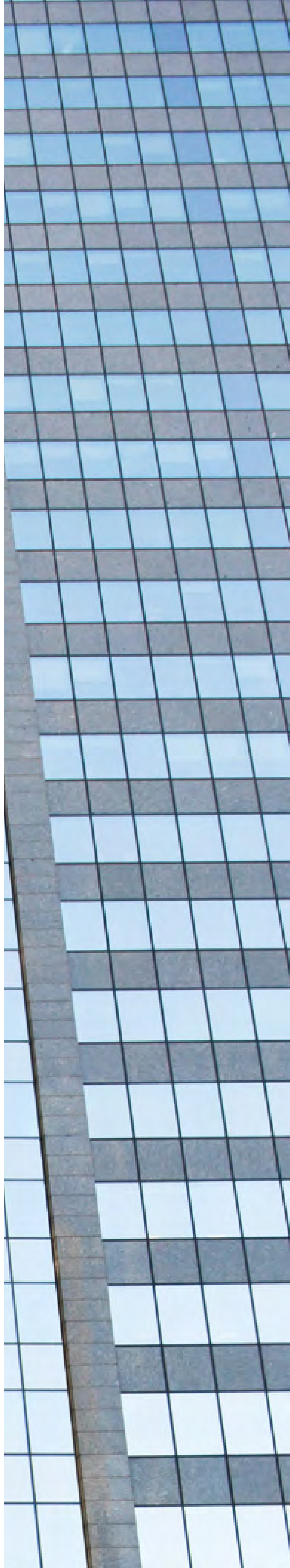
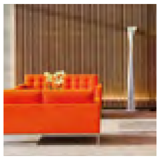
# 2014 ANNUAL REPORT

CeGeREAL













# Modern office buildings, now and in the future

Cegereal is a property company that invests in top-end office buildings in the Paris region. Its unique portfolio comprises three large office complexes located in the region's most dynamic business districts. Offering a combination of functionality and top-rated amenities that make them great places to work, the properties are closely aligned with the expectations of first-class tenants and provide Cegereal with high quality rental revenues.

From the outset, Cegereal's growth strategy has been guided by the principles of social responsibility and environmental stewardship. Because its buildings are used by several thousand employees and visitors every day, they play an important role in enhancing their district's business appeal. Cegereal has an ongoing commitment to improving the quality and performance of its properties by ensuring the well-being of their users.

With its buoyant positioning and its low loan-to-value ratio, the Company offers shareholders the prospect of high yields and solid rates of capital appreciation over the long term.

Cegereal has been listed in compartment B of NYSE Euronext Paris since March 2006, and has elected for the preferential tax treatment of listed real estate companies (*Société d'Investissement Immobilier Cotée* – SIIC).

**Over 120,000 sq.m.**
Office portfolio at December 31, 2014

**€44.7m**
Rental income in 2014

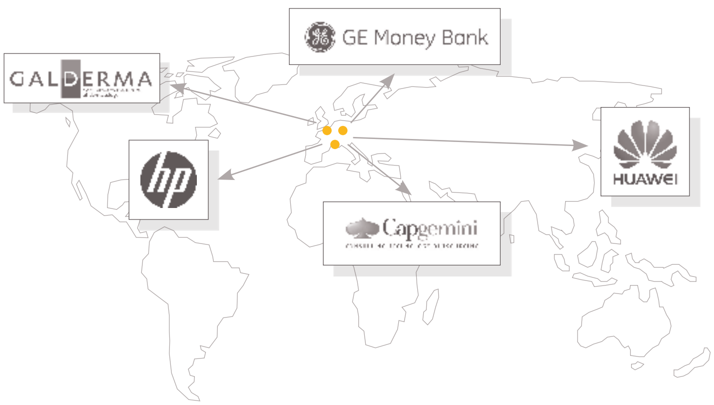
**€23.7m**
2014 EPRA earnings

**€34.8**
NNNAV per share at December 31, 2014

**€871m**
Portfolio value at December 31, 2014

# 70%

proportion of customers
and shareholders
from outside France



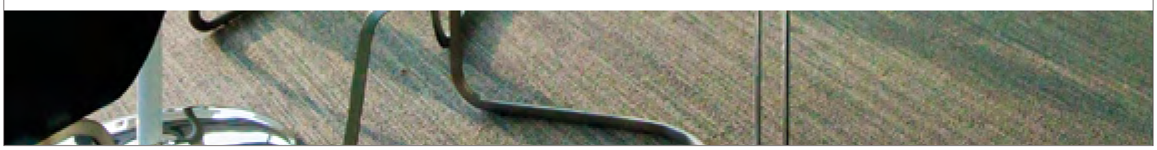

Our properties draw tenants from around the world

# The World inspires us

A few words from our stakeholders
on the requirements and standards that offices
of the future should meet.

VISION

"AN IDEAL WORKING ENVIRONMENT
TO STIMULATE CREATIVITY, COMMUNICATION
AND DISCUSSION ACROSS THE BOARD."



**INTERVIEW**

# Huawei

## A leading global ICT solutions provider and Arcs de Seine tenant

### NICOLAS SACANVILLE
General Procurement Manager

**WHAT DO YOU EXPECT TODAY FROM A MODERN OFFICE BUILDING?**

Our group, one of the world's largest providers of next-generation networks to telecoms operators, is currently seeing strong growth. We therefore need stimulating workspaces that are adaptable to change. The 4,677 square meters in the Arcs de Seine building occupied by over 430 of our employees offers us flexible floor spaces and state-of-the-art technical equipment to help enhance our performance.

**IN YOUR OPINION, WHAT STANDARDS SHOULD THE OFFICES OF THE FUTURE MEET?**

Office properties should be capable of matching the pace of transformation in working practices and new technologies. They should be able to accommodate all forms of technology required for working together both within the company and with third parties. The ideal setup would be to have fully adaptable and open floor spaces to ensure that information flows freely and co-workers move around with ease. Professional office spaces should be designed to offer companies and their staff an ideal working environment to stimulate creativity, communication and discussion across the board.

**INTERVIEW**

# Galderma

A pharmaceutical laboratory specializing in dermatology and a Europlaza tenant

MEHDI HEBIR
General Services Manager

## WHAT DO YOU EXPECT TODAY FROM A MODERN OFFICE BUILDING?

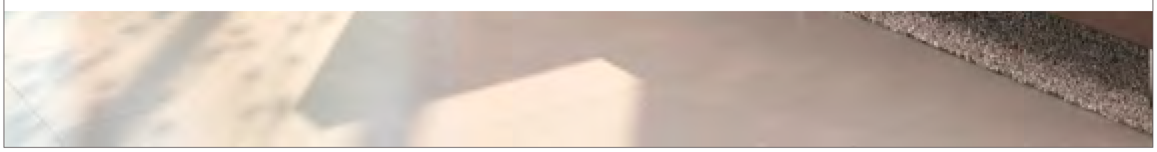
A modern office building should be capable of reinventing itself on a constant basis in keeping with its tenants' needs. But it should also offer a level of service that goes well beyond normal standards. We expanded our office space in the Europlaza building in 2014 from 4,000 to 4,825 square meters thanks to the quality of the building and the services on offer, including rest and recreation areas, gyms and high-tech meeting rooms. All of these combined offer premium comfort in step with our employees' new requirements.

## IN YOUR OPINION, WHAT STANDARDS SHOULD THE OFFICES OF THE FUTURE MEET?

I think they must be able to meet the growing desire of their clients, visitors and co-workers to have more contact with nature and an improved quality of life. Redesigning the Europlaza building as a "Garden Tower" fits perfectly with this objective. Refurbishing the entrance hall, developing outdoor spaces and adding more greenery in the form of a 3,000-plus square meter landscaped private garden is entirely in line with the increasing demand for well-being and a renewed connection with nature. These strategic areas, halfway between work and pleasure, should take pride of place in future property developments.

"THESE STRATEGIC AREAS, HALFWAY BETWEEN WORK AND PLEASURE, SHOULD TAKE PRIDE OF PLACE IN FUTURE PROPERTY DEVELOPMENTS."

"THE BUILDING IS BECOMING
A PLATFORM FOR SERVICES AND EXCHANGES
BETWEEN INDIVIDUALS."



**INTERVIEW**

# EPADESA

## A public urban development and planning body responsible for the La Défense Seine-Arche development program

### RAPHAËL CATONNET
Deputy Managing Director

**WHAT QUALITIES DO MODERN BUILDINGS BOAST?**
First of all, a quality office building is obviously one that meets the expectations of its users. It must keep them satisfied in order to guarantee rent payments for its owner and, potentially, a capital gain in the event of a sale. Another priority is ensuring functional quality and user comfort. To achieve this it must be flexible and perfectly suited to the constantly evolving nature of modern businesses, for example by offering fully adaptable floor space. Its bespoke design and customized management will incite energy-conscious behavior that leads to lower consumption and operating costs. Lastly, a modern office building contributes to the positive image of each of its tenants through its superior architecture, flawless finish and impeccable condition.

**WHAT STANDARDS SHOULD THE OFFICES OF THE FUTURE MEET?**
Faced with new user expectations, the office building of the future will have to offer more than modernity in order to maintain a competitive advantage. Digital technology has transformed working methods, increasingly blurred the lines between professional and personal time and established a new flexibility between work spaces. As well as the office, third places and creative spaces – which are often outside in the surrounding area – have all become hubs of discussion, and sources of innovation and productivity for businesses. In this deep-seated shift from a transaction-based economy to a relationship-driven economy, the building is becoming a platform for services and exchanges between individuals. Its ability to stand out from the crowd will depend not only on its intrinsic capacity to facilitate and encourage collaboration, but also on the range of services it has to offer. For example, this might include catering, a press delivery service, a relaxation center, sports facilities and open spaces.
The office building of the future will be about so much more than the building itself; its entrance hall, the way it fits into the city, how close it is to amenities, public spaces, meeting spots, cultural and sporting activities, and its ability to bring together a variety of users in a clean, safe and stylish urban setting are all non-negotiable considerations. The office building of the future will be accessible to all with excellent public transport links and convenient access for bicycles and other green modes of transport. These immaterial factors will be of increasing importance to businesses as they observe their effect on employee retention and begin to assess their decisive impact on economic performance.
Users at La Défense are ahead of the game in this respect. They are at the heart of the central business district, which houses the largest network of executives in the city, is well served by public transport and surrounded by newly developed and upcoming amenities such as the Arena events center, the Quatre Temps shopping mall and the CNIT convention center.
The investor will have to wonder how to develop mixed-use buildings, and how to bear their financing, a new worldwide standard which faces some difficulties to enter the French market.

**INTERVIEW**

# Yxime

A property management company
and Europlaza tenant and manager

## THIERRY DORISON
CEO

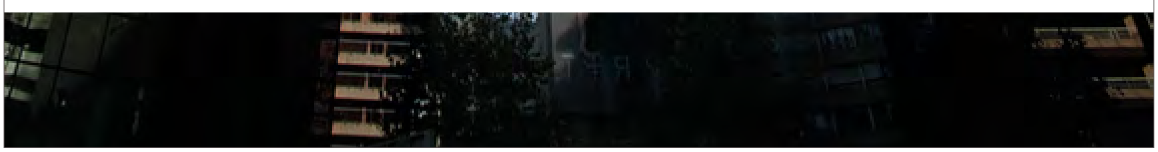
**WHAT QUALITIES DO MODERN OFFICE BUILDINGS BOAST?**

Modern office buildings should be able to meet all the daily requirements of their users, ranging from the technical issues faced by the facility management team, to other concerns such as the demand for sports, leisure or relaxation facilities. We offer all of these services and amenities to the tenants of our offices covering 50,000 square meters in the Europlaza building. To guarantee premium service, fully-trained specialists must be on-site at all times. They must be able to fulfill everyone's requirements on a daily basis and make their lives as pleasant as possible.

**IN YOUR OPINION, WHAT STANDARDS SHOULD THE OFFICES OF THE FUTURE MEET?**

It is likely that in the office buildings of the future, the line between communal areas shared by tenants, and private areas reserved exclusively for office use, will become increasingly blurred. The ramp-up in shared living spaces and related services, such as gyms, restaurants, rest and relaxation areas, and physiotherapists, will obviously require the increased on-site presence of property management professionals.

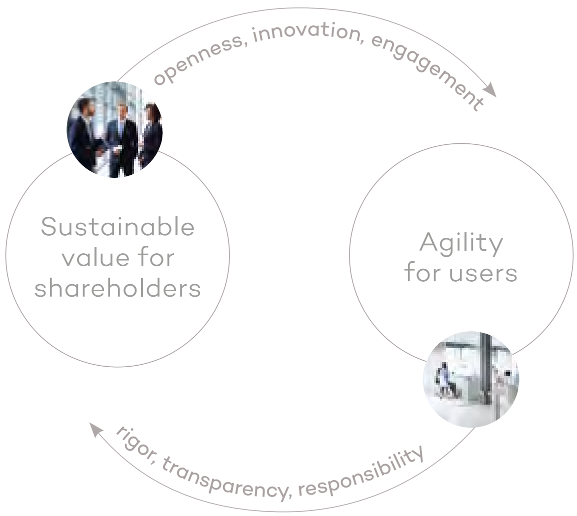
"FULLY-TRAINED SPECIALISTS MUST BE ON-SITE AT ALL TIMES."



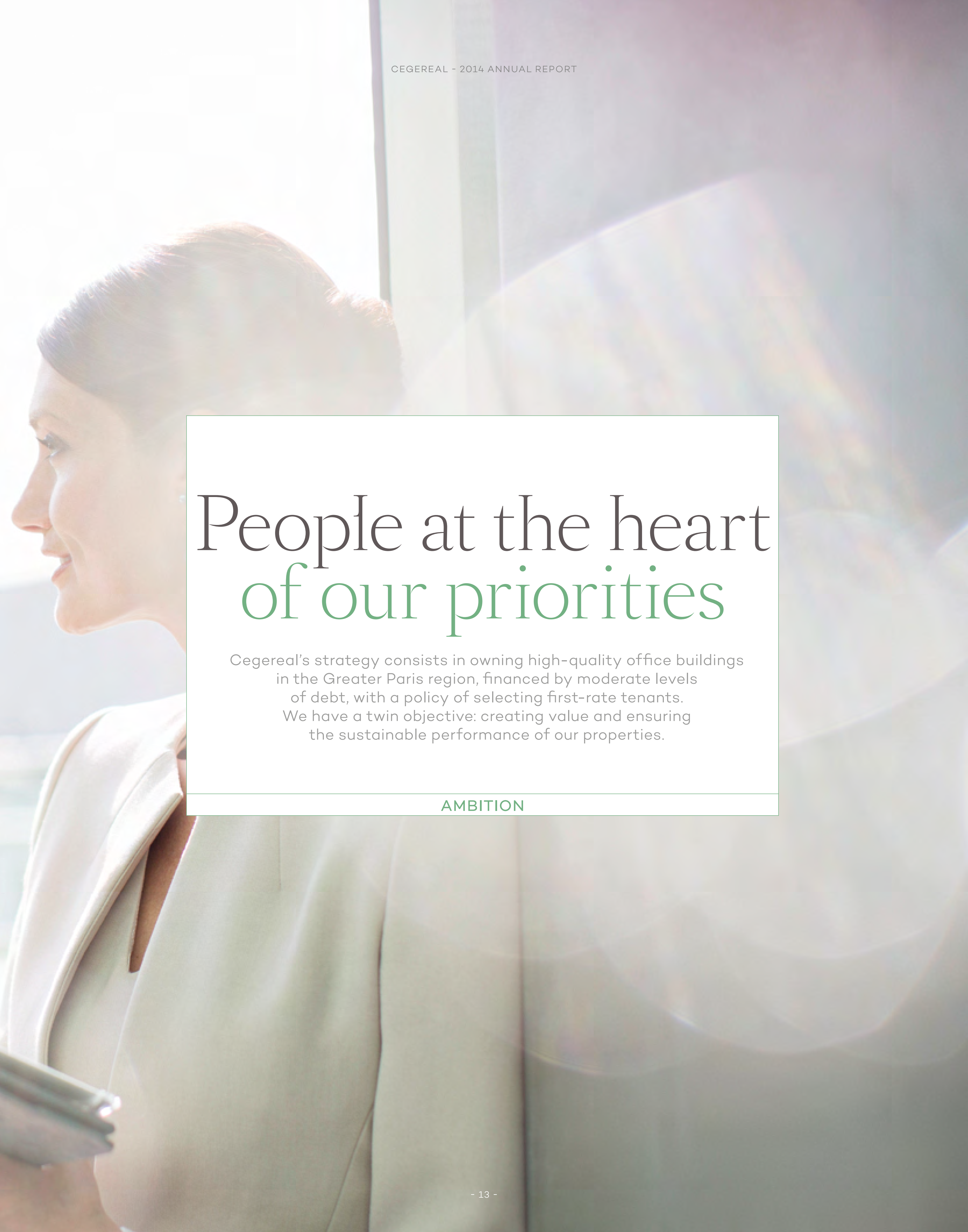
MORE THAN

# 85%

proportion
of satisfied tenants*




*Sources: 2014 annual satisfaction survey



# People at the heart of our priorities

Cegereal's strategy consists in owning high-quality office buildings in the Greater Paris region, financed by moderate levels of debt, with a policy of selecting first-rate tenants. We have a twin objective: creating value and ensuring the sustainable performance of our properties.

AMBITION

INTERVIEW WITH

# Raphaël Tréguier

CEO

**HOW DID CEGEREAL PERFORM IN 2014?**

2014 was a year of achievement for Cegereal. We improved our operating performance by 24% and completed our Go Green project. As well as being the first property company in France to obtain the "HQE Exploitation" certification on its entire portfolio, we are also beginning to reap the benefits of our corporate social responsibility commitments. This summer, we launched a significant project to transform the Europlaza building into a "Garden Tower", the first of its kind in the La Défense district. This project will give tenants exclusive access to several thousands of square meters of green space, until now completely unheard of. It is fully consistent with the demineralization project being carried out by EPADESA in La Défense.

At last, we once again have visibility regarding our dividend distribution capacity as a result of our diversified rental portfolio and the reduction in our financial costs linked to the overall occupancy rate.

**YOU SAY THAT YOU ARE INSPIRED BY THE WORLD AROUND YOU. IS THIS A PLUS FOR CLIENTS?**

We have an exceptional portfolio of real estate assets in terms of their size and quality. Our investors and most important clients are mainly international companies. To fulfill their requirements, we must take an internationally-minded approach and garner inspiration from architectural and technical styles elsewhere. The main capital cities in Europe and beyond its frontiers offer plenty of good examples.

**MORE SPECIFICALLY, WHAT ARE THE PRINCIPAL TRENDS OBSERVED THAT UNDERPIN YOUR STRATEGY?**

We have noticed that flexibility is an extremely important quality for so-called "modern" office buildings. We own sites that are adaptable and open to change from a functional, technical or human perspective now and in the future. This is extremely reassuring for our clients who are making the decision to place thousands of their employees in our buildings. We have also come to realize that the atmosphere of a user-friendly campus and high-rise buildings are not completely incompatible if personal services are available and the quality of life on offer is in line with employees' expectations. We are convinced that verticality can be equated with humanity.

**WHAT MAKES YOUR BUILDINGS STAND OUT FROM THE REST?**

Our buildings are in compliance with the most up-to-date environmental certification standards. More importantly, these standards offer a genuine guarantee of their energy efficiency over time.

Due to their size, our buildings can mutualize a significant number of personal services, including restaurants, gyms, gardens, etc., which are all key to enhancing clients' working conditions and general well-being. Both open and flexible, they are designed to evolve in step with tenants' interests and adapt to suit their changing requirements over time.

Lastly, all of our buildings are located on the outskirts of Paris in the city's main business centers.

**HUMANITY, LISTENING, PROXIMITY; ALL OF THESE APPEAR TO HAVE AN INCREASINGLY IMPORTANT ROLE TO PLAY. WHY DO YOU THINK THIS IS THE CASE?**

Every day our buildings host several thousands of tenants and visitors. Our goal is to ensure that each and every one of them enjoys coming back. To achieve this, we are constantly present on site to listen to what our clients have to say. We carry out user surveys to help us do this. The latest survey pointed to a satisfaction rate of over 85%. This regular feedback encourages and enables us to constantly improve the quality of our buildings and to fine-tune our long-term strategy for each and every one of them. We aim to be proactive without being intrusive.

> "THE PROPERTY MARKET IS SET TO GRADUALLY RECOVER IN 2015. THE ENVIRONMENT WILL BE FAVORABLE FOR CHANGE."

**CEGEREAL HAS BECOME THE FIRST 100% GREEN PROPERTY COMPANY IN FRANCE. WHERE DO YOU GO FROM HERE?**

Our Company and all of our buildings have indeed all been certified. We had the privilege to be awarded "Green Star" status in our first year on the Global Real Estate Sustainability Benchmark (GRESB) Index. Now that we have reached all of the targets set as part of the "Go Green" project, we can move up to the next level and establish a new type of "environmentally responsible contract" with each of our stakeholders. This joint approach is an integral part of our new "Upgreen Your Business" program that will enable us to formally establish joint commitments to achieve a sustainable and shared performance.

**WHAT ABOUT YOUR FINANCIAL COMMITMENTS TO YOUR SHAREHOLDERS IN 2014?**

In 2013, we promised to distribute a competitive dividend starting in 2014. By paying a dividend of EUR 1.50 per share this year, we confirmed our commitment.

While strengthening confidence in the value of our company, we have also helped our shareholders to benefit from the 8.8% increase in our share price which has outperformed the main benchmark indices, over two years.

We will propose increasing the dividend to EUR 1.65 per share at the next Annual General Shareholders' Meeting.

**WHAT ARE THE MAIN CHALLENGES YOU FACE IN 2015?**

Our goal is to complete the very first "Garden Tower" project in La Défense by the spring of 2015. This is a highly symbolic project as it reflects our aim of offering our tenants a space that promotes their well-being and offers high quality environmental surroundings.

Our roadmap also includes the launch of our "Upgreen Your Business" program which is unveiled briefly in this report. It is expected to be a very innovative source of high performance and added value that will be passed on to our clients and partners.

Lastly, we would like to take advantage of the opportunities offered by lower interest rates and the newly recovering office market from a lease and investment perspective.

**STRATEGY**

# Cegereal, a benchmark office property company

Our goal is to be a French benchmark office property company on international markets for both our investors and the major corporate users.

# PROPERTY STRATEGY FOCUSED ON THE LONG TERM

## CONSTANTLY IMPROVE THE PORTFOLIO'S QUALITY AND PERFORMANCE

The ongoing optimization of office space and continuous improvements in the comfort offered by Cegereal's buildings are underpinned by an active investment policy. The value of our portfolio has therefore been maintained since the Company was founded in 2006 despite the financial crisis. Our policies focus on the entire portfolio, placing particular emphasis on the flexibility of its rental stock, the quality of life and services on offer, and the environmental performance. The start of work this year to transform the Europlaza building into a “Garden Tower” is one of our most symbolic projects in this respect.

## GIVE PRIORITY TO CLIENT SATISFACTION

Cegereal works closely with its clients to develop a relationship built on trust with a view to fostering customer loyalty over the long term. Listening to tenants' needs on a daily basis is one of its main concerns. Building managers are located at each property to meet tenants and provide them with the best level of service and quality of life. Satisfaction surveys are carried out frequently to adapt the buildings and services to the needs identified on a regular basis. A new survey will be carried out in 2015 on our entire portfolio.

## MAINTAIN A SELECTIVE AND BALANCED RENTAL STRATEGY

Cegereal's rental strategy gives priority to the selection and retention of first-class tenants. Some of our main tenants include Canal+, Hewlett Packard, Cap Gemini, Crédit Foncier, Crédit Agricole/BforBank and Galderma. The Group also welcomed new tenants this year including BBC, Sagem and Heinz France. These national and international companies, all leaders in their field, have solid balance sheets and present a low rent default risk. Overall, 97% of leased space at end-2014 was occupied by tenants with a Dun & Bradstreet risk rating of 1 or 2. The diversification of the rental portfolio has improved significantly, rising from 15 to 23 tenants within the space of three years.

# DEVELOP OUR CSR STRATEGY

## BUILD UPON STRICT GOVERNANCE

Cegereal's governance endeavors to protect the interests of all stakeholders, both corporate and shareholder, by upholding strict rules concerning transparency and independence. The Company complies with the AFEP-MEDEF Corporate Governance Code. It boasts a stringent risk-management policy and a three-tier structure: it has a Board of Directors, three active Board Committees and an Executive Management team that works closely with shareholders to whom Cegereal offers the security of a high, long-term return on their investment.

## BECOME A CSR PARTNER

Determined to meet our CSR commitments, Cegereal has in the last few years been rolling out ambitious programs and implementing an effective environmental strategy. For example, the Company became a 100% green company in 2014 thanks to the completion of the "Go Green" project. Furthermore, it was awarded “Green Star” status by the Global Real Estate Sustainability Benchmark (GRESB) Index. The next step will be the launch of the “Upgreen Your Business” program, inviting our clients to share the benefits gained through our efforts. The program is aimed directly at our tenants, suppliers and investors and is designed to encourage them to work jointly with us in the ongoing pursuit of environmental responsibility.

## MAINTAIN A SOUND BALANCE SHEET

The value of our portfolio is more than twice that of our debt. Keeping leverage at below 50% has enabled us to finance our debt on optimal terms. The interest rate is between 3.15% and 3.40% depending on the occupancy rate. Early repayment charges are limited, which enables us to benefit from advantageous financing opportunities if and when they arise.

# 2014 Highlights

# CEGEREAL BECAME A 100% GREEN PROPERTY COMPANY

### AWARDED "GREEN STAR" STATUS

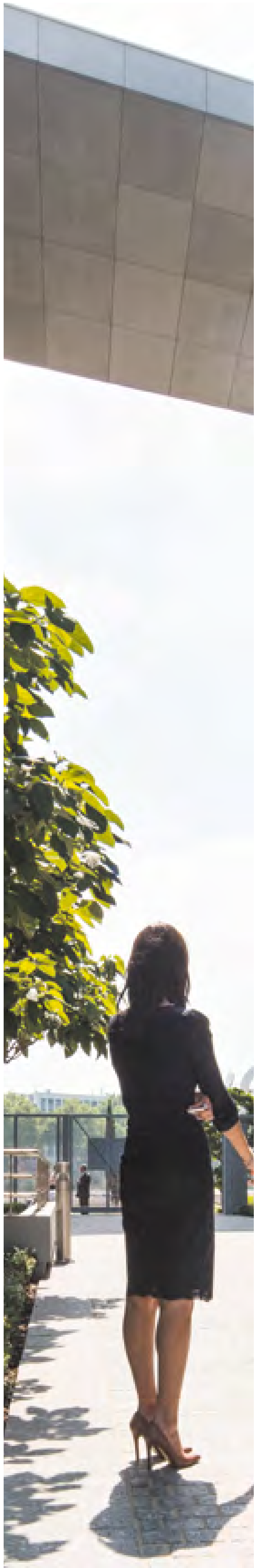
In its first year on the GRESB index, Cegereal was awarded "Green Star" status. This status, which makes the Company a benchmark for corporate social responsibility and sustainable development, is a reward for the significant efforts made to offer our shareholders and clients a portfolio of modern assets that comply with the most stringent international standards.

### HQE AND BREEAM IN-USE VERY GOOD CERTIFICATION

In 2014, the Europlaza and Arcs de Seine properties obtained BREEAM In-Use Very Good certification. Both properties are among the first four operational buildings in France to have obtained both HQE Exploitation and BREEAM In-Use Very Good certification. The Rives de Bercy building also obtained the HQE Exploitation certification at the end of 2014 and BREEAM In-Use Very Good certification at the beginning of 2015. As genuine interconnected networks at the disposal of their tenants, these exceptional buildings offer work and living spaces for up to 5,000 individuals. They both achieved very strong ratings in the "Buildings" and "Buildings Management" categories.

24%

Increase in recurring net earnings per share in 2014



# PROJECT LAUNCHED TO CREATE THE FIRST "GARDEN TOWER" IN LA DÉFENSE

An exclusive project in the center of La Défense, the "Garden Tower" has been designed to offer Europlaza clients an exceptional new open space and communal areas that have been completely refurbished. Come Spring 2015, its tenants and their visitors will be able to take advantage of the 3,000-plus square meter private garden and two interior gardens designed by the architect Juan Trindade. This large-scale project is designed to fulfill the quality of life aspirations expressed by companies and their co-workers and bring them closer to nature.

# MAINTAINING A STRONG MARKETING PERFORMANCE AND SUSTAINED CUSTOMER LOYALTY

During the year, Cegereal benefited from a buoyant rental market. New tenants occupied 6,400 square meters (BBC and Sagem in the Arcs de Seine building, Gas Natural and Heinz France in the Europlaza complex), while existing clients renewed their leases or extended their surface area for a total of 11,300 square meters. They include NTT Europe, Galderma and Crédit Agricole/BforBank in the Europlaza complex and Huawei in the Arcs de Seine building.

# HIGHER DIVIDEND DISTRIBUTION CAPACITY

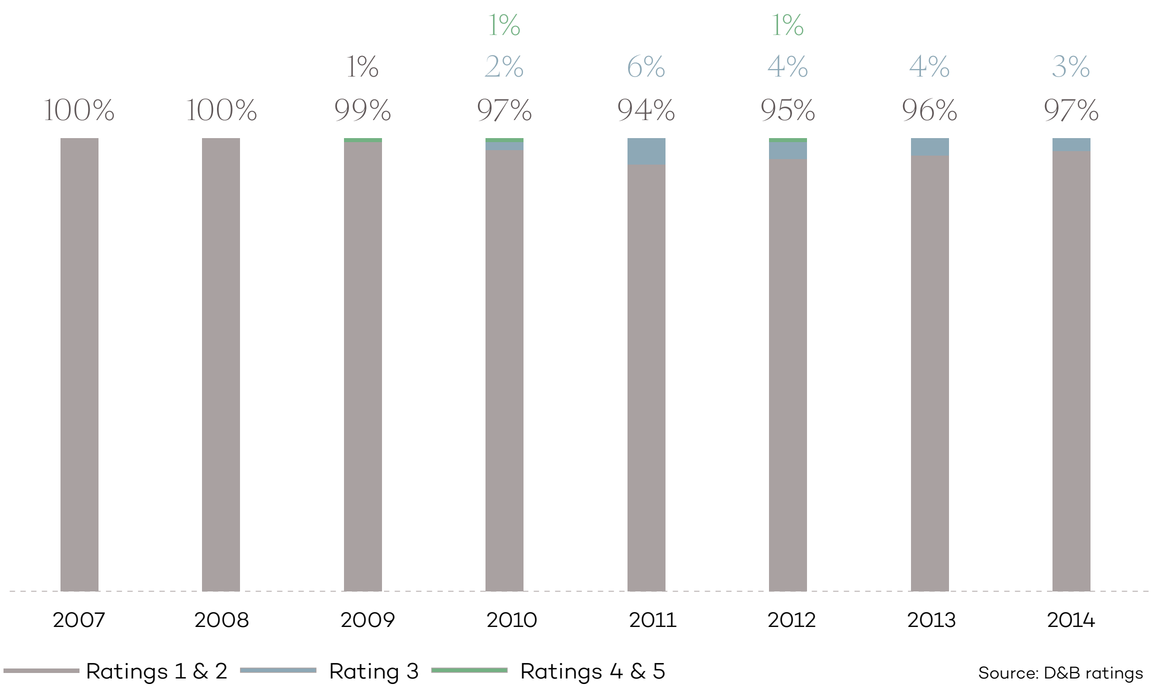
In 2013, Cegereal announced that it would once again pay a regular dividend in 2014. As a result of an increase in recurring net earnings per share of over 20%, the Board of Directors was able to announce the payment of a dividend of EUR 1.50 per share in 2014 and will propose increasing the dividend to EUR 1.65 per share in 2015.

Key figures

# Long-term Performance

## First-class tenants

97% of tenants have the highest credit ratings
Rental income from companies with a Dun & Bradstreet rating of 1 or 2



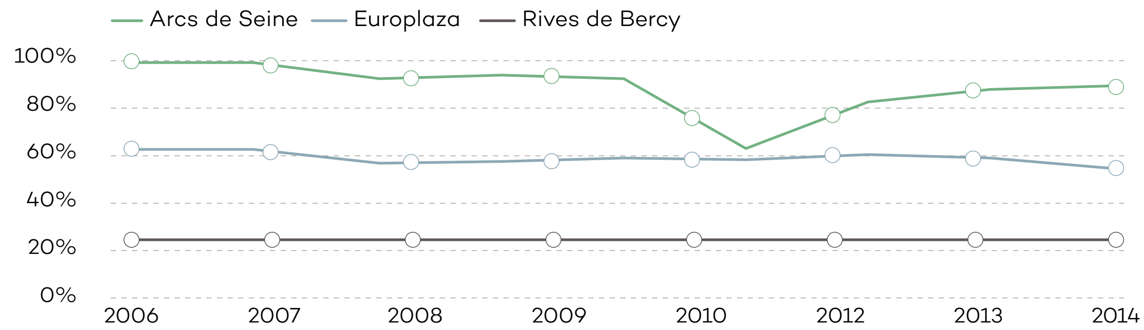

Source: D&B ratings

€221m
of unrealized gains

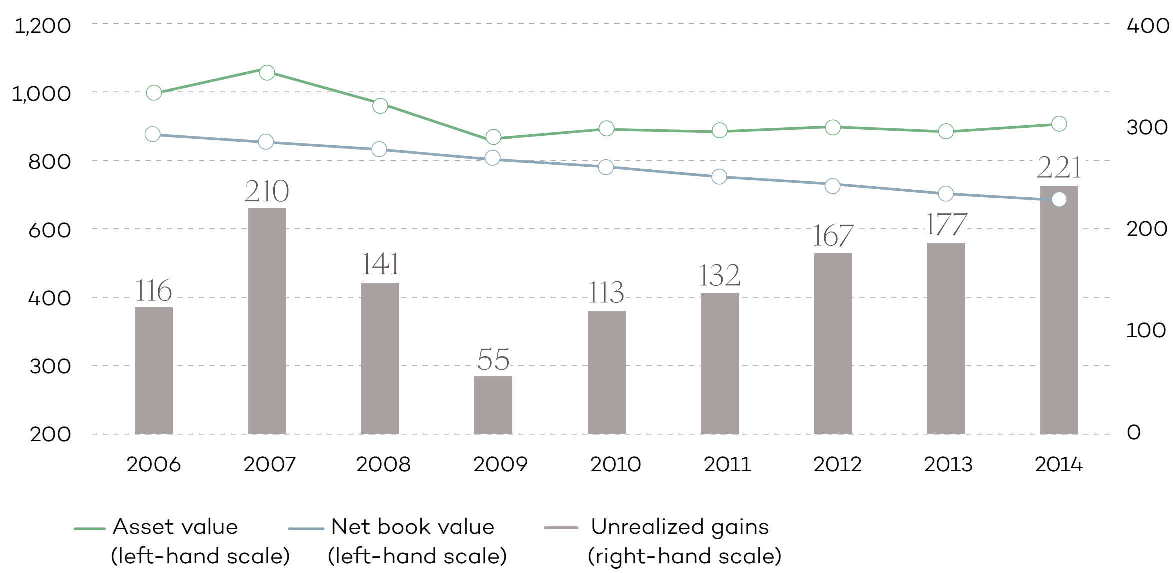
97%
of tenants have a Dun & Bradstreet rating of 1 or 2

# Key figures

## Portfolio occupancy rates since the IPO




## Long-term ability to distribute dividends (in €m)



Key figures

# EPRA Performance

## EPRA earnings

IN THOUSANDS OF EUROS

| | 2014 | 2013 |
|---|---|---|
| Net income under IFRS | 42,398 | 1,940 |
| Restatement of the changes in fair value of investment property | (18,704) | 17,145 |
| EPRA Earnings | 23,694 | 19,085 |

## EPRA NAV & EPRA NNNAV

IN THOUSANDS OF EUROS, EXCEPT PER SHARE DATA

| | 2014 | 2013 |
|---|---|---|
| Shareholders' equity under IFRS | 509,135 | 486,629 |
| Portion of rent-free periods | (36,532) | (29,331) |
| **EPRA NAV** | **472,603** | **457,298** |
| Market value of the loans | (410,274) | (398,621) |
| Carrying amount of the loans(1) | 401,888 | 395,797 |
| **EPRA NNNAV** | **464,218** | **454,474** |
| Number of shares (excluding treasury shares) | 13,350,545 | 13,345,278 |
| NAV per share | 34.8 | 34.1 |

(1) The December 31, 2013 figure corresponds to the carrying amount of the loans under IFRS, whereas the December 31, 2012 figure corresponds to their repayment value.

The indicators published by Cegereal are aligned with the recommendations of the European Public Real Estate Association (EPRA), of which Cegereal is a member. EPRA's role is to promote, develop and represent the publicly listed real estate sector.

EPRA notably publishes its “Best Practice Recommendations” (BPRs) whose purpose is to enhance transparency, uniformity and comparability of financial reporting by real estate companies.

## EPRA net initial yield & EPRA "topped-up" net initial yield

IN THOUSANDS OF EUROS

| | 2014 | 2013 |
|---|---|---|
| **Net value of investment property** | **871,000** | **849,000** |
| Expenses and transfer duties | 57,146 | 49,914 |
| **Gross up completed property portfolio avaluation (B)** | **928,146** | **898,914** |
| **Annualised net rents (A)** | **35,538** | **49,589** |
| Add: notional rent expiration of rent-free periods or other lease incentives | 14,860 | 2,183 |
| **Topped-up net annualised rents (C)** | **50,398** | **51,771** |
| EPRA NIY (A)/(B) | 3.8% | 5.5% |
| EPRA "topped-up" NIY (C)/(B) | 5.4% | 5.8% |

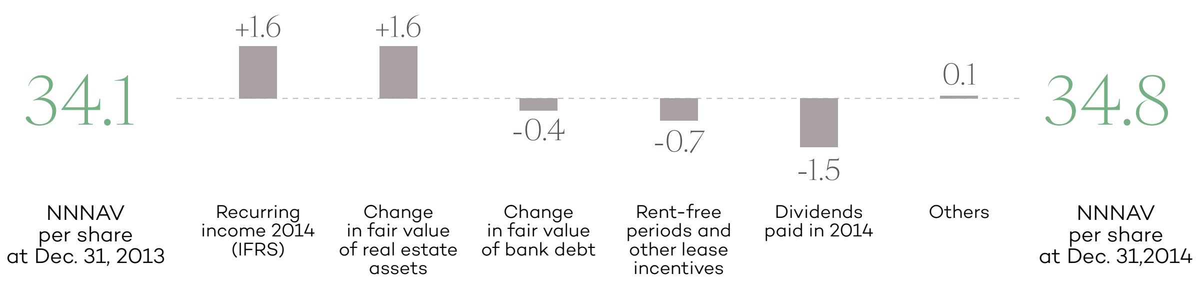
## EPRA vacancy rate

IN THOUSANDS OF EUROS

| | 2014 | 2013 |
|---|---|---|
| Total market rental value | 55,878,797 | 60,478,912 |
| Market rental value of vacant spaces | 5,846,801 | 6,807,544 |
| EPRA vacancy rate | 10% | 11% |

## NNNAV per share

IN EUROS PER SHARE



# Share performance

Cegereal once again outperformed the main stock market indices.

## Listing details

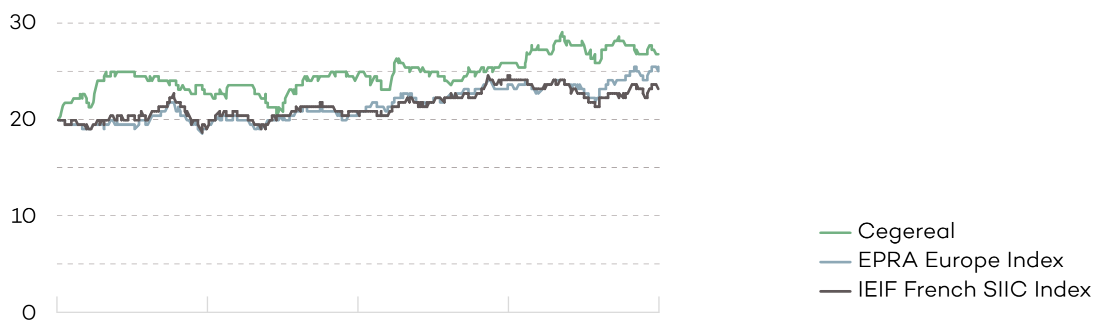
| | | | |
|---|---|---|---|
| Name | CEGEREAL SA | Type | Eurolist Compartiment B |
| Market | EURONEXT PARIS | Indices | CAC all shares |
| ISIN | FR0010309096 | | IEIF SIIC France |
| Symbol | CGR | Registrar | BNPP Securities Services |
| CFI | ESVUFB | | |

### SUSTAINABLE GROWTH

The economic climate proved to be morose in 2014. Annual GDP growth remained below 1%, which at best helped avoid a general labor market downturn. The key financial event in France during the year was the drop of over 150 basis points in the ten-year yield-to-maturity for French government bonds (OAT) to below 1%.

The real estate rental and investment markets remained buoyant, nonetheless, with some significant deals taking place. Real estate indices posted strong performances, including the Euronext IEIF SIIC France which rose by 16.3%. Cegereal was able to take advantage of this trend, seeing its share price gain almost 10% and its discount to NAV fall to 24% from 29% at December 31, 2013.

## Share performance compared with the main indices




Source: Euronext

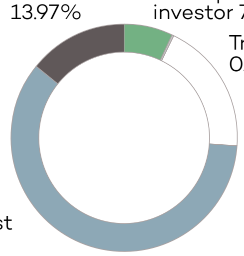
Key figures

### A MAJORITY OF LONG-TERM SHAREHOLDERS

Since it was listed on the stock market in 2006, Cegereal's shareholder base has consisted primarily of loyal institutions investing for the long term. These include German property fund HausInvest, the majority shareholder with 59.78% of the capital, and the Covéa mutual insurance group (comprising the GMF, MMA and MAAF brands), which has 13.97%.

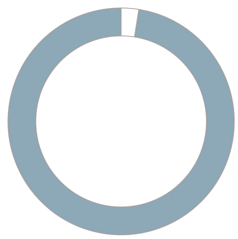
The free float, which represents 19.0% of the outstanding shares, is also held for the most part by institutional investors. They view Cegereal as a means of accessing high-quality revenue streams and a portfolio of exceptional office properties, while pooling the related risks.

## Cegereal ownership structure at 31 December, 2014




Source: Euroclear

## Cegereal free-float at 31 December, 2014




Source: Euroclear

### SUSTAINING TRANSPARENCY AND TARGETED COMMUNICATION

Cegereal remains committed to maintaining transparency and targeted communication to provide shareholders with the applications and information required to keep track of their investment. The Company publishes financial information regularly for its shareholders (in the form of press releases, financial notices, interim financial statements and annual reports) and meets them directly at dedicated investor fairs. In 2014, Cegereal attended the Actionaria fair for retail investors and the Midcap Events fair for institutional investors.

### HIGHER MANDATORY DIVIDEND PAYOUT RATE

As of December 31, 2013 listed real estate investment companies (SIIC) are required to increase the share of profit they distribute to shareholders. The mandatory distribution, in the form of dividends, will increase from 85% to 95% of net rental income and from 50% to 60% of net capital gains on property disposals. The new measure will have no impact on Cegereal, which has regularly distributed more than 95% of the fruits of its activity to shareholders since the IPO.

### INVESTOR INFORMATION

www.cegereal.com

Cegereal
Investor Relations
21-25, rue Balzac - 75008 Paris
Phone: +33 (0)1 42 25 76 36

### INVESTOR CALENDAR

| | |
|---|---|
| February 13, 2015 | 2014 Results |
| April 15, 2015 | Annual Shareholders' Meeting |
| April 16, 2015 | First-quarter 2015 revenue |
| July 24, 2015 | First-half 2015 results |
| October 22, 2015 | Third-quarter 2015 revenue |

MESSAGE FROM

# Richard Wrigley

## INDEPENDENT DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS OF CEGEREAL

After a relatively flat 2013, the office property market in the Greater Paris region recovered in 2014 with the letting of over 2.1 square meters of office space. Large corporate users remain focus on streamlining and minimizing operating costs.

Against this background, Cegereal was able to sustain its performance thanks to the efforts it made on a daily basis to offer the versatility much sought after by the market. Our total occupancy rate is now roughly 90%. Revenue growth came from new or renewed leases, often with additional space. This growth was achieved by striking the right balance between the time required to increase property values and the time needed to market the portfolio. As the first French property company with full HQE Exploitation certification and BREEAM In-Use Very Good certification, Cegereal also joined the Global Real Estate Sustainability Benchmark (GRESB) Index where it was immediately awarded the highest category of "Green Star" status. The Company is now recognized as a benchmark property company in the areas of corporate social responsibility and sustainable development.

Its sustainable performance led to the inclusion of a section on Corporate Social Responsibility (CSR) in this year's Annual Report. It gives a description and detailed analysis of how the Company's buildings perform and of how CSR commitments are met in the normal course of business. The information and documents referred to in the CSR report have been reviewed by an independent third party. The Board met eight times in 2014, with an attendance rate of 93%. Regular risk analyses performed by the Board of Directors and the Board Committees confirm that the Company is continuing to manage the portfolio and make decisions in the best interests of all of its shareholders and customers.

# Strict governance

## EFFECTIVELY DEFENDING THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS

Backed by major institutional investors, Cegereal has set up a governance structure that effectively defends the interests of all its shareholders. The objective is to offer shareholders the security of high investment returns over the long term, by maintaining a portfolio of high quality assets managed by the industry's best experts, and managing risks as effectively as possible, in accordance with the Company's commitments to transparency and independence.

## GOVERNANCE STRUCTURE

In compliance with the AFEP-MEDEF Corporate Governance Code of Listed Corporations of June 2013, Cegereal's governance is provided at three levels: the Board of Directors, the three committees of the Board and Executive Management (Raphaël Tréguier and Carl-Christian Siegel). This structure complies with the governance rules issued by the French and German securities regulators, AMF and Bafin.
Cegereal's bylaws and Internal Rules and Regulations can be viewed on the website: www.cegereal.com.

### GOVERNANCE

**An organization oriented toward transparency and independence**

- A **Board of Directors** chaired by an independent director and consisting of nine members, three of whom are independent.
- Three **committees** (Investment Committee, Audit Committee, Appointments and Compensation Committee), consisting primarily of independent directors.
- The **Executive Management team**, corresponding to a CEO and a Deputy CEO.

### OPERATIONAL ORGANIZATION

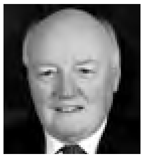
**In order to manage its operations, Cegereal works with external partners, enabling access to the best expertise in the marketplace.**

- Cegereal has signed an asset management contract with a world leader in property management for third-party accounts, Commerz Real.
- Cegereal entrusts the day-to-day management of its property to Yxime, and legal issues to Fidal. Its certified public accountant is PricewaterhouseCoopers.

**THE THREE LEVELS OF GOVERNANCE**

# Board of Directors

## INDEPENDANT ADMINISTRATORS



**Richard Wrigley**

66, a British national, is Chairman of the Board of Directors and an independent director. Formerly Chairman of CBRE Property Management France, until 2009, he holds a BSc in Estate Management from London University and is a Fellow of the Royal Institution of Chartered Surveyors (FRICS).

**Jean-Pierre Bonnefond**

69, a French national, is an independent director. Formerly Chairman of Groupement Foncier Français, from June 2000 to October 2004, he has worked as an asset strategy consultant since November 2004. He holds a post-graduate degree in Private Law from Patheon-Sorbonne University and is a Chevalier de la Légion d'Honneur.

**Alec Emmott**

68, a British national, is a permanent representative of Europroperty Consulting. He earned an MA from Trinity College, Cambridge in 1969 and became a member of the Royal Institution of Chartered Surveyors in 1971. He was Managing Director of Société Foncière Lyonnaise from 1997 to 2007, since when he has been principal of Europroperty Consulting.

**Daniela Lammert**

41, a German national, is a director. She holds a degree in Business Administration from Julius-Maximilians University, Würzburg. She joined CRI GmbH in 2007 after working for PwC and SEB ImmoInvest. She has been Head of Fund Accounting & Taxes at CRI GmbH since 2010.

**Olivier Le Borgne**

47, a French national, is a permanent representative of GMF VIE. He earned a DEUTS Actuarial degree from Institut de Statistiques de l'Université de Paris (ISUP) in 1996 and a three-year business degree from Institut Supérieur de Gestion (ISG), Paris, in 1989. He has been a Director of Financial Strategy for GMF since October 2008.

**Klaus Waldherr**

50, a German national, is a director. He has been a legal advisor for CRI since 1998. A lawyer with a PhD in Law, he is a graduate of both Nancy 2 University in France and Mainz University in Germany. With former experience as a legal advisor for a German government institution, he specializes in foreign real estate investment.

**Gerry Dietel**

37, a German national with a degree in Real Estate Economics from HfWU Nürtingen-Geislingen University. He is a permanent representative of CRI. In 2005 and 2006 he worked for Investment Property Databank (IDP) in Germany and in 2007 joined Commerz Real, where he is a HausInvest Europa fund manager. He is currently employed by CRI mbH.

**Carl-Christian Siegel**

48, a German national, is a director. He is Chief Executive Officer and head of Acquisitions and Sales, Europe at Commerz Real AG. He joined CR in Wiesbaden in early 2008 after spending 12 years with the Deutsche Bank Group as a Special Funds portfolio manager. He graduated in management from Konstanz University and has a degree in Real Estate Economics from the European Business School.

**Sabine Röska**

35, a German national, is a director. She has been Director of Strategy for Commerz Real since 2011. She joined CR in 2008 as Manager of the HausInvest Europa fund, previously serving in various positions at Deutsche Immobilien Chancen KGaA in Frankfurt. She is a graduate of Darmstadt University and of Institut National Polytechnique, Grenoble.

## THREE INDEPENDENT COMMITTEES OF THE BOARD

The three committees of the Board assist Cegereal's directors in making important decisions concerning investments, financial and accounting issues, and management appointments and remuneration. Three directors sit on each committee, including at least two independent directors.

### Investment Committee

**Alec Emmott (Chairman), independent**
**Richard Wrigley, independent**
**Graham Spensley, independent**

The Investment Committee assists the Board in reviewing investment and disposal projects, including the sale, purchase, development or large-scale renovation of property assets. It also makes recommendations concerning such projects and the annual investment budget, reviews the strategies behind past investment projects and considers all matters that could have a material impact on investments.

Number of meetings in 2014: 1
Attendance rate: 100%

### Audit Committee

**Richard Wrigley (Chairman), independent**
**Jean-Pierre Bonnefond, independent**
**Gerry Dietel, Fund Manager Commerz Real**

The Audit Committee assists the Board in reviewing and approving the annual and interim financial statements. It monitors the audit of the accounts and checks the auditors' independence. The Committee also reviews internal control, internal audit, statutory accounting and management accounting procedures, and verifies the effectiveness of the internal control system, to ensure that the Company has the necessary management resources to prevent the occurrence of risks and errors. Lastly, the Committee oversees the processes for the preparation of financial information.

Number of meetings in 2014: 2
Attendance rate: 100%

### Appointments and Compensation Committee

**Jean-Pierre Bonnefond (Chairman), independent**
**Graham Spensley, independent**
**Alec Emmott, independent**

The purpose of this Committee is to prepare Board decisions concerning the compensation packages of the members of Executive Management, and to assess their benefits and allowances. It considers candidates for appointment as Chief Executive Officer or Deputy Chief Executive Officer or for election to the Board. It also assesses whether each director is able to freely exercise his or her judgment and performs regular assessments of Board practices.

Number of meetings in 2014: 2
Attendance rate: 100%

## EXECUTIVE MANAGEMENT

Raphaël Tréguier was appointed Group Chief Executive in early 2012. He is assisted in his duties by Carl-Christian Siegel, the Deputy CEO for real estate.

The Company is therefore managed by two experts in corporate finance and real estate.

**Raphaël Tréguier**
**Chief Executive Officer**

Aged 40, Raphaël Tréguier has solid experience in real estate and corporate finance. Involved in managing acquisitions of listed and unlisted companies and major portfolios, he spent seven years from 2001 to 2008 as a member of GE Real Estate France's investment management team.

**Carl-Christian Siegel**
**Deputy Chief Executive Officer for real estate**

Aged 49, Carl-Christian Siegel leads Commerz Real AG's Southern Europe real estate teams. He joined the Group in early 2008 after spending 12 years with the Deutsche Bank Group as a Special Funds portfolio manager. He graduated in management from Konstanz University and has a degree in Real Estate Economics from the European Business School.

# Risk management

Cegereal implemented a risk management system based on rigorous internal controls. The main risks identified, i.e., relating to the office rental market or the concentration of assets and tenants, can therefore be analyzed and kept under control.

## A STRINGENT RISK MANAGEMENT STRATEGY

In 2009, the Company took steps to introduce a set of written procedures and to clearly outline each of its stakeholders' responsibilities and organization. Given that a significant part of the organization is outsourced, having a suitable risk management strategy is of prime importance. The Group's internal control system is used to manage the flow of information between internal and external resources.

The inherent business risks that may have an adverse effect on the Group's financial position, results, business and growth outlook can therefore be anticipated to ensure the targets set are reached.

Risk management also involves reviewing tenants' financial commitments and updating their credit reports every quarter. Cegereal management reports to the Board of Directors on a monthly basis on the main developments to ensure that the Board can make informed decisions.

## ANNUAL REVIEWS OF THE MAIN RISK FACTORS

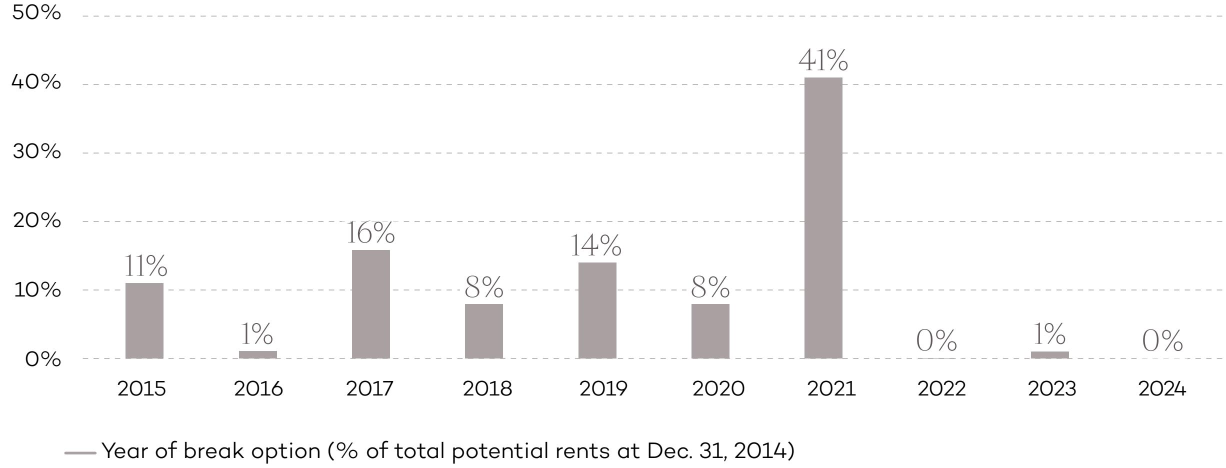
The risks that may affect the Company's business, financial position or results are analyzed and reviewed in detail every year. These risks, as well as their potential consequences and attenuating factors, are presented on page 84 in section III.1 Risk Management.

## RISKS ASSOCIATED WITH THE CONCENTRATION OF ASSETS AND TENANTS

Cegereal is dependent on its four main tenants who will represent 47% of the total portfolio in 12 months.

The measures taken to reduce this risk, with the Board of Directors' backing, include breaking up the unlet areas in the Arcs de Seine complex into smaller units to make them easier to market and renegotiating certain major leases ahead of their expiry date (for example, Galderma, Huawei and Sagem all leased additional space in 2014).

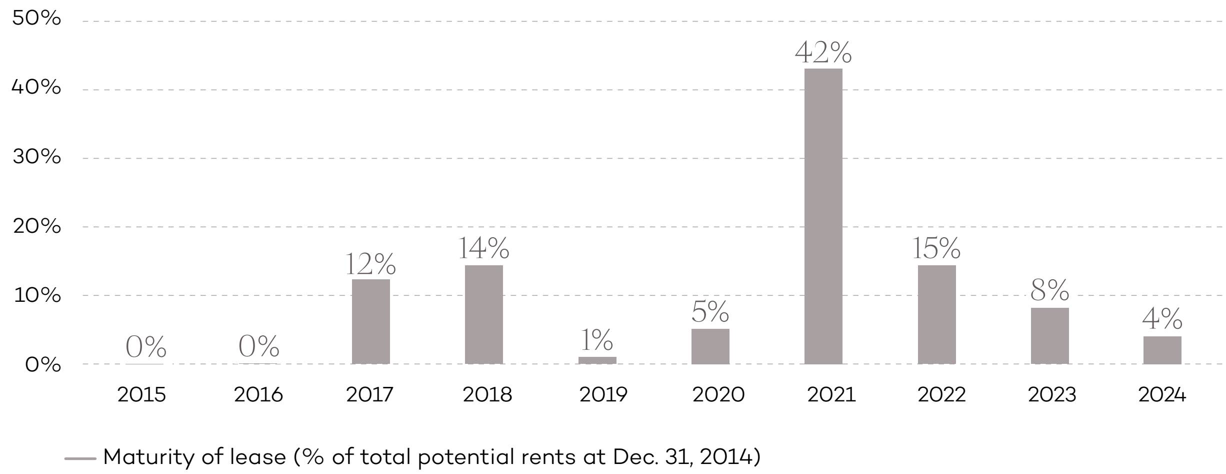
## Year of break option (in %)

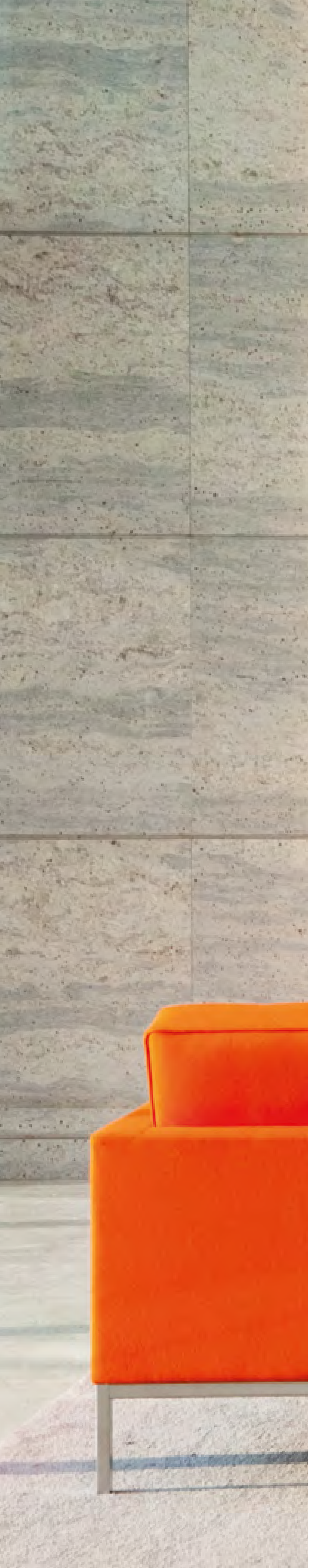



## BUSINESS-RELATED RISKS

In a very competitive market, Cegereal focuses specifically on the portfolio's sustainability by ensuring its buildings meet the most exacting market standards while complying with strict sustainable performance and environmental criteria. For example, Arcs de Seine's restaurant facilities and communal areas were modernized in 2012. In addition, the Company is forging ahead with its "Garden Tower" program for the Europlaza building which was launched in 2014.
According to IPD Immostat, the office property market regained momentum in late 2014. Cumulative take-up rose by 13% year-on-year, representing 2.1 million sq.m. in 2014. 2014 saw an upturn in transactions involving units of over 5,000 sq.m., representing a total of 831,200 sq.m., i.e. 40% of take-up for the year. This category delivered the year's largest improvement (up 24%).
Alongside Rives de Bercy, Europlaza and Arcs de Seine are the third and fourth buildings in France to be certified to both HQE Exploitation and BREEAM In-Use International Very Good environmental standards.
The quality of these buildings meant that they were actively marketed in 2014. Gas Natural and Heinz now occupy 1,300 square meters in the Europlaza complex, while Crédit Agricole/BforBank, Galderma and NTT Europe renewed their leases for a surface area close to 7,400 square meters. BBC, Amgen and Exclusive Networks have leased 5,000 square meters of the Arcs de Seine building, while Sagem and Huawei added 2,100 square meters. The portfolio's occupancy rate stood at 90% at December 31, 2014.

## Maturity of lease (in %)





# 3 EXCEPTIONAL sites

combining horizontal
and vertical campuses

Europlaza

52,478 sq.m

Rives de Bercy

31,942 sq.m

Arcs de Seine

47,222 sq.m

# High-quality properties

Modern, modular and boasting a broad range of services: our buildings are designed to underpin the performance of our tenants' businesses, with people at the heart of our priorities.

VALUE ENHANCEMENT

# The portfolio

| | EUROPLAZA<br>20, avenue André-Prothin (La Défense 4) | ARCS DE SEINE<br>34, quai du Point du Jour (Boulogne-Billancourt) | RIVES DE BERCY<br>4, quai de Bercy (Charenton-le-Pont) | TOTAL |
|---|---|---|---|---|
| % Holding | 100% | 100% | 100% | n.a. |
| Value | €333m | €347m | €191m | €871m |
| Value/sq.m | €6,346 sq.m | €7,348 sq.m | €5,980 sq.m | €6,616 sq.m |
| Year-on-year change | -6.2% | +7.8% | +11.0% | +2.6% |
| Capitalization rate(1) | +6.3% | +5.6% | +5.8% | +5.9% |
| 2014 rent (not annualized) | €20,8m | €14,0m | €10,0m | €44,7m |
| 2014 rent (not annualized) | €21,8m | €11,8m | €9,7m | €43,3m |
| Year-on-year change | -4.6% | +19.5% | +3.1% | +3.7% |
| Financial occupancy rate(2) | 77% | 97% | 100% | 90% |
| 2014 weighted average residual duration of leases | 4.1 | 7.0 | 6.5 | 5.7 |
| 2013 weighted average residual duration of leases | 4.1 | 7.1 | 8.0 | 6.6 |
| Total surface area | 52,478 sq.m | 47,222 sq.m | 31,942 sq.m | 131,642 sq.m |
| *of which Offices* | *47,131 sq.m* | *44,152 sq.m* | *29,136 sq.m* | *120,419 sq.m* |
| *of which Service areas* | *3,157 sq.m* | *2,041 sq.m* | *2,424 sq.m* | *7,622 sq.m* |
| *of which Archives* | *2,190 sq.m* | *1,029 sq.m* | *382 sq.m* | *3,601 sq.m* |
| Parking spaces | 722 | 942 | 657 | 2 321 |
| Year of acquisition | 1999 | 2000 | 2003 | n.a. |
| Year of construction | 1972 | 2000 | 2003 | n.a. |
| Year of refurbishment | 1999 | 2011 | n.a. | n.a. |
| Type of leases | Investor | Investor | Investor | Investor |
| Main tenants | Cap Gemini | Canal+ | Crédit Foncier de France | Crédit Foncier de France |
| | GE Capital | Hewlett Packard | | Cap Gemini |
| | Galderma | Boursorama | | GE Capital |

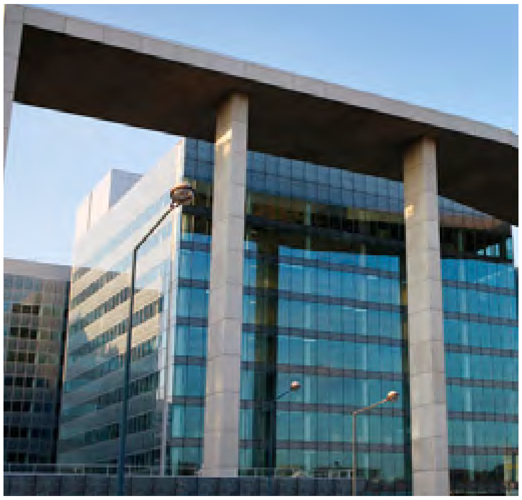
(1) Source: DTZ real estate valuations
(2) The financial and physical occupancy rates are defined in section III.1 "Rental activity"

## ARCS DE SEINE

€347m
Appraisal value at December 31, 2014

47,222 sq.m
Total surface area

Canal+, Hewlett Packard, Boursorama
Main tenants



## RIVES DE BERCY

€191m
Appraisal value at December 31, 2014

31,942 sq.m
Total surface area

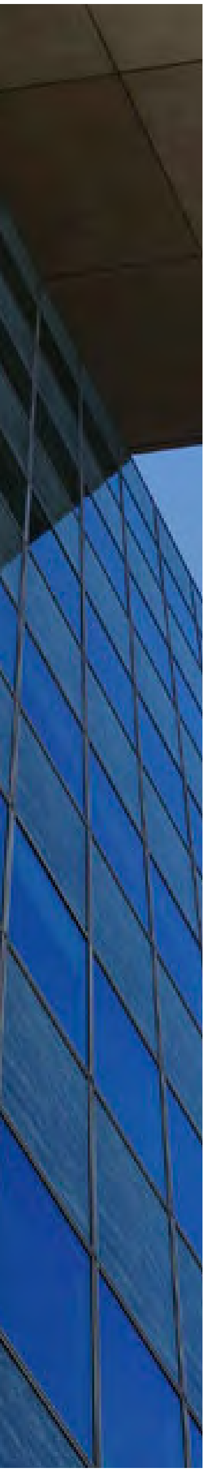
Crédit Foncier
Main tenant

## EUROPLAZA

€333m
Appraisal value at December 31, 2014

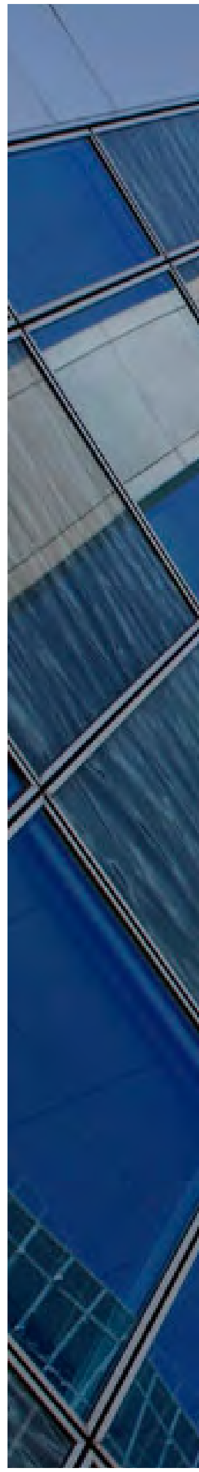
52,478 sq.m
Total surface area

Cap Gemini, GE Money Bank, Galderma
Main tenants



# ARCS DE SEINE

# Combining well-being and performance



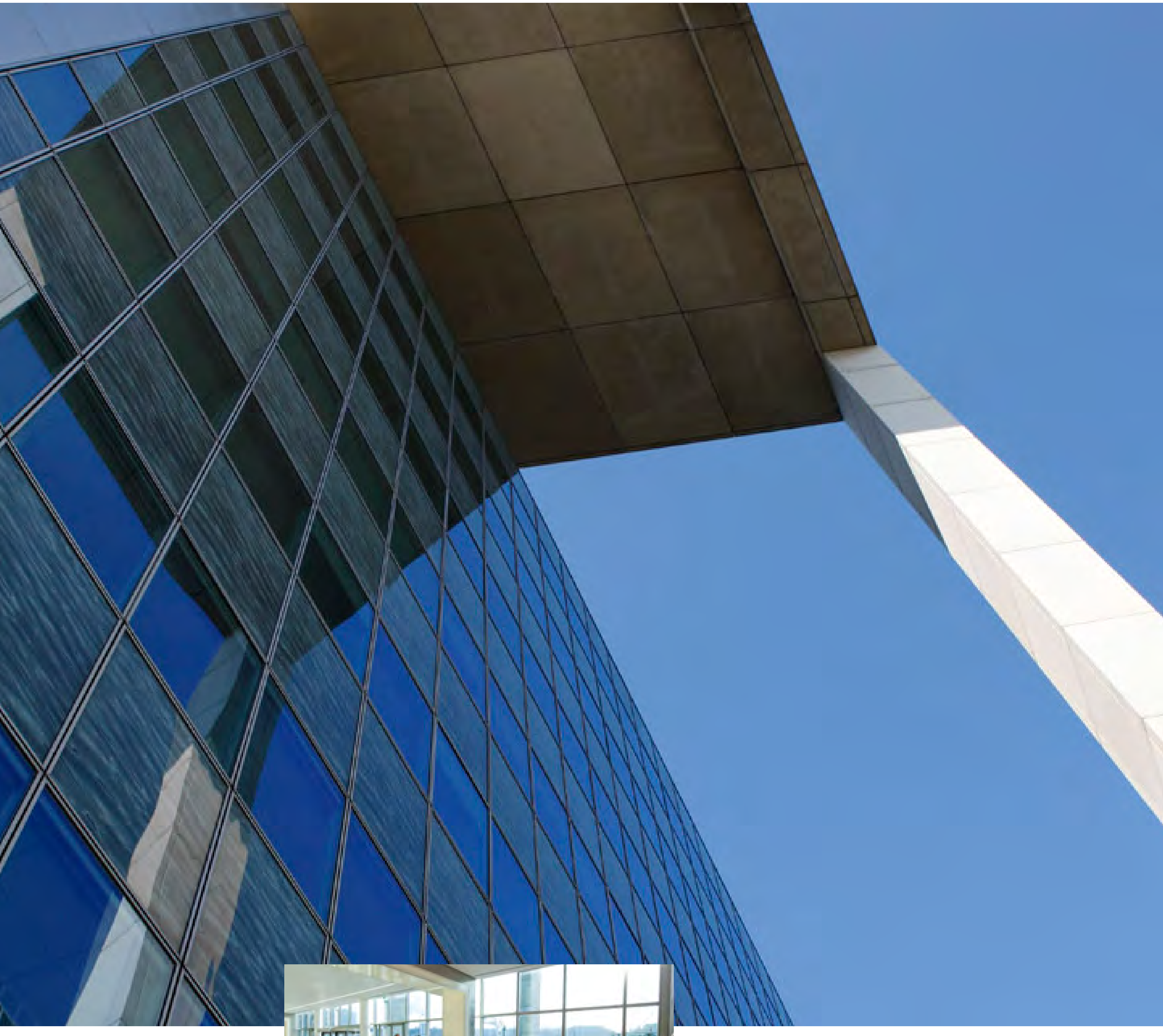
## IN THE HEART OF THE SECOND LARGEST BUSINESS CENTER IN THE WESTERN PARIS SUBURBS

Arcs de Seine is located on the outskirts of Paris in the center of "Telecommunication Valley". This part of Boulogne-Billancourt, an important service industry hub in the Greater Paris region, offers two advantages. It is easily accessed via a dense and efficient public transport network, and its location on the banks of the Seine makes it easy to reach Paris quickly by car. In addition, it attracts the most prestigious clients due to the presence of forefront players in the communications and technology sector, major multinationals, brand leaders and SMEs attracted by the area's vibrancy.

## NATURE, LIGHT AND TRANSPARENCY

Arcs de Seine comprises three buildings with five, seven and eight floors. Surrounding a private garden, the buildings combine modern lines and arches in a style designed by architecture firm Skidmore, Owings & Merrill (SOM).
Each floor has exceptional exposure to natural light. Tenants can enjoy an uninterrupted view of the Seine or a large landscaped garden. The use of stone, a water-themed decor and materials that enhance the transparency captures as much light as possible.
Although Arcs de Seine is already close to nature, Cegereal wanted to make the site even greener. In 2012, it became one of the first buildings in the area to obtain HQE Exploitation certification. Arcs de Seine was certified compliant with BREEAM In-Use International standards in early 2014, achieving a "Very Good" rating for its performance as measured against both Part 1 (Asset Performance) and Part 2 (Building Management) of the standard.

CANAL+, HEWLETT PACKARD, BOURSORAMA, HUAWEI, SAGEM
MAIN TENANTS



47,222 sq.m
TOTAL SURFACE AREA

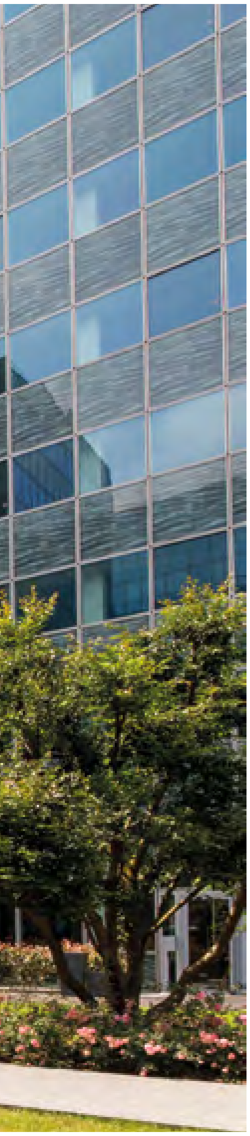
"A genuine benchmark for energy efficiency, environmental responsibility and comfort at the workplace, Arcs de Seine had another successful year on the rental market, through lease extensions and an increase in the surface area rented. At end-2014, only 1,400 square meters were available for rent out of a total of 40,000 square meters available since the site was renovated. Canal+, Hewlett Packard, Huawei Technologies, Boursorama all among the premium companies that we are proud to call tenants and loyal, long-term clients."

CARL-CHRISTIAN SIEGEL, Deputy Chief Executive Officer for real estate

€347m
APPRAISAL VALUE
AT DECEMBER 31, 2014
(EXCLUDING TRANSFER COSTS)

97%
OCCUPANCY RATE
AT DECEMBER 31, 2014

€14,1m
RENTAL INCOME
IN 2014



### SERVICES AND FLEXIBILITY TO THE FORE

Each floor of the Arcs de Seine buildings is designed to offer the most versatile office set-up to clients that is best suited to their needs. Depending on the client's requirements and working methods, the functional units of 1,400-2,800 square meters, divisible both horizontally and vertically, can be used as open spaces or divided into individual offices.

These versatile spaces offer maximum comfort and safety in a friendly, campus-like spirit. Tenants and visitors have access to an array of shared services and amenities, including a reception area, meeting rooms, an auditorium that seats 298, a restaurant that was refurbished in 2013, a 940-space underground car park and a bank. On-site building managers are present on a continuous basis to maintain technical comfort and site security.

### A BETTER PLACE TO LIVE AND WORK

Cegereal has refurbished the Arcs de Seine rest and relaxation areas to make them more pleasant, attractive and user-friendly. Clients now benefit from new services to suit a range of needs: buffet counters serving meals based on different themes in the new intercompany restaurant, a cafeteria for eating on the go, take-away meals, a lounge area for relaxing at any moment, and access to the restaurant's new terrace which looks onto the garden.

### OCCUPANCY RATE OF 97%

Cegereal stuck to its successful marketing strategy for Arcs de Seine in 2014. Three new tenants occupying 5,000 square meters moved in: Amgen, Exclusive Networks and the BBC. Sagem and Huawei took on an additional 2,100 square meters of space.

**CLIENT INTERVIEW**

## Sonepar

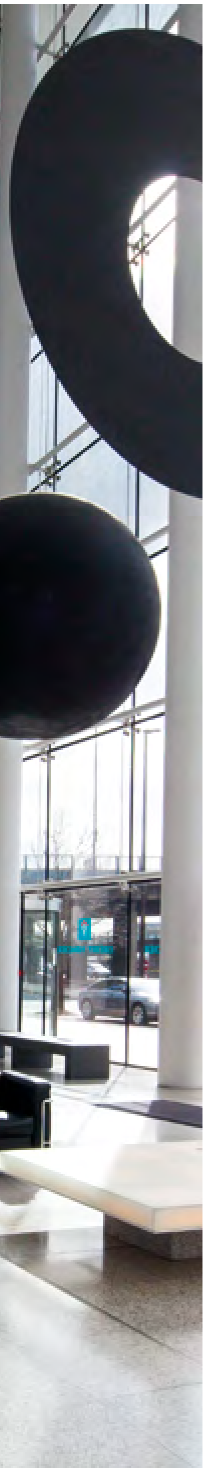
A global leader in the distribution of electrical products and related services and Arcs de Seine tenant

BERTRAND DONNEVE
Property and Security Director

*"The site offers our employees comfort and a modern place to work, both very important factors, and is very close to central Paris."*

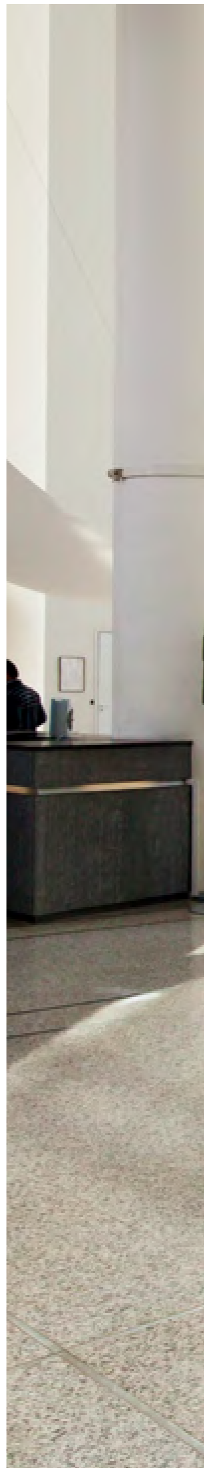
# €0.9m

IN RENOVATIONS AND IMPROVEMENTS
IN 2014



# RIVES DE BERCY

# Premium real estate in the eastern outskirts of Paris



## IN THE HEART OF AN EXPANDING BUSINESS DISTRICT

Rives de Bercy is a premium property complex located in Charenton-le-Pont in an expanding business district on the eastern outskirts of Paris. In the last few years, many companies have moved to this area as it is close to Paris, has good motorway access, attractive areas on the banks of the Seine and high quality workspaces at lower rents than in the capital's western suburbs.

Close to the Paris ring-road and A4 motorway, and with good bus and metro links to the center of Paris, Rives de Bercy boasts a strategic location in an up-and-coming area where many projects are underway to breathe life into the eastern suburbs' economy.

## OPENNESS, TRANSPARENCY AND SERENITY

Thanks to its architecture and interior design, its buildings designed on a human scale and modern spaces, Rives de Bercy induces a feeling of calm and serenity, and is open to the outside world.

The building has a total surface area of 31,900 square meters spread over seven floors and arranged in a "6" shape. Every floor is bathed in light. Overhead walkways connect the various wings, while the 115-meter curtain wall facade opens onto an exceptionally spacious lobby decorated by Albert Pinto. On one side, there is an unencumbered view of the Seine, and on the other, over 16,000 square meters of garden. The lawn-covered panoramic terraces connect co-workers with the natural environment.

## CRÉDIT FONCIER SOLE TENANT

31,942 sq.m
TOTAL SURFACE AREA

"In 2013, Crédit Foncier signed a new, firm nine-year lease – well in advance of the expiration of the previous lease in February 2015 – thereby extending our relationship by a further seven years through December 2021. I think that demonstrates the huge appeal for businesses in locating their operations in superior conditions on the edge of Paris. Crédit Foncier has a financial stake in the operation and maintenance of Rives de Bercy, customizing the site to its needs and those of its employees. We're delighted to press ahead with our shared project to improve the energy performance of Rives de Bercy that was launched in 2013."

BRUNO DU RUSQUEC, Facilities & Security Director

€191m
VALUATION
AT DECEMBER 31, 2014
(EXCLUDING TRANSFER COSTS)

100%
OCCUPANCY RATE
AT DECEMBER 31, 2014

€10.0m
IN RENTAL INCOME
IN 2014

## LEADING-EDGE SERVICES

Each 4,400-square meter floor comprises units surrounded by greenery that can be divided as of 3,200 square meters into dedicated workspaces. Each floor can house 440 people. These highly modern, functional spaces are equipped with state-of-the-art air conditioning, soundproofing and lighting systems.

As befits a business campus, Rives de Bercy offers a range of top-notch amenities: meeting rooms of various sizes, a 657-space underground car park, a 188-seat auditorium, a 1,500-square meter restaurant including a cafeteria with views onto a landscaped garden, four club lounges, and two fitness rooms. These premium services show that Crédit Foncier, the building's sole tenant, is genuinely interested in its employees' well-being and comfort.

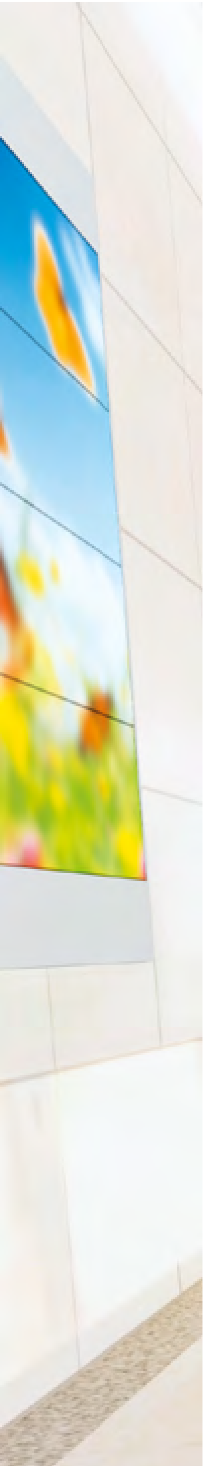
## CLOSER TIES WITH CRÉDIT FONCIER

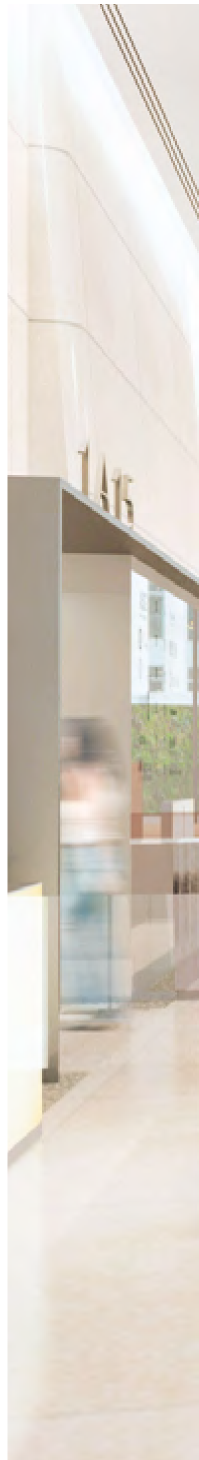
As the sole tenant of Rives de Bercy since 2003, Credit Foncier is keen to look after the site and has launched several projects to this end. The renewal of its nine-year lease in 2013, taking it up to December 2021, has strengthened the group's partnership with Cegereal, enabling the two companies to join forces to obtain certification for the building's environmental performance. As a result, the building obtained HQE Exploitation certification at end-2014 and BREEAM In-Use Very Good certification.

# €0.9m

## IN RENOVATIONS AND IMPROVEMENTS

IN 2014





Europlaza

# Living comfortably in the "Garden Tower"

Cegereal began work on renovating the Europlaza tower in October 2014 to transform it into a "Garden Tower". Juan Trindade is the architect in charge of the project. He previously designed the entrance hallways of other symbolic towers in La Défense. This renovation will enable Cegereal to market a site in Spring 2015 that combines the offer of a pleasant lifestyle and nature with its workspaces.

## A GREEN SPACE AT THE HEART OF EUROPE'S LARGEST BUSINESS DISTRICT

For the first time in this business district ranked in the world top 10, tenants and visitors will have exclusive access to a private landscaped garden of some 3,300 square meters. Like other new generation towers, plants and greenery will be given pride of place, with grass and trees added to the forecourt. Dozens of trees were planted in 2014. Europlaza is the third building in France to obtain HQE Exploitation and BREEAM In-Use Very Good certification.

## COMFORT, PERFORMANCE AND VERSATILITY

Europlaza is an L-shaped complex with over 47,000 square meters of office space comprised of units of 1,300-2,100 square meters with high ceilings and an uninterrupted view from every floor. The units can be left as open plan spaces or divided into offices according to the tenant's preference. They boast the most up-to-date technical equipment, such as air conditioning, security and video surveillance systems

A total of 14 leading companies have leased space in the Europlaza complex

CAP GEMINI, GE MONEY BANK, GALDERMA, CRÉDIT AGRICOLE/BFORBANK
MAIN TENANTS

52,478 sq.m
TOTAL SURFACE AREA

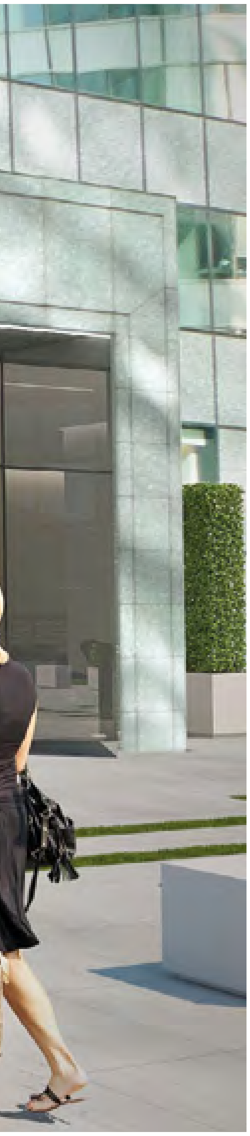
"Redesigned to meet clients' fresh expectations, the Europlaza tower is one of the greenest office rental complexes offering premium services and parking. It is particularly energy efficient, and has been extremely popular with tenants despite the financial crisis and the sluggish La Défense rental market. The goal is to sustain this marketing success and maintain the building's value over the long term by turning it into a "Garden Tower"."

Raphaël Tréguier, CEO


€333m
APPRAISAL VALUE
AT DECEMBER 31, 2014
(EXCLUDING TRANSFER COSTS)

77%
OCCUPANCY RATE
AT DECEMBER 31, 2014

€20.8m
RENTAL INCOME
IN 2014



for several years. Cap Gemini, GE Money Bank and Galderma occupy several floors, while a number of fast-growing SMEs such as BforBank, Intersystems and Gas Natural have taken up units of less than 1,000 square meters.

## A NEW WAY OF LIVING AND WORKING

Although the Europlaza complex is already extremely modern, it will be greener and brighter once the refurbishment is complete. State-of-the art technical and visual improvements will be made in the grand entrance hall, initially designed by the architect Alberto Pinto. The space will be managed differently, as will traffic within the building, and new noise control materials will allow those waiting to relax and concentrate.

As well as an auditorium and refurbished meeting rooms, the Europlaza tower will continue to offer its clients a range of top-notch services, including private underground parking, a fitness club with sauna and physiotherapist, a cafeteria with an outside seating area, and a brasserie and intercompany staff restaurant serving up to 1,200 meals a day. An on-site building manager and two technicians are available to meet everyone's needs. Offering services of this kind enables Cegereal to constantly attract new, first class tenants to an environment that gives priority to well-being.

## NEW LEASE SIGNINGS

The Europlaza occupancy rate fell to 93% at end-2014 compared to 89% end-2013 following the departures of Cap Gemini (7,342 square meters) and Stora Enzo (895 square meters). Cegereal signed two renewals, both of which included an extension to the area leased: Galderma renewed its 4,000 square meter lease and an additional 825 square meters, while Crédit Agricole/BforBank renewed its 1,700 square meter lease and took on an additional 1,295 square meters. Moreover, Europlaza welcomed a new tenant: Gas Natural leased an 890 square meter unit in the complex.

€2.5m

IN RENOVATIONS AND IMPROVEMENTS

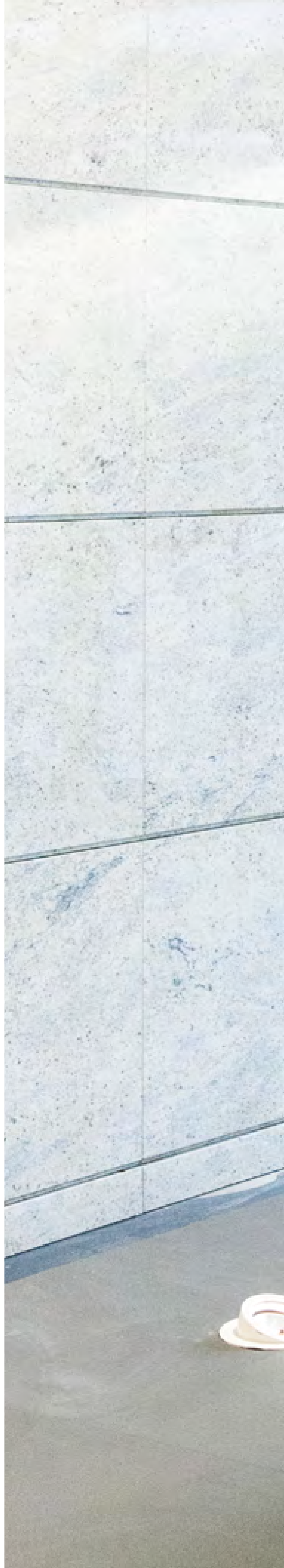
IN 2014

100%

RESPONSIBLE

Cegereal is France's first property company fully-certified to environmental standards

2014, “Go green” target achieved



# Responsible and distinctive

With a GRESB "Green Star" rating and a fully-certified property portfolio, Cegereal is already France's first fully "green" commercial property company. And we don't intend to stop there: our "Upgreen your business" strategy will continue to transform our engagement with and on behalf of stakeholders.

ENGAGEMENT

# Boosting capital through our CSR strategy

## Raphaël Tréguier

### CEO

**HAVE YOU MADE PROGRESS ON THE GO GREEN PROGRAM YOU PRESENTED LAST YEAR?**
We reached the goals set by the Go Green program this year with the certification of the Rives de Bercy site. Our entire portfolio is NF HQE® certified, and has obtained BREEAM In-Use certification. But certification is not the main goal of the Go Green program. It enabled us to roll out an environmental management system designed with our tenants in mind and in which they play a central role.

"PRIORITIZING TO AND FAST-TRACKING OUR CSR GOALS."

**AFTER THIS INITIAL SUCCESS, WHAT PLANS DO YOU HAVE FOR 2015?**
2014 is not only the year when the Go Green program reached completion. In conjunction with our stakeholders, we outlined our main sustainable development priorities and targets. By providing us with a wider picture of our environmental and societal impact, the materiality matrix we produced at the end of the year helped us pinpoint the key areas where we must take action.

Cegereal therefore intends to implement further initiatives over the next three years. A three-year CSR strategy has been drawn up containing several key material objectives for the Company's property business.

First, the Company is taking steps to obtain ISO 14001 certification and rolling out a comprehensive environmental management system that will be updated annually. Second, we are looking to boost the environmental efficiency of our buildings by continuing with our attempts to achieve BREEAM In-Use Part 3 certification (for Occupier Management) and we have set ourselves targets for reducing our carbon footprint by 2018.

Third, we have made a commitment to comply with the principles of the United Nations Global Compact by drawing up a responsible purchasing policy enabling us to strengthen dialog with our stakeholders, and share transparency and a set of common values. All of our employees have signed a code of ethics to show that they adhere to these values.

Our "Upgreen Your Business" program, which lists all of our commitments, will enable us to help our tenants reach their sustainable development goals and create an environment that will help them achieve them. On the back of these initial success stories, Cegereal will forge ahead with new goals in 2015.

## The Go Green program was finalized in 2014 thanks to a 100% environmental certification rate for the entire property portfolio.

**2013**

“HQE Exploitation” certification awarded to Arcs de Seine, with a “high performance” rating in five target areas.

“HQE Exploitation” certification obtained for Europlaza, with a “high performance” rating in six target areas.

BREEAM In-Use Very Good certification obtained for the Europlaza and Arcs de Seine properties.

**2014**

Inaugural participation in GRESB questionnaire with “Green Star” rating.

CSR materiality matrix carried out.

Launch of the ISO 14001 certification process for real estate activities.

Cegereal becomes the first real estate company certified 100% “HQE Exploitation” and finalizes its “GO GREEN” project.

“HQE Exploitation” certification obtained for the Rives de Bercy site and launch of BREEAM In-Use certification.

**2015**

Launch of the “Upgreen your Business” policy.

Breeam In-Use obtained for the Rives de Bercy site

Holder: Prothin SAS
No. NF 428 - 12/074
Certification characteristics available on www.certivea.fr

# Assets

## Certification of the environmental quality of our portfolio

- 100% of our assets received NF HQE® certification for commercial buildings in operation and BREEAM In-Use Very Good certification; we are the first property company in France to achieve 100% certification.
- Third and fourth properties in France to obtain two "Very Good" certifications (HQE Exploitation and BREEAM In-Use) at end-2014.

PERCENTAGE OF CEGEREAL PORTFOLIO WITH NF HQE EXPLOITATION CERTIFICATION


PERCENTAGE OF CEGEREAL PORTFOLIO WITH BREEAM IN-USE CERTIFICATION

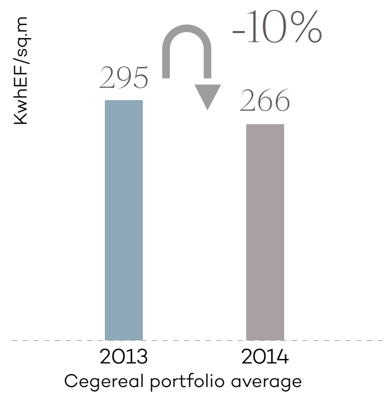

## Environmental management

Environmental appendices outlining the mutual commitments made by both Cegereal and its tenants have been signed for **over 60%** of the portfolio rental space. The Company speaks to its tenants on a regular basis regarding these appendices. Almost 76% of tenants have attended specific information meetings. The goal is for all leases to contain these appendices by 2018.

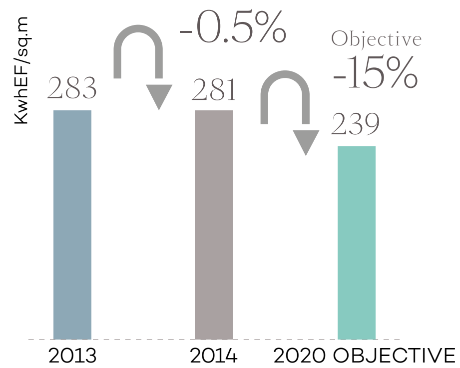
## Energy consumption

Stripping out the climate impact, there was a very slight reduction in the average energy consumption of Cegereal's portfolio between 2013 and 2014.

ENERGY CONSUMPTION
(WITHOUT CLIMATE ADJUSTMENTS)



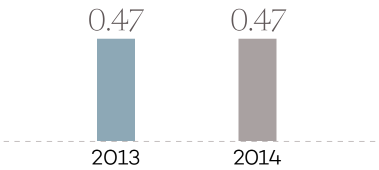

ENERGY CONSUMPTION
(WITH CLIMATE ADJUSTMENTS)




Cegereal would like to see this figure drop further and has set a target of -15% (in kWhFE/sq.m/year) by 2020.

## Water consumption ($m^3/m^2/year$)

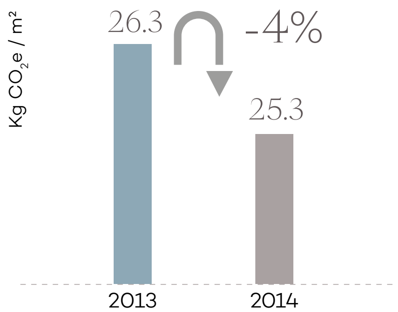
Water consumption is monitored closely.




Water consumption was relatively stable on average between 2013 and 2014.
A target to reduce consumption by 10% by 2020 has been set ($m^3/m^2/year$).

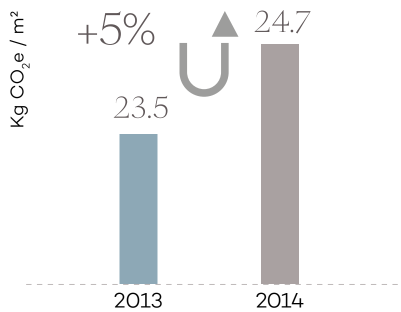
## Greenhouse gas emissions (kg $CO_2e/m^2$)

GREENHOUSE GAS EMISSIONS (WITHOUT CLIMATE ADJUSTMENTS)




Cegereal portfolio average

GREENHOUSE GAS EMISSIONS (WITH CLIMATE ADJUSTMENTS)




Cegereal portfolio average

Greenhouse gas emissions from Cegereal's portfolio fell by 4% between 2013 and 2014 before factoring in any climate adjustments. If we adjust the figure to factor in the climate impact, the reduction is actually equivalent to a 5% increase on a constant climate basis.
As part of its “Upgreen Your Business” initiative, Cegereal has set an ambitious target of reducing its greenhouse gas emissions by 20% (kg $CO_2e/m^2$) by 2020.

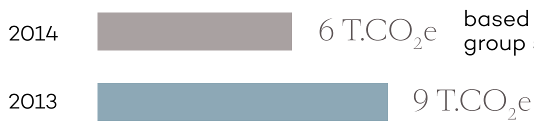
## Transport connections

< 130 meters The average distance between the Company's property assets and the nearest public transport hub*.

* The following methods of public transport are included in the calculation of the average distance between the Company's property assets and the nearest public transport hub: bus, tram, metro, train, and the Transilien and RER suburban train networks.

# Corporate

## Corporate Carbon Inventory




based on a constant group structure

-32%

reduction in greenhouse gas emissions compared to 2013 based on a constant group structure

## Suppliers and service providers

- 83% of service providers replied to our questionnaire asking them about their sustainable development practices. This is equivalent to over 78% of Cegereal's total volume of purchases made in 2014.
- Of the 83%, 67% signed up to Cegereal's responsible purchases charter.

Key Indicators

# Upgreen your Business – 2015-2018 CSR Strategy

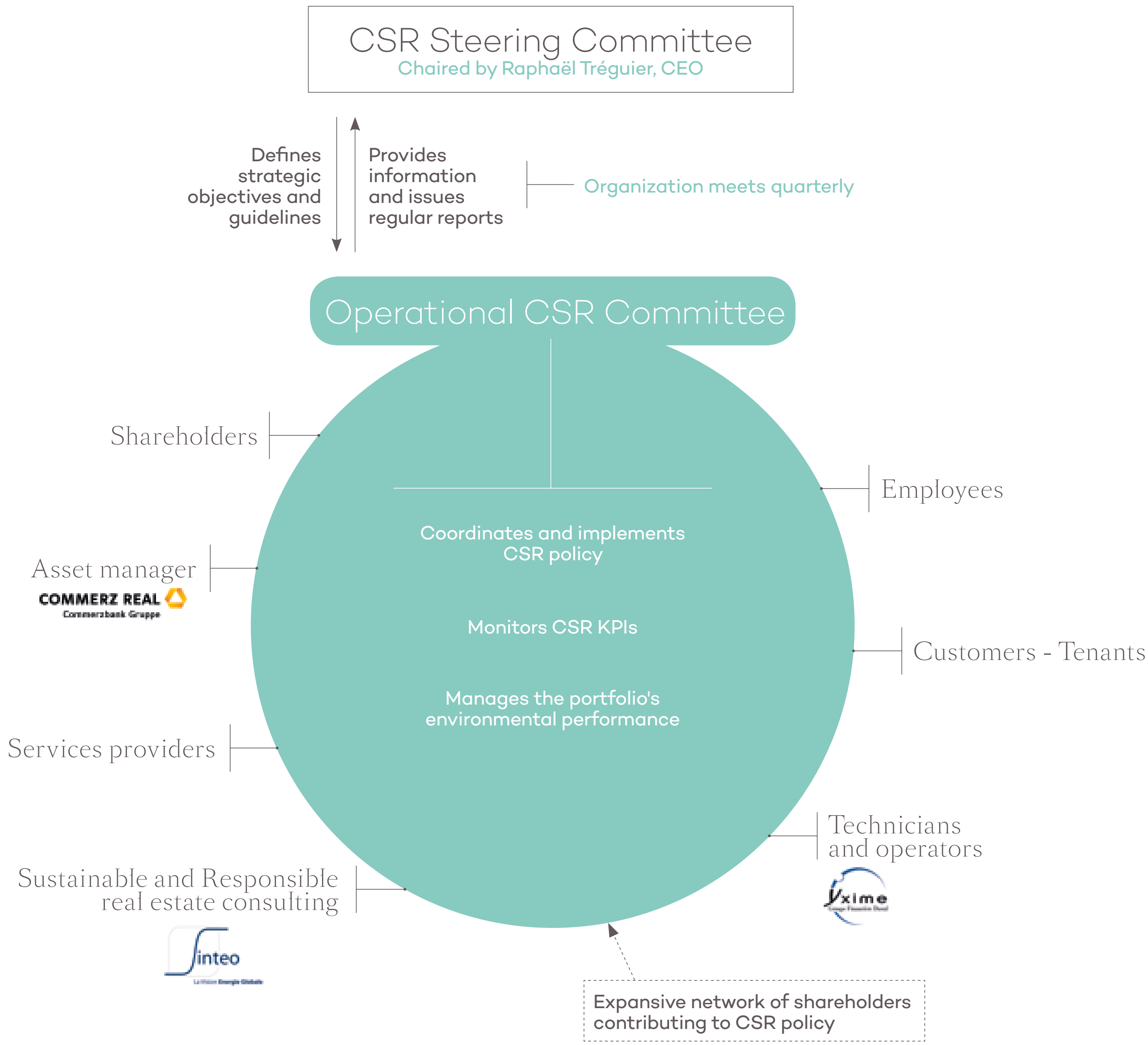
| THEMES | SCOPE | COMMITMENTS | OBJECTIVES | TIME FRAME |
|---|---|---|---|---|
| **AXE 1 - BUSINESS** | | | | |
| Control and limit our environmental impact | Portfolio | Map the environmental performance of our entire portfolio | 100% | Continuous |
| Energy performance | Portfolio | Reduce energy consumption by 15% by 2020 | -15% | 2020 |
| GHG emissions and climate change | Portfolio | Reduce our greenhouse gas emissions by 20% and control our portfolio's carbon footprint | -20% | 2020 |
| Environmental labeling and certification | Portfolio | Ensure that 100% of assets have received the "HQE Exploitation" certification | 100% | 2018 |
| | Portfolio | Ensure that 100% of assets have received the "BREEAM In-Use" certification | 100% | 2018 |
| | Portfolio | Develop 100% green buildings | 100% | 2018 |
| | Portfolio | Control the environmental impact of buildings and implement an environmental code of conduct at all of our sites | 100% | Continuous |
| Green leases | Portfolio | Ensure that all leases contain an environmental appendix | 100% of leases concerned | 2018 |
| Accessibility | Portfolio | Encourage the use of public and low-impact transport | - | Continuous |
| | Portfolio | Make our portfolio accessible to people with reduced mobility | - | 2018 |
| Waste | Portfolio | Set up recycling and waste sorting points across 100% of our portfolio | 100% of our portfolio | 2018 |
| | Portfolio | Achieve 100% coverage in terms of collection of waste tonnage that falls within the scope of environmental reporting | 100% of our portfolio | 2018 |
| Water | Portfolio | Reduce the portfolio's water consumption by 10% by 2020 | -10% | 2020 |
| | Portfolio | Install water-saving and automatic meter reading equipment across 50% of our portfolio | 50% of our portfolio | 2018 |
| Biodiversity | Portfolio | Draw up a biodiversity management strategy for 100% of our portfolio | 100% of our portfolio | 2018 |
| **2 – PLANET AND SOCIETY** | | | | |
| GHG emissions and climate change | Cegereal | Reduce the carbon footprint of our operations | Headquarters | Continuous |
| Societal footprint | Cegereal | Assess our contribution to economic activity and the distribution of our added value | | Continuous |
| Ethics | Cegereal | Comply with the ILO's fundamental conventions and provide a framework for ethical business conduct | | Continuous |
| Transparency of non-financial reporting | Cegereal | Contribute to relevant, non-financial benchmarks | | Continuous |
| Partnerships and sponsorships | Cegereal | Participate in think tanks and industry initiatives | | Continuous |
| | Cegereal | Continue corporate sponsorship activities | | Continuous |
| Stakeholder relationships | Cegereal | Involve external stakeholders in CeGeREAL's CSR policy and take their opinions into consideration | | Continuous |
| Responsible purchasing | Cegereal | Consult 100% of service providers on their sustainable development policy and assess their progress | 100% of purchase volume | 2018 |
| | Cegereal | Ensure that 100% of asset and property management mandates contain a sustainable development clause | 100% of PM mandates | 2018 |
| **3 – SOCIAL** | | | | |
| Mobilize employees and spread CSR principles across the business lines | Cegereal | Educate and train employees in sustainable development principles | | Continuous |
| Diversity and equal treatment | Cegereal | Ensure that human resources management provides equal treatment for all employees and combat all forms of inequality | | Continuous |
| Talent and skills management | Cegereal | Look after employee well-being | | Continuous |
| | Cegereal | Promote employee skills development | | Continuous |
| Governance | Cegereal | Implement efficient CSR policy governance and seek the management committee's involvement | | Continuous |

| KPIS | 2014 PROGRESS | DESCRIPTION |
|---|---|---|
| | | |
| % of surface area mapped | 40% | Cegereal began to map the environmental performance of its portfolio in 2014. |
| Average energy consumption per sq.m | 3% | Cegereal's energy consumption fell by 0.5% between 2013 and 2014 on a constant climate basis. The 6,098 MWhEF of energy consumed by Cegereal in 2014 is equivalent to the average annual energy consumption of 1,300 French households. |
| Average GHG emissions per sq.m | - | Greenhouse gas emissions from Cegereal's portfolio fell by 4% between 2013 and 2014 before factoring in any climate adjustments. If we adjust the figure to factor in the climate impact, the reduction is actually equivalent to a 5% increase on a constant climate basis. The GHG emissions from Cegereal's portfolio amounted to 1,037 $tCO_2e$ and are equivalent to the average annual emissions of 115 French citizens. |
| % surface area of assets with "HQE Exploitation" certification | 100% | 100% of our assets received NF HQE® certification for commercial buildings in operation; we are the first property company in France to achieve 100% certification. |
| % surface area of assets with "BREEAM In-Use" certification | 76% | In early 2015 the Rives de Bercy site received the "BREEAM In-Use" certification, which means that CeGeREAL's portfolio is now 100% "BREEAM In-Use" certified. |
| % surface area of assets certified or labeled | - | No developments in 2014. |
| % of developments implementing the environmental code of conduct | 50% | An environmental code of conduct has been issued and signed by Cegereal's asset manager. |
| % of environmental appendices signed | 36% | 36% of leases covering over 60% of the surface area include an environmental appendix. |
| % of assets (in terms of value) located less than 150m from a public transport hub | 100% | 100% of our portfolio is located less than 130m from a public transport stop. |
| % of surface area accessible | - | |
| % of surface area where recycling and waste sorting takes place | - | |
| Coverage with regard to environmental reporting | 62% | |
| Average water consumption in cu.m/sq.m/year | | Water consumption was relatively stable on average between 2013 and 2014. |
| % of assets fitted with water-saving and automatic meter reading equipment (in terms of value) | 40% | |
| % of portfolio covered by ecological studies or a biodiversity label | 40% | We launched an environmental audit of our whole portfolio in 2014 which will be completed in 2015. The aim is to draw up and implement a comprehensive environmental management system to protect biodiversity. |
| | | |
| - | - | Based on a constant group structure, the Company's emissions contracted by 32% between 2013 and 2014. Total emissions in 2014 reached 5.8 $tCO_2e$. |
| - | - | Cegereal's business generated 347 indirect jobs in 2014. |
| - | - | Cegereal is also a member of Global Compact France, underlining its compliance with and support for the Ten Global Compact Principles. 67% of service providers that responded to Cegereal's questionnaire have signed up to our responsible purchases charter, which is based on the ILO's fundamental conventions. They account for 77% of Cegereal's purchases. |
| GRESB and EPRA sBPR | - | Cegereal's 2014 GRESB results are outlined in the "Partnerships and corporate sponsorship" section of the CSR report. |
| | - | Our involvement in think tanks and industry initiatives is outlined in the "Partnerships and corporate sponsorship" section of the CSR report. |
| Amount invested annually in corporate sponsorship activities | - | nd |
| Number of interviews in the CSR report | - | The 2014 CSR report contains interviews with five external stakeholders. |
| Responses to the annual "service providers and suppliers" questionnaire as a % of the Company's purchase volume | 78% | 83% of service providers replied to our questionnaire asking them about their sustainable development practices. This is equivalent to over 78% of Cegereal's total volume of purchases made in 2014. |
| % of PM mandates observing the PM Sustainable Commitment Charter | 50% | An environmental code of conduct has been issued and signed by Cegereal's asset manager. |
| | - | |
| % of work time dedicated to CSR | - | Six CSR reporting meetings were held in 2014. Around 2.70% of work time was dedicated to implementing CSR policy. |
| Breakdown of employees by gender and status | - | 100% of employees have a permanent contract and 66% of employees are women. |
| Absenteeism rate | - | The absenteeism rate was reduced by half between 2013 and 2014. |
| Average number of training hours per employee | - | The average number of training hours per employee is around 28. |
| Frequency of CSR Committee meetings | | Six CSR reporting meetings were held in 2014. |

# CSR Governance

## Joint CSR management with our stakeholders

Effective since 2013, the CSR Steering Committee was officially formed in 2014. Chaired by Raphaël Tréguier, CEO, the Committee meets at least once a quarter to draw up the short- and long-term sustainable development strategy and related societal and environmental targets. It oversees the integration of these targets in the Company's overall strategy.



# Materiality and CSR issues

## A CSR strategy in line with our stakeholders' expectations

Energy performance, preservation of natural resources, blending in with the environment, protecting biodiversity. These economic, social and environmental issues have become a central part of Cegereal's strategy.
In 2014, Cegereal sought an in-depth analysis of its environmental and societal impact. It proceeded to ask all of its staff and stakeholder representatives (users, managers and shareholders) to contribute to a **CSR materiality matrix**.
The matrix was used to list the Company's CSR priorities and to streamline its goals in this area.

## Materiality of the CRS issues

The main goal is to obtain a clear overview of the issues faced, their level of control, and stakeholders' expectations. The result is a framework that can be used to understand a CSR strategy.
The CSR issues are plotted based on stakeholders' expectations and the importance of the issue to Cegereal, which itself is calculated by assessing how important these issues are for Cegereal's business and in terms of its responsibilities.
The issues are then ranked in order of importance. There are three levels ranging from "not very" to "very" important.

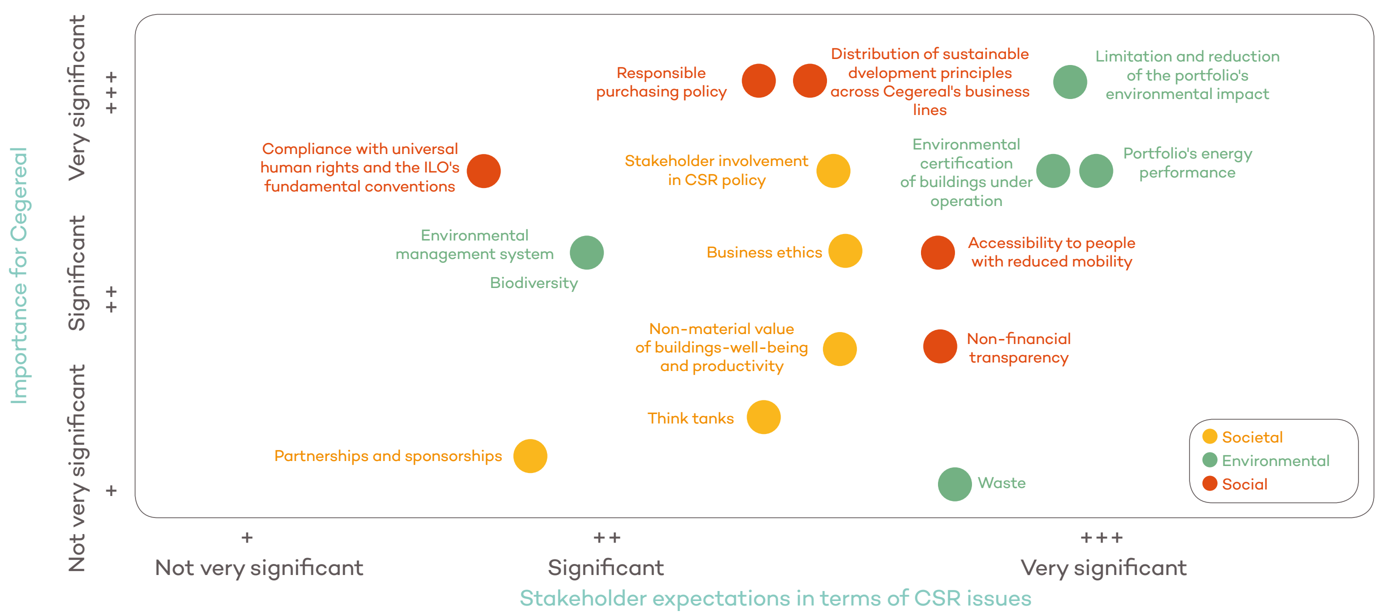
An analysis of the results showed that none of the issues were unimportant for the stakeholders and CeGeREAL. Societal and environmental issues were the most important.

Priority areas were identified, including:
- Energy performance, control over and monitoring of the portfolio's environmental impact.
- The roll-out of sustainable development principles.
- Responsible purchasing policies.
- Environmental certification for buildings in operation.

This resulted in the strategic overview of the "Upgreen your Business" program to be officially launched in 2015.

The program aims to ensure Cegereal stakeholders have a property portfolio and organization that is constantly making progress on the CSR front as part of an offering that takes full account of these issues.

The program's key priorities that comply with stakeholder expectations have therefore been outlined for 2015-2018:
1. Ensure tenants and the entire chain of subcontractors and suppliers implement cegereal's CSR strategy.
2. Manage our geographic and corporate footprint.
3. Continue to demand high environmental performance standards for our business.



## LABOR RELATIONS

A satisfaction questionnaire was distributed to co-workers to obtain their views on their well-being and working conditions. Due to Cegereal's limited number of employees, the Company does not have a staff representative body.

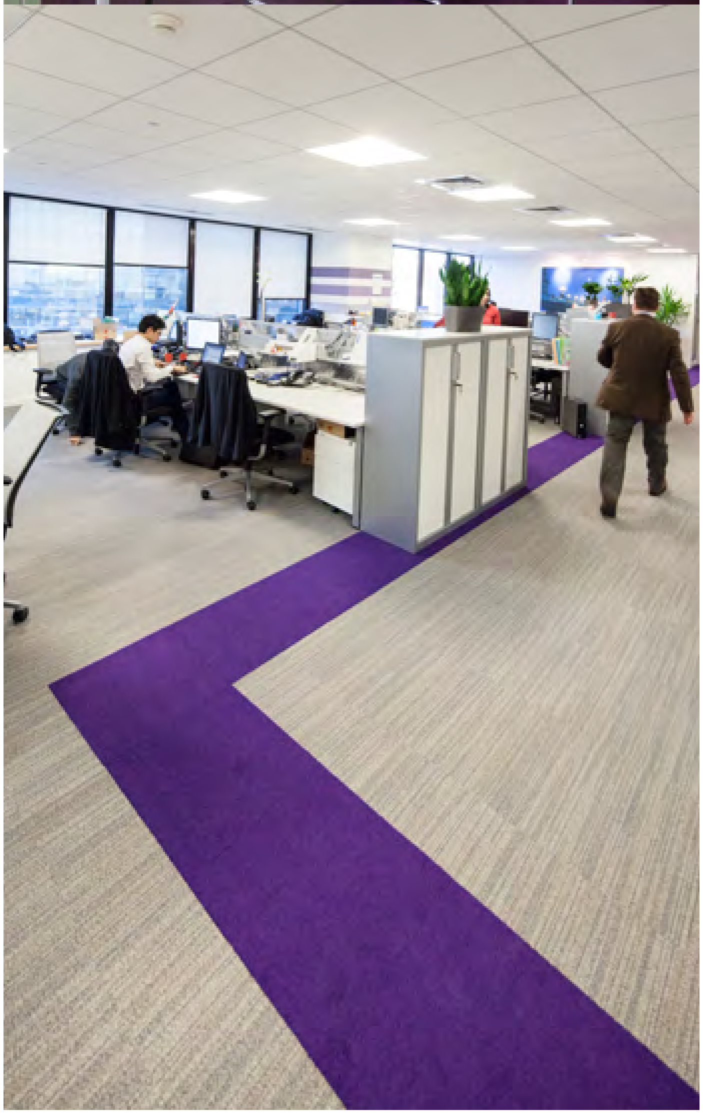
## EQUAL TREATMENT

Cegereal has made gender balance one of the core values of its employment policy. All of the Company's employees are treated fairly and have equal access to professional training opportunities. They all take part in a biannual performance review with management and can give feedback in the satisfaction questionnaire distributed annually.
Cegereal is under no obligation to employ disabled workers due to the low number of staff currently employed.

Develop co-workers' skills and cultivate their support for the CSR strategy

## PROMOTION AND COMPLIANCE WITH THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION

The nature of Cegereal's property business, which consists of managing office buildings, does not pose any direct risks in relation to the working conditions of its employees. Cegereal is governed by French law and undertakes to comply with the French Labor Code in its entirety, particularly the aspects concerning child labor, forced labor and the employment of people with disabilities.
All of our employees have signed an internal code of ethics outlining the principles and values to which all Cegereal employees are expected to adhere. The principles cover: - human rights and labor law; - employees; - shareholders; - sub-contractors and suppliers; - land and the environment.



## GLOBAL COMPACT

Cegereal is also a member of Global Compact France, underlining its compliance with and support for the Ten Global Compact Principles. Category by category, they are as follows:

### HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

### LABOR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Detailed information concerning Cegereal's employee policies is presented on page 147 of the Annual Report in the section entitled “Employees”.

Cegereal's membership of Global Compact France entitles its employees to attend the AGM, and take part in webinars and individual coaching sessions that will help them learn more about climate change issues and environmental problems.

# Taking responsibility for our societal footprint

## GEOGRAPHIC, ECONOMIC AND SOCIAL IMPACTS

One of Cegereal's key CSR priorities is to optimally blend its property assets into the city and the immediate neighborhood. For this reason, the Company is committed to limiting the impact of its properties on adjacent communities, for example, by participating in user organizations such as Association des Utilisateurs de La Défense (AUDE). The three properties in the portfolio are used by a total of over 6,000 employees and play an important role in enhancing their district's business appeal.

### KEY INDICATOR:

Average distance of portfolio assets from the nearest transport hub: **< 130 m**

## PARTNERSHIPS AND CORPORATE SPONSORSHIP

Attuned to today's real estate industry concerns, Cegereal actively promotes best practices within the profession by engaging in sponsorship activities and participating in a variety of industry organizations, as described below.

**EPRA** – The European Public Real Estate Association (EPRA) is a non-profit organization made up of Europe's leading listed property companies. One of its aims is to standardize reporting practices across the industry. Cegereal is an active member of the association and has sponsored the annual EPRA conference for the last four years. Its financial and CSR reports have been prepared in accordance with EPRA's Best Practices Recommendations (BPR).

**Fondation Palladio** was created in 2008 under the auspices of Fondation de France, and aims to more effectively incorporate economic, technological and environmental developments affecting urban construction into business strategy.

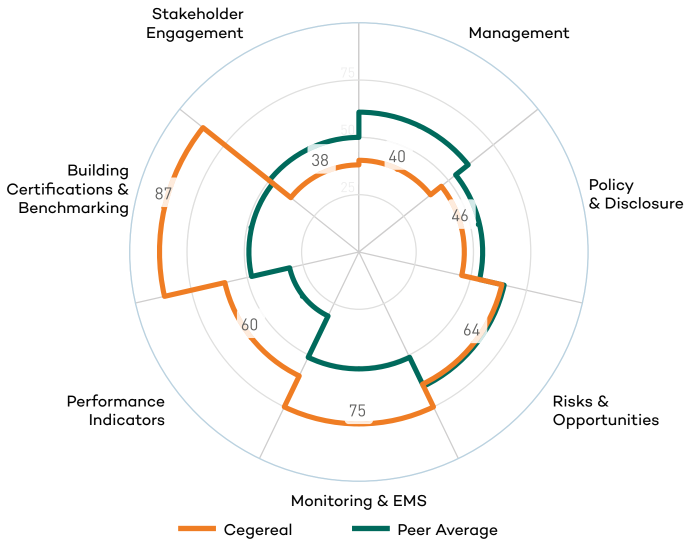
Cegereal has been a member of the French industry federation Féderation des Sociétés Immobilières et Foncières Françaises **(FSIF)** since 2008. The Company participates in various working groups that examine regulatory issues.

Association des Utilisateurs de La Défense **(AUDE)**, has a membership of more than 60 major property users representing over 77% of the office and retail space in the La Défense business district. Cegereal is an engaged member, and aims to offer input on planning and development strategies for La Défense and on how to preserve its appeal.

**L'Institut de l'Épargne Immobilière et Foncière**, is an independent research center and forum for discussion and reflection between real estate and investment professionals. Cegereal has been a member since 2010 and is listed on the Euronext IEIF "SIIC France" index.

Cegereal is also a member of the ULI – **Urban Land Institute**. The ULI is a non-profit organization that boasts more than 33,000 members across the globe from all private and public sectors relating to urban planning and real estate development.

## OUR PERFORMANCE AND TRANSPARENCY RECOGNIZED BY GRESB




GRESB (Global Real Estate Sustainability Benchmark) is an international organization dedicated to assessing the sustainable development performances of real estate portfolios around the world and ranking listed and non-listed companies according to corporate social responsibility (CSR) criteria. In 2014, its report looked at 637 companies and real estate funds, covering 56,000 buildings with a total value of €1,500 billion.
Making an impressive debut in the Global Real Estate Sustainability Benchmark, Cegereal has been ranked in the survey's highest category and awarded **Green Star** status. The Company is now recognized as a benchmark property company in the areas of corporate social responsibility and sustainable development.

Cegereal's ranking reflects the extent to which its management team is committed to carrying out all of its activities in a responsible and sustainable manner, and of guaranteeing the transparency of its non-financial reporting.

The GRESB ranking was also a trigger for the creation of Cegereal's Upgreen Your Business initiative.

# INVOLVING THE ENTIRE CHAIN OF SUB-CONTRACTORS AND SUPPLIERS

Cegereal has forged strong, long-term relationships with all of its service providers.

As a significant part of its functions are outsourced, Cegereal's CSR strategy relies heavily on the commitment and adherence of its stakeholders.

In 2014, a **responsible purchases charter** was distributed to all of the Company's current service providers and must be signed when contracts are renewed.

The charter is designed to select suppliers that take account of environmental, social and societal issues as part of their service. It can also be used to inform suppliers of these issues if required.

## COMMITMENTS MADE BY SERVICE PROVIDERS AND SUPPLIERS WHEN THEY SIGN THE CHARTER

1. Comply with all requirements imposed on them by all applicable legal provisions.
2. Inform Cegereal of any potential risks relating to the goods, products or services supplied.
3. Keep Cegereal informed at all times, and analyze the causes and reasons behind accidents and take corrective measures where necessary.
4. Comply with ILO (International Labor Organization) labor standards, and ensure compliance throughout their supply chain.
5. Comply with the French Labor Code in its entirety.
6. Comply with fundamental conventions of the ILO.
7. Comply with the code of ethics outlined in this responsible purchases charter, and support the fight against corruption and conflicts of interest in their business dealings and relationships with their own suppliers.
8. In complete transparency, share all non-financial information with Cegereal that they feel may be useful for drawing up an improvement program in conjunction with the latter.
9. Limit the environmental impact of their business.

At the same time, suppliers were issued with a special questionnaire to **assess their business practices**. This assessment will be carried out on an annual basis.

Over 80% of Cegereal's suppliers, equivalent to almost 78% of its purchases, filled in the questionnaire about their sustainable development practices. The survey covered a selection of suppliers that accounted for 83.6% of Cegereal's purchase volumes in 2014.

Results obtained:

- **82%** of suppliers have implemented a sustainable development policy.
- **64%** have a code of ethics adapted specifically to their line of business.
- **67%** have signed up to Cegereal's responsible purchases charter. They account for 77% of Cegereal's purchases.

**INTERVIEW**

# CommerzReal

## World leader in property management for third-party accounts

### ALEXANDRA PODVIN
Senior Technical Asset Manager

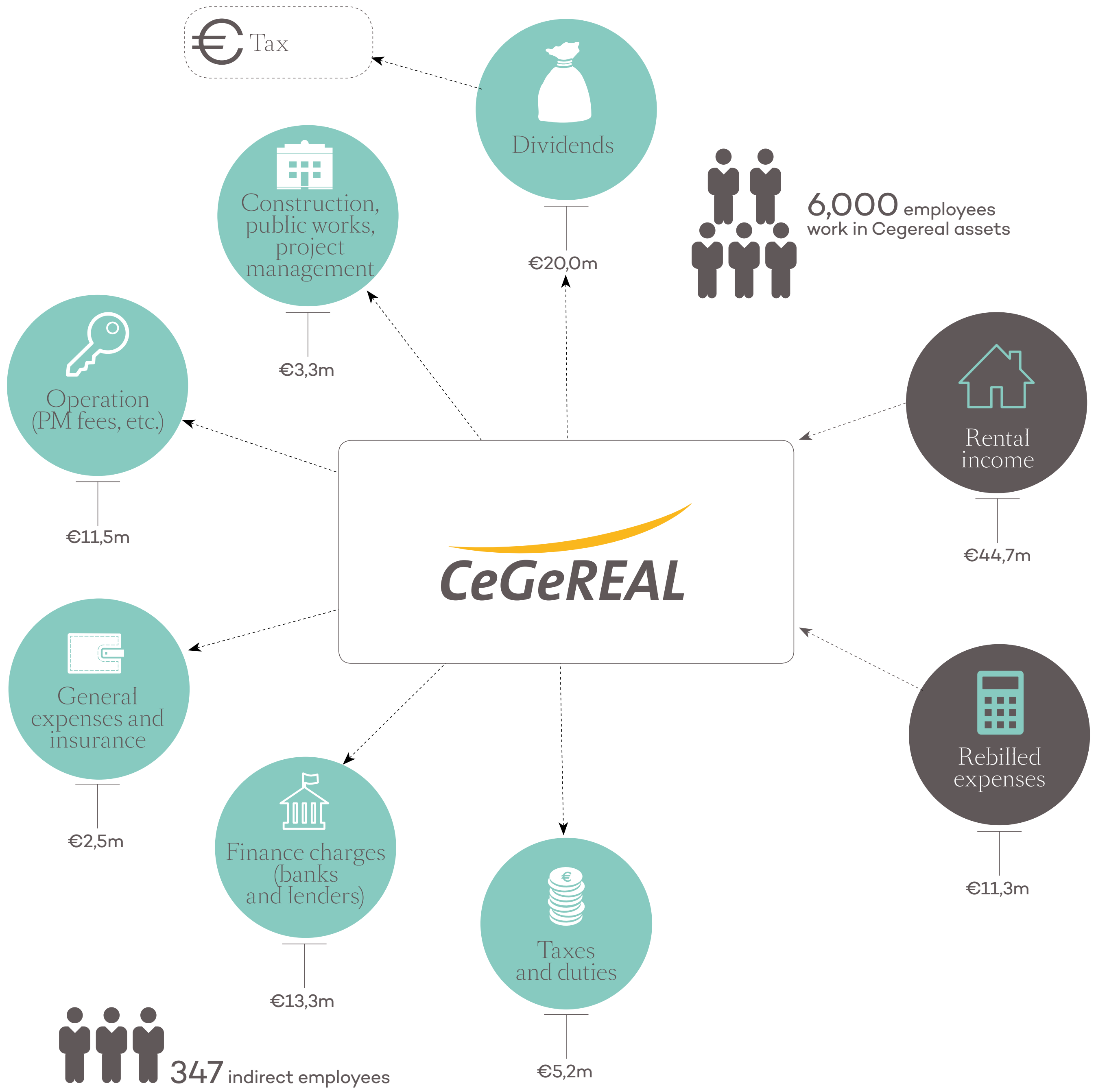
**AS ASSET MANAGER AND PRINCIPAL SHAREHOLDER OF CEGEREAL, WHAT ARE YOUR EXPECTATIONS IN TERMS OF SUSTAINABLE DEVELOPMENT?**
Commerz Real has long had high expectations in this area. We strongly believe in the "green value" that implementing an active sustainable development policy across a real estate portfolio generates. Our role as Asset Manager of CeGeREAL goes hand in hand with achieving HausInvest and Commerz Real's sustainable development goals. For example, we have performed energy audits across all assets, which has allowed us to identify the most relevant steps to take in terms of renovation and improving energy performance, and helped us to obtain the HQE Exploitation and BREEAM In-Use certifications.

**HOW DO YOU MEASURE PERFORMANCE IN THIS AREA?**
The energy and carbon reporting system devised by property manager Yxime, which is featured in this CSR report, is not the only way of measuring performance. Other factors such as biodiversity and connectivity must be given the same careful consideration. This is why we chose to back the Europlaza – Garden Tower project. By creating conditions that favor the development of urban biodiversity at the heart of the La Défense business district, this development project will enhance the Tower's appeal and improve the user experience. And that's why Commerz Real views Cegereal's portfolio as a laboratory for sustainable innovation.

# SOCIETAL FOOTPRINT

Cegereal helps to improve the real estate sector's supply chain due to the considerable influence it wields, and particularly as a result of its CSR strategy. Its responsible approach to environmental, social and societal issues has spread along the whole chain, improving its risk management along with its economic performance. Although difficult to estimate, its impact is real.

2014 saw the successful completion of the Go Green program with the identification of the Group's main sustainable development priorities. In 2015, the Upgreen Your Business strategy will be implemented. It will focus on providing tenants with support on the sustainable development front. This renewed strategy will help Cegereal boost the intangible value of its business even further.



# Continue to demand high environmental performance standards for our business

## INDICATOR REPORTING (EPRA STANDARDS)

### REPORTING METHODOLOGY

Cegereal's report is based mainly on EPRA's September 2014 environmental reporting recommendations for European real estate operators[(1)]. These recommendations have been applied to Cegereal's entire property portfolio, i.e., its three property complexes.
The environmental data concerning the portfolio is presented by scope, as follows:

| | SCOPE 1: CORPORATE | SCOPE 2: MANAGEMENT | SCOPE 3: USE |
|---|---|---|---|
| **Activities** | Headquarters' activities and Cegereal | Property management by Cegereal's asset and property manager | Use of buildings by tenants |
| **Scope** | All "Corporate" indicators | All "Property" indicators | |
| **Responsibility** | Headquaters (21-25 rue Balzac) | Lessor | Users |

The 2014 environmental data published cover the period from October 1, 2013 to September 30, 2014 and were reviewed by an independent third party. **A detailed guide to the methodology is available on the Cegereal website[(2)].**

### EPRA GLOBAL INDICATORS

| 2014 DATA | EPRA/ GRI CRESS REFERENCE | MEASUREMENT UNIT | SCOPE 2: MANAGE-MENT | SCOPE 3: USE | TOTAL WITHOUT CLIMATE ADJUSTMENT | TOTAL WITH CLIMATE ADJUSTMENT | CHANGE WITHOUT CLIMATE ADJUSTMENT | CHANGE WITH CLIMATE ADJUSTMENT |
|---|---|---|---|---|---|---|---|---|
| **Energy** | | | | | | | | |
| Total energy use | EN 3 & 4 | $MWh_{EF}$ | 11,078 | 25,977 | 35,078 | 37,054 | -10% | 0% |
| o/w fossil fuels | EN 3 | $MWh_{EF}$ | 0 | 0 | 0 | | | |
| o/w electricity | EN 4 | $MWh_{EF}$ | 6,098 | 18,623 | 24,721 | 24,721 | -6% | -6% |
| o/w urban network | EN 4 | $MWh_{EF}$ | 4,979 | 7,354 | 10,57 | 12,333 | -17% | 14% |
| ... Per square meter | CRE 1 | $KWh_{EF}$/sq.m | | | 266 | 281 | -10% | -0,5% |
| | CRE 1 | $KWh_{EP}$/sq.m | | | 484 | 578 | -6% | -4% |
| **Greenhouse gas emissions** | | | | | | | | |
| Total emissions | EN 16 | T $CO_2$e | 1,037 | 2,212 | 3,335 | 3,249 | -4% | 5% |
| o/w direct | EN 16 | T $CO_2$e | 0 | 0 | 0 | 0 | | |
| o/w indirect | EN 16 | T $CO_2$e | 1,037 | 2,212 | 3,335 | 3,249 | -4% | 5% |
| ... Per square meter | EN 8 | kg $CO_2$e/sq.m | | | 25.3 | 24.7 | -4% | 5% |
| **Water** | | | | | | | | |
| Total water use | EN 8 | cu.m. | 61,099 | 0* | 61,099 | 61,099 | 3% | na |
| ... Per person | CRE 3 | cu.m./nbETP | | | 9.50 | 9.50 | -2% | na |
| **Waste** | | | | | | | | |
| Total volume | EN 22 | kg | 659,431 | 0* | 659,431 | 659,431 | -13% | na |
| ... Per person | - | kg/nbETP | | | 108 | 108 | -13% | na |
| % recycled | EN 22 | % | | | nd | nd | | na |

* Data on tenant water use and waste production concerned Scope 2 only in 2014.

# BIODIVERSITY AND SOIL UTILIZATION

Cegereal assigns great importance to preserving the biodiversity of urban habitats and knows that providing users with a healthy, natural environment is very important for their well-being.

The Company indirectly helps to reduce the amount of urban soil used thanks to the average size and height of its property assets, and in so doing makes a positive contribution to urban growth.

Furthermore, it launched an **environmental audit** of its whole portfolio in 2014 which will be completed in 2015. The audit will be rolled out to the entire portfolio throughout 2015 with the aim of drawing up and implementing a comprehensive environmental management system to protect biodiversity.

### EUROPLAZA: THE "GARDEN TOWER" PROJECT

The Europlaza complex was the first property put through an environmental audit.

The building's outside areas are currently being landscaped as part of the goal to turn it into a "Garden Tower" boasting high quality green spaces.

This redesign offers the opportunity to lay the foundations for a form of urban biodiversity suitable for La Défense. The project will form part of a wider, fragile environmental backdrop in a dense urban area with a high concentration of transport infrastructure. In the western outskirts of Paris, the Europlaza tower is located close to various biodiverse areas including the Bois de Boulogne and the Rives de Bercy, a reminder that nature is close by, even close to the city center.

The green spaces reserved for public use attract many birds, particularly sparrows who are drawn to their trees and bushes. Protected species may even choose to make their home at the top of one of the towers. Kestrels, for example, are returning to Paris and La Défense in their search for unrivaled high points, such as those offered by the district's high-rise buildings.

Following the Europlaza environmental audit, our ecologist will draw up a green space management plan beginning-2015. The plan will include recommendations and measures to be taken to help maintain the quality of the "Garden Tower's" urban biodiversity.

### PERCENTAGE IMPLEMENTATION OF ECOLOGICAL STUDIES ACROSS THE PORTFOLIO*


* % of the portfolio's useful surface area

### ARCS DE SEINE: ENCOURAGING URBAN POLLINISATION

At Arcs de Seine, beehives have been installed in collaboration with one of the tenants, Boursorama, to encourage urban pollination. This has enabled tenants to become involved in a fun, environmental project.

# A JOINT APPROACH WITH OUR TENANTS

- 76% of tenants occupying 79% of Cegereal's portfolio surface area attended at least one meeting about their building's environmental issues in 2014.
- 36% of leases covering over 60% of the surface area include an environmental appendix.

(1) http://www.epra.com/media/EPRA_Sustainability-BPR_2014_1418300693152.pdf
(2) http://www.cegereal.com/en/sustainable-development/environmental-information

**INTERVIEW**

# YXIME

Property management firm

Tenant and manager of the Europlaza tower

## JEAN-PHILIPPE RAMBOURG

Quality and Environment Manager

### WHAT ARE THE MAIN MEASURES TAKEN THROUGHOUT THE YEAR THAT HAVE HELPED MAXIMIZE THE ENVIRONMENTAL PERFORMANCE OF CEGEREAL'S PROPERTY PORTFOLIO?

Several key measures were introduced in 2014. For example, the work carried out on the Arcs de Seine building management system made it possible to regulate the timer program for the building's lights and optimize room temperatures via the heating system, both with the tenants' consent. In the Europlaza tower, important energy savings were made by replacing all of the thermostats and regulators, an initiative launched in 2007. A lighting management system for individual tenants was also introduced.

### HOW DOES YOUR OWN ENVIRONMENTAL APPROACH INFLUENCE YOUR MANAGEMENT OF CEGEREAL'S PORTFOLIO?

Two aspects relating to the ISO 14001 certification we obtained in December 2013 for our rental and technical expertise have a significant influence on our management practices. First, the regular monitoring and review of regulatory requirements enables us to tackle issues relating to environmental regulations in advance. Establishing and monitoring a list of significant environmental aspects and impacts (and their related measures) for the assets in question means that the environment is always at the top of our list when we are making technical decisions. Cegereal's goal of having an ISO 14001-certified environmental management system will undoubtedly give even greater importance to these environmental aspects.

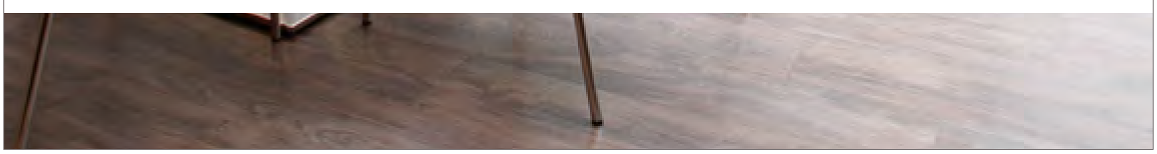
### HOW DO YOU GO ABOUT INVOLVING TENANTS IN CEGEREAL'S ENVIRONMENTAL STRATEGY?

The HQE Exploitation certification obtained by all of Cegereal's buildings involves the organization of quarterly meetings for each property which all tenants are invited to attend. The environmental performance of each building is discussed at every meeting. An additional meeting is held at the Europlaza complex in October to deal specifically with energy savings.

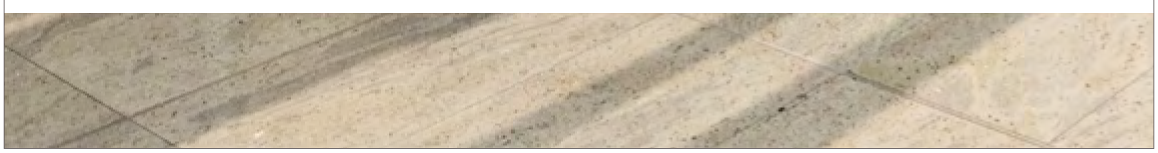
### WHAT IS THE BUILDING MANAGER'S ROLE?

Having building managers on-site in the Arcs de Seine and Europlaza properties offers a genuine advantage in terms of rolling out an environmental strategy. It makes dialog with tenants possible and helps instill a close relationship, enabling us to actively roll out our environmental policies. The building managers act as intermediaries between the owner, tenants, cleaning companies and various technical service providers. They ensure that communal and private areas are treated equally, which is often difficult but nevertheless essential to guarantee the success of our environmental management approach.

“THE REGULAR MONITORING AND REVIEW OF REGULATORY REQUIREMENTS ENABLES US TO TACKLE ISSUES RELATING TO ENVIRONMENTAL REGULATIONS IN ADVANCE.”



"OFFERING AN INITIAL AUDIT THAT WILL HELP US TO UNDERSTAND THE COMPANY'S CORPORATE CULTURE AND ITS REAL NEEDS."



**INTERVIEW**

# Greenwishes

## Company waste collection and management solutions provider

GEOFFROY VERZEAUX
CEO

**WHAT SERVICES DO YOU PROVIDE TO CEGEREAL? WHAT ARE THE SPECIFIC CHARACTERISTICS AND ADVANTAGES OFFERED?**

We offer our clients turnkey solutions for their waste management needs and in the setup of collective sorting systems in commercial buildings, mainly offices. We work closely with two tenants in the Europlaza complex.

We offer added value in the form of an initial audit that will help us to understand the company's corporate culture and its real needs. Our focus tends to be on the end users, i.e., the employees. We not only supply waste collection and sorting solutions, but we also help to inform employees about our approach, make them directly aware of environmental issues and provide them with support throughout the process.

We also offer users the option of a fair and accurate traceability of their recycled waste. This means that our clients know exactly which recycling channels we use on their behalf. We also sort waste post-collection to get rid of non-recyclable items and measure the actual weight of the recycled waste, unlike traditional players in the sector who use a bin system but do not actually check the contents or weigh the exact quantity of recycled waste. We are convinced this is a must and that it contributes to the qualitative aspect of our clients' environmental reporting. Lastly, we promote a virtuous circle approach by using local companies to treat our waste.

**WHAT PRACTICES HAVE YOU SEEN USED IN THE OFFICE RENTAL MARKET?**

Rather than practices, let me give you a few figures. We produce annual benchmarks that enable our clients to compare their figures with market averages. Only 10% of individual bins are sorted correctly and the quality of sorting for drinks containers (bottles, tins and plastic cups) stood at 66% (66kg of recyclable material in bins used to collect drinks containers for every 100kg collected).

**INTERVIEW**

# Crédit Foncier

Leading French financing and real estate services company

## THIERRY CAPILLON
General Services Manager

**WHAT BENEFITS HAS HQE EXPLOITATION CERTIFICATION GIVEN THE RIVES DE BERCY SITE? WHAT MEASURES HAVE BEEN INTRODUCED?**

The certification, which was obtained end-2014, has helped underpin the virtuous circle approach initiated at Rives de Bercy since Crédit Foncier became a tenant there. Obtaining a “Very Good” level of certification in the "Sustainable Building" category, and the high score obtained for “Comfort”, are proof of the significant amount of investment made and the measures taken to improve users' comfort and optimize the environmental performance. After the initial energy audit performed beginning-2013, several important measures were taken in 2014. They include the installation of LED lighting in each elevator lobby, the renovation of the liquid cooling production system and the addition of a buffer tank, the replacement of all of the valves in the hot water system and air handling unit's liquid cooling system, and the optimization of the operating hours of the building management system's convector fans and lighting. These renovations were carried out by Crédit Foncier as part of its wider partnership with Cegereal which is also aiming to improve environmental performance. Cegereal spent close to €1m in 2014 renovating the air conditioning units and building management system. HQE Exploitation certification has made it easier to ensure everyone has adopted a common approach, including the owner, tenants, operations manager and technicians.

**WHAT COMES NEXT?**

We have decided to roll out BREEAM In-Use certification to the site in 2015. It will complement the HQE Exploitation certification by giving our approach a more international edge. BREEAM In-Use certification covers certain areas in greater detail, such as biodiversity. This is why we have decided to join forces with Cegereal to carry out an environmental audit on the site. In addition, Cegereal will perform a full upgrade of the terrace insulation materials in 2015. Our joint efforts to improve the comfort of our co-workers will therefore continue next year.

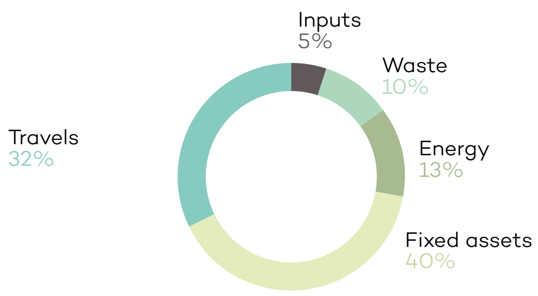
"HQE EXPLOITATION CERTIFICATION HAS MADE IT EASIER TO ENSURE EVERYONE HAS ADOPTED A COMMON APPROACH."

# CARBON FOOTPRINT AND CLIMATE CHANGE

Based on a constant group structure, the Company's emissions contracted by **32%** between 2013 and 2014. Total emissions in 2014 reached **5.8 t$CO_2$e**. Business travel and fixed assets in particular (IT equipment, furnishings) had the highest emissions.
Cegereal's carbon footprint was measured in a Bilan Carbone© audit in 2014 based on the greenhouse gas emissions generated by the Company's direct operations, not by the properties in its portfolio.

5.8 t$CO_2$e
Total emissions

1.9 t$CO_2$e
Emissions per FTE




These results are very promising. In reality, greenhouse gas emissions fell considerably between 2013 and 2014. The main reason for this is that plane trips were kept to a minimum this year. Via its internal code of ethics, Cegereal ensures that its employees are constantly aware of the most important issues and encourages them to reduce their carbon footprint.

The greenhouse gas emissions directly related to running Cegereal's properties are outlined in the "Key Indicators" section of the CSR report. To reduce certain emissions and its energy mix, Cegereal is looking at ways of using renewable energies for its buildings. Although it does not use any at this stage, the energy surveys and audits performed have already made it possible to assess the Company's options for some of its assets in this area.

# ROLLOUT OF AN ENVIRONMENTAL MANAGEMENT SYSTEM

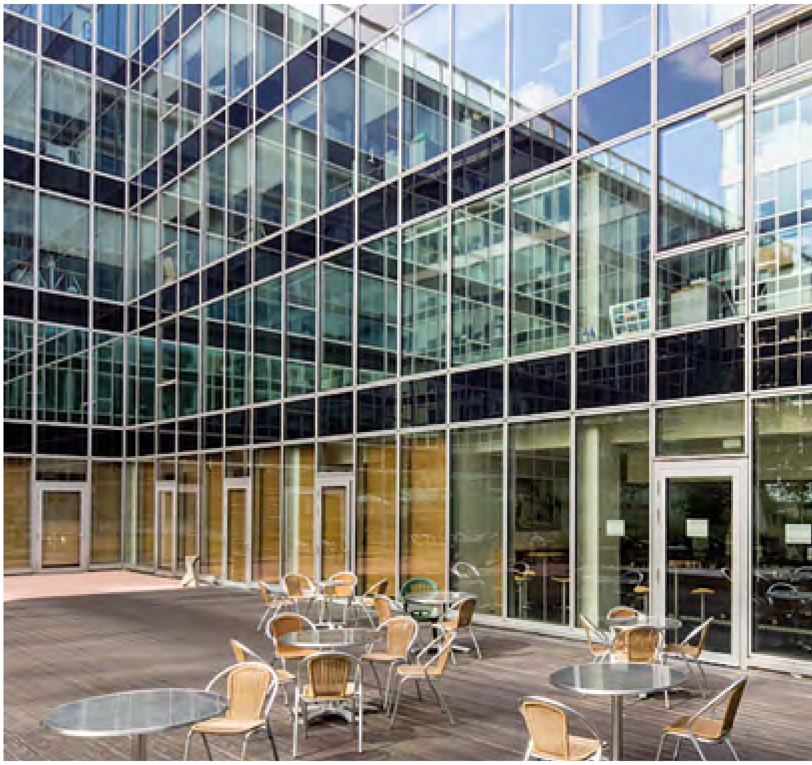
Cegereal is keen to obtain ISO 14001 certification for its businesses. It is a logical follow-on to its already well-established environmental policy, an integral part of its overall property management strategy. ISO 14001 will certify the implementation of an environmental management system for its property businesses. The targets outlined as part of the environmental management system and the CSR Upgreen Your Business strategy take into consideration the legal and reporting requirements relating to the significant environmental aspects and impacts of Cegereal's business.

# ENVIRONMENTAL RISK MANAGEMENT

The main serious environmental risks and the types of pollution specific to the property sector to which a company such as Cegereal could be exposed relate to indoor air quality and the presence of asbestos and lead in its buildings.
No such risk has been identified to date in any of Cegereal's properties. In addition, no provisions for environmental risks have been recognized in Cegereal's financial statements at December 31, 2014, since any such risks are quickly anticipated and dealt with as part of the Company's building renovation and maintenance strategy.
Indeed, over €14 million in renovation work was undertaken in 2014 to improve building energy or environmental performance. For example, work on replacing all of the regulators and thermostats launched in 2007 was completed in the Europlaza complex, and the Arcs de Seine building management system was overhauled, which included regulating the timer programming for the lighting system and optimizing the temperatures in the building.

€1.4 million

of renovation works aimed at improving the portfolio's energy performance and reducing its environmental impact were carried out in 2014.



# PREVENTING POLLUTION, AND MEASURES TAKEN TO PROMOTE HEALTH AND SAFETY

To effectively limit environmental impacts and pollution caused by its activities, Cegereal advises all of the service providers involved in the technical management of its buildings to include energy efficiency and eco-design among the criteria they use to select materials and technologies.

To promote these practices, Cegereal provided its asset managers and property managers with a "Charter for clean building sites and environmentally-friendly projects" which lists the criteria to be complied with in the areas of health, safety and the environment vis-à-vis the building's tenants during renovation and refurbishment projects. The location of the properties, all of them within 130 meters of a public transport network, significantly contributes to reducing the carbon footprint of their users.

Cegereal has developed a Socially Responsible Investment (SRI) ranking that can be used to assess the environmental and societal issues of assets they are thinking of acquiring. It can also be used to weigh up the related risks. Cegereal's asset managers also have access to this ranking.

In addition, and as part of the ISO 9001 and 14001 certifications of its businesses, Yxime (property manager) factors in the impact on the environment of its renovation choices and the related carbon footprint impact. As part of its quality management system, Yxime has also introduced strict safety regulations and an innovative risk management approach for managing Cegereal's portfolio.

# Appendices

## APPENDIX 1: REPORTING METHODOLOGY

### REPORTING SCOPE

Cegereal's report is based mainly on EPRA's September 2014 environmental reporting recommendations for European real estate operators[1]. These recommendations have been applied to Cegereal's entire property portfolio, i.e., its three property complexes.
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| **Scope** | All "Corporate" indicators | All "Property" indicators | |
| **Responsibility** | Headquaters (21-25 rue Balzac) | Lessor | Users |

In 2014, the coverage rate was 100% for the "Management" scope and 94% for the "Use" scope.
The data published in 2014 cover the period from January 1, 2014 to December 31, 2014 (social and societal data) and from October 1, 2013 to September 30, 2014 (environmental data). They have been reviewed by Cegereal's statutory auditor. **A detailed guide to the methodology is available on the Cegereal website[2].**

## REPORTING METHODS

### EXTRAPOLATIONS IF TOTAL OR PARTIAL DATA MISSING FROM SCOPES 2 AND 3

If a data item is missing, it is estimated successively using two methods:

**Method 1: reconstruction based on previous data**

- If data are unavailable for month M, year N, data for month M, year N-1 are used.
- If data are unavailable for month M, year N and month M, year N-1, an extrapolation on a monthly prorata basis is performed using data from the remaining months in year N if data for nine consecutive months are available.

**Method 2: estimates based on similar building data**

- If data are missing for a vacant unit in the building, they are extrapolated based on a surface area ratio using data available for a similar unit in the building or complex that is rented. For example: 2014 energy consumption for the first floor of building B rented by X = 2014 energy consumption for the second floor of building B rented by Y. This method is used to estimate the consumption figures for vacant units because the reporting requirements assume that the building is fully occupied.

(1) http://www.epra.com/media/EPRA_Sustainability-BPR_2014_1418300693152.pdf
(2) http://www.cegereal.com/en/sustainable-development/environmental-information

**Method 3: estimates based on market average**

- If data are missing for a large unit in the building, a market average is used and extrapolated for the vacant surface area. This method is used solely for the Europlaza complex to estimate water consumption and waste tonnage.
- The methods used are based on an OID (Observatoire de l'Immobilier Durable)[3] survey and are outlined below.
  - Water consumption: 0.45 $m^3/m^2$/year
  - Waste tonnage: 5.86 kg/$m^2$/year

In 2014 in total, and taking into account the three methods described earlier:

- **16% of water consumption** figures for Cegereal's portfolio were estimated or extrapolated.
- **8% of energy consumption** figures for cegereal's portfolio were estimated or extrapolated.
- **38% of waste** figures for cegereal's portfolio were estimated or extrapolated.

## METHODS USED FOR CALCULATIONS AND ESTIMATES

The following indicators are based on calculation or extrapolation methods:

**Greenhouse gas emissions:** For all three buildings, the data for electricity consumption and CPCU are multiplied by the ADEME 2013 emission factor for scope 2, "Management" and scope 3, "Use".

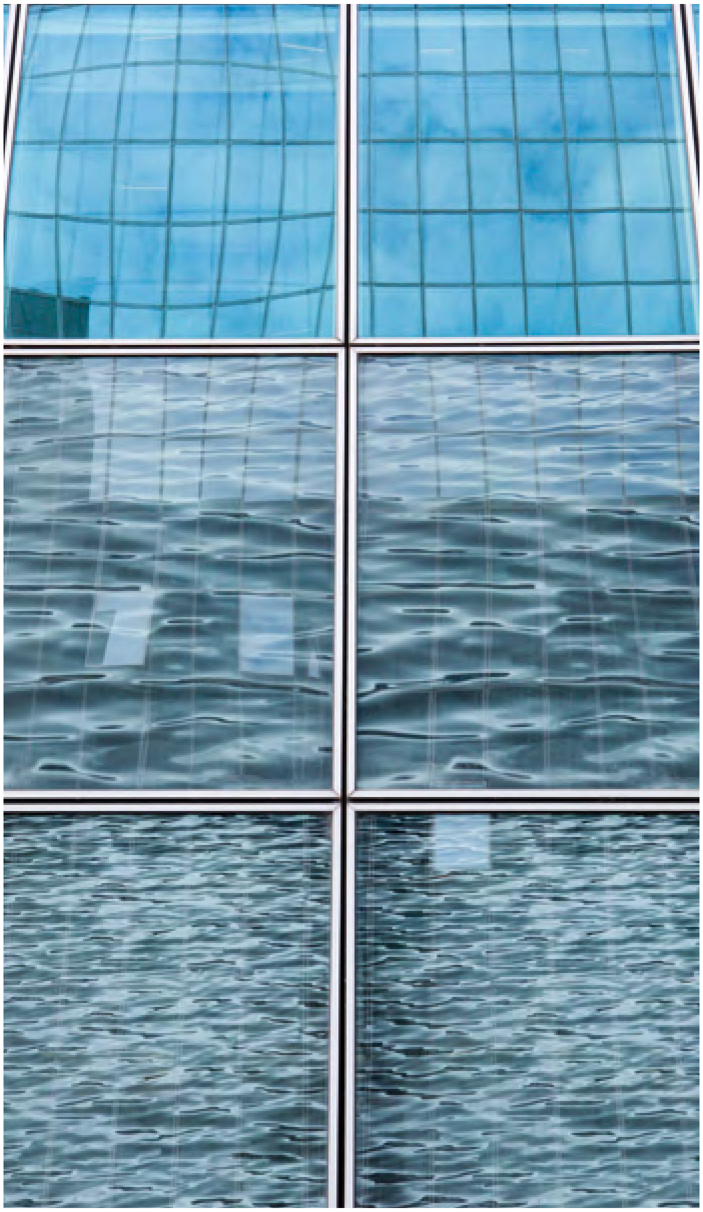
**Waste:** For the Europlaza tower, the waste tonnage for vacant spaces was extrapolated based on a market average (average waste production per m² by office assets[3]).

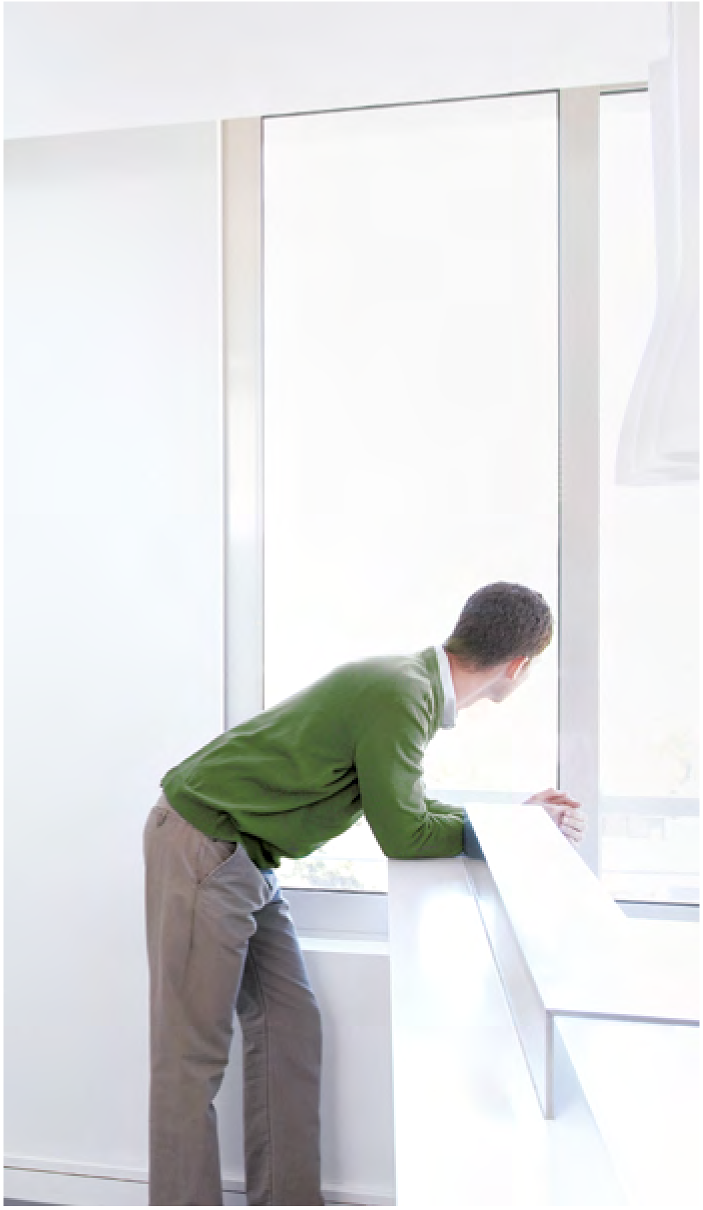
**Energy consumption**

Data are gathered from tenants' completed questionnaires via the property manager and from bills made available as supporting documents.

The coverage rate for the "Use" scope is calculated on a prorata basis for the surface area for which data are available as a proportion of the whole surface area occupied by all of the tenants for the property in question.

(3) Source: OID 2013 survey of the environmental and energy performance of tertiary buildings.





## ARCS DE SEINE:

2013 electricity consumption for two of the nine tenants was extrapolated for 2014 as no data were available. One tenant's consumption was extrapolated for all vacant spaces.
The annual time-weighted prorata approach (method 1) was used to calculate 6% of energy consumption, and the surface-weighted prorata approach (method 2) was used to calculate 9% of the building's total energy consumption (9,100 MWh) in 2014.

## EUROPLAZA:

One tenant's consumption was extrapolated for all vacant spaces. The annual time-weighted prorata approach (method 1) was used to calculate 2% of energy consumption, and the surface-weighted prorata approach (method 2) was used to calculate 8% of the building's total energy consumption (16,694 MWh) in 2014.

# ASSETS:

Overall, in 2014 the extrapolations for energy consumption related to a total of 39% of the Scope 3 "Use" surface area.

## ADJUSTMENTS FOR CLIMATE IMPACT

Adjustments for the climate impact are performed using the following method:

• **Identifying energy consumption impacted by climate extremes**

For each building, energy consumption relating to heating, air conditioning and other uses is analyzed. The breakdown of energy consumption for each building results in the use of allocation keys (Heating (PHeating)/Air conditioning (PCooling)/Other (POther)) which are expressed as a percentage of total final energy consumption for each type of energy.

• **Adjustments for climate extremes**

Climate extremes are measured using degree-days (3) by each weather station:

- HDD (heating degree day) to measure extreme temperatures in winter.
- CDD (cooling degree day) to measure extreme temperatures in summer.

An average of annual HDD and CDD is calculated every ten years, from 2004 to 2014 for each station (HDDAve and CDDAve). Weather conditions at each station can therefore be compared to an average year by comparing HDD and CDD to HDDAve and CDDAve.

• **Adjusting final energy consumption figures for climate extremes**

Using the actual final energy consumption figures reported, the consumption figures are adjusted for extremes based on the following formula:

$$C_{adjusted} = C_{actual} \times (P_{Heating} \times HDD_{ave} /HDD + P_{Cooling} \times CDD_{ave} /CDD + P_{Other})$$

Where:

$C_{adjusted}$: adjusted annual final energy consumption (kWhFE);
$C_{actual}$: actual annual final energy consumption (kWhFE);
$P_{heating}$: portion of consumption relating to heating (%);
$P_{cooling}$: portion of consumption relating to cooling (%);
$P_{other}$: portion of consumption relating to other uses(%);
HDD Ave: benchmark average annual heating degree day (°C);
HDD: heating degree day for the current year (°C);
CDDAve: benchmark average annual cooling degree day (°C);
CDD: cooling degree day for the current year (°C).

For each property, this method models the annual consumption level that would have been recorded in an average, constant climate. It is therefore possible to analyze the change in consumption levels and greenhouse gas emissions for a constant reporting structure based on identical weather conditions.

## OTHER ENVIRONMENTAL DATA:

The **"Green capex" or "energy and environmental renovations"** were calculated by totaling the renovation costs minus standard maintenance costs of uses that had an impact on the buildings' energy consumption (e.g., lighting, air conditioning, heating, etc.).

## SOCIAL AND SOCIETAL DATA

The calculation methods for the main corporate and societal indicators published in the 2014 CSR report are detailed below.

**Absenteeism rate:** The absenteeism rate corresponds to the annual number of justified absences compared to the theoretical annual number of hours worked.

**Responsible purchasing:** Service providers' participation in the responsible purchasing policy is calculated based on the response rate to the responsible purchasing questionnaire and the number of companies that have signed up to the responsible purchases charter.

**Societal footprint:** The number of indirect jobs created by Cegereal's business is calculated based on the Company's global purchasing volumes and the average annual cost of an FTE in the construction sector and the services sector[1].

**Attendance rate at tenants' meetings:** The attendance rate at tenants' meetings is calculated based on the ratio of tenants having attended at least one meeting between October 1, 2013 and September 30, 2014 and the total number of tenants for the building in question.

(1) Source: http://www.insee.fr/fr/ffc/ipweb/ip1393/ip1393.pdf

# Appendices

## APPENDIX 2: REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED LABOR, ENVIRONMENTAL AND SOCIAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

(YEAR ENDED DECEMBER 31, 2014)

### CEGEREAL S.A.

Registered office: 21-25 rue de Balzac, 75008 Paris, France
Share capital: EUR 160,470,000

*This is a free translation into English of the Statutory Auditors' report issued in French 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.*

### TO THE SHAREHOLDERS,

In our capacity as an independent third-party to Cegereal SA, certified by COFRAC under number 3-1049[1], we hereby report to you on environmental, labor and social information for the year ended December 31, 2014 presented in the management report (hereinafter "CSR Information") in accordance with Article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

### RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing the Company's management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code prepared pursuant to the guidelines used by the Company (hereinafter the "Guidelines"), a summary of which can be found in the management report and is available on the Group's website (www.cegereal.com).

### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

### RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our review, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the

(1) Its scope is available at www.cofrac.fr.

third paragraph of Article R.225-105 of the French Commercial Code (the "Statement of completeness of CSR Information");

- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of four people between September 2014 and February 2015 over a period of approximately three weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed the work described below in accordance with the professional auditing standards applicable in France and with the decree of May 13, 2013 determining the conditions in which the independent third party performs its engagement and for the reasoned opinion on fairness, with ISAE 3000[(2)].

## 1. STATEMENT OF COMPLETENESS OF CSR INFORMATION

We conducted interviews with the relevant heads of department to familiarize ourselves with sustainable development policy, as a function of the labor and environmental impact of the Company's activity, of its social commitments and any action or programs related thereto.

We compared the CSR Information presented in the management report with the list provided for by Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We ensured that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code.

Based on our work and subject to the abovementioned limits, we attest to the completeness of the required CSR Information in the management report.

## 2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of our work

We conducted interviews with the persons responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to::

- assess the suitability of the Guidelines in the light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking good market practice into account when necessary;
- verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarize ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

We determined the nature and scope of the tests and controls according to the nature and importance of the CSR Information in the light of the nature of the Company, the social and environmental challenges of its activities, its sustainable development policy and good market practice.

With regard to the CSR Information that we considered to be the most important[(3)]:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), performed analytical procedures and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- we conducted interviews to ensure that procedures are followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 100% of quantitative environmental data and 100% of quantitative social data.

For the other CSR Information, we assessed consistency based on our understanding of the Company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, in our professional judgment, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

## CONCLUSION

Based on our work, no material irregularities came to light that call into question the fact that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines.

Paris-La Défense, February 13, 2015
KPMG S.A.

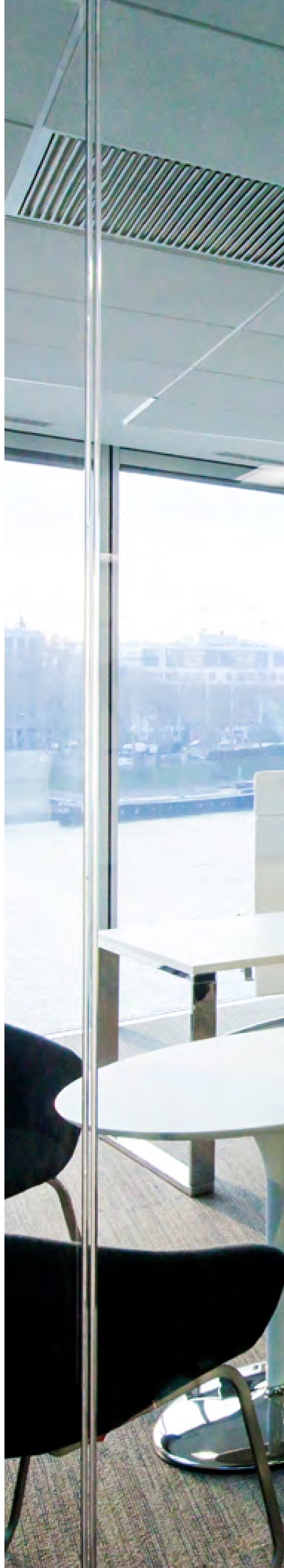
| Anne Garans<br>*Partner*<br>*Climate Change & Sustainable Development Department* | Isabelle Goalec<br>*Partner* |
|---|---|

(3) **Environmental information:** water consumption, energy consumption, $CO_2$ emissions related to energy consumption, total waste produced, BREEAM-in-Use and HQE Exploitation environmental certification ratings of buildings.
**Social information:** average distance of buildings from the nearest public transport hub, response rate to the supplier questionnaire on sustainability policies, responsible purchasing charter signature rate and attendance rate at tenants' meetings.
**Qualitative information:** general environmental policy, biodiversity protection, territorial, economic and social impact of the Company's business, relations with people or organizations concerned by the Company's activities, in particular job placement organizations, educational institutions, environmental protection organizations, consumer and neighborhood organizations; subcontractors and suppliers and fair trade practices.

# A ROBUST RENTAL BUSINESS

+13%

GROWTH IN 2014 NET RENTAL INCOME



# Rigor and transparency

Cegereal actively builds long-term relationships with all stakeholders by publishing comprehensive and transparent regulatory information.

FINANCE

# FINANCIAL INFORMATION

## 1. Consolidated results and financial position

The following presentation and analysis should be read in conjunction with this Registration Document in its entirety and in particular with the consolidated financial statements which are presented in section III.2.5.

The consolidated financial statements were adopted by the Board of Directors on February 12, 2015 and will be submitted to the Annual General Shareholders' Meeting for approval.

Cegereal SA created the company Prothin SAS ("the Subsidiary") which was registered with the Paris Trade and Companies Registry on June 27, 2011. Cegereal SA holds 100% of the capital and voting rights of Prothin SAS. Subsequent references to "the Group" therefore include Cegereal SA and Prothin SAS.

For the purposes of comparison, the financial information presented in the IFRS consolidated financial statements for the year ended December 31, 2014 includes the IFRS financial statements of Cegereal SA for the year ended December 31, 2013.

As described above, the increase in net income chiefly reflects the improved rental situation and the rise in the fair value of properties.

No acquisitions were made in 2014 and Cegereal's management bodies did not give any firm commitments as regards new purchases of buildings.

### RENTAL ACTIVITY

2014 Rental Income up 3.3%, boosted by the Lettings. During 2014, the marketing of the Arcs de Seine building continued. A lease was signed with BBC WorldWide for a total surface area of 716 sq.m., effective June 1, 2014. Sagem and Huawei Technologies signed lease extension agreements for surface areas of 716 sq.m. and 1,432 sq.m., respectively.

Two additional lease agreements were signed at the end of the year with Amgen (dated November 25, 2014) and Exclusive Networks (dated December 18, 2014). Amgen and Exclusive Networks may enter the leased premises on April 1, 2015 and May 1, 2015, respectively.

NTT Europe extended the firm term of its lease at the Europlaza site through to October 31, 2018, and renegotiated the applicable financial terms and conditions. Galderma International also renegotiated its lease. As from April 1, 2014, this lease includes additional premises with a surface area of 825 sq.m. previously occupied by General Electric Capital. Unilocations and Heinz respectively entered into leases for additional lots with a surface area of 1,295 sq.m. on April 14, 2014 and 558 sq.m. on August 1, 2014. A lease was also entered into with Gas Natural Europe for a total surface area of 887 sq.m. starting May 1, 2014. Lastly, Stora Enso and CapGemini terminated their leases and left their respective 895 sq.m. and 7,342 sq.m. premises on September 30, 2014 and October 3, 2014, respectively, that have a negative impact of 1.5m€ in 2014 on Europlaza's net rental income.

### Occupancy rate

The physical occupancy rate corresponds to the percentage of premises for which the Company receives rent within the framework of a lease agreement at December 31, 2014.

The financial occupancy rate corresponds to the percentage of premises for which the Company receives rent or indemnities in respect of terminated lease agreements at December 31, 2014.

Unless otherwise specified, the occupancy rates referred to in this report correspond to physical occupancy rates.

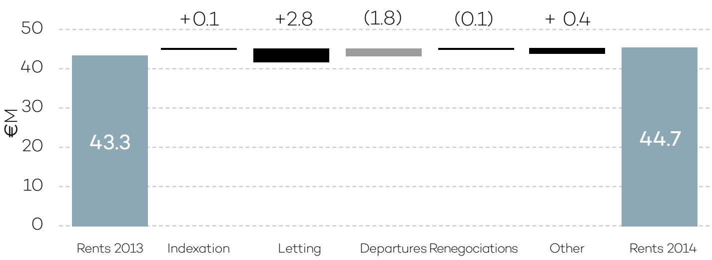
The table below shows the physical and financial occupancy rates for the Group's portfolio over the past three years.

| Cegereal portfolio | Dec. 31, 2014 | Dec. 31, 2013 | Dec. 31, 2012 |
|---|---|---|---|
| Physical occupancy rate | 89.8% | 89% | 83% |
| Financial occupancy rate | 90.5% | 89% | 83% |

The physical and financial occupancy rates for each property at December 31, 2014 can be analyzed as follows:

| Dec. 31, 2014 | Europlaza | Arcs de Seine | Rives de Bercy | Total |
|---|---|---|---|---|
| Physical occupancy rate | 77% | 97% | 100% | 89.8% |
| Financial occupancy rate | 79% | 97% | 100% | 90.5% |

### Change in rental income (December 31, 2013-December 31, 2014)




### Net rental income (2010-2014)

In thousands of euros

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Europlaza | 20,770 | 21,812 | 22,725 | 21,422 | 20288 |
| Arcs de Seine | 14,008 | 11,765 | 4,691 | 2,338 | 24,011 |
| Rives de Bercy | 9,968 | 9,726 | 11,217 | 10,795 | 10,387 |
| **Rental income** | **44,746** | **43,303** | **38,633** | **34,555** | **54,687** |
| Rental expenses rebilled to lessees (1) | 6,489 | 5,879 | 5,082 | 3,910 | 5,717 |
| Real estate taxes rebilled to lessees (2) | 4,833 | 4,217 | 3,589 | 2,942 | 3,553 |
| Miscellaneous services (3) | 1,836 | 327 | 0 | 0 | 0 |
| Miscellaneous income | 16 | 39 | 102 | 463 | 967 |
| **Income from other services** | **13,173** | **10,462** | **8,773** | **7,315** | **10,236** |
| Building-related costs (4) | (16,341) | (16,927) | (16382) | (13,418) | (15,124) |
| **Net rental income** | **41,579** | **36,838** | **31,024** | **28,452** | **49,799** |

### Expenses incurred by the lessor (2010-2014)

In thousands of euros

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Building maintenance | (20) | (735) | (431) | (326) | (1,587) |
| Expenses on vacant premises | (1,707) | (1,874) | (2,187) | (3,065) | (973) |
| Asset management fees | (3,049) | (2,972) | (3,029) | (2,990) | (3,014) |
| Other building-related costs – lessor | (243) | (923) | (2,064) | (185) | (281) |
| Building-related costs – lessor (4) – (1) – (2) – (3) | (5,019) | (6,504) | (7,711) | (6,566) | (5,855) |
| Wages and salaries | (550) | (576) | (512) | (541) | (477) |
| Other overhead costs | (2,376) | (2,096) | (2,111) | (1,442) | (2,042) |
| Total expenses incurred by the lessor | (7,944) | (9,176) | (10,334) | (8,549) | (8,374) |

### Net income by key indicator for the period:

In thousands of euros

| Statement of comprehensive income caption | Amount | Breakdown |
|---|---|---|
| Net rental income | 41,579 | Net rental income corresponds to rental income for the period (EUR 44,746k) and rental expenses rebilled to lessees (EUR 13,173k), less building-related costs (EUR 16,341k).<br>In 2014, net rental income rose EUR 4.7 million compared to net rental income for 2013 following the arrival of new lessees. |
| Administrative costs | (3,057) | Administrative costs chiefly comprise fees, insurance premiums and personnel costs. |
| Change in fair value of investment property | 18,704 | The value of the real estate portfolio rose from EUR 849 million at December 31, 2013 to EUR 871 million at December 31, 2014. |
| Net operating income | 57,226 | |
| Net financial expense | (14,515) | Net financial expense breaks down as EUR 14,533k in financial expenses and EUR 17k in financial income. |
| Corporate income tax | (312) | Due to the application of the SIIC tax regime with effect from 2006, the Group's profits derived from the rental of investment properties and the sale of real property rights are not subject to corporate income tax. This tax exemption is, however, subject to certain criteria relating essentially to the payment of dividends.<br>Accordingly, the corporate income tax recorded for the period corresponds to the corporate income tax on other taxable activities in an amount of EUR 11k, and the additional corporate income tax contribution on amounts distributed in an amount of EUR 301k. |
| Net income | 42,398 | |

## DEBT

Cegereal's Subsidiary was granted a loan in July 2012 (the "Loan") for a maximum principal amount of EUR 400,000,000 with Aareal Bank AG, Deutsche Pfandbriefbank Aktiengesellschaft Bayerrische Landesbank and Landesbank Berlin AG in order to repay the historical bank loan and finance the costs and fees incurred in setting up the loan up to the amount of EUR 1,108,160.

In August 2014, an amendment to this agreement was signed granting an additional loan for a maximum principal amount of EUR 5,000,000 in order to fund renovation work.

The final due date for this Loan (including both tranches) is August 16, 2017.

There are no plans to put in place other investment financing with respect to which the management bodies have made firm commitments.

The main provisions of the Loan are as follows:

In thousands of euros

| | Initial financing (Nov. 15, 2012) | First amendment (Aug. 7, 2014) |
|---|---|---|
| Main terms and conditions | | |
| | Initial credit | Renovation work phase |
| Amount | €400 million | €5 million |
| Interest rate | 3.150%<br>+25bps if occupancy rate < 90% | 2.519%<br>+25bps if occupancy rate < 90% |
| Maturity | August 2017 | |
| Main financial ratios | | |
| LTV threshold | 70% | |
| ICR threshold | 150% | |

## MAIN FINANCIAL RATIOS

The gearing and interest coverage ratios are presented below:

| | 12/31/14 | 12/31/13 | 12/31/12 |
|---|---|---|---|
| Gearing ratio | | | |
| Non-current borrowings/adjusted net assets | 46.5% | 47.1% | 46.2% |
| Interest coverage ratio | | | |
| Projected net rental income/interest expenses | 286% | 232% | 234% |

Projected net rental income designates total projected net rental income for the following 12 months, excluding taxes, less rental income where the risk of non-recovery has been established (notice given, unpaid rent) and operating expenses rebillable to lessees and operating expenses not rebillable to lessees.

Operating expenses comprise expenses (including recoverable expenses) including tax incurred in operating, upkeeping, maintaining, running, managing and administering the buildings (in particular, compensation paid under the Asset Management Agreement and the Property Management Agreement) and administrative expenses incurred by the borrower.

## EARLY REPAYMENT INDEMNITIES

Should the Subsidiary make any voluntary early repayments of the outstanding Loan, it will have to pay, in addition to breakage costs, an early repayment indemnity equal to 0.5% of any amounts repaid before July 26, 2015.

Should the Subsidiary make any mandatory early repayments of the outstanding Loan, it will have to pay, in addition to breakage costs, an early repayment indemnity equal to 0.25% of any amounts repaid before July 26, 2015.

## ORGANIZATIONAL STRUCTURE

On December 22, 2011, Cegereal's General Shareholders' Meeting authorized a transfer to its wholly-owned Subsidiary (Prothin, registered with the Paris Trade and Companies Registry under number 533 212 445), its holding and management activity for owned buildings located at (i) 20 avenue André Prothin, 92400 Courbevoie, known as "Europlaza", (ii) Quai du Point du Jour, 92100 Boulogne-Billancourt, known as "Arcs de Seine", (iii) 4 Quai de Bercy, 94220 Charenton Le-Pont, known as "Rives de Bercy".

The application of the legal regime applicable to spin-offs resulted in a full transfer to the Subsidiary of all rights, assets and obligations of Cegereal relating to the business transferred.

# RISK MANAGEMENT

Based on a specific review of risks that could have a material adverse effect on the Company's business, financial condition, results or ability to meet its objectives, the Company believes that it has no material risk exposures apart from those presented in the table below.

| Risks | Type | Consequences | Observations |
|---|---|---|---|
| 1. Risks linked to the Company's activity | | | |
| 1.1. Risks linked to the economic environment and the real estate market | | | |
| Risks linked to the economic environment | The challenging economic situation and a possible downturn may have an impact on:<br>- demand for new office space<br>- the rents which can be changed<br>- the Company's ability to increase rent levels when leases are renewed<br>- the ICC-ILAT-INSEE rent index | - Negative impact on the Group's financial position, results, activity and development prospects.<br>- Impact on the liquidity of the real estate assets in the event of a forced sale: difficulty to dispose rapidly of part of its real estate assets under satisfactory conditions if such action were to prove necessary.<br>- Impact on the occupancy rate. | - The majority of the leases already in place have been renewed since 2008, which prevents the Company from having to decrease its rents under Article L.145-39 of the French Commercial Code.<br>- The ICC index increased by an average of 2.5% per year over the last ten years. The ILAT index has increased by 2% since it was established in 2006.<br>- Just 47% of rental property is exposed to rental volatility in 2015 as a result of indexation. |
| Risks linked to the competitive environment | - Rental activity: competition in the office real estate sector.<br>- Investments/diversification: competition from French and international property owners (institutional property investors). | - Potential loss of lessees, when their leases expire, if the competition is able to offer more attractive rental conditions for comparable properties.<br>- Unfavorable effect on the Group's growth, activity and future results if the investment and diversification strategy cannot be implemented. | - The Company maintains regular discussions with the lessees in order to anticipate their needs and be in line with the market. For example, Galderma, Huawei and Sagem all leased additional space in 2014. |
| 1.2. Risks linked to operations | | | |
| Risk linked to changes in rent levels | - Rent levels and the value of office buildings are influenced by supply and demand for real estate floor space. | - An unfavorable trend would be likely to adversely affect the results, activity and financial position of the Company. | - The Company carries out a valuation of its properties every six months using different methods directly linked to market rental values. |
| Risk of dependence on certain lessees | - The four most significant lessees (Crédit Foncier de France, Capgemini, GE Capital and Canal Plus) represent 47% of properties rented on a one-year lease. | - A request for more favorable lease terms upon renewal or a decision by one of these lessees to terminate its lease, could adversely impact the financial position. | - The division of the real estate portfolio enabled Cegereal to increase the number of lessees from 12 to 24 since the Group was first listed in March 2006. This number should be further increased through the marketing of vacant premises. |
| Risk linked to non-payment of rent | - All Group revenue is generated by leasing its real estate assets to third parties. | - Non-payment of rent could<br>- affect the Group's results, and<br>- increase liquidity risk (see Risk 2.5.4.) | - Assessment of the financial position of new lessees as well as an annual reassessment of all lessees. At year-end 2014, all of the Company's lessees were considered to be in a satisfactory financial position, and 97% had a Dun & Bradstreet rating of 1 or 2 (on a scale of 1 to 5). There were no failures to pay at the date of publication. |
| 1.3. Concentration risks | | | |
| Risk linked to the concentration of the portfolio in the same geographic region | - The entire portfolio is located in the inner suburbs of Paris. | - Competition within the region or adjacent regions could encourage lessees to seize upon better value opportunities elsewhere. | - The three assets are located in three very different zones of the Paris region market which represents more than 50 million sq.m. The risk of concentration is therefore limited.<br>- The vacancy rates for the areas where Cegereal's various buildings are located were as follows: 12.5% for La Défense, 13% for the Western Crescent and 7.5% for the Eastern Inner Suburbs (Source: DTZ, Immostat) |
| Risks linked to the concentration of the portfolio in the same rental sector | - The Company has concentrated its real estate portfolio exclusively in office properties. | - A downturn in the market for office real estate could have negative effects on the Group's financial position, results, activity and development prospects. | |
| 1.4. Risks linked to assets | | | |
| Risk linked to the valuation of real estate assets | - A detailed report on the value of the Group's portfolio is prepared each year, with quarterly updates. | - Under IFRS, the Group's income could vary considerably in the event of a significant rise or fall in the capitalization rates for the real estate sector. Between two half-yearly valuations, the carrying amount of the buildings will not be adjusted if the market price varies, and could therefore fail to reflect the effective market value of the assets. | - Valuations are carried out by DTZ Valuation France, an external real estate valuer.<br>- The Group makes known any item at its disposal likely to have a significant impact on the value of its buildings. |
| 2. Managing market risks | | | |
| 2.1. Liquidity risk | | | |
| | - The financing agreement between the Subsidiary and Aareal Bank AG, Deutsche Pfandbriefbank AG, Bayerische Landesbank and Landesbank Berlin AG contains the usual mandatory early repayment clauses (total or partial) for outstanding amounts in different cases and under certain contractually defined conditions (in particular in the event of a change in control, sale of all or or part of one of the buildings, expropriation or requisition of all or part of one of the buildings, claims in relation to one of the buildings and non-compliance with financial ratios). In addition, as provided for by Article 8 of the credit agreement of July 26, 2012, | - Option available to the lender of declaring all outstanding amounts, accrued interest and charges thereupon to be immediately payable, and of enforcing all or part of the collateral and guarantees granted in the event of a default.<br>- The Group could find itself in a position where it cannot obtain refinancing for an amount, or under financial conditions that are equivalent to the current conditions. | - The specific review of liquidity risk based on the Group's financial position at December 31, 2013, complied with all of the various ratios and limits applicable to the mandatory early payment clauses provided for in the credit agreement (see notes 5.11 (Non-current borrowings) and 5.24 (Commitments given) in section III.2 of the IFRS financial statements).<br>- At December 31, 2014, Cegereal's financial ratios were as follows: (i) 49.4% LTV ratio and (ii) 286% interest coverage ratio.<br>- The Group has also conducted a specific review of its liquidity risk and considers that it is in a position to meet its upcoming commitments. |

| Risks | Type | Consequences | Observations |
|---|---|---|---|
| **2.2. Foreign exchange risk** | | | |
| | - The Group is not exposed to foreign exchange risk as it generates all of its revenue in the eurozone. | - No foreign exchange risk. | - Not applicable. |
| **2.3. Risques sur actions et autres instruments financiers** | | | |
| | - As of the date of this document, the Group does not hold any direct investments in listed companies, or any indirect investments in such companies via units in equity funds. | - The Group is not exposed to any equity risk. | - Not applicable. |
| **2.4. Interest rate risk** | | | |
| | - In recent years, the real estate sector has benefited from a favorable interest rate environment characterized by falling long-term interest rates. The yield on ten-year French fungible Treasury bonds (TEC 10 index) fell from 3.98% at December 31, 2006, to 0.84% at December 30, 2014 (Source: Banque de France). The Company is not able to foresee the various factors impacting future interest rates. | - A significant increase in interest rates could entail a decrease in the estimated value of the Company's assets (see section 2.5.4 "Risk linked to assets") and an increase in financial expenses in the absence of interest-rate hedges. | - The Group has not conducted a sensitivity analysis regarding changes in interest rates due to the fixed rate applied with respect to the credit agreement entered into with Aareal Bank, Bayern LB, PBB (Deutsche Pfandbriefbank) and Landesbank Berlin AG/Berlin Hyp. Interest rate risk is also discussed in section 2.5.4 to the IFRS financial statements for the year ended December 31, 2014 (section III.2). |
| **3. Risks linked to the majority shareholder** | | | |
| **3.1. Risks linked to the investment held by the hausInvest investment fund** | | | |
| Risk linked to the lack of liquidity of other fund assets | - As hausInvest ("the Fund") is an open-ended fund, unit holders may request the redemption of their units at any time, under certain conditions (see also section IV.3 "Related-party transactions"). | - If the event of insufficient liquidity, risk of sale of the Group's assets requested by CRI as its majority shareholder for the Fund's needs and distribution of income from any such sales.<br>- Risk of forced sale by CRI of the Company's shares, which could have a negative impact on the Company's share price. | - The Fund's cash and cash equivalents totaled EUR 1.4 billion at December 31, 2014. |
| Risk linked to fluctuation in the value of the Fund | Under German legislation, funds that invest in property companies are subject to certain limits:<br>- the gross value of assets and related rights of property companies is limited to 49% of the Fund's total gross value.<br>- the gross value of the real estate assets and the related rights of each property company is limited to 15%; this threshold is calculated in proportion to the interest held in the property company on behalf of the Fund. | - Fluctuation in the Fund's value could impact CRI's investment policy and indirectly significantly impact the Company's strategy and its activity. | - At December 31, 2014, Cegereal's NAV represented 3.3% of the NAV of the hausInvest property fund. |
| **3.2. Risk linked to the majority shareholder** | | | |
| Risk linked to the majority shareholder | - CRI is the majority shareholder of the Company's capital and voting rights, and retains a significant influence over the Company and the running of the Group's business (see also section IV.3 "Related-party transactions").<br>- CRI manages other real estate assets in France on behalf of the hausInvest fund. | - CRI is therefore in a position to make significant decisions (e.g., composition of the Company's Board of Directors, payment of dividends, etc.) without minority shareholders being able to oppose these decisions in General Shareholders' Meetings.<br>- CRI may find that it has a conflict of interests with regard to certain transactions (e.g., lease negotiations or disposal of a building), which could have an unfavorable effect on Cegereal, and in turn on the Group's assets, financial position, results or strategy. | - The Company's shareholders and the Fund's unit holders have a shared interest in maximizing the value of the Company's assets. |
| **4. Risk linked to German regulations applicable to the majority shareholder** | | | |
| | - Cegereal is a property company, and the majority of its capital is held by CRI on behalf of the hausInvest investment fund. Cegereal, as a subsidiary of CRI, is indirectly subject to certain provisions of German legislation that are applicable to CRI and that concern investments and German investment funds.<br>- CRI (Cegereal's majority shareholder) must comply with the various ratios or thresholds in the management of hausInvest fund assets. | - Direct impact on the Group's investment or divestment policy and its overall strategy.<br>- For regulatory reasons, CRI may be required to reduce its investment in the Company significantly, which could have a negative effect on the Company's share price.<br>- The possibilities for acquisitions by the Group may be limited as a result of the need to comply with various ratios and thresholds. | - The total gross value of the Fund stood at EUR 12 billion at December 31, 2014. |
| **5. Risks linked to service providers** | | | |
| **5.1. Risk linked to the quality of service providers and sub-contractors** | | | |
| | - The Group's rental activity depends on certain sub-contractors and service providers, in particular maintenance and caretaking companies. | - If these sub-contractors or service providers were to go out of business or become insolvent, or if the quality of their services or products were to decline, this could affect the Group. | - With the exception of the asset management agreement with Commerz Real, all of the sub-contracting agreements are short-term renewable contracts (maximum of one year), which makes it possible to rapidly change service provider should the need arise. |

| Risks | Type | Consequences | Observations |
|---|---|---|---|
| 6. Risks linked to the regulatory environment | | | |
| 6.1. Risk linked to current or future regulations | | | |
| | - When conducting its business and managing its office buildings, the Group must comply with numerous specific or general regulations that govern, inter alia, public health, the environment, safety and commercial leases. | - Any substantive change to these regulations is liable to have an impact on the Group's results or its development and growth prospects.<br>- The Group cannot guarantee that all its lessees will strictly comply with all of the regulations applicable to them, in particular those relating to the environment, health and public safety. | - The terms of the leases obligate the lessees to comply with the regulations applicable to the leased premises when using said premises.<br>- The Company seeks the best legal advice in order to meet its needs in terms of monitoring regulatory changes.<br>- The Group is not aware of any government, legal or arbitration proceedings which could have – or, in the last 12 months have had – significant impacts on its financial position or its profitability. |
| 6.2. Risk linked to the regulations applicable to leases | | | |
| | - Certain provisions of the law on commercial leases, and in particular those that govern the term, termination and renewal of leases or the indexing of rent for these leases, the rebilling of rental expenses, taxes, levies and other duties and work, are a matter of public policy. - These provisions may limit the owners' ability to rebill certain rental expenses, taxes and work to lessees.<br>- If the lessor refuses to renew the lease upon expiration, the lessee is entitled to an eviction indemnity. | - These provisions may limit the owners' ability to increase rents in line with market rents in order to optimize their rental income. | |
| 6.3. Environmental risk linked to health (asbestos, legionnaires' disease and classified facilities) | | | |
| | - The Group's business activity is subject to laws and regulations on the environment and public health. | - Buildings and facilities owned or used by the Group may be affected by problems related to public health, safety or environmental protection.<br>- Safety regulations for high-rise buildings (such as the Europlaza building), could lead to additional operating and maintenance expenses for the Group. | - All of the leases provide for payment by lessees of work to bring the premises into compliance with all new regulations on health, safety and working conditions.<br>- The Europlaza and Arcs de Seine buildings underwent asbestos removal work in 1999 and 2000. Rives de Bercy was built after the regulations that prohibit the use of asbestos came into effect. |
| 7. Risk linked to the costs and availability of appropriate insurance coverage | | | |
| | - The Company benefits from insurance coverage taken out both at national level and by its majority shareholder. | - If the Company were to leave the Commerz Real group's scope of consolidation, or if it no longer benefited from the negotiating power of the Commerz Real group, it would have to pay higher premiums. | - As the insurance premium does not have a material impact on the Company's results, were the Company to leave the Commerz Real group, it should not have a material impact on the Company's financial situation. |
| 8. Risks linked to the tax treatment applicable to SIICs | | | |
| 8.1 Risks linked to a change in the regulatory framework | | | |
| | - The Company may face difficulties complying with new regulations and could even have its SIIC status suspended temporarily or permanently. | - 'In the event that the Company opts out of the SIIC regime in the ten years following election, it will be subject to corporate income tax at the standard rate on the revaluation gains upon election for the SIIC regime, less exit tax already paid at the reduced 16.5% rate.<br>- The Company would be subject to corporate income tax at the standard rate for the year during which it opts out of the SIIC regime and subsequent years, on the amount of its exempted retained earnings.<br>- The Company would also be subject to an additional 25% tax on the portion of unrealized capital gains generated on the sale of real estate assets that were exempt since the Company's option for SIIC status, reduced by one-tenth for each calendar year of exemption. | - The Company verifies on a regular basis that it complies with the conditions for preferential tax treatment as an SIIC. |
| 8.2 Risk linked to the majority shareholder | | | |
| | - Companies may not benefit from preferential tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons acting in concert within the meaning of Article L 233-10 of the French Commercial Code (*Code de commerce*). | - If the main shareholder does not comply with this condition, preferential tax treatment as an SIIC could be suspended or permanently lost, depending on the situation. (consequences: see Risk 8.1) | - as of the date of this document, the company has verified that cri holds less than 60% of the voting and financial rights in the company's capital. the company verifies on a regular basis that cri directly and indirectly complies with the conditions for preferential tax treatment as an siic directly or indirectly. |
| 8.3. Risk linked to shareholders | | | |
| | - A 20% withholding tax applies to dividends distributed to shareholders, other than natural persons, that hold at least 10% of dividend entitlements in said SIICs, and that are not liable for corporate income tax or another equivalent tax on the dividends received.<br>- The Company's bylaws stipulate that if the withholding tax applies, it will be paid by the shareholder generating this withholding tax. | - The payment of this withholding by the shareholder could give rise to a dispute. There is a risk that the payment of the withholding tax cannot be allocated to the shareholder. | - None of the Company's shareholders meet the conditions to trigger the 20% withholding tax. |

## INSURANCE

The Group's insurance strategy aims to protect its assets and cover any potential liability. The Group benefits from the negotiating power of the Commerz Real group, which enables it to obtain advantageous insurance conditions with leading insurance companies.

*Multirisk insurance*

Prothin has taken out the following insurance:

- a French multirisk ("All Risks except") policy taken out directly with the leading insurance company AIG Europe under number 9.000.057;
- (i) a German co-insurance policy named "Pro Dynamic Versicherung – Real Estate" under number F 10173.1542 taken out with the insurance companies AIG Europe, AXA Versicherung, Chubb Insurance Company SA, AXA Versicherung AG and Zürich Versicherung with AIG Europe as leading insurer, and (ii) a German terrorism co-insurance policy under number F 10173.1956 with the insurance company AIG.

These policies cover the buildings for an amount at least equal to their restatement value or replacement value (including the cost of replacing damaged machinery and equipment in line with the value of the building in question and the capital disclosed by Prothin).

This policy:

(a) includes valuer and architect fees;

(b) provides for an "additional loss and costs" clause covering in particular the costs of demolition, clearing and caretaking of the site following a claim;

(c) covers all the risks typically insurable against loss and damage (including in particular natural disasters, fire, lightning, explosions, floods, storms, hail and snow, aircraft accidents, riots, sabotage, acts of terrorism, theft, damage to electrical appliances and broken glass);

(d) includes a "loss of rent" guarantee covering at least 24 months of rent.

*Civil liability insurance for owners*

Prothin has directly taken out civil liability insurance for property owners and is co-insured under collective civil liability insurance taken out by Cegereal or Commerz Real Investmentgesellschaft mbH covering the financial consequences of civil liability of its own doing.

Specialized firms regularly appraise the assets.

All premiums for insurance against damage to property and loss of rent are cross-charged to lessees in building operating charges.

In general, the Group considers its insurance coverage to be adequate in light of the value of the assets insured and the level of risk incurred.

As of the date of this report, there is no significant outstanding claim that would be liable to change future coverage conditions or the total amount of insurance and/or self-insurance premiums.

## LAWSUITS

Cegereal and/or Prothin is not aware of any government, legal or arbitration proceedings, including any proceedings that have been suspended or that are imminent, which could have – or, in the last 12 months have had – significant impacts on its financial position or its profitability.

No material provisions were booked in respect of lawsuits (see section III.2 "Consolidated financial statements", Note 5.28 "Subsequent events").

# 2. Consolidated financial statements

The IFRS consolidated financial statements for the year ended December 31, 2013 and the related Statutory Auditors' report presented on pages 64 to 78 and page 79, respectively, of the 2013 Registration Document filed with the AMF on April 10, 2014 under no. D. 14-0324, are incorporated by reference into this document.

The IFRS consolidated financial statements for the year ended December 31, 2012 and the related Statutory Auditors' report presented on pages 48 to 63 and page 63 to 64, respectively, of the 2012 Registration Document filed with the AMF on February 20, 2013 under no. D. 13-0071, are incorporated by reference into this document.

## 2.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

In thousands of euros, except per share data

| | Notes | 2014 | 2013 |
|---|---|---|---|
| | | *12 months* | *12 months* |
| | | | |
| Rental income | 5.17 | 44,746 | 43,303 |
| Income from other services | 5.18 | 13,173 | 10,462 |
| Building-related costs | 5.19 | (16,341) | (16,927) |
| **Net rental income** | | **41,579** | **36,838** |
| Sale of building | | | |
| Administrative costs | 5.20 | (3,057) | (2,754) |
| Other operating expenses | | 0 | (4) |
| Other operating income | | | |
| Increase in fair value of investment property | | 42,637 | 15,386 |
| Decrease in fair value of investment property | | (23,933) | (32,531) |
| *Total change in fair value of investment property* | *5.1* | *18,704* | *(17,145)* |
| Net operating income | | 57,226 | 16,935 |
| Financial income | | 17 | 0 |
| Financial expenses | | (14,533) | (14,994) |
| **Net financial expense** | **5.21** | **(14,515)** | **(14,994)** |
| **Corporate income tax** | **5.22** | **(312)** | **0** |
| CONSOLIDATED NET INCOME | | 42,398 | 1,940 |
| ***of which attributable to owners of the Company*** | | ***42,398*** | ***1,940*** |
| ***of which attributable to non-controlling interests*** | | ***0*** | ***0*** |
| **Other comprehensive income** | | | |
| TOTAL COMPREHENSIVE INCOME | | 42,398 | 1,940 |
| ***of which attributable to owners of the Company*** | | ***42,398*** | ***1,940*** |
| ***of which attributable to non-controlling interests*** | | ***0*** | ***0*** |
| *Basic and diluted earnings per share (in euros)* | *5.25* | *3.18* | *0.15* |

## 2.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2014

In thousands of euros

| | Notes | 31/12/14 | 31/12/13 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment property | **5.1** | 871,000 | 849,000 |
| Non-current loans and receivables | **5.2** | 30,941 | 29,331 |
| **Total non-current assets** | | **901,941** | **878,330** |
| | | | |
| **Current assets** | | | |
| Trade accounts receivable | **5.3** | 6,469 | 12,508 |
| Other operating receivables | **5.4** | 6,276 | 261 |
| Prepaid expenses | | 107 | 68 |
| **Total receivables** | | **12,852** | **12,837** |
| | | | |
| Cash and cash equivalents | **5.5** | 23,499 | 16,018 |
| **Total cash and cash equivalents** | | **23,499** | **16,018** |
| **Total current assets** | | **36,351** | **28,856** |
| TOTAL ASSETS | | 938,292 | 907,186 |
| **Shareholders' equity** | | | |
| Share capital | | 160,470 | 160,470 |
| Legal reserve and additional paid-in capital | | 21,436 | 31,465 |
| Consolidated reserves and retained earnings | | 284,831 | 292,754 |
| Net attributable income | | 42,398 | 1,940 |
| **Total shareholders' equity** | **5.10** | **509,135** | **486,629** |
| | | | |
| **Non-current liabilities** | | | |
| Non-current borrowings | **5.11** | 401,889 | 395,797 |
| Other non-current borrowings and debt | **5.13** | 4,166 | 3,469 |
| Non-current corporate income tax liability | | 0 | 0 |
| **Total non-current liabilities** | | **406,055** | **399,266** |
| | | | |
| **Current liabilities** | | | |
| Current borrowings | | 1,716 | 1,776 |
| Trade accounts payable | | 2,148 | 1,479 |
| Corporate income tax liability | | 295 | 0 |
| Other operating liabilities | **5.14** | 5,045 | 3,762 |
| Prepaid revenue | **5.16** | 13,898 | 14,275 |
| | | | |
| **Total current liabilities** | | **23,102** | **21,292** |
| **Total liabilities** | | **429,157** | **420,557** |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 938,292 | 907,186 |

# 2.3 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

In thousands of euros

| | 2014 | 2013 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Consolidated net income | 42,398 | 1,940 |
| *Elimination of items related to the valuation of buildings:* | | |
| Fair value adjustments to investment property | (18,704) | 17,145 |
| Indemnity received from lessees for the replacement of components | | |
| *Elimination of other income/expense items with no cash impact:* | | |
| Adjustments for loans at amortized cost | 1,091 | 1,107 |
| Cash flows from operations before tax and changes in working capital requirements | 24,785 | 20,192 |
| Other changes in working capital requirements | (629) | (15,393) |
| Change in working capital requirements | (629) | (15,393) |
| Net cash flows from operating activities | 24,156 | 4,799 |
| INVESTING ACTIVITIES | | |
| Acquisition of fixed assets | (3,296) | (745) |
| Net decrease in amounts due to fixed asset suppliers | 874 | (1,045) |
| Net cash flows used in investing activities | (2,422) | (1,790) |
| FINANCING ACTIVITIES | | |
| Increase in share capital | | |
| Change in bank debt | 5,000 | |
| Refinancing transaction costs | | |
| Net increase in current borrowings | (60) | |
| Net increase in other non-current borrowings and debt | 697 | 796 |
| Net decrease in other non-current borrowings and debt | | |
| Purchases and sales of treasury shares | 134 | (35) |
| Dividends paid | (20,025) | (8,674) |
| Net cash flows used in financing activities | (14,254) | (7,914) |
| Change in cash and cash equivalents | 7,480 | (4,904) |
| Change in cash and cash equivalents * | 16,018 | 20,921 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 23,499 | 16,018 |

* There were no cash liabilities for either of the years presented above.

## 2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 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 | 493,396 | | 493,397 |
| **Comprehensive income** | | | | **1,940** | **1,940** | | **1,940** |
| - Net income for the year | | | | 1,940 | 1,940 | | 1,940 |
| - Other comprehensive income | | | | | | | |
| **Capital transactions with owners** | | (8,692) | (34) | **18** | **(8,709)** | | **(8,709)** |
| *- Appropriation of net income for the previous year* | | (8,692) | | 18 | (8,674) | | (8,674) |
| *- Change in treasury shares held* | | | (34) | | (34) | | (34) |
| Shareholders' equity at Dec. 31, 2013 | 160,470 | 31,465 | (602) | 295,295 | 486,628 | | 486,628 |
| **Comprehensive income** | | | | **42,398** | **42,398** | | **42,398** |
| - Net income for the year | | | | 42,398 | 42,398 | | 42,398 |
| - Other comprehensive income | | | | | | | |
| **Capital transactions with owners** | | (10,029) | 134 | **(9,995)** | **(19,891)** | | **(19,891)** |
| *- Dividends paid (€0.65 per share)** | | (10,029) | | (9,995) | (20,025) | | (20,025) |
| *- Change in treasury shares held* | | | 134 | | 134 | | 134 |
| Capitaux propres au 31/12/2014 | 160,470 | 21,436 | (469) | 327,698 | 509,135 | | 509,135 |

* Including an interim dividend of EUR 10,029k (i.e., €0.75 per share) paid by Cegereal in respect of 2014 net income.

## 2.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

***Notes to the 2014 consolidated financial statements***

These notes provide additional information in respect of the consolidated statement of financial position at December 31, 2014 and in respect of the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended.

### 2.5.1 BACKGROUND AND MAIN ASSUMPTIONS USED TO PREPARE THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

***Note 1.1 Operational context***

The Group, comprising Cegereal SA and its subsidiary Prothin SAS ("the Subsidiary"), did not experience any change in its operating environment during the year ended December 31, 2014.

The Group did not acquire or dispose of any real estate assets during this period.

## RENTAL ACTIVITY

During 2014, the marketing of the Arcs de Seine building continued. A lease was signed with BBC WorldWide for a total surface area of 716 sq.m., effective June 1, 2014. Sagem and Huawei Technologies signed lease extension agreements for surface areas of 716 sq.m. and 1,432 sq.m., respectively.

Two additional leases were signed at the end of the year with Amgen (dated November 25, 2014) and Exclusive Networks (dated December 18, 2014). Amgen and Exclusive Networks will enter the leased premises on April 1, 2015 and May 1, 2015, respectively.

NTT Europe extended the firm term of its lease at the Europlaza site through to October 31, 2018, and renegotiated the applicable financial terms and conditions. Galderma International also renegotiated its lease. As from April 1, 2014, this lease includes additional premises with a surface area of 825 sq.m. previously occupied by General Electric Capital. Unilocations and Heinz respectively entered into leases for additional lots with a surface area of 1,295 sq.m. on April 14, 2014 and 558 sq.m. on August 1, 2014. A lease was also entered into with Gas Natural Europe for a total surface area of 887 sq.m. starting May 1, 2014. Lastly, Stora Enso and CapGemini terminated their leases and left their respective 895 sq.m. and 7,342 sq.m. premises on September 30, 2014 and October 3, 2014, respectively.

***Note 1.2 Presentation of comparative financial information***

For the purposes of comparison, the financial information presented in the IFRS consolidated financial statements for the year ended December 31, 2014 includes the financial statements for the year ended December 31, 2013.

***Note 1.3 Regulatory context***

The Group's consolidated financial statements for the year ended December 31, 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) applicable to reporting periods ended December 31, 2014, as adopted by the European Union (hereafter referred to as "IFRS").

Dividend payments are decided by the General Shareholders' Meeting of Cegereal SA based on the Company's financial statements prepared in accordance with French GAAP and not on the basis of the IFRS financial statements.

The consolidated financial statements were adopted by the Board of Directors on February 12, 2015.

## 2.5.2 SIGNIFICANT ACCOUNTING POLICIES USED TO PREPARE THE 2014 CONSOLIDATED FINANCIAL STATEMENTS

***Note 2.1 Presentation of the consolidated financial statements***

# ACCOUNTING STANDARDS

The Group's consolidated financial statements for the year ended December 31, 2014 have been prepared in accordance with international accounting standards (IAS/IFRS) and with the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union at December 31, 2014 and applicable at that date. For the purposes of comparison, the financial statements for the year ended December 31, 2013 were also prepared according to the same standards.

For the fiscal years presented, the standards and interpretations adopted in the European Union and applicable to the Group are similar to the standards and interpretations effective for these periods as published by the International Accounting Standards Board (IASB), except in the case of IFRIC 21 on accounting for levies, applicable in the European Union for reporting periods beginning on or after January 1, 2015. With the exception of the above, the Group's financial statements are prepared in accordance with IFRS standards and IFRIC interpretations as published by the IASB.

The consolidated financial statements have been prepared using the historical cost convention, except in the case of investment property, financial instruments and assets held for sale carried at fair value, in accordance with IAS 40, IAS 32, IAS 39 and IFRS 5.

The new published standards, amendments and interpretations effective for reporting periods beginning on or after December 31, 2014 have no impact on the Company's 2014 consolidated financial statements.

In 2014, the European Union adopted IFRIC 21 "Levies". IFRIC 21 is an interpretation providing guidance on accounting for levies and is effective in the EU at the latest for reporting periods beginning on or after June 17, 2014. Accordingly, companies whose fiscal year spans a calendar year need only apply IFRIC 21 as of January 1, 2015.

The amendment to IAS 1 "Presentation of Financial Statements", aimed at complementing the financial information in the statement of comprehensive net income and gains and losses recognized directly in equity, is subject to mandatory application for reporting periods beginning on or after July 1, 2012. In accordance with this amendment, items in "Other comprehensive income" in the statement of comprehensive income may be grouped into sub-totals depending on whether or not they can be subsequently reclassified to income.

The Group has elected not to early adopt any IFRS standards or IFRIC interpretations adopted by the European Union but only effective for subsequent accounting periods and which would have an impact on the Group's financial statements.

# BASIS OF CONSOLIDATION

The consolidated financial statements include all entities controlled or jointly controlled by the Group, or over which it exercises significant influence. In determining its ownership interest, the Group considers any potential voting rights giving access to additional voting rights, provided that these rights are currently exercisable or convertible.

**Full consolidation**

All entities controlled by the Group are fully consolidated. Control is presumed to exist when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

At December 31, 2014, no entities were jointly controlled or significantly influenced by the Group.

**Scope of consolidation**

At December 31, 2014, the scope of consolidation included the following entities:

| | Siren no. | % control | % interest | Consolidation method | Period taken into account |
|---|---|---|---|---|---|
| Cegereal SA | 422,800,029 | 100% | 100% | Full consolidation | January 1 to December 31, 2014 |
| Prothin SAS | 533,212,445 | 100% | 100% | Full consolidation | January 1 to December 31, 2014 |

All entities included in the scope of consolidation closed their accounts on December 31, 2014.

**Consolidation adjustments and eliminations**

Business combinations are accounted for in accordance with IFRS 3. The cost of a business combination reflects the acquisition-date fair value of the assets acquired, liabilities assumed or incurred and equity instruments issued in exchange for the acquiree.

On the first-time consolidation of a company, the impact of consolidation, representing the difference between the acquisition cost of the shares and the interest they represent in the fair value of the assets and liabilities acquired, is recorded as:

- a fair value adjustment relating to certain identifiable assets and liabilities, amortized using the same rules as the assets and liabilities to which it relates;
- goodwill (where appropriate), recorded within assets on the consolidated statement of financial position in the case of a positive balance and tested for impairment each year, or within the statement of comprehensive income in the case of a negative balance.

No fair value adjustments or goodwill were recognized on the first-time consolidation of Prothin SAS as the company was created by Cegereal SA on June 22, 2011.

***Note 2.2 Segment reporting***

Within the framework of IFRS 8, the Group has not identified different operating segments insofar as its assets solely comprise commercial real estate located in the Paris area.

IFRS 8 states that operating segments may be aggregated if they are similar in each of the following respects:

– the nature of the products and services;

– the nature of the production processes;

– the type or class of customer for their products and services;

– the methods used to distribute their products or provide their services;

– if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

Consequently, the Group did not have significant additional disclosure requirements as a result of applying IFRS 8.

***Note 2.3 Investment property***

Property held under long-term operating leases to earn rentals or for capital appreciation or both, and not occupied by the Group, is classified as investment property. Investment property includes owned land and buildings.

Investment property is initially measured at historical cost, including transaction costs. After initial recognition, investment property is remeasured at fair value. As a result, no depreciation or impairment is recognized on investment property. Fair value is measured net of registration tax by an external real estate valuer at the end of each reporting period. The methodology used by the external real estate valuer is described below in Note 2.4.

Subsequent expenditure may only be allocated to the assets' carrying amount when it is probable that the future economic benefits associated with the property will flow to the Group, and the cost of the property can be measured reliably. All other repair and maintenance costs are recognized in the statement of comprehensive income during the period in which they are incurred. Changes in the fair value of investment property are recognized in the statement of comprehensive income.

***Note 2.4 Estimates of the fair value of investment property***

## ESTIMATES AND ASSUMPTIONS

The fair value of property is measured by an external real estate valuer in accordance with the benchmark treatment in IAS 40.

In accordance with the recommendations of the Committee of European Securities Regulators (CESR) of July 2009, the Group appointed the real estate valuation firm DTZ Eurexi to appraise three commercial properties.

It is common practice to change real estate valuer every three years in order to obtain a new analysis of an asset's qualities and market value. During the first half of 2013, the Company commissioned DTZ Eurexi (who replaced BNP Paribas Real Estate Expertise as its real estate valuer) to assess the value of three investment properties.

When preparing the financial statements, management and the external real estate valuer are required to use certain estimates and assumptions that are likely to affect the amounts of assets, liabilities, income and expenses reported in the financial statements and in the accompanying notes. The Group and the real estate valuer are required to review these estimates and appraisals on an ongoing basis in light of past experience and other factors deemed of material importance with regard to economic conditions. The amounts reported in future financial statements may differ from these estimates as a result of changes in assumptions or circumstances.

The values of investment property measured by the real estate valuers represent the best estimates at December 31, 2014, based on recent market observations and valuation methods commonly used within the profession. These estimates are not intended to anticipate any market changes.

## VALUATION METHODS

The valuers calculated the fair value of the real estate assets in accordance with the professional standards set out in the French Real Estate Valuation Charter.

The market value of the property is measured using its estimated rental value and the Discounted Cash Flow (DCF) and capitalization methods.

**Valuation methods**

The valuers calculated the fair value of the real estate assets in accordance with the professional standards set out in the French Real Estate Valuation Charter.

The market value of the property is measured using its estimated rental value and the Discounted Cash Flow (DCF) and capitalization methods.

**Estimated rental value**

The rental value is determined by comparing the rental value per square meter applied in recent transactions involving properties of similar type and location, in order to determine a market value per square meter for the different types of premises (offices, staff cafeterias, car parks, etc.). This rental value is subject to a reversion rate to take account of the specific features of the real estate assets.

**Market value**

The results of applying two traditional methods (the DCF method and the capitalization method) are combined to estimate the market value.

A discount is applied to the gross value to take account of transfer duties and registration costs, which are estimated at the rate of 6.60%.

**DCF method**

This method consists of discounting the annual cash flows generated by the asset, including the assumed resale at the end of a defined ownership period. Cash flows are defined as the total amount of all of the asset's revenues, net of expenses not rebillable to lessees.

**Capitalization approach**

This method consists of capitalizing the annual income generated by an asset with a capitalization rate defined by reference to the market. The rate used reflects the quality of the financial covenants as well as the long-term risks related to the property.

***Note 2.5 Financial instruments — classification and measurement of non-derivative financial assets and liabilities***

Financial assets and liabilities are recognized and measured in accordance with IAS 39.

## LOANS AND RECEIVABLES

Loans and receivables mainly include the non-current portion of the economic benefits of the lease, rent-free periods, rent discounts, the portion of fitting-out costs incurred by the lessee and borne by the lessor, and the lease premiums paid to lessees in accordance with IAS 17 and interpretation SIC 15.

## TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable consist of accrued amounts receivable from lessees. They are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method, less any provisions for impairment. A provision for impairment of trade accounts receivable is set aside when there is objective evidence that certain amounts are no longer recoverable. The amount of this provision corresponds to the difference between the carrying amount of the asset and the present value of future cash flows estimated using the effective interest method. Impairment provisions are recorded in the statement of comprehensive income.

As rent is usually billed in advance, trade accounts receivable consist of rent billed in respect of the following period.

This timing difference between the billing date and the end of the reporting period is eliminated by recognizing rent billed for future periods and not yet due under “Prepaid revenue” (see Note 5.16).

## NON-DERIVATIVE FINANCIAL LIABILITIES

After initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method. .

***Note 2.6 Share capital***

Ordinary shares are classified in shareholders' equity. Incremental costs directly attributable to new share issues are shown in shareholders’ equity as a deduction, net of tax, from additional paid-in capital.

***Note 2.7 Treasury shares***

On August 29, 2006, Cegereal SA entered into a liquidity agreement with Exane BNP Paribas. This agreement complies with the standard-type contract of the French Association of Investment Firms (Association Française des Entreprises d’Investissement – AFEI) and the AFEI code of ethics of March 14, 2005 which was approved by the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 22, 2005.

Under the terms of this agreement, Exane BNP Paribas may buy and sell Cegereal SA shares on behalf of Cegereal SA within the limits imposed by law and the authorizations granted by the Board of Directors.

On September 20, 2010, Cegereal SA entered into a second liquidity agreement with Exane BNP Paribas for an amount of EUR 200k invested in Cegereal SA shares.

Within the scope of these liquidity agreements, the Group owned 21,955 treasury shares (representing 0.2% of its total issued shares) for a total amount of EUR 558k at December 31, 2014.

In accordance with IAS 32, these treasury shares are shown as a deduction from consolidated equity based on their acquisition cost (net of directly attributable transaction costs) or their initial carrying amount in the consolidated statement of financial position. Any capital gains or losses arising on the disposal of these shares are eliminated in the statement of comprehensive income and recognized against consolidated equity.

Cash allocated to the liquidity agreement and not invested in Cegereal SA shares at the end of the reporting period is stated in "Other operating receivables".

***Note 2.8 Election for tax treatment as an SIIC***

Cegereal SA has elected for the preferential tax treatment granted to listed real estate investment companies (*Sociétés d'Investissement Immobilières Cotées* – SIICs) in accordance with Article 208 C of the French Tax Code (*Code général des impôts*). This election took effect on April 1, 2006. Prothin SAS, Cegereal's sole and fully-controlled subsidiary, also benefits from this preferential tax treatment.

Owing to this tax treatment, no corporate income tax is payable directly or indirectly through income from subsidiaries in respect of the real estate leasing business and no deferred taxes were recognized at December 31, 2014. Similarly, no tax was payable on capital gains arising on disposals of real estate or equity interests in subsidiaries eligible for the same tax treatment.

<u>Terms and conditions and impact of tax treatment as an SIIC</u>

a) When a company elects for SIIC status, the ensuing change in tax treatment has a similar impact to that of a discontinuance of business (taxation of unrealized capital gains, income which is subject to tax deferral and as yet untaxed operating income).

b) SIICs that have elected for preferential tax treatment are exempted from paying corporate income tax on the portion of their income resulting from:

- the lease of buildings, provided that 95% of this income is distributed before the end of the fiscal year following the year in which the income is generated (85% of this income for periods ended before December 31, 2013);
- capital gains generated on the sale of buildings, shareholdings in partnerships falling within the scope of Article 8 of the French Tax Code and having the same purpose as that of the SIIC, or shareholdings in subsidiaries having elected for preferential tax treatment, provided that 60% of these capital gains are distributed by the end of the second fiscal year following the year in which they were generated (50% of these capital gains for periods ended before December 31, 2013);
- dividends received from subsidiaries having elected for preferential tax treatment and resulting from exempt income or from capital gains provided that they are redistributed in full during the fiscal year following the year in which they were received.

In the event subsidiaries choose to leave the SIIC tax regime within the ten years following the date of their election for SIIC tax treatment, they are liable for additional income tax on the capital gains that were taxed at reduced rates. The SIICs and their subsidiaries must also add back to their taxable earnings for the period the portion of their income available for distribution at the end of said period which results from previously tax-exempt amounts. The amount of income tax due is increased by a 25% tax on unrealized capital gains on buildings, rights under real estate finance leases and holdings that were acquired during the period SIIC tax treatment was applied, less one-tenth for each calendar year lapsed since the entity opted for the regime.

c) The Amending French Finance Act for 2006 stipulates that companies may not benefit from preferential tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code (*Code de commerce*).

d) The Amending French Finance Act for 2006 also introduced a 20% withholding tax to be paid by SIICs on dividends distributed to shareholders other than natural persons that hold at least 10% of dividend entitlements in said SIICs and are not liable for corporate income tax or another equivalent tax on the dividends received. However, the withholding tax is not due when the beneficiary of the dividends is a company required to distribute the full amount of the dividends it receives and whose shareholders that directly or indirectly hold at least 10% of the dividend rights are liable for corporate income tax or another equivalent tax on the dividends received.

***Note 2.9 Employee benefits***

IAS 19 requires entities to recognize as expenses all current or future benefits or compensation granted by an entity to its employees or to third parties over the period during which the rights to such benefits or compensation vest.

The Group only has two employees and therefore considers that its employee benefit commitments in respect of defined benefit plans are not material. Consequently, the amount of its employee benefit commitments was not assessed at December 31, 2014.

***Note 2.10 Bank borrowings***

On initial recognition, bank borrowings are measured at the fair value of the consideration received, less directly attributable transaction costs.

They are subsequently measured at amortized cost using the effective interest method. The long-term portion (due more than 12 months after the end of the reporting period) is classified in non-current borrowings and debt, while the short-term portion (due in less than 12 months) is classified in current borrowings and debt.

***Note 2.11 Rental income***

The Group leases out its real estate under operating leases. Assets leased under operating leases are recognized in the consolidated statement of financial position within investment property.

Rental income is recognized over the lease term.

In accordance with IAS 17 and interpretation SIC 15, the financial impact of all of the provisions in the lease agreement is recognized on a straight-line basis over the shorter of the lease term and the period up to the date on which the lessee may terminate the lease without incurring any material financial penalties (usually after six years). Therefore, in order to accurately reflect the economic benefits of the lease, rent-free periods, rent discounts, the portion of fitting-out costs incurred by the lessee and borne by the lessor, and lease premiums paid to lessees are recognized over the firm term of the lease.

Termination indemnities received from former lessees are recognized in "Miscellaneous services" in operating income.

***Note 2.12 Rental expenses and rebilling of expenses to lessees***

Rental expenses incurred by the lessor on behalf of lessees and expenses chargeable to the lessees under the terms of the lease are recorded in the statement of comprehensive income under "Building-related costs".

The rebilling of rental expenses and expenses chargeable to lessees under the terms of the lease are recorded in the statement of comprehensive income under "Income from other services".

The portion of rental expenses concerning

***Note 2.13 Discounting of deferred payments***

Long-term payables and receivables are discounted when they are considered to have a material impact.

– Security deposits received from lessees are not discounted because they are indexed annually based on an index used for annual rent reviews;

– There are no provisions for material liabilities, as defined in IAS 37.

***Note 2.14 Earnings per share***

Earnings per share is a key indicator used by the Group, and is calculated by dividing net attributable income by the weighted average number of shares outstanding during the period. As Cegereal SA has no dilutive instruments, basic and diluted earnings per share are the same.

***Note 2.15 Presentation of the financial statements***

Assets and liabilities maturing within 12 months of the reporting date are classified as current assets and liabilities in the consolidated statement of financial position. All other assets and liabilities are treated as non-current.

Expenses in the statement of comprehensive income are shown according to their nature.

In the statement of cash flows, net operating cash flows are calculated using the indirect method, whereby the net amount is based on net income adjusted for non-cash transactions, items of income or expense associated with investing or financing cash flows, and changes in working capital requirements.

### 2.5.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

To prepare the consolidated financial statements, the Group uses estimates and judgments which are updated on a regular basis and are based on past information and other factors, in particular assumptions of future events deemed reasonable in view of the circumstances.

Estimates that could lead to a significant adjustment in the carrying amount of assets and liabilities in the subsequent period mainly concern the determination of the fair value of the Group's real estate assets, which is measured on the basis of valuations carried out by an external real estate valuer using the methodology described in Note 2.4.

As these valuations are only estimates, there may be a significant difference between the amount obtained upon the sale of certain real estate assets and their estimated value, even when they are sold in the months following the end of the reporting period.

In this context, valuations of the Group's real estate assets by the external real estate valuer could vary significantly according to changes in the rate of return, based on observations of the rates prevailing in the real estate market.

In millions of euros

| | | | Changes in potential rate of return | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Building | Net potential rents | Potential rate of return | 0.500% | 0.375% | 0.250% | 0.125% | 0.000% | (0.125)% | (0.250)% | (0.375)% | (0.500)% |
| Europlaza | 26.09 | 7.35% | 311.8 | 316.8 | 322.1 | 327.4 | 333.0 | 338.8 | 344.7 | 350.9 | 357.3 |
| Arcs de Seine | 21.41 | 5.79% | 319.4 | 325.9 | 332.6 | 339.7 | 347.0 | 354.7 | 362.7 | 371.0 | 379.8 |
| Rives de Bercy | 11.78 | 5.78% | 175.8 | 179.4 | 183.1 | 187.0 | 191.0 | 195.2 | 199.6 | 204.2 | 209.1 |
| Total | 59.27 | 6.39% | 807.0 | 822.1 | 837.8 | 854.1 | 871.0 | 888.6 | 907.0 | 926.2 | 946.2 |
| Impact on portfolio value | | | (7.35)% | (5.61)% | (3.81)% | (1.94)% | 0.00% | 2.02% | 4.13% | 6.33% | 8.63% |

Source: DTZ Eurexi.

These data are linked to the market and could therefore change significantly in the current climate. This could have a material positive or negative impact on the fair value of the Group's real estate assets.

### 2.5.4 MANAGEMENT OF FINANCIAL RISKS

***Note 4.1 Risk related to refinancing***

The Group has a single bank loan comprising two tranches of EUR 400 million and EUR 5 million, respectively. This loan was taken out with a pool of four banks comprising Aareal Bank AG, Deutsche Pfandbriefbank AG, Bayerische Landesbank and Landesbank Berlin AG. The loan is repayable at maturity on August 16, 2017.

***Note 4.2 Risk related to the valuation of real estate assets***

The Group's real estate portfolio is valued by an external real estate valuer. The value of the portfolio depends on the ratio of supply to demand in the real estate market, a large number of substantially varying factors, and changes in the economic environment.

All of the Group's real estate assets are office buildings with a large surface area (above 30,000 sq.m.) located in the inner suburbs of Paris. A fall in demand for this type of building could adversely affect the Group's earnings, business activities and financial position.

The current crisis has sparked volatility in real estate prices and values. Consequently, the price obtained if the assets are disposed of in the short term may not be in line with the valuation.

***Note 4.3 Risk related to changes in market rent levels for office premises***

Market rent levels for office premises and the value of office buildings are strongly influenced by the ratio of supply to demand in the property market. A situation where supply outweighs demand is likely to adversely affect the Group's earnings, business activities, assets and liabilities, and financial position.

***Note 4.4 Risk related to the regulatory framework applicable to leases***

Certain legal provisions applicable to commercial leases, such as public policy regulations governing lease terms and the indexing of rent, can restrict the capacity of property owners to increase rents. In the event of a change in the regulatory framework or the index used, the Group may be exposed to such risks.

***Note 4.5 Counterparty risk***

Group procedures ensure that lease agreements are only entered into with lessees of suitable credit standing. The Group has developed policies that limit its exposure to credit risk.

At December 31, 2014, the Group was dependent on three lessees who together represented approximately 49% of the total rental income collected in 2014 and individually more than 10%. Although the Group's real estate assets could be – and are – leased to many different lessees, financial difficulties experienced by one of these lessees, a request for more favorable lease terms upon renewal, or a decision to terminate their lease, could adversely impact the Group's financial position, earnings and future performance.

***Note 4.6 Liquidity risk***

Prudent liquidity risk management involves maintaining sufficient liquidity and short-term investment securities, being able to raise funds based on suitably adapted lines of credit and the ability to unwind market positions.

The Group has financing in the form of a single bank loan taken out with a pool of four banks which it uses to finance renovation projects.

Notes 5.11 and 5.24 contain a description of the different credit facilities and the early repayment clauses contained in the credit agreements. The Group complied with its covenants at the most recent due date.

***Note 4.7 Interest rate risk***

At December 31, 2014, the Group had a fixed-rate loan comprising two tranches of EUR 400,000k and EUR 5,000k, respectively. This loan is due to be repaid on August 16, 2017. On the first tranche of the loan, interest is calculated at a rate of 3.40% if the occupancy rate is lower than 90% and at 3.15% if it exceeds this threshold. On the second tranche of the loan, the interest rate is set at 2.769% if the occupancy rate is lower than 90% and 2.519% if it exceeds this threshold.

The physical occupancy rate for the Group's properties was above 90% over the period from April 30 to October 3, 2014.

### 2.5.5 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2014 AND TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR THEN ENDED

***Note 5.1 Investment property***

## CARRYING AMOUNT OF INVESTMENT PROPERTY

Changes in the carrying amount of investment property can be broken down by building as follows:

In thousands of euros

| | Rives de Bercy | Europlaza | Arcs de Seine | Total |
|---|---|---|---|---|
| Dec. 31, 2012 | 168,400 | 387,000 | 310,000 | 865,400 |
| Indemnity received | | | | |
| Subsequent expenditure | 65 | 531 | 149 | 745 |
| Disposals | | | | |
| Change in fair value | 3,535 | (32,531) | 11,851 | -17,145 |
| Dec. 31, 2013 | 172,000 | 355,000 | 322,000 | 849,000 |
| Indemnity received | | | | |
| Subsequent expenditure | 874 | 1,933 | 489 | 3,296 |
| Disposals | | | | |
| Change in fair value | 18,126 | (23,933) | 24,511 | 18,704 |
| Dec. 31, 2014 | 191,000 | 333,000 | 347,000 | 871, 000 |

## MAIN FAIR VALUE ASSUMPTIONS

The real estate valuer's estimation of the fair value of the buildings at December 31, 2014 is indicated below, along with the information used in the calculation:

| Building | Estimated value at December 31, 2014 (net of taxes) | | Theoretical effective rate of return | Gross leasable area (1) at December 31, 2014 | | Annual rent (net of taxes)(2) | |
|---|---|---|---|---|---|---|---|
| | in millions of euros | % | % | sq.m. | % | In thousands of euros | % |
| Europlaza (1999(3)) | 333 | 38 | 6.3 | 49,321 | 39 | 23,606 | 42 |
| Arcs de Seine (2000(3)) | 347 | 40 | 5.6 | 45,152 | 36 | 21,390 | 38 |
| Rives de Bercy (2003(3)) | 191 | 22 | 5.8 | 31,942 | 25 | 10,883 | 19 |
| Total | 871 | 100 | | 126,415 | 100 | 55,879 | 100 |

(1) The gross leasable area includes the surface area of the offices, storage areas and a share of common areas.
(2) Annual rent includes rent billed to lessees for space occupied at December 31, 2014 and market rent, as estimated by valuers, in relation to vacant premises (EUR 5,126k for Europlaza and EUR 721k for Arcs de Seine).
(3) Year of construction or restoration.

***Note 5.2 Non-current loans and receivables***

This item can be broken down as follows:

In thousands of euros

| | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Security deposits paid | 23 | |
| Benefits granted to lessees (non-current portion) | 30,918 | 29,331 |
| Non-current loans and receivables | 30,941 | 29,331 |

Non-current benefits granted to lessees concern rent-free periods, rent discounts and lease premiums paid to lessees recognized over the firm term of the lease in accordance with the accounting policies stated in Note 2.11.

***Note 5.3 Trade accounts receivable***

This item can be broken down as follows:

In thousands of euros

| | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Trade accounts receivable | 6,469 | 12,508 |
| Provision for impairment of trade accounts receivable | | |
| Trade accounts receivable, net | 6,469 | 12,508 |

The reduction in trade accounts receivable is primarily due to the payment by Crédit Foncier of its EUR 3.8 million debt at end-December 2014.

***Note 5.4 Other operating receivables***

This item can be broken down as follows:

In thousands of euros

| | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Rental expenses | | |
| Benefits granted to lessees (current portion) | 5,614 | |
| Input VAT | | 74 |
| Supplier accounts in debit and other receivables | 425 | 84 |
| Liquidity account/treasury shares | 237 | 103 |
| Other operating receivables | 6,276 | 261 |

***Note 5.5 Cash and cash equivalents***

"Cash and cash equivalents" comprises either bank account balances or risk-free bank deposits that may be considered as cash equivalents.

Current bank account balances recorded in this caption represent EUR 23,499k.

***Note 5.6 Ageing analysis of receivables***

The ageing analysis of receivables at December 31, 2014 is as follows:

In thousands of euros

| | Receivables (net of impairment) Dec. 31, 2014 | Receivables not yet due (net of impairment) | Receivables past due (net of impairment) | o/w receivables less than 6 months past due | o/w receivables more than 6 months and less than 1 year past due | o/w receivables more than 1 year past due |
|---|---|---|---|---|---|---|
| **Non-current receivables** | | | | | | |
| Non-current loans and receivables | 30,941 | 30,941 | 0 | 0 | 0 | 0 |
| **Total non-current receivables** | **30,941** | **30,941** | **0** | **0** | **0** | **0** |
| | | | | | | |
| **Current receivables** | | | | | | |
| Trade accounts receivable (1) | 6,469 | 6,414 | 55 | 44 | 8 | 3 |
| Other operating receivables | 6,276 | 6,276 | 0 | 0 | 0 | 0 |
| Prepaid expenses | 107 | 107 | | | | |
| **Total current receivables** | **12,852** | **12,796** | **55** | **44** | **8** | **3** |
| Total receivables | 43,793 | 43,737 | 55 | 44 | 8 | 3 |

(1) The amount of trade accounts receivable pledged as collateral for loans and borrowings amounts to EUR 6,469k and is detailed in Note 5.24.

The ageing analysis of receivables at December 31, 2013 is as follows:

| | Receivables (net of impairment) Dec. 31, 2013 | Receivables not yet due (net of impairment) | Receivables past due (net of impairment) | o/w receivables less than 6 months past due | o/w receivables more than 6 months and less than 1 year past due | o/w receivables more than 1 year past due |
|---|---|---|---|---|---|---|
| **Non-current receivables** | | | | | | |
| Non-current loans and receivables | 29,331 | 29,331 | 0 | 0 | 0 | 0 |
| **Total non-current receivables** | **29,331** | **29,331** | **0** | **0** | **0** | **0** |
| | | | | | | |
| **Current receivables** | | | | | | |
| Trade accounts receivable | 12,508 | 12,502 | 6 | 3 | 0 | 3 |
| Other operating receivables | 261 | 261 | 0 | 0 | 0 | 0 |
| Prepaid expenses | 68 | 68 | 0 | 0 | 0 | 0 |
| **Total current receivables** | **12,837** | **12,831** | **6** | **3** | **0** | **3** |
| Total receivables | 42,168 | 42,162 | 6 | 3 | 0 | 3 |

***Note 5.7 Fair value of financial assets***

The fair value of financial assets, which primarily comprise receivables, corresponds to their carrying amount.

***Note 5.8 Financial assets and liabilities***

The table below presents a summary of financial assets and liabilities:

In thousands of euros

| Summary of financial assets and liabilities | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Financial assets at fair value through profit or loss | | |
| Held-to-maturity investments | | |
| Loans and receivables | | |
| Non-current loans and receivables | 30,941 | 29,331 |
| Current receivables | 12,745 | 12,770 |
| Available-for-sale financial assets | | |
| Cash and cash equivalents | 23,499 | 16,018 |
| Total financial assets | 67,184 | 58,119 |
| Financial liabilities at fair value through profit or loss | | |
| Financial liabilities measured at amortized cost | | |
| Non-current liabilities | 406,055 | 399,266 |
| Current liabilities | 9,204 | 7,016 |
| Total financial liabilities | 415,259 | 406,282 |

***Note 5.9 Changes in impairment of financial assets***

No impairment was recognized against financial assets in the period.

***Note 5.10 Consolidated equity***

## Composition of and changes in shareholders' equity

| | Number of shares | Nominal value of shares in euros | Share capital in thousands of euros | Legal reserve and additional paid-in capital in thousands of euros | Consolidated reserves and retained earnings in thousands of euros |
|---|---|---|---|---|---|
| Shareholders' equity at Dec. 31, 2013 | 13,372,500 | 12 | 160,470 | 31,465 | 294,693 |
| Dividends paid | | | | (10,013) | |
| Interim dividend | | | | | (9,995) |
| Net income for the year | | | | | 42,398 |
| Change in treasury shares held | | | | | 134 |
| Shareholders' equity at Dec. 31, 2014 | 13,372,500 | 12 | 160,470 | 21,452 | 327,229 |

Consolidated reserves and net income comprise reserves of Group companies totaling EUR 19,677k, IFRS adjustments (non-distributable items) of EUR 155,210k and the revaluation reserve in an amount of EUR 152,342k.

## Dividends paid

In euros

| | Recommended dividend for 2014 | Paid in 2014 for 2013 (excl. treasury shares) |
|---|---|---|
| Total dividend paid | 32,094,000 | 10,012,933 |
| Net dividend per share in euros | 2.40 | 0.75 |

The total amount of dividends paid for the 2014 fiscal year is shown in the table above based on the number of shares comprising the share capital at December 31, 2014. Dividends to be paid in respect of 2014 as approved by the General Shareholders' Meeting will be reduced by the number of treasury shares held by the Company at the dividend payment date, as these shares do not carry any dividend rights.

Subject to the approval of the General Shareholders' Meeting, the Board of Directors recommends that a dividend of EUR 2.40 per share be paid for the 2014 fiscal year.

Further to the Board of Directors' decision of December 2, 2014, an interim dividend of EUR 0.75 per share was already paid (representing a total amount of EUR 10,029,375). The dividend still to be paid amounts to EUR 22,064,625, or EUR 1.65 per share.

## Treasury shares

In euros

| | Amount at Dec. 31, 2014 | Amount at Dec. 31, 2013 | Change |
|---|---|---|---|
| Acquisition cost | 557,763 | 613,321 | (55,557) |
| Number of treasury shares at reporting date | 21,955 | 27,222 | (5,267) |

***Note 5.11 Non-current borrowings***

On July 26, 2012, the Group took out a bank loan for EUR 400k repayable at maturity on August 16, 2017. The loan was drawn on November 15, 2012 with a pool of four banks comprising Aareal Bank AG, Deutsche Pfandbriefbank AG, Bayerische Landesbank and Landesbank Berlin AG. The interest rate is 3.40% if the occupancy rate is below 90% and 3.15% if the occupancy rate exceeds this threshold.

An amendment to this loan agreement was signed on August 7, 2014 providing for an additional EUR 5,000k tranche to be used to finance renovation projects. This tranche was drawn on November 21, 2014. The interest rate on this tranche is 2.769% if the occupancy rate is below 90% and 2.519% if the occupancy rate exceeds this threshold.

The occupancy rate for the Group's properties was above 90% over the period from April 30 to October 3, 2014.

At December 31, 2014, the bank loan, measured at the amortized cost of the consideration received less directly attributable transaction costs, amounted to EUR 401,889k.

The gross annual interest expense totals around EUR 13,288k for the 2014 fiscal year.

Guarantees granted in respect of the loans are recorded as off-balance sheet commitments (see Note 5.24).

Loan repayment dates are subject to compliance with the covenants or contractual clauses set out in Note 5.24. If the Group fails to comply with these ratios, it could be required to make a partial repayment of the loan in advance. On the last interest payment date (November 21, 2014), the Group complied with both of the ratios described in Note 5.24 (interest coverage, or ICR, and loan-to-value, or LTV).

***Note 5.12 Fair value of financial liabilities***

The fair value of the bank loan at December 31, 2014 can be analyzed as follows:

In thousands of euros

| | Dec. 31 2014 | | Dec. 31 2013 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Bank loan | 401,889 | 410,274 | 395,797 | 398,621 |
| Total | 401,889 | 410,274 | 395,797 | 398,621 |

There was no difference between the carrying amounts and fair values of other financial instruments at the end of the reporting period.

***Note 5.13 Other non-current borrowings and debt***

This caption mainly consists of security deposits paid by lessees, which are recorded as non-current borrowings and debt based on the assumption that lessees will seek to renew their leases if they expire within the next 12 months.

***Note 5.14 Other operating liabilities***

These can be broken down as follows:

In thousands of euros

| | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Personnel | 22 | |
| Accrued VAT, other taxes and social security charges | 2,806 | 2,420 |
| Accrued rental expenses rebilled to lessees | 822 | 644 |
| Advance payments by lessees | 491 | 452 |
| Miscellaneous | | |
| Other operating liabilities | 4,140 | 3,516 |
| Amounts due to fixed asset suppliers | 905 | 246 |
| Amounts due to fixed asset suppliers | 905 | 246 |
| | | |
| Other liabilities | 5,045 | 3,762 |

"Accrued rental expenses rebilled to lessees" includes an amount of EUR 734k corresponding to the balance of lessees' contributions to the financing of large items of shared equipment.

***Note 5.15 Maturity schedule for liabilities with undiscounted contractual values***

The maturity schedule for liabilities with undiscounted contractual values is as follows:

In thousands of euros

| | Carrying amount at Dec. 31, 2014 | Undiscounted contractual value | Undiscounted contractual value | | Due in more than 5 years |
|---|---|---|---|---|---|
| | | | Due in 1 year or less | Due in more than 1 year but less than 5 years | |
| **Non-current liabilities** | | | | | |
| Non-current borrowings | 401,889 | 405,000 | | 405,000 | |
| Other non-current borrowings and debt | 4,166 | | | | 4,166 |
| Non-current corporate income tax liability | | | | | |
| Total non-current liabilities | 406,055 | 405,000 | - | 405,000 | 4,166 |
| **Current liabilities** | | | | | |
| Current borrowings | 1,716 | 1,716 | 1,716 | | |
| Other current borrowings and debt | 0 | 0 | 0 | | |
| Trade accounts payable | 2,148 | 2,148 | 2,148 | | |
| Corporate income tax liability | 295 | 295 | 295 | | |
| Other operating liabilities | 5,045 | 5,045 | 5,045 | | |
| Total current liabilities | 9,204 | 9,204 | 9,204 | - | - |

Other non-current borrowings and debt correspond to security deposits paid by lessees. Their maturity date is considered to be more than five years because it is the Group's policy to extend leases when they expire.

***Note 5.16 Prepaid revenue***

Prepaid revenue consists of rents billed in advance for the first quarter of 2015.

***Note 5.17 Rental income***

Including the impact of benefits granted to lessees, rental income can be broken down by building as follows:

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Europlaza | 20,770 | 21,812 |
| Arcs de Seine | 14,008 | 11,765 |
| Rives de Bercy | 9,968 | 9,726 |
| | 44,746 | 43,303 |

***Note 5.18 Income from other services***

Income from other services can be analyzed as follows:

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Rental expenses rebilled to lessees | 6,489 | 5,879 |
| Real estate taxes rebilled to lessees | 4,833 | 4,217 |
| Other amounts rebilled to lessees and miscellaneous income | 1,852 | 366 |
| Income from other services | 13,173 | 10,462 |

***Note 5.19 Building-related costs***

These can be broken down as follows:

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Rental expenses | 6,463 | 5,427 |
| Taxes | 4,858 | 4,851 |
| Fees | 3,049 | 2,972 |
| Maintenance costs | 20 | 735 |
| Expenses on vacant premises | 1,707 | 1,874 |
| Other expenses | 243 | 1,069 |
| Building-related costs | 16,341 | 16,927 |

Fees mainly comprise asset management fees with Commerz Real Investmentgesellschaft, which amounted to EUR 3,049k at December 31, 2014 (EUR 2,972k at December 31, 2013). These fees are based on the value of the buildings owned as estimated by an external valuer.

Expenses on vacant premises relate to the Europlaza and Arcs de Seine buildings.

Rental expenses totaled EUR 13,029k of which EUR 11,322k were rebilled.

***Note 5.20 Administrative costs***

Administrative costs mainly comprise professional fees for EUR 1,153k and payroll expenses for EUR 550k.

***Note 5.21 Financial income and expenses***

Financial income and expenses can be broken down as follows:

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Financial income | 17 | 2 |
| Financial expenses | (14,533) | (14,996) |
| Interest and charges on bank borrowings | (14,533) | (14,996) |
| Net financial expense | (14,515) | (14,994) |

***Note 5.22 Corporate income tax and tax proof***

All consolidated entities contributing to consolidated income fall under the SIIC tax regime for listed real estate investment companies and are not liable for corporate income tax in respect of their property rental activities.

Income tax expense for the reporting period can be analyzed as follows:

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Corporate income tax (1) | 11 | |
| Additional corporate income tax contribution(2) | 301 | |
| Corporate income tax | 312 | - |

(1) Corporate income tax on other taxable activities (other than property rental activities).
(2) Additional corporate income tax contribution on amounts distributed.

***Note 5.23 Earnings per share***

Earnings per share is calculated by dividing consolidated net income attributable to owners of Cegereal SA by the number of ordinary shares net of treasury shares at December 31, 2014, i.e., 21,955. Earnings per share data are provided below the statement of comprehensive income.

As Cegereal SA has no dilutive instruments, basic and diluted earnings per share are the same.

***Note 5.24 Off-balance sheet commitments and security provided***

All material commitments are listed below. The Group had not entered into any complex commitments at the end of the reporting period.

## COMMITMENTS GIVEN

Under the terms of the credit agreement, the main commitments given by the Group are as follows:

- registration of contractual mortgages on all of the Group's existing real estate assets;
- assignment of rent receivables under the Dailly Law mechanism on all of the Group's existing real estate assets;
- to ensure that the interest coverage ratio (ICR) (available income/ [projected interest + agency fees]) remains above 150%. Non-compliance with this ratio (calculated quarterly on each interest payment date) results in an obligation to repay the outstanding loan in the amount required for the ratio to be complied with;
- to ensure that the loan-to-value ratio (LTV) (outstanding loan/market value of real estate assets) remains below 70%. Non-compliance with this ratio (calculated quarterly on each publication of the valuation reports) results in an obligation to repay the outstanding loan in the amount required for the ratio to be complied with;
- to provide the agency with accounting and financial documents, valuation reports, financial ratio calculations and other information relating to the buildings described in the credit agreement;
- to allow the agency to carry out audits and visits as set out in the credit agreement;
- to take out insurance as set out in the credit agreement;
- not to take out any other loans;
- not to grant any loans apart from those set out in the credit agreement;
- not to grant liens on these assets, rights or income other than security interests;
- not to acquire any new real estate assets (except by means of equity financing) or interests;
- to distribute dividends to the sole shareholder under the conditions set out in the credit agreement;
- to only acquire investments set out in the credit agreement for cash flow needs;
- in the event that the Group no longer benefits from the SIIC regime, to show that the Group has sufficient equity to pay all the taxes and indemnities for which it may be liable and that the fact of no longer benefiting from the regime will not lead to an effective payment of corporate income tax during the term of the loan resulting in a materially unfavorable event;
- repaying the loan in advance, which would give rise to breakage costs and an early repayment indemnity.

Further commitments were given in connection with the amendment to the loan agreement dated August 7, 2014. These concerned:

- informing the agent about any works agreements signed;
- carrying out the renovation work before the end of 2016 based on the scope defined in the works budget while respecting lessees' rights;
- agreeing not to replace the companies responsible for carrying out the work without the agency's agreement, once the works agreements have been signed and provided the companies do not default;
- financing any additional work out of equity along with any additional expenses not initially budgeted for;
- paying all of the amounts due to the technical expert;
- on completion of the renovation work, providing the agency, as soon as possible, with (i) a copy of the acceptance report, (ii) a copy of the statement specifying that the works are duly complete and were carried out as planned, and (iii) a copy of the certificate stating that the compliance of the work is not contested.

Following the partial asset transfer, Cegereal SA undertook to hold all Prothin SAS shares for a period of three years. Similarly, Prothin SAS agreed to maintain the EUR 196,911k in additional paid-in capital (contribution premium) under shareholders' equity for the same period, unless this restriction were to be waived in the event the company had surplus cash.

These commitments expired on December 23, 2014.

## COMMITMENTS RECEIVED

Security deposits received from lessees amounted to EUR 12,317k at December 31, 2014.

Two new lease agreements for the Arcs de Seine site were signed with Amgen (on November 25, 2014) and Exclusive Networks (on December 18, 2014). Amgen and Exclusive Networks may enter the leased premises on April 1, 2015 and May 1, 2015, respectively.

Description of the main provisions and resulting commitments of the Group's operating leases:

All of the Group's business assets are located in France and are subject to the provisions of French law. The Group's business activities are governed by Articles L.145-1 to L.145-60 of the French Commercial Code. The lease term may not be less than nine years and only the lessee has the option of terminating the lease at the end of each three-year period following inception of the lease, subject to six months' notice.

Until the entry into force of Act no. 2014-626 of June 18, 2014 on craftspeople, small traders and micro businesses (the "Pinel Act"), the parties could contractually override this three-year termination period. This possibility is now limited in certain cases for leases signed on or after September 1, 2014 (the date on which the Pinel Act came into effect).

Rents are generally payable quarterly in advance and are indexed annually. The lease may provide for a step-up arrangement or for constant rental payments, and it may include rent-free periods or temporary rent freezes, but in any event, the terms and conditions are fixed at the inception of the lease for the entire lease term. Charges, including real property tax and tax on office premises, are generally borne by the lessee unless otherwise stipulated in the lease. Pursuant to Article R.145-35 of the French Commercial Code, some of these charges cannot be rebilled.

Minimum guaranteed rental income from current operating leases:

At December 31, 2014, the minimum annual rental income (excluding VAT, rebilling of taxes and expenses, and rent decreases agreed after the end of the reporting period) due to the Group until the earliest possible termination dates of the different operating leases was as follows:

In thousands of euros

| | Minimum annual rental income | |
|---|---|---|
| | Dec. 31, 2014 | Dec. 31, 2013 |
| 2015 | 46,130 | 41,784 |
| 2016 | 44,707 | 36,861 |
| 2017 | 42,186 | 33,676 |
| 2018 | 36,815 | 27,292 |
| 2019 | 33,695 | 20,474 |
| 2020 | 26,352 | 16,557 |
| 2021 | 19,901 | 15,352 |
| 2022 | 355 | - |

These rents represent amounts to be billed, excluding the impact of staggering the benefits granted to lessees with respect to earlier periods.

***Note 5.25 Transactions with related parties***

## TRANSACTIONS WITH RELATED COMPANIES

The hausInvest property fund, Cegereal SA's majority shareholder, is managed by Commerz Real. Consequently, transactions with Commerz Real and other companies within the same group, in particular Eurohypo AG (renamed Hypothekenbank Frankfurt AG on October 9, 2012), are identified as related party transactions.

The main transactions with related parties comprise the credit agreement entered into with Eurohypo AG (which was repaid in advance on November 15, 2012) and the asset management agreement (see Note 5.19).

In thousands of euros

| | 2014<br>12 months | 2013<br>12 months |
|---|---|---|
| Impact on operating income | | |
| Building-related costs: Asset management fees | 3,049 | 2,972 |
| Administrative costs: Fees | | |
| Impact on net financial expense | | |
| Financial expenses | | |
| Total impact on statement of comprehensive income | 3,049 | 2,972 |
| | | |
| Impact on assets | | |
| Prepaid expenses | | |
| Total impact on assets | | |
| | | |
| Impact on liabilities | | |
| Non-current borrowings | | |
| Trade accounts payable | 832 | 711 |
| Total impact on liabilities | 832 | 711 |

## TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

(i) Compensation of the Chairman of the Board of Directors
The Chairman of the Board of Directors' gross compensation was set at EUR 25k for 2013 and EUR 25k for 2014. The compensation for 2014 was paid in December of that year.
(ii) Compensation of key management personnel

In thousands of euros

| Categories of employee benefits | 2014<br>12 months | 2013<br>12 months |
|---|---|---|
| Short-term employee benefits | 366 | 362 |
| Post-employment benefits | | |
| Other long-term employment benefits | | |
| Termination benefits | | |
| Share-based payment | | |
| Total | 366 | 362 |

iii) Directors' fees
Directors' fees of EUR 68k were paid for 2013.
Directors' fees of EUR 119k were paid for 2014.
(iv) Loans and securities granted to or on behalf of executives
None
(v) Transactions entered into with executives
None
(vi) Entities having key management personnel in common with the Group
The Group has key management personnel in common with CRI, namely certain directors.

***Note 5.26 Personnel***

At December 31, 2014, the Group had two employees compared to three employees at December 31, 2013.

***Note 5.27 Statutory Auditors***

The Statutory Auditors are:

**KPMG Audit FS I**
1 cours Valmy
92923 Paris-La Défense Cedex
Tenure renewed at the Ordinary and Extraordinary Shareholders' Meeting of June 29, 2011.

**Denjean et Associés**
35 avenue Victor Hugo
75016 Paris
First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 22, 2011.

Fees paid to the Statutory Auditors for the years ended December 31, 2014 and 2013 were as follows:

In thousands of euros

| | Amount (net of taxes) | | % | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Statutory audit of the financial statements | 236 | 254 | 92 | 96 |
| Advisory services and services directly related to the statutory audit engagement | 21 | 11 | 8 | 4 |
| Total | 257 | 265 | 100 | 100 |

***Note 5.28 Subsequent events***

None.

# 2.6. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

**Cegereal SA**

Registered office: 21-25, rue Balzac - 75008 Paris, France

Share capital: EUR 160,470,000

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 captions or on information taken outside of the consolidated financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Cegereal SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

**1. 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 about whether 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 consolidated 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 give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**2. 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 bring to your attention the following matters:

- Notes 2.3 and 2.4 to the consolidated financial statements describe the accounting method and valuation methods used to measure investment property. Investment property is measured at fair value, as estimated by an external real estate valuer at December 31 each year.

Our work consisted in obtaining the external valuer's reports, assessing the data and assumptions on which the estimates were based, ensuring that the notes to the consolidated financial statements contain the appropriate disclosures and assessing the procedures used by Executive Management to approve these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

**3. Specific verification**

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

| Paris-La Défense, February 13, 2015 | Paris, February 13, 2015 |
|---|---|
| **KPMG Audit FS I** | **Denjean & Associés** |
| Isabelle Goalec | Thierry Denjean |
| Partner | Partner |

# 3. Annual financial statements prepared in accordance with French Gaap

The annual financial statements prepared in accordance with French GAAP for the year ended December 31, 2013 and the related Statutory Auditors' report presented on pages 80 to 89 and page 90, respectively, of the 2013 Registration Document filed with the AMF on April 10, 2014 under no. D. 14-0324, are incorporated by reference into this document.

## 3.1. RESULTS AND FINANCIAL POSITION OF CEGEREAL SA

The following presentation and analysis should be read in conjunction with this Registration Document in its entirety and in particular with the statutory financial statements which are presented in sections III.3.4. and III.3.5.

The annual financial statements for the year ended December 31, 2014 were prepared in accordance with French generally accepted accounting principles applicable to individual financial statements.

### FINANCIAL POSITION/STATUTORY FINANCIAL STATEMENTS

At December 31, 2014, shareholders' equity stood at EUR 340,986k compared with opening shareholders' equity of EUR 386,501k.

At December 31, 2014, cash and cash equivalents stood at EUR 460k, a EUR 1,120k decrease compared with December 31, 2013. The main changes during the year ended December 31, 2014 contributing to this decrease were as follows:

In thousands of euros

| SOURCES | |
|---|---|
| Funds from operations | 65,545 |
| Net increase in working capital | 213 |
| Increase in miscellaneous debt | - |
| Decrease in fixed assets | - |
| Total sources of funds | 65,758 |

| USES | |
|---|---|
| Funds used in operations | |
| Dividends paid | 20,025 |
| Decrease in bank debt | - |
| Decrease in miscellaneous debt | 8,368 |
| Increase in fixed assets(*) | 78 |
| Total uses of funds | 28,471 |

| | |
|---|---|
| Net change in cash and cash equivalents | 37,287 |

(*) of which EUR 38,408k of distributions receivable.

### NET INCOME BY KEY INDICATOR FOR THE PERIOD

Cegereal's rental activity was transferred to its Subsidiary (Prothin) within the scope of the partial asset transfer of December 22, 2011 with retroactive effect from July 1, 2011. Since 2012, Cegereal's activity has therefore included acting as holding company for the shares of Prothin.

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Net revenue | | |
| Other operating revenue | 21 | 38 |
| **Total operating revenue** | **21** | **38** |
| | | |
| Other purchases and external charges | (1,489) | (1,407) |
| Taxes, duties and other levies | (51) | (51) |
| Wages and salaries | (380) | (377) |
| Fixed assets: depreciation and amortization | | |
| Other operating expenses | (128) | (93) |
| **Total operating expenses** | **(2,048)** | **(1,928)** |
| | | |
| | | |
| **Operating loss** | **(2,026)** | **(1,890)** |
| | | |
| Total financial income | 68,305 | |
| Total financial expenses | (505) | (141) |
| **Net financial income/(expense)** | **67,800** | **(141)** |
| | | |
| **Net non-recurring expense** | **78** | **154** |
| | | |
| Corporate income tax | (505) | (141) |
| Net income/(loss) | 65,539 | (1,877) |

# 3.2 APPROPRIATION OF CEGEREAL SA'S NET INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

## APPROPRIATION OF NET INCOME

The next Annual General Shareholders' Meeting will be asked to approve the following appropriation of 2014 net income:

Source:

– 2014 net income: EUR 65,539,237

– Retained earnings: a negative EUR 3,256,815

Appropriation:

– Appropriation of EUR 3,256,815 to "Retained earnings", bringing the total amount recorded under this account to 0.

– Dividend distribution: EUR 32,094,000.

– Other reserves EUR 30,188,422

The dividend per share is therefore EUR 2.40.

The ex-dividend date is July 14, 2015.

Further to the Board of Directors' decision of December 2, 2014, an interim dividend of EUR 0.75 per share was already paid (representing a total amount of EUR 10,029,375). The dividend still to be paid amounts to EUR 22,064,625, or EUR 1.65 per share.

## PRIOR DISTRIBUTIONS OF DIVIDENDS (ARTICLE 243 BIS OF THE FRENCH TAX CODE)

Pursuant to the disclosure requirements set out in Article 243 bis of the French Tax Code, the dividends paid over the past three years are shown below:

En euros

| Fiscal year ended | Eligible for tax rebate | | ineligible income for tax rebate | Ineligible for tax rebate |
|---|---|---|---|---|
| | Dividends | Other income distributed | | |
| Dec. 31, 2011 | - | - | - | - |
| Dec. 31, 2012 | - | - | - | 8,692,125 |
| Dec. 31, 2013 | - | - | - | 10,029,375 |

## NON TAX-DEDUCTIBLE EXPENSES (ARTICLE 39-4 OF THE FRENCH TAX CODE)

The General Shareholders' Meeting will be asked to approve the total amount of EUR 8,300 of expenses and charges referred to in Article 39-4 of the French Tax Code as well as the related tax (excess tax depreciation of rented passenger vehicles).

## INFORMATION ON PAYMENT PERIODS FOR SUPPLIERS AND CUSTOMERS OF CEGEREAL SA

Amounts outstanding with respect to suppliers amounted to EUR 358k and chiefly comprised EUR 8k due at December 31, 2014 and EUR 350k in accrued expenses not yet due. Trade accounts payable totaled EUR 444k at December 31, 2013, of which EUR 37k was due.

All amounts due are payable within 60 days.

# 3.3. SIGNIFICANT CHANGE IN FINANCIAL OR COMMERCIAL POSITION

To the Company's knowledge, there has been no significant change in Cegereal's financial or commercial position since December 31, 2014.

# 3.4 BALANCE SHEET AND INCOME STATEMENT PREPARED IN ACCORDANCE WITH FRENCH GAAP

## BALANCE SHEET – FRENCH GAAP

In euros

| ASSETS | Notes | Gross amount | Depr., amort. & prov. | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|---|---|---|
| **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** | **5.1** | | | | |
| Receivables from controlled entities | | 387,709,685 | | 387,709,685 | 349,301,810 |
| Other long-term investments | | | | | |
| Loans | | | | | |
| Other financial fixed assets | | 794,802 | 5,956 | 788,846 | 716,466 |
| FIXED ASSETS | | 388,504,487 | 5,956 | 388,498,531 | 350,018,276 |
| **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 | **5.4** | 21,067 | | 21,067 | 77,127 |
| Subscribed capital, called up but not paid | | | | | |
| | | | | | |
| **Short-term investment securities** | | | | | |
| **Cash and cash equivalents** | **5.3** | **460,028** | | **460,028** | **1,580,482** |
| CURRENT ASSETS | | 481,095 | | 481,095 | 1,657,609 |
| **Prepaid expenses** | **5.7** | **87,792** | | **87,792** | **23,691** |
| **Adjustment accounts** | | | | | |
| TOTAL ASSETS | | 389,073,374 | 5,956 | 389,067,418 | 351,699,576 |

In euros

| EQUITY AND LIABILITIES | Notes | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|---|
| **Capital** | | | |
| Share capital (including paid-up capital: 160,470,000) | | | 160,470,000 |
| Additional paid-in capital | | | 15,418,151 |
| Revaluation reserve | | | 152,341,864 |
| | | | |
| **Reserves** | | | |
| Legal reserve | | 16,047,000 | 16,047,000 |
| Statutory or contractual reserves | | | |
| Regulated reserves | | | |
| Other reserves | | | 8,423 |
| **Income** | | | |
| Retained earnings | | (3,256,815) | (1,422,072) |
| Net income/(loss) for the year | | 65,539,236 | (1,877,070) |
| Interim dividend | | (10,029,375) | |
| | | | |
| **Investment subsidies** | | | |
| **Regulated provisions** | | | |
| | | | |
| SHAREHOLDERS' EQUITY | 5.9 | 386,500,686 | 340,986,296 |
| **Income from the issue of equity instruments** | | | |
| **Contingent advances** | | | |
| OTHER EQUITY | | | |
| **Contingency provisions** | | | |
| **Loss provisions** | | | |
| LOSS AND CONTINGENCY PROVISIONS | | | |
| **Non-current borrowings and debt** | | | |
| Convertible bonds | | | |
| Other bonds | | | |
| Bank borrowings | | | |
| Miscellaneous borrowings and debt | | | 10,174,731 |
| **Trade accounts payable and other current liabilities** | | | |
| Advances/down payments received on orders in progress | | | |
| Trade accounts payable | | | 444,399 |
| Tax and social liabilities | | | 93,397 |
| Amounts owed to fixed asset suppliers | | | |
| Other liabilities | | | 752 |
| Prepaid revenue | | | |
| LIABILITIES | | 2,566,732 | 10,713,280 |
| **Adjustment accounts** | | | |
| TOTAL EQUITY AND LIABILITIES | | 389,067,418 | 351,699,576 |

## INCOME STATEMENT – FRENCH GAAP

In euros

| | France | Exports | Notes | 2014 12 months Total | 2013 12 months Total |
|---|---|---|---|---|---|
| Sales of goods for resale | | | | | |
| Sales of manufactured products | | | | | |
| Sales of services | | | **5.11** | | |
| NET REVENUE | 0 | 0 | | | |
| Change in finished goods and in-progress inventory | | | | | |
| In-house production | | | | | |
| Operating subsidies | | | | | |
| Reversal of depreciation and amortization charges, provisions for impairment and expense transfers | | | | 21,208 | 37,757 |
| Other revenue | | | | 1 | 39 |
| Other property, plant and equipment | | | | | |
| Total operating revenue | | | | 21,209 | 37,796 |
| | | | | | |
| Purchases of goods | | | | | |
| Change in inventories of goods held for resale | | | | | |
| Purchases of raw materials and other supplies | | | | | |
| Change in inventories (raw materials and other supplies) | | | | | |
| Other purchases and external charges | | | **5.12** | 1,488,996 | 1,406,634 |
| Taxes, duties and other levies | | | | 50,810 | 51,165 |
| Wages and salaries | | | | 258,734 | 265,545 |
| Social security charges | | | | 121,105 | 111,548 |
| Fixed assets: depreciation and amortization | | | | | |
| Fixed assets: provisions for impairment | | | | | |
| Current assets: provisions for impairment | | | | | |
| Loss and contingency provisions | | | | | |
| Other expenses | | | | 127,967 | 92,898 |
| Total operating expenses | | | | 2,047,612 | 1,927,789 |
| | | | | | |
| OPERATING LOSS | | | | (2,026,403) | (1,889,993) |
| | | | | | |
| Allocated income or transferred loss | | | | | |
| Loss incurred or transferred income | | | | | |
| Financial income from controlled entities | | | | 68,300,000 | |
| Income from other securities and receivables | | | | | |
| Other interest income | | | | 4,797 | |
| Reversal of provisions for impairment, other provisions and expense transfers | | | | | |
| Foreign exchange gains | | | | | |
| Net income on sale of short-term investment securities | | | | | |
| Total financial income | | | | 68,304,797 | - |
| | | | | | |
| Depreciation, amortization, provisions for impairment and other provisions | | | | 5,956 | |
| Interest expenses | | | | 499,078 | 140,647 |
| Foreign exchange losses | | | | | |
| Net expenses on sales of short-term investment securities | | | | | |
| Total financial expenses | | | | 505,034 | 140,647 |
| | | | | | |
| NET FINANCIAL INCOME/(EXPENSE) | | | | 67,799,763 | (140,647) |
| | | | | | |
| RECURRING INCOME/(LOSS) BEFORE TAX | | | | 65,773,360 | (2,030,640) |

In euros

| | Notes | 2014 12 months Total | 2013 12 months Total |
|---|---|---|---|
| Non-recurring income on management transactions | | | |
| Non-recurring income on capital transactions | | 78,336 | 153,570 |
| Reversal of provisions for impairment, other provisions and expense transfers | | | |
| Total non-recurring income | | 78,336 | 153,570 |
| Non-recurring expenses on management transactions | | | |
| Non-recurring expenses on capital transactions | | | |
| Depreciation, amortization and provisions for impairment | | | |
| Total non-recurring expenses | | | - |
| NET NON-RECURRING INCOME | 5.13 | 78,336 | 153,570 |
| Employee profit sharing | | | |
| Corporate income tax | | 312,460 | |
| TOTAL INCOME | | 68,404,342 | 191,365 |
| TOTAL EXPENSES | | 2,865,106 | 2,068,436 |
| NET INCOME/(LOSS) | | 65,539,236 | (1,877,070) |

# 3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH FRENCH GAAP FOR THE YEAR ENDED DECEMBER 31, 2014

### 3.5.1 BACKGROUND

***Note 1.1 Stock market listing***

The Company's shares have been quoted on the Eurolist market (compartment B) of Euronext Paris SA, under the reference no. FR0010309096, since March 29, 2006.

The Company was first listed in March 2006. The listing involved 3,837,326 shares stemming from a Retail Public Offering (81,412 shares allocated between March 21 and March 27, 2006) and an Underwriting Agreement (3,755,914 shares allocated between March 21 and March 28, 2006).

***Note 1.2 Fiscal year***

The fiscal year covers a 12-month period from January 1 to December 31, 2014.

***Note 1.3 Presentation of comparative financial information***

The information presented in the annual financial statements for the year ended December 31, 2014 includes comparative data in relation to the year ended December 31, 2013.

### *3.5.2 SIGNIFICANT ACCOUNTING POLICIES*

The annual financial statements for the year ended December 31, 2014 were prepared in accordance with the 2014 French general chart of accounts (Standard 2014-03 issued by the French accounting standard-setter, or ANC) which came into force on October 16, 2014, and with the accounting principles generally accepted in France.

Accounting policies were applied in accordance with the principle of prudence and the following basic assumptions:

– going concern basis,
– consistency principle,
– accrual basis principle.

The basic method used for valuing items recorded in the accounts is the historical cost method.

The main accounting principles applied for the financial statements for the year ended December 31, 2014 are described below.

***Note 2.1 Long-term investments***

*Classification of long-term investments*

Long-term investments correspond to shareholdings that it is deemed useful to hold over the long term, particularly insofar as they enable the Company to exercise influence or control over the issuer.

*Capitalized costs of investments*

Investments are recognized in the balance sheet at their acquisition cost or contribution value.

The acquisition cost of shareholdings includes their purchase price and costs directly attributable to the acquisition.

*Impairment of investments*

At the end of the reporting period, the Company compares the realizable value of shareholdings with their acquisition cost. The realizable value of shareholdings corresponds to their value in use, representing the price the Company would be willing to pay should it wish to acquire this shareholding.

In order to measure shareholdings, the Company uses a method based on the valuation of the subsidiaries' assets.

The Company calculates the net asset value of each subsidiary. This method takes into account the valuation of the real estate assets held by the subsidiary at the end of the reporting period.

Unrealized gains and losses are calculated by comparing the value in use with the carrying amount. Impairment losses are recognized in respect of unrealized losses and are not offset against unrealized gains.

However, the Company takes into account the outlook for (temporarily or structurally loss-making) subsidiaries in order to ensure that the write-downs are justified.

***Note 2.2 Treasury shares***

Treasury shares held within the scope of the liquidity agreement are stated at cost in assets under "Other long-term investments".

Cash amounts allocated to the liquidity agreement are stated in "Other long-term investments" as they are no longer available for the immediate needs of the Company.

Movements in the treasury share portfolio are recorded on a first in, first out basis.

A provision for impairment is set aside when the acquisition value of the shares is more than the average stock market price in the month preceding the end of the reporting period.

Gains and losses realized on the sale of treasury shares and interest on the cash amounts allocated to the liquidity agreement are recognized in "Non-recurring income".

***Note 2.3 Receivables***

Receivables are measured at nominal value. A provision for impairment is set aside when the realizable value falls below the carrying amount.

### 3.5.3 MANAGEMENT OF FINANCIAL RISKS

At December 31, 2014, the risks incurred by Cegereal SA relate to the equity interests held in its subsidiary, Prothin SAS.

### 3.5.4 CHANGE IN ACCOUNTING POLICIES

There was no change in accounting policies in 2014 compared to 2013.

### 3.5.5 NOTES TO THE BALANCE SHEET AND THE INCOME STATEMENT AND OTHER INFORMATION

***Note 5.1 Statement of financial fixed assets***

Changes in the gross value of financial fixed assets can be broken down as follows:

In euros

| | Gross value at Jan. 1, 2014 | Increases | Decreases | Gross value at Dec. 31, 2014 |
|---|---|---|---|---|
| Equity investments | 349,301,810 | | | 349,301,810 |
| Receivables on equity investments | | 68,300,000 | 29,892,125 | 38,407,875 |
| Treasury shares | 613,321 | 829,891 | 885,449 | 557,763 |
| Cash used in the liquidity agreement | 103,145 | 550,570 | 416,676 | 237,040 |
| Total financial fixed assets | 350,018,276 | 69,680,461 | 31,194,250 | 388,504,488 |

At December 31, 2014, Cegereal held 21,955 of its own shares out of a total of 13,372,500 shares, representing an amount of EUR 557,763. During the year, 32,481 shares were purchased and 37,748 were sold. Equity investments amounted to EUR 349,301,810, of which EUR 920,000 related to the incorporation of the Company and EUR 348,381,810 to consideration for the partial asset transfer.

***Note 5.2 Provisions for impairment***

Changes in this item were as follows:

In euros

| | Amount at Jan. 1, 2014 | Additions | Reversals | Amount at Dec. 31, 2014 |
|---|---|---|---|---|
| On treasury shares | | 5,956 | | 5,956 |
| On trade accounts receivable | | | - | |
| Total impairment | - | 5,956 | - | 5,956 |

***Note 5.3 Cash and cash equivalents***

Cash and cash equivalents can be analyzed as follows::

In euros

| Cash and cash equivalents | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Bank accounts | 460,028 | 1,580,482 |
| Time deposits | | |
| Accrued interest receivable | | |
| Total | 460,028 | 1,580,482 |

***Note 5.4 Statement of receivables and payables by maturity***

Receivables and payables at December 31, 2014 can be analyzed as follows by maturity:

In euros

| Receivables | Gross amount | Due in 1 year or less | Due in more than 1 year |
|---|---|---|---|
| **Receivables related to current assets** | | | |
| Trade accounts receivable | | | |
| Other receivables | 21,067 | 21,067 | |
| Total receivables | 21,067 | 21,067 | - |

In euros

| Payables | Gross amount | Due in 1 year or less | Maturity | |
|---|---|---|---|---|
| | | | Due in 1 year or less | Due in more than 5 years |
| Bank borrowings | | 0 | | |
| Miscellaneous borrowings and debt | 1,806,957 | 1,806,957 | | |
| Trade accounts payable | 357,837 | 357,837 | | |
| Tax and social liabilities | 401,938 | 401,938 | | |
| Amounts due to fixed asset suppliers | | | | |
| Other liabilities | | | | |
| Total payables | 2,566,732 | 2,566,732 | - | - |

***Note 5.5 Accrued income and expenses***

At December 31, 2014, accrued income and expenses can be analyzed as follows:

In euros

| Accrued income | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Other receivables | | |
| Cash and cash equivalents | | |
| Total | - | - |

| Accrued expenses | Dec. 31, 2014 | Dec. 31, 2013 |
|---|---|---|
| Trade accounts payable | 307,469 | 407,400 |
| Tax and social liabilities | 33,210 | 37,167 |
| Total | 340,678 | 444,567 |

***Note 5.6 Transactions with related parties***

Material transactions carried out by the Company with related parties are described below.

## TRANSACTIONS WITH RELATED COMPANIES

The main transactions with related parties stem from a credit agreement between Cegereal SA and Prothin SAS to fund dividend payments as well as the dividend payment made by Prothin SAS to Cegereal.

In euros

| | 2014 | 2013 |
|---|---|---|
| **Impact on operating income/(loss)** | | |
| Rental expenses rebilled (by the Company) | | |
| Rental expenses rebilled (to the Company) | (84,000) | (83,720) |
| Asset management fees | | |
| Fees | | |
| **Impact on net financial income/(expense)** | | |
| Financial expenses | (499,078) | (140,647) |
| Financial income | | |
| Total impact on income statement | 583,078 | 224,367 |
| **Impact on assets** | | |
| Receivables from controlled entities | 38,407,875 | |
| Other receivables | | |
| Prepaid expenses | | |
| Total impact on assets | 38,407,875 | - |
| **Impact on liabilities** | | |
| Dividends | | |
| Miscellaneous borrowings and debt | 1,806,953 | 10,174,731 |
| Trade accounts payable | | |
| Other liabilities | | |
| Total impact on liabilities | 1,806,953 | 10,174,731 |

## TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Chairman of the Board of Directors' gross compensation was set at EUR 25k for 2013 and EUR 25k for 2014.

In accordance with a decision by the Board of Directors, the amounts paid to members of management totaled EUR 235,131 for the year ended December 31, 2014.

At the General Shareholders' Meeting of June 25, 2014, the shareholders set the maximum total annual directors' fees for all Board members at EUR 120k. In December 2014, directors' fees of EUR 119k were paid for the year ended December 31, 2014.

In accordance with Standard 2010-02 on related-party transactions issued by the French accounting standard setter (ANC) on September 2, 2010, all material transactions with related parties were carried out at arm's length conditions.

***Note 5.7 Prepaid expenses and revenue***

At December 31, 2014, prepaid expenses and revenue can be analyzed as follows:

In euros

| | Expenses | Revenue |
|---|---|---|
| Operating revenue/expenses | 87,792 | |
| Financial income/expenses | | |
| Non-recurring income/expenses | | |
| Total impact on income statement | 87,792 | - |

Prepaid expenses consist mainly of trade dues relating to a period after December 31, 2014.

***Note 5.8 Composition of share capital***

The share capital is fixed at EUR 160,470,000 and is divided into 13,372,500 fully paid-up shares of EUR 12 each.

***Note 5.9 Statement of changes in equity***

Changes in shareholders' equity over the period were as follows:

In euros

| Statement of changes in equity | Share capital | Additional paid-in capital | Reserves (including revaluation reserve) | Retained earnings | Shareholders' equity before appropriation of net income/(loss) |
|---|---|---|---|---|---|
| **Jan. 1, 2014** | **160,470,000** | **15,418,151** | **166,975,215** | **(1,877,070)** | **340,986,296** |
| Appropriation of net loss for the previous year | | | (1,877,070) | 1,877,070 | |
| Net income for the year | | | | 65,539,237 | 65,539,237 |
| Dividends paid | | (10,029,375) | 16,442 | | (10,012,933) |
| Interim dividend | | | (10,011,914) | | (10,011,914) |
| Dec. 31, 2014 | 160,470,000 | 5,388,776 | 155,102,674 | 65,539,237 | 386,500,687 |

The General Shareholders' Meeting of June 25, 2014:

– authorized the Board to implement a share buyback program and cancel the shares repurchased under Article L.225-209 of the French Commercial Code;

– granted the Board authority to use these powers during a public offer period;

– granted the Board authority to issue free share subscription warrants and grant them to shareholders during a public offer period.

***Note 5.10 Revaluation reserve***

At December 31, 2014, the revaluation reserve can be analyzed as follows:

In euros

| | Increase in gross value | Allocation of exit tax liability | Reversal of provision for taxes | Portion transferred to reserves | Revaluation reserve | o/w portion transferable to distributable reserves |
|---|---|---|---|---|---|---|
| Real estate assets held until June 30, 2011 | 246,423,770 | (89,967,360) | 25,459,816 | (29,574,363) | 152,341,863 | 3,036,576 |
| Total | 246,423,770 | (89,967,360) | 25,459,816 | (29,574,363) | 152,341,863 | 3,036,576 |

The revaluation reserve includes real estate assets owned by Cegereal until June 30, 2011 and transferred to Prothin within the scope of the partial asset transfer.

***Note 5.11 Breakdown of revenue***

Cegereal SA's rental activity was transferred to its subsidiary Prothin SAS within the scope of the partial asset transfer of December 22, 2011 with retroactive effect from July 1, 2011. Accordingly, Cegereal acted as the holding company for Prothin's shares between 2012 and 2014 and did not generate any revenue.

***Note 5.12 Breakdown of certain income statement items***

At December 31, 2014, other purchases and external charges can be analyzed as follows:

In euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Expenses rebilled to lessees | | |
| Rental expenses | 14,714 | 9,162 |
| Maintenance and repair of buildings | | |
| Expenses on vacant premises | | |
| Fees | 698,148 | 744,047 |
| Publications | 329,275 | 313,214 |
| Sundry expenses | 446,858 | 340,211 |
| | 1,488,995 | 1,406,634 |

Real estate assets were transferred to Prothin SAS on July 1, 2011 within the scope of the partial asset transfer.

***Note 5.13 Non-recurring items***

Non-recurring items for the year ended December 31, 2014 correspond to capital gains and losses on the sale of treasury shares.

***Note 5.14 Taxable income***

Election for tax treatment as an SIIC

Cegereal SA has elected for the preferential tax treatment granted to listed real estate investment companies (*Sociétés d'Investissement Immobilières Cotées* – SIICs) in accordance with Article 208 C of the French Tax Code.

Owing to this tax treatment, no corporate income tax is payable directly or indirectly through income from subsidiaries in respect of the real estate leasing business and no deferred taxes were recognized at December 31, 2014. Similarly, no tax was payable on capital gains arising on disposals of real estate or equity interests in subsidiaries eligible for the same tax treatment.

Income tax expense for the reporting period can be analyzed as follows:

In thousands of euros

| | 2014 12 months | 2013 12 months |
|---|---|---|
| Corporate income tax (1) | 11 | |
| Additional corporate income tax contribution (2) | 301 | |
| Charge d'impôts | 312 | - |

(1) Corporate income tax on other activities (other than property rental activities).
(2) Additional corporate income tax contribution on amounts distributed.

Terms and conditions and impact of tax treatment as an SIIC

a) When a company elects for SIIC status, the ensuing change in tax treatment has a similar impact to that of a discontinuance of business (taxation of unrealized capital gains, income which is subject to tax deferral and as yet untaxed operating income).

b) SIICs that have elected for preferential tax treatment are exempted from paying corporate income tax on the portion of their income resulting from:

– the lease of buildings, provided that 95% of this income is distributed before the end of the fiscal year following the year in which the income is generated (85% of this income for periods ended before December 31, 2013);

– capital gains generated on the sale of buildings, shareholdings in partnerships falling within the scope of Article 8 of the French Tax Code and having the same purpose as that of the SIIC, or shareholdings in subsidiaries having elected for preferential tax treatment, provided that 60% of these capital gains are distributed by the end of the second fiscal year following the year in which they were generated (50% of these capital gains for periods ended before December 31, 2013);

– dividends received from subsidiaries having elected for preferential tax treatment and resulting from exempt income or from capital gains provided that they are redistributed in full during the fiscal year following the year in which they were received.

In the event subsidiaries choose to leave the SIIC tax regime within the ten years following the date of their election for SIIC tax treatment, they are liable for additional income tax on the capital gains that were taxed at reduced rates. The SIICs and their subsidiaries must also add back to their taxable earnings for the period the portion of their income available for distribution at the end of said period which results from previously tax-exempt amounts. The amount of income tax due is increased by a 25% tax on unrealized capital gains on buildings, rights under real estate finance leases and holdings that were acquired during the period SIIC tax treatment was applied, less one-tenth for each calendar year lapsed since the entity opted for the regime.

c) The Amending French Finance Act for 2006 stipulates that companies may not benefit from preferential tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code.

d) The Amending French Finance Act for 2006 also introduced a 20% withholding tax to be paid by SIICs on dividends distributed to shareholders other than natural persons holding at least 10% of dividend entitlements in said SIICs that are not liable for corporate income tax or another equivalent tax on the dividends received. However, the withholding tax is not due when the beneficiary of the dividends is a company required to distribute the full amount of the dividends it receives and whose shareholders that directly or indirectly hold at least 10% of the dividend rights are liable for corporate income tax or another equivalent tax on the dividends received.

***Note 5.15 Statement of subsidiaries and investments***

In euros

| | Share capital | Shareholders' equity other than share capital | % interest held | Carrying amount of shareholdings | Outstanding loans and advances granted by the Company and not yet repaid [2] | Amount of guarantees and endorsements given by the Company | 2014 revenue (net of taxes) | 2014 net income | Dividends received by the Company in 2014 [1] |
|---|---|---|---|---|---|---|---|---|---|
| Subsidiaries (more than 50%-owned) | | | | | | | | | |
| - Prothin SAS | 151,870,350 | 96,555,285 | 100 | 349,301,810 | 38,407,875 | | 57,903,782 | 1,544,068 | |
| Investments (between 10% and 50%-owned) | | | | | | | | | |
| Total | 151,870,350 | 96,555,285 | 100 | 349,301,810 | 38,407,875 | - | 57,903,782 | 1,544,068 | - |

(1) No dividend was received in 2014, although an amount of EUR 68,300k paid out of additional paid-in capital was received.
(2) Receivable corresponding to the portion of the additional paid-in capital not yet paid by Prothin.

***Note 5.16 Off-balance sheet commitments and security provided***

Fixed assets and liabilities relating to these fixed assets were transferred to Prothin SAS within the scope of the partial asset transfer with retroactive effect for accounting and tax purposes from July 1, 2011. Following the partial asset transfer, Cegereal SA undertook to hold all Prothin SAS shares for a period of three years. Similarly, Prothin SAS agreed to maintain the EUR 196,911k in additional paid-in capital (contribution premium) under shareholders' equity for the same period, unless this restriction were to be waived in the event the company had surplus cash.

These commitments expired on December 23, 2014.

***Note 5.17 Recommended appropriation of net income***

Subject to the approval of the General Shareholders' Meeting, the Board of Directors recommends that a dividend of EUR 2.40 per share be paid for the 2014 fiscal year.

Further to the Board of Directors' decision of December 2, 2014, an interim dividend of EUR 0.75 per share was already paid (representing a total amount of EUR 10,029,375). The dividend still to be paid amounts to EUR 22,064,625, or EUR 1.65 per share.

***Note 5.18 Headcount***

The employment contracts for Cegereal's employees were transferred to Prothin SAS in 2011 within the scope of the partial asset transfer. The Company therefore had no employees in 2014.

***Note 5.19 Statutory Auditors***

The Statutory Auditors are:

**KPMG Audit FS I**
1 cours Valmy
92923 Paris-La Défense Cedex
Tenure renewed at the Ordinary and Extraordinary Shareholders' Meeting of June 29, 2011.

**Denjean et Associés**
35 avenue Victor Hugo
75016 Paris
First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 22, 2011.

Fees paid to the Statutory Auditors for the year ended December 31, 2014:

In euros

| | Amount (net of taxes) | | | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Statutory audit of the financial statements | 147,164 | 245,618 | 88 | 100 |
| Advisory services and services directly related to the statutory audit engagement | 20,727 | | 12 | |
| Total | 167,890 | 245,618 | 100 | 100 |

***Note 5.20 Subsequent events***

None

# 3.6. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**Cegereal SA**

Registered office: 21-25, rue Balzac - 75008 Paris, France

Share capital: EUR 160,470,000

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the 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 a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2014, on:

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2014, on:

• the audit of the accompanying financial statements of Cegereal SA;

• the justification of our assessments;

• the specific verifications and information required by law.

These 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.

**1. Opinion on the 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 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 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

**2. 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 bring to your attention the following matters:

• Note 2.1 to the financial statements describes the rules and accounting methods used to measure long-term investments and their impairment.

As part of our assessment of the rules and accounting principles used by your Company, we verified that the accounting methods applied are appropriate and that the notes to the financial statements contain the appropriate disclosures.

Since the value in use of the Company's investments, which include real estate assets, is dependent on the market value of these assets, we verified that the assets were subject to an independent assessment. Our work notably consisted in reviewing the external real estate valuers' reports, analyzing the data and assumptions on which these estimates are based and assessing the procedures used by Executive Management to approve these estimates.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

**3. Specific verifications and information**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders has been properly disclosed in the management report.

| Paris-La Défense, February 13, 2015 | Paris, February 13, 2015 |
|---|---|
| **KPMG Audit FS I** | **Denjean & Associés** |
| Isabelle Goalec | Thierry Denjean |
| Partner | Partner |

# 3.7. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

**Cegereal SA**

Registered office: 21-25, rue Balzac - 75008 Paris, France

Share capital: EUR 160,470,000

*This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French 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.*

## STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

Statutory Auditors' special report on related-party agreements and commitments

General Shareholders' Meeting to approve the financial statements for the year ended December 31, 2014

To the Shareholders,

In our capacity as Statutory Auditors of Cegereal SA, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the General Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

### AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

We were not informed of any agreement or commitment entered into during the year to be submitted for approval at the General Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

### AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the General Shareholders' Meeting in previous years, remained in force during the year ended December 31, 2014.

**Memorandum of Understanding to ensure Commerz Real Investmentgesellschaft mbH's (CRI) compliance with the German Investment Act**

An agreement was signed on December 31, 2005 to ensure that CRI complies with the laws and regulations applicable in Germany in relation to its status as management company, and in particular the provisions that require a custodian bank to control actions by the management company.

This agreement did not have any impact on the financial statements for the year ended December 31, 2014.

The Statutory Auditors

| | |
|---|---|
| Paris-La Défense, February 13, 2015 | Paris, February 13, 2014 |
| **KPMG Audit FS I** | **Denjean & Associés** |
| Isabelle Goalec | Thierry Denjean |
| Partner | Partner |

# LEGAL INFORMATION

## 1. General Shareholders' Meeting of April 15, 2015

### 1.1. REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

The Board of Directors has convened an Ordinary and Extraordinary Shareholders' Meeting on April 15, 2015 to report on the Company's and Group's activity in the course of the year that began on January 1, 2014 and ended on December 31, 2014, and to submit that year's annual and consolidated financial statements to the shareholders for approval. The shareholders have also been convened in particular to decide on the items of the agenda indicated in section IV.1.2.

### BOARD OF DIRECTORS' REPORT ON THE AGENDA OF THE APRIL 15, 2015 GENERAL SHAREHOLDERS' MEETING

The purpose of Cegereal's General Shareholders' Meeting will be to approve the resolutions whose purpose is specified and commented upon below.

The full texts of the proposed resolutions to be submitted to Cegereal's General Shareholders' Meeting are included in section IV.1.2.

***Approval of the financial statements***

The first two resolutions submit the previous year's annual and consolidated financial statements, showing net income of EUR 65,539,237 and EUR 42,398,088 respectively, to the shareholders for approval.

***Discharge to the directors***

The third resolution concerns the discharge to be given to the directors for their management.

***Appropriation of 2014 net income and setting of the dividend***

The fourth resolution proposes the following appropriation of 2014 net income:

Source:

– 2014 net income: EUR 65,539,237

– Retained earnings: a negative EUR 3,256,815

Appropriation:

– Appropriation of EUR 3,256,815 to "Retained earnings", bringing the total amount recorded under "Retained earnings" to 0.

– Dividend distribution EUR 32,094,000

– Other reserves EUR 30,188,422

The dividend per share is therefore EUR 2.40.

Further to the Board of Directors' decision of December 2, 2014, an interim dividend of EUR 0.75 per share was already paid (representing a total amount of EUR 10,029,375). The dividend still to be paid amounts to EUR 22,064,625, or EUR 1.65 per share.

***Related-party agreements***

The fifth resolution duly notes that no new related-party agreements were entered into during the period.

***Directors' fees***

The sixth resolution relates to directors' fees. The shareholders are being asked to set the overall amount of directors' fees allocated to members of the Board of Directors at EUR 120,000. Said sum shall apply to the current fiscal year and shall remain unchanged until a further resolution is passed.

***Executive corporate officers' compensation***

The seventh and eighth resolutions present the executive corporate officers' compensation to the Annual General Shareholders' Meeting, which is then submitted to the advisory vote of the shareholders.

*In accordance with the recommendation in Section 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which the Company refers to in compliance with Article L.225-37 of the French Commercial Code (Code de commerce), the General Shareholders' Meeting must issue an opinion on the items of compensation owed or awarded for the 2014 fiscal year to Richard Wrigley (Chairman of the Board of Directors), as presented on pages 134 and 154 onwards of the Registration Document, and to Raphaël Tréguier (Chief Executive Officer), as presented on pages 134, 135 and 154 onwards of the Registration Document.*

When the Ordinary Shareholders' Meeting issues a negative opinion, the Board, on the recommendation of the Compensation Committee, discusses the matter at a subsequent meeting and immediately publishes on the Company's website a statement setting out how it will respond to the expectations voiced by shareholders at the General Shareholders' Meeting.

***Ratification of the co-optation of Daniela Lammert as director***

In the ninth resolution, we are seeking ratification of Daniela Lammert's co-optation as director at the Board meeting of December 2, 2014, to replace outgoing director Gerry Dietel for the remainder of her predecessor's term, i.e., until the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016.

A biography of Daniela Lammert is presented below.

Daniela Lammert, 41, a German national, holds a degree in Business Administration from Julius Maximilians University, Würzburg. She joined CRI GmbH in 2007 after working for PwC and SEB ImmoInvest. She has been Head of Fund Accounting & Taxes since 2010.

At December 31, 2014, Daniela Lammert held no Cegereal shares.

***Re-appointment of Graham Spensley as non-voting director***

The tenth resolution covers the re-appointment of the non-voting director to the Company's Board of Directors. The shareholders are invited to re-elect Graham Spensley as non-voting director for a term of three years.

A biography of Graham Spensley is presented below.

Graham Spensley, born on April 28, 1960, is a graduate of Cambridge University. After four years with Weatherall Green & Smith, first in London and then in Paris, he joined Jones Lang Wootton's Paris office in 1986. He has been working with Capital & Continental since 1988, where he is currently a partner and responsible for lettings, finance and legal issues.

Graham Spensley's other directorships are as follows:
- Saltire Investments SAS – Chairman
- Towanva Investments SAS – Chairman
- Portes de France SAS – Chairman
- MAS Leisure Ltd – Director
- Bizy Investments Ltd – Alternate Director
- Victor Hugo 2 – Director
- Etive Investments – Director
- Marlborough Investments – Director

At December 31, 2014, Graham Spensley held no Cegereal shares.

***Ratification of transfer of registered office***

In the eleventh resolution, we are seeking ratification of the transfer of the registered office from 21-25 rue Balzac, 75008 Paris to 42 rue Bassano, 75008 Paris, effective April 24, 2015, by decision of the February 12, 2015 Board of Directors' meeting, and the related amendments to the bylaws.

***Share buy-back program***

The twelfth resolution allows the Company to repurchase its own shares within the limits set by the shareholders in compliance with the law. It allows such repurchases to be made within the limit of 10% of the share capital and for a maximum price of EUR 40 per share.

The authorization granted to the Board of Directors for the purpose of repurchasing the Company's own shares, pursuant to the mechanism provided for under Article L.225-209 of the French Commercial Code (*Code de commerce*), is due to expire on December 24, 2015. The shareholders are being asked to renew this authorization.

We propose the renewal of this authorization and therefore, in compliance with Article L.225 209 of the French Commercial Code, to authorize the Board to purchase, on one or several occasions and at such time as it deems appropriate, Company shares within the limit of 10% of the number of shares composing the share capital, where applicable adjusted to include any increases or decreases in capital that may have been implemented during the buy-back program.

This authorization terminates the authorization granted to the Board of Directors by the June 25, 2014 Ordinary Shareholders' Meeting.

The buy-backs may be carried out with the following aims:

– to stabilize the secondary market or ensure the liquidity of the Cegereal share. This may be achieved by entering into a liquidity agreement with an investment services provider compliant with the AMAFI ethics charter endorsed by the AMF;

– to keep the shares purchased and subsequently tender them in exchange or as consideration for an acquisition. In accordance with Article L.225-209, paragraph 6 of the French Commercial Code, the shares acquired for this purpose may not exceed 5% of the Company's share capital;

– to have shares available for stock purchase option plans and/or free share grants (or similar plans) in favor of the Group's employees and/or corporate officers, as well as all share awards made as part of a company or group savings plan (or a similar plan), in connection with profit-sharing plans and/or any other type of share awards made to the Group's employees and/or corporate officers;

– to have shares available in exchange for securities granting entitlement to the shares of the Company pursuant to current regulations;

– to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the next General Shareholders' Meeting in its thirteenth resolution (extraordinary).

The shares may be purchased by any means, including by purchases of blocks of shares and at such time as the Board of Directors deems appropriate.

The Company reserves the right to use optional mechanisms or derivative instruments in the framework of the applicable regulations.

The maximum purchase price is set at EUR 40 per share. In the event of a transaction involving the share capital, in particular, a share split or reverse share split or free share grants, the aforementioned amount will be adjusted in the same proportions (by a coefficient equal to the ratio of the number of shares composing the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the program is thus set at EUR 53,490,000.

The thirteenth resolution allows the Company to cancel the shares bought back for this purpose under the share buy-back program, within the limit of 10% of the share capital over a 24-month period.

***Authorities to increase share capital***

a) Fourteenth resolution: Delegation of authority to increase the Company's share capital by capitalizing reserves, profits and/or additional paid-in capital

The fourteenth resolution grants authority to the Board of Directors to capitalize all or part of reserves, profits and additional paid-in capital by raising the par value or granting ordinary free shares.

This authority would terminate the authority granted to the Board of Directors by the June 26, 2013 General Shareholders' Meeting in its tenth resolution, which expires on August 25, 2015.

Consequently, we propose to renew the authority and grant the Board of Directors, for a further 26 months, the authority to increase the capital by capitalizing reserves, profits, additional paid-in capital or other amounts that may be capitalized, by issuing and granting free shares, raising the par value of existing ordinary shares or a combination of these two methods.

The amount of the capital increase resulting from issues carried out under this delegation of authority may not exceed a nominal amount of EUR 300,000,000.

This amount does not include the total nominal value of additional ordinary shares that may be issued to maintain the rights of holders of securities granting access to shares, in accordance with legal provisions. This amount is independent from any other limits provided for in the other delegations of authority at this General Shareholders' Meeting.

The delegations of authority to increase the capital through a cash payment with or without pre-emptive subscription rights expire on August 25, 2015. The Board has not used these delegations of authority.

Consequently, we propose to renew them under the terms set out below.

Resolutions fifteen and sixteen refer to the delegations of financial authority granted to the Board of Directors to issue, at any time, ordinary shares, securities granting access to the share capital and/or debt securities, with or without pre-emptive subscription rights for existing shareholders, according to the Company's needs and given the characteristics of the markets at the time under consideration.

In the event of a transaction involving the share capital, the Board of Directors favors maintaining the pre-emptive subscription rights for existing shareholders. However, some circumstances or opportunities may require the cancellation of these rights as part of a public offer or private placement for qualified investors or a limited pool of investors. In addition, it is in the Company's best interests to reserve the right to issue securities in a public exchange offer for the securities of another company. Similarly, the Company must be able to issue ordinary shares or securities granting access to ordinary shares as consideration for the acquisitions.

These authorities would terminate the authorities granted to the Board of Directors by the June 26, 2013 General Shareholders' Meeting, which expire on August 25, 2015.

b) <u>Fifteenth resolution: Delegation of authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities, with pre-emptive subscription rights</u>

We propose to set the maximum total nominal amount of shares authorized for issue pursuant to this delegation of authority at EUR 300,000,000.

This amount is independent from any other limits provided for in the delegations of authority without pre-emptive subscription rights and does not include the total nominal value of additional ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions.

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

Under this delegation of authority, the ordinary shares and/or any securities granting access to the share capital are issued with pre-emptive subscription rights for existing shareholders.

If the issue is undersubscribed, the Board of Directors has the following options:

- to limit the issue to the amount subscribed provided that it equals at least three quarters of the issue authorized,
- to distribute without restriction all or part of the unsubscribed securities;
- to float all or part of the unsubscribed securities.

c) <u>Sixteenth resolution: Delegation of authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through a public offer</u>

Under this delegation of authority, the issues are offered to the public.

Pre-emptive subscription rights for existing shareholders to ordinary shares and/or securities granting access to the share capital are canceled, but the Board of Directors may grant existing shareholders a priority subscription right.

The total nominal amount of shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000. This amount is deducted from the maximum nominal amount of shares authorized for issue under the authority to increase the share capital without pre-emptive subscription rights through a private placement.

The nominal amount of Company debt securities authorized for issue may not exceed EUR 300,000,000. This amount is deducted from the maximum nominal amount of debt securities authorized for issue under the authority to increase the share capital without pre-emptive subscription rights through a private placement.

The sum paid or owed to the Company for each ordinary share issued, after taking into account the subscription price of any share subscription warrants issued, is determined in accordance with the legal and regulatory provisions and is at least equal to the minimum required in application of Article R.225-119 of the French Commercial Code when the Board of Directors implements the delegation of authority.

In the event of an issue of securities tendered to remunerate securities contributed in a public exchange offer, the Board of Directors is granted the necessary powers, within the limits set above, to define the list of securities tendered in the exchange, the terms of issue, the exchange ratio, the balance to be settled in cash, where applicable, and the issue procedures.

If the issue of ordinary shares or securities granting access to the share capital is undersubscribed, the Board of Directors has the following options:

- to limit the issue to the amount subscribed provided that it equals at least three quarters of the issue authorized,
- to distribute without restriction all or part of the unsubscribed securities.

d) <u>Seventeenth resolution: Delegation of authority to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through an offer referred to in Article L.411-2, paragraph II, of the French Monetary and Financial Code (private placement).</u>

Under this delegation of authority, the issues are made by way of an offer as defined in Section II of Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*).

Pre-emptive subscription rights for existing shareholders to ordinary shares and/or securities granting access to the share capital are canceled.

The total nominal amount of shares authorized for issue may not exceed EUR 300,000,000 and is limited to 20% of the share capital per year. This amount is deducted from the maximum nominal amount of shares authorized for issue under the authority to increase the share capital without pre-emptive subscription rights through a public offer.

The nominal amount of Company debt securities authorized for issue may not exceed EUR 300,000,000. This amount is deducted from the maximum nominal amount of debt securities authorized for issue under the authority to increase the share capital without pre-emptive subscription rights through a public offer.

The sum paid or owed to the Company for each ordinary share issued, after taking into account the subscription price of any share subscription warrants issued, is determined in accordance with the legal and regulatory provisions and is at least equal to the minimum required in application of Article R.225-119 of the French Commercial Code when the Board of Directors implements the delegation of authority.

e) Eighteenth resolution: Determination of the terms and conditions for setting the subscription price in the event of the cancellation of pre-emptive subscription rights within the limit of 10% of the capital per year

In compliance with Article L.225-136-1°, paragraph 2, of the French Commercial Code, we propose to authorize the Board of Directors' meeting which decides on the issuance of ordinary shares or securities granting access to the share capital without pre-emptive subscription rights through a public offer and/or private placement, to waive the terms and conditions for setting the subscription price indicated above, within the limit of 10% of the share capital per year, and to set the issue price of the equity securities to be issued in accordance with the following terms and conditions:

The issue price of the equity securities for immediate or deferred issue will be at least equal to the average trading price for five consecutive trading days chosen from the thirty trading days prior to the date on which the issue price is set, which may be discounted by up to 30%.

This exceptional pricing rule may be explained by the discount at which the Cegereal share is trading compared with its NAV.

f) Nineteenth resolution: Authorization to increase the amount of shares issued in the event of over-subscription

We propose, in connection with the above-mentioned delegations of authority with or without pre-emptive subscription rights, to grant the Board of Directors the option of increasing, in accordance with the terms and limits set by the legal and regulatory provisions, the number of securities planned for the initial issue.

g) Twentieth resolution: Delegation of authority to increase the share capital in consideration of contributions of shares or securities

This authority would terminate the authority granted to the Board of Directors by the June 26, 2013 General Shareholders' Meeting, which expires on August 25, 2015.

In order to facilitate acquisitions, we propose to renew this delegation of authority and grant the Board of Directors the authority to increase the share capital by issuing ordinary shares or securities granting access to the share capital in consideration of any contributions to the Company of shares or securities granting access to capital.

This delegation of authority would be granted for 26 months.

The total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed 10% of the share capital. This amount is independent from any other limits provided for in the other delegations of authority to increase the share capital.

i) Twenty-first resolution: Delegation of authority to issue share subscription warrants and grant them to shareholders during a public offer period

The shareholders are being asked to authorize the Board of Directors, in the event that the Company's securities are concerned by a public offer, to issue warrants entitling shareholders to subscribe to discounted Company shares and grant these free warrants to all eligible Company shareholders prior to the expiration of the offer period.

This authority would terminate the authority granted to the Board of Directors at the June 25, 2014 General Shareholders' Meeting in its thirteenth resolution, which expires on December 24, 2015.

k) Twenty-second resolution: Delegation of authority to increase the share capital by issuing shares without pre-emptive subscription rights in favor of members of a company savings plan (Articles L.225-129-6, L.225-138-1 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code)

This resolution has been submitted in order to comply with Article L.225-129-6 of the French Commercial Code, under the terms of which the Extraordinary Shareholders' Meeting is also asked to vote on a resolution referring to capital increases in application of Articles L.3332-18 *et seq.* of the French Labor Code (*Code du travail*) when it delegates its authority to carry out capital increases in cash.

Under this delegation of authority, the shareholders are asked to authorize the Board of Directors to increase the share capital in favor of members of a company savings plan, in accordance with Articles L.3332-18 *et seq.* of the French Labor Code, by issuing ordinary cash shares and, where applicable, by granting free ordinary shares or other securities granting access to the share capital.

In compliance with the law, the General Shareholders' Meeting would cancel shareholders' pre-emptive subscription rights.

The maximum nominal amount of the increase(s) in share capital that could be carried out by means of this delegation of authority is 1% of the amount of the share capital at the time of the Board of Directors' decision to carry out the increase.

This delegation of authority is granted for 26 months.

In compliance with Article L.3332-19 of the French Labor Code, the price of the shares to be issued may not be over 20% (or 30% if the lock-up period provided for by the plan pursuant to Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more), lower than the average of the opening price of the share during the 20 trading days prior to the Board of Directors' decision to increase the share capital and issue the corresponding shares; nor may it be higher than said average.

The Board of Directors is granted, within the limits set above, full powers notably to set the terms and conditions of the issue(s), where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase(s) to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

Obviously, the completion of such a reserved capital increase remains subject to the Company having employees and a company savings plan.

Consequently, owing to the Company's particular situation, the Board requests that shareholders purely and simply reject this resolution and vote against the proposed increase in share capital that will be submitted to them only to satisfy legal provisions.

l) Twenty-third resolution: Amendment to Article 11 of the Company's bylaws: decisions pursuant to the introduction of double voting rights pursuant to law 2014-384 of March 29, 2014: rejection of the measure and confirmation of the statutory regulation whereby one share grants the right to one vote.

New paragraph 3 of Article L.225-123 of the French Commercial Code introduces a double voting right for registered shares held in the name of the same shareholder for at least two years. The provision is worded in such a way that if the Company does not wish the new measure to become effective on April 3, 2016, it must be rejected by an extraordinary resolution of the shareholders. We are therefore seeking approval of a resolution whereby the new statutory double voting right is expressly rejected.

## 1.2. AGENDA AND TEXTS OF THE RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS

### AGENDA

Ordinary resolutions:

1. Approval of the annual financial statements for the year ended December 31, 2014 – Approval of non tax-deductible expenses.
2. Approval of the consolidated financial statements for the year ended December 31, 2014.
3. Discharge to the directors.
4. Appropriation of net income for the year and setting of dividend.
5. Statutory Auditors' special report on related party agreements and commitments and acknowledgment of absence of new agreements.
6. Amount of directors' fees to be allocated to members of the Board of Directors.
7. Opinion on the items of compensation owed or awarded for the 2014 fiscal year to Richard Wrigley, Chairman of the Board of Directors.
8. Opinion on the items of compensation owed or awarded for the 2014 fiscal year to Raphaël Tréguier, Chief Executive Officer.
9. Ratification of the co-optation of Daniela Lammert as director.
10. Re-appointment of Graham Spensley as non-voting director.
11. Ratification of the Board of Directors' decision to transfer the registered office to 42 rue Bassano, 75008 Paris.
12. Share buy-back program: authorization to be granted to the Board of Directors for the purpose of repurchasing the Company's own shares pursuant to the mechanism provided for under Article L.225-209 of the French Commercial Code, term of the authorization, purposes, terms and conditions, limit.

Extraordinary resolutions:

13. Authorization to be granted to the Board of Directors for the purpose of canceling the shares bought back by the Company within the scope of the mechanism provided for under Article L.225-209 of the French Commercial Code (share buy-back program), period of validity of the authorization, ceiling.
14. Delegation of authority to the Board of Directors to increase the Company's share capital by capitalizing reserves, profits, and/or additional paid-in capital, period of validity of the delegation, maximum nominal amount of the increase in share capital, fractional shares.
15. Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital (of the Company or a Group company) and/or debt securities with pre-emptive subscription rights, period of validity of the delegation, maximum nominal amount of the increase in share capital, option of floating unsubscribed shares.
16. Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital (of the Company or a Group company) and/or debt securities without pre-emptive subscription rights through a public offer and/or as payment for securities as part of a public exchange offer, period of validity of the delegation, maximum nominal amount of the increase in share capital, issue price, option of limiting the issue to the amount subscribed or of distributing unsubscribed securities.
17. Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital (of the Company or a Group company) and/or debt securities without pre-emptive subscription rights through an offer as referred to in Article L.411-2, paragraph II, of the French Monetary and Financial Code (private placement), period of validity of the delegation, maximum nominal amount of the increase in share capital, issue price, option of limiting the issue to the amount subscribed or of distributing unsubscribed securities.
18. Authorization, in the event of the cancellation of pre-emptive subscription rights, to set the issue price, within the limit of 10% of the share capital per year and according to the conditions determined by the General Shareholders' Meeting.
19. Authorization to increase the amount of shares issued in the event of over-subscription.
20. Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital, within the limit of 10%, in consideration of contributions of shares or securities granting access to capital, period of validity of the delegation.
21. Delegation of authority to issue share subscription warrants and grant them to shareholders during a public offer period, maximum nominal amount of the increase in share capital, maximum number of warrants authorized for issue, period of validity of the delegation, exercise price and other characteristics.
22. Delegation of authority to the Board of Directors to increase the share capital by issuing shares without pre-emptive subscription rights in favor of members of a company savings plan in accordance with Articles L.3332-18 *et seq.* of the French Labor Code, period of validity of the delegation, maximum nominal amount of the increase in share capital, issue price, possibility to grant free shares in accordance with Article L.3332-21 of the French Labor Code.
23. Amendment to Article 11 of the Company's bylaws: decisions pursuant to the introduction of double voting rights pursuant to law 2014-384 of March 29, 2014: rejection of the measure and confirmation of the statutory regulation whereby one share grants the right to one vote.
24. Powers for formalities.

### PROPOSED RESOLUTIONS

Ordinary resolutions

<u>First resolution – Approval of the annual financial statements for the year ended December 31, 2014 – Approval of non tax-deductible expenses</u>

Having reviewed the Board of Directors' report, the Chairman's report and the Statutory Auditors' reports on the year ended December 31, 2014, the General Shareholders' Meeting approves the financial statements for 2014 as presented, i.e., showing net income of EUR 65,539,237.

It also approves the transactions represented in those statements and summarized in those reports.

The General Shareholders' Meeting approves in particular the total amount of EUR 8,300 of expenses and charges referred to in Article 39 (4) of the French Tax Code as well as the related tax.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2014

Having reviewed the Board of Directors' report, the Chairman's report and the Statutory Auditors' reports on the year ended December 31, 2014, the General Shareholders' Meeting approves the consolidated financial statements as presented, i.e., showing net attributable income of EUR 42,398,088.

Third resolution – Discharge to the directors

Having reviewed the Board of Directors' report, the Chairman's report and the Statutory Auditors' reports on the year ended December 31, 2014, the General Shareholders' Meeting gives the directors full and unconditional discharge for performance of their duties during that period.

Fourth resolution – Appropriation of net income for the year and setting of dividend

On the recommendation of the Board of Directors, the General Shareholders' Meeting decides to appropriate the attributable net income for the year ended December 31, 2014 as follows:

Source:

– 2014 net income: EUR 65,539,237

– Retained earnings: a negative EUR 3,256,815

Appropriation:

– Appropriation of EUR 3,256,815 to "Retained earnings", bringing the total amount recorded under "Retained earnings" to 0.

– Dividend distribution EUR 32,094,000

– Other reserves EUR 30,188,422

The dividend per share is therefore EUR 2.40.

Further to the Board of Directors' decision of December 2, 2014, an interim dividend of EUR 0.75 per share was already paid (representing a total amount of EUR 10,029,375). The dividend still to be paid amounts to EUR 22,064,625, or EUR 1.65 per share.

In compliance with the provisions of Article 243 bis of the French Tax Code, the General Shareholders' Meeting acknowledges that it has been informed that, in the last three fiscal years, the following dividends were distributed:

In euros

| Fiscal year ended | Eligible for tax rebate | | Ineligible for tax rebate | Dividend treated as the reimbursement of a contribution |
|---|---|---|---|---|
| | Dividends | Other income distributed | | |
| Dec. 31, 2011 | - | - | - | - |
| Dec. 31, 2012 | - | - | - | 8,692,125 |
| Dec. 31, 2013 | - | - | - | 10,029,375 |

Should the Company hold any treasury shares on the ex-dividend date, the sums corresponding to the dividends not paid in respect of those shares will be transferred to retained earnings.

Fifth resolution – Statutory Auditors' special report on related party agreements and commitments and acknowledgment of absence of new agreements

Having reviewed the Statutory Auditors' special report mentioning the absence of any new agreements of the type referred to in Articles L.225-38 *et seq.* of the French Commercial Code, the General Shareholders' Meeting simply places this fact on record.

Sixth resolution – Setting of the directors' fees to be allocated to the Board of Directors

The General Shareholders' Meeting sets the overall amount of directors' fees allocated to members of the Board of Directors at EUR 120,000.

Said sum shall apply to the current fiscal year and shall remain unchanged until a further resolution is passed.

Seventh resolution – Opinion on the items of compensation owed or awarded for the 2014 fiscal year to Richard Wrigley, Chairman of the Board of Directors

Consulted in accordance with Section 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which the Company refers to in compliance with Article L.225-37 of the French Commercial Code, and ruling under the quorum and majority requirements for Ordinary Shareholders' Meetings, the General Shareholders' Meeting issues a favorable opinion on the items of compensation owed or awarded to Richard Wrigley for the 2014 fiscal year, as presented on pages 134, 154 ff. onwards of the Registration Document.

Eighth resolution – Opinion on the items of compensation owed or awarded for the 2014 fiscal year to Raphaël Tréguier, Chief Executive Officer

Consulted in accordance with Section 24.3 of the AFEP-MEDEF Corporate Governance Code of June 2013, which the Company refers to in compliance with Article L.225-37 of the French Commercial Code, and ruling under the quorum and majority requirements for Ordinary Shareholders' Meetings, the General Shareholders' Meeting issues a favorable opinion on the items of compensation owed or awarded to Raphaël Tréguier for the 2014 fiscal year, as presented on pages 134, 135, 154 ff. onwards of the Registration Document.

Ninth resolution – Ratification of the co-optation of Daniela Lammert as director

The General Shareholders' Meeting ratifies the decision of the Board of Directors at its meeting of December 2, 2014 regarding the co-optation of Daniela Lammert, born on April 29, 1973 in Höxter, Germany, a German national, residing at 79 Schwalbacher Strasse, Wiesbaden, Germany, as director, to replace outgoing director Gerry Dietel.

Accordingly Daniela Lammert will remain in office for the remainder of her predecessor's term, i.e., until the close of the General Shareholders' Meeting called in 2017 to approve the financial statements for the year ending December 31, 2016.

Tenth resolution – Re-election of Graham Spensley as non-voting director

The General Shareholders' Meeting decides to re-elect Graham Spensley, born on April 28, 1960, a British national, residing at 12 boulevard Courcelles, 75017 Paris, as non-voting director, for three years, expiring at the close of the General Shareholders' Meeting called in 2018 to approve the financial statements for the year ending December 31, 2017.

Eleventh resolution – Ratification of the Board of Directors' decision to transfer the registered office to 42 rue Bassano, 75008 Paris

The General Shareholders' Meeting ratifies the transfer of the registered office from 21 25 rue Balzac, 75008 Paris to 42 rue Bassano, 75008 Paris, effective April 24, 2015, by decision of the February 12, 2015 Board of Directors' meeting, and the related amendments to the Company's bylaws.

Twelfth resolution – Share buy-back program: authorization to be granted to the Board of Directors for the purpose of repurchasing the Company's own shares pursuant to the mechanism provided for under Article L.225-209 of the French Commercial Code

Having reviewed the Board of Directors' report, the General Shareholders' Meeting authorizes the Board, for a period of 18 months, in compliance with the provisions of Articles L.225-209 *et seq.* of the French Commercial Code, to purchase, on one or several occasions and at such time as it deems appropriate, Company shares within the limit of 10% of the number of shares composing the share capital, where applicable adjusted to include any increases or decreases in capital that may have been implemented during the duration of the buy-back program.

This authorization terminates the authorization granted to the Board of Directors by the June 25, 2014 General Shareholders' Meeting in its tenth ordinary resolution.

The buy-backs may be carried out with the following aims:

– to stabilize the secondary market or ensure the liquidity of the Cegereal share. This may be achieved by entering into a liquidity agreement with an investment services provider compliant with the AMAFI ethics charter endorsed by the AMF;

– to keep the shares purchased and subsequently tender them in exchange or as consideration for an acquisition. In accordance with Article L.225-209, paragraph 6 of the French Commercial Code, the shares acquired for this purpose may not exceed 5% of the Company's share capital;

– to have shares available for stock purchase option plans and/or free share grants (or similar plans) in favor of the Group's employees and/or corporate officers, as well as all share awards made as part of a company or group savings plan (or a similar plan), in connection with profit-sharing plans and/or any other type of share awards made to the Group's employees and/or corporate officers;

– to have shares available in exchange for securities granting entitlement to the shares of the Company pursuant to current regulations;

– to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the next General Shareholders' Meeting in its thirteenth resolution (extraordinary).

The shares may be purchased by any means, including by purchases of blocks of shares and at such time as the Board of Directors deems appropriate.

The Company reserves the right to use optional mechanisms or derivative instruments in the framework of the applicable regulations.

The maximum purchase price is set at EUR 40 per share. In the event of a transaction involving the share capital, in particular, a share split or reverse share split or free share grants, the aforementioned amount will be adjusted in the same proportions (by a coefficient equal to the ratio of the number of shares composing the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the program is thus set at EUR 53,490,000.

The General Shareholders' Meeting grants full powers to the Board of Directors to carry out such transactions, set the terms and conditions, conclude all agreements and perform any and all formalities.

Extraordinary resolutions

Thirteenth resolution – Authorization to be granted to the Board of Directors for the purpose of canceling the shares bought back by the Company within the scope of the mechanism provided for under Article L.225-209 of the French Commercial Code (share buy-back program)

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting:

1) Authorizes the Board of Directors to cancel, at its discretion, on one or several occasions, within the limit of 10% of the share capital calculated on the date of the cancellation decision, after deduction of any shares canceled during the previous 24 months, the shares that the Company holds or may hold following the repurchases made under Article L.225-209 of the French Commercial Code and to reduce the share capital by such amount in accordance with the legal and regulatory provisions in force.

2) Sets the period of validity hereof at 24 months from the date of this General Shareholders' Meeting.

3) Gives full powers to the Board of Directors to carry out the operations required for such cancellations and the corresponding reductions of the share capital, to amend the Company's bylaws accordingly and carry out all the required formalities.

Fourteenth resolution – Delegation of authority to the Board of Directors to increase the Company's share capital by capitalizing reserves, profits, and/or additional paid-in capital

Having reviewed the Board of Directors' report and in compliance with Articles L.225-129-2 and L.225-130 of the French Commercial Code, the General Shareholders' Meeting, deciding under the quorum and majority requirements for Ordinary Shareholders' Meetings:

1) Grants authority to the Board of Directors to increase the share capital, on one or more occasions at such time and under the terms and conditions it deems appropriate, by capitalizing reserves, profits, additional paid-in capital or other amounts that may be capitalized, by issuing and granting free shares, raising the par value of existing ordinary shares or a combination of these two methods.

2) Decides that if the Board of Directors uses this delegation of authority, in compliance with Article L.225-130 of the French Commercial Code, in the event of a capital increase through free share grants, the rights to fractional shares shall not be negotiable or transferable, and the attached shares shall be sold. The amounts received from the sale of these shares shall be allocated to the holders of said rights within regulatory time frames.

3) Sets the period of validity hereof at 26 months from the date of this General Shareholders' Meeting.

4) Decides that the amount of the capital increase resulting from issues carried out under this resolution may not exceed the nominal amount of EUR 300,000,000. This amount does not include the amount required to maintain the rights of holders of securities granting access to shares, in accordance with legal provisions.

5) This amount is independent from any other limits provided for in the other resolutions presented at this General Shareholders' Meeting.

6) Grants the Board of Directors full powers to implement this resolution and, more generally, to take any and all measures and perform any formalities required to carry out each capital increase successfully, record the completion of the transaction and amend the bylaws accordingly.

7) Acknowledges that this delegation of authority supersedes, as of the date of this General Shareholders' Meeting and in the amount of the unused portion, where applicable, any prior delegation of authority granted to the same effect.

Fifteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital and/or debt securities with pre-emptive subscription rights

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Article L.225-129-2, L.228-92 and L.225-132 *et seq.* of the French Commercial Code, the General Shareholders' Meeting:

1) Grants authority to the Board of Directors to issue, on one or several occasions and in proportions and at such time as it deems appropriate, in euros, foreign currencies or any other unit of account established based on a currency basket:

– ordinary shares, and/or

– ordinary shares granting access to other ordinary shares or to debt securities, and/or

– securities granting access to ordinary shares to be issued by the Company.

In compliance with Article L.228-93 of the French Commercial Code, the securities to be issued can grant access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital.

2) Sets the period of validity hereof at 26 months from the date of this General Shareholders' Meeting.

3) Decides to set the limit of issues authorized if the Board of Directors uses this delegation of authority, as follows:

The total nominal amount of Company shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments.

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

The amounts above are independent from any other limits provided for in the other resolutions presented at this General Shareholders' Meeting.

4) If the Board of Directors uses this delegation of authority for issues referred to in 1) above:

a/ Decides that the issue(s) of ordinary shares or securities granting access to the share capital are reserved preferably for shareholders with subscriptions to which they are entitled by way of right,

b/ Decides that if the subscriptions to which the shareholders are entitled by way of right, and, if applicable, applications for excess shares, do not absorb the entire issue referred to in 1) above, the Board of Directors has the following options:

– to limit the issue to the amount subscribed, it being specified that, in order for this limit to be applied, the amount subscribed must be equal to at least three quarters of the issue authorized for issues of ordinary shares, or of securities, where the primary security is a share;

– to distribute without restriction all or part of the unsubscribed securities.

– to float all or part of the unsubscribed securities.

5) Decides that the Board of Directors will be granted, within the limits set above, full powers notably to set the terms and conditions of the issue(s) and the issue price, where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

6) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Sixteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through a public offer

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Article L.225-129-2, L.225-136, L.225-148 and L.228-92 of the French Commercial Code, the General Shareholders' Meeting:

1) Grants authority to the Board of Directors to issue, on one or several occasions and in proportions and at such time as it deems appropriate, through a public offer, on the French market and/or abroad, in euros, foreign currencies or any other unit of account established based on a currency basket:

– ordinary shares, and/or

– ordinary shares granting access to other ordinary shares or to debt securities, and/or

– securities granting access to ordinary shares to be issued by the Company.

These securities may be issued to remunerate securities that could be contributed to the Company in the framework of a public exchange offer satisfying the conditions set forth in Article L.225-148 of the French Commercial Code.

In compliance with Article L.228-93 of the French Commercial Code, the securities to be issued can grant access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital.

2) Sets the period of validity hereof at 26 months from the date of this General Shareholders' Meeting.

3) The total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments.

This amount is deducted from the capital increase limit set in the seventeenth resolution (relating to issues without pre-emptive subscription rights through a private placement).

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

This amount is deducted from the nominal amount limit for debt securities set in the seventeenth resolution (relating to issues without pre-emptive subscription rights through a private placement).

4) Decides to cancel shareholders' pre-emptive subscription rights attached to ordinary shares and securities granting access to the share capital and/or debt securities referred to in this resolution. The Board of Directors shall, however, maintain the option of granting shareholders a priority subscription right, in accordance with legal provisions.

5) Decides that the sum paid or owed to the Company for each ordinary share issued under this delegation of authority, after taking into account the subscription price of any share subscription warrants issued, is at least equal to the minimum required by the legal and regulatory provisions in force when the Board of Directors implements the delegation of authority.

6) Decides, in the event of an issue of securities tendered to remunerate securities contributed in a public exchange offer, that the Board of Directors is granted, in accordance with the terms set out in Article L.225-148 of the French Commercial Code and within the limits set above, the necessary powers to define the list of securities tendered in the exchange, the terms of issue, the exchange ratio, the balance to be settled in cash, where applicable, and the issue procedures.

7) Decides that, if the issue mentioned in point 1) above is undersubscribed, the Board of Directors has the following options:

– to limit the issue to the amount subscribed, it being specified that, in order for this limit to be applied, the amount subscribed must be equal to at least three quarters of the issue authorized for issues of ordinary shares, or of securities, where the primary security is a share;

– to distribute without restriction all or part of the unsubscribed securities.

8) Decides that the Board of Directors will be granted, within the limits set above, full powers notably to set the terms and conditions of the issue(s), where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

9) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

<u>Seventeenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital and/or debt securities without pre-emptive subscription rights through an offer as defined in Article L.411-2, paragraph II of the French Monetary and Financial Code (private placement).</u>

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Articles L.225-129-2, L.225-136 and L.228-92 of the French Commercial Code, the General Shareholders' Meeting:

1) Grants authority to the Board of Directors to issue, on one or several occasions and in proportions and at such time as it deems appropriate, on the French market and/or abroad, through an offer as defined in Section II of Article L.411-2 of the French Monetary and Financial Code, in euros, foreign currencies or any other unit of account established based on a currency basket:

– ordinary shares, and/or

– ordinary shares granting access to other ordinary shares or to debt securities, and/or

– securities granting access to ordinary shares to be issued by the Company.

In compliance with Article L.228-93 of the French Commercial Code, the securities to be issued can grant access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital.

2) Sets the period of validity hereof at 26 months from the date of this General Shareholders' Meeting.

3) The total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000 and is limited to 20% of the share capital per year.

This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments.

This amount is deducted from the capital increase limit set in the sixteenth resolution (relating to issues without pre-emptive subscription rights through a public offer).

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

This amount is deducted from the nominal amount limit for debt securities set in the sixteenth resolution (relating to issues without pre-emptive subscription rights through a public offer).

4) Decides to cancel shareholders' pre-emptive subscription rights attached to ordinary shares and securities granting access to the share capital and/or debt securities referred to in this resolution.

5) Decides that the sum paid or owed to the Company for each ordinary share issued under this delegation of authority, after taking into account the subscription price of any share subscription warrants issued, is at least equal to the minimum required by the legal and regulatory provisions in force when the Board of Directors implements the delegation of authority.

6) Decides that, if the issue mentioned in point 1) above is undersubscribed, the Board of Directors has the following options:

– to limit the issue to the amount subscribed, it being specified that, in order for this limit to be applied, the amount subscribed must be equal to at least three quarters of the issue authorized for issues of ordinary shares, or of securities, where the primary security is a share;

– to distribute without restriction all or part of the unsubscribed securities.

7) Decides that the Board of Directors will be granted, within the limits set above, full powers notably to set the terms and conditions of the issue(s), where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase to paid-in capital relating thereto,

deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

8) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Eighteenth resolution – Determination of the terms and conditions for setting the subscription price in the event of the cancellation of pre-emptive subscription rights within the limit of 10% of the capital

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with Article L.225-136-1°, paragraph 2, of the French Commercial Code, the General Shareholders' Meeting authorizes the Board of Directors, when deciding on the issuance of ordinary shares or securities granting access to the share capital in application of the sixteenth and seventeenth resolutions (relating to issues without pre-emptive subscription rights through a public offer and private placement), to waive the terms and conditions for setting the subscription price indicated in the above-mentioned resolutions, within the limit of 10% of the share capital per year, and to set the issue price of the equity securities to be issued in accordance with the following terms and conditions:

– The issue price of the equity securities for immediate or deferred issue will be at least equal to the average trading price for five consecutive trading days chosen from the thirty trading days prior to the date on which the issue price is set, which may be discounted by up to 30%.

– This exceptional pricing rule may be explained by the discount at which the Cegereal share is trading compared with its NAV.

Nineteenth resolution – Authorization to increase the amount of shares issued in the event of over-subscription

For each issue of ordinary shares or securities granting access to the share capital decided in application of the fifteenth and sixteenth resolutions (relating to issues through a public offer or private placement with pre-emptive subscription rights maintained), the number of shares to be issued can be increased under the terms of Article L.225-135-1 of the French Commercial Code and within the limits set by the General Shareholders' Meeting when the Board of Directors notes a case of oversubscription.

Twentieth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital, within the limit of 10%, in consideration of contributions of shares or securities granting access to capital

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with Articles L.225-147 and L.228-92 of the French Commercial Code, the General Shareholders' Meeting:

1) Authorizes the Board of Directors to issue, based on the report of the independent appraiser (*commissaire aux apports*), ordinary shares or securities granting access to ordinary shares in consideration of contributions to the Company of shares or securities granting access to capital where the provisions of Article L.225-148 of the French Commercial Code are not applicable.

2) Sets the period of validity hereof at 26 months from the date of this General Shareholders' Meeting.

3) Decides that the total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed 10% of the share capital on the date of this General Shareholders' Meeting. This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the Company's share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments. This amount is independent from any other limits provided for in the other resolutions presented at this General Shareholders' Meeting.

4) Grants the Board of Directors full powers, in order to approve the appraisal of contributions, to decide on the resulting capital increase, record the completion of the transaction, charge, where applicable, the costs of the capital increase to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, amend the bylaws accordingly, and carry out any other necessary steps.

5) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Twenty-first resolution – Delegation of authority to issue share subscription warrants and grant them to shareholders during a public offer period

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with Article L.233-32-II of the French Commercial Code, the General Shareholders' Meeting, deciding under the quorum and majority requirements for Ordinary Shareholders' Meetings:

1) Grants the Board of Directors authority to issue warrants entitling shareholders to subscribe to discounted Company shares and grant these free warrants to all eligible Company shareholders prior to the expiration of the offer period.

2) Decides to set the limit of issues authorized if the Board of Directors uses this authorization, as follows:

- the total nominal amount of shares authorized for issue pursuant to this resolution through the exercise of warrants may not exceed EUR 160,470,000. This amount does not include the total nominal value of additional shares that may be issued to maintain the rights of holders of securities granting access to shares, in accordance with legal provisions;

– the maximum number of share subscription warrants authorized for issue is equal to the number of outstanding shares upon the issue of said warrants.

The implementation of the authorization granted under this resolution shall not be deducted from the total limit provided for in the fifteenth, sixteenth and seventeenth resolutions presented at this General Shareholders' Meeting.

3) Grants the Board of Directors full powers to implement this delegation of authority in order to:

– set the procedures for exercising the subscription warrants taking into account the terms of the offer or any other concurrent offer and the other characteristics of these warrants, namely:

• the number of warrants;

• the exercise price or terms and conditions for determining this price;

• the terms of the issue and the free grant of these warrants, with the option of deferring or refusing them;

– in general, determine all other characteristics and terms and conditions of any other transaction decided by means of this authorization, take any and all measures and perform all the required formalities, record, where applicable, the capital increase and amend the bylaws accordingly.

The share subscription warrants shall automatically become null and void if the offer and any concurrent offer fail, become null and void or are withdrawn.

This authorization is granted for a period expiring at the end of the offer period of any public offer involving the Company and submitted within 18 months of this General Shareholders' Meeting.

This authorization terminates the authorization granted to the Board of Directors by the June 25, 2014 General Shareholders' Meeting in its thirteenth resolution.

Twenty-second resolution – Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or securities granting access to the share capital without pre-emptive subscription rights in favor of members of a company savings plan in accordance with Articles L.3332-18 *et seq.* of the French Labor Code

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting deciding pursuant to Articles L.225-129-6 and L.225-138-1 and L.228-92 of the French Commercial Code and Articles L.3332-18 *et seq.* of the French Labor Code:

1) Delegates authority to the Board of Directors to increase the share capital on one or more occasions, at its sole discretion and if it deems appropriate, by issuing ordinary shares and/or securities granting access to the share capital to members of one or more company or group savings plans set up by the Company and/or any related French or foreign companies, in accordance with the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code;

2) Cancels, in favor of the above persons, the shareholders' pre-emptive subscription rights to the shares that could be issued pursuant to this delegation of authority;

3) Sets the period of validity hereof at 26 months from the date of this General Shareholders' Meeting;

4) Limits the maximum nominal amount of the increase(s) in share capital that could be carried out by means of this delegation of authority to 1% of the amount of the share capital at the time of the Board of Directors' decision to carry out the increase. This amount is independent from any other limits provided for in the delegation of authority to increase the share capital. This amount does not include the amount of additional ordinary shares that may be issued to maintain the rights of holders of securities granting rights to equity instruments of the Company, in accordance with the applicable legal provisions and, where applicable, contractual provisions providing for other adjustments.

5) Decides that the price of the shares to be issued, pursuant to paragraph 1) of this delegation of authority, may not be over 20% (or 30% if the lock-up period provided for pursuant to Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more), lower than the average opening price of the shares during the 20 trading days prior to the Board of Directors' decision to increase the share capital and issue the corresponding shares; nor may it be higher than said average;

6) Decides, in application of the provisions of Article L.3332-21 of the French Labor Code, that the Board of Directors may allot, free of consideration, new or existing shares or other securities granting access to the share capital of the Company to the beneficiaries referred to in paragraph one above, in respect of (i) the employer's matching contribution that may be paid in application of the regulations of the company or group savings plans and/or (ii) where applicable, the discount;

7) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

The Board of Directors may implement this delegation of authority or not, take any and all measures and perform all the required formalities.

Twenty-third resolution – Amendment to Article 11 of the Company's bylaws: decisions pursuant to the introduction of double voting rights pursuant to law 2014-384 of March 29, 2014: rejection of the measure and confirmation of the statutory regulation whereby one share grants the right to one vote.

Having heard the Board of Directors' report and reviewed the provisions of Article 7 of law 2014-384 of March 29, 2014 on stimulating the real economy, and having regard to the fact that the shares of the Company are admitted to trading on a regulated market, the General Shareholders' meeting, voting under the quorum and majority requirements for Extraordinary Shareholders' Meetings, decides not to introduce double voting rights for the shareholders referred to in the third paragraph of Article L.225-123 of the French Commercial Code and accordingly confirms the rule whereby each share of the Company gives the holder one vote only in General Shareholders' Meetings.

The Extraordinary Shareholders' Meeting decides to amend Article 11 of the Company's bylaws as follows:

[...]

"Pursuant to the twenty-third resolution passed by the Extraordinary Shareholders' Meeting of April 15, 2015, the shareholders decided not to confer double voting rights pursuant to law 2014 384 of March 29, 2014 on the shareholders referred to in Article L.225-123, paragraph 3, of the French Commercial Code."

Twenty-fourth resolution (ordinary) – Formalities

The General Shareholders' Meeting grants full powers to the bearer of an original, a copy, or an extract of these minutes for the purposes of performing all the filing and public-notice formalities required by law.

# 1.3. STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL TRANSACTIONS SPECIFIED IN THE THIRTEENTH AND FIFTEENTH TO TWENTY-SECOND RESOLUTIONS TABLED AT THE GENERAL SHAREHOLDERS' MEETING OF APRIL 15, 2015

**Cegereal S.A.**

Registered office: 21-25, rue Balzac - 75008 Paris, France

Share capital: EUR 160,470,000

*This is a free translation into English of the Statutory Auditors' report issued in French 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.*

## STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL TRANSACTIONS SPECIFIED IN THE THIRTEENTH AND FIFTEENTH TO TWENTY-SECOND RESOLUTIONS TABLED AT THE GENERAL SHAREHOLDERS' MEETING OF APRIL 15, 2015

General Shareholders' Meeting of April 15, 2015

To the Shareholders,

In our capacity as Statutory Auditors of Cegereal SA and in compliance with the provisions of the French Commercial Code (*Code de commerce*), we hereby report to you on the transactions submitted for your approval.

**1. Capital reduction by canceling shares purchased (thirteenth resolution)**

In compliance with the provisions of Article L.225-209 of the French Commercial Code applicable in the event of a capital reduction by canceling shares purchased, we hereby report to you on our assessment of the reasons for and conditions of the planned capital reduction.

The Board of Directors is seeking a 24-month authorization from the date of this Shareholders' Meeting, to cancel, within the limit of 10% of the share capital per 24-month period, the shares bought back by Cegereal SA pursuant to an authorization to buy back its own shares in accordance with the provisions of the aforementioned article.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. Those procedures consisted in ensuring that the reasons for and conditions of the capital reduction, which cannot undermine shareholder equality in any way, comply with the applicable legal provisions.

We have no matters to report on the reasons for and conditions of the planned capital reduction.

**2. Issuance of shares and other securities with or without pre-emptive subscription rights (fifteenth, sixteenth, seventeenth, eighteenth, nineteenth and twentieth resolutions)**

In compliance with the provisions of Articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code, we hereby report to you on the proposed delegations of authority to the Board of Directors for the issuance of shares and/or securities, which are submitted for your approval.

On the basis of its report, the Board of Directors proposes that the shareholders:

• delegate authority to the Board, for 26 months, to decide on the transactions set out below and to set the final conditions of the issues, and waive their pre-emptive subscription rights, where applicable:

- the issuance of ordinary shares and/or ordinary shares carrying rights to other ordinary shares or debt securities and/or securities granting access to ordinary shares of the Company or of any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital in compliance with Article L.228-93 of the French Commercial Code, with pre-emptive subscription rights (fifteenth resolution),
- the issuance of ordinary shares and/or ordinary shares carrying rights to other ordinary shares or debt securities and/or securities granting access to ordinary shares of the Company or of any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital in compliance with Article L.228 93 of the French Commercial Code, without pre-emptive subscription rights through a public offer (sixteenth resolution),
- the issuance of ordinary shares and/or ordinary shares carrying rights to other ordinary shares or debt securities and/or securities granting access to ordinary shares of the Company or of any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital in compliance with Article L.228 93 of the French Commercial Code, without pre-emptive subscription rights through an offer as defined in Article L.411-2 paragraph II of the French Monetary and Financial Code (*Code monétaire et financier*) (private placement) and within the limit of 20% of the share capital per year (seventeenth resolution),
- the issuance of ordinary shares and/or securities granting access to ordinary shares in consideration of contributions of shares or securities granting access to share capital, within the limit of 10% of the share capital (twentieth resolution);

• delegate authority to the Board, under the eighteenth resolution and the delegations referred to in the sixteenth and seventeenth resolutions, to waive the terms and conditions for setting the subscription price indicated in these two resolutions, within the limit of 10% of the share capital per year, and to set the issue price at an amount at least equal to the average trading price for five consecutive trading days chosen from the thirty trading days prior to the date on which the issue price is set, which may be discounted by up to 30%.

The nominal amount of the share capital increases carried out immediately or in the future may not exceed a cumulative total of EUR 300,000,000 under the fifteenth, sixteenth and seventeenth resolutions. The nominal amount of debt securities authorized for issue may not exceed a cumulative total of EUR 300,000,000 under the fifteenth, sixteenth and seventeenth resolutions.

The number of shares to be issued under the delegations of authority referred to in the fifteenth, sixteenth and seventeenth resolutions can be increased under the terms of Article L.225-135-1 of the French Commercial Code if the shareholders adopt the nineteenth resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R.225 113 and R.225-114 of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, on the proposed cancellation of pre-emptive subscription rights and on certain other information concerning these transactions, given in the report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. Those procedures require that we examine the content of the Board of Directors' report concerning these transactions and the terms and conditions for determining the issue price of the new shares.

Subject to a subsequent examination of the conditions of capital increases once they have been decided, we have no matters to report as regards the methods given in the Board of Directors' report to set the issue price of the shares to be issued under the sixteenth, seventeenth and eighteenth resolutions.

Moreover, since this report does not provide for the terms and conditions used to set the issue price of the shares to be issued in the context of the implementation of the fifteenth and twentieth resolutions, we cannot give our opinion on the method and basis used to calculate the issue price.

Since the final terms and conditions of the issues have not been set, we do not express an opinion on these terms and conditions, or consequently on the cancellation of pre-emptive subscription rights proposed under the sixteenth and seventeenth resolutions.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare an additional report, in the event that these delegations of authority are used by the Board of Directors to issue securities granting access to the share capital and/or granting access to debt securities or to issue shares without pre-emptive subscription rights.

**3. Proposal to issue share subscription warrants in the event of a public offer (twenty-first resolution)**

In compliance with the provisions of Articles L.228-92 of the French Commercial Code, we hereby report to you on the proposed issue of free subscription warrants in the event of a public offer, which is submitted for your approval.

On the basis of its report, the Board of Directors proposes that pursuant to Article L.233-32 II of the French Commercial Code, the shareholders delegate authority to the Board to:

- issue warrants subject to the provisions of Article L.233-32 II of the French Commercial Code entitling shareholders to subscribe to discounted Company shares and grant these free warrants to all eligible Company shareholders prior to the expiration of the offer period;
- set the procedures for exercising the subscription warrants and the characteristics of these warrants.

The total nominal amount of shares authorized for issue may not exceed EUR 160,470,000 and the maximum number of warrants authorized for issue may not exceed the number of outstanding shares upon the issue of said warrants.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R.225 113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements and on certain other information concerning the issue, given in the report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. Those procedures require that we examine the content of the Board of Directors' report concerning this transaction.

We have no matters to report in connection with the information relating to the proposed issue of share subscription warrants in the event of a public offer contained in the Board of Directors' report.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare an additional report, to be approved by the General Shareholders' Meeting pursuant to Article L.233-32 III of the French Commercial Code, in the event that this delegation is used by the Board of Directors.

**4. Share capital increase reserved for members of a company savings plan (twenty second resolution)**

In compliance with the provisions of Articles L.225-135 *et seq.* of the French Commercial Code, we hereby report to you on the proposed delegations of authority to the Board of Directors to increase the share capital, on one or several occasions, by issuing ordinary shares without pre-emptive subscription rights, reserved for the employees and managers of the Company and of related companies within the meaning of Article L.225-180 of the French Commercial Code, who are members of a company savings plan, within the limit of 1% of the share capital at the time of the Board of Directors' decision to carry out the increase, which is submitted for your approval.

This share capital increase is submitted for your approval in accordance with Article L.225 129 6 of the French Commercial Code and Articles L.3332-18 *et seq.* of the French Labor Code (*Code du travail*).

On the basis of its report, the Board of Directors proposes that the shareholders delegate authority to the Board, for twenty-six months, to increase the capital, on one or several occasions, and waive their pre-emptive subscription rights to the ordinary shares to be issued. In such an event, it would be the Board's responsibility to determine the final issuance conditions for this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R.225 113 and R.225-114 of the French Commercial Code. It is our responsibility to give our opinion as to the fair presentation of the calculations made on the basis of the financial statements, on the proposed cancellation of pre-emptive subscription rights and on certain other information concerning the issuance, given in the report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. Those standards require that we examine the content of the Board of Directors' report concerning this operation and the terms and conditions for determining the issue price of the new shares.

Subject to a subsequent examination of the conditions of the proposed capital increase once they have been decided, we have no matters to report on the final terms and conditions for determining the issue price given in the Board of Directors' report.

Since the final terms and conditions of the share capital increase have not been set, we do not express an opinion on these terms and conditions, or consequently on the proposed cancellation of pre-emptive subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare an additional report in the event that the Board of Directors uses this delegation of authority.

The Statutory Auditors

| | |
|---|---|
| Paris-La Défense, February 16, 2015 | Paris, February 16, 2015 |
| **KPMG Audit FS I** | **Denjean & Associés** |
| Isabelle Goalec | Thierry Denjean |
| Partner | Partner |

# 1.4. CHAIRMAN'S REPORT ON INTERNAL CONTROL AND CORPORATE GOVERNANCE

Dear Shareholders,

The law obliges the Chairman of the Board of Directors of any French *société anonyme* (joint-stock corporation) whose securities are admitted to trading on a regulated stock market to give an account, in a report attached to the Board's report, of:

- the references made to a corporate governance code,
- the composition of the Board of Directors and the application of the principle of gender balance,
- the preparation and organization of the Board of Directors' work,
- the special conditions for shareholders' participation in General Shareholders' Meetings,
- any limitations provided for the Chief Executive Officer's powers,
- the principles and rules agreed upon to determine the compensation and benefits of any kind that are granted to the corporate officers,
- any information likely to have an impact in the event of a public offer for the Company's shares,
- the internal control and risk management procedures that have been implemented in the Company.

The procedures that were carried out during the preparation of this report are as follows: monthly meetings between the Chairman of the Board of Directors and the Chief Executive Officer, regular discussions with the other directors and with the Statutory Auditors, particularly at Audit Committee meetings.

This report, which was prepared on the basis of the information provided by the Chief Executive Officer and the Deputy Chief Executive Officer, was submitted to the Board of Directors for approval on February 12, 2015 and transmitted to the Statutory Auditors.

# 1. CORPORATE GOVERNANCE

In corporate governance matters, our Company refers to the June 2013 update of the AFEP MEDEF Corporate Governance Code of Listed Corporations (the "Reference Code") available at www.medef.com, to the extent that it is compatible with the Company's organization and size.

The following provisions of the Reference Code have not, however, been applied:

| Recommendation rejected | Justification | Achievement of general objective set under the recommendation |
|---|---|---|
| **Representation of employees (Section 7 of the AFEP-MEDEF Code)** | Due to the Group's low number of employees, no employee representatives are required on the Board. | |
| **Duration of directors' terms of office (Section 14 of the AFEP-MEDEF Code)** | With respect to the duration of directors' terms of office: for historical reasons, directors' terms of office are set in the bylaws for the legal maximum period, i.e., six years, and not the four-year term recommended in the Reference Code. It was not deemed necessary to propose that a General Shareholders' Meeting amend the bylaws in this respect in view of the staggered renewal of current Board members' terms of office between 2015 and 2017. | |
| **Ethical rules for directors (Section 20 of the AFEP-MEDEF Code)** | Directors are not required to hold a minimum number of shares. They do not all personally hold Cegereal shares and do not own a large number of shares in relation to the directors' fees they receive, which is particularly due to the fact that certain directors are linked to the majority shareholder and that they do not all receive directors' fees. | |
| **Executive corporate officers' compensation (Section 23 of the AFEP-MEDEF Code)** | "The Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer keep a large number of their shares, set periodically by the Board in registered form until the end of their terms of office. Due to the Company's specific features, particularly with regard to its ownership structure, it has been agreed that this rule should not be applied. Moreover, it has also been agreed that corporate officers' compensation should not be disclosed following the approval of the Board, since it is described in detail each year in the Registration Document. The Chief Executive Officer's multi-annual variable compensation is calculated solely based on the performance of the Cegereal share price." | |

## 1.1. Board of Directors

### 1.1.1 Composition of the Board of Directors

Pursuant to the Company's bylaws, directors are appointed for six-year terms.

At December 31, 2014, the composition of the Board was as follows:

| | First appointed | Term renewed | Term expires |
|---|---|---|---|
| Richard Wrigley | Dec. 31, 2005 | June 29, 2011 | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2016 |
| Klaus Waldherr | Feb. 5, 2008 | June 29, 2011 | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2016 |
| Daniela Lammert(1) | Dec. 2, 2014 | | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2016 |
| Commerz Real Investmentgesellschaft mbH Represented by Gerry Dietel(2) | Dec. 31, 2005 | June 29, 2011 | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2016 |
| Carl-Christian Siegel | May 12, 2010 | June 29, 2011 | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2016 |
| Jean-Pierre Bonnefond | Feb. 20, 2006 | June 28, 2012 | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2017 |
| Europroperty Consulting Represented by Alec Emmott | Feb. 24, 2011 | | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2015 |
| Sabine Röska | May 5, 2011 | | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2015 |
| GMF VIE Represented by Olivier Le Borgne | June 29, 2010 | | General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2015 |

(1) Daniela Lammert was appointed by co-option on December 2, 2014 to replace Gerry Dietel
(2) Gerry Dietel was appointed to replace Erich Seeger as permanent representative of Commerz Real Investmentgesellschaft mbH

No directors are elected by the employees pursuant to Article L.225-27 of the French Commercial Code.

***Independence of the Board members***

Three of the Board members, Richard Wrigley, Jean-Pierre Bonnefond and Europroperty Consulting, are considered to be independent in accordance with the definition provided in the Reference Code. According to said Code, the criteria used to qualify Board members as independent are the following:

– not being an employee or executive corporate officer of the Company, an employee or director of the parent company or a company that is consolidated by it and not having been so within the previous five years;

– not being an executive corporate officer of a company in which the Company directly or indirectly holds a directorship or in which an employee designated as such or an executive corporate officer of the Company (currently or within the previous five years) holds a directorship;

– not being (or not being directly or indirectly related to) a significant customer, supplier, investment banker or corporate banker:

- of the Company or the Group,

- or for which the Company represents a significant part of its business;

– not being closely related to a corporate officer;

– not having been a Statutory Auditor' of the Company in the previous five years;

– not being a director of the Company for more than twelve years on the date on which he/she was appointed to his/her current term of office.

The Board considered that Richard Wrigley should be deemed to be independent despite being an executive corporate officer of the Company since he meets the other criteria for independence.

The Company has not appointed a lead director.

After reviewing the situation of each independent director, the Board of Directors established that none of them has any business dealings with the Group.

The Board members who are deemed to be independent have undertaken to comply with the Directors' Charter in order to maintain the conditions required for this independent director status.

***Gender balance on the Board***

First, it should be noted that there are two women and seven men on the Board. The Company therefore complies with the recommendations of the Reference Code and the provisions of law no. 2011-103 of January 27, 2011 on gender balance at Board level and gender equality.

***Non-voting directors***

Article 19 of the bylaws provides for the ability to appoint non-voting directors to the Board.

Pursuant to a decision of the June 28, 2012 Annual General Shareholders' Meeting, Graham Spensley was appointed as non-voting director for a three-year term expiring at the close of the General Shareholders' Meeting convened in 2015 to vote on the financial statements for the year ending December 31, 2014. He will be proposed for re-election at the next General Shareholders' Meeting. His assignment is to issue opinions and suggestions to the Company's committees and to assist the Board of Directors in determining corporate strategy. The shareholders are being asked to renew his term of office as non-voting director.

**1.1.2 Role and functioning of the Board of Directors**

Pursuant to the law, the Board determines the Company's strategic business orientations and ensures the implementation thereof. Subject to the powers expressly granted to General Shareholders' Meetings and within the limits of the purpose provided for in the bylaws, it deals with any issues affecting the smooth operation of the Company and settles, by its deliberations, all matters concerning the Company's business.

The Board of Directors can also carry out all controls and verifications that it considers appropriate. Even if the operational management is entrusted to the Chief Executive Officer, the Board of Directors may address any issues relating to the Company's operation.

***The preparation of the Board of Directors' work***

To allow the Board members to properly prepare for Board meetings, the Chairman endeavors to provide them with all the information and documents they require in advance.

For example, the draft financial statements were transmitted to the directors 15 days before the relevant Board meeting.

Whenever a Board member so requests, the Chairman of the Board of Directors provides him/her, insofar as possible, with the additional information and documents that he/she wishes to receive.

Directors can meet the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer at any time.

***The holding of Board meetings***

The directors are convened to Board meetings by any means and are provided with all the information required to perform their assignments in the notice of the meeting.

In compliance with the bylaws and legal provisions, certain Board of Directors' meetings may be held by videoconference. Board meetings are generally held at the registered office but can be held in any other place, in particular in Wiesbaden, Germany. They are convened by the Chairman of the Board.

In 2014, the Board of Directors met eight times.

The Chairman was present at each meeting.

No meetings were called at the initiative of either the directors or the Chief Executive Officer.

The Statutory Auditors are invited to attend the Board of Directors' meeting that rules on the annual and the interim financial statements and the projected management accounts.

They attended the February 14, 2014 Board of Directors' meeting that reviewed and approved for issue the financial statements for the year ended December 31, 2013, and the July 23, 2014 meeting that reviewed and approved for issue the interim financial statements for the six months ended June 30, 2014.

They also attended meetings of the Audit Committee.

To guarantee the coordination between Executive Management and the Board of Directors, the members of the Board of Directors and the Chief Executive Officer meet periodically. The Chief Executive Officer (not a director of the Company) attended all Board of Directors' meetings.

***Subjects discussed at Board meetings and activity report***

The main themes addressed in those meetings were the following:

– approval for issue of the annual financial statements, appropriation of the net loss;

– quarterly and interim financial information;

– payment of an interim dividend;

– letting of the Europlaza and Arcs-de Seine buildings;

– work on the Europlaza building;

– assessment of the Board of Directors;

– review of position regarding directors (co-optation of Daniela Lammert as director, change of permanent representative of CRI), senior executives and statutory auditors;

– rules for allocating directors' fees;

– compensation of the Chief Executive Officer and allocation of directors' fees;

– share buy-back program;

– delegations of financial authority.

***Internal Rules and Regulations***

Given the Board's structure, it has Internal Rules and Regulations whose purpose is to stipulate the organization of Board meetings and the Chief Executive Officer's responsibilities and powers vis-à-vis the Board. The Internal Rules and Regulations also set forth the rules of corporate governance and stipulate the operational responsibilities and modus operandi of the Audit Committee, the Investment Committee and the Appointments and Compensation Committee. A Directors' Charter (charte de l'administrateur) adopted at the same time as the Internal Rules and Regulations reiterates the directors' rights and obligations in the exercise of their duties.

The Board's Internal Rules and Regulations are available on the Company's website: www.Cegereal.com.

The Internal Rules and Regulations are reviewed on a regular basis and adapted in line with changes to regulations and recommendations.

***Conflicts of interest***

The internal rules for preventing and managing Board members' conflicts of interest are included in the Directors' Charter.

Article 6 of the Directors' Charter provides that: "Directors shall inform the Board of Directors of any conflict of interests, even potential, in which they could be directly or indirectly involved. They shall refrain from participating in any debates and decision-making relating to the subjects in question. More generally, directors shall act with total independence and without pressure of any kind. They should inform the Chairman of any family ties they may have with another director or the Chief Executive Officer."

To the Company's knowledge, there is no conflict of interest between the duties of any of the Board members with regard to the Company and their private interests or other duties on the date of preparation of this report.

***Assessment of the Board of Directors***

Each year the Board assesses its functioning with the intention of improving conditions.

This assessment is carried out internally with the use of self-assessment questionnaires addressed to the directors and covering the following subjects: composition of the Board of Directors, organization and functioning, information provided to the Board, the Board's relationship with the Chief Executive Officer and the Committees.

Based on the results of this assessment, the functioning of the Board of Directors was deemed to be satisfactory.

The presentation of the results of the assessment were discussed by the Board.

The Board did not propose any avenues for improvement further to these discussions.

## 1.2. Organization and modus operandi of the Board's Committees

An Audit Committee, an Appointments and Compensation Committee and an Investment Committee have been set up by the Board of Directors. Their composition was determined by the Board of Directors at its meeting of February 14, 2012 and renewed at its meeting of February 13, 2015. Their responsibilities and modus operandi are specified in the Internal Rules and Regulations.

### 1.2.1 The Audit Committee

For all issues concerning the Audit Committee, the Company refers to the July 22, 2010 report of the working group chaired by Olivier Poupart-Lafarge on the Audit Committee.

The Audit Committee is currently composed of Richard Wrigley (independent), Jean-Pierre Bonnefond (independent) and Gerry Dietel. They were appointed at the Board meeting of February 14, 2012 for a renewable term of three years, i.e., until the annual Board meeting held to approve the financial statements for the year ended December 31, 2014. They were re-appointed for a further term of three years at the Board meeting of February 12, 2015, i.e., until the annual Board meeting held to approve the financial statements for the year ending December 31, 2017.

The criteria used for assessing the independence of Committee members, in particular those of the Audit Committee, are the same as those used for assessing the Board members' independence, as described above.

Richard Wrigley was appointed Chairman of the Audit Committee. He is considered to be independent and proficient in financial matters as well as in internal control and risk management. His experience in company management, his academic training and his knowledge of the Group's activity means that he has the expertise the Board requires.

The other Committee members also have relevant financial or accounting knowledge.

The Audit Committee's role is described in the Internal Rules and Regulations.

The Audit Committee met three times in 2014, and performed the following work:

- work in relation to documenting information flows;
- work in relation to organizing the closing process for financial statements;
- work in relation to improving internal control;
- work in relation to the Statutory Auditors' audit approach for the annual financial statements;
- work in relation to improving the presentation of the financial statements.

The attendance rate was 100%.

The Committee members had ample time to review the financial and accounting documents and were able to meet with the Statutory Auditors.

The Committee reported to the Board on its work and the Board took note of, and followed, all the Committee's recommendations.

As part of its annual assessment, the Board assessed the work of the Audit Committee in light of the objectives set. The Board is satisfied with the work carried out by the Audit Committee.

### 1.2.2 The Appointments and Compensation Committee

The Appointments and Compensation Committee is currently composed of Jean-Pierre Bonnefond (independent), Graham Spensley (independent) and Alec Emmott (independent). They were appointed at the Board meeting of February 14, 2012 for a renewable term of three years, i.e., until the annual Board meeting held to approve the financial statements for the year ended December 31, 2014. They were re-appointed for a further term of three years at the Board meeting of February 13, 2015, i.e., until the annual Board meeting held to approve the financial statements for the year ending December 31, 2017.

Jean-Pierre Bonnefond was re-appointed Chairman of the Appointments and Compensation Committee on February 13, 2015.

The Appointments and Compensation Committee's role is described in the Company's Internal Rules and Regulations.

The Appointments and Compensation Committee met twice in 2014, and performed the following work:

– compensation of the Chief Executive Officer;

– assessment of the Board of Directors;

– allocation of directors' fees.

The attendance rate was 100%.

The Committee reported to the Board on its work and the Board took note of, and followed, all the Committee's recommendations.

**1.2.3 The Investment Committee**

The Investment Committee is currently composed of Alec Emmott (independent), Richard Wrigley (independent)and Graham Spensley (independent). They were appointed at the Board meeting of February 14, 2012 for a renewable term of three years, i.e., until the annual Board meeting held to approve the financial statements for the year ended December 31, 2014. They were re-appointed for a further term of three years at the Board meeting of February 13, 2015, i.e., until the annual Board meeting held to approve the financial statements for the year ending December 31, 2017.

Alec Emmott was re-appointed Chairman of the Investment Committee on February 13, 2015.

The Investment Committee met once in 2014 and, among other things, reviewed the Europlaza tower renovation project.

The attendance rate was 100%.

The Committee reported to the Board on its work and the Board took

## 1.3. Executive Management and Chairman of the Board

**1.3.1 Methods of exercising general management**

On December 31 2005, the Board decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer.

**1.3.2 Limitations on the powers of the Chief Executive Officer and the Deputy Chief Executive Officers**

The Chief Executive Officer shall have the powers and perform his/her assignment under the conditions laid down by Article L.225-56 of the French Commercial Code, by the Internal Rules and Regulations adopted by the Board of Directors and by the Company's bylaws. Subject to the limits indicated below, the Chief Executive Officer shall:

– assume, under his/her responsibility, the Company's executive management;

– represent the Company in its dealings with third parties;

– be vested with the broadest powers to act in the Company's name in all circumstances as long as the acts carried out fulfill the following conditions: (i) they fall within the corporate purpose and (ii) they are not expressly reserved for General Shareholders' Meetings.

As an internal measure, the Chief Executive Officer may not commit the Company without having the joint signature of the Deputy Chief Executive Officer, and vice versa.

With respect to the Board and to limit their powers, the Chief Executive Officer and the Deputy Chief Executive Officers may not, in the name and on behalf of the Company, perform the following acts or transactions or carry out any contractual steps leading to such acts or transactions without having requested and received the Board of Directors' prior authorization to do so:

1. enter into sales agreements, purchase agreements or grants of sureties or guarantees;
2. enter into loan agreements;
3. enter into, substantially amend or terminate any lease agreements or rental agreements for annual amounts of over EUR 2,000,000;
4. enter into, substantially amend or terminate any property management agreements;
5. enter into any agreements of any kind whatsoever involving an annual amount of over EUR 500,000, with the exception of any lease agreements or rental agreements mentioned in point 3 above;
6. issue any writs in which a major interest of the Company could be at stake or in which the amount concerned exceeds or could exceed the sum of EUR 50,000;
7. accept any court, administrative or arbitration decisions issued either fully or in part against the Company or any other out-of-court settlement involving the Company concerning an amount of over EUR 50,000 per decision or settlement agreement;
8. hire any Company employees beyond the limits of the annual budget adopted by the Board of Directors and/or an executive manager;
9. set up, transfer or close down any branches, agencies, offices, either in France or abroad, create, purchase or subscribe to the capital of any subsidiary or purchase shares in the capital or, generally, purchase a stake in any company or entity of any kind whatsoever, increase or decrease any existing shareholding;
10. authorize the executive corporate officers of a Company subsidiary to perform acts that require prior authorization from the Company in its capacity as sole shareholder of said subsidiary;
11. more generally, carry out any act or transaction that does not comply with the reasonable prudent management principles.

Section 17.4 of Article 17 of the bylaws relating to the limitations on the powers of the Chief Executive Officer and the Deputy Chief Executive Officer reads as follows:

"ARTICLE 17. EXECUTIVE MANAGEMENT

[...]

17.4 Limitations upon the Chief Executive Officer's and Deputy Chief Executive Officers' powers

[...]

*"The Chief Executive Officer and/or the Deputy Chief Executive Officers may not, in the name and on behalf of the Company, enter into any loan agreement, grant any securities, pledges, mortgages of any kind, or, more generally, enter into agreements or contracts, the direct or indirect purpose and/or effect of which would result in entering into any loan agreement, granting any securities, pledges or mortgages of any kind, without the Board of Directors' prior approval, issued in compliance with the German regulations applicable to property investment funds and management companies.*

*The Chief Executive Officer and the Deputy Chief Executive Officers may not carry out, in the name and on behalf of the Company, purchases, exchanges and sales of real property, real estate assets and real estate rights or perform any contractual steps that could result, directly or indirectly, in such operations being carried out without the Board of Directors' prior approval, issued in compliance with the German regulations applicable to property investment funds and management companies."*

## 1.4. Principles and rules for determining corporate officers' compensation

### 1.4.1 Board members' compensation (directors' fees)

The June 25, 2014 General Shareholders' Meeting decided to set the overall amount of directors' fees for 2014 at EUR 120,000.

For the year ended December 31, 2014, the December 2, 2014 Board of Directors' meeting decided to allocate directors' fees as follows:

- Richard Wrigley: EUR 34,000;
- Jean-Pierre Bonnefond: EUR 34,000;
- Europroperty Consulting: EUR 34,000;
- Graham Spensley (non-voting director): EUR 17,000.

CRI, Klaus Waldherr, Gerry Dietel, Carl-Christian Siegel, GMF Vie, Sabine Röska and Daniela Lammert waived their right to receive directors' fees in respect of the year ended December 31, 2014.

Directors' fees are distributed among directors based on their effective participation at Board meetings, and depending on their position as a member and/or chairman of a Committee.

### 1.4.2 Corporate officers' compensation

On the recommendation of the Appointments and Compensation Committee, the Board validates the corporate officers' compensation policy and the compensation for each of them.

The Board also refers to the Reference Code.

This policy applies to the entire fixed, variable and exceptional compensation granted by the Company as well as benefits of all kinds (e.g., pension benefits, severance indemnities). It includes all conditional deferred compensation, retention plan payments, non-recurring pension benefits, incentives and other variable compensation.

Compensation is determined not only on the basis of work performed, results obtained, and responsibilities assumed, but also in light of practices observed in comparable companies and the compensation of the Company's other corporate officers.

***Compensation of the Chairman of the Board of Directors***

The Chairman of the Board of Directors receives fixed annual compensation of EUR 25,000, gross before tax, set by the Board of Directors' meeting of April 12, 2013.

***Compensation of the Chief Executive Officer***

*Determining the fixed portion*

On the recommendation of the Appointments and Compensation Committee, the Board of Directors' meeting of February 13, 2014 decided to maintain Raphaël Tréguier's fixed annual compensation for his duties as Chief Executive Officer at EUR 150,000 gross.

*Determining the variable portion of compensation for 2014*

On the recommendation of the Appointments and Compensation Committee, the Board of Directors' meeting of February 13, 2014 decided to grant Raphaël Tréguier variable compensation for his duties as Chief Executive Officer, with effect from January 1, 2014. For 2014, his variable compensation has been determined as follows:

The variable compensation breaks down into two separate portions:

- a portion based on the achievement of an annual quantitative objective and capped at EUR 60,000;
- a portion based on the achievement of individual qualitative objectives and capped at EUR 40,000;

For 2014, the quantitative objective has been set as consolidated recurring cash flow in the amount of EUR 25 million, with the variable compensation being determined as follows:

| Rate of achievement of objective | Variable portion allocated |
|---|---|
| 120% and above | EUR 60,000 |
| Between 100% and 120% | EUR 50,000 |
| Between 80% and 100% | EUR 40,000 |
| Between 60% and 80% | EUR 20,000 |
| Less than 60% | EUR 0 |

Having reviewed the report on the work of the Appointments and Compensation Committee, the February 12, 2015 Board of Directors' meeting decided to implement the following recommendations of the Committee:

(i) to set the portion of Raphaël Tréguier's variable compensation for 2014 based on the quantitative objective at EUR 50,000, corresponding to a rate of achievement of the target set by the Board of Directors' Meeting of February 13, 2014, of between 100% and 120%;

(ii) to set the portion of Raphaël Tréguier's variable compensation for

2014 based on qualitative objectives at EUR 30,000, corresponding to the achievement of individual objectives set in relation to the quality of his leadership, internal and external communication, and more specifically, the representation of the Group and the success of the "Go Green" project .

*Determining the multi-annual variable compensation*

On the recommendation of the Appointments and Compensation Committee, the Board of Directors' meeting of June 26, 2013 decided to establish a medium-term bonus plan for Raphaël Tréguier, which was amended by decision of the Board of Directors on February 12, 2015.

The medium-term bonus plan involves granting Raphaël Tréguier, in his capacity as Chief Executive Officer, multi-annual variable compensation based on changes in the Cegereal share price, as a loyalty incentive.

This multi-annual variable compensation has been set up for the duration of Raphaël Tréguier's term of office as Chief Executive Officer.

The conditions for granting this compensation are as follows:

A medium-term bonus of TWENTY FIVE THOUSAND EUROS (EUR 25,000) will be granted annually to Raphaël Tréguier from 2015, in his capacity as Chief Executive Officer, if the Cegereal share price increases over a period (a "Period") of two (2) years by a minimum total percentage set by the Board of Directors for each period (the "Target") at the meeting held to approve the annual financial statements for the year preceding the Period. In the event that this change in share price does not meet the Target, no medium-term bonus will be paid to Raphaël Tréguier for the Period concerned.

For the first Period, from February 12, 2013 to February 12, 2015, the Target consists of an overall increase in the Cegereal share price of at least 30% over the aforementioned Period. The change in the Cegereal share price must be recorded by the Board of Directors' meeting held in 2015 to approve the financial statements for the year ending December 31, 2014 (the "First Maturity Date").

The Cegereal share price that will be used to determine whether the conditions governing the payment of the medium-term bonus have been met will be the average share price over the twenty trading days prior to February 12 of each year concerned.

The medium-term bonus acquired at each Maturity Date will be paid, at the latest, by the end of the first calendar quarter following the relevant Maturity Date, i.e., by March 31 at the latest.

In order to receive his medium-term bonus, Raphaël Tréguier must still be Chief Executive Officer of the Company at the Maturity Date, when the change in the Cegereal share price is assessed.

In the event that his duties as Chief Executive Officer are terminated before the relevant Maturity Date for any reason whatsoever, Raphaël Tréguier will not receive his medium-term bonus.

Accordingly, Raphaël Tréguier received EUR 25,000 in respect of the First Period of his medium-term bonus.

*Benefits-in-kind*

Raphaël Tréguier also enjoys benefits-in-kind which represent an annual basis of approximately EUR 21,208 and take the form of a company car and unemployment insurance for company managers.

No benefits-in-kind have been granted to the corporate officers.

*Indemnities, benefits and compensation granted to corporate officers with respect to the termination of or a change of their duties*

No commitment has been made in relation to items of compensation, indemnities or benefits payable or likely to be payable with respect to the assumption of, termination of or a change of a corporate officer's duties, or at any time thereafter.

*Complementary pension benefits*

No undertakings with respect to complementary pension benefits have been made for the corporate officers.

*Employment contract*

There is no employment contract between Raphaël Tréguier and Cegereal or Prothin.

### 1.5. Shareholders' participation in General Shareholders' Meetings

A General Shareholders' Meeting is open to all shareholders irrespective of the number of shares that they hold.

The right to participate in General Shareholders' Meetings is substantiated by the shares being registered in the shareholder's or the intermediary's name either in (i) the registered share accounts kept by the Company or (ii) the bearer share accounts kept by the authorized intermediary prior to midnight, Paris time, of the second business day before the holding of the meeting (Article R.225-85 amended of the French Commercial Code).

The registration or recording of bearer shares is evidenced by a share ownership certificate issued by the authorized intermediary.

If a shareholder cannot attend the General Shareholders' Meeting personally, he/she may choose from one of the following three options: (i) issue a proxy to his/her spouse/civil partner or another shareholder or, (ii) send a proxy to the Company indicating no name or (iii) vote by correspondence.

Shareholders' requests to include resolutions and/or items on the agenda must be sent to the registered office by registered letter with return receipt requested no later than twenty-five days before the date of the meeting.

### 1.6. Information likely to have an impact in the event of a public offer for the Company's shares

This information is set out in section IV.5.5 of this Registration Document.

## 2. THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The law requires a description not only of the Board's work methods, but also of the internal control procedures implemented by the Company. First, it is necessary to explain the objectives of such procedures.

### 2.1. Objectives of the Company's internal control procedures

Among the various objectives assigned to internal control, one is to prevent and control risks resulting from the Company's activity, in particular any risks of accounting or financial errors or fraud. However, as with any control system, there is no absolute guarantee that all risks will be fully eliminated.

At the same time, the purpose of an internal control system is to ensure that management acts, the way in which the Company undertakes various operations and the personnel's activity, are duly in line with the strategic business orientations defined by management.

Lastly, the purpose of an internal control system is to verify that the accounting, financial and management information communicated to the Company's management bodies fairly reflects the Company's activity and situation.

## 2.2. Internal control procedures set up by the Company

The various procedures implemented by the Company are described below:

### 2.2.1 General organization of internal control in the Compa

a) Persons or structures in charge of internal control

As indicated above, the Audit Committee, the Appointments and Compensation Committee and the Investment Committee were set up for this purpose. The role and assignments of each Committee are described in section 1.2 of this report.

b) Internal or external aids used to prepare control procedures

The Company implements a policy of transparency and public disclosure to best satisfy the shareholders' and potential investors' interests. The Chief Executive Officer is in charge of the Company's financial communication.

The Company decided, in its Internal Rules and Regulations, to set up similar provisions inspired by the Reference Code. These Internal Rules and Regulations are available on the Company's website: http://www.Cegereal.com.

In addition, the Internal Rules and Regulations establish a Directors' Charter, which provides an ethical framework within which the directors exercise their duties.

In particular, the Directors' Charter provides that:

– each director, however he/she is appointed, shall represent the interests of all of the shareholders;

– each director shall ensure that he/she continually improves his/her knowledge of the Company and its business sector;

– each director shall ensure that he/she maintains his/her independence of analysis, judgment, decision and action in all circumstances;

– each director undertakes not to seek or accept any benefits that could impair his/her independence;

– each director, before accepting his/her duties, shall familiarize himself/herself with the general or special obligations attached to his/her position and, in particular, the applicable legal or regulatory texts, bylaws, Internal Rules and Regulations and this charter, as well as any additional information that the Board of Directors deems necessary to provide to him/her;

– each director shall refrain from carrying out transactions on corporate securities in which (and insofar as) he/she has, owing to his/her position, information that has not yet been publicly disclosed;

– each director shall inform the Board of Directors of any conflict of interests, even potential, in which he/she could be directly or indirectly involved. He/she shall refrain from participating in any debates and decision-making relating to the subjects in question.

The Directors' Charter also reiterates, insofar as may be required, the stock market regulations that are applicable in cases of insider trading, failure to inform and price manipulations.

### 2.2.2 Summary description of the internal control procedures set up by the Company

a) Procedures for processing financial and accounting information

The procedures for processing accounting and financial information are currently organized as follows:

(i) Building operation cycle

The main assignment of the asset manager, Commerz Real, is to supervise the property manager.

Bills and receipts for rental charges are issued by the property manager, which also collects payments. The property manager's accounting department records the bills on the SAP ERP specially developed by the asset manager. The asset manager checks the bills.

The budget of charges relating to each building is prepared by the property manager and validated by the asset manager. The property manager receives and records day-to-day expenses related to the building on SAP. The asset manager makes payments (except for direct debits) and approves incoming invoices.

(ii) Consolidated financial statements

Procedures relating to the preparation and processing of financial information are the responsibility of Executive Management.

The accounts closing procedures comprise:

– a closing schedule, which is submitted to the Audit Committee;

– the submission of detailed monthly reports by all Group entities including an income statement, summary balance sheet, and various detailed schedules. The consolidated financial statements are prepared based on the consolidation packages of the Group's various entities;

– information relating to the fair value of real estate assets and specifically required for the preparation of consolidated financial statements is obtained from independent valuers, in order to guarantee the reliability and objectivity of the data;

– the use of a central information system.

Lastly, the role of Executive Management is to supervise the various contributors to the preparation of the consolidated financial statements and the resulting financial information.

As part of their audit of the consolidated financial statements, the Statutory Auditors review the consolidation packages and consolidation adjustments within the scope set out for their work.

(iii) Corporate accounting

The books are kept by a firm of certified public accountants. The Company's tax lawyers are consulted depending on the nature of the transactions carried out by the Company.

The information necessary for keeping the books is obtained from the property manager, the asset manager and banks.

The asset manager and the Company's Executive Management validate the invoices and make the payments.

Executive Management supervises the accounting department and any external accounting service providers.

(iv) Periodical financial information

Each month, an interim statement of account is prepared by the certified public accountant and sent to the asset manager's financial department to be checked and approved.

(v) Preparation of financial statements

Financial statements are prepared by the certified public accountant in conjunction with the asset manager, the Company's Executive Management and its advisors.

The Audit Committee reviews the relevance of the main assumptions and principles adopted therein.

The financial statements are audited by the Statutory Auditors.

b) Disclosure and reporting procedures

With a view to ensuring the efficient processing of financial information, the Company has set up disclosure and reporting procedures under which the Chief Executive Officer must, within thirty days of the end of the first half-year, submit to the Board of Directors for control, an unaudited balance sheet (prepared at the date of the last day of the half-year in question), an income statement and a statement of cash flows (for the half-year), a comparison of the balance sheet, income statement and the budget, as well as a comparison between such statements and the budget and the revised income forecasts for the year in progress.

c) Other procedures

The Company calls upon various external parties to ensure the management of the Company and its assets. The duties of asset manager are entrusted to CRI, those of property manager to the historical business partner, Yxime, and those of accountant to PwC Entreprises. Executive Management oversees the duties of these external parties by means of daily exchanges and contacts with each of them. Meetings are also organized whenever necessary.

The above mechanisms provide a reasonable assurance that the internal control objectives for the previous year were met. Given the Company's size and current activity, it will endeavor to maintain its internal controls with the permanent objective of mitigating risks in order to protect its assets.

Lastly, the Company will endeavor to set up the procedures required to combat money laundering.

I hope that this report will give you a better idea of the work procedures and methods that are implemented in the Company, as well as of the allocation of powers among the Company's various decision-making bodies.

I also hope that it will give you a better view of the internal control procedures that have been set up to protect the Company's capital and preserve its assets.

The Chairman of the Board of Directors"

# 1.5. STATUTORY AUDITORS' REPORT ON THE CHAIRMAN'S REPORT ON INTERNAL CONTROL AND CORPORATE GOVERNANCE

**Cegereal SA**

Registered office: 21-25, rue Balzac, 75008 Paris, France

Share capital: EUR 160,470,000

*This is a free translation into English of the Statutory Auditors' report issued in French 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.*

## STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CEGEREAL SA

Year ended December 31, 2014

To the Shareholders,

In our capacity as Statutory Auditors of Cegereal SA, 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 in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2014.

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 in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness 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 financial and accounting information**

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.

These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting 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 matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

**Other information**

We attest that the Chairman's report sets out the other information required by Article L.225 37 of the French Commercial Code..

The Statutory Auditors

| Paris-La Défense, February 13, 2015 | Paris, February 13, 2015 |
|---|---|
| **KPMG Audit FS I** | **Denjean & Associés** |
| Isabelle Goalec | Thierry Denjean |
| Partner | Partner |

## 1.6. SPECIAL REPORT ON THE GRANTS OF FREE SHARES

Article L.225-197-4 of the French Commercial Code

Free shares granted:

None

Grants to the Company's corporate officers in 2014:

Not applicable

Free shares granted to employees in 2014:

Not applicable

## 1.7. SPECIAL REPORT ON STOCK OPTIONS

Stock options granted (Art. 225-184 [1]):

None

Options granted to corporate officers in 2014 (Art. 225-184 [2]):

Not applicable

Options exercised by corporate officers in 2014 (Art. 225-184 [2]:

None

Options granted to employees in 2014 (Art. 225-184 [3]):

Not applicable

Options exercised by employees in 2014 (Art. 225-184 [3]):

Not applicable

## 1.8. FIVE-YEAR FINANCIAL SUMMARY

In euros

| | 2014<br>12 months | 2013<br>12 months | 2012<br>12 months | 2011<br>12 months | 2010<br>12 months |
|---|---|---|---|---|---|
| **Capital at year end** | | | | | |
| Share capital | 160,470,000 | 160,470,000 | 160,470,000 | 160,470,000 | 160,470,000 |
| of which paid up | 160,470,000 | 160,470,000 | 160,470,000 | 160,470,000 | 160,470,000 |
| Number of ordinary shares | 13,372,500 | 13,372,500 | 13,372,500 | 13,372,500 | 13,372,500 |
| **Operations and income/(loss) for the year** | | | | | |
| Net revenue | | | | 20,784,100 | 63,956,378 |
| Income/(loss) before tax, employee profit-sharing, and depreciation, amortization and provisions for impairment | 65,857,652 | (1,895,753) | (1,618,602) | 3,655,233 | 34,774,971 |
| Income/(loss) after tax, employee profit-sharing, and depreciation, amortization and provisions for impairment | 65,539,236 | (1,877,070) | (1,439,977) | (9,287,235) | 7,329,497 |
| Income distributed | 32,094,000 | 10,029,375 | 8,692,125 | | 14,709,750 |
| **Earnings per share** | | | | | |
| Income/(loss) before tax, employee profit-sharing, and depreciation, amortization and provisions for impairment | 4.92 | (0.14) | (0.12) | 0.27 | 2.60 |
| Income/(loss) after tax, employee profit-sharing, and depreciation, amortization and provisions for impairment | 4.90 | (0.14) | (0.11) | (0.69) | 0.55 |
| Dividend paid per share | 2.40 | 0.75 | 0.65 | | 1.10 |
| **Personnel** | | | | | |
| Average headcount during the year | | | | 3 | 3 |
| Average payroll costs (1) | 258,734 | 265,545 | 237,072 | 246,753 | 336,332 |
| Social security charges (1) | 121,105 | 111,548 | 106,901 | 101,528 | 140,920 |

(1) These amounts correspond to corporate officers' compensation.

# 2. General information regarding the issuer

## 2.1. CORPORATE NAME

The Company's name is Cegereal.

## 2.2. TRADE AND COMPANIES REGISTRY

The Company is registered with the Paris Trade and Companies Registry under number 422 800 029. Its business identification (SIRET) number is 422 800 029 00023 and its business activity code is 6820B (leasing of other real estate assets).

## 2.3. COMPANY INCORPORATION AND TERM OF EXISTENCE

The Company was incorporated on April 22, 1999 for a term of ninety-nine years in the form of a limited liability company. It was converted into a French *société anonyme* (joint-stock corporation) on December 31, 2005.

## 2.4. REGISTERED OFFICE, LEGAL FORM AND APPLICABLE LEGISLATION

The Company's registered office is located at: Étoile-Saint-Honoré, 21-25, rue Balzac, 75008 Paris, France.

The Company is a French *société anonyme* (joint-stock corporation) with a Board of Directors that is governed by the provisions of the French Commercial Code (*Code de commerce*).

The telephone number for the registered office is: +33 (0)1 42 25 76 36.

## 2.5. SIIC STATU

### SIIC TAX TREATMENT

The Company has elected for the preferential tax treatment granted to listed real estate investment companies (*Sociétés d'Investissement Immobilières Cotées* – SIICs) in accordance with Article 208 C of the French Tax Code (*Code général des impôts*).

SIICs that have elected for preferential tax treatment are exempted from paying corporate income tax on the portion of their income resulting from:

– the lease of buildings, provided that 95% of this income is distributed before the end of the fiscal year following the year in which the income is generated (Article 33 of the amending Finance Act for 2013, no. 2013-1279) (85% of this income for fiscal years ended prior to December 31, 2013);

– capital gains generated on the sale of buildings, shareholdings in partnerships falling within the scope of Article 8 of the French Tax Code and having the same purpose as that of the SIIC, or shareholdings in subsidiaries having elected for preferential tax treatment, provided that 60% of these capital gains are distributed by the end of the second fiscal year following the year in which they were generated (Article 33 of the amending Finance Act for 2013, no. 2013-1279) (50% of these capital gains for fiscal years ended prior to December 31, 2013);

– dividends received from subsidiaries having elected for preferential tax treatment and resulting from exempt income or from capital gains provided that they are redistributed in full during the fiscal year following the year in which they were received.

The Company's eligibility for SIIC tax treatment, subject to compliance with the conditions laid down by the law regarding its corporate purpose, the composition of its assets, the amount of its share capital and its listing on a French regulated market, was confirmed by the tax authorities on January 3, 2006.

## OBLIGATION TO DISTRIBUTE INCOME

The Company has elected for SIIC status pursuant to Article 208 C of the French Tax Code and is therefore exempt from corporate income tax on its rental income and on any capital gains it generates on the disposal of its real estate assets.

The preferential tax treatment is conditional upon the obligation to distribute a large portion of net income.

Cegereal's exemption from corporate income tax could be fully or partially contested if it fails to meet this condition.

## WITHHOLDING TAX ON DIVIDEND DISTRIBUTIONS

Dividend distributions to CRI:

Following the amendment to Article 119 bis of the French Tax Code by the amending French Finance Act for 2012 of August 16, 2012, withholding tax at the reduced rate of 15% is applicable on dividends paid out of exempt income of SIICs and their French subsidiaries to French or foreign OPCIs that:

(i) raise capital with a certain number of investors, which is invested in the interests of those investors in accordance with a defined strategy; and

(ii) have similar features to a French OPCI (SPPICAV or FPI).

On May 26, 2014, the tax legislation department agreed that dividends paid by the Company to CRI, which holds the shares of the Company in the name and on behalf of German fund *hausInvest*, would be eligible for the reduced withholding tax rate of 15% for sums distributed out of the Company's exempt income, and that dividends paid out of its non-exempt income would be exempt provided that CRI produces evidence that hausInvest complies in substance with the asset ratios and dividend payment obligations provided for by French law.

This exemption from withholding tax applied for the first time to the interim dividend payment made in December 2014.

Dividend distributions to other shareholders:

Dividend distributions to other shareholders may be subject to withholding tax depending on their tax residence.

## 20% WITHHOLDING TAX

In addition to the rules relating to holding shares, the amending French Finance Act for 2006 introduced a 20% withholding tax to be paid by SIICs on dividends distributed to shareholders, other than natural persons, that hold at least 10% of dividend entitlements in said SIICs, and that are not liable for corporate income tax or another equivalent tax on the dividends received. However, the withholding tax is not due when the beneficiary of the dividend is a company required to distribute the dividend it receives in full and whose shareholders directly or indirectly owning at least 10% of the dividend rights are liable for corporate income tax (or another equivalent tax) as a result of those distributions.

The Company's bylaws stipulate that if the withholding tax applies, it will be paid by the shareholder generating this withholding tax.

Dividend distributions to CRI

As CRI holds the Cegereal shares in the name and on behalf of the unit holders of the hausInvest property fund, the French tax authorities decided to treat CRI as a tax-transparent entity and to consider that the unit holders of the hausInvest property fund hold a direct interest in Cegereal.

Based on this approach, the tax authorities had considered that:

(i) dividends paid to unit holders of the fund do not fall within the scope of the 20% withholding tax if the unit holders are natural persons;

(ii) dividends paid to unit holders of the fund are not subject to the withholding tax if the unit holders are legal entities, provided that they do not meet the criteria set forth in Article 208 C-II ter of the French Tax Code (which provides that the withholding tax is payable if the dividends are paid to an entity holding over 10% of the voting rights of the SIIC and the entity is not liable for corporate income tax or another equivalent tax on the amounts received).

Considering the status of the current unit holders of the fund, the Company was not liable for the 20% withholding tax on the dividends it distributes.

While the tax-transparency approach was abandoned following the above-mentioned amendment to Article 119 bis of the French Tax Code, the 20% withholding tax should remain non-applicable. Under German tax law, the dividends paid by the Company are deemed to be distributed to the fund's unit holders whether or not they actually are, and, therefore, deemed to be taxable at their level.

Dividend distributions to other shareholders

Cegereal will not be subject to the 20% withholding tax if it is established that no dividends are paid to shareholders other than natural persons meeting both of the following conditions:

(i) the shareholder holds, directly or indirectly, at least 10% of the dividend entitlements in the SIIC at the time the dividends are paid;

(ii) the shareholders' dividend is not subject to corporate income tax or another equivalent tax.

Considering the Company's ownership structure at December 31, 2014, the 20% withholding tax was not levied on any of the dividends it distributed.

## ADDITIONAL CORPORATE INCOME TAX CONTRIBUTION (3% OF DISTRIBUTED INCOME)

Amounts to be distributed by SIICs in accordance with Article 208 C of the French Tax Code are exempt from the 3% contribution.

A subsidiary of a company that has elected for preferential treatment as a SIIC is not liable for the contribution if it distributes dividends to another SIIC that holds an interest of over 95% in the company. Consequently, dividends distributed by Prothin to Cegereal are not subject to the 3% contribution.

The exceptional distribution of additional paid-in capital voted by the General Shareholders' Meeting on June 25, 2014 in the sum of EUR 10,029,375 was not subject to the 3% contribution insofar as the contribution applies only to distributed income and similar, not to redemptions of capital contributions. This distribution was treated entirely as a redemption of capital contributions inasmuch as all profits and reserves other than the legal reserve had already been distributed and the additional paid-in capital was therefore solely comprised of capital contributions.

However, the interim dividend decided by the Board of Directors on December 2, 2014 and paid by decision of the Chief Executive Officer on December 24, 2014 was subject to the 3% contribution as it was not paid pursuant to Cegereal's dividend payment obligations.

## 2.6. ARTICLES OF INCORPORATION AND BYLAWS

The following paragraphs present the main provisions of the bylaws of Cegereal and of the Internal Rules and Regulations for its Board of Directors on the date of this Registration Document.

### CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

The Company's purpose is, directly or indirectly:

– the acquisition, sale, construction or refurbishment, directly or indirectly through a wholly-owned subsidiary, the leasing and management, in France, of full title to all types of office buildings;

– the acquisition and management of all other movable or real property assets and rights in connection with the buildings owned by the Company and that are required for the proper management thereof;

– and, in general, all financial, commercial or industrial transactions, whether in real or movable property, that can be directly linked to the purposes specified above or any related or complementary purpose.

### BYLAW PROVISIONS RELATING TO THE MANAGEMENT AND EXECUTIVE STRUCTURES – BOARD OF DIRECTORS' INTERNAL RULES AND REGULATIONS

***Board of Directors (excerpts from Articles 15 and 16 of the bylaws)***

The Company shall be managed by a Board of Directors composed of at least three members and a maximum of eighteen members, except as otherwise provided by law in the case of a merger. The term of office for directors is six years. Directors can be removed from office at any time by the Ordinary Shareholders' Meeting (Article 15 of the bylaws).

The Board of Directors shall elect a Chairman from among its members, who must be an individual, whose compensation shall be determined by the Board where applicable. The Chairman of the Board of Directors shall be appointed for a term that cannot exceed that of his/her term of office as director. The Chairman can be re-elected. The Board of Directors can remove the Chairman from office at any time, any provision to the contrary shall be deemed null and void. The Chairman of the Board shall have and exercise powers under the conditions laid down by Article L.225-51 of the French Commercial Code. If the Chairman of the Board of Directors is not the Chief Executive Officer, the Chief Executive Officer and/or the Deputy Chief Executive Officer(s) shall assist the Chairman in order to obtain information that is useful for the performance of his/her duties.

The Board of Directors shall have the powers and perform its assignment under the conditions laid down by Article L.225-35 of the French Commercial Code, by the Internal Rules and Regulations adopted by the Board of Directors and by the Company's bylaws.

Each Board member shall receive directors' fees according to the allocation defined by the Board of Directors of the overall amount set by the Ordinary Shareholders' Meeting. Each Board member may also receive exceptional compensation in respect of his/her involvement in a committee or a specific assignment (Article 6 of the Internal Rules and Regulations).

Board meetings shall be convened by all means, including orally, by the Chairman of the Board. When the Board has not met for more than two months, at least one-third of the Board members can ask the Chairman of the Board of Directors to convene the Board to meet on a specific agenda. If the Chief Executive Officer does not perform the duties of Chairman of the Board, he/she can also ask the Chairman of the Board to convene the Board to meet on a specific agenda. The Chairman of the Board shall be bound by requests made to him/her in this way.

Board meetings shall be held at the registered office or at any other place specified in the convening notice.

These meetings may be held through videoconference means or by any other means of telecommunication that allows for the identification of the directors, guarantees their effective participation in the meeting of the Board and allows for uninterrupted broadcasting of the discussions and decisions, within the scope of the applicable provisions of the law and regulations, it being specified that discussions relating to the adoption of the decisions referred to in paragraph 3 of Article L.225-37 of the French Commercial Code cannot be held by videoconference.

Decisions shall be made under the quorum and majority conditions laid down by law.

***Non-voting directors (Article 19 of the bylaws)***

The Ordinary Shareholders' Meeting may appoint one or more persons, who may or may not be chosen from among the shareholders, to act as non-voting directors. The assignment of the non-voting directors is to issue opinions and suggestions to the Company's committees and to assist the Board of Directors in determining corporate strategy. The non-voting directors may be chosen from among the committee members.

The non-voting directors shall be appointed for a term of three years. Their term of office shall expire at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the third fiscal year that follows the year during which they were appointed. Non voting directors can be reelected. Each non-voting director can be removed from office at any time by the Ordinary Shareholders' Meeting.

The non-voting directors shall have access to the same information as that made available to the members of the Board of Directors. The non-voting directors may be invited to attend any meeting of the Board of Directors. They are not allowed to vote at Board meetings, however.

***Method of general management (excerpt from Article 17 of the bylaws)***

The general management of the Company shall be placed under the responsibility of either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors who shall have the title of Chief Executive Officer.

The choice between these two methods of exercising general management shall be made by the Board of Directors, which must inform the shareholders and third parties thereof under the regulatory conditions.

The Board's decision as to how the general management will be exercised shall be taken by the majority of the directors who are present or represented. The Board shall determine the duration of the option; in any event, the Board's decision on this point shall remain valid until a decision to the contrary is taken.

When the Board of Directors chooses to separate the duties of the Chairman of the Board of Directors from those of the Chief Executive Officer, it shall appoint the Chief Executive Officer, who need not be a director, set his/her term of office, determine his/her compensation and, where applicable, the limits on his/her powers. The Chief Executive Officer shall have the powers and perform his/her assignment under the conditions laid down by Article L.225-56 of the French Commercial Code, by the Internal Rules and Regulations adopted by the Board of Directors and by the Company's bylaws. The Board of Directors can remove the Chief Executive Officer from office at any time. If the removal from office is decided without due grounds, it may give rise to damages, unless the Chief Executive Officer is also Chairman of the Board of Directors.

On the recommendation of the Chief Executive Officer, the Board of Directors can appoint one or more individuals who are responsible for assisting the Chief Executive Officer and who shall have the title of Deputy Chief Executive Officer. The Board of Directors shall determine the compensation of the Deputy Chief Executive Officer(s) and, in agreement with the Chief Executive Officer, the scope and duration of the powers of the Deputy Chief Executive Officer(s). With regard to third parties, the Deputy Chief Executive Officer(s) shall have the same powers and be subject to the same obligations as the Chief Executive Officer. When the Chief Executive Officer ceases or is unable to perform his/her duties, the Deputy Chief Executive Officer(s), unless decided otherwise by the Board of Directors, shall continue to exercise their duties and responsibilities until a new Chief Executive Officer is appointed. The Board of Directors, on the recommendation of the Chief Executive Officer, can remove the Deputy Chief Executive Officer(s) from office at any time. If the removal from office is decided without due grounds, it can give rise to the payment of damages.

***Internal Rules and Regulations of the Board of Directors***

The Company's Board of Directors adopted Internal Rules and Regulations which supplement and clarify the terms and conditions of its operation, as provided by law and the Company's bylaws. These Internal Rules and Regulations specify, in particular, how the Board is organized and operates, as well as its powers and responsibilities and those of its committees and the limitations to the powers of Executive Management.

A Directors' Charter, which is attached to these Internal Rules and Regulations, specifies the conditions under which all Company directors are required to perform their duties.

## RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO SHARES

Each ordinary share entitles holders, under the conditions provided for by law and regulations, to exercise and enjoy monetary and non-monetary rights. Shareholders only bear losses up to the amounts paid in.

The voting right attached to shares is proportional to the portion of the capital the shares represent and each share grants the right to one vote.

***Limits on voting rights***

None

***Double voting rights***

Not applicable

New paragraph 3 of Article L.225-123 of the French Commercial Code introduces a double voting right for registered shares held in the name of the same shareholder for at least two years. The provision is worded in such a way that if the Company does not wish the new measure to become effective on April 3, 2016, it must be rejected by extraordinary resolution of the shareholders. Accordingly, a resolution expressly rejecting the new statutory voting right will be put to the next Extraordinary General Shareholders' Meeting due to be held on April 15, 2015.

***Bylaw provisions relating to the allocation of profits, the payment of dividends and interim dividends (excerpt from Article 27 of the bylaws)***

The profit for the fiscal year, less prior losses carried forward and amounts allocated to the legal reserve, plus prior profits carried forward, constitutes the distributable profit. In addition to the distributable profit, under the conditions defined by law, the Ordinary Shareholders' Meeting can decide to distribute amounts drawn from the reserves to which the shareholders are entitled.

After approval of the annual financial statements and verification of the existence of distributable amounts, the Ordinary Shareholders' Meeting decides the portion allocated to shareholders in the form of dividends.

Insofar as the Company has elected for the tax treatment referred to in Article 208 C of the French Tax Code, the amount of the distributable profit shall be determined in accordance with the provisions of the second, third and fourth paragraphs of Article 208 C II of said Code, in order to allow the Company to benefit from the provisions of Article 208 C II.

The General Shareholders' Meeting has the option of offering shareholders the choice between payment in cash or in shares, for all or part of the securities that grant the right to the payment of dividends, within the scope of the relevant provisions of the law and regulations.

Interim dividends can also be distributed before the approval of the financial statements for the fiscal year, under the conditions laid down by law.

For all or part of the interim dividends paid, shareholders can be offered the option of payment in cash or in shares.

Lastly, all shareholders, other than individuals:

(i) that directly or indirectly hold at least 10% of the Company's dividend rights, at the time of any payment of dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code, and

(ii) whose specific situation or that of its partners who directly or indirectly hold 10% or more of the Company's dividend rights, in respect of all payments of dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code, render the Company liable for the 20% withholding tax referred to in Article 208 C II ter of the French Tax Code (the "withholding tax") (such shareholders are referred to as "shareholders subject to withholding tax"),

shall owe the Company, when any dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code are paid, an amount that shall be set in such a way as to neutralize completely the withholding tax owed by the Company in respect of said payment.

If there is more than one shareholder subject to withholding tax, each of them shall owe the Company the portion of the withholding tax triggered by its direct or indirect shareholding. The status of shareholder subject to withholding tax shall be assessed on the date the payment is distributed.

Subject to the information provided in accordance with Article 10 of the bylaws, all shareholders, other than individuals, that directly or indirectly hold at least 10% of the Company's dividend rights shall be presumed to be shareholders subject to withholding tax.

The amount of any debt owed by a shareholder subject to withholding tax shall be calculated in such a way that, after the debt is paid and in light of any tax treatment applicable to it, the Company is placed in the same position as though the withholding tax had not been triggered.

The payment of any distribution to a shareholder subject to withholding tax shall be made by an entry in said shareholder's individual current account (which shall not bear interest). The current account balance shall be repaid within five business days as from said entry, after offsetting against the monies owed by the shareholder subject to withholding tax pursuant to the provisions set out above.

The General Shareholders' Meeting can grant each shareholder, for all or part of the dividend or interim dividend payment, an option between payment in cash or in shares. If a shareholder subject to withholding tax opts for the payment of its dividend in shares, said shareholder shall receive part of the payment in shares (without creating fractional shares), and the other part in cash (this portion shall take the form of an individual current account entry), so that the offsetting mechanism described above can apply to the portion of the dividend payment made by an entry in the individual current account.

In the event of a distribution at the time of a public exchange offer, the Company shall only deliver the shares owed to the shareholder subject to withholding tax in respect of its involvement in the exchange after full payment in cash of the monies owed by the shareholder subject to withholding tax to the Company pursuant to the provisions set out above.

In the event that:

(i) subsequent to a payment by the Company of dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code, a shareholder is found to be a shareholder subject to withholding tax on the date of payment of said monies; and

(ii) the Company should have paid the withholding tax in respect of the monies thus paid to said shareholder, without said monies having been reduced as required, said shareholder subject to withholding tax shall be required to pay the Company not only the amount it owed to the Company pursuant to the provisions of this article, but also an amount equal to the penalties and default interest, where applicable, owed by the Company as a result of the late payment of the withholding tax.

Where applicable, the Company may set off its receivable in this regard pro tanto against all monies that may subsequently be owed to said shareholder subject to withholding tax.

## CHANGES TO THE CAPITAL AND THE RIGHTS ATTACHED TO SHARES (ARTICLE 8 OF THE BYLAWS)

The share capital can be increased by any method and in any way authorized by law. The Extraordinary Shareholders' Meeting has the sole power to decide on any immediate or deferred increases in capital. The meeting can delegate this power to the Board of Directors under the conditions laid down by law.

The Extraordinary Shareholders' Meeting can also, under the terms and conditions laid down by law, authorize a capital reduction or decide to reduce the capital for any reason and in any way whatsoever. However, capital reductions cannot undermine shareholder equality in any way.

The provisions of the bylaws that govern changes in the Company's share capital are no stricter than those imposed by law.

## GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 23 OF THE BYLAWS)

General Shareholders' Meetings shall be convened and deliberate under the quorum and majority conditions laid down by law.

They shall be held at the registered office or at any other place specified in the convening notice.

All shareholders are entitled to attend General Shareholders' Meetings and to take part in the vote in person or via proxy, upon presentation of proof of their identity and title to their securities, provided that:

– for holders of registered shares, the securities are recorded in the accounts of registered shares kept by the Company, in the name of the shareholder;

– for holders of bearer shares, the securities are recorded in the accounts of bearer shares kept by the accredited financial intermediary, and evidenced by a share ownership certificate.

These formalities must be carried out at the latest on the second business day prior to the meeting at midnight, Paris time (Article R.225-85 amended of the French Commercial Code).

The Board of Directors may reduce this timeframe via a general measure that benefits all the shareholders.

All shareholders can vote prior to the meeting by post or electronically, in accordance with legal and regulatory terms and conditions.

The shareholders can, under the conditions laid down by the laws and regulations, send their proxy form or postal vote form for any General Shareholders' Meeting on paper or electronically pursuant to a decision by the Board of Directors stated in the convening notice, in accordance with the regulations in force.

Shareholders shall be deemed to be present for the calculation of the quorum and majority if they attend the meeting by videoconference or by other means of telecommunication that make it possible to identify them, in accordance with legal and regulatory conditions.

General Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors, or in his/her absence, by the director who has been on the Board the longest. An attendance sheet shall be drawn up under the conditions laid down by law.

Decisions at General Shareholders' Meetings shall be taken under the quorum and majority conditions laid down by law.

## CROSSING THE THRESHOLDS SET IN THE BYLAWS (ARTICLE 10 OF THE BYLAWS)

In addition to the thresholds provided for by the applicable laws and regulations, any individual or legal entity, acting alone or in concert, that acquires or disposes of, directly or indirectly through one or more companies over which it has majority control, 3% or more of the share capital and/or voting rights, shall inform the Company of each additional fraction of 2% of the capital and/or voting rights held, up to 33%, within five trading days from the crossing of said threshold(s), by registered letter with return receipt requested sent to the Company's registered office, specifying the total number of shares or securities that grant access to the capital, as well as the number of voting rights it holds, alone, indirectly or together with other shareholders, on the basis of the most recent number of voting rights published by the Company.

In the event of failure to comply with this disclosure obligation, one or more shareholders that hold at least 5% of the capital or voting rights can request that the shares exceeding the fraction that should have been disclosed be stripped of voting rights for all Shareholders' Meetings that are held, until the expiration of a two-year period following the date on which the disclosure obligation is complied with. The request shall be recorded in the minutes of the General Shareholders' Meeting. Under the same conditions, the voting rights attached to these shares and that were not duly disclosed cannot be delegated by the defaulting shareholder.

The disclosure obligation described above must be complied with in addition to legal disclosure threshold obligations, in particular those referred to in Article L.233-7 of the French Commercial Code.

Lastly, all shareholders, other than individuals, that hold and/or acquire 10% of the Company's dividend rights, directly or through entities they control, within the meaning of Article L.233-3 of the French Commercial Code, must state in their disclosure threshold notice or subsequent thereto, whether or not the entity is a shareholder subject to withholding tax as defined in Article 27 of the bylaws. If the shareholder declares that it is not a shareholder subject to withholding tax, it must comply with any request by the Company to provide proof thereof and/or a legal opinion issued by an internationally renowned tax firm at the latest ten (10) business days before payment of the distributions.

All shareholders, other than individuals, that report that they have exceeded the threshold of 10% of the dividend rights, directly or indirectly, must notify the Company in a timely manner, and in any event at the latest ten (10) business days before the distributions are made, of any change in their tax status that would cause them to acquire or lose the status of shareholder subject to withholding tax.

If they are not declared under the conditions provided for in the previous paragraph of this article, the shares that exceed the disclosure threshold shall be stripped of voting rights in Shareholders' Meetings if, during a meeting, the failure to declare is recorded and if one or more shareholders that together hold at least 2% of the capital make a request to this effect during such meeting. The removal of voting rights shall also apply to all Shareholders' Meetings that are held until the expiration of a two-year period following the date on which the disclosure obligation is complied with.

The shares of all shareholders subject to withholding tax shall be issuer-registered.

# 3. Related-party transactions

## 3.1. MEMORANDUM OF UNDERSTANDING WITH CRI

The Company, CRI and the custodian bank Commerz Bank AG entered into a "Memorandum of understanding" ("MoU") on March 2, 2006, the purpose of which is to enable CRI to comply with the laws and regulations that are applicable in Germany in relation to its status as a management company and, in particular, the provisions that require a custodian bank to control actions by the management company in order to protect the interests of holders of units in investment funds. Where applicable, this engagement can take the form of an a priori control.

The MoU was transferred to BNP Paribas Securities Services S.C.A., Zweigniederlassung Frankfurt (BNP), which took the place of Commerzbank AG as custodian (previously "custodian bank") of the hausInvest property fund as of November 1, 2014. This transfer took place without amendment to the terms and conditions of the MoU.

Pursuant to the MoU, the Company authorizes the CRI representatives on its Board of Directors to provide CRI and the custodian with information they receive about the Company in their capacity as directors of the Company, so that the custodian can exercise its control over CRI in accordance with the provisions of German regulations. The purpose of this control is to ensure compliance with German laws and regulations on management companies. On no account does it constitute a review of appropriateness. The Company also makes available to its directors at the registered office a monthly statement in a form approved by mutual agreement between the parties, in compliance with the provisions of German laws and regulations on management companies, in order to enable CRI's representatives on the Company's Board of Directors to fulfill their obligations with respect to the custodian. The custodian has undertaken to observe strict confidentiality regarding the information on the Company that is provided to it and only to use said information for the specific and exclusive requirements of its control role as custodian.

The parties to this agreement have undertaken to use their best efforts to enable the custodian to perform the procedures incumbent upon it in accordance with the applicable provisions of German regulations, *mutatis mutandis*. Moreover, it is specified that on no account can the Company be held directly or indirectly liable, even partially, by CRI and/or the custodian, for a breach of the applicable German regulations.

This agreement shall terminate automatically as soon as CRI no longer has any obligations to the custodian with respect to the applicable German regulations, in particular because its stake in the Company will no longer be deemed to be a shareholding in a property company. CRI and the custodian are reminded of their obligations with respect to applicable French laws and regulations whenever they receive information that could be deemed to be insider information. In addition, any information that may have an impact on the Company's value is disclosed without delay by means of a press release and a note to the financial analysts or as part of the quarterly publications.

This agreement is referred to in the Statutory Auditors' special report on page 115.

## 3.2. ASSET MANAGEMENT AGREEMENT

On February 8, 2006, the Company entered into an asset management agreement with CRI, which expired on February 8, 2012. It was renewed in an agreement entered into on December 21, 2011 under the same terms and conditions for a period of six years effective as of February 9, 2012. Renewal of the agreement was authorized by the Board of Directors on December 15, 2011 and approved by the Ordinary Shareholders' Meeting of June 28, 2012. The agreement was transferred to Prothin, a wholly-owned subsidiary of the Company (the Subsidiary) within the scope of the partial asset transfer.

Pursuant to this agreement, CRI provides Prothin with investment consulting services with respect to the Subsidiary's real estate assets. However, the decision to invest is still made at the discretion of the Subsidiary. CRI must, in particular, submit all new leases or agreements relating to the Subsidiary's real estate assets for approval by the Subsidiary, in accordance with a procedure stipulated in the asset management agreement.

Pursuant to the asset management agreement, asset management concerns, in particular, consulting activities in the field of investment strategy and opportunity. This type of service involves, in particular, determining an investment strategy with the Subsidiary, including policies with respect to debt and the holding/selling of assets, as well as analyzing investment opportunities and whether they are in line with the Subsidiary's investment strategy. In this regard, CRI must submit investment proposals, as well as recommendations on the structure of the Subsidiary's real estate assets. CRI is also required to advise the Subsidiary on the implementation of its investment strategy.

Where applicable, CRI may also advise the Subsidiary on the sale or purchase of buildings. CRI will be responsible for negotiating purchase and sale agreements for real estate assets. CRI will also assist the Subsidiary at the time of valuations of the assets concerned, as well as with investment disposal procedures. In this regard, CRI will submit recommendations to the Subsidiary regarding the holding/selling of assets and the choice of real estate intermediaries. Lastly, by analyzing investment offers, CRI will participate in the due diligence process and recommend potential buyers (in particular as regards the price offered and the buyers' credibility) to the Subsidiary.

Pursuant to this asset management agreement, CRI is also required to provide analysis services. Such analysis services concern, in particular, the business operation of assets. In this regard, CRI draws up an Annual Business Plan that includes a summary of investments, performance, asset value, the real estate market, trends with respect to leases, recommendations and analyses regarding the holding and selling of assets, priority issues and tasks. This Annual Business Plan is then submitted to the Subsidiary, along with recommendations. CRI also advises the Subsidiary on the implementation of this Annual Business Plan.

Moreover, each year, CRI presents a report on the Subsidiary's real estate assets and the real estate market. Analysis services also cover (i) the methods for operating the assets and the risk management policy in order to determine if they are in line with market standards; (ii) the assessment of insurance coverage; (iii) the operating budget. In this regard, CRI must submit recommendations to the Subsidiary, based in particular on the analysis of operations and covering rental strategy, operating income and expenses and fittings.

Analysis services also involve preparing the following reports: (i) a detailed report on the real estate market, which is updated annually and includes economic projections, information on supply and demand in the real estate sector and real estate market trends, and updates on market rent trends, rental activity, investments and new development projects; and (ii) a yearly analysis report on other buildings in the sub-market, including their location, size, quality, available floor space, level of rent and main selling points.

CRI also analyzes the Subsidiary's rental strategy, which includes a review of lease proposals, the solvency of potential lessees and the financial terms of draft leases. Each quarter, CRI meets with the team responsible for rental management, with a view to analyzing the progress made and making recommendations in order to improve its rental strategy. This analysis assignment also covers monitoring of the rental market and sub-market in order to advise the Subsidiary on significant real estate market trends.

CRI's assignment is to coordinate the annual operating budgets, the rental strategy and the evaluation and analysis in terms of holding/selling the Subsidiary's assets. Where applicable, it is responsible for evaluating and recommending asset management alternatives.

Lastly, pursuant to this asset management agreement, CRI is required to assist the Subsidiary in obtaining loans.

As compensation for its assignments, CRI receives fixed-rate annual compensation equal to 0.35% of the gross value of the buildings, determined annually by the external valuers appointed by the Subsidiary. CRI also receives (i) a fee set at 1% of the acquisition or sale price of the assets as compensation for its assistance in any purchase or sale transaction and (ii) a fee of 1% of the final purchase price for each development project payable as and when the work is completed, on a quarterly basis, as well as additional compensation for supervising the development operation and the technical support services specific to this operation, which must be negotiated on an individual basis by the parties.

The asset management agreement was entered into for an initial term of six years. However, each party has the possibility of terminating the agreement upon expiration of the first three-year period, subject to giving six months' notice to the other party by registered letter with return receipt requested or by process. This agreement can also be terminated by the Subsidiary with no indemnities in the event of (i) non-performance by CRI of certain of its contractual obligations and (ii) gross negligence by CRI. CRI may also terminate the agreement for the same reasons in the event that the Subsidiary were responsible for the same shortcomings.

The assignment entrusted to CRI under the asset management agreement excludes all activity for which a professional license is required under French Act no. 70-9 of January 2, 1970, known as the Hoguet Act.

Asset management fees paid to CRI amounted to EUR 3,048,500 for 2014.

## 3.3. PROPERTY MANAGEMENT AGREEMENT

The property management agreement with Yxime involves overseeing the accounting management of rents and rental expenses related to the buildings, and providing property management and technical surveillance services, in compliance with the regulations in force.

Yxime receives a fee which is not significant.

It has no relationship other than contractual with Cegereal. The property management agreement is not a regulated agreement.

# 4. Employees

At December 31, 2014, the Company no longer had any employees, as its employees were transferred to Prothin (the Subsidiary) within the scope of the partial asset transfer.

The small number of employees within the Group can be explained by the fact that the Group outsources all administrative, financial, accounting, legal, tax and IT services to external service providers. All property management services are also outsourced, currently to Yxime, whose contract was transferred within the scope of the partial asset transfer. In this respect, some five Yxime employees are responsible for the day-to-day management of the Group's real estate assets, mainly management of rents and service charges, facility management, reception and security.

The Subsidiary is governed by the French National Collective Bargaining Agreement for the Real Estate sector – Property Managers – Real Estate companies and Estate Agents.

The Group has not encountered any specific difficulties in hiring personnel. There were no dismissals within the Group during the year ended December 31, 2014.

The Group does not use any external manpower.

No mass layoff plans have been implemented.

Due to the Company's structure, it has no employee representatives.

***Employee share ownership and stock options***

At December 31, 2014, there was no employee share ownership as defined in Article L.225-102 of the French Commercial Code.

The Group's employees and corporate officers have not been granted any stock subscription or purchase options.

***Mandatory and optional employee profit-sharing***

None

***Information on the Group's CSR policy – employment issues***

In application of Article L.225-102-1 of the French Commercial Code, derived from law no. 2010 788 of July 12, 2010, information on Cegereal's employment policy is presented below.

Cegereal's HR values are as follows:

– ensuring gender balance;

– training employees and ensuring that they develop their skills;

– involving our employees in the development of our strategy.

The employment indicators for 2014 were as follows:

– 66% of employees are female;

– 100% of employees are on permanent contracts;

– 100% of employees received training in 2014, mainly English language training. A total of 84.5 training hours were completed.

***Training***

More than 80 hours of training were completed by Group employees in 2014.

A detailed evaluation of each employee following training courses is carried out at the start of each year during the annual assessments. This ensures that all employees have equal access to training.

***Industrial relations***

Due to Cegereal's limited number of employees, the Company does not have a staff representative body.

***Equal treatment***

The Group has made gender balance one of the core values of its employment policy. All of the Company's employees are treated fairly and have equal access to professional training opportunities. Each employee takes part in a biannual performance review with management. Cegereal ensures that there is no discrimination towards its employees or partners.

***Promotion and compliance with the fundamental conventions of the International Labor Organization***

The Group is governed by French law and undertakes to comply with the French Labor Code in its entirety, particularly the aspects concerning child labor, forced labor and the employment of people with disabilities.

The nature of the Group's property business, which consists of managing office buildings, does not pose any significant risks in relation to the working conditions of its employees.

## 2014 EMPLOYMENT DATA

| **Headcount** | **2014** | **2013** |
|---|---|---|
| Total headcount | 3 | 3 |
| *of which men* | *1* | *1* |
| *of which women* | *2* | *2* |
| Average age of employees | 40 | 39 |
| | | |
| **Employee turnover** | | |
| External recruitment | 0 | 1 |
| Departures | 1 | 1 |
| *of which dismissals* | *0* | *0* |
| | | |
| **Compensation** | | |
| Total payroll (in thousands of euros) | 550 | 511 |
| *Change (%)* | *+7.6%* | |
| | | |
| **Training** | | |
| Total number of hours of training | 84.5 | 104 |
| *% of trained employees* | *100%* | *100%* |
| A detailed evaluation of each employee following training courses is carried out at the start of each year during the annual assessments. This ensures that all employees have equal access to training | | |
| | | |
| **Working time – absenteeism** | | |
| Theoretical number of hours worked | 5,188 | 5,188 |
| | | |
| Absenteeism rate | 0.77% | 1.54% |
| *of which work accidents* | *0%* | *0%* |
| *of which occupational diseases* | *0%* | *0%* |

# 5. Share capital

## 5.1. INFORMATION ON THE SHARE CAPITAL

### 5.1.1 Amount of the capital

As of the date of this Registration Document, the share capital is set at EUR 160,470,000.

It is divided into 13,372,500 ordinary shares with a par value of EUR 12 per share.

The Company's shares have all been subscribed and fully paid up and are all of the same class.

### 5.1.2 Securities that do not represent capital

Not applicable

### 5.1.3 Allocation of capital and voting rights

Since the Company's shares were admitted to trading on Euronext Paris by NYSE Euronext and until December 2009, CRI held 67% of the Company's capital. However, as from December 31, 2009, CRI reduced its shareholding to below 60% by selling shares, both directly and on the market. CRI therefore has a controlling interest in Cegereal. However, the presence of independent directors on the Board and Committees, the separation of the Chairman's and the Chief Executive Officer's duties and a Chairman of the Board of Directors who is deemed to be independent means that there is no risk that this control will be exercised in an abusive manner.

The table below shows the allocation of capital and voting rights at December 31, 2014, to the best of the Company's knowledge.

| Ownership structure at December 31, 2014 | Shares | | Theoretical voting rights | | Voting rights exercisable at the General Shareholders' Meeting | |
|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % |
| CRI | 7,993,757 | 59.78% | 7,993,757 | 59.78% | 7,993,757 | 59.88% |
| Free float | 2,541,118 | 19.00% | 2,541,118 | 19.00% | 2,541,118 | 19.03% |
| Covéa | 1,867,888 | 13.97% | 1,867,888 | 13.97% | 1,867,888 | 13.99% |
| Debioholding SA | 947,782 | 7.09% | 947,782 | 7.09% | 947,782 | 7.10% |
| Treasury shares | 21,955 | 0.16% | 21,955 | 0.16% | - | 0.00% |
| Total | 13,372,500 | 100% | 13,372,500 | 100% | 13,350,545 | 100% |

| Ownership structure at December 31, 2014 | Shareholder | | Shares | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Residents | 1,231 | 94.26% | 4,338,694 | 32.47% |
| Non-residents | 75 | 5.74% | 9,025,261 | 67.53% |
| Total(1) | 1,306 | 100% | 13,363,955 | 100% |

| Ownership structure at December 31, 2014 | Shareholder | | Shares | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Individual shareholders | 1,182 | 90.51% | 349,560 | 2.62% |
| Institutional shareholders | 124 | 9.49% | 13,014,395 | 97.38% |
| Total(1) | 1,306 | 100% | 13,363,955 | 100% |

(1) TPi issued at December 31, 2014 excluding transactions in progress.

At December 31, 2014, the mutual insurance group company Covéa (7, place des Cinq Martyrs du Lycée Buffon, 75015 Paris) held 1,867,888 Cegereal shares, which represented as many voting rights, i.e., 13.97% of the Company's capital and 13.99% of its voting rights, broken down as follows:

| | Share and voting rights | % of capital | % of voting rights |
|---|---|---|---|
| GMF VIE | 943,727.00 | 7.06% | 7.07% |
| MAAF ASSURANCES SA SGP | 539,533.00 | 4.03% | 4.04% |
| MAAF VIE | 251,949.00 | 1.88% | 1.89% |
| MAAF VIE | 43,798.00 | 0.33% | 0.33% |
| GMF ASSURANCES | 27,060.00 | 0.20% | 0.20% |
| FIDELIA ASSISTANCE | 2,000.00 | 0.01% | 0.01% |
| Sub-total Covéa Cooperations(1) | 1,808,067.00 | 13.52% | 13.54% |
| MAAF SANTÉ | 59,821.00 | 0.45% | 0.45% |
| Total SGAM Covéa | 1,867,888 | 13.97% | 13.99% |

(1) Covéa Coopérations (14 boulevard Marie et Alexandre Curie, 72000 Le Mans) is a French joint-stock corporation (*société anonyme*) whose capital and voting rights are held in equal stakes by the mutual companies GMF-AM, MAAF and MMA under the umbrella of Covéa group's mutual insurance company (SGAM Covéa).

Debioholding is a Swiss company controlled by Rolland-Yves Mauvernay, who has no role in or relationship with Cegereal.

To the Company's knowledge, no other shareholder, acting alone or in concert, directly or indirectly holds more than 5% of the capital or voting rights. There are no shareholders' agreements.

With the presence of CRI and GMF VIE (a company controlled by Covéa) on its Board of Directors, the percentages of the capital and voting rights held by all the members of the management and executive bodies are 73.75% and 73.87% respectively.

At December 31, 2014 there was no employee share ownership as defined in Article L.225-102 of the French Commercial Code.

To the Company's knowledge, there are no significant pledges of issuer-registered Cegereal shares.

The Company has not pledged its treasury shares.

The Company has held 100% of the capital and voting rights of the Subsidiary (Prothin) since it was incorporated (Articles L.233-13; R.233-19 of the French Commercial Code).

As of the date of this Registration Document, no shareholder holds specific voting rights. There are no shares with double voting rights. However, the number of voting rights must be adjusted to take into account treasury shares, which do not carry voting rights.

From December 31, 2014 to the date of this Registration Document, there has been no change in the ownership of the capital or voting rights and no thresholds have been crossed.

There are no concert party agreements between shareholders of the Company.

### 5.1.4 Other securities that grant access to capital

The Company has not issued any securities granting access to the capital.

### 5.1.5 Share capital authorized, but not issued

The Ordinary and Extraordinary Shareholders' Meeting of June 26, 2013 authorized the Board of Directors in particular to issue, at any time, ordinary shares or securities granting access to the share capital or debt securities, with or without pre-emptive subscription rights for shareholders, according to the Company's needs and given the characteristics of the markets at the time under consideration.

The Board has not used these authorizations.

Summary table of valid delegations of authority to increase the capital

| | Date of the ESM | Expiration of authority | Authorized amount | Amounts used in previous years | Amount used in 2014 and until February 12, 2015 | Balance at February 12, 2015 |
|---|---|---|---|---|---|---|
| Authority to increase the capital by incorporating reserves, profits or premiums | June 26, 2013 | August 25, 2015 | €300,000,000 | None | None | |
| Authority to increase the capital with pre-emptive subscription rights | June 26, 2013 | August 25, 2015 | €300,000,000 | None | None | |
| Authority to increase the capital by means of a public offer without pre-emptive subscription rights | June 26, 2013 | August 25, 2015 | €300,000,000 | None | None | |
| Authority to increase the capital by private placement without pre-emptive subscription rights | June 26, 2013 | August 25, 2015 | 20% of capital per year | None | None | |
| Authority to increase the capital in favor of company savings plan (PEE) members, without pre-emptive subscription rights | | | | | | |
| Authority to increase the capital in favor of (category of staff or names of beneficiaries), without pre-emptive subscription rights | | | | | | |
| Authority to issue free share subscription warrants and grant them during a public offer period under the reciprocity exception | June 25, 2014 | December 24, 2015 | | | | |
| Authority to increase the capital in consideration for securities | June 26, 2013 | August 25, 2015 | 10% of the share capital | | None | |
| Authorization to issue stock subscription options | June 26, 2013 | August 25, 2016 | 2% of the share capital outstanding on the first grant date | | | |
| Authorization to grant free shares | | | | | | |
| Authorization to grant founders' warrants | | | | | | |

### 5.1.6 Information on the capital of any group member that is the subject of an option

Not applicable

### 5.1.7 Changes in the Company's capital over the last three fiscal years

The table below shows the changes in the Company's capital over the last three fiscal years

| Ownership structure at December 31, 2014 | Shares | | Theoretical voting rights | | Voting rights exercisable at the General Shareholders' Meeting | |
|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % |
| CRI | 7,993,757 | 59.78% | 7,993,757 | 59.78% | 7,993,757 | 59.88% |
| Free float | 2,541,118 | 19.00% | 2,541,118 | 19.00% | 2,541,118 | 19.03% |
| Covéa | 1,867,888 | 13.97% | 1,867,888 | 13.97% | 1,867,888 | 13.99% |
| Debioholding SA | 947,782 | 7.09% | 947,782 | 7.09% | 947,782 | 7.10% |
| Treasury shares | 21,955 | 0.16% | 21,955 | 0.16% | - | 0.00% |
| Total | 13,372,500 | 100% | 13,372,500 | 100% | 13,350,545 | 100% |

| Ownership structure at December 31, 2013 | Shares | | Theoretical voting rights | | Voting rights exercisable at the General Shareholders' Meeting | |
|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % |
| CRI | 7,993,757 | 59.78% | 7,993,757 | 59.78% | 7,993,757 | 59.90% |
| Free float | 2,546,498 | 19.04% | 2,546,498 | 19.04% | 2,546 498 | 19.08% |
| Covéa | 1,867,888 | 13.97% | 1,867,888 | 13.97% | 1,867,888 | 14.00% |
| Debioholding SA | 937,135 | 7.01% | 937 135 | 7.01% | 937,135 | 7.02% |
| Treasury shares | 27, 222 | 0.20% | 27 222 | 0.20% | - | 0.00% |
| Total | 13,372,500 | 100% | 13,372,500 | 100% | 13,345,278 | 100% |

| Ownership structure at December 31, 2012 | Shares | | Theoretical voting rights | | Voting rights exercisable at the General Shareholders' Meeting | |
|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % |
| CRI | 7,993,489 | 59.78% | 7,993,489 | 59.78% | 7,993,489 | 59.89% |
| Free float | 2,537,252 | 18.97% | 2,537,252 | 18.97% | 2,537,252 | 19.01% |
| Covéa | 1,877,555 | 14.04% | 1,877,555 | 14.04% | 1,877,555 | 14.07% |
| Rolland-Yves Mauvernay | 938,555 | 7.02% | 938,555 | 7.02% | 938,555 | 7.03% |
| Treasury shares | 25,649 | 0.19% | 25,649 | 0.19% | - | 0.00% |
| Total | 13,372,500 | 100% | 13,372,500 | 100% | 13,346,851 | 100% |

## 5.2. TRANSACTIONS IN THE COMPANY'S OWN SHARES

The Ordinary and Extraordinary Shareholders' Meeting of June 25, 2014 authorized the Board of Directors, for a period of 18 months, to purchase, on one or several occasions and at such time as it deems appropriate, Company shares within the limit of 10% of the number of shares composing the share capital (5% in the event of share buy-backs in view of external growth transactions), at any time, where applicable adjusted to include any increases or decreases in capital that may have been implemented during the duration of the buy-back program.

Within the scope of this share buy-back program, the Company carried out the following sale and purchase transactions involving its own shares between the opening and closing dates of the last fiscal year:

– Number of shares purchased: 32,481;

– Average purchase price: EUR 25,550 (gross);

– Number of shares sold: 37,748;

– Average sale price: EUR 23,457 (gross);

– Reasons for the acquisitions: market stimulation (100%).

At December 31, 2014, the Company held 21,955 treasury shares with a market value of EUR 557,763 (closing value).

The reason for the acquisitions was solely market stimulation. Shares held by the Company have not been allocated for other purposes since the last authorization granted by the General Shareholders' Meeting.

## DESCRIPTION OF THE SHARE BUY-BACK PROGRAM

In compliance with the provisions of Article 241-2 of the AMF's General Regulations and European Regulation no. 2273/2003 of December 22, 2003, the aim of this description is to state the purposes, terms and conditions of the Company's share buy-back program. This program is subject to the authorization of the General Shareholders' Meeting to be held on April 15, 2015.

***Breakdown, by objective, of the treasury shares held at December 31, 2014***

– Number of treasury shares directly or indirectly held: 21,955 shares, representing 0.03% of the Company's share capital;

– Number of treasury shares broken down by objective:

  - Stabilizing the share price through an AMAFI liquidity agreement: 17,525;

  - Acquisitions: 4,430;

  - Having shares available for stock option or other employee share-based payment plans: 0;

  - Having shares available in exchange for securities giving entitlement to shares: 0;

  - Cancellations: 0.

***New share buy-back program***

Authorization of the program: General Shareholders' Meeting of April 15, 2015

Shares affected: ordinary shares

Maximum percentage of the capital that can be repurchased: 10% of capital (equivalent to 1,337,250 shares at the present time). This limit is calculated at the buy-back date in order to take account of any capital increases or decreases during the share buy-back program. The number of shares included in the calculation of this limit corresponds to the number of shares purchased, less the number resold within the scope of the liquidity agreement, over the term of the program.

Maximum purchase price: EUR 40

Maximum amount of the program: EUR 53,490,000

Repurchase conditions: purchases, sales and transfers may be carried out by any means, either on the market or over the counter, including via transactions of blocks of shares. The resolution to be put to the shareholders for a vote does not limit the portion of the program that can be carried out by blocks of shares.

These transactions may be carried out during a public offer in compliance with the regulations in force.

Objectives (in decreasing order of priority):

– to stabilize the secondary market or ensure the liquidity of the Cegereal share. This may be achieved by entering into a liquidity agreement with an investment services provider compliant with the AMAFI ethics charter endorsed by the AMF;

– to keep the shares purchased and subsequently tender them in exchange or as consideration for an acquisition. In accordance with Article L.225-209, paragraph 6 of the French Commercial Code, the shares acquired for this purpose may not exceed 5% of the Company's share capital;

– to have shares available for stock purchase option plans and/or free share grant plans (or similar plans) in favor of the Group's employees and/or corporate officers, as well as all share awards made as part of a company or Group savings plan (or a similar plan), in connection with profit-sharing plans and/or any other type of share awards made to the Group's employees and/or corporate officers;

– to have shares available in exchange for securities granting entitlement to the shares in the Company pursuant to current regulations;

– to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the next General Shareholders' Meeting on April 15, 2015 in its thirteenth resolution (extraordinary).

Term of the program: 18 months from the General Shareholders' Meeting to be held on April 15, 2015, i.e., until October 15, 2016, subject to the authorization to be granted by said General Shareholders' Meeting in its thirteenth resolution (extraordinary).

This Registration Document is available on the Company's Internet site (www.Cegereal.com).

## 5.3. AGREEMENTS RELATING TO CONTROL OF THE COMPANY

As of the date hereof, to the knowledge of the Company, there are no agreements, which, if implemented, could lead to a change in its control.

## 5.4. ITEMS THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Pursuant to Article L.225-100-3 of the French Commercial Code, we specify the following points that could have an impact in the event of a public offer:

– The capital structure as well as any known direct or indirect shareholdings in the Company's capital and all related information are described in section IV.5.1.3 above.

– There are no bylaw restrictions to the exercise of voting rights, subject to those relating to disclosure thresholds set out in section IV.2.6.

– To the Company's knowledge, there are no signed agreements or other undertakings between shareholders.

– There are no securities conferring special control rights.

– There are no control mechanisms provided for in an employee share ownership arrangement where the control rights are not exercised by said employees.

– The appointment and removal of members of the Board of Directors are governed by legal provisions and the provisions of Article 15 of the bylaws. The Board's Internal Rules and Regulations contain no special provisions in this respect. Therefore, directors are appointed and replaced in compliance with the law. They may be removed at any time by a decision of the Ordinary Shareholders' Meeting. The Chairman is appointed by the Board of Directors and may be removed by the Board at any time.

– With respect to the Board of Directors' powers, current authorizations are described in section IV.5.1.5. In addition, the Board of Directors has the powers and exercises its duties under the conditions set forth in Article L.225-35 of the French Commercial Code and in the Company's bylaws.

– The Company's bylaws are amended in accordance with legal and regulatory provisions. Only an Extraordinary Shareholders' Meeting is empowered to amend the provisions of the bylaws, being specified, however, that a unanimous decision is required to increase shareholders' commitments.

– The only agreements entered into by the Group that would be amended or terminated in the event of a change in control in the Company are the Chartis insurance contracts.

– There are no agreements specifically providing for compensation in the event of termination of a Board member's term of office.

## 5.5. TRANSACTIONS INVOLVING SHARES OWNED BY CORPORATE OFFICERS, SENIOR MANAGERS AND THEIR KIN IN THE PREVIOUS FISCAL YEAR

During 2014, no disclosures were filed with the AMF pursuant to the provisions of Articles 223 24 et seq of the AMF's General Regulations.

# 6. Other information on the Board of Directors and Executive Management

## 6.1. LIST OF THE TERMS OF OFFICE AND DUTIES EXERCISED BY THE CORPORATE OFFICERS OVER THE YEAR

The table below shows the terms of office of the members of the Company's Board of Directors and its senior executives at December 31, 2014 (Article L.225-102-1 of the French Commercial Code).

| Name of corporate officer | Directorship held in the Company | Term of office | Other current directorships and positions held[1] |
|---|---|---|---|
| Chairman of the Board of Directors | | | |
| **Richard Wrigley[2]** | Chairman of the Board of Directors and director | First appointment by the Board of Directors on December 31, 2005<br>Renewal by the Board of Directors on June 29, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016 | Legal manager<br>CPI Sarl<br>SCI Galopinvest<br>SCI Le Barragiste<br>SCI Hume<br>Bureaux Buref Sarl<br>Trike Sarl<br>Wicklow Sarl<br>Resam Vendome EURL<br>Director<br>SVPV SA<br>Chairman<br>Apollonis Montrouge SAS<br>Chairman and member of the Supervisory Board:<br>Novaxia Immo Club<br>Nio Immo IDF, Paris, Quart Sud Est<br>Nio Hotel Paris, IDF, Quart Sud Est<br>Nio 3 Immo Europe,<br>Nio Immo 3 Paris Sud, Paris Est, Paris Ouest, Quart Sud Est<br>Nio 3 Immo Diversification<br>Nio 3 Hotel 2/3 and 3/4 and 3/5 |
| Chief Executive Officer | | | |
| **Raphaël Tréguier** | Chief Executive Officer | Termination of duties as Deputy Chief Executive Officer and first appointment as Chief Executive Officer on February 14, 2012 expiring at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2017. | Legal manager<br>SCI Pianissimmo<br><br>Chairman<br>Prothin SAS |
| Deputy Chief Executive Officer | | | |
| **Carl-Christian Siegel** | Deputy Chief Executive Officer and director | First appointment as Deputy Chief Executive Officer on February 14, 2012<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2017<br>First appointment as a director on May 12, 2010<br>Renewal by the General Shareholders' Meeting of June 29, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016 | Corporate officer<br>Commerz Real Southern Europe GmbH<br><br>Managing Director<br>Commerz Real Cap Sud SAS |
| Director | | | |
| **CRI**<br>Permanent representative Gerry Diete[3] | Director | First appointment on December 31, 2005<br>Renewal at the General Shareholders' Meeting of June 29, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016 | Managing Director<br>Prothin SAS<br>Commerz Real Cap Sud SAS<br>South Beach Tristar 800 LLC |
| **Jean-Pierre Bonnefond[2]** | Director | First appointment on February 20, 2006<br>Renewal at the General Shareholders' Meeting of June 28, 2012<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2017 | Chairman<br>JPB & A<br>Barratte et A. |

| Name of corporate officer | Directorship held in the Company | Term of office | Other current directorships and positions held[1] |
|---|---|---|---|
| **Dr. Klaus Waldherr** | Director | First appointment on February 5, 2008<br>Renewal at the General Shareholders' Meeting of June 29, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016 | Corporate officer<br>CGG Canada Grundbesitz GmbH<br>Forum Algarve – Gestao de Centro comercial, Sociedade Unipessoal Lda.<br>CG Japan GmbH<br>Lacerta Immobiliare S.R.L.<br>Alfa S.R.L.<br>Charles Square Center s.r.o.<br>CGI Metropole s.r.o.<br>Espacio Leon Propco S.L.U.<br>Chairman of A S.A.<br>Chairman of B S.A.<br>Chairman of C S.A.<br>Commerz Grundbesitz Gestao de Centros Commerciais, Sociedade Unipessoal Lda.<br>Forum Almada – Gestao de Centro Comercial Sociedade Unipessoal Lda.<br>CR – Montijo Retail Park S.A.<br>CGI Victoria Square Nominees Limited<br>Kiinteistö Oy Lintulahdenvuori<br>CR - 71 Robinson Road Singapore Private Limited<br>Life Science Center Leilaniemi Oy<br>Montitail - Gestao de Retail Park Sociedade Unipessoal Lda<br>Commerz Real Australian Management Company Pty Limited |
| **Gerry Dietel** [4] | Director | Appointment on January 30, 2009<br>Renewal on June 29, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016<br>Resigned on December 2, 2014 | Managing Director<br>Prothin SAS<br>Commerz Real Cap Sud SAS<br>South Beach Tristar 800 LLC |
| **GMF VIE**<br>Permanent representative:<br>Olivier Le Borgne | Director | Appointment on June 29, 2010<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2015 | Director<br>CSE ICO<br>CSE Insurance Services<br>CSE Safeguard<br>GMF Financial<br>AME Life Lux (SA)<br>Permanent representative<br>Covéa Finance, director of Fidelia Services SA<br>Assistance Protection Juridique, member of the Supervisory Board of Covéa Finance SAS<br>GMF Vie, director of Foncière des 6e et 7e arr. de Paris (SA), member of the Supervisory Board of Foncière de Paris (SIIC)<br>Member of the Supervisory Board of GMF Inter Entreprise |
| **Europroperty Consulting**<br>Director Permanent representative:<br>Alec Emmott[2] | Director | First appointment on February 24, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ended December 31, 2015 | Director<br>Lar Espana Real Estate Socimi SA<br>Advisory committee:<br>City Hold<br>Weinberg Real Estate Parners WREP# 1&2<br>Mitsui Fudosan |
| **Sabine Röska** | Director | First appointment on May 5, 2011<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2015 | |
| **Daniela Lammert** | Director | First appointment on December 2, 2014<br>Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ended December 31, 2016 | Corporate officer<br>CRI Erste Beteiligungsgesellschaft mbH<br>EuREAM<br>Forum Algarve - Gestao de Centro comercial, Sociedade Unipessoal, Lda.<br>CG Japan GmbH<br>Lacerta Immobiliare S.R.L.<br>Alfa S.R.L.<br>Charles Square Center s.r.o.<br>CGI Metropole s.r.o.<br>Forum Almada-Gestão de Centro Commercial, Sociedade Unipessoal, Lda.<br>CGI Victoria Square Limited<br>Forum Montijo, Gestao de Centro Comercial Sociedade Unipessoal, Lda<br>CG-78 Shenton Way Singapore Private Limited<br>CR - 71 Robinson Road Singapore Private Limited<br>Theresiencenter Dienstleistungsgesellschaft mbH<br>CR - Montijo Retail Park S.A.<br>CGI Victoria Square Nominees Limited<br>Montitail - Gestao de Retail Park, Sociedade Unipessoal Lda.<br>Life Science Center Keilaniemi Oy<br>Kiinteistö Oy Lintulahdenvuori<br>Commerz Real Australian Management Company Pty Limited<br>Immobilières des Croisades S.A. |

(1) Regardless of the Company's legal form and country of incorporation.
(2) Independent director.
(3) Gerry Dietel replaced Erich Seeger as permanent representative of CRI with effect from December 3, 2014.
(4) Resigned as Director with effect from December 2, 2014.
(5) Co-opted as Director on December 2, 2014. His appointment is subject to the approval of the next Ordinary Shareholders' Meeting.

# 6.2. SUMMARY OF THE TERMS OF OFFICE AND DUTIES EXERCISED BY THE CORPORATE OFFICERS OVER THE LAST FIVE FISCAL YEARS

The table below shows the terms of office of the members of the Company's Board of Directors and its senior executives over the last five fiscal years (Article L.225-102-1 of the French Commercial Code).

| Name of corporate officer | Directorships and positions held in the last five years (expired)[1] |
|---|---|
| **Raphaël Tréguier** | None |
| **Richard Wrigley** | None |
| **CRI**<br>Permanent representative: Erich Seeger | Joint legal manager:<br>Forum Algarve – Gestão de Centro<br>Comercial Sociedade Unipessoal<br>Lda. II & Comandita<br>Forum Almada – Gestão de Centro Comercial<br>Sociedade Unipessoal<br>Lda. II & Comandita |
| **Jean-Pierre Bonnefond** | Chairman of the Supervisory Board:<br>SCPI Hoche Placement Pierre |
| **Klaus Waldherr** | Corporate officer:<br>Houston Main GP LLC<br>Manmall LLC<br>CGI Victoria Square Limited<br>CG Choongmuro Building Securitization Speciality LLC<br>CG-78 Shenton Way Singapore Private Limited<br>Tulipan House I Sp. zo.o.<br>CRI 1 Sp.zo.o |
| **Gerry Dietel** | Legal manager:<br>Forum Almda Lda<br>Forum Algarve Lda<br>Brafero Sociedade Imobiliara SA<br>Forum Montijo Lda |
| **Carl-Christian Siegel** | Forum Almada - Gestao de Centro Comercial, Sociedade Unipessoal Lda.<br>Forum Montijo - Gestao de Centro Comercial, Sociedade Unipessoal Lda.<br>Eurologistik 1 Freehold BVBA<br>Commerz Real Western Europe GmbH<br>Commerz Real Spezialfondsgesellschaft mbH |
| **GMF VIE**<br>Permanent representative:<br>Olivier Le Borgne | Permanent representative of GMF Vie, member of the Supervisory Board of Anthemis (SAS) and Covéa Finance (SAS) and director of Barrière Frères, Cofitem Cofimur and Foncière Paris France<br>Permanent representative of GMF Assurances, director of Cofitem-Cofimur and of Foncière Malesherbes Courcelles<br>Permanent representative of La Sauvegarde, director of Grands Millesimes de France and Azur-GMF-BF (formerly Boissy Finances)<br>Director of Assurances Mutuelles d'Europe Lux SA and Univers Mutualité<br>Member of the Management Committee of SCE Château Beaumont and of SC Château Beychevelle |
| **Europroperty Consulting**<br>Director Permanent representative:<br>Alec Emmott | Société Foncière Lyonnaise<br>Catella France<br>SILIC |
| **Sabine Röska** | None |
| **Daniela Lammert** | None |

(1) Regardless of the Company's legal form and country of incorporation.

# 6.3. COMPENSATION AND BENEFITS OF THE CORPORATE OFFICERS

### 6.3.1 For non-executive corporate officers

The directors do not receive any compensation other than directors' fees, which are paid for their participation in the Board of Directors or the various committees of the Board.

In light of the work of the Appointments and Compensation Committee, the December 2, 2014 Board of Directors' meeting decided to allocate directors' fees as follows:

– Richard Wrigley: EUR 34,000;

– Jean-Pierre Bonnefond: EUR 34,000;

– Europroperty Consulting: EUR 34,000;

– Graham Spensley: EUR 17,000.

The June 25, 2014 General Shareholders' Meeting set the overall amount of directors' fees allocated to members of the Board of Directors at EUR 120,000.

| Summary table of directors' fees and other compensation paid to non-executive corporate officers | | |
|---|---|---|
| Non-executive corporate officers | Amounts paid during 2014 | Amounts paid during 2013 |
| **Jean-Pierre Bonnefond** | | |
| Directors' fees | 34,000 | 15,000 |
| Other compensation | - | - |
| **CRI** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Klaus Waldherr** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Gerry Dietel** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Carl-Christian Siegel** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **GMF VIE** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Europroperty Consulting** | | |
| Directors' fees | 34,000 | 30,000 |
| Other compensation | - | - |
| **Sabine Röska** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Daniela Lammert** | | |
| Directors' fees | - | - |
| Other compensation | - | - |
| **Graham Spensley(1)** | | |
| Directors' fees | 17,000 | 3,000 |
| Other compensation | - | - |
| **TOTAL** | **85,000** | **48,000** |

(1) Non-voting director appointed by the General Shareholders' Meeting on June 28, 2012.

### 6.3.2 For executive corporate officers

**Table 1**

This table only relates to executive corporate officers within the meaning of Article L.225-185 of the French Commercial Code (Chairman of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officer(s)). It summarizes the compensation and benefits granted to executive corporate officers that are detailed in the following tables. These tables present the compensation and benefits of all kinds payable to executive corporate officers in relation to their terms of office by (i) the Company, (ii) companies controlled – within the meaning of Article L.233-16 of the French Commercial Code – by the Company in which the term of office is held, (iii) companies controlled – within the meaning of said Article – by the company or companies that control the company in which the term of office is held, and (iv) the company or companies that control – within the meaning of said Article – the company in which the term of office is held. When the listed company is a member of a group, information on the executive corporate officers' compensation relates to the amounts payable, in connection with the term of office in the listed company, by all the companies in the control chain.

In euros

| Summary table of compensation, options and shares granted to each executive corporate officer | | |
|---|---|---|
| | Dec. 31, 2014 | Dec. 31, 2013 |
| Richard Wrigley<br>Chairman of the Board of Directors[(1)] | | |
| Compensation payable for the year (broken down in Table 2 below) | 59,000 | 45,000 |
| Value of options granted during the year | - | - |
| Value of performance shares granted during the year | - | - |
| TOTAL | 59,000 | 45,000 |
| | | |
| Raphaël Tréguier<br>Chief Executive Officer[(2)] | | |
| Compensation payable for the year (broken down in Table 2 below) | 276,208 | 229,074 |
| Value of options granted during the year | - | - |
| Value of performance shares granted during the year | - | - |
| TOTAL | 276,208 | 229,074 |
| | | |
| Carl-Christian Siegel<br>Deputy Chief Executive Officer[(3)] | | |
| Compensation payable for the year (broken down in Table 2 below) | - | - |
| Value of options granted during the year | - | - |
| Value of performance shares granted during the year | - | - |
| TOTAL | - | - |

**Table 2**

Summary table of compensation granted to each executive corporate officer

| Richard Wrigley<br>Chairman of the Board of Directors | Dec. 31, 2014 | | Dec. 31, 2013 | |
|---|---|---|---|---|
| | Amounts payable[6] | Amounts paid[7] | Amounts payable[6] | Amounts paid[7] |
| Fixed compensation[1] | 25,000 | 25,000 | 25,000 | 25,000 |
| Variable compensation | - | - | - | - |
| Multi-annual variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Directors' fees | 34,000 | 34,000 | 20,000 | 20,000 |
| Benefits-in-kind | | | | |
| TOTAL | 59,000 | 59,000 | 45,000 | 45,000 |

| Raphaël Tréguier<br>Chief Executive Officer[2] | Dec. 31, 2014 | | Dec. 31, 2013 | |
|---|---|---|---|---|
| | Amounts payable[6] | Amounts paid[7] | Amounts payable[6] | Amounts paid[7] |
| Fixed compensation[1] | 150,000 | 150,324 | 150,000 | 153,803 |
| Variable compensation[3] | 80,000 | 60,000 | 60,000 | - |
| Multi-annual variable compensation[4] | 25,000 | | - | - |
| Exceptional compensation | | | | 60,000 |
| Directors' fees | - | - | - | - |
| Benefits-in-kind[5] | 21,208 | 21,208 | 19,074 | 19,074 |
| TOTAL | 276,208 | 231,532 | 229,074 | 232,877 |

| Carl-Christian Siegel<br>Deputy Chief Executive Officer[8] | Dec. 31, 2014 | | Dec. 31, 2013 | |
|---|---|---|---|---|
| | Amounts payable[6] | Amounts paid[7] | Amounts payable[6] | Amounts paid[7] |
| Fixed compensation[1] | - | - | - | - |
| Variable compensation | - | - | - | - |
| Multi-annual variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Directors' fees | - | - | - | - |
| Benefits-in-kind | - | - | - | - |
| TOTAL | - | - | - | - |

(1) Items of compensation are expressed as a gross, pretax amount
(2) He was appointed as Deputy Chief Executive Officer on February 14, 2012
(3) Variable compensation for 2013 set by the Board of Directors on February 13, 2014 (see breakdown in the Chairman's report on internal control and corporate governance included in section III.1.4 of this Registration Document).
(4) The Board of Directors' meeting of June 26, 2013 decided to establish a medium-term bonus plan for Raphaël Tréguier in his capacity as Chief Executive Officer, which involves granting him multi-annual variable compensation based on changes in the Cegereal share price. A medium-term bonus of EUR 25,000 will be granted annually to Raphaël Tréguier from 2015, in his capacity as Chief Executive Officer, if the Cegereal share price increases over a period of two (2) years by a minimum total percentage set by the Board of Directors for each period at the meeting held to approve the annual financial statements for the year preceding the Period. In the event that this change in share price does not meet the Target, no medium-term bonus will be paid to Raphaël Tréguier for the Period concerned. Raphaël Tréguier received a bonus of EUR 25,000 in respect of the first Period.
(5) Company car and unemployment insurance for company managers.
(6) Compensation granted to the executive corporate officer for his duties during the fiscal year, irrespective of the date of payment.
(7) Total compensation paid to the executive corporate officer for his duties during the fiscal year.
(8) He was appointed as Deputy Chief Executive Officer on February 14, 2012.

This table only relates to the executive corporate officers referred to in the introduction to Table 1 above.

No performance shares were granted to the corporate officers. No stock subscription or stock purchase options were granted to the corporate officers.

***Total amounts set aside as provisions to pay annuities, pensions, or other benefits***

The Company's senior executives do not benefit from any pensions, top-up pensions or other benefits of any kind. Therefore, the Company has not set aside any provisions in this respect.

| Executive corporate officers | Employment contract | | Complementary pension scheme | | Indemnities or benefits payable or likely to be payable with respect to the termination of or a change of duties | | Indemnities pursuant to a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| **Richard Wrigley**<br>Chairman<br>June 29, 2011<br>AGSM 2017 | | X | | X | | X | | X |
| **Raphaël Tréguier**<br>Chief Executive Officer<br>Feb. 14, 2012<br>Chief Executive Officer's term of office<br>AGSM 2017 | | X | | X | | X | | X |
| **Carl-Christian Siegel**<br>Deputy Chief Executive Officer<br>Feb. 14, 2012<br>Deputy Chief Executive Officer's term of office<br>AGSM 2017 | | X | | X | | X | | X |

In accordance with the AFEP-MEDEF recommendations on corporate governance and executive compensation, Raphaël Tréguier, Chief Executive Officer of Cegereal, has not had an employment contract with the Subsidiary (Prothin) since December 31, 2014 (his employment contract having been suspended).

## 6.4. OTHER INFORMATION

On January 30, 2009, the Company published a statement relating to the AFEP-MEDEF recommendations of October 6, 2008, which is reproduced word-for-word below:

*"At its January 30, 2009 meeting, the Board of Directors took note of the AFEP-MEDEF's October 6, 2008 recommendations relating to the compensation of executive corporate officers of companies whose shares are admitted for trading on a regulated market. The Board expressed its intention to follow these recommendations. It confirmed that the AFEP-MEDEF code thus amended would continue to be Cegereal's reference code for the preparation of the Chairman's report on internal control and corporate governance, in compliance with Article L.225-37 of the French Commercial Code."*

There are no family ties between the corporate officers of the Company.

For the purposes of their terms of office, the members of the Board of Directors and Executive Management are domiciled at the Company's registered office.

To the Company's knowledge and on the date of preparation hereof, over the last five years, no member of the Board of Directors or Executive Management has been:

– convicted for fraud;

– involved in a bankruptcy, receivership or liquidation;

– the subject of an indictment or official public sanction handed-down by a statutory or regulatory authority;

– barred by a court order from serving as a director or member of a management or supervisory body or from participating in the management or running of a company's business.

**Conflicts of interest at the level of the Board of Directors and Executive Management**

To the Company's knowledge and on the date of preparation hereof, there is no conflict of interest between the duties of any members of the Board of Directors or Executive Management with respect to the Company regarding their positions as corporate officers and their private interests or other duties.

To the Company's knowledge and on the date of preparation hereof, no arrangement or agreement exists with the main shareholders, customers or suppliers under which a member of the Board of Directors or Executive Management has been appointed.

To the Company's knowledge and on the date of preparation hereof, no restrictions have been agreed to by members of the Board of Directors or Executive Management with regard to the disposal of their holdings in the Company's share capital.

The corporate officers are not party to any services agreements.

# 7. Impacts of German legislation on the group's activity and structure

## 7.1. GERMAN LEGAL FRAMEWORK APPLICABLE TO OPEN-ENDED INVESTMENT FUNDS AND THEIR MANAGERS

CRI is an asset management company that is subject to German law. It invests on behalf of open-ended real estate funds that do not have legal status. The investment funds managed by CRI are, in particular, aimed at private investors, individuals and legal entities.

Investors' rights in these funds are represented by units which are issued by the management company. Units of open-ended real estate funds only confer on their holders monetary rights that correspond to the investment in the funds. They do not confer any voting rights or any power to influence the management of those funds.

CRI holds a majority interest in the Company's capital on behalf of the hausInvest investment fund (the "Fund").

The relationship between the investors in the Fund and CRI is governed by a management authorization contained in the documentation made available to the Fund's unit holders that describes, in particular, the strategy and investment rules followed.

The German regulations applicable to investment funds and management companies are mainly drawn from the German law on investments (*Gesetz über Kapitalanlagegesellschaften*, the "KAGG"). Its provisions on real estate investment funds were slightly amended by the German "investment law" (*Investmentgesetz*, the "InvG") that entered into effect on January 1, 2004, which has been applicable to the Fund since April 1, 2006 and which was itself amended on December 28, 2007. The "InvG" was repealed and replaced by the Capital Investment Code (*Kapitalanlagegesetzbuch*, the "KAGB") that entered into effect on July 22, 2013. During a transitional period, the provisions of the InvG continued to be applicable to the Fund. The transitional period ended on July 1, 2014, when the Fund's internal rules as adapted to the KAGB came into effect (the KAGG, InvG and KAGB, as applicable, will henceforth be referred to as the "German Investment Act").

The German Investment Act aims to provide security to fund unit holders through controls implemented, in particular, by the German Federal Financial Services Authority and by the fact that the management company is assisted by a custodian bank.

The *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin) (the German federal financial services authority) exercises general control over investment funds and their management companies under the German Investment Act. In this regard, any company that wishes to engage in the management of financial instruments (the activity performed by CRI) is required to obtain accreditation as a financial asset management company from the BaFin. Once this accreditation has been obtained, management companies that have the status of financial asset management company are subject to the control of the BaFin. This control includes, in particular, the audit of the financial statements of the Fund and the management company.

The portfolio of real estate assets held directly or indirectly by the management company on behalf of the Fund is valued on the basis of the asset value as estimated by an independent expert or separately by two independent experts. The criterion used by the experts for this valuation is the market value. The identity of the experts and their credentials, as required under the German Investment Act, must be provided to the BaFin. The BaFin does not directly control the asset valuation, however.

The custodian (previously the "custodian bank") is responsible for permanent control of all Fund assets (in particular the portfolio of real estate assets, participating interests in property companies and bank deposits). In general, the custodian must ensure that in its day-to-day management, the management company complies with all the provisions of the German Investment Act, in particular those relating to (i) the issue and redemption of units, (ii) unit valuation, (iii) the way in which the income from the Fund is used, and (iv) the amount of the debts incurred on behalf of the Fund.

BNP Paribas Securities Services S.C.A. Zweigniederlassung Frankfurt (BNP) has been the custodian of the Fund's assets since November 1, 2014, having taken the place of Commerzbank AG, whose mandate had expired. CRI must obtain the agreement of BNP prior to certain decisions relating to all of the Fund's real estate investments. Such decisions include the disposal of any real estate assets, encumbering a real estate asset with a security interest and the disposal of CRI's stake in the Company.

This approval does not, however, confer discretionary powers on the custodian, whose control role is strictly defined. BNP is actually required to give its agreement provided the conditions determined by law in order to give this agreement are fulfilled.

The main obligations of a fund manager include a duty of independence vis-à-vis the custodian, which must not interfere in its management. The custodian is therefore required to respect the decisions of the management company, provided that they comply with the regulations in force. The role of the custodian is therefore limited to ensuring that investors' rights are respected. CRI is also required to act independently of the custodian and, therefore, to manage the Fund assets exclusively on behalf of the Fund and in the strict interest of unit holders.

Contractual relations between investors and CRI

The monies invested in the Fund are entrusted to CRI on the basis of a management authorization concluded between CRI and the investors. The management authorization, which specifies the applicable provisions of the German Investment Act, sets up a fiduciary relationship between CRI and the Fund investors (the *Verwaltungstreuhand*).

Protection of the Fund's real estate assets

In accordance with German regulations, the real estate assets held by CRI, as a management company, on behalf of the Fund, must be managed with due care and attention.

More specifically, these assets benefit from the following protective measures:

– all monies invested by unit holders and all investments made by CRI on behalf of the Fund;

– they must be separated from CRI's other assets (assets from other funds and CRI's own assets);

– all new assets acquired through income from the sale of a real estate asset previously held on behalf of the Fund are automatically deemed to be Fund assets;

– the assets held on behalf of the Fund cannot guarantee the undertakings assumed by CRI on behalf of other funds;

– CRI cannot offset its own debts against a receivable it holds on behalf of the Fund; and

– if CRI is liquidated, due to a generally applicable rule, the assets held on behalf of the Fund will not be treated as CRI's assets or be listed on the consolidated statement of financial position of the custodian (BNP).

Prudential regulations relating to the Fund

For information, the net value of the Fund was EUR 9.2 billion at December 31, 2012.

Liquidity ratio

Holders of Fund units have the option of requesting the redemption of all or part of their investment at any time, on the basis of the Fund value, which is determined daily by CRI in its capacity as fund manager. In this regard, CRI is required to maintain a daily liquidity reserve equal to at least 5% of the gross value of the Fund, in order to be able to fill redemption orders placed by investors. This reserve, however, must not exceed 49% of the gross value of the Fund assets. As an indication, the Fund liquidities were EUR 1.2 billion at December 31, 2012, i.e., 10.4% of the gross value of the Fund.

However, further to the amendments to the German Investment Act in 2011 and 2013:

– redemption requests for amounts exceeding EUR 30,000 per half-year for investments placed before July 22, 2013, and all redemption requests for investments placed after July 21, 2013, may only be submitted at the end of a minimum 24-month holding period and are subject to 12 months' prior notice;

– the Fund manager is required to distribute at least 50% of the Fund's net income to unit holders, unless this income needs to be reinvested in future repair work on the Fund's assets.

Investment ratios

The German Investment Act requires management companies to comply with various applicable thresholds, depending on the category in which the assets held by the Fund are placed.

Direct real estate investments. Pursuant to the Fund's internal rules that are specific to direct real estate investments, CRI is authorized, on behalf of the Fund, to acquire and directly hold full title to real estate assets.

Indirect real estate investments. CRI may also hold investments in property companies on behalf of the Fund. In any event, the gross value of the real estate assets held by all these property companies cannot exceed 49% of the total value of the Fund. 100% stakes in the capital and voting rights of property companies are not included in this 49% threshold.

Moreover, the gross value of a real estate asset held by a property company, considered separately, cannot exceed 15% of the gross value of the Fund. Compliance with this threshold is assessed on the date of acquisition of these assets and in proportion to the participating interest held on behalf of the Fund in the property company.

The gross value of all the real estate assets held by property companies (in which the management company does not hold a majority of the capital and voting rights that would enable it to amend the bylaws of said property companies) must not exceed 30% of the gross value of the Fund.

Liquid investments. In addition to these direct and indirect real estate investments, the management company can invest up to 49% of the total value of the Fund in liquid assets such as:

(i) bank deposits;

(ii) money market instruments;

(iii) units in funds acquired pursuant to the principle of risk diversification, that are issued by a private equity company or a foreign investment fund that is subject to the control of a public authority;

(iv) certain financial instruments authorized by the European Central Bank and the Deutsche Bundesbank;

(v) within the limit of 5% of the value of the Fund assets, shares or debt securities issued by German or foreign companies whose securities are admitted to trading on a stock market in a Member State of the European Union or the European Economic Area; "shareholdings in companies whose securities are admitted to trading on a European stock market" must be limited to 10% of the issuer's capital and voting rights and 10% of this issuer's non-voting shares;

(vi) up to 5% of the gross value of the Fund can be invested in REIT or comparable securities in foreign companies admitted to trading on a regulated and/or organized market in or outside the European Union: shareholdings in such REIT stock corporations or comparable foreign entities must be limited to 10% of the issuer's capital and voting rights and 10% of this issuer's non-voting shares.

CRI's investment in the Company is currently classified as a "shareholding in a property company". If the investment is reclassified as a "shareholding in companies whose securities are admitted to trading on a European stock market", CRI would have to comply with all the thresholds detailed in (v) above.

Loans

A management company can take out loans on behalf of an open-ended real estate investment fund, within the scope of its day-to-day management and subject to the prior control of the custodian. The total amount of these loans must not exceed 30% of the total value of the fund's real estate assets.

A management company can also grant loans to the property companies in which it holds a participating interest, provided that the management company complies with certain conditions. In particular, the amount of these loans cannot exceed (i) 25% of the value of the fund assets and (ii) the total amount of the loans taken out by the property company cannot exceed 50% of the value of its assets; the loans must be granted under arm's length conditions and provide for repayment within six months of the withdrawal of the management company from the borrower's capital.

Valuation

Management companies are required to appoint independent experts, whose assignment, in relation to any acquisition, is to value the real estate assets that CRI, in its capacity as management company, is planning to acquire directly or indirectly (i.e., participating interests in property companies). Each real estate asset will be valued separately by two independent experts.

In addition, prior to acquisition, all real estate assets will be valued by an independent expert or separately by two independent experts.

This independent experts' assignment is also to value the real estate assets held by CRI on behalf of the Fund, once a quarter. A property can only be acquired if its purchase price is not significantly higher than the valuation determined by the independent expert(s). Conversely, a property cannot be sold if the sale price is less than the valuation determined by the independent expert(s).

The BaFin controls the conditions under which these experts are appointed to value the portfolio of real estate assets and can request a replacement if these experts do not fulfill the conditions required by the German Investment Act.

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## 7.2. IMPACTS OF GERMAN LEGISLATION ON THE COMPANY'S ACTIVITY AND STRUCTURE

Restrictions on the Company's activity

The German legal framework that is applicable to CRI has direct and indirect effects on the Group's structure and activity, inter alia pursuant to the principle whereby a property company in which a management company holds a participating interest, even if it is a minority interest, cannot have a scope of activity that is wider than that of the management company itself.

The German Investment Act requires property companies to enter into a memorandum of understanding with the management company, which provides for certain restrictions on the property company's activity. The purpose of this memorandum of understanding is to guarantee that the custodian's prerogatives as stated above will be upheld. The memorandum provides for the need to obtain the custodian's agreement if real estate investment decisions are made, including decisions relating to the financing of investments. BNP, however, only has a control role and does not intervene in the Company's management.

Restrictions on the holding of assets

Management companies can hold, on behalf of the Fund, participating interests in companies that hold real estate assets, either directly or indirectly, through a subsidiary in which they hold 100% of the capital and voting rights.

Accordingly, the Company's corporate purpose must comply with the obligations to which CRI is subject with respect to holding and managing assets on behalf of the Fund.

Supplementary restrictions and obligations

The Company can grant security interests or other guarantees, provided that the custodian approves these security interests and that they are granted under arm's length conditions. The total value of these security interests and of those that encumber real estate assets directly held by the Fund cannot exceed 30% of the market value of the Fund's real estate assets (which includes the real estate assets held indirectly by the Fund via the intermediary of property companies in which the Fund has participating interests).

All of the amounts paid (in particular dividends and liquidating dividends) by the Company to CRI in respect of its capacity as shareholder will be paid as soon as possible, into an account held at a bank approved by the custodian.

The Company is required to issue a monthly report on the status of its assets. This report must be provided to both the management company and the custodian. These reports are audited annually.

Moreover, the Company's shares must be paid up in full.

CRI's information disclosure obligations

The management companies must provide unit holders with information that allows them to assess the value of their investment. They must also provide both the custodian and the BaFin with various pieces of information that allow these two organizations to carry out their controls.

Pursuant to the German Investment Act, CRI will therefore be obliged to provide information on the Company.

In order to define the resources to be used to ensure compliance with the German Investment Act, in particular, CRI, BNP (having replaced Commerzbank AG as custodian) and the Company signed a memorandum of understanding, the provisions of which are detailed in section IV.3.1. "Memorandum of understanding with CRI".

# 8. Research and development, patents and licenses

Not applicable

# 9. Information provided by third parties, expert valuation reports

The Company applies the principle of rotating its independent experts once every three years. DTZ was the only independent expert in 2014.

## General context of the valuation

General framework

We have been appointed by Cegereal, under the terms of a real estate valuation agreement, to estimate the fair value of the Company's real estate assets. This condensed report, summarizing the conditions of our assignment, was written to be included in the Company's Registration Document.

We carry out our assignments in total independence.

Our firm has no ownership links in Cegereal.

We confirm that the valuations were performed by and under the responsibility of qualified valuers and that the firm has carried out this assignment in its capacity as a qualified independent real estate valuer.

Our annual fees billed to Cegereal in relation to this assignment represent less than 10% of our firm's revenue for the previous financial year.

No conflicts of interest have been identified in relation to this assignment.

The assignment was performed in compliance with the AMF's recommendation dated February 8, 2010 on the presentation of assessment items and real estate assets of listed companies.

Current assignment

Our assignment focused on the estimation of the fair value of the property based on its state of occupancy at December 31, 2014.

In accordance with IFRS 13, all real estate assets are measured at their "highest and best use value".

It should be noted that when the principal is the lessee under the terms of a leasing agreement, the valuer only assesses the assets underlying the agreement and not the leasing agreement itself. Similarly, where a real estate asset is owned by a special purpose vehicle, the real estate asset's value has been measured based on the estimated price of the underlying asset rather than that of the vehicle.

## Valuation process

Scope

The assignment was performed on the basis of the documents and information provided to us. These were assumed to be accurate and to correspond to all of the documents and information in the possession of the principal or of which the principal was aware, that were likely to have an impact on the property's fair value.

References

The valuations and estimates were performed in accordance with:

at the national level:

– the recommendations set out in the Barthès de Ruyter report on the valuation of the real estate assets of listed companies, published in February 2000;

– the French Real Estate Valuation Charter;

– the principles set out in the SIIC code of ethics;

at the international level, the following recognized standards, applied cumulatively or alternatively:

– the European Valuation Standards Blue Book published by the European Group of Valuers' Associations (TEGoVA);

– in addition to the standards set out in the Red Book of the Royal Institution of Chartered Surveyors (RICS), published in its Appraisal and Valuation Manual;

– the provisions of the International Valuation Standards Council.

Method used

The valuations were based on the discounted cash flow (DCF) and capitalization methods.

The expert applies a different yield to occupied and vacant premises.

## Total fair value at December 31, 2014

The total fair value corresponds to the sum of the fair values of each real estate asset and is calculated net of taxes (after deducting expenses and transfer duties) and all taxes included (market value before deducting expenses and transfer duties).

| Real estate valuer | Number of assets valued | Number of assets visited during the 2014 valuation | Fair value (net of taxes) at Dec. 31, 2014 (in millions of euros) | Fair Value (all taxes included) at Dec. 31, 2014 (in millions of euros) |
|---|---|---|---|---|
| DTZ VALUATION FRANCE | 3 | 3 | 871 | 928 |
| Total assets | 3 | 3 | 871 | 928 |

## General comments

These estimates are based on the assumptions of market stability and absence of significant modifications to the buildings between the valuation date and the value date.

This condensed report is inseparable from the work performed as part of the valuation assignment.

The valuer confirms the values of the properties for which he has performed a valuation or updated an existing valuation, without assuming responsibility for valuations performed by other valuers.

Philippe Dorion

Director

DTZ VALUATION France

# ADDITIONAL INFORMATION

## 1. Documents on display

Copies of this Registration Document are available free of charge from Cegereal, 42 rue Bassano, 75008 Paris, France, as well as on the Cegereal (http://www.Cegereal.com) and AMF (http://www.amf-france.org) websites.

The regulatory information provided for in Article 221-3 of the AMF's General Regulations is available on the Cegereal website (http://www.Cegereal.com).

In accordance with the applicable legislation, the following documents can be consulted at the Company's registered office:

(i) the articles of incorporation, bylaws, minutes of General Shareholders' Meetings, reports and other Company documents;

(ii) historical financial information and any valuation or declaration by an expert at the request of the Company that should be made available to the public and of which any part is included or referred to in this Registration Document;

(iii) historical financial information related to the Company and its subsidiary for each of the two fiscal years preceding the publication of this Registration Document.

Person responsible for the information: Raphaël Tréguier

## 2. Person responsible

### PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Raphaël Tréguier, Chief Executive Officer of the Company.

### ATTESTATION BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I hereby certify, having taken all reasonable measures to this end, that the information contained in this Registration Document, to my knowledge, corresponds to reality and does not contain any omissions that are liable to alter the purport thereof.

I certify that to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies included in the consolidation scope, and that the information relating to the Management Report, with a concordance table on page 167, gives a true and fair view of the business, results and financial position of the Company and all companies included in the consolidation scope, as well as a description of the main risks and uncertainties to which it is exposed.

I have obtained an engagement completion letter from the Statutory Auditors stating that they have reviewed the information concerning the financial position and the financial statements provided in this document and that they have reviewed the entire Registration Document.

The historical financial information presented in this Registration Document is the subject of reports by the Statutory Auditors, shown on pages 103 and 114 in this document.

Paris, March, 6 2015

Raphaël Tréguier

Chief Executive Officer

## 3. Historical financial information

The IFRS consolidated financial statements for the year ended December 31, 2014 and the related Statutory Auditors' report presented on pages 88 to 102 and page 103, respectively, of the 2014 Registration Document. Annual financial statements prepared in accordance with French GAAP for the year ended December 31, 2014 and the related Statutory Auditors' report presented on pages 106 to 113 and 114, respectively, of the 2014 Registration Document.

The IFRS consolidated financial statements for the year ended December 31, 2013 and the related Statutory Auditors' report presented on pages 64 to 78 and page 79, respectively, of the 2013 Registration Document filed with the AMF on April 10, 2014 under no. D. 14-0324, are

incorporated by reference into this document.

The IFRS consolidated financial statements for the year ended December 31, 2012 and the related Statutory Auditors' report presented on pages 48 to 63 and pages 63 to 64, respectively, of the 2012 Registration Document filed with the AMF on April 29, 2013 under no. D. 13-0071, are incorporated by reference into this document.

#### Verified historical annual information

The Company declares that the historical financial information was verified and described in the Statutory Auditors' general and special reports.

#### Other information verified by the Statutory Auditors

None

#### Financial information not taken from the Company's financial statements

None

#### Dates of the financial information

The Company's most recent, audited financial statements are those that were prepared in accordance with French GAAP for the year ended December 31, 2014. Its most recent consolidated financial statements are those prepared in accordance with IFRS for the year ended December 31, 2014.

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# 4. Statutory Auditors

## PRINCIPAL STATUTORY AUDITORS

**KPMG Audit FS I,** member of the Versailles Institute of Auditors, 3 Cours du Triangle, 92929 Paris La Défense Cedex

Appointed by decision of the Ordinary and Extraordinary Shareholders' Meeting of June 29, 2011 for six years, until the Ordinary Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016.

**Denjean & Associés**, member of the Versailles Institute of Auditors, 35 Avenue Victor Hugo, 75016 Paris

Appointed by decision of the Ordinary and Extraordinary Shareholders' Meeting of December 22, 2011 for six years, until the Ordinary Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016.

## DEPUTY STATUTORY AUDITORS

**KPMG Audit FS II,** member of the Versailles Institute of Auditors, 3 Cours du Triangle, 92923 Paris La-Défense Cedex

Appointed by decision of the Ordinary and Extraordinary Shareholders' Meeting of June 29, 2011 for six years, until the Ordinary Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016.

**Clarence Vergote**, member of the Paris Institute of Auditors, 35 avenue Victor Hugo, 75016 Paris

Appointed by decision of the Ordinary and Extraordinary Shareholders' Meeting of December 22, 2011 for six years, until the Ordinary Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2016.

Since their appointment, the Statutory Auditors and their deputies have not been removed from office and have not resigned.

# 5. Registration document concordance table

The following table by theme makes it possible to identify the main sections required by European Commission Regulation no. 809/2004.

| Items of Annex 1 of the European Regulation no. 809/2004 | Location in the Registration Document | |
|---|---|---|
| | Section | Page |
| **1. Persons responsible** | | |
| 1.1 Persons responsible for the Registration Document | V.2 | 164 |
| 1.2 Attestation by the persons responsible for the Registration Document | V.2 | 164 |
| **2. Statutory Auditors** | III.2.5 note 5.27, III.3.5 note 5.19 and V.4 | 102,113 and 165 |
| **3. Selected financial information** | I.6, III.1, III.3.1 and V.3 | 20,21,22,23,82,104 and 164 |
| **4. Risk factors** | I.10 and III.1 | 30,84 and 96 |
| 4.1 Legal risks | III.1 and III.2.5.4 note 4.4 | 84 |
| 4.2 Industrial and environmental risks | III.1 | 84 |
| 4.3 Credit and/or counterparty risk | III.2.5.4 note 4.5 | 96 |
| 4.3 Liquidity risk | III.1 and III.2.5.4 note 4.6 | 84 |
| 4.4 Interest rate risk | III.1 and III.2.5.4 note 4.7 | 84 and 96 |
| 4.5 Foreign exchange risk | III.1 | 84 |
| 4.6 Risk on equities | III.1 | 84 |
| 4.7 Credit derivatives | N/A | |
| 4.8 Insurance | III.1 | 84 |
| **5. Information relating to the issuer** | | |
| 5.1 History and development of the issuer | III.1 and IV.2 | 83 and 140 |
| 5.2 Investments | | |
| 5.2.1 Period covered by historical information | I.3 and I.5 | 14 and 18 |
| 5.2.2 In progress | III.1 | 82 |
| 5.2.3 Future | I.3 | 14 |
| **6. Business overview** | | |
| 6.1 Principal activities | I.1 and I.3 | 1 and 14 |
| 6.2 Principal markets | I.1 and II.2.5 notes 5.17 and 5.18 | 1 and 100 |
| 6.3 Exceptional factors | I.5 | 18 |
| 6.4 Patents, licenses | IV.8 | 162 |
| 6.5 Competitive position | I.4 and I.8 | 16 and 26 |
| **7. Organizational structure** | | |
| 7.1 Brief description of the Group | III.1 | 82 |
| 7.2 List of significant subsidiaries | III.1 and II.3.5 note 5.15 | 82 and 113 |
| **8. Real estate property, plant and equipment** | | |
| 8.1 Real estate property, plant and equipment | I.11 to I.14 | 32 to 47 |
| 8.2 Environmental impact of the issuer's utilization of the property, plant and equipment | II | 47 to 79 |
| **9. Operating and financial review** | | |
| 9.1 Financial position | III.1 and III.3.1 | 82 and 104 |
| 9.2 Operating results | | |
| 9.2.1 Significant events | I.3, I.5, III.1 and III.2.5.1 note 1.1 | 14,18,82 and 91 |
| 9.2.2 Changes | N/A | |
| 9.2.3 External factors | IV.7 | 159 |

# 6. Concordance table of the Board of Directors' report

The following table by theme makes it possible to identify and situate, in this Registration Document, the mandatory information to be contained in the Board of Directors' report to the General Shareholders' Meeting of April 15, 2015.

| Information required in the board's report to the general shareholders' meeting | Location in the Registration Document | |
|---|---|---|
| | Section | Page |
| 1. Cegereal and Group activity in 2013 | | |
| Situation for the year under review (Group and Company) | | |
| *Group information* | III.1 and III.2 | 82 and 88 |
| *Company information* | III.3 | 104 |
| Foreseeable developments/Future prospects (Group and Company) | | |
| *Group information* | I.3 | 14 and 15 |
| *Company information* | I.3 | 14 and 15 |
| Results of the Company and the subsidiaries | | |
| *Group information* | III.1 | 82 |
| *Company information* | III.3 | 104 |
| Objective and exhaustive analysis of the business developments, results, financial position of the Company and all the consolidated companies, in particular its indebtedness situation with respect to business volume and complexity including, where applicable, the key performance indicators, whether financial or not, relating to the Company's and the consolidated companies' specific activities, notably in relation to environmental and personnel issues | | |
| *Group information* | III.1 and III.2 | 82 and 88 |
| *Company information* | I.6 and III.3 | 20 and 104 |
| Environmental and employment information - Social commitments to sustainable development | | |
| *Group information* | II and IV.4 | 49 and 147 |
| *Company information* | II and IV.4 | 49 and 147 |
| Research and development activities | | |
| *Group information* | IV.8 | 162 |
| *Company information* | IV.8 | 162 |
| Progress made/Difficulties encountered | | |
| *Group information* | I.5 and III.1 | 18 and 82 |
| *Company information* | I.5 and III.1 | 18 and 82 |
| Main risks and uncertainties | | |
| *Group information* | I.10 and III.1 | 30, 84 and 96 |
| *Company information* | I.10 and III.1 | 30, 84 and 96 |
| Significant events subsequent to year-end | | |
| *Group information* | III.2.5.5 note 5.28 | 102 |
| *Company information* | III.3.5.5 note 5.20 | 113 |
| Activity per line of business | | |
| *Group information* | III.1 and III.3 | 82 and 104 |
| Purchases of 5%, 10%, 20%, 33.33%, 50%, 66.66% of share capital or voting rights, or takeovers | | |
| *Company information* | IV.5.1.3 | 148 |
| Changes in the presentation of the annual financial statements and the valuation methods used | | |
| *Company information* | III.3.1 | 104 |
| Dividends distributed in the previous three years | | |
| *Company information* | III.3.2 | 105 |
| Non tax-deductible expenses | | |
| *Company information* | III.3.2 | 105 |
| Information on supplier payment terms | | |
| *Company information* | III.3.2 | 105 |
| Where applicable, injunctions or financial sanctions imposed by the French competition council (Conseil de la concurrence) for antitrust practices | | |
| *Company information* | N/A | N/A |
| 2. Information relating to the Company's share capital | | |
| Identity of parties directly or indirectly holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of share capital or voting rights. Changes in this list during the year | IV.5.1.7 | 149 |
| Statement of employee share ownership | IV.4 | 147 |
| Shareholders' agreements relating to the Company's share capital (indications of any Dutreil Act retention undertakings) | IV.5.3 | 151 |
| Controlled companies holding company shares and portion of the capital held | N/A | N/A |
| Notice of holding more than 10% of another joint-stock company's shares Transfer of cross-shareholdings | IV.5.1.3 | 148 |
| Items that could have an impact in the event of a public offer | IV.5.4 | 151 |

| Information required in the board's report to the general shareholders' meeting | Location in the Registration Document<br>Section | Page |
| --- | --- | --- |
| Number of shares purchased and sold during the year within the framework of Art. L.225-209 of the French Commercial Code (Code de commerce) indicating the average quotations of such purchases and sales, the amounts of trading charges, the number of shares registered in the Company's name at year-end, their nominal value and the reasons for the purchases and the portion of capital that they represent | IV.5.2 | 150 |
| Information on the calculation and impact of the adjustment of the exercise basis of securities granting access to share capital in the event of a transaction with pre-emptive subscription rights, a free share grant, the distribution of reserves or premiums or a change in the allocation of profits or redemption of capital | N/A | N/A |
| Information on the calculation and impact of the adjustment of the exercise basis of stock subscription and purchase options in the event that the Company purchases its own shares at a rate higher than the market rate | N/A | N/A |
| Information on the calculation and impact of the adjustment of the exercise basis of securities granting access to share capital in the event that the Company purchases its own shares at a rate higher than the market rate | N/A | N/A |
| 3. Cegereal's corporate officers | | |
| Compensation | IV.6.3 | 154 |
| List of offices | IV.6.1 and IV.6.2 | 152 and 154 |
| Senior executive share transactions | IV.5.5 | 151 |
| Choice made between the two types of corporate governance in the event of a change | IV.1.4 | 129 |
| Board of Directors' choice relating to the terms and conditions applicable to corporate officers for holding shares either granted free of charge and/or resulting from the exercise of stock options | N/A | |
| Attached documents | | |
| Chairman's report relating to corporate governance and internal control | IV.1.4 | 129 |
| Five-year financial summary | IV.1.8 | 140 |
| Summary table of currently valid authorities to increase share capital and the use made of such authorities during the year by Cegereal | IV.5.1.5 | 149 |

# 7. Concordance table of the annual financial report

The following table by theme makes it possible to identify the main sections required by the General Regulations of the AMF.

| Concordance table of the annual financial report | Location in the Registration Document<br>Section | Page |
| --- | --- | --- |
| 1. Annual financial statements | III.3 | 104 |
| 2. Consolidated financial statements | III.2 | 88 |
| 3. "Management report" in accordance with Article 222-3-3° of the General Regulations of the AMF | | |
| 3.1 Objective and exhaustive analysis of the Company's business, results and financial position, as well as those of the entities included in the consolidation, including a description of the main risks and uncertainties to which it is exposed. | I.6, III.1, III.2 and III.3 | 20,21,22,23<br>84,88,104 |
| 3.2 Table of the delegations of authority to increase share capital | IV.5.1.5 | 149 |
| 3.3 Information that could have an impact in the event of a public offer | IV.5.4 | 151 |
| 3.4 Information regarding the share buy-back program during the fiscal year | IV.5.2 | 150 |
| 4. Declaration by the persons responsible for the annual financial report | V.2 | 164 |
| 5. Statutory Auditors' reports on the annual and consolidated financial statements | III.2.6 and III.3.6 | 103 and 114 |

| Other documents presented or submitted to the General Shareholders' Meeting | Location in the Registration Document<br>Section | Page |
| --- | --- | --- |
| 1. Financial statements for the year ended December 31, 2014 | III.3 | 104 |
| 2. Statutory Auditors' report on the annual financial statements | III.3.6 | 114 |
| 3. Consolidated financial statements for the year ended December 31, 2014 | III.2 | 88 |
| 4. Statutory Auditors' report on the consolidated financial statements | III.2.6 | 103 |
| 5. Statutory Auditors' special report on related-party agreements and commitments | III.3.7 | 115 |
| 6. Five-year financial summary | IV.1.8 | 140 |
| 7. Statutory Auditors' report on the extraordinary resolutions | IV.1.3 | 127 |
| 8. Statutory Auditors' report on the Chairman's report on internal control and corporate governance | IV.1.5 | 138 |
| 9. Report by an independent third party on the CSR disclosures | II | 78 |

# 8. CSR concordance table

The following table by theme makes it possible to identify the main sections required by articles R225-104 and R225-105 of the French Commercial Code (*Code de commerce*), it being specified that, in light of the Group's position, the majority of said sections are not applicable due to the limited number of employees..

| Categories | Subcategory | Indicators | Page |
|---|---|---|---|
| **HR information** | Workforce | Total headcount and breakdown by gender, age and location | 147 |
| | | Recruitments and redundancies | 147 |
| | | Pay and changes in pay | 147 |
| | Working schedules | Working hours | 147 |
| | | Lost time | 147 |
| | Labor relations | The coordination of labor relations: specifically, procedures for sharing information with the workforce, and consulting and negotiating with staff. | 58 ; 147 |
| | | Summary of collective agreements | 58 ; 147 |
| | Health and safety | Health and safety in the workplace | 58 ; 147 |
| | | Summary of health and safety agreements signed with trade unions or staff representatives | 147 |
| | | Work accidents – frequency and severity, and occupational diseases | 147 |
| | Training | Training policies | 147 |
| | | Total number of training hours | 147 |
| | Equal treatment | Measures taken to promote gender equality | 147 |
| | | Measures taken to promote the employment and integration of people with a disability | 58-59 |
| | | Anti-discrimination policy | 58-59 |
| | Promotion and respect for the clauses of ILO conventions relating to: | Respect for freedom of association and the right to collective bargaining | 58-59 |
| | | Elimination of discrimination in respect of employment and occupation | 58-59 |
| | | Elimination of forced or compulsory labor | 58-59 |
| | | Effective abolition of child labor | 58-59 |
| **Environmental information** | General environmental policy | Incorporating environmental issues into the organization of the business; environmental evaluation programs and certifications | 50 ; 54-55 |
| | | Environmental training programs and information campaigns | 59 |
| | | Resources dedicated to the prevention of environmental risk and pollution | 73 |
| | | Provisions and guarantees for environmental risks | 73 |
| | Pollution and waste management | Measures taken to prevent, reduce and combat discharge into the air, water and soil that has a serious environmental impact | 73 |
| | | Measures taken to prevent, recycle and eliminate waste | 54-55 ; 73 |
| | | Noise pollution and other forms of pollution specific to a particular activity | 73 |
| | Sustainable use of resources | Water consumption and supply, within the constraints of the local environment | 64 |
| | | Use of raw materials and measures taken to use them more efficiently | 64 ; 73 |
| | | Use of energy, measures taken to improve energy efficiency and use of renewable energy sources | 72 |
| | | Land use | 65 |
| | Climate change | Greenhouse gas emissions | 64 ; 72 |
| | | Adapting to the consequences of climate change | 54-55 ; 64 ; 72 |
| | Protecting biodiversity | Measures taken to preserve and cultivate biodiversity | 65 |
| **Societal information** | Territorial, economic and social impact of the business | In terms of jobs and regional development | 61-63 |
| | | On neighboring and local communities | 61-63 |
| | Relations with stakeholders | Organization of discussions with stakeholders | 60-62 ; 66 ; 69 ; 70 |
| | | Sponsorship and patronage | 60 |
| | Subcontracting and suppliers | Integrating social and environmental issues into purchasing policy | 61 |
| | | The extent of subcontracting and the integration of suppliers' and subcontractors' social and environmental responsibility into supplier relations | 61 ; 73 |
| | Fair trade practices | Action taken to prevent corruption | 59 |
| | | Measures taken to promote public health and safety | 73 |
| | Other actions taken to promote human rights | Actions taken | 59 |

# 9. GRI G4 concordance table

| No. | Indicators | Page | Comments |
|---|---|---|---|
| General Standard Disclosures | | | |
| Strategy and Analysis | | | |
| G4-1 | Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability. | AR p.50 | AR "Message from the Chief Executive Officer" |
| G4-2 | Provide a description of key impacts, risks, and opportunities. | AR p.54-55, 57 | "Upgreen your business" CSR Strategy, §6. Materiality and CSR Issues |
| Organizational Profile | | | |
| G4-3 | Report the name of organization. | - | Cegereal |
| G4-4 | Report the primary brands, products, and services. | AR p.1 - website | AR § "Profile" / WB: "Company" page |
| G4-5 | Report the location of the organization's headquarters. | - | 21-25, rue Balzac, 75008 Paris |
| G4-6 | Report the number of countries where the organization operates, and names of countries where the organization has significant operations. | - | France |
| G4-7 | Report the nature of ownership and legal form | AR p.1 | AR § "Profile" WB: "Governance" page |
| G4-8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | AR p.1 - website | AR § "Profile" / WB: "Company" and "Assets" pages |
| G4-9 | Report the scale of the organization (total number of employees, total number of operations, net sales, capitalization, debt and equity, products and services provided). | AR p.1, 82 - website | AR § "Profile" and "Financial Information" WB: "Company" and "Assets" pages |
| G4-10 | Report the total number of employees (permanent or otherwise) by employment contract, region, and gender (and any significant variations in employment numbers). | AR p.147 | RA: § "Employees" |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | AR p. 169 | RA: Art.225 concordance table |
| G4-12 | Describe the organization's supply chain. | AR p.56 | RA: § "CSR Governance" |
| G4-13 | Report any significant changes regarding the organization's size, structure, ownership, or its supply chain. | AR p.1 - website | AR § "Profile" / WB: "Company" and "Assets" pages |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization. | AR p. 21 | AR § "Risk Management" |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | AR p.61 | RA: § "Taking responsibility for our societal footprint" |
| G4-16 | List memberships of associations (such as industry associations) and national or international advocacy organizations. | AR p.61 | RA: § "Taking responsibility for our societal footprint" |
| Identified Material Aspects and Boundaries | | | |
| G4-17 | List all entities included in the organization's consolidated financial statements or equivalent documents. | AR p.82 | AR § "Consolidated results and financial position" |
| G4-18 | Explain the process for defining the report content and the Aspect Boundaries (=sub-aspects) | AR p. 57 website | RA: § "Materiality and CSR Issues" WB: "Sustainable Development" page - Reporting methodology |
| G4-19 | List all the material Aspects identified in the process for defining report content. | AR p. 57 website | RA: § "Materiality and CSR Issues" WB: "Sustainable Development" page - Reporting methodology |
| G4-20 | Report whether each Aspect is material within the organization and the Aspect Boundary within the organization (as described in in G4-17) | AR p. 57 website | RA: § "Materiality and CSR Issues" WB: "Sustainable Development" page - Reporting methodology |
| G4-21 | For each material Aspect, report the Aspect Boundary outside the organization. | AR p. 30-31 | AR § "Risk Management" |
| G4-22 | Report the effect of, and reasons for, any restatements of information provided in previous reports. | AR p.74-77 website | AR § Appendix 1: Reporting Methodology website: "Sustainable Development" page - Reporting methodology |
| G4-23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | Website AR p.30-31, 50, 73 | AR § "Message from the Chief Executive Officer, § "Risk Management", "Environmental Risk Management" and "Preventing Pollution" |
| Stakeholder Engagement | | | |
| G4-24 | Provide a list of stakeholder groups engaged by the organization. | AR p.56 | RA: § "CSR Governance" |
| G4-25 | Report the basis for identification and selection of stakeholders with whom to engage. | AR p. 56-57 | RA: § "CSR Governance" and "Materiality and CSR Issues" |

| No. | Indicators | Page | Comments |
|---|---|---|---|
| G4-26 | Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | AR p. 56-57 | RA: § "CSR Governance" and "Materiality and CSR Issues" |
| G4-27 | Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | AR p.56 website | RA: § "CSR Governance" WB: "Regulated information" page |
| **Report Profile** | | | |
| G4-28 | Reporting period. | WB | WB: "Environmental Information" page - Reporting Methodology |
| G4-29 | Date of most recent previous report. | WB | WB: "Environmental Information" page - Reporting Methodology |
| G4-30 | Reporting cycle (such as annual, biennial). | WB | WB: "Environmental Information" page - Reporting Methodology |
| G4-31 | Provide the contact point for questions regarding the report or its contents. | WB | WB: "Environmental Information" page - Reporting Methodology |
| G4-32 | Report the 'in accordance' option the organization has chosen (Core or Comprehensive) and report the reference to the External Assurance Report. | AR: Appendices | AR: Appendices |
| G4-33 | Report policy and current practice with regard to seeking external assurance for the report. | AR p.78-79 | RA: Report by the independent third party (appendix) |
| **Governance** | | | |
| G4-34 | Report the governance structure of the organization, including committees of the highest governance body. | AR p.27-29 | AR § "Corporate Governance" |
| G4-35 | Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees. | AR p.56 | RA: § "CSR Governance" |
| G4-36 | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body. | AR p.56 | RA: § "CSR Governance" |
| G4-37 | Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. | CSR p.50, 56 website | AR: § "CSR Governance" and AR § "Message from the Chief Executive Officer" "Environmental Information" page - Reporting Methodology |
| G4-38 | Report the composition of the highest governance body. | AR p.27-29 | AR § "Corporate Governance" |
| G4-39 | Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management). | AR p.27-29 | AR § "Corporate Governance" |
| G4-40 | Report the nomination and selection processes for the highest governance body and its committees, the criteria used, etc. | AR p.27-29 | AR § "Governance" |
| G4-41 | Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. | AR p.132 | AR § "Internal Rules and Regulations" |
| G4-42 | Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts. | AR p.56 | AR: § "CSR Governance" |
| G4-43 | Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics. | AR p.56 | AR: § "CSR Governance" |
| G4-44 | Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. | AR p.56 | AR: § "CSR Governance" |
| G4-45 | Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. | AR p.56 | AR: § "CSR Governance" |
| G4-46 | Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics. | AR p.56 | AR: § "CSR Governance" |
| G4-47 | Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities. | AR p.56 | AR: § "CSR Governance" |
| G4-48 | Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered. | AR p.56 | AR: § "CSR Governance" |
| G4-49 | Report the process for communicating critical concerns to the highest governance body. | AR p.56 | AR: § "CSR Governance" |
| G4-50 | Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them. | AR p.56 | AR: § "CSR Governance" |
| G4-51 | Report the remuneration policies for the highest governance body and senior executives for fixed and variable pay, performance-based pay, equity-based pay, bonuses, etc. | AR p.27-29 and 86 | AR § "Governance" and § "Transactions with Key Management Personnel" |
| G4-52 | Report the process for determining remuneration. | AR p.17 and 102 | AR § "Governance" and § "Transactions with Key Management Personnel" |

| No. | Indicators | Page | Comments |
|---|---|---|---|
| G4-53 | Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable. | AR p.17, 132 | AR § "Governance" and §"Appointments and Compensation Committee" |
| G4-54 | Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country. | - | N/A |
| G4-55 | Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country. | - | N/A |
| ETHICS AND INTEGRITY | | | |
| G4-56 | Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | AR p.59 | AR § "Promotion and Compliance with the Fundamental Conventions of the International Labor Organization" - Internal Code of Ethics |
| G4-57 | Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. | AR p.59 | AR § "Promotion and Compliance with the Fundamental Conventions of the International Labor Organization" - Internal Code of Ethics |
| G4-58 | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity (...). | AR p.59 | AR § "Promotion and Compliance with the Fundamental Conventions of the International Labor Organization" - Internal Code of Ethics |
| Specific Standard Disclosures | | | |
| Management Approach and Material Aspects | | | |
| G4-DMA | Report why the Aspect is material and the impacts that make it material. | AR p. 54-55, 57, 84-86 | AR § "Risk Management", § "Materiality and CSR Issues" and § "2015-2018 CSR Strategy" |
| Economic performance | | | |
| G4-EC1 | Report the direct economic value generated and distributed (EVG&D) on an accruals basis. | AR p.20-23 | AR § "Long-term performance and EPRA performance" |
| G4-EC2 | Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure. | AR p.84-86 | AR § "Risk Management" |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations. | - | N/A |
| G4-EC4 | Financial assistance received from government. | - | N/A |
| G4-EC5 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation. | - | N/A |
| G4-EC6 | Proportion of senior management hired from the local community at significant locations of operation. | - | 100% |
| G4-EC7 | Development and impact of infrastructure investments and services supported. | AR p.61 | AR § "Taking responsibility for our societal footprint" |
| G4-EC8 | Significant indirect economic impacts, including the extent of impacts. | - | The Company's business activity does not generate any "significant" indirect impact. |
| G4-EC9 | Procurement practices: proportion of spending on local suppliers at significant locations of operation. | - | 100% |
| Environmental | | | |
| G4-EN1 | Report the total weight or volume of materials that are used to produce and package the organization's primary products and services (by material). | AR p.72 | AR § "Carbon footprint and climate change" |
| G4-EN2 | Report the percentage of recycled input materials used to manufacture the organization's primary products and services. | AR p.72 | AR § "Carbon footprint and climate change" |
| G4-EN3 | Report total fuel consumption from non-renewable sources in joules or multiples. | AR p.72 | AR § "Carbon footprint and climate change" |
| G4-EN4 | Report energy consumed outside of the organization (standards, methodologies, assumptions, and source of the conversion factors used). | AR p.52-53, 64 | AR § "Key CSR Indicators" and "Continue to demand high environmental performance standards for our business" |
| G4-EN5 | Report the energy intensity ratio. | AR p.52-53, 64 | AR § "Key CSR Indicators" and "Continue to demand high environmental performance standards for our business" |
| G4-EN6 | Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives (in joules). | AR p.52-55 | AR § "Key CSR Indicators" and § "2015-2018 CSR Strategy" |
| G4-EN7 | Report the reductions in the energy requirements of sold products and services achieved during the reporting period. | AR p.52-55 | AR § "Key CSR Indicators" and § "2015-2018 CSR Strategy" |
| G4-EN8 | Report the total volume of water withdrawn. | AR p.64 | AR § "Continue to demand high environmental performance standards for our business" |
| G4-EN9 | Report the total number of water sources. | AR p.64 | AR § "Continue to demand high environmental performance standards for our business" |
| G4-EN10 | Report the total volume of water recycled and reused by the organization. | - | N/A |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas (...). | AR p.65 | AR § "Biodiversity and soil utilization" |
| G4-EN12 | Report the nature of significant direct and indirect impacts on biodiversity. | AR p.65 | AR § "Biodiversity and soil utilization" |
| G4-EN13 | Report the size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals. | - | 0% |
| G4-EN14 | Total number of IUCN red list species. | - | None |

| No. | Indicators | Page | Comments |
|---|---|---|---|
| G4-EN15 | Report gross direct (Scope 1) GHG emissions in metric tons of $CO_2$ equivalent. | AR p.72 | AR § "Carbon footprint and climate change" |
| G4-EN16 | Report gross energy indirect (Scope 2) GHG emissions in metric tons of $CO_2$ equivalent. | AR p.72 | AR § "Carbon footprint and climate change" |
| G4-EN17 | Report gross other indirect (Scope 3) GHG emissions. | AR p. 64, 72 | AR § "Key CSR Indicators" and "Continue to demand high environmental performance standards for our business" |
| G4-EN18 | Report the GHG emissions intensity ratio. | AR p.64 | AR § "Continue to demand high environmental performance standards for our business" |
| G4-EN19 | Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions. | AR p.52-55 | AR § "Key CSR Indicators" and § "2015-2018 CSR Strategy" |
| G4-EN20 | Report production, imports, and exports of ODS in metric tons of CFC-11 equivalent. | - | None |
| G4-EN21 | Report the amount of significant air emissions, in kilograms, for NOX, SOX, POP, VOC, HAP, particulate matter, etc. | AR p.64 | AR § "Continue to demand high environmental performance standards for our business" |
| G4-EN22 | Report the total volume of planned and unplanned water discharges. | AR p.64 | AR § "Continue to demand high environmental performance standards for our business" |
| G4-EN23 | Report the total weight of hazardous and non-hazardous waste. | - | The Company's operations do not generate any direct hazardous waste. |
| G4-EN24 | Report the total number and total volume of recorded significant spills. | - | None |
| G4-EN25 | Report the total weight of hazardous waste. | - | None |
| G4-EN26 | Report water bodies and related habitats that are significantly affected by the organization's water discharges. | - | None |
| G4-EN27 | Report quantitatively the extent to which environmental impacts of products and services have been mitigated. | AR p. 31-32 and 45-46 | AR § "2015-2018 CSR Strategy" and § "Environmental risk management" |
| G4-EN28 | Report the percentage of reclaimed products and their packaging materials for each product category. | - | Not applicable to the Company's operations |
| G4-EN29 | Report significant fines and non-monetary sanctions. | - | None |
| G4-EN30 | Report the significant environmental impacts of transporting products and other goods and materials for the organization's operations (...). | AR p.44 | AR § "Carbon footprint and climate change" – Travel |
| G4-EN31 | Report total environmental protection expenditures. | - | N/A |
| G4-EN32 | Report the percentage of new suppliers that were screened using environmental criteria. | AR p.61 | AR § "Involving the entire chain of sub-contractors and suppliers" |
| G4-EN33 | Report the number of suppliers subject to environmental impact assessments. | AR p.61 | AR § "Involving the entire chain of sub-contractors and suppliers" |
| G4-EN34 | Report the total number of grievances about environmental impacts filed through formal grievance mechanisms. | - | None |
| **Labor Practices** | | | |
| G4-LA1 | Report the total number and rate of new employee hires during the reporting period. | AR p.147 | AR § "Employees" |
| G4-LA2 | Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees. | - | N/A |
| G4-LA3 | Report the return to work and retention rates of employees who took parental leave, by gender. | - | The Company guarantees the return to work and retention of employees who take parental leave. |
| G4-LA4 | Report the minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them. | - | N/A |
| G4-LA5 | Report the percentage of the total workforce represented in formal joint management-worker health and safety committees. | - | There is no health and safety committee within the organization as there is no legal requirement for the Company to have one. |
| G4-LA6 | Report types of injury, injury rate, occupational diseases rate, lost day rate, absentee rate and work-related fatalities, for the total workforce. | AR p.147 | AR § "Employees" |
| G4-LA7 | Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases. | - | None |
| G4-LA8 | Report whether formal agreements (either local or global) with trade unions cover health and safety. | - | The Internal Rules and Regulations describe and assess the risks to the health and safety of employees. |
| G4-LA9 | Report the average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category. | AR p.147 | AR § "Employees" |
| G4-LA10 | Report on the type and scope of programs implemented and assistance provided to upgrade employee skills. | - | N/A |
| G4-LA11 | Report the percentage of total employees by gender and by employee category who received a regular performance and career development review. | AR p.147 | AR § "Employees" |
| G4-LA12 | Report the percentage of individuals within the organization's governance bodies (by gender and minority group). | AR p.27-29 | AR § "Corporate Governance" |
| G4-LA13 | Report the ratio of the basic salary and remuneration of women to men for each employee category. | - | N/A |

| No. | Indicators | Page | Comments |
|---|---|---|---|
| G4-LA14 | Report the percentage of new suppliers that were screened using labor practices criteria. | AR p.61 | AR § "Involving the entire chain of sub-contractors and suppliers" |
| G4-LA15 | Report the number of suppliers subject to impact assessments for labor practices. | AR p.61 | AR § "Involving the entire chain of sub-contractors and suppliers" |
| G4-LA16 | Report the total number of grievances about labor practices filed through formal grievance mechanisms. | - | None |
| **Human rights** | | | |
| G4-HR1 | Report the total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. | - | Cegereal is governed by the laws of France, which entails compliance with fundamental human rights. It is also a member of Global Compact France and has undertaken to comply with the ten Global Compact principles. |
| G4-HR2 | Report the total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. | - | None |
| G4-HR3 | Report the total number of incidents of discrimination during the reporting period. | - | None |
| G4-HR4 | Report operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated. | - | None |
| G4-HR5 | Report operations and suppliers considered to have significant risk for incidents of child labor or young workers exposed to hazardous work. | - | None |
| G4-HR6 | Report operations and suppliers considered to have significant risk for incidents of forced or compulsory labor. | - | None |
| G4-HR7 | Report the percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. | - | 0% |
| G4-HR8 | Report the total number of identified incidents of violations involving the rights of indigenous peoples. | - | None |
| G4-HR9 | Report the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. | - | None |
| G4-HR10 | Report the percentage of new suppliers that were screened using human rights criteria. | | 0% |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken. | - | None |
| G4-HR12 | Report the total number of grievances about human rights impacts filed through formal grievance mechanisms. | - | None |
| **Society - Local Communities** | | | |
| G4-SO1 | Report the percentage of operations with implemented local community engagement, impact assessments, and development programs. | AR p.61 | AR § "Taking responsibility for our societal footprint" |
| G4-SO2 | Report operations with significant actual and potential negative impacts on local communities. | - | None |
| G4-SO3 | Report the total number and percentage of operations assessed for risks related to corruption. | - | Not applicable to the Company's operations |
| G4-SO4 | Communication and training on anti-corruption policies and procedures. | AR | Registration Document: *Autorité des Marchés Financiers (AMF)* attestation |
| G4-SO5 | Report the total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to. | - | None |
| G4-SO6 | Report the total monetary value of financial and in-kind political contributions. | - | The Company does not finance political parties. |
| G4-SO7 | Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behavior. | - | None |
| G4-SO8 | Report significant fines and non-monetary sanctions. | - | None |
| G4-SO9 | Report the percentage of new suppliers that were screened using criteria for impacts on society. | - | 0% |
| G4-SO10 | Significant actual and potential negative human rights impacts in the supply chain and actions taken. | - | None |
| G4-SO11 | Report the total number of grievances about impacts on society filed through formal grievance mechanisms. | - | 0% |
| **Product and Service Responsibility** | | | |
| G4-PR1 | Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement. | - | N/A |
| G4-PR2 | Report the total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period. | - | None |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling. | AR | Registration document: information required for *Autorité des Marchés Financiers* attestation regarding full disclosure to shareholders. |

| No. | Indicators | Page | Comments |
|---|---|---|---|
| G4-PR4 | Report the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling. | - | None |
| G4-PR5 | Report the results or key conclusions of customer satisfaction surveys (based on statistically relevant sample sizes). | - | N/A |
| G4-PR6 | Sale of banned or disputed products. | - | None |
| G4-PR7 | Report the total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications and advertising. | - | None |
| G4-PR8 | Report the total number of substantiated complaints received concerning breaches of customer privacy. | - | None |
| G4-PR9 | Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | - | None |

| | |
|---|---|
| G4-8 | Required General Standard Disclosure for both Core and Comprehensive options |
| G4-37 | Required General Standard Disclosure for Comprehensive option |
| G4-EN11 | "In accordance" – Core: at least one indicator related to each identified material Aspect |
| G4-EN11 | 'In accordance' – Comprehensive: all indicators related to each identified material Aspect |
| G4-DMA | For material Aspects only |

WB: Website

AR: 2014 ANNUAL REPORT

# 10. Glossary

## NAV

Net asset value: this is calculated on the basis of consolidated equity, which notably includes unrealized gains and losses on real estate assets. The Group's real estate portfolio was measured at market value at December 31, 2013 by external real estate valuer DTZ Valuation France.
EPRA Triple Net Asset Value incorporates the market value of the fixed-rate bank loan debt.
Treasury shares held at December 31, 2013 were not taken into account in calculating NAV per share.

## BREEAM IN-USE

Breeam In-Use is a British certification scheme based on three independent certificates that each address a different aspect of the building (Asset Performance, Building Management and Occupier Management). It covers nine categories and offers a snapshot of the environmental performance of a site.

## CMBS

Commercial mortgage-backed securities: these securities, which are commonly issued on capital markets, are secured by mortgages on commercial rather than residential property.

## GREEN RATING

Designed by and for real-estate professionals, Green Rating is a tool for the evaluation and comparative analysis of the intrinsic and real environmental performance of existing buildings. It is based on six environmental criteria – energy, carbon, water, transport, waste and wellbeing – and four levels of performance, and offers tangible results that allow performance to be tracked and improved over time.

## HQE EXPLOITATION

HQE en Exploitation (*Haute Qualité Environnementale en Exploitation* or High Environmental Quality in use) is a building certification that establishes the environmental performance of a site based on four metrics – energy, environment, health and convenience. Its main objective is to ensure control of the building's energy and environmental quality by drawing on the resources installed during its construction or renovation.

## ICR

"Interest Coverage Ratio": Interest coverage ratio: this ratio corresponds to projected annual net rental income/annual interest expense and charges. It is used to define the financial covenants in debt agreements.

## IFRS

International Financial Reporting Standards: since January 1, 2005, all listed EU companies have been required to prepare their consolidated financial statements in accordance with accounting standards known as IFRS. These accounting standards make it easier for investors to make comparisons between companies.

## MINIMUM FUTURE LEASE PAYMENTS

Minimum future lease payments correspond to the rental income due to the Group through to the earliest possible termination dates of the different operating leases (excluding VAT and rebilling of taxes and expenses).

## LTV

Loan-to-value ratio: this ratio corresponds to outstanding bank borrowings/market value of real estate assets net of taxes.

## REIT

Real Estate Investment Trusts (REIT) are companies which are exempt from corporate taxation on profits from property rental income and capital gains on the sale of investment properties.

## THEORETIC EFFECTIVE RATE OF RETURN

An asset's theoretic effective rate of return corresponds to the sum of the rental income from leased premises and the market rate of vacant premises divided by the estimated value of the property.

## POTENTIAL RETURN

An asset's potential return corresponds to the sum of the market rental values divided by the estimated value of the property.

## SIIC

Listed real estate investment companies (*Sociétés d'Investissement Immobilières Cotées*): this is the tax status created by Article 11 of French Finance Act no. 2002-1575 of December 30, 2002.

## CAPITALIZATION RATE

The capitalization rate is the market rate used to calculate the fair value of an asset based on the asset's market rent (prior to the impact of the rental situation).

## EPRA NET INITIAL YIELD (NIY)

EPRA NIY (unlike rental income recognized under IFRS), is the annual rental income calculated on the basis of the net monthly rent applicable at the end of the reporting period, less non-recoverable property operating expenses, divided by the gross estimated value of the property.

## EPRA "TOPPED-UP" (NIY)

EPRA "topped-up" NIY corresponds to the EPRA NIY adjusted for rent-free periods or other incentives due to expire.

## EPRA VACANCY RATE

The EPRA vacancy rate corresponds to the market rent of vacant premises relative to the market rent of the entire real estate portfolio at December 31, 2013.

## OCCUPANCY RATE

The physical occupancy rate corresponds to the percentage of premises for which the Company receives rent within the framework of a lease agreement at December 31, 2013. The financial occupancy rate corresponds to the percentage of premises for which the Company receives rent or lease termination indemnities at December 31, 2013.

## MARKET RENTAL VALUE

The market rental value corresponds to the amount for which an asset could be reasonably leased at the time of the valuation.
This is analyzed as the annual financial consideration for the use of a real estate asset under a lease agreement.

## I. ANNUAL REPORT

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