ANNUAL REPORT

2017

SMART PLACES
FOR BUSINESS

CeGeREAL

CONTENTS

A noteworthy property company

Cegereal is a property company that invests in prime office properties in the Grand Paris region. Our unmatched office portfolio comprises large complexes located in the region's most dynamic business districts and offering a combination of functionality, comfort and services. Its premium amenities are aligned with the expectations of first-class tenants, whose creditworthiness and loyalty provide Cegereal with high-quality rental revenues. Because our buildings are used by several thousand employees and visitors every day, they play an important role in enhancing their district's business appeal.

Our growth strategy is guided by a commitment to social responsibility and environmental stewardship, expressed in formal undertakings designed to continuously improve the quality and performance of our properties and enhance the well-being of their users. This promising positioning, along with an appropriate loan-to-value ratio, offers shareholders the prospect of high yields and solid rates of capital appreciation over the long term. Cegereal shares have been traded in compartment B of the Euronext Paris stock exchange since March 2006. The Company has elected for the status of listed real estate investment company (*Société d'Investissement Immobilier Cotée* – SIIC).

€1.169 billion

portfolio value (excluding transfer duties)
Valuations by BNPP RE,
Catella and Cushman & Wakefield as of December 31, 2017

One

of the few French property companies specialized in office buildings in the Grand Paris market

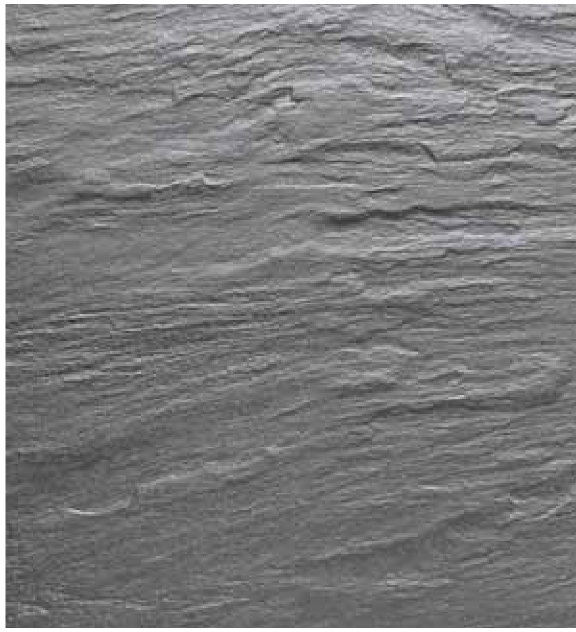
Recent high-quality

buildings in Paris's inner suburbs

More than 165,000 sq.m

Office portfolio at December 31, 2017



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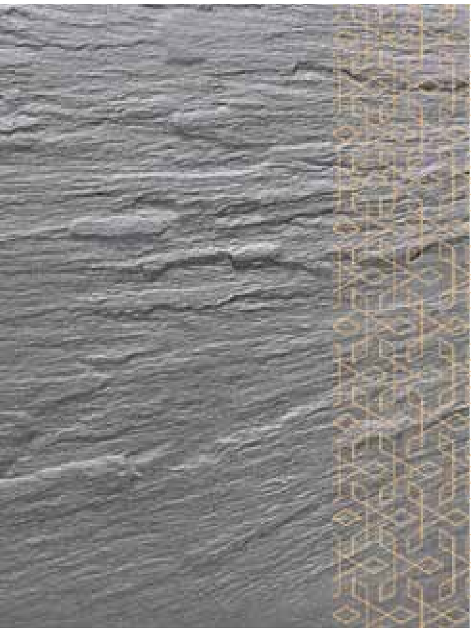
OUR GROUP



"The solid performance generated by our leasing activity is demonstrated by the 41,000 sq.m of office space leased during the year with either new or existing tenants, delivering transactions across close to 25% of our portfolio."

▶ Jérôme Anselme,
Chief Executive Officer

HIGHLIGHTS

Key events of 2017

September 2017

Gold Awards presented by the European Public Real Estate Association for the quality of our financial and non-financial reporting

Cegereal takes second place in the 2017 GRESB ranking in the "listed office property companies in Europe" category

Hanami campus fully leased

February 2017

Delivery of the Arcs de Seine works schedule

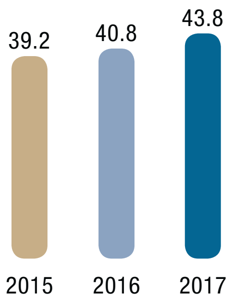
Additional space leased by Huawei at Arcs de Seine

December 2016

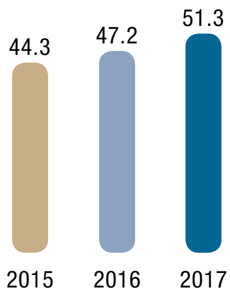
Acquisition of the Hanami campus

Key Figures

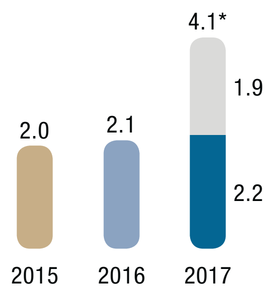
EPRA TRIPLE NET ASSET VALUE
(in €)



IFRS GROSS RENTAL INCOME
(in €m)

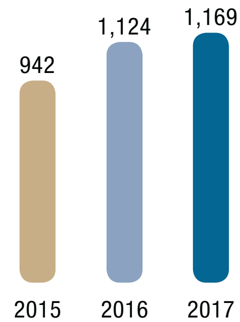


DIVIDEND PER SHARE
(in €)



* regular and special dividend recommended for 2017

PORTFOLIO VALUE
(in €m)



including Hanami in 2016

5.7 years
Weighted average residual duration of leases

91.4%
Occupancy rate versus 87% at December 31, 2016

87%
green leases

20%
reduction in energy use between 2013 and 2017
across the portfolio on a like-for-like basis

21%
reduction in our impact on climate change between 2013 and 2017
across the portfolio on a like-for-like basis

OUR GROUP

INTERVIEW WITH **senior management**

► John Kukral,
Chairman of the Board of Directors

► How would you analyze Cegereal's business, given the current economic environment and emerging trends in the greater Paris commercial real estate market?

John Kukral 2017 represented an important milestone for the French economy, with a clear upturn in confidence and a more favorable business environment. France seems to have gained new momentum, stepping up its growth to end the year up almost 2%, a pace not seen since the start of the financial crisis. The reforms now underway are encouraging and put the country on the right path to improve businesses' competitiveness and spur investment and job creation. The decision in September to award the 2024 Olympics to Paris will lead to major investment and the construction of new infrastructure in synergy with the Grand Paris project. The related undertakings will drive the construction of new transportation and communication networks that will improve travel times around the city. These factors will contribute to long-term growth in the Ile de France market.

Cegereal's business has felt the positive impact of the upturn in growth and renewed confidence.

► Jérôme Anselme,
Chief Executive Officer

Jérôme Anselme Cegereal's business has felt the positive impact of the upturn in growth and renewed confidence. In a buoyant market shaped by rising demand (up 8% in 2017) and historically low vacancy rates in Central Paris, we were very active on the leasing front during the year. The scarcity of large, high-quality office space has pushed tenants looking for this type of product to the inner suburbs, particularly to the western sub-markets where a large number of new leases were signed. Cegereal has reaped the rewards of this trend by offering high-quality properties featuring amenities aligned with user criteria.

> "European financial indicators are flashing green and all of the elements are in place to drive long-term growth."
>
> John Kukral,
> Chairman of the Board of Directors

► Are the persistently low interest rates encouraging you to make new investments?

J.K. Cegereal has already expanded its portfolio with the acquisition of the Hanami campus in December 2016. The transaction was very efficiently financed through a combination of our own resources and a bank loan. After extending the lease with the primary tenant Axens in September, the property is now fully leased.

We're ready to make new acquisitions, which have an accretive impact on Cegereal's earnings. The investment market remains very competitive, with historically low interest rates tending to push purchase prices. While remaining open to opportunities, we are continuing to improve the performance of our assets and re-investing capital to upgrade our office space and our services.

► What were the highlights of the past year?

J.A. The main point was the solid performance generated by our leasing activity. We leased a total of 41,000 sq.m during the year with either new or existing tenants, delivering transactions across close to 25% of our portfolio. As a result, our occupancy rate now stands at 91.4%, compared with 87% in 2016. This robust activity also maintained the weighted average residual duration of leases at 5.7 years.

Our corporate social responsibility commitment was recognized with our second place ranking in the GRESB benchmark, which analyzes the environmental, social and governance (ESG) practices and policies of real estate companies.

We also won two Gold Awards for the quality of the financial and non-financial information presented in our 2016 Annual Report. Another noteworthy event was the acquisition of the Hanami campus. For Cegereal, this eight-building complex will generate stable cash flow and the potential to deliver long-term value thanks to its location on an exceptional site in Rueil Malmaison. This first investment since our refinancing in 2016 points to the type of investment we want to make, backed by the strength and reliability of our main shareholders, who are always engaged and ready to support the Company's growth.

► How would you summarize your vision for 2018 and beyond?

J.A. We will remain as focused as ever on asset quality and tenant satisfaction, which underpin our appeal to corporate users and our long-term profitability as a property company. We have very carefully put together a consistent portfolio of buildings, with the latest innovations and environmental features that offer tenants real-world solutions for reducing their energy bills, optimizing their workspace and supporting their employees and visitors with pleasant, efficient worklife environments conducive to personal and professional growth. Cegereal's environmental management system has earned us ISO 14001 certification, while our "Upgreen Your Business" project is steadily raising the degree of excellence we are able to deliver. Our vision is to maintain this course by constantly staying attuned to change, to keep our amenities and services resonant with emerging tenant expectations. More than just compliance with our respective contractual obligations, what is really important to us is the quality of our tenant relationships. This close alignment is a powerful source of efficiency and helps to secure sustainability. That is why we are organizing a growing number of roundtables, not only with property managers but also with user groups, especially millennials.

► How did Cegereal manage to deliver a strong performance in 2017?

J.K. Our position has always been to focus on the quality of our assets and our amenities to deliver the best possible financial results to our shareholders. Cegereal owns buildings located in attractive markets with good transport links, where creative and talented people want to work. We can also rely on the capabilities of our teams and the benefits of our REIT structure (SIIC). Our size makes us very agile and highly responsive, while our easy-to-understand business model and high-quality financial reporting help to guarantee transparency, which we are constantly working to improve. Our diverse leased property portfolio and managed occupancy rate offer a very attractive risk/return proposition. This year, the Board of Directors will ask shareholders to approve the payment of a €4.1 dividend per share. This is comprised of a recurring €2.2 per share element, an increase of 4.8% from last year, and a special dividend of €1.9 per share. This reflects the efficient management and strong performance of our assets.

A STRATEGY FOR EXCELLENCE

Cegereal continues to pursue steady, value-creating growth focused on a selection of premium assets located in the heart of the Grand Paris region. The effectiveness of our business model sets the standard in the global marketplace, for investors and large corporate tenants alike.

Constantly refreshing our properties' appeal

In its uncompromising focus on tenant satisfaction, Cegereal is continuously improving its properties by offering outstanding amenities and ongoing workspace optimization. In 2017, for example, work was undertaken to replace or overhaul utility equipment, such as AC units and generator sets, and the departure of GE Capital offered an opportunity to upgrade 8,000 sq.m in compliance with the latest technical standards. This strategy has always paid off. It keeps our assets on the leading edge of technology and best practices, while enabling us to enhance our competitive advantage based on flexible leasing solutions, innovative amenities, a remarkable environmental performance and the superior quality of life that guarantees well-being at work and attractiveness. Thanks to this approach, the value of our portfolio has held firm since the Company was founded in 2006, despite the financial crisis.

Making sustainable development a basic standard

In recognition of our Upgreen Your Business project, Cegereal was positioned among the top 3 in the Global Real Estate Sustainability Benchmark (GRESB) ranking for the third year in a row, coming in at second in the "listed office property companies in Europe" category. To improve their energy performance, all of our buildings have obtained or are working towards NF HQE™ Exploitation and BREEAM In-Use International certification. This type of environmental certification is an increasingly important criterion for tenants. Cegeral has also demonstrated the quality of its environmental strategy by earning ISO 14001 certification following the rollout of an environmental management system.

Maintaining financial flexibility

Disciplined management practices help Cegereal to pursue its capital programs while preserving its financial security. The value of our portfolio is nearly twice the amount of our debt. The credit agreement successfully arranged with a pool of European banks in 2016 enabled us not only to refinance existing debt on highly favorable terms, but also to fund new acquisitions, starting with the Hanami campus. Thanks to positive market conditions, Cegeral negotiated an interest rate of 1.35%, for a debt ratio of 55%, while reducing its finance costs by 45%. The new loan has a five-year maturity with the possibility of a two-year extension.

SUPERIOR PERFORMANCE OVER THE LONG TERM

A stable ownership structure

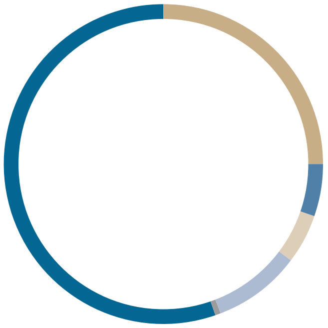
Cegereal is owned by leading international investors, who ensure the Company's financial robustness, and a panel of private and institutional shareholders.

Northwood Investors manages $6 billion in property assets in the United States and Europe. Its strategy is value-driven with a long-term outlook.

Established in 1981, GIC manages Singapore's foreign reserves, invested in over $100 billion worth of assets under management worldwide. GIC RE currently ranks among the world's top 10 global real estate investment firms and manages a portfolio of direct and indirect real estate assets in over 30 countries.

Cegereal ownership structure

55.4% Northwood Investors
25.3% GIC
5.2% AXA
5.2% University of Texas
8.8% Free float
0.1% Treasury shares



Listing details

Name	Cegereal SA
Market	EURONEXT PARIS
ISIN	FR 0010309096
Symbol	CGR
CFI	ESVUFB
Type	Eurolist
	Compartment B
ICB classification	Sector 8670, Real Estate Investment Trusts
Indices	CAC All Shares
	IEIF SIIC France
	CAC Financials
	CAC RE Inv. Trusts
	Next 150
Eligibility	SRD
Registrar	BNPP Securities Services

Financial transparency

Cegereal is deeply committed to maintaining close, transparent relations with shareholders, so as to provide them with the applications and information they need to manage their investment. Shareholders are kept regularly informed through a variety of media, including press releases, financial notices, and annual and interim financial reports.

Investor calendar

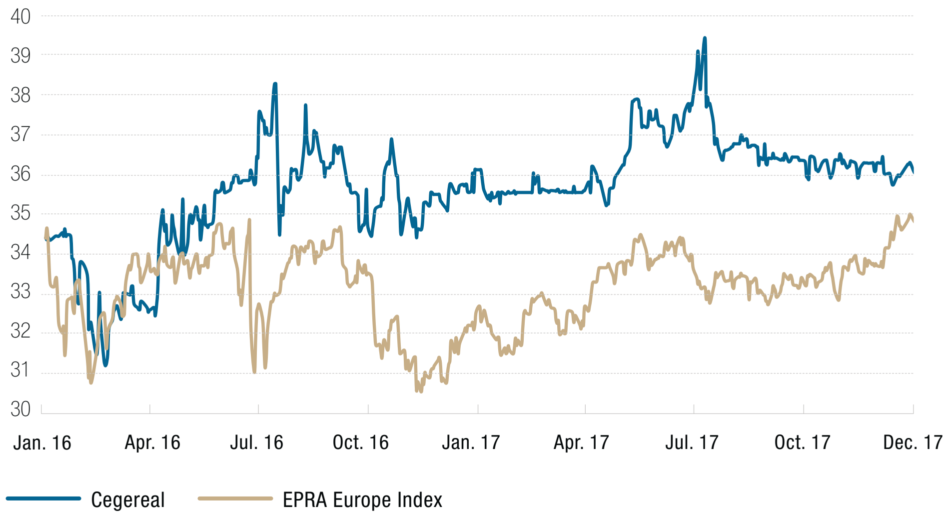
February 16, 2018
2017 results

April 24, 2018
Annual Shareholders' Meeting

April 25, 2018
First-quarter 2018 revenue

July 26, 2018
First-half 2018 results

Sustained performance



For more information

www.cegereal.com
Cegereal – Investor Relations
42 rue de Bassano, 75008 Paris, France
Phone: +33 (0)1 42 25 76 36

GOVERNANCE

Cegereal's governance rules are based on the principles of transparency and independence in compliance with the recommendations issued by AFEP-MEDEF. Governance is supported by a diligent risk management process and a three-tier organization, with a Board of Directors, three active Board Committees and an Executive Management team that works closely with our shareholders. This organization complies with the governance rules issued by the French financial markets authority (*Autorité des marchés financiers* – AMF). Cegereal's bylaws may be viewed at www.cegereal.com

EXECUTIVE MANAGEMENT

The Executive Management team is led by Jérôme Anselme, a widely recognized real estate expert.

Jérôme Anselme, Chief Executive Officer

Managing Director at Northwood Investors. Since joining Northwood in 2012, Mr. Anselme has been involved in all of the firm's European investment and asset management activities. He previously worked at Citigroup and J.P. Morgan, then at Bank of America Merrill Lynch in London. He was involved in the origination, distribution and management of commercial real estate debt assets. Mr. Anselme holds a Master in Management from EDHEC Business School and a Master in Finance from Sciences Po, in France.

BOARD OF DIRECTORS

INVESTMENT COMMITTEE

Jean-Marc Besson (Chairman)

Alec Emmott

Sébastien Abascal

AUDIT COMMITTEE

Marie-Flore Bachelier (Chairman)

Jean-Marc Besson

Sébastien Abascal

APPOINTMENTS AND COMPENSATION COMMITTEE

Alec Emmott (Chairman)

Marie-Flore Bachelier

Khaled Kudsi

CORPORATE GOVERNANCE STANDARDS

Working groups of the French Association of Private Enterprises (AFEP) and the French Enterprise Movement (MEDEF) have issued recommendations defining certain principles for proper governance and transparency intended to improve the management of listed companies and their image with investors and the public. Cegereal has adopted these recommendations as its governance standards in application of the Law of July 3, 2008.

More information may be found at http://www.afep.com/publications/code-afep-medef/

BOARD OF DIRECTORS

John KUKRAL, Chairman of the Board of Directors President and Chief Executive Officer of Northwood Investors

Jérôme ANSELME, Chief Executive Officer In charge of Northwood Investors' investment and asset management activities in Europe

Marie-Flore BACHELIER, independent director General Secretary and Head of Capital Markets at Carmila

Jean-Marc BESSON, independent director Managing Director of WeWork Property Investors

Erin CANNATA, director Member of the Investments Department at Northwood Investors in Europe

EUROPROPERTY, independent director, represented by its manager, Alec Emmott, Managing Director of Société Foncière Lyonnaise from 1997 to 2007

Sophie KRAMER, director Member of the Asset Management Department at Northwood Investors in Europe

Khaled KUDSI, director Senior Managing Director at Northwood Investors, in charge of investments in the United States and Europe

EFPL - GIC, director, represented by Sébastien Abascal, in charge of investment and asset management activities in France and Germany for GIC Real Estate

ELPL - GIC, director, represented by Madeleine Cosgrave, in charge of investment and asset management activities in Europe for GIC Real Estate

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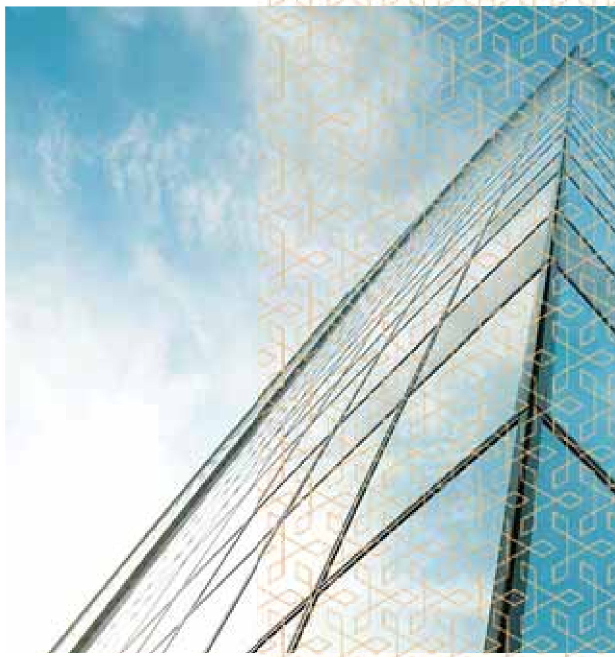
OUR PORTFOLIO



THREE QUESTIONS FOR...

Valérian Amalric,
► Licensed architect and Manager of architecture firm ilimelgo

"Office space is being refocused on people. It has to be able to manage reconfigurations, multi-purpose use and, of course, connectivity."

What are your customers' technical expectations for the buildings you're currently working on?

In working environments, the main requirement is versatility. We have to deliver modular spaces that can be quickly reconfigured. The energy transition and maintaining comfortable temperatures are also factors. Lighting too is very important. And the common areas have to be robust and easy to maintain. All these spaces are designed to create an environment where people are happy to work.

What makes a building smart in your view?

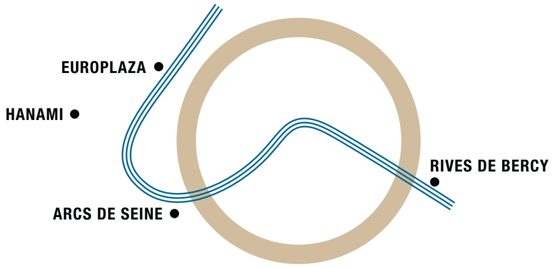
The history of smart buildings began with geographic information systems (GIS), which let us think of a city as a system of interconnected, informed elements. As an integral part of such a system, a smart building can readjust and adapt to the various features of its environment. All this intelligence has to be focused on people, on how they actually use the building.

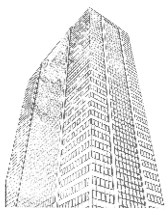
What will the offices of tomorrow look like?

It's hard to predict, but everything is pointing to a future where office space will be in constant flux. Emerging trends such as remote working and flexispace arrangements raise the question of mobility. And since the city of tomorrow will be all about mixed-use spaces, designing new models will involve comparing data from all kinds of experts.

PREMIUM PROPERTY ASSETS

The fast evolving office real estate sector is being revolutionized by digital technology, changing behaviors and rising environmental expectations. Cegereal offers tenants a new generation of buildings aligned with the expectations of the companies of tomorrow. Our four office complexes, each with its own personality, are ideally located in the most dynamic business districts in the Grand Paris region, close to neighborhoods sought after for their quality of life. With excellent transportation links, their spaces offer companies a new model of flexibility capable of delivering both performance and creative stimulation, peace of mind and productivity.





EUROPLAZA 52,100 sq.m

A prime location in the heart of Europe's largest business district.

The third building in France to earn both HQE and BREEAM In-Use International "Very Good" certification. Exclusive, private 3,300-sq.m landscaped, tree-covered green space.

Premium amenities: a large private onsite parking garage, a gym with a sauna and physical therapist, a cafeteria with a terrace on a tree-shaded patio, and an intercompany restaurant serving up to 1,200 meals a day.

A resident building manager and two full-time technicians.

Main tenants: Cap Gemini, Galderma, Crédit Agricole's BforBank subsidiary, KPMG

Interior architect: Juan Trindade, ilimelgo

Garden tower - Certified HQE and BREEAM In-Use International - Premium amenities - 100m from public transportation links

Certified BREEAM In-Use International - Landscaped gardens - High-quality amenities - Close to the A86 “beltway” and direct connections to Paris

HANAMI CAMPUS 34,400 sq.m

A breath of fresh air in the most popular location in the Western Crescent of Grand Paris.

A complex comprising eight office buildings on a 3.3-hectare site, ideally located between the La Défense, Nanterre and Rueil 2000 business districts and the upmarket neighborhoods on the bend of the Seine.

Certified BREEAM In-Use International “Very Good”. High-quality amenities: glass facades, 2.60-meter headroom, raised floors and dropped ceilings, air conditioning, conference room, intercompany restaurant, 838 underground parking spaces. Direct connections to Paris and optimal accessibility to the entire greater Paris region via the A86 belt way.

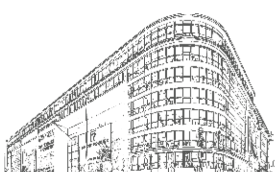
Prestigious neighbors: BNP Paribas, Total, Schneider Electric, Novartis, Bristol Myers Squibb, Unilever, PSA, American Express, Heineken, Axens, IFP Energies Nouvelles, etc.

Main tenants: Axens, Brandt, Vinci Environnement

Architect: Valode & Pistre

PREMIUM PROPERTY ASSETS

Panoramic terraces - Certified HQE and BREEAM In-Use International - On the banks of the River Seine - State-of-the-art technology services



RIVES DE BERCY 31,900 sq.m

Custom designed interiors and amenities for the French leader in real estate financing and services.

An immense “6”-shaped building complex, ideally located just minutes from central Paris.

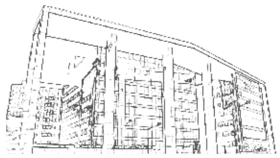
The country in the city: lawn-covered panoramic terraces, overhead walkways offering unencumbered views of the Seine on one side and a vista overlooking nearly a hectare of landscaped gardens on the other.

Both HQE Exploitation and BREEAM In-Use International “Very Good” certification. Each floor plate is equipped with state-of-the-art air conditioning, soundproofing and lighting technologies.

Wide range of amenities: meeting rooms, a parking garage, an auditorium, a restaurant and cafeteria opening onto a landscaped garden, club lounges, and gyms.

Sole tenant: Crédit Foncier de France

Certified HQE and BREEAM In-Use International - Landscaped gardens - Everyday services - 100m from public transportation links



ARCS DE SEINE 47,200 sq.m

Space, light and views at the crossroads of high tech and sustainability.

Three buildings of five, seven and eight floors, laid out around a private 3,000-sq.m landscaped park.

Completely modular 1,400- to 2,800-sq.m floor plates.

Shared amenities: reception and meeting rooms, an auditorium, comprehensive food service facilities, a parking garage and corporate concierge services.

Resident building managers ensure that the entire site operates smoothly and efficiently around the clock.

Arcs de Seine is one of the first office complexes in the district to earn both HQE Exploitation and BREEAM In-Use International “Very Good” certification.

Main tenants: Huawei, Canal+, Hewlett Packard and Sagem

Architect: SOM - Skidmore, Owings Merrill

PROPERTY PORTFOLIO

	ARCS DE SEINE 34, quai du Point du Jour (Boulogne-Billancourt)	EUROPLAZA 20, avenue André-Prothin (La Défense)	RIVES DE BERCY 4, quai de Bercy (Charenton-le-Pont)	HANAMI(1) 89, Bd Franklin Roosevelt (Rueil-Malmaison)	TOTAL PORTFOLIO
% holding	100%	100%	100%	100%	100%
2017 value	€441M	€370M	€190M	€168M	€1,169M
2016 value	€415M	€362M	€195M	€152M	€1,124M
2017 value/sq.m	€9,339/sq.m	€7,105/sq.m	€5,948/sq.m	€4,764/sq.m	€7,057/sq.m
Year-on-year change in value	+6.3%	+2.2%	-2.6%	+7.8%	+4.0%
2017 IFRS rental income	€15.3M	€16.6M	€9.9M	€9.5M	€51.3M
2016 IFRS rental income	€17.7M	€19.2M	€9.9M	€0.4M(2)	€47.2M
2017 occupancy rate(3)	98.4%	73.7%	100%	100%	91.4%
2016 occupancy rate(3)	80.0%	82.0%	100%	92.0%	87.0%
2017 weighted average residual duration of leases	5.9	5.6	4.0	6.9	5.7
2016 weighted average residual duration of leases	5.4	4.4	5.0	7.7	5.5
Total surface area	47,222 sq.m	52,078 sq.m	31,942 sq.m	34,381 sq.m	165,623 sq.m
of which Offices	44,152 sq.m	47,131 sq.m	29,468 sq.m	30,485 sq.m	151,236 sq.m
of which Service areas	2,071 sq.m	2,757 sq.m	2,092 sq.m	1,873 sq.m	8,793 sq.m
of which Archives	999 sq.m	2,190 sq.m	382 sq.m	2,023 sq.m	5,594 sq.m
Parking spaces	942	722	657	838	3,159
Year of acquisition	2006	2006	2006	2016	
Year of construction	2000	1972	2003	1991	
Year of refurbishment	2011	1999	n.a.	2010 & 2016	
Type of leases	Investor	Investor	Investor	Investor	
Main tenants	Huawei Canal Plus Hewlett Packard	Cap Gemini Galderma BforBank	Crédit Foncier de France	Axens Brandt France Vinci	

(1) Property acquired in December 2016.
(2) €9.1m in annualized rents.
(3) The financial and physical occupancy rates are defined in section III.1 "Rental Activity".

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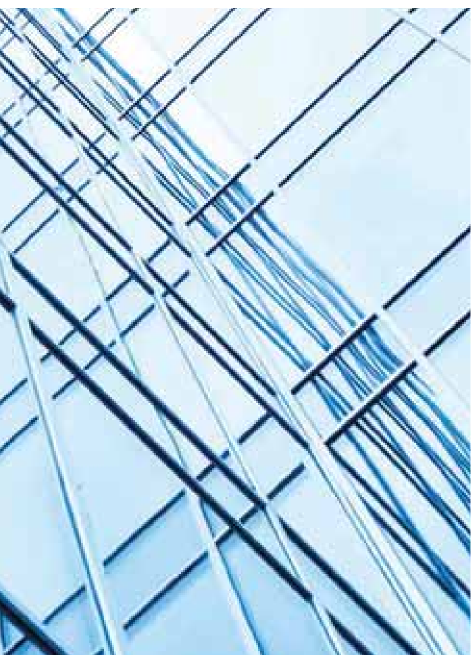
PROPERTY STRATEGY



THREE QUESTIONS FOR...

Guillaume Schmid,
► Crédit Agricole Business Property Department

"Europlaza is both an efficient office complex and a nice place to work."

What were the key criteria in choosing Europlaza for BforBank's offices?
Our move was driven by growth issues, the need to attract new talent and the expansion of our teams. We chose Europlaza for its location and highly functional premises. The floor plates are efficient and modular, so they can be quickly moved around when necessary. From a technical standpoint, the raised floors are a real plus..

Do you feel like you're working in a high-performance building?
It is indeed highly functional, but above all, it's extremely modular. It's nothing like it was ten years ago. It's been upgraded and redesigned, so that today it offers a much nicer working environment. The lobby is very welcoming, and we really appreciate the many facilities and amenities, like the parking garage, of course, but also the gym, the intercompany restaurant and the new informal meeting spaces.

What do you expect from your property owner on a day-to-day basis?
The quality of our relationship is built on their ability to listen and to respond quickly and effectively to our needs. Our building managers are always there to help. We attend all the quarterly meetings, which are always an opportunity to discuss new ideas for optimizing living and working conditions in the complex. For example, a shared waste sorting system is going to be introduced for all tenants.

EXACTING QUALITY STANDARDS

Cegereal's rental strategy is based on the combination of two conditions that are critical to securing its income stream – first-class tenants and quality commitments. However, the corollary is that the most loyal tenants are also the most exacting. That's why Cegereal is dedicated to providing its tenants with the latest high-performance amenities and impeccable support services.

A selective rental strategy

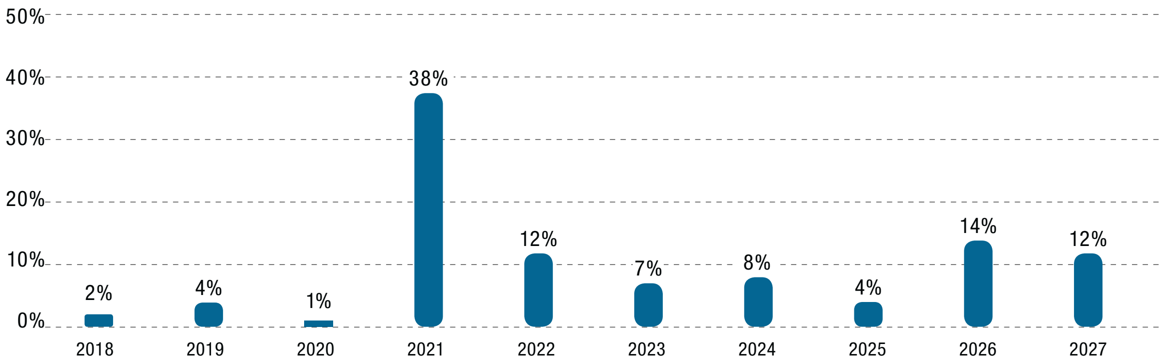
The vast majority of our tenants are nationally or internationally renowned corporations, such as Crédit Foncier, Hewlett Packard, Huawei, KPMG and Axens, with clearly demonstrated financial strength, sustainability and credibility. A full 90% of them have a Dun & Bradstreet financial rating of 1 or 2. The stability and creditworthiness of these leading companies are powerful drivers of performance and visibility.

Long-term trust

Cegereal nurtures long-term relationships with its tenants, which are formalized through six or nine-year commercial leases. More flexible time-frames may also be arranged, generally as part of long-term partnerships. Rents are indexed to the ILAT, which consists of the weighted sum of the consumer price index (50%), the cost of construction index (25%) and GDP (25%). Under the leases, tenants are responsible for paying all of the building's operating and maintenance costs, as well as certain repair costs. Any related property taxes are also re-billed to tenants.

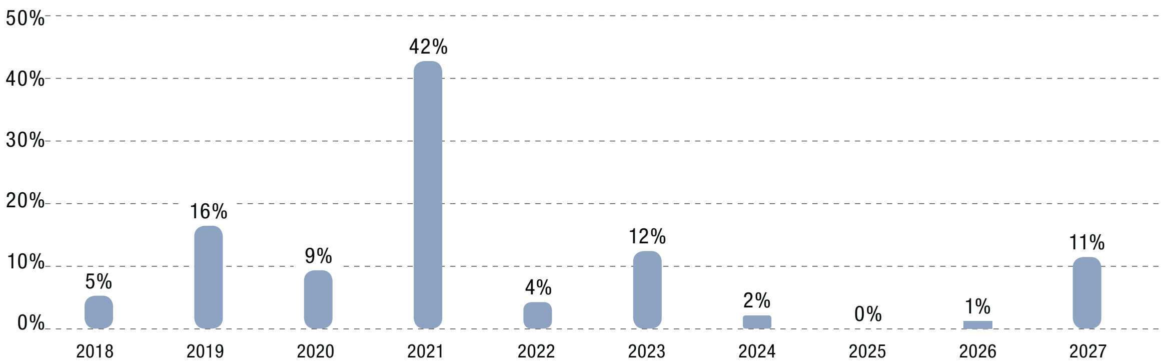
In 2017, several tenants, such as Huawei and Axens, renewed their lease or leased additional space covering a total of 36,000 sq.m. This trust is reflected in our high (and rising) occupancy rates and extremely stable tenant base.

LEASE MATURITY (%)



Lease maturity (% of total potential rents at Dec. 31, 2017)

YEAR OF BREAK OPTION (%)



Year of break option (% of total potential rents at Dec. 31, 2017)

INNOVATION, THE KEY TO SATISFACTION

The increasing use of digital media and the growing number of networks have upended old habits and breathed new life into the ways we work. As coworking spaces and remote working – from home or elsewhere – become the new normal, anticipating and adapting to such new habits has become a daily challenge.

Close ties with users

At a time of constant change, Cegereal's ability to maintain close relationships with its tenants sets it apart from other property companies. Our building management teams pay careful attention to tenant needs and work with them to deliver the right solutions. Corporate management representatives meet regularly with users to optimize their building amenities, such as food services, gyms, concierge services and social lounges to support tenants in their renovation or reconfiguration projects. Satisfaction surveys are conducted frequently so that buildings and amenities can be steadily upgraded in alignment with identified needs.

New responses to tomorrow's expectations

Well-being at work is now widely accepted in the business world as a major driver of employee performance. The BNP Paribas Real Estate User Insight survey has confirmed that the quality of amenities rates high among the three major issues for users, along with keeping real estate costs under control and optimizing energy performance. The Rebuild cycle of seminars, held to imagine the future of office real estate, emphasized that the "box" where we used to go to work has now become a holistic worklife environment, which must be conceived in terms of uses and amenities. Floor plates have to be redesigned for modular flexibility, while buildings have to get smarter. In tune with this dynamic, the energy efficiency of Cegereal's buildings ranks second to none and their amenities are constantly updated with the latest equipment. The architect Valerian Amalric insists on the importance of designing premises that reflect their occupants. "We review all the parameters to refocus the space on people, with an emphasis on modular configurations, adaptability and mixed-use capabilities. We work a lot on transparency, lighting levels and ergonomics. Our thinking also extends beyond the usual work environment. For example, we study the user journey, from the means of transportation to arrival at the office. We also feel that the common areas should encourage people to get together and hold informal meetings in pleasant, comfortable surroundings. Hence the importance of materials, light and fragrances."

Well-being at work is now widely accepted in the business world as a major driver of employee performance.


Liberté

EXPERTS IN CHARGE

Cegereal works with two partners that are widely recognized in the office property market, the first for its experience in asset management and the second for its property management capabilities. This decentralized organization offers the advantage of leveraging combined expertise while reducing operating costs.

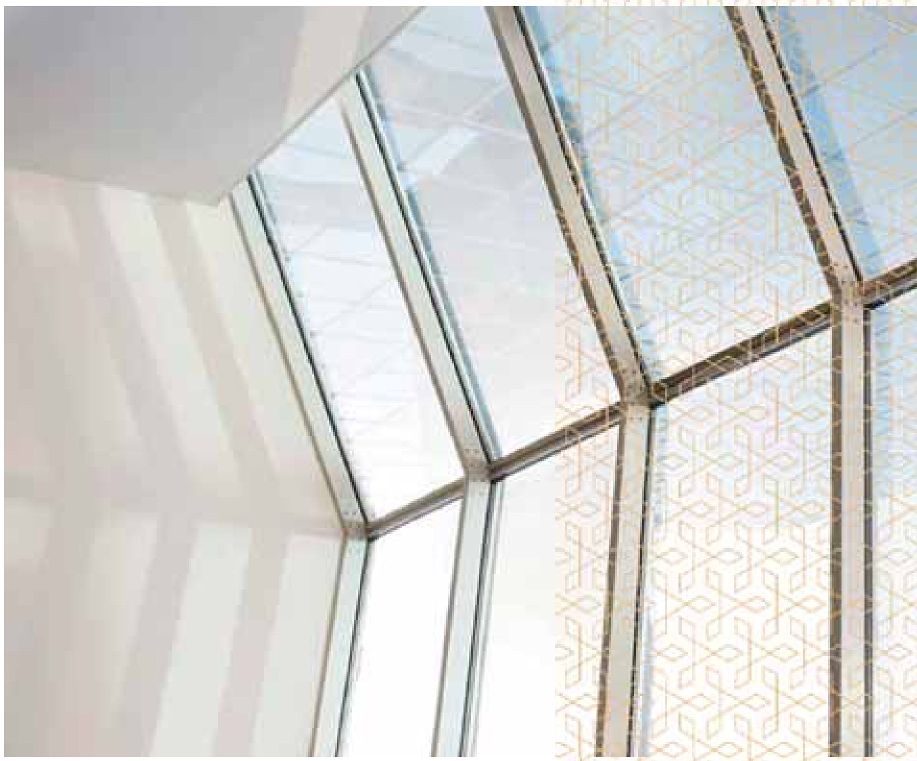
The backing of a global leader

Northwood Investors Asset Management, our main shareholder's management company, is a well respected, world-class commercial property management company. Its experts act contractually as advisors during property investment transactions and review the business operation of our various assets. Every year, they prepare a business plan for the investments completed over the period and review the performance of portfolio assets. Ideally positioned to continuously track the latest real estate market data, these specialists are an invaluable source of recommendations for strategies on valuation, repositioning and, where appropriate, assets, and for suggestions on the performance of lease agreements.

Careful attention to detail at all times

Property managers are key providers of corporate and commercial real estate services that oversee the day-to-day operations of Cegereal's portfolio. The current agreements were amended during the year to improve particularly the provisions related to the production of quarterly indicators. These teams are responsible for managing the buildings' administration and accounting, in particular invoicing, rent collection and managing cases of non-payment prior to legal proceedings. Their job is to ensure that lease clauses are properly applied and that tenants fulfill all of their obligations with respect to maintenance, insurance coverage and compliance with building rules. They are also responsible for day-to-day building management, overseeing sustainable development policy and putting forth proposals for multi-year work programs.

4
MARKET REVIEW



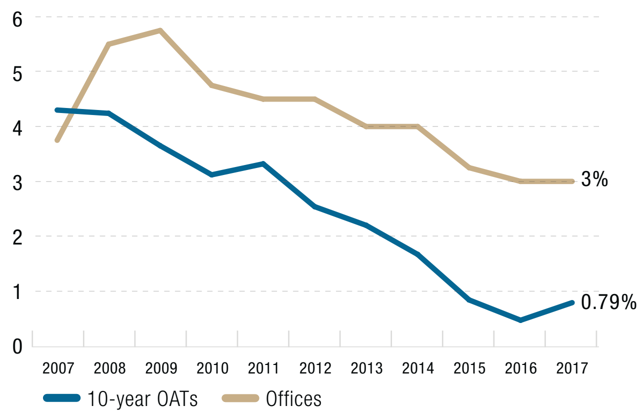
"Low interest rates and strong performance in the rental market spurred investors to set their sights beyond their exclusive geographic sector and readjust their risk appetite."

▸ Olivier Marguin,
Northwood Investors

GROWTH DRIVERS

Given the economic and geopolitical landscape in early 2017, key stakeholders in the real estate market feared that users and investors would push back decision-making and adopt a wait-and-see attitude. But the year actually ended with a robust performance.

10-YEAR OATS AND PRIME RATES (IN %)



Source: C&W

Fresh momentum in France

Growth strengthened during the year, coming out at 2.2% in Europe as a whole and 1.8% in France, the highest since 2011. The greater Paris area benefited fully from the improvement. Restored confidence fueled consolidation in the rental markets, whose favorable impact on investment was accentuated as key lending rates remained at record lows and the spread remained highly attractive internationally.

An ever-attractive risk premium

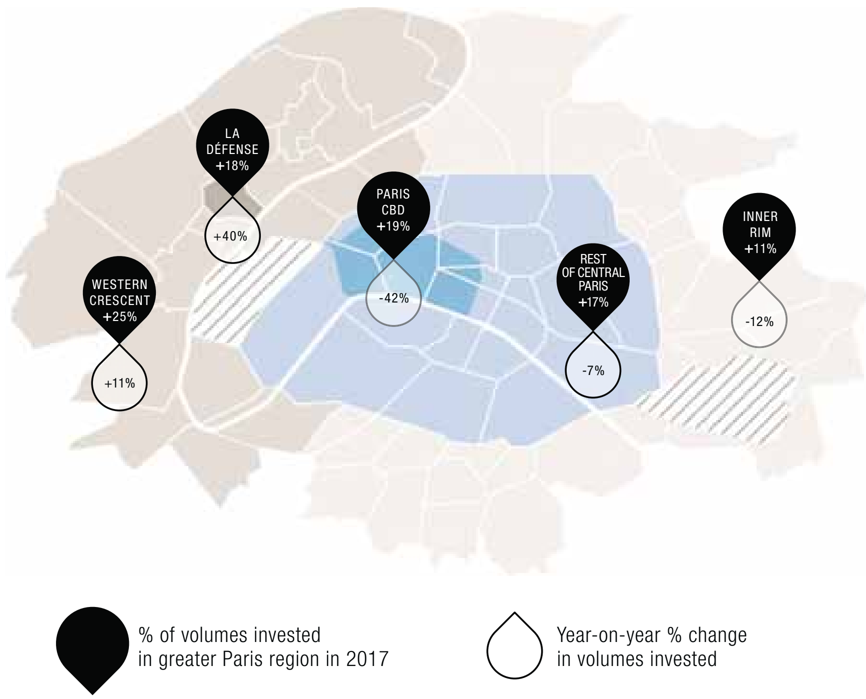
The increase in the yield of French fungible treasury bonds (OATs) in early 2017 resulted in a narrowed spread with prime rates.
However, this difference, which is an indicator of the real estate market's appeal, is still a draw for investors, at around 225 basis points for office space in the Paris central business district (with a 3% prime rate).

Wider geographical spread

In 2017, €18.9 billion was invested in commercial real estate in the greater Paris area. Office space remained by far the “flagship” asset class, accounting for 86% or €16.3 billion of the total invested. Low interest rates and strong performance in the rental market spurred investors to set their sights beyond their exclusive geographic sector and readjust their risk appetite. This led to a decrease in investment in the Paris central business district from €6.1 billion in 2016 to €3.5 billion in 2017. Driven by a scarcer offering in this market, investors began to look elsewhere.

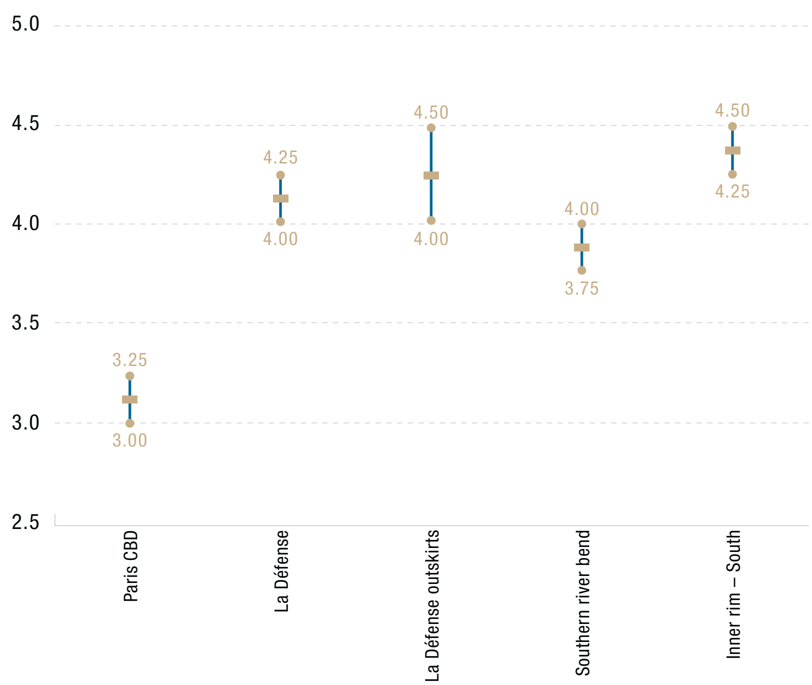
The La Défense business district is contending with the Paris central business district with €3.4 billion invested, up 40% compared to 2016. The acquisition of the Cœur Défense building for €1.8 billion alone accounted for more than 50% of this year-on-year increase. The area’s comeback with investors beginning in 2015 forged ahead. The scarcity of spacious “Class A” buildings in the greater Paris area, its world-class reputation as Europe’s leading business district, its location and accessibility to public transportation (boosted by the future extension of the suburban RER E line and new metro line 15) are all significant criteria for investors when making decisions for tomorrow’s users. The Western Crescent also contributed to this wider geographical spread with €4.8 billion of investment, up 11% on 2016.
Accounting for more than one-third of volumes invested in the Paris area, the portion of “value added” assets and off-plan sales confirms that investors have readjusted their risk appetite.

LOCATION OF INVESTMENT IN 2017 AND YEAR-ON-YEAR CHANGE FOR EACH MARKET



Source: Paris Vision 2018

PRIME RATE RANGES FOR OFFICE SPACE BY GEOGRAPHIC AREA



Source: Paris Vision 2018

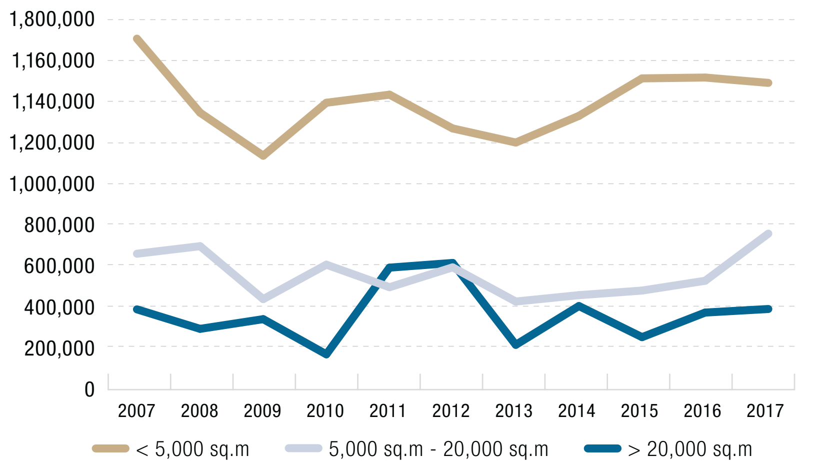
A robust rental business further uplifted by a record year-end rally

As key decision makers showed renewed confidence, hiring trends climbed upward again.
Since 45% of the real estate portfolio in the Greater Paris market is over 25 years old, new and/or refurbished complexes offering premium amenities, efficient units and a strategic location are competitive advantages for companies looking to retain and recruit employees.

Office take-up in the greater Paris area reached 2.6 million sq.m, up 8% versus 2016 (up 16% compared to the ten-year average), boosted by a rally in major deals of more than 5,000 sq.m representing 1.1 million sq.m, and driven by the 5 – 10,000 sq.m subsegment, which was up 55%.
Other areas are up and coming, such as northern Paris (Clichy and Saint-Ouen), the Southern river bend (Issy-les-Moulineaux and Boulogne) and the outskirts of La Défense, uplifted by the restoration of the Nanterre-Préfecture and Nanterre-Université. All these areas have contributed to widening the geographic spread of the office market in the greater Paris area.

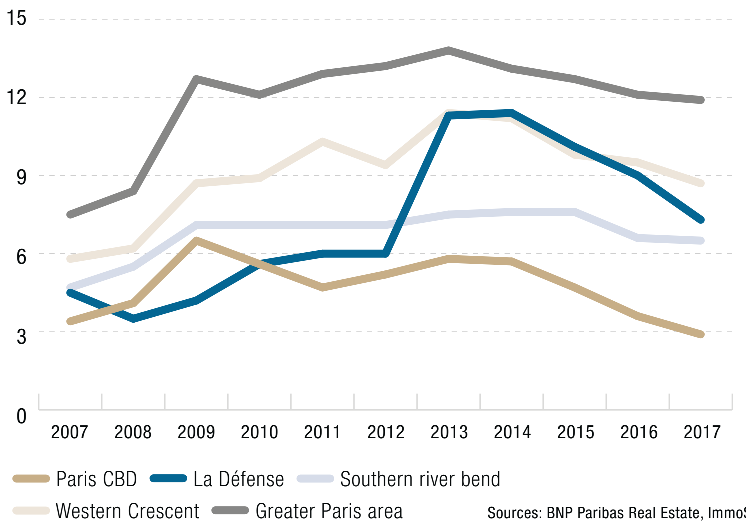
Office space immediately available for lease in the region stabilized at around 3.5 million sq.m, for a vacancy rate of 6.5%. Office space available within one year stood at 4.4 million sq.m with only 0.96 million sq.m in new buildings.

TAKE-UP BY SURFACE AREA IN THE GREATER PARIS AREA SINCE 2007 (IN SQ.M)



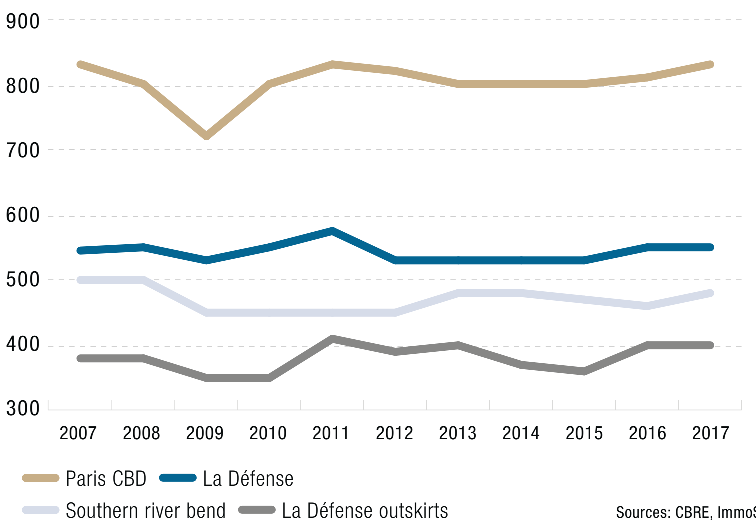
Sources: BNP Paribas Real Estate, ImmoStat

VACANCY RATE IN GREATER PARIS AREA (IN %)



Sources: BNP Paribas Real Estate, ImmoStat

PRIME RENTS IN GREATER PARIS AREA (IN € EXCL. TAX AND EXPENSES/SQ.M PER YEAR)



Sources: CBRE, ImmoStat

A BIG FUTURE FOR PARIS

What if the best was yet to come for the City of Light? Grand Paris is on its way: the flagship project is set to revolutionize the French capital's transportation system and jumpstart economic development. And with the Olympics coming up, Paris will have every opportunity to show off its new infrastructure.

An extra economic boost

The IOC's decision to award Paris the 2024 Olympics has given new impetus to the Grand Paris project, motivating those involved to meet their commitments in terms of constructing and commissioning the necessary infrastructure. A substantial portion of the 200 kilometers of automated metro lines and 68 intermodal stations to be constructed between now and 2030 will be directly affected by the Games, including the new links between Roissy-Charles de Gaulle airport and up-and-coming area La Plaine Saint-Denis, where the Olympic village is to be located and the majority of the events staged. As the world's premier showcase of sporting excellence, the Olympic Games leave a legacy for the host city extending well beyond their two-week span, boosting tourism and business.

The Grand Paris project is designed to meet today's expectations while anticipating those of tomorrow.

A bid to move faster, work smarter, live better

The Grand Paris project is designed to meet today's expectations while anticipating those of tomorrow. The future will only be sustainable if big cities become more user-friendly, accessible, efficient and responsible. This is what Paris is seeking to achieve by giving priority to public transportation over personal vehicles, undertaking urban planning projects in mixed development areas combining housing, offices and retail units, and rolling out high-speed broadband to optimize its communication networks. From 2025, the inner suburbs of Paris will all be connected. Given the sensitivity of real estate assets to travel time, easier access from and to the areas surrounding Paris will make them more attractive to both businesses and residents.
Amid the great competition between the world's cities, Grand Paris is affirming itself in terms of appeal and influence, as shown by its successful bids for the 2024 Olympics and Paralympics and the 2023 Rugby World Cup.





5
FINANCIAL INDICATORS



"Our easy-to-understand business model and high-quality financial reporting help to guarantee transparency, which we are constantly working to improve."

► John Kukral,
Chairman of the Board of Directors

EPRA PERFORMANCE

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.

PERFORMANCE SUMMARY

In thousands of euros

	2017	2016
EPRA earnings	32,689	28,204
Net cash flows from operating activities	37,600	34,809
EPRA NAV	591,328	554,210
EPRA NNNAV	585,355	545,410
EPRA vacancy rate	10%	14%
EPRA Net Initial Yield (NIY)	4.1%	5.0%
EPRA "topped-up" NIY	4.5%	5.2%
EPRA cost ratio (including cost of vacancy)	37.8%	20.1%
EPRA cost ratio (excluding cost of vacancy)	33.8%	17.1%

EPRA NET INITIAL YIELD & EPRA "TOPPED-UP" NET INITIAL YIELD

In thousands of euros

	2017	2016
Net value of investment property	1,169,400	1,124,100
Expenses and transfer duties	87,728	84,380
Gross up completed property portfolio evaluation (B)	**1,257,128**	**1,208,480**
Annualized net rents (A)	**51,347**	**60,198**
Add: notional rent expiration of rent-free periods or other lease incentives	5,090	2,875
Topped-up net annualized rents (C)	**56,437**	**63,072**
EPRA Net Initial Yield (NIY) (A)/(B)	4.1%	5.0%
EPRA "topped-up" NIY (C)/(B)	4.5%	5.2%

EPRA VACANCY RATE

In thousands of euros

	2017	2016
Total market rental value	66,529	66,572
Market rental value of vacant spaces	6,983	9,141
EPRA vacancy rate	**10%**	**14%**

BNPP RE, Catella and C&W valuation data

EPRA COST RATIOS

In thousands of euros

	2017	2016
Net property expenses	(3,177)	(1,862)
Overheads	(8,670)	(7,638)
Net provisions for depreciation, amortization and impairment	(10)	(9)
Other income covering G&A expenses	175	9
Land-related expenses	0	0
EPRA costs (including cost of vacancy) (A)	**(11,682)**	**(9,500)**
Cost of vacancy	2,067	1,425
EPRA costs (excluding cost of vacancy) (B)	**(9,615)**	**(8,076)**
Gross rental income less land-related expenses	51,259	47,196
Gross rental income (C)	**51,259**	**47,196**
EPRA cost ratio (including cost of vacancy) (A)/(C)	22.8%	20.1%
EPRA cost ratio (excluding cost of vacancy) (B)/(C)	18.8%	17.1%

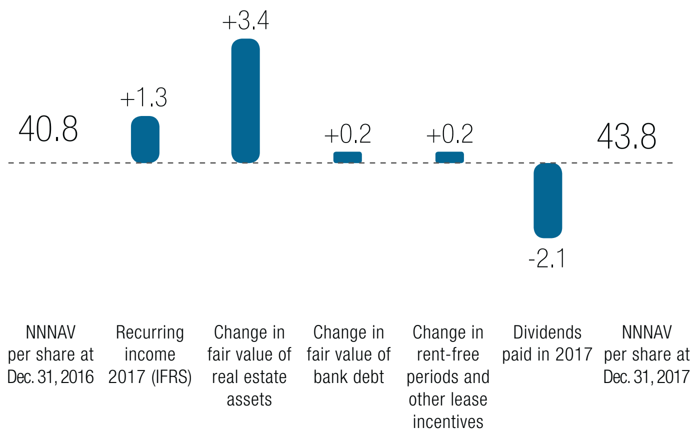
EPRA NAV & EPRA NNNAV

In thousands of euros, except per share data

	2017	2016
Shareholders' equity under IFRS	617,532	583,048
Portion of rent-free periods	(26,832)	(29,732)
Elimination of fair value of interest rate caps	79	(25)
Elimination of fair value of interest rate swaps	7	205
Elimination of fair value of share subscription warrants	541	716
EPRA NAV	591,328	554,210
EPRA NAV per share	*44.3*	*41.5*
Market value of the loan	(622,535)	(585,977)
Carrying amount of the loan	617,190	578,071
Revaluation to fair value of interest rate caps	(79)	25
Revaluation to fair value of interest rate swaps	(7)	(205)
Revaluation to fair value of share subscription warrants	(541)	(716)
EPRA NNNAV	585,355	545,410
EPRA NNNAV per share	*43.8*	*40.8*
Number of shares (excl. treasury shares)	13,362,891	13,357,581

NNNAV PER SHARE

In euros per share



EPRA EARNINGS

In thousands of euros, except per share data

	2017	2016
Net income under IFRS	62,408	41,265
Restatement of the changes in fair value of investment property	(37,178)	(20,392)
Other restatements of changes in fair value	17	997
Restatement of loan breakage costs	0	6,334
Restatement of other fees	7,443	
EPRA earnings	32,689	28,204
	2.4	*2.1*
IFRS adjustments (rent-free periods, etc.)	2,946	5,314
Spreading of financial costs	1,966	1,290
Net cash flows from operating activities	37,600	34,809

CONDENSED FINANCIAL DATA

IFRS FINANCIAL STATEMENTS

In thousands of euros

	12/31/17	12/31/16	12/31/15
BALANCE SHEET ASSETS			
Investment property	1,169,400	1,124,100	942,000
Other non-current assets	21,678	23,194	28,989
Non-current assets	**1,191,078**	**1,147,294**	**970,989**
Accounts receivable	18,481	16,539	13,132
Other operating receivables	10,548	13,063	6,996
Cash and cash equivalents	61,718	18,634	8,723
Current assets	**90,747**	**48,236**	**28,850**
Total assets	**1,281,825**	**1,195,530**	**999,839**

	12/31/17	12/31/16	12/31/15
EQUITY AND LIABILITIES			
Capital	66,863	66,863	160,470
Additional paid-in capital and retained earnings	488,262	474,920	326,883
Net income for the period	62,408	41,265	80,957
Shareholders' equity	**617,532**	**583,048**	**568,309**
Non-current liabilities	622,519	582,476	406,615
Current borrowings	2,979	2,224	1,626
Other current liabilities	38,794	27,783	23,289
Liabilities	**664,293**	**612,483**	**431,530**
Total equity & liabilities	**1,281,825**	**1,195,530**	**999,839**

	2017	2016	2015
INCOME STATEMENT			
Net rental income(1)	38,008	43,965	38,504
Change in the fair value of investment property	37,178	20,392	62,736
Operating income	70,587	59,987	96,323
Net financial expense	(9,945)	(17,919)	(14,705)
Tax expense	1,765	(802)	(662)
Net income	**62,408**	**41,265**	**80,957**

(1) Rent + other services - building-related costs

II
CORPORATE SOCIAL RESPONSIBILITY

AN EXEMPLARY **approach**

POLICY AND OBJECTIVES

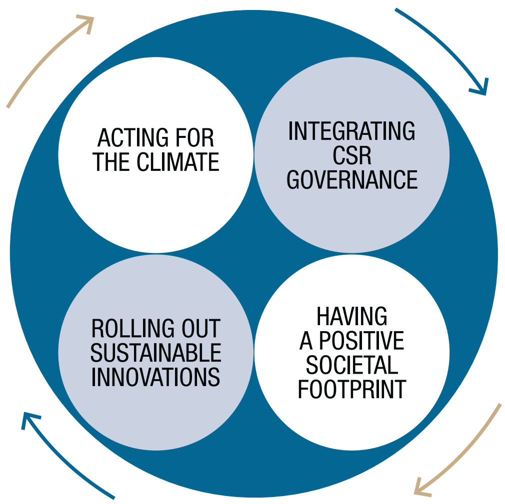
In 2016, Cegereal's materiality matrix brought to light environmental challenges such as accessibility and energy, as well as societal priorities such as working conditions and business ethics.
In order to integrate these challenges into Cegereal's strategy and objectives, a detailed action plan has been implemented.

Materiality of our challenges

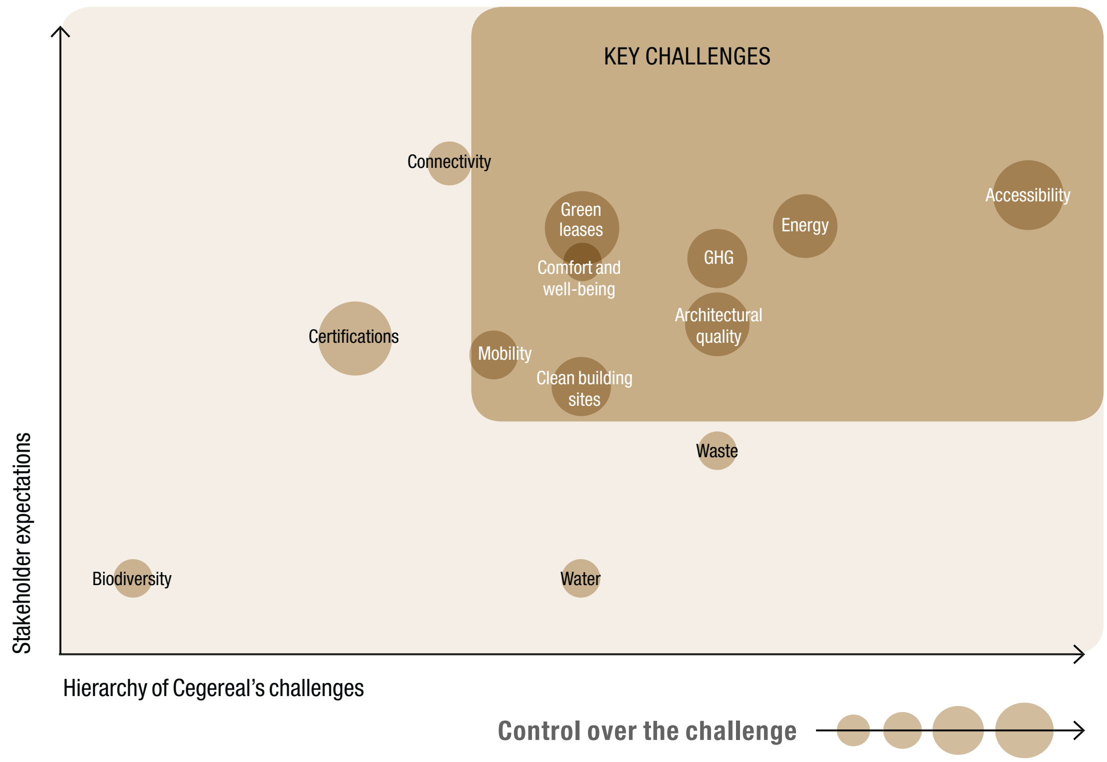
Cegereal is committed to being a benchmark property company in the field of corporate social responsibility, and supporting society's transition towards the city of tomorrow.

Our CSR objectives are an integral part of our innovation policy, which aims to encourage new uses and ways of working, promote the ecological transition, capitalize on progress in digital technology and put people at the center of our concerns.

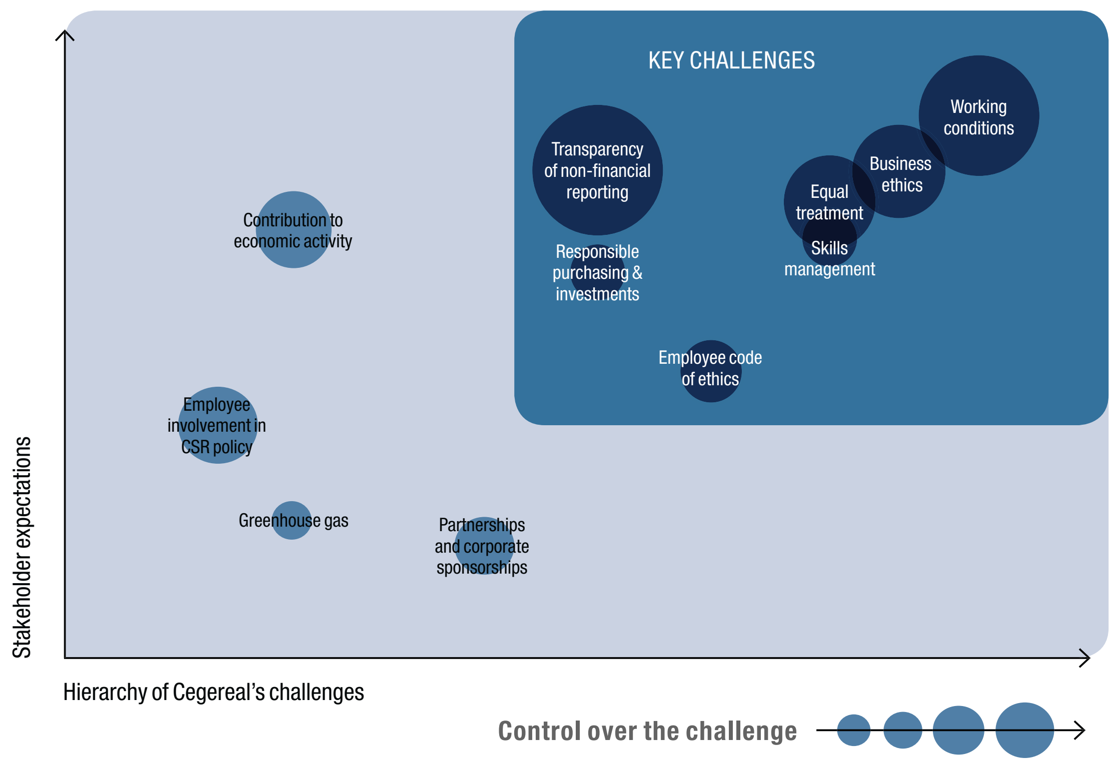
As such, our CSR approach is integrated into the Company's broader thinking, and revolves around four key priorities identified following discussions with our stakeholders in 2016:



PROPERTY PORTFOLIO MATERIALITY MATRIX



SOCIETAL MATERIALITY MATRIX



HISTORY AND HIGHLIGHTS

2017

BREEAM In-Use International certification for Hanami

Second place in GRESB's "listed office property companies in Europe" category

EPRA Gold award for the CSR information presented in the 2016 Annual Report

Acquisition of the Hanami campus and integration into the EMS

2016

Membership of Global Compact France's GC Advanced Club

ISO 14001 certification for property business' EMS

Sector Leader in GRESB's "listed office property companies in Europe" category

2015

BREEAM In-Use International for Rives de Bercy

Implementation of the Environmental Management System (EMS)

Launch of the "Upgreen Your Business" policy

2014

First real estate company certified 100% NF HQE™ Exploitation – Completion of the "Go Green" project

Materiality review of Cegereal's CSR challenges

"Green Star" rating in the GRESB survey

2013

BREEAM In-Use International certification for Europlaza and Arcs de Seine

HQE™ Exploitation certification for Europlaza and Arcs de Seine

Holder: Prothin SAS
Certificate no. NF 428-12/074

2017-2020 CSR STRATEGY

THEME	COMMITMENT	OBJECTIVE
ENVIRONMENT		
Monitor and control our environmental impact	Map the environmental performance of our entire portfolio	100% of our portfolio
	Audit the carbon footprint of all assets	100% of our portfolio
Energy performance	Reduce energy consumption by 15% by 2020	-15%
GHG emissions and climate change	Reduce our greenhouse gas emissions by 20% and control our portfolio's carbon footprint	-20%
Environmental labeling and certification	Ensure that 100% of assets receive “HQE™ Exploitation” certification	100% of our portfolio
	Ensure that 100% of assets receive BREEAM In-Use certification	100% of our portfolio
	Obtain ISO 14001 certification	100% of real estate activities
Charter for clean building sites	Control the environmental impact of buildings and implement an environmental code of conduct at all of our sites	100% of our portfolio
Green leases	Ensure that all leases contain an environmental appendix	100% of leases concerned
Accessibility	Encourage the use of public and low-impact transportation	
	Make our portfolio accessible to people with reduced mobility (PRM)	
Waste	Set up recycling and waste sorting points across 100% of our portfolio	100% of our portfolio
	Achieve 100% coverage in terms of collection of waste tonnage that falls within the scope of environmental reporting	100% of our portfolio
Water	Reduce building water consumption by 10% by 2020	-10%
Biodiversity	Draw up a biodiversity management strategy for 100% of our portfolio	100% of our portfolio
SOCIETY		
GHG emissions and climate change	Reduce the carbon footprint of our operations	Headquarters
	Offset Cegereal’s GHG emissions	20%
Societal footprint	Assess our contribution to economic activity and the distribution of our added value	
Ethics	Comply with the ILO’s fundamental conventions and guarantee a framework for ethical business conduct	
Transparency of non-financial reporting	Contribute to relevant, non-financial benchmarks	
Partnerships and corporate sponsorships	Participate in think tanks and industry initiatives	
	Continue corporate sponsorship initiatives	
Stakeholder relationships	Involve external stakeholders in Cegereal’s CSR policy and take their opinions into consideration	
Responsible purchasing	Consult 100% of service providers on their sustainable development policy and assess their progress	100% of purchase volume
	Ensure that 100% of asset and property management (AM and PM) mandates contain a sustainable development clause	100% of AM and PM mandates
Responsible investment	Incorporate climate and environmental risk assessments in the due diligence process	100% of acquisition processes
HR		
Encourage employee involvement and instill CSR principles across the business lines	Educate and train employees in sustainable development principles	
	Have employees sign the internal code of ethics	100% of employees
Diversity and equal treatment	Ensure that human resources management provides equal treatment for all employees and combats all forms of inequality	
Talent and skills management	Ensure employee well-being	
Governance	Implement efficient CSR policy governance and seek management committee involvement	

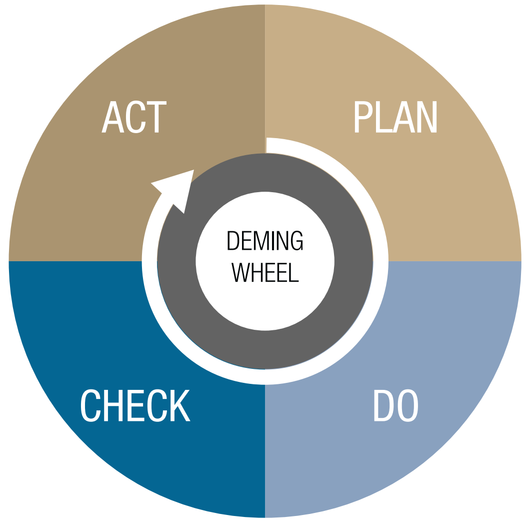
TIME FRAME	KPI	ACHIEVED – 2017
Continuous	% of surface area mapped	100%
2020	Number of buildings audited for their carbon footprint	100%
2020	Average energy consumption per sq.m	100%
2020	Average GHG emissions per sq.m	100%
Continuous	% surface area of assets with "HQE™ Exploitation" certification	75%
2018	% surface area of assets with BREEAM In-Use International certification	100%
Continuous	Certificate obtained	100%
Continuous	% of service providers who have signed the charter	100%
2020	% of the rental space covered by a lease that includes a signed environmental appendix	87%
Continuous	% of assets (by value) located less than 150m from a public transportation hub	75%
Continuous	% of surface area accessible	100%
2018	% of surface area where recycling and waste sorting takes place	60%
Continuous	Coverage with regard to environmental reporting	100%
2020	Average water consumption in cu.m/sq.m/year	100%
Continuous	% of portfolio covered by ecological studies	100%
Continuous		100%
2020	% of corporate-activity GHG emissions offset	100%
Continuous		100%
Continuous		100%
Continuous		100%
Continuous		100%
Continuous	Amount invested annually in corporate sponsorship activities	100%
Continuous	% responses to the materiality matrix and tenant questionnaires based on number of stakeholders	100%
2018	% responses to the annual "service providers and suppliers" questionnaire as a % of the Company's purchase volume	91%
Continuous	% of AM and PM mandates observing the sustainable commitment charter	100%
Continuous	% of acquisitions that incorporate an environmental risk assessment	100%
Continuous	% of employees given CSR training	100%
Continuous	% of employees who have signed the charter	100%
Continuous		100%
Continuous	% responses to the annual satisfaction survey	100%
Continuous		100%

A certified approach

Cegereal has decided to make its commitment to the environment official by gaining AFNOR (the French International Organization for Standardization member body) certification for its property business's Environmental Management System (EMS) under ISO 14001.

In this way, Cegereal's strategy is guided by a continuous quality improvement cycle, in accordance with the Deming's plan-do-check-act wheel.

DEMING'S PLAN-DO-CHECK-ACT WHEEL



Widespread recognition

The effectiveness of Cegereal's CSR strategy has been acknowledged by industry organizations including GRESB and EPRA.

In 2017, Cegereal received an EPRA Gold Award for the quality of its non-financial reporting. This result rewards efforts made to consolidate the rigor and transparency of the Company's environmental indicators.

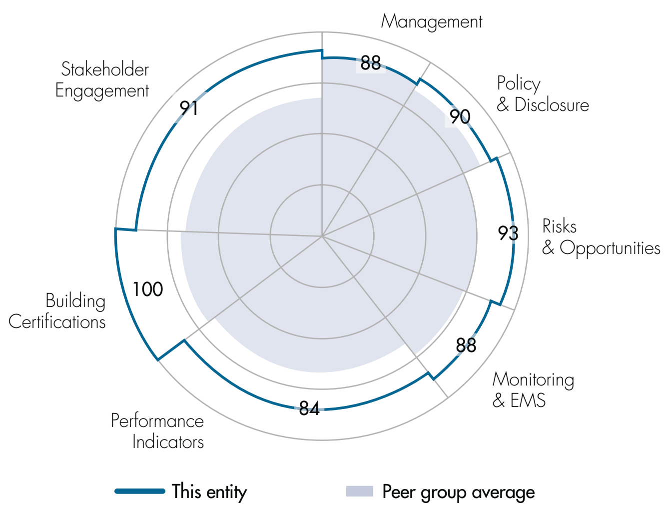
For the third year in a row, Cegereal won a place in the GRESB ranking in the "listed office property companies in Europe" category. This year, it improved its CSR performance with a score of 90/100, comfortably outstripping the sector average of 73/100, even with the panel of participating companies tripling in number.

This consistent performance reflects the strong commitment of Cegereal's management and a determination to implement responsible, sustainable practices across the company's business.

ABOUT GRESB

GRESB (Global Real Estate Sustainability Benchmark) is a benchmark organization that analyzes the environmental, social and governance (ESG) practices and policies of real estate companies. With a total of 850 companies analyzed in 2017 (covering 77,000 assets across 62 countries), GRESB has established itself as an international reference in ESG performance assessment for the real estate industry.

GRESB ASPECTS

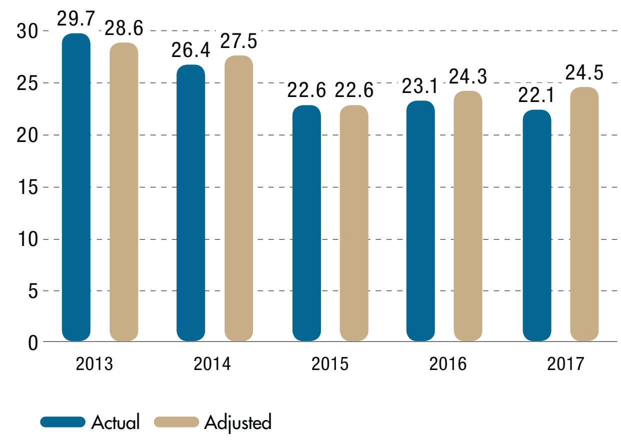


Source: Cegereal GRESB Aspects 2017

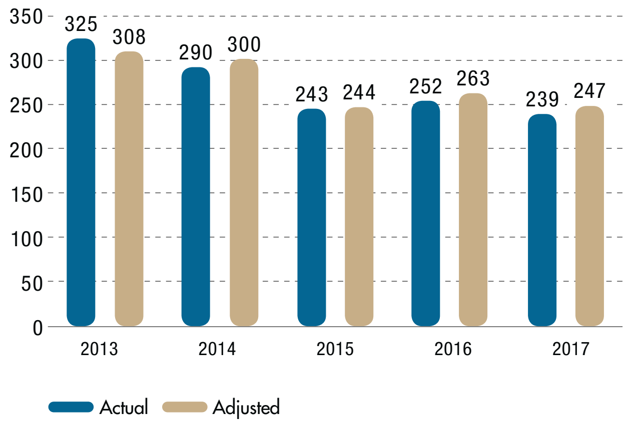
ENVIRONMENTAL PERFORMANCE

Environmental KPIs

PORTFOLIO GREENHOUSE GAS EMISSIONS
(Measurement unit: kg.CO_2eq/sq.m per year as reported)



PORTFOLIO ENERGY CONSUMPTION
(Measurement unit: kWhFE/sq.m per year as reported)



To improve the environmental performance of its assets, Cegereal aims to reduce its final energy consumption by 15% (in kWhFE/sq.m per year) and greenhouse gas emissions by 20% (in kg.CO_2eq/sq.m) by 2020 compared to 2013.

In 2017, on a like-for-like basis, final energy consumption was down 6.5% compared to 2016 and 20.4% compared to 2013. Greenhouse gas emissions fell 2.9% compared to 2016 and 20.6% compared to 2013. Similarly, waste production improved by 14.1% compared to 2016 and 9.8% compared to 2013.

This performance was driven by Cegereal's "Upgreen Your Business" strategy rolled out in 2015, and shows that Cegereal is well on the way to meeting the obligations applicable to commercial buildings provided for in France's energy transition law.

Also as part of its CSR strategy, Cegereal is looking into the possibility of improving its energy mix by using renewables to supply power to its properties.

Teamwork focused on continuous improvement

To meet the environmental objectives set for 2020, Cegereal has worked in close partnership with its property managers, asset managers and technical operators to establish a performance improvement process built notably on multi-year works programs and energy system optimization.

The process to continuously improve the environmental performance of Cegereal's buildings will be driven by multi-year improvement programs requiring capital expenditure, more minor upgrade plans as well as measures to encourage our tenants to adopt a more restrained use of energy.

At the Arcs de Seine building the process even includes the obligation to achieve a specific outcome in terms of optimizing energy consumption. To this end, supply temperatures from the Paris heating company, CPCU, have been optimized, LED lighting has been fitted, and cooling units have been replaced with more efficient systems.

Requirements have also been set for Hanami via Energy Performance Contracts established for 2016, 2017 and 2018, with savings projections of 8% in year one, 10% in year two and 12% in year three. The contracts were signed between professional building operators (in particular energy suppliers) and end users, with a view to facilitating investments aimed at improving energy performance.

In light of the outcomes at the Hanami and Arcs de Seine building, Cegereal also plans to introduce an Energy Performance Contract at Europlaza in 2018.

Labeling and certification

Cegereal has met its goal of achieving BREEAM In-Use International certification for all of its assets, and the Hanami campus is currently in the process of obtaining NF HQE™ Bâtiments Tertiaires en Exploitation certification. This will align the Group's entire portfolio with its action plan.

Environmental appendices

Cegereal involves its tenants in its sustainable development approach by attaching environmental appendices to its leases. Cegereal's goal is for such appendices, which represent a joint commitment between tenant and lessor, to be signed on all leases by 2020.

As of December 31, 2017, they had been signed for 87% of the leased surface area, a clear improvement on 2016.

Reduction in water consumption

Cegereal aims to reduce the water consumption of its assets by 10% by 2020 (in cu.m/sq.m per year). Consumption of water from the public water supply system was stable between 2013 and 2016, while edging down each year. The target was met in 2017, with like-for-like consumption cut by a further 6%. This brought the total reduction to more than 10% compared to 2013.

Including Hanami in the reporting scope, water consumption fell by 4.9% between 2016 and 2017.

Biodiversity and land use

Cegereal is committed to evaluating and preserving the biodiversity present at its various assets. Ecological studies were conducted for the Europlaza, Arcs de Seine and Rives de Bercy assets in 2015 and for Hanami in 2017, thereby allowing biodiversity to be mapped across 100% of its portfolio.

Such studies serve to estimate the ecological value of the various sites and facilitate the implementation of ecological portfolio management aimed at preserving and developing their biodiversity and identifying possible improvements. This involves calculating biodiversity indicators such as the biotope coefficient to assess initial biodiversity levels and subsequently measure the results of ecological management plans.

A certified ecologist defines and calculates the various indicators after inspecting the site, and records both ordinary and outstanding biodiversity, areas with major biodiversity neighboring the site, and plant and animal species to preserve and/or monitor. They also assess changes in vegetated areas, the diversity of biotopes, as well as threats and pollution on or around the sites on which assets are built.

Cegereal also uses these studies to improve its communication on biodiversity and the commitments it has implemented to promote it.

Since 2015, Cegereal has taken several steps in favor of biodiversity on the assets in its portfolio. Europlaza now boasts a 3,000-sq.m wooded garden, which explains its "Garden Tower" moniker. Arcs de Seine has a living roof covering its intercompany restaurant, as well as birdhouses and information boards devoted to biodiversity. Hanami features a watercourse and a large vegetated area that greatly encourage biodiversity.

Management of physical environmental and climate risks

Cegereal is potentially vulnerable to various types of physical risks:
- Environmental risks potentially causing specific forms of pollution.
- Physical risks related to climate change.

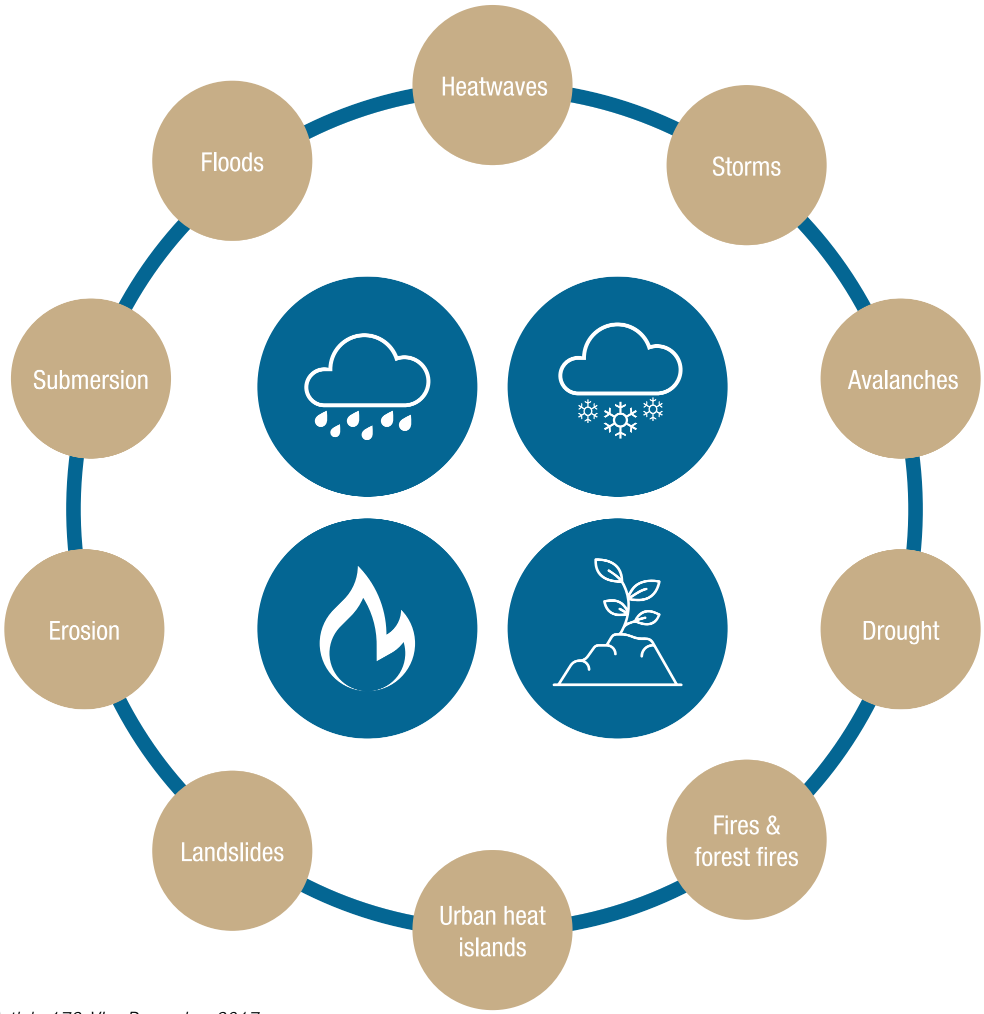
Environmental risks come in many forms. They relate chiefly to indoor air quality, as well as the possible presence of asbestos or lead in buildings. To protect itself against these risks and guarantee its tenants' comfort, Cegereal decided in 2014 to have all of its assets certified under two voluntary standards – NF HQE™ Exploitation and BREEAM In-Use International.

Cegereal anticipates and manages its environmental risks by means of a refurbishment and maintenance policy covering the various assets. In 2017, more than €800 thousand was devoted to green capex, notably for the replacement of cooling units in the Arcs de Seine building.

The physical risks associated with climate change are reflected in chronic changes that may sooner or later have an impact on assets. Cegereal's buildings are affected by rising temperatures and changing precipitation patterns. In line with the recommendations of the TCFD, and in accordance with Article 173-IV of France's energy transition law, Cegereal has decided to improve the management of climate risks on its property portfolio.

As a result, no provisions for environmental risks have been recognized in Cegereal's financial statements.

RISKS LINKED TO CLIMATE CHANGE



Source: *PwC – OID Guide to Article 173-VI – December 2017*

Preventing pollution, and measures taken to promote health and safety

To prevent the risk of pollution, Cegereal asks its partners to sign a "Clean Site Charter," thereby requiring them to meet health, safety and environmental criteria during renovation work. Providers tasked with technical management are also encouraged to take into account eco-design, sustainable development, energy performance and biodiversity criteria when selecting technologies and materials used for refurbishments and for communal life on sites.

The ISO 9001 and 14001 certifications held by the property managers help ensure that environmental impacts are properly taken into account. In line with regulations and pursuant to the COP21 agreement, Cegereal established a due diligence process in 2016 to ensure that climate and environmental risks are factored in during acquisitions. To further engage its stakeholders in its CSR strategy, this assessment is performed in partnership with asset manager Northwood Investors.

Mobility plan

Cegereal ensures that all of its buildings are located as close as possible to public transportation, with low-impact modes of transportation an average of under 210 meters away.

PRM accessibility plan

All of Cegereal's assets are accessible to persons with reduced mobility (PRM), and PRM plans are in place at each property (included in safety information sheets). In addition, accessibility analysis is a key step in all proposed refurbishments. This approach demonstrates Cegereal's pro-active policy in respect of disability.

THREE QUESTIONS FOR...

Jacques Alvirie,
► Building Manager
Yxime

"It's a continuous improvement process, and it's already paying off."

How do you incorporate Cegereal's CSR approach into your role as Building Manager?
Cegereal has laid down an ambitious CSR policy aimed at reducing energy consumption across the entire portfolio, which is reflected in concrete measures that it is our job to implement. It's a continuous improvement process, and it's already paying off.
At Europlaza, we carry out quarterly meter readings on the individual units which gives us a better view of our tenants' energy consumption. We have also ushered in closer management of the BMS as regards the use of hot water in the intercompany restaurant and parking garage lighting.

Satisfying its tenants is a matter of pride for Cegereal, how is this reflected in your work?
We carry out quarterly satisfaction surveys and have set up sustainable development committees to discuss CSR challenges with tenants.
We have also noted that well-being is central to their concerns, which is why we place great importance on the management of gyms, green spaces and restaurants.

Cegereal's management strategy is proactively innovative. Does the same go for Yxime?
Our role does not stop at maintenance and consumption management. It also extends to the new challenges of sustainable real estate such as well-being, flexibility and integration with society. We also factor in issues such as biodiversity and waste treatment, which have pride of place in Cegereal's CSR approach. We have cultivated indigenous plants in line with ecological studies carried out at the site. All waste generated at the tower will be sorted on-site starting in March 2018. The Europlaza lobby has been transformed and inter-tenant events will be organized to encourage spontaneous work encounters.

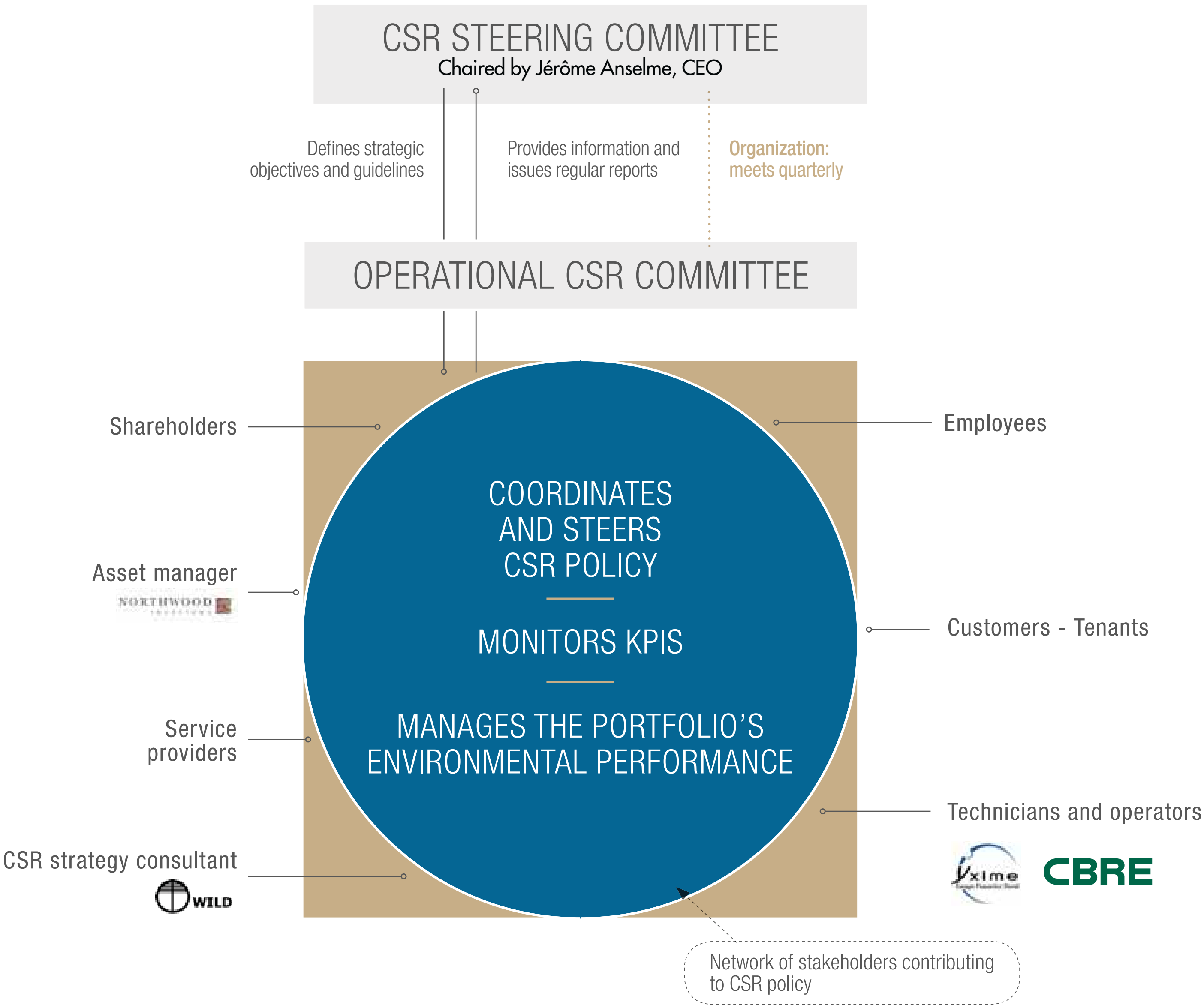
INTEGRATED CSR GOVERNANCE

CSR steering and coordination

A dedicated steering committee, chaired by Jerome Anselme, has been set up to steer the “Upgreen Your Business” CSR strategy.
In place since 2013, the committee meets quarterly to monitor Cegereal’s short- to long-term CSR objectives. Its work is based on a materiality matrix, employee and tenant satisfaction surveys, and a responsible purchasing questionnaire submitted to business partners to track their CSR commitment. It provides effective monitoring of best practices in sustainable and responsible development.

Business ethics and governance

Cegereal applies rigorous governance practices. The procedures for the exercise and organization of governance, and the internal control and information processes governing the compensation and benefits of corporate officers, are set out in section 1.8 Risks and section 1.4 Report of the Board of Directors on Corporate Governance. These sections describe the systems implemented within Cegereal to ensure compliance with the best ethical rules in respect of transparency, corruption and business ethics.


CSR STEERING COMMITTEE
Chaired by Jérôme Anselme, CEO
Defines strategic objectives and guidelines
Provides information and issues regular reports
Organization: meets quarterly
OPERATIONAL CSR COMMITTEE
COORDINATES AND STEERS CSR POLICY
MONITORS KPIS
MANAGES THE PORTFOLIO'S ENVIRONMENTAL PERFORMANCE
Shareholders
Asset manager
NORTHWOOD
Service providers
CSR strategy consultant
WILD
Employees
Customers - Tenants
Technicians and operators
CBRE
Network of stakeholders contributing to CSR policy

HR PERFORMANCE

Putting people at the center of our concerns

Compliance with the International Labour Organization conventions

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.

Furthermore, the nature of Cegereal's property business, which involves managing office buildings, does not pose any direct risks in relation to the working conditions of its employees.

Equal treatment

All of the Company's employees are treated fairly and have equal access to professional training opportunities, regardless of their origin. They all receive an annual performance review.

Labor relations

Each year, Cegereal publishes the results of a satisfaction questionnaire used to survey employees' expectations and concerns about working conditions, quality of life in terms of comfort and well-being, and the Company's commitment to sustainable development.

The findings are then used to implement improvements and corrective measures aimed at fostering employee satisfaction.

Cegereal does not have a staff representative body due to its small number of employees.

Our support for the UN Global Compact

To emphasize its commitments, Cegereal supports Global Compact France and respects and supports the Global Compact's Ten Principles.

The Ten Principles are incorporated into Cegereal's strategy and operations, thanks to the 21 criteria needed to obtain the GC Advanced status it holds. The Global Compact Advanced Club corresponds to the level of GC Active, but also covers reporting on the Company's implementation of 21 advanced criteria and best practices related to strategy, governance, stakeholder commitment, contribution to United Nations objectives, implementation of the principles along the value chain, and transparency.

Engaging employees in CSR policy

Cegereal's employees support the principles and values upheld by the Company by signing its internal code of ethics, which was established in 2015. The code of ethics includes the above principles, which cover respect for human rights and labor law, the rights of stakeholders (employees, shareholders, sub-contractors and suppliers, and area of impact of real estate assets), and the Company's commitments to sustainable development.

THE GLOBAL COMPACT'S TEN PRINCIPLES

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.

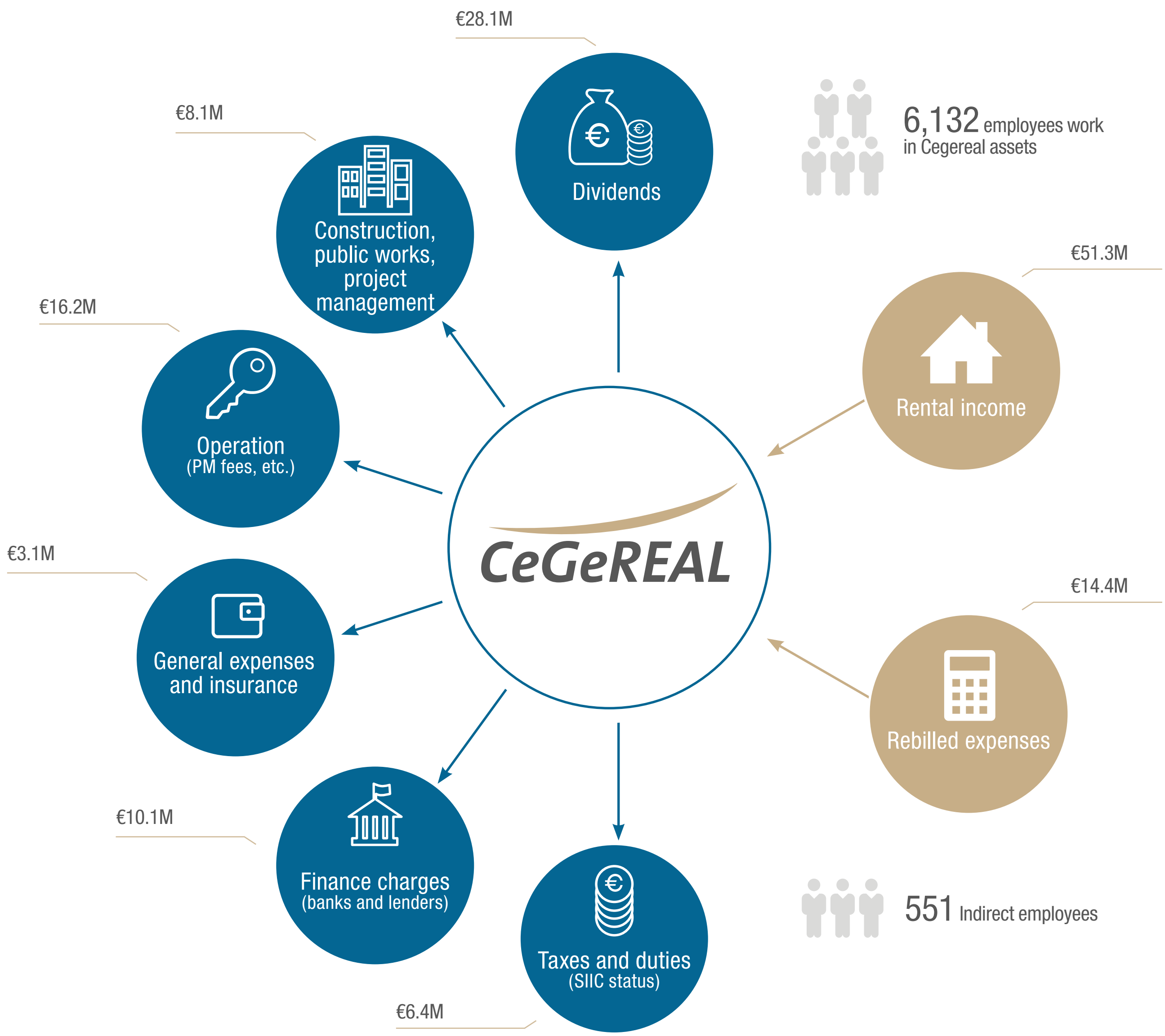
ANTI-CORRUPTION

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

SOCIETAL PERFORMANCE

A controlled societal footprint

Cegereal's commitment to environmental, HR and societal issues has an impact across the real estate sector's value chain. By limiting such repercussions and taking responsibility, Cegereal can improve its risk management and economic performance. The societal footprint is hard to quantify or estimate, but is nevertheless very real and significant.



CONTEMPLATING OUR ECONOMIC, GEOGRAPHICAL AND SOCIAL IMPACTS

Through its CSR policy, Cegereal optimizes the integration of its real estate assets in the local area and the city as a whole. This is a key challenge in Cegereal's policy, which is geared towards limiting the impact of the Company's operations on the surrounding buildings and, in particular, neighboring communities. With this in mind, and to ensure its properties fit in as seamlessly as possible with their surroundings, Cegereal participates in user organizations such as the Association des Utilisateurs de La Défense (AUDE), in relation to its Europlaza property. Cegereal's portfolio, which comprises four assets and is used by more than 7,000 employees, plays an important role in enhancing the economic appeal of the areas where the assets are located.

An active listening approach

Cegereal uses a variety of tools to survey stakeholder expectations and assess the resulting strategic challenges.
User satisfaction is fundamental to Cegereal's strategy and therefore a real priority. Stakeholders are sent an annual questionnaire to ensure that their views are taken into account in strategies and day-to-day actions. The questionnaires were updated in 2017 to incorporate challenges identified by users as important through the materiality matrix. As such, challenges including connectivity, comfort (in particular the temperature) and the environment were added to ensure tenant satisfaction.
Since Cegereal outsources the operation of its assets, its CSR policy is focused to a great extent on ensuring the commitment of its suppliers and partners. Long-term relationships of trust have been built with all service providers, demonstrated through a binding responsible purchasing charter and an annual questionnaire that assesses their practices and commitments.

Commitment of suppliers and partners

In 2017, 14% of the Company's purchases were from service providers and 86% from sub-contractors.
In the past three years, 91% (in volume terms) of Cegereal's business partners have replied to the questionnaire asking them about their sustainable development practices.
Among them, 95% of business partners by volume of purchases have signed Cegereal's responsible purchasing charter.
In addition to the charter and the questionnaire, Cegereal incorporates environmental clauses into its contracts in order to foster the operational commitment of its asset and property managers. In 2017, all such contracts included environmental management, control and environmental performance clauses.

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 International Labour Organization (ILO) conventions, and ensure compliance throughout their supply chain.

5.
Comply with the French Labor Code in its entirety.

6.
Comply with the fundamental conventions of the ILO.

7.
Comply with the code of ethics outlined in this responsible purchasing charter, and support the fight against corruption and conflicts of interest in business dealings and relationships with suppliers.

8.
In complete transparency, share all non-financial information with Cegereal that they feel may be useful for drawing up an improvement program.

9.
Limit the environmental impact of their business.

Support for think tanks, partnerships and corporate sponsorships

Cegereal is actively involved in industry organizations. Through the sharing of best practices and joint participation at real estate industry events, Cegereal has been able to improve its operations while staying closely attuned to market concerns.

The European Public Real Estate Association **(EPRA)** is 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 (BPRs).

Fondation Palladio, created in 2008 under the auspices of Fondation de France, helps the real estate industry to take economic, technological and environmental developments into account more effectively. Cegereal has been an active member and patron of the foundation since 2012.

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, helping to come up with planning and development strategies for La Défense, while preserving its appeal.

L'Institut de l'Épargne Immobilière et Foncière is an independent research center that acts as a forum for discussion and exchange among 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 **Urban Land Institute** (ULI). 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.

Le GRESB – The Global Real Estate Sustainable Benchmark – is an investor-driven organization committed to assessing the ESG performance of the real estate industry. More than 200 members, of which 58 pension funds and their subsidiaries, use the GRESB in their investment management process. Cegereal has been a member since December 2014.

OUR CLIMATE COMMITMENT

Cegereal has decided to align its climate commitments with the commitments made by France at the COP21 conference and reaffirmed at the One Planet Summit in December 2017. The aim is to implement actions consistent with the trajectory of the Paris Agreement, whose objective is to limit global warming to 2°C.

To this end, Cegereal has established an ambitious climate change policy to drive value creation based on three pillars and an associated risk management plan.

This decision, which began taking shape in 2016, resulted in Cegereal's commitment to controlling greenhouse gas (GHG) emissions across its corporate reporting scope and asset portfolio, and to offsetting the emissions of its corporate scope.

The climate change risks liable to have an adverse effect on the Company's business are reviewed in section 1.8 of the Financial Information section.

ABOUT CARBON OFFSETTING

The irreducible emissions that Cegereal produces as part of its day-to-day activities can be offset by providing financial support to greenhouse gas reduction projects around the world: pumping a ton of greenhouse gases into the atmosphere has the same effect on global warming, irrespective of where it is produced. Therefore, a reduction of one ton of CO_2 equivalent ($t.CO_2eq$) resulting from a gas reduction project equals one carbon credit. Voluntary carbon offsetting was created by individuals, businesses, community groups and associations that were not bound by the quotas of the Kyoto Protocol, in response to growing global awareness. The methods are directly inspired by the principles of the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change, i.e., additionality, permanence, verification and unique ownership.

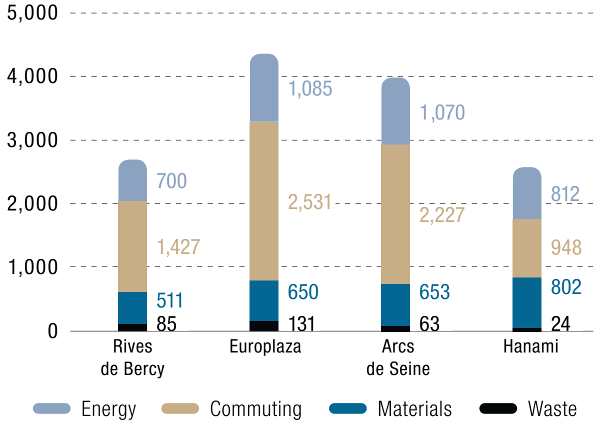
Controlling and reducing GHG emissions

The climate change strategy implemented by Cegereal has been effective, as evidenced by the 20.4% reduction in direct emissions from its real estate assets since 2013, and the 3% reduction compared to 2016. These percentages have been calculated on a like-for-like basis, i.e., excluding Hanami.

The carbon footprint of each asset has been audited and greenhouse gas emissions calculated for the following categories:

- Building-produced waste;
- Impact of construction materials (building emissions calculated for the year);
- Tenant commuting;
- Energy consumption.

GHG EMISSIONS IN T.CO_2EQ FOR THE 2017 FINANCIAL YEAR BY CATEGORY AND PROPERTY ASSET



Carbon footprint audits show that an average of 52% of emissions are attributable to employee commuting, 27% to energy consumption, 19% to building construction and renovation materials, and 2% to waste treatment.

The location of Cegereal's buildings close to public transit networks helps to limit GHG emissions.

Involving stakeholders

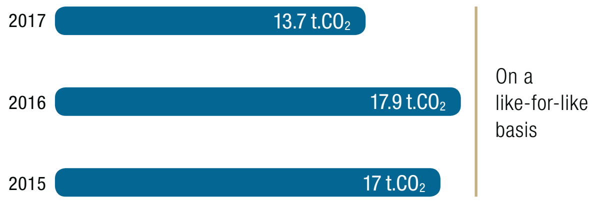
Cegereal's business partners have committed to pursuing a virtuous circle in their CSR practices through the responsible purchasing charter and questionnaire introduced in 2014.

By signing the charter, one of whose commitments is to "reduce the environmental impact of its operations", stakeholders demonstrate their support for Cegereal's climate strategy. The questionnaire serves to monitor their actions aimed at curbing GHG emissions. Cegereal uses it to assess and act on the greenhouse gas emissions generated indirectly by its business.

Offsetting GHG emissions

GHG emissions attributable to Cegereal's corporate activity decreased compared to 2016.

CORPORATE-ACTIVITY GHG EMISSIONS



In keeping with its climate strategy, and building on its third pillar, in 2016 Cegereal signed up to a voluntary GHG emission offsetting program organized by the GoodPlanet Foundation, whose methods were directly inspired by the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change.

Cegereal continued to offset its emissions through the same organization in 2017.

Analyzing energy transition risks for the Company

Since the Paris Agreement was signed in 2015, Cegereal's CSR strategy has focused very heavily on aspects related to the climate. Transition risks related to climate change have been anticipated in line with our environmental policy.

In accordance with market practices, these risks have been organized into four categories, and corresponding measures have been taken. For most risks, these measures can already be found in the "Upgreen Your Business" CSR strategy.

In 2017, Cegereal decided to go a step further by assessing the financial impact of the introduction of a carbon tax of €15 per ton of CO_2 equivalent. The cost of GHG emissions attributable to Cegereal's corporate activity is virtually negligible.

The financial impact of the portfolio's GHG emissions is estimated at €206 thousand, taking into account Scopes 1, 2 and 3, or 0.5% of Cegereal's 2017 revenue. Just taking into account GHG emissions attributable to energy consumption, the tax would amount to €55 thousand.

RISK CATEGORY	MEASURES
Regulatory	Anticipate regulations and take part in voluntary schemes in order to anticipate changes (GRESB, CDP, etc.).
Technological (competition with more efficient assets)	Monitor advances in technology and innovation. Seek excellence in respect of emerging expectations (connectivity, flexibility, user comfort and well-being, etc.) across all assets.
Market-driven (higher energy prices for buildings and travel; change in availability of construction materials)	Calculate the impact of a rise in energy costs on Cegereal's business. Calculate the impact of the introduction of a carbon tax on Cegereal's business. Commit green capex to all assets.
Reputational (particularly customers and stakeholders)	Draw up a CSR strategy reflecting user views in partnership with our sub-contractors. Pursue continuous improvement at all of our assets. Expand the environmental appendix to cover all leases in order to promote discussion with tenants. Introduce a process taking stakeholder expectations into account through the completion of a materiality matrix. These aspects are described in the section entitled "Societal Performance".

PURSUING SUSTAINABLE INNOVATION

Smart buildings

Replacing utility installations is an opportunity to improve the portfolio's connectivity. The remodeling of the Europlaza tower lobby enhanced the underused space with connected furnishings and informal meeting areas. Users can even connect to the internet in the gardens.

New connected spaces of this nature have been a great success and have also been set up in the lobbies, restaurants and gardens of other assets.

Cegereal has made connectivity an integral part of its strategy by adding a related section to its tenant questionnaires.

Improving the comfort and well-being of our tenants

The comfort and well-being of its tenants is one of Cegereal's central priorities, and has been identified as a key challenge by stakeholders.

Cegereal's assets already boast services geared towards optimizing user comfort. Among other features, each asset offers a high-standard intercompany restaurant, a cafeteria and an auditorium. The Europlaza and Rives de Bercy properties encourage their tenants to stay active with a gym and changing rooms equipped with showers.

All buildings have large private gardens, promoting biodiversity and offering users the pleasure of green vistas.

Creating human bonds

Cegereal's assets place great emphasis on community management. Regular events are held to promote social ties, such as spring barbecues bringing together tenants and offering an opportunity to enjoy the green spaces, Christmas markets and neighborhood parties.

APPENDICES

APPENDIX 1 – REPORTING INDICATORS AND METHODOLOGY

The environmental 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. Its "Sustainable Best Practices Recommendations" (sBPR) are designed to make the environmental information published in the annual reports of public property companies clearer and more comparable.

These recommendations have been applied to the internal scope (referred to as "corporate") as well as Cegereal's property portfolio, i.e., its four property assets: Arcs de Seine (three buildings); Europlaza; Rives de Bercy; and Hanami.

The environmental data are presented according to the three following scopes:

	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 portfolio" indicators	
Responsabilité	Headquarters (42 rue de Bassano)	Lessor	Users

In 2017, the coverage rates continued to improve, with 100% for the "Corporate" scope, 100% for the "Management" scope and 94% for the "Use" scope. In order to provide full coverage of all the tenants in the information presented in the reports, the extrapolations described below have been made to complete the "Use" scope data.
The published data cover the **period from January 1, 2017 to December 31, 2017** and have been reviewed by one of Cegereal's statutory auditors.

A breakdown of the reporting methodology used is provided below and is also available on the Cegereal website.

In accordance with Cegereal's reporting methodology, as expressed in its procedures and the EPRA sBPR, the Hanami campus has been taken into consideration for the 2017 **reporting year,** except in **like-for-like calculations** produced based on the same scope of consolidation as 2016, namely the environmental indicators of Arcs de Seine, Europlaza and Rives de Bercy, Cegereal's longstanding building complexes.

CORPORATE INDICATORS

SCOPE 1 - CORPORATE	REF: GLOBAL REPORTING INITIATIVE (GRI) G4 EPRA CONSTRUCTION & REAL ESTATE	MEASUREMENT UNIT	2016	2017	YEAR-ON-YEAR CHANGE	2017 WITHOUT CLIMATE ADJUSTMENT
ENERGY						
Volume						
Total energy consumption	EN 3 & 4 - Abs & LfL Energy	MWhFE	6,408	5,124	-20%	5,124
o/w fossil fuels	EN 3 - Abs & LfL Fuels	MWhFE	-	-	/	-
o/w electricity	EN 4 - Abs & LfL Electricity	MWhFE	6,408	5,124	-20%	5,124
o/w urban network	EN 4 - Abs & LfL DH&C	MWhFE	-	-	/	-
Ratios						
Per square meter	CRE 1 - Int Energy	kWhFE/sq.m	36.60	29.28	-20%	29.28
Per FTE	CRE 1 - Int Energy	kWhFE/FTE	1,602	1,281	-20%	1,281
Per square meter	CRE 1 - Int Energy	kWhPE/sq.m	94.50	75.5	-20%	75.5
CARBON		-				
Volume						
Total energy-related emissions	EN 16 - Abs & LfL GHG	t.CO_2eq	0.50	0.40	-20%	0.40
o/w direct	EN 15 - Abs & LfL Direct GHG	t.CO_2eq	-	-	/	-
o/w indirect	EN 16 - Abs & LfL Indirect GHG	t.CO_2eq	0.50	0.40	-20%	0.40
Article 75: total emissions	EN 15, 16, & 17 - Abs & LfL GHG	t.CO_2eq	17.90	14.4	-15%	14.4
Ratios						
Total energy-related emissions per sq.m	CRE 3 - Int GHG	kg.CO_2eq/sq.m	2.86	2.28	-20%	2.28
Total energy-related emissions per FTE	CRE 3 - Int GHG	kg.CO_2eq/FTE	125	100	-20%	100
Article 75: total emissions per sq.m	CRE 3 - Int GHG	kg.CO_2eq/sq.m	102	82	-20%	82
Article 75: total emissions per FTE	CRE 3 - Int GHG	kg.CO_2eq/FTE	4,475	3,600	-20%	3,600
WATER						
Volume						
Total consumption	EN 8 - Abs & LfL WAT	cu.m				
Ratios						
Per FTE	CRE 2 - Int WAT	cu.m/FTE				
Per square meter	CRE 2 - Int WAT	cu.m/sq.m				
WASTE						
Volume						
Total volume	EN 23 - Abs & LfL WASTE	kg	531	531	0%	
% recycled	EN 23	%	100%	100%	/	
Ratios						
Per FTE	-	kg/ETP	132.75	132.75	0%	

Basis of calculation: 175 sq.m and 4 FTEs for 2017.

APPENDIX 2 – PROPERTY PORTFOLIO INDICATORS AND METHODOLOGY

A. ENERGY INDICATORS

PROPERTY PORTFOLIO	REF: GLOBAL REPORTING INITIATIVE (GRI) G4 EPRA CONSTRUCTION & REAL ESTATE	MEASUREMENT UNIT	2016	2017	2016	2017	YEAR-ON-YEAR CHANGE	2017 WITHOUT CLIMATE ADJUSTMENT
SCOPE 2 - Lessors			Absolute values		Like-for-like values			Absolute values
Volume								
Total energy consumption	EN 3 & 4 - Abs & LfL Energy	MWhFE	12,247	18,916	12,247	12,082	-0.6%	18,348
o/w fossil fuels	EN 3 - Abs & LfL Fuels	MWhFE	-	-	-		/	-
o/w electricity	EN 4 - Abs & LfL Electricity	MWhFE	6,445	8,153	6,445	5,944	-7.7%	8,153
o/w urban network	EN 4 - Abs & LfL DH&C	MWhFE	5,802	10,763	5,802	6,138	5.7%	10,195
Ratios								
Per square meter	CRE 1 - Int Energy	kWhFE/sq.m	93.3	114.2	93.3	92.1	-1.3%	110.8
Per FTE	CRE 1 - Int Energy	MWhFE/FTE	3,062	4,729	3,062	3,021	-0.6%	4,587
Per square meter	CRE 1 - Int Energy	kWhPE/sq.m	174	194.4	174	163	-6.3%	188.6
SCOPE 3 - Users		-						
Volume								
Total energy consumption	EN 3 & 4 - Abs & LfL Energy	MWhFE	22,268	22,066	22,268	20,501	- 8%	21,404
o/w fossil fuels	EN 3 - Abs & LfL Fuels	MWhFE	-	-			/	-
o/w electricity	EN 4 - Abs & LfL Electricity	MWhFE	18,785	18,916	18,785	17,516	-7%	18,916
o/w urban network	EN 4 - Abs & LfL DH&C	MWhFE	3,483	3,150	3,483	2,985	-14.2%	2,488
Ratios								
Per square meter	CRE 1 - Int Energy	kWhFE/sq.m	177.7	141.7	177.7	163.6	-8%	137
Per FTE	CRE 1 - Int Energy	kWhFE/FTE	3,674	3,598	3,674	3,945	+7.3%	3,490
Per square meter	CRE 1 - Int Energy	kWhPE/sq.m	411	339	411	390	-5%	329
SCOPE 2&3								
Volume								
Total energy consumption	EN 3 & 4 - Abs & LfL Energy	MWhFE	34,515	40,982	34,515	32,270	-6.5%	39,753
Ratios								
Per square meter	CRE 1 - Int Energy	kWhFE/sq.m	263	247	263	246	-6.5%	240
Per square meter	CRE 1 - Int Energy	kWhPE/sq.m	566	494	566	519	-8.3%	494

Scope 2 basis of calculation: 165,623 sq.m and 4 FTEs for 2017 and 131,242 sq.m for 2016.
Scope 3 basis of calculation: 155,771 sq.m and 6,132 FTEs as reported (including Hanami). On a like for-like basis: 5,196 FTEs in 2017 and 6,060 FTEs in 2016 on a surface area of 125,287 sq.m.

B. CARBON INDICATORS

PROPERTY PORTFOLIO	REF: GLOBAL REPORTING INITIATIVE (GRI) G4 EPRA CONSTRUCTION & REAL ESTATE	MEASUREMENT UNIT	2016	2017	2016	2017	YEAR-ON-YEAR CHANGE	2017 WITHOUT CLIMATE ADJUSTMENT
SCOPE 2 - Lessors			Absolute values		Like-for-like values			Absolute values
Volume								
Total energy-related emissions	EN 16 - Abs & LfL GHG	$t.CO_2eq$	1,202	1,957	1,202	1,168	-2.8%	1,770
o/w direct	EN 15 - Abs & LfL Direct GHG	$t.CO_2eq$	-	-	-	-	-	-
o/w indirect	EN 16 - Abs & LfL Indirect GHG	$t.CO_2eq$	1,202	1,957	1,202	1,168	-2.8%	1,770
Ratios								
Total energy-related emissions per sq.m	CRE 3 - Int GHG	kg.CO2eq/sq.m	9.2	11.8	9.2	8.9	-2.8%	10.7
Total energy-related emissions per FTE	CRE 3 - Int GHG	$kg.CO_2eq/FTE$	300,500	489,250	300,500	292,000	-2.8%	442,500
SCOPE 3 - Users		-						
Volume								
Total energy-related emissions	EN 16 - Abs & LfL GHG	$t.CO_2eq$	1,993	2,097	1,993	1,932	-3%	1,897
o/w direct	EN 15 - Abs & LfL Direct GHG	$t.CO_2eq$	-	-	-	-	-	-
o/w indirect	EN 16 - Abs & LfL Indirect GHG	$t.CO_2eq$	1,993	2,097	1,993	1,932	-3%	1,897
Ratios								
Total energy-related emissions per sq.m	CRE 3 - Int GHG	$kg.CO_2eq/sq.m$	15.9	13.5	15.9	15.4	-3.1%	12.2
Total energy-related emissions per FTE	CRE 3 - Int GHG	kg.CO2eq/FTE	328	342	328	372	+10%	309
SCOPE 2&3								
Volume								
Total energy-related emissions	EN 16 - Abs & LfL GHG	$t.CO_2eq$	3,194	4,054	3,194	3,100	-2.9%	3,667
Total property portfolio emissions*	EN 16 - Abs & LfL GHG	$t.CO_2eq$	11,187	13,719	11,187	11,133	-0.4%	13,719
Ratios								
Total energy-related emissions per sq.m	CRE 3 - Int GHG	$kg.CO_2eq/sq.m$	24.3	24.5	24.3	23.6	-2.9%	22.1
Total energy-related emissions per FTE	CRE 3 - Int GHG	kg.CO2eq/FTE	527	661	527	614	+10%	598

Scope 2 basis of calculation: 165,623 sq.m and 4 FTEs for 2017 and 131,242 sq.m for 2016.
Scope 3 basis of calculation: 155,771 sq.m and 6,132 FTEs as reported (including Hanami). On a like for-like basis: 5,196 FTEs in 2017 and 6,060 FTEs in 2016 on a surface area of 125,287 sq.m.

*Cegereal audited the carbon footprint of its four properties. Greenhouse gas emissions have been calculated for the following categories:
- Building-produced waste;
- Impact of construction materials (building emissions calculated for the year);
- Employee commuting;
- Energy consumption.

C. WATER AND WASTE INDICATORS

PROPERTY PORTFOLIO - SCOPE 2 & 3	REF: GLOBAL REPORTING INITIATIVE (GRI) G4 EPRA CONSTRUCTION & REAL ESTATE	MEASUREMENT UNIT	2016	2017	2016	2017	YEAR-ON-YEAR CHANGE
WATER			**Absolute values**		**Like-for-like values**		
Volume							
Total consumption	EN 8 - Abs & LfL WAT	cu.m	56,536	75,583	56,536	53,119	-6.0%
Ratios							
Per FTE	CRE 2 - Int WAT	cu.m/FTE	9.33	12.33	9.33	10.2	-9%
Per square meter	CRE 2 - Int WAT	cu.m/sq.m	0.43	0.46	0.43	0.40	-7%
WASTE		-					
Volume							
Total volume	EN 23 - Abs & LfL WASTE	kg	757,720	742,587	757,720	650,793	-14.1%
% recycled	EN 23	%	nc	100%			/
Ratios							
Per FTE	-	kg/FTE	125	128	125	125	0%

Scope 2 basis of calculation: 165,623 sq.m and 4 FTEs for 2017 and 131,242 sq.m for 2016.
Scope 3 basis of calculation: 155,771 sq.m and 6,132 FTEs as reported (including Hanami). On a like for-like basis: 5,196 FTEs in 2017 and 6,060 FTEs in 2016 on a surface area of 125,287 sq.m.

d. Labeling and certification

Cegereal's objective is to have all of its assets certified under the two main benchmarks – NF HQE™ for commercial buildings in operation and BREEAM In-Use International. The Europlaza, Arcs de Seine and Rives de Bercy buildings were certified several years ago.

The Hanami campus has received BREEAM In-Use International certification, and is currently in the process of obtaining NF HQE™ Exploitation certification. This will align the Group's entire portfolio with its action plan.

75% of Cegereal's buildings are certified in accordance with the NF HQE™ commercial buildings in operation standard.

100%* of Cegereal's buildings are certified in accordance with the BREEAM In-Use International standard.

* The Hanami campus will receive certification in early 2018.

APPENDIX 3 – REPORTING METHODOLOGY

A. REPORTING METHODS

1. Measurement methods used

• **Surface area:**

The surface areas used for scope 2 and 3 indicators are those taken as the reference for financial reporting:

	FINANCIAL REPORTING REFERENCE SURFACE AREAS
ARCS DE SEINE	47,222 sq.m
EUROPLAZA	52,078 sq.m
RIVES DE BERCY	31,942 sq.m
HANAMI	34,381 sq.m
PROPERTY PORTFOLIO	165,623 sq.m
BEFORE 2017	131,242 sq.m

The surface area used for scope 1 is the leased surface area of Cegereal's premises at 42 rue de Bassano, 75016 Paris, France.

• **FTE:**

For scope 2 and 3, FTEs are the number of full-time employees on site at October 1, 2017.

For scope 1, they represent the total number of Cegereal employees as presented in the section on employment data.

2. Methods used for calculations and estimates

Environmental indicators are calculated or extrapolated using the following methods:

• **Greenhouse gas emissions:**

• For reporting scopes 1, 2 and 3, **direct GHG emission figures** are obtained by weighting the data related to fossil fuel energy consumption on the basis of the latest emission factors published by the French environment and energy management agency ADEME.

• Indirect GHG emission figures are obtained by weighting the data related to electrical energy consumption on the basis of ADEME's latest published emission factors.

• Figures for GHG emissions that are not related to energy consumption are obtained from the carbon audits performed on corporate activities and all owned property assets.

• **Energy consumption:**

• For scope 1 "Corporate": data are provided directly by Cegereal.

• For scope 2 "Management": data are provided by the property manager.

• For scope 3 "Use": the property manager collects energy-related data and the supporting invoices from the tenants of the various buildings.

Extrapolations in the event that some or all of the data are missing from scopes 1, 2 and 3:

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

Method 1: reconstruction based on previous data:

1.1 If data are unavailable for month M of year Y, data for month M of year Y-1 are used.

1.2 If data are unavailable for month M of year Y and month M of year Y-1, an extrapolation on a monthly pro-rata basis is performed using data from the remaining months in year Y if data for six consecutive months are available.

1.3 If data are unavailable for the whole year Y, data for the years Y-1, Y-2 or Y-3 are used.

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 another unit in the building or complex that is rented. For example: 2017 energy consumption for the first floor of building B rented by X = 2017 energy consumption for the second floor of building B rented by Y.

In 2017, no estimates were required for scope 2 energy consumption. Electricity consumption by the Corporate activity (scope 1) was calculated using the annual time-weighted pro-rata approach.

In order to obtain the portion of the data estimated for the "Use" scope, a calculation is performed on a pro-rata basis, based on the total surface area for which data are available for the whole surface area occupied by all tenants, or on an annual pro-rata basis when monthly data are unavailable. Ultimately, only 6% of the surface area under scope 3 "Use" was extrapolated.

• Arcs de Seine: 2017 electricity consumption for one out of nine tenants was extrapolated. The annual time-weighted pro-rata approach (method 1) was used to calculate 8.6% of energy consumption, and the surface-weighted pro-rata approach (method 2) was used to calculate 0% of the building's total energy consumption in 2017.

• Europlaza: 2017 electricity consumption for one out of 13 tenants was extrapolated. The annual time-weighted pro-rata approach (method 1) was used to calculate 7.4% of energy consumption, and the surface-weighted pro-rata approach (method 2) was used to calculate 0% of the building's total energy consumption in 2017.

• Rives de Bercy: Consumption was not estimated.

• Hanami: 2017 cold consumption was extrapolated, pro-rated on the basis of surface area and on cold consumption at the Europlaza property in 2017. Accordingly, 28% of energy consumption was extrapolated for this asset.

• **Waste:**
The waste presented in this table comes from non-hazardous streams, i.e., paper, waste similar to household waste (mainly including waste from the staff cafeteria), and construction site waste (if applicable). Hazardous waste streams are not covered as yet. Sorted waste refers to waste that has been placed in bins by category. This breakdown is not currently recorded for Company property assets.

Extrapolations in the event that some or all of the waste-related data are missing:

If data are missing, the unavailable data are recreated based on previous data. If data are unavailable for the whole year Y, data for the years Y-1, Y-2 or Y-3 are used.

Adjustment for an incorrect value in the available data for year Y-1 or Y-2:

If the value for year Y-1 or Y-2 is incorrect, it is adjusted using the values provided for year Y so as to use the adjusted value for like-for-like calculations.

Change in scope of consolidation taken into account in EPRA indicator calculations:

In the event of changes in the scope of consolidation (acquisition or disposal of an asset), absolute consumption and emissions data values are given for the new scope, while like-for-like values are given for comparisons between Y-1 and Y.
The Hanami asset, acquired in December 2016, was not included in Cegereal's 2016 scope. It is therefore taken into account in the 2017 scope but is not included in the calculation of like-for-like changes between 2016 and 2017.

3. Adjustments for climate change

Adjustments for climate change 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 ($P_{heating}$)/Air conditioning ($P_{cooling}$)/Other (P_{other})) 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[1] for 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 over ten years, from 2006 to 2016 for each station (HDDavg and CDDavg). Weather conditions at each station can therefore be compared to an average year by comparing HDD and CDD to HDDavg and CDDavg.

• **Adjusting final energy consumption figures for climate extremes**
Using the actual reported final energy consumption figures, consumption is adjusted for extremes based on the following formula:

$$C_{adjusted} = C_{actual} \times (P_{heating} \times HDD_{avg} / HDD + P_{cooling} \times CDD_{avg} / CDD + P_{other})$$

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_{avg}: benchmark average annual heating degree day (°C).
HDD: heating degree day for the current year (°C).
CDD_{avg} : benchmark average annual cooling degree day (°C).
CDD: cooling degree day for the current year (°C).

The corresponding conversion into primary energy and GHG emissions calculations are performed in accordance with the methodology described above.
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.

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

4. HR and societal data

Calculations of the main HR and societal data presented in the report are performed in accordance with the following methods:

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

Absenteeism rate: The absenteeism rate corresponds to the annual number of absences (excluding paid leave and "RTT" days off) compared to the theoretical annual number of hours worked.
Responsible purchasing: Service providers' and suppliers' 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 on to the responsible purchasing charter.

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

Percentage of leases including environmental appendices: The percentage of leases that include environmental appendices is calculated by taking the ratio of the surface area of leases covered by an appendix to the total surface area leased.

5. Calculation of the carbon tax

The carbon tax is calculated based on the results of the carbon footprint audits carried out on the four real estate assets. The assumption used for the cost of the carbon tax is €15/tCO_2eq.

APPENDIX 4 – REPORT BY THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT (FOR THE YEAR ENDED DECEMBER 31, 2017)

Cegereal S.A.

Registered office:
42, rue de Bassano
75008 Paris
Share capital: EUR 66,862,500

This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of Cegereal, (hereinafter named the "Company"), appointed as independent third party (parties) and certified by COFRAC under number 3-1049[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31 2017, included in the management report (hereinafter named "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code *(Code de commerce).*

Company's responsibility

The Board is responsible for preparing a Company management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarized in the management report and available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics *(Code de déontologie)* of our profession and the requirements of Article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);

Our work involved four persons and was conducted between October 2017 and February 2018 during a two week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement and with ISAE 3000 concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

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

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L.233-1 and the controlled entities as defined by Article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the methodological section of the management report.

Conclusion

Based on the work performed, we attest that the required CSR Information has been disclosed in the management report.

(1) "whose scope is available at www.cofrac.fr

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

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

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[2]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 100% of environmental data considered as material data of environmental issues and 100% of social data considered as material data of social issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

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

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

(2) Quantitative information: Water consumption; Energy consumption; CO_2 emissions related to energy consumption, Total waste produced, Percentage of surface area of assets with "HQE Exploitation" and "BREEAM In-Use" certification.
Societal indicators: Average distance of buildings from the nearest public transportation hub, Response rate to the supplier questionnaire on sustainability policies, Responsible purchasing charter signature rate; Percentage of leases that include environmental appendices.
Qualitative information: Working time organization; The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues; Measures implemented to protect and conserve the biodiversity; Adaptation to consequences of climate change; Energy consumption and measures implemented to improve energy efficiency and renewable energy use; Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility.

III

FINANCIAL INFORMATION

IV

LEGAL INFORMATION

INFORMATION
& Transparency

III. FINANCIAL INFORMATION

1. Review of the 2017 fiscal year

This report aims to present the financial position of our Company and our Group.

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.

The financial statements for the year ended December 31, 2017 were prepared using the same presentation and accounting methods as in the previous fiscal year.

The consolidated financial statements were adopted by the Board of Directors on February 15, 2018 and will be submitted to the Annual General Shareholders' Meeting for approval.

1.1. PRESENTATION OF THE GROUP

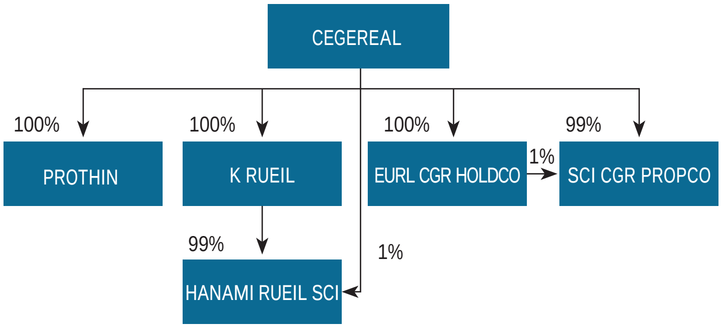
The Group whose activity is described in this report comprises Cegereal and the following entities:

- Prothin, a French *société par actions simplifiée* (joint-stock corporation) with share capital of EUR 94,159,617, whose registered office is located at 42 rue de Bassano, 75008 Paris, France, registered with the Paris Trade and Companies Registry under no. 533 212 445 ("**Prothin**"), of which Cegereal directly holds 100% of the capital and voting rights;
- K Rueil, a company investing predominantly in real estate with a variable share capital (SPPICAV), incorporated in the form of a French *société par actions simplifiée* (simplified joint-stock corporation), whose registered office is located at 39 avenue George V, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 814 319 513 and accredited by the French financial markets authority under number SPI20150043 ("**K Rueil**" or the "**OPCI**"), of which Cegereal directly holds 100% of the capital and voting rights;
- Hanami Rueil SCI, a non-trading real estate company with a share capital of EUR 100, whose registered office is located at 42 rue de Bassano, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 814 254 512 ("**Hanami Rueil SCI**"), of which Cegereal directly and indirectly holds 100% of the capital and voting rights through K Rueil;
- CGR Holdco EURL, a French *société à responsabilité limitée unipersonnelle* (single-shareholder limited liability company) with a share capital of EUR 1,000, whose registered office is located at 42 rue de Bassano, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 833 876 568 ("**CGR Holdco EURL**"), of which Cegereal directly holds 100% of the capital and voting rights;
- CGR Propco SCI, a non-trading real estate company with a share capital of EUR 1,000, whose registered office is located at 42 rue de Bassano, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 834 144 701 ("**CGR Propco SCI**"), of which Cegereal directly holds 100% of the capital and voting rights.

Subsequent references to the "**Group**" therefore include Cegereal, Prothin, K Rueil, Hanami Rueil SCI, CGR Holdco EURL and CGR Propco SCI.

CGR Holdco EURL and CGR Propco SCI were incorporated in December 2017.

Organizational structure



1.2. GROUP BUSINESS REVIEW

For the purposes of comparison, the financial information presented in the IFRS consolidated financial statements for the year ended December 31, 2017 includes the IFRS financial statements of Cegereal for the year ended December 31, 2016.

The Group's consolidated financial statements report revenue of EUR 51,259k, up 9% year on year, and net income of EUR 62,408k, compared with EUR 41,265k in 2016.

The consolidated and annual financial statements will be submitted for approval at the Shareholders' Meeting to be held on April 24, 2018.

1.3. BUSINESS REVIEW AND RESULTS OF THE MAIN SUBSIDIARIES

Prothin SAS

Huawei increased its presence in the heart of TMT Valley, leasing an additional 6,500 sq.m in the Arcs de Seine complex for a minimum lease term of six years, to occupy a total of 11,700 sq.m. RT, a network of international news channels, also moved teams to the "campus" site, signing a firm nine-year lease for 1,800 sq.m.

At the end of August, GE Capital vacated the space it occupied in the Europlaza building, while My Money Bank took up an additional 3,000 sq.m.

KPMG signed a firm nine-year lease for 2,500 sq.m in the Europlaza building.

Hanami Rueil SCI

Axens, a subsidiary of IFP Energies Nouvelles, which already occupied 15,800 sq.m at the Hanami campus, leased the eighth and final building, covering 2,900 sq.m, for a fixed six-year term.

The office complex acquired in 2016 is now fully leased.

Property occupancy rate

The occupancy rate at January 1, 2018 includes:

- premises for which the Company receives rent or rental expenses under a lease agreement;
- leases with an effective date at January 1, 2018 (leases with KPMG and Robert Half).

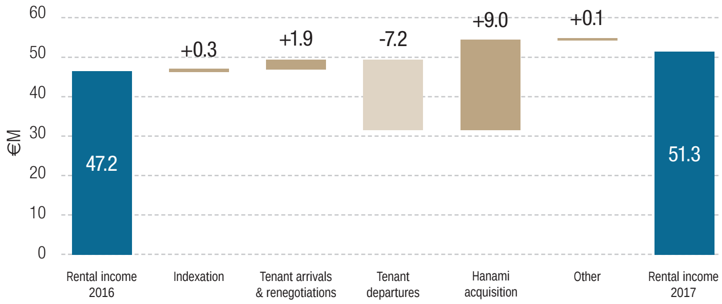
At January 1, 2018, the occupancy rate stood at 91.4%, compared with 87% at December 31, 2016 and 92.8% at December 31, 2015.

The occupancy rates for each property are as follows:

January 1, 2018	Europlaza	Arcs de Seine	Rives de Bercy	Hanami Campus	Total
Occupancy rate	74%	98%	100%	100%	91.4%

Change in rental income (December 31, 2016-December 31, 2017)

Front-end incentives are fully amortized over the fixed term of the lease.



Net rental income (2013-2017)

In thousands of euros

	2017	2016	2015	2014	2013
Europlaza	16,635	19,183	18,077	20,770	21,812
Arcs de Seine	15,256	17,747	16,384	14,008	11,765
Rives de Bercy	9,907	9,847	9,849	9,968	9,726
Hanami campus	9,460	419	-	-	-
Rental income	51,259	47,196	44,310	44,746	43,303
Rental expenses rebilled to lessees (1)	8,382	6,323	6,868	6,489	5,879
Real estate taxes rebilled to lessees (2)	5,604	4,599	4,363	4,833	4,217
Other amounts rebilled to lessees (3)	1,587	2,606		1,836	327
Miscellaneous income	593	463	118	16	39
Income from other services	16,166	13,991	11,349	13,173	10,462
Building-related costs (4)	(29,416)	(17,221)	(17,156)	(16,341)	(16,927)
Net rental income	38,008	43,965	38,503	41,579	36,838

Expenses incurred by the lessor (2013-2017)

In thousands of euros

	2017	2016	2015	2014	2013
Building maintenance	(161)	(136)	(498)	(20)	(735)
Expenses on vacant premises	(2,161)	(1,471)	(1,299)	(1,707)	(1,874)
Asset management fees	(11,676)	(4,062)	(3,143)	(3,049)	(2,972)
Other building-related costs – lessor	(1,476)	(629)	(985)	(243)	(923)
Building-related costs – lessor (4) – (1) – (2) – (3)	(15,474)	(6,299)	(5,925)	(5,019)	(6,504)
Wages and salaries	(1,240)	(1,127)	(957)	(550)	(576)
Other overhead costs	(4,177)	(2,329)	(3,812)	(2,376)	(2,096)
Total expenses incurred by the lessor	(20,890)	(9,754)	(10,695)	(7,944)	(9,176)

Net income by key indicator for the period

In thousands of euros

Statement of comprehensive income caption	Amount	Breakdown
Net rental income	38,008	Net rental income corresponds to rental income for the period (EUR 51,259k) and rental expenses rebilled to lessees (EUR 16,166k), less building-related costs (EUR 29,416k). In 2017, Net rental income fell by EUR 5,957k compared to 2016. This was primarily due to an increase of EUR 9,040k in rental income for Hanami, a decrease of EUR 4,978k in rental income for Prothin, and an increase in incentive fees for EUR 7,443k.
Administrative costs	(4,590)	Administrative costs chiefly comprise fees, insurance premiums and personnel costs.
Other operating expenses	(10)	Other operating expenses mainly correspond to depreciation recorded against facilities at the Group's registered office.
Change in fair value of investment property	37,178	The value of the real estate portfolio rose from EUR 1,124m at December 31, 2016 to EUR 1,169m at December 31, 2017. This increase reflects changes in fair value for EUR 37m and EUR 8m in renovation work (subsequent expenditure).
Net operating income	70,587	
Net financial expense	(9,945)	Net financial expense is made up of EUR 10,542k in financial expenses and EUR 597k in financial income, including EUR 165k in penalty interest relating to the reimbursement of the 3% additional corporate income tax contribution on dividend distributions.
Corporate income tax	1,765	During 2017, the French Constitutional Council (*Conseil constitutionnel*) ruled that the 3% additional corporate income tax contribution on dividend distributions was unconstitutional. The decision applies to all distributions on which the contribution was paid, irrespective of whether they originated from subsidiaries (French or European). Cegereal has filed claims in an amount of EUR 1,765k for the reimbursement of contributions paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016.
Net income	62,408	

1.4. FINANCIAL RESOURCES

STRUCTURE OF NET DEBT AT DECEMBER 31, 2017

Net debt stood at EUR 557m at December 31, 2017, down EUR 4m compared with 2016.

Prothin

Prothin refinanced in full the credit agreement of July 26, 2012, signed with (i) Aareal Bank AG, Deutsche Pfanbriefbank Aktiengesellschaft, Bayerische Landesbank, and Landesbank Berlin AG, and (ii) Cegereal, which represented a principal amount of EUR 405m (the "**Initial Loan**").

In this respect, on July 26, 2016, Prothin entered into a credit agreement (the "**Prothin Credit Agreement**") with Aareal Bank AG, Natixis, and Natixis Pfandbriefbank AG (the "**Banks**") for a principal amount of EUR 525m, which enabled it in particular to pay back the Initial Loan and finance certain work and expenditures. The initial due date is July 26, 2021.

Early repayment in the event of a change in control

The Prothin Credit Agreement provides for mandatory early repayment in the event of a change in control of Prothin and/or Cegereal.

Early repayment indemnity

Under the Prothin Credit Agreement, should Prothin make any (x) voluntary early repayments of all or part of the outstanding loan, or (y) mandatory, in certain cases, early repayments of all or part of the outstanding loan, or cancel all or part of the available amount, Prothin will have to pay, in addition to breakage costs, an early repayment indemnity equal to:

- one percent (1%) of any loan amounts repaid or canceled between the date of signature and the first anniversary of the date of signature; then
- zero point seventy-five percent (0.75%) of any loan amounts repaid or canceled between the first anniversary of the date of signature and the second anniversary of the date of signature;
- zero point fifty percent (0.50%) of any loan amounts repaid or canceled between the second anniversary of the date of signature and the third anniversary of the date of signature.

No early repayment indemnity will be payable in the case of amounts repaid as of the third anniversary of the date of signature.

Hanami Rueil SCI

In parallel with Cegereal's acquisition of K Rueil, on December 15, 2016, Hanami Rueil SCI entered into a credit agreement (the "**Hanami Rueil Credit Agreement**") with Banque Postale Credit Entreprises and Société Générale for a principal amount of EUR 100m. The due date is December 15, 2021.

Early repayment indemnity

Under the Hanami Rueil Credit Agreement, should Hanami Rueil make any (x) voluntary early repayments of all or part of the outstanding loan (with the exception, where applicable, of any amortizing payments made in accordance with the Credit Agreement), or (y) mandatory early repayments of all or part of the outstanding loan, Hanami Rueil will have to pay, in addition to breakage costs, an early repayment indemnity equal to:

- one percent (1%) of any loan amounts repaid between the date of signature and the first anniversary of the date of signature; then
- zero point seventy-five percent (0.75%) of any loan amounts repaid between the first anniversary of the date of signature and the second anniversary of the date of signature;
- zero point twenty-five percent (0.25%) of any loan amounts repaid between the second anniversary of the date of signature and the third anniversary of the date of signature.

No early repayment indemnity will be payable in respect of this article in the case of amounts repaid as of the third anniversary of the date of signature and any early repayment indemnities payable in relation to amounts repaid following a change in control will be reduced by fifty percent (50%).

MAIN GUARANTEES

The main guarantees given in the credit agreements are as follows:

- exclusive senior pledge in favor of the banks of the credit balance of the bank accounts;
- assignment of professional receivables under the Dailly Law mechanism;
- mortgage collateral;
- exclusive senior pledge of the shares held by Cegereal in the capital of Prothin and of the shares held by K Rueil and Cegereal in the capital of Hanami Rueil SCI; and
- pledge of subordinated loan receivables.

MAIN FINANCIAL RATIOS

Cegereal's financial position at December 31, 2017 satisfies the various limits that could affect the conditions set out in the different credit agreements relating to interest and early repayment clauses.

The table below presents the main financial ratios set out in the credit agreements.

	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Gearing ratio			
Non-current borrowings/ adjusted net assets	53.4%	52.1%	43.0%
Interest coverage ratio			
Projected net rental income/ interest expenses	471%	513%	298%

Projected net rental income designates total projected net rental income for the following 12 months (for the Prothin loan) or for the previous six months to the following six months (for the Hanami loan), 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.

OTHER FINANCING ARRANGEMENTS

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

1.5. BUSINESS REVIEW BY GROUP COMPANY

CEGEREAL

Financial position/statutory financial statements

Cegereal's main business is the direct or indirect ownership of shareholdings in property companies, such as Prothin and Hanami Rueil SCI, that lease the buildings they own.

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.2 and III.3.

Cegereal generated net revenue of EUR 85,544 in 2017, up 22% compared with 2016, and a net loss of EUR 77,234, compared with a loss of EUR 6,864,893 in 2016.

The annual financial statements will be submitted for approval at the Shareholders' Meeting to be held on April 24, 2018.

At December 31, 2017, shareholders' equity stood at EUR 299,477k compared with opening shareholders' equity of EUR 327,607k.

At December 31, 2017, cash and cash equivalents stood at EUR 999k, a EUR 2,749k decrease compared with December 31, 2016.

The main changes during the year ended December 31, 2017 contributing to this decrease were as follows:

In thousands of euros

SOURCES	
Funds from operations	
Increase in miscellaneous debt	33
Decrease in fixed assets	42,729
Total sources of funds	42,762

USES	
Funds used in operations	(138)
Dividends paid	28,053
Net increase in working capital	2,273
Increase in fixed assets	15,323
Total uses of funds	45,511

Net change in cash and cash equivalents	(2,749)

Net loss by key indicator for the period

Net loss by key indicator for the period is as follows:

In thousands of euros

	2017 12 months	2016 12 months
Net revenue	86	70
Other operating revenue	58	30
Total operating revenue	**144**	**100**
Other purchases and external charges	(1,770)	(2,130)
Taxes, duties and other levies	(42)	(2,611)
Wages and salaries	(1,240)	(1,127)
Additional provisions for free shares/provisions for employer contributions relating to free shares	(236)	(20)
Other operating expenses	(176)	(195)
Total operating expenses	**(3,462)**	**(6,083)**
Operating loss	**(3,318)**	**(5,983)**
Total financial income	1,497	30
Total financial expenses	(35)	(13)
Net financial income	**1,462**	**17**
Net non-recurring income	**14**	**83**
Corporate income tax	**1,765**	**(802)**
Net loss	(77)	(6,685)

Appropriation of net loss

In compliance with the law and our bylaws, we propose to appropriate the net loss for the year, which amounted to EUR 77,234, as follows:

Source:

- 2017 net loss: EUR 77,234
- Prior retained earnings: EUR 29,421
- Other reserves: EUR 2,711,437

Appropriation:

- Retained earnings: EUR 29,421, reducing the "Retained earnings" account to zero;
- Other reserves: EUR 47,813, reducing "Other reserves" from EUR 2,711,437 to EUR 2,663,624.

Distribution of reserves

The next General Shareholders' Meeting will be asked to approve a distribution of EUR 2,540,775 from the "Other reserves" account.

The balance of "Other reserves" will therefore be reduced from EUR 2,663,624 to EUR 122,849.

The overall amount distributed per share would come to EUR 0.19.

The ex-dividend date is May 2, 2018.

The payment will take place on May 4, 2018.

Distribution of additional paid-in capital

The next General Shareholders' Meeting will also be asked to approve a distribution of EUR 52,286,475 from the "Additional paid-in capital" account.

The balance of "Additional paid-in capital" will therefore be reduced from EUR 70,914,026.19 to EUR 18,627,551.19.

The overall amount distributed per share would come to EUR 3.91.

The ex-dividend date is May 2, 2018.

The payment will take place on May 4, 2018.

The overall amount distributed per share would come to EUR 4.10. This amount represents EUR 2.20 according to the Company's distribution policy and EUR 1.90 corresponding to the Company's strong performance.

Should the Company hold any treasury shares on the ex-dividend date, the sums corresponding to the distributions not paid in respect of those shares will be transferred to retained earnings.

In the event of a change in the number of shares granting entitlement to distributions from the 13,372,500 shares making up the share capital at December 31, 2017, the overall amount of distributions will be adjusted accordingly and the amount transferred to retained earnings will be determined based on distributions actually paid.

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:

In euros

Fiscal year ended	Eligible for tax rebate		Ineligible for tax rebate	Dividend treated as the reimbursement of a contribution
	Gross dividends	Other income distributed		
Dec. 31, 2014	€32,094,000[1] i.e., €2.40/share	-	-	-
Dec. 31, 2015	€26,745,000[1] i.e., €2/share	-	-	-
Dec. 31, 2016	-	-	-	€28,082,250[1] i.e., €2.10/share

(1) Including the amount corresponding to dividends on treasury shares, which was transferred to retained earnings.

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 12,066 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 of Cegereal

	Invoices received that were paid late during the year					Invoices issued that were paid late during the year				
	1 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total	1 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total
(A) Late payment by period										
Number of invoices concerned	1	7		3	11	1				1
Total amount of invoices concerned (excl. tax)	6,000	340,921		47,250	394,171	17,500				17,500
% of total amount of invoices received during the year (excl. tax)	0.34%	19.26%	0.00%	2.67%	22.27%					
% of net revenue for the year (excl. tax)						20.46%				20.46%
(B) Invoices excluded from (A) relating to doubtful or unrecognized payables and receivables										
Number of invoices excluded										
Total amount of invoices excluded										
(C) Payment terms used (contractual or statutory)										
Payment terms used to calculate late payments	❒ Contractual: ❒ Statutory:					❒ Contractual: ❒ Statutory:				

At the end of the reporting period, there were no trade accounts receivable or trade accounts payable that were due and had not been settled.

All amounts due are payable within 60 days.

SUBSIDIARIES

Prothin

Prothin's main business is the ownership and operation of the Europlaza, Arcs de Seine and Rives de Bercy buildings, which together were valued at EUR 1,001m at December 31, 2017. The subsidiary recorded rental income of EUR 49.8m in 2017, down from EUR 54.9m in 2016. Its net income amounted to EUR 3.7m in 2017, compared with net income of EUR 3.2m in 2016. The amount of additional paid-in capital distributed over the year ended December 31, 2017 totaled EUR 20.4m.

The office space in the Rives de Bercy building was fully occupied at December 31, 2017, while the Europlaza and Arcs de Seine buildings had an occupancy rate of 74% and 98%, respectively.

K Rueil

K Rueil was acquired in full by Cegereal on December 15, 2016.

K Rueil's main business is the ownership and management of a 99% interest in Hanami Rueil SCI. It reported net income of EUR 5.6m in 2017.

Hanami Rueil SCI

Hanami Rueil SCI was acquired on December 15, 2016 and is owned by K Rueil OPPCI (99%) and by Cegereal directly (1%).

Hanami Rueil SCI's main business is the ownership and operation of the Hanami campus, which was valued at EUR 168.4m at December 31, 2017. During the year, the subsidiary recorded rental income of EUR 11.3m and net income of EUR 112k.

The Hanami campus was fully occupied at December 31, 2017.

CGR Holdco EURL

CGR Holdco EURL was incorporated by Cegereal on December 7, 2017. The company holds 1% of shares in CGR Propco SCI. It generated net income of EUR 0 in 2017.

It had no business activity in 2017.

CGR Propco SCI

CGR Propco SCI was incorporated by Cegereal on December 20, 2017. It generated net income of EUR 0 in 2017.

It had no business activity in 2017.

RELATED-PARTY TRANSACTIONS

Transactions between the Group and its shareholders

No significant transactions took place between the Group and its main shareholders in 2017 other than those described in Note 5.27 to the consolidated financial statements.

Transactions between Group companies

The Group has a highly centralized organizational structure.

Cegereal sets up financing for the needs of the entire Group.

A cash pooling agreement between Cegereal and Prothin and related loan agreements are used to optimize cash flows through the management of cash surpluses and shortfalls across the different subsidiaries.

Administrative services agreements are also in place between (i) Cegereal and Prothin and (ii) Cegereal and Hanami Rueil. The related amounts are not material.

1.6. CHANGES, OUTLOOK AND TRENDS

The Company will monitor any opportunities to develop its portfolio in the Grand Paris office property market while continuing to market vacant surface area in the properties it owns through its subsidiaries.

1.7. SUBSEQUENT EVENTS

To the Company's knowledge, there has been no significant change in the Group's financial or commercial position since December 31, 2017.

1.8. RISKS

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.

SUMMARY TABLE OF THE MAIN RISKS

Risks	Nature	Consequences	Observations
1. Risks linked to the Company's/Group's activity			
1.1. Risks linked to the economic and competitive environment			
Risks linked to the economic environment	- The real estate market is inherently cyclical. - The challenging economic situation and a possible downturn may have an impact on demand for new office space, the rents that can be charged, the Company's ability to increase rent levels when leases are renewed, and the ICC-ILAT-INSEE rent index.	- Negative impact on the Group's financial position, results, activity and development prospects. - 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. - Impact on the occupancy rate of the Group's properties.	- The majority of the leases already in place have been renewed since 2010, which prevents the Company from having to decrease its rents under Article L.145-39 of the French Commercial Code (*Code de commerce*). - The ICC index increased by an average of 1.8% per year over the last ten years. The ILAT index has increased by 23% since it was established in 2005. - These risks are specific to property companies. Changes in these risks are closely related to exogenous components including fluctuations in the real estate market and interest rates, and economic cycles. - To reduce this risk, the Group's properties are continuously monitored by its asset manager.
Risks linked to the competitive environment	- Rental activity: risk of obstacles to achieving the Group's rental management objectives due to competition in the office real estate sector. - Investment/diversification: risk of obstacles to pursuing the Group's strategy and investment and diversification policy due to 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. - Unfavorable effect on the Group's growth, activity and future results if the investment and diversification strategy cannot be implemented.	- The Group maintains regular discussions with the lessees in order to anticipate their needs and be in line with the market.
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 Group 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 and a decline in the occupancy rate	- The five most significant lessees (Crédit Foncier de France, Capgemini, Huawei, Axens and Canal Plus) represent 51% of properties rented on a one-year lease. - Risk of failure to renew leases or lease assets within a given time frame, at prices that comply with the Group's expectations and under conditions as favorable as those under current leases.	- 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 Group's results and financial position due to the fall in rental income and extra operating expenses.	- The division of the real estate portfolio enabled Cegereal to increase the three of lessees from 12 to 33 since the Group was first listed in March 2006. This number should be further increased as vacant premises are marketed. - The Group constantly monitors vacant premises and upcoming lease expirations. By maintaining close relations with tenants and monitoring the rental market, the Group is able to anticipate the necessary steps to reducing costs associated with vacant premises through early renegotiations, marketing and works scheduling.
Risk linked to non-payment of rent	- All Group revenue is generated by leasing its real estate assets to third parties. - Risk of a fall in the rent collection rate due to financial difficulties suffered by tenants, particularly in challenging economic conditions.	- Non-payment of rent could affect the Group's results, and increase liquidity risk (see Note 4.6 in section 2.5.4 of the consolidated financial statements).	- The Group endeavors to diversify its tenant portfolio. All new lessees undergo an assessment of their financial position prior to signing the lease and the financial solidity of all lessees is reassessed on an annual basis. - At year-end 2017, 99% of the Company's lessees were considered to be in a satisfactory financial position.
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 on better value opportunities elsewhere.	- The four assets are located in four very different zones of the greater Paris market, which represents more than 50 million sq.m. The risk of concentration is therefore limited. - The vacancy rates for the areas where the Group's various buildings are located were as follows: 7.3% for La Défense, 4.3% for the Western Crescent and 8.7% for the Eastern Inner Suburbs.
Risks linked to the concentration of the portfolio in the same rental sector	- The Group has concentrated its real estate portfolio exclusively in office properties. This activity is more sensitive to the economic environment, specific regulatory constraints and the cost of restoring vacant premises and is subject to a higher degree of tenant insolvency risk due to the relative size of each tenant.	- 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 half-yearly updates. - Risk of error in estimating asset value, or failure of assumptions used to materialize. An error in estimating asset value could also impact the Group's cost of debt, compliance with financial ratios and borrowing capacity.	- Under IFRS, the Group's consolidated income could vary considerably in the event of a significant rise or fall in the capitalization rates for the real estate sector.	- Real estate valuations are carried out by BNP RE, Catella and Cushman & Wakefield, external real estate valuers, twice a year using consistent, recognized methods. - The Group makes known any item at its disposal likely to have a significant impact on the value of its buildings.
1.5. Acquisition risks			
Risk relating to acquisitions of new properties or shares	- Risk of overestimating the expected yield or return, or the potential increase in value of assets acquired, or failure to identify hidden defects in said assets.	- The Company has created a procedure for acquisitions based on technical, legal and financial studies. The procedure also includes assistance from external advisors. Potential acquisitions are subject to a review by the Investment Committee followed by the Board of Directors due to the limitations on the powers of senior executives.	

Risks	Nature	Consequences	Observations
2. Managing market risks			
2.1. Liquidity risk			
	- Risk of failure to obtain insufficient resources for the Group's recurring operations and investments, or of obtaining said financial resources under unfavorable conditions. This risk is highly dependent on exogenous components, namely changes in the financial and real estate markets.	- Option available to lenders of declaring all outstanding amounts, accrued interest and charges thereon to be immediately payable, and of enforcing all or part of the collateral and guarantees granted in the event of a default. - 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, 2017, complied with all of the various ratios and limits applicable to the mandatory early payment clauses provided for in the credit agreements (see Note 5.11 (Non-current borrowings) and Note 5.26 (Off-balance sheet commitments and security provided) in section 2.5.5 of the IFRS financial statements). - At December 31, 2017, Cegereal's financial ratios were as follows: (i) 53.4% LTV ratio and (ii) 471% interest coverage ratio. - 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.
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. Risks on equities and other financial instruments			
	- 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. - As of December 31, 2017 the Group held financial instruments and is therefore subject to market and asset value fluctuations.	- The Group is not exposed to any equity risk. - Under IFRS, the Group's consolidated income could vary considerably in the event of a significant rise or fall in interest rates.	- These financial instruments did not have a material impact on the Group's financial statements for the year ended December 31, 2017.
2.4. Interest rate risk			
	- Risk of interest rate rises impacting the Group's performance and objectives over time. - 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 0.79% at December 31, 2017 (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 Group's assets (also see Note 4.7 to the consolidated financial statements in section 2.5.4).	- The Group conducted a sensitivity analysis regarding changes in interest rates (see section 2.4.3 of the consolidated financial statements). - The Group closely monitors interest rate risk. Interest rate risk is managed using hedging instruments, on which a half-yearly report is submitted to the Audit Committee. - Interest rate risk is also discussed in Note 2.5.4 to the IFRS financial statements for the year ended December 31, 2017.
3. Risks linked to the majority shareholder			
Risks linked to the majority shareholder	- The Northwood Concert (as defined in Article 2.5 of the "Legal Information" section of this report) 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. - The Northwood Concert manages other real estate assets in France.	- The Northwood Concert 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. - The Northwood Concert may find that it has a conflict of interest with regard to certain transactions (e.g., lease negotiations or disposal of a building), which could have an unfavorable effect on the Company, and in turn on the Group's assets, financial position, results or strategy.	- The Company's shareholders have a shared interest in maximizing its value.
4. Risks linked to service providers			
4.1. 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 Advisory Services Agreement (ASA), 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.
5. Risks linked to the regulatory environment			
5.1. 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. - 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. - The Company seeks the best legal advice in order to meet its needs in terms of monitoring regulatory changes. - 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.
5.2. 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. - If the lessor refuses to renew the lease on 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.	
5.3. 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. - 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. - 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. - On the acquisition of the Hanami building, a technical inspection was carried out by an external specialist. No asbestos risks were identified.

Risks	Nature	Consequences	Observations
5.4. Risks linked to corporate social responsibility (CSR) regulations			
	- Regulations such as the French law on energy transition for green growth and the "Grenelle" laws were introduced to: - Combat climate change - Reduce environmental impacts on biodiversity - Reduce energy use in buildings - Encourage sustainable development measures (relating to the circular economy, health of building occupants, etc.)	- Compliance costs, liability, limits, restrictions on the use of carbon-intensive assets, investments in new technology, risk and asset impairment, etc. affect the value of assets and investments. - The introduction of a carbon tax and a rise in energy prices lead to an increase in the cost of operating real estate assets.	- Cegereal closely monitors regulatory changes as part of its CSR strategy and ISO 14001-certified property management business. - The CSR action plan implemented following our low-carbon review has delivered results, with a fall in energy consumption and a decrease in greenhouse gas emissions recorded across the portfolio and our corporate activities. - Risks related to energy price rises and the introduction of a carbon tax are minimal with regard to Cegereal's balance sheet. Data relating to these risks are discussed in section 6 of the CSR chapter.
6. Risk linked to the costs and availability of appropriate insurance coverage			
	- Risks of the Group being unable to maintain suitable insurance coverage at an acceptable cost, no longer being covered for certain types of risk, or being faced with the risk of default of one of its insurers. - The Company benefits from insurance coverage taken out both at national level and by its majority shareholder.	- These risks could have unfavorable consequences for the Group's financial position and results. - If the Company were to leave the Northwood Investors group's scope of consolidation, or if it no longer benefited from the negotiating power of the Northwood Investors group, it might have to pay higher premiums.	- Management of this risk is monitored by an external insurance advisor. - The cost of insurance premiums paid by the Group in respect of mandatory and optional insurance coverage does not have a material impact on the Company's results. Therefore, were the Company to leave the Northwood Investors group, it should not have a material impact on the Company's financial position. - No significant insurance failures were recorded during the year.
7. Risks linked to tax treatment			
7.1. Risks linked to the constraints resulting from the tax treatment applicable to SIICs			
	- The Company has elected for the preferential tax treatment granted to listed real estate investment companies (SIICs) in accordance with Article 208 C of the French Tax Code, which exempts it from corporate income tax on income generated from the lease of buildings, capital gains made on the sale of properties or shares in companies investing predominantly in real estate, and dividends from subsidiaries. - In order to apply this preferential tax treatment, the Company must satisfy a certain number of conditions, including compliance with minimum dividend payment obligations.	- Failure to satisfy the conditions for preferential tax treatment as an SIIC could result in the Company being subject to corporate income tax at the standard rate in respect of the fiscal year during which it failed to satisfy a condition, or temporarily or permanently losing SIIC status. - As the Company has applied the preferential tax treatment for more than ten years, the permanent loss of SIIC status would result in the Company being subject to corporate income tax as of the year in which said status is lost.	- The Company complies with the conditions for preferential tax treatment as an SIIC.
7.2. Risks linked to changes in tax regulations			
	- Tax regulations are constantly changing and increasingly complex. The Company may face difficulties complying with new regulations, in particular changes to the conditions for preferential tax treatment as an SIIC, which could result in the temporary or permanent suspension of its SIIC status.	- Changes in tax regulations could have an adverse impact on the Company's financial position. In addition, failure to comply with the conditions for preferential tax treatment as an SIIC would result in the permanent loss of the Company's SIIC status. - This would result in the Company being subject to corporate income tax at the standard rate.	- The Company takes the necessary steps to ensure that it is compliant with changes in tax regulations.
7.3. Risk linked to the majority shareholder			
	- One or several shareholders acting in concert within the meaning of Article L.233-10 of the French Commercial Code (with the exception of the SIICs themselves) may not directly or indirectly hold 60% or more of a SIIC's share capital. Failure to comply with this threshold will result in the Company's SIIC status being called into question. - In accordance with Article 208 C, section 1 of the French Tax Code, the 60% condition may be waived in the event of a public tender or exchange offer within the meaning of Article L.433-1 of the French Monetary and Financial Code (*Code monétaire et financier*), provided this percentage holding is reduced to less than 60% before the final date for filing the financial statements for the fiscal year in which the threshold was breached. In such a scenario, the condition will be deemed to have been met.	- Following their acquisition of shares of the Company on November 5, 2015, the Northwood entities held 59.78% of the Company's capital and voting rights and consequently did not breach the 60% threshold. - However, as they exceeded the 30% holding threshold, they were required to make a mandatory public offer ("the Offer"). - The Northwood entities, which held 98.44% of the Company's share capital following the tender offer that closed on January 25, 2016, have sold a portion of their shares, representing 40.96% of the Company's capital, to leading institutional investors acting independently, including an affiliate of GIC, the Singaporean wealth fund, which took up 25%. - As of December 31, 2016, the Northwood entities held in concert 57.38% of the Company's capital and voting rights. - The reclassification by the Northwood entities, in 2016 and therefore before April 30, 2017, of the portion of its interest in the Company exceeding the 60% threshold enabled the Company to maintain its SIIC status.	
7.4. 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. - 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 tax 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.	
8. Risks linked to societal and environmental damage			
	- Risk of a decline in the Group's value due to the high sensitivity of its real estate assets to extreme weather events (temperature, precipitation and floods, wind, etc.). The Group may also be affected by a shortage of and increase in the cost of the commodities required for its operations (water, energy, etc.).	- This could result in an increase in insurance premiums and operating costs (consumables and technical maintenance). - The risk also concerns failure to achieve the CSR objectives, in particular relating to reducing energy and water consumption and greenhouse gas emissions. - The Group's image and reputation could also be affected.	- CSR is a core pillar of the Group's strategy. - The Group monitors energy consumption at its properties very closely. - See section II for further information regarding the CSR risk management system.

RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

A summary of the Group's risk management system is provided in the table presented above.

The law also requires that a description of the Company's internal control procedures be drawn up. First, it is necessary to explain the objectives of such procedures.

Objectives of the Company's internal control procedures

The Group's risk management system is designed to:

- create and preserve the Company's value, assets and reputation;
- optimize processes and decision-making within the Company to further the achievement of objectives;
- ensure that actions carried out are in keeping with the Company's values;
- encourage the Company's employees and partners to adopt a common vision of the main risks.

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.

The various internal control procedures implemented by the Company are described below:

General organization of internal control in the Company

a) Persons or structures in charge of internal control

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 the Board of Directors' report on corporate governance.

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 interest, 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.

Summary description of the internal control procedures set up by the Company

The Company changed its information system in order to increase the speed of information management with its stakeholders and to improve its internal control capabilities.

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

On November 5, 2015, Northwood Investors France Asset Management became the new asset manager and the SAP ERP was replaced by ALTAIX and YARDI. Bills and receipts for rental charges are issued by the building manager, which also collects payments.

The building manager's accounting department records the bills and the asset manager checks them.

The budget of charges relating to each building is prepared by the building manager and validated by the asset manager.

The building manager receives and records day-to-day expenses related to the building in the software tool (ALTAIX and YARDI). The building manager also makes payments and approves 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 financial instruments, 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 building manager, the asset manager and banks.

The Company's Executive Management approves invoices and authorizes 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, financial statements (balance sheet and income statement prepared on the last day of the half-year in question, and a statement of cash flows for the half-year), a comparison of the financial statements with the budget and with the 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. Accordingly, its assets are managed by Northwood Investors France Asset Management, the duties of property manager are entrusted to the historical business partner, Yxime for Prothin and to CBRE and Vinci for Hanami Rueil SCI, 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.

d) Anti-money laundering and counter-terrorist financing

The Company will endeavor to set up the procedures required to combat money laundering.

FINANCIAL RISKS RELATING TO THE IMPACTS OF CLIMATE CHANGE

Risks linked to societal and environmental damage

The Group may be exposed to financial risks related to the effects of climate change, and in particular a loss of value due to increased sensitivity of the assets in the Group's portfolio to extreme weather events (temperature, rainfall and flooding, wind, etc.). The Group may also be affected by a shortage of and increase in the cost of the commodities required for its operations (water, energy, etc.).

This could result in an increase in insurance premiums and operating costs (consumables and technical maintenance). There is also a risk that the Group may fail to meet its objectives in terms of CSR, which would affect its image and reputation.

The main CSR issues associated with these risks are responsible purchasing, natural resources and waste other than water and energy, climate change and greenhouse gas emissions, energy efficiency and renewable energy.

CSR is a core pillar of the Group's strategy and the Group monitors the consumption of its real estate assets very closely.

See section II – Corporate Social Responsibility for further information regarding the CSR risk management system.

Risks related to climate change regulations

New regulations introduced to combat climate change.

Compliance costs, liability, limits, restrictions on the use of carbon-intensive assets, investments in new technology, risk and asset impairment, etc. affect the value of assets and investments.

A carbon tax is expected to be introduced and energy prices are expected to rise.

Cegereal is closely monitoring these new regulations as part of its CSR strategy and is already seeing a reduction in greenhouse gas emissions as well as energy consumption at its properties.

Risks related to energy price rises and the introduction of a carbon tax are minimal with regard to Cegereal's balance sheet.

1.9. INSURANCE

The Group's insurance strategy aims to protect its assets and cover any potential liability.

It aims to ensure the Group's continuity in the event of various risks arising, reduce costs relating to the occurrence of said risks, constantly improve guarantees and the management of compensation payments, and deliver a quality service to tenants.

The main risks for which the Group has taken out insurance coverage are damage to its property and the resulting loss of rent, and civil liability as a property owner or as a member of the real estate profession.

The insurance program includes:

- insurance of real estate constructions, including civil liability insurance for property owners;
- civil liability relating to the real estate sector (in general and towards the environment).

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.

Due to their strategic importance for the Group in terms of risk management, coverage against damage to property and/or operating losses and civil liability insurance for property owners account for the majority of the insurance budget.

These risks are insured as part of a program covering Cegereal and all of its subsidiaries, taken out with leading insurance company Aviva Insurance Limited via the Group's insurance broker, Arthur J. Gallagher.

With respect to commercial leases, the Group encourages mutual waivers of legal action in order to aid the claims handling process.

Coverage against damages and liabilities relating to property

The properties held by the Group are all located in the Greater Paris region, but not in the same area. Consequently, a total loss affecting one of its buildings would have a limited impact on its financial position. Moreover, the coverage has been calculated to amply cover a major incident affecting the Group's largest property.

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).

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.

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.

General and professional civil liability

The bodily, material and immaterial consequences of civil liability incurred due to the actions or misconduct of employees are covered by a Group contract.

The personal civil liability of the corporate officers and de jure and de facto Managers of the Company is covered to levels appropriate to the related risks.

Claims

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 premiums or deductibles.

1.10. LAWSUITS

Neither Cegereal nor any company belonging to the Group are 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 the financial position or profitability of the Company and/or the Group.

No material provisions were booked in respect of lawsuits in the Group's financial statements at December 31, 2017.

2. Consolidated financial statements

The IFRS consolidated financial statements for the year ended December 31, 2016 and the related Statutory Auditors' report presented on pages 84 to 102 and page 103, respectively, of the 2016 Registration Document filed with the AMF on March 24, 2017 under no. D. 17-0219, are incorporated by reference into this document.

The IFRS consolidated financial statements for the year ended December 31, 2015 and the related Statutory Auditors' report presented on pages 66 to 81 and page 82, respectively, of the 2015 Registration Document filed with the AMF on April 27, 2016 under no. D. 16-0418, are incorporated by reference into this document.

2.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

In thousands of euros, except per share data

	Notes	2017	2016
		12 months	12 months
Rental income	5.18	51,259	47,196
Income from other services	5.19	16,166	13,991
Building-related costs	5.20	(29,416)	(17,221)
Net rental income		**38,008**	**43,965**
Sale of building		0	0
Administrative costs	5.21	(4,765)	(3,663)
Other operating expenses	5.22	(10)	(716)
Other operating income	5.22	175	9
Increase in fair value of investment property		41,978	34,292
Decrease in fair value of investment property		(4,800)	(13,900)
Total change in fair value of investment property	5.1	*37,178*	*20,392*
Net operating income		70,587	59,987
Financial income		597	53
Financial expenses		(10,542)	(17,972)
Net financial expense	**5.23**	**(9,945)**	**(17,919)**
Corporate income tax	**5.24**	**1,765**	**(802)**
CONSOLIDATED NET INCOME		62,408	41,265
of which attributable to owners of the Company		***62,408***	***41,265***
of which attributable to non-controlling interests		***0***	***0***
Other comprehensive income			
TOTAL COMPREHENSIVE INCOME		62,408	41,265
of which attributable to owners of the Company		***62,408***	***41,265***
of which attributable to non-controlling interests		***0***	***0***
Basic earnings per share (in euros)		4.67	3.09
Diluted earnings per share (in euros)		4.37	2.95

2.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2017

In thousands of euros

	Notes	Dec. 31, 2017	Dec. 31, 2016
Non-current assets			
Property, plant and equipment		56	61
Investment property	5.1	1,169,400	1,124,100
Non-current loans and receivables	5.2	21,591	22,949
Financial instruments	5.12	31	**184**
Total non-current assets		**1,191,078**	**1,147,294**
Current assets			
Trade accounts receivable	5.3	18,481	16,539
Other operating receivables	5.4	10,200	12,709
Prepaid expenses	5.6	347	354
Total receivables		**29,029**	**29,602**
Cash and cash equivalents	5.5	61,718	18,634
Total cash and cash equivalents		**61,718**	**18,634**
Total current assets		**90,747**	**48,236**
TOTAL ASSETS		1,281,825	1,195,530
Shareholders' equity			
Share capital		66,863	66,863
Legal reserve and additional paid-in capital		77,600	115,043
Consolidated reserves and retained earnings		410,662	359,877
Net attributable income		62,408	41,265
Total shareholders' equity	**5.10**	**617,532**	**583,048**
Non-current liabilities			
Non-current borrowings	5.11	616,043	576,951
Other non-current borrowings and debt	5.16	5,929	4,605
Non-current corporate income tax liability			
Financial instruments	5.12	548	920
Total non-current liabilities		**622,519**	**582,476**
Current liabilities			
Current borrowings	5.16	2,979	2,224
Trade accounts payable	5.16	11,589	5,832
Corporate income tax liability		0	
Other operating liabilities	5.15	9,644	7,985
Prepaid revenue	5.17	17,561	13,966
Total current liabilities		**41,774**	**30,007**
Total liabilities		**664,293**	**612,483**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,281,825	1,195,530

2.3. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

In thousands of euros

	2017	2016
OPERATING ACTIVITIES		
Consolidated net income	62,408	41,265
Elimination of items related to the valuation of buildings:		
Fair value adjustments to investment property	(37,178)	(20,392)
Elimination of other income/expense items with no cash impact:		
Depreciation of property, plant and equipment (excluding investment property)	9	9
Free share grants not vested at the reporting date	-	102
Fair value of financial instruments (share subscription warrants, interest rate caps and swaps)	(219)	895
Adjustments for loans at amortized cost	1,752	2,949
Contingency and loss provisions	-	
Corporate income tax paid	(1,765)	
Penalty interest	(165)	
Cash flows from operations before tax and changes in working capital requirements	24,841	24,828
Other changes in working capital requirements	14,380	376
Working capital adjustments to reflect changes in the scope of consolidation		134
Change in working capital requirements	14,380	511
Net cash flows from operating activities	39,221	25,339
INVESTING ACTIVITIES		
Acquisition of fixed assets	(8,126)	(161,717)
Net increase in amounts due to fixed asset suppliers	493	621
Net cash flows used in investing activities	(7,633)	(161,096)
FINANCING ACTIVITIES		
Change in bank debt	37,875	181,000
Issue of financial instruments (share subscription warrants)		9
REFINANCING TRANSACTION COSTS	(508)	(8,542)
Purchases of hedging instruments		(168)
Net increase in current borrowings	729	
Net decrease in current borrowings		(523)
Net increase in other non-current borrowings and debt	1,323	654
Purchases and sales of treasury shares	130	(43)
Dividends paid	(28,053)	(26,720)
Net cash flows from financing activities	11,496	145,668
Change in cash and cash equivalents	43,084	9,911
Cash and cash equivalents at beginning of the period	18,634	8,723
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	61,718	18,634

2.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2015	160,470	21,436	(217)	386,620	568,309	-	568,309
Comprehensive income	**0**	**0**	**0**	**41,501**	**41,501**	**0**	**41,501**
- Net income for the period				41,265	41,265		41,265
- Other changes				236	236		236
- Other comprehensive income							
Capital transactions with owners	**(93,608)**	**93,608**	**(43)**	**(26,720)**	**(26,763)**	**0**	**(26,763)**
- Dividends paid (€2 per share)				(26,720)	(26,720)		(26,720)
- Change in treasury shares held			(43)		(43)		(43)
- Decrease in nominal share capital	(93,608)	93,608					
Shareholders' equity at Dec. 31, 2016	66,863	115,043	(259)	401,401	583,048	-	583,048
Comprehensive income	**0**	**(9,361)**	**0**	**71,768**	**62,408**	**0**	**62,408**
- Net income for the period				62,408	62,408		62,408
- Other changes		(9,361)		9,361	0		
- Other comprehensive income							
Capital transactions with owners	**0**	**(28,082)**	**130**	**29**	**(27,923)**	**0**	**(27,923)**
- Dividends paid (€2.10 per share)		(28,082)		29	(28,053)		(28,053)
- Change in treasury shares held			130		130		130
- Decrease in nominal share capital							
Shareholders' equity at Dec. 31, 2017	66,863	77,600	(129)	473,199	617,532	-	617,532

2.5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the 2017 consolidated financial statements

These notes provide additional information in respect of the consolidated statement of financial position at December 31, 2017 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, 2017

Note 1.1 Operational context

The Group, comprising Cegereal SA and its subsidiaries, did not experience any material change in its operating environment during the year ended December 31, 2017.

The Group did not acquire or dispose of any real estate assets during the year ended December 31, 2016.

Note 1.2 Key events of 2017

On October 25, 2017, the Board of Directors terminated the office of Raphaël Tréguier, former Chief Executive Officer of Cegereal. The Board has appointed Jérôme Anselme as acting Chief Executive Officer.

On July 17, 2017, the Cegereal Group drew down the remaining portion of the second tranche of the credit agreement, i.e., EUR 39m.

In 2017, the French Constitutional Council (Conseil constitutionnel) ruled that the 3% additional corporate income tax contribution on dividend distributions was unconstitutional. The ruling applies to all distributions on which the contribution was paid, irrespective of whether or not they originated from subsidiaries (French or European). Cegereal has filed claims in an amount of EUR 1,765k for the reimbursement of contributions paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016.

Note 1.3 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, 2017 includes the financial statements for the year ended December 31, 2016.

Note 1.4 Regulatory context

The Group's consolidated financial statements for the year ended December 31, 2017 were prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) applicable to reporting periods ended December 31, 2017, as adopted by the European Union (hereafter referred to as "IFRS").

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

In addition, Cegereal is required to comply with certain dividend payment obligations in accordance with its election for tax treatment as an SIIC (see Note 2.8).

The consolidated financial statements were adopted by the Board of Directors on February 15, 2018.

2.5.2. SIGNIFICANT ACCOUNTING POLICIES USED TO PREPARE THE 2017 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, 2017 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, 2017 and applicable at that date. For the purposes of comparison, the financial statements for the year ended December 31, 2016 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). The Group's financial statements are therefore 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, which are carried at fair value in accordance with IAS 40, IAS 32, IAS 39 and IFRS 5.

Standards, amendments to standards and interpretations adopted by the European Union effective for reporting periods beginning on or after January 1, 2017

The new published standards, amendments and interpretations effective for reporting periods beginning on or after December 31, 2017 have no impact on the Company's 2017 consolidated financial statements.

Amendments to IAS 7 – Disclosures relating to financing activities

The amendments, which are applicable for future reporting periods only, require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To satisfy this requirement, entities will need to disclose the following changes in liabilities arising from financing activities: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values, and other changes.

Published standards and interpretations that are not yet effective, adopted by the European Union at the end of the reporting period

As from January 1, 2018, the Company will apply IFRS 9 – Financial Instruments, which replaces IAS 39. IFRS 9 includes improvements to the classification and measurement of financial assets, and provides a single impairment model for "expected credit losses" and a significantly revised approach to hedge accounting. More detailed disclosures will also need to be provided in the notes to the financial statements.

The Company elected not to early adopt IFRS 9.

IFRS 15 – Revenue from Contracts with Customers will be effective for reporting periods beginning on or after January 1, 2018. It contains new principles for recognizing revenue and new requirements for disclosures provided in the notes to the financial statements.

IFRS 16 – Leases will be effective for reporting periods beginning on or after January 1, 2019. It contains new principles for recognizing leases, primarily for lessees, which will be required to recognize assets and liabilities for the majority of leases, as is already the case for finance leases. Earlier application of IFRS 16, which was adopted by the European Union on October 31, 2017, is permitted.

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. A review of these standards and interpretations is being conducted and, at this stage, the Group does not expect them to have a significant impact on the consolidated financial statements.

Published standards and interpretations that are not yet effective

The IASB has published the following standards, amendments to standards and interpretations that have yet to be adopted by the European Union and are applicable to the Group:

- Annual Improvements to IFRSs 2014-2016 Cycle (applicable as of January 1, 2018)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (applicable as of January 1, 2018)
- Amendments to IAS 40 – Transfers of Investment Property (applicable as of January 1, 2018)
- Interpretation of IFRIC 23 – Uncertainty over Income Tax Treatments (applicable as of January 1, 2019)
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation (applicable as of January 1, 2019)
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures (applicable as of January 1, 2019)
- Annual Improvements to IFRSs 2015-2017 Cycle (applicable as of January 1, 2019)

These interpretations and amendments should not have a material impact on the Group's consolidated 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 manage the relevant activities, is exposed to or is entitled to the variable returns generated by such activities, and has the power to influence such returns.

At December 31, 2017, no entities were jointly controlled or significantly influenced by the Group.

Scope of consolidation

At December 31, 2017, the scope of consolidation included the following entities:

	Siren no.	% control	% interest	Basis of consolidation	Period taken into account
Cegereal SA	422 800 029	100%	100%	Full consolidation	January 1 to December 31, 2017
Prothin SAS	533 212 445	100%	100%	Full consolidation	January 1 to December 31, 2017
K Rueil OPPCI	814 319 513	100%	100%	Full consolidation	January 1 to December 31, 2017
Hanami Rueil SCI	814 254 512	100%	100%	Full consolidation	January 1 to December 31, 2017
CGR Holdco EURL	833 876 568	100%	100%	Full consolidation	December 7 to December 31, 2017
CGR Propco SCI	834 144 701	100%	100%	Full consolidation	December 20 to December 31, 2017

All entities included in the scope of consolidation closed their accounts on December 31, 2017.

Consolidation adjustments and eliminations

Business combinations are accounted for in accordance with IFRS 3. A business combination is where the acquirer acquires a controlling interest in one or several businesses. IFRS 3 defines a business as a combination of the three following elements:

- economic resources that create, or have the ability to create outputs;
- any process that, when applied to the resources, creates or has the ability to create outputs;
- the outputs resulting from the processes applied to the resources that provide or have the ability to provide the expected return.

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 their share in the fair value of the assets and liabilities transferred, 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 recorded 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. This is also the case for CGR Holdco EURL and CGR Propco SCI, which were incorporated in 2017.

K Rueil OPPCI and Hanami Rueil SCI entered the scope of consolidation with effect from December 15, 2016. The acquisition did not meet the definition of a business combination within the meaning of IFRS 3 and was therefore treated as the acquisition of a group of assets. The acquisition cost relating to the group of assets was therefore allocated to the identifiable assets acquired and liabilities assumed in proportion to their respective fair value at the acquisition date. No goodwill was recognized.

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.

On acquisition, investment property is measured at the acquisition price including transaction costs (legal fees, transfer duties, etc.) in accordance with IAS 40.

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 twice a year 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 changes real estate valuer every three years in order to obtain a new analysis of an asset's qualities and market value. At December 31, 2017, the Company's external real estate valuers were BNPP RE for Europlaza and Rives de Bercy, Catella for Arcs de Seine and Cushman Wakefield for Hanami.

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 its real estate valuers 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, 2017, 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 valuer 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 of the most 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 7.50%.

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.

Fair value hierarchy under IFRS 13

Cegereal applies IFRS 13, which defines fair value as the price that would be received in an orderly transaction to sell an asset or paid in an orderly transaction to transfer the liability at the measurement date under current market conditions.

IFRS 13 uses a three-level fair value hierarchy to classify the inputs used as a basis to measure the assets and liabilities concerned.

The three levels are as follows:

- Level 1: fair value corresponds to the unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2: fair value is determined, either directly or indirectly, using observable inputs;
- Level 3: fair value is determined directly using unobservable inputs.

The categorization of the Group's investment property in accordance with IFRS 13 is presented in Note 5.1.

Note 2.5 Financial instruments – classification and measurement of financial assets and liabilities

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

LOANS AND RECEIVABLES

Loans and receivables 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 rents billed in respect of the following period.

The 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 5.17).

NON-DERIVATIVE FINANCIAL LIABILITIES

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

DERIVATIVE FINANCIAL INSTRUMENTS

Cegereal has not opted for hedge accounting. Derivative financial instruments are therefore measured at fair value at the end of each reporting period with any gains or losses recognized in income.

Cegereal applies IFRS 13, which defines fair value as the price that would be received in an orderly transaction to sell an asset or paid in an orderly transaction to transfer the liability at the measurement date under current market conditions.

The categorization of the Group's derivative financial instruments in accordance with IFRS 13 is presented in Note 5.13.

HYBRID FINANCIAL INSTRUMENTS

A hybrid financial instrument is a non-derivative financial contract (host contract) containing one (or more) derivative instrument(s) (embedded derivative(s)).

When the embedded derivative is not closely related to the host contract, it is accounted for separately. Otherwise, it is accounted for as part of the host contract.

Hybrid instruments are measured:

- under the fair value option when measured as a whole; or

- when the fair value option is not chosen, the host contract is measured at amortized cost.

The Group has not chosen to use the fair value option to measure hybrid financial instruments.

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. Cegereal SA entered into a second mandate with Exane BNP Paribas on November 27, 2017.

Under the terms of these contracts, 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.

Within the scope of these liquidity agreements, the Group owned 9,609 treasury shares (representing 0.07% of its total issued shares) for a total amount of EUR 364k at December 31, 2017.

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 SA's 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, 2017.

Similarly, no tax is payable on capital gains arising on disposals of real estate, 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 eligible for the same tax treatment.

In addition, K Rueil is a SPPICAV (company investing predominantly in real estate with a variable share capital) and is therefore exempt from paying corporate income tax. Hanami SCI is transparent for tax purposes, within the meaning of Article 8 of the French Tax Code.

<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;

- 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;

- dividends received from SPPICAVs in which at least 5% of the capital and voting rights have been held for a minimum of two years and 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 that they choose to leave the SIIC tax regime at any time, the SIICs and their subsidiaries must 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.

(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 from tax-exempt income 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 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 four 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, 2017.

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.

When the agreement contains derivative instruments, it is accounted for as described in the section on "Hybrid financial instruments" in Note 2.5.

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 or the period up to the date on which the lessee may terminate the lease without incurring any material financial consequences (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 and restoration indemnities received from former lessees are recognized under “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 vacant premises is recorded directly in the statement of comprehensive income.

Rental expenses include building-related taxes (property tax, tax on office premises and tax on parking areas).

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. Treasury shares are not considered as outstanding and are therefore not included in the calculation of earnings per share.

Diluted earnings per share is calculated based on income attributable to holders of ordinary shares and the weighted average number of shares existing during the year, adjusted to reflect the impact of potentially dilutive ordinary shares.

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 and financial instruments. The fair value of the Group’s real estate assets 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 valuers 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	0.500 %	0.375%	0.250%	0.125%	0.000%	(0.125)%	(0.250)%	(0.375)%	(0.500)%
Europlaza	341.7	348.3	355.3	362.5	370.0	377.8	386.0	394.5	403.4
Arcs de Seine	397.5	407.6	418.1	429.3	441.0	453.4	466.5	480.4	495.2
Rives de Bercy	175.1	178.6	182.2	186.0	190.0	194.1	198.4	203.0	207.7
Hanami campus	154.4	157.7	161.1	164.6	168.4	172.3	176.3	180.6	185.1
Total	1,068.7	1,092.2	1,116.7	1,142.4	1,169.4	1,197.6	1,227.2	1,258.5	1,291.4
Impact on portfolio value	(8.61)%	(6.60)%	(4.51)%	(2.30)%	0.00%	2.41%	4.95%	7.62%	10.43%

Source: BNP Paribas Real Estate, Catella Valuation and Cushman & Wakefield

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

Regarding hedging instruments, which are analyzed in Note 4.7, a change in interest rates would result in the following values:

In thousands of euros

Hedging instrument	Nominal amount	Hedged amount	Fixed rate	-1%	-0.5%	Value at Dec. 31, 2017	+0.5%	+1%
Cap	320,000	6-month Euribor	1.50%	0	1	10	73	313
Cap	15,000	3-month Euribor	1.50%	1	7	20	48	94
Cap	15,000	3-month Euribor	2.00%	0	0	0.5	3	15
Swap	25,000	3-month Euribor	0.10%	(1,013)	(504)	(30)	477	949
Total				(1,012)	(497)	1	601	1,371

2.5.4. MANAGEMENT OF FINANCIAL RISKS

Note 4.1 Risk related to refinancing

On July 26, 2016, Cegereal renegotiated the EUR 405m loan and entered into a new credit agreement authorizing the Group to borrow EUR 525m. The five-year loan consists of two tranches of (i) EUR 445m and (ii) EUR 80m, repayable at maturity on July 26, 2021. The agreement also provides for an optional two-year extension.

The first tranche was drawn down in full on July 26, 2016 and the second tranche was drawn down in an amount of EUR 41m on December 12, 2016. The remaining portion of the second tranche, i.e., EUR 39m, was drawn down on July 7, 2017.

Following the acquisition of Hanami Rueil SCI, Cegereal entered into a credit agreement for EUR 100m on December 15, 2016. The agreement provides for a five-year loan, 0.375% of the principal amount of which is repayable at each due date and the remainder on maturity at December 15, 2021.

Note 4.2 Risk related to the valuation of real estate assets

The Group's real estate portfolio is valued by external real estate valuers. The value of the portfolio depends on the ratio of supply to demand in the property 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 economic climate 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.

In 2017, the Group was dependent on five of its lessees, representing approximately 50% of the total rental income collected during the year. 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's loans were taken out with bank pools.

Notes 4.7 and 5.26 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

On July 26, 2016, Cegereal refinanced its debt following repayment of the loan taken out on July 26, 2012. The new loan agreement authorizes the Group to borrow EUR 525m and consists of two tranches of (i) EUR 445m (tranche A) and (ii) EUR 80m (tranche B). At December 31, 2017, tranches A and B had been drawn down in full.

The interest rate for tranche A was set at 1.35% until November 1, 2016. As of November 2, 2016, 94% of tranche A is subject to a fixed rate of 1.35% if the occupancy rate is greater than 75%, and 1.50% if it is not. The remaining balance of tranche A (i.e., 6%) is subject to a variable interest rate (6-month Euribor with a floor of 0%) plus a margin of 1.35% if the occupancy rate is greater than 75%, and 1.50% if it is not. The Euribor rate was below 0% between January 1, 2017 and December 31, 2017.

Tranche B is subject to the same conditions as the portion of tranche A that is subject to a variable rate.

Following the acquisition of Hanami Rueil SCI, Cegereal entered into a credit agreement for EUR 100m on December 15, 2016. The loan comprises three tranches: one in an amount of EUR 50m at a fixed rate of 1.52%, including a 1.45% margin, one in an amount of EUR 25m at a variable 3-month Euribor rate with a floor of 0%, and one in an amount of EUR 25m at a variable 3-month Euribor rate with a floor of -0.4%. The two variable-rate tranches also have a 1.45% margin.

The Group has purchased four hedges:

Financial institution	Commonwealth Bank of Australia	Commonwealth Bank of Australia	Société Générale	Société Générale
Type of hedge	Cap	Cap	Cap	Swap
Nominal amount (in thousands of euros)	320,000(1)	15,000	15,000	25,000
Fixed rate	1.50%	1.50%	2.00%	0.10%
Hedged rate	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Start date	10/15/2016	12/15/2016	10/15/2019	12/15/2016
Maturity	10/15/2019	10/15/2019	12/15/2021	12/15/2021

(1) The nominal amount of the cap was reduced to EUR 320 million from January 16, 2017 inclusive.

2.5.5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2017 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	Hanami campus	Total
Dec. 31, 2015	202,000	361,000	379,000		942,000
Acquisitions				153,881	153,881
Indemnity received					
Subsequent expenditure		5,819	2,008		7,828
Disposals					
Change in fair value	(7,200)	(4,819)	34,292	(1,881)	20,392
Dec. 31, 2016	194,800	362,000	415,300	152,000	1,124,100
Acquisitions		626	503	996	2,125
Indemnity received					0
Subsequent expenditure		1,072	4,909		5,981
Disposals					0
Change in fair value	(4,800)	6,302	20,288	15,404	37,194
Dec. 31, 2017	190,000	370,000	441,000	168,400	1,169,400

MAIN FAIR VALUE ASSUMPTIONS

The real estate valuers' estimation of the fair value of the buildings at December 31, 2017 is indicated below, along with the information used in the calculation:

Building	Estimated value at December 31, 2017 (net of taxes)		Gross leasable area(1) at December 31, 2017		Annual rent (net of taxes)(2)	
	in millions of euros	%	sq.m	%	in thousands of euros	%
Europlaza (1999(3))	370	31.64	52,078	31	23,301	35.03
Arcs de Seine (2000(3))	441	37.71	47,222	29	21,248	31.94
Rives de Bercy (2003(3))	190	16.25	31,942	19	11,268	16.94
Hanami campus (2011/2016(3))	168	14.40	34,381	21	10,709	16.10
Total	1,169	100	165,623	100	66,526	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, 2017 and market rent, as estimated by valuers.
(3) Year of construction or restoration.

In light of the nature of the French real estate market and the relative lack of publicly-available data, real estate assets have been categorized within Level 3 of the IFRS 13 fair value hierarchy.

Note 5.2 Non-current loans and receivables

This item can be broken down as follows:

In thousands of euros

	Dec. 31, 2017	Dec. 31, 2016
Security deposits paid	24	23
Benefits granted to lessees (non-current portion)	21,567	22,926
Non-current loans and receivables	21,591	22,949

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, 2017	Dec. 31, 2016
Trade accounts receivable	18,481	16,539
Provision for impairment of trade accounts receivable		
Trade accounts receivable, net	18,481	16,539

Note 5.4 Other operating receivables

This item can be broken down as follows:

In thousands of euros

	Dec. 31, 2017	Dec. 31, 2016
Benefits granted to lessees (current portion)	5,264	6,806
Supplier accounts in debit and other receivables	2,697	5,656
French State – Accrued income – 3% contribution	1,930	
Liquidity account/treasury shares	309	247
Other operating receivables	10,200	12,709

"Other receivables" comprises a receivable from the French State in an amount of EUR 1,765k following claims filed by the Company for the reimbursement of the 3% additional corporate income tax contribution paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016, and EUR 165k in penalty interest.

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 61,718k.

Note 5.6 Aging analysis of receivables

The aging analysis of receivables at December 31, 2017 is as follows:

In thousands of euros

	Receivables (net of impairment) Dec. 31, 2017	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	21,591	21,591	0	0	0	0
Total non-current receivables	**21,591**	**21,591**	**0**	**0**	**0**	**0**
Current receivables						
Trade accounts receivable(1)	18,481	7,183	11,298	7	6	0
Other operating receivables	10,200	10,200	0	0	0	0
Prepaid expenses	347	347	0	0	0	0
Total current receivables	**29,029**	**17,731**	**11,298**	**7**	**6**	**0**
Total receivables	50,621	39,322	11,298	7	6	-

(1) The amount of trade accounts receivable pledged as collateral for loans and borrowings amounts to EUR 18,481k at December 31, 2017 and is detailed in Note 5.26.

The aging analysis of receivables at December 31, 2016 is as follows:

In thousands of euros

	Receivables (net of impairment) Dec. 31, 2016	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	22,949	22,949	0	0	0	0
Total non-current receivables	**22,949**	**22,949**	**0**	**0**	**0**	**0**
Current receivables						
Trade accounts receivable(1)	16,539	15,842	697	682	15	0
Other operating receivables	12,709	12,709	0	0	0	0
Prepaid expenses	354	354	0	0	0	0
Total current receivables	**29,602**	**28,905**	**697**	**682**	**15**	**0**
Total receivables	52,551	51,856	697	682	15	-

(1) The amount of trade accounts receivable pledged as collateral for loans and borrowings amounts to EUR 16,539k at December 31, 2016 and is detailed in Note 5.26.

Note 5.7 Fair value of financial assets

The fair value of financial assets at December 31, 2017 can be analyzed as follows:

In thousands of euros

	Dec. 31, 2017		Dec. 31, 2016		Fair value hierarchy(2)
	Carrying amount	Fair value	Carrying amount	Fair value	
Interest rate cap(1)	31	31	184	184	Level 2
Total non-current assets	31	31	184	184	

(1) Derivative financial instruments.
(2) Classification under IFRS 13 (see Note 2.4).

The characteristics of non-current assets are described in Note 4.7 and Note 5.12.

The fair value of other 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, 2017	Dec. 31, 2016
Financial assets at fair value through profit or loss	31	184
Held-to-maturity investments	-	-
Non-current loans and receivables	21,591	22 949
Current receivables	28,682	29,248
Available-for-sale financial assets	-	-
Cash and cash equivalents	61,718	18,634
Total financial assets	112,022	71,016
Financial liabilities at fair value through profit or loss	548	920
Financial liabilities measured at amortized cost		
Non-current liabilities	621,971	581,556
Current liabilities	24,213	16,041
Total financial liabilities	646,732	598,517

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

In thousands of euros

	Number of shares	Par 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, 2016	13,372,500	5	66,863	115,043	401,142
Dividends paid				(28,082)	29
Other changes				(9,361)	9,361
Other comprehensive income					
Interim dividend					
Net income for the period					62,408
Decrease in nominal share capital					
Change in treasury shares held					130
Shareholders' equity at Dec. 31, 2017	13,372,500	5	66,863	77,600	473,070

Dividends paid

In euros

	Recommended dividend for 2017	Paid in 2017 for 2016 (excl. treasury shares)
Total dividend paid	54,827,250	28,053,250
Net dividend per share in euros	4.10	2.10

The total amount of dividends paid for the 2017 fiscal year is shown in the table above based on the number of shares making up the share capital at December 31, 2017. Dividends to be paid in respect of 2017 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 the following be paid for the 2017 fiscal year:

- a dividend of EUR 2,540,775, deducted from "Other reserves", i.e., EUR 0.19 per share; and
- a dividend of EUR 52,286,475, deducted from "Additional paid-in capital", i.e., EUR 3.91 per share.

Treasury shares

In euros (except number of shares)

	Amount at Dec. 31, 2017	Amount at Dec. 31, 2016	Change
Number of treasury shares at reporting date	365,189	479,153	(113,964)
Acquisition cost	9,609	14,919	(5,310)

Note 5.11 Non-current borrowings

The maturity schedule of loans taken out by the Group, valued at amortized cost less transaction costs, is as follows:

In thousands of euros

	Bank loan	Due in 1 year or less	Due in 1 to 2 years	Due in 2 to 5 years	Due in more than 5 years
Bank borrowings					
- Fixed rate	465,953	750	750	464,453	-
- Variable rate	157,922	750	750	156,422	-
Accrued interest not yet due	1,832	1,832	-	-	-
Bank fees to spread at effective interest rate	(6,685)	(353)	(313)	(6,019)	-
Total at December 31, 2017	619,022	2,979	1,187	614,856	-

The Group complies with the ratios described in Note 5.26, which were calculated on December 31, 2017. The loan characteristics are described in Notes 4.1 and 4.7.

Note 5.12 Financial instruments

The table below presents a summary of financial instruments:

In thousands of euros

	Dec. 31, 2017	Dec. 31, 2016
Interest rate cap	31	184
Assets	31	184
Share subscription warrants	541	716
Interest rate swap	7	205
Liabilities	548	920

The characteristics of the cap and swap agreements are described in Note 4.7.

The share subscription warrants and the swap are considered to be derivative financial instruments and are measured at fair value at the end of each reporting period with any gains or losses recognized in income (see Note 2.5).

On April 14, 2016, Cegereal issued 865,000 share subscription warrants to Northwood Investors France Asset Management SAS at a unit price of EUR 0.01. These warrants were subscribed in a total amount of EUR 8,650 as at April 22, 2016 and must be exercised no later than June 30, 2022. Each share subscription warrant entitles the holder to subscribe to one new share in the Company. The subscription price for one share will be calculated based on the volume-weighted average share price during the 20 trading days prior to the exercise date.

Note 5.13 Fair value of financial liabilities

The fair value of financial liabilities at December 31, 2017 can be analyzed as follows:

In thousands of euros

	Dec. 31, 2017		Dec. 31, 2016		Fair value hierarchy(2)
	Carrying amount	Fair value	Carrying amount	Fair value	
Bank loan	617,190	622,535	578,071	585,977	Level 2
Interest rate swap(1)	7	7	205	205	Level 2
Share subscription warrants(1)	541	541	716	716	Level 1
Total non-current liabilities	617,738	623,083	578,991	586,897	

(1) Derivative financial instruments.
(2) Classification under IFRS 13 (see Note 2.4).

The characteristics of non-current liabilities are described in Note 4.7 and Note 5.12.

There was no difference between the carrying amounts and fair values of financial liabilities other than those mentioned above.

Note 5.14 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 5.15 Other operating liabilities

These can be broken down as follows:

In thousands of euros

	Dec. 31, 2017	Dec. 31, 2016
Personnel	82	322
Directors' fees	222	159
Accrued VAT, other taxes and social security charges	3,328	2,379
Accrued rental expenses rebilled to lessees	1,227	1,177
Advance payments by lessees	3,592	2,693
Miscellaneous	324	60
Other operating liabilities	8,776	6,789
Amounts due to fixed asset suppliers	868	1,195
Amounts due to fixed asset suppliers	868	1,195
Other liabilities	9,644	7,985

"Accrued rental expenses rebilled to lessees" corresponds to the balance of lessees' contributions to the financing of large items of shared equipment.

Note 5.16 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, 2017	Undiscounted contractual value	Undiscounted contractual value		
			Due in 1 year or less	Due in more than 1 year but less than 5 years	Due in more than 5 years
Non-current liabilities					
Non-current borrowings	616,043	622,375		622,375	
Other non-current borrowings and debt	5,929	5,929			5,929
Non-current corporate income tax liability	0				
Other financial liabilities	548	548			
Total non-current liabilities	622,519	628,852	-	622,375	5,929
Current liabilities					
Current borrowings	2,979	3,332	3,332		
Other current borrowings and debt	0	0	0		
Trade accounts payable	11,589	11,589	11,589		
Corporate income tax liability	0	0	0		
Other operating liabilities	9,644	9,644	9,644		
Total current liabilities	24,212	24,566	24,566	-	-

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

Other financial liabilities correspond to share subscription warrants, which must be exercised no later than June 30, 2022, and the swap described in Note 4.7 and Note 5.12.

Note 5.17 Prepaid revenue

Prepaid revenue consists of rents billed in advance for the first quarter of 2018.

Note 5.18 Rental income

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

In thousands of euros

	2017 12 months	2016 12 months
Europlaza	16,635	19,183
Arcs de Seine	15,256	17,747
Rives de Bercy	9,907	9,847
Hanami campus[(1)]	9,460	419
	51,259	47,196

(1) The amount stated for 2016 does not correspond to a full year but to the part of the year following the acquisition (i.e., December 15 to December 31, 2016).

Invoiced rent amounted to EUR 51,259k corresponding to IFRS rental income (EUR 57,534k) less front-end incentives (EUR 6,275k).

Note 5.19 Income from other services

Income from other services can be analyzed as follows:

In thousands of euros

	2017 12 months	2016 12 months
Rental expenses rebilled to lessees	8,382	6,323
Real estate taxes rebilled to lessees	5,604	4,599
Other amounts rebilled to lessees and miscellaneous income	593	463
Indemnities	1,587	2 606
Income from other services	16,166	13,991

Expenses and taxes rebilled to lessees amounted to EUR 14,579k.

Note 5.20 Building-related costs

These can be broken down as follows:

In thousands of euros

	2017 12 months	2016 12 months
Rental expenses	6,512	6,744
Taxes	6,472	5,034
Fees	12,648	4,281
Maintenance costs	2,103	136
Expenses on vacant premises	1,363	968
Other expenses	318	59
Building-related costs	29,416	17,221

Fees mainly comprise asset management fees with Northwood Investors Asset Management SAS, which amounted to EUR 11,599k at December 31, 2017 compared with EUR 3,975k at December 31, 2016.

The fees break down as follows:

- EUR 4,156k attributable to the advisory fee under the asset management agreement;

- EUR 7,443k attributable to the incentive fee under the asset management agreement, corresponding to the estimated amount of debt at December 31, 2017 and payable in 2019.

Recoverable expenses and taxes amounted to EUR 13,943k in 2017.

Expenses and taxes on vacant premises in 2017 concerned the Europlaza, Arcs de Seine and Hanami properties and amounted to EUR 2,161k.

Note 5.21 Administrative costs

Administrative costs mainly comprise professional fees for EUR 2,078k and payroll expenses for EUR 1,112k.

Note 5.22 Other operating income and expenses

Other operating income corresponds to changes in the fair value of the share subscription warrants described in Note 5.12 and other operating expenses correspond to the depreciation and amortization of fixed assets on Cegereal's premises.

Note 5.23 Financial income and expenses

Financial income and expenses can be broken down as follows:

In thousands of euros

	2017 12 months	2016 12 months
Financial income	597	53
Financial expenses	(10,542)	(17,972)
Interest and charges on bank borrowings	*(10,437)*	*(13,141)*
Net financial expense	(9,945)	(17,919)

Financial expenses comprise interest expense and charges on bank borrowings, in an amount of EUR 10,437k.

Financial income chiefly corresponds to penalty interest (EUR 165k) and changes in the fair value of swaps (EUR 197k).

Note 5.24 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 or the SPPICAV tax regime for companies investing predominantly in real estate with a variable share capital, and are not liable for corporate income tax in respect of their property rental activities.

On October 6, 2017, the French Constitutional Council ruled that the provisions relating to the 3% additional corporate income tax contribution on dividends represent a difference in treatment between parent companies based on whether or not the dividends they redistribute originate from subsidiaries located in the European Union, despite the fact that these companies are in the same situation with respect to the contribution. As a result, the contribution was declared unconstitutional. The ruling applies to all distributions on which the contribution was paid, irrespective of whether or not they originated from subsidiaries (French or European). Cegereal has therefore filed claims in an amount of EUR 1,765k for the reimbursement of contributions paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016.

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

In thousands of euros

	2017 12 months	2016 12 months
Corporate income tax(1)	0	0
Additional corporate income tax contribution(2)	*(1,765)*	*802*
Corporate income tax	(1,765)	802

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

Note 5.25 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, 2017, i.e., EUR 4.67.

Pursuant to IAS 33, the potential shares (warrants) were considered to be dilutive at December 31, 2017. Diluted earnings per share came out at EUR 4.37.

In thousands of euros

	2017 12 months	2016 12 months
Net attributable income (in thousands of euros)	62,408	41,265
Weighted average number of shares before dilution	13,360,241	13,359,055
Earnings per share (in euros)	4.67	3.09
Net attributable income, including impact of dilutive shares (in thousands of euros)	62,233	41,972
Weighted average number of shares after dilution	14,225,241	14,224,055
Diluted earnings per share (in euros)	4.37	2.95

Note 5.26 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

Pursuant to the credit agreement of July 26, 2016, the amounts provided shall be used solely to:

- repay the initial loan of EUR 405m as well as the related interest and expenses (i.e., EUR 412m);
- and, in a maximum amount of EUR 120m:
  - finance certain work/expenses,
  - repay a portion of the issue or merger premium,
  - repay any existing or future intragroup loans,
  - refund shareholders in the event of a capital reduction.

In accordance with the EUR 525m credit agreement of July 26, 2016, the Group is also required to comply with the following main commitments:

- registration of contractual mortgages carried out on Prothin's real estate assets;
- assignment of rent receivables relating to Prothin's real estate assets under the Dailly Law mechanism;
- senior pledge of Prothin's bank accounts. The Group agrees not to close these accounts or open bank accounts other than those identified in the credit agreement;
- pledge of Prothin Shares from the securities account held in Cegereal's name;
- pledge of receivables relating to the current account agreement between Cegereal and Prothin;
- to ensure that the loan-to-value ratio (LTV) (outstanding loan/market value of real estate assets) remains below 70% (65% in the event that the credit agreement is extended until July 21, 2021). Non-compliance with this ratio (calculated on each drawdown date and on July 26 of each year) results in an obligation to repay the outstanding loan in the amount required for the ratio to be below 60%;
- when the LTV ratio is above 65% (60% if the agreement is extended), to repay the loan in advance, on each Interest Payment Date, in tranches of 0.50% of the loan while the LTV ratio is above 60%;
- to ensure that the ISC ratio (available income/[projected interest + agency fees]) remains above 200%. Non-compliance with this ratio (calculated on each drawdown date and 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;
- not to grant liens on these assets, rights or income other than security interests;

- 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;
- to set up a hedge;
- not to take out any borrowings other than those provided for in the credit agreement;
- not to grant any loans apart from those set out in the credit agreement;
- (applicable to Prothin only) not to acquire any new real estate assets (except by means of equity financing) or interests;
- to repay some or all of the loan in advance in the event of a change of control of the Company or the total or partial sale of one of the buildings, expropriation or a major incident;
- to repay the loan in advance, which would give rise to breakage costs and an early repayment indemnity;
- 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.

Under the EUR 100m credit agreement of December 15, 2016, the amounts borrowed should be used solely to refinance in full the amounts due under the previous loan. The Group's main commitments under the agreement are as follows:

- registration of contractual mortgages on Hanami Rueil SCI's real estate assets;
- assignment of rent receivables relating to Hanami Rueil SCI's real estate assets under the Dailly Law mechanism;
- senior pledge of Hanami Rueil SCI's bank accounts. The Group agrees not to close these accounts or open bank accounts other than those identified in the credit agreement;
- pledge of Hanami Rueil SCI shares from the securities account held in the name of K Rueil and Cegereal;
- pledge of receivables relating to subordinate loans granted by K Rueil or Cegereal;
- to ensure that the loan-to-value ratio (LTV) (outstanding loan/market value of real estate assets) remains below 70%;
- to ensure that the debt service coverage ratio (DSC) (available income/[interest expenses + agency fees + principal repaid]) remains above 115%;
- not to grant liens on these assets, rights or income other than security interests;
- 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;
- to set up hedges;
- not to take out any borrowings other than those provided for in the credit agreement;
- not to grant any loans apart from those set out in the credit agreement;
- (applicable to Hanami Rueil SCI only) not to acquire any new real estate assets (except by means of equity financing) or interests;
- to repay some or all of the loan in advance in the event of a change of control of the Company or the total or partial sale of one of the buildings, expropriation or a major incident;
- to repay the loan in advance, which would give rise to breakage costs and an early repayment indemnity;
- Hanami Rueil SCI undertakes to remain transparent for tax purposes, within the meaning of Article 8 of the French Tax Code, and not to elect for corporate income tax liability.

COMMITMENTS RECEIVED

Security deposits received from lessees amounted to EUR 18,581k at December 31, 2017.

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, 2017, 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:

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

In thousands of euros

	Minimum annual rental income	
	2017	2016
2018	51,039	50,196
2019	48,125	46,414
2020	39,292	37,116
2021	32,563	29,825
2022	14,669	8,291
2023	12,677	7,217
2024	7,614	4,591
2025	7,232	

Note 5.27 Transactions with related parties

TRANSACTIONS WITH RELATED COMPANIES

Transactions with related parties mainly comprise the asset management agreement entered into with Northwood Investors France Asset Management SAS.

In 2016, Northwood Investors France Asset Management SAS subscribed for 865,000 share subscription warrants, at a unit price of EUR 0.01 in a total amount of EUR 8,650 (see Note 5.12).

In thousands of euros

	2017 12 months	2016 12 months
Impact on operating income		
Building-related costs: Asset management and advisory fees	4,156	3,975
Building-related costs: Incentive fee	7,443	
Administrative costs: Fees	0	0
Impact on net financial expense		
Financial expenses	0	0
Total impact on income statement	11,599	3,975
Impact on assets		
Prepaid expenses	0	0
Other receivables	0	0
Total impact on assets	-	-
Impact on liabilities		
Non-current borrowings		0
Trade accounts payable	8,932	200
Total impact on liabilities	8,932	200

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

- Compensation of the Chairman of the Board of Directors

The Chairman of the Board of Directors does not receive any compensation.

- Compensation of key management personnel

In thousands of euros

Categories of employee benefits	2017 12 months	2016 12 months
Short-term employee benefits	458	600
Post-employment benefits		
Other long-term employment benefits		
Non-compete benefits	100	
Share-based payment	196	102
Total	754	702

In 2017, Raphaël Tréguier, Chief Executive Officer until October 25, 2017, received 10/12 of his fixed annual compensation (set at a gross amount of EUR 400,000) in respect of his duties.

On November 5, 2015, the Company decided to request that Raphael Tréguier sign a non-compete, non-solicitation, non-disparagement and confidentiality agreement valid for a period of six months as of the termination of his duties as Chief Executive Officer. In exchange for signing the agreement, Mr Tréguier would be entitled to non-compete benefits for a period of six months, payable monthly in an amount equal to the sum of:

(i) his last fixed monthly compensation; and

(ii) 1/12 of his annual variable compensation in respect of the previous year in the event his term of office is terminated in 2016 or 2017, or 1/12 of his average annual variable compensation over the previous three years in the event his term of office is terminated in 2018 or beyond.

If the Chief Executive Officer's office were to be terminated, the Board of Directors could, on the termination date, decide to:

(iii) release him from his non-compete agreement, in which case the corresponding non-compete benefits would not be due; or

(iv) reduce the period of the non-compete agreement, in which case the non-compete benefits would only be due for that reduced period.

On October 25, 2017, the Board of Directors entered into a post-termination settlement agreement with Raphaël Tréguier providing for:

(i) the payment of an amount of EUR 130,208, to be recognized and paid on December 31, 2017;

(ii) the payment of non-compete benefits in an amount of EUR 50,000 per month for a period of six months, i.e., a total of EUR 300,000, of which EUR 100,000 to be paid and recognized on December 31, 2017. This agreement replaced the non-compete, non-solicitation, non-disparagement and confidentiality agreement entered into and authorized by the Board of Directors on November 5, 2015. At December 31, 2017, the Company undertook to pay Mr. Tréguier an amount of EUR 200,000;

(iii) his continued entitlement to the shares awarded and the shares vested on July 7, 2016 and July 20, 2017, i.e., a total of 9,500 shares of the Company, and an expense of EUR 235,610 at December 31, 2017 for the shares awarded by the Board of Directors on July 20, 2017. The amount after employer contributions totaled EUR 196,342.

The Company has not entered into any other agreement to pay severance indemnities to senior executives or employees in the event of their resignation or dismissal without just cause, or in the event of a public offer for the Company's shares.

- Directors' fees

- Directors' fees of EUR 194,522 were allocated for 2016.

- Directors' fees of EUR 175,000 were allocated for 2017.

- Loans and securities granted to or on behalf of executives

None

- Transactions entered into with executives

None

- Entities having key management personnel in common with the Group

The Group has key management personnel in common with Northwood Investors, namely certain directors.

Note 5.28 Personnel

At December 31, 2017, the Group had four employees, up from three at December 31, 2016.

Note 5.29 Statutory Auditors

The Statutory Auditors are:

KPMG Audit FS I
Tour Eqho
2 avenue Gambetta
92066 Paris-La Défense Cedex
Tenure renewed at the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017.

Denjean & Associés
35 venue Victor Hugo
75016 Paris
Tenure renewed at the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017.

Fees paid to the Statutory Auditors for the year ended December 31, 2017:

In thousands of euros

	Amount (net of taxes)		%	
	2017	2016	2017	2016
Statutory audit of the financial statements	307	223	96	80
Advisory services and services not related to the statutory audit engagement	13	57	4	20
Total	320	280	100	100

Note 5.30 Subsequent events

None

2.6. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Cegereal SA

Registered office: 42, rue de Bassano – 75008 Paris, France

Share capital: EUR 66,862,500

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors.

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 of Cegereal,

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Cegereal SA for the year ended December 31, 2017.

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, 2017 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.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the fair value of investment property

Description of risk

At December 31, 2017, the value of the investment property held by the Group stood at EUR 1,169 million.

As described in Note 2.3 to the consolidated financial statements, investment property is recognized at fair value in accordance with IAS 40 – Investment Property and changes in fair value are recorded in the income statement for the period. Fair value is measured net of registration tax by external real estate valuers at the end of each reporting period.

Measuring the fair value of investment property requires management and the external real estate valuers to exercise significant judgment and make significant estimates. In particular, the external real estate valuers take into account specific information for each property, such as location, rental income, yield, capital expenditure and recent comparable market transactions.

We deemed the valuation of investment property to be a key audit matter due to the materiality of the fair value recognized with respect to investment property in Cegereal's consolidated financial statements and the sensitivity of said fair value to the assumptions used.

How our audit addressed this risk

As part of our audit of the consolidated financial statements, we performed the following procedures:

- assessing the competency, independence and integrity of the external real estate valuers;
- analyzing any material changes in the fair value of each investment property;
- conducting an interview with the external real estate valuers in order to gain an understanding of and assess the relevance of the estimates, assumptions and appraisal method applied;
- reconciling the data used by the external real estate valuers with the data presented in the documentary evidence, such as tenancy schedules and investment budgets for each property;
- in conjunction with our property specialists, verifying the consistency of the main appraisal assumptions used by the external real estate valuers, in particular yield and market rental values in view of available market data;
- verifying the consistency of the values used by management, as determined based on independent appraisals, with the fair values recognized;
- assessing the appropriateness of the disclosures provided in Note 2.3 to the consolidated financial statements.

Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

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

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Cegereal SA by the Ordinary and Extraordinary Shareholders' Meetings held on December 31, 2005 for KPMG and December 22, 2011 for Denjean & Associés.

At December 31, 2017, KPMG and Denjean & Associés were in the thirteenth year and the seventh year of total uninterrupted engagement since the securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Group or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

The Statutory Auditors

Paris-La Défense, March 1, 2018	Paris, March 1, 2018
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
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, 2016 and the related Statutory Auditors' report presented on pages 104 to 114 and page 115, respectively, of the 2016 Registration Document filed with the AMF on March 24, 2017 under no. D. 17-0219, are incorporated by reference into this document.

The annual financial statements prepared in accordance with French GAAP for the year ended December 31, 2015 and the related Statutory Auditors' report presented on pages 86 to 94 and page 95, respectively, of the 2015 Registration Document filed with the AMF on April 27, 2016 under no. D. 16-0418, are incorporated by reference into this document.

3.1. 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, 2017	Dec. 31, 2016
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		3,996	189	3,807	
Property, plant and equipment in progress		-		-	
Advances and down payments		-		-	
		-			
Financial fixed assets	**5.1**	-			
Receivables from controlled entities		299,050,733		299,050,733	326,405,364
Other long-term investments		-		-	
Loans		-		-	
Other financial fixed assets		673,967		673,967	725,947
FIXED ASSETS		299,728,696	189	299,728,507	327,131,311
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	5.3	2,103,079		2,103,079	3,046,532
Subscribed capital, called up but not paid		-		-	
Short-term investment securities		-		-	
Cash and cash equivalents	**5.2**	**998,862**		**998,862**	**3 748 046**
CURRENT ASSETS		3,101,941	-	3,101,941	6,794,577
Prepaid expenses	5.6	52,460		52,460	44,035
Adjustment accounts		-		-	
TOTAL ASSETS		302,883,097	189	302,882,908	333,969,924

In euros

EQUITY AND LIABILITIES	Notes	Dec. 31, 2017	Dec. 31, 2016
Capital			
Share capital (including paid-up capital: 66,862,500)	5.7	66,862,500	66,862,500
Additional paid-in capital		70,922,676	99,004,926
Revaluation reserve	5.9	152,341,864	152,341,864
Reserves			
Legal reserve		6,686,250	16,047,000
Statutory or contractual reserves		-	-
Regulated reserves		-	-
Other reserves		2,711,437	10,670
Retained earnings			
Retained earnings		29,421	24,910
Net loss for the year		(77,234)	(6,684,893)
Interim dividend		-	-
Investment subsidies			
Regulated provisions			
SHAREHOLDERS' EQUITY	5.8	299,476,914	327,606,977
Income from the issue of equity instruments		-	
Contingent advances		-	
OTHER EQUITY		-	-
Contingency provisions			
Loss provisions		**235,610**	**20,347**
CONTINGENCY AND LOSS PROVISIONS	5.10	235,610	20,347
Non-current borrowings and debt			
Convertible bonds		-	-
Other bonds		-	-
Bank borrowings		-	-
Miscellaneous borrowings and debt	5.3	2,112,261	2,079,134
Trade accounts payable and other current liabilities			
Advances/down payments received on orders in progress		-	-
Trade accounts payable	5.3	718,155	3,769,534
Tax and social liabilities	5.3	338,969	493,932
Amounts owed to fixed asset suppliers		999	-
Other liabilities		-	-
Prepaid revenue		-	-
LIABILITIES		3,170,384	6,342,600
Adjustment accounts		0	0
TOTAL EQUITY AND LIABILITIES		302,882,908	333,969,924

INCOME STATEMENT – FRENCH GAAP

In euros

	France	Exports	Notes	2017 12 months Total	2016 12 months Total
Sales of goods for resale					
Sales of manufactured products					
Sales of services			5.11	85,544	70,000
NET REVENUE	0	0		85,544	70,000
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				58,434	30,141
Other revenue					
Total operating revenue				143,978	100,141
Purchases of goods					
Change in inventories of goods held for resale					
Purchases of raw materials and other supplies				49	0
Change in inventories (raw materials and other supplies)					
Other purchases and external charges			5.12	1,769,653	2,130,369
Taxes, duties and other levies			5.13	41,960	2,611,034
Wages and salaries				871,904	792,428
Social security charges				367,612	334,152
Fixed assets: depreciation and amortization				189	0
Fixed assets: provisions for impairment					
Current assets: provisions for impairment					
Contingency and loss provisions				235,610	20,347
Other expenses				175,512	194,550
Total operating expenses				3,462,489	6,082,881
OPERATING LOSS				(3,318,511)	(5,982,740)
Allocated income or transferred loss					
Loss incurred or transferred income					
Financial income from controlled entities				1,332,000	
Income from other securities and receivables					
Other interest income				165,006	29,933
Reversal of provisions for impairment, other provisions and expense transfers				432	
Foreign exchange gains					
Net income on sale of short-term investment securities					
Total financial income			5.14	1,497,438	29,933
Depreciation, amortization, provisions for impairment and other provisions					
Interest expenses				34,619	12,599
Foreign exchange losses				852	3
Net expenses on sales of short-term investment securities					
Total financial expenses				35,471	12,602
NET FINANCIAL INCOME				1,461,967	17,331
RECURRING LOSS BEFORE TAX				(1,856,544)	(5,965,409)

In euros

	Notes	2017 12 months Total	2016 12 months Total
Non-recurring income on management transactions			
Non-recurring income on capital transactions		19,982	83,162
Reversal of provisions for impairment, other provisions and expense transfers			
Total non-recurring income		19,982	83,162
Non-recurring expenses on management transactions		1,680	
Non-recurring expenses on capital transactions		4,178	281
Depreciation, amortization and provisions for impairment			
Total non-recurring expenses		5,858	281
NET NON-RECURRING INCOME	5.15	14,125	82,881
Employee profit sharing			
Corporate income tax	5.16	(1,765,185)	802,365
TOTAL INCOME		1,661,398	213,235
TOTAL EXPENSES		1,738,632	6,898,129
NET LOSS		(77,234)	(6,684,893)

3.2. NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH FRENCH GAAP FOR THE YEAR ENDED DECEMBER 31, 2017

3.2.1. 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.

Note 1.2 Fiscal year

The fiscal year covers a 12-month period from January 1 to December 31, 2017.

Note 1.3 Presentation of comparative financial information

The information presented in the annual financial statements for the year ended December 31, 2017 includes comparative data in relation to the year ended December 31, 2016.

Note 1.4 Key events of 2017

On October 25, 2017, the Board of Directors terminated the office of Raphaël Tréguier, Chief Executive Officer of Cegereal. Pending the appointment of a new Chief Executive Officer, the Board has asked Jérôme Anselme, the Deputy Chief Executive Officer, to take on the role of acting Chief Executive Officer.

In 2017, the French Constitutional Council ruled that the 3% additional corporate income tax contribution on dividend distributions was unconstitutional. The ruling applies to all distributions on which the contribution was paid, irrespective of whether or not they originated from subsidiaries (French or European). Cegereal has filed claims in an amount of EUR 1,765k for the reimbursement of contributions paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016.

On June 8 and June 30, 2017, Prothin, which is wholly owned by Cegereal, carried out share capital reductions for reasons other than losses in a total amount of EUR 21,257,849 (reduction in the par value of each individual share from EUR 7.60 to EUR 6.40 per share, and subsequently to EUR 6.20 per share) and reimbursed additional paid-in capital in a total amount of EUR 20,464,500. As a result, the aggregate value of Prothin shares fell from EUR 272,148,926 at December 31, 2016 to EUR 230,426,577 at December 31, 2017.

3.2.2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements for the year ended December 31, 2017 were prepared in accordance with the rules and accounting methods set out in the legal and regulatory requirements applicable in France. They comply in particular with the provisions of Standard 2016-07 issued by the French accounting standard setter (ANC) on November 4, 2016, amending Standard 2014-03 relating to the French general chart of accounts, which was approved by the government order of December 26, 2016.

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, 2017 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.

Share purchase fees are not included in their acquisition cost but recorded in expenses for the period.

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 "Net 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.

3.2.3. MANAGEMENT OF FINANCIAL RISKS

At December 31, 2017, the risks incurred by Cegereal SA relate to the shareholdings held in its subsidiaries, Prothin SAS, K Rueil OPPCI, Hanami Rueil SCI, CGR Holdco EURL and CGR Propco SCI.

3.2.4. CHANGE IN ACCOUNTING POLICIES

There was no change in accounting policies in 2017 compared to 2016.

3.2.5. 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, 2017	Increases	Decreases	Gross value at Dec. 31, 2017
Equity investments	326,405,364	1,999	41,910,979	284,496,384
Receivables on equity investments	0	14,554,349	0	14,554,349
Treasury shares	479,153	448,016	561,979	365,189
Cash used in the liquidity agreement	246,795	318,357	256,375	308,777
Total financial fixed assets	327,131,311	15,322,721	42,729,334	299,724,700

The change in equity investments was attributable to:

- a fall in the value of Prothin shares by EUR 21,257,849 following the share capital reductions carried out on June 8, 2017 and June 30, 2017 for reasons other than losses (reduction in the par value of each individual share from EUR 7.6 to EUR 6.4, then to EUR 6.2) and the reimbursement of premiums in an amount of EUR 20,464,500;
- price adjustments carried out on K Rueil shares on May 29, 2017 for an amount of EUR 188,630;
- the incorporation of two new companies in December 2017: CGR Holdco EURL (EUR 1,000) and CGR Propco SCI (EUR 999).

At December 31, 2017, Cegereal held 9,609 of its own shares out of a total of 13,372,500 shares, representing an amount of EUR 365,189. During the year, 11,853 shares were purchased and 12,743 were sold; 4,420 shares vested for Raphaël Tréguier at the end of the vesting period of the free shares granted by the Board of Directors on July 7, 2016.

Note 5.2 Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

In euros

Cash and cash equivalents	Dec. 31, 2017	Dec. 31, 2016
Bank accounts	998,862	3,748,046
Time deposits	0	0
Accrued interest receivable	0	0
Total	998,862	3,748,046

Note 5.3 Statement of receivables and payables by maturity

Receivables and payables at December 31, 2017 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	0	0	
Other receivables	172,930	172,930	
French State – Accrued income (3% contribution)	1,930,149	1,930,149	
Total receivables	2,103,079	2,103,079	-

"French State – Accrued Income" comprises a receivable from the French State in an amount of EUR 1,765k following claims filed by the Company for the reimbursement of the 3% additional corporate income tax contribution paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016, and EUR 165k in penalty interest.

In euros

Payables	Gross amount	Maturity: Due in 1 year or less	Maturity: Due in more than 1 year but less than 5 years	Maturity: Due in more than 5 years
Bank borrowings	0	0		
Miscellaneous borrowings and debt	2,112,261	2,112,261		
Trade accounts payable	718,155	718,155		
Tax and social liabilities	338,969	338,969		
Amounts due to fixed asset suppliers	999	999		
Other liabilities	0	0		
Total payables	3,170,384	3,170,384	-	-

Note 5.4 Accrued income and expenses

At December 31, 2017, accrued income and expenses can be analyzed as follows:

In euros

Accrued income	Dec. 31, 2017	Dec. 31, 2016
Other receivables	1,930,149	0
Cash and cash equivalents	0	0
Total	1,930,149	-

Accrued expenses	Dec. 31, 2017	Dec. 31, 2016
Trade accounts payable	564,855	3,690,043
Tax and social liabilities	170,350	358,038
Miscellaneous borrowings and debt	46,906	12,580
Total	782,112	4,060,660

"Other receivables" comprises a receivable from the French State in an amount of EUR 1,765k following claims filed by the Company for the reimbursement of the 3% additional corporate income tax contribution paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016, and EUR 165k in penalty interest.

Note 5.5 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 relate to a cash pooling agreement between Cegereal SA and Prothin SAS to fund dividend payments as well as the payment of a premium by Prothin SAS to Cegereal SA.

On April 14, 2016, Cegereal issued 865,000 share subscription warrants to Northwood Investors France Asset Management SAS at a unit price of EUR 0.01. These warrants were subscribed in a total amount of EUR 8,650 as at April 22, 2016 and must be exercised no later than June 30, 2022. Each share subscription warrant entitles the holder to subscribe to one new share in the Company. The subscription price for one share will be calculated based on the volume-weighted average share price during the 20 trading days prior to the exercise date.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Chairman of the Board of Directors does not receive any compensation.

In accordance with a decision by the Board of Directors, the amounts paid to members of management totaled EUR 796,360 for the year ended December 31, 2017.

At the General Shareholders' Meeting of April 20, 2017, the shareholders set the maximum total annual directors' fees for all Board members at EUR 200,000. In December 2017, directors' fees of EUR 175,000 were allocated for the year ended December 31, 2017.

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.

In 2017, Raphaël Tréguier, Chief Executive Officer until October 25, 2017, received 10/12 of his fixed annual compensation, set at a gross amount of EUR 400,000, in respect of his duties.

On November 5, 2015, the Company decided to request that Raphael Tréguier sign a non-compete, non-solicitation, non-disparagement and confidentiality agreement valid for a period of six months as of the termination of his duties as Chief Executive Officer. In exchange for signing the agreement, Mr Tréguier would be entitled to non-compete benefits for a period of six months, payable monthly in an amount equal to the sum of:

(i) his last fixed monthly compensation; and

(ii) 1/12 of his annual variable compensation in respect of the previous year in the event his term of office is terminated in 2016 or 2017, or 1/12 of his average annual variable compensation over the previous three years in the event his term of office is terminated in 2018 or beyond.

If the Chief Executive Officer's office were to be terminated, the Board of Directors could, on the termination date, decide to:

(iii) release him from his non-compete agreement, in which case the corresponding non-compete benefits would not be due; or

(iv) reduce the period of the non-compete agreement, in which case the non-compete benefits would only be due for that reduced period.

On October 25, 2017, the Board of Directors entered into a post-termination settlement agreement with Raphaël Tréguier providing for:

(i) the payment of an amount of EUR 130,208, to be recognized and paid on December 31, 2017;

(ii) the payment of non-compete benefits in an amount of EUR 50,000 per month for a period of six months, i.e., a total of EUR 300,000, of which EUR 100,000 to be paid and recognized on December 31, 2017. This agreement replaced the non-compete, non-solicitation, non-disparagement and confidentiality agreement entered into and authorized by the Board of Directors on November 5, 2015. At December 31, 2017, the Company undertook to pay Mr. Tréguier an amount of EUR 200,000;

(iii) his continued entitlement to the shares awarded and the shares vested on July 7, 2016 and July 20, 2017, i.e., a total of 9,500 shares of the Company, and an expense of EUR 235,610 at December 31, 2017 for the shares awarded by the Board of Directors on July 20, 2017. The amount after employer contributions totaled EUR 196,342.

The Company has not entered into any other agreement to pay severance indemnities to senior executives or employees in the event of their resignation or dismissal without just cause, or in the event of a public offer for the Company's shares.

Note 5.6 Prepaid expenses and revenue

At December 31, 2017, prepaid expenses and revenue can be analyzed as follows:

In euros

	Expenses	Revenue
Operating revenue/expenses	52,460	0
Financial income/expenses		
Non-recurring income/expenses		
Total impact on income statement	52,460	-

Note 5.7 Composition of share capital

The share capital is fixed at EUR 66,862,500 and is divided into 13,372,500 fully paid-up shares of EUR 5 each.

Note 5.8 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 loss
Jan. 1, 2017	66,862,500	99,004,926	168,424,444	(6,684,893)	327,606,977
Appropriation of net income for the previous year			(6,684,893)	6,684,893	0
Net loss for the year				(77,234)	(77,234)
Dividends paid		(28,082,250)	29,421		(28,052,829)
Decrease in nominal share capital					0
Share subscription warrants					0
Dec. 31, 2017	66,862,500	70,922,676	161,768,971	(77,234)	299,476,914

Note 5.9 Revaluation reserve

At December 31, 2017, the revaluation reserve can be analyzed as follows:

In euros

Items	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 5.10 Contingency and loss provisions

In euros

	Provision at December 31, 2016	Additions	Reversals	Provision at December 31, 2017
Provisions for free shares granted/provision for employer contributions relating to free shares granted	20,347	235,610	20,347	235,610
Total	20,347	235,610	20,347	235,610

Provisions for employer contributions relate to the free shares granted to the Chief Executive Officer, as described in Note 5.17. Reversals concerned the employer contributions applicable to the free shares given in 2016 and granted to Raphaël Tréguier in 2017.

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 carried out on December 22, 2011 with retroactive effect from July 1, 2011.

Accordingly, Cegereal has acted as a holding company since 2012 and its only revenue corresponded to management fees rebilled to its subsidiaries.

Note 5.12 Breakdown of other purchases and external charges

At December 31, 2017, other purchases and external charges can be analyzed as follows:

In euros

	2017 12 months	2016 12 months
Rental expenses	14,084	14,695
Fees	1,126,692	1,473,065
Publications	246,113	314,374
Sundry expenses	382,764	328,235
Total	1,769,653	2,130,369

Fees include EUR 236k in 2017 relating to the acquisition of Hanami, compared with EUR 710k in 2016.

Note 5.13 Taxes, duties and other levies

At December 31, 2016, taxes, duties and other levies mainly comprised EUR 2,713k in registration tax relating to the acquisition of K Rueil.

Note 5.14 Financial income and expenses

At December 31, 2017, financial income and expenses can be analyzed as follows:

In thousands of euros

	2017 12 months	2016 12 months
Financial income	1,497	30
Financial income from controlled entities	*1,332*	-
Penalty interest	*165*	-
Other financial income	-	30
Financial expenses	(35)	(13)
Interest and charges on bank borrowings	*(35)*	*(13)*
Net financial expense	1,462	17

Financial income from controlled entities corresponds to the interim dividend paid by K Rueil (EUR 1,300k) and dividends paid by Hanami SCI (EUR 32k).

Note 5.15 Non-recurring items

Non-recurring items for the year ended December 31, 2017 correspond to capital gains and losses on the sale of treasury shares.

Note 5.16 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, 2017. Similarly, no tax is payable on capital gains arising on disposals of real estate, 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 eligible for the same tax treatment.

On October 6, 2017, the French Constitutional Council ruled that the provisions relating to the 3% additional corporate income tax contribution on dividends represent a difference in treatment between parent companies based on whether or not the dividends they redistribute originate from subsidiaries located in the European Union, despite the fact that these companies are in the same situation with respect to the contribution. As a result, the contribution was declared unconstitutional. The ruling applies to all distributions on which the contribution was paid, irrespective of whether or not they originated from subsidiaries (French or European). Cegereal has therefore filed claims in an amount of EUR 1,765k for the reimbursement of contributions paid in the years for which the statute of limitations has not expired, i.e., 2015 and 2016.

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

In thousands of euros

	2017 12 months	2016 12 months
Corporate income tax(1)	0	0
Additional corporate income tax contribution(2)	(1,765)	802
Corporate income tax	(1,765)	802

(1) Corporate income tax on taxable 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;
- 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;
- dividends received from SPPICAVs in which at least 5% of the capital and voting rights have been held for a minimum of two years and 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 that they choose to leave the SIIC tax regime at any time, the SIICs and their subsidiaries must 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.

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 from tax-exempt income 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 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 5.17 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	Amount of guarantees and endorsements given by the Company	2017 revenue (net of taxes)	2017 net income	Dividends received by the Company in 2017
Subsidiaries (more than 50%-owned)									
- Prothin SAS	94,159,617	36,847,576	100	230,426,577			54,376,587	3,686,932	0
- K Rueil OPPCI	174,944	67,085,451	100	53,782,365			0	5,601,087	5,856,000
- CGR Holdco EURL	1,000	0	100	1,000			0	0	0
- CGR Propco SCI	1,000	0	99	999			0	0	0
Investments (between 0- and 10%-owned)									
- Hanami SCI	184	16,862,634	1	285,433			11,255,329	111,728	0
Total	94,336,745	120,795,661	400	284,496,374	-	-	65,631,916	9,399,747	5,856,000

Note 5.18 Off-balance sheet commitments and security provided

Cegereal has given the following commitments under the credit agreements entered into by its subsidiaries:

- pledge of shares in Prothin SAS and Hanami SCI;
- pledge of receivables relating to the current account agreement between Cegereal and Prothin.
- On October 25, 2017, the Company's Board of Directors entered into a post-termination settlement agreement with Raphaël Tréguier that, in particular, provided for payment of non-compete benefits in a monthly amount of EUR 50,000 for a period of six months, i.e., a total of EUR 300,000. This non-compete undertaking supersedes and replaces the non-compete, non-solicitation, non-disparagement and confidentiality agreement previously signed between Raphaël Tréguier and the Company and authorized by the Board of Directors on November 5, 2015. At December 31, 2017, the Company paid Raphaël Tréguier an amount of EUR 100,000 and undertook to pay him an amount of EUR 200,000 under its commitment as part of the settlement agreement.

Note 5.19 Recommended dividend payout

Subject to the approval of the General Shareholders' Meeting, the Board of Directors recommends that the following be paid for the 2017 fiscal year:

- a dividend of EUR 2,540,775, deducted from "Other reserves", i.e., EUR 0.19 per share; and
- a dividend of EUR 52,286,475, deducted from "Additional paid-in capital", i.e., EUR 3.91 per share.

Note 5.20 Headcount

The Company had four employees at December 31, 2017.

The Group only has four 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, 2017.

Note 5.21 Statutory Auditors

The Statutory Auditors are:

KPMG Audit FS I
Tour Eqho
2 avenue Gambetta
92923 Paris-La Défense Cedex
Tenure renewed at the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017.

Denjean et Associés
35 avenue Victor Hugo
75016 Paris
Tenure renewed at the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017.

Fees paid to the Statutory Auditors for the year ended December 31, 2017:

In euros

	Amount (net of taxes)		%	
	2017	2016	2017	2016
Statutory audit of the financial statements	175,310	127,539	93	69
Services not related to the statutory audit engagement	13,200	56,860	7	31
Total	188,510	184,399	100	100

Note 5.22 Subsequent events

Not applicable

3.3. STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Cegereal SA

Registered office: 42, rue de Bassano – 75008 Paris, France

Share capital: EUR 66,862,500

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors.

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 of Cegereal,

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meeting, we have audited the accompanying financial statements of Cegereal SA for the year ended December 31, 2017.

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, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments and related receivables

Description of risk

At December 31, 2017, equity investments and related receivables stood at EUR 299,051 thousand in the balance sheet. They are recognized at acquisition cost or contribution value and impaired based on their value in use, if the latter is lower than the former.

As described in Note 2.1 Long-term investments to the financial statements, the value in use of equity investments is determined based on the net asset value of the subsidiaries (as calculated by external real estate valuers) as well as their outlook and usefulness for the Company.

We deemed the measurement of equity investments and related receivables to be a key audit matter due to its sensitivity to the assumptions used and in light of the significant amount represented by equity investments in the financial statements.

How our audit addressed this risk

We performed the following procedures:

- verifying the appropriateness of the appraisal method used for equity investments based on the information provided to us;
- comparing the equity value used to determine value in use with the equity value presented in the financial statements of entities that have been audited;
- comparing the carrying amount of properties used to determine value in use with the carrying amount of the subsidiaries' property, plant and equipment;
- comparing the fair value of properties used to determine value in use with the fair value of properties calculated by external real estate valuers, by carrying out the following procedures:
  - assessing the competency, independence and integrity of the external real estate valuers;
  - analyzing any material changes in the fair value of each investment property;
  - conducting an interview with the external real estate valuers in order to gain an understanding of and assess the relevance of the estimates, assumptions and appraisal method applied;
  - reconciling the data used by the external real estate valuers with the data presented in the documentary evidence, such as tenancy schedules and investment budgets for each property;
  - in conjunction with our property specialists, verifying the consistency of the main appraisal assumptions used by the external real estate valuers, in particular yield and market rental values in view of available market data.

Our work also consisted in assessing the appropriateness of the disclosures provided in the note to the financial statements.

Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report with respect to the Company's financial position and the financial statements

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 other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code relating to compensation 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.

Other information

In accordance with French law, we have verified that the required information concerning the acquisition of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Cegereal SA by the Ordinary and Extraordinary Shareholders' Meetings held on December 31, 2005 for KPMG and December 22, 2011 for Denjean & Associés.

At December 31, 2017, KPMG and Denjean & Associés were in the thirteenth year and the seventh year of total uninterrupted engagement, respectively.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

The Statutory Auditors

Paris-La Défense, March 1, 2018	Paris, March 1, 2018
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
Partner	Partner

3.4. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Cegereal SA

Registered office: 42, rue de Bassano – 75008 Paris, France

Share capital: EUR 66,862,500

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

General Shareholders' Meeting for the approval of the 2017 financial statements

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 the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, 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 SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

In accordance with Article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorized by the Board of Directors.

At its meeting of October 25, 2017, the Board of Directors authorized the signature of a settlement agreement with Raphaël Tréguier within the scope of the termination of his office as Chief Executive Officer.

In particular, the settlement agreement provides for:

- the payment of an amount of EUR 130,208;
- the payment to Raphaël Tréguier of non-compete benefits in an amount of EUR 50,000 per month for a period of six months, i.e., a total of EUR 300,000. The non-compete undertaking included in the settlement agreement replaced the non-compete, non-solicitation, non disparagement and confidentiality agreement entered into between Raphaël Tréguier and Cegereal and authorized by the Board of Directors on November 5, 2015;
- Raphaël Tréguier's continued entitlement to the shares awarded and the shares vested on July 7, 2016 and July 20, 2017, i.e., a total of 9,500 shares of the Company.

As a result, in the year ended December 31, 2017, the Company recognized an expense of EUR 426,550 after employer contributions.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

We were not informed of any agreement or commitment that had already been approved by the General Shareholders' Meeting which remained in force during the year ended December 31, 2017.

The Statutory Auditors

Paris-La Défense, March 1, 2018	Paris, March 1, 2018
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
Partner	Partner

IV. LEGAL INFORMATION

1. General Shareholders' Meeting of April 24, 2018

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 24, 2018 to report on the Company's and Group's activity in the course of the year that began on January 1, 2017 and ended on December 31, 2017, 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 24, 2018 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 a net loss of EUR 77,234 and net attributable income of EUR 62,407,532.35 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 the 2017 net loss and setting of the dividend

The fourth resolution proposes to appropriate the net loss for the year as follows:

Source:

- 2017 net loss: EUR 77,234
- Prior retained earnings: EUR 29,421

Other reserves: EUR 2,711,437

Appropriation:

- Retained earnings: EUR 29,421, reducing the "Retained earnings" account to zero;
- Other reserves: EUR 47,813, reducing "Other reserves" from EUR 2,711,437 to EUR 2,663,624.

Distribution of reserves

The fifth resolution proposes a distribution of reserves in an amount of EUR 2,540,775, i.e., EUR 0.19 per share.

If this proposal is adopted, the distribution will take place on May 4, 2018.

Distribution of additional paid-in capital

The sixth resolution proposes a distribution of additional paid-in capital in an amount of EUR 52,286,475, i.e., EUR 3.91 per share.

If this proposal is adopted, the distribution will take place on May 4, 2018.

The overall amount distributed per share in respect of the distribution of reserves and the distribution of additional paid-in capital would come to EUR 4.10. This amount represents EUR 2.20 according to the Company's distribution policy and EUR 1.90 corresponding to the Company's strong performance.

Related party agreements and commitments

The seventh resolution refers to related party agreements and commitments that were entered into in the previous year and disclosed in the Statutory Auditors' special report.

Terms of office of a member of the Board of Directors

The eighth resolution concerns the re-appointment of Marie-Flore Bachelier as a member of the Company's Board of Directors.

The shareholders are invited to re-appoint her for a period of four years.

A biography of Marie-Flore Bachelier is presented hereafter:

- Marie-Flore Bachelier (47) was General Secretary and Head of Capital Markets at Carmila. Prior to joining Carmila, Ms. Bachelier was Chief Financial Officer of Novaxia. She served as Chief Financial Officer, Head of Investor Relations and Secretary General of Mercialys for nine years, where she supported the company's growth following its initial public offering, developed its financing structure and helped to make Mercialys a benchmark property company. Prior to that, Ms. Bachelier was Deputy Head of Investor Relations at AXA Group for seven years and was also in charge of Group Reporting and Financial Control for the real estate portfolio at AXA Real Estate Investment Managers for seven years.

  She is a graduate of the École de Management de Normandie, where she specialized in Finance and Control.

  Her other mandates are as follows:

  – President of Consilio

  – Member of the Supervisory Board of the following companies:

    - Novaxia Immo Club 3
    - Immo Club 3 Selection

At December 31, 2017, Marie-Flore Bachelier did not hold any Cegereal shares.

Directors' fees

The ninth 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 200,000. Said sum shall apply to the current fiscal year and shall remain unchanged until a further resolution is passed.

Compensation of the executive corporate officers (ex ante vote derived from the Sapin II Act (Article L.225-37-2 of the French Commercial Code)

The General Shareholders' Meeting must vote on a resolution on the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional items comprising the total compensation and benefits of any kind to be awarded to corporate executive officers during their terms of office. This is the objective of the tenth resolution.

The items concerned by the law include fixed, variable, exceptional compensation and benefits of any kind.

The Board of Directors' report on corporate governance provides details of the principles and criteria for setting, allocating and awarding items of compensation and specifies that the payment of variable and exceptional compensation for a given year Y is subject to approval by the Ordinary Shareholders' Meeting in year Y+1 (ex post vote).

As required by law, the ex ante vote must take place at least once a year, whenever any change is made to the commitments made in favor of the executives and every time their term of office is renewed.

In the event of a negative vote:

- the previously approved principles and criteria, if any, will remain in force;
- in the absence of any previously approved principles and criteria, compensation is determined in accordance with the compensation awarded for the previous fiscal year; or
- in the absence of any compensation awarded for the previous fiscal year, the compensation is determined in accordance with existing practices within the Company.

Compensation of Raphaël Tréguier, former Chief Executive Officer (ex post vote derived from the Sapin II Act (Article L.225-37-2 of the French Commercial Code)

The General Shareholders' Meeting meeting must vote on the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to Raphaël Tréguier in his capacity as former Chief Executive Officer for the year ended December 31, 2017. This is the objective of the eleventh resolution.

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 45 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 October 20, 2018.

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 will terminate the authorization granted to the Board of Directors by the April 20, 2017 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 this 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 45 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 60,176,250.

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.

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, 2017. – Approval of non tax-deductible expenses.
2. Approval of the consolidated financial statements for the year ended December 31, 2017.
3. Discharge to the directors.
4. Appropriation of the net loss for the year.
5. Distribution of reserves.
6. Distribution of additional paid-in capital.
7. Statutory Auditors' special report on related party agreements and commitments and approval of such agreements.
8. Re-appointment of Marie-Flore Bachelier as director.
9. Amount of directors' fees to be allocated to members of the Board of Directors.

10. Approval of the principles and criteria for setting, allocating and awarding items of compensation of executive corporate officers (ex ante vote).
11. Approval of the items comprising the compensation of Raphaël Tréguier, former Chief Executive Officer (ex post vote).
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, period of validity of the authorization, ceiling.
14. Powers for formalities.

PROPOSED RESOLUTIONS

Ordinary resolutions

1. Resolution – Approval of the annual financial statements for the year ended December 31, 2017 – Approval of non tax-deductible expenses

Having reviewed the Board of Directors' report and the Statutory Auditors' reports on the year ended December 31, 2017, the General Shareholders' Meeting approves the financial statements for 2017 as presented, i.e., showing a net loss of EUR 77,234.

The General Shareholders' Meeting approves in particular the total amount of EUR 12,066 of expenses and charges referred to in Article 39 (4) of the French Tax Code *(Code général des impôts)* as well as the related tax.

2. Resolution – Approval of the consolidated financial statements for the year ended December 31, 2017

Having reviewed the Board of Directors' report and the Statutory Auditors' reports on the year ended December 31, 2017, the General Shareholders' Meeting approves the consolidated financial statements as presented, i.e., showing net attributable income of EUR 62,407,532.35.

3. Resolution – Discharge to the directors

Having reviewed the Board of Directors' report and the Statutory Auditors' reports on the year ended December 31, 2017, the General Shareholders' Meeting gives the directors full and unconditional discharge for performance of their duties during that period.

4. Resolution – Appropriation of the net loss for the year

On the recommendation of the Board of Directors, the General Shareholders' Meeting decides to appropriate the net loss for the year ended December 31, 2017 as follows:

Source:

- 2017 net loss: EUR 77,234

Prior retained earnings: EUR 29,421

Other reserves: EUR 2,711,437

Appropriation:

- Retained earnings: EUR 29,421, reducing the "Retained earnings" account to zero;
- Other reserves: EUR 47,813, reducing "Other reserves" from EUR 2,711,437 to EUR 2,663,624.

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		
12/31/2014	EUR 32,094,000(1) i.e., EUR 2.40/share	-	-	-
12/31/2015	EUR 26,745,500(1) i.e., EUR 2/share	-	-	-
12/31/2016	-	-	-	EUR 28,082,250(1) i.e., EUR 2.10/share

(1) Including the amount of dividends corresponding to treasury shares, which was transferred to retained earnings

5. Resolution – Approval of a distribution of reserves

In accordance with Article L.232-11, paragraph 2, of the French Commercial Code and ruling under the quorum and majority requirements for Ordinary Shareholders' Meetings, the General Shareholders' Meeting decides to pay a distribution of EUR 2,540,775, deducted from "Other reserves", i.e., EUR 0.19 per share.

The balance of "Other reserves" will therefore be reduced from EUR 2,663,624 (after appropriation of the net loss) to EUR 122,849.

The ex-dividend date is May 2, 2018.

The payment will take place on May 4, 2018.

Should the Company hold any treasury shares on the ex-dividend date, the sums corresponding to the distributions not paid in respect of those shares will be transferred to retained earnings.

In the event of a change in the number of shares granting entitlement to distributions from the 13,372,500 shares making up the share capital at April 24, 2018, the overall amount of distributions will be adjusted accordingly and the amount transferred to retained earnings will be determined based on distributions actually paid.

6. Resolution – Approval of a distribution of additional paid-in capital

In accordance with Article L.232-11, paragraph 2, of the French Commercial Code and ruling under the quorum and majority requirements for Ordinary Shareholders' Meetings, the General Shareholders' Meeting decides to pay a distribution of EUR 52,286,475, deducted from "Additional paid-in capital", i.e., EUR 3.91 per share.

The balance of "Additional paid-in capital" will therefore be reduced from EUR 70,914,026.19 to EUR 18,627,551.19.

The ex-dividend date is May 2, 2018.

The payment will take place on May 4, 2018.

Should the Company hold any treasury shares on the ex-dividend date, the sums corresponding to the distributions not paid in respect of those shares will be transferred to retained earnings.

In the event of a change in the number of shares granting entitlement to distributions from the 13,372,500 shares making up the share capital at April 24, 2018, the overall amount of distributions will be adjusted accordingly and the amount transferred to "Retained earnings" will be determined based on distributions actually paid.

7. Resolution – Statutory Auditors' special report on related party agreements and commitments and approval of agreements

Having reviewed the related party agreements and commitments presented in the Statutory Auditors' special report, the General Shareholders' Meeting approves the new agreement entered into during the year ended December 31, 2017 mentioned therein, in accordance with Articles L.225-38 *et seq.* of the French Commercial Code.

8. Resolution – Re-appointment of Marie-Flore Bachelier as director

The General Shareholders' Meeting decides to re-appoint Marie-Flore Bachelier, born on October 29, 1969 in Tours (France), a French national, residing at 54 avenue Flachat, 92600 Asnières-sur-Seine, France, as director, for a term of four years, expiring at the close of the General Shareholders' Meeting to be held in 2022 to approve the financial statements for the year ending December 31, 2021.

9. 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 200,000.

Said sum shall apply to the current fiscal year and shall remain unchanged until a further resolution is passed.

10. Resolution – Approval of the principles and criteria for setting, allocating and awarding the various items of compensation of executive corporate officers

Ruling under the quorum and majority requirements for Ordinary Shareholders' Meetings and having taken note of the Board of Directors' report on corporate governance prepared in compliance with Article L.225-37-2 of the French Commercial Code, the General Shareholders' Meeting approves the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional items comprising the total compensation and benefits of any kind to be awarded to the Chief Executive Officer, as described in the report in section IV.1.4 of the Registration Document, page 141.

11. Resolution – Approval of the items comprising the compensation of Raphaël Tréguier, former Chief Executive Officer

Having taken note of the Board of Directors' report on corporate governance, the General Shareholders' Meeting approves, in compliance with the provisions of Article L.225-100 of the French Commercial Code, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to Raphaël Tréguier in his capacity as Chief Executive Officer until October 25, 2017 for the year ended December 31, 2017, as described in section IV.1.4 of the Registration Document, page 142.

12. 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 April 20, 2017 General Shareholders' Meeting in its nineteenth resolution (ordinary).

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. 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 in the Company pursuant to current regulations;
- to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the General Shareholders' Meeting in its thirteenth resolution (extraordinary).

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 45 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 60,176,250.

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

13. Resolution – Authorization to be granted to the Board of Directors for the purpose of canceling the shares repurchased by the Company within the scope of the mechanism provided for under Article L.225-209 of the French Commercial Code

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.
4) This authorization terminates the authorization that the General Shareholders' Meeting granted to the Board of Directors at the April 20, 2017 meeting in its twentieth extraordinary resolution.

14. Resolution – 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 EXTRAORDINARY RESOLUTIONS

Cegereal SA

General Shareholders' Meeting of April 24, 2018

13th resolution

Statutory Auditors' report on the share capital reduction

This is a free translation into English of the report by the independent third party 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 compliance with the provisions of Article L.225-209 of the French Commercial Code *(Code de commerce)* applicable in the event of a capital reduction by canceling repurchased shares, 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 General Shareholders' Meeting, to cancel, within the limit of 10% of the share capital calculated on the date of the cancelation decision 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 share capital reduction.

The Statutory Auditors

Paris-La Défense, March 1, 2018	Paris, March 1, 2018
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
Partner	Partner

1.4. BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

"Dear Shareholders,

The law obliges the Board of Directors of any French *société anonyme* (joint-stock corporation) to give an account, in a report attached to the management report, of:

- the references made to a corporate governance code;
- the body selected to assume the general management of the company;
- the composition of the Board of Directors and the application of the principle of gender balance;
- a list of the terms of office exercised by the company's corporate officers;
- 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 and any proposed resolutions prepared for this purpose by the Board of Directors;
- any and all information pertaining to corporate officer compensation;
- any information likely to have an impact in the event of a public offer for the Company's shares;
- any related party agreements and commitments;
- any delegations of authority and powers granted by the General Shareholders' Meeting to the Board of Directors.

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, was approved by the Board of Directors at the meeting held on February 15, 2018 and transmitted to the Statutory Auditors.

1. CORPORATE GOVERNANCE

In corporate governance matters and pursuant to the Board of Directors' decision of January 30, 2009, our Company refers to the November 2016 update of the AFEP-MEDEF Corporate Governance Code of Listed Corporations (the "Reference Code") available at www.afep.com/publications/code-afep-medef/, 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.	
Proportion of independent directors on the Board of Directors (Section 8.3 of the AFEP-MEDEF Code)	In controlled companies, independent directors should account for at least a third of the Board members (Article 8.3). At February 15, 2018, three of the ten directors were independent (i.e., 30%). The composition of the Board of Directors is linked to the majority shareholder and the minority shareholders being directly involved in the Board's work. Although Northwood Investors controls the Company, it only recommended the appointment of five of the ten directors as two directors were appointed on the recommendation of the main minority shareholder. Furthermore, in order to maintain the Board's effectiveness, we do not consider it appropriate to increase the number of its members.	
Ethical rules for directors (Section 19 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, mainly because certain directors are linked to the majority shareholder and they do not all receive directors' fees.	
Shareholding requirement for executive corporate officers (Section 22 of the AFEP-MEDEF Code)	The Chairman of the Board of Directors and the Chief Executive Officer are not required to hold a minimum number of shares, mainly because they are linked to the majority shareholder and they do not receive any compensation for their duties.	

1.1. Board of Directors

1.1.1. Composition of the Board of Directors

Pursuant to the Company's bylaws, directors are appointed for four-year terms.

At December 31, 2017, the composition of the Board was as follows:

	Man/ Woman	Nationality	Independent director	First appointed	Term renewed	Term expires	Committee membership
John Kukral	M	American	No	Nov. 5, 2015	Apr. 20, 2017	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	Chairman of the Board of Directors
Khaled Kudsi	M	British	No	Nov. 5, 2015	May 26, 2016	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	Member of the Appointments and Compensation Committee
Jérôme Anselme(1)	M	French	No	Nov. 5, 2015	Apr. 20, 2017	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	
Erin Cannata	W	American	No	Nov. 5, 2015	Apr. 20, 2017	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	
Sophie Kramer	W	French	No	Nov. 5, 2015	Apr. 20, 2017	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	
Europroperty Consulting Represented by Alec Emmott	M	British	Yes	Feb. 24, 2011	May 26, 2016	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	Chairman of the Appointments and Compensation Committee Member of the Investment Committee
Jean-Marc Besson	M	French	Yes	Apr. 14, 2016	Apr. 20, 2017	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	Chairman of the Investment Committee and member of the Audit Committee
Marie-Flore Bachelier(2)	W	French	Yes	Feb. 17, 2016		General Shareholders' Meeting to approve the financial statements for the year ended December 31, 2017	Chair of the Audit Committee and member of the Appointments and Compensation Committee
Euro Fairview Private Limited Represented by Sebastien Abascal	M	French	No	Apr. 14, 2016	May 26, 2016	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	Member of the Investment Committee and member of the Audit Committee
Euro Lily Private Limited Represented by Madeleine Cosgrave	W	British	No	May 26, 2016		General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	

(1) Jérôme Anselme has also been Chief Executive officer since October 25, 2017.
(2) Director whose reappointment is subject to the approval of the General Shareholders' Meeting to be held on April 24, 2018.

No directors are elected by the employees pursuant to Article L.225-27 of the French Commercial Code.

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.

Independence of the Board members

Three of the Board members, Marie-Flore Bachelier, Jean-Marc Besson and Alec Emmott, in his capacity as permanent representative of Europroperty Consulting, were considered to be independent in accordance with the definition provided in the Reference Code.

According to Article 8.5 of the Reference Code, the criteria used to qualify Board members as independent are the following:

- not being:
  - an employee or executive corporate officer of the Company,
  - or an employee, executive corporate officer or director of a company consolidated by it,
  - or an employee, executive corporate officer or director of its parent or a company consolidated by its parent, 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 a significant customer, supplier, investment banker or corporate banker of the Company of its group or for which the Company or its group 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 having been a Board member for more than twelve years on the date on which he/she was appointed to his/her current term of office;
- not being a non-executive corporate officer that has received variable compensation in cash or in shares or any other kind of compensation related to the performance of the Company or its group;
- not being a shareholder that exercises control over the Company or its parent company. Beyond a 10% holding of the capital or voting rights, the Board is required to review the independence of the Board member with regard to the ownership structure of the Company and the existence of a potential conflict of interest.

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

The Board of Directors comprises four women and six men. 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. Their assignment is to issue opinions and suggestions to the Company's committees and to assist the Board of Directors in determining corporate strategy. No non-voting directors were appointed during the year ended December 31, 2017.

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 and Deputy Chief Executive Officer, if any, 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 with the Chairman of the Board of Directors and the 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 2017, the Board of Directors met six times.

Of those meetings, six were held without the Chairman.

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.

They attended the February 16, 2017 Board of Directors' meeting that reviewed and approved for issue the financial statements for the year ended December 31, 2016, and the July 20, 2017 meeting that reviewed and approved for issue the interim financial statements for the six months ended June 30, 2017.

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. In his capacity as Chief Executive Officer (not a director of the Company) until October 25, 2017, Raphaël Tréguier attended all Board of Directors' meetings until such date, with the exception of that held on October 25, 2017. Jérôme Anselme, Chief Executive Officer since October 25, 2017 and 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 and interim financial statements, appropriation of net income;
- quarterly and interim financial information;
- assessment of the Board of Directors;
- review of the Company's strategy;
- marketing of the real estate portfolio;
- amendments to the bylaws;
- amendments to the Internal Rules and Regulations;
- amendment to the terms and conditions of the Advisory Services Agreement entered into by Prothin and Northwood Investors France Asset Management SAS;
- compensation of the Chief Executive Officer for 2016;
- allocation of directors' fees;
- re-appointment of directors;
- re-appointment of the Chairman of the Board of Directors;
- re-appointment of the Deputy Chief Executive Officer;
- termination of the office of Raphaël Tréguier as Chief Executive Officer and appointment of Jérôme Anselme as Chief Executive Officer;
- free share grants to corporate officers;
- 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 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, 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.

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;
- no restrictions exist, other than those mentioned in section 3 (Items that could have an impact in the event of a public offer), where applicable, which have been accepted by the corporate officers concerning the sale of their interest in the Company's capital;
- no service agreements exist linking the members of the Company's management bodies or those of any of its subsidiaries under which benefits will be granted.

To the Company's knowledge and on the date of preparation hereof, no family ties exist between (i) the members of the Board of Directors, (ii) the Company's corporate officers, and (iii) the persons referred to in (i) and (ii).

Assessment of the Board of Directors

The Chairman of the Board of Directors circulated a self-assessment questionnaire to the directors with a view to assessing and thereby improving its functioning. The Board discussed the assessment at the meeting held on February 15, 2018.

A summary of the results of the assessment and the recommendations made were discussed at the Board of Directors' Meeting held on February 14, 2018.

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 adopted by the Board of Directors at its April 14, 2016 meeting. Their responsibilities and modus operandi are specified in the Internal Rules and Regulations.

1.2.1. The Audit Committee

The Audit Committee comprises Marie-Flore Bachelier (independent), Jean-Marc Besson (independent) and Sebastien Abascal (permanent representative of Euro Fairview Private Limited).

Marie-Flore Bachelier was appointed at the Board of Directors' meeting of February 17, 2016. Jean-Marc Besson and Sebastien Abascal, in his capacity as permanent representative of Euro Fairview Private Limited, were appointed as members of the Audit Committee at the Board of Directors' meeting of April 14, 2016.

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.

Marie-Flore Bachelier was appointed to replace Richard Wrigley as Chair of the Audit Committee by decision of the Board of Directors at its meeting of February 17, 2016. She is considered to be independent and proficient in financial matters as well as in internal control and risk management. Her academic training and her knowledge of the Group's activity means that she has the expertise the Board requires.

The length of the term of office of the Audit Committee members is four years.

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 twice in 2017, 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 and simplifying the related procedures handbook;
- 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 67%.

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.

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 comprises Marie-Flore Bachelier, Alec Emmott and Khaled Kudsi.

Marie-Flore Bachelier was appointed as a member of the Appointments and Compensation Committee by decision of the Board of Directors at its meeting of February 17, 2016.

Alec Emmott was appointed as a member of the Appointments and Compensation Committee by decision of the Board of Directors at its meeting of February 13, 2015. He was appointed as Chairman of the Appointments and Compensation Committee at the Board of Directors' meeting of April 14, 2016.

Khaled Kudsi was appointed as a member of the Appointments and Compensation Committee by the Board at its April 14, 2016 meeting.

At the same meeting, the Board of Directors decided to increase the length of the Appointments and Compensation Committee members' terms of office from three to four years.

The Appointments and Compensation Committee's role is described in the Company's Internal Rules and Regulations.

The Appointments and Compensation Committee met three times in 2017, and performed the following work:

- compensation of the Chief Executive Officer;
- free share grants to corporate officers;
- re-appointment of a director, the Chairman of the Board of Directors and the Deputy Chief Executive Officer;
- assessment of the Board of Directors;
- allocation of directors' fees;
- benchmarking for independent director compensation.

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.

The Committee is also responsible for drawing up a succession plan for executive corporate officers. The Committee did not address this matter in 2017.

The Board is satisfied with the work carried out by the Appointments and Compensation Committee.

1.2.3. The Investment Committee

The Investment Committee comprises Jean-Marc Besson (independent), Alec Emmott (independent) and Sebastien Abascal (permanent representative of Euro Fairview Private Limited).

Jean-Marc Besson and Sebastien Abascal, in his capacity as permanent representative of Euro Fairview Private Limited, were appointed as members of the Investment Committee at the Board of Directors' meeting of April 14, 2016. Alec Emmott (independent) was re-appointed as a member of the Investment Committee at the Board of Directors' meeting of February 13, 2015.

Jean-Marc Besson was appointed as Chairman of the Investment Committee by decision of the Board of Directors on April 14, 2016.

The Investment Committee met four times in 2017 to review the Company's strategy.

In addition, at its meeting of April 14, 2016, the Board of Directors decided to increase the length of the Investment Committee members' terms of office from three to four years.

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.

The Board is satisfied with the work carried out by the Investment Committee.

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. Executive Committee

Following the change of control, at its December 16, 2015 meeting, the Board of Directors decided to create an Executive Committee.

The Executive Committee is responsible for (i) reviewing issues and decisions relating to the Company's strategy, development, organization and management; and (ii) ensuring the smooth running of projects implemented by the Company.

It is composed of the Chief Executive Officer, the Deputy Chief Executive Officer(s), if any, and a director of the Company.

The Executive Committee meets as often as required in the interest of the Company. The Executive Committee's authorization is required for all decisions that have a significant impact on the Company's business, prior to their approval by the Board.

1.3.3. Limitations on the powers of the Chief Executive Officer and the Deputy Chief Executive Officers

The Board determines the Company's strategic business orientations and oversees the implementation thereof. It may therefore 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 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.

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 a certain number of acts or transactions, or carry out any contractual steps leading to such acts or transactions, in an amount of more than EUR 10 million per year (it being specified that in the event of related or connected acts or transactions, this limit will be assessed on an aggregate basis including all such acts or transactions), without having requested and received the Board of Directors' prior authorization to do so. These limitations on powers are described in the Company's Internal Rules and Regulations. At its meeting of December 16, 2015, the Board of Directors also set further limitations on the powers of the Chief Executive Officer and the Deputy Chief Executive Officer in addition to those provided for in the Internal Rules and Regulations.

1.4. Terms of office and duties exercised by the corporate officers

1.4.1. 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, 2017 (Article L.225-37-4, paragraph 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				
John Z. Kukral[2] Director	Director	First appointment on November 5, 2015 Renewal at the General Shareholders' Meeting of April 20, 2017 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2020	*Corporate officer:* Northwood Securities Europe B.V. (NL) Northwood Investors International Limited (UK)	Northwood International Acquisitions Limited (UK)
Chief Executive Officer				
Jérôme Anselme[2]	Deputy Chief Executive Officer and director	Termination of duties as Deputy Chief Executive Officer and first appointment as Chief Executive Officer on October 25, 2017 First appointment as director on November 5, 2015 Renewal at the General Shareholders' Meeting of April 20, 2017 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2020	*Chairman:* NW Bruges SAS Garnier SR3 SAS Scala SR3 SAS NW Fontenay Sous Bois SAS Prothin SAS *Director:* Foncière NW 2 SAS *Chairman of the Board of Directors*: K Reuil SAS STAM REI III Rossini SAS	*Legal manager:* NW Pointe Métro 1 SCI NW Pointe Metro 2 SCI Prosdim Joué SCI NW Péripôle Construction Sarl Hanami Reuil SCI *Corporate officer:* NW S1 Sàrl (Lux) NW S2 Sàrl (Lux) NW G1 Sàrl (Lux) NWS Holdings Sàrl (Lux) NW PM Holding Sàrl (Lux) NW PM 1 Sàrl (Lux) NW PM 2 Sàrl (Lux) Glidefern Property Management Limited (UK)
Director				
Khaled Kudsi	Director Member of the Appointments and Compensation Committee	First appointment on November 5, 2015 Renewal at the General Shareholders' Meeting of May 26, 2017 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2019	*Director:* Northwood Investors International Limited (UK)	
Europroperty Consulting Permanent representative: Alec Emmott	Director Member of the Investment Committee Chairman of the Appointments and Compensation Committee	First appointment on February 24, 2011 Renewal at the General Shareholders' Meeting of May 26, 2016 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2019	*Director* Lar Espana Real Estate SOCIMI SA *Advisory committee:* Weinberg Real Estate Parners WREP# 1&2	
Erin Cannata[2] Director	Director	First appointment on November 5, 2015 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ended December 31, 2016 Renewal at the General Shareholders' Meeting of April 20, 2017 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2020	None	
Sophie Kramer[2] Director	Director	First appointment on November 5, 2015 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ended December 31, 2016 Renewal at the General Shareholders' Meeting of April 20, 2017 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2020	*Director:* Foncière NW2 SAS STAM REI III Rossini SAS *Chief Executive Officer:* Garnier SR3 SAS Scala SR3 SAS Defense Plaza Mezz SAS NW Fontenay Sous Bois	*Legal manager:* NW Pointe Métro 1 SCI NW Pointe Metro 2 SCI Prosdim Joué SCI SCI de la Boucle

(1) Regardless of the Company's legal form and country of incorporation.
(2) Co-opted as director on October 29, 2015, with effect from November 5, 2015. Appointment as director ratified by the Extraordinary Shareholders' Meeting of February 18, 2016.

Name of corporate officer	Directorship held in the Company	Term of office	Other current directorships and positions held[1]	
Director				
Jean-Marc Besson	Director Member of the Audit Committee Chairman of the Investment Committee	First appointment on April 14, 2016 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ended December 31, 2016 Renewal at the General Shareholders' Meeting of April 20, 2017 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2020	*Corporate officer:* Terrell Group France	
Marie-Flore Bachelier[2]	Director Member of the Appointments and Compensation Committee Chair of the Audit Committee	First appointment on February 17, 2016 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ended December 31, 2017	*Chair:* Consilio *Member of the Supervisory Board:* Novaxia Immo Club 3 Immo Club 3 Selection	
Euro Fairview Private Limited Represented by Sébastien Abascal	Director Member of the Audit Committee Chairman of the Investment Committee	First appointment on April 14, 2016 Renewal at the General Shareholders' Meeting of May 26, 2016 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2019	*Corporate officer:* Development Venture IV SCA ECE European Prime Shopping Centre II C SCSP SIF ECE European Prime Shopping Centre SCS SICAF SIF A Euro Cervantes SOCIMI S.A. ICAMAP Investors, SLP-SIF SITQ Les Tours SA SNC de l'L'Hôtel Dabicam Paris Dabicam SAS	*Permanent representative of Euro Fairview Private Limited:* Gmp Property SOCIMI SA Esentepe Gayrimenkul Yatirim Insaat Turizm Sanyi Ferikoy Gayrimenkul Yatirim Insaat Turizm Sanayi Kurtkoy Gayrimenkul Yatirim Insaat Turizm Sanayi
Euro Lily Private Limited Represented by Madeleine Cosgrave	Director	First appointment on May 26, 2016 Expiration at the General Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2019	*Corporate officer:* 201 Bishopsgate Limited 4 Broadgate 2010 Limited 6 Broadgate 2010 Limited Barstep Limited Bluebutton (12702) Limited Bluebutton (5 Broadgate) UK Limited Bluebutton Circle Retail PHC 2013 Limited Bluebutton Developer Company (2012) Limited Bluebutton Properties UK Ltd British Land Broadgate 2005 Limited Broadgate (Cash Management) Limited Broadgate (Funding) 2005 Limited Broadgate (Lending) Limited Broadgate (PHC 11) Broadgate (PHC 11) 2005 Limited Broadgate (PHC 14) Limited Broadgate (PHC 15a) Limited Broadgate (PHC 15b) Limited Broadgate (PHC 15c) Limited Broadgate (PHC 16) 2005 Limited Broadgate (PHC 2) Limited Broadgate (PHC 3) Limited Broadgate (PHC 5) 2005 Limited Broadgate (PHC 5) Limited Broadgate (PHC 6) 2005 Limited	Broadgate (PHC 7) Limited Broadgate (PHC 8) 2008 Limited Broadgate (PHC 9) Limited Broadgate PHC 2010 Limited Broadgate Property Holdings Limited Broadgate REIT Limited BWAT Retail Property Trust Fund Estate Management (Brick) Limited Exeter/GIC Investment Partnership S.C.S.P. P3 Group Sarl Metrocentre (GP) Limited Metrocente Lancaster LLP *Permanent representative of Euro Lily Private Limited:* Eurolieum Sarl Euroalex Sarl Euro Dinero Sarl Euro Gwyneth Sarl Euro Les Tours Sarl Euro Park Sarl Euro Pyramid Sarl Euro Sphinx Sarl Euro Gaudi Sarl Euro Opera Sarl Euro Taurus Sarl Euro Efes Sarl Euro ExLogix Sarl RPSE Lunghezza Sarl
Raphaël Tréguier[3]	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:* SCI Pianissimmo SCI du Lauzin SCI Reuil Hanami until October 25, 2017	*Chairman:* Prothin SAS until October 25, 2017 *Chairman of the Board of Directors:* K Rueil OPCI until October 25, 2017

(1) Regardless of the Company's legal form and country of incorporation.
(2) Independent director whose reappointment is subject to the approval of the next Annual General Shareholders' Meeting.
(3) Raphaël Tréguier's duties as Chief Executive Officer were terminated at the Board of Directors' meeting of October 25, 2017.

1.4.2. 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.225-37-4, paragraph 1 of the French Commercial Code).

Name of corporate officer	Directorships and positions held in the last five years (expired)[1]	
John Kukral	Corporate officer	Northwood Property Management Limited (UK)
Europroperty Consulting Director – Permanent representative: Alec Emmott	Société Foncière Lyonnaise Silic Catella France	Advisory committee Mitsui Fudosan
Erin Cannata	None	
Jérôme Anselme	*Deputy Chief Executive Officer:* Cegereal *Chief Executive Officer:* Prothin SAS *Chairman:* NWI IDF SAS NW Péripôle NW Gennevilliers Mariinsky SR3 SAS	*Chairman of the Board of Directors:* Foncière NW SAS *Legal manager:* NW Isle d'Abeau SCI NW Limonest SCI NW Marseille SCI NW Vitrolles SCI Chinon SCI Les Guignières SCI *Corporate officer:* NW One Warrington Limited (Ir) Highcross Strategic Advisors Limited (UK)
Sophie Kramer	*Legal manager:* SNC La Défense SNC Lazuli SNC Péridot SNC Garnet-TIAA SNC Roosevelt SARL Des Brateaux SARL Olympe (holding company) EURL Olympe SARL Servin (holding company) EURL Servin EURL 154 rue de l'Université Chinon SCI Les Guignières SCI	Chief Executive Officer: Mariinsky SR3 SAS SAS Malachite SAS Roosevelt Villabé SAS Bruyères I SAS Bruyères II SAS SAS Courcelles 70 SAS rue de l'Université 154 SAS 36 rue La Fayette SAS Provence 110
Khaled Kudsi	*Chairman:* *Défense Plaza Mezz SAS* SWEN SAS	*Legal manager:* *SCI de la Boucle*
Jean-Marc Besson	None	
Marie-Flore Bachelier	None	
Euro Fairview Private Limited Represented by Sébastien Abascal	*Corporate officer:* London Student Accommodation Venture (Holdings) Ltd London Student Accommodation Venture (Trustee) Ltd	
Euro Lily Private Limited Represented by Madeleine Cosgrave	*Corporate officer:* ECE European Prime Shopping Centre II C, SCSP SIF ECE European Prime Shopping Centre SCS SICAF SIF A Exeter/GIC Investment Partnership S.C.S.P. New Tower Real Estate B.V Old Tower Real Estate B.V	CBRE Retail Property Fund France Belgium C.V CBRE Retail Property Fund Iberica Limited Partners Manhattan Acquisition Oy New Tower Real Estate B.V Old Tower Real Estate B.V RPSE Lunghezza SARL

(1) Regardless of the Company's legal form and country of incorporation.

1.5. Corporate officer compensation

1.5.1. Board member compensation (directors' fees)

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. 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.

The April 20, 2017 General Shareholders' Meeting set the overall amount of directors' fees to be allocated to members of the Board of Directors at EUR 200,000. Said sum shall apply to the current fiscal year and shall remain unchanged until a further resolution is passed.

In respect of the year ended December 31, 2017 and in light of the work of the Appointments and Compensation Committee, the December 13, 2017 Board of Directors' meeting decided to allocate directors' fees as follows:

- Jean-Marc Besson: EUR 48,400;

- Europroperty Consulting: EUR 61,600;

- Marie-Flore Bachelier: EUR 65,000.

Making a total of EUR 175,000.

Table summarizing the directors' fees and other compensation paid to each non-executive corporate officer (Table 3 of AMF recommendation – AFEP-MEDEF Code)

Non-executive corporate officers	Amounts paid during 2016	Amounts paid during 2017
John Kukral		
Directors' fees	-	-
Other compensation	-	-
Khaled Kudsi		
Directors' fees	-	-
Other compensation	-	-
Sophie Kramer		
Directors' fees	-	-
Other compensation	-	-
Jérôme Anselme		
Directors' fees	-	-
Other compensation	-	-
Erin Cannata		
Directors' fees	-	-
Other compensation	-	-
Europroperty Consulting		
Directors' fees	62,800	61 600
Other compensation	-	-
Marie-Flore Bachelier		
Directors' fees	59,500	65,000
Other compensation	-	-
Jean-Marc Besson		
Directors' fees	62,400	48,400
Other compensation	-	-
Euro Fairview Private Limited		
Directors' fees	-	-
Other compensation	-	-
Euro Lily Private Limited		
Directors' fees	-	-
Other compensation	-	-
TOTAL	184,700	175,000

1.5.2. Executive corporate officer compensation

a) Principles and rules for determining executive corporate officer compensation

On the recommendation of the Appointments and Compensation Committee, the Board validates the executive corporate officer compensation policy and the compensation for each of them.

The first principle laid down by the Board of Directors is not to compensate executive corporate officers for their office when they are an employee, an executive corporate officer or a Board member of a reference shareholder. Consequently, the Chairman of the Board of Directors and the Chief Executive Officer do not receive any compensation from the Company for their offices.

The other principles governing the determination of the compensation of the Company's executive corporate officers are established based on the AFEP-MEDEF Code as amended in November 2016, to which the Company refers, i.e.:

(i) **exhaustiveness:** all items of compensation must be taken into account in the overall assessment of the compensation.

This policy applies to the entire fixed, variable and exceptional compensation granted by the Company as well as benefits of any kind (e.g., pension benefits, severance indemnities). It includes all conditional deferred compensation, retention plan payments, non-recurring pension benefits, incentives and other variable compensation.

(ii) **comparability:** the compensation must be assessed in the context of a reference sector or market. If the market is used as a reference, it cannot be the only reference. 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. It can also depend on the nature of the assignments entrusted to the person or on special situations.

(iii) **consistency:** the executive corporate officer's compensation must be determined consistently with that of the other executives and employees of the company.

(iv) **intelligibility of the rules:** the rules must be simple, stable and transparent. The performance criteria used must correspond to the company's objectives, be demanding, explicit and, to the extent possible, long-lasting.

(v) **measure:** the determination of the items of compensation must strike a fair balance and take into account both the corporate interest of the Company, market practices, the executives' performance levels, and the company's other stakeholders.

In this regard, executive corporate officers' compensation is closely tied to the Company's performance, particularly by means of annual variable compensation. The quantifiable part of the variable compensation is subject to the achievement of precise, simple and measurable objectives that are closely linked to the performance of the Group.

In this regard, the Appointments and Compensation Committee, by regularly conducting compensation surveys, ensures that no component of the executive corporate officers' compensation is disproportionate and that their compensation is competitive.

b) Items comprising the compensation of the executive corporate officers

Items comprising the compensation of the Chairman of the Board of Directors

John Kukral has been Chairman of the Board of Directors since April 14, 2016 and was re-appointed on April 20, 2017. He does not receive any compensation in respect of his duties. He is not subject to an employment contract or complementary pension scheme within the Group.

Items comprising the compensation and benefits of the Chief Executive Officer, Jérôme Anselme

Jérôme Anselme, Deputy Chief Executive Officer until October 25, 2017 and Chief Executive Officer from that date forward, does not receive any compensation in respect of his duties. He is not subject to an employment contract or complementary pension scheme within the Group.

Items comprising the compensation of Raphaël Tréguier, Chief Executive Officer until October 25, 2017

In 2017, former Chief Executive Officer Raphaël Tréguier received 10/12 of his fixed annual compensation, set at a gross amount of EUR 400,000, in respect of his duties.

In addition, on October 25, 2017, the Board of Directors of the Company entered into a post-termination settlement agreement with Raphaël Tréguier providing for:

- the payment to Raphaël Tréguier of an amount of EUR 130,208;
- the payment to Raphaël Tréguier of a non-compete benefit in a monthly amount of EUR 50,000 for a period of six months, i.e., a total of EUR 300,000. This non-compete undertaking supersedes and replaces the non-compete, non-solicitation, non-disparagement and confidentiality agreement previously signed between Raphaël Tréguier and the Company and authorized by the Board of Directors on November 5, 2015;
- Raphaël Tréguier's continued entitlement to the shares awarded and the shares vested on July 7, 2016 and July 20, 2017, i.e., a total of 9,500 shares in the Company.

Raphaël Tréguier, the former Chief Executive Officer, also enjoyed benefits-in-kind representing an annual basis of a maximum total amount of EUR 36,964 and taking the form of a company car and unemployment insurance for company managers.

No benefits-in-kind have been granted to the other corporate officers.

Indemnities, benefits and compensation granted to corporate officers with respect to the termination of or a change of their duties

No indemnities, benefits or compensation were granted to corporate officers with respect to the termination of or a change of their duties.

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 Jérôme Anselme and Cegereal or any of its subsidiaries or their subsidiaries.

There was no employment contract between Raphaël Tréguier and Cegereal or any of its subsidiaries or their subsidiaries.

c) Resolutions proposed by the Board of Directors concerning the compensation of the executive corporate officers

Ex ante vote

In accordance with Article L.225-37-2 of the French Commercial Code, the Board of Directors proposes to put a resolution to the shareholders at the next General Shareholders' Meeting on the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional items comprising the total compensation and benefits of any kind of the Chief Executive Officer for his role, it being specified that the payment of variable and exceptional compensation for a given year Y is subject to approval by the Ordinary Shareholders' Meeting in year Y+1 (ex post vote).

"10. Resolution – Approval of the principles and criteria for setting, allocating and awarding the various items of compensation of corporate officers

Ruling under the quorum and majority requirements for Ordinary Shareholders' Meetings and having taken note of the Board of Directors' report on corporate governance prepared in compliance with Article L.225-37-2 of the French Commercial Code, the General Shareholders' Meeting approves the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional items comprising the total compensation and benefits of any kind to be awarded to the Chief Executive Officer for his role, as described in the report in section IV.1.4 of the Registration Document, page 141."

Ex post vote

In accordance with Article L.225-37-2 of the French Commercial Code, all fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer for 2017 must be submitted to the General Shareholders' Meeting.

Accordingly, the Board of Directors proposes to put the following resolution to the shareholders at the next Annual General Shareholders' Meeting:

"11. Resolution – Approval of the items comprising the compensation of Raphaël Tréguier, former Chief Executive Officer

Having taken note of the Board of Directors' report on corporate governance, the General Shareholders' Meeting approves, in compliance with the provisions of Article L.225-100 of the French Commercial Code, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to Raphaël Tréguier in his capacity as Chief Executive Officer until October 25, 2017 for the year ended December 31, 2017, as described in section IV.1.4 of the Registration Document, page 142."

d) Tables summarizing corporate officer compensation

The information disclosed hereafter is presented based on the AFEP-MEDEF Code as amended in November 2016, the Annual Reports of the French High Committee for Corporate Governance *(Haut Comité de Gouvernement d'Entreprise)*, the AMF's 2017 report on corporate governance, executive compensation, internal control and risk management and the AMF guide to preparing registration documents, updated on April 13, 2015.

In addition, in accordance with Article L.225-37-2 of the French Commercial Code, this section also describes the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer for 2017.

Table summarizing the compensation, options and shares granted to each executive corporate officer (Table 1 of AMF recommendation – AFEP-MEDEF Code)

Items of compensation owed or awarded for the 2017 fiscal year to John Kukral, Chairman of the Board of Directors		
Items of compensation	Amount or accounting value in thousands of euros	Presentation
Fixed compensation	N/A	John Kukral does not receive any fixed compensation
Annual variable compensation	N/A	John Kukral does not receive any annual variable compensation
Multi-annual variable compensation	N/A	John Kukral does not receive any multi-annual variable compensation
Exceptional compensation	N/A	John Kukral does not receive any exceptional compensation
Stock option grants	N/A	No stock options were granted in 2017
Performance share grants	N/A	John Kukral does not receive any preferred shares
Directors' fees	N/A	John Kukral does not receive any directors' fees
Benefits-in-kind	N/A	John Kukral does not receive any benefits-in-kind
Severance indemnities	N/A	John Kukral does not receive any severance indemnities
Non-compete benefits	N/A	John Kukral is not entitled to non-compete benefits
Pension scheme	N/A	John Kukral is not a member of a Group complementary pension scheme
Items of compensation owed or awarded for the 2017 fiscal year to Jérôme Anselme, Chief Executive Officer as of October 25, 2017		
Items of compensation	Amount or accounting value in thousands of euros	Presentation
Fixed compensation	N/A	Jérôme Anselme does not receive any fixed compensation
Annual variable compensation	N/A	Jérôme Anselme does not receive any annual variable compensation
Multi-annual variable compensation	N/A	Jérôme Anselme does not receive any multi-annual variable compensation
Exceptional compensation	N/A	Jérôme Anselme does not receive any exceptional compensation
Stock option grants	N/A	No stock options were granted in 2017
Performance share grants	N/A	Jérôme Anselme does not receive any preferred shares
Directors' fees	N/A	Jérôme Anselme does not receive any directors' fees
Benefits-in-kind	N/A	Jérôme Anselme does not receive any benefits-in-kind
Severance indemnities	N/A	Jérôme Anselme does not receive any severance indemnities
Non-compete benefits	N/A	Jérôme Anselme is not entitled to non-compete benefits
Pension scheme	N/A	Jérôme Anselme is not a member of a Group complementary pension scheme

(1) Jérôme Anselme was appointed as Chief Executive Officer on October 25, 2017. He resigned from his position as Deputy Chief Executive Officer on the same date. The information provided in the table above covers both positions.

Items of compensation owed or awarded for the 2017 fiscal year to Raphaël Tréguier, Chief Executive Officer until October 25, 2017(1)		
Items of compensation	Amount or accounting value in thousands of euros	Presentation
Fixed compensation	EUR 328,219	
Annual variable compensation	N/A	Raphaël Tréguier did not receive any annual variable compensation
Multi-annual variable compensation	N/A	Raphaël Tréguier did not receive any multi-annual fixed compensation
Exceptional compensation	N/A	Raphaël Tréguier did not receive any exceptional compensation
Stock option grants	N/A	No stock options were granted in 2017
Performance share grants	EUR 196,342 (excluding provisions for employer contributions, which amounted to EUR 39,268)	Raphaël Tréguier was awarded 5,080 shares under the 2017 performance share plan set up by the Board of Directors' meeting of July 20, 2017, pursuant to the 13th resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 26, 2016. This award represented 0.04% of the share capital at December 31, 2017. As part of the settlement agreement signed between Raphaël Tréguier and Cegereal, it was agreed that Raphaël Tréguier would retain (i) the shares awarded to him on July 6, 2017 that have vested (i.e., 4,420 of the 5,349 shares initially awarded), and (ii) the 5,080 shares awarded to him on July 20, 2017 (which will vest on July 20, 2018), i.e., a total of 9,500 shares in the Company. Raphaël Tréguier is entitled to receive the 5,080 shares awarded to him on July 20, 2017 further to the vesting period ending on July 20, 2018, with no obligation to fulfill performance objectives. The shares will be subject to a lock-up period expiring on July 20, 2019.
Directors' fees	N/A	Raphaël Tréguier did not receive any directors' fees
Benefits-in-kind	EUR 39,964	Company car and unemployment insurance for company managers
Severance indemnities	N/A	Raphaël Tréguier did not receive any severance indemnities
Non-compete benefits	N/A	Raphael Tréguier was entitled to non-compete benefits for a period of six months from the date of termination of his duties. Said benefits were submitted for approval at the General Shareholders' Meeting of May 26, 2016 in accordance with the procedure applicable to related party agreements. As part of the settlement agreement signed between Raphaël Tréguier and Cegereal, the non-compete undertaking was superseded and replaced by the payment of a non-compete benefit in a monthly amount of EUR 50,000 for a period of six months, i.e., a total of EUR 300,000.
Pension scheme	N/A	Raphaël Tréguier was not a member of a Group complementary pension scheme

(1) Raphaël Tréguier's duties as Chief Executive Officer were terminated at the Board of Directors' meeting of October 25, 2017.

Table summarizing the compensation paid to each executive corporate officer (Table 2 of AMF recommendation – AFEP-MEDEF Code)

Table summarizing the compensation paid to each executive corporate officer (Table 2 of AMF recommendation – AFEP-MEDEF Code)				
John Kukral Chairman of the Board of Directors	12/31/2017		12/31/2016	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind	-	-	-	-
TOTAL	-	-	-	-

Jérôme Anselme[3] Chief Executive Officer	12/31/2017		12/31/2016	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind	-	-	-	-
TOTAL	-	-	-	-

Raphaël Tréguier[4] Chief Executive Officer	12/31/2017		12/31/2016	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Fixed compensation	328,219	328,219	400,000	400,324
Variable compensation[1]	130,208	130,208	200,000	200,000
Multi-annual variable compensation	-	-	-	-
Non-compete benefits	100,000	100,000	-	-
Directors' fees	-	-	-	-
Benefits-in-kind[2]	36,964	36,964	27,717	27,717
TOTAL	595,391	595,391	627,717	628,041

(1) The executive corporate officer's variable compensation payable in respect of year Y-1 is paid in year Y.
(2) Company car and unemployment insurance for company managers.
(3) Jérôme Anselme was appointed as Chief Executive Officer on October 25, 2017.
(4) Raphaël Tréguier's duties as Chief Executive Officer were terminated at the Board of Directors' meeting of October 25, 2017.

This table only concerns the executive corporate officers defined in the introduction to Table 1 above who received compensation for the year ended December 31, 2017.

Subscription or purchase options awarded during the fiscal year to each executive corporate officer by the issuer and by any company of the Group (Table 4 of AMF recommendation – AFEP-MEDEF Code)

No stock subscription or stock purchase options were awarded to the executive corporate officers in 2017.

Subscription or purchase options exercised during the fiscal year by each executive corporate officer by the issuer and by any company of the Group (Table 5 of AMF recommendation – AFEP-MEDEF Code)

No executive corporate officers exercised stock subscription or stock purchase options in 2017.

Performance shares awarded during the fiscal year to each executive corporate officer by the issuer and by any company of the Group (Table 6 of AMF recommendation – AFEP-MEDEF Code)

Performance shares awarded during the fiscal year to each executive corporate officer by the issuer and by any company of the Group (Table 6 of AMF recommendation – AFEP-MEDEF Code)						
Executive corporate officers	No. and date of the plan	Number of shares awarded during the year	Valuation of the shares according to the method used for the consolidated financial statements(1)	Vesting date	Availability date	Performance conditions
Raphaël Tréguier Chief Executive Officer	AP 16 of July 7, 2016	5,349	€101,734	Jul. 20, 2018	Jul. 20, 2019	N/A(2)

(1) Estimated fair value of performance shares (IFRS 2), excluding the provision for the employer contribution of EUR 235,610.
(2) As part of the settlement agreement, it was agreed that Raphaël Tréguier is entitled to receive the 5,080 shares awarded to him on July 20, 2017 further to the vesting period ending on July 20, 2018, with no obligation to fulfill performance objectives. The shares will be subject to a lock-up period expiring on July 20, 2019.

No performance shares became available for the executive corporate officers in 2017.

Total amounts set aside as provisions to pay annuities, pensions, or other benefits (Table 11 of AMF recommendation – AFEP-MEDEF Code)

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.

Other information (Table 11 of AMF recommendation – AFEP-MEDEF Code)								
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
John Kukral Chairman April 14, 2016 Reappointed on May 20, 2017 2021 AGSM		X		X		X		X
Jérôme Anselme(1) Chief Executive Officer October 25, 2017 2019 AGSM		X		X		X		X
Raphaël Tréguier(2) Former Chief Executive Officer		X		X		X	X	

(1) Jérôme Anselme was appointed as Chief Executive Officer on October 25, 2017.
(2) Raphaël Tréguier's duties as Chief Executive Officer were terminated at the Board of Directors' meeting of October 25, 2017.

1.5.3. Information regarding stock subscription and stock purchase options, and performance shares

Past awards of subscription or purchase options – information on the subscription or purchase options (Table 8 of AMF recommendation – AFEP-MEDEF Code)

Not applicable

Past awards of performance shares (Table 9 of AMF recommendation – AFEP-MEDEF Code)

Past awards of performance shares (Table 9 of AMF recommendation – AFEP-MEDEF Code)	
	Plan no. 1
Date of Shareholders' Meeting	May 26, 2016
Date of Board of Directors' meeting	July 7, 2016 and July 20, 2017
Total number of shares awarded, of which the number awarded to: Raphaël Tréguier	9,500
Vesting date of the shares	July 7, 2017 and July 20, 2018
End of lock-up period	July 7, 2018 and July 20, 2019
Performance conditions	N/A
Number of shares having fully vested at February 15, 2018	4,420
Cumulative number of shares canceled or lapsed	-
Performance shares remaining at the end of the fiscal year (vesting period)	5,080

Vesting period: The shares will vest on expiration of a twelve-month period beginning on the date on which the free shares are granted by the Board of Directors, subject to the beneficiary remaining with the Company and fulfilling the performance conditions set out below. The number of ordinary shares that vest will be determined based on the achievement of performance objectives.

Condition to remain with the Company: The shares shall only vest if the beneficiary continues to hold the position of executive corporate officer of a Group entity for a continuous period of twelve months following the date on which the shares were granted, except where otherwise provided by the rules and regulations adopted by the Board of Directors on July 7, 2016 (the “Rules and Regulations”).

Performance condition: The number of shares that vest will vary based on the achievement of performance objectives. The performance objectives are based on the Company’s total shareholder return (“TSR”) over a period of twelve months versus the average TSR of comparable companies (the “Benchmark Property Companies”) over the same period. The Board of Directors has decided that the reference period for calculating the TSR of the Company and the Benchmark Property Companies will be from January 1 to December 31, 2016. The TSR refers to the ratio between (i) the sum of the EPRA Triple Net Asset Value (“NAV”) per share on the last day of the reference period and any dividends, interim dividends or other income arising on the shares and paid in respect of the reference period, and (ii) the EPRA Triple NAV per share on the first day of the reference period. In addition to these quantifiable objectives, the performance of the executive corporate officers is also measured based on qualitative criteria relating to management quality.

Lock-up period: Pursuant to the Rules and Regulations, the shares that vest following the aforementioned vesting period must be held by the beneficiary for a period of twelve months (i.e., until July 7, 2018 at the earliest), subject to certain exceptions (invalidity or death of beneficiaries). On expiration of the twelve-month lock-up period, the executive corporate officer shall hold, until expiration of his/her term of office, 50% or more of the vested shares so that the total amount of the shares held represents 100% of his/her fixed gross annual compensation in respect of the prior year, as determined at the end of the lock-up period.

2. 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 meeting (Article R.225-85 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, (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.

3. INFORMATION LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER FOR THE COMPANY’S SHARES

Pursuant to Article L.225-100-3 of the French Commercial Code, we specify below the points that could have an impact in the event of a public offer. They include agreements entered into by the Company that would be amended or terminated in the event of a change in control of the Company.

These points are as follows:

- 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.5.1.2 below.
- There are no bylaw restrictions to the exercise of voting rights, subject to those relating to disclosure thresholds set out in section IV.5.5.
- There is a shareholders’ agreement between Northwood and the GIC group, as indicated below, which was disclosed to the Company in accordance with Article L.233-11 of the French Commercial Code.
- 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, subject to the agreements between Northwood and GIC regarding the Company's governance and provided for in their shareholders' agreement referred to in section IV.5.3. 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 delegations of financial authority are described in section 4. 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. However, a unanimous decision is required to increase the shareholders' commitments. The meeting may delegate its authority to the Board of Directors for the purpose of amending the bylaws to bring them into line with any new statutory and regulatory provisions, subject to ratification of such amendments at the next Extraordinary Shareholders' Meeting.
- The only agreements entered into by the Group that would be amended or terminated in the event of a change in control of the Company are credit agreements, the Advisory Services Agreement entered into by Prothin, the Advisory Services Agreement entered into by Hanami Rueil SCI and insurance contracts.

4. RELATED PARTY AGREEMENTS AND COMMITMENTS

Agreements and commitments authorized during the year

The agreements and commitments authorized during the year and to be submitted for approval at the General Shareholders' Meeting in accordance with Article L.225-38 of the French Commercial Code are as follows:

Settlement agreement with Raphaël Tréguier, former Chief Executive Officer

Further to the Board of Directors' meeting of October 25, 2017, at which the decision was made to terminate the office of Raphaël Tréguier as Chief Executive Officer of the Company, Mr. Tréguier signed a settlement agreement with the Company for the purpose of achieving an amicable, full and final settlement of all cause for dispute between himself and the Company, subject to mutual concessions, in accordance with Article 2044 of the French Civil Code (*Code civil*).

The settlement agreement provides for:

- the payment to Raphaël Tréguier of an amount of EUR 130,208;
- the payment to Raphaël Tréguier of a non-compete benefit in a monthly amount of EUR 50,000 for a period of six months, i.e., a total of EUR 300,000. This non-compete agreement supersedes and replaces the non-compete, non-solicitation, non-disparagement and confidentiality agreement previously signed between Raphaël Tréguier and the Company and authorized by the Board of Directors on November 5, 2015;
- Raphaël Tréguier's continued entitlement to the shares awarded and the shares vested on July 7, 2016 and July 20, 2017, i.e., a total of 9,500 shares in the Company.

5. DELEGATIONS OF FINANCIAL AUTHORITY

SUMMARY TABLE OF VALID DELEGATIONS OF FINANCIAL AUTHORITY

Shares affected Date of General Shareholders' Meeting (Term of the authorization and expiration)	Authorized amount	Use of authorization
1. Issues with pre-emptive subscription rights		
Share capital increase by issuing shares and/or securities granting access to the capital and/or the issuance of securities AGM of April 20, 2017 - 22nd resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** EUR 300 million (independent cap) **Maximum amount of securities representing debt securities** EUR 300 million (independent cap)	None
Share capital increase by capitalizing reserves, profits or premiums AGM of April 20, 2017 - 21st resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** EUR 300 million (independent cap)	None
Issue of free share subscription warrants to be granted to shareholders in connection with a public offer AGM of April 20, 2017 - 29th resolution (maximum 18 months, expires on October 20, 2018)	**Maximum nominal amount of share capital increase** EUR 66,862,500	None
2. Issues without pre-emptive subscription rights		
Share capital increase by issuing shares and/or securities granting access to the capital in connection with a public offer (A) AGM of April 20, 2017 - 23rd resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** EUR 300 million (A) + (B) capped at EUR 300 million **Maximum amount of securities representing debt securities** EUR 300 million (A) + (B) capped at EUR 300 million	None
Share capital increase by issuing shares and/or securities granting access to the capital in connection with a private placement (B) AGM of April 20, 2017 - 24th resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** EUR 300 million (A) + (B) capped at EUR 300 million and 20% of the capital per year **Maximum amount of securities representing debt securities** EUR 300 million (A) + (B) capped at EUR 300 million	None
Share capital increase in consideration of in-kind contributions AGM of April 20, 2017 - 27th resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** 10% of adjusted share capital per year	None
Issue of freely priced shares AGM of April 20, 2017 - 25th resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** 10% of adjusted share capital per year (A) + (B) capped at EUR 300 million	None
Share capital increase by issuing shares for members of an employee savings plan AGM of May 26, 2016 - 14th resolution (maximum 26 months, expires on July 26, 2018)	**Maximum amount of share capital increase** 1% of adjusted share capital	None
Share subscription warrants ("BSA") AGM of February 18, 2016 - 6th resolution (maximum 12 months, expires on February 18, 2017)	**Maximum number of share subscription warrants to be issued** 865,000	Issue of 865,000 BSAs on April 14, 2016
Performance shares AGM of May 26, 2016 - 13th resolution (maximum 38 months, expires on July 26, 2019)	**Maximum number of performance shares (existing or to be issued)** 0.5% of the share capital on the date of the Shareholders' Meeting's decision Shares granted to (i) employees, and (ii) executive corporate officers	Grant of 5,080 shares to be issued on July 20, 2017
3. Issues with or without pre-emptive subscription rights		
Increase in the number of shares to be issued in the event of share capital increases AGM of April 20, 2017 - 26th resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** 15% of initial issue	None

Shares affected Date of General Shareholders' Meeting (Term of the authorization and expiration)	Authorized amount	Use of authorization
4. Share buy-backs		
Share buy-back program AGM of April 20, 2017 - 19th resolution (maximum 18 months, expires on October 20, 2018)	**Maximum number of shares that can be bought back** 10% of adjusted share capital or 5% in the event of share buy-backs in view of external growth transactions Maximum number of shares that can be held by the Company: 10% of the share capital Maximum buy-back price: EUR 45 per share Maximum aggregate amount of the share buy-back program: EUR 60,176,250	None
Share capital reduction by canceling treasury shares AGM of April 20, 2017 - 20th resolution (maximum 24 months, expires on April 20, 2019)	**Maximum number of shares that can be canceled in any 24-month period** 10% of the shares comprising the adjusted share capital	None
Share capital reduction for reasons other than losses by reducing the par value of the shares from EUR 12 to EUR 5 AGM of February 18, 2016 - 7th resolution (maximum 12 months, expires on February 18, 2017)	**Maximum amount of the share capital reduction** EUR 93,607,500	EUR 93,607,500 by transferring said amount to additional paid-in capital, as decided on October 25, 2016

We 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.

The Board of Directors"

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 00031 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: 42 rue de Bassano, 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.

The telephone number for the registered office is:

+33 (0)1 42 25 76 36

2.5. SIIC STATUS

SIIC TAX TREATMENT

On June 1, 2006, the Company 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.

The Company's eligibility for SIIC tax treatment was confirmed by the tax authorities on January 3, 2006 subject to compliance with the conditions laid down by the law.

Article 208 C of the French Tax Code stipulates that a company may elect for SIIC tax treatment provided that it meets all of the following conditions at all times:

- it is listed on a regulated market;
- it has a minimum share capital of EUR 15 million;
- its main corporate purpose is the acquisition or construction of buildings intended for lease or the direct or indirect ownership of shareholdings in entities having the same corporate purpose and liable to the tax treatment applicable to partnerships or liable to corporate income tax;
- its capital or voting rights may not be held at 60% or more by one or several persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code.

If during a fiscal year, the Company fails to comply with this threshold, in principle it shall no longer be eligible for the preferential tax treatment.

However, the 60% condition does not apply if the breach is due to certain specific transactions and is temporary in nature.

More specifically, if during a fiscal year, 60% or more of the company's capital or voting rights comes to be held by one or several persons acting in concert pursuant to a public offer within the meaning of Article L.433-1 of the French Monetary and Financial Code (*Code monétaire et financier*), the condition is deemed to have been met if the percentage holding is reduced to less than 60% before the final date for filing the financial statements for the fiscal year in which the threshold was breached (for companies with a December 31 year end, the final date is the second business day after May 1).

- its capital and voting rights must be held at 15% or more by persons each holding less than 2% of the capital and voting rights on the first day of the financial period in which the Company applies the SIIC tax treatment.

Consequences of the acquisition by the Northwood Concert (as defined below) of shares of the Company on its eligibility for SIIC tax treatment

Following its acquisition of shares of the Company on November 5, 2015, the Northwood Concert held 59.78% of the Company's capital and voting rights and consequently did not breach the 60% threshold.

However, as it exceeded the 30% holding threshold, it was required to make a mandatory public offer ("**the Offer**").

The Northwood Concert, which held 98.44% of Cegereal's share capital following the tender offer that closed on January 25, 2016, sold a portion of its Cegereal shares to leading institutional investors acting independently, including an affiliate of GIC, the Singaporean sovereign wealth fund, which took up 25%.

The Northwood Concert's sale of the proportion of its shareholding in Cegereal exceeding 60%, which occurred in 2016 and therefore before April 30, 2017, enabled Cegereal to retain its SIIC preferential tax treatment.

OBLIGATION TO DISTRIBUTE INCOME

SIICs that have elected for preferential tax treatment granted to listed real estate investment companies (SIICs) in accordance with Article 208 C of the French Tax Code 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;
- 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. Capital gains generated on the sale of shares in an OPCI (*organisme de placement collectif immobilier*) property fund do not qualify for the tax exemption;
- dividends received from subsidiaries having elected for preferential tax treatment and resulting from exempt income or from capital gains, and dividends received from SPPICAVs that have been at least 5%-owned for a minimum of two years, provided that they are redistributed in full during the fiscal year following the year in which they were received.

Cegereal's exemption from corporate income tax could be fully or partially contested if it fails to meet this condition.

TAX TREATMENT OF THE DIVIDEND DISTRIBUTION OF JULY 2017

WITHHOLDING TAX

The dividends distributed by Cegereal in July 2017 were paid out of additional paid-in capital, solely comprised of capital contributions. Insofar as no profits or reserves other than the legal reserve were affected, the distribution was treated entirely as a redemption of capital contributions not subject to withholding tax.

20% WITHHOLDING TAX

A 20% withholding tax is payable by SIICs on dividends paid out of tax-exempt income 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. The amounts received are not deemed to be liable for corporate income tax or another equivalent tax if they are exempt or are liable to a tax that is more than two-thirds lower than the corporate income tax that would have been payable in France at the standard rate.

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.

The dividends distributed by Cegereal in July 2017 were paid out of additional paid-in capital, solely comprised of capital contributions. In so far as no profits or reserves other than the legal reserve were affected, the distribution was treated entirely as a redemption of capital contributions and therefore not subject to the 20% withholding tax.

ADDITIONAL CORPORATE INCOME TAX CONTRIBUTION (DISTRIBUTED INCOME)

The dividends distributed by Cegereal in July 2017 were paid out of additional paid-in capital, solely comprised of capital contributions. In so far as no profits or reserves other than the legal reserve were affected, the distribution was treated entirely as a redemption of capital contributions and therefore not subject to the additional contribution on distributed income.

Moreover, further to the decision of the French Constitutional Council (*Conseil constitutionnel*) of October 6, 2017, in which it found the additional contribution to be unconstitutional, the Company has filed a claim for the reimbursement of the additional contributions paid in respect of the dividends distributed in 2015 and 2016.

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 purpose of the Company, both in France and abroad, is to:

1. acquire, by any means whatsoever, and in particular through purchases, exchanges or contributions in kind, any land, property rights or buildings, whether built or to be built, as well as any assets and rights accessory to or associated with such real estate assets;
2. construct buildings and carry out any operations directly or indirectly linked to the construction of such buildings;
3. operate and develop these buildings, primarily through the leasing thereof;
4. sell and dispose of any real estate assets;

It may carry out all such activities, either directly or indirectly, and either alone or through a partnership, joint venture, group or company or with any other person(s) or companies;

5. hold interests in the entities referred to in Article 8 and sections 1, 2 and 3 of Article 206 of the French Tax Code, whose main purpose is operating real estate assets for leasing;
6. acquire interests in any companies whose main purpose is operating real estate assets for leasing;
7. assist and provide any administrative, technical, legal, accounting, financial or management services to any of the Company's subsidiaries and any companies in which the Company holds an interest;

And more generally, all financial, commercial or industrial transactions, whether in real or movable property, of any kind whatsoever, directly or indirectly related to the Company's corporate purpose as described above, or to any similar or connected purpose likely to facilitate or promote the Company's expansion or development, in any way whatsoever.

The Company's corporate purpose was amended at the Extraordinary Shareholders' Meeting of May 26, 2016.

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 four years. By way of exception, the terms of office that were initially set at six years shall run until expiration. Directors may 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.

If it deems it useful, the Board may appoint one or more Vice-Chairmen, whose sole duty is to chair Board meetings and General Shareholders' Meetings in the absence of the Chairman.

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.

Deputy Chief Executive Officers may be removed from office at any time by the Board of Directors, on the recommendation of the Chief Executive Officer. 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 (excerpt from Article 11 of the bylaws)

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.

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 a Vice-Chairman or a director temporarily designated for that purpose. Otherwise, the meeting will elect its own chairman. 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. ASSET MANAGEMENT AGREEMENT

3.1.1. ASSET MANAGEMENT AGREEMENT BETWEEN PROTHIN AND NORTHWOOD INVESTORS FRANCE ASSET MANAGEMENT

On December 16, 2015, Northwood Investors France Asset Management SAS (the "**Advisor**") and Prothin entered into an advisory services agreement amended on December 23, 2016, effective January 1, 2016 for an initial term of six years (the "**Prothin ASA**"), the key terms of which are summarized below.

Services provided under the Prothin ASA

Under the terms of the ASA, the Advisor is responsible for advising Prothin on and assisting it in identifying investment opportunities, handling due diligence procedures and feasibility studies, and structuring and negotiating transactions and the related legal documentation, in liaison with general management and under the control of Prothin and any representatives it may appoint.

The Advisor also provides Prothin with advice on and assistance in (i) preparing and executing the annual business plan, (ii) determining and monitoring the implementation of Prothin's letting strategy, (iii) planning and supervising the key investment activities and (iv) Prothin's relations and interactions with existing and future investors.

The agreement also gives Prothin a right of first refusal over investment opportunities identified by Northwood Investors that are in keeping with the Group's strategy. Should Prothin decline such an investment opportunity due to a negative vote by one or several of the Company's directors appointed by Northwood Investors, Northwood Investors may not complete the investment directly if all the other directors of the Company approved the transaction.

Fees and alignment of the Advisor's interests with those of the Group

The Advisor will receive the following fees:

Advisory fee

An advisory fee equal to 0.75% of the Group's EPRA NNNAV is payable quarterly in advance (the calculation only includes the proportion of net asset value that Prothin represents relative to that of Cegereal and its subsidiaries or affiliates).

Incentive fee

An incentive fee will also be paid to encourage the Advisor to create value for the shareholders ("Value Growth").

Value Growth is determined on the basis of growth in the Group's EPRA NNNAV over a period of three years adjusted upwards for dividend distributions and downwards for capital increases made over that period (the calculation only includes the proportion of net asset value that Prothin represents relative to that of Cegereal and its subsidiaries or affiliates). The incentive fee is equal to a maximum of 10% of Value Growth, provided that an annualized IRR of at least 6% is achieved (the "Initial Hurdle"). A catch-up clause divides the proportion of Value Growth in excess of the Initial Hurdle equally between the Advisor and Prothin until the point that the incentive fee reaches 10% of Value Growth. Beyond that hurdle, the total incentive fee is 10% of Value Growth.

No specific fees are due in the event of the sale or acquisition of real estate assets, as the incentive fee is structured in such a way as to encourage long-term value creation.

Furthermore, to better align the interests of the Advisor with those of the Group and therefore encourage the Advisor to maximize Prothin's long-term performance, the Prothin ASA requires the Advisor to invest the net amount of incentive fees received (i.e., net of VAT and after taxes) in shares of the Company via the exercise of share subscription warrants. The shares obtained will be subject to a lock-up period of (i) twelve months for 100% of the shares, (ii) twenty-four months for 66.66% of the shares and (iii) thirty-six months for 33.33% of the shares. Beyond that, no restrictions will apply.

3.1.2. ASSET MANAGEMENT AGREEMENT BETWEEN HANAMI RUEIL SCI AND NORTHWOOD INVESTORS FRANCE ASSET MANAGEMENT

On December 23, 2016, Northwood Investors France Asset Management SAS (the "**Advisor**") and Hanami Rueil SCI entered into an advisory services agreement, effective December 23, 2016 for an initial term of six years (the "**SCI Hanami Rueil ASA**") along the same lines as the Prothin ASA.

4. Employees

At December 31, 2017, the Company had four employees.

The small number of employees within the Group can be explained by the fact that the Group outsources all administrative, financial, accounting, legal, tax, IT and property management services to external service providers. In this respect, some ten 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 Company 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, 2017.

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, 2017, there was no employee share ownership as defined in Article L.225-102 of the French Commercial Code.

The Group's employees have not been granted any stock subscription or purchase options.

Mandatory and optional employee profit-sharing

On June 30, 2016, the Company set up an employee incentive plan for the years 2016, 2017 and 2018.

Information on the Group's CSR policy – employment issues

In application of Article L.225-102-1 of the French Commercial Code, information on Cegereal's employment policy is presented below.

Cegereal's HR values are as follows:

- Equal treatment of employees;
- Training employees and ensuring that they develop their skills;
- Involving our employees in the development of our strategy.

The employment indicators for 2017 were as follows:

- 100% of employees are women, bearing in mind that Jérôme Anselme, Chief Executive Officer, is not an employee of the Company or any of its subsidiaries;
- 100% of employees are on permanent contracts;
- 100% of employees on permanent contracts received training in 2017, mainly English language training. A total of 40 training hours were completed.

Training

40 hours of training were completed by Group employees in 2017.

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

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 Labour 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.

Food waste

As Cegereal's business is property management, it is not directly affected by risks related to food waste.

However, when selecting its food service providers for each of its assets, Cegereal pays close attention to the measures they take with regard to food waste.

2017 Employment data

Headcount	**2017**	**2016**
Total headcount	4	3
of which men	*0*	*0*
of which women	*4*	*3*
Average age of employees	32	38
Employee turnover		
External recruitment	2	0
Departures	1	0
of which dismissals	*0*	*0*
Compensation		
Total payroll (in thousands of euros)	1,110	1,097
Change (%)	*1%*	*54%*
Training		
Total number of hours of training	40	40
% 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	6,545	6,065
Absenteeism rate	3.4%	5.4%
of which work accidents	0%	0%
of which occupational diseases	0%	0%
of which sick leave	90%	92.5%

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 66,862,500.

It is divided into 13,372,500 ordinary shares with a par value of EUR 5 per share.

The Company's shares have all been subscribed and fully paid up and are all of the same class.

5.1.2. ALLOCATION OF CAPITAL AND VOTING RIGHTS

At December 31, 2017, the total number of shares in issue was 13,372,500. 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.

The table below shows the allocation of capital and voting rights at December 31, 2017, to the best of the Company's knowledge.

Ownership structure at December 31, 2017	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood	7,405,494	55.38%	7,405,494	55.38%	7,405,494	55.42%
GIC	3,381,607	25.29%	3,381,607	25.29%	3,381,607	25.31%
AXA	701,332	5.24%	701,332	5.24%	701,332	5.25%
University of Texas	701,378	5.24%	701,378	5.24%	701,378	5.25%
Free float(1)	1,173,080	8.77%	1,173,080	8.77%	1,173,080	8.78%
Treasury shares	9,609	0.07%	9,609	0.07%	-	0.00%
Total	13,372,500	100%	13,372,500	100%	13,362,891	100%

(1) At December 31, 2017, the concert consisting of 50113 Investment Holdings LLC, 30314 Investment Holdings LLC and Silas Holdings I LLC, governed by the laws of the state of Delaware, held 4.18% of the Company's share capital and voting rights. The concert consisting of Gothic Corporation, Gothic HSP Corporation, Gothic ERD LLC and Gothic JBD LLC held 3.15% of the share capital and voting rights.

To the Company's knowledge, no other shareholder, acting alone or in concert, directly or indirectly holds more than 3% of the capital or voting rights.

At December 31, 2017, with the presence of representatives of Northwood and GIC on its Board of Directors, the percentages of the capital and voting rights held by all the members of the management and executive bodies were 80.67% and 80.67%, respectively.

At December 31, 2017 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.

5.1.3. CHANGES IN SHARE CAPITAL OVER THE PAST THREE YEARS

From December 31, 2017 to the date of this Registration Document, there has been no significant change in the ownership of the capital or voting rights.

Ownership structure at December 31, 2017	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood	7,405,494	55.38%	7,405,494	55.38%	7,405,494	55.42%
GIC	3,381,607	25.29%	3,381,607	25.29%	3,381,607	25.31%
AXA	701,332	5.24%	701,332	5.24%	701,332	5.25%
University of Texas	701,378	5.24%	701,378	5.24%	701,378	5.25%
Free float(1)	1,173,080	8.77%	1,173,080	8.77%	1,173,080	8.78%
Treasury shares	9,609	0.07%	9,609	0.07%	-	0.00%
Total	13,372,500	100%	13,372,500	100%	13,362,891	100%

(1) At December 31, 2017, the concert consisting of 50113 Investment Holdings LLC, 30314 Investment Holdings LLC and Silas Holdings I LLC, governed by the laws of the state of Delaware, held 4.18% of the Company's share capital and voting rights. The concert consisting of Gothic Corporation, Gothic HSP Corporation, Gothic ERD LLC and Gothic JBD LLC held 3.15% of the share capital and voting rights.

Ownership structure at December 31, 2016	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood	7,405,494	55.38%	7,405,494	55.38%	7,405,494	55.44%
GIC	3,343,125	25.00%	3,343,125	25.00%	3,343,125	25.03%
AXA	701,332	5.24%	701,332	5.24%	701,332	5.25%
University of Texas	701,378	5.24%	701,378	5.24%	701,378	5.25%
Free float(2)	1,205,988	9.02%	1,205,988	9.02%	1,205,988	9.03%
Treasury shares	15,183	0.11%	15,183	0.11%	-	0.00%
Total	13,372,500	100%	13,372,500	100%	13,357,317	100%

Ownership structure at December 31, 2017	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood	7,993,489	59.78%	7,993,489	59.78%	7,993,489	59.84%
Covéa	1,877,555	14.04%	1,877,555	14.04%	1,877,555	14.05%
Debioholding SA	947,782	7.09%	947,782	7.09%	947,782	7.09%
Moneta Asset Management	671,985	5.03%	671,985	5.03%	671,985	5.03%
Free float	1,868,151	13.97%	1,868,151	13.97%	1,868,151	13.98%
Treasury shares	13,538	0.10%	13,538	0.10%	-	0.00%
Total	13,372,500	100%	13,372,500	100%	13,358,962	100%

(2) At December 31, 2016, the concert consisting of 50113 Investment Holdings LLC, 30314 Investment Holdings LLC and Silas Holdings I LLC, governed by the laws of the state of Delaware, held 4.13% of the Company's share capital and voting rights. The concert consisting of Gothic Corporation, Gothic HSP Corporation, Gothic ERD LLC and Gothic JBD LLC held 3.15% of the share capital and voting rights.

5.1.4. CHANGES IN THE COMPANY'S SHARE CAPITAL AND EARNINGS OVER THE PAST FIVE FISCAL YEARS

In euros

	2017 12 months	2016 12 months	2015 12 months	2014 12 months	2013 12 months
Capital at year end					
Share capital	66,862,500	66,862,500	160,470,000	160,470,000	160,470,000
of which paid up	66,862,500	66,862,500	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					
Revenue (excl. tax)	85,544	70,000	46 667	0	0
Income/(loss) before tax, employee profit-sharing, and depreciation, amortization and provisions for impairment	(1,626,967)	(5,882,528)	(2,807,179)	65,857,652	(1,895,753)
Income/(loss) after tax, employee profit-sharing, and depreciation, amortization and provisions for impairment	(77,234)	(6,684,893)	(3,463,161)	65,539,236	(1,877,070)
Income distributed	0	28,082,250	26,745,000	32,094,000	10,029,375
Earnings per share					
Income/(loss) before tax, employee profit-sharing, and depreciation, amortization and provisions for impairment	(0)	(0.44)	(0.21)	4.92	(0.14)
Income/(loss) after tax, employee profit-sharing, and depreciation, amortization and provisions for impairment	(0)	(0.50)	(0.26)	4.90	(0.14)
Dividend paid per share	0	2.10	2.00	2.40	0.75
Personnel					
Average headcount during the year	3	3	3	0	0
Payroll costs for the year(1)	871,904	792,428	649,380	258,734	265,545
Social security charges(1)	367,612	334,152	266,126	121,105	111,548

(1) These amounts include corporate officers' compensation totaling EUR 695,391 and the related social security charges totaling EUR 239,594.

5.1.5. OTHER SECURITIES THAT GRANT ACCESS TO CAPITAL

In accordance with the authorization granted by the Extraordinary Shareholders' Meeting of February 18, 2016, on April 14, 2016 the Board of Directors decided to issue 865,000 share subscription warrants ("**BSA**") at a unit price of EUR 0.01, each granting eligibility to subscribe to one new ordinary share of the Company. The share subscription warrants must be exercised no later than June 30, 2022.

865,000 of the share subscription warrants are reserved for Northwood Investors France Asset Management SAS (a French *société par actions simplifiée* [simplified joint-stock corporation] registered with the Paris Trade and Companies Registry under number 814 490 645), and grant eligibility to subscribe, in accordance with the conditions set out in the issue agreement, to 865,000 new ordinary shares.

The subscription price for one ordinary share of the Company through the exercise of one share subscription warrant will be equal to the volume-weighted average share price during the 20 trading days prior to the exercise date.

Northwood Investors France Asset Management SAS may only subscribe to new shares of the Company by exercising share subscription warrants if it is owed an incentive fee pursuant to the terms and conditions of the Advisory Services Agreement. In the event that Northwood Investors France Asset Management SAS is unable to subscribe to new shares by exercising share subscription warrants, it will receive said incentive fee in cash.

In principle, should the Company decide to carry out financial operations that could result in the dilution of share subscription warrant holders' rights or a decrease in the Company's share price, the initial exercise basis for the as yet unexercised share subscription warrants should be adjusted. The distribution of reserves in an amount of EUR 2.1 per share, as decided by the General Shareholders' Meeting of April 20, 2017, falls into the above category of operations. However, insofar as the subscription price for one ordinary share of the Company through the exercise of one share subscription warrant will be equal to the volume-weighted average share price during the 20 trading days prior to the exercise date, the necessary adjustment will automatically be included in the exercise price. There is therefore no need to adjust the rights of share subscription warrant holders.

5.1.6. AMOUNT OF THE SHARE CAPITAL AUTHORIZED, BUT NOT ISSUED

1) The Ordinary and Extraordinary Shareholders' Meeting on April 20, 2017 delegated 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 debt securities, and/or securities granting access to ordinary shares to be issued by the Company, based on the Company's needs and in light of the market characteristics at the relevant time.

   The aggregate nominal amount of shares that may be granted with pre-emptive subscription rights shall not exceed EUR 300,000,000. The aggregate nominal amount of shares that may be granted without pre-emptive subscription rights by public offering or private placement is expected to be EUR 300,000,000. In the event of a private placement, this amount shall also be capped at 20% of the share capital per year. These amounts do 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.

   On the same date, the Ordinary and Extraordinary Shareholders' Meeting also delegated authority to the Board of Directors to:

   - In the event of the cancellation of pre-emptive subscription rights, 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.
   - Increase the amount of shares issued in the event of over-subscription.
   - Issue ordinary shares and/or securities granting access to the share capital, within the limit of 10% of the share capital, in consideration of contributions of shares or securities granting access to the Company's share capital.
   - Capitalize all or part of reserves, profits and additional paid-in capital by raising the par value or granting ordinary free shares.

   These authorizations, which are valid for a period of 26 months as of the General Shareholders' Meeting of April 20, 2017, have not been used as of the date hereof. Accordingly, there is no need to renew these delegations of authority.

2) The General Shareholders' Meeting of February 18, 2016 authorized the Board of Directors to issue a maximum number of 865,000 share subscription warrants ("BSA") entitling the holders to subscribe for a maximum number of 865,000 new ordinary shares of the Company without pre-emptive subscription rights in favor of Northwood Investors France Asset Management S.A.S. (*société par actions simplifiée* registered with the Paris Trade and Companies Registry under number 814 490 645). This authorization was used in full by decision of the Board of Directors' meeting on April 14, 2016 (see section 5.1.5 "Other securities that grant access to capital").

3) The General Shareholders' Meeting of May 26, 2016 delegated authority to the Board of Directors to grant free existing shares or shares to be issued by the Company to employees and/or corporate officers of the Company and/or its subsidiaries representing a maximum of 0.5% of the share capital. Valid for a period of 38 months as of the General Shareholders' Meeting of May 26, 2016, this authorization has been partially used pursuant to decisions made by the Board of Directors on July 7, 2016 and July 20, 2017 (see section 5.7 "Options and performance shares").

5.1.7. SECURITIES THAT DO NOT REPRESENT CAPITAL

None

5.2. TRANSACTIONS IN THE COMPANY'S OWN SHARES

The Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017 renewed the delegation of authority granted to 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: 11,536;
- Average purchase price: EUR 37.74 (gross);
- Number of shares sold: 17,163;
- Average sale price: EUR 37.99 (gross);
- Reasons for the acquisitions: market stimulation (100%).

At December 31, 2017, the Company held 9,609 treasury shares with a market value of EUR 38 per share (closing value).

The Company purchased 4,430 shares in view of external growth transactions. Insofar as the Company had no plans for external growth transactions funded in shares, the shares were reallocated to the objective of covering free share plans, for the purpose of delivering to Raphaël Tréguier, the former Chief Executive Officer, the shares that vested on July 8, 2017.

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 24, 2018.

Breakdown of treasury shares by objective, as at December 31, 2017

Number of treasury shares directly or indirectly held: 9,609 shares, representing 0.07% of the Company's share capital.

Number of treasury shares broken down by objective:

- Stabilizing the share price through an AMAFI liquidity agreement: 100%;
- Acquisitions: 0;
- 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 24, 2018

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. Given that the Company may hold a maximum of 10% of its share capital and that it already holds 9,609 shares (i.e., 0.07% of the share capital), the maximum number of shares that can be purchased is 1,327,641 shares (i.e., 9.9% of the share capital), unless the Company decides to sell (or cancel) some or all of the treasury shares it already holds.

Maximum purchase price: EUR 45

Maximum amount of the program: EUR 60,176,250

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.

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. 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 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 24, 2018 in its thirteenth resolution (extraordinary).

Term of the program: 18 months as of the General Shareholders' Meeting of April 24, 2018.

This Registration Document is available on the Company's website (www.cegereal.com).

5.3. SHAREHOLDERS' AGREEMENT

By letter dated April 11, 2016, the AMF received a shareholders' agreement entered into on April 6, 2016 (effective from April 7, 2016) between NW CGR 1 SARL, NW CGR 2 SARL and NW CGR 3 SARL (entities of the Northwood Concert) and Euro Bernini Private Limited (a GIC group entity), not acting in concert. The main provisions of the agreement were published by the AMF on April 12, 2016 in accordance with Article L.233-11 of the French Commercial Code.

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. TRANSACTIONS IN THE COMPANY'S SHARES BY SENIOR EXECUTIVES, SENIOR MANAGERS AND PERSONS WITH WHOM THEY HAVE CLOSE TIES DURING THE PREVIOUS FINANCIAL YEAR

Transactions by the persons mentioned in Article L.621-18-2 of the French Monetary and Financial Code in the Company's shares					
Date of declaration	Date of transaction	Declared by	Type of transaction	Unit price	Amount of transaction
Aug. 24, 2017	Aug. 24, 2017	Raphaël Tréguier	Purchase	€37.9300	€20,860.00
Oct. 20, 2017	Aug. 31, 2017	Raphaël Tréguier	Sale	€37.8500	€14,000.45
Oct. 20, 2017	Sept. 4, 2017	Raphaël Tréguier	Sale	€38.0500	€13,317.50
Oct. 20, 2017	Sept. 5, 2017	Raphaël Tréguier	Sale	€38.2100	€5,731.50

5.5. DISCLOSURE THRESHOLD NOTICES AND STATEMENTS OF INTENT

CROSSING OF THRESHOLDS

In 2017, the Company was notified that the following statutory disclosure thresholds had been crossed.

Summary table of disclosure thresholds:

Legal crossing of thresholds						
Declaration no.	Date of declaration	Date of crossing of threshold	Shareholder concerned	Threshold of share capital crossed	Threshold of voting rights crossed	Above/below
N/A	N/A	N/A	N/A	N/A	N/A	N/A

No threshold crossings were disclosed to the Company.

CONCERT PARTY

Northwood Investors declared that it was acting in concert with other entities.

The Northwood Concert comprises the following entities: (i) **NW CGR 1 SARL**, (ii) **NW CGR 2 SARL**, (iii) **NW CGR 3 SARL**, (iv) **NW CGR S.C.S.**, managed by its general partner, **NW CGR GP SARL**, (v) **NW CGR Holding SARL**, (vi) **NW Europe Holdings SARL**, (vii) **NW Europe (No. 1) Limited Partnership,** (viii) **NW Europe (No. 2) Limited Partnership,** (ix) **NW Europe Co-Invest** (No. 1) **Limited Partnership**, (x) **NW Europe Co-Invest (No. 2) Limited Partnership**, (xi) **NW Europe Employees Co-Invest Limited Partnership**, the latter five companies all being managed by their general partner, Northwood Canada AIV GP Limited Partnership (Alberta), (xii) **Northwood Employees Limited Partnership**, managed by its general partner, **Northwood GP LLC**, and (xiii) Northwood Real Estate Partners Europe Limited Partnership, managed by its general partner, Northwood Canada AIV GP II Limited Partnership (hereinafter referred to collectively as "**Northwood**" or the "**Northwood Concert**").

These declarations were published in AMF notice no. 215C1387 of October 8, 2015 and no. 215C1640 of November 9, 2015.

Northwood declared that it was not acting in concert with any other third party or Cegereal shareholder.

Northwood therefore has an indirect controlling interest in Cegereal. However, the presence of independent directors on the Board and Committees means that there is no risk that this control will be exercised in an abusive manner.

50113 Investment Holdings LLC, 30314 Investment Holdings LLC, Silas Holdings I LLC, all governed by the laws of the state of Delaware, declared on March 1, 2016 that they had acted in concert for the acquisition of the Cegereal shares. These declarations were sent by post to Cegereal in 2016.

At December 31, 2017, the concert comprising 50113 Investment Holdings LLC, 30314 Investment Holdings LLC and Silas Holdings I LLC held 4.18% of the Company's voting rights and share capital.

5.6. OPTIONS AND PERFORMANCE SHARES

5.6.1. STOCK OPTIONS

The Company did not set up any stock option plans during the year.

SPECIAL REPORT ON STOCK OPTIONS GRANTED TO CORPORATE OFFICERS AND EMPLOYEES

To the Shareholders,

Pursuant to Article L.225-184 of the French Commercial Code, we hereby report to you on the stock options granted in 2017 to corporate officers and/or employees of the Company under the conditions set out in Articles L.225-177 to L.225-186 of the French Commercial Code.

Stock options granted (Art. 225-184 [1]):

None

Options granted to corporate officers of the Company in 2017 (Art. 225-184 [2])

None

Options granted to the ten employees (non-corporate officers) of the Company that received the largest number of options in 2017

None

Options granted by the Company and related companies or groups in 2017 to all employee beneficiaries

None

Options exercised by the Company's corporate officers and employees in 2017

None

Information concerning options exercised by the ten employee beneficiaries that exercised the largest number of options in 2017

None

5.6.2. PERFORMANCE SHARES

Pursuant to the thirteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 26, 2016, at its meeting of July 20, 2017, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to set up a free share plan (the "**AP 17 Plan**") limited to 0.5% of the share capital at May 26, 2016.

An incentive plan is also in place at the Company. As a result and pursuant to Article L.225-197-6 of the French Commercial Code, the free share plan does not have to be offered to all employees of the Company and at least 90% of all the employees of its subsidiaries.

PERFORMANCE SHARE PLAN OF JULY 20, 2017 (AP 17)

Vesting period:

The shares will vest on expiration of a twelve-month period beginning on the date on which the free shares are granted by the Board of Directors, subject to the beneficiary remaining with the Company and fulfilling the performance conditions set out below. The number of ordinary shares that vest will be determined based on the achievement of performance objectives.

Condition to remain with the Company:

The shares shall only vest if the beneficiary continues to hold the position of executive corporate officer of a Group entity for a consecutive period of twelve months following the date on which the shares were granted, except where otherwise provided by the rules and regulations adopted by the Board of Directors on July 7, 2016.

Performance condition:

The number of shares that vest will vary based on the achievement of performance objectives.

The performance objectives are based on the Company's total shareholder return ("TSR") over a period of twelve months versus the average TSR of comparable companies (the "Benchmark Property Companies") over the same period. The Board of Directors has decided that the reference period for calculating the TSR of the Company and the Benchmark Property Companies will be from January 1 to December 31, 2016.

The TSR refers to the ratio between (i) the sum of the EPRA Triple Net Asset Value ("NAV") per share on the last day of the reference period and any dividends, interim dividends or other income arising on the shares and paid in respect of the reference period, and (ii) the EPRA Triple NAV per share on the first day of the reference period.

In addition to these quantifiable objectives, the performance of the executive corporate officers is also measured based on qualitative criteria relating to management quality.

Lock-up period:

Pursuant to the Rules and Regulations, the shares that vest following the aforementioned vesting period must be held by the beneficiary for a period of twelve months, subject to certain exceptions (invalidity or death of the beneficiary). On expiration of the twelve-month lock-up period, the executive corporate officer shall hold, until expiration of his/her term of office, 50% or more of the vested shares so that the total amount of the shares held represents 100% of his/her fixed gross annual compensation in respect of the prior year, as determined at the end of the lock-up period.

The following table sets out the number and main characteristics of the performance shares granted as part of the aforementioned delegations of authority:

Performance share plan	
Date of Board of Directors' meeting	July 7, 2016 and July 20, 2017
Start of vesting period	July 7, 2016 and July 20, 2017
Vesting date of the shares	July 7, 2017 and July 20, 2018
End of lock-up period	July 7, 2018 and July 20, 2019
Number of shares awarded	9,500
o/w number of shares subscribed, purchased or canceled by corporate officers	-
o/w number of shares subscribed, purchased or canceled by the ten employees receiving the most shares	-
Number of shares subscribed, purchased or canceled by corporate officers	-
o/w number of shares subscribed, purchased or canceled by corporate officers	-
o/w number of shares subscribed, purchased or canceled by the ten employees receiving the most shares	-
Number of shares that can be awarded	5,080
o/w number of shares that can be awarded to corporate officers	5,080
o/w number of shares that can be awarded to the ten employees receiving the most shares	-

SPECIAL REPORT ON FREE SHARE AWARDS TO CORPORATE OFFICERS AND EMPLOYEES

To the Shareholders,

Pursuant to Article L.225-197-4 of the French Commercial Code, we hereby report to you on the free shares granted in 2017 to employees of the Company or the companies directly or indirectly related to it within the meaning of Article L.225-197-2 of the French Commercial Code, and/or corporate officers who meet the criteria set out in Article L.225-197-1 of the French Commercial Code.

Performance share awards authorized by the Board of Directors' meeting of July 20, 2017

Pursuant to the thirteenth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 26, 2016, at its meeting of July 20, 2017, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to set up a free share plan (AP 17) governed by the rules of the plan approved by the Board of Directors on July 7, 2016 (the "**Rules and Regulations**"), for its former Chief Executive Officer Raphaël Tréguier.

Pursuant to Article L.225-197-1 of the French Commercial Code and to the Rules and Regulations, the shares awarded by the Board of Directors shall only vest at the end of the vesting period, provided that the beneficiary remains with the Company and achieves his or her performance objectives. The number of shares that vest will be determined based on the achievement of performance objectives.

As of the vesting date and subject to fulfillment of the aforementioned conditions, the beneficiaries will become owners of the free shares granted and benefit from all of the rights granted to shareholders. However, they will be unable to sell the vested performance shares for a period of twelve-months (lock-up period) as of the vesting date, subject to certain exceptions (invalidity or death of the beneficiary). On expiration of the initial lock-up period, senior executives must also hold, until the expiration of their term of office, at least 50% of the vested shares so that the total amount of the shares held represents 100% of their fixed gross annual compensation in respect of the prior year, as calculated at the end of the lock-up period.

At the end of the lock-up period, the vested shares become available and may be freely sold by the beneficiary.

PERFORMANCE SHARES GRANTED TO THE COMPANY'S CORPORATE OFFICERS

On July 20, 2017, the Board of Directors decided to award 5,080 ordinary shares (i.e., 0.04% of the share capital at April 20, 2017) to the former Chief Executive Officer Raphaël Tréguier.

As described above (see section IV.1.4), further to the Board of Directors' meeting of October 25, 2017, at which the decision to terminate the office of Raphaël Tréguier as Chief Executive Officer of the Company was made, Mr. Tréguier signed a settlement agreement with the Company under which it was agreed, pursuant to the exceptions set forth in the Rules and Regulations, that he would retain (i) the shares awarded to him on July 6, 2017 that have vested (i.e., 4,420 of the 5,349 shares initially awarded), and (ii) the 5,080 shares awarded to him on July 20, 2017 (which will vest on July 20, 2018), i.e., a total of 9,500 shares in the Company. Accordingly, Raphaël Tréguier is entitled to receive the 5,080 shares awarded to him on July 20, 2017 further to the vesting period ending on July 20, 2018, with no obligation to fulfill performance objectives. The shares will be subject to a lock-up period expiring on July 20, 2019.

Date of Board of Directors' meeting	Grant date	Number of shares	Grantee
07/20/2017	07/20/2017	5,080	Raphaël Tréguier Former Chief Executive Officer

PERFORMANCE SHARES GRANTED TO THE TEN EMPLOYEES (NON-CORPORATE OFFICERS) OF THE COMPANY WHO RECEIVED THE LARGEST NUMBER OF SHARES DURING THE PERIOD

None

6. Research and development, patents and licenses

None

7. Information provided by third parties, expert valuation reports

The Company applies the principle of rotating its independent experts once every three years.

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 its real estate assets. This assignment falls within the scope of the Group's six-monthly valuation of its properties.

We carry out our assignments in total independence.

The real estate valuation firms BNP Paribas Real Estate Expertise, Catella Valuation and Cushman & Wakefield Expertise have no ownership links with Cegereal.

The real estate valuation firms BNP Paribas Real Estate Expertise, Catella Valuation and Cushman & Wakefield Expertise confirm that the valuations were performed by and under the responsibility of qualified valuers.

The annual fees billed to Cegereal were agreed before the valuations began and represent less than 10% of each firm's revenue.

The rotation of its independent valuers is organized by Cegereal.

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 valuation focused on the fair-value of four real estate assets in France. We were appointed by Cegereal to carry out initial valuations, updates based on document reviews or property visits in the event that initial valuations had been performed during the four previous months, or file-based valuation opinions.
Our assignment focused on the estimation of fair value at December 31, 2017.
In accordance with IFRS 13, the real estate assets were measured at their "highest and best use value".
The properties valued are all offices or car parks located in France. They are investment assets wholly or jointly-owned or held under leases by Cegereal.

The different real estate assets are leased to a variety of lessees under commercial leases, some of which with fixed three, six, nine or twelve-year terms, or short-term leases.
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 is 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 real estate portfolio's fair value. Therefore, we do not refer to title deeds or building permits.

References

The valuations and estimates were performed in accordance with:

- 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; and
- the principles set out in the SIIC code of ethics.

Methods used

As the assets comprising the different portfolios are investment properties, the valuations were mainly performed by applying the return on investment method or the discounted cash flow method.

Total fair value

The total fair value corresponds to the sum of the fair values of each real estate asset and is calculated (i) net of taxes (after deducting expenses and transfer duties), and (ii) with all taxes included (market value before deducting expenses and transfer duties).

Real estate valuer	Number of assets valued	Asset type	Fair value (net of taxes) at Dec. 31, 2017 (in millions of euros)	Fair value (taxes included) at Dec. 31, 2017 (in millions of euros)
BNP Paribas Real Estate Expertise	2	Offices	560.0	602.1
Catella Valuation	1	Offices	441.0	474.1
Cushman & Wakefield Expertise	1	Offices	168.4	181.0
Total	4		1,169.4	1,257.1

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 all the work performed by each of the real estate valuers as part of their valuation assignment.

Each valuer confirms the values of the properties for which it has performed a valuation or updated an existing valuation, without assuming responsibility for valuations performed by other valuers.

BNP Paribas Real Estate

Jean-Claude Dubois
Chairman

Catella Valuation

Jean-François Drouet
Chairman

Cushman & Wakefield Expertise

Philippe Guillerm
Chief Executive Officer

V. 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:

- the articles of incorporation, bylaws, minutes of General Shareholders' Meetings, reports and other Company documents;
- 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;
- 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: Jérôme Anselme

2. Person responsible

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Jérôme Anselme, Chief Executive Officer of the Company

STATEMENT 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 169, 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 they are 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.

Paris, March 26, 2018

Jérôme Anselme

Chief Executive Officer

3. Historical financial information

The IFRS consolidated financial statements for the year ended December 31, 2017 and the related Statutory Auditors' report are presented on pages 94 to 112 and page 113, respectively, of the 2017 Registration Document. The annual financial statements prepared in accordance with French GAAP for the year ended December 31, 2017 and the related Statutory Auditors' report are presented on pages 116 to 124 and page 125, respectively, of the 2017 Registration Document.

The IFRS consolidated financial statements for the year ended December 31, 2016 and the related Statutory Auditors' report presented on pages 84 to 102 and page 103, respectively, of the 2016 Registration Document filed with the AMF on March 24, 2017 under no. D. 17-0219, are incorporated by reference into this document.

The IFRS consolidated financial statements for the year ended December 31, 2015 and the related Statutory Auditors' report presented on pages 66 to 81 and page 82, respectively, of the 2015 Registration Document filed with the AMF on April 27, 2016 under no. D. 16-0478, 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, 2017. Its most recent consolidated financial statements are those prepared in accordance with IFRS for the year ended December 31, 2017.

4. Statutory Auditors

PRINCIPAL STATUTORY AUDITORS

KPMG Audit FS I, member of the Versailles Institute of Auditors, Tour Eqho, 2 avenue Gambetta, 92066 Paris La Défense Cedex

Appointed by decision of the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017 for six years, until the Ordinary Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2022.

Denjean & Associés, member of the Paris Institute of Auditors, 35 avenue Victor Hugo, 75016 Paris

Appointed by decision of the Ordinary and Extraordinary Shareholders' Meeting of April 20, 2017 for six years, until the Ordinary Shareholders' Meeting convened to vote on the financial statements for the year ending December 31, 2022.

Since their appointment, the Statutory Auditors 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 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	166
1.2 Declaration by the persons responsible for the Registration Document	V.2	166
2. Statutory Auditors	III.2.5 Note 5.29, III.3.5 Note 5.21 and V.4	112 124 and 167
3. Selected financial information	I.5, III.1 and V.3	38, 82 and 166
4. Risk factors	III.1.8 and III.2.5.4	88 and 103
4.1 Legal risks	III.1.8 and III.2.5.4 Note 4.4	88 and 103
4.2 Industrial and environmental risks	III.1.8	88
4.3 Credit and/or counterparty risk	III.1.8 and III.2.5.4 Notes 4.1 and 4.5	88 and 103
4.3 Liquidity risk	III.1.8 and III.2.5.4 Note 4.6	88 and 103
4.4 Interest rate risk	III.1.8 and III.2.5.4 Note 4.7	88 and 103
4.5 Foreign exchange risk	III.1.8	89
4.6 Risk on equities	III.1.8	85
4.7 Credit derivatives	III.1.8	89
4.8 Insurance	III.1.9	92-93
5. Information relating to the issuer		
5.1 History and development of the issuer	III.1 and IV.2	82 and 150
5.2 Investments	-	-
5.2.1 Period covered by historical information	I.1.2 and III.1	6 and 82
5.2.2 In progress	N/A	-
5.2.3 Future	N/A	-
6. Business overview		
6.1 Principal activities	I.1.2, I.1.3 and I.5	6, 8 and 38
6.2 Principal markets	I.4 and II.2.5 Notes 5.18 and 5.19	30 and 108
6.3 Exceptional factors	I.1.1 to I.1.3 and III.3.2.1 Note 1.4	4 to 8 and 119
6.4 Patents, licenses	IV.6	163
6.5 Competitive position	I.4	30
7. Organizational structure		
7.1 Brief description of the Group	III.1.1	82
7.2 List of significant subsidiaries	III.1.1 and III.3.2 Note 5.17	82 and 124
8. Real estate property, plant and equipment		
8.1 Real estate property, plant and equipment	I.2	14
8.2 Environmental impact of the issuer's utilization of the property, plant and equipment	II	44
9. Operating and financial review		
9.1 Financial position	III.1	82
9.2 Operating results	-	-
9.2.1 Significant events	I.1.1 to I.1.3, III.1 and III.2.5.1 Note 1.2	4 to 8, 82 and 97
9.2.2 Changes	III.3.2.1 Note 1.4	119
9.2.3 External factors	N/A	-

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 24, 2018.

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 2017		
Situation for the year under review (Group and Company)		
Group information	I.5, III.1 and III.2	38, 82 and 94
Company information	III.3	116
Foreseeable developments/Future prospects (Group and Company)		
Group information	I.1.3, I.4.1 and III.1.6	8, 32 and 87
Company information	I.1.3, I.4.1 and III.1.6	8, 32 and 87
Results of the Company and the subsidiaries		
Group information	III.1 and III.2	82 and 94
Company information	III.3	116
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	I.4.2, III.1.5 and III.2	36, 84 and 94
Company information	I.1.2, I.4.3 and III.3	6, 36 and 116
Environmental and employment information - Social commitments to sustainable development		
Group information	II and IV.4	44 and 155
Company information	II and IV.4	44 and 155
Information on financial risks relating to the impact of climate change and presentation of the measures taken by the Company to mitigate these risks by pursuing a low-carbon strategy in all areas of its business		
Group information	II and III.1.8	44 and 89
Company information	II and III.1.8	44 and 89
Research and development activities		
Group information	IV.6	163
Company information	IV.6	163
Progress made/Difficulties encountered		
Group information	I.1.2, I.1.3, 1.1.4 and III.1	6, 8, 10 and 82
Company information	I.1.2, I.1.3, 1.1.4 and III.1	6, 8, 10 and 82
Main risks and uncertainties		
Group information	III.1.8 and III.2.5.4	83 and 103
Company information	III.1.8 and III.3.2.5	89 and 120
Information on interest rate risk, foreign exchange risk and risks on equities and other financial instruments		
Group information	III.1.8 and III.2.5.4	83 and 103
Company information	III.1.8 and III.3.2.5	89 and 120
Main features of the internal control and risk management procedures implemented by the Company relating to the preparation and processing of financial and accounting information		
Group information	III.1.8	91
Company information	III.1.8	91
Significant events subsequent to year-end		
Group information	III.1.7 and III.2.5.5 Note 5.30	87 and 122
Company information	III.1.7 and III.3.2.5 Note 5.22	87 and 124
Activity per line of business		
Group information	III.1 and III.3	82 and 116
Purchases of 5%, 10%, 20%, 33.33%, 50%, 66.66% of share capital or voting rights, or takeovers		
Company information	III.1.1	82
Changes in the presentation of the annual financial statements and the valuation methods used		
Company information	III.1 and III.3.2.4	82 and 120
Dividends distributed in the previous three years		
Company information	III.1.5	85
Non tax-deductible expenses		
Company information	III.1.5	86
Information on supplier payment terms		
Company information	III.1.5	86
Information on branches		
Company information	N/A	-
Amount of loans granted by the Company for less than two years, as a secondary activity to its main business, to micro-companies, SMEs or medium-sized companies to which it has economic links justifying the loans		
Company information	N/A	-
Where applicable, injunctions or financial sanctions imposed by the French competition council (*Conseil de la concurrence*) for antitrust practices		
Company information	N/A	-

Information required in the Board's report to the General Shareholders' Meeting	Location in the Registration Document Section	Page
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	I.1.4, and IV.5.1	10 and 157
Statement of employee share ownership and proportion of the share capital represented by collectively-managed shares held by employees, as well as the registered shares held directly by employees following a free share grant	IV.4	153
Shareholders' agreements relating to the Company's share capital (indications of any Dutreil Act retention undertakings)	IV.5.3	157
Controlled companies holding company shares and portion of the capital held	N/A	-
Notice of holding more than 10% of another joint-stock company's shares. Transfer of cross-shareholdings	IV.5.5	161
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	159
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	IV.5.1.5	159
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	
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	
Restrictions imposed by the Board of Directors on the exercise of options granted or the sale of free shares granted to senior executives	IV.1.4 and IV.5.6	146 and 161
Statement summarizing transactions in the Company's shares by senior executives, senior managers and persons with whom they have close ties	IV.5.4	161
Attached documents		
Report on corporate governance	IV.1.4	132
Five-year financial summary	IV.5.1.4	158
Special report on free share awards	IV.5.6.2	162
Special report on awards of stock subscription options and stock purchase options	IV.5.6.1	161

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 Section	Page
1. Annual financial statements	III.3	116
2. Consolidated financial statements	III.2	94
3. "Management report" in accordance with Article 222-3-3 of the General Regulations of the AMF		
3.1 Objective and exhaustive analysis of developments in the business, results and financial position of the Company, as well as those of the entities included in the scope of consolidation; description of the main risks and uncertainties; information on financial risks relating to the impact of climate change and presentation of the measures taken by the Company to mitigate these risks by pursuing a low-carbon strategy in all areas of its business; main features of the internal control and risk management procedures implemented by the Company relating to the preparation and processing of financial and accounting information; information on the Company's objectives and its policy concerning the hedging of each main category of forecast transactions for which hedge accounting is used, and on its exposure to price risk, credit risk, liquidity risk and treasury risk. This information includes the Company's use of financial instruments	I.1.2, I.1.3, I.4, III.1, III.2 and III.3	6, 8, 30, 82, 94 and 116
3.2 Information regarding the share buy-back program during the fiscal year	IV.5.2	159
4. Declaration by the persons responsible for the annual financial report	V.2	166
5. Statutory Auditors' reports on the annual and consolidated financial statements	III.2.6 and III.3.3	113 and 125
6. Report on corporate governance in accordance with Article L.225-37 of the French Commercial Code	IV.1.4	132

Other documents presented or submitted to the General Shareholders' Meeting	Location in the Registration Document Section	Page
1. Financial statements for the year ended December 31, 2017	III.3	116
2. Statutory Auditors' report on the annual financial statements	III.3.3	125
3. Consolidated financial statements for the year ended December 31, 2017	III.2	94
4. Statutory Auditors' report on the consolidated financial statements	III.2.6	113
5. Statutory Auditors' special report on related party agreements and commitments	III.3.4	127
6. Five-year financial summary	IV.5.1.4	158
7. Statutory Auditors' report on the extraordinary resolutions	IV.1.3	132
8. Statutory Auditors' report on the Board of Directors' report on corporate governance	III.3.3	125
9. Report by an independent third party on the CSR disclosures	II	45

8. CSR concordance table

The following table by theme makes it possible to identify the main sections required by Articles R.225-104 and R.225-105 of the French Commercial Code, 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.

Category	Subcategory	Indicators	Pages
Corporate information	Workforce	Total headcount and breakdown by gender and location	113
		Recruitments and redundancies	113
		Pay and changes in pay	113
	Working schedules	Working hours	113
		Lost time	113
	Labor relations	The coordination of labor relations: specifically, procedures for sharing information with the workforce, and consulting and negotiating with staff	113
		Summary of collective agreements	113
	Health and safety	Health and safety in the workplace	113; 50
		Summary of health and safety agreements signed with trade unions or staff representatives	113; 50
		Work accidents – frequency and severity, and occupational diseases	113; 50
	Training	Training policies	113; 50
		Total number of training hours	113; 50
	Equal treatment	Measures taken to promote gender equality	113; 60; 50
		Measures taken to promote the employment and integration of people with a disability	113; 60; 50
		Anti-discrimination policy	113; 60; 50
	ILO (Action to promote)	Respect for freedom of association and the right to collective bargaining	113; 60
		Elimination of discrimination in respect of employment and occupation	113; 60
		Elimination of forced or compulsory labor	113; 60
		Effective abolition of child labor	113; 60
Environmental information	General environmental policy	Incorporating environmental issues into the organization of the business; environmental evaluation programs and certifications	50; 52; 54; 74
		Environmental training programs and information campaigns	50; 61
		Resources dedicated to the prevention of environmental risk and pollution	50; 55; 56
		Provisions and guarantees for environmental risks	55; 56
	Pollution and waste management	Measures taken to prevent, reduce and combat discharge into the air, water and soil that has a serious environmental impact	50; 55; 56
		Measures taken to prevent, recycle and eliminate waste	50; 57; 66
		Noise pollution and other forms of pollution specific to a particular activity	50; 47; 66
	Sustainable use of resources	Water consumption and supply, within the constraints of the local environment	50; 54
		Use of raw materials and measures taken to use them more efficiently	50
		Use of energy, measures taken to improve energy efficiency and use of renewable energy sources	50; 52-54
		Land use	50; 54
	Climate change	Greenhouse gas emissions	50; 65-66
		Adapting to the consequences of climate change	50; 65-66
	Protecting biodiversity	Measures taken to preserve and cultivate biodiversity	50; 54
Societal information	Territorial, economic and social impact of the business	In terms of jobs and regional development	50; 62-64
		On neighboring and local communities	50; 62-64
	Relations with stakeholders	Organization of discussions with stakeholders	50; 62-64; 47
		Sponsorship and patronage	50; 64
	Sub-contracting and suppliers	Integrating social and environmental issues into purchasing policy	50; 62-64
		The extent of sub-contracting and the integration of suppliers' and sub-contractors' social and environmental responsibility into supplier relations	50; 62-64
	Fair trade practices	Action taken to prevent corruption	50; 61; 63
	Human rights	Measures taken to promote public health and safety	50; 61; 63
		Action taken	50; 61

9. GRI G4 concordance table

No.	Indicators	Pages	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.	Website	WB "Sustainable Development" page - Environmental policy
G4-2	Provide a description of key impacts, risks, and opportunities.	AR p.46-47; 50; 68	CSR Strategy "Upgreen your business" § Materiality and map of CSR challenges § Analyzing energy transition risks for the Company § Financial risks relating to climate change
Organizational Profile			
G4-3	Report the name of the organization.	-	Cegereal
G4-4	Report the primary brands, products, and services.	Website	WB "Company" page
G4-5	Report the location of the organization's headquarters.	-	42 rue de Bassano, 75008 Paris, France
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.	Website	WB "Company – Governance" page
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Website	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).	Website AR p.5; 40-42; 113	AR § "Employees" 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.113	AR § "Employees"
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	AR Appendices	AR Art.225 concordance table
G4-12	Describe the organization's supply chain.	AR p.58-59; 62	AR § "CSR governance"
G4-13	Report any significant changes regarding the organization's size, structure, ownership, or its supply chain.	Website	WB "Company" and "Assets" pages
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	AR p.50; 55; 56; 66	AR § "Management of environmental risks" and "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.50; 60-64	AR § "Taking responsibility for our societal footprint"
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	AR p.64	AR § "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.82-83	AR § "Financial information"
G4-18	Explain the process for defining the report content and the Aspect Boundaries (=sub-aspects).	Website AR p.46-47	AR § "Materiality and map of CSR challenges" WB "Sustainable Development" page – Reporting Methodology
G4-19	List all the material Aspects identified in the process for defining report content.	Website AR p.46-47	AR § "Materiality and map of CSR challenges" 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 G4-17).	Website AR p.46-47; 70	AR § "Materiality and map of CSR challenges" WB "Sustainable Development" page – Reporting Methodology
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Website AR p.46-47; 70	AR § "Risk Management"
G4-22	Report the effect of, and reasons for, any restatements of information provided in previous reports.	Website AR p.70-79	AR § Appendix 1: Reporting Methodology WB "Sustainable Development" page – Reporting Methodology
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Website AR p.70-79	AR § "Risk Management", § "Management of environmental risks", § "Preventing Pollution" and § Appendix 1: Reporting Methodology
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	AR p.58-59; 62-64	AR § "CSR governance"
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	AR p.46-47; 58-59; 62-64	AR § "CSR governance" and "Materiality and map of CSR challenges"
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.40-41	AR § "CSR governance" and "Materiality and map of CSR challenges"
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.46-47; 58-59; 62-64 Website	AR § "Materiality and map of CSR challenges" WB "Regulated information" page

No.	Indicators	Pages	Comments
Report Profile			
G4-28	Reporting period.	AR p.70-79 Website	AR § Appendix 1: Reporting Methodology WB "Environmental information" page – Reporting Methodology
G4-29	Date of most recent previous report.	AR p.70-79 Website	AR § Appendix 1: Reporting Methodology WB "Environmental information" page – Reporting Methodology
G4-30	Reporting cycle (such as annual, biennial).	AR p.70-79 Website	AR § Appendix 1: Reporting Methodology WB "Environmental information" page – Reporting Methodology
G4-31	Provide the contact point for questions regarding the report or its contents.	AR p.70-79 Website	AR § Appendix 1: Reporting Methodology 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.	-	"Core"
G4-33	Report policy and current practice with regard to seeking external assurance for the report.	AR p.78-79	AR 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.133-150	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.58-59	AR § "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.58-59	AR § "CSR governance"
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	AR p.58-59	AR § "CSR governance" and "Materiality and map of CSR challenges"
G4-38	Report the composition of the highest governance body.	AR p.133-150	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.133-150	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.133-150	AR § "Corporate Governance"
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	AR p.133-150	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.58-59	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.58-59	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.58-59	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.58-59	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.58-59	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.58-59	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.58-59	AR § "CSR governance"
G4-49	Report the process for communicating critical concerns to the highest governance body.	AR p.58-59	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.58-59	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.	AR p.133-153	AR § "Corporate governance" and § "Bylaw provisions…"
G4-52	Report the process for determining remuneration.	AR p.133-153	AR § "Corporate governance" and § "Bylaw provisions…"
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.133-153	AR § "Corporate governance" and § "Bylaw provisions…"
G4-54	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
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

No.	Indicators	Pages	Comments
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.60-61	AR § "Ethics and promotion of ILO conventions" – 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.60-61	AR § "Ethics and promotion of ILO conventions" – 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.60-61	AR § "Ethics and promotion of ILO conventions" – 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.46-47	AR § "Risk Management", § "Materiality and map of CSR challenges" 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.62; 82	AR § "Legal information" and "Societal footprint"
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.65-66	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.62	AR § "Taking responsibility for our societal footprint"
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	-	The Company's operations do 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.50-51; 53; 65-66; 70-79	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.50-51; 53; 65-66; 70-79	AR § "Carbon footprint and climate change"
G4-EN3	Report total fuel consumption from non-renewable sources in joules or multiples.	AR p.50-51; 53; 65-66; 70-79	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.50-51; 53; 65-66; 70-79	AR § "Key CSR indicators" and "Maintaining high environmental standards"
G4-EN5	Report the energy intensity ratio.	AR p.50-51; 53; 65-66; 70-79	AR § "Key CSR indicators" and "Maintaining high environmental standards"
G4-EN6	Report the amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives (in joules).	AR p.50-51; 53; 65-66; 70-79	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.50-51; 53; 65-66; 70-79	AR § "Key CSR indicators" and "2015-2018 CSR Strategy"
G4-EN8	Report the total volume of water withdrawn.	AR p.50-51; 53; 65-66; 70-79	AR § "Maintaining high environmental standards"
G4-EN9	Report the total number of water sources.	AR p.50-51; 53; 65-66; 70-79	AR § "Maintaining high environmental standards"
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.50-51; 54; 56	AR § "Biodiversity and land use"
G4-EN12	Report the nature of significant direct and indirect impacts on biodiversity.	AR p.50-51; 54; 56	AR § "Biodiversity and land use"
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
G4-EN15	Report gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent.	AR p.50-51; 53; 65-66; 70-79	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.50-51; 53; 65-66; 70-79	AR § "Carbon footprint and climate change"
G4-EN17	Report gross other indirect (Scope 3) GHG emissions.	AR p.50-51; 53; 65-66; 70-79	AR § "Carbon footprint and climate change"
G4-EN18	Report the GHG emissions intensity ratio.		AR § "Maintaining high environmental standards"
G4-EN19	Report the amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions.	AR p.50-51; 53; 65-66; 70-79	AR § "Maintaining high environmental standards"

No.	Indicators	Pages	Comments
G4-EN20	Report production, imports, and exports of ODS in metric tons of CFC-11 equivalent.	AR p.50-51; 53; 70-79	AR § "Key CSR indicators" and "2015-2018 CSR Strategy"
G4-EN21	Report the amount of significant air emissions, in kilograms, for NOX, SOX, POP, VOC, HAP, particulate matter, etc.	-	None
G4-EN22	Report the total volume of planned and unplanned water discharges.	AR p.50-51; 53; 70-79	AR § "Maintaining high environmental standards"
G4-EN23	Report the total weight of hazardous and non-hazardous waste.	AR p.50-51; 53; 70-79	AR § "Maintaining high environmental standards"
G4-EN24	Report the total number and total volume of recorded significant spills.	-	The Company's operations do not generate any direct hazardous waste
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.	-	None
G4-EN28	Report the percentage of reclaimed products and their packaging materials for each product category.	AR p.50-51; 53; 70-79	AR § "2015-2018 CSR Strategy" and "Management of environmental risks"
G4-EN29	Report significant fines and non-monetary sanctions.	-	Not applicable to the Company's operations
G4-EN30	Report the significant environmental impacts of transporting products and other goods and materials for the organization's operations (...).	-	None
G4-EN31	Report total environmental protection expenditures.	AR p.50-51; 56; 65-66; 70-79	AR § "Carbon footprint and climate change" – "Commuting"
G4-EN32	Report the percentage of new suppliers that were screened using environmental criteria.	-	N/A
G4-EN33	Report the number of suppliers subject to environmental impact assessments.	AR p.50-51; 62-63	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.	AR p.50-51; 62-63	AR § "Involving the entire chain of sub-contractors and suppliers"
Labor Practices			
G4-LA1	Report the total number and rate of new employee hires during the reporting period.	AR p.113	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.113	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.113	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.113	AR § "Employees"
G4-LA12	Report the percentage of individuals within the organization's governance bodies (by gender and minority group).	-	AR § "Corporate Governance"
G4-LA13	Report the ratio of the basic salary and remuneration of women to men for each employee category.	-	N/A
G4-LA14	Report the percentage of new suppliers that were screened using labor practices criteria.	AR p.47; 50-51; 62-63	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.47; 50-51; 62-63	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

No.	Indicators	Pages	Comments
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.62	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 p.60-61	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 p.60-61	Report the total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.
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

10. Glossary

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.

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 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, 2017 by external real estate valuer BNPP RE, Catella Valuation and Cushman & Wakefield Valuation. Treasury shares held at December 31, 2017 were not taken into account in calculating NAV per share.

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 NNNAV

EPRA Triple Net Asset Value incorporates the market value of the fixed-rate bank loan debt. Treasury shares held at December 31, 2017 were not taken into account in calculating EPRA NNNAV per share.

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, 2017.

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: 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.

IFRS RENTAL INCOME

See note 2.11 to the consolidated financial statements, page 91.

ILAT

Officialized in 2011, the ILAT is frequently used as the reference system for reviewing rents of tertiary premises. The ILAT is the weighted sum of three indexes: the consumer price index (50%), the cost of construction index (25%) and the level of gross domestic product (25%).

LTV

Loan-to-value ratio: this ratio corresponds to outstanding bank borrowings/market value of real estate assets net of taxes.

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.

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).

OCCUPANCY RATE

The occupancy rate corresponds to premises for which the Company receives rent or rental expenses under a lease agreement.

POTENTIAL RETURN

An asset's potential return corresponds to the sum of the market rental values divided by the estimated value of the property.

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.

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.

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.

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Registration Document was filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on March 27, 2018. This document may only be used in support of a financial transaction if it is supplemented by an offering circular approved by the AMF. This Registration Document was prepared by the issuer under the responsibility of its signatories.

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