MERCIALYS

PRESS RELEASE

Paris, July 25, 2018

2018 first-half results

- Continued operational excellence: clear outperformance for Mercialys centers in terms of footfall (**+330bp** versus CNCC) and retailer sales (**+300bp** versus CNCC)
- Solid results, reflecting an ability to adapt to the various cycles of consumption sub-segments: **+3.8% organic growth in invoiced rents**[1], with +2.5% excluding indexation. **FFO up +0.3% including the carrying cost for refinancing the bond issue maturing in March 2019** and +3.5% excluding this impact
- Increasingly personalized interactions with consumers: **552,000 qualified profiles** in the database, double the previous year's level, and 150,000 push notifications sent per month
- Continued portfolio rotation for a total of **Euro 33.7 million including transfer taxes**: sale of the Saint-Paul site on Reunion Island completed and two preliminary sales agreements signed for the Gap and Lannion sites, above appraisal values
- Continued progress with the project portfolio: new differentiating medium-sized stores signed up for the transformed hypermarkets in Annecy, Besançon and Brest. Extension of the Le Port center on Reunion Island **98% pre-let**
- Refinancing finalized for the Euro 479.7 million bond issue maturing in March 2019. The Euro 300 million eight-year bond issue carried out in February this year under attractive conditions and the Euro 150 million 10-year private placement from November 2017 will deliver **significant savings on financial expenses from 2019**
- **LTV excluding transfer taxes of 40.2%** (39.9% including the preliminary sales agreements). S&P has confirmed its BBB outlook stable rating and Mercialys has reaffirmed its commitment to maintaining this rating
- **High level of confidence for achieving 2018 objectives**:
  - Organic growth in invoiced rents of over +2% excluding indexation. With the marked upturn in indexation, organic growth including this is expected to come in significantly higher than +3%;
  - FFO per share growth of at least +2%, excluding the impact of the carrying cost linked to the refinancing of the bond maturing in 2019, estimated at Euro 4 million after hedging instruments (including the impact of the private placement from November 2017);
  - Dividend growth of at least +2%, representing 85% to 95% of 2018 FFO. Euro 0.50 per share interim dividend to be paid out on October 23, 2018.

	Jun 30, 2017	Jun 30, 2018	Change (%)
Organic growth in invoiced rents including indexation	+2.9%	+3.8%	-
Organic growth in invoiced rents excluding indexation	+2.8%	+2.5%	-
Spread between the change in footfall[2] for Mercialys centers and the CNCC index[3] (year to end-June)	+330bp	+330bp	-
Spread between the change in revenues[2] for Mercialys retailers and the CNCC index[3] (year to end-May)	+340bp	+300bp	-
FFO (Euro million)	59.6	59.8	+0.3%
Portfolio of development projects (Euro million)	586	825	+40.7%
LTV (excluding transfer taxes)	39.6%	40.2%	-
EPRA NAV (Euro per share)[4]	20.90	21.21	+1.5%
EPRA NNNAV (Euro per share)[4]	20.37	20.81	+2.2%

[1] Assets enter the like-for-like scope used to calculate organic growth once they have been held for 12 months
[2] Mercialys' large centers and main neighborhood shopping centers based on a constant surface area, representing around 85% of the value of the Company's shopping centers (scope as reported to the CNCC by Mercialys)
[3] CNCC index – all centers, comparable scope
[4] Calculated based on the average diluted number of shares, in accordance with EPRA guidelines

I. Outstanding operational performance

Invoiced rents came to Euro 91.4 million, down slightly (-0.8%) due to the changes in scope linked to the disposals carried out in 2017 and 2018.

Organic growth in invoiced rents shows solid progress, up +3.8%, with +250bp excluding indexation, which has made a significant return this year. This performance reflects the dedicated actions rolled out across the portfolio, including the requalification and reconfiguration of retail spaces in 2017, as well as reversion-generating relettings and renewals.

The appeal of Mercialys' sites is reflected in their excellent operational performance figures, clearly outperforming the national benchmark. For the year to end-May 2018, **total retailer sales** for Mercialys' large centers and main neighborhood shopping centers[5] are up +1.2%, coming in 300bp higher than the CNCC index[6], which contracted -1.8% over the same period. For the year to end-June 2018, **footfall levels** in Mercialys' large centers and main neighborhood shopping centers[5] are up +2.1%, compared with a -1.2% drop for the CNCC[6], delivering an outperformance of 330bp.

The **current financial vacancy rate** came to 2.5% for the first half of 2018, stable compared with the end of 2017 (2.5%). The 12-month recovery rate represents 97.1%, consistent with the end of 2017 (97.0%). Thanks to its effective tenant selection, Mercialys has been only marginally affected by the recent retailer store closures.

The **occupancy cost ratio** represents 10.5%, up slightly from December 31 and June 30, 2017 (10.3% and 10.2% respectively).

Rental revenues totaled Euro 92.2 million, down -1.0% from the first half of 2017.

EBITDA came to Euro 78.6 million, down -0.8% compared with June 30, 2017. However, the EBITDA margin is up to 85.3%, versus 85.2% for the first half of 2017.

Net financial expenses are up +7.5% compared with the first half of 2017 to Euro -16.2 million, notably reflecting the Euro 1.9 million carrying cost linked to the early refinancing of the Euro 479.7 million bond issue maturing in March 2019. The average cost of drawn debt represents 1.8%, down from 1.9% at December 31 and June 30, 2017. Following the redemption of this issue in March 2019, Mercialys will benefit, all things being equal, from a significant reduction in its financial expenses, which will continue on a prorata temporis basis in 2020.

The **share of income from equity associates** represents Euro 2.2 million at June 30, 2018, compared with Euro 1.3 million at June 30, 2017. SCI AMR has notably benefited from positive trends, with its portfolio further strengthened by the dynamic Niort and Albertville sites, while SCI Rennes Anglet has also recorded a very satisfactory performance.

Non-controlling interests excluding depreciation and amortization and capital gains represent Euro -5.2 million at June 30, 2018, virtually stable compared with the first half of 2017 (Euro -5.1 million).

Tax represents a Euro -1.1 million expense at end-June 2018, in line with the first half of 2017. This amount primarily includes Euro 1.0 million for corporate value-added tax (CVAE) and Euro 0.1 million for deferred tax.

Funds from operations (FFO[7]) are up +0.3% to Euro 59.8 million, with Euro 0.65 per share[8], up +0.4%. Excluding the impact of the carrying cost, FFO growth comes out at +3.5%.

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[5] Mercialys' large centers and main neighborhood shopping centers based on a constant surface area, representing around 85% of the value of the Company's shopping centers (scope as reported to the CNCC by Mercialys)
[6] CNCC index – all centers, comparable scope
[7] FFO: Funds From Operations = net income attributable to owners of the parent before amortization, gains on disposals, asset impairments and other non-recurring items
[8] Calculated based on the average diluted number of shares, in accordance with EPRA guidelines

(in thousands of euros)	Jun 30, 2017	Jun 30, 2018	Change (%)
Invoiced rents	**92,098**	**91,381**	**-0.8%**
Lease rights	1,020	771	-24.4%
Rental revenues	**93,118**	**92,152**	**-1.0%**
Non-recovered building service charges	(6,663)	(6,329)	-5.0%
Net rental income	**86,455**	**85,823**	**-0.7%**
Management, administrative and other activities income	2,537	1,609	-36.6%
Other income and expenses	(3,262)	(2,934)	-10.1%
Personnel expenses	(6,411)	(5,852)	-8.7%
EBITDA	**79,319**	**78,647**	**-0.8%**
EBITDA margin	*85.2%*	*85.3%*	-
Net financial items (excluding impact of hedging ineffectiveness and banking default risk)	(15,064)	(16,194)	+7.5%
Reversals / (allowance) for provisions	416	589	+41.5%
Other operating income and expenses (excluding gains on disposals and impairment)	(169)	838	na
Tax expense	(1,133)	(1,076)	-5.0%
Share of income from equity associates	1,343	2,170	+61.6%
Non-controlling interests excluding capital gains and amortization	(5,098)	(5,159)	+1.2%
FFO	**59,614**	**59,815**	**+0.3%**
FFO per share (in euros)	***0.65***	***0.65***	***+0.4%***

II. Mercialys' property and retail solutions enhance the resilience of the retailers selected on its portfolio

Evolving consumer habits have led to a growing fragmentation of the customer journey, within which the shopping center model continues to be a relevant format for consumers and profitable solution for retailers.

As shown by A.T. Kearney[9], for the first time in history there are **six generations of consumers** together in the retail market. They include the baby-boomers (post-World War II generation) and Generation X (born between 1965 and 1980), who have **considerable economic influence** and are expected to continue being influential for the next 10 to 20 years, due to their above-average purchasing power and longer life expectancy. This phenomenon drives consumption patterns centered around brick & mortar retail outlets. As emphasized by the Odoxa 2017 Retailscope study, shopping centers continue to be by far the preferred shopping destination of French people, meaning that this format is built on solid medium and long-term fundamentals.

Furthermore, the stability of delivery costs for on-line orders (€7 per order on average in Paris, even though the most densely populated city in France[10]) coupled with the steady decline in the average e-commerce shopping basket since 2011 (from Euro 91 to Euro 65.5 per order[11]) is a powerful factor for the development of "ship from store[12]" and the **consolidation of the profitability of the store format as a distribution channel**.

Lastly, although retailers invariably have to cope with increasing cyclical factors and more diverse consumer habits, the favorite brands for the French continue to be **solidly entrenched in brick & mortar retail outlets**, led by brands such as Décathlon, Cultura, Picard and FNAC[13]. The key success factor common to these retailers, regardless of their business sector, is their **capacity to renew their offers,**

[9] The future of shopping centers
[10] Exane BNP Paribas
[11] FEVAD – average expenditure in online transactions
[12] Online order shipped to a consumer from the most appropriate local store, notably based on its stock and location
[13] 2018 OC&C ranking of French peoples' favorite brands (Les enseignes préférées des Français)

services and concepts, an approach that Mercialys supports strongly by providing relevant property solutions to retailers.

Since 2015, Mercialys has capitalized, for instance, on the radical changes made by household appliance suppliers by offering them tailored retail spaces within its hypermarket space requalification program.

In the textile sector, Mercialys selects winning concepts, namely concepts including the combination of both online and offline strategies, offering them modular spaces perfectly adapted to the "fast fashion" format.

Traditional beauty and health brands have, on their side, refreshed their concepts by offering more in-store services while strengthening their omnichannel exposure. This segment is very well represented in the Mercialys portfolio, not only through leading retail brands at the national level, but also through pharmacies which generally earn more than 10% of their revenues in carrying general drugstore products (parapharmacies)[14] and constitute powerful local anchor points for customers, as well as franchised retail brands which get to know their customers and catchment areas very well.

Lastly, in the catering sector, Mercialys has optimized its shopping centers offering, in particular by shutting down nearly all cafeterias, and bringing in fast food brands, pubs or dedicated concepts (burgers, bagels…) capable of attracting recurring footfall.

Thanks to its dual expertise in property and in retail, Mercialys is able to pick successful brands and maintain its ability to outperform the national average in terms of both footfall and retailers' revenues, **thereby driving the rent reversion potential**. Furthermore, the relevant geographic network offered by the portfolio contributes to the success and profitability of the retail brands, thus limiting the Company's exposure to defaults and to points of sale arbitrage.

III. Mercialys places consumers' main expectations at the heart of its marketing strategy

The Company is convinced that the main consumer expectations can be broken down into **five structural needs**:

- The need for **simplicity**: 50% of French people select their shopping center on ease of access and 78% of customers spend less than two hours on a shopping expedition[15]
- The need for **recognition and rewards**: 56% of consumers want to receive customized offers[16]
- The need for **meaning**: 53% of French people prefer ethically conscious brands and sustainable development[17]
- The need to **refer to one's community**: 92% of customers have more trust in what an influencer has to say than in a traditional advertisement or a celebrity[18]
- The need for **immediacy**: 88% of customers consider that the fact of receiving an instant response to a request for help enhances their loyalty[19]

[14] KPMG Pharmacies moyennes professionnelles 2017 – 25th edition
[15] LSA magazine May 2018
[16] L'Observatoire Cetelem 2017
[17] L'Observatoire Cetelem 2013
[18] Forbes research, Musefind
[19] Salesforce, State of the Connected Customer study

To address these underlying expectations, Mercialys has set up a pragmatic marketing strategy and offers services that promote footfall recurrence. Among the numerous initiatives it has implemented in this respect, Mercialys specifically focuses on the digital visibility of its sites and their services, but also on the products and services offered by its retailers.

For example, in addition to the optimized referencing mechanism (Google, Waze, etc.), Mercialys has significantly improved the customization of its interactions with visitors to shopping centers, through its qualified data base which currently contains 552,000 contacts (i.e. a two-fold increase in one year), with significant and qualified GDPR compliant information thanks to the loyalty program, and concentrates 10% on average of the unique customers of each catchment area. This has been enhanced with +11% of new registrations since January 2018 through the sponsorship system alone and has allowed the sending of 150,000 push notifications per month promoting the retailers and their deals. In the last six months, the opening rate of customized e-mails has increased by +30 percentage points to reach a very satisfactory level of 45%.

IV. Continued asset rotation and robust investment trends

One sale finalized at end-June and two preliminary sales agreements signed in July, above appraisal values

In June 2018, Mercialys completed the sale of the Saint-Paul site on Reunion Island for **Euro 14.6 million including transfer taxes**, achieving a capital gain of Euro 3.3 million. This operation is part of the drive to rebalance Mercialys' exposure to the catchment area located on the northwest of the island, made up primarily of the Saint-Paul and Le Port sectors, where the Company is developing its major extension project this year.

Moving forward with its asset rotation strategy, Mercialys also signed two preliminary sales agreements for the Gap and Lannion sites, representing a **combined total of Euro 19.1 million including transfer taxes**. These two sites, that are an integral part of their local environments, are of a limited size compared to Mercialys criteria.

These sales, concluded above appraisal values, are helping fund the Company's portfolio of value accretive projects.

Outstanding project execution

Alongside this, Mercialys has continued rolling out the **four projects planned for 2018** (delivery scheduled for the last quarter), with the three transformations of hypermarket space in Annecy, Besançon and Brest, as well as the extension of the Le Port shopping center on Reunion Island.

Leases have been signed with iconic retailers including La Fnac in Besançon and New Yorker in Brest. These distinctive footfall drivers will make a major contribution in terms of diversifying the centers' merchandising mix, while strengthening their leading local positions.

On Reunion Island, the **pre-letting rate for the extension of the Le Port shopping center is now up to 98%**. The 8,300 sq.m of new retail space will welcome 44 new retailers, with five medium-sized stores, including Koton, Sfera, American Vintage, Springfield, La Fée Maraboutée, Muy Mucho, Nespresso, Ïdkids and Courir.

All of these projects, which represent a total investment of Euro 79.5 million, with Euro 25.0 million still to be committed at June 30, 2018, will make it possible to generate an additional Euro 4.9 million of annualized rental income and deliver **a yield on cost of 6.2%**.

At end-June 2018, Mercialys' project portfolio represented **Euro 825 million, equivalent to 23% of the portfolio value excluding transfer taxes**. Projects have been identified for 33 of the Company's 56 shopping centers and high-street sites[20], with this depth giving Mercialys a high level of flexibility for managing its assets and enabling it to respond effectively to changes in the various catchment areas. Moreover, the Company has a strong level of control over its financial position, because only investments for the 2018 projects are currently committed to.

(in millions of euros)	Total investment (€M)	Investment still to be committed (€M)	Net rental income forecast (€M)	Net yield on cost forecast	Completion date
COMMITTED PROJECTS	**79.5**	**25.0**	**4.9**	**6.2%**	**2018**
Le Port (extension)	**73.8**	**21.3**	**4.6**	**6.2%**	**2018**
Other projects	**5.7**	**3.6**	**0.4**	**6.1%**	**2018**
Annecy	0.5	0.4	-	-	-
Besançon	2.1	2.0	-	-	-
Brest	3.1	1.2	-	-	-
CONTROLLED PROJECTS	**353.0**	**348.2**	**19.8**[21]	**6.6%**[21]	**2019 / 2022**
Redevelopments and requalifications	**61.3**	**60.4**	**3.7**	**6.0%**	**2019 / 2021**
o.w. Le Port (food court)	0.8	0.8	-	-	-
o.w. Marseille La Valentine	16.3	16.3	-	-	-
o.w. Aix-Marseille Plan de Campagne (transf.)	8.2	8.1	-	-	-
Extensions and retail parks	**239.5**	**235.6**	**16.1**	**6.7%**	**2019 / 2021**
o.w. Le Port (retail park)	11.7	11.7	-	-	-
o.w. Aix-Marseille Plan de Campagne (ext.)	40.0	40.0	-	-	-
o.w. Nîmes	40.9	40.9	-	-	-
Mixed-use high-street projects	**52.2**	**52.1**	**na**	**na**	**2021 / 2022**
o.w. Marcq-en-Baroeul	18.0	18.0	-	-	-
o.w. Chaville	8.4	8.4	-	-	-
o.w. Puteaux	19.5	19.5	-	-	-
o.w. Saint-Denis	6.3	6.3	-	-	-
IDENTIFIED PROJECTS	**392.0**	**391.9**	**25.1**[21]	**7.0%**[21]	**2021 / 2024**
TOTAL PROJECTS	**824.5**	**765.0**	**49.8**[21]	**6.7%**[21]	**2018 / 2024**

- *Committed projects: projects fully secured in terms of land management, planning and related development permits*
- *Controlled projects: projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits*
- *Identified projects: projects currently being structured, in emergence phase*

V. Portfolio and financial structure

EPRA NNNAV up +1.3% over six months and +2.2% over 12 months

Mercialys' portfolio is valued at **Euro 3,796.6 million including transfer taxes**, up +1.6% over 6 months and +2.6% over 12 months. Like-for-like[22], its value is up +1.4% over six months and +2.4% over 12 months. In terms of the portfolio's like-for-like growth for the first half of 2018, the positive impact of the investments made over the period represents +0.5%.

[20] Added to these are six geographically dispersed assets with a total appraisal value including transfer taxes of Euro 24.7 million
[21] Excluding the impact of mixed-use high-street projects for Euro 85 million of investments, which could also generate property development margins
[22] Sites on a constant surface basis

At end-June 2018, Mercialys' portfolio mainly comprised 56 shopping centers and high-street sites[23], with 43% regional or large shopping centers and 57% leading local retail sites (neighborhood shopping centers and city-center assets).

The average appraisal capitalization rate came to **5.07% at June 30, 2018**, compared with 5.13% at December 31, 2017 and 5.14% at June 30, 2017. The 6bp contraction in the portfolio's capitalization rate over the first half of 2018 is linked primarily to the inclusion of investments made on projects underway in the portfolio value, while the value of future rental income taken into account for these projects is unchanged.

EPRA NNNAV is up **+1.3% over six months to Euro 20.81 per share and +2.2% compared with June 30, 2017**. The Euro 0.26 per share change for the first half of this year takes into account the following impacts:

- Dividend payment: Euro -0.68
- FFO: Euro +0.65
- Change in unrealized capital gains (i.e. difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes): Euro +0.34, including a yield effect for Euro -0.02, a rent effect for Euro +0.38, and other effects[24] for Euro -0.02
- Change in fair value of financial instruments and other items: Euro -0.05

Refinancing finalized for the bond issue maturing in March 2019

In February 2018, Mercialys successfully placed an eight-year bond issue (maturing in February 2026) for Euro 300 million, with a 1.8% coupon. This operation, combined with the Euro 150 million 10-year private bond placement finalized in November 2017 (November 2027 maturity, 2.0% coupon), has made it possible to **secure the future redemption** of the Euro 479.7 million bond issue maturing in March 2019 (4.125% coupon).

Mercialys also issued commercial paper over the period, with Euro 185 million outstanding at end-June 2018, and a negative average cost. The Euro 1,865 million of drawn debt at end-June 2018 is therefore made up of four bond issues and commercial paper.

These new bond issues have helped significantly extend the average maturity of Mercialys' debt, while reducing financial expenses following the redemption of the March 2019 issue. They also offer a significant spread compared with the average capitalization rate for the Company's real estate assets (5.07% at end-June 2018) and the project portfolio's target yield on cost (6.7%).

For the first half of 2018, the carrying cost for all of these new financing facilities (i.e. Euro 450 million) is reflected in a Euro 1.9 million impact on FFO. The impact over the full year is expected to be Euro 4.0 million, significantly lower than the initial estimate of Euro 6.0 million announced in February 2018.

Mercialys had Euro 410 million of undrawn financial resources at June 30, 2018, unchanged from the end of 2017, alongside a Euro 500 million commercial paper program, with the capacity to issue a further Euro 315 million compared with the outstanding amount at June 30, 2018.

The average real cost of drawn debt for the first half of 2018 **came to 1.8%**, down from the 1.9% recorded for the full year in 2017 and the first half of 2017.

Mercialys' financial structure remains very sound, with an **LTV ratio of 40.2%[25] excluding transfer taxes** at June 30, 2018 (versus 39.9% at December 31, 2017 and 39.6% at end-June 2017). The **ICR ratio came to 5.1x[26]** at June 30, 2018 (versus 5.2x at December 31, 2017 and 4.9x at end-June 2017). Including the preliminary sales agreements signed in July 2018, LTV ratio would come out at 39.9%.

On June 11, 2018, Standard & Poor's confirmed its **BBB / outlook stable** rating for Mercialys.

[23] Added to these are six geographically dispersed assets with a total appraisal value including transfer taxes of Euro 24.7 million
[24] Including impact of revaluation of assets outside of organic scope and associates, maintenance capex and capital gains on asset disposals
[25] LTV (Loan To Value): net financial debt / portfolio's market value excluding transfer taxes + market value of investments in associates, i.e. Euro 72.9 million at June 30, 2018, while the value of the portfolio held by associates is not included in the appraisal value
[26] ICR (Interest Coverage Ratio): EBITDA / net finance costs

VI. Dividend and outlook

Interim dividend payment

Considering the excellent results achieved by the Company in the first half of 2018 and its solid prospects, Mercialys' Board of Directors decided, during its meeting on July 25, 2018, to **pay an interim dividend of Euro 0.50 per share**. This interim dividend, which will be paid out on October 23, 2018, represents 50% of the dividend distributed for 2017 in respect of the recurring tax profit.

Outlook confirmed

Thanks to the extremely satisfactory operational performances achieved over the first half of the year, **Mercialys is able to confirm, with a high level of confidence, its objectives for 2018**:

- Organic growth in invoiced rents of over +2% excluding indexation. With the marked upturn in indexation, organic growth including this is expected to come in significantly higher than +3%;
- FFO per share growth of at least +2%, excluding the impact of the carrying cost linked to the refinancing of the bond maturing in 2019, estimated at Euro 4 million after hedging instruments (including the impact of the private placement from November 2017);
- Dividend growth of at least +2%, representing 85% to 95% of 2018 FFO.

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This press release is available on www.mercialys.com

An investor presentation will also be put online for the conference call presenting these half-year results, which will be held on July 26, 2018 from 10:30 am

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About Mercialys
Mercialys is one of France's leading real estate companies, focused exclusively on retail property. At June 30, 2018, Mercialys had a portfolio of 2,130 leases, representing a rental value of Euro 178 million on an annualized basis. At June 30, 2018, it owned properties with an estimated value of Euro 3.8 billion (including transfer taxes). Mercialys has had "SIIC" real estate investment trust (REIT) tax status since November 1, 2005 and has been listed on Euronext Paris Compartment A (ticker: MERY) since its initial public offering on October 12, 2005. At June 30, 2018, there were 92,049,169 shares outstanding.

APPENDIX TO THE PRESS RELEASE: FINANCIAL STATEMENTS

Consolidated income statement

(In thousands of euros)	Jun 30, 2017	Jun 30, 2018
Rental revenues	**93,118**	**92,152**
Non-recovered property taxes	(1,336)	(1,275)
Non-recovered service charges	(2,172)	(2,137)
Property operating expenses	(3,155)	(2,918)
Net rental income	**86,455**	**85,823**
Management, administrative and other activities income	2,537	1,609
Other income	277	285
Other expenses	(3,539)	(3,218)
Personnel expenses	(6,411)	(5,852)
Depreciation and amortization	(16,983)	(18,119)
Reversals of/(Allowance for) provisions	416	589
Other operating income	150,831	16,757
Other operating expenses	(142,402)	(12,803)
Operating income	**71,181**	**65,070**
Income from cash and cash equivalents	44	195
Gross finance costs	(16,225)	(15,503)
(Net finance costs) / Income from net cash	**(16,181)**	**(15,308)**
Other financial income	120	162
Other financial expenses	(1,061)	(1,064)
(Net financial expense)/Income	**(17,122)**	**(16,211)**
Tax	(1,133)	(1,076)
Share of net income from equity associates and joint ventures	1,343	1,492
Consolidated net income	**54,270**	**49,276**
of which non-controlling interests	4,203	4,363
of which Group share	50,067	44,913
Earnings per share[27]		
Net income, attributable to owners of the parent (in euros)	0.55	0,49
Diluted net income, attributable to owners of the parent (in euros)	0.55	0,49

[27] Based on the weighted average number of shares over the period adjusted for treasury shares:
- Weighted average number of shares (non-diluted) for the first half of 2018 = 91,779,147
- Weighted average number of shares (fully diluted) for the first half of 2018 = 91,779,147

Consolidated balance sheet

ASSETS (in thousands of euros)	Dec 31, 2017	Jun 30, 2018
Intangible assets	2,486	2,419
Property, plant and equipment	10	9
Investment property	2,305,414	2,321,810
Investments in associates	38,445	38,695
Other non-current assets	37,529	36,090
Deferred tax assets	319	669
Non-current assets	**2,384,203**	**2,399,693**
Trade receivables	15,839	22,176
Other current assets	59,713	41,303
Cash and cash equivalents	196,913	383,303
Investment property held for sale	113	113
Current assets	**272,578**	**446,895**
TOTAL ASSETS	**2,656,781**	**2,846,588**

EQUITY AND LIABILITIES (in thousands of euros)	Dec 31, 2017	Jun 30, 2018
Share capital	92,049	92,049
Additional paid-in capital, treasury shares and other reserves	626,468	599,938
Equity Group share	**718,517**	**691,987**
Non-controlling interests	202,023	200,485
Equity	**920,540**	**892,472**
Non-current provisions	857	949
Non-current financial liabilities	1,377,454	1,199,471
Deposits and guarantees	22,694	21,287
Other non-current liabilities	0	2,257
Deferred tax liabilities	578	1
Non-current liabilities	**1,401,583**	**1,223,964**
Trade payables	12,516	10,711
Current financial liabilities	281,396	677,528
Current provisions	6,265	5,812
Other current liabilities	34,432	36,073
Current tax liabilities	49	28
Current liabilities	**334,658**	**730,151**
TOTAL EQUITY AND LIABILITIES	**2,656,781**	**2,846,588**