



First-half 2014 EPRA earnings up 32.5%

- **An upgraded recurring EPS growth target (up 20%)**

After outperforming its targets in the first-half, Cegereal has raised its full-year recurring earnings per share target from 15% to over 20%.

- **Robust growth in operating income (up 11.1%)**

First-half 2014 operating income rose 11.1% to €13.8 million from €12.3 million for the year-earlier period. This robust performance was due to the combined effect of higher rental income (up 4.3%) and a 25-bps reduction in the cost of debt to 3.15% following the increase in the portfolio occupancy rate to over 90% (91.5% at June 30, 2014).

- **Launch of the project to develop the first Garden Tower in La Défense**

A unique project in the heart of the La Défense business district, the Garden Tower will offer users of the Europlaza building an exceptional outdoor space as from early next year. Only the third building in France to obtain both HQE Exploitation and BREEAM In-Use International Very Good environmental certification, Europlaza will give tenants and their visitors the opportunity to enjoy a more than 3,000-sq.m. private garden, as well as two internal gardens, all designed by architect Juan Trindade. A dozen major international groups already benefit from the many amenities and low occupancy costs of this building located just a short walk away from the Grande Arche and alongside the new walkway linking the Coupole and Charras shopping centers.

- **Improved rental income in a challenging market environment (up 4.3%)**

Rental income calculated in accordance with IFRS – which includes rental expenses rebilled to tenants – amounted to €29.2 million in first-half 2014, an increase of 8.1% on the year-earlier period. Excluding rebilled expenses, rental income was 4.3% higher at €22.6 million, primarily reflecting the start of new leases signed in 2013 and the effect of lease renewals signed in the first half of 2014.

During the period, Cegereal kept up its marketing momentum, signing or renewing leases on over 10,000 sq.m.:

- A total of 2,319 sq.m. were let to new tenants, and
- Lease renewals or extensions were signed concerning a further 7,825 sq.m.

At June 30, 2014, the portfolio occupancy rate stood at 91.5%.

The **Europlaza** occupancy rate stood at 93% at that date, versus 89% at December 31, 2013.

During the period, two tenants renewed and extended their leases and a new tenant moved in:

- Galderma's lease on 4,002 sq.m. was renewed with effect from January 1, 2014 and a further 825 sq.m. were leased during the second quarter.
- The lease with Crédit Agricole/BforBank on 1,703 sq.m. was also renewed, with a further 1,295 sq.m. leased in the second quarter.
- 887 sq.m. were leased to Gaz Natural, effective from May.

A total of 3,100 sq.m. of office space is currently available for rent. Negotiations are at an advanced stage with prospective tenants for units representing some 1,800 sq.m.

The **Arcs de Seine** occupancy rate rose to 84% at June 30, 2014 from 81% at December 31, 2013.

During the period, Cegereal kept up its marketing strategy for Arcs de Seine, the standout property in the capital's Telecommunication Valley. Leases on 1,432 sq.m. were signed with two new tenants, BBC and Sagem, which came into effect during the second quarter.

Arcs de Seine is the fourth office building in France to earn dual HQE Exploitation and BREEAM In-Use International Very Good environmental certification. Its main tenants include Canal+, Hewlett Packard and Huawei.

As of June 30, 2014, there was only 7,000 sq.m. of office space remaining to be let out of the 40,000 sq.m. put on the market on completion of the refurbishment program.

The 30,000-sq.m. **Rives de Bercy** property on the banks of the Seine in Charenton is fully let to a single tenant, Crédit Foncier, under a 9-year lease. The property is currently undergoing an environmental audit, with HQE In-Use certification expected to be obtained before the end of the year as part of the Go Green program.

• Key figures

(€ millions)	First-half 2014	First-half 2013	Change
IFRS turnover	29.2	27.0	+8.1%
IFRS rental income Portfolio occupancy rate: 91.5%	22.6	21.7	+4.3%
IFRS net income	6.4	5.0	+28.3%
EPRA earnings	12.3	9.3	+32.5%
EPRA NNAV per share excluding transfer costs (in €)	33.0	35.1	-6.0%
NAV per share including transfer costs (in €)	37.3	39.1	-4.5%

The portfolio was valued by DTZ Eurexi at €844 million excluding transfer costs (€899 million including transfer costs) as of June 30, 2014, versus €849 million excluding transfer costs as of December 31, 2013.

The three properties' appraisal values, excluding transfer costs, are as follows:

- Arcs de Seine: €327m
- Europlaza: €339m
- Rives de Bercy: €178m

Cegereal has a healthy balance sheet, with LTV stable at 47.4% at June 30, 2014.

EPRA NNAV excluding transfer costs stood at €33.0 per share at June 30, 2014, compared with €34.1 per share at the 2013 year-end. The decline over the period reflected dividend distributions (negative impact of €0.75 per share), earnings growth (positive impact of €0.9 per share), rent-free periods granted to new tenants (negative impact of €0.45 per share), changes in the properties' appraisal values (negative impact of €0.4 per share) and changes in the fair value of bank debt (negative impact of €0.4 per share).

The significant improvement in the portfolio's rental status helped to drive an increase in cash flow to €12.9 million in first-half 2014 from €9.8 million for the year-earlier period.

Note: as cash flow is very similar to EPRA earnings, from now on cash flow will no longer be included in the Company's key indicators.

- **An enhanced dividend-paying capacity**

The Company has raised its 2014 earnings per share target to over 20% and is aiming to increase the payout to shareholders by distributing an interim dividend of €0.75 per share to be paid on December 29, 2014, subject to Board approval.

About Cegereal

Listed on Euronext Paris since 2006, in compartment B, Cegereal invests in modern office properties located on the outskirts of Paris that offer very high quality amenities and environmental performance. The portfolio's appraisal value, as estimated by independent valuers DTZ Eurexi as of June 30, 2014, is €844 million (excluding transfer costs). The Company had a market capitalization of €330 million as of July 21, 2014.

www.cegereal.com

Investor Calendar

Rental income for the third quarter of 2014 will be announced before the start of trading on November 13.

For more information, contact:

Investor Relations

Raphaël Tréguier
+33 1 42 25 76 36
raphael.treguier@cegereal.com

Media Relations

Aliénor Miens
+33 1 53 32 84 77
alienor.miens@citigate.fr

Interim Financial Statements (IFRS)

for the six months ended June 30, 2014

Extracts from the financial report
approved by the Board of Directors on July 23, 2014,
following the auditors' limited review.

Consolidated Statement of Comprehensive Income (IFRS) for the six months ended June 30, 2014

in thousands of euros, except per share data

	June 30, 2014	Dec. 31, 2013	June 30, 2013
	6 months	12 months	6 months
Rental income	22 624	43 303	21 709
Income from other services	6 558	10 462	5 339
Building-related costs	(7 927)	(16 927)	(8 903)
Net rental income	21 255	36 838	18 146
Sale of building			0
Administrative costs	(1 592)	(2 754)	(1 453)
Other operating expenses	0	(4)	0
Other operating income	0	0	0
Increase in fair value of investment property	10 172	15 386	2 678
Decrease in fair value of investment property	(16 085)	(32 531)	(7 000)
<i>Total change in fair value of investment property</i>	<i>(5 913)</i>	<i>(17 145)</i>	<i>(4 322)</i>
Net operating income	13 750	16 935	12 371
Financial income	11	0	0
Financial expenses	(7 329)	(14 994)	(7 416)
Net financial expense	(7 318)	(14 994)	(7 416)
Corporate income tax	(19)	0	0
CONSOLIDATED NET INCOME	6 413	1 940	4 955
<i>of which attributable to owners of the Company</i>	<i>6 413</i>	<i>1 940</i>	<i>4 955</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other comprehensive income	0	0	0
<i>of which subsequently reclassifiable to "net income for the period"</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>of which not subsequently reclassifiable to "net income for the period"</i>	<i>0</i>	<i>0</i>	<i>0</i>
TOTAL COMPREHENSIVE INCOME	6 413	1 940	4 955
<i>of which attributable to owners of the Company</i>	<i>6 413</i>	<i>1 940</i>	<i>4 955</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>	<i>0</i>
Basic and diluted earnings per share (in euros)	0,48	0,15	0,37

Consolidated Balance Sheet (IFRS) at June 30, 2014

in thousands of euros

	June 30, 2014	Dec. 31, 2013	June 30, 2013
<u>Non-current assets</u>			
Investment property	844 000	849 000	861 000
Non-current loans and receivables	33 391	29 331	23 366
Total non-current assets	877 391	878 330	884 367
<u>Current assets</u>			
Trade accounts receivable	8 354	12 508	11 647
Other operating receivables	2 329	261	1 749
Prepaid expenses	1 182	68	1 031
Total receivables	11 865	12 837	14 428
Cash and cash equivalents	26 983	16 018	19 557
Total cash and cash equivalents	26 983	16 018	19 557
Total current assets	38 848	28 856	33 985
TOTAL ASSETS	916 238	907 186	918 352
<u>Shareholders' equity</u>			
Share capital	160 470	160 470	160 470
Legal reserve and additional paid-in capital	21 436	31 465	31 465
Consolidated reserves and retained earnings	294 808	292 754	292 721
Net attributable income	6 413	1 940	4 955
Total shareholders' equity	483 128	486 629	489 611
<u>Non-current liabilities</u>			
Non-current borrowings	396 369	395 797	395 218
Other non-current borrowings and debt	4 161	3 469	3 489
Total non-current liabilities	400 531	399 266	398 707
<u>Current liabilities</u>			
Current borrowings	1 645	1 776	1 776
Trade accounts payable	1 728	1 479	873
Corporate income tax liability	6	0	0
Other operating liabilities	14 330	3 762	13 494
Prepaid revenue	14 871	14 275	13 891
Total current liabilities	32 579	21 292	30 034
Total liabilities	433 110	420 557	428 741
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	916 238	907 186	918 352

Consolidated Statement of Cash Flows for the six months ended June 30, 2014

in thousands of euros

	June 30, 2014	Dec. 31, 2013	June 30, 2013
	6 months	12 months	6 months
OPERATING ACTIVITIES			
Consolidated net income	6 413	1 940	4 955
<i>Elimination of items related to the valuation of buildings:</i>			
Fair value adjustments to investment property	5 913	17 145	4 322
Indemnity received from lessees for the replacement of components	0	0	0
<i>Elimination of other income/expense items with no cash impact:</i>			
Adjustments for loans at amortized cost	572	1 107	528
Cash flows from operations before tax and changes in working capital requirements	12 898	20 192	9 805
Change in amounts due to owners	10 029	0	8 692
Other changes in working capital requirements	(1 704)	(15 393)	(11 294)
Change in working capital requirements	8 325	(15 393)	(2 602)
Net cash flows from operating activities	21 223	4 799	7 203
INVESTING ACTIVITIES			
Acquisition of fixed assets	(913)	(745)	0
Disposal of fixed assets	0	(1 045)	78
Net decrease in amounts due to fixed asset suppliers	6	0	(721)
Net cash flows used in investing activities	(906)	(1 790)	(643)
FINANCING ACTIVITIES			
Change in bank debt	0	0	0
Refinancing transaction costs	0	0	0
Net increase in current borrowings	(131)	0	0
Net increase in other non-current borrowings and debt	693	796	817
Net decrease in other non-current borrowings and debt	0	0	0
Purchases and sales of treasury shares	116	(35)	(50)
Dividends paid	(10 029)	(8 674)	(8 692)
Net cash flows used in financing activities	(9 352)	(7 914)	(7 925)
Change in cash and cash equivalents	10 965	(4 904)	(1 364)
Cash and cash equivalents at beginning of the period*	16 018	20 921	20 921
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	26 983	16 018	19 557

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

Consolidated Statement of Changes in Shareholders' Equity for the six months ended June 30, 2014

in thousands of euros

	Share capital	Legal reserve and additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
Shareholders' equity at Dec. 31, 2012	160 470	40 157	(568)	293 338	493 397	0	493 397
Comprehensive income	0	0	0	4 955	4 955	0	4 955
- Net income for the period	0	0	0	4 955	4 955	0	4 955
- Other comprehensive income	0	0	0	0	0	0	0
Capital transactions with owners	0	(8 692)	(49)	0	(8 741)	0	(8 741)
- Dividends paid (€0.65 per share)	0	(8 692)	0	0	(8 692)	0	(8 692)
- Change in treasury shares held	0	0	(49)	0	(49)	0	(49)
Shareholders' equity at June 30, 2013	160 470	31 465	(617)	298 293	489 611	0	489 611
Comprehensive income (loss)	0	0	0	(3 015)	(3 015)	0	(3 015)
- Net income (loss) for the period	0	0	0	(3 015)	(3 015)	0	(3 015)
- Other comprehensive income	0	0	0	0	0	0	0
Capital transactions with owners	0	0	15	18	33	0	33
- Dividends paid (€0.65 per share)	0	0	0	18	18	0	18
- Change in treasury shares held	0	0	15	0	15	0	15
Shareholders' equity at Dec. 31, 2013	160 470	31 465	(602)	295 296	486 629	0	486 629
Comprehensive income	0	0	0	6 413	6 413	0	6 413
- Net income for the period	0	0	0	6 413	6 413	0	6 413
- Other comprehensive income	0	0	0	0	0	0	0
Capital transactions with owners	0	(10 029)	116	0	(9 914)	0	(9 914)
- Dividends paid (€0.75 per share)	0	(10 029)	0	0	(10 029)	0	(10 029)
- Change in treasury shares held	0	0	116	0	116	0	116
Shareholders' equity at June 30, 2014	160 470	21 436	(486)	301 709	483 128	0	483 128