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Regulated information

Cegereal

2016 Annual Results

EPRA EARNINGS UP 54.8%

"A number of important milestones were put in place this year, with the restructuring of the balance sheet, the major new acquisition and the renewal of the shareholder base," said Cegereal's Chief Executive Officer Raphaël Tréguier. "In 2017, we are looking at growth opportunities in the office real estate sector."

- KEY INDICATORS**

<i>In millions of euros</i>	2016	2015	Change
IFRS rental income	47.2	44.3	+6.5%
IFRS net income	41.3	81.0	-49.0%
EPRA earnings	28.2	18.2	+54.8%
Net cash flows from operations	34.8	22.5	+54.9%
Portfolio value (excluding transfer costs)	1,124	942	+19.3%
Portfolio value (excluding transfer costs) like-for-like	972	942	+3.2%
EPRA NNNNAV per share excluding transfer costs (in €)	40.8	39.2	+4.1%
Replacement NAV per share including transfer costs (in €)	47.1	44.0	+11.6%
Dividend (in € per share)	2.1	2.0	+5.0%
Total Share Return over the last 12 months	9.2%	17.3%	

Attesting to the value created during the year, the Total Share Return over the last 12 months came to 9.2%, with NAV growth of 4.1% for the period and a distribution ratio of 5.1%.

EPRA NNNNAV stood at €40.8 per share, reflecting the rise in fair value of properties (positive impact of €2.3 per share), dividend distributions (negative impact of €2.0 per share), consolidated earnings growth (positive impact of €0.8 per share), rent-free periods granted to new tenants (positive impact of €0.24 per share) and changes in the fair value of bank debt (positive impact of €0.2 per share).

Replacement NAV was higher, with half of the increase resulting from the rise in transfer duties (from 6.5% to 7.5%) in valuations and half from the addition of the Hanami property to the portfolio.

EPRA earnings for the year amounted to €28.2 million, compared with €18.2 million in 2015, with net cash flows from operations climbing 54.9% to represent €34.8 million.

Given that the Hanami property was added to the portfolio on December 15, its impact on annual results was very limited. For example, its contribution to 2016 IFRS rental income was €0.4 million (corresponding to theoretical annualized rental income of €9.3 million).

IFRS net income amounted to €41.3 million for the year ended December 31, 2016. The value of the real estate portfolio like-for-like continued to rise (up 3.2%), but to a lesser extent than in 2015 (up 8.2%), leading to a 49.0% relative decline in IFRS net income.

- A RENEWED SHAREHOLDER BASE

After Northwood, which held 98.44% of Cegereal's share capital following the tender offer that closed in late January 2016, new leading investors have become shareholders of the Company, enabling it to continue qualifying for the preferential tax treatment granted to REIT-style French listed real estate investment companies (SIICs).

Only 55% of Cegereal's capital is now held in concert¹ by the Northwood entities alongside GIC, which has become the Company's second leading reference shareholder with close to 25% of the capital.

- AN OPTIMIZED FINANCIAL STRUCTURE

Cegereal took advantage of favorable market conditions last summer to refinance a €405 million loan via a €525 million credit agreement, at the very competitive interest rate of 1.35%. The transaction, providing for a five-year loan with a two-year extension option, helped Cegereal reduce its finance costs by 45%.

In order to refinance the tax transparent holding company of the Rueil Malmaison acquisition, Cegereal entered into a credit agreement for €100 million on December 15, 2016. The loan carries interest at an average rate of about 1.50%.

Following these two transactions, Cegereal's debt ratio stood at 52.1%.

- A MAJOR NEW ACQUISITION

Cegereal has added an exceptional asset to its portfolio with the acquisition of the Hanami campus in Rueil Malmaison, the green city in the Western Crescent of Greater Paris. The 30,000 sq.m complex is made up of eight buildings spread across 3.3 hectares on a landscaped site on the banks of the Seine. Leased to first class tenants, the campus has an occupancy rate of 96%.

With this fourth property in the portfolio, the estimated value of Cegereal's real estate assets surged 19.3% over the year to represent €1,124 million excluding transfer costs (€1,209 million including transfer costs or at "replacement value") at December 31, 2016, compared with €942 million a year earlier.

The portfolio's overall occupancy rate was 87% at December 31, 2016. Given that discussions regarding both the Arcs de Seine and Europlaza properties have reached an advanced stage, the occupancy rate should rise above 90 % in the very near future.

- OPERATING EXCELLENCE RECOGNIZED AT THE INTERNATIONAL LEVEL

In recognition of the commitment it has made in recent years to corporate social responsibility, as currently expressed through its collaborative Upgreen Your Business program, Cegereal was ranked number one in the 2016 Global Real Estate Sustainability Benchmark (GRESB) in the "listed office property companies in Europe" category.

In addition, Cegereal obtained ISO 14001:2004 certification for its environmental management system.

Lastly, Cegereal won two awards at the European Public Real Estate Association (EPRA) conference, thereby positioning itself among Europe's leaders in financial and extra-financial reporting.

- AMOUNT TO BE DISTRIBUTED IN DIVIDENDS IN 2017: €2.1 PER SHARE

At the Annual Shareholders' Meeting in April 2017, Cegereal intends to recommend paying a total of €2.1 in dividends per share in 2017. The dividend will be paid on July 13, 2017, subject to shareholders' approval.

Cegereal's Board of Directors met on February 16, 2017 to approve the audited consolidated financial statements for the year ended December 31, 2016.

¹ Companies may maintain SIIC (REIT) status provided that one or several shareholders acting in concert within the meaning of Article L.223-10 of the French Commercial Code (*Code de commerce*) does not directly or indirectly hold 60% or more of their capital (see also Article 208C of the French Tax Code (*Code général des impôts*)).

The annual results presentation can be viewed on the Company's website:

www.cegereal.com

Investor Calendar

- | | |
|--------------------|------------------------------|
| - April 21, 2017 | First-quarter 2017 revenue |
| - April 2017 | Annual Shareholders' Meeting |
| - July 13, 2017 | Payment of the 2016 dividend |
| - July 21, 2017 | First-half 2017 results |
| - October 26, 2017 | Third-quarter 2017 revenue |

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About Cegereal

Created in 2006, Cegereal is a commercial property company that invests in prime office properties in Greater Paris. The portfolio's appraisal value is estimated at €1,209 million as of December 31, 2016 (replacement value).

To date, Cegereal is the first French property company with a fully certified portfolio from an environmental point of view (HQE and BREEAM "Very Good") and ranks as "Sector Leader" in the international benchmarkGRESB.

Cegereal is a REIT listed on Euronext Paris since 2006, in compartment B (ISIN: FR0010309096). The Company had a market capitalization of €495 million on February 13, 2017.

www.cegereal.com

APPENDICES

IFRS Income Statement (consolidated)

In thousands of euros, except per share data

	2016	2015
	12 months	12 months
Rental income	47,196	44,310
Income from other services	13,991	11,349
Building-related costs	(17,221)	(17,156)
Net rental income	43,965	38,504
Sale of building		
Administrative costs	(3,663)	(4,976)
Other operating expenses	(716)	(5)
Other operating income	9	65
Increase in fair value of investment property	34,292	62,736
Decrease in fair value of investment property	(13,900)	
<i>Total change in fair value of investment property</i>	<i>20,392</i>	<i>62,736</i>
Net operating income	59,987	96,323
Financial income	53	15
Financial expenses	(17,972)	(14,719)
Net financial expense	(17,919)	(14,705)
Corporate income tax	(802)	(662)
CONSOLIDATED NET INCOME	41,265	80,957
<i>of which attributable to owners of the Company</i>	<i>41,265</i>	<i>80,957</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>
Other comprehensive income		
TOTAL COMPREHENSIVE INCOME	41,265	80,957
<i>of which attributable to owners of the Company</i>	<i>41,265</i>	<i>80,957</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>
Basic earnings per share (in euros)	3.09	6.06
Diluted earnings per share (in euros)	2.95	6.06

IFRS Balance Sheet (consolidated)

In thousands of euros

	Dec. 31, 2016	Dec. 31, 2015
<u>Non-current assets</u>		
Property, plant and equipment	61	61
Investment property	1,124,100	942,000
Non-current loans and receivables	22,949	28,928
Financial instruments	184	
Total non-current assets	1,147,294	970,989
<u>Current assets</u>		
Trade accounts receivable	16,539	13,132
Other operating receivables	12,709	6,899
Prepaid expenses	354	96
Total receivables	29,602	20,127
Cash and cash equivalents	18,634	8,723
Total cash and cash equivalents	18,634	8,723
Total current assets	48,236	28,850
TOTAL ASSETS	1,195,530	999,839
<u>Shareholders' equity</u>		
Share capital	66,863	160,470
Legal reserve and additional paid-in capital	115,043	21,436
Consolidated reserves and retained earnings	359,877	305,447
Net attributable income	41,265	80,957
Total shareholders' equity	583,048	568,309
<u>Non-current liabilities</u>		
Non-current borrowings	576,951	402,664
Other non-current borrowings and debt	4,605	3,951
Non-current corporate income tax liability		
Financial instruments	920	
Total non-current liabilities	582,476	406,615
<u>Current liabilities</u>		
Current borrowings	2,224	1,626
Trade accounts payable	5,832	3,150
Corporate income tax liability		
Other operating liabilities	7,985	4,573
Prepaid revenue	13,966	15,566
Total current liabilities	30,007	24,915
Total liabilities	612,483	431,530
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,195,530	999,839

IFRS Statement of Cash Flows (consolidated)

In thousands of euros

	2016	2015
OPERATING ACTIVITIES		
Consolidated net income	41,265	80,957
<i>Elimination of items related to the valuation of buildings:</i>		
Fair value adjustments to investment property	(20,392)	(62,736)
Indemnity received from lessees for the replacement of components		
<i>Elimination of other income/expense items with no cash impact:</i>		
Depreciation of property, plant and equipment (excluding investment property)	9	5
Free share grants not vested at the reporting date	102	
Fair value of financial instruments (share subscription warrants, interest rate caps and swaps)	895	
Adjustments for loans at amortized cost	2,949	775
Cash flows from operations before tax and changes in working capital requirements	24,828	19,001
Other changes in working capital requirements	376	(2,975)
Working capital adjustments to reflect changes in the scope of consolidation	134	
Change in working capital requirements	511	(2,975)
Net cash flows from operating activities	25,339	16,026
INVESTING ACTIVITIES		
Acquisition of fixed assets	(161,717)	(8,331)
Net decrease in amounts due to fixed asset suppliers	621	(384)
Net cash flows used in investing activities	(161,096)	(8,715)
FINANCING ACTIVITIES		
Increase in share capital	0	0
Change in bank debt	181,000	0
Issue of financial instruments (share subscription warrants)	9	
Refinancing transaction costs	(8,542)	
Purchases of hedging instruments	(168)	
Net increase in current borrowings		(90)
Net decrease in current borrowings	(523)	
Net increase in other non-current borrowings and debt	654	(215)
Net decrease in other non-current borrowings and debt	0	
Purchases and sales of treasury shares	(43)	252
Dividends paid	(26,720)	(22,034)
Net cash flows used in financing activities	145,668	(22,087)
Change in cash and cash equivalents	9,911	(14,776)
Cash and cash equivalents at the beginning of the period*	8,723	23,499
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18,634	8,723

French GAAP Income Statement

In euros

	France	Exports	2016	2015
			12 months	12 months
			Total	Total
Sales of goods for resale			0	
Sales of manufactured products			0	
Sales of services			70,000	46,667
NET REVENUE	0	0	70,000	46,667
Change in finished goods and in-progress inventory			0	
In-house production			0	
Operating subsidies			0	
Reversal of depreciation and amortization charges, provisions for impairment and expense transfers			30,141	27,155
Other revenue			0	
Total operating revenue			100,141	73,822
Purchases of goods			0	
Change in inventories of goods held for resale			0	
Purchases of raw materials and other supplies			0	
Change in inventories (raw materials and other supplies)			0	
Other purchases and external charges			2,130,369	1,745,487
Taxes, duties and other levies			2,611,034	129,284
Wages and salaries			792,428	649,380
Social security charges			334,152	266,126
Fixed assets: depreciation and amortization			0	
Fixed assets: provisions for impairment			0	
Current assets: provisions for impairment			0	
Contingency and loss provisions			20,347	
Other expenses			194,550	122,762
Total operating expenses			6,082,881	2,913,039
OPERATING INCOME			(5,982,740)	(2,839,218)
Allocated income or transferred loss			0	
Loss incurred or transferred income			0	
Financial income from controlled entities			0	
Income from other securities and receivables			0	
Other interest income			29,933	144
Reversal of provisions for impairment, other provisions and expense transfers			0	5,956
Foreign exchange gains			0	
Net income on sale of short-term investment securities			0	
Total financial income/(loss)			29,933	6,100
Depreciation, amortization, provisions for impairment and other provisions			0	0
Interest expenses			12,599	16,302
Foreign exchange losses			3	
Net expenses on sales of short-term investment securities			0	
Total financial expenses			12,602	16,302
NET FINANCIAL EXPENSE			17,331	(10,202)
RECURRING INCOME/(LOSS) BEFORE TAX			(5,965,409)	(2,849,420)

In euros

	2016 12 months	2015 12 months
Non-recurring income on management transactions	0	
Non-recurring income on capital transactions	83,162	53,309
Reversal of provisions for impairment, other provisions and expense transfers	0	
Total non-recurring income	83,162	53,309
Non-recurring expenses on management transactions	0	
Non-recurring expenses on capital transactions	281	5,111
Depreciation, amortization and provisions for impairment	0	
Total non-recurring expenses	281	5,111
NET NON-RECURRING EXPENSE	82,881	48,198
Employee profit sharing	0	
Corporate income tax	802,365	661,939
TOTAL INCOME	213,235	133,230
TOTAL EXPENSES	6,898,129	3,596,391
NET INCOME	(6,684,893)	(3,463,161)

French GAAP Balance Sheet

In euros

ASSETS	Gross amount	Depr., amort. & prov.	Dec. 31, 2016	Dec. 31, 2015
Uncalled subscribed capital	-	-	-	-
Intangible fixed assets	-	-	-	-
Start-up costs	-	-	-	-
Research and development costs	-	-	-	-
Licenses, patents and similar concessions	-	-	-	-
Goodwill	-	-	-	-
Other intangible fixed assets	-	-	-	-
Advances/down payments on intangible assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Land	-	-	-	-
Buildings	-	-	-	-
Plant, machinery and equipment	-	-	-	-
Other property, plant and equipment	-	-	-	-
Property, plant and equipment in progress	-	-	-	-
Advances and down payments	-	-	-	-
Financial fixed assets	-	-	-	-
Receivables from controlled entities	326,405,364	-	326,405,364	361,229,772
Other long-term investments	-	-	-	-
Loans	-	-	-	-
Other financial fixed assets	725,947	-	725,947	643,078
FIXED ASSETS	327,131,311	-	327,131,311	361,872,850
Inventories and work in progress	-	-	-	-
Raw materials and other supplies	-	-	-	-
Manufactured products in progress	-	-	-	-
Services in progress	-	-	-	-
Semi-finished and finished goods	-	-	-	-
Goods held for resale	-	-	-	-
Advances/down payments on orders	-	-	-	-
Receivables	-	-	-	-
Trade accounts receivable	-	-	-	-
Other receivables	3,046,532	-	3,046,532	266,196
Subscribed capital, called up but not paid	-	-	-	-
Short-term investment securities	-	-	-	-
Cash and cash equivalents	3,748,046	-	3,748,046	109,145
CURRENT ASSETS	6,794,577	-	6,794,577	375,341
Prepaid expenses	44,035	-	44,035	58,718
Adjustment accounts	-	-	-	-
TOTAL ASSETS	333,969,924	-	333,969,924	362,306,909

In euros

EQUITY AND LIABILITIES	Dec. 31, 2016	Dec. 31, 2015
Capital		
Share capital (including paid-up capital: 66,862,500)	66,862,500	160,470,000
Additional paid-in capital	99,004,926	5,388,776
Revaluation reserve	152,341,864	152,341,864
Reserves		
Legal reserve	16,047,000	16,047,000
Statutory or contractual reserves	0	-
Regulated reserves	0	-
Other reserves	10,670	30,188,422
Retained earnings		
Retained earnings	24,910	30,409
Net income/(loss) for the year	(6,684,893)	(3,463,161)
Interim dividend	0	0
Investment subsidies		-
Regulated provisions		-
SHAREHOLDERS' EQUITY	327,606,977	361,003,310
Income from the issue of equity instruments	-	-
Contingent advances	-	-
OTHER EQUITY	-	-
Contingency provisions		
Loss provisions	20,347	-
CONTINGENCY AND LOSS PROVISIONS	20,347	-
Non-current borrowings and debt		
Convertible bonds	0	-
Other bonds	0	-
Bank borrowings	0	-
Miscellaneous borrowings and debt	2,079,134	0
Trade accounts payable and other current liabilities		
Advances/down payments received on orders in progress	-	-
Trade accounts payable	3,769,534	823,375
Tax and social liabilities	493,932	480,224
Amounts owed to fixed assets suppliers		0
Other liabilities	0	0
Prepaid revenue	0	0
LIABILITIES	6,342,600	1,303,599
Adjustment accounts	0	0
TOTAL EQUITY AND LIABILITIES	333,969,924	362,306,909