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Permanent information

CEGEREAL: A RESILIENT BUSINESS MODEL

<i>In millions of euros</i>	First-half 2020	First-half 2019	Change
Rental income (IFRS)	31.6	31.3	+0.9%
EPRA earnings (EPRA)	19.8	20.6	-4%
EPRA earnings (EPRA) excl. non-recurring income	19.2	18.7	+2.7%
Portfolio value (excl. transfer duties)	1,460	1,435	+1.8%
LTV ratio	52.6%	53.7%	-1.1pt
EPRA NAV per share excl. transfer duties (in €)	44.1	42.0	+5.0%
EPRA NNAV per share excl. transfer duties (in €)	43.7	41.3	+5.8%
Distribution per share (in €)	0.75	2.3	-67%

Despite the health crisis which emerged during the first half of 2020, Cegereal posted a slight +0.9% increase in rental income compared with the same period of 2019. EPRA earnings excluding non-recurring income, i.e., excluding the various indemnities received, were up +2.7% versus first-half 2019. These results are a testament to sound business management during the epidemic.

The occupancy rate stood at 93.4% at the period-end, after Sagem vacated 5,700 sq.m of space at Arcs de Seine in Boulogne-Billancourt on April 1, 2020. At December 31, 2019, the occupancy rate stood at 96.9%. This recently vacated space is already being renovated, with delivery scheduled in the second half of 2020. The campus enjoys good transport links, views over the Seine, private landscaped gardens and a living roof, and is being actively marketed.

Assets adapted to support tenant decisions

In the first six months of the year, Cegereal's operations were marked by the implementation from March of measures to ensure the health and safety of its employees, partners and clients. As lockdown measures were eased, Cegereal's teams were fully mobilized to make the necessary adjustments at its properties, based on decisions taken by tenants' management, and to support tenants as their employees gradually returned to the workplace. Attentive to their needs, Cegereal remains available to assess the impacts of the difficult economic conditions on its tenants' businesses on a case-by-case basis.

Cegereal took every step to ensure that refurbishment work was delivered as initially scheduled so that the new tenants announced at the end of 2019 could take up their new space during the first half of 2020.

In terms of rental activity, despite a particularly lackluster climate, Brandt renewed its lease at the Hanami property in Rueil-Malmaison (next to the La Défense business district) until 2024.

Low exposure to economic disruptions

Cegereal is exclusively positioned in the office real estate market and its tenants which are mainly large corporates, have solid profiles. As a result, the impacts of the health crisis on its business are limited, with the rent collection rate for the third quarter currently standing at more than 95%. Rent payment deferrals granted by Cegereal in the first half represented less than 1% of its rental income.

Over the coming months, the impact of the economic crisis is expected to remain contained, as the Company benefits from a weighted average lease term of 5.2 years which has continuously increased over the last two years. Cegereal's long-term rental income stream therefore remains secure. In addition, the loan-to-value ratio decreased by -1.1 percentage point compared with first-half 2019.

Given these factors, Cegereal is well equipped to respond to worsening economic conditions should the need arise.

“Responsible property company” strategy validated

The last few weeks have seen considerable growth in awareness and increased attention from tenants in terms of environmental, social and governance issues. Thanks to its CSR strategy, which has been in place since its creation, and its status as Europe's most sustainable listed property company, obtained in the 2019 GRESB (Global Real Estate Sustainability Benchmark) ranking, Cegereal is confident in its position as a leading sustainable property company for both social and environmental issues.

Long-term financial agility

The Company paid a dividend of €0.75 per share in place of the initially planned €2.30 per share. Carried out in the interests of prudence, this one-off reduction gives the Company headroom and enables it to maintain its operational agility in an uncertain environment.

Investor Calendar

- November 6, 2020: Third-quarter 2020 rental income

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About Cegereal

Created in 2006, Cegereal is a listed property company that invests in prime office properties in Greater Paris. The total value of the portfolio was estimated at €1,460 million at June 30, 2020 (excluding transfer duties).

Thanks to its strong commitment to environmental, social and governance issues, Cegereal achieved first place among listed companies in Europe in the 2019 Global Real Estate Sustainability Benchmark (GRESB) ranking. Its entire portfolio has achieved NF HQE™ Exploitation and BREEAM In-Use International certification.

Cegereal is a REIT listed on Euronext Paris since 2006, in compartment B (ISIN: FR0010309096). The Company had a market capitalization of €531 million at July 28, 2020.

www.cegereal.com

APPENDICES

IFRS Income Statement (consolidated)

In thousands of euros, except per share data

	June 30, 2020	2019	June 30, 2019
	6 months	12 months	6 months
Rental income	31 567	63 369	31 290
Income from other services	13 211	20 045	15 030
Building-related costs	(19 938)	(31 621)	(17 818)
Net rental income	24 841	51 793	28 502
Sale of building	0	0	0
Administrative costs	(1 774)	(3 885)	(1 983)
Other operating expenses	(6)	(13)	(7)
Other operating income	624	165	220
Increase in fair value of investment property	10 688	60 710	36 137
Decrease in fair value of investment property	(19 065)	(14 480)	(13 010)
<i>Total change in fair value of investment property</i>	<i>(8 377)</i>	<i>46 230</i>	<i>23 127</i>
Net operating income	15 307	94 289	49 860
Financial income	0	0	0
Financial expenses	(6 362)	(13 529)	(7 120)
Net financial expense	(6 362)	(13 529)	(7 121)
Corporate income tax	0	0	0
CONSOLIDATED NET INCOME	8 945	80 760	42 739
<i>of which attributable to owners of the Company</i>	<i>8 945</i>	<i>80 760</i>	<i>42 739</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other comprehensive income			
TOTAL COMPREHENSIVE INCOME	8 945	80 760	42 739
<i>of which attributable to owners of the Company</i>	<i>8 945</i>	<i>80 760</i>	<i>42 739</i>
<i>of which attributable to non-controlling interests</i>	<i>0</i>	<i>0</i>	<i>0</i>
Basic earnings per share (in euros)	0,56	5,10	2,71
Diluted earnings per share (in euros)	0,54	4,92	2,60

IFRS Balance Sheet (consolidated)

In thousands of euros

	June 30, 2020	2019	June 30, 2019
<u>Non-current assets</u>			
Property, plant and equipment	31	38	44
Investment property	1 460 380	1 463 920	1 435 240
Non-current loans and receivables	20 220	23 146	22 298
Financial instruments	38	34	57
Total non-current assets	1 480 669	1 487 138	1 457 639
<u>Current assets</u>			
Trade accounts receivable	14 595	9 720	13 130
Other operating receivables	12 955	11 607	9 938
Prepaid expenses	188	292	131
Total receivables	27 738	21 620	23 199
Cash and cash equivalents	47 062	44 880	29 187
Total cash and cash equivalents	47 062	44 880	29 187
Total current assets	74 800	66 499	52 386
TOTAL ASSETS	1 555 469	1 553 637	1 510 025
<u>Shareholders' equity</u>			
Share capital	79 532	79 532	79 532
Legal reserve and additional paid-in capital	55 118	66 462	66 462
Consolidated reserves and retained earnings	583 645	503 513	503 481
Net attributable income	8 945	80 760	42 739
Total shareholders' equity	727 240	730 268	692 214
<u>Non-current liabilities</u>			
Non-current borrowings	763 883	763 974	763 664
Other non-current borrowings and debt	11 117	10 087	9 381
Financial instruments	637	682	741
Total non-current liabilities	775 637	774 743	773 786
<u>Current liabilities</u>			
Current borrowings	3 871	3 468	3 378
Trade accounts payable	14 920	12 349	5 866
Other operating liabilities	12 427	10 437	13 953
Prepaid revenue	21 375	22 373	20 828
Total current liabilities	52 593	48 626	44 025
Total liabilities	828 229	823 369	817 811
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 555 469	1 553 637	1 510 025

IFRS Statement of Cash Flows (consolidated)

In thousands of euros

	June 30, 2020	2019	June 30, 2019
OPERATING ACTIVITIES			
Consolidated net income	8 945	80 760	42 739
<i>Elimination of items related to the valuation of buildings:</i>			
Fair value adjustments to investment property	8 377	(46 230)	(23 127)
<i>Elimination of other income/expense items with no cash impact:</i>			
Depreciation of property, plant and equipment (excluding investment property)	6	9	7
Free share grants not vested at the reporting date	0	0	0
Fair value of financial instruments (share subscription warrants, interest rate caps and swaps)	(65)	427	469
Adjustments for loans at amortized cost	1 151	2 362	1 177
Contingency and loss provisions	0	0	0
Corporate income tax	0	0	0
Cash flows from operations before tax and changes in working capital requirements	18 414	37 329	21 264
Other changes in working capital requirements	1 155	(8 277)	(13 314)
Working capital adjustments to reflect changes in the scope of consolidation			
Change in working capital requirements	1 155	(8 277)	(13 314)
Net cash flows from operating activities	19 569	29 052	7 950
INVESTING ACTIVITIES			
Acquisition of fixed assets	(4 837)	(9 170)	(3 595)
Net increase in amounts due to fixed asset suppliers	(785)	(1 745)	(1 950)
Net cash flows used in investing activities	(5 622)	(10 915)	(5 546)
FINANCING ACTIVITIES			
Capital increase	0	11 204	11 204
Change in bank debt	(750)	(1 500)	(750)
Refinancing/financing transaction costs	(51)	(102)	(40)
Net variation in liability in respect of refinancing	0	(420)	(420)
Net increase in current borrowings	(22)	236	204
Net decrease in current borrowings	0,00	0,00	0,00
Net increase in other non-current borrowings and debt	1 030	544	(163)
Net decrease in other non-current borrowings and debt	0	0	0
Purchases and sales of treasury shares	(53)	(28)	(61)
Dividends paid	(11 919)	(36 557)	(36 557)
Net cash flows from financing activities	(11 766)	(26 625)	(26 583)
Change in cash and cash equivalents	2 182	(8 488)	(24 179)
Cash and cash equivalents at beginning of period*	44 880	53 367	53 367
CASH AND CASH EQUIVALENTS AT END OF PERIOD	47 062	44 880	29 188

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

Reconciliation of Alternative Performance Measures (APM)

Cegereal recurring cash flow APM

<i>In thousands of euros</i>	June 30, 2020	June 30, 2019
Net income under IFRS	8 945	42 739
Restatement of changes in fair value of investment property	8 377	(23 127)
Other restatements of changes in fair value	(49)	490
Restatement of other fees	2 533	534
EPRA earnings	19 807	20 636

APM EPRA earnings (EPRA) excl. non-recurring income

<i>En milliers d'euros</i>	June 30, 2020	June 30, 2019
EPRA earnings (EPRA)	19 807	20 636
Restatement of non-recurring income	(615)	(1 941)
EPRA earnings (EPRA) excl. non-recurring income	19 192	18 695

EPRA NNAV APM

<i>In thousands of euros</i>	June 30, 2020	2019
Shareholders' equity under IFRS	727 240	730 268
Portion of rent-free periods	(27 200)	(28 614)
Market value of loans	(770 647)	(771 837)
Carrying amount of loans	765 573	765 240
EPRA NNAV	694 966	695 057

LTV ratio APM

<i>In thousands of euros</i>	June 30, 2020	June 30, 2019
Gross amount of balance sheet loans (statutory financial statements)	769	770
Fair value of investment property	1 460	1 435
LTV ratio (%)	52,6%	53,7%

Occupancy rate APM

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