf, will positively impact the efficiency of the property portfolio.

Average GHG emissions (without usage and 2008 DDU adjusted) – office properties



2008-2015 breakdown by climate label – offices in operation (by number of properties)



Climate labels for commercial assets benefit from a predominantly electrical energy mix, with low carbon emissions.

The percentage of properties in category A, B or C is 44%, down slightly from 2015. However, the improvement in labels for the portfolio is positive between 2008 and 2016. Between 2008 and 2015, the percentage of buildings with E to H labels fell from 34% to 20%, reflecting the measures taken by Gecina to improve the efficiency of its assets, confirmed by the increase of buildings rated class A to D (79% of its assets in 2016 compared to 67% in 2008).

7.4.1.3. Greenhouse gas emissions of residential properties and student residences

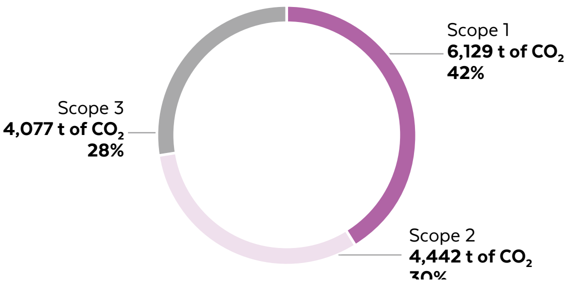
Approach

The action plan initiated to improve the energy efficiency of the residential portfolio also reduces CO_2 emissions.

Given the small carbon footprint of electricity, the measures taken on the properties controlled by Gecina through collective heating from fossil fuels are a priority to improve this performance.

Gecina's choices of energy sources for its residential buildings have an impact on 71% of the total emissions of these assets (scopes 1 and 2 combined). Decisions to change the energy mix or carry out work to save energy therefore have a strong impact on the total of these CO_2 emissions.

Breakdown of residential properties' GHG emissions by scope



Emissions of residential properties according to the GHG protocol

	Scope 1	Scope 2	Scope 3	Total
ton of CO_2	5,413	3,924	4,025	13,362
ton of CO_2 climate adjusted	6,129	4,442	4,077	14,648

The action levers on the building and facilities described above are applied to properties in operation.

For student residences under development, the choice of energy is the result of both a desire to limit operating expenses, included in the rents, and also local taxes that require connection to the local urban network (residences in Bordeaux and Palaiseau). Even so, Gecina imposes an efficiency level of 12 kg CO_2/sq.m/year, which is reflected in the climate label at Class C level. Design must thus focus on the performance of the building.

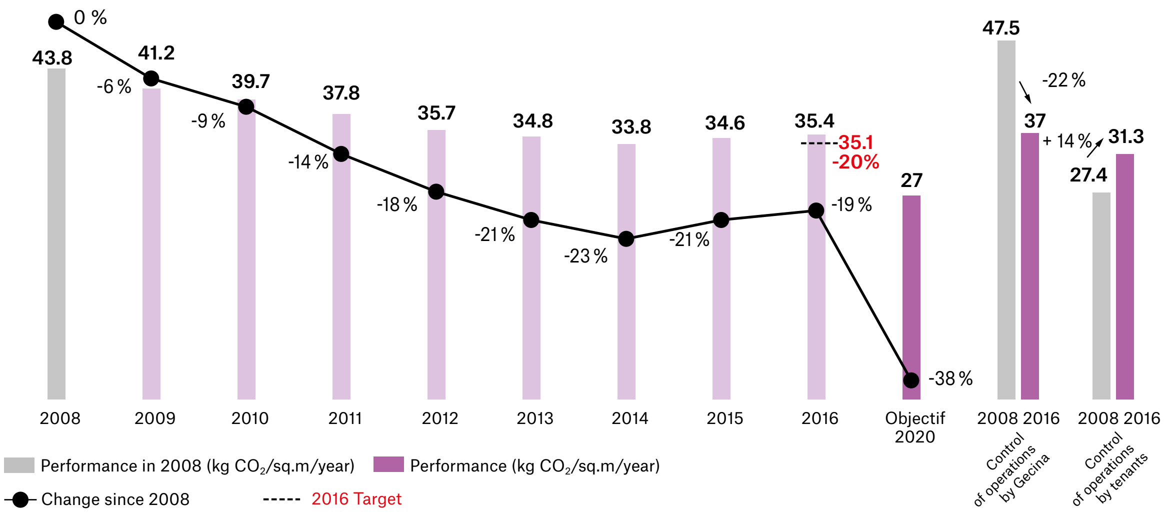
Analysis of performance

The gain is equivalent to the gain in primary energy obtained (-19%), down slightly from the gain recorded in 2015, for the reasons discussed in Section 7.3.1.1.2. "Energy efficiency of the residential portfolio and student residences". This result is due to a 22% improvement for buildings controlled by Gecina, while a 14% decline from 2008 is recorded for buildings not controlled by Gecina. However, the benefit of investments to improve the assets, and the integration of efficient student residences in the portfolio mitigate this loss in comparison to 2015.

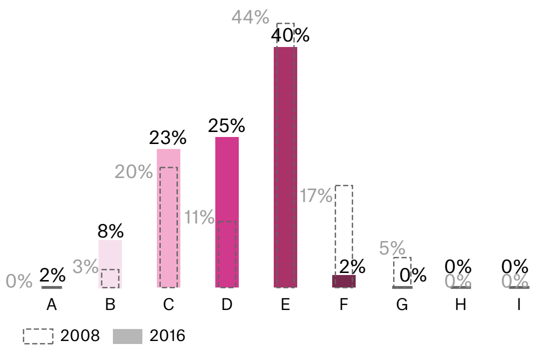
Changes in GHG emissions of residential properties by operationnal control

	2008	2015	2016	Control of operations by Gecina (real consumption of collective heating)	Control of operations by tenants (consumption of individual heating estimated by 3CL method)
ton of CO_2	38,818	14,054	13,362	9,729	3,633
kg of CO_2/sq.m/year	**43.8**	**32.8**	**32.3**	**32.7**	**31.3**
Yoy change	-	8%	-1%		
Change since 2008	-	-25%	-26%	-31%	14%
ton of CO_2 climate adjusted	38,818	14,830	14,648	11,015	3,633
kg of CO_2/sq.m/year climate adjusted	**43.8**	**34.6**	**35.4**	**37.0**	**31.0**
Yoy change	-	3%	3%		
Change since 2008	-	-21%	-19%	-22%	14%

Average GHG emissions (at 2008 constant climate) – residential properties



2008/2015 breakdown by climate label – residential (by number of properties)



Between 2008 and 2016, the percentage of buildings with E to H labels fell from 66% to 42%, showing the improvements made by Gecina to its assets, particularly in the increase of buildings rated class A to D (34% of assets in 2008 compared to 58% in 2015).

7.4.2. NATURAL RESOURCES AND WASTE

KPI: % of delivered buildings having undergone an LCA during the year/% of waste sorted for recycling
2016 objective: 100%/ 80%

7.4.2.1. Eco-design

Approach

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 implies taking into account the overall impact of buildings throughout their life cycles, both in terms of gray energy[8] and the generation of dangerous waste products, air and water pollution or eutrophication (an excess of nitrogen, phosphorous, etc.) of environments (indicators determined by Life Cycle Analysis, LCA).

Since 2011, Gecina has conducted LCAs on all the assets that it develops as under the supervision of its in-house project management teams and has included these projects in several test phases (HQE™ Performance between 2011 and 2013, Paris area LCA community project coordinated by the French Institute for Energy Performance in Buildings (IFPEB), the Île-de-France Environmental Agency (ADEME) and the Ekopolis association, in 2014). All the commented results were presented on pages 279 and 280 of the 2014 Reference Document (see 7.4.1. "Climate change and GHG emissions" and the report dedicated to its climate roadmap on the website: http://www.gecina.fr/en/csr.html).

(8) Gray energy: energy necessary for the extraction, transformation, transportation and end-of-life cycle of the materials used in buildings.

These results have led Gecina to choose construction options and materials with a low environmental impact, for both its development and reconstruction projects, by planning the reflection process per phase:

- in the sketching phase: modeling and choice of the structure;
- in the final design phase: modeling and choice of technical equipment;
- in the project phase: modeling and choice of finishing products.

Analysis of performance

In 2016, an LCA was conducted for the two operations delivered which entered the Gecina portfolio (Cristallin and CityLights, in Boulogne-Billancourt). Various pieces of information can be gleaned from each study. The choice of extensive renovation over total reconstruction of the Cristallin building in Boulogne-Billancourt was reinforced because of its low impact in terms of energy consumption, water consumption and GHG emissions. This aspect is now integrated during upstream asset repositioning studies.

The modeling conducted on each operation has thus led Gecina to work to limit its total carbon footprint in order to optimize both its construction choices and the future operation of the properties in its portfolio. For example, the extensive renovation initiated on an office building located in the immediate vicinity of the Lyon railway station, Ibox, presents a reduction in GHG emissions in operation of 24.6 kgCO_2/sq. m/year with a carbon footprint of 91.2 kgCO_2/sq. m for the construction. In four years, the savings in CO_2 emissions during operation offsets the carbon investment of the renovation.

In order to optimize the environmental footprint of its operations even more, Gecina uses materials that offer benefits beyond just the CO_2 aspects where possible. The materials study conducted on 55 Amsterdam (http://www.gecina.fr/sites/default/files/Gecina_55%20Amsterdam-FR.pdf) led to several choices such as the use of wood wool, a bio-sourced material with an impact on the consumption of non-renewable resources and less gray energy than the materials traditionally used for insulation. On the same building, 10% of the material used come from recyclable materials (40% of pavements, 25% of doors and 100% of blinds used are issued from recycling, principally from France) to promote the dynamics of the circular economy and reduce the pressures on natural resources.

This method also led Gecina to opt for a wood structure with a lower impact than a metal frame for its Grande Halle project in Lyon (9th) – see 2014 Reference Document p. 281). In order to limit the environmental impact of wood frame construction even further, the wood used is from an eco-managed, FSC- or PEFC-certified forest, either untreated or treated with a CTB P+ certified product. Based on an innovation and continuous improvement approach, the Grande Halle is one of the 16 operations certified by the BBCA label (low-carbon building – https://www.batimentbascarbone.org/) which recognizes buildings with a lower carbon footprint through eco-construction and operations controlled through the storage of carbon in the materials and the development of the circular economy.

Another example, in addition to an ambitious energy objective (Effinergie+), is the Brançion project, a 3,500 sq.m student residence developed in the 15th arrondissement of Paris, which is currently in the design phase and aiming for the bio-sourced building label. This government regulatory label (Decree No. 2012-518 of April 19, 2012 on the "bio-sourced building" label) highlights the environmental quality of new buildings (or new in part) that integrate a significant proportion of bio-sourced materials such as wood, hemp, straw or wool in their construction. Initiated during the architecture competition, the objective to reduce the environmental footprint of the building results in the following choices:

- wood wool insulant for the exterior insulation of the building;
- outside finishing carpentry in wood-aluminium;
- wooden railings;
- outside cupboard doors in wood.

The project has reached the first level of this label by totaling a quantity of bio-sourced materials covering 20.42 kg/sq.m of floor space.

7.4.2.2. Waste management

Approach

Waste can represent an abundant source of raw materials provided that its capacity for recovery can be guaranteed, in particular through as many recycling channels as possible. This process promotes the implementation of a circular economy process.

Since 2008, Gecina has undertaken to improve selective sorting and collection in its buildings by deploying suitable containers for the separation of material flows, and has also created specific rooms for their storage. Two indicators measure the effectiveness of these actions for properties in operation.

In 2015, Gecina changed its reporting method to better take into account all the measures set up in commercial buildings for selective waste collection. Since 2008, Gecina had only taken into account office buildings for which it had taken out a selective waste collection contract. By also including buildings in the property portfolio where tenants manage their own waste, the reporting scope now reflects the complete range of the property portfolio's selective waste collection capacity.

For constructions and reconstructions, room sizes are designed to contain the optimum number of collection bins, identified after studying untapped sources of waste, depending on the type of activity of the tenant, for each building. Target 06 of the HQE™ Construction process (waste management) is handled, for any project, at the "efficient" level at least, to validate the measures taken.

In residential buildings and mixed-use buildings which 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 2016, in the light of new regulatory developments (Decree no. 2016-288 of March 10, 2016, introducing various adaptation and simplification arrangements in the field of waste prevention and management), Gecina launched a call for tenders to set up new waste collection, treatment and recovery contracts for the 32 buildings in its office property portfolio. This tender procedure also provided the opportunity to strive to improve the quantity of waste sent to recycling by incorporating a requirement for on-site weighing into the specifications. Two buildings for which waste collection was carried out by the City of Paris are included in this scope starting from January 1, 2017. One building under reconstruction has not been included in this scope.

All service providers involved in the tender procedure answered an assessment questionnaire on the CSR performance of suppliers (see Section 7.6.4.1. "Incorporation of CSR in relations with suppliers") and this became a key criterion for contract awards.

As of January 1, 2017, the 32 office buildings and the head office are equipped to sort at least five kinds of waste (paper, cardboard, plastic bottles, metal cans and batteries). Depending on the waste generated on site, other sorting channels will be implemented to recover glass, wooden pallets, plastic and paper cups. Gecina's reporting on waste production and recovery will therefore cover more than 449,295 sq.m, *i.e.* 49% of offices portfolio.

The quantification of waste by type and the availability of reliable reporting will help tenants to easily identify untapped sources of recyclable material. Depending on the volumes produced and the percentage recovered, actions to improve sorting will be launched on each of the sites with service providers in charge of collection and recovery.

To further improve the recovery of waste produced in its buildings and strengthen the circular economy process for its property portfolio, Gecina has forged a partnership with three companies:

- Le Relais, a leading textile, home linen and shoe collection and recovery operator in France, has installed containers for the residential property portfolio. For example, some of the clothes collected will be recovered and transformed into a thermal insulator called "Métisse®" (http://www.isolantmetisse.com/) which Gecina plans to use on its future project sites, such as the reconstruction of 7 Madrid. These containers were deployed in four residential buildings: Charbonnel, Saint-Antoine, Ville-d'Avray and Abreuvoir in Courbevoie. The first deployment led to the collection of 1,133 kg of clothes in 2016. Another container is being set up in the Vouillé building.
- Cy-clope, a start-up, has been deploying the first environmental solution for recovering cigarette butts in its commercial buildings (Cy-cloper's ashtrays). Cigarette butts are highly polluting when discarded as waste (each butt contains 4,000 toxic molecules and can pollute up to 500 liters of water). They can be recycled into material for making sheets used as raw material for manufacturing objects such as outdoor furniture. A first installation was made at Gecina's head office, where 29.6 kg of cigarette butts were collected (representing 2.7 kg of toxic waste and pollution of 59,160 cubic meters of water avoided). After this test, the ashtrays are being rolled out to two other assets: 32 Marbeuf and Le Banville.
- 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, partly in the green areas of the site. 400 liters of water per day are collected and recovered to clean surface areas and water the green areas at this test building.

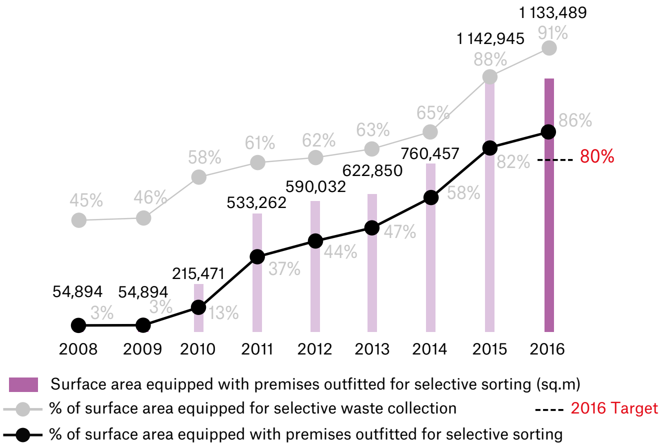
Taking into account the high quantity of waste produced by construction or heavy maintenance activities, Gecina's specifications for cleaning, asbestos removal and maintenances works integrate waste sorting requirements and targets. For its 2016 reporting, Gecina published the results of two projects, one delivered during the year, Cristallin, and the other still in progress, at 55 Amsterdam.

Analysis of performance

91% of surface areas are equipped with selective collection facilities and 86% are equipped with a specially adapted room for this collection, *i.e.*, an increase of 3% and 4% respectively for 2015. This change is linked both to Gecina's sale policy and to the deployment of equipment, together with an in-depth analysis of its properties under operation:

- sale of a residential complex located 26 rue du Cdt René Mouchotte in the 14th arrondissement (21,137 sq.m) equipped for selective collection but without the appropriate rooms, and disposal of single tenant commercial assets in which selective collection had not yet been introduced;
- entry into operation of three buildings adapted for selective collection;
- identification of rooms and equipment made available in five buildings.

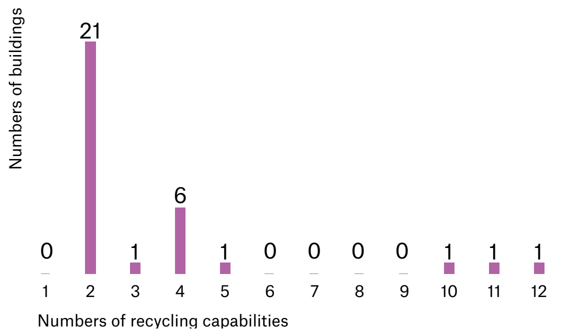
Changes in surface areas of properties equipped for selective waste sorting



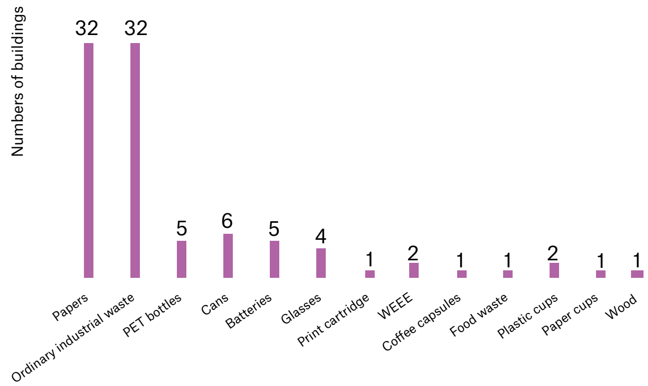
Office property buildings that have a selective waste collection contract subscribed by Gecina with an occupancy rate above 80% correspond to a surface area of 400,520 sq.m (*i.e.*, more than 40% of the property portfolio), representing 30 buildings. The overall cost of this arrangement for these 30 buildings amounted to €419,577 in 2016, *i.e.* around 1 euro/sq.m. This represents a gain of 12% compared to 2015.

In 2016, the minimum number of sorting channels available in the 32 buildings equipped with this system was two (household waste and cardboard) and will rise to five as of 2017, for the 33 buildings concerned in 2017 by the regulation presented previously.

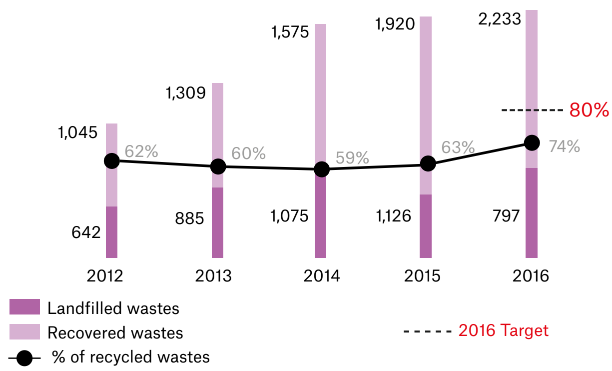
Breakdown of buildings where Gecina controls operations by number of recycling capability



Breakdown of buildings where Gecina controls operations by type of recycling capability



Changes in the proportion of waste recycled (in tonnes)



In 2016, the percentage of recovered waste represented 74% of the total volume of waste, close to the fixed objective of 80%. The new waste collection and recycling contracts arranged at the end of 2016 providing in-situ sorting for certain buildings, will help to improve the percentage of waste recovered in 2017.

Focus on construction site waste

A specific monitoring process is in place for waste produced during work on all constructions 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. 8,434 tonnes of waste were collected from the 55 rue d'Amsterdam building, scheduled for delivery in January 2017. The recovery rate for wood, scrap iron, rubble, concrete and excavated soil, the last two of which represent 80% and 4% respectively of the total waste mass, is 98%.

The intensive reconstruction work carried out until January 2016 on the Cristallin building in Boulogne-Billancourt, generated 4,337 tonnes of waste, 97% of which was recovered.

Recovery of construction site waste by category (in% and in tonnes)

Construction site	55 Amsterdam			Cristallin		
Waste category	Wastes produced (in tons)	Recycled wastes (in tons)	% of wastes recycled	Wastes produced (in tons)	Recycled wastes (in tons)	% of wastes recycled
Wood	60	48	80%	63	58	92%
Ordinary industrial waste mixed	1,033	997	97%	425	309	73%
Inert waste	111	91	82%			
Scrap iron	1,886	1,886	100%	43	43	100%
Impur mixed rubble	2,384	2,314	97%	3,805	3,805	100%
Topsoil	789	789	100%			
Concrete	1,701	1,686	99%			
Clean soil	225	225	100%			
Contaminated soil	23	21	91%			
TOTAL	**8,212**	**8,057**	**98%**	**4,336**	**4,215**	**97%**

7.4.3. BIODIVERSITY

KPI: biotope area factor ("BAF") of properties

2016 objective: 0.40

Approach: Gecina's biodiversity strategy

Gecina's property holdings are primarily located in city centers with very little vegetation (Paris and its close suburbs, and Lyon). Therefore, none of its sites represent a serious or significant risk toward biodiversity according to a study conducted by Gondwana in 2011. Nevertheless, half of its real estate assets are located near species and habitats of interest, as illustrated by the biodiversity mapping accomplished by the specialized firm, Gondwana. Although Gecina's building coverage is considerable insofar as the building permits are used to offer maximum available surface area, vegetation is planted on rooftops, residual ground space and even on walls wherever possible.

Aside from the reduced impact on the artificialization of land resulting from the strategic choices of Gecina to concentrate its developments in urban areas, the increase in biodiversity areas in the buildings in its portfolio also constitutes a response to the desire to ensure their occupants' wellbeing and productivity as well as the global warming challenge. This is because although these green surfaces play an insignificant role in carbon sequestration, they contribute to the reduction of urban heat islands. The decrease in the heat island effect, the ability to act on rainwater management, the regulation of atmospheric pollution or saving energy and even the increase in productivity of building occupant, are some of the ecosystems services rendered by biodiversity and that are worth valuing. Gecina conducted a study on this subject with experts, based on bibliographical studies, which demonstrated that the integration of biodiversity into a building enhances its immaterial value. This is because biodiversity creates a decrease of 0.7% in absenteeism, 0.3% in presenteeism, an increase of 15% in mental wellbeing through lowered stress levels, and an increase of 10% in production speed. An employee's total increase in productivity in this context is thus valued at 2.1%.

Other factors analyzed, which offer less economic value but are nonetheless favorable for implementation are as follows: the effect of green walls and roofs to improve insulation, reinforce wall inertia and reduce the heat island effect, results in a 10%

saving on annual energy requirements; adding vegetation to rooftops increases the life of waterproofing. Savings achieved in water purification through planted ground areas are, however, difficult to quantify.

All these points have reinforced Gecina's conviction that it is capable of contributing to the preservation and creation of ecological continuity in the form of green and blue belts, a basic element of its biodiversity strategy. Prepared with the firm Gondwana in 2012, this strategy defined according to three priorities (Include biodiversity as an essential value in the corporate responsibility process, develop and implement innovative solutions to control the biodiversity footprint of the property portfolio and work with all stakeholders to respond to an ecological and societal challenge) and 10 commitments.

Recognized as a National Biodiversity Strategy until 2016, this strategy was applied for the renewal of the said recognition for the 2017-2020 period. Analysis of the results of this first period has revealed a number of strengths in this strategy, such as its level of ambition and comprehensiveness, its pioneering nature in real estate and the implementation of a biodiversity management system on the entire property portfolio. Several areas for improvement have, however, been identified, such as raising the awareness of teams and occupants and incorporating biodiversity into the value chain. These elements have been integrated into the strategy proposed for 2017-2020, in addition to themes linked to urban farming, the continued greenification of buildings and more in-depth learning about biophilia.

Analysis of performance

To measure the contribution of its properties, Gecina has chosen the BAF (biotope area factor) as the KPI.

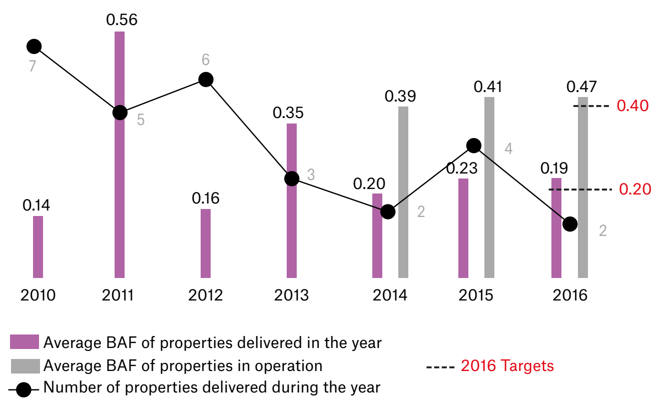
It describes the proportion of surface area conducive to biodiversity with respect to the total surface area of a plot of land. It is the most specific indicator on this issue as it takes account of both the quantity (surface area), and the quality (thickness of the natural soil, type of planted surface area – in effect, each type of surface area has its own ecological value factor based on its contribution to biodiversity). The increase in this KPI reveals the improvement achieved as a result of the works carried out.

Convinced that this type of indicator is essential for measuring the environmental footprint of a building, Gecina calculates the BAF of projects under development as well as assets in operation.

The BAF, calculated for the entire residential and commercial property portfolio in 2016, presents an average value of 0.47, significantly up compared to 2015. This change can be explained by an improvement in the BAF of residential assets due to the disposal of assets with little or no vegetation (0.47 in 2016 versus 0.44 in 2015) as well as that of the commercial property portfolio (0.46 in 2016 versus 0.37 in 2015), by the renovation of gardens such as in the Banville and Cristallin properties.

The BAF of the two commercial buildings delivered in 2016, CityLights and Cristallin, is 0.19, slightly below the objective due to the characteristics of the projects. Indeed, as much vegetation as possible has been planted on the Cristallin'srooftops, but the necessary equipments did not make it possible to put vegetation all over the rooftops. A project in order to increase vegetation around the building is being lead. Due to its acquisition on a pre-construction agreement and the fact that vegetation lies on concrete slabs, potential improvements were limited on CityLights, although the BAF is 3 % higher after the renovation..

Biodiversity area factor of the property portfolio (residential and commercial) ☑



This indicator does not, however, represent all the work to reinforce biodiversity that Gecina has carried out on its real estate assets. Gecina is therefore studying new indicators such as, for example, the identification of the presence on-site of endemic, invasive or allergenic species within the meaning of the audits conducted by BREEAM assessors on projects under development.

The table below presents the progress of the action plan determined in the context of Gecina's biodiversity strategy for its property portfolio.

Progress of Gecina's biodiversity strategy action plan

Commitment	Actions carried out/completed in 2016	Actions planned for 2017
1. Incorporate biodiversity into Gecina's RMS	Drawing up of specifications for landscaping design applicable to all properties.	Conducting detailed survey of all planted surface areas in the property portfolio. Managing them ecologically
	Launch of a campaign to measure the surface area of residential properties to make BAF reliable	Development of the Eco-jardin label on the property portfolio
2. Develop a biodiversity mentality internally	Creation of theoretical training courses and site visits to develop the biodiversity skills of technical managers	Continuation of awareness-raising for all Gecina employees
3. Display Gecina's commitment to biodiversity	Systematic incorporation of biodiversity into building brochures	
4. Carry out an ecological audit on sites with major biodiversity issues	Annual update of biodiversity mapping of properties	Continuation of site audits
	Performance of an LPO audit on the Park Azur site in Montrouge	
5. Incorporate biodiversity into the design and construction phase	Search for the BiodiverCity© label for the 55 Amsterdam, Grande Halle operations in Lyon and 32 rue Guersant	
	Search for the BBCA (low-carbon building) label for the Brançion operation	Deployment of urban agriculture through the head office and the Ibox operation and through Parisculteurs for the Lourmel and Dr Roux sites
6. Incorporate biodiversity into the operation phase	Continuation of the Ecojardin label for the property portfolio	Continue on the Berri and Le Banville building
7. Incorporate biodiversity into the renovation phase	Creation of a flowering meadow in Défense Ouest and Crystalys	Study on the possibility of adding green rooftops and terraces to the property holding
	Implementation of a kit on the possibility of making the property portfolio more green	Greening planned on 4 buildings
	Launch of studies for the renovation of landscaping spaces for 5 buildings	Finalization and formalization of specifications for landscaping design applicable to all programs
8. Raise the awareness of tenants and users to biodiversity issues and meet their expectations on this issue	Organization of activities/events on Ecojardin labeled sites: outdoor sports workshops and installation of information screens announcing events on the Défense Ouest and Crystalys sites.	Continued actions on two students residences
	Garden workshops shared by two student residences	
9. Involve Gecina's partners in recognizing the importance of biodiversity	Support landscaping companies in implementing Écojardin recommendations on audited sites	Renewal of contracts through calls for tenders on all office and residential properties
	Implement a contract monitoring system (management and follow-up of contracts dedicated to the biodiversity section and green spaces and annual meeting with service providers for commercial and residential buildings)	
	Integration of the biodiversity dimension as one of the selection criteria for the building service purchasing policy (materials specification, household products, etc.)	
10. Work in cooperation with biodiversity players	Setting up of a steering committee with DEVE (Environment and green french department) as part of the call for "Innovative Vegetation" projects.	Renewal of the partnership with LPO
	Founding member of the Town Planning, Building and Biodiversity Club of the LPO	
	Participation in the HQE/Orée biodiversity task force	

As all progress and individual or collective actions achieved by Gecina cannot legitimately be dealt with and included in this Reference Document, in 2014, we prepared a specific report jointly with our primary stakeholders on this subject. It can be accessed in the CSR section of the Gecina website (http://www.gecina.fr/en/csr.html).

7.4.4. WATER

KPI: average and% of reduction of water consumption
2016 objective: 0.93 m³/sq.m/year, *i.e.* a saving of 25% compared with 2008

Approach

In 2015, Gecina chose to be assisted by 2EI to define a strategy specific to water management for all its property holdings and identify new improvement actions to carry out. After conducting an audit of the property portfolio, several priority actions were revealed, both on construction programs and buildings in operation (matrices presented in chapter 7.4.4 “Water” pp. 257 and 258 of the 2015 Reference Document.)

Controlling consumption was identified as the highest priority both for operations, through the deployment of monitoring systems and efforts to optimize tenant behavior, as well as design and construction, by implementing low-energy equipment and modeling projected consumption.

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.

Rainwater and wastewater management through soil permeabilization and/or the implementation of recycling solutions has proven to be a lesser priority.

Lastly, given its high level of flood risk control over its properties (see Section 7.3.4 “Security and control of risks”), Gecina did not consider it relevant to implement complementary action plans on this theme.

A process defines the series of actions to be carried out and adapts them to each identified priority. As these actions are often interdependent and consolidated in block diagrams, several priorities may be handled at the same time. All the block diagrams make up the audit tool of the buildings of the property portfolio to determine the actions to be launched.

Analysis of performance

In 2016, the average consumption of the property portfolio improved by more than 2% compared to 2015 and reached 0.91 m³/sq.m/year. Gecina thus exceeded the objective set for 2016, 0.93 m³/sq.m/year, already achieved in 2015. By cumulating, the average consumption of the property portfolio in sq.m decreased in 26.6% since 2008, more than the objective of 25%.

The total amount of expenses linked to water consumption for its property portfolio was €2,955,833 including VAT. The reduction in consumption represents a saving of €122,487 compared to 2015.

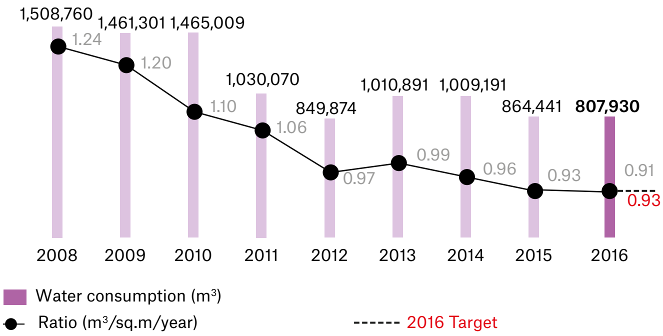
The residential property portfolio of Gecina represent two thirds of the total water consumption of the assets, legitimating a higher level of priority and a better monitoring in residential assets than in the offices (91% cover rate against 63%).

Following the progress recorded in 2015, water consumption by office properties fell again in 2016. The gain amounted to 7% compared to the previous year.

Water consumption by the residential property portfolio remains identical to that of 2015, despite the entry into service of student residences, which have a higher occupancy intensity than conventional residential buildings.

Since Gecina’s property portfolio is exclusively located in France, its activities are not subject to water supply restrictions.

Change in water consumption of the property portfolio



These results were possible thanks to the actions launched by Gecina several years ago to improve the water consumption management of its properties. Managed since 2014 by the “Energy Management” unit, these actions mainly consisted of the following, for office properties in operation:

- deployment of the Hypervision® solution for managing consumption by assets;
- installation of meters and connection of meters and sub-meters to building management systems (BMS) for close tracking of consumption and identification of any leaks;
- signing of a water savings contract with the installation of aeration units to limit throughput;
- removal of wet cooling towers.

Buildings that were not yet fitted with dual-flush toilets have been identified after audits conducted on properties (see Section 7.1.6.1. “CSR at the heart of the organization” – Focus on the CSR mapping of Gecina’s properties) and an equipment plan was determined for 2017. The recommendations made for the improvement of existing tap fittings will also be implemented in 2017.

For residential properties in operation, the main actions carried out in recent years include the following:

- installation of water-saving measures (replacement of 597 shower heads in 2015 dividing by two or three the water flow in the student residences of Talence, Pessac, Le Bourget and Champs-sur-Marne saved an estimated 4,000 m³/year and €15,638/year, and dual-flush toilets, water-saving shower heads and tap aerators were installed each time an apartment was renovated);
- deployment of 890 cold water meters in 14 residences;
- installation of 9,806 individual domestic hot water consumption meters with remote meter reading systems in 33 residences;
- signing of collective service contracts for plumbing with at least one annual visit scheduled for each apartment;
- replacement of hot water tanks and stopcocks;
- installation of automatic watering timers, installation of drop-by-drop watering systems and low water consumption plants for ornamental gardens.

Concerning rainwater collection, where collection conditions are met, these systems are deployed in buildings under development or under reconstruction. This concerns 6% of projects under development (i.e. one building, 55 Amsterdam, in Paris). Three buildings currently in operation are thus fitted with a rainwater collection tank for watering plants. They represent 2.3% of the property portfolio (Velum in Lyon delivered in 2013, 96/104, avenue Charles-de-Gaulle in Neuilly-sur-Seine delivered and the Château des Rentiers residence in Paris (13th) delivered in 2011).

7.5. EMPLOYEES

7.5.1. INTEGRATE CSR INTO GECINA'S BUSINESS LINES

KPI: % of hours of training dedicated to CSR

2016 objective: 30%

Approach

Gecina would like its CSR policy to be known and defended by all employees. To ensure this, it encourages employees to participate in internal or external events on CSR topics and organizes a large number of awareness-raising actions on environmental and societal topics throughout the year. Thus, one employee in five (excluding caretakers) is involved in CSR processes or projects (reporting, Reference Document, working groups and environmental and societal action plans).

Furthermore, in an effort to exercise its broader responsibility throughout its value, Gecina mobilizes employees at each stage of its activity (investment, design, construction and reconstruction, marketing, operation and divestment). For this reason, the Group would like its employees to be trained in the key issues of CSR, and in the understanding of impact of its activity on the property portfolio, the environment and the company's stakeholders.

7.5.1.1. Involving top management in CSR

Analysis of performance

To ensure that the operational issues are consistent with the corporate strategy, the Group's CSR policy is defined at the Executive Committee level. The defined guidelines and action plans are defended by the members of the Management Committee, who in turn set the objectives for all managers, accounting for 44% of the total headcount. These objectives are different from the recurring tasks linked to the position, and are monitored and adjusted if necessary depending on the constraints linked to the activity, making it possible to measure the performance achieved against expected performance. The results obtained determine the amount of the bonus to allocate to employees each year. Aside from these Business, Financial and Management criteria, since 2014, these objectives have included a CSR criterion that determines a portion of the bonus paid. With regard to the CEO, CSR is part of the three qualitative performance criteria representing 40% of the target variable compensation (see 5.2.1.2 "Compensation and benefits of the Chief Executive Officer").

7.5.1.2. Promote employee awareness of CSR issues

Analysis of performance

During Sustainable Development week, 110 employees discovered the initiatives presented in the documentary "Demain".

Furthermore, in connection with Gecina's commitment for biodiversity and urban agriculture projects under development within the property portfolio, 30 employees participated in a workshop organized by the strawberry growing start-up "Sous les fraises" and 35 of them bought baskets of organic fruit and vegetables from "Potager City". Articles communicating about Gecina's environmental initiatives and facilitating the involvement of employees in their professional and personal life were posted daily on the intranet.

In September, during European Mobility Week, a photo competition on the theme of bicycles was organized to encourage employees to use clean transportation. 75 people participated in this event.

In November, the Week for the Employment of People with Disabilities involved 200 participants in activities during which persons from outside the company with disabilities were able to demonstrate their expertise by training employees in workshops (floral arrangement, collective sculpture, wheelchair basketball and table tennis), by performing massages or speaking at a conference.

In December, the CEO and the Chairman of the Board of Directors brought together 130 employees for a conference tackling the various types of stereotypes and preconceived notions in companies, while presenting Gecina's commitment through two highly symbolic acts: signing the LGBT charter and creating the Group diversity network "Open Your I".

7.5.1.3. Training employees in CSR

Analysis of performance

In 2016, 247 training hours were provided on environmental (energy, biodiversity, environmental certifications), societal (risks, responsible purchasing) or social (management, diversity policy) themes. At the same time, depending on the issues, the CSR theme was integrated into a number of training programs, thus raising the total number of training hours integrating CSR to 1,481.5 hours, *i.e.* 12.8% of training programs delivered. This percentage, although less than the 30% objective fixed for 2016, corresponds to the priorities for the year more oriented towards training programs and the use of the new real estate management tool acquired in 2015. However, this year, 60% of employees trained throughout the Group received training with a focus on CSR themes. Generally, in order to maintain their level of knowledge and exchange with their peers, employees are encouraged to attend conferences organized by the Group or by third parties, and to stay abreast of these issues by reading specialized publications. Although these initiatives are now well-integrated into practices, they remain difficult to quantify.

7.5.2. TALENTS AND SKILLS

KPI: % of positions filled through in-house mobility

2016 objective: > 25%

Approach

Gecina's talent and skills management policy relies on processes defined in agreements signed with the Group's employee representatives. In this respect, the Prospective Management of Jobs and Skills (GPEC) agreement defines the applicable methods for managing employment within the Group, in particular by hiring, training and managing the careers of the company's employees.

Recruitment and induction policy

The objective is to provide the company with the necessary talents for its business and development. Considering the characteristics specific to the Group's workforce, the main issue addressed by the policy is the rejuvenation of the age pyramid in order to anticipate the succession of talents, move towards gender equality in most jobs and manage employment in sectors identified as sensitive on both counts (see 7.5.2. "Mapping of positions" of the 2015 Reference Document).

Thus Gecina has gradually set up a Human Resources policy integrating many programs to promote the presence of interns, recruitment of students on work/study programs, diversity in recruitment, etc.

In 2016, the Group changed its induction process to encourage the induction and the autonomy of new hires while developing their sense of belonging. As such, since October, employee induction has been organized in three stages. On the first day, each new employee is received by a Human Resources sponsor for a personal interview of 30 to 60 minutes, during which an induction guide is provided to them in addition to documents identifying all provisions applicable in the company. During the day, an orientation tour is proposed to the new employee inside his/her host department by a person in charge of his/her induction with, if necessary, the organization of specific introductory meetings. Then, every two months, all new employees are invited to a half-day of information on the Group and its operations. Lastly, once a year, all employees recruited during the year are invited to a seminar proposing several organized activities such as dialogue with the members of the Management Committee, a building tour of the property portfolio and work in groups. At the end of the day, the employees meet with members of the Executive Committee and are debriefed about their understanding of the Group and its issues. In 2016, 49 people benefited from this new induction experience with a satisfaction rate of 94.8%.

Talent retention policy

In an effort to retain the talents that contribute to its development, Gecina set up the **Young Potentials Mobility Program** in 2016.

Launched in May, this program seeks to develop the talents of employees with potential over a period of five years, by offering them a diversified career path within the Group. These employees are identified from among those with at least one year's experience in the company, who are under the age of 36 and have shown very good or outstanding performance during the year according to their line management and confirmed by the Executive Committee.

In 2016, 16 employees were identified in nearly all departments. In addition to the offer of mobility to another job, employees have the choice between innovation projects, enhanced responsibility, training leading to a diploma, or professional certification.

In the first six months, several careers were thus launched, yielding satisfactory results:

- six employees decided in groups of two, with the assistance of a startup, to manage conversion and innovation projects relating to the change in the Gecina economic model;
- five employees undertook to obtain the RICS (Royal Institution of Chartered Surveyor) certificate, to validate their real estate skills;
- two employees accepted temporary one-year assignments in new business lines.

Furthermore, as an extension of the monitoring conducted in 2015, the Group directors' succession plan was presented at the Governance, Appointment and Compensation Committee meeting of July 2016. This identified short-or medium-term successors for the 34 Group directors.

7.5.2.1. Workforce

Analysis of performance

The Group had 448 employees at December 31, 2016 compared with 447 at December 31, 2015, *i.e.* stable in line with that of the structure of the property portfolio. The processes for the prospective management of jobs made it possible to reassign within the Group the workforce affected by the disposal of the Healthcare activity in July 2016. The workforce assigned to building management is increasing by 1.3%, because of the lower number of disposals of buildings within the residential property portfolio than the previous year.

Status of workforce ☑

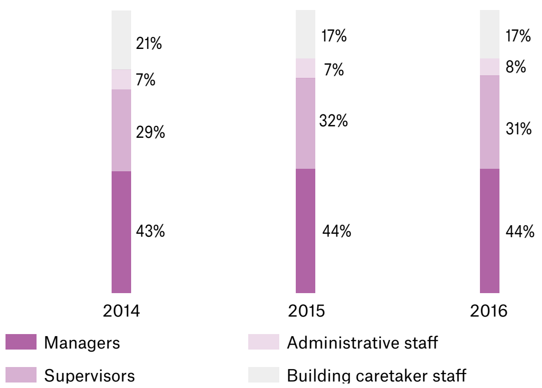
	2014			2015			2016			Change
Category	Men	Women	Total	Men	Women	Total	Men	Women	Total	2016-2015
Management staff	99	104	203	98	100	198	99	99	198	0.0%
Supervisory staff	28	111	139	30	114	144	31	108	139	-3.5%
Administrative staff	12	21	33	15	15	30	15	20	35	16.7%
Building and caretaker staff	40	58	98	30	45	75	30	46	76	1.3%
TOTAL WORKFORCE	**179**	**294**	**473**	**173**	**274**	**447**	**175**	**273**	**448**	**0.2%**
Of which:										
Permanent contracts	168	275	443	159	253	412	158	251	409	-0.7%
Fixed length contracts	11	19	30	14	21	35	17	22	39	11.4%

The total workforce of 448 employees in 2016 remains stable compared with 2015. The +16.75% increase in administrative staff primarily concerns the fixed-term contracts of seasonal employees and students on work/study programs.

The breakdown between men and women remained unchanged in 2016 compared with 2015. Female employees remained the majority, with 60.9% of the total workforce at December 31.

Similarly, the average seniority of employees on indefinite-term contracts is the same in the last three years, at 14.6 years in 2016.

Breakdown of employees by status



The breakdown of staff by status in 2016 is similar to that of 2015. The management and non-management staff is 44% and 39% respectively of the total workforce in 2016.

Breakdown of workforce by age group ☑

Percentage of employees	2015	2016
Under 26	1.5%	1.5%
26 to 29	4.1%	4.9%
30 to 44	39.8%	39.6%
45 to 54	32.5%	33.0%
Over 60	22.1%	21.0%
TOTAL	**100.0%**	**100.0%**

Age is an important issue within the company, considering that the average age of employees on indefinite-term contracts remains high. It was 46.2 years in 2016 compared with 46.3 in 2015.

Given the level of professional experience required upon recruitment, the average age of new employees is generally above 30 years. For 2016, it was 34.2 years.

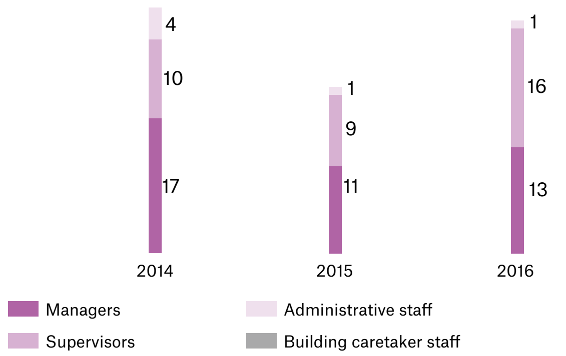
In distribution terms, the average age is 45.3 years for management staff, 44.8 years for non-management staff and 51.7 years for building staff.

To prepare the succession of talent, this issue has been incorporated into the recruitment and career management policy (and more specifically in the agreement on the generation contract) and recruitment objectives are set taking into account the ages and skills.

7.5.2.2. Hires and dismissals

Analysis of performance

Changes in indefinite-term contract recruiting



In 2016, 30 employees were recruited under indefinite-term contracts, representing an increase of 42.9% compared with 2015.

One third of these new employees consist of management staff in operational business lines.

These hires during the year were linked to natural employee turnover (83%) and job creation (17%) in key skills professions (Project Management and Technical and Works as well as Real Estate Management). The percentage of positions initially created as fixed-term contracts and converted into indefinite-term contracts represents 13.3% of all recruitments carried out.

Change in number of entrance

Entrance	2015	2016	Change 2016-2015
Permanent contracts	20	26	30,0%
Fixed-term contracts to Permanent contracts	1	4	n.a.
Permanent contracts sub-total	**21**	**30**	**42,9%**
Fixed-term contracts for increasing of activity	22	28	27,3%
Fixed-term contracts for replacement*	206	228	10,7%
Apprenticeship and professional training contracts	13	23	76,9%
Fixed-term contracts sub-total	**241**	**279**	**15,8%**
TOTAL	**262**	**309**	**17,9%**

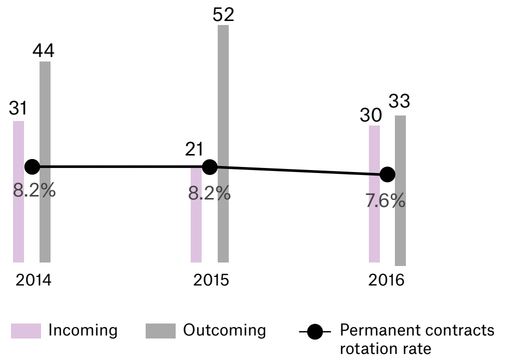
** 174 of them in 2015 and 200 contracts in 2016 to substitute building caretaker staff temporarily absent*

Aside from specific positions that require a certain level of expertise or technicality, nearly all the Group's recruiting is handled in-house. The recruitment of building staff (building and caretaker staff) mainly concerns replacement needs in the event of absence. Although this recruitment represents 71.7% of fixed-term contract recruitments made at Group level, it is made from a pool of substitute candidates previously identified by the management teams.

The recruitment of administrative staff is monitored in a specific manner as vacancies are systematically published on the Group website and on other specific job websites. With 45,624 views this year, the page dedicated to recruitment is one of the three most viewed pages. In 2016, 6,800 resumes were received and processed. They include 515 spontaneous applications and 6,361 applications received in response to offers published. Thus, 109 employees were recruited for the administrative team, representing 23.8% more than in 2015.

At the same time, the company welcomed 28 interns on work experience or work application programs lasting between one week and four months.

Changes in the indefinite-term contract turnover rate



The Group's arsenal of measures to retain employees and managing recruitments internally gradually provide support to newly-hired employees.

In 2016, 33 employees with indefinite-term contracts left the Group, compared with 52 in 2015, representing a 36.5% drop, and a turnover rate of 7.6%, in decrease compared with the previous two years when it represented 8.2%. This drop is mainly linked to the absence of job transfers in the context of building disposals (in accordance with the provisions clause L.1224-1 of the French Labour Code) and to a lower number of retirements. That said, retaining new employees remains an important issue for the Group given that at December 31, 2016, only 76.5% of new employees were still with the Group after three years of joining Gecina.

Reasons for leaving (excluding Group mobility)

Outcoming	2015	2016	Change 2016-2015
Resignation from a permanent contract	9	7	-22.2%
L. 1224-1 based transfer	12		na
Layoff			-
Termination for another reason	9	15	66.7%
Company's initiative end during permanent contract trial period	2	2	
Voluntary retirement	20	8	-60.0%
Compulsory retirement		1	na
Permanent contract subtotal	**52**	**33**	**-36.5%**
End of fixed-term contract *	216	259	19.9%
Company's initiative end during fixed-term contract period	2	1	-50.0%
End of fixed-term contract/**apprenticeship and professional training contracts	18		-100.0%
Fixed-term contract subtotal	**236**	**260**	**10.2%**
TOTAL	**288**	**293**	**1.7%**

** 176 of them in 2015 and 197 contracts in 2016 to substitute building caretaker staff temporarily absent.*
*** One Company's initiative end in 2015.*

Departures, and more particularly, resignations, are monitored specifically by the Human Resources Department, which organizes individual interviews for each resigning employee. Thus, out of the seven resignations recorded in 2016 (five of whom were managers), five left the Group for new career opportunities, one to join his/her family and the other for a personal project. In 2016, the departure rate linked to resignations represented 1.7% *versus* 2% in 2015, with a strong proportion (11.8%) of employees aged under 30, a population that is generally more mobile in their career choices. Nearly half were university graduates with at least a bachelor's degree.

Resignation rate by age category

Breakdown of resignation by age group	2014	2015	2016
Under 30	13.3%	4.8%	11.8%
30 to 45	3.7%	3.9%	2.4%
Over 45	0.8%	0.4%	0.4%
Rate of resignation	**2.9%**	**2.0%**	**1.7%**

7.5.2.3. Career management interviews

Analysis of performance

Performance reviews

The annual or six-month performance review is a management tool focused on individual and collective performance within the company, steered by the department of Human Resources. This interview is formalized through a document and is an opportunity for all employees and their managers to review the past year, analyze, if applicable, how well objectives have been achieved and then assess the skills that have been acquired and those remaining to be developed.

For 2015, the quantitative report of June 2015 showed that 95.6% of administrative personnel and 60.5% of building staff were interviewed. At Group level, this represents an achievement rate of 89.6%, a significant drop in performance compared with the previous year, particularly for building staff. This can be explained by a broader context wherein teams were busy with various transformation projects during part of 2016.

For 2016, at January 31, 2017, 93.6% of the performance reviews conducted for administrative staff had been submitted to the Human Resources Department for analysis.

To facilitate the management and monitoring of assessment interviews by all the parties involved, in 2016 the Human Resources Department set up an HR software package to input and consult these interviews online. This tool is currently being tested and will be operational for all assessments in 2017.

Professional interview

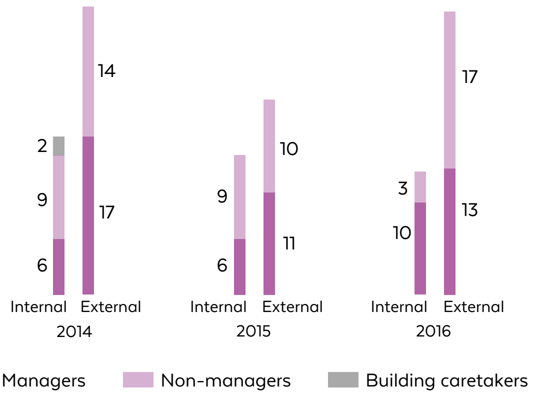
Professional interviews have existed in the Group since 2015. They are managed by the Human Resources Department and offered to employees at least once every two years. Different from the annual performance review, the professional interview is conducted by the career management team. Based on the employee's motivations and remarks, the career management team can help in preparing and implementing a professional project (job change or training). After two years of implementation, more than 90% of eligible employees participated in these interviews. Some of these interviews provided the opportunity to translate professional projects into reality (promotions, mobility or sometimes resignations).

7.5.2.4. Internal mobility and promotions

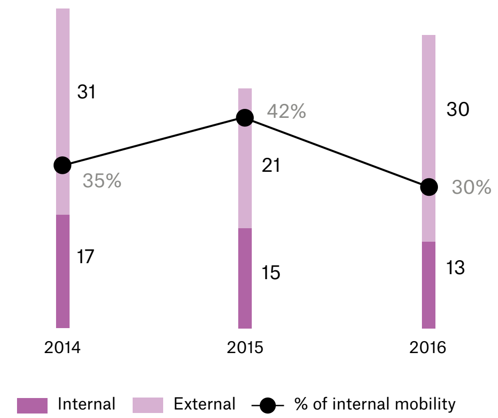
Analysis of performance

Internal mobility

Changes in recruitment through internal mobility and external recruitments by status



Changes in the share of internal mobility in recruitments carried out



For many years now, Gecina has put internal mobility at the core of its career management strategy. Every time a job must be filled, the identification of the most appropriate in-house profiles, in particular by announcing job offers to all employees is systematically done. Every internal mobility possibility is subject to a thorough review of the application file and a preliminary interview by the Human Resources Department and the manager concerned.

Furthermore, to enhance the employability of its workforce, employees with at least two years of job experience are offered a mobility opportunity, either through temporary assignments or a permanent transfer.

In 2016, 13 employees changed jobs through internal mobility, which in four cases concerned temporary assignments. These 13 mobilities represent 30.2% of all recruitments made by the Group, which exceeds the 25% objective fixed for 2016, thus exceeding objectives for the third consecutive year.

Promotions

Breakdown of promotions

		Managers	Supervisors	Administrative staff	Building caretaker staff	Total	Change 2016-2015
Promoted, no status change	Men	1	0	0	0	1	
	Women	2	0	0	0	2	
Sub-total		**3**	**0**	**0**	**0**	**3**	**-79%**
Promoted, changed status	Men	7	2	0	2	11	
	Women	8	2	0	0	10	
Sub-total		**15**	**4**	**0**	**2**	**21**	**75%**
TOTAL		**18**	**4**	**0**	**2**	**24**	**-8%**
Of which change in socio-professional category	Men	5	1	0	2	8	
	Women	4	0	0	0	4	

Promotions take place after the annual performance review or through a mobility opportunity for positions of higher-level qualification or responsibility. To the company, they offer the assurance of access to the skills required for its development; to the employees, the recognition they expect.

Twenty-four people were promoted in 2016, 21 of whom benefited from a change of classification (collective bargaining grading system).

Among the individuals promoted, 12 employees changed their socio-professional category. For example, one man joined the supervisors category, four people were promoted to management positions (50% women) after a specific training program (Management Training Program – see 7.5.2.5.), four people were appointed to the Management Committee (25% women), and one woman to the Executive Committee. Furthermore, two people covered by the Building Staff and Caretakers' Collective Bargaining Agreement were promoted from the "employee" category to the "supervisors" category.

Three people had the opportunity to expand their skills with or without change of socio-professional category. They included two women who expanded their field of activity within the Executive Committee and one man who joined the acquisitions and sales function.

7.5.2.5. Training

Analysis of performance

The annual training plan is prepared in concert with area managers. The plan is focused on the Group's strategy and technological changes, and is prepared on the basis of specific themes classified by field and seeking to promote the acquisition and development of the skills required of employees in their job functions. Recommendations drawn up by managers also take into account individual desires for training as expressed by their staff during the performance appraisal interviews and those requirements identified in career development monitoring carried out by the Human Resources Department. To ensure the quality of the training courses provided, an evaluation is available to trainees at the end of each training session. These assessments are subsequently analyzed over a scope of training programs defined in advance.

In 2016, the Group's training hours surged by 20.5% compared with 2015, increasing from 9,602 hours to 11,567.5 hours. This represents an average of 26 hours or more than 3.5 training days per year per employee.

At the same time, the total budget allocated to training in 2016 rose compared with 2015 and amounted to €1,612,348, which was more than 5.4% of gross employee expenses for 2016. These expenditures for training represent an average of €3,600 per employee in 2016 (*versus* €3,100 in 2015), *i.e.*, an increase of 16.2% in one year. The recorded satisfaction rate for the panel of identified training programs stood at 96.3% for the year.

Furthermore, in line with its social commitments, in 2016, the Group devoted its annual apprenticeship tax to paying tuition fees for young hires under apprenticeship contracts (71%) as well as assistance for schools and associations working in the field of disability or professional integration (29%).

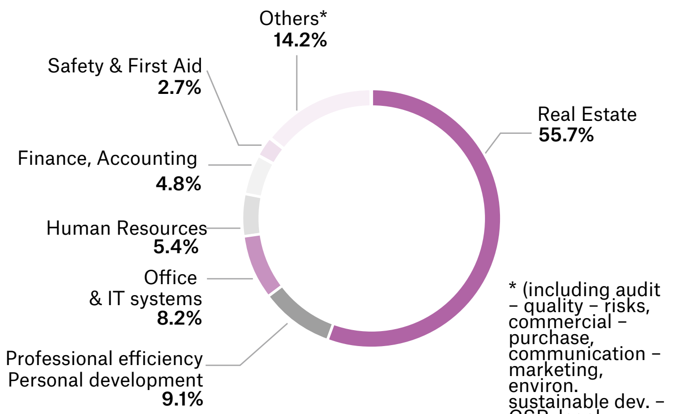
Nombre de salariés formés par CSP et par genre

	Men			Women			Total M + W		
	Trained	Total staff	% Of men trained w/ relation to their representation	Trained	Total staff	% of women trained w/ relation to their representation	Trained	Total staff	Total % M + W trained
Managers	100	99	101.0%	104	99	105.1%	204	198	103.0%
Supervisors	35	31	112.9%	111	108	102.8%	146	139	105.0%
Staff	15	15	100.0%	22	20	110.0%	37	35	105.7%
Administrative staff	**150**	**145**	**103.4%**	**237**	**227**	**104.4%**	**387**	**372**	**104.0%**
Building caretaker staff	**25**	**30**	**83.3%**	**35**	**46**	**76.1%**	**60**	**76**	**78.9%**
TOTAL	**175**	**175**	**100.0%**	**272**	**273**	**99.6%**	**447**	**448**	**99.8%**

Access to training by employees remains high and ensures fair access for all genders. It was 99.8% in 2016, *versus* 97.8% in 2015.

The access rate of administrative staff to training was 104% because it reflects employees who were no longer part of the workforce at December 31, 2016. Comparatively, the access rate of building staff to training, which is less than 80%, matches the priorities of the year since the latter were less concerned by the training programs linked to the change of real estate management software.

Breakdown of training hours by field



* (including audit – quality – risks, commercial – purchase, communication – marketing, environ. sustainable dev. – CSR, legal, languages).

In 2016, the three training areas which attracted the largest number of hours are, by order of priority: real estate (55.7%), professional efficiency/personal development (9.1%) and office automation/IT (8.2%).

Main training areas

Real estate

In 2016, the real estate field totaled 6,444.5 hours, *i.e.*, 55.7% of the total volume of training hours given inside the Group compared with 38.5% in 2015. The largest proportion, *i.e.* nearly 72%, of this volume of hours was allocated to training related to the change of the real estate management software rolled out in 2015 with the deployment of new real estate management tools within the different business lines (see 7.5.2.5 of the 2015 Reference Document). These courses tailored to the needs of each (operational and functional) department were primarily given by 13 in-house trainers specifically trained for this purpose, and concerned 304 people, or 68% of employees trained by the Group over a total training period spanning two hours to five days.

At the same time, new legal developments, such as the Alur Act, required the arrangement of mandatory specific training for the issuance of regulatory professional cards required to practice transactional and management functions linked to the real estate business.

Apart from these two themes, the bulk of training programs concerned, as usual, training on workstation adaptation.

Professional efficiency – Personal development

In 2016, the volume of hours allocated to this field remained stable compared with 2015 at 9.1% and concerned training linked to management, setting of objectives, the induction of newly-hired employees, etc.

Three programs in particular were implemented:
- management workshops: supervised by two Executive Directors including of the Company Secretary in charge of Group Human Resources , these workshops brought 67 managers together to work on the managerial action plans defined at the end of the opinion barometer organized in 2015;
- training in setting objectives: a total of 99 managers have taken these courses, introduced in 2014 and continued in 2016, bringing the overall rate of managers trained on this topic to 93.4%;
- the management training program: this was fully deployed since 2014 to support employees moving to management jobs, through an individual and collective support program of at least 70 training hours to develop business and soft skills, as well as knowledge of the company, its businesses and operational objectives that contribute to the implementation of its strategy. In 2016, this program provided support to ten employees. During the year, one employee left the company and four employees (50% women and 50% men) completed this program and were promoted to managerial positions.

Office automation – IT

These courses took up 8.2% of the volume of training hours compared with 6.2% in 2015. This increase can be explained in particular by the needs raised by the implementation over two years of numerous IT projects at Group level (see section 7.5.2.5. of the 2015 Reference Document).

7.5.3. WORKING CONDITIONS

KPI: % of employees with at least one work stoppage for medical reasons less than or equal to three days

2016 objective: 29%

7.5.3.1. Organization of working hours

Approach

Within the Group, work-time and organization of work is based on a company-wide agreement depending on category of employee. Aside from senior managers not subject to regulations governing working time, employees with managerial status are required to work a fixed number of days on an annual basis by virtue of their responsibilities and autonomy.

Non-managerial employees are either subject to a collective variable schedule or are required to work a fixed number of hours on an annual basis if their duties include frequent travel away from the corporate head office.

Based on an average of 35 hours per week, the agreement sets a weekly variable work time of 37 hours and 30 minutes, an annual rate of 1,567 hours (for non-managerial staff) or 206 days (for managerial staff), compensated by the allotment of days off in lieu (15 or 17 days depending on the status).

For 2016, overtime hours worked and paid amounted to 990 hours, representing a drop of 8.2% compared with 2015. This low volume of overtime hours compared with the previous years represents an average of 5.7 hours per non-management employee.

The company also offers its employees the option of working within a broad daily timetable, in order to guarantee a satisfactory work/life balance while maintaining collective performance.

Employees are entitled to adopt part-time work based on various schemes. For example, older employees may ask the company to compensate a portion of the resulting loss in salary including pension contributions.

Analysis of performance

In 2016, the total number of employees on indefinite-term contracts who adopted a part-time work scheme represented 35 people. The reduction is mostly used by women, who account for 88.6% of the part-time workforce.

The reasons for this change in working hours were the generation contract (40%), part-time parental leave (11.4%), and personal convenience (40%). There are 324 full-time employees, excluding senior managers and resident superintendents, representing 72.3% of the workforce, compared with 71.6% in 2015.

The various organization formats

In order to guarantee the best working conditions for its employees, Gecina has placed wellbeing and stress reduction at the heart of its preoccupations. This commitment is reflected in the collective bargaining agreements or company-wide systems set up over the years. Depending on an employee's personal situation, in addition to their annual leave of 30 days and their 17 or 15 days in lieu depending on their management or non-management status, employees may have additional leave for reasons related to family events (marriage, birth, death, etc.) or their personal situations, such as moving days, providing health care to family members, disabilities, etc.

The right to disconnect

The issue of the right to disconnect was discussed at the annual mandatory wage negotiations. It was agreed that from Monday to Friday, between 8 pm and 7 am the next morning, employees are not obliged to read and answer emails and phone calls sent to them. At the same time, they are also asked to limit the number of emails sent or phone calls made to the strictest minimum.

In the light of these new provisions, the appropriate usage guide has become the appropriate usage charter and includes all these measures.

Indeed, striking the right balance between professional and private life is an essential condition for maintaining a balanced life and ensuring optimum working conditions for all employees.

Home offices

In June 2016, the company decided to set up a home office experiment, which entailed either three flexible days of working from home per month, or one fixed day per week for a pilot group of 24 voluntary employees from functional departments. The objective of this project was to offer employees the possibility of reducing their commuting time and achieving a more balanced private life/professional life. For the company, this organization mode helps to improve overall performance, by reducing employee fatigue while stimulating their motivation.

The experiment will be analyzed and assessed at the end to measure the impacts on operational organization and on the overall performance of the employees concerned.

The parenthood charter

Gecina signed the parenthood charter in 2013 and is working towards a work organization that will promote wellbeing at work and improve the productivity and performance of its employees. Accordingly, it has increased the number of spots in inter-company day care centers offered to its employees, up from the three previously offered to five since January 2016.

7.5.3.2. Health, safety and absenteeism of employees

Approach

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.

For building staff, this identification led to the provision of equipment such as garbage tractors for moving trash bins and adapted house-cleaning tools, thus reducing the number of employees subject to hardship risks. 34.3% of the 70 employees with indefinite-term contracts assigned to buildings were identified as being exposed to work hardship risk factors. Out of the six factors identified and in force since July 1, 2016, Gecina is only concerned by the “strenuous work positions” factor. Employees exposed to this risk factor will be given a work hardship prevention account. The “hardship” points received by these employees can be used for training, part-time work or early retirement.

Analysis of performance

In 2016, the ailments of two employees were recognized as occupation-related illness linked to repetitive tasks performed in their duties as building staff. No death was recorded during the year.

Gecina continued the partnership established in 2014 with Psya, a firm specializing in the prevention and management of psychosocial risks. This year, four employees contacted the firm about an assault, heavy work burden and two situations of personal problems.

In addition, the company continues to work with Responsage, a multimedia news, guidance and consulting platform, tasked with helping employees in supporting older dependent persons. Since 2016, this offer has been enriched with a new service aimed at providing administrative assistance for disability situations in the employee’s family sphere. In 2016, nine employees requested these services, two of whom for disability situations.

Change in absenteeism rate (in % of number of days worked) ☑

	2014	2015			2016			
	Total	Administrative staff	Building caretaker staff	Total	Administrative staff	Building caretaker staff	Total	Change 2016-2015
Illness								
Rate of absenteeism	**2.59%**	**2.77%**	**4.70%**	**3.12%**	**2.63%**	**7.43%**	**3.47%**	**11.2%**
Rate of absenteeism excluding unpaid absences	1.90%	2.03%	3.99%	2.38%	1.76%	4.83%	2.30%	-3.6%
Workplace and commuting accidents								
Rate of absenteeism	**0.27%**	**0.09%**	**1.06%**	**0.27%**	**0.02%**	**0.03%**	**0.02%**	**-91.8%**
Rate of absenteeism excluding unpaid absences	0.23%	0.09%	1.06%	0.27%	0.02%	0.03%	0.02%	-91.8%
Total illness and accidents								
Rate of absenteeism	**2.86%**	**2.86%**	**5.77%**	**3.38%**	**2.65%**	**7.45%**	**3.49%**	**3.1%**
Rate of absenteeism excluding unpaid absences	**2.13%**	**2.12%**	**5.06%**	**2.65%**	**1.78%**	**4.86%**	**2.32%**	**-12.5%**
Other absences								
Rate of absenteeism	**1.31%**	**1.62%**	**0.46%**	**1.41%**	**2.53%**	**0.28%**	**2.10%**	**49.1%**
Rate of absenteeism excluding unpaid absences	1.31%	1.62%	0.46%	1.41%	2.52%	0.28%	2.09%	48.6%
Total absences								
Rate of absenteeism	**4.18%**	**4.48%**	**6.22%**	**4.79%**	**5.18%**	**7.73%**	**5.59%**	**16.6%**
Rate of absenteeism excluding unpaid absences	**4.26%**	**4.25%**	**10.11%**	**5.30%**	**3.56%**	**9.71%**	**4.64%**	**-12.5%**

Paid absences = Gecina maintained employee's salary for absences due to illness and work illness, workplace and commuting accidents, therapeutic part-time working, maternity/paternity.

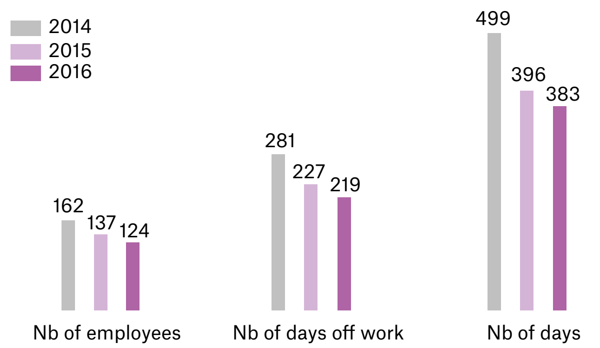
Absence due to illness

In 2016, the absenteeism rate for illness rose by 11.2%, and stood at 3.47% compared with 3.12% in 2015, while the number of employees off work fell by 4.2%.

This change is primarily linked to long-term illnesses (exceeding 100 days), which increased from 1,017 days in 2015 to 2,571 days in 2016. A total of 12 employees were off on sick leave in 2016 compared with seven in 2015. Excluding sick leave without pay, the absenteeism rate in 2016 would actually have been 2.30% instead of 3.47%, slightly down compared with last year, when it totaled 2.38%.

During the year, sick leave represented an average 12.5 days off work per employee (annual FTE) compared with 11.2 days in 2015.

Changes in absenteeism related to time off work for illness of less than or equal to 3 days



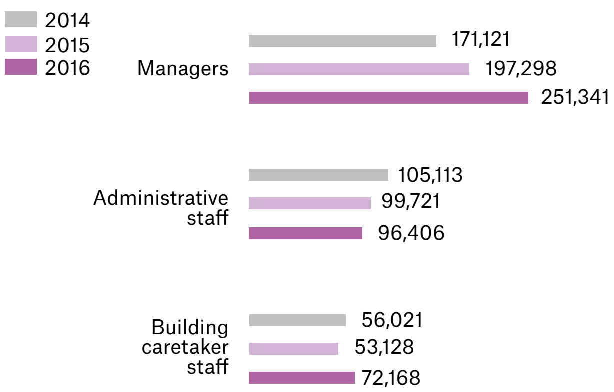
The number of employees concerned by time off less than or equal to three days fell by 9.5% to 28.5%, i.e. better than the objective fixed at 29%. At the same time, the number of leaves of absence fell by 3.5%, in addition to the aggregate number of days associated with these leaves of absence, which fell by 3.3%. This indicator, which has been monitored for some years now, reveals a decline in these leaves of absence.

In order to control the impact of this absenteeism on the company's overall performance, a criterion linked to short-term absenteeism was introduced in the profit-sharing agreement renegotiated in 2016 for three months.

As such, the absenteeism ratio obtained each year will be used to increase or reduce the overall profit-sharing envelope.

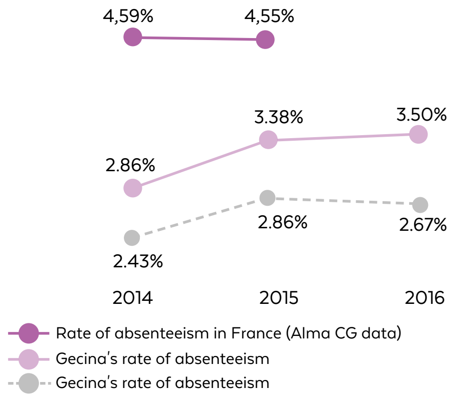
Gecina expects employees to learn from this new measure, given that the criterion has a modest impact on the overall envelope.

Change in the cost of absenteeism by status (in euros)



Deductions for absence due to illness less social security repayments are reflected in this analysis. In 2016, the cost of absenteeism grew by nearly 20% compared with 2015, mainly for the Management Team and with a lesser effect on Building staff. Long-term illnesses represent the main cost item, since they accounted for 53.8% of the total cost of absenteeism in 2016, compared with 25.5% in 2015.

Gecina's absenteeism rate compared with the national average



According to the last AYMING (previously Alma Consulting) concerning the 2015 data, the national average absenteeism rate was 4.55% compared with 3.38% for Gecina.

This study included absence due to illness, work-related accidents, commuter accidents and occupational illnesses.

At equivalent group structure, the chart's average number of annual absences represents 16.6 days *versus* 12.6 days for Gecina.

Safety and working conditions

	2014			2015			2016		
	Off work	Not off	Total	Off work	Not off	Total	Off work ☑	Not off	Total
Number of workplace accidents	7	2	9	5	2	7	5	1	6
Number of commuting accidents	3	5	8	0	0	0	2	1	3
Total	**10**	**7**	**17**	**5**	**2**	**7**	**7**	**2**	**9**
Number of days off work for work accident	344		344	374		374	22		22
Number of days off work for commuting accident	120		120	45		45	12		12
Total	**464**	**0**	**464**	**419**	**0**	**419**	**34**	**0**	**34**

In 2016, nine workplace accidents were recorded, three of which were commuting accidents, slightly up compared with 2015. However, accidents with lost days fell significantly in numbers of days from 419 days in 2015 to 34 days in 2016.

The nine recorded accidents (with or without lost days) resulted from the following situations:

- five falls or slippages;
- two accidents due to wrong movements or postures;
- one accident linked to an assault;
- one accident while operating handling-storage machinery.

Considering these circumstances, none of these accidents required the arrangement of workplace accident prevention training provided by corporate agreement.

Rate of frequency of workplace accidents ☑

	2014	2015	2016	Change 2016-2015
Rate of frequency	**8.71**	**6.82**	**6.88**	**0.9%**
Administrative	4.96	1.73	5.19	200.7%
Building	20.07	25.92	13.41	-48.3%

Calculation = (Number of work accidents with time off x 1,000,000)/(Number of hours worked x Average annual FTE).

Although the frequency rate has been decreasing for several years, this year it increased slightly by 0.9%. This can chiefly be explained by a slight drop in the annul FTE workforce, as the number of workplace accidents (five) with lost days remained unchanged between 2015 and 2016.

Rate of severity of workplace accidents ☑

	2014	2015	2016	Change 2016-2015
Rate of severity	**0.43**	**0.51**	**0.03**	**-94.1%**
Administrative	0.04	0.13	0.03	-79.7%
Building	1.60	1.94	0.05	-97.6%

Calculation = (Number of days off work following a work accident regardless of year x 1,000)/ (Number of hours worked x Average annual FTE).

The severity rate fell by 94.1% between 2015 and 2016 due to the number of lost days, which dropped from 374 days in 2015 to 22 days in 2016. As a reminder, in 2015, five workplace accidents resulted in 300 lost days.

7.5.3.3. Staff cohesion and dialogue

Approach

Gecina adheres to ILO principles incorporated into 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. "Responsible purchasing"). The commitments undertaken under the Global Pact reflect Gecina's actions on this issue.

2016-2017 corporate agenda

Achievements in 2016	Projects for 2017
- Rider to the agreement on the Group Savings Plan (Macron Act) - Rider to the Gecina UES personnel profit-sharing agreement (Macron Act) - Rider to the Gecina UES personnel incentive scheme agreement (Macron Act) - Rider to the agreement on the Group Savings Plan (Macron Act) - Rider to the Generation Contract (12/2016 extension) - Rider to the agreement relating to classifications and Career Management (update of classifications grid) - Gecina UES personnel incentive scheme agreement - Rider to the Gecina UES personnel profit-sharing agreement (Incentive scheme harmonization agreement) - Rider to the Generation Contract (12/2017 extension) - Electoral draft agreement - Annual Mandatory Negotiations for 2017 agreement	- Single Agreement Prospective Management of Jobs and Skills / Generation Agreement - Renewal of representative bodies (employee delegates + Works Council members)

In 2016, regular and special meetings with the Works Council, staff representatives and members of the Health, Safety and Working Conditions Committee (CHSCT) and meetings to review the various corporate agreements provided 72 occasions to discuss collective or individual employee issues relating to working conditions at the company.

As guarantor of the law and of maintaining quality social dialogue, Gecina will organize personnel representative elections (employee delegates and WC members) in March 2017 for a two-year mandate. The new members of the Health, Safety and Working Conditions Committee will be appointed after this election for a similar term.

These bodies have the task of representing all of the company's employees and defending their interests in the face of the employer during periodic meetings or organized negotiation sessions set up by the employer.

To accomplish this, each elected body has standing and alternate members, who in 2016 were broken down as follows:

Breakdown of standing and alternate members for each personnel representative body

	Standing members	Alternates
Employee representatives	6	5
Works Council members	6	4
Health, Safety and Working Conditions Committee members	5	2

Trade union representatives are appointed by their union. Their role is to negotiate company-wide agreements (Prospective Management of Jobs and Skills, incentive plans, working hours, professional equality, mandatory annual salary negotiations, etc.).

Analysis of performance

In 2016, 100% of collective agreements due to expire were renewed or extended in accordance with the corporate agenda presented above. No collective agreement on occupational health and safety have been signed in 2016. The total number of complaints brought before Management during monthly meetings with staff representatives came to 24 for the year, while there were no complaints during five of the 12 meetings.

The Works Council was consulted 18 times about projects related to the disposal of the Healthcare activity, the home office experiment, acquisition investment plans, and legal obligations (social indicators, new agreements, etc.).

In addition, each year the Group sets aside an amount equal to 1.6% of employee expenses to finance the Works Council's operating budget and social actions, representing an overall budget of €474,272 in 2016.

Employee information

The employees are informed about the company's strategy and financial results, their rights or the organization of specific employee events, by the intranet or by email. In addition, depending on the topics, collective briefings are organized, either for managers (committee for managers) or for all staff. In 2016, in addition to the information meetings for managers (committee for managers) on the company's strategy, collective meetings were organized to inform employees about new developments in social protection and employee savings.

Internal opinion barometer

The first internal opinion barometer carried out in 2015 measured the satisfaction at work of its employees and identified strong points and areas of improvement, which were translated into action plans in the following months. As such in 2016, workshops supervised by the Executive Committee brought together 67 managers, members of the Management Committee, with the objective of proposing, after exchanges with their teams, tangible solutions to the identified areas of improvement, relating to management and organization principles. The results of these workshops were communicated to team leaders for implementation within the company in the fourth quarter of 2016.

7.5.3.4. Profit sharing and involvement of employees in Gecina's performance

Approach

Gecina's compensation policy is based on a balance between the Group's ability to increase revenue and profitability and the proportion distributed to employees through its salary policy. The general level of salary increase is negotiated with the unions during the mandatory annual negotiations which in 2016 produced agreed minutes signed off by both parties.

The amount determined for the general increase applicable on January 1, 2016 was 1% and is intended solely for non-management employees employed in the company prior to September 1, 2015.

Analysis of performance

Compensation

In euros	Administrative staff	Building caretaker staff	Group
Amount paid out*	3,928,558	34,350	3,962,908
Gross employee expenses	27,223,897	2,418,080	29,641,977
Percentage of employee expenses	14.4%	1.4%	13.4%

** Including loyalty bonus, anniversary bonus and tutoring bonus.*

An envelope specifically intended for individual increases and bonuses is set aside to reward employees on merit. These individual increases and bonuses are allocated each year on the basis of results of the annual assessment and performance with regard to the targets set for the employee. Their amount lies within the bracket established for each person's level of responsibility.

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). The objectives must be set in relation with the corporate strategy. Their success must be assessed at the end of the year to determine each employee's contribution to the company's performance and the amount of the variable bonus to be allocated.

The sales teams benefit from a variable bonus rule specific to their activity.

In 2016, 94.6% of the 317 administrative employees eligible received a variable bonus, compared with 94.3% in 2015. The difference observed between the eligible employees and those who received bonuses was 5.4%. For the 17 employees concerned, this is because they failed to reach their objectives.

Gross median monthly salary in the Group

Median monthly salary in euros	2014	2015	2016	Change 2016-2015
Managers	5,019	5,024	5,118	1.9%
Non-managers	3,256	3,312	3,337	0.8%
Building caretaker staff	2,331	2,441	2,503	2.5%

The gross median monthly salary is calculated based on the number of employees with indefinite-term contracts, excluding corporate officers, who were with the company in December 2016. The salary taken into consideration is the fixed annual basic salary (excluding variable compensations), including the 13th month and the long-service payments. The total is divided over 12 months.

Average individual and general raises by gender and category

		% increase CWR + IR 2015			% increase CWR + IR 2016		
		Total M + W	M	W	Total M + W	M	W
Managers	**Individual raise**	**2.19%**	**2.27%**	**2.08%**	**2.74%**	**2.97%**	**2.43%**
Non-managers	*Company-wide raise*	*0.94%*	*0.95%*	*0.94%*	*0.97%*	*0.95%*	*0.98%*
	Individual raise	1.15%	1.17%	1.14%	1.22%	1.46%	1.15%
	Total raises, non managers	**2.09%**	**2.12%**	**2.08%**	**2.19%**	**2.41%**	**2.12%**

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. These increases also reflect the promotions evoked in Section 7.5.2.4 “Internal mobility and promotions”.

Regarding building staff, only general and collective bargaining increases were applied.

It should be noted that the total compensation envelope includes access to a Group Savings Plan with employer's contribution and as well as access to capital increase for employees.

A Group Savings Plan (PEG) is designed to receive savings from employees *via* six mutual funds with diversified profiles (money-market, balanced, protect, opportunities, European equities and bond solidarity funds) and one mutual fund invested in the company's shares. The PEG benefits from an employer's contribution of up to €2,100 gross per employee depending on the amounts invested.

The gross incentives and profit-sharing paid in 2016 for 2015 amounted to a total of €3,073,593, representing 11% of the 2015 payroll. Considering the results and performances achieved by the company in 2015, a collective profit-sharing supplement of €651,221 was paid to the company's employees. Moreover, the employer's contribution paid in 2016 by Gecina under the PEG (Group Savings Plan) or PERCO (Collective Retirement Savings Plan) amounted to €855,056 (€733,974 for administrative staff and €121,082 for building staff).

The amounts paid as variable collective compensation (profit-sharing + profit-sharing supplement + incentives) supplemented income further by 23.4% between 2015 and 2016.

The company-wide variable compensation

	Paid in 2015 for 2014	Paid in 2016 for 2015	Change 2016-2015
Average amount of the company-wide variable compensation	**6,262**	**7,728**	**23.4%**

Employee shareholding

As at December 31, 2016, Group employees held 652,227 Gecina shares directly and 70,352 Gecina shares indirectly *via* the Gecina employee share ownership plan ("FCPE Gecina actionnariat"), representing a total of 1.14% of share capital.

Performance shares

Performance shares were awarded in accordance with the provisions of the Regulation approved by the Board of Directors' meeting of April 21 and July 21, 2016.

The performance shares allotted will effectively vest at the end of the vesting period provided the two performance conditions of the plan, which are structured as follows, are met:

- 75%: comparison between Gecina's stock price trend and the Euronext IEIF SIIC France gross index (dividends reinvested);
- 25%: the ratio between Gecina's Triple NAV net dividends per share compared with a Group of seven French real estate companies (Foncière de Paris, Foncière des Régions, Icade, SFL, Tour Eiffel, Eurosic, Unibail).

Detailed information on these performance shares can be found in Section 6.4 "Stock options and performance shares".

7.5.4. DIVERSITY AND EQUAL TREATMENT

KPI: Number of professional classification levels for which the wage gap between men and women is greater than 3% (administrative population excluding Comex)

2016 objective: 0/7

7.5.4.1. Diversity policy

Approach

As a company that is already highly committed to social responsibility issues, Gecina is strongly convinced that its wealth is nurtured by diversity and gender equality. Since 2010, the Group has been striving to promote diversity and respect for equal opportunities. To ensure follow-up in the Group's human resources management, these issues are integrated into corporate agreements and translated into objectives. These issues are managed through indicators, the performance of which is measured and periodically presented to employee representatives.

As a signatory of the Diversity charter since 2011, Gecina promotes diversity through its recruitment and the career management of its employees, while fighting against all forms of discrimination.

By signing the LGBT charter in October 2015, the Group set itself the objective of driving forward the agenda on sexual orientation and sexual or gender identity within a professional context to ensure an inclusive work environment for lesbian, gay, bisexual or transgender persons (LGBT). In 2016, on the first anniversary of this commitment, the Chairman and a Gecina employee contributed their testimony alongside 80 other managers, elected officials and employees, in a book published by "Autre Cercle", creator of the Charter. This book is entitled "Mon employeur a fait son coming out" (My employer is out of the closet) and was distributed to all Group employees after a conference on the topic of non-discrimination and diversity "Mixité et égalité en entreprise, en finir avec les stéréotypes et les préjugés" (Diversity and equality in the workplace, putting an end to stereotypes and prejudice). Organized by the Group Chairman and jointly supervised by representatives of Gecina's diversity network and external speakers, experts on the topic, the event was attended by 130 employees.

This conference also allowed the official launch of the Gecina diversity network "Open Your I".

In 2016, Gecina continued its partnership with the Our Neighborhoods Have Talent organization by supporting graduates (four or five years of higher learning) in their job search (advice and methodology for resume writing, conducting recruitment interviews) during meetings and exchanges. Since this program began in 2012, 83 young people have been monitored and 35 (*i.e.* 42%) of them have found jobs.

7.5.4.2. Disabilities policy and employment of people with disabilities

Analysis of Performance

In 2016, Gecina rolled out the actions specified in the agreement signed in October 2015 to promote the employment of people with disabilities. So far, in accordance with the commitments taken, 75.4% of the Group's employees have benefited from training on this theme.

Thanks to the awareness-raising and training initiatives, the company was able to hire four people on fixed-term or indefinite-term contracts and welcome six interns under partnerships with AGEFIPH and professional reclassification centers.

In addition to these recruitments, four employees already in the company carried out voluntary formalities to have their disability recognized.

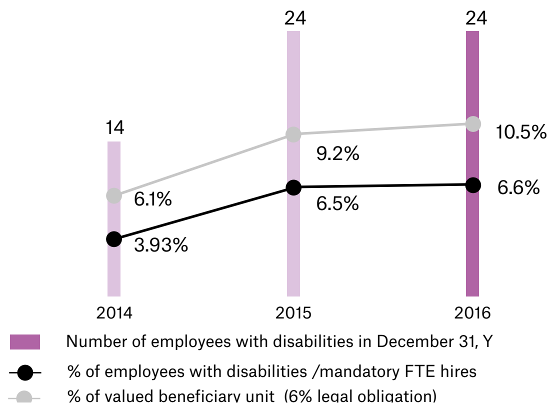
In accordance with the commitments made, the career management of employees with disabilities is monitored specifically to prevent all risks of discrimination and to ensure that their workstation is adapted to their disability. In addition, 100% of employees in situations of disability participated in training programs proposed by the Group.

The workstation readjustments planned under this process concerned 29.1% of all employees with disabilities.

Collaboration with facilities employing people with disabilities, another area specified in the agreement, generated 3.22 beneficiary units. The services provided primarily concerned landscape maintenance, printing and copying, waste collection recycling at the head office, and workshop services provided during the Week for the Employment of People with Disabilities.

As at December 31, 2016, Gecina had an employment rate of persons with disabilities of 10.5%, well above the mandatory 6%. As such, the company was not subject to the payment of the AGEFIPH contribution, corresponding to savings of around €42,388. This demonstrates the success of this policy oriented towards proximity management, concerned about strict adaptation of employee skills and capacities to available positions in the company.

Changes in the rate and number of employees with disabilities



7.5.4.3. Generation contract (employability of older people, young people and intergenerational co-operation)

Analysis of performance

The agreement on the generation contract signed in June 2013 for three years corresponds to three objectives for employees on indefinite-term contracts:

- foster access to permanent employment for young people under the age of 26, or 30 if they have been recognized as disabled workers;
- promote the hiring and continued employment of older people by proposing specific age-related measures, starting from the age of 45;
- encourage the transfer of knowledge and skills between different generations.

This agreement expired in June 2016 and was extended until December in order to merge with the agreement on the Prospective Management of Jobs and Skills. The results obtained at the end of December 2016, after 3.5 years of implementation, will be presented to social partners and incorporated into the measures to be taken in the context of the new agreement that will be negotiated in 2017.

Hiring young people (under the age of 26 or 30 if disability)

To prepare the succession of talents, the Group has set itself the objective of recruiting 15% of employees under the age of 26 over three years. In 2016, these recruitments accounted for 20% of recruitments made, 50% of which were made up of young people previously hired under work/study contracts.

However, over the three and half years of the agreement, recruitments of employees under the age of 26 represented 17% of all recruitments.

Hiring and keeping older workers on the job

This year, candidates aged 45 years and over represented 10% of all new hires. Over the three and half years of the agreement, this hiring rate stood at 18% compared with the 5% objective. This figure reflects the focus of certain recruitments on the connection between age and extensive professional experience.

Over the duration of the agreement, seniors represent 21% of the employees having at least a training during the year, that is close to their proportion in the total workforce (22%). Thus, 93% of the employees aged 55 and over have been trained in 2016.

Over the last three years and a half of the agreement, the career management objectives fixed have been reached:

- 29 senior employees attended interviews to improve hardship situations;
- 100% of employees aged 45 and over received specified training in the prevention of workplace accidents originating in handling or movement problems;
- 24% of employees aged 55 or over opted for part-time work;
- 67% of eligible employees attended end-of-career adaptation interviews with a human resources sponsor and 138 individual interviews were organized in the company with the pension funds.

Transfer of knowledge and skills between generations

All persons under 26 who were hired were supported by a senior sponsor who volunteered to facilitate their integration during their first six months in the company.

Furthermore, thanks to its recruitment policy launched in 2011 to encourage work/study training, in 2016, the Human Resources Department again enabled the Group's departments to acquire young talents in multiple levels of post-high school studies, in connection with the company's businesses, with the help of mentors. Thanks to this policy, in 2016, seven employees previously hired on work/study contracts were hired on fixed-term and indefinite-term contracts, including four from the 30 recruitments on indefinite-term contracts. They joined functions with key skills such as real estate management and project management, and techniques and works. They are all masters-level graduates.

In 2016, for the 2016-2017 academic year, Gecina welcomed 22 work/study program students in nearly all departments.

7.5.4.4. Gender equality

Analysis of performance

In 2016, Gecina continued the actions implemented since 2011 to promote gender equality, particularly in terms of communication and awareness raising, diversity in recruitments and equal treatment in career management.

Gecina has achieved considerable progress on diversity issues, thanks to training organized on the principle of non-discrimination and the awareness raising actions implemented. So far, this commitment, which was previously driven by human resources, is now upheld by employees thanks to the creation in 2016 of "Open Your I", the Group's diversity network.

The network has an equal membership of men and women and seeks to foster exchanges on the issue of equal opportunities and combat all forms of discrimination, to promote the role of women at all levels of the company and contribute to the professional development of everyone.

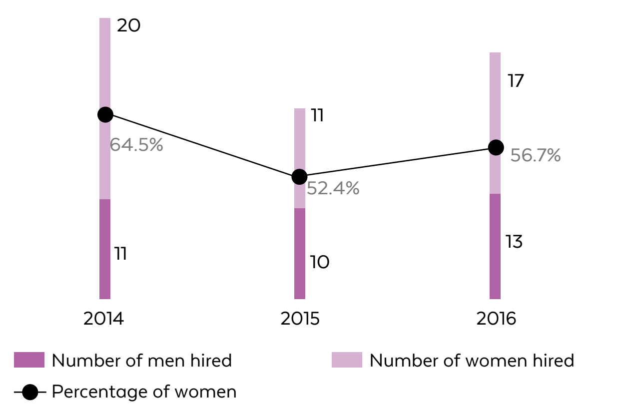
The three areas of intervention for the network are as follows:

- combatting all forms of stereotypes in the development of careers;
- encouraging the development of a balanced professional life/private life;
- supporting entrepreneurial spirit in women.

At December 31, 2016, the network had, in addition to the officers, 41 employees who wished to participate in its future work.

The company is, moreover, recognized for its efforts to encourage diversity by Ethics & Boards, as it was awarded the first prize in the 2016 SFB 120 hit parade on issues involving the increase in the number of women on management bodies.

Change in the Female/Male distribution in recruitments



In 2016, women represented 57% of recruitments for indefinite-term contracts with 35.3% in the management staff category. Of 79 applicants interviewed, 63.2% were women. This year, the percentage of women in the workforce is 60.9%, slightly down on 2015, when women accounted for 61.4% of the workforce.

Gecina commitment to diversity is also reflected in its governance bodies.

At December 31, 2016, the proportion of women on Gecina's Board of Directors was identical to 2015 at 50%, exceeding the regulatory threshold of 40%.

Career development

All employees must, within the limit of available positions, have a career development based solely on the assessment of their skills and performance.

The company thus guarantees that women will have access to the company's various positions under the same conditions as men, including senior management positions.

The analysis of these indicators shows that women are less represented at the highest managerial levels. Gecina is paying special attention to this situation, and makes sure that there is a diversity in applications during internal mobility and recruitments for senior management positions.

At December 31, 2016, the percentage of women in the main management bodies was 25% (Management Committee / the Executive Committee) compared with 21% in 2015. This change is linked in particular to internal promotions and/or extensions of the scope of activity effective at September 1, 2016. Fifty percent of women benefited from the above, confirming Gecina's commitment to promote diversity at all levels of the company. The proportion of women managers reporting to Management Committee members remains stable and represented 44.4% of the company's total workforce in 2016.

Wage gap in base salaries by gender ☑

		2014	2015	2016	Change 2016-2015 compared with the target (less than 3% gap)
Managers	Codir	-4%	-2%	4%	+
	C3	-1%	3%	-1%	-
	C2	4%	3%	3%	=
	C1	-3%	-3%	-3%	=
Supervisors	AM2	0%	-1%	0%	-
	AM1	0%	0%	0%	=
Staff	E3	3%	0%	1%	+

The salary taken into account is the fixed annual basic salary (value 100%). Report (M average basic salary – W average basic salary)/ W average basic salary.

The wage analysis made in the context of work for professional equality between men and women is shared every year with the social partners. Since 2010, corrective measures have been taken for each unjustified difference in compensation of over 3%, at equivalent position, skills, level of qualification and work experience (see dedicated envelope in the section below "Overall salary increases by gender").

In 2016, the only difference observed concerned the Management Committee category for which there were promotions from category C3 to Management Committee category, and from the Management Committee category to the Executive Committee category. In all, these promotions changed the trend between 2015 and 2016 and resulted in a 4% increase in average salary for men compared with the average salary of women. By comparison, in France, the 10% of the best paid women win on average 22% less than men.

Annual salary reviews

During the annual salary review, the Human Resources Department if necessary checks, validates and decides on the proposals made by each department. It makes sure that the salary increases are determined based on objective criteria such as level of responsibility, skills and performance.

These increases include the gender equality envelope called for under compensation measures. In 2016, this €50,338 envelope corresponded to 0.26% of employee expenses for December of Y-1. This envelope increased by 15.9% compared with the envelope allocated in 2015 (respectively 0.11% for men and 0.40% for women of employee expenses for December of Y-1).

Breakdown of training hours by gender

	2014	2015	2016	Change 2016-2015
Men	97.8%	96.5%	100.0%	3.6%
Women	104.8%	98.5%	99.6%	1.1%

Men and women have equal access to training. The company makes sure that the training course conditions are not an obstacle to diversity and take family constraints into account whenever possible, in line with the collective bargaining agreement relating to the Prospective Management of Jobs and Skills.

7.6. SOCIETY

7.6.1. INTEGRATION WITHIN SURROUNDING AREAS

KPIs: % of buildings open to their surrounding areas and home to business incubators, new ways of working and shared services

2016 objective: 30%

Approach

Gecina helps to boost business and open up the regions in which it is established in four ways:

- through its direct and indirect socio-economic footprint, which it understands with increasing accuracy thanks to its interpretation of cash flows by stakeholder category and modeling of "direct", "indirect" and "catalyst" fallouts;
- through urban diversity, by converting office buildings into student residences, in connection with the expectations of certain stakeholders;
- through the development of incubators, areas that can host new working methods, shared services and third places spaces in response to changes in tenant expectations and in order to make access to and the use of work spaces more flexible for nomadic employees. At its head office, Gecina experiments on solutions to make its buildings more flexible ("office through usage" initiative involving 26 employees) and open (plan to redevelop the reception area to create external workspaces, a work café and spaces dedicated to the partners), to improve the productive efficiency of occupants and the dynamics of the surroundings;
- through respect for local architecture and deployment of artworks in the buildings to demonstrate that the buildings are truly open to their surroundings.

Gecina also contributes to the local biodiversity and the control of the urban sprawl (see 7.4.3. "Biodiversity"), which generated positive externalities for surrounding areas.

Analysis of Performance

Socio-economic footprint

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).

Breakdown of Gecina cash flows by type of stakeholder

	Stakeholders	Accounting lines	2015	2016	Change
In flow (in millions of euros)	Clients-buyers	Disposals	534	1,799	237%
	Clients-tenants	Rental income	582	541	-7%
	Clients-tenants	Expenses	96	100	4%
	Clients-tenants	Locare	1.2	0.7	-40%
Out flow (in millions of euros)	Commercial partners	Acquisitions	1,433	123	-91%
	Suppliers and providers	Utilities (energy and water)	17.6	17.5	0%
	Suppliers and providers	Construction and public work industry (construction, maintenance and small works)	270	284	5%
	Suppliers and providers	Suppliers (excl. Construction/ public works and utilities)	76	79	4%
	Local communities, associations and NGOS	The Gecina Foundation	0.4	0.3	-23%
	Employees	Employees	31	33	6%
	Investors – shareholders	Shareholders	290	314	8%
	Government and local authorities	Social security contributions	14	15	9%
	Government and local authorities	Taxes	58	55	-5%
	Financial partners	Banks and lenders	151	95	-34%

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. Direct taxes paid by Gecina amounted to €55 million in 2016, which corresponds to real estate taxes, office taxes and waste removal taxes. 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. Gecina spent €284 million in the building and public works sector (construction, maintenance and small repair work) in 2016, up 5% over 2015. In 2016, Gecina also spent €17.5 million for utilities and just over €79 million on suppliers and service providers from other sectors such as maintenance, insurance, headquarters overheads, etc. These amounts were relatively unchanged from 2015, since the overall surface area of properties in use also changed very little over the year.

All the financial activity directed by Gecina to its various stakeholders has an "indirect" impact on the economic activity of the locality. The taxes and contributions paid to the government and to social security administrations help to support public sector employment. Expenses incurred with suppliers and service providers also have a knock-on or "wave" effect on the economic dynamism of the various regions. Using the Local Footprint®[9] method based on data from 2014, the Utopies firm estimated Gecina's total impact to be over 4,900 direct, indirect and induced jobs, with 45% in the Paris region and distributed across a variety of sectors including business services, healthcare and community initiatives, construction, real estate services and public administration. These figures are underestimated due to the 5% increase in Gecina's spending on construction and public works.

In 2015, Gecina decided to supplement this study by specifying the class of jobs supported in its supply chain as well as the environmental impact of its purchases.

(9) By reproducing the functioning of a local economy realistically, the Local Footprint® methodology makes it possible to measure economic contribution over more than 35 different business sectors. Based on the Input-Output model prepared by W. Leontief, the Nobel Prize laureate in economics, the methodology uses a series of algorithms and coefficients derived from work at the University of Bristol.

The study showed that among its supply chain, Gecina supports jobs for skilled workers (21% of supported jobs) and jobs at businesses with fewer than 10 employees (38% of jobs supported, against a national average of 21%). The carbon footprint of its purchases is estimated at 35,300 tonnes of CO_2 eq., the equivalent of all emissions from its properties (including usage by lessees), and four million m^3 of water, or four times the water used by its properties. Details of this study, its methodology and results as well as the estimate of so-called "catalyst" impacts of Gecina's activities are available in the socio-economic contribution report published on the Gecina website (http://www.gecina.fr/en/csr.html). This estimate was based on the figure of 83,500 occupants in 2014 *versus* 71,141 in 2016.

Urban diversity and conversion of office buildings into student residences

As part of the City of Paris' goal to transform 250,000 sq.m of offices into housing between 2014 and 2020, Gecina inaugurated on February 9, 2016 the Campuséa Montsouris residence created from the reconversion of former offices into a residence for 90 students. Previously, Gecina had delivered two similar examples of functional reallocation, in 2014 with the Campuséa Paris 15 Lecourbe Student residence (103 units) and in 2015 with the August Lançon residence (60 units). Lastly, Gecina participated in the transformation of the Jardins de l'Arche neighborhood by investing in the Skylight housing program, the first at La Défense in 30 years. Gecina invested in a student residence with 168 housing units, which will be delivered at the end of 2017.

Development of incubators, new work methods and shared services

In 2016, 19 buildings, or 14.7% of the portfolio in operation, were "open" to their surrounding areas and home to business incubators, spaces dedicated to new ways of working or shared services, while Gecina had set itself an objective of 30%. This variance can be explained by the time it takes to set up shared parking lots with OPnGO for administrative reasons. Indeed, the initial plan was for 37 buildings to set up a shared parking lot by year-end 2016, corresponding to 1,300 spaces, which would have allowed Gecina to exceed the 30% objective. However, motorists can now book a parking place in real time on their smartphones in the 13 Gecina parking lots located in neighborhoods with a shortage of public parking space, *i.e.* 500 spaces, at the end of 2016.

Since 2015, Gecina has extended a one year contract for 1,500 sq.m of shared office space managed by Bureaux À Partager. Similarly, in the Gare de Lyon sector in the center of Paris, the Group has since 2015 provided 2,000 sq.m to a space used as an incubator for start-ups, Paris&Co. Contrary to a vision of inward-looking, standalone buildings, Gecina pursues a logic of sharing which seeks to promote pooled services, spaces and facilities. These include:

- conference rooms, such as the auditorium at its head office which Gecina has decided to make accessible for third-party use in 2016;
- restaurant areas (open to certain neighboring companies inside Gecina's head office in 2016);
- shared gardens at two student residences;
- opening of Gecina's first third place space (separate and complementary workspace to the traditional office, which does not require rental long-term commitment) at Colombes, at the Portes de la Défense site. This 600 sq.m area dedicated to nomadic employees and to seminars can be booked online for a few hours or several days. The opening of a network of several other third place spaces is scheduled from 2017 within Gecina's property portfolio;
- the provision of two Gecina sites for urban farming projects, which represent 15% of the total surface area of the projects selected by the City of Paris under the "Parisculteurs" initiative. For these projects, Gecina is working with several start-ups and will produce cut flowers on these sites, to be sold locally, as well as aromatic herbs intended for a new medical center in the same area.

Art and Gecina's property portfolio

To confirm and pursue its commitments to promote contemporary art, Gecina signed in December 2015, the "One Building, One Work of Art" charter launched by the French Ministry of Culture and Communication. As the first SIIC to sign and obtain the "One Building, One Work of Art" label for a building, Gecina has pledged to include a contemporary artwork of young talents and established artists in each new development. To date, 11 artworks are presented in 10 buildings, which two (in a students' residence and in an office building) received the label "One Building, One Work of Art" by the strategy and legal committee of the program.

7.6.2. RELATIONS WITH STAKEHOLDERS

KPI: Satisfaction rate of outgoing residential customers (excluding student residences)
2016 objective: > 90%

Gecina identified the groups of stakeholders directly or indirectly interacting with the company at different stages of its business and throughout its value chain (see Section 7.1.3.1. "Stakeholders' mapping"). The paragraphs below describe the details of actions carried out with the various stakeholders.

In addition, since 2013, Gecina has been conducting a multilateral dialogue process with representatives of the various stakeholders through a committee of experts meeting at least once a year (see Section 7.1.3.3. "Gecina's stakeholder committees").

7.6.2.1. Customer relations and the quality process

A customer-oriented quality and innovation approach

Approach

Gecina has made customer relations central to its commercial and property management strategy and is determined to establish a partner relationship built on client satisfaction and attention to clients' needs and expectations.

In terms of organization, customer relations are managed by the Real Estate Holdings Department, within which the management and marketing functions are now separated to better take into account changes in customer expectations at the various stages of the customer journey, and by the Transformation, Marketing and CSR Department, which was restructured at the end of 2015. The team was strengthened, for example, with a function dedicated to studies and marketing services and combined functions to ensure smoother communication and information sharing.

During these reorganizations, reinventing customer relations was identified as one of the fundamental pillars of the strategy. One of the priority projects for 2016 included the formalization of the client experience. With the assistance of consulting firms specialized in strategy, Gecina mapped the client experience and broke it down into steps. This formalization allowed Gecina to identify the level of emotional commitment generated for contacts at each stage in the experience. Accordingly, all employees in contact with clients are able to enhance and tailor their communication and adjust their exchanges to develop a more efficient relationship. The search for ideas around the client experience led to the redefining of marketing and communication perimeters.

In terms of tools, Gecina developed an online client space accessible for major users of commercial real estate through dedicated interfaces, in order to respond to their expectations. With this new service, Gecina wants to provide solutions to clients that meet their requirements and are in line with their use of the property. In this service area, people can:

- make online requests and follow up on them on a 24-hour basis;
- quickly and securely access tenant account documents;
- find transparent information about current events concerning their building.

Gecina tested the tool among a select group of clients before extending this service to all its clients. The pilot phase of this project took place using four office and four residential buildings. Meetings with customers promoted an optimization of the tool's functionalities. The change to Gecina's principal information system delayed the deployment of the space for all tenants. Consequently, Gecina will deploy this space to all its commercial property in 2017.

The other customer relationship tools include:

- the tenant handbook given to all incoming tenants of residential properties, which contains useful tips to tenants to increase their comfort levels while limiting the impact they make on the environment, thus instilling a responsible attitude;
- a Works Notice containing information on planned building improvement work;
- the address of the Facebook page for students (over 3,800 fans to date). This is the favorite interaction channel for Campuséa tenants. A competition between residence buildings is held throughout the year to strengthen the community spirit. This area is also much appreciated by foreign students, who can obtain information about residences and application procedures *via* personal messages.

Concerning the measurement of client satisfaction, Gecina relies on an array of surveys, which include a Group barometric study performed by Ipsos, renewed every three years up to now, but which since 2016 is now conducted every two years for closer management of the impact of action plans on satisfaction. This study was previously limited to key accounts (tenants of properties exceeding 5,000 sq.m, who represent the largest portion of Gecina's rental income), but since 2016 the sample has been expanded to include small and medium tenants to extend the improvement process to all clients. The satisfaction evaluation scale was reduced from eleven to four levels in 2016 for the residential portion, in order to obtain a clear response from clients. To compare 2016 results to 2013 results, the question concerning the satisfaction was posed using both the old and new evaluation scale.

Gecina also continues to carry out client satisfaction surveys with incoming and outgoing tenants in student residences. For conventional residential properties, excluding student residences, given the strategic transfer decisions (see Section "Responsible sales management"), the number of incoming clients cannot be considered as significant. Therefore, only satisfaction surveys with outgoing tenants will be continued in the future.

Analysis of performance

The first series of surveys were carried out in 2016 by the Ipsos Institute with a sample of 500 individual clients responding for residential real estate and a panel of 100 key account clients and other clients responding for commercial real estate. The results concerning the primary survey indicators are presented in the table below:

2016 results of the Group barometer survey

Satisfaction by evaluation criterion, in %	Residential property excluding students residences	Offices
1. Overall satisfaction with Gecina	78%	80%
2. Overall satisfaction with the relationship	82%	79%
3. Overall satisfaction with the quality of services	74%	76%
4. Overall satisfaction with the quality of facilities	68%	76%
5. Recommendation rate	85%	82%

Compared to the 2013 barometer, the recommendation rate in residential real estate rose from 83% to 85%, while the recommendation rate in office real estate fell from 90% to 82%, mainly due to the expansion of the sample.

The results of satisfaction surveys with incoming and outgoing tenants are presented in the table below.

Satisfaction of residential and student residence clients and the recommendation rate of residential clients

	2013	2014	2015	2016	Change 2016/2015
Total satisfaction rate of outgoing residential clients	85%	92%	88%	88%	0%
Recommendation rate of outgoing residential clients	89%	95%	88%	89%	1%
Total satisfaction rate of incoming student residence clients	98%	98%	98%	91%	-7%
Total satisfaction rate of outgoing student residence clients	96%	95%	97%	99%	2%

The overall satisfaction rate of clients of the residential property portfolio has remained stable except for a significant deviation in the overall satisfaction rate of incoming student clients. Although lower than in 2015, the satisfaction rate of incoming student clients remained high, as over nine in ten tenants declared that they were satisfied or even very satisfied with Campuséa facilities and services.

The two-point difference between the objective and the results for 2016 regarding the overall satisfaction rate of outgoing residential clients (excluding students residences) can be explained by Gecina's strategic reorientations, particularly the refocusing of activity and work budgets on office real estate.

To improve customer relations, the Real Estate Holdings Department structured the roadmap and the corrective action plan at a seminar organized at the end of the first quarter.

The roadmap identified six areas for improvement:

- The service offer, by proposing new services to the employees of Gecina's clients;
- The organization of management teams, by improving responsiveness in the management of requests, while maintaining a personalized relationship.
- The processes and excellence of service quality, by rethinking the continuous quality control processes;
- The tools, by procuring effective tools to improve the monitoring of customer relations, etc.;
- Customer relations rituals and presentation of the offer, by formalizing the creation of links for a sustainable and privileged relationship;
- Relations with partners and suppliers, by strengthening monitoring to continue to associate them with Gecina's quality process.

Gecina observes and analyzes the emerging trends in society, in particular trends that relate to our use of living and working space, in order to maintain dialogue with tenants and to anticipate their future requirements. In this respect, Gecina organized a brainstorming session with a few clients and prospects in order to gather their expectations with regard to the office building of tomorrow. The technical amenities of buildings under design will be directly inspired by this expression of needs.

Be more transparent with clients

In 2015, in response to an evaluation required by a client, Gecina subscribed to the Ecovadis platform. This platform produces an objective analysis of its CSR process (founded on international standards) based on:

- answers to a questionnaire specifically related to its real estate business;
- supporting documents provided;
- 360° web-based monitoring to detect any controversial issues.

In 2016, Gecina obtained a score of 81/100 compared with an industry average of 42/100, and the "GOLD" recognition level. Only 1% of companies, all categories combined, had a score that was higher than or equal to Gecina.

Responsible sales management

Vigilant about the impact on tenants of putting their apartments up for sale, the company years ago began to take steps to ensure the careful implementation of this process.

Since 2015, Gecina has decided, in agreement with the local authorities concerned, to only sell units that become vacant after the departure of the tenants. Thus, for all identified buildings, the tenants can stay in their apartment until they decide to leave of their own accord. It should be noted that some tenants have expressed their disappointment in not being able to purchase their accommodation on preferential terms.

In 2012, housing units represented 31% of Gecina's assets, *ve*rsus 22% in 2016. 310 apartments were sold in 2016, a sign of the special relations that Gecina maintains with investors.

77.6.2.2. Gecina Lab, the Gecina innovation think-tank

Approach

Created in 2010 by Gecina to strengthen its relationship with its stakeholders and commercial tenants in particular, Gecina Lab is a forward-looking think-tank specifically devoted to themes related to CSR, innovation and new office practices. Its objective is to anticipate customer needs by stimulating dialogue with players at different levels of the value chain (customers, suppliers, architects) and by promoting the emergency of new trends directed toward building performance.

Analysis of performance

In 2016, five themes with a short- or medium-term impact on Gecina's business model were explored during the year at Gecina Lab conferences to develop the vision of the buildings of tomorrow. They dealt with climate change with regard to environmental problems, the real estate revolution initiated by start-ups, urban agriculture, the artistic approach in enterprises, and the circular economy. Each conference was attended by 100 to 150 participants, with presentations by architects, consulting firms, start-ups, sustainable development professionals, and R&D directors. The presentations revealed the economic opportunities contained in these challenges, both in terms of cost reductions through the reuse of construction materials and the creation of a differentiating positioning. These insights lead to innovative partnerships. As a result, Gecina leased a structurally vacant space in Lyon by working with the start-up Hub-Grade, a digital platform that brings together companies with unused office space and professionals looking to lease space for a flexible period.

In addition, Gecina Lab organized an asset inspection with a presentation by the architect so that the stakeholders (customers, partners, architects, peers, etc.) could understand the Gecina's business and properties in concrete terms.

Collective creativity sessions were also initiated, primarily for customers, in order to jointly consider the building of tomorrow. These sessions will be extended in 2017.

The videos and summaries of the discussions are available on the Gecina Lab website: www.gecinalab.fr.

7.6.2.3. In-depth relationship with investors

Gecina pays special attention to all financial market players, whether they are individual shareholders, institutional investors or financial analysts. Establishing a trust-based relationship with all stakeholders is of vital importance for the Group, which values constructive communication about its financial results as well as its news and strategy. Gecina regularly organizes events to foster meetings with management and provide opportunities for discovering its property portfolio.

7.6.2.3.1. A privileged relationship with individual shareholders

Approach

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 services as their account is held by the Securities and Market department, which is part of the Financial Communication Department.

Furthermore, seeking to create a closer relationship with its shareholders, Gecina develops resources for meeting with them. In addition to the General Meeting, which is a major event, the financial communications team sets up visits to properties for individual shareholders and attends briefings in various French cities.

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

Analysis of performance

In 2016, Gecina organized three property visits, which gave some sixty or more participants the opportunity to discover seven assets located in Paris and in the Paris region, including in particular its head office (16 rue des Capucines) and its third floor, used as a test area for new work spaces.

At the same time, Gecina attended two shareholder meetings organized by Le Revenu, at La Rochelle and in Lille, and thus presented its activity, its financial results and its outlook to more than 300 individual investors. These different events represent special moments for dialogue and meeting, always in high demand by shareholders.

Lastly, Gecina won several awards (see Section 7.2.4.2. "A reporting process recognized by other real estate and CSR actors"), in return for the actions et efforts implemented by the Group to develop and ensure continuous close relationship with all its shareholders.

7.6.2.3.2. A trust-based relationship with institutional investors and financial and socially responsible investment analysts

Approach

Gecina attaches special importance to relations with institutional investors and financial analysts, encouraging constructive exchanges of view that promote a climate of trust.

Gecina is committed to providing accurate, regular and transparent financial information, about its results, news and strategy.

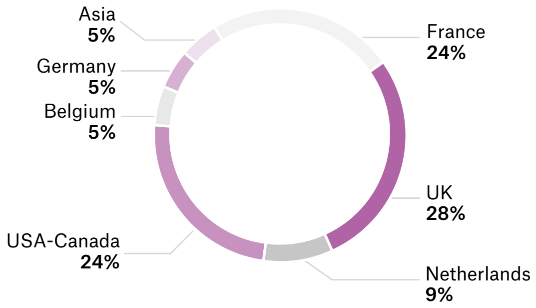
Gecina also encourages meetings between its Chair and Executive Management and market players, in particular at conferences and roadshows, in France and abroad, and individual meetings and visits to properties. In addition, Gecina organizes a special day for institutional investors every year. This allows the participants to hold discussions with Executive Management about topical issues concerning the real estate market and the company. This event also allows analysts and investors to discover the assets in Gecina's property portfolio, such as its iconic buildings and projects under development.

Analysis of performance

In 2016, in addition to the traditional meetings organized to present the annual and half-yearly results and Investor Day, Gecina met more than 310 investors and financial analysts at conferences and roadshows in particular.

Furthermore, Gecina participated in two non-financial roadshows in 2016 and met 15 SRI investors at individual and collective meetings, against 22 last year. The questions of the SRI investors concerned essentially the most material stakes of Gecina (energy, certification, biodiversity, climate road map). Thanks to its direct and indirect approach to SRI institutional investors, particularly through answers to non-financial questionnaires, 24 SRI funds invested in Gecina according to the September 2016 IPREO barometer.

Geographical breakdown of roadshows



Summary of roadshows and meetings with investors

	2013	2014	2015	2016
Number of financial roadshows completed	11	12	22	19
Number of investors met	178	261	270	311
Number of non financial roadshows completed	2	2	2	2
Number of investors SRI met	20	28	22	15
Existence of an individual shareholders committee and number of committee meeting	non	non	non	non
Number of individual shareholders meetings	5	5	4	5

7.6.2.4. Employee relations

Gecina tries hard to maintain a constructive dialogue with its employees and staff representative bodies. All these elements are described in Section 7.5.3.3 "Cohesion and social dialogue".

7.6.2.5. Active participation in representative bodies and think tanks

Approach

Gecina participates in different think tanks that deal especially with sustainable development issues. In addition to monitoring the issues, this involvement contributes ideas and techniques that facilitate experimentation with new practices, boost innovation, and develop employee skills.

The Group is also an active member of many organizations that represent the construction and real estate businesses. This participation helps Gecina to stay abreast of the issues, anticipate the future requirements of its business sector and act accordingly in order to implement best practices.

The Group provides no financing for these representative bodies and think tanks aside from membership dues used for their functioning.

Analysis of performance

The list of representative bodies in which Gecina participated in 2016 is available on the website (http://www.gecina.fr/en/csr/issues-and-stakeholders.html in the diagram describing dialogue with stakeholders – for peers, competitors and professional associations).

7.6.3. GOVERNANCE AND BUSINESS ETHICS

KPI: Number of criminal convictions (excluding traffic fines)

2016 objective: 0

Approach

In 2016, Gecina maintained its governance procedures and hired a female independent director to replace another one whose term had expired. All elements describing the exercise and organization of governance, the internal control process and information on compensation and benefits of corporate officers are detailed in Chapter 5 "Corporate governance".

Section 5.1.9.2. "Internal Control System" sets out, in particular, the system and good practices implemented within the Group and with regard to its stakeholders to guarantee compliance with the strictest ethical principles concerning transparency, corruption and business ethics (with, for example, the implementation of a whistle-blowing system). The conditions for implementing the Ethics Charter and for raising awareness of the fight against money laundering and financing terrorism are also laid down.

The awareness, prevention and control mechanisms implemented by Gecina guarantee compliance with good ethical practices by Group employees in carrying out their functions and with regard to the various stakeholders.

Analysis of performance

In terms of governance, the Board is still composed of 10 directors, four of whom do not receive attendance fees (see 5.2.3. "Directors' compensation"). In 2016, 50% of the Board was composed of independent directors, including the chairs of the Audit and Risk Committee and the Governance, Appointment and Compensation Committee. At the same time, the proportion of women on the Board remained at 50% of directors.

Summary of Governance and financial communication indicators

		2013	2014	2015	2016	2016 Reference Document page
Operation of management bodies	Number of Board members (at 12/31/N)	13	9	10	10	147
	% of independent Board members	38%	44%	50%	50%	147
	Definition of independence in accordance with the Afep-Medef code	yes				147
	% of women on the board of directors	23%	33%	50%	50%	147
	AFEP/MEDEF reference table	See reference table in section 5.1.1				146
	Number of employee representatives on the Board of Directors	See reference table in section 5.1.1				147
	Board member term of office	4	4	4	4	147
	Turnover (incoming/outgoing)	1 incoming/ 1 outgoing	1 incoming/ 8 outgoing	2 incoming/ 1 outgoing	2 incoming/ 1 outgoing	147
	Directors' compensation	€1,360,000	€1,360,000[1]	€800,000[1]	€800,000[1]	187
	Director's compensation voted at GM	yes				187
	Number of board of directors meetings	12	13	10	10	158
	Board meetings attendance rate	98%	94%	99%	99%	158
	Board of directors evaluation	yes external	yes external	yes external	yes external	158
	Number of independent board committees	3[2]	3[2]	3[2]	3[2]	158
	Number of board committee meetings	28	28	29	29	158
	Board committee meetings attendance rate	98%	97%	99%	99%	158
Corporate officer	Separation of the duties of Chairman of the Board of Directors and Chief Executive Officer	yes	yes	yes	yes	157
	Effective separation of roles	yes	yes	yes	yes	157
	Organization of the succession of the CEO	yes	yes	yes[3]	yes[3]	158
	Compensation of the CEO voted at GM	no[3]	no[3]	yes[4]	yes[4]	177
Shareholder democracy	Publication of the detailed breakdown of company capital	yes	yes	yes	yes	-
	Publication of bylaws	yes[5]	yes[5]	yes[5]	yes[5]	-
	Voting rights	1 share = 1 vote; no double vote				-
	Anti-takeover actions	no	no	no	no	-
	Voter turnout/quorum	81.76%	73.91%	76.46%	68.62%	-
	Number of resolutions submitted	23	20	26	19	-
	% positive votes/% negative votes/% abstained breakdown	Y: 82.1% N: 16.7% A: 1.2%	Y: 96.08% N: 3.83% A: 0.05%	Y: 96.62% N: 3.29% A: 0.10%	P: 95.41% C: 4.49% A: 0.10%	-
	Number of resolutions submitted by minority shareholders	3	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	Y: 99.8% N: 0.1% A: 0.1%	Y: 92,32% N: 7,54% A: 0,14%	Y: 99.49% N: 0.44% A: 0.07%	P: 67.4% C: 32.5 A: 0.1%	-
	Provisions to facilitate voting rights	Upload beforehand of the information relative to the general meeting, including ballots + Ballots are mailed to all shareholders + Use of electronic voting devices at the meeting				-

(1) The envelope of attendance fees was used in the amount of € 1,292,179 for 2012, up to € 929,667 for 2014 and € 489,192 for 2015.
(2) The Board of Directors has formed, during fiscal 2013, two ad hoc committees. He ended the mission of these committees in 2014 and 2015.
(3) Succession plan under development.
(4) Consultative vote.
(5) Website.
(6) No presence in quorum of one of the Group's major shareholders.

Given the turnover of the year, 95% of Gecina's employees were aware of the ethics code. Gecina has maintained a status of no criminal convictions since 2008 and again in 2016, excluding traffic fines.

In 2016, as in 2015, 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. No potential situations of conflict of interest were reported to the Risks and Compliance function. Eight attempts of external fraud against Gecina were reported to the Risks and Compliance function. There is 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 complemented by the regular sending of letters to raise awareness among tenants in all business sectors.

7.6.4. RESPONSIBLE PURCHASING

KPI: % of suppliers whose CSR performance has been evaluated

2016 objective: 50%

7.6.4.1. Incorporation of CSR in relations with suppliers

Approach

Gecina relies on a large network of suppliers carrying out very different activities to develop and operate its property portfolio. The economic, environmental and societal impacts of its supplier chain are much higher than those of the activities carried out directly by its employees. As such, the number of jobs supported indirectly and induced by Gecina's activity represents ten times the number of direct real estate jobs (see the socio-economic impact study presented in Section 7.6.1 and on the Gecina website http://www.gecina.fr/sites/default/files/gecina_rapport-contribution-economique_planche_141215_1.pdf). Purchases of products and services generate twice as much CO_2 as Gecina's indirect activity (scope 1 and 2, see Section 7.4.1. "Climate change and GHG emissions".) Therefore, reducing the impacts of its supplier chain represents a major driver in controlling its global footprint and is taken into account in focus 4 of its climate road map. Three actions in particular should be deployed: optimization of supplier services, dialogue with suppliers to foster the emergence of innovative low-carbon solutions and the selection of suppliers based on their carbon footprint.

The health and safety conditions of the employees of service providers working on Gecina sites (new developments and extensive reconstructions) are monitored by an SHP (Safety and Health Protection) coordinator, as required by French regulations. Any accident that occurs on a site is directly reported to the relevant Gecina management teams. In 2016, Gecina unfortunately suffered two minor work accidents on its construction sites. Both occurred during an excavation service. One of them resulted in one lost working day. No serious accident or death occurred among service providers working on Gecina sites in 2016. At the same time, action was identified to improve the process for monitoring supplier accident rates on Gecina's sites.

Analysis of performance

The table below summarizes the action carried out by Gecina regarding responsible purchasing and the results recorded.

Main actions for each Gecina Commitment	Results
1. Train stakeholders and raise their awareness about CSR issues in the construction and operation of buildings	
Structuring and prioritization of responsible purchasing actions by supplier family after analyzing 92% of expenses	Identification of 12 priority purchasing families within five main purchasing areas
Analysis of CSR risk by purchasing family	Identification of 11 purchasing families as potentially at risk
Control of supplier economic risk and set up of a warning procedure	- Assessment of supplier solvency and set up of a warning system by SVP - Study of dependency risks (for suppliers earning more than 30% of their revenue with Gecina)
2. Base purchasing practices on the best standards of quality and traceability for products and services	
Strengthening of the procedure to fight undocumented work, forced labor and child labor.	Registration all suppliers with an order amount exceeding €5,000 on the Actradis platform (for consolidation and verification of documents)
Deployment of operational action plans, tailored to each priority purchasing family.	Identification and deployment of 47 actions specific to the various families, grouped according into 11 macro-objectives.
Obligation to sign the responsible purchasing charter (available at http://gecina.fr/sites/default/files/Gecina_Charte%20d'achats%20responsables-vf.pdf)	- Signature of the charter by 97% of referenced suppliers (expenses >€5,000), representing 97% of purchasing expenses. - Incorporation of the charter into tender regulations - Incorporation of the charter into the referencing process
Monitoring of the employee accident frequency rate of our suppliers and service providers	Two minor accidents reported to Gecina on the Levallois Octant-Sextant operation, during a stripping operation in 2016
3. Build partnership relationships with suppliers in the field of CSR	
Assessment of the CSR performance of suppliers	41% of active suppliers who signed the charter were assessed in 2016 - Average score: 52% (392 assessments since 2014) - Request for appointments with the 23 suppliers with a score between 20% and 40% but only one met due to availability constraints (compared to 11 in 2015) - 100% of suppliers assessed received an analysis of their score and suggestions for improvement
Incorporation of the CSR score into the supplier selection process during calls for tenders	Implementation of a specific process: each technical manager assigns a weighting to the CSR criteria in the final score of a call for tenders based on the importance of the CSR challenges for the purchasing family concerned (e.g.: 15% for the call for tenders to select a multi-technical service provider)
Purchases for companies employing people in adapted and protected work environments	€62,378 of expenses representing 3.22 beneficiary units, primarily in the maintenance of green spaces and archiving or communication operations
4. Raise awareness and involve users to ensure optimal impact of the responsible purchasing process	
Half-day theoretical training and practice for teams working with suppliers	Seven training sessions, 98 participants, with an overall satisfaction rate of 91% in 2015
Ensuring reliability of procedures relating to responsible purchasing	Reinforcement of the role of management control in the system following a mission performed by internal audit.

Gecina set itself two objectives by 2016 in responsible purchasing; only one has been fully achieved. The rise in the charter signature rate by active suppliers (97% in 2016 versus 91% the previous year, representing €183 million and 97% of purchasing amounts) was not enough to reach the ambitious goal of 100% set for 2016. The lengthy nature of the referencing process, the apprehensions of some suppliers and the significant increase in the number of active suppliers explain why the charter has not been signed by all of them. The signature rate is slightly lower in two purchasing families: real estate programs and operations, which represent two-thirds of the missing signatures. Gecina will continue to galvanize employees in direct contact with suppliers to ensure that all active suppliers sign the responsible purchasing charter in 2017.

Gecina's second objective concerned the assessment of suppliers that have signed the charter. Since 2014, 392 suppliers have answered the questionnaire. 337 suppliers were assessed in 2016, which represents 41% of the 834 active suppliers who have signed the charter. The 50% objective would have been reached if the number of active suppliers had been stable compared to 2015, whereas it increased by 37% from 608 to 834 active suppliers, which could not be anticipated. The 50% threshold is exceeded if we consider purchasing amounts instead of the number of suppliers, since the 337 active suppliers in 2016 who have signed the charter and who were assessed represented 60% of purchasing amounts. Furthermore, 55 suppliers assessed between 2014 and 2015 are no longer active and are therefore not counted in the rate of assessed suppliers. Lastly, by sending the questionnaire exclusively to suppliers with strong environmental, social and societal stakes (namely 30 out of the 188 new signatories of the charter in 2016), Gecina restricted the general assessment rate, even though these suppliers responded in 93% of cases. Finally, this targeted approach generated better return rates from suppliers with stakes and therefore created an exchange on material subjects, which is ultimately Gecina's desired objective.

The four years spent on deploying the responsible purchasing strategy has considerably improved Gecina's knowledge of its supplier chain and their commitment to a responsibility process. Although the objectives and action plans for upcoming years are now being defined under the 2020/2030 trajectory, the main working priorities have already been identified:

- programming of industry actions by sector, in collaboration with federations, in order to pool the actions of the various stakeholders;
- simplifying the environmental and social performance assessment questionnaire and searching for external recognition for suppliers;
- performing environmental and societal audits on the sites of key suppliers without appropriate progress plans and an insufficient score;
- searching for collaborations with rank 2 and rank 3 construction materials service providers with whom Gecina has no direct contact, which have major environmental and societal impacts, in the context of construction or extensive reconstruction projects.

7.6.4.2. Incorporation of CSR criteria in specifications for constructions and reconstructions

Approach

Concerning construction and reconstruction activities, project development assets managed by Gecina require the signing of the Responsible Purchasing Charter and specifications describing the standards inherent in each of the sustainable building themes. Performance programs developed for commercial properties and student residences are revised progressively under the responsible purchasing policy to ensure the highest performance levels in terms of energy consumption, respect for biodiversity and the impact of materials on air quality. Depending on the potential of the building and the Asset Management strategy used, a target level is determined for each asset in terms of their environmental and social aspects.

Analysis of performance

In total, 63% of Gecina's specifications for construction services and renovation work (representing €284 million in 2016) include environmental and social criteria. To date, the six specifications without specific environmental and social criteria concern the renovation of the conventional residential portfolio, the volume of which has considerably fallen in recent years.

For commercial activities, 36% of product families include environmental criteria, if possible backed by ecolabels, for example for the model, decorative wooden elements, indoor paint, glue, piping and electrical appliances. For residential activities, 39% of product families incorporate environmental criteria.

Generally, since summer 2016, Gecina's technical managers assign weightings to environmental and social criteria in the final score for each call for tenders, based on the importance of these issues for the purchasing family concerned. As such, 15% of the final score of respondents to the call for tenders for multi-technical services concerned their environmental and social performances.

7.6.4.3. Incorporation of CSR criteria into investments

Approach

Gecina has developed a sustainable investment scoring matrix in order to analyze the performance of an existing asset on the various responsible building themes. In order to complete the assessment and identify the environmental and societal performance drivers of the assets being studied for acquisition that are not subject to reconstruction, Gecina performs a CSR scoring of the relevant assets using the methodology used for its property portfolio under operation (see Section 7.1.6.1. "CSR at the heart of the organization"/Focus on the CSR mapping of properties). For assets subject to a short-term reconstruction project, Gecina incorporates these specific objectives into each of the responsible building themes and thus sets the conditions for creating future value, for the company, its shareholders and society.

For acquisitions of pre-construction projects, in addition to the responsible purchasing charter, a specific clause in responsible purchasing, requiring counterparties to make their best efforts to take into account the CSR approach as developed by Gecina, has been established for existing buildings.

Analysis of performance

The 20 projects presented to the investment committee incorporated CSR analysis elements. Three buildings were acquired in 2016:

- the Be Issy building in Issy-les-Moulineaux, purchased under a pre-construction sale agreement (VEFA), certified HQE™ & BREEAM Very Good and BEPOS (positive energy building) in self-sustaining energy;
- the building located at 34 rue de Guersant, which was subject to an additional CSR scoring to assess its potential and its improvement priorities,

the building located at 7 rue de Madrid was acquired for immediate reconstruction and was therefore not subject to specific analysis; the building's environmental and societal impact will be taken into account during reconstruction.

7.6.5. SPONSORSHIP AND PARTNERSHIPS

7.6.5.1. Mobilizing employees for the Gecina Foundation

KPI: % employees actively involved in one or more actions of the Foundation

2016 objective: > 20%

Approach

Chaired by Bernard Michel, the Gecina Foundation has been structuring the company's philanthropic projects since 2008. It does not seek to support commercial initiatives or sponsoring. 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.

The Group's employees are at the core of projects supported by the Foundation. They participate through volunteering and charity work by means of participation mechanisms:

- partnership by contributing expertise;
- sponsoring projects;
- group mobilization for concrete and periodic support.

Thanks to this type of group initiative, Gecina develops the skills of its employees and builds team spirit, which enhances well-being at work and their understanding of environmental and social challenges. 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 in order to improve its social commiment.

Analysis of performance

To manage the operations of the Foundation, its Board of Directors met three times to approve 14 schemes initiated with employees in 2016. The Foundation paid a total of €351,575 in 2016 from the €200,000 for the annual allocation and the carryover of prior balances of €195,617.

A total of 132 employees were employed in 2016 across all proposed measures (sponsorship, partnerships, collective action), which represented 29.5% of employees, greater than the 20% target set for the second year running (21.4% in 2015). This momentum primarily reflects the success of several events and the increase in sponsorships. For example, a scheme to plant trees in the Fontainebleau forest, conducted with two partners of the Foundation, Kinomé and the ONF, particularly motivated Gecina employees and their children. 1,000 trees (oaks, birches and fruit trees) were planted in Fontainebleau and 2,000 trees will be planted in Togo, generating social benefits for local families and environmental benefits in terms of biodiversity and capturing greenhouse gas emissions. The share of skills-based sponsorship stood at 84 days for 2016, out of a total of 145.5 days devoted to general-interest projects by employees. Depending on the type of project, they may or may not be carried out during working hours. The valuation of working hours amounts to €39,610 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 104 projects with some 30 partners and 400 volunteer Gecina employees. At December 31, 2016, and since its establishment, the total resources of the Foundation have amounted to €2,325,095 (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.

7.6.5.2.Gecina supports the Palladio Foundation

As part of its active role as founding member of the Palladio Foundation, Gecina acts as a socially responsible company supporting, assisting and training all players involved in building the city, including students, researchers and young professionals. Gecina is a founding member of the Palladio Foundation, an initiative of real estate companies that brings together all sectors, business lines and stakeholders jointly involved in inventing the city of tomorrow. Gecina contributes to the Foundation's budget, hosts its teams at its premises and participated in the 2016 cycle dedicated to "The City of tomorrow in the era of societal responsibility" sponsored by Anne Hidalgo, Mayor of Paris. This cycle dealt in particular with the impact of demographic changes on the urban revolution, the solidarity that could be created on the scale of a territorial economy and biodiversity within the sustainable city. The 2017 cycle will question the place of work in the city of tomorrow. Bernard Michel is also Chairman of the Committee that grants scholarships to students. All the publications and contributions of the Foundation are accessible on its website http://fondationpalladio.fr/.

Chapter 08

List of property **holdings**

8.1. OFFICES

Dept	Address	Construction year	Year of last restructuration	Number 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
	Buildings in operation									
75	**Paris 1er**									
	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 2e									
	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%
	64, rue Tiquetonne – 48, rue Montmartre	1850	1987	52	4,717	2,963	1,923	1,546	11,150	100%
	31/35, boulevard des Capucines	1700	1989			4,136	1,475	400	6,011	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	-	-	4,617	868	81	5,566	100%
	Paris 8e									
	26, rue de Berri	1971	1971	-	-	2,209	921	57	3,187	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%
	43, avenue de Friedland – rue Arsène-Houssaye	1867	1867	-	-	1,459	227	100	1,785	100%
	38, avenue George-V – 53, rue François-1er	1961	1961	-	-	583	704	15	1,301	100%
	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%
	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%
	Parkings – Haussmann	1880	1880	-	-	-	-	-	-	100%
	32/34 rue Marbeuf	1930-1950-1970	2005-2007	-	-	9,633	2,331	72	12,036	100%
	44, avenue des Champs-Élysées	1925	1925	-	-	2,680	2,324	1	5,005	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	337	816	983	237	2,374	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%
	17, rue du Docteur-Lancereaux	1972	2002	-	-	5,428	-	1,733	7,161	100%
	27, rue de la Ville-l'Évêque	1962	1962	-	-	3,172	-	69	3,241	100%
	5, rue Royale	1850	1850	1	129	2,172	153	95	2,549	100%

Dept	Address	Construction year	Year of last restruc-turation	Num-ber of housing units	Residen-tial sur-face 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
	Paris 9e									
	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%
	1/3, rue de Caumartin	1780	1780	4	284	1,648	1,041	140	3,113	100%
	32, boulevard Haussmann	1850	2002	-	-	2,385	287	351	3,022	100%
	Paris 12e									
	Parkings – 58/62, quai de la Rapée	1990	1990	-	-	-	-	-	-	100%
	Tour Gamma – 193, rue de Bercy	1972	1972	-	-	14,528	548	1,252	16,328	100%
	Paris 13e									
	Le France – 190-198, avenue de France	2001	2001	-	-	17,860	248	2,112	20,220	100%
	Paris 14e									
	37/39, rue Dareau	1988	1988	-	-	4,724	-	557	5,280	100%
	Paris 15e									
	Tour Mirabeau – 39, quai André-Citroën	1972	1972	-	-	32,680	-	2,769	35,449	100%
	Paris 16e									
	58/60, avenue Kléber	1875 / 1913	1992	-	-	4,297	588	202	5,087	100%
	69-81, avenue de la Grande-Armée	1973	1973	-	-	27,148	753	5,762	33,662	100%
	Paris 17e									
	63, avenue de Villiers	1880	1880	8	415	2,964	98	385	3,861	100%
	Le Banville – 153, rue de Courcelles	1991	1991	-	-	19,442	1,138	1,243	21,822	100%
	34/36 rue Guersant	1977	2007	-	-	6,206	-	506	6,712	100%
	Paris 20e									
	Le Valmy – 4/16, avenue Léon-Gaumont	2006	2006	-	-	27,234	-	2,157	29,391	100%
	Total buildings in operation in Paris			**212**	**16,603**	**296,871**	**34,516**	**31,831**	**379,821**	
78	**78140 Vélizy-Villacoublay**									
	Crystalys – 6, avenue Morane-Saulnier – 3, rue Paul-Dautier	2007	2007	-	-	24,059	-	2,304	26,362	100%
	78180 Montigny-le-Bretonneux									
	6, avenue Ampère	1981	1981	-	-	3,204	-	-	3,204	100%
91	**91220 Brétigny-sur-Orge**									
	ZI Les Bordes	1975	1975	-	-	15,646	-	1,493	17,139	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	-	-	8,681	230	577	9,487	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	-	-	25,534	-	4,222	29,756	100%
	Le Cristallin – Bât. A – 122, avenue du Général-Leclerc	1968	2006	-	-	7,236	2,986	3,591	13,813	100%
	Le Cristallin – Bât. B – 122, avenue du Général-Leclerc	1968	2016	-	-	10,968	-	-	10,968	100%

Dept	Address	Construction year	Year of last restruc-turation	Num-ber of housing units	Residen-tial sur-face 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
	92120 Montrouge									
	Park Azur – 97, avenue Pierre-Brossolette	2012	2012	-	-	21,648	-	2,427	24,075	100%
	92200 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%
	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%
	6 bis/8, rue des Graviers	1959	2000	-	-	4,559	-	213	4,772	100%
	92230 Gennevilliers									
	Pointe Metro 2 – 1-17, rue Henri-Barbusse	2012	2012	-	-	12,925	351	1,081	14,358	100%
	92300 Levallois-Perret									
	55, rue Deguingand	1974	2007	-	-	4,682	-	432	5,114	100%
	92400 Courbevoie – La Défense									
	Pyramidion – ZAC Danton – 16, 16 bis 18 à 28, avenue de l'Arche – 34, avenue Léonard de Vinci	2007	2007	-	-	8,728	-	683	9,411	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%
	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%
93	**93400 Saint-Ouen**									
	Docks en Seine – 1-5, rue Paulin-Talabot	2013	2013	-	-	15,999	-	-	15,999	100%
94	**94110 Arcueil**									
	13, rue Nelson-Mendela – 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%
	Total buildings in operation in the Paris Region			**8**	**541**	**469,060**	**6,188**	**42,038**	**517,827**	
	Total buildings in operation in Paris and its Region			**220**	**17,144**	**765,931**	**40,704**	**73,870**	**897,648**	
69	**69003 Lyon 3e**									
	Le Velum – 106, boulevard Vivier-Merle	2013	2013	-	-	13,032	-	946	13,978	100%
	Total buildings in operation in other regions			-	-	**13,032**	-	**946**	**13,978**	
	TOTAL BUILDINGS IN OPERATION			**220**	**17,144**	**778,963**	**40,704**	**74,816**	**911,626**	

Dept	Address	Construction year	Year of last restructuration	Number 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 8e**									
	55, rue d'Amsterdam	1929 / 1996	under development	-	-	9,252	-	70	9,322	100%
	7, rue de Madrid	under development	under development	-	-	9,972	-	-	9,972	100%
	20, rue de la Ville-l'Évêque	1967	under development	-	-	5,575	-	954	6,530	100%
	Paris 12e									
	Tour IBOX – 5-9, rue Van-Gogh	1974	under development	-	-	19,949	-	-	19,949	100%
	Tour Gamma – 193, rue de Bercy	1972	under development	-	-	701	473	527	1,700	100%
	Paris 17e									
	32, rue Guersant	1970 – 1992	under development	-	-	12,258	-	1,030	13,288	100%
92	**92130 Issy-les-Moulineaux**									
	Be Issy – 16, boulevard Garibaldi	under development	under development	-	-	23,029	297	-	23,326	100%
	92300 Levallois-Perret									
	Octant – Sextant – 2/4, quai Charles-Pasqua	1996	under development	-	-	34,156	-	4,184	38,340	100%
69	**69003 Lyon 3e**									
	Sky 56 – Avenue Félix-Faure	under development	under development	-	-	28,236	238	-	28,474	100%
	69007 Lyon 7e									
	Septen – Grande Halle – ZAC Gerland	under development	under development	-	-	19,176	-	-	19,176	100%
	TOTAL ASSETS UNDER DEVELOPMENT					**162,304**	**1,008**	**6,765**	**170,077**	
	Land Reserves									
78	**78140 Vélizy-Villacoublay**									
	Square – Colvel Windsor – 8/10, avenue Morane-Saulnier	1979	under development	-	-	-	-	-	-	100%
	78180 Montigny-le-Bretonneux									
	1, avenue Niepce	1984	under development	-	-	-	-	-	-	100%
	5/9, avenue Ampère	1986	under development	-	-	-	-	-	-	100%
	4, avenue Newton	1978	under development	-	-	-	-	-	-	100%
69	**69007 Lyon 7e**									
	ZAC Gerland	under development	under development	-	-	-	-	-	-	100%
	ZAC des Girondins	under development	under development	-	-	-	-	-	-	100%
	TOTAL LAND RESERVES									
	GRAND TOTAL OFFICES			**220**	**17,144**	**941,267**	**41,712**	**81,580**	**1,081,703**	

8.2. RESIDENTIAL

Dept	Address	Construction year	Year of last restructuration	Number 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
	Buildings in operation									
75	**Paris 3e**									
	7/7 bis, rue Saint-Gilles	1987	1987	42	2,732	-	133	-	2,865	100%
	Paris 11e									
	8, rue du Chemin-Vert	1969	1969	42	2,238	-	685	-	2,923	100%
	Paris 12e									
	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 13e									
	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%
	75, rue du Château-des-Rentiers (Student residence)	2011	2011	183	4,168	-	-	-	4,168	100%
	Rue Auguste-Lançon (Student residence)	2015	2015	60	1,465	-	-	147	1,612	100%
	Paris 14e									
	26, rue du Commandant-René-Mouchotte	1966	1966	317	21,137	-	-	248	21,385	100%
	3, villa Brune	1970	1970	108	4,745	-	-	-	4,745	100%
	Paris 15e									
	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%
	76/82, rue Lecourbe – rue François-Bonvin (Student residence)	1971	2014	103	2,674	-	-	-	2,674	100%
	Paris 16e									
	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%

Dept	Address	Construction year	Year of last restructu-ration	Num-ber of housing units	Residen-tial sur-face 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
	Paris 20e									
	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%
	42/52 et 58/60, rue de la Py – 15/21, rue des Montibœufs	1967	1967	142	8,084	486	-	85	8,655	100%
	Total buildings in operation in Paris			**4,457**	**260,402**	**7,867**	**20,528**	**2 711**	**291,508**	
77	**77420 Champs-sur-Marne**									
	6 Boulevard Copernic (Student residence)	2010	2010	135	2,659	-	-	-	2,659	100%
91	**91120 Palaiseau**									
	Plateau de Saclay (Student residence)	2015	2015	145	3,002	-	-	158	3,160	100%
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%
	92410 Ville-d'Avray									
	14/18, rue de la Ronce	1963	1963	159	15,977	-	-	19	15,996	100%
	1 à 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%
93	**93170 Bagnolet**									
	16-18, rue Sadi-Carnot – 2-4, avenue Henriette (Student residence)	2015	2015	163	3,745	-	381	46	4,172	100%
	93200 Saint-Denis									
	Cité Cinéma – Saint-Denis Pleyel – Rue Anatole-France (Student residence)	2014	2014	183	4,282	-	268	-	4,550	100%
	93350 Le Bourget									
	5, rue Rigaud (Student residence)	2008	2008	238	4,648	-	-	-	4,648	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 buildings in operation in the Paris Region			**2,437**	**139,493**	**421**	**3,975**	**975**	**144,864**	
	Total buildings in operation in Paris and its Region			**6,894**	**399,895**	**8,288**	**24,503**	**3,686**	**436,372**	
13	**13778 Fos-sur-Mer**									
	Les Jardins	1966	1966	36	2,967	-	-	-	2,967	100%
33	**33000 Bordeaux**									
	26/32, rue des Belles-Îles (Student residence)	1994	1994	99	2,034	-	-	-	2,034	100%
	rue Blanqui – rue de New-York (Student residence)	2015	2015	159	3,800	-	-	-	3,800	100%
	33400 Talence									
	11, avenue du Maréchal-de-Tassigny (Student residence)	2000	2000	150	3,621	-	933	-	4,554	100%
	36, rue Marc-Sangnier (Student residence)	1994	1994	132	2,740	-	-	-	2,740	100%

Dept	Address	Construction year	Year of last restructu-ration	Num-ber of housing units	Residen-tial sur-face 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
	33600 Pessac									
	80, avenue du Docteur-Schweitzer (Student residence)	1995	1995	92	1,728	-	-	-	1,728	100%
59	**59000 Lille**									
	Tour V Euralille – avenue Willy-Brandt (Student residence)	2009	2009	190	4,738	-	-	-	4,738	100%
69	**69007 Lyon 7e**									
	7, rue Simon-Fryd (Student residence)	2010	2010	152	3,258	-	-	-	3,258	100%
	Total buildings in operation in other regions			**1,010**	**24,886**	-	**933**	-	**25,819**	
	TOTAL BUILDINGS IN OPERATION			**7,904**	**424,782**	**8,288**	**25,436**	**3,686**	**462,191**	
	Buildings on unit-by-unit sale									
75	**Paris 2e**									
	6 bis, rue Bachaumont	1905	1905	7	567	-	-	32	599	100%
	Paris 6e									
	1, place Michel-Debré	1876	1876	12	695	-	-	47	741	100%
	Paris 7e									
	262, boulevard Saint-Germain	1880	1880	2	215	-	-	12	227	100%
	266, boulevard Saint-Germain	1880	1880	2	362	-	-	0	362	100%
	Paris 8e									
	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	3	270	-	-	0	270	100%
	Paris 9e									
	13/17, cité de Trévise	1998	1998	22	1,361	-	-	-	1,361	100%
	Paris 12e									
	25/27, rue de Fécamp – 45, rue de Fécamp	1988	1988	25	1,980	-	-	-	1,980	100%
	Paris 13e									
	22/24, rue Wurtz	1988	1988	55	3,633	-	-	106	3,739	100%
	Paris 14e									
	83/85, rue de l'Ouest	1978	1978	3	182	-	-	-	182	100%
	8/20, rue du Commandant-René-Mouchotte	1967	1967	1	42	-	-	-	42	100%
	Paris 15e									
	12, rue Chambéry	1968	1968	12	342	-	-	0	342	100%
	22, rue de Cherbourg – 25, rue de Chambéry	1965	1965	1	40	-	-	-	40	100%
	191, rue Saint-Charles – 17, rue Varet	1960	1960	52	3,887	-	-	60	3,947	100%
	22/24, rue Edgar-Faure	1996	1996	67	5,642	-	-	140	5,782	100%
	39, rue de Vouillé	1999	1999	66	4,775	-	-	61	4,836	100%
	3, rue Jobbé-Duval	1900	1900	3	122	-	-	-	122	100%
	27, rue Balard	1995	1995	55	4,772	-	-	106	4,878	100%
	Paris 16e									
	4, rue Poussin	1880	1880	-	-	-	-	16	16	100%
	8/9, avenue Saint-Honoré-d'Eylau	1880	1880	1	138	-	-	-	138	100%

Dept	Address	Construction year	Year of last restructu-ration	Num-ber of housing units	Residen-tial sur-face 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
	Paris 17e									
	169/183, boulevard Péreire – 7/21, rue Faraday – 49, rue Laugier	1882	1882	4	277	-	-	-	277	100%
	10, rue Nicolas-Chuquet	1995	1995	38	1,918	-	-	34	1,952	100%
	28, avenue Carnot	1882	1882	7	750	-	-	7	757	100%
	30, avenue Carnot	1882	1882	2	170	-	-	0	170	100%
	32, avenue Carnot	1882	1882	2	225	-	-	6	231	100%
	169/183, boulevard Péreire – 7/21, rue Faraday – 49, rue Laugier	1882	1882	18	1,625	-	-	5	1,630	100%
	Paris 18e									
	40, rue des Abbesses	1907	1907	16	1,142	-	-	74	1,217	100%
	Paris 19e									
	104/106, rue Petit – 16, allée de Fontainebleau	1977	1977	1	-	-	-	-	-	100%
	Paris 20e									
	162, rue de Bagnolet	1992	1992	26	1,950	-	-	44	1,994	100%
	19/21, rue d'Annam	1981	1981	45	2,361	-	-	2	2,363	100%
	Total buildings on unit-by-unit sale in Paris			**551**	**39,853**	**-**	**-**	**762**	**40,615**	
78	**78000 Versailles**									
	7, rue de l'Amiral-Serre	1974	1974	3	248	-	-	1	249	100%
	Petite place –7/ 9, rue Sainte-Anne – 6, rue Madame – 20, rue du Peintre-Le-Brun	1968	1968	143	10,364	-	-	-	10,364	100%
	78600 Maisons-Laffitte									
	56, avenue de Saint-Germain	1981	1981	3	282	-	-	10	292	100%
91	**91380 Chilly-Mazarin**									
	5, rue des Dalhias	1972	1972	1	94	-	-	-	94	100%
92	**92100 Boulogne-Billancourt**									
	Rue Marcel-Bontemps, Ilôt B3 lot B3abc – ZAC Séguin Rives de Seine	2011	2011	35	2,311	-	-	-	2,311	100%
	59 bis/59 ter, rue des Peupliers – 35 bis, rue Marcel-Dassault	1993	1993	25	2,099	-	-	0	2,099	100%
	92190 Meudon									
	7, rue du Parc – 85, rue de la République	1966	1966	4	394	-	-	12	406	100%
	92200 Neuilly-sur-Seine									
	47/49, rue Perronet	1976	1976	5	369	-	-	-	369	100%
	92210 Saint-Cloud									
	9/11, rue Pasteur	1964	1964	2	123	-	-	-	123	100%
	92300 Levallois-Perret									
	136/140, rue Aristide-Briand	1992	1992	18	1,111	-	-	-	1,111	100%
	92400 Courbevoie									
	3/6, square Henri-Regnault	1974	1974	4	299	-	-	4	303	100%
	6, rue des Vieilles-Vignes	1962	1962	3	160	-	-	-	160	100%
	8/12, rue Pierre-Lhomme	1996	1996	59	3,122	-	-	4	3,126	100%
	3, place Charras	1985	1985	51	3,613	-	-	16	3,629	100%

Dept	Address	Construction year	Year of last restructuration	Number 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
	92600 Asnières									
	46, rue de la Sablière	1994	1994	12	731	-	-	46	777	100%
94	**94000 Créteil**									
	1/15, passage Saillenfait	1971	1971	2	126	-	-	2	128	100%
	Total buildings on unit-by-unit sale in the Paris Region			**370**	**25,445**	-	-	**95**	**25,539**	
01	**01280 Prevessin – Moens**									
	"La Bretonnière" Route de Mategnin – Le Cottage mail du Neutrino	2010	2010	101	8,114	-	-	-	8,114	100%
13	**13008 Marseille**									
	116, avenue Cantini – Quartier le Rouet	2010	2010	12	843	-	-	-	843	100%
	Total buildings on unit-by-unit sale in other regions			**113**	**8,957**	-	-	-	**8,957**	
	TOTAL BUILDINGS ON UNIT-BY-UNIT SALE			**1,034**	**74,254**			**857**	**75,111**	
	Buildings under development									
75	**Paris 15e**									
	Résidence Brancion (Student residence)	under development	under development	-	-	-	-	-	-	100%
	Résidence Lourmel (Student residence)	under development	under development	-	-	-	-	-	-	100%
92	**92800 Puteaux**									
	Rose de Cherbourg (Student residence)	under development	under development	355	7,379	-	100	-	7,479	100%
	Castle Light – Terrasse Valmy (Student residence)	under development	under development	168	3,940	-	-	-	3,940	100%
	Rose de Cherbourg F (Student residence)	under development	under development	-	-	-	-	-	-	100%
13	**13002 Marseille 2e**									
	1, rue Mazenod (Student residence)	under development	under development	179	3,742				3,742	100%
	TOTAL BUILDINGS UNDER DEVELOPMENT			**702**	**15,061**		**100**		**15,161**	
	Land reserves									
75	**Paris 13e**									
	2, 12 rue Charbonnel (Student residence)	under development	under development	-	-	-	-	-	-	100%
92	**92100 Boulogne-Billancourt**									
	Résidence La Traverse (Student residence)	under development	under development	-	-	-	-	-	-	100%
	92410 Ville-d'Avray									
	Éco-quartier – 20, rue de la Ronce	under development	under development	-	-	-	-	-	-	100%
	TOTAL LAND RESERVES									
	GRAND TOTAL RESIDENTIAL			**9,640**	**514,096**	**8,288**	**25,536**	**4,543**	**552,463**	

8.3. SUMMARY OF SURFACE AREAS

Summary of the office property portfolio

	Office surface area (sq.m)	Commercial surface area (sq.m)
Paris	**304,738**	**55,044**
Commercial portion of predominantly residential assets	7,867	20,528
Commercial portion of predominantly commercial assets	296,871	34,516
Paris region	**469,481**	**10,162**
Commercial portion of predominantly residential assets	421	3,975
Commercial portion of predominantly commercial assets	469,060	6,188
Other regions	**13,032**	**933**
Commercial portion of predominantly residential assets	0	933
Commercial portion of predominantly commercial assets	13,032	0
Commercial portfolio in operation as at December 31, 2016	**787,251**	**66,139**
Unit-by-unit sale programs	**0**	**0**
Commercial portion of predominantly residential assets	0	0
Commercial portion of predominantly commercial assets	0	0
Programs under construction and land reserves	**162,304**	**1,108**
Commercial portion of predominantly residential assets	0	100
Commercial portion of predominantly commercial assets	162,304	1,008
TOTAL COMMERCIAL PROPERTY HOLDINGS AS AT DECEMBER 31, 2016	**949,555**	**67,247**
Commercial portion of predominantly residential assets	8,288	25,536
Commercial portion of predominantly commercial assets	941,267	41,712

Summary of the residential property portfolio

	Nb of housing units	Residential surface area (sq.m)
Paris	**4,669**	**277,005**
Residential portion of predominantly residential assets	4,457	260,402
Residential portion of predominantly commercial assets	212	16,603
Paris Region	**2,445**	**140,034**
Residential portion of predominantly residential assets	2,437	139,493
Residential portion of predominantly commercial assets	8	541
Other regions	**1,010**	**24,886**
Residential portion of predominantly residential assets	1,010	24,886
Residential portion of predominantly commercial assets	0	0
Residential portfolio in operation as at December 31, 2016	**8,124**	**441,926**
Unit-by-unit sale programs	**1,034**	**74,254**
Residential portion of predominantly residential assets	1,034	74,254
Residential portion of predominantly commercial assets	0	0
Programs under construction and land reserves	**702**	**15,061**
Residential portion of predominantly residential assets	702	15,061
Residential portion of predominantly commercial assets	0	0
TOTAL RESIDENTIAL PROPERTY HOLDINGS AS AT DECEMBER 31, 2016	**9,860**	**531,240**
Residential portion of predominantly residential assets	9,640	514,096
Residential portion of predominantly commercial assets	220	17,144

Chapter 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 fiscal 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 fiscal year ended December 31, 2014: the Consolidated financial statements and the related Statutory Auditors' report included on pages 73 to 112 and 359 of the Reference Document filed with the AMF on February 20, 2015 under reference D. 15-0073;
- for the fiscal year ended December 31, 2015: the Consolidated financial statements and the related Statutory Auditors' report included on pages 69 to 112 and 321 of the Reference Document filed with the AMF on February 25, 2016 under reference D. 16-0082.

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 the page 325 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 year ended December 31, 2016 presented in this document is the subject of reports by the Statutory Auditors, which appear on pages 327 to 329 of this document. The report on the Consolidated financial statements for the year ended December 31, 2016 is presented on page 327 of this document. The Consolidated financial statements for the year ended December 31, 2015, presented in the Reference Document filed with the AMF under number D. 16-0082 on February 25, 2016, are the subject of a report by the Statutory Auditors, which appears on page 321 of that document. The Consolidated financial statements for the year ended December 31, 2014, presented in the Reference Document filed with the AMF under number D. 15-0073 on February 20, 2015, are the subject of a report by the Statutory Auditors, which appears on page 359 of that 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	79-122
Annual financial statements	123-143
Statement of the responsible person	322
Management report	See below
Auditors' report on the Consolidated financial statements	327-328
Auditors' report on the Annual financial statements	329
Auditors' fees	122

Management report

	Pages
Analysis of changes in the company and the Group's business, earnings and financial position, the company and the Group's position during the past year (L. 225-100, L. 225-100-2, L. 232-1 and L. 233-26 of the French Commercial Code)	53-78
Predictable changes (L. 232-1 and L. 233-26 of the French Commercial Code)	75
Research and development activities (L. 232-1 and L. 233-26 of the French Commercial Code)	342
Information on environmental issues and the environmental consequences of business operations (L. 225-100 and L. 225-102-1 of the French Commercial Code)	217-308
Information on employee issues and the social consequences of business operations (L. 225-100 and L. 225-102-1 of the French Commercial Code)	278-296
Description of the major risks and uncertainties (L. 225-100 and L. 225-100-2 of the French Commercial Code)	23-52
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 stock (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)	196-209
Factors likely to have an impact in the event of a public offering (L. 225-100-3 of the French Commercial Code)	204
Amount of dividends distributed during three last financial years (243 bis of the French General Tax Code)	194
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)	145-191

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. The appointment will expire at the end of the Ordinary General Meeting convened to approve the financial statements for the financial year ending on 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. The appointment will expire at the end of the Ordinary General Meeting convened to approve the financial statements for the financial year ending on 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

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information presented below is the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Financial year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Gecina SA;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements provide a fair and accurate view of the assets and liabilities, the financial position, and the results of the entity formed by the consolidated persons and entities in accordance with IFRS as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we would like to draw to your attention the following matters:

- Notes 3.5.4.7, 3.5.5.13 and 3.5.9.3 of the notes to the consolidated financial statements describe, on the one hand, certain transactions and/or commitments in Spain and, on the other hand, the alleged issuing of four promissory notes and letters of guarantee by Gecina SA. We have been made aware of the developments on this subject during the financial year and/or the specific analyses conducted by the company. We have also examined the corresponding documentation and assessed the appropriateness of the resulting accounting treatment.
- The portfolio properties are subject, at each reporting date, to evaluation procedures by independent property appraisers according to the terms described in Note 3.5.3.1. of the notes to the financial statements. We have assessed the appropriateness of these evaluation methods and their application. We have also verified that the determination of the fair value of investment properties and properties for sale by the management of Gecina SA was performed in accordance with the accounting principles described in Notes 3.5.5.1 and 3.5.5.5 to the financial statements on the basis of these external expert reviews. We have also verified that the amount of impairment losses recorded for property measured at historical cost was sufficient relative to these external expert reviews. As indicated in Note 3.5.3.14 of the notes to the financial statements, the evaluations performed by independent property appraisers rely on estimates and it is therefore possible that the value at which the portfolio properties could be sold differs significantly from their evaluation at the reporting date.
- As indicated in Notes 3.5.3.2.2 and 3.5.3.14 of the notes to the financial statements, equity securities are evaluated at their fair value and impairment losses are recognized on other financial fixed assets in the event of lasting impairment. To determine the fair value of equity securities and the potential for lasting impairment of other financial fixed assets, the company examines the specific circumstances of each asset and uses assumptions and forecasts. We have examined these elements and assessed the evaluations performed by the company. As indicated in Note 3.5.3.14 of the notes to the financial statements, the evaluations performed by the company are based on estimates and it is therefore possible that the value at which these assets could be sold differs significantly from their evaluation at the reporting date.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and thus contributed to the opinion we formed, which is expressed in the first part of this report.

III - Specific verification

As required by French law, we also verified the information presented in the Group's management report in accordance with professional standards applicable in France.

We have no matters to report as to their fair presentation and consistency with the consolidated financial statements.

Neuilly sur Seine and Paris La Défense, February 23, 2017

The Statutory Auditors

Mazars	**PricewaterhouseCoopers Audit**
Julien Marin-Pache Baptiste Kalasz	Jean-Pierre Bouchart
Partners	Partner

9.2.2.2. Statutory Auditors' report on the annual financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information presented below is the audit opinion on the (consolidated) financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as to provide separate assurance on individual account balances, transactions or disclosures.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Financial year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying annual financial statements of Gecina SA;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also consists of assessing the accounting policies adopted, the significant estimates made and the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of Gecina SA as of December 31, 2016, and of the results of its operations for the year then ended in accordance with French accounting principles.

Without calling into question the opinion expressed, above, we call your attention to Note 4.3.3.1.1 of the notes to the financial statements, which describes the effects of the change in accounting method resulting from the first-time application of ANC Regulation 2015-06 concerning the recognition of the technical loss.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we hereby inform you that our assessments we conducted focused on the appropriateness of accounting principles applied and on reasonableness of significant estimates used for the preparation of the financial statements, including:

- The applicable accounting rules and methods for portfolio properties and financial fixed assets are described in Notes 4.3.3.1 and 4.3.3.2., respectively, of the notes to the annual financial statements. We have assessed the appropriateness of these estimating methods and their correct application.
- Note 4.3.6.1 of the notes to the annual financial statements describes the alleged issuing of four promissory notes and letters of guarantee by Gecina SA. We have been made aware, as applicable, of the developments on this subject during the financial year and/or the specific procedures and analyses conducted by the company. We have also examined the corresponding documentation and assessed the appropriateness of the resulting accounting treatment.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and thus contributed to the opinion we formed, which is expressed in the first part of this report.

III - Specific verifications and information

We also performed the specific verifications required by French law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders on the financial position and the annual financial statements.

As regards the information provided pursuant to Article L. 225-102-1 of the French Commercial Code on compensation and benefits paid to corporate officers and commitments made in their favor, we have verified the consistency of this information with the information given in the annual financial statements or with the data used to prepare these financial statements, and, if applicable, with the information received by your company from the companies that control it or that are controlled by it. On the basis of this work, we attest the accuracy and fair presentation of this information.

As required by French law, we verified that the information concerning the purchase of equity and controlling interests and the identity of shareholders and holders of the voting rights has been disclosed in the management report.

Neuilly sur Seine and Paris La Défense, February 23, 2017

The Statutory Auditors

Mazars	PricewaterhouseCoopers Audit
Julien Marin-Pache Baptiste Kalasz	Jean-Pierre Bouchart
Partners	Partner

9.2.2.3. Statutory Auditors' special report on related party agreements and commitments

This is a free translation into English of the statutory auditors' report issued in the French language 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.

General Meeting called to approve the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Gecina, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, on the basis of the information provided to us, the features, main terms and conditions and the reasons justifying the company's interest in the agreements and commitments of which we have been advised or that we may have identified during our mission, without commenting on their usefulness or substance or identifying the existence of undisclosed agreements or commitments. Pursuant to the provisions of Article R. 225-31 of the French Commercial Code, it is your responsibility to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide you with the information required by Article R225-31 of the French Commercial Code concerning the performance during the past year of agreements and commitments already approved by the Shareholders' Meeting.

We implemented the procedures that we deemed necessary for this task in accordance with professional standards applicable in France to this assignment. These procedures consisted of verifying that the information provided to us corresponds with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING FOR APPROVAL

Agreements authorized during the past year

We are informing you that we have not been advised of any agreement or commitment authorized during the past year to be submitted for the approval of the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements authorized since the reporting date

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised that the following agreements and commitments were previously authorized by your Board of Directors since the end of the year just ended.

1. Signature of an agreement defining the terms of the severance package in the event of the termination of Ms. Méka Brunel as Chief Executive Officer

Officer involved: Ms. Méka Brunel

The Board of Directors, meeting on January 6, 2017, approved the terms of the severance package for the CEO in the event of termination of service. These terms can be summarized as follows:

- In the event of termination of her duties as CEO, as the result of a forced departure, Ms. Madame Méka Brunel will benefit from a severance package in a maximum amount calculated as follows:
  - seniority of between 1 and 2 years: severance of 100% maximum of the gross total compensation for the position as CEO (fixed and variable) for the preceding calendar year;
  - seniority of more than 2 years: severance of 200% maximum of the gross total compensation for the position as CEO (fixed and variable) for the preceding calendar year.

The payment of this allowance will be subject to the performance conditions described in the table below.

Performance-related 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-related 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 payment
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 verify the achievement of these performance criteria; it is stipulated that, if applicable, the Board may consider exceptional items that occurred during the year.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

Pursuant to the provisions of Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by the General Meeting in prior financial years, remained in force during the past year.

These agreements and commitments were reviewed February 24, 2016 by the Board of Directors, which duly noted the continuation of these agreements and commitments. These were subject to further review by the Board of Directors on Thursday, February 23, 2017.

1. Signing of a settlement agreement with Mr. Christophe Clamageran, subsequent to the termination of his duties as CEO of the company

Officer involved: Mr. Christophe Clamageran

The Board of Directors' Meeting of October 4, 2011 authorized the signature of a settlement agreement with Mr. Christophe Clamageran, following the termination of his duties as CEO of the company. This agreement remained in effects in 2016 with regard to the following point:

- Mr. Christophe Clamageran retains the benefit of the stock options granted to him by the Board of Directors' Meetings of March 22 and December 9, 2010. The Board of Directors released Mr. Christophe Clamageran from the obligation of complying with the condition of presence that is included in the plan regulations governing these grants, while the other payment terms in these plans remain unchanged.

The total number of stock options granted to Mr. Christophe Clamageran under these plans was 62,078.

This agreement was approved by the General Meeting of April 17, 2012.

2. Awarding of severance compensation to Mr. Philippe Depoux in the event of termination as Chief Executive Officer subject to performance-related conditions

Officer involved: Mr. Philippe Depoux

The Board of Directors' Meeting of April 17, 2013 approved the implementation of conditions for the severance benefit due to the CEO in the event of termination of service. These terms can be summarized as follows:

- In the event of termination of his services as CEO as the result of a forced departure due to a change in control or strategy, Mr. Philippe Depoux will receive a severance benefit in a maximum amount calculated as indicated below:
  - Seniority between one and two years: severance payment of 100% maximum of the gross total compensation for the position of CEO (fixed and variable) for the previous calendar year. It is specified that this provisions became obsolete on June 3, 2015, the CEO's time in office reached two years on that date;
  - Seniority of more than two years: 200% of the total gross compensation (fixed and variable) for the position as CEO for the previous calendar year. The payment of this benefit is subject to performance-related conditions as described in the table below.

Performance-related conditions for seniority of more than one year:

The benefit will only be paid in full if the recurring income in the last financial year (N) completed prior to the severance is greater than the average of the recurring income for the two years (N-1 and N-2) preceding the termination of services. Recurring income amounts will be compared taking into account changes in the scope of the company's assets during the relevant years, as indicated below:

Performance-related conditions	Severance pay
Recurring income in year N excluding fair value adjustments > average recurring income for the years (N-1 + N-2)	100%
Recurring income year N (excluding fair value adjustments) / average recurring income of years (N-1 + N-2) > 0.96	80%
Recurring income year N (excluding fair value adjustments) / average recurring income of years (N-1 + N-2) > 0.92	50%
Recurring income year N (excluding fair value adjustments) / average recurring income of years (N-1 + N-2) < 0.92	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 items that occurred during the year.

This agreement was approved by the General Meeting of April 23, 2014.

This agreement ended on January 6, 2017, after a decision on the same day by the Board of Directors, which, after terminating the appointment of Philippe Depoux as CEO, and after an opinion from the Governance, Appointment and Compensation Committee, approved the payment of a severance package to Philippe Depoux, capped at two years of his gross total compensation (fixed and variable) for 2016, which is €1,648,000 gross, because the performance criteria governing this payment had been met.

Neuilly sur Seine and Paris La Défense, February 23, 2017

The Statutory Auditors

Mazars	**PricewaterhouseCoopers Audit**
Julien Marin-Pache Baptiste Kalasz	Jean-Pierre Bouchart
Partners	Partner

9.2.2.4. Auditors' Report prepared pursuant to Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Gecina SA's Board of Directors

This is a free translation into English of the statutory auditors' report issued in the French language 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.

General Meeting called to approve the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Gecina and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your company for the financial year ended December 31, 2016 in accordance with Article L. 225-37 of the French Commercial Code.

It is the Chairman's responsibility to prepare and submit to the Board of Directors' for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by Article L.225-37 of the French Commercial Code, particularly relating to corporate governance.

It is our responsibility:

- to inform you of our observations concerning the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code; it is specified that it is not our responsibility to assess the fair presentation of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the procedures to assess the fairness of the information provided in the Chairman's report on the internal control and risk management procedures for the preparation and processing of accounting and financial information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures for the preparation and processing of accounting and financial information that underlie the information presented in the Chairman's Report is based, as well as the existing documentation;
- obtaining an understanding of the work performed to prepare this information and the existing documentation;
- determining if any material weaknesses in the internal control and risk management procedures for the preparation and processing of the accounting and financial information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no comment to make on the information regarding the company's internal control and risk management procedures for the preparation and processing of accounting and financial information set out in the report of the Chairman of the Board of Directors, prepared in accordance with Article L. 225-37 of the French Commercial Code.

We draw your attention to the paragraph "Guarantee commitments made in Spain" in Section 5.1.9.2 of the report of the Chairman of the Board of Directors. This paragraph mentions the identification of commitments made in spite of the internal control system, as well as the implementation of procedures by the Group in this context.

Other information

We hereby attest that the Chairman's report contains the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly sur Seine and Paris La Défense, February 23, 2017

The Statutory Auditors

Mazars	**PricewaterhouseCoopers Audit**
Julien Marin-Pache Baptiste Kalasz	Jean-Pierre Bouchart
Partners	Partner

9.2.2.5. Report by the independent third party, on the consolidated human resources, environmental and social information included in the management report

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France

Financial year ended December 31, 2016

To the Shareholders,

In our capacity as independent third party, member of Mazars' network, Gecina's Statutory Auditor, certified by COFRAC under number 3-1958[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2016, 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 protocols used by the Company (hereinafter the "Guidelines"), summarized 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 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, 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.

Our work involved 7 persons and was conducted between December 2016 and February 2017 during a 7-week intervention period.

We performed our work in accordance with the professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and, concerning our conclusion on the fairness of CSR Information and the reasonable assurance report with ISAE 3000[2].

I - Attestation regarding the completeness of CSR Information

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 the section 7.2.2 of the management report.

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) whose scope is available at www.cofrac.fr
(2) 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 appropriateness of the Guidelines in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and extent of tests and controls depending on the nature and importance of CSR Information in relation to the characteristics of the Company, the social and environmental issues of its operations, its strategic priorities in relation to sustainable development, and the Industry best practices.

Regarding the CSR Information that we considered to be the most significant[3], at the Group Transformation, Marketing and CSR Department, Human Resources Department, Real Estate Department and the Gecina Foundation, we:

- referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, and 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;
- conducted interviews to verify that procedures are properly applied 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 activity, 100% of headcount and 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

(3) ***Human Resources information:*** *global workforce and breakdown by gender, age, type of contract and category; number of recruitments; total number of departures (permanent contracts); absenteeism rate; number of days of absences per type of absence; detailed absenteeism rate by type of absence and category (administrative staff / building staff); number of employees who had at least one absence less than or equal to 3 working days during the period; work accidents frequency rate; work accidents severity rate; average number of hours of training per trained employee; percentage of women among external recruitments; number of levels of occupational classification for which the pay gap men/women is greater than 3% (administrative staff, Executive Committee excluded); percentage of open positions filled internally; percentage of average individual increase manager versus non manager (by category and gender).*
Environmental information: *GMS (General Management System) coverage rate - building and renovating (in percentage of surface); GMS coverage rate - Exploitation (in percentage of surface); EMS (Environmental Management System) coverage rate; percentage of reduction in the level of employee greenhouse gas emissions in tCO2eq/employee/ year; percentage of assets with public transport access at less than 400 m; biotope area factor by surface; percentage of recovered / recycled waste; percentage of surface areas equipped with a space fitted for selective sorting of waste; average water consumption; percentage of reduction in water consumption; percentage of reduction in primary energy consumption per sqm since 2008 - Offices and Residential; percentage reduction in final energy consumption per sqm since 2008 – Offices and Residential; percentage of properties with an EPD (Energy Performance Diagnosis) energy label of A to G – Offices and Residential; energy mix; percentage of renewable energy produced; greenhouse gas emission level in kgCO2/sqm/year with a constant climate – Offices and Residential; percentage of reduction in emissions since 2008; percentage of properties with an EPD climate label of A to I – Offices and Residential.*
Social information: *economic contribution; number of « responsible purchasing » charters signed with suppliers; number and percentage of respondents to the « responsible purchasing » questionnaire; Number of signed green leases and coverage in surface percentage; customer satisfaction rate; customer recommendation rate; number and percentage of employees involved in one or more Foundation projects; number of days devoted to one or more Foundation projects; amounts of donations from the Foundation.*

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 headcount and 100% of 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 23 rd, 2017

The independent third party

Mazars SAS

Baptiste KALASZ	Julien MARIN-PACHE	Edwige REY
Partner	Partner	Partner CSR & 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 à Paris (2nd)
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 registered office (telephone: +33 1 40 40 50 50)
Fiscal year	The financial year begins on January 1 and ends on December 31 for a term of 12 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. ARTICLES OF INCORPORATION AND EXTRACTS FROM BYLAWS

9.3.2.1. Corporate purpose

Corporate purpose (Article 3 of the bylaws)

The company's purpose is to operate rental properties or groups of rental properties located in France or abroad.

To this end, the company may:

- acquire undeveloped land or similar land through purchases, exchanges, payments in kind, or other types of payment;
- build individual properties or groups of properties;
- acquire developed properties or groups of properties through purchase, exchanges, and payments in kind or other types of payment;
- finance the acquisition and construction of properties;
- rent, administer, and manage any properties, either on its own behalf or on behalf of third parties;
- sell any real estate assets or rights;
- acquire equity interests in any company or organization involved in activities related to its corporate purpose by any authorized means, including capital contributions and the subscription, purchase or exchange of securities or corporate rights; and generally engage in all types of financial, real estate, and investment transactions directly or indirectly relating to this corporate purpose or capable of facilitating the furtherance thereof.

9.3.2.2. Organization of the Board and Executive Committee

Chairman and Executive Officer

The separation of the duties of Chairman of the Board of Directors from those of Chief Executive Officer was set up by the Board meeting of May 2009 and remained the company's governance procedure until October 4, 2011.

After the period from October 4, 2011 to April 17, 2013, during which the two functions were unified, the Board of Directors decided on April 17, 2013 with effect from June 3, 2013 to return to the separation of the duties of Chairman of the Board of Directors from those of CEO. It therefore appointed Mr. Philippe Depoux to the office of CEO for an indefinite period and confirmed Mr. Bernard Michel in his position as Chairman of the Board of Directors for a term that could not exceed that of his directorship.

At its meeting of January 6, 2017, the Board of Directors, based on the opinion of the Governance, Appointment and Compensation Committee, decided to terminate Mr. Philippe Depoux's term as CEO and to appoint in his place, Ms. Méka Brunel for an indefinite term. Ms. Méka Brunel remains a member of the Board of Directors.

Board of Directors (Article 12)

The company's administration is performed by a Board of Directors consisting of at least three (3) members and at most eighteen (18) members, subject to the dispensations provided for under French law.

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. They may be reappointed and dismissed at any time by the General Meeting.

No one over the age of 75 may be appointed. If a Director has passed this age limit, he or she will be deemed to have automatically resigned at the end of the General Meeting convened to approve the financial statements for the fiscal year during which said Director reached this age limit.

Each Director must own at least one share during his or her term of office.

As required by Article 2 of the Board of Directors' Internal Regulations, each Director must own 40 shares.

Board office (Article 13)

The Board of Directors shall elect from among its members a Chairman who must be a natural person, and, if need be, a Co-Chairman and one or more Vice-Chairmen.

If the Board of Directors decides to appoint a Co-Chairman, this title shall also be given to the Chairman, without said appointment restricting the powers granted solely to the Chairman under French Law or these bylaws.

The Board of Directors shall set the term of office of the Chairman as well as that of the Co-Chairman and of the Vice-Chairmen, if they exist, but this term of office may not exceed that of their terms of office.

The Chairman of the Board of Directors and the Co-Chairman and the Vice-Chairman or -Chairmen, if they exist, may be dismissed at any time by the Board of Directors.

No one over the age of 70 may be appointed Chairman, Co-Chairman, or Vice-Chairman. If the Chairman, the Co-Chairman or a Vice-Chairman passes this age he or she will be deemed to have automatically resigned at the end of the General Meeting convened to approve the financial statements for the fiscal year during which they reached this age limit.

The sessions of the Board shall be chaired by the Chairman. If the Chairman is absent, the meeting shall be chaired by the Co-Chairman or by one of the Vice-Chairmen present, as designated by the Board for each session. If the Chairman, the Co-Chairman and the Vice-Chairmen are absent, the Board shall appoint one of the members present to chair the meeting for each session.

The Board shall appoint a person to serve as secretary.

Deliberations of the Board of Directors (Article 14)

The Board shall meet as often as necessary in the company's interests, either at the registered office or at another venue, including outside of France.

The Chairman shall set the agenda for each Board of Directors and shall convene the Directors using any appropriate means.

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.

If necessary, the Chief Executive Officer may also request the Chairman to convene the Board on a given agenda.

The Chairman is bound by requests submitted to him under the previous two paragraphs.

The physical presence of at least half of the Board's members will be necessary for deliberations to have legal force.

A Director may authorize another Director to stand proxy for him at a session of the Board of Directors in accordance with the legal and regulatory provisions in force.

The provisions of the preceding paragraphs shall also apply to the permanent representatives of a Director.

The Board may meet and deliberate using videoconferencing or telecommunications facilities or any other means provided for under French law, in accordance with the terms and provisions set forth in its internal regulations.

In this respect, within the limits applicable under French law, the internal regulations may allow for any Directors participating in Board Meeting, using videoconferencing or telecommunications facilities or by other means, the nature and conditions of which are determined by the regulatory provisions in force, to be deemed to be present for the purposes of calculating a quorum or a majority.

Decisions shall be by majority vote of the members present or represented, whereby any Director representing one of his or her colleagues is entitled to two votes. In the event of a tie vote, the session's Chairman shall not have a casting vote.

Powers of the Board of Directors (Article 15)

The Board of Directors sets the strategies for the company's business and oversees their implementation. Under the powers directly attributed to General Meetings and within the bounds of the corporate purpose, it may address any issues that are deemed to be of interest for the company's effective performance, and through its deliberations resolve any issues concerning it.

In its dealings with third parties, the company shall be bound by the resolutions of the Board of Directors even where they do not fall within the company's corporate purpose unless it can prove that the third party in question knew that the resolution in question fell outside said purpose or that said party could not have been unaware of this on account of the circumstances, it being excluded that the mere publication of the bylaws should be enough to constitute said proof.

The Board of Directors may perform the controls and verifications it deems necessary.

The Board of Directors may invest one or more of its members or third parties, whether they are shareholders or not, with any authority necessary for any specified purpose or purposes.

It may also decide to set up committees charged with reviewing issues that the Board or its Chairman has submitted to said committees for an opinion. These committees, whose makeup and remits are defined in the internal regulations, will carry on their activities under the responsibility of the Board of Directors.

Powers of the Chairman of the Board of Directors (Article 16)

In accordance with Article L. 225-51 of the French Commercial Code, the Chairman of the Board of Directors represents the Board of Directors. Subject to the legal and regulatory provisions in force, he organizes and oversees its work and reports on this work to the General Meeting. He ensures that the various corporate governance bodies are working smoothly and, in particular, that the Directors are capable of fulfilling their required duties.

Pursuant to Article 17 of these bylaws, the Chairman may also assume the executive management of the company.

The company's Executive Management (Article 17)

The company's executive management is performed by either the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors chooses between the two methods of exercising the Executive Management presented in the preceding paragraph.

The Board of Directors makes this choice by majority vote of the Directors present or represented.

Shareholders and third parties shall be informed of this choice as prescribed in the relevant regulations.

When the executive management is assumed by the Chairman of the Board of Directors, he shall hold the position of Chairman and Chief Executive Officer. The Board of Directors shall determine the term of office of the Chairman and Chief Executive Officer, which may not exceed his term as Director. The Chairman and Chief Executive Officer may be dismissed at any time by the Board of Directors.

If the executive management is not performed by the Chairman of the Board of Directors, a Chief Executive Officer shall be appointed by the Board of Directors.

The term of office of the Chief Executive Officer is freely defined by the Board of Directors.

The Chief Executive Officer, or where relevant, the Chairman and Chief Executive Officer, shall have the broadest powers to act in the company's name under any and all circumstances – in particular, to execute the sale or purchase of any real estate assets or rights. They exercise their powers within the scope of the corporate purpose and subject to those reserved expressly by French law to Shareholders' General Meetings and to the Board of Directors.

They represent the company in their dealings with third parties. The company is bound by the resolutions of the Directors even where they do not fall within the company's corporate purpose unless it can prove that the third party in question knew that the resolution in question fell outside said purpose or that said party could not have been unaware of this on account of the circumstances, it being excluded that the mere publication of the bylaws should be enough to constitute said proof.

In connection with the company's internal organization, the Board of Directors may limit the powers of the Chief Executive Officer, or as relevant, of the Chairman and Chief Executive Officer, but any such restrictions on their powers are not enforceable against third parties.

On the proposal of the Chief Executive Officer, or where relevant, the Chairman and Chief Executive Officer, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, or where relevant, the Chairman and Chief Executive Officer, in which case they shall be given the title of Deputy Chief Executive Officer.

There may not be more than five Deputy Chief Executive Officers.

By agreement with the Chief Executive Officer, or where relevant, with the Chairman and Chief Executive Officer, the Board of Directors shall determine the scope and term of the powers granted to the Deputy Chief Executive Officers.

Should the Chief Executive Officer, or where relevant, the Chairman and Chief Executive Officer, cease or be prevented from performing their functions, the Deputy Chief Executive Officers shall retain their functions and their remits barring a decision to the contrary by the Board of Directors until the appointment of a new Chief Executive Officer, or where relevant a Chairman and Chief Executive Officer.

Deputy Chief Executive Officers, vis-à-vis third parties, shall have the same powers as the Chief Executive Officer, or where relevant the Chairman and Chief Executive Officer.

The Chief Executive Officer may be dismissed at any moment by the Board of Directors if there are reasonable grounds. The same shall apply to Deputy Chief Executive Officers on the proposal of the Chief Executive Officer, or where relevant the Chairman and Chief Executive Officer.

No one over the age of 65 may be appointed Chief Executive Officer or Deputy Chief Executive Officer. Should a Chief Executive Officer or Deputy Chief Executive Officer pass this age limit he or she will be deemed to have automatically resigned at the end of the General Meeting convened to approve the financial statements for the fiscal year during which said Chief Executive Officer or Deputy Chief Executive Officer reached this age limit.

Observers (Article 18)

The annual General Meeting may appoint up to three Observers for the company from among the shareholders. The Observers may also be appointed by the company's Board of Directors subject to this appointment being ratified at the next General Meeting.

No one over the age of 75 may be appointed Observer. Should an Observer pass this age limit he or she will be deemed to have automatically resigned at the end of the General Meeting convened to approve the financial statements for the fiscal year during which said Observer reached this age limit.

Observers shall be appointed for a three-year term and may be reappointed. They are summoned to the sessions of the Board of Directors and take part in its deliberations in an advisory capacity.

Observers may be called upon to perform special assignments.

Compensation for Directors, Observers, the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers (Article 19)

Directors shall receive for their activities a fixed amount of annual attendance allowances, which shall be determined by the Ordinary General Meeting.

The Board of Directors shall freely distribute the amount of these attendance allowances among its members.

It may also grant exceptional compensation for assignments or offices entrusted to Directors or Observers. Such agreements shall be subject to the legal provisions applicable to agreements contingent on prior authorization from the Board of Directors.

The Board of Directors shall determine the amount of remuneration for the Chairman, Chief Executive Officer, and Deputy Chief Executive Officers.

Internal regulations for the Board of Directors

Gecina's Board of Directors adopted its Internal Regulations on June 5, 2002 and updated them on several occasions since this date. They clarify and supplement the Board's operating procedures and principles as set down in the company bylaws.

The Directors' Charter and the Works Council Representative Charter respectively clarify the duties and obligations of Directors and Works Council representatives.

The two Charters, and the Internal Regulations of the three Board of Directors committees, represent the schedules to the Internal Regulations of the Board of Directors.

9.3.2.3. Rights and obligations attached to shares

Rights and obligations attached to each share (Article 10 of the bylaws)

In addition to the voting right allotted to it under French law, each share gives right to a portion of the company's assets, profits or liquidating dividend proportional to the number and minimum value of existing shares.

Shareholders are only liable for the company's liabilities up to the nominal value of the shares they own.

The rights and obligations attached to a share follow the share if it is transferred between holders.

Ownership of a share entails full adherence by law to the company bylaws and to the decisions of the General Meeting.

Dual voting rights (Article 20.4, subparagraph 1)

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.

Restrictions on voting rights

None.

9.3.2.4. Changes to share capital and voting rights attached to shares

Gecina's bylaws prescribe no measures for changing share capital and voting rights attached to shares. Such measures, when decided, are subject to the relevant legal and regulatory provisions.

9.3.2.5. General Meeting

Shareholders' Meetings (Article 20 of the bylaws)

1. Notice to attend
General Meetings are convened to deliberate under the conditions defined by legal and regulatory provisions.

Meetings are held at the registered office or any other venue stated in the invitation to attend.

2. Access rights
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. Office – Attendance sheet
General Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Vice-Chairman or, in the absence of the latter, by a Director especially appointed to this effect by the Board. Failing this, the General Meeting itself shall elect a Chairman.

The functions of the voting supervisors shall be performed by the two members present at the meeting who have the most votes, in accordance with the legal and regulatory provisions in force.

The office for the meeting shall appoint the secretary, who may be chosen from outside the shareholders.

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.

Shareholders may vote at meetings by sending their voting form by correspondence either in paper form or, as decided by the Board of Directors, by teletransmission (including by electronic mail), according to the procedure defined by the Board of Directors and clarified in the meeting notice and/or invitation to attend. Where the last method is selected, the electronic signature may be in the form of a procedure that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

Shareholders may also appoint a proxy to represent them at meetings by sending the proxy form to the company in paper form or by teletransmission according to the procedure defined by the Board of Directors and specified in the meeting notice and/or invitation to attend, in the conditions outlined by the applicable legal and regulatory provisions. The electronic signature may be in the form of a procedure that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

The mandate given for a Meeting is revocable in the same way as those required to appoint the representative.

The General and Special Meetings may hold their deliberations only on condition that the quorum and majority conditions provided for under the legal and regulatory provisions in force are met.

Shareholders who participate in Meetings through videoconferencing or though telecommunication means, allowing their identification in the conditions set out in the applicable regulation, shall be considered as present or represented for the calculation of the quorum or majority, as decided by the Board of Directors and published in the meeting notice and/or in the notice of invitation to attend.

The minutes of Meetings shall be prepared and copies certified and delivered in accordance with French law.

Form of shares (Article 7 of the bylaws)

Shares must be held and registered by name. They shall be registered in an account under the conditions and in accordance with procedures provided for by the legislative and regulatory provisions in force.

9.3.2.6. Declaration of crossing shareholder threshold limits

Crossing shareholder threshold limits – information (Article 9 of the bylaws)

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.

9.3.3. RESEARCH AND PATENTS

None.

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makheia

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