2018 ANNUAL REPORT

PLACES FOR SMART BUSINESS

CeGeREAL

CONTENTS

CEGEREAL, A UNIQUE PROPERTY COMPANY

€1,409 million

portfolio value (excluding transfer duties)

100%

of portfolio certified compliant with NF HQE™ Exploitation or BREEAM In-Use International standards

High quality

buildings in Paris and its inner suburbs

Portfolio of over

189,500 sq.m

at December 31, 2018

Dynamic, consistent and high-performing, Cegereal is a one-of-a-kind property company that invests in prime office properties in Paris and the Greater Paris region. Our portfolio exclusively comprises large complexes located in the most dynamic business districts and providing the ultimate in design, comfort and services. These features make our properties perfectly tailored to meet the expectations of first-class tenants, whose creditworthiness and loyalty provide Cegereal, in return, with high-quality occupancy rates and stable revenues.

Cegereal's strategy is focused on achieving high yields and creating value over the long term. Expressed in concrete, formal undertakings with all its stakeholders – shareholders, users and providers – this strategy is reflected in both major investments designed to continuously improve the quality and performance of our properties, and carefully targeted acquisitions.

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).

INSIGHT FROM SENIOR MANAGEMENT

John Kukral,
Chairman of the Board of Directors

A year ago, the global economic expansion was robust, the eurozone finished 2017 remarkably with 2.4% growth, its best performance since 2007. At the beginning of 2019, the economic environment has changed. 2018 did not meet expectations as several factors impacted confidence and business; notably the trade dispute between the United States and China, Brexit negotiations and populism in many European countries. In addition, central banks pulling back from accommodating monetary policies contributed to the return of volatility. While global growth has decelerated, it is still projected to reach 2.9% in 2019, as compared to 3% in 2018. We are considering all these factors in our investment and business decisions.

Despite lower growth than forecast, the French economy's fundamentals remain solid, with the reforms implemented at the start of the presidential term yet to produce their full effect. The December tax breaks should provide a positive impact on consumption and business investment remains strong.

"With the acquisition of Passy Kennedy, Cegereal demonstrates its commitment to expand its portfolio."

The greater Paris office market was buoyant in 2018. Investment volumes had a record year with €19.6 billion transacted, a 15% increase compared to 2017, with office take-up at 10% above the ten-year average. Vacancy rates further declined, reaching historic lows of 1.5% in the Paris CBD, 4.6% in La Défense and 5.5% in the greater Paris region, while rents continued their upward trend.

With Passy Kennedy, Cegereal's second acquisition within three years, the Group demonstrates its commitment to expand its portfolio and increase its focus on Central Paris where we anticipate the strongest rental growth in the coming years. The 23,800 sq.m property, located on the banks of the Seine, forms part of the wider business district in the southern area of Paris' 16th *arrondissement* and is well positioned to benefit from the anticipated rental growth. This new acquisition, achieved through a successful capital increase, demonstrates our shareholders' support for our strategic vision and increases the portfolio's gross asset value to €1.4 billion.

As in previous years, we will pay a recurring dividend which amounts to €2.3 per share, up by nearly 5% as compared with 2017.

Building on past performance, 2018 was an excellent year for Cegereal. We increased our overall occupancy rate to 96.1%, leasing more than 10,000 sq.m of office space to KPMG and the European Banking Authority at Europlaza. The capital improvement program we have undertaken in the tower is paying off. We have fully renovated to a high standard the floors, the fitness center as well as the auditorium and in 2019, we will start a comprehensive redesign of the restaurant and the area adjacent to our garden patio. We are taking this opportunity to create flexible work space to respond to the new expectations of our tenants and their employees.

We are always looking to implement innovative, practical solutions that optimize the well-being and performance of our tenants whilst also reducing their energy bill and environmental footprint. For this reason, as part of our ISO 14001 certification and our "Upgreen Your business" project, we are pushing ahead with measures to enhance the excellence of our properties, beyond their HQE™ Exploitation and BREEAM In-Use International certifications.

Jérôme Anselme,
Chief Executive Officer

We have also initiated a new environmental approach based on risk management, including climate ones, with the aim to remain a "green property company".

In the past, we highlighted our willingness to invest in Central Paris – where we anticipated the strongest demand growth. Passy Kennedy represents a perfect fit with our objectives. The property offers stable cash flows at below market rent and represents a fantastic opportunity to create long-term value for our shareholders. This acquisition also demonstrates the ability of our team to identify and secure acquisitions in a competitive market at compelling capital value.

"Building on past performance, 2018 was an excellent year for Cegereal."

01

THE GROUP

HIGHLIGHTS

Key events of 2018

December

Acquisition and financing of the **Passy Kennedy** building (Paris' 16th *arrondissement*) completed

November

The **European Banking Authority** chooses Europlaza for its new headquarters

October

Successful **share capital increase** of €80 million

September

KPMG, a world leader in audit and advisory, leases additional space in the Europlaza building

Two **Gold Awards** presented by the EPRA* for the quality of our financial and non-financial reporting

Cegereal takes second place in the **GRESB**** ranking of listed office property companies in Europe

June

Cegereal maintains its status as a fully "green" property company after **Hanami** campus, acquired in December 2016, certified compliant with both **HQE™ Exploitation** and BREEAM In-Use International standards

Completion of latest Europlaza **improvement works** (upper floors, fitness center and auditorium)

* European Public Real Estate Association
** Global Real Estate Sustainability Benchmark

Value creation

50%

increase in portfolio value since 2015

Occupancy rate of

96.1%

including the leases signed with the European Banking Authority and KPMG in fourth-quarter 2018

€41/share

EPRA NNNAV (excluding transfer duties)

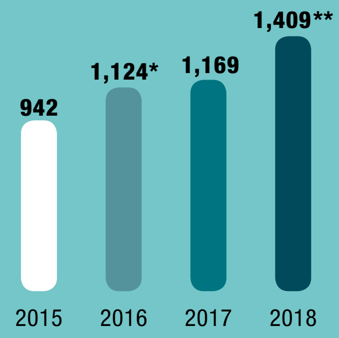
29%

reduction in energy use since 2013

5.3 years

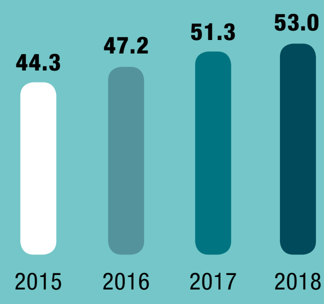
weighted average residual lease term

PORTFOLIO VALUE
(in €m)

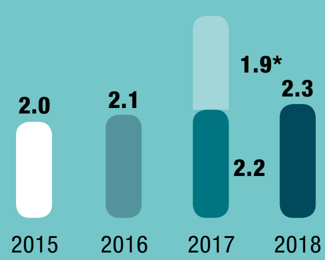


* Hanami acquired in 2016
** Passy Kennedy acquired in 2018

IFRS GROSS RENTAL INCOME
(in €m)



DIVIDEND PER SHARE
(in €)



* Special dividend

IN PURSUIT OF EXCELLENCE

Cegereal is pressing ahead with its strategy of delivering steady, value-creating growth focused on premium assets that offer the very best user experience. Its business model sets the standard in the global marketplace, for investors and large corporate tenants alike.

An exceptional customer experience

Year on year, Cegereal strives for total customer satisfaction by continuously enhancing the user experience. This long-term strategy has gained in importance with the arrival of generations X and Y on the job market looking for exciting opportunities, interaction and change. To provide amenities and working environments that meet the latest expectations, Cegereal is constantly conducting major work on its buildings. In 2017, upgrades focused mainly on the Arcs de Seine building. This year, Europlaza underwent renovation work. Just three years after the building was transformed into a “garden tower”, its fitness center, auditorium, foyer and 8,000 sq.m of space on its upper floors were upgraded to the highest standard. This work immediately paid off, quickly bringing the building’s occupancy rate up to 96.1%. Thanks to this continuous improvement strategy, the value of Cegereal’s portfolio has held steady since the Company was founded in 2006, even during the financial crisis.

A high-quality new asset

With the acquisition of the Passy Kennedy building, Cegereal has once again asserted its ability to expertly apply its quality-focused strategy. Ideally located on the banks of the Seine in Paris’ 16th *arrondissement*, the 23,800 sq.m property has undergone significant upgrades, earning it in particular the BREEAM In-Use International certification.

Environmental performance above and beyond current standards

Environmental performance is now a key pillar in the strategy of both national and international companies. Via its "Upgreen Your Business" program, Cegereal helps its tenants take their environmental performance above and beyond current standards. As part of this approach, Cegereal has already signed green leases with tenants representing 91% of the leased surface area. On top of that, Cegereal's entire portfolio is certified compliant with NF HQE™ Exploitation or BREEAM In-Use International standards and has undergone ecological studies to map on-site biodiversity. Lastly, its environmental management system is ISO 14001 certified. This environmental performance has earned Cegereal second place in the GRESB* ranking of listed office property companies in Europe for the fourth year in a row.

Financial excellence recognized by the markets

The quality of Cegereal's management was highlighted in October 2018 by the successful €80 million capital increase intended to finance a portion of the acquisition of the Passy Kennedy building. In addition, the Company took out a €148.5 million loan with a major French bank. The four-year loan is subject to an interest rate of 1.2% and provides for an optional one-year extension. It allows the Group to reduce its finance costs by 1.3%.

* Global Real Estate Sustainability Benchmark

A STABLE OWNERSHIP STRUCTURE COMPRISING COMMITTED SHAREHOLDERS

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

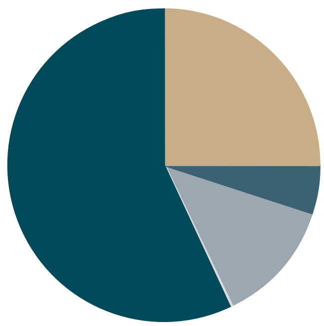
Northwood Investors manages $7 billion in property assets in the United States and Europe with the objective of creating long-term value.

GIC manages a portion of Singapore's foreign reserves through long-term investments representing over $100 billion. Its portfolio exclusively comprises international assets, around a quarter of which are European.

As part of the capital increase with pre-emptive subscription rights for existing shareholders, completed on October 25, 2018, both entities renewed their support, with Northwood subscribing to 62% of the newly issued shares and GIC to 28%.

Cegereal ownership structure

57.2%	Northwood Investors
24.9%	GIC
5.1%	AXA
12.7%	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 22, 2019
2018 results

April 30, 2019
Annual Shareholders' Meeting

April 30, 2019
First-quarter 2019 revenue

July 25, 2019
First-half 2019 results

Share performance
(in €)

For more information

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

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
Senior 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. 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. Senior Managing Director at Northwood Investors, in charge of 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. Vice President 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. Vice President at Northwood Investors in Europe

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

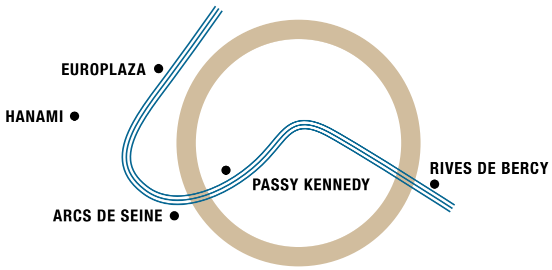
EFPL - GIC, director, represented by Sébastien Abascal, in charge of investment and asset management activities in France and Germany for GIC Real Estate

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

02 PORTFOLIO

PERFECT POSITIONING

During the year, Cegereal acquired the Passy Kennedy complex, its first property in Central Paris.
The new addition rounds off a well-balanced portfolio consisting exclusively of remarkable properties that meet the expectations of renowned companies driving society's digital, behavioral and environmental revolutions.
All Cegereal's properties are located in the most dynamic and accessible business districts in the Grand Paris region – areas that are highly sought after for their quality of life.
They all offer generous, flexible spaces capable of delivering both performance and creative stimulation, peace of mind and productivity.



PASSY KENNEDY 23,800 SQ.M

Ideally located in the increasingly thriving city of Paris

Located in Paris' wider business district in the southern area of the upscale 16th *arrondissement*. Overlooking the Eiffel Tower along the banks of the Seine.

Close to major, rapidly growing office hubs, such as the Grenelle area in the 15th *arrondissement*, Boulogne Billancourt and Issy-les-Moulineaux.

Excellent public transportation links, with the Avenue du Président Kennedy RER C station just outside.

An iconic 1980s building with curved architecture echoing the design of the neighboring Maison de la Radio.

Extensively renovated between 2013 and 2016, earning it BREEAM In-Use International "Very Good" certification.

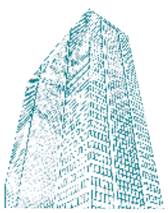
In line with the latest comfort and services standards, featuring vast spaces from 1,300 to 2,000 sq.m suitable for a variety of purposes, a restaurant with a capacity of 600 meals per day and a cafeteria, as well as concierge services.

Main tenants: Radio France, SII, Thai Union

Architects: Bruno Bouchaud, André Remondet

Iconic building on the banks of the Seine in Western Paris – certified BREEAM In-Use International – right next to RER rail station

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



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 NF HQE™ Exploitation 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.

Two full-time, on-site technicians.

Main tenants: BforBank (subsidiary of Crédit Agricole), Capgemini, Galderma, KPMG

Architect: B&B Architectes, Pierre Dufau

Certified NF HQE™ Exploitation and 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 NF HQE™ Exploitation and 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 beltway.

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

Panoramic terraces - Certified NF HQE™ Exploitation 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.

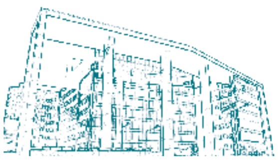
Both NF HQE™ Exploitation and BREEAM In-Use International “Very Good” certification.
Each floor plate is equipped with state-of-the-art air conditioning, soundproofing and lighting technologies.

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

Architect: 3AM, André Martin, Patrick Corda

Certified NF HQE™ Exploitation 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. It has also obtained BREEAM In-Use International “Very Good” certification (Asset Performance and Building Management).

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

Architect: Cabinet 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 89, Bd Franklin Roosevelt (Rueil-Malmaison)	PASSY KENNEDY 104, avenue du Président Kennedy (Paris 16th)	TOTAL PORTFOLIO
% holding	100%	100%	100%	100%	100%	100%
2018 value	€447M	€381M	€189M	€170M	€222M	€1,409M(1)
2017 value	€441M	€370M	€190M	€168M		€1,169M
2018 value/sq.m	€9,466/sq.m	€7,312/sq.m	€5,923/sq.m	€4,942/sq.m	€9,480/sq.m	
Year-on-year change in value	+1.4%	+2.9%	-0.4%	+1.1%	+1.9%(6)	+20.5%(2)
2018 IFRS rental income	€17.3M	€14.6M(7)	€10.1M	€10.4M	€0.7M	€53.0M(3)
2017 IFRS rental income	€15.3M	€16.6M	€9.9M	€9.5M		€51.3M
2018 occupancy rate	98.4%	73.0%(4)	100%	100%	100%	92.3%(4)
2017 occupancy rate	98.4%	73.7%	100%	100%		91.4%
2018 weighted average residual duration of leases	4.9	6.1	3.0	6.1	6.6	5.3(5)
2017 weighted average residual duration of leases	5.9	5.6	4.0	6.9		5.7
Total surface area	47,222 sq.m	52,078 sq.m	31,942 sq.m	34,381 sq.m	23,813 sq.m	189,436 sq.m
of which Offices	44,152 sq.m	47,131 sq.m	29,468 sq.m	30,485 sq.m	22,657 sq.m	173,893 sq.m
of which Service areas	2,071 sq.m	2,757 sq.m	2,092 sq.m	1,873 sq.m	1,068 sq.m	9,861 sq.m
of which Archives	999 sq.m	2,190 sq.m	382 sq.m	2,023 sq.m	88 sq.m	5,682 sq.m
Parking spaces	942	722	657	838	276	3,435
Year of acquisition	2006	2006	2006	2016	2018	
Year of construction	2000	1972	2003	1991	1986	
Years of refurbishment	2011	1999	N/A	2010 & 2016	2013 - 2016	
Type of leases	Investor	Investor	Investor	Investor	Investor	
Main tenants	Canal Plus Hewlett Packard Huawei	BforBank Cap Gemini Galderma	Crédit Foncier de France	Axens Brandt Vinci Environnement	Radio France SII Thai Union	

(1) Passy Kennedy building acquired in December 2018. Total portfolio value €1,187m on a like-for-like basis.
(2) Up 1.5% like for like.
(3) €52.3m like for like.
(4) 91.1% like for like. The leases signed at Europlaza in fourth-quarter 2018 with the European Banking Authority and KPMG (extension) bring the overall portfolio occupancy rate to 96.1% and the Europlaza occupancy rate to 87.2%. The occupancy rate is presented on page 82 of the Annual Report
(5) 5.1 years like for like.
(6) Change in value since the property was acquired.
(7) Does not include the KPMG lease extension or the new lease signed with the European Banking Authority.

03 PROPERTY STRATEGY

A PREMIUM SERVICE FOR FIRST-CLASS TENANTS

To optimize and secure its income stream, Cegereal applies a rigorous rental strategy combining selectivity and performance. Its tenants are highly reliable, first-class businesses with exacting standards. That's why Cegereal is committed to providing a cutting-edge service that involves listening to and supporting its tenants day in day out.

Exclusive tenants

The vast majority of Cegereal's tenants are well-established, nationally or internationally renowned corporations, including KPMG, Radio France, Crédit Foncier, Hewlett Packard, Huawei and Axens. Some 90% of them have a Dun & Bradstreet financial rating of 1 or 2, which clearly demonstrates their reliability. For Cegereal, these companies are a way to ensure visibility and profitability. In return, they enjoy premises and amenities that live up to their own level of performance and brand image.

In two years, leases signed or renewed on nearly

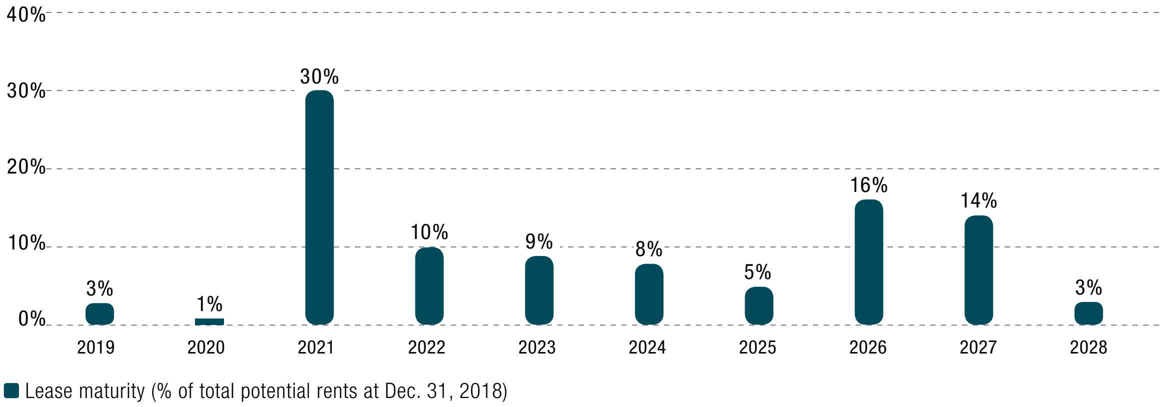
40%

of usable space (in sq.m, excluding Passy Kennedy acquisition)

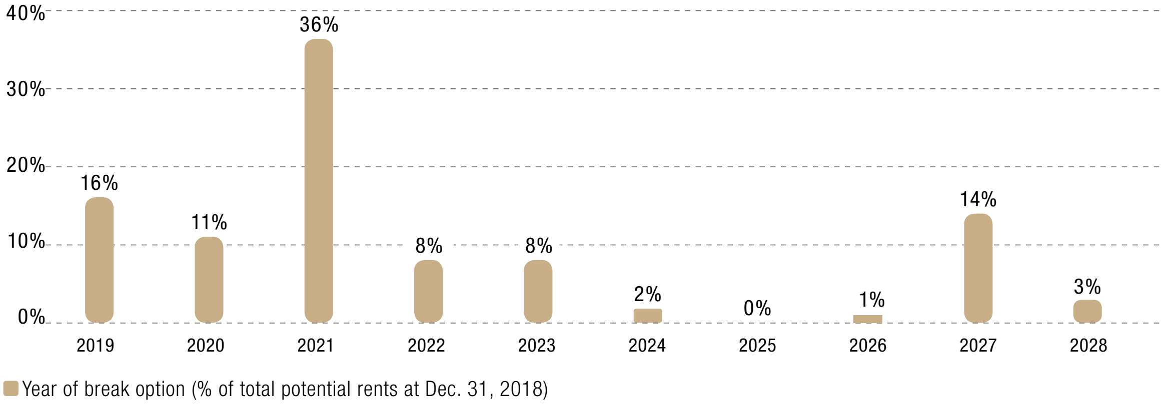
Building trust

All Cegereal properties offer the entire range of amenities that first-class companies consider essential, including get-together and wellness areas, conference centers, food service facilities, connectivity, fitness centers and community management. The teams responsible for the daily management of the buildings pay constant, careful attention to tenants and strive to provide them with the most personalized service possible. Cegereal's management team meets with the decision-makers of its main tenants on a regular basis to anticipate changes in expectations and needs. This enables Cegereal to put together appropriate investment programs aimed at preserving the appeal and value of its properties. This special relationship fosters remarkable loyalty among tenants. In an example of this successful strategy, KPMG extended its lease in 2018, following in the footsteps of Huawei and Axens in 2017.

LEASE MATURITY (%)



YEAR OF BREAK OPTION (%)



RISING TO THE CHALLENGE OF INNOVATION

As the "digital native" generations enter the job market, the business world is evolving more quickly than ever. Today's office design is expected to anticipate the rise in working habits such as remote working, collaborative working and coworking, as part of an ongoing creative cycle expertly managed by Cegereal.

The era of agility

In early 2018, BNP Paribas Real Estate published a report on agility* aimed at clarifying the concept of an agile office through interviews with a number of very different companies that have adopted this set-up. In agile offices, workspaces can be easily reconfigured to serve different purposes, sometimes several times a day. For example, users can transform them from a meeting room into a creative space, quiet area or chillout zone, meaning they are not restricted to a single set-up. Agile offices are open both physically and digitally to the surrounding neighborhood, the company's external partners, and even the planet as a whole – just like social networks where our contacts are mapped in concentric circles.

New expectations

Cegereal keeps in touch with its tenants through regular meetings and is a pioneer of this new approach. It benefits in particular from the close observations and actions of its main shareholder, Northwood. Northwood is very active in the United States and the United Kingdom, where coworking spaces are already common in many businesses. The care taken in upgrading Europlaza's shared spaces – the gardens, terraces, lobby, auditorium and fitness center – as part of recent major investment programs is a fine example of the concrete ways in which property companies can respond to these new expectations by providing a new way to work well and feel well at the office.

* Watch Out publication #3, January 2018.

THE BEST SPECIALISTS

Cegereal has opted for a lightweight, decentralized structure that is highly agile and involves low operating costs, and works with renowned partners that are leaders in their respective fields.

A world leading asset manager

Cegereal's majority shareholder, Northwood Investors, is a world leader in its industry. In France, it holds its own asset management entity specializing in commercial property. Acting under contract, its experts support Cegereal in acquisitions, valuations and marketing. Ideally positioned to track the latest market data, they are also an invaluable source of recommendations to further Cegereal's repositioning strategy.

Committed property managers

Property managers are responsible for the day-to-day management of Cegereal's buildings, playing a key role in providing reliable service and high-quality customer relations. Cegereal works with recognized providers with which it fosters long-term relationships built on a wide range of performance indicators. These range from day-to-day building management to invoicing and compliance with rental requirements, with a view to continuous improvement. Acting under contract, they are also responsible for putting forward proposals for multi-year work programs.

04
MARKET REVIEW

ECONOMY, A SOFT LANDING

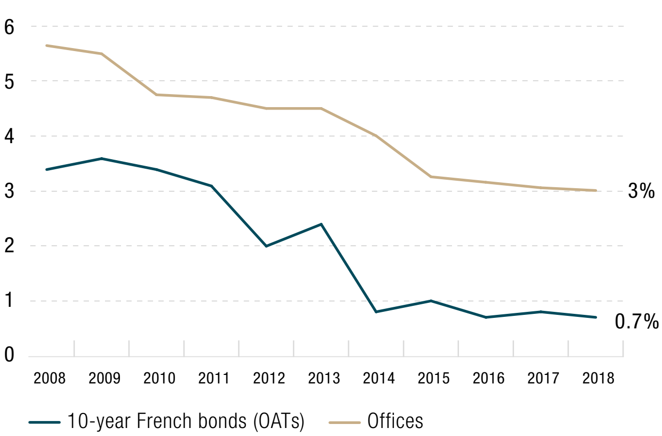
2018, a surprising year

Global growth for 2018 came in at 3.7%, compared with the initial forecast of 3.9%. Meanwhile, the eurozone grew by 2.1%, down from 2.4% in 2017. In 2018, the region's two biggest economies, France and Germany, saw GDP expand by 1.5% and 1.6%, respectively, versus the 1.7% growth forecast a year earlier.

The slower-than-expected pace of growth can be pinned to a still uncertain economic environment. Against the backdrop of low interest rates, the office real estate investment market is proving its power of attraction, with the spread between prime Paris CBD office yields and the 10-year OAT rate remaining stable at between 220bps and 230bps.

GDP growth led to the creation of more than 100,000 jobs for a third consecutive year. Looking ahead, and assuming no external shocks, the rise in purchasing power resulting from reforms introduced in 2017 after several years of discussion could support demand. Meanwhile, business confidence and corporate investment are already on a fast-growth trajectory, as are exports, which are increasing more rapidly than imports.

10-YEAR OATS AND PRIME RATES (IN %)



Source: BNP Paribas Real Estate, ImmoStat

A sense of calm in the real estate sector

The Emerging Trends in Real Estate Europe 2019 survey, conducted jointly by PwC and the Urban Land Institute, showed that although decision-makers in the European real estate sector are faced with a late cycle market, they are not overly concerned. Only 13% of survey respondents said they felt less confident than the previous year, whereas 25% felt more confident and 62% said their confidence levels were unchanged. Similarly, they do not see the modest rise in interest rates as a threat. The European Central Bank meanwhile does not plan to tighten monetary policy until the very end of 2019. In any event, the spread compared with prime rates remains very attractive, at around 229 basis points for office space in the Paris CBD for a 3% prime rate. Decision-makers are calmly looking for new value creation opportunities, focusing on assets that meet users' new social and environmental expectations. There is still abundant capital available for investment at the global level, with investors targeting the safest, most liquid markets, including Paris and the inner suburbs. Given rising uncertainty, assets that qualify as truly "prime" because of their inherent qualities and location are particularly attractive to them.

PARIS, A MARKET THAT INVESTORS TRUST

When anticipating the end of a cycle, real estate investors naturally look for security, but also for new, longer-term opportunities. Paris meets both of these criteria, since it already offers excellent conditions for companies and is resolutely focused on the future. Driven by these factors, the city's real estate market enjoyed strong momentum in 2018, which is expected to continue through 2019.

Full steam ahead for Grand Paris

In this environment, big cities are increasingly pitted against each other and their assets scrutinized. But thanks to its ability to follow through on its promises, Paris stands out from the rest. Synergies between the Grand Paris project and the Olympic Games have begun to deliver results, with several sections of the Grand Paris Express serving Olympic venues to be completed in 2024 – starting with the extension of the metro line 14 to Orly airport, and the link between Saint-Denis Pleyel and Le Bourget. The remaining portion of the new, ultra-fast automated metro system, comprising a total of 200 kilometers of rail lines and 68 intermodal stations, remains set for completion in 2030, as confirmed by the French prime minister.

Investor support

This major project is set to gradually improve all working and living conditions for people in the Greater Paris region, by reducing travel times and boosting productivity. From an environmental perspective, the project will curb greenhouse gas emissions by 27 million metric tons by 2050*. The positive environmental and economic impacts promised by the Grand Paris Express have won it the full support of investors, with its first ten-year green bond issue attracting twice as much interest as the €1.75 billion marketed.

* Estimate: Société du Grand Paris.

Aiming big in Bercy-Charenton

Another project in the pipeline is the creation of a major real estate hub covering a million square meters in the Bercy-Charenton area. Extending over both sides of the Paris beltway, it will rebalance Paris' business districts toward the east of the city, and is expected to attract, among other businesses, digital start-ups and companies with its village feel. Cegereal already has a foothold in the area with its Rives de Bercy property.

Favorable impact of Brexit

Following their decision to leave London, many financial services firms and institutions are opting to make the French capital their new base, illustrating Paris' appeal. The choice is often dictated by their employees, who prefer Paris to Frankfurt. In any case, the impacts of Brexit are already being felt. In April, the Europlaza tower will welcome the European Banking Authority's 200 employees and, according to Paris-based real estate professionals, the proportion of international and French customers returning from the United Kingdom in their client portfolio is rising significantly.

AN EXCELLENT YEAR FOR GREATER PARIS

While performance was varied across the different geographical sectors, 2018 was an excellent year for the Greater Paris area, for both acquisitions and rentals.

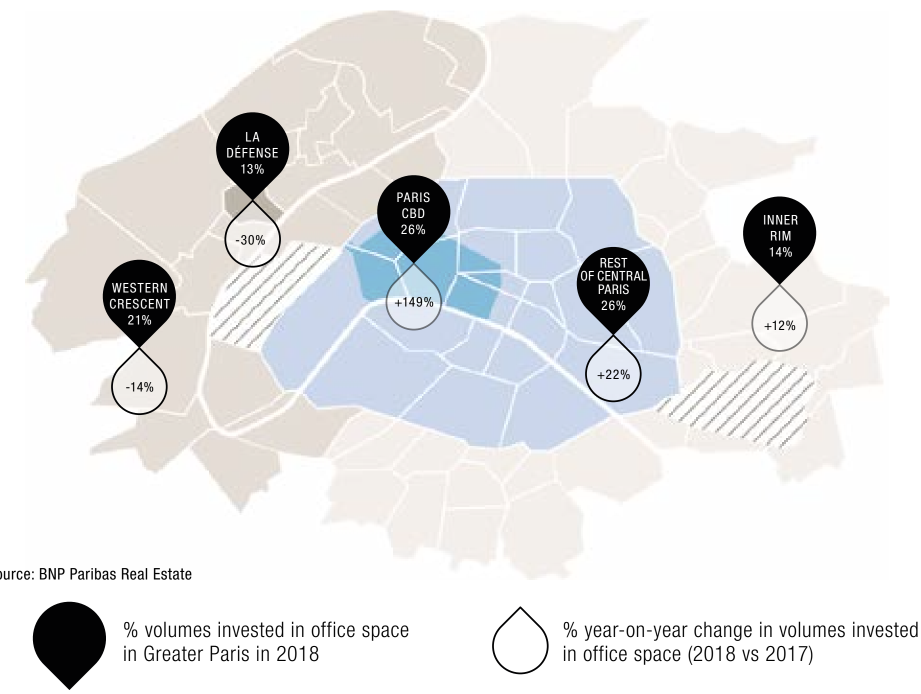
2018, another record year for investment

At €32.8 billion, investment in France increased for the fifth year in a row in 2018. Foreign investors in particular made a strong comeback during the year, driving nearly 40% of transaction volumes versus 26% in 2017. Offices were once again the most popular asset class, accounting for around 70% of volumes invested, i.e., €22.9 billion. Some 85% of these office investments were concentrated in the Paris region, accounting for €19.6 billion of the total, an increase of 16% year on year. The Paris CBD delivered a record performance, with €4.8 billion invested during the year, compared with less than €2 billion in 2017. Landmark transactions representing more than €400 million, including Capital 8, Richelieu (Alterea Cogedim's headquarters) and Neo (boulevard Haussmann), were partly to thank for this performance. Volumes in La Défense and the Western Crescent dropped 30% and 14%, respectively, after stellar performances in 2017. Note that the sale of the Cœur Défense building for €1.8 billion alone accounted for more than 50% of transaction volumes in that year.

The outlook for 2019 is positive. Capital inflows from Asia and uncertainty in London as a result of Brexit are attracting new investors to the Paris real estate market.

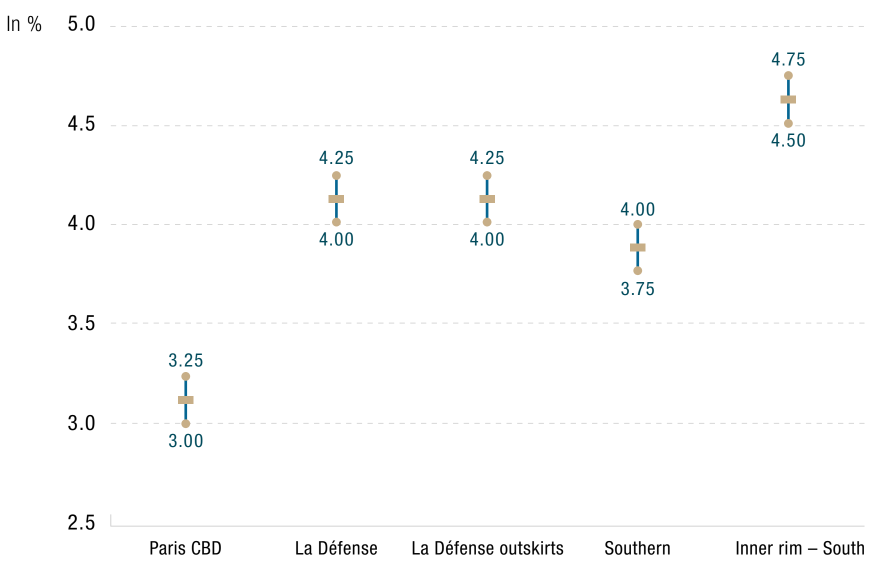
RECORD INVESTMENT VOLUMES FOR THE FRENCH CAPITAL
GEOGRAPHICAL BREADOWN OF VOLUMES INVESTED IN OFFICE SPACE IN GREATER PARIS

% in 2018



Source: BNP Paribas Real Estate

PRIME RATE RANGES FOR OFFICE SPACE BY GEOGRAPHIC AREA



Source: Knight Frank

A dynamic rental market

At 2.5 million sq.m, office take-up in Greater Paris declined by 5%, but remained well above its ten-year average by more than 10%. The fourth-quarter slowdown therefore did not prevent 2018 from being a very good year. According to the main market operators, take-up for 2019 is expected to continue in this positive vein.

Demand was strongest for surface areas of 1,000 to 5,000 sq.m, which saw year-on-year growth of 16%. The segment for transactions exceeding 20,000 sq.m saw volumes drop by over 50%.

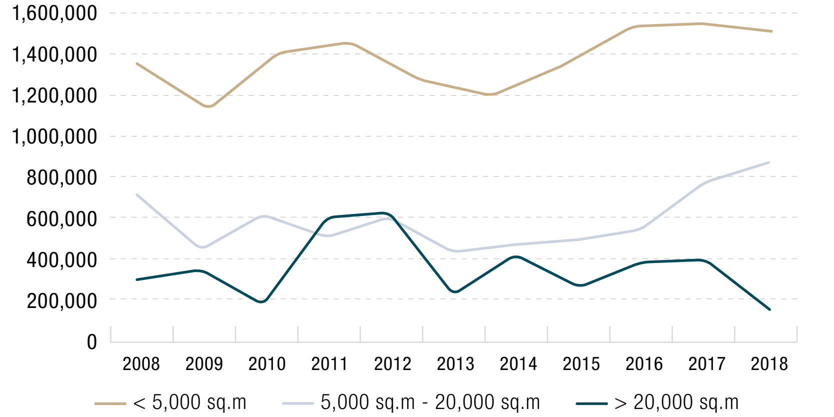
The breakdown by geographic area reveals mixed performances. Paris remained the number one destination for corporate tenants, with volumes let in 2018 passing the one million sq.m mark for the third year in a row. Accounting for 46% of volumes, the outskirts of La Défense – Nanterre, in particular – led business in the Western Crescent, thanks to a supply of new buildings. Lastly, volumes in La Défense fell 21% compared with 2017 and totaled 145,000 sq.m, including eight transactions for more than 5,000 sq.m. The new leases signed with the European Banking Authority and KPMG accounted for 25% of these major transactions.

Rents on the rise

At a time of buoyant demand, available supply of rental property continued to decrease gradually, falling below the threshold of 3 million sq.m for the first time in a decade. Vacancy rates edged down further as a result, hitting historic lows: 1.5 % for the Paris CBD, 2.5% for the entire city of Paris, 4.6% for La Défense, and 5.5% for Greater Paris. Rental values naturally continued to improve overall, by 3.3% for new or redeveloped premises, 3.2% for renovated premises and 4.4% for assets in the second-hand market. Paris Center West and the Western Crescent saw some of the largest rent increases due to their strong appeal to users.

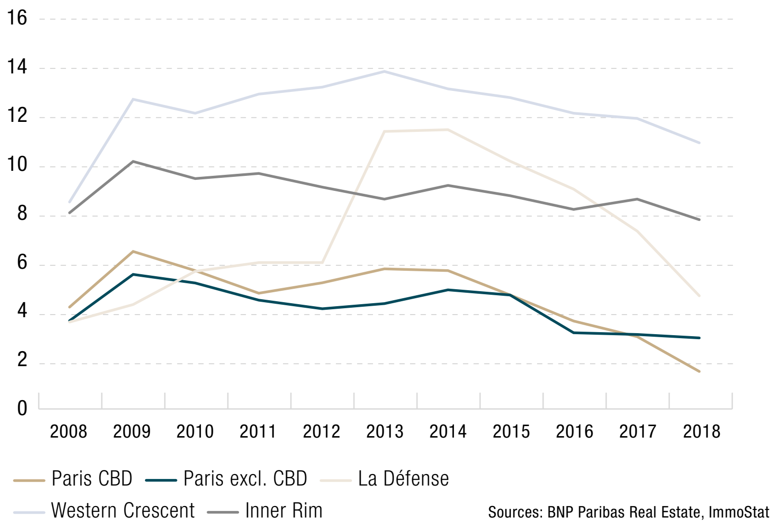
Office space due for delivery in 2019 remains at a moderate 412,000 sq.m.

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



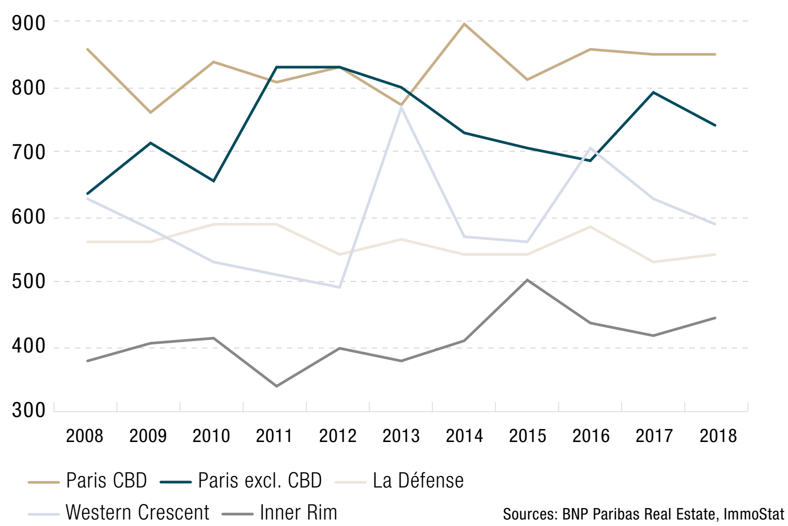
Sources: BNP Paribas Real Estate, ImmoStat

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: BNP Paribas Real Estate, ImmoStat

05

FINANCIAL INDICATORS

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)	2018	2017
Cegereal recurring income	30,674	30,937
Cegereal recurring cash flow	35,177	35,849
EPRA earnings	30,674	32,689
EPRA NAV	648,611	591,328
EPRA NNNAV	639,649	585,355
EPRA vacancy rate	8.6%	9.6%
EPRA NIY	4.1%	4.1%
EPRA "topped-up" NIY	4.6%	4.5%
EPRA cost ratio (including cost of vacancy)	22.0%	22.8%
EPRA cost ratio (excluding cost of vacancy)	18.6%	18.8%
EPRA property-related capex(1)	227,419	8,106

EPRA NET INITIAL YIELD & EPRA "TOPPED-UP" NET INITIAL YIELD (in thousands of euros)	2018	2017
Net value of investment property	1,408,520	1,169,400
Expenses and transfer duties	105,748	87,728
Gross up completed property portfolio valuation (B)	**1,514,268**	**1,257,128**
Annualized net rents (A)	**61,637**	**51,347**
Add: notional rent expiration of rent-free periods or other lease incentives	7,322	5,090
Topped-up net annualized rents (C)	**68,959**	**56,437**
EPRA NIY (A)/(B)	4.1%	4.1%
EPRA "topped-up" NIY (C)/(B)	4.6%	4.5%

EPRA VACANCY RATE (in thousands of euros)	2018	2017
Total market rental value	78,058	66,572
Market rental value of vacant space	6,720	6,389
EPRA vacancy rate	**8.6%**	**9.6%**

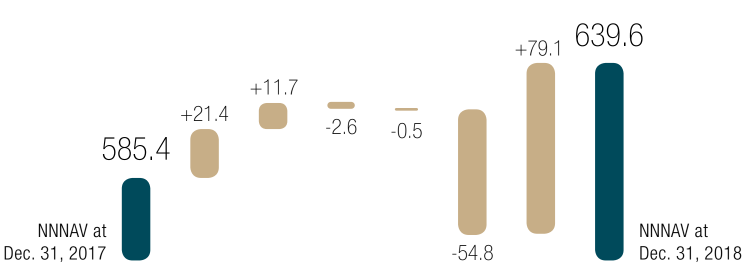
BNPP RE, Catella, C&W and CBRE valuation data
The vacancy rate does not include leases signed with the European Banking Authority and KPMG in 2018.
Including these leases, the EPRA vacancy rate is 5%.
The occupancy rates by asset are presented in section 1.2.3., page 82 of the Annual Report.

(1) Property-related capex is detailed on page 82 of the Annual Report.

EPRA COST RATIOS (in thousands of euros)	2018	2017
Net property expenses	(3,234)	(3,177)
Overheads	(8,394)	(8,670)
Depreciation, amortization and impairment, net	(11)	(10)
Other income covering G&A expenses	0	175
EPRA costs (including cost of vacancy) (A)	**(11,640)**	**(11,682)**
Cost of vacancy	1,794	2,067
Land-related expenses	0	0
EPRA costs (excluding cost of vacancy) (B)	**(9,846)**	**(9,615)**
Gross rental income less land-related expenses	53,026	51,259
Gross rental income (C)	**53,026**	**51,259**
EPRA cost ratio (including cost of vacancy) (A)/(C)	22.0%	22.8%
EPRA cost ratio (excluding cost of vacancy) (B)/(C)	18.6%	18.8%

EPRA NAV & EPRA NNNAV (in thousands of euros, except per share data)	2018	2017
Shareholders' equity under IFRS	674,889	617,532
Portion of rent-free periods	(27,315)	(26,832)
Elimination of fair value of interest rate caps	246	79
Elimination of fair value of interest rate swaps	172	7
Elimination of fair value of share subscription warrants	618	541
EPRA NAV	**648,611**	**591,328**
EPRA NAV per share	*41.6*	*44.3*
Market value of the loans	(772,432)	(622,535)
Carrying amount of the loans	764,507	617,190
Revaluation to fair value of interest rate caps	(246)	(79)
Revaluation to fair value of interest rate swaps	(172)	(7)
Revaluation to fair value of share subscription warrants	(618)	(541)
EPRA NNNAV	**639,649**	**585,355**
EPRA NNNAV per share	*41.0*	*43.8*
Number of shares (excluding treasury shares)	**15,589,311**	**13,362,891**

EPRA NNNAV
€M



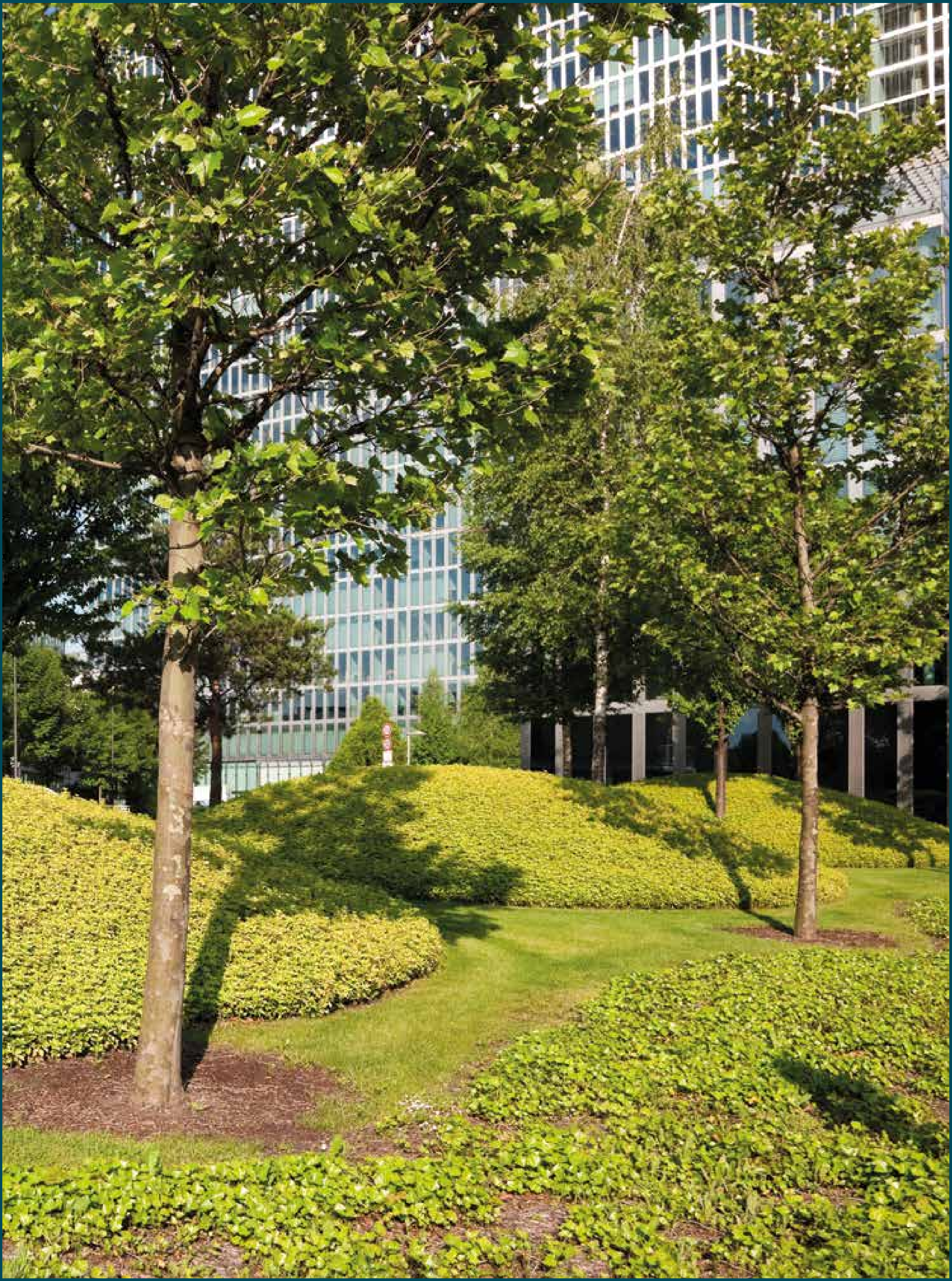
21.4: 2018 recurring income (IFRS)
11.7: Change in fair value of real estate assets
(2.6): Change in fair value of bank debt
(0.5): Change in rent-free periods and other lease incentives
(54.8): Dividends paid in 2018
79.1: Capital increase

EPRA EARNINGS (in thousands of euros, except per share data)	2018	2017
Net income under IFRS	33,106	62,408
Restatement of changes in fair value of investment property	(11,701)	(37,178)
Other restatements of changes in fair value	475	17
Restatement of other fees	8,794	7,443
EPRA earnings	**30,674**	**32,689**
EPRA earnings per share	*2.0*	*2.4*
Cegereal adjustments:		
Restatement of 3% corporate income tax contribution on dividends		(1,752)
Cegereal recurring income	**30,674**	**30,937**
Restatement of rent-free periods	2,256	2,946
Restatement of deferred finance costs	2,247	1,966
Cegereal recurring cash flow	**35,177**	**35,849**

CONDENSED FINANCIAL DATA

IFRS FINANCIAL STATEMENTS (in thousands of euros)	Dec 31, 2018	Dec 31, 2017
BALANCE SHEET ASSETS		
Investment property	1,408,520	1,169,400
Other non-current assets	20,873	21,678
Non-current assets	**1,429,393**	**1,191,078**
Accounts receivable	7,747	18,481
Other operating receivables	14,842	10,548
Cash and cash equivalents(1)	53,367	61,718
Current assets	**75,957**	**90,747**
Total assets	**1,505,350**	**1,281,825**
EQUITY AND LIABILITIES		
Capital	78,006	66,863
Additional paid-in capital and retained earnings	563,777	488,262
Net income for the period	33,106	62,408
Shareholders' equity	**674,889**	**617,532**
Non-current liabilities(2)	773,655	622,519
Current borrowings	3,152	2,979
Other current liabilities	53,653	38,794
Liabilities	**830,461**	**664,293**
Total equity and liabilities	**1,505,350**	**1,281,825**
INCOME STATEMENT		
Net rental income(3)	37,034	38,008
Change in the fair value of investment property	11,701	37,178
Net operating income(4)	44,607	70,587
Net financial expense	(11,501)	(9,945)
Tax expense	0	1,765
Net income	**33,106**	**62,408**

(1) The statement of cash flows is presented on page 94 of the Annual Report. The year-on-year change in cash equivalents mainly corresponds to the following non-recurring items: special distribution, capital increase and acquisition of Passy Kennedy.
(2) The loan-to-value ratio and interest coverage ratio are presented on page 84 of the Annual Report.
(3) Rent + other services - building-related costs
(4) Net rental income + change in the fair value of investment property + administrative costs and other operating expenses + other operating income.



NON-FINANCIAL INFORMATION STATEMENT

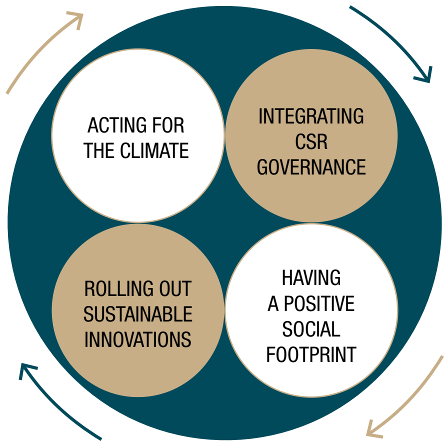
An exemplary approach

OUR "UPGREEN YOUR BUSINESS" PLAN — DOING BUSINESS RESPONSIBLY

Cegereal is a committed and proactive advocate of lasting environmental and social change. The voluntary publication of our Non-Financial Information Statement stems from an ambition to lead by example and ensure transparency. The careful analysis of our corporate social responsibility (CSR) issues and challenges has led to the definition of new targets in line with the "2°C pathway" for today's real estate sector and France's National Low Carbon Strategy.

Cegereal's "Upgreen Your Business" program is an integral part of the Company's CSR strategy and is built on four flagship priorities based on the materiality matrices and environmental, social and governance (ESG) map set out opposite.

The environmental component of Cegereal's CSR strategy is also based on an ISO 14001-certified environmental management system.



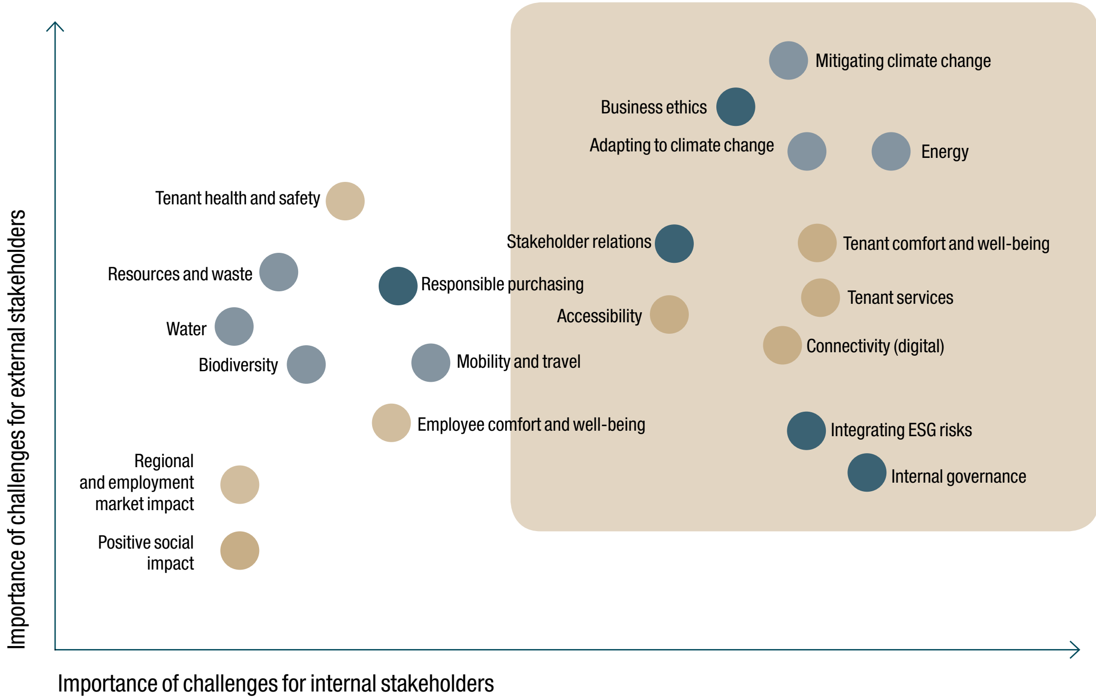
MEASURING THE MATERIALITY OF OUR ESG CHALLENGES

Cegereal's ESG challenges are carefully identified and prioritized by its CSR Committee, presented on page 51, in close collaboration with strategic consulting firm WILD.

They are defined based on benchmark references in regulatory reporting that include (i) Article 225 of France's Grenelle II law, (ii) EPRA sBPR 2017 guidelines, (iii) the market survey of materiality matrices carried out by the French organization for the promotion of sustainable real estate - the Observatoire de l'Immobilier Durable (OID) - in 2018, (iv) the main areas covered by Non-Financial Information Statements which entered into effect on October 30, 2018, (v) the subjects covered in non-financial questionnaires (GRESB, CDP, etc.), and (vi) various labels and certifications.

20 challenges selected and analyzed with key internal and external stakeholders

MATERIALITY MATRIX PLOTTING CEGEREAL'S ESG CHALLENGES (2018)

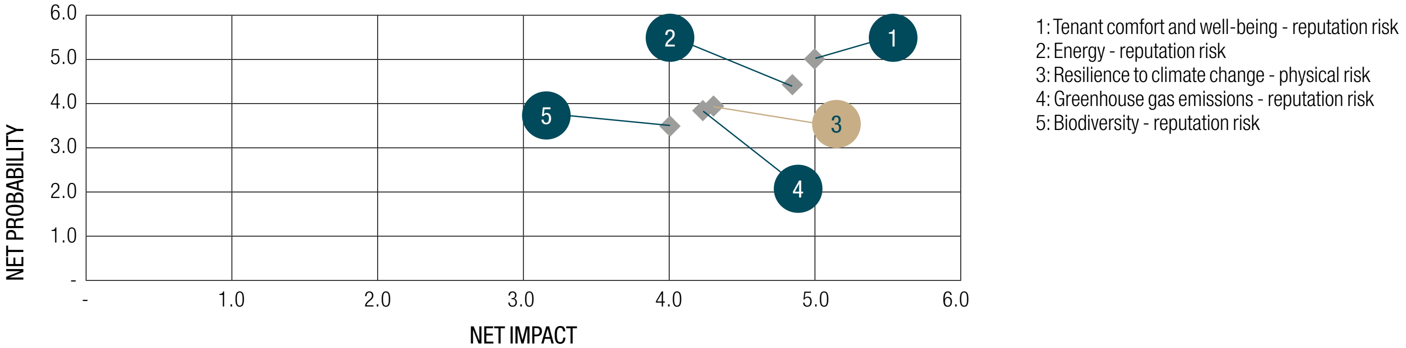


ESG RISKS & OPPORTUNITIES

Cegereal reviews its risk map each year (see risk table on page 87 of the Annual Report). The risks are presented below by ESG indicator and cover Cegereal's entire portfolio. Conducting a risk map enables the Group to seize market opportunities, innovate and take containment measures.

These reviews have led to the definition of five priority risks:

RISK MAP



Risk mapping is defined as the identification, assessment, prioritization and management of risks that could have a material adverse impact on the Group's business.

The main risks linked to the 10 most important challenges for Cegereal and its stakeholders are weighted according to the risk management systems in place and the likelihood that they will occur.

Cegereal has analyzed these risks in order to include them in its ESG performance plan.

In addition, aware of the increasingly high expectations among today's investors when it comes to sustainable management practices, Cegereal has included the risk categories from the most recent report published by the Task Force on Climate-related Financial Disclosures (TCFD) in its action plan.

HISTORY AND HIGHLIGHTS

2017-2018

- NF HQE™ Exploitation and BREEAM In-Use International certification for Hanami
- EPRA sBPR Gold Award for the quality of the Group's non-financial reporting
- Cegereal ranked among the top 3 in GRESB's "listed office property companies in Europe" category since 2016
- Implementation of Energy Performance Contracts at three buildings

2016

- Implementation of the Environmental Management System (EMS) and ISO 14001 certification
- Membership of Global Compact France's GC Advanced Club
- Acquisition of Hanami and integration of the property in the Group's CSR policy
- Sector Leader in GRESB's "listed office property companies in Europe" category

2015

- 100% of portfolio certified compliant with the BREEAM In-Use International standard
- Launch of the "Upgreen Your Business" program
- Cegereal ranked third in GRESB's "listed office property companies in Europe" category

2014

- First-time participation in GRESB questionnaire and "Green Star" rating in the "listed office property companies in Europe" category
- Completion of the first CSR materiality matrix
- 100% of portfolio awarded NF HQE™ Exploitation certification

2013

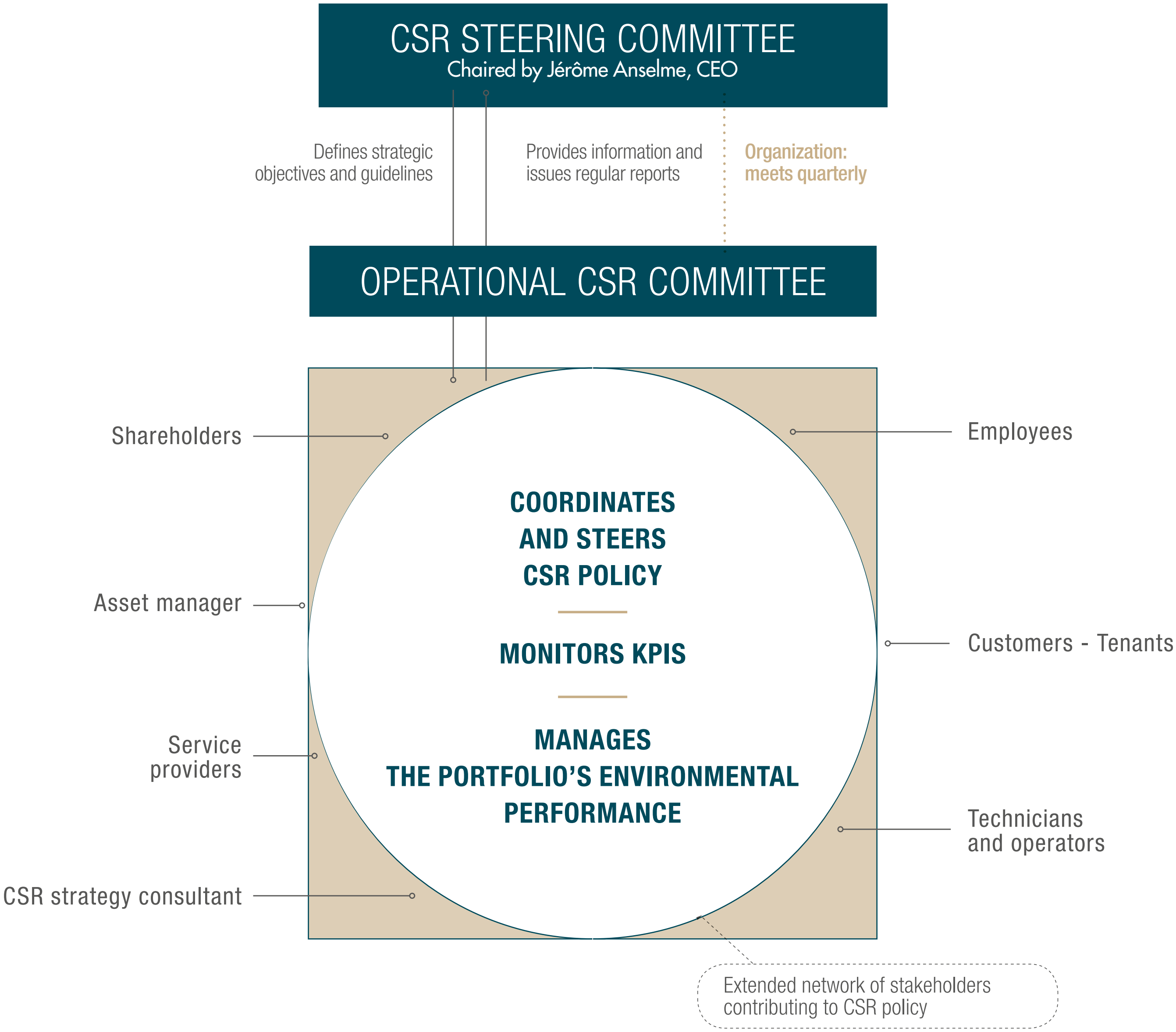
- NF HQE™ Exploitation certification for Europlaza and Arcs de Seine
- Launch of the "Go Green" policy
- Implementation of an internal carbon budget to finance innovation
- First voluntary publication of a Non-Financial Information Statement

Titulaire : Prothin SAS
Certificat n° NF 428-12/074

PRIORITY 1
INTEGRATING CSR GOVERNANCE

Cegereal firmly believes in the importance of actively contributing to environmental and social change.

Since 2013, a CSR Committee made up of members of the CSR department and members of Cegereal's executive management has been in charge of incorporating the Group's ESG challenges in its overall strategy and implementing its ESG performance plan.



The Operational CSR Committee oversees the implementation of the "Upgreen Your Business" program and reports to the CSR Steering Committee.

Cegereal takes account of ESG risks in its operations. Risks are identified during the due diligence procedures completed for acquisitions, as well as when mapping ESG risks and monitoring ESG indicators, as illustrated in this report.

Our “Upgreen Your Business” ESG performance plan

STRATEGIC FOCUS	ESG-CLIMATE CHALLENGES	COMMITMENTS
Acting for the climate	Carbon/GHG	Auditing the carbon footprint of the entire property portfolio
Acting for the climate	Energy	Reducing final energy consumption
Acting for the climate	Energy	Supplying property common areas with renewable energies
Acting for the climate	Energy	Taking out Energy Performance Contracts for 100% of the portfolio
Acting for the climate	Energy, carbon/GHG, resources and waste, water, biodiversity	Controlling the environmental impact of buildings and implementing a clean building site charter at all sites
Acting for the climate	Carbon/GHG	Reducing GHG emissions
Acting for the climate	Resilience to climate change	Integrating adaptation to climate change in property management during acquisitions and over the portfolio’s life cycle
Acting for the climate	Energy, carbon/GHG, resources and waste, water, biodiversity	Ensuring that 100% of assets receive NF HQE™ Exploitation certification
Acting for the climate	Energy, carbon/GHG, resources and waste, water, biodiversity	Ensuring that 100% of assets receive BREEAM In-Use International certification
Acting for the climate	Energy, carbon/GHG, resources and waste, water, biodiversity	Obtaining ISO 14001 certification
Acting for the climate	Energy, carbon/GHG, resources and waste, water, biodiversity	Ensuring that all leases contain an environmental appendix
Acting for the climate	Water	Reducing water consumption at our properties
Integrating CSR governance	Internal governance	Consulting 100% of service providers on their sustainable development policy and assessing their progress
Having a positive social footprint	Mobility and travel	Encouraging the use of public and low-impact transportation (guides, displays, digital tools, etc.).
Having a positive social footprint	Resources and waste	Maintain selective waste sorting for 100% of portfolio assets
Integrating CSR governance	Regional and employment market impact	Assessing our contribution to economic activity and the distribution of our added value
Having a positive social footprint	Employee comfort and well-being	Implementing a comfort and well-being policy for employees
Having a positive social footprint	Biodiversity	Ensuring 100% of buildings have at least two habitats for the local fauna identified in flora/fauna studies (birdhouses, beehives, bat roosts, etc.)
Having a positive social footprint	Tenant comfort and well-being	Maximizing comfort and well-being by developing more green spaces
Having a positive social footprint	Tenant comfort and well-being	Implementing a comfort and well-being policy for tenants
Integrating CSR governance	Incorporating ESG challenges in investment, management and risk management policies	Incorporating climate and environmental risk assessments in the due diligence process

(1) Excluding Passy Kennedy

OBJECTIVES	TIME FRAME	KPI	% ACHIEVEMENT IN 2017	% ACHIEVEMENT IN 2018
100% of the portfolio	Continuous	% of properties that have undergone a carbon footprint audit	100%	100%
-40%	2030	Average final energy consumption per sq.m	61%	73%
32%	2022	Share of renewable energy in average final energy consumption per sq.m	51%	52%
100% of the portfolio	2022	% with implemented Energy Performance Contracts	50%	75%
100% of the portfolio	Continuous	% of service providers that have signed the clean building site charter	100%	100%
-54%	2030	Average GHG emissions per sq.m	43%	54%
100%	2022	Implementation of business processes to manage the physical risks of climate change	-	50%
100% of the portfolio	Continuous	% surface area of assets with NF HQE™ Exploitation certification	75%	100%[1]
100% of the portfolio	Continuous	% surface area of assets with "BREEAM In-Use" certification	100%	100%
100% of real estate activities	Continuous	ISO 14001 certification	100%	100%
100% of leases concerned	2020	% of leased surface area covered by an environmental appendix	87%	91%
-20%	2030	Average water consumption in cu.m/sq.m/year	50%	60%
100% of purchasing volume	Continuous	% responses to the annual “service providers and suppliers” questionnaire as a % of the Company’s purchasing volume	91%	91%
100% of the portfolio	Continuous	% of assets (by value) located less than 300m from a public transportation hub or with low-impact transportation facilities	100%	100%
100% of our portfolio	Continuous	% of surface area where waste sorting takes place	60%	100%
100% of the portfolio	Continuous	% of local service providers indirectly generating jobs	100%	100%
Headquarters	Continuous	% satisfaction regarding comfort and well-being criteria	-	100%
100% of our portfolio	2030	Number of fauna habitats created	-	4
50% of the portfolio	2030	% of woodland/green space available	-	100%
100% of our portfolio	Continuous	% tenant satisfaction regarding comfort and well-being criteria	-	93%
100% of acquisition processes	Continuous	% of acquisitions that incorporate an ESG risk assessment	100%	100%

Market recognition and quality certifications

Cegereal's CSR strategy is recognized by the highest market standards in real estate.

A certified approach

Cegereal's formal commitment to the environment is reflected in the certification awarded by AFNOR (the French International Organization for Standardization) for its property business's Environmental Management System (EMS) which complies with international standard ISO 14001:2015.

The Group's strategy for continuous improvement is based on Deming's plan-do-check-act wheel approach.

All Cegereal properties are accredited....

… with the two leading certifications in France: BREEAM-In-Use and NF HQE™ Exploitation.

Cegereal uses these two benchmarks as a basis for and a means of enhancing the continuous improvement initiatives of the Operational CSR Committee.

Widespread market recognition and results that meet the highest standards

Cegereal's results have also been recognized by various international real estate organizations and bodies:

EPRA

EPRA sBPR Gold Award for non-financial information published in 2017.

GRESB

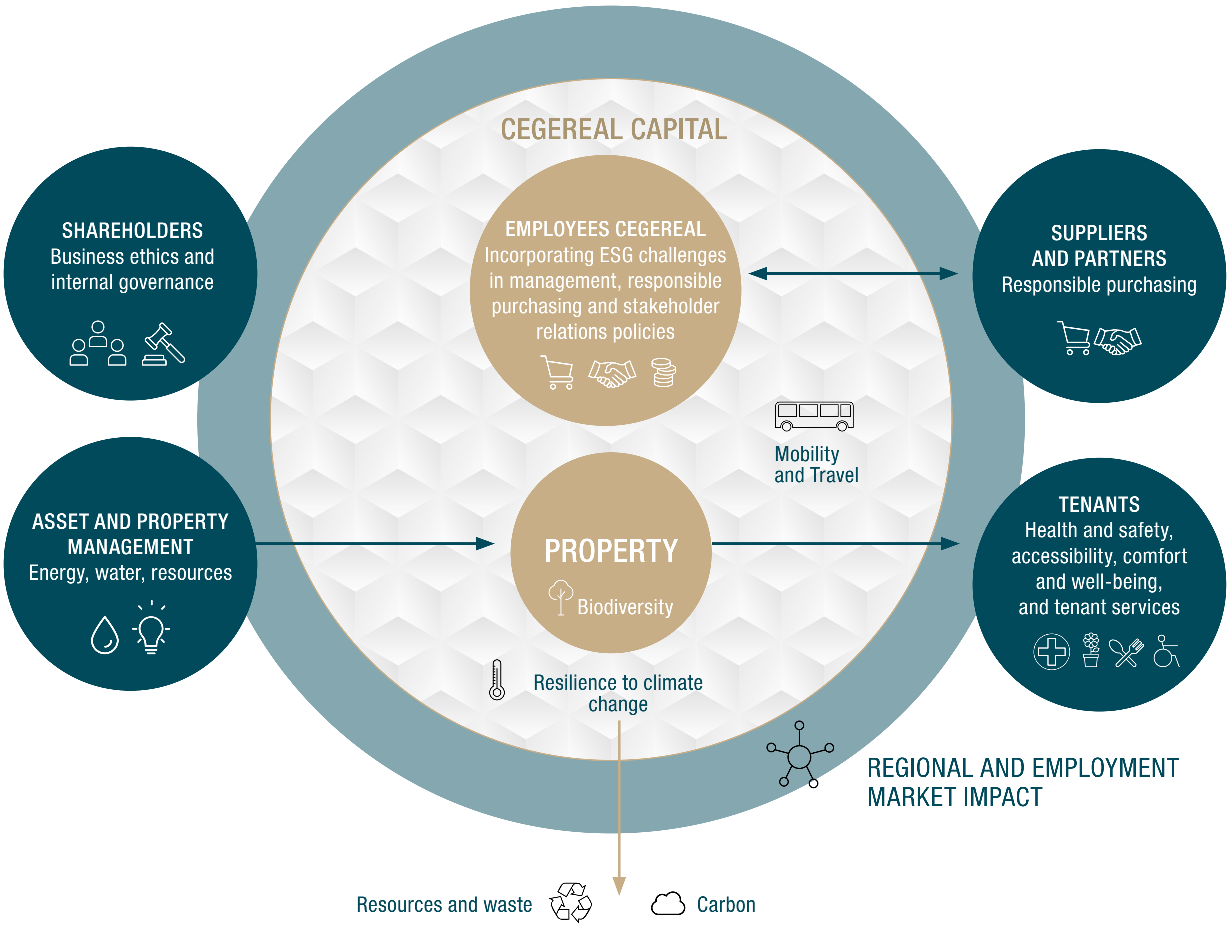
Second place in the "listed office property companies in Europe" category and second place in the "listed office property companies in France" category with a score of 90/100.

CDP

Known until end-2012 as the Carbon Disclosure Project, CDP is a not-for-profit charity set up to study the impact that the world's biggest listed companies have on climate change.
Cegereal is rated B among all survey respondents.

ESG VALUE CREATION AT CEGEREAL

Overview of interactions between Cegereal's business model and its drivers for creating value on ESG issues



The above diagram, which complements the business model information provided in the activity report, offers a visual representation of the interactions between Cegereal's business model and non-financial value flows. The concordance table for the entire business model can be found in the appendices.

PRIORITY 2
ACTING FOR THE CLIMATE

CLIMATE CHANGE – MITIGATION AND ADAPTATION

Objective

Reduce portfolio greenhouse gas emissions by 54% between 2013 and 2030

Adapting to climate change is one of the core priorities of Cegereal's 2019-2022 roadmap. Its ongoing commitment is based on four pillars:

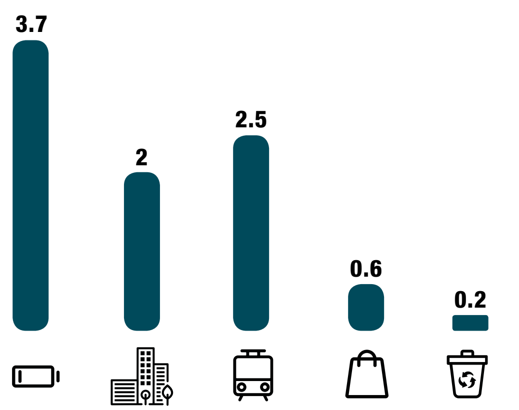
- Pillar 1 – Control and reduce portfolio greenhouse gas emissions by 54% between 2013 and 2030.
- Pillar 2 – Achieve carbon neutrality for the Group's direct scope.
- Pillar 3 – Get stakeholder buy-in on a climate risk management policy.
- Pillar 4 – Prepare our properties for climate change.

In 2018, Cegereal achieved a 29% reduction in greenhouse gas emissions linked to energy consumption at its properties compared to 2013.

Its granular analysis of greenhouse gas emissions since 2013 means it has been able to identify the measures required and align its target reduction in emissions (54% by 2030) with France's National Low Carbon Strategy rather than the more lenient Science Based Targets initiative.

CORPORATE CARBON FOOTPRINT

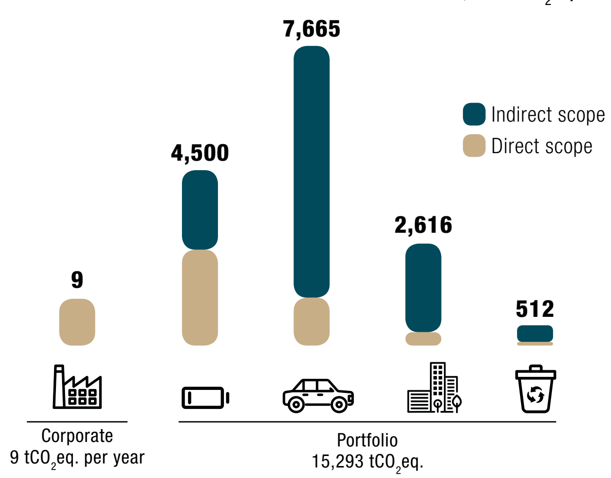
9 tCO_2eq. per year



- GHG emissions from energy usage
- GHG emissions from corporate assets (headquarters)
- GHG emissions from employee commuting
- GHG emissions from purchasing
- GHG emissions from waste

PORTFOLIO CARBON FOOTPRINT

15,293 tCO_2eq.



- GHG emissions from corporate activity
- GHG emissions from energy usage
- GHG emissions from employee commuting
- GHG emissions from property assets
- GHG emissions from waste

Since emissions from Cegereal's indirect scope represent the highest proportion of total emissions linked to its operations, buy-in from Cegereal's key stakeholders for its CSR strategy to reduce greenhouse gas emissions to a minimum is essential. They notably include all emissions linked to tenant travel and computer equipment.

Cegereal is in the process of defining a decarbonization program for its residual direct greenhouse gas emissions. It also supports the initiatives led by the GoodPlanet Foundation as part of a voluntary program set up in 2016 to offset emissions produced by its headquarters.

Cegereal's stakeholder engagement is championed by the Group's:

- Employees
  - Business travel is kept to a minimum depending on the importance of meetings.
  - The Company's headquarters are easy to reach by public transportation.
- Portfolio
  - Proximity to public transportation is a key criterion.
  - All asset managers and property managers have a written obligation in their management mandates to contribute to the Company's environmental policy and ESG performance plan.
- Key service providers and suppliers
  - 67% of service providers have a formal ESG policy.
  - 60% of service providers have an environmental management system (EMS) or equivalent.
  - 50% of service providers have completed a carbon assessment.

GOODPLANET FOUNDATION

GoodPlanet Foundation methods are directly inspired by the principles of the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change. The foundation's voluntary GHG emission offsetting program has two main objectives:

- help vulnerable families in southern hemisphere countries obtain access to free, efficient and renewable energy;
- improve waste management in major cities in Africa.

Cegereal also reduces its greenhouse gas emissions by continuously improving the environmental performance of its buildings, which are subject to:

- multi-year improvement programs for renovation work;
- restrictions on energy consumption (tenants in 91% of the real estate portfolio are required to sign environmental appendices undertaking to carefully manage energy consumption).

Since Cegereal's buildings are located in Paris's inner suburbs, they are exposed to the risk of floods, heatwaves and urban heat islands.

To protect against this, Cegereal has introduced a series of measures, including:

- defining plans on how property managers should handle emergency situations and what measures they should take;
- installing basic equipment such as drip detectors and door sweeps;
- rolling out local programs to plant trees on its properties as a means of reducing ambient temperatures, protecting biodiversity and ecosystems and adapting to climate change in order to anticipate increasingly frequent extreme weather events.

ENERGY, ENERGY EFFICIENCY & RENEWABLE ENERGY

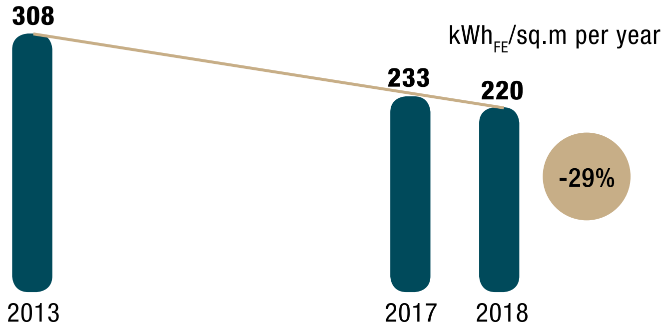
Objectives

- Reduce final energy consumption by 40% between 2013 and 2030
- Meet 32% of energy requirements for common areas in its properties using renewable energy

The initial targets to reduce energy consumption by 15% between 2013 and 2020 were met in 2017. They have since been stepped up and now include a renewable energies component.

In 2018, Cegereal achieved a 29% reduction in energy consumption for its portfolio compared to 2013, thereby meeting 73% of its objective.

Change in energy consumption between 2013, 2017 and 2018 across the portfolio is as follows:



Achievements in 2018:

- Involvement of property managers in our CSR policy with the inclusion of an environmental clause in all mandates. Property managers are present at each of the sites on a daily basis.
- Introduction of Energy Performance Contracts committing energy suppliers to reduce energy consumption. Energy Performance Contracts were introduced at Rives de Bercy, Hanami and Europlaza in 2018.
- Use of urban heating and cooling networks which run on 37.5% renewable energy. Renewable energy is generated from biomass (household waste, Boulogne) and geothermal (Courbevoie, CPCU network which includes Charenton) sources.
- Systematic renovation work each time there is a change in tenant - automatic lighting in common areas, speed cameras in parking lots and LED lighting.

Raphaëlle Mrejen,
Northwood Investors

INTERVIEW WITH RAPHAËLLE MREJEN

Interview: The asset manager, a key player in improving the environmental footprint of Cegereal's portfolio

Cegereal has set itself an ambitious CSR strategy built on a series of concrete measures aimed at reducing energy consumption across its entire portfolio. Our role is to ensure that these measures are properly implemented by providing the right advice and the right partners.

This multi-year continuous improvement process has already proved its worth with a 29% reduction in energy consumption since 2013.

We renewed our Energy Performance Contract for Hanami in 2018 and are in the process of rolling out a contract for Europlaza.

Environmental performance is a systematic criteria in the work carried out on the buildings, and we work in close collaboration with Cegereal's CSR Committee to achieve the objectives that have been set.

RESOURCES AND WASTE, COMMITTING TO A CIRCULAR ECONOMY

Objective

Commit Cegereal to a circular economy throughout the life cycle of its portfolio

Cegereal has chosen to commit to a more global approach to limiting the use of resources throughout the real estate cycle, particularly within its own supply chain.

Achievements in 2018:

- 7% reduction in the amount of waste produced in operating the buildings compared with 2017.
- 100% of waste data collected since 2017, placing Cegereal amongst the most advanced players according to the figures published by the OID, which puts this indicator at 13%.
- Selective waste sorting introduced at 100% of properties.

REDUCING WATER CONSUMPTION

Objective

Reduce water consumption at Cegereal's properties by 20% between 2013 and 2030

Achievements in 2018:

- 9% reduction in water consumption between 2017 and 2018.

BIODIVERSITY, PUTTING LOCAL SPECIES FIRST

Objectives

- Draw up a biodiversity management strategy for 100% of our portfolio
- Ensure 100% of buildings have at least two habitats for the local fauna identified in flora/fauna studies (birdhouses, beehives, bat roosts, etc.)

The Paris Agreement resulting from the COP 21 Climate Conference aims to protect biodiversity against urban sprawl and preserve the Earth's natural resources.

Cegereal has carried out an ecological study of flora and fauna at each of its sites and its corporate social responsibility initiatives are intrinsically linked. The cultivation of different plant species will help to reduce the impact of urban heat islands and heatwaves as well as noise pollution levels in urban environments.

Achievements in 2018:

- Systematic integration of biodiversity issues across the entire portfolio through ecological studies.
- Maintenance of 37,300 sq.m of green space across the portfolio, including a 4,800 sq.m lake at Hanami. Europlaza has a 3,000 sq.m wooded garden and 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.
- Setting of a target for local planted areas, namely that 50% of its properties have green spaces that are consistent with local flora by 2022.
- Planting of numerous trees and bedded areas with shrubs and perennials at Europlaza and Hanami.

MOBILITY, ENCOURAGING LOW-IMPACT MOBILITY ACROSS OUR PORTFOLIO

Objective

Encourage the use of public and low-impact transportation (guides, displays, digital tools, etc.).

Cegereal is committed to facilitating the use of greener mobility solutions for its employees and tenants.
The environmental policy signed by all employees helps encourage the use of public transportation, bicycles and other non-motorized means.
The Group holds its meetings via videoconference whenever possible.

Achievements in 2018:

- All buildings are located as close as possible to public transportation, with low-impact modes of transportation an average of less than 200 meters away.
- 100% of Cegereal employees use public transportation to get to work.

PRIORITY 3
HAVING A POSITIVE SOCIAL FOOTPRINT

Cegereal's social footprint essentially comprises four different levels

AT NATIONAL LEVEL
- Contribution to Sustainable Development Goals
- 2°C pathway
- Signatory of the UN Global Compact

AT PROPERTY PORTFOLIO LEVEL
- Reducing environmental impact and disturbances

AT REGIONAL LEVEL
- Regional and employment market impact
- Contribution to green space

AT CEGEREAL STAKEHOLDER LEVEL
- Buy-in for CSR policy
- Sustainable value creation

BUILDINGS TAILORED TO THEIR TENANTS

Health, safety, comfort and well-being of tenants across our portfolio

Objectives

- Achieve a 100% satisfaction rate among tenants for health, safety, comfort and well-being criteria
- Maximize well-being and comfort by developing more green spaces
- Implement a comfort and well-being policy for tenants across 100% of our portfolio

Achievements in 2018:

- Indoor air quality tests across 100% of the portfolio with satisfactory results in 100% of cases.
- Monitoring of tenant satisfaction across the entire portfolio through the organization of regular information meetings.
- Tracking of tenant satisfaction via an annual survey on various issues including comfort, well-being and amenities. In 2018, the survey response rate was 93%.
- Greater well-being and comfort by developing more green spaces that also mean improved thermal and acoustic comfort levels.
- Signing of the Clean Building Site Charter, which commits Cegereal's partners to comply with certain health and safety criteria during renovation work.
- Implementation of new processes as part of the ISO 9001 and 14001 certifications of our property managers. These certifications will help ensure the effective management of any impacts that could directly affect tenants.

Tenant services & building connectivity

Objectives

- Offer users premium tailored services
- Monitor user needs through annual surveys
- Maximize building connectivity through renovation work

Achievements in 2018:

- A range of innovative tenant services were introduced in 2018:
  - Charging stations for low-impact vehicles.
  - Bicycle docking stations.
  - Improved concierge services (tickets for cultural events, parcel management solutions, etc.).
  - Themed monthly events and entertainment (casino nights, competitions, photo shoots, Christmas concerts, etc.).
  - Running groups between tenants.
  - Games rooms (snooker, table football, video games, etc.).
  - Book-share library.

Connectivity is a basic requirement. Cegereal therefore ensures that all of its buildings have adequate fixed line, mobile phone and internet connectivity.

Renovation work and replacement of utility installations are an opportunity to upgrade the portfolio's connectivity. During the remodeling of the Europlaza tower lobby, for example, connected furnishings and informal meeting areas were installed.
Users can also connect to the internet in the gardens.

Portfolio accessibility

Objective

Make 100% of our portfolio accessible to everyone

Achievements in 2018:

- 100% of buildings have an accessibility plan or reduced mobility plan.
- Inclusion of an accessibility analysis in all plans for renovation work and acquisitions. This approach is part of Cegereal's pro-active policy to ensure its properties are adapted to disability requirements.

STAKEHOLDER ENGAGEMENT

Cegereal uses a variety of tools to gauge stakeholder expectations and bring them on board with Group policy.

Its ESG strategy is based on the materiality matrix that covers all key stakeholders. The matrix for 2018 is given on page 49. The annual review of the continuous improvement plan for Cegereal's properties also draws on different areas of expertise, including asset management, property management and ESG strategy consulting.

A people-centered company

Objectives

- Educate and train employees in the principles of sustainable development
- Involve employees through our internal code of ethics

Cegereal is a people-centered company that places the utmost importance on equal opportunity. Its employment policy respects human rights, labor law and the International Labour Organization (ILO) conventions.
All employees are encouraged to play an active part in the Company's CSR policy. Its continuous improvement process includes all key CSR criteria:

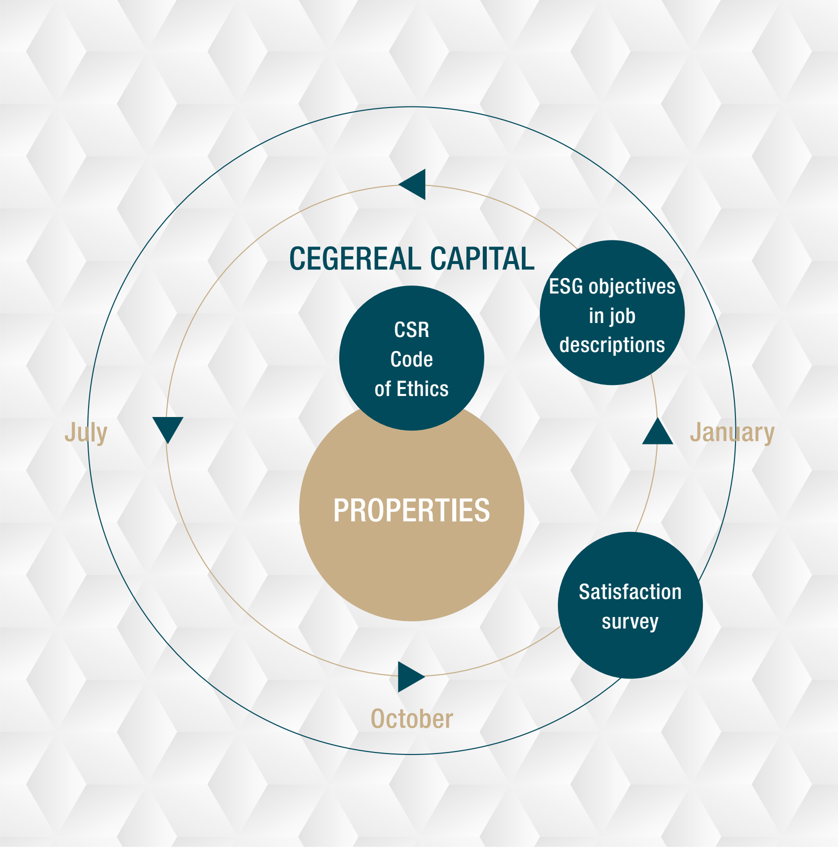
- employee expectations and concerns about working conditions;
- quality of life in terms of comfort and well-being;
- the Company's commitment to sustainable development.

Achievements in 2018:

- Cegereal has been a signatory of the United Nations Global Compact since 2015.
- Employee satisfaction survey: 100% of employees are satisfied with working conditions.

100% of employees support the principles and values upheld by the Company and have signed its internal code of ethics, which was established in 2015. The code of ethics includes respect for human rights and labor law, the rights of stakeholders (employees, shareholders, sub-contractors, suppliers, and the communities impacted by the Group's properties), and the Company's commitments to sustainable development.

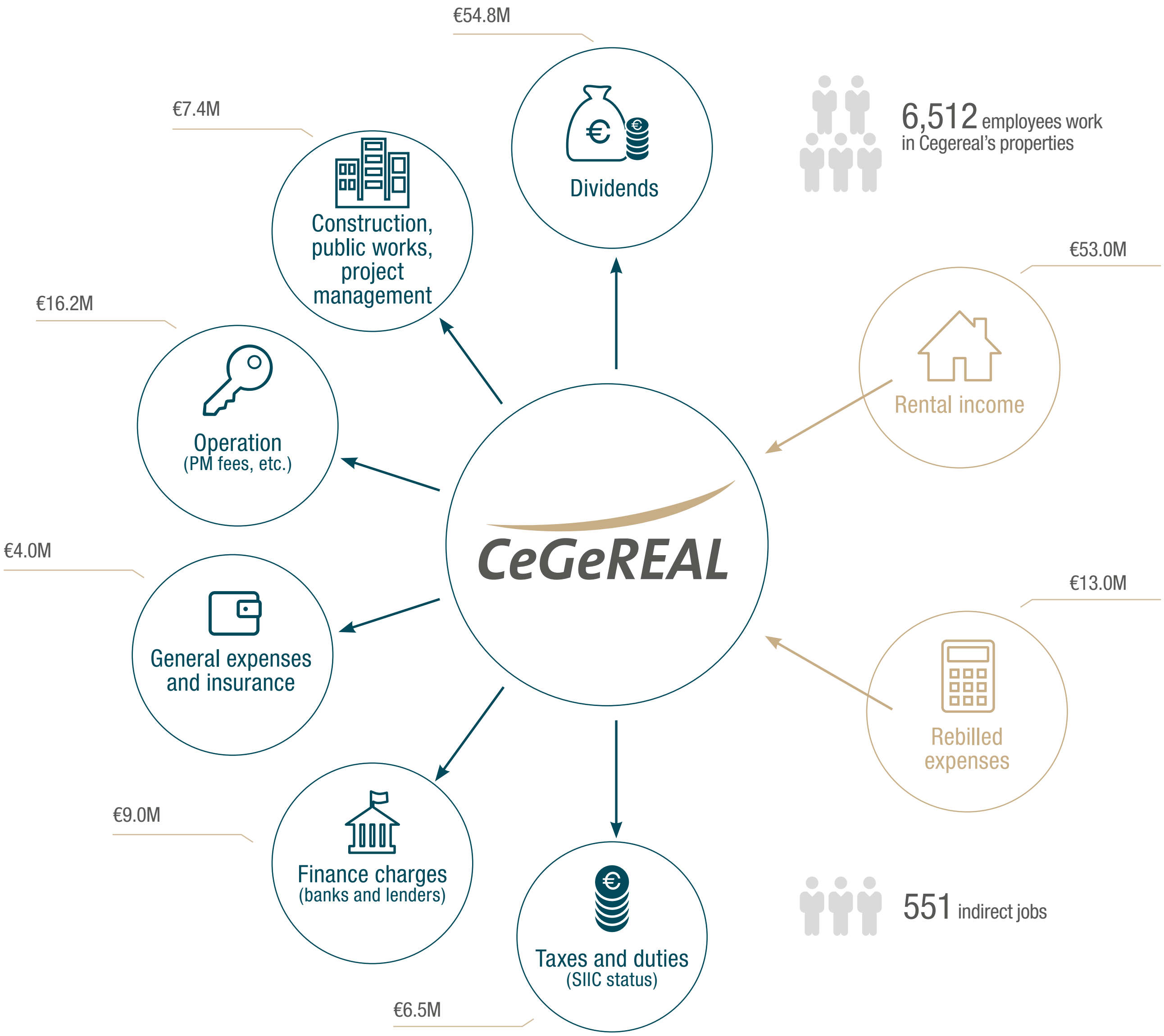
Respect for gender and career diversity is one of the principles of its human resources policy. Cegereal currently employs three members of staff and its commitment to diversity is reflected in its governance bodies.



Regional and employment market impact

Cegereal has actively sought to manage and improve the social footprint of its real estate asset management operations since 2013. Its concierge and local leisure services mean it is able to make a concrete contribution to society at both a national and community level. All local service providers indirectly generate jobs, with an estimated 551 jobs created in 2018.

Cegereal is an essential link in the real estate value chain, with a key stakeholder engagement policy that is reflected in the Group's business model presented on page 55.



Partnerships and corporate sponsorship

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 constantly 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 has been an active member and sponsor of the annual EPRA conference for the last five years. Its financial and CSR reports have been prepared in accordance with EPRA's Best Practices Recommendations (BPR).

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.

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.

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.

To underscore its commitments, Cegereal is also a member of **Global Compact France** and respects and supports the organization's Ten Principles. The Ten Principles are incorporated into Cegereal's strategy and operations through the 21 criteria needed to obtain the **GC Advanced status it holds.** Companies that achieve Global Compact Advanced status must be GC Active and report on 21 advanced criteria and best practices linked to strategy, governance, stakeholder commitment, contribution to the United Nations' objectives, implementation of the principles along the value chain, and transparency.

Responsible purchasing policies

Since Cegereal outsources the management of its properties, partner and supplier engagement is fundamental to its CSR policy and the central thrust of its "Upgreen Your Business" program.

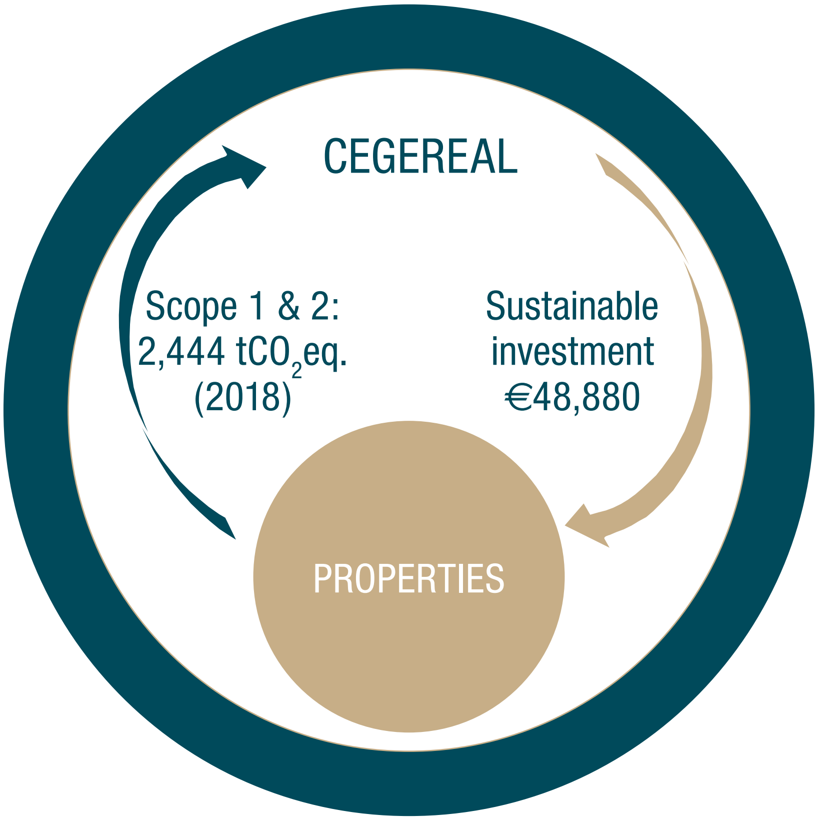
Supplier engagement is increasing:
- 89% of suppliers undertook to comply with Cegereal's CSR policy in 2018 by signing its responsible purchasing charter.
- 91.3% replied to the yearly questionnaire they were sent.
- 100% of asset managers and property managers have signed environmental clauses in their management mandates.

PRIORITY 4
ROLLING OUT SUSTAINABLE INNOVATIONS

The sustainable innovation fund

In line with the targets set in 2017, Cegereal has set up a fund to finance innovation in order to strengthen the dynamic and continuous improvement of ESG criteria and support internal innovation projects.

Managed by the CSR Committee, the fund is supplemented by an internal carbon tax of €20 per metric ton of CO_2. The tax applies to Cegereal's scope 1 and 2 emissions described in Appendix 1.



APPENDICES

APPENDIX 1 – REPORTING INDICATORS AND METHODOLOGY IN LINE WITH EPRA/GRI RECOMMENDATIONS

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 Sustainability Best Practices Recommendations (sBPR) provide guidelines to make ESG information published in the Annual Reports of public property companies clearer and more comparable.

This report takes into account the latest amended version of the EPRA recommendations published in September 2017.

The concordance table on page 177 indicates where the information recommended in the EPRA guidelines can be found in the 2018 Annual Report.

Reporting scope

Cegereal applies EPRA recommendations to its organizational scope (its "Corporate" scope) and to the "Management" and "Use" scopes for its real estate assets. These scopes are defined below:

The 2018 reporting scope corresponds to the four property complexes owned on January 1, 2018: Arcs de Seine (three buildings), Europlaza, Rives de Bercy and Hanami.

In accordance with Cegereal's internal reporting protocol and the EPRA sBPR 2017 guidelines, the Passy Kennedy building acquired at the end of 2018 is not included.

The reported data cover the period from January 1, 2018 to December 31, 2018 and have been reviewed by an independent third party. Their report can be found on page 76.

In 2018, the coverage rates continued to improve:
- 100% for the "Corporate" scope.
- 100% for the "Management" scope.
- 100% for the "Use" scope.

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

	"CORPORATE" SCOPE	"MANAGEMENT" SCOPE	"USE" SCOPE
Activities	Cegereal employee activity	Property management by Cegereal's asset manager and property managers	Use of buildings by tenants
Indicator scope	"Corporate" indicators	"Property portfolio" indicators	
Physical scope	Headquarters	Lessor scope	Tenant scope

EPRA environmental performance indicators

"CORPORATE" SCOPE:	EPRA CODE	GRI CODE	MEASUREMENT UNIT	2017 WITH CLIMATE ADJUSTMENT	2018 WITH CLIMATE ADJUSTMENT	YEAR-ON-YEAR CHANGE	2018 WITHOUT CLIMATE ADJUSTMENT
ENERGY							
Volume							
Total energy consumption			MWh_{FE}	23.0	21.3	-7%	19.8
o/w fossil fuels	Fuels-Abs	302-1	MWh_{FE}	-	-		-
o/w electricity	Elec-Abs	302-1	MWh_{FE}	5.1	7.2	40%	7.2
o/w urban network	DH&C-Abs	302-1	MWh_{FE}	17.8	14.1	-21%	12.6
Ratios							
... Per sq.m	Energy-Int	CRE1	kWh_{FE}/sq.m	170	158	-7%	147
... Per FTE	Energy-Int	CRE1	kWh_{FE}/FTE	5,740	5,607	-2%	5,208
GREENHOUSE GAS EMISSIONS							
Volume							
Total energy-related emissions			tCO_2eq.	4.3	3.7	-15%	3.4
... o/w direct	GHG-Dir-Abs	305-1	tCO_2eq.	-	-		-
... o/w indirect	GHG-Indirect-Abs	305-2	tCO_2eq.	4.3	3.7	-15%	3.4
Ratios							
Total energy-related emissions per sq.m	GHG-Int	CRE3	$kgCO_2$eq./sq.m	32	27	-15%	25
Total energy-related emissions per FTE	GHG-Int	CRE3	$kgCO_2$eq./FTE	1,080	969	-10%	882
WATER							
Volume							
Total consumption	Water-Abs	303-1	cu.m	19.7	19.7	0%	
Ratios							
... Per FTE	Water-Int	CRE2	cu.m/FTE	5	5	5%	
... Per sq.m	Water-Int	CRE2	cu.m/sq.m	0.04	0.04	0%	
WASTE							
Volume							
Total volume	Waste-Abs	306-2	kg	531	605	14%	
% recycled	Waste-Abs	306-2	%	100%	100%	/	
Ratios							
... Per FTE	-		kg/FTE	133	159	20%	

Basis of calculation for 2018: 175 sq.m, o/w 40 sq.m sublet, and 3.8 FTEs/2017: 175 sq.m, o/w 40 sq.m sublet, and 4 FTEs

A. ENERGY INDICATORS

PROPERTY PORTFOLIO - "MANAGEMENT" AND "USE" SCOPE	EPRA CODE	GRI CODE	MEASUREMENT UNIT	2017 WITH CLIMATE ADJUSTMENT	2018 WITH CLIMATE ADJUSTMENT	YEAR-ON-YEAR CHANGE	2018 WITHOUT CLIMATE ADJUSTMENT
			Absolute and like-for-like values				
"Management" scope - Lessors							
Volume							
Total energy consumption			MWh$_{FE}$	16,921	15,301	-10%	14,801
o/w fossil fuels	Fuels-Abs & Fuels-LfL	302-1	MWh$_{FE}$	2,186	1,652	-24%	1,480
o/w electricity	Elec-Abs & Elec-LfL	302-1	MWh$_{FE}$	7,339	6,833	-7%	6,833
o/w urban network	DH&C-Abs & DH&C-LfL	302-1	MWh$_{FE}$	7,396	6,816	-8%	6,489
Ratios							
... Per sq.m	Energy-Int	CRE1	kWh$_{FE}$/sq.m	103	92	-10%	89
... Per FTE	Energy-Int	CRE1	kWh$_{FE}$/FTE	30,654	27,720	-10%	26,814
... Per sq.m	Energy-Int	CRE1	kWh$_{PE}$/sq.m	174	158	-9%	155
"Use" scope - Users							
Volume							
Total energy consumption			MWh$_{FE}$	21,676	21,167	-2%	20,985
o/w fossil fuels	Fuels-Abs & Fuels-LfL	302-1	MWh$_{FE}$	-	-	-	-
o/w electricity	Elec-Abs & Elec-LfL	302-1	MWh$_{FE}$	19,730	18,720	-5%	19,422
o/w urban network	DH&C-Abs & DH&C-LfL	302-1	MWh$_{FE}$	1,945	1,745	-10%	1,563
Ratios							
... Per sq.m	Energy-Int	CRE1	kWh$_{FE}$/sq.m	165	153	-7%	152
... Per FTE	Energy-Int	CRE1	kWh$_{FE}$/FTE	3,577	3,250	-9%	3,223
... Per sq.m	Energy-Int	CRE1	kWh$_{PE}$/sq.m	401	348	-13%	374
"Management" and "Use" scopes							
Volume							
Total energy consumption			MWh$_{FE}$	38,597	36,469	-6%	
Ratios							
... Per sq.m	Energy-Int	CRE1	kWh$_{EF}$/sq.m	233	220	-5%	
... Per sq.m	Energy-Int	CRE1	kWh$_{EP}$/sq.m	491	471	-4%	

B. GHG EMISSIONS INDICATORS

PROPERTY PORTFOLIO	EPRA CODE	GRI CODE	MEASUREMENT UNIT	2017 WITH CLIMATE ADJUSTMENT	2018 WITH CLIMATE ADJUSTMENT	YEAR-ON-YEAR CHANGE	2018 WITHOUT CLIMATE ADJUSTMENT
			Absolute and like-for-like values				
"Management" scope - Lessors							
Volume							
Total energy-related emissions			$tCO_2eq.$	2,732	2,444	-11%	2,332(1)
... o/w direct	GHG-Dir-Abs	305-1	$tCO_2eq.$	446	337	-24%	302
... o/w indirect	GHG-Indirect-Abs	305-2	$tCO_2eq.$	2,286	2,106	-8%	2,030
Ratios							
Total energy-related emissions per sq.m	GHG-Int	CRE3	$kgCO_2eq./sq.m$	17	15	-11%	14
Total energy-related emissions per FTE	GHG-Int	CRE3	$kgCO_2eq./FTE$	451	375	-17%	358
"Use" scope - Users							
Volume							
Total energy-related emissions			$tCO_2eq.$	2,132	2,057	-4%	2,013(2)
... o/w direct	GHG-Dir-Abs	305-1	$tCO_2eq.$				
... o/w indirect	GHG-Indirect-Abs	305-2	$tCO_2eq.$	2,132	2,057	-4%	2,013
Ratios							
Total energy-related emissions per sq.m	GHG-Int	CRE3	$kgCO_2eq./sq.m$	16	15	-8%	15
Total energy-related emissions per FTE	GHG-Int	CRE3	$kgCO_2eq./FTE$	352	316	-10%	309
"Management" and "Use" scopes							
Volume							
Total property portfolio emissions			$tCO_2eq.$	4,864	4,501	-7%	4,344
Ratios							
Total energy-related emissions per sq.m	GHG-Int	CRE3	$kgCO_2eq./sq.m$	29	27	-7%	26
Total energy-related emissions per FTE	GHG-Int	CRE3	$kgCO_2eq./FTE$	803	691	-14%	667

As there were no changes in scope between 2017 and 2018, absolute and like-for-like values are the same in 2018.
Basis of calculation for 2018: 6,512 FTEs/2017: 6,060 FTEs
Basis of calculation for the "Management" and "Use" scopes for 2018: 3.8 FTEs/2017: 4 FTEs

(1) The "Management" scope represents 53.7% of total emissions
(2) The "Use" scope represents 46.3% of total emissions

C. WATER AND WASTE INDICATORS

PROPERTY PORTFOLIO - "MANAGEMENT" AND "USE" SCOPES	EPRA CODE	GRI CODE	MEASUREMENT UNIT	2017	2018	YEAR-ON-YEAR CHANGE
			Absolute and like-for-like values			
WATER						
Volume						
Total consumption	Water-Abs & Water-LfL	303-1	cu.m	77,065	75,453	-2%
Ratios						
... Per FTE	Water-Int		cu.m/FTE	13	12	-9%
... Per sq.m	Water-Int	CRE2	cu.m/sq.m	0.47	0.45	-2%
WASTE						
Volume						
Total volume	Waste-Abs & Waste-LfL	306-2	kg	732,589	735,071	0.3%
% recycled			%	50	58	16.0%
Ratios						
... Per FTE			kg/FTE	121	113	-6.5%

As there were no changes in scope between 2017 and 2018, absolute and like-for-like values are the same in 2018.
Basis of calculation for the "Use" scope for 2018: 6,512 FTEs/2017: 6,060 FTEs
Basis of calculation for the "Management and Use" scopes for 2018: 3.8 FTEs/2017: 4 FTEs

EPRA social performance indicators

Cegereal has published social performance indicators for the "Corporate" scope in the HR section of its Annual Report over the last five years. The page numbers are given in the EPRA sBPR concordance table on page177 and the methodology used to calculate each indicator is provided in the section entitled "Reporting Methodology/4. Social data" on pages 73-75. The only indicator that is not reported is the one relating to wage disparity, as it is not relevant to a company like Cegereal, which employs three members of staff of the same gender.

"Management" and "Use" scopes: (GRI references: 416-1, 416-2 and 413-1)

The indicator used to assess health and safety across Cegereal's properties (GRI reference: 416-1) is applied to 100% of its real estate assets, which must meet minimum requirements in terms of:
- indoor air quality;
- compliance with mandatory safety and security measures in France (fire drills, etc.).

Compulsory checks are outsourced through specific clauses in property management mandates.

The local stakeholder engagement indicator is applied and an analysis of its social impacts is completed each year by Cegereal (GRI reference: 411-1) across 100% of its real estate assets. In terms of sub-categories, Cegereal:
- calculates the impacts on employment (data presented on page 65);
- imposes a clean building site charter for all building work;
- measures the different levels of pollution at these sites through various reports and by maintaining the environmental certifications in effect for operations at all of its sites;
- has a biodiversity policy for all of its sites.

EPRA governance indicators

EPRA governance indicators (GRI references: 102-22, 102-24 and 102-25) are presented in the Legal Information section of the 2018 Annual Report. The page numbers are given in the EPRA sBPR concordance table on page 177.

Other indicators

Labeling and certification

Cegereal's objective is to have all of its assets certified in accordance with two benchmark standards: NF HQE™ Exploitation and BREEAM In-Use International.
- 100% of Cegereal's buildings were certified in accordance with the NF HQE™ Exploitation standard for commercial buildings in operation in 2018.
- 100% of Cegereal's buildings were certified in accordance with the BREEAM-In-Use International standard in 2018.

Other indicators

Cegereal also publishes a qualitative or quantitative performance indicator for each ESG criteria categorized as material in the 2018 materiality matrix, notability mobility and its socio-economic impact.

Reporting methodology

A. REPORTING METHODS

1. Measurement methods used

• Surface area:

The surface area used for the "Management" and "Use" scope indicators are those used for financial reporting.

	Reference surface area (sq.m)	Private surface area (sq.m)	Common surface area (sq.m)	FTE
ARCS DE SEINE	47,222	43,428	5,643	2,511
RIVES DE BERCY	31,942	31,942	-	1,300
EUROPLAZA	52,078	30,878	5,311	1,311
HANAMI	34,381	32,056	5,166	1,390
TOTAL	**165,623**	**138,304**	**16,120**	**6,512**

The 135 sq.m surface area used for the "Corporate" scope corresponds to the surface area of Cegereal's leased premises at 42 rue de Bassano, 75008 Paris, France.

• FTE:
- The FTE indicator for the "Management" and "Use" scopes corresponds to the number of full-time employees across the sites at October 1, 2018, as reported by each property manager.
- The FTE indicator for the "Corporate" scope corresponds to the number of Cegereal employees reported in the section on HR data.

2. Methods used for calculations and estimates

Environmental indicators are calculated or extrapolated using the following methods:

• Greenhouse gas emissions:
- Greenhouse gas emissions are calculated according to the conventions used in the GHG Protocol, which in turn complies with the latest version of ISO 14064.
- The greenhouse gas emissions factors relating to energy consumption are taken from Appendix 4 *"Facteurs de conversion des kilowattheures finaux en émissions de gaz à effet de serre"* (kWh/greenhouse gas emission equivalencies) of the French government decree of February 8, 2012 on Energy Performance Diagnostics (DPE).
- Other emissions factors (building materials, transportation, etc.) are taken from the ADEME database (http://www.bilans-ges.ademe.fr/).
- For example, greenhouse gas emissions linked to buildings' energy consumption are calculated by weighting the data relating to each type of energy consumption against the corresponding greenhouse gas emissions factors.
- Direct and indirect greenhouse gas emissions not linked to energy consumption are obtained via an annual carbon assessment ("Corporate" scope) and regular carbon assessments for buildings ("Management" and "Use" scopes).

Data were not extrapolated for the "Management" and "Use" scopes; 100% of data were taken from energy consumption data.

The GHG coverage rate for these scopes across the portfolio is 100%.

• Energy consumption:
- For the "Corporate" scope: data are retrieved directly from Cegereal.
- For "Management" scope: data are retrieved from the property manager.
- For the "Use" scope: the property manager collects energy-related data and/or supporting invoices from the tenants and technicians of the various buildings.

Extrapolations in the event that some or all of the data are missing

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: 2018 energy consumption for the first floor of building B rented by X = 2018 energy consumption for the second floor of building B rented by Y.

In 2018, estimates were made for corporate and portfolio energy consumption in the last three months of the year (October, November and December) based on the figures for year Y-1.

In order to obtain the portion of the data estimated for the "Use" scope, a calculation is performed either on a pro-rata basis based on 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.

The percentage of data not extrapolated across the portfolio ("Management" and "Use" scopes) for energy consumption data is 77%.

For the "Management" scope, 0.3% of data was extrapolated. The percentage of data not extrapolated is therefore 99.7%:
- Arcs de Seine: 1.5% of energy consumption data was calculated using method 1 (Y-1).

For the "Use" scope, extrapolations were as follows:
- Arcs de Seine: 78.3% of energy consumption data was calculated using method 1 (Y-1).
- Europlaza: 18% of energy consumption data was calculated using method 1 (Y-1).
- Rives de Bercy: 11.2% of energy consumption data was extrapolated (change of meter, data extrapolated from an existing meter).
- Hanami: no data was extrapolated.

• Waste:

The waste reported in this table comes from non-hazardous streams, i.e., paper, waste similar to household waste (mainly including waste from staff cafeterias), and construction site waste (if applicable). Hazardous waste streams are not yet covered. Sorted waste refers to waste that has been placed in bins by category..

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 percentage of waste-related data not extrapolated for the portfolio ("Management" and "Use" scopes) is 88%.
For the "Management" scope, no waste-related data was extrapolated. The percentage of data not extrapolated is therefore 100%.
For the "Use" scope, extrapolations were as follows:
- Arcs de Seine: no data was extrapolated.
- Europlaza: no data was extrapolated.
- Rives de Bercy: no data was extrapolated.
- Hanami: 87% of waste-related data was estimated using method 1 (Y-1).

- **Water:**

Water-related data is taken from supplier bills.

The percentage of data not extrapolated across the portfolio ("Management" and "Use" scopes) is 98%.
No data was extrapolated for the "Management" scope. The percentage of data not extrapolated is therefore 100%.
For the "Use" scope, extrapolations were as follows:
- Arcs de Seine: no data was extrapolated.
- Europlaza: 100% of water-related data was extrapolated using method 1 (Y 1).
- Rives de Bercy: no data was extrapolated.
- Hanami: no data was extrapolated.

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 (Pheating)/Air conditioning (Pcooling)/Other (Pother)) which are expressed as a percentage of total final energy consumption for each type of energy.

- **Adjustments for climate extremes**

Climate extremes are measured using degree-days[1] for each weather station, with HDD (heating degree days) used to measure extreme temperatures in winter.

An average of annual HDD and CDD is calculated over ten years, from 2008 to 2018 for each station (HDDavg). Weather conditions at each station can therefore be compared to an average year by comparing HDD to HDDavg.

- **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:

Cadjusted = Cactual x (Pheating x HDDavg /HDD + Pother)
Where:
Cadjusted: adjusted annual final energy consumption (kWhFE).
Cactual: actual annual final energy consumption (kWhFE).
Pheating: portion of consumption relating to heating (%).
Pother: portion of consumption relating to other uses (%).
HDDavg: benchmark average annual heating degree day (°C).
HDD: heating 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.

4. Social data

Calculations of the main social and governance indicators presented in the report are performed in accordance with the following methods :
- Absenteeism rate: (GRI reference: 403-2) 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 the responsible purchasing charter.
- Social 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.
- Green capex: the "Green capex" or "energy and environmental renovations" were calculated by adding together renovation costs excluding 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.).

5. Calculation of the carbon tax

The 2018 carbon tax is calculated based on the greenhouse gas emissions linked to energy consumption at the four real estate assets. The assumption used for the cost of the carbon tax is €20/tCO_2eq.

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

REPORT BY THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT IN THE MANAGEMENT REPORT (FOR THE YEAR ENDED 31 DECEMBER 2018)

Cegereal S.A.

Registered office:

42, rue de Bassano, 75008 Paris

To the shareholders,

In our capacity as independent third party of Cegereal S.A., certified by the French Accreditation Committee (*Comité Français d'Accréditation or COFRAC*) under number 3-1049(1) and, as a member firm of the KPMG International network, one of your statutory auditors, we hereby report to you on the consolidated non-financial information statement for the year ended December 31st (hereinafter the "Statement"), included in the Group Management Report, in accordance with the legal and regulatory provisions of Articles L.225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Entity: Company

It is the Board of Directors' responsibility to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators.

The Statement has been prepared applying the procedures of Company (hereinafter the "Guidelines"), the most significant aspects of which are presented in the Statement are available upon request at the Company's headquarters.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (Code de déontologie) for statutory auditors. Moreover, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable ethical rules, professional standards, laws and regulations.

Responsability of the independent third party

On the basis of our work, it is our responsibility to express a limited assurance opinion about whether:

- the Report complies with the provisions of Article R. 225-105 of the French Commercial Code (Code de Commerce);
- the information provided (hereinafter the "Information") is fairly presented in accordance with Article R.225-105-I(3) and II of the French Commercial Code (Code de commerce) concerning policy outcomes, including key performance indicators and actions relating to the main risks;

However, it is not our responsibility to express an opinion on:

- the Company's compliance with any other applicable legal and regulatory provisions, relating, in particular, to Duty of Care and the fight against corruption and tax evasion ;
- the compliance of products and services with applicable regulatory provisions.

(1) Scope available at www.cofrac.fr

Nature and scope of our work

We performed our work described below in compliance with Article A.225-1 et seq. of the French Commercial Code (*Code de commerce*), 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 or CNCC*) relating to this engagement and with ISAE 3000 (International standard on assurance engagements other than audits or reviews of historical financial information).

We conducted work to form an opinion on the Statement's compliance with legal and regulatory provisions and the fair presentation of the Information therein:

- We gained an understanding of the activity of all companies in the consolidation scope, of the Entity's exposure to the main social and environmental risks relating to the business activity and, if applicable, of its effects on respect for human rights and the fight against corruption and tax evasion, including any related policies and their outcomes;
- We assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where relevant, the sector's best practices;
- We verified that the Statement covers every category of information required under Article L.225-102-1, Paragraph III concerning social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement presents the business model and the main risks relating to the activity of all companies in the consolidation scope, including – if relevant and proportionate – risks due to its business relationships, products or services, in accordance with the disclosures required under Article R. 225-105-I, and policies, due diligence procedures and outcomes, including key performance indicators;
- We verified that the Statement presents the disclosures required under article R. 225-105-II if they are relevant given the main risks or policies presented;
- We obtained an understanding of the process for identifying, prioritizing and validating the main risks;
- We enquired about the existence of internal control and risk management procedures implemented by the company;
- We verified that the Statement covers all companies in the consolidation scope in accordance with Article L. 233-16 within the limits specified in the Statement ;
- We assessed the data collection process implemented by the entity to ensure the completeness and fair presentation of the policy outcomes and key performance indicators that must be mentioned in the Statement;
- For key performance indicators and the other quantitative outcomes(2) that we considered the most important, we set up:
  - analytical procedures to verify that data collected are correctly consolidated and that any changes to the data are consistent;
  - tests of details based on sampling to verify that definitions and procedures are correctly applied and to reconcile data with supporting documents. The work was carried out at parent entity level to the reported data and represents 100% of consolidated data of key performance indicators and outcomes selected for these tests;

- We referred to documentary sources and conducted interviews to corroborate the due diligence procedures that we deemed the most important[(3)] (organization, policies, actions, qualitative outcomes);
- We assessed the overall consistency of the Statement based on our understanding of the Company.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, are sufficient to provide a basis for our limited assurance opinion. A higher level of assurance would have required us to carry out more extensive procedures.

Due to the use of sampling techniques and the limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the Statement cannot be totally eliminated.

Means and resources

Our work drew on the skills of three individuals.

To assist us in conducting our work, we called on our firm's sustainable development and corporate social responsibility (CSR) specialists. We conducted a dozen of interviews with the individuals responsible for preparing the Statement.

Opinion

Based on our work, and given the scope of our responsibilities, we have no material misstatements to report that would call into question the Statement's compliance with the applicable regulatory provisions, or the fair presentation of the information, taken as a whole, in accordance with the Guidelines.

Paris-La Défense, February 26, 2019

KPMG S.A.

Fanny Houlliot
Partner
Sustainability Services

Régis Chemouny
Partner

(2) Water consumption, Energy consumption without climate adjustment by m^2, CO_2 emissions related energy consumption without climate adjustment by m^2, Total waste produced, Water consumption by m^2, Percentage of area of assets with "HQE Exploitation" and "BREEAM In-Use" certification, Average distance of buildings from the nearest public transportation hub, Percentage of response to the satisfaction questionnaire addressed to the employees, Percentage of response to the annual 'service providers and suppliers' questionnaire as a percentage of Company's purchasing volume, Percentage of leased surface area covered by an environmental appendix, Percentage of service providers that have signed the clean building site charter, Percentage of employees that have signed the code of ethic, Percentage of acquisition that incorporate an environmental risk assessments
(3) The measure undertaken to promote equality between men and women, the environmental policy and the measures undertaken to improve energy efficiency and the use of renewable energy, the results of the deployment of selective sorting on the property portfolio, the responsible purchasing policy, the implementation of the sustainable innovation fund.

03

FINANCIAL INFORMATION

04

LEGAL INFORMATION

Information & Transparency

3. FINANCIAL INFORMATION

1. Review of the 2018 fiscal year

This report presents 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 2. Consolidated Financial Statements.

For the purposes of comparison, the financial information presented in the IFRS consolidated financial statements for the year ended December 31, 2018 includes the IFRS financial statements of Cegereal for the year ended December 31, 2017.

Cegereal's consolidated financial statements for the year ended December 31, 2018 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 21, 2019 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 is composed of the following entities:

(i) Cegereal, a French *société anonyme* (joint-stock corporation) with share capital of EUR 78,006,250, whose registered office is located at 42 rue de Bassano, 75008 Paris, France, registered with the Paris Trade and Companies Registry under no. 422 800 029 ("**Cegereal**"), which directly or indirectly holds 100% of the capital and voting rights of the companies listed below;

(ii) Prothin, a French *société par actions simplifiée* (joint-stock corporation) with share capital of EUR 72,897,768, 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.

- Prothin was incorporated in June 2011. On December 22, 2011, the General Shareholders' Meeting authorized Cegereal to transfer its holding and management activity for owned buildings, i.e., Europlaza, Arcs de Seine and Rives de Bercy to Prothin;

(iii) 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.

- Cegereal acquired the entire share capital of K Rueil on December 15, 2016.

- K Rueil holds 99.5% of the capital and voting rights of Hanami Rueil SCI;

(iv) Hanami Rueil SCI, a non-trading real estate company with a share capital of EUR 184, 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 indirectly holds 100% of the capital and voting rights through K Rueil.

- Hanami Rueil SCI was acquired on December 15, 2016 and owns the Hanami Campus;

(v) 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 Holdco EURL was incorporated in December 2017.

- As of the date of this Registration Document, CGR Holdco EURL does not hold any real estate assets or rights;

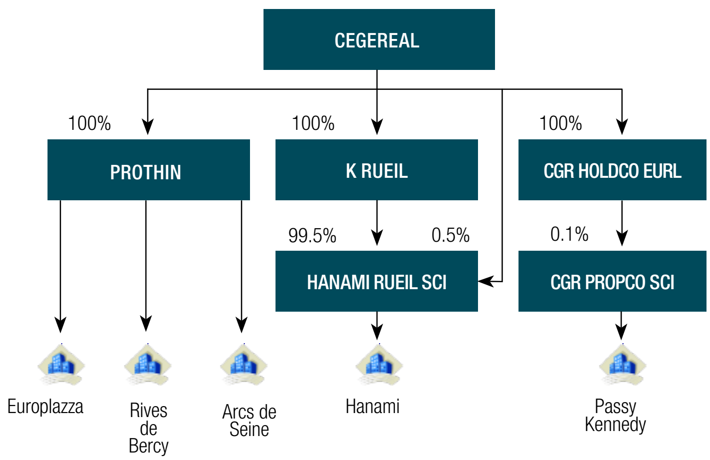
(vi) CGR Propco SCI, a non-trading real estate company with a share capital of EUR 1,000, whose registered office is located at 42 rue de Bassano, 75008 Paris, France, registered with the Paris Trade and Companies Registry under number 834 144 701 ("**CGR Propco SCI**"), of which Cegereal directly holds 99.9% and CGR Holdco EURL 0.1% of the capital and voting rights.

- CGR Propco SCI was incorporated in December 2017.

- It owns the Passy Kennedy building.

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

The organizational chart below shows the Group's legal structure:



1.2. GROUP BUSINESS REVIEW

The Group owns, manages and develops a real estate portfolio valued at EUR 1,409m at December 31, 2018. The portfolio comprises five large office properties in the Paris region.

(i) Europlaza at Paris La Defense has a surface area of approximately 52,100 sq.m and generated IFRS rental income of EUR 14.6m in 2018.

(ii) Arcs de Seine at Boulogne Billancourt comprises three buildings with a total surface area of around 47,200 sq.m and generated IFRS rental income of EUR 17.3m in 2018.

(iii) Rives de Bercy at Charenton-le-Pont has a usable surface area of approximately 31,900 sq.m and generated IFRS rental income of EUR 10.1m in 2018. It is the headquarters of Crédit Foncier de France.

(iv) Hanami at Rueil Malmaison comprises eight office buildings totaling approximately 34,400 sq.m and generated IFRS rental income of EUR 10.4m in 2018.

(v) Passy Kennedy, an office building with a surface area of approximately 23,800 sq.m, is part of a property located in the 16th *arrondissement* of Paris. It generated IFRS rental income of EUR 0.7m in 2018 and was acquired by CGR Propco SCI on December 5, 2018.

The Company retains its "green" status, with its entire portfolio certified compliant with NF HQE™ Exploitation or BREEAM In-Use International standards.

The portfolio occupancy rate was 92.3% at December 31, 2018 compared with 91.4% at January 1, 2018 and the weighted average remaining lease term is 5.3 years.

The Group's consolidated financial statements report revenue of EUR 53,026k, up 3.3% year on year, and net income of EUR 33,106k compared with EUR 62,408k in 2017.

The consolidated and annual financial statements will be submitted for approval at the Shareholders' Meeting to be held on April 30, 2019.

1.2.1. STRATEGY AND HIGHLIGHTS

Acquisition

On December 5, 2018, Cegereal acquired the Passy Kennedy building through its subsidiary CGR Propco SCI. The building has been included in the Group's real estate assets, increasing the number of properties in its portfolio from four to five in 2018.

The acquisition was financed by a capital increase with pre-emptive subscription rights for existing shareholders of EUR 73m and by external funds in the amount of EUR 148.5m.

Passy Kennedy is a prime office building ideally located in the 16th *arrondissement* of Paris in the wider CBD, on the banks of the Seine near the Maison de la Radio. The asset has a total usable surface area of about 23,800 sq.m. It has exceptional views of the Eiffel Tower and direct access to public transport via the adjacent RER C rail station.

Fully let to 10 first-class tenants, including Radio France, Passy Kennedy has an average residual lease term of 6.6 years and generates EUR 10.3m of rental income a year. Major renovation work has been done on the building over the past four years, including an upgrade of the technical facilities. It is certified compliant with BREEAM In-Use International standards.

Rental activity

Cegereal's rental activity was brisk during 2018, with new leases signed for Europlaza.

KPMG signed a lease for additional space, bringing its total to almost 7,400 sq.m. The effective date of the new lease is split between 2018 and 2019.

The European Banking Authority signed a lease for 5,300 sq.m for a term of nine years from April 2019.

Including the new leases, Europlaza's occupancy rate stands at 87.2% and the overall portfolio occupancy rate at 96.1%. Excluding the new leases, the portfolio occupancy rate was 92.3% at December 31, 2018, compared with 91.4% one year earlier.

Certification and awards

The Company retains its "green" status, with its entire portfolio certified compliant with HQE Exploitation or BREEAM In-Use International standards.

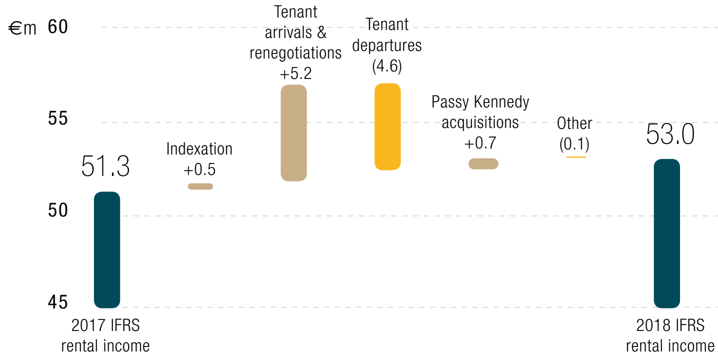
For the third consecutive year, Cegereal won two Gold Awards at the annual conference of the European Public Real Estate Association (EPRA) for the quality of its financial and non-financial reporting.

The Company also took second place in the 2018 Global Real Estate Sustainability Benchmark (GRESB) ranking in the "listed office property companies in Europe" category. With a score of 90/100, it outstripped the sector average of 82/100 to rank in the top three for the fourth year running.

1.2.2. RENTAL INCOME

Change in rental income (December 31, 2017-December 31, 2018)

Lease incentives are fully amortized over the non-cancelable term of the lease.



The 3.3% year-on-year increase in rental income is mainly attributable to the full-year impact of leases signed in 2017 (positive EUR 5.2m impact) as well as the rental income generated by the Passy Kennedy building acquired in December 2018 (positive EUR 0.7m impact). The full-year impact of leases signed in the fourth quarter will be felt in 2019.

Net rental income (2014-2018)

In thousands of euros

	2018	2017	2016	2015	2014
Europlaza	14,589	16,635	19,183	18,077	20,770
Arcs de Seine	17,279	15,256	17,747	16,384	14,008
Rives de Bercy	10,084	9,907	9,847	9,849	9,968
Hanami campus	10,359	9,460	419	0	0
Passy Kennedy	716	-	-	-	-
Rental income	**53,026**	**51,259**	**47,196**	**44,310**	**44,746**
Rental expenses rebilled to lessees (1)	8,500	8,382	6,323	6,868	6,489
Real estate taxes rebilled to lessees (2)	5,790	5,604	4,599	4,363	4,833
Other amounts rebilled to lessees	564	1,587	2,606		1,836
Miscellaneous income	156	593	463	118	16
Income from other services	**15,010**	**16,166**	**13,991**	**11,349**	**13,173**
Building-related costs (3)	(31,002)	(29,416)	(17,221)	(17,156)	(16,341)
Net rental income	**37,034**	**38,008**	**43,965**	**38,503**	**41,579**

Expenses incurred by the lessor (2014-2018)

In thousands of euros

	2018	2017	2016	2015	2014
Building maintenance	(159)	(161)	(136)	(498)	(20)
Expenses on vacant premises	(1,147)	(2,161)	(1,471)	(1,299)	(1,707)
Asset management fees	(13,471)	(11,676)	(4,062)	(3,143)	(3,049)
Other building-related costs – lessor	(1,936)	(1,476)	(629)	(985)	(243)
Building-related costs – lessor (3) – (1) – (2)	**(16,713)**	**(15,474)**	**(6,299)**	**(5,925)**	**(5,019)**
Wages and salaries	(815)	(1,240)	(1,127)	(957)	(550)
Other overhead costs	(3,424)	(4,177)	(2,329)	(3,812)	(2,376)
Total expenses incurred by the lessor	**(20,952)**	**(20,890)**	**(9,754)**	**(10,695)**	**(7,944)**

1.2.3. PROPERTY OCCUPANCY RATE

The portfolio's overall occupancy rate was 96.1% including the lease signed with the European Banking Authority and the extension signed with KPMG in the fourth quarter of 2018. As a result of these new leases, the Europlaza occupancy rate rose to 87.2%.

Excluding the new leases, the occupancy rate was 92.3% at December 31, 2018, compared with 91.4% one year earlier.

The occupancy rates for each property are as follows:

Dec. 31, 2018

	Europlaza	Arcs de Seine	Rives de Bercy	Campus Hanami	Passy Kennedy	Total
Occupancy rate	73.0%	98.4%	100.0%	100.0%	100.0%	92.3%

1.2.4. NET INCOME BY KEY INDICATOR FOR THE PERIOD

In thousands of euros

Statement of comprehensive income caption	2018	2017	Change	Breakdown
Net rental income	37,034	38,008	(974)	In 2018, net rental income corresponds to rental income for the period (EUR 53.0m) and rental expenses rebilled to lessees (€15.0m), less building-related costs (€31.0m). The year-on-year decline in net rental income mainly reflects: - an increase in like-for-like gross rental income (positive €1.1m impact) - rental income generated by the Passy Kennedy building acquired in December 2018 (positive €0.7m impact) - the significant amount of termination indemnities received in 2017 compared with 2018 (negative €1.1m impact) - a higher incentive fee in 2018 than in 2017 (negative €1.3m impact)
Administrative costs	(4,039)	(4,590)	551	Administrative costs chiefly comprise fees, insurance premiums and personnel costs. There were no significant changes in this item during the year.
Other operating expenses	(89)	(10)	(79)	Other operating expenses mainly correspond to the change in fair value of share subscription warrants (BSA). There were no significant changes in this item during the year.
Change in fair value of investment property	11,701	37,178	(25,477)	At €11.7m, this indicator corresponds to an increase in fair value of investment property (thanks to an improved rental situation, the impact of renovation work carried out and a net reduction in outstanding rent-free periods) less expenses for renovation work. The year-on-year change was mainly a result of a smaller rise in the fair value of investment property.
Net operating income	**44,607**	**70,587**	**(25,979)**	
Net financial expense	(11,501)	(9,945)	(1,556)	Net financial expense mainly corresponds to €11.5m in financial expenses. The increase was mainly attributable to the interest expense on the drawdown of the remaining balance of the Prothin loan on July 7, 2017 in an amount of €39m.
Corporate income tax	-	1,765	(1,765)	The decrease in corporate income tax reflects the reimbursement of the 3% contribution on dividends paid by Cegereal in 2015 and 2016.
Net income	**33,106**	**62,408**	**(29,300)**	

1.2.5. COMPETITIVE ENVIRONMENT

Given its strategy of investing in prime office properties in the Grand Paris region, Cegereal operates in a competitive sector mainly comprising management companies (OPCI/SCPI), historic investors such as insurers and pension funds and other listed real estate companies that specialize in prime commercial property. With a market capitalization of EUR 540m at January 18, 2019, Cegereal ranks 14th in the Euronext IEIF "SIIC France" Index, which tracks the performance of the 27 leading listed property companies in France.

The Company strives to provide transparent and consistent published data, and complies with the guidelines for listed companies published by the relevant financial reporting bodies.

1.2.6. REAL ESTATE INVESTMENTS

In 2018, the Group carried out real estate investments of EUR 227m, including the acquisition of Passy Kennedy as well as maintenance investments to improve the quality of the portfolio and ensure a robust rental income stream.

	2018	2017
Acquisitions[1]	218,919	-
Development	-	-
Like-for-like portfolio investments	8,500	8,106
Other	-	-
Real estate investments	**227,419**	**8,106**

(1) Including transfer duties and costs.

1.2.7. CHANGE IN CASH EQUIVALENTS

The year-on-year change in cash equivalents mainly corresponds to the following non-recurring items: special distribution, capital increase and acquisition of Passy Kennedy. The statement of cash flows is presented on page 94 of the Annual Report.

1.3. FINANCIAL RESOURCES

1.3.1. STRUCTURE OF NET DEBT AT DECEMBER 31, 2018

Net debt stood at EUR 713m at December 31, 2018, compared with EUR 557m at December 31, 2017.

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

Prothin

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

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

Under the Prothin Credit Agreement, should Prothin make any voluntary early repayments of all or part of the outstanding loan, or in certain cases, mandatory early repayments of all or part of the outstanding loan, Prothin will have to pay, in addition to breakage costs, an early repayment indemnity equal to 0.50% of the amount repaid for all repayments made between the second and third anniversaries of the date of signature. No early repayment indemnity is due for early repayments made after the third anniversary of the date of signature.

Hanami Rueil SCI

In parallel to 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 Crédit Entreprises and Société Générale for a principal amount of EUR 100m. The due date is December 15, 2021.

The Hanami Rueil Credit Agreement provides for mandatory early repayment in the event of a change in control of Cegereal.

Under the Hanami Rueil Credit Agreement, should Hanami Rueil SCI make any voluntary or mandatory early repayments of all or part of the outstanding loan, Hanami Rueil SCI will have to pay, in addition to breakage costs, an early repayment indemnity equal to 0.25% of the amount repaid for all repayments made between the second and third anniversaries of the date of signature. No early repayment indemnity is due for early repayments made after the third anniversary of the date of signature. Any mandatory early repayment made following a change of control will be reduced by 50% of its amount.

CGR Propco SCI

In parallel to the Passy Kennedy Acquisition, on December 5, 2018 (the Date of Signature), CGR Propco SCI entered into a loan agreement with Société Générale (the "**CGR Propco SCI Credit Agreement**") for a principal amount of EUR 148.5m to finance part of the Passy Kennedy Acquisition price and to cover transaction costs and expenses related to the Passy Kennedy building. The initial due date is December 5, 2022 but may be extended at the company's option for a further year.

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

Under the CGR Propco SCI Loan Agreement, should CGR Propco SCI make any voluntary early repayments of all or part of the outstanding loan, or in certain cases, mandatory early repayments of all or part of the outstanding loan, CGR Propco SCI will have to pay, in addition to breakage costs, an early repayment indemnity equal to:

- 1% of the amount repaid for all repayments made between the Date of Signature (exclusive) and the first anniversary of the Date of Signature (inclusive);
- 0.75% of the amount repaid for all repayments made between the first anniversary of the Date of Signature (exclusive) and the second anniversary of the Date of Signature (inclusive);
- No repayment indemnity is due after the second anniversary of the Date of Signature (exclusive).

1.3.2. MAIN GUARANTEES GIVEN

The gross nominal amount of loans guaranteed by real security interests (contractual mortgages, lender's lien, mortgage undertakings) amounted to EUR 771m at end-2018 versus EUR 624m at end-2017.

At December 31, 2018, the total amount of secured loans represented 54.7% of the total value of the portfolio, versus 53.4% at December 31, 2017, compared with a maximum authorized limit ranging from 70% to 75% in the various loan agreements.

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

- *Real security interests:*

  Over the buildings, lender's lien and/or first-ranking mortgages.

- *Assignment of receivables:*

  Assignments of receivables to banks under the Dailly Law mechanism.

- *Pledge of shares:*

  Pledge of the Prothin shares held by Cegereal.
  Pledge of the Hanami Rueil SCI shares held by Cegereal and K Rueil.
  Pledge of the CGR Propco SCI shares held by Cegereal and CGR Holdco EURL.

- *Pledge of bank accounts:*

  Exclusive senior pledges of the credit balance on French bank accounts, in favor of the banks.

- *Cash collateral:*
- *Assignments of insurance indemnities:*

  Assignment of any insurance indemnity whose payment has been opposed, as provided for in Article L.121-13 of the French Insurance Code (*Code des assurances*).

- *Pledge of receivables – Hedge contract:*

  Pledge of any receivable that might become due to the borrower by the hedging bank under a hedge contract.

- *Pledge of receivables – Recovery claims:*

  Pledge of any recovery claims the borrower might come to have against the debtors in respect of any recovery claims related to the pledge of hedge contract receivables.

- *Pledge of subordinated loan receivables:*

  Pledge of subordinated loan receivables (i.e., any intragroup loan due to Cegereal from its subsidiaries as borrower).

- *Letters of intent within the meaning of Article 2322 of the French Civil Code.*

1.3.3. MAIN FINANCIAL RATIOS

Cegereal's financial position at December 31, 2018 satisfies the various limits that could affect the conditions set out in the different credit agreements entered into by Group entities relating to interest and early repayment clauses.

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

	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Gearing ratio			
Non-current borrowings (1)/ adjusted net assets (2)	54.7%	53.4%	52.1%
Interest coverage ratio			
Rental income for the reference period (3)/ interest expenses(4)	475%	471%	513%

(1) Non-current borrowings are presented in Note 5.11, page 105 of the Registration Document.

(2) Adjusted net assets are presented in Note 5.1, page 102 of the Registration Document.

(3) Rental income for the reference period refers to total projected net rental income on leases signed for the following 12 months (for the Prothin and Passy Kennedy 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.

(4) Interest 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.

1.3.4. INTEREST RATE RISK HEDGING

Cegereal's policy is to hedge its interest rate risk.

1.4. BUSINESS REVIEW BY GROUP COMPANY

1.4.1. CEGEREAL

Financial position/statutory financial statements

Cegereal's main business is the direct or indirect ownership and management of shareholdings in property companies, such as Prothin, Hanami Rueil SCI and CGR Propco SCI, which 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 section 3. Annual financial statements.

Cegereal generated net revenue of EUR 249,160 in 2018, up 191% compared with 2017, and a net loss of EUR 44,456, compared with a loss of EUR 77,234 in 2017.

The annual financial statements will be submitted for approval at the Shareholders' Meeting to be held on April 30, 2019.

At December 31, 2018, shareholders' equity stood at EUR 324,520k compared with opening shareholders' equity of EUR 299,477k.

At December 31, 2018, cash and cash equivalents stood at EUR 14,762k, a EUR 13,763k increase compared with December 31, 2017.

The main changes during the year ended December 31, 2018 contributing to this increase were as follows:

In thousands of euros

SOURCES	
Increase in miscellaneous debt	3,442
Share capital increase	79,901
Increase in fixed assets	56,991
Total sources of funds	140,334

USES	
Funds used in operations	278
Dividends paid	54,813
Net working capital	71,480
Total uses of funds	126,571

Net change in cash and cash equivalents	13,763

Net loss by key indicator for the period

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

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Net revenue	249	86
Other operating revenue	237	58
Total operating revenue	**487**	**144**
Other purchases and external charges	(2,565)	(1,770)
Taxes, duties and other levies	(80)	(42)
Wages and salaries	(1,015)	(1,240)
Fixed assets: depreciation and amortization	-	(236)
Other operating expenses	(192)	(176)
Total operating expenses	**(3,854)**	**(3,462)**
Operating loss	**(3,367)**	**(3,318)**
Total financial income	3,360	1,497
Total financial expenses	(85)	(35)
Net financial income	**3,274**	**1,462**
Net non-recurring income	**48**	**14**
Corporate income tax	**-**	**1,765**
Net loss	(45)	(77)

Appropriation of net loss

In compliance with the law and our bylaws, it is proposed to appropriate the net loss for the year, which amounted to EUR 44,456, as follows:

Source:

- 2018 net loss: EUR 44,456

- Prior retained earnings: EUR 14,006

- Other reserves: EUR 122,849

Appropriation:

- Retained earnings: EUR 14,006, reducing Retained earnings to zero
- Other reserves: EUR 30,450, reducing Other reserves from EUR 122,849 to EUR 92,399

Distribution of reserves and additional paid-in capital

It is proposed to distribute reserves and additional paid-in capital in an amount of EUR 2.3 per share, making a total amount of EUR 36,584,812, to be deducted as follows:

- EUR 92,399 from "Other reserves", reducing it from EUR 92,399 (after appropriation of the net loss) to zero
- EUR 36,492,413 from “Additional paid-in capital”, reducing it from EUR 86,278,764 to EUR 49,786,351

The ex-distribution date is May 3, 2019.

The payment will take place on May 7, 2019.

Should the Company hold any treasury shares on the ex-distribution date, the sums corresponding to the distributions not paid in respect of those shares will be allocated to “Retained earnings”.

In the event of a change in the number of shares granting entitlement to distributions from the 15,906,440 shares making up the share capital at March 22, 2019, the overall amount of distributions will be adjusted accordingly through a deduction from “Additional paid-in capital” and the amount allocated to “Retained earnings” will be determined based on distributions actually paid.

This distribution constitutes a repayment of capital contributions within the meaning of Article 112-1 of the French Tax Code (*Code général des impôts*).

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 in accordance with Article 158-3-2° of the French Tax Code		Ineligible for tax rebate in accordance with Article 158-3-2° of the French Tax Code	Distribution treated as the reimbursement of a contribution
	Dividends	Other income distributed		
Dec. 31, 2015	€ 26,745,000[1] i.e., €2/share	-	-	-
Dec. 31, 2016	-	-	-	€28,082,250[1] i.e., €2.10 per share
Dec. 31, 2017	-	-	-	€54,827,250[1] i.e., €4.10 per share

(1) Including the amount corresponding to dividends on treasury shares.

Non tax-deductible expenses (Article 39-4 of the French Tax Code)

No expenses or 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) were incurred in 2018.

Information on payment periods for Cegereal’s suppliers

Past due invoices received or issued at the end of the reporting period (table provided for in paragraph I of Article D.441-4 of the French Commercial Code)

	Article D.441 I. - 1° of the French Commercial Code: Past due invoices received at the year end						Article D.441 I. - 2° of the French Commercial Code: Past due invoices issued at the year end					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total (1+ days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total (1+ days)
(A) Late payment by period												
Number of invoices concerned												
Total amount of invoices concerned (excl./incl. tax)												
% of total amount of purchases over the period (excl. or incl. tax)												
% of total revenue over the period (excl. or incl. tax)												
(B) Invoices excluded from (A) relating to contested or unrecognized payables or receivables												
Number of invoices excluded												
Total amount of invoices excluded (excl./incl. tax)												
(C) Standard payment terms used (contractual or statutory – Article L.441-6 or Article L.443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	❒ Contractual: (specify) ❒ Statutory (specify)						❒ Contractual: (specify) ❒ Statutory (specify)					

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.

1.4.2. 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 1,017m at December 31, 2018.

The subsidiary recorded rental income of EUR 51m in 2018, up from EUR 49.8m in 2017.

Its net income amounted to EUR 1.9m in 2018, compared with EUR 3.7m in 2017.

The Company's share capital was reduced by an amount of EUR 21,261,849 by means of a cash repayment of part of the par value of the ordinary shares.

The amount of additional paid-in capital distributed over the year ended December 31, 2018 totaled EUR 21.3m.

The office space in the Rives de Bercy building was fully occupied at December 31, 2018, while the Europlaza and Arcs de Seine buildings had an occupancy rate of 73% and 98%, respectively.

K Rueil

K Rueil's main business is the ownership and management of a 99.5% interest in Hanami Rueil SCI. It reported a net loss of EUR 258k in 2018.

Hanami Rueil SCI

Hanami Rueil SCI's main business is the ownership and operation of the Hanami Campus, which was valued at EUR 170m at December 31, 2018. During the year, the subsidiary recorded rental income of EUR 9.8m and net income of EUR 0.5m.

The Hanami campus was fully occupied at December 31, 2018.

CGR Holdco EURL

CGR Holdco EURL owns 0.1% of the shares of CGR Propco SCI.

It reported a net loss of EUR 3,922 in 2018.

It had no business activity in 2018.

CGR Propco SCI

On December 5, 2018, for a price of EUR 217,400,000, CGR Propco SCI acquired Passy Kennedy, an office building with a usable surface area of about 23,800 sq.m forming part of a property located at 76 to 104 avenue du Président Kennedy, 1 to 7 avenue de Lamballe, 11 to 23 avenue du Général Mangin, 2 to 14 rue du Docteur Germain Sée, 75016 Paris, cadastral plan section CE number 39, subject of a descriptive schedule of volume division, consisting in real estate volumes resulting from that schedule defining its footprint, i.e., volume numbers 57 and 71.

CGR Propco SCI's main business is the ownership and operation of Passy Kennedy, which was valued at EUR 222m at December 31, 2018. During the year, the subsidiary recorded rental income of EUR 766k and a net loss of EUR 3.2m.

Passy Kennedy was fully occupied at December 31, 2018.

1.4.3. RELATED PARTY TRANSACTIONS

Transactions between the Group and its shareholders

No significant transactions took place between Cegereal and its main shareholders in 2018 other than those described in Note 5.27 to the consolidated financial statements and in section IV.3.

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 current account agreements are used to optimize cash flows through the management of cash surpluses and shortfalls across the different subsidiaries. For example, Cegereal and CGR Propco SCI entered into a current account agreement to finance the acquisition of the Passy Kennedy building, in the amount of EUR 73m.

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

1.5. CHANGES, OUTLOOK AND TRENDS

Cegereal 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.

1.6. SUBSEQUENT EVENTS

To Cegereal's knowledge, there has been no significant change in the Group's financial or commercial position since December 31, 2018.

1.7. RISKS

Cegereal has carried out a review of the specific risks that could have a material adverse effect on the Company's business, financial position, results or ability to meet its objectives. The Company incorporates risk management into its operational and decision-making processes.

The table below presents the main risks facing the Group. It should be noted that the below risk table is not exhaustive.

1.7.1. SUMMARY TABLE OF THE MAIN RISKS

●: high risk

Risks	Nature	Impacts
I. Strategic risks		
Risks linked to the economic environment ●	National and international economic conditions (growth, interest rates, unemployment, change in indices, etc.) could have a material adverse impact on the Group's business and financial results.	- 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. - Decline in the Group's financial position and results. - Decrease in the market value of the Group's real estate portfolio. - Difficulty to implement its rental, investment and diversification strategy.
Risk linked to the concentration of the portfolio in the same geographic region	The entire portfolio is located in the inner suburbs of Paris and in Paris. Competition within the region or adjacent regions could encourage lessees to seize on better value opportunities elsewhere.	- Potential loss of lessees, when their leases expire, if the competition is able to offer more attractive rental conditions for comparable properties. - Decline in rent levels and margins and, more generally, in the Group's financial position and results (upon lease renewal or when marketing vacant space). - Decline in the Group's financial position and results in the event that lessees decide to terminate their lease (fall in rental income and extra operating expenses).
Risks linked to the concentration of the portfolio in the same asset type	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.	- Decline in the Group's financial position and results.
Tenant insolvency risk ●	The Group is exposed to the risk of a decline in its tenants' financial solidity, which could result in insolvency. The risk is a decline in the rent collection rate due to financial difficulties suffered by tenants. (See Note 4.5 in section 2.5.4 of section 2. Consolidated financial statements.)	- Late or missed payments, tighter Group cash flow and poorer financial results. - Increased liquidity risk (see "Liquidity risks" under "III. Financial risks" below).
Risk of dependence on certain lessees and a decline in the occupancy rate ●	The Group made a strategic decision to develop rental partnerships with key accounts and large companies. Exposure to these companies could have an impact on the Group's revenue. (See Note 4.5 in section 2.5.4. of section 2. Consolidated financial statements.)	- Decline in the Group's financial position and results in the event that lessees request more favorable lease terms upon renewal or decide to terminate their lease (fall in rental income and extra operating expenses). - Decrease in the market value of the Group's real estate portfolio.
Reputation risks linked to tenant health, comfort and well-being	The health, comfort and well-being of tenants has become a crucial issue over the past few years. Physical comfort (light, calm, space, temperature), building construction, organization of working space (flex office, coworking area), and areas for eating, rest, relaxation and sports are now decisive criteria in a tenant's choice.	- Obsolescence of Cegereal's buildings compared with new tenant expectations in terms of comfort, well-being and health could lead to vacant space and a decline in the appeal of its buildings. - Cegereal's buildings could be exposed to problems related to public health, safety or environmental protection
Risks linked to the costs and availability of appropriate insurance coverage	The Group could see its insurance premiums increase during a given period as a result of an accident deemed by its insurers to be material or could incur losses not fully covered by its insurance policies. There is also the risk that the Group is unable to maintain suitable insurance coverage at an acceptable cost, is no longer covered for certain types of risk, or is faced with the risk of default of one of its insurers. (See section 1.8 below.)	- Decline in the Group's financial position and results.
Risk linked to sub-contractors	The Group's rental activity depends on certain sub-contractors and service providers. The Group is exposed to the risk of cessation of business, insolvency, poor performance or non-compliance with the regulations by the main subcontractors, in particular for property renovation and maintenance work.	- Reduction in the quality of the services provided by the Group. - Damage to the Company's image. - Increase in associated costs and legal risks.
Risks linked to the majority shareholder	The Northwood Concert (as defined in section IV.2.5 of the "Legal information" section of this report) is the majority shareholder of the Company's capital and voting rights (and holds 56.3% of the Group). Moreover, the Northwood Concert manages other real estate assets in France. Consequently, it 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 adverse impact on the Company, and in turn on the Group's assets, financial position, results or strategy.	- Significant influence over the Company and the running of the Group's business.
Reputation risks linked to the environment: energy, climate change, biodiversity, etc.	Many national and international standards and regulations have been introduced aimed primarily at the real estate sector, including the French law on energy transition for green growth (LTECV 2015), the Paris Agreement, the national low carbon strategy (SNBC), the national strategy for biodiversity (SNB) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Their objective is to: - Combat climate change. - Reduce environmental impacts on biodiversity. - Reduce energy use in buildings. - Encourage sustainable development actions (circular economy, water, resources, waste, etc.). The lack of an effective policy addressing energy, carbon and biodiversity issues represents a high risk with regard to all of Cegereal's stakeholders, but more particularly tenants, who could decide to move to more efficient buildings, and investors, who could decide to switch their investments to more committed operators.	- Decrease in buildings' marketability. - Increase in compliance costs, liability, limits, restrictions on the use of carbon intensive assets, investments in new technology, etc. - Increase in the cost of operating real estate assets due to higher energy prices. - Damage to the Group's image and reputation.
Physical and financial risks linked to the impacts of climate change	The Group may be exposed to physical and financial risks related to the impacts 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, precipitation and flooding, wind, etc.).	- Decline in the Group's value in the event of extreme weather events (temperature, precipitation and flooding, wind, etc.) that affect its assets. - Increase in operating costs in the event of a scarcity of raw materials (water, energy, etc.) and a rise in their prices. - Increase in insurance premiums and operating costs (consumables and technical maintenance).

Risks	Nature	Impacts
II. Regulatory risks		
Risks linked to the obligations applicable to the Company as a result of its "SIIC" tax status ●	The Company is exposed to risks linked to the obligations applicable to the Company as a result of its "SIIC" tax status, possible changes to the conditions of said status or the loss thereof. The Company has elected for the preferential tax treatment granted to SIICs in accordance with Article 208 C of the French Tax Code ("**SIIC status**"). As a SIIC, the Company is exempt from corporate income tax on the portion of its income resulting from (i) lease of buildings, (ii) capital gains generated on the sale of buildings, or shares in partnerships having the same purpose as that of the SIIC or subsidiaries having elected for the SIIC regime and (iii) under certain conditions, dividends received from subsidiaries having elected for SIIC or SPPICAV status. This exemption is subject to compliance with a number of conditions, including the obligation to distribute a significant portion of its earnings to shareholders. Failure to meet this obligation could result in the Company losing its SIIC status. Moreover, one or more shareholders acting in concert within the meaning of Article L.233-10 of the French Commercial Code (with the exception of SIICs) must not directly or indirectly hold 60% or more of the share capital of a SIIC. In addition, the Company may be required to pay a 20% withholding tax on dividends (i) distributed from tax-exempt income (ii) to shareholders (other than individuals) directly or indirectly owning at least 10% of dividend rights in the Company at the time of payment, and (iii) on which the shareholder is not subject to corporate income tax (or equivalent tax). The Company's bylaws expressly stipulate that the shareholder concerned shall be responsible for paying the withholding tax. However, the Company may experience difficulties in collecting said tax, particularly in the event that said shareholder is insolvent, in the event that the tax cannot be withheld or shareholder insolvency if the dividend withholding tax cannot be allocated to the shareholder.	- Material adverse impact on the Group's financial position, results and outlook.
Risks linked to the regulations applicable to leases	In France, regulations applicable to commercial leases put a number of restrictions on the lessor. Changes to regulations regarding commercial leases, namely term, indexing, rent ceilings and rebilling of rental expenses, could have a negative impact on the Group.	- Negative impact on the Group's portfolio value, financial position and results. - Less flexibility to increase rents to bring them in line with market levels and optimize the Group's rental income. - Less flexibility to rebill certain rental expenses, taxes and certain work to lessees. - Payment of an eviction indemnity to tenants in the event of refusal to renew the lease on expiry.
Risks linked to high-rise building regulations	Changes in high-rise building regulations applicable to the Group as a real estate owner and manager could result in an increase in expenses and therefore impact the Group's results. Through its operations, the Group is especially exposed to safety risks.	- Additional operating and maintenance expenses. - Significant compliance costs. - Risk of civil and, where applicable, criminal liability.
III. Financial risks		
Risk of error in estimating asset value, or failure of assumptions used to materialize ●	The Group records its investment property at fair value pursuant to the model provided for in IAS 40. It is therefore exposed to the risk of changes in asset values estimated by independent experts, following adjustments to the main assumptions used (yield, rental value and occupancy rate). This could impact the Group's net asset value. (See Note 4.2 in section 2.5.4 of section 2. Consolidated financial statements.)	- Fall in the Group's consolidated earnings under IFRS. - Risk of an increase in the cost of debt. - Risk of non-compliance with financial ratios. - Decline in the Group's borrowing capacity.
Financial counterparty risk	The Group takes out lines of credit and interest rate hedges with financial institutions. Such contracts could expose the Group to the risk of default of the counterparties involved. (See Note 4.1 in section 2.5.4 of section 2. Consolidated financial statements.)	- Decline in the Group's cash flow and results.
Interest rate risk	The risk is that interest rate rises could have an impact on the Group's performance and objectives over time. The use of debt exposes the Group to the risk of changes in interest rates. (See Note 4.6 in section 2.5.4 of section 2. Consolidated financial statements.)	- Decline in the Group's cash flow and results (increase in finance costs).
Liquidity risks ●	Prudent liquidity risk management involves maintaining sufficient liquidity and shortterm 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.	- 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. - Refinancing for smaller amounts or under less favorable terms. - Decrease in Cegereal's credit score, affecting the Group's ability to raise funds.

1.7.2. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

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

In addition, risk mapping is carried out by Executive Management and reviewed by the Audit Committee. Material specific risks are calculated by measuring three main factors: impact, likelihood of occurrence and effectiveness of the risk management system.

The impact and the effectiveness of the risk management system are ranked on a scale of 1 to 5 for each risk, 1 being very low and 5 being very high. The same scale is applied for likelihood of occurrence, (1) being unlikely and (5) being highly likely.

The level of risk remaining after the risk management system has been implemented, i.e., residual risk, is taken into account in the risk mapping process.

The most material risks are categorized as "high risk" in the summary table of risks 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 decisions, the way in which the Company undertakes various operations and personnel 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 (see section IV.1.4).

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. They shall refrain from participating in any debates and decision-making relating to the subjects in question.
- each director must be attentive to the division and exercise of the respective powers and responsibilities of the Company's governing bodies and must ensure that no one can exercise uncontrolled discretionary power over the Company.

The Directors' Charter also states, as required, the stock market regulations applicable in cases of market abuse (insider trading, unlawful disclosure of inside information), black-out periods and transparency (disclosure of securities transactions).

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

Northwood Investors France Asset Management has been the Group's asset manager since November 5, 2015. The ERPs used by the Group are Altaix Yardi and Cassiopae. 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 expenses budget relating to each building is prepared by the building manager and validated by the asset manager.

The building manager uses software to receive and record day-to-day expenses related to the building. 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 in 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 accounting firms. The Company's tax lawyers are consulted depending on the nature of the transactions carried out by the Company.

The information necessary for bookkeeping 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 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 accountant in conjunction with the asset manager, the Company's Executive Management and its advisors.

The Audit Committee reviews the relevance of the main assumptions and principles adopted therein.

The financial statements are audited by the Statutory Auditors.

b) Disclosure and reporting procedures

With a view to ensuring the efficient processing of financial information, the Company has set up disclosure and reporting procedures under which the Chief Executive Officer must, within thirty days of the end of the first half-year, submit to the Board of Directors for control: an unaudited balance sheet (prepared at the date of the last day of the half-year in question), an income statement and a statement of cash flows (for the half-year), a comparison of the balance sheet, income statement and the budget, as well as a comparison between such statements and the budget and the revised income forecasts for the year in progress.

c) Other procedures

The Company calls upon various external parties to ensure the management of the Company and its assets. Accordingly, its assets are managed by Northwood Investors France Asset Management, the duties of property manager are entrusted to the business partner, Yxime for Prothin, to CBRE for Hanami Rueil SCI and to Humakey for CGR Propco SCI, and those of accountant to PwC Entreprises. Executive Management oversees the work of these external parties through weekly 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.

1.7.3. MANAGEMENT OF ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) AND CLIMATE CHANGE RISKS

As CSR is a core pillar of its strategy, the Group monitors consumption at its real estate assets and the achievement of its objectives very closely, as described in the non-financial information statement, pages 47 *et seq*.

Procedure for analyzing ESG-climate risks

An ESG-climate risk analysis was conducted on Cegereal's 20 key issues as described in the non-financial information statement. For each key issue, physical and transition risks, including technological, reputation, market and regulatory risks, are analyzed in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the guide to Article 173 for real estate managers published by the Observatoire de l'immobilier durable (OID) and PwC in December 2017.

Using the same methodology as that used for analyzing financial risks, each risk is ranked on a scale of 0 to 25 based on its criticality.

Five critical risks have been identified as a priority:

- 1: Tenant comfort and well-being - reputation risk
- 2: Energy - reputation risk
- 3: Resilience to climate change - physical risk
- 4: Greenhouse gas emissions - reputation risk
- 5: Biodiversity - reputation risk

Financial risks linked to climate change

The new regulations designed to combat climate change lead to compliance costs, liability, limits and restrictions on the use of carbon-intensive assets and investments in new technology, which can affect the value of assets and investments.

A carbon tax has already been introduced and energy prices have risen over the past few years.

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.

The financial impact of a potential increase in the carbon tax and a rise in energy prices is marginal relative to Cegereal's other financial expense items.

1.8. 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 different parts of the Greater Paris region. 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 Group companies 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.

1.9. 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, 2018.

2. Consolidated financial statements

The IFRS consolidated financial statements for the year ended December 31, 2017 and the related Statutory Auditors' report presented on pages 94 to 112 and page 113, respectively, of the 2017 Registration Document filed with the AMF on March 27, 2018 under no. D. 18-0188, are incorporated by reference into this 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.

2.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

In thousands of euros, except per share data

	Notes	Dec. 31, 2018	Dec. 31, 2017
		12 months	12 months
Rental income	5.18	53,026	51,259
Income from other services	5.19	15,010	16,166
Building-related costs	5.20	(31,002)	(29,416)
Net rental income		**37,034**	**38,008**
Sale of building		-	-
Administrative costs	5.21	(4,039)	(4,765)
Other operating expenses	5.22	(89)	(10)
Other operating income		-	175
Increase in fair value of investment property		12,501	41,978
Decrease in fair value of investment property		(800)	(4,800)
Total change in fair value of investment property	5.1	11,701	37,178
Net operating income		44,607	70,587
Financial income		6	597
Financial expenses		(11,508)	(10,542)
Net financial expense	**5.23**	**(11,502)**	**(9,945)**
Corporate income tax	5.24	-	1,765
CONSOLIDATED NET INCOME		33,106	62,408
of which attributable to owners of the Company		***33,106***	***62,408***
of which attributable to non-controlling interests		***-***	***-***
Other comprehensive income			
TOTAL COMPREHENSIVE INCOME		33,106	62,408
of which attributable to owners of the Company		***33,106***	***62,408***
of which attributable to non-controlling interests		***-***	***-***
Basic earnings per share (in euros)	5.25	2.40	4.53
Diluted earnings per share (in euros)	5.25	2.27	4.25

2.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2018

In thousands of euros

	Notes	Dec. 31, 2018	Dec. 31, 2017
Non-current assets			
Property, plant and equipment		47	56
Investment property	5.1	1,408,520	1,169,400
Non-current loans and receivables	5.2	20,230	21,591
Financial instruments	5.12	597	31
Total non-current assets		**1,429,393**	**1,191,078**
Current assets			
Trade accounts receivable	5.3	7,747	18,481
Other operating receivables	5.4	14,726	10,200
Prepaid expenses		116	347
Total receivables		**22,589**	**29,029**
Cash and cash equivalents	5.5	53,367	61,718
Total cash and cash equivalents		**53,367**	**61,718**
Total current assets		**75,957**	**90,747**
TOTAL ASSETS		1,505,350	1,281,825
Shareholders' equity			
Share capital		78,006	66,863
Legal reserve and additional paid-in capital		93,277	77,600
Consolidated reserves and retained earnings		470,500	410,662
Net attributable income		33,106	62,408
Total shareholders' equity	**5.10**	**674,889**	**617,532**
Non-current liabilities			
Non-current borrowings	5.11	763,321	616,043
Other non-current borrowings and debt	5.14	9,543	5,929
Non-current corporate income tax liability		-	-
Financial instruments	5.12	791	548
Total non-current liabilities		**773,655**	**622,519**
Current liabilities			
Current borrowings	5.11	3,152	2,979
Trade accounts payable	5.16	24,996	11,589
Corporate income tax liability		-	-
Other operating liabilities	5.15	9,698	9,644
Prepaid revenue	5.17	18,960	17,561
Total current liabilities		**56,806**	**41,774**
Total liabilities		**830,461**	**664,293**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,505,350	1,281,825

2.3. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

In thousands of euros

	Dec. 31, 2018	Dec. 31, 2017
OPERATING ACTIVITIES		
Consolidated net income	33,106	62,408
Elimination of items related to the valuation of buildings:		
Fair value adjustments to investment property	(11,701)	(37,178)
Elimination of other income/expense items with no cash impact:		
Depreciation of property, plant and equipment (excluding investment property)	11	9
Free share grants not vested at the reporting date	-	-
Fair value of financial instruments (share subscription warrants, interest rate caps and swaps)	473	(219)
Adjustments for loans at amortized cost	2,247	1,752
Contingency and loss provisions	-	-
Corporate income tax		(1,765)
Penalty interest		(165)
Cash flows from operations before tax and changes in working capital requirements	**24,136**	**24,841**
Other changes in working capital requirements	19,621	14,380
Working capital adjustments to reflect changes in the scope of consolidation		
Change in working capital requirements	**19,621**	**14,380**
Net cash flows from operating activities	**43,757**	**39,221**
INVESTING ACTIVITIES		
Acquisition of fixed assets	(227,422)	(8,126)
Net increase in amounts due to fixed asset suppliers	2,620	493
Net cash flows used in investing activities	**(224,802)**	**(7,633)**
FINANCING ACTIVITIES		
Capital increase	79,901	-
Capital increase transaction costs	(794)	-
Change in bank debt	147,000	37,875
Issue of financial instruments (share subscription warrants)		
Refinancing/financing transaction costs	(1,930)	(508)
Net increase in liability in respect of refinancing	420	-
Purchases of hedging instruments	(796)	-
Net increase in current borrowings	134	729
Net increase in other non-current borrowings and debt	3,615	1,323
Net decrease in other non-current borrowings and debt	0	0
Purchases and sales of treasury shares	(42)	130
	-	-
Dividends paid	(54,813)	(28,053)
Net cash flows from financing activities	**172,694**	**11,496**
Change in cash and cash equivalents	**(8,351)**	**43,084**
Cash and cash equivalents at beginning of period(1)	61,718	18,634
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**53,367**	**61,718**

(1) There were no cash liabilities for any of the periods presented above.

2.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2016	66,863	115,043	(259)	401,401	583,048	-	583,048
Comprehensive income	**-**	**(9,361)**	**-**	**71,769**	**62,408**	**-**	**62,408**
- Net income for the period				62,408	62,408		62,408
- Other changes		(9,361)		9,361	0		0
- Other comprehensive income							
Capital transactions with owners	**-**	**(28,082)**	**130**	**29**	**(27,923)**	**-**	**(27,923)**
- Dividends paid (€2.00 per share)		(28,082)		29	(28,053)		(28,053)
- Capital reduction by reducing par value					0		0
- Change in treasury shares held			130		130		130
Shareholders' equity at Dec. 31, 2017	66,863	77,600	(129)	473,199	617,532	-	617,532
Comprehensive income	**-**	**(794)**	**-**	**33,106**	**32,312**	**-**	**32,312**
- Net income for the period				33,106	33,106		33,106
- Other changes[1]		(794)			(794)		(794)
- Other comprehensive income							
Capital transactions with owners	**11,144**	**16,470**	**(42)**	**(2,527)**	**25,045**	**-**	**25,045**
- Dividends paid (€4.1 per share)		(52,286)		(2,527)	(54,813)		(54,813)
- Capital increase by increasing par value	11,144	68,757			79,901		79,901
- Change in treasury shares held			(42)		(42)		(42)
Shareholders' equity at Dec. 31, 2018	78,006	93,277	(172)	503,778	674,889	-	674,889

(1) Other changes correspond to capital increase transaction costs.

2.5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the 2018 consolidated financial statements

These notes provide additional information in respect of the consolidated statement of financial position at December 31, 2018 and 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, 2018

Note 1.1 Key events of 2018

On December 5, 2018, Cegereal acquired the Passy Kennedy building through its subsidiary CGR Propco SCI. The building has been included in the Group's real estate assets, increasing the number of properties in its portfolio from four to five in 2018.

The acquisition was financed by a capital increase in the amount of EUR 73m and by external funds in the amount of EUR 148.5m.

Note 1.2 Presentation of comparative financial information

For purposes of comparison, the financial information presented in the IFRS consolidated financial statements for the year ended December 31, 2018 includes the financial statements for the year ended December 31, 2017.

Note 1.3 Regulatory context

The Group's consolidated financial statements for the year ended December 31, 2018 were prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) applicable to reporting periods ended December 31, 2018, 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 a SIIC (see Note 2.8).

The consolidated financial statements were adopted by the Board of Directors on February 21, 2019.

2.5.2. SIGNIFICANT ACCOUNTING POLICIES USED TO PREPARE THE 2018 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, 2018 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, 2018 and applicable at that date. For the purposes of comparison, the financial statements for the year ended December 31, 2017 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, IFRS 5 and IFRS 9.

Standards, amendments to standards and interpretations adopted by the European Union effective for reporting periods beginning on or after January 1, 2018

Since January 1, 2018, the Company has applied:

- IFRS 9 – Financial Instruments, which has replaced 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. Since the Group's financial assets chiefly consist of trade receivables, the impact of IFRS 9 on the calculation of impairment was not deemed material.
- IFRS 15 – Revenue from Contracts with Customers became effective for reporting periods beginning on or after January 1, 2018. The impact of IFRS 15 was not deemed material.

The standards below, effective for reporting periods beginning on or after January 1, 2018, do not have a material impact on the Group's financial statements:

- Annual Improvements to IFRSs 2014-2016 Cycle.
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.
- Amendments to IAS 40 – Transfers of Investment Property.

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

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:

- Interpretation of IFRIC 23 – Uncertainty over Income Tax Treatments (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).
- 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.

These interpretations and amendments were not early adopted by the Group and should not have a material impact on its 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, 2018, no entities were jointly controlled or significantly influenced by the Group.

Scope of consolidation

At December 31, 2018, 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, 2018
Prothin SAS	533 212 445	100%	100%	Full consolidation	January 1 to December 31, 2018
K Rueil OPPCI	814 319 513	100%	100%	Full consolidation	January 1 to December 31, 2018
Hanami Rueil SCI	814 254 512	100%	100%	Full consolidation	January 1 to December 31, 2018
CGR Holdco EURL	833 876 568	100%	100%	Full consolidation	January 1 to December 31, 2018
CGR Propco SCI	834 144 701	100%	100%	Full consolidation	January 1 to December 31, 2018

All entities included in the scope of consolidation closed their accounts on December 31, 2018.

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 in 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 incorporated by Cegereal SA on June 22, 2011. This was also the case for CGR Holdco EURL and CGR Propco SCI, which were incorporated in December 2017.

K Rueil 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 rental income 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 in Note 2.4 below.

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, 2018, the Company's external real estate valuers were BNPP RE for Europlaza and Rives de Bercy, Catella for Arcs de Seine, Cushman & Wakefield Valuation for Hanami, and CBRE Valuation for Passy Kennedy.

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 valuer are required to review these estimates and appraisals on an ongoing basis in light of past experience and other factors deemed of material importance with regard to economic conditions. The amounts reported in future financial statements may differ from these estimates as a result of changes in assumptions or circumstances.

The values of investment property measured by the real estate valuers represent the best estimates at December 31, 2018, 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

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

To estimate market value, independent experts use the following methods:

- BNPP RE: DCF method, capitalization method and comparison;
- Catella: DCF method and capitalization method;
- Cushman & Wakefield Valuation: DCF method and capitalization method;
- CBRE Valuation: capitalization method.

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.

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%.

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 IFRS 9.

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 method, less any provisions for impairment.

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).

IFRS 9 introduces a new model for recognizing impairment of financial assets based on expected credit losses.

However, it also sets forward a simplified approach for trade and lease receivables, which are often held by companies that do not have sophisticated credit risk tracking or management systems. This approach removes the need to calculate 12-month expected credit losses and track the increase in credit risk. This means that:

- for trade receivables that do not contain a significant financing component, impairment is equal to lifetime expected credit losses; The Company may use a provision matrix based on days past due to measure expected credit losses.
- for trade receivables that contain a significant financing component and for lease receivables, a choice must be made between the simplified approach (as for trade receivables that do not contain a significant financing component) and the general approach (which requires tracking changes in credit risk over the lifetime of the trade receivable).

The Group has elected to apply the simplified approach.

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 (see Note 2.4).

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 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 agreement with Exane BNP Paribas on November 27, 2017.

Under the terms of these agreements, 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 its share buy-back program.

Within the scope of these liquidity agreements, the Group owned 11,939 treasury shares (representing 0.08% of its total issued shares) for a total amount of EUR 461k at December 31, 2018.

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 a SIIC

Cegereal SA 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. This election took effect on April 1, 2006.

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, 2018.

Similarly, no tax was payable on capital gains arising on disposals of real estate or equity interests in subsidiaries eligible for the same tax treatment.

Prothin, Cegereal's subsidiary, also benefits from this preferential tax treatment.

In addition, K Rueil is a SPPICAV (company investing predominantly in real estate with a variable share capital) that is exempt from paying corporate income tax.

Hanami Rueil SCI and CGR Propco SCI, subsidiaries of, respectively, K Rueil and Cegereal SA, are transparent for tax purposes, within the meaning of Article 8 of the French Tax Code.

CGR Holdco EURL has not elected for preferential treatment as a SIIC.

Terms and conditions and impact of tax treatment as a 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 exempt 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. This rate was increased from 60% to 70% by the 2019 Finance Act;
- dividends received from subsidiaries having elected for preferential tax treatment and resulting from exempt income or from capital gains and dividends received from SPPICAVs whose share capital and voting rights 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.

In addition, income generated by operations carried out by partnerships falling within the scope of Article 8 of the French Tax Code are deemed to be carried out directly by SIICs or their subsidiaries in proportion to their rights and are therefore exempt under the SIIC rules. Accordingly, this income must be distributed pursuant to the above-mentioned time limits and proportions, based on whether it results from the lease or sale of buildings or from dividends.

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 a 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 three 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, 2018.

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 assets 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 yield, based on observations of the rates prevailing in the real estate market.

In millions of euros

			Changes in potential yield								
Building	Market rental value	Potential yield	0.500%	0.375%	0.250%	0.125%	0.000%	(0.125)%	(0.250)%	(0.375)%	(0.500)%
Europlaza	24.48	5.98%	351.4	358.3	365.5	373.0	380.8	388.9	397.4	406.3	415.5
Arcs de Seine	22.01	4.58%	403.0	413.2	423.9	435.1	447.0	459.5	472.8	486.9	501.8
Rives de Bercy	12.04	5.92%	174.6	177.9	181.5	185.3	189.2	193.3	197.5	202.0	206.7
Campus Hanami	10.70	5.40% – 6.00%	155.9	159.2	162.6	166.2	169.9	173.8	178.0	182.3	186.8
Passy Kennedy	10.98	4.25%	197.1	202.7	208.7	214.9	221.6	228.7	236.2	244.2	252.7
Total	**80.21**	**5.18%**	**1, 282.0**	**1,311.3**	**1,342.2**	**1,374.5**	**1,408.5**	**1,444.2**	**1,481.9**	**1,521.7**	**1,563.5**
Impact on portfolio value			(8.99)%	(6.91)%	(4.71)%	(2.42)%	0.00%	2.54%	5.21%	8.03%	11.00%

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

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, 2018	+0.5%	+1%
Cap	320,000	6-month Euribor	1.50%	-	-	0	2	27
Cap	15,000	3-month Euribor	1.50%	-	-	0	0	1
Cap	15,000	3-month Euribor	2.00%	0	0	2	9	26
Swap	25,000	3-month Euribor	0.10%	(946)	(566)	(172)	169	526
Cap	148,500	3-month Euribor	0.60%	49	203	595	1,418	2,902
Total				(896)	(363)	425	1,598	3,483

2.5.4. MANAGEMENT OF FINANCIAL RISKS

Note 4.1 Risk related to financing

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, the Cegereal Group 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.

As part of the acquisition of Passy Kennedy, the Cegereal Group entered into a credit agreement for EUR 148.5m on December 5, 2018. The agreement provides for a four-year loan with an optional one-year extension, of which 1% of the principal amount is repayable in the third year, 2.5% in the fourth year (and the fifth year if the agreement is extended), and the remainder at maturity.

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 surface area of between 23,800 and 52,100 sq.m, located in Paris' inner suburbs. 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.

At December 31, 2018, the Group was dependent on five lessees who collectively represented 54.2% of the total rental income collected in 2018 and individually more than 7%. 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 authorized the Group to borrow EUR 525m in 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.

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, 2018 and December 31, 2018.

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, the Cegereal Group 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.

As part of the acquisition of Passy Kennedy, the Cegereal Group entered into a credit agreement for EUR 145.8m on December 5, 2018. The agreement provides for a four-year loan with an optional one-year extension, of which 1% of the principal amount is repayable in the third year, 2.5% in the fourth year (and the fifth year if the agreement is extended), and the remainder at maturity. The loan carries interest at 3-month Euribor plus a spread of 1.20%. Euribor is considered to be zero if the published rate is negative.

The Group has purchased five hedges:

Financial institution	Commonwealth Bank of Australia	Commonwealth Bank of Australia	Société Générale	Société Générale	Société Générale
Type of hedge	Cap	Cap	Cap	Swap	Cap
Nominal amount (in thousands of euros)	320,000	15,000	15,000	25,000	148,500
Fixed rate	1.50%	1.50%	2.00%	0.10%	0.60%
Hedged rate	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Start date	10/15/16	12/15/16	10/15/19	12/15/16	12/05/18
Expiry	10/15/19	10/15/19	12/15/21	12/15/21	12/05/22

2.5.5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2018 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	Campus Hanami	Passy Kennedy	Total
Dec. 31, 2016	**194,800**	**362,000**	**415,300**	**152,000**	**-**	**1,124,100**
Acquisitions	-	626	503	996	-	2,125
Indemnity received	-	-	-	-	-	-
Subsequent expenditure	-	1,072	4,909	-	-	5,981
Disposals	-	-	-	-	-	-
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**
Acquisitions	-	7,086	2,760	529	218,919	229,294
Indemnity received	-	-	-	-	-	-
Subsequent expenditure	-	(406)	(1,647)	178	-	(1,875)
Disposals	-	-	-	-	-	-
Change in fair value	(800)	4,120	4,886	793	2,701	11,701
Dec. 31, 2018	**189,200**	**380,800**	**447,000**	**169,900**	**221,620**	**1,408,520**

MAIN FAIR VALUE ASSUMPTIONS

The real estate valuers' estimation of the fair value of the buildings at December 31, 2018 is indicated below, along with the information used in the calculation:

Building	Estimated value at December 31, 2018 (net of taxes)		Gross leasable area(1) at December 31, 2018		Annual rent (net of taxes)(2)	
	in millions of euros	%	sq.m.	%	in thousands of euros	%
Europlaza (1999(3))	381	27.04%	52,078	27.53%	20,591	29.85%
Arcs de Seine (2000(3))	447	31.74%	47,222	24.97%	17,586	25.50%
Rives de Bercy (2003(3))	189	13.43%	31,942	16.89%	10,084	14.62%
Campus Hanami (2011/2016(3))	170	12.06%	34,381	18.18%	10,359	15.02%
Passy Kennedy	222	15.73%	23,520	12.44%	10,351	15.01%
Total	**1,409**	**100%**	**189,143**	**100%**	**68,970**	**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, 2018 and market rent, as estimated by valuers, in relation to vacant premises. Rent for Passy Kennedy is prorated over 12 months.
(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, 2018	Dec. 31, 2017
Security deposits paid	33	24
Lease incentives (non-current portion)	20,197	21,567
Non-current loans and receivables	20,230	21,591

Lease incentives correspond to rent-free periods, rent discounts and lease premiums paid to lessees recognized over the non-cancelable 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, 2018	Dec. 31, 2017
Trade accounts receivable	7,747	18,481
Impairment of trade accounts receivable	-	-
Trade accounts receivable, net	7,747	18,481

The reduction in trade accounts receivable is primarily due to the payment at end-December 2018 of rent billed for first-quarter 2019.

Note 5.4 Other operating receivables

This item can be broken down as follows:

In thousands of euros

	Dec. 31, 2018	Dec. 31, 2017
Lease incentives (current portion)	7,118	5,264
VAT	4,825	2,385
Supplier accounts in debit and other receivables	826	312
French State – Accrued income – 3% contribution	0	1,930
Liquidity account/treasury shares	341	309
Notary fees	1,616	0
Other operating receivables	14,726	10,200

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 53,367k.

Note 5.6 Aging analysis of receivables

The aging analysis of receivables at December 31, 2018 is as follows:

In thousands of euros

	Receivables (net of impairment) Dec. 31, 2018	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	20,230	20,230	-	-	-	-
Total non-current receivables	**20,230**	**20,230**	**-**	**-**	**-**	**-**
Current receivables						
Trade accounts receivable[1]	7,747	6,772	976	1,201	146	(371)
Other operating receivables	14,726	14,726	-	-	-	-
Prepaid expenses	116	116	-	-	-	-
Total current receivables	**22,589**	**21,614**	**976**	**1,201**	**146**	**(371)**
Total receivables	42,819	41,843	976	1,201	146	(371)

(1) The amount of trade accounts receivable pledged as collateral for loans and borrowings amounts to EUR 7,747k at December 31, 2018 and is detailed in Note 5.26.

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	-	-	-	-
Total non-current receivables	**21,591**	**21,591**	**-**	**-**	**-**	**-**
Current receivables						
Trade accounts receivable[1]	18,481	7,183	11,298	7	6	-
Other operating receivables	10,200	10,200	-	-	-	-
Prepaid expenses	347	347	-	-	-	-
Total current receivables	**29,029**	**17,731**	**11,298**	**7**	**6**	**-**
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 5.25.

Note 5.7 Fair value of financial assets

The fair value of financial assets at December 31, 2018 can be analyzed as follows:

In thousands of euros

	Dec. 31, 2018		Dec. 31, 2017		Fair value hierarchy [2]
	Carrying amount	Fair value	Carrying amount	Fair value	
Interest rate cap[1]	597	597	31	31	Level 2
Total non-current assets	**597**	**597**	**31**	**31**	

(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, 2018	Dec. 31, 2017
Financial assets at fair value through profit or loss	597	31
Held-to-maturity investments	-	-
Loans and receivables		
Non-current loans and receivables	20,230	21,591
Current receivables	22,473	28,682
Available-for-sale financial assets	-	-
Cash and cash equivalents	53,367	61,718
Total financial assets	**96,667**	**112,022**
Financial liabilities at fair value through profit or loss	791	548
Financial liabilities measured at amortized cost		
Non-current liabilities	772,865	621,971
Current liabilities	37,846	24,213
Total financial liabilities	**811,501**	**646,732**

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	Total in thousands of euros
Shareholders' equity at Dec. 31, 2017	**13,372,500**	**5**	**66,863**	**77,600**	**473,069**	**617,532**
Dividends paid	-	-	-	(52,286)	(2,527)	(54,813)
Other changes[1]	-	-	-	(794)	-	(794)
Other comprehensive income	-	-	-	-	-	-
Interim dividend	-	-	-	-	-	-
Net income for the period	-	-	-	-	33,106	33,106
Capital increase by increasing par value	2,228,750	-	11,144	68,757	-	79,901
Capital reduction by reducing par value	-	-	-	-	-	-
Change in treasury shares held	-	-	-	-	(42)	(42)
Shareholders' equity at Dec. 31, 2018	**15,601,250**	**5**	**78,006**	**93,277**	**503,607**	**674,890**

(1) Other changes corresponds to capital increase transaction costs.

Dividends paid

In euros

	Recommended dividend for 2018	Paid in 2018 for 2017 (excl. treasury shares)
Total dividend paid	35,882,875	54,813,235
Net dividend per share in euros	2.30	4.10

Subject to approval by the General Shareholders' Meeting, the Board of Directors proposes to distribute reserves and additional paid-in capital in an amount of EUR 2.3 per share, to be deducted from "Other reserves" and "Additional paid-in capital".

Should the Company hold any treasury shares on the ex-distribution date, the sums corresponding to the distributions not paid in respect of those shares will be allocated to "Retained earnings".

In the event of a change in the number of shares granting entitlement to distributions from the 15,601,250 shares making up the share capital at December 31, 2018, the overall amount of distributions will be adjusted accordingly through a deduction from "Additional paid-in capital" and the amount allocated to "Retained earnings" will be determined based on distributions actually paid.

Treasury shares

In euros (except number of shares)

	Amount at Dec. 31, 2018	Amount at Dec. 31, 2017	Change
Acquisition cost	612,760	365,189	247,571
Number of treasury shares at reporting date	11,939	9,609	2,330

Note 5.11 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
Current and non-current bank borrowings					
- Fixed rate	465,203	750	750	463,703	-
- Variable rate	305,672	750	750	304,172	-
Accrued interest not yet due	1,966	1,966	-	-	-
Bank fees to spread at effective interest rate	(6,368)	(314)	-	(5,847)	-
Total at December 31, 2018	**766,473**	**3,152**	**1,500**	**762,028**	**-**

The Group complies with the ratios described in Note 5.26, which were calculated at December 31, 2018. 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, 2018	Dec. 31, 2017
Interest rate cap	597	31
Assets	**597**	**31**
Share subscription warrants	618	541
Interest rate swap	172	7
Liabilities	**791**	**548**

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 (BSA) 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. As of October 25, 2018, each share subscription warrant entitles the holder to subscribe for 1.005 new shares of the Company. The 865,000 share subscription warrants in issue therefore entitle the holder to subscribe for 869,325 new shares of the Company. The subscription price for one share will be calculated based on the volume-calculated average share price during the 20 trading days prior to the exercise date. The holder may not subscribe to new shares by exercising share subscription warrants if doing so would result in a shareholder, acting alone or in concert, holding directly or indirectly 60% or more of the Company's share capital or voting rights.

Note 5.13 Fair value of financial liabilities

The fair value of financial liabilities at December 31, 2018 can be analyzed as follows:

In thousands of euros

	Dec. 31, 2018		Dec. 31, 2017		Fair value hierarchy(2)
	Carrying amount	Fair value	Carrying amount	Fair value	
Bank loan	764,507	772,432	617,190	622,535	Level 2
Interest rate swap(1)	172	172	7	7	Level 2
Share subscription warrants(1)	618	618	541	541	Level 1
Total non-current liabilities	**765,298**	**773,223**	**617,738**	**623,083**	

(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, 2018	Dec. 31, 2017
Personnel	93	82
Directors' fees	-	222
Accrued VAT, other taxes and social security charges	3,450	3,328
Accrued rental expenses rebilled to lessees	1,404	1,227
Advance payments by lessees	2,119	3,592
Miscellaneous	615	324
Other operating liabilities	**7,681**	**8,776**
Amounts due to fixed asset suppliers	2,017	868
Amounts due to fixed asset suppliers	**2,017**	**868**
Other liabilities	**9,698**	**9,644**

"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, 2018	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	763,321	769,375	-	769,375	-
Other non-current borrowings and debt	9,543	9,543	-	-	9,543
Other financial liabilities	791	791	-	-	-
Total non-current liabilities	**773,655**	**779,709**	**-**	**769,375**	**9,543**
Current liabilities					
Current borrowings	3,152	3,466	3,466	-	-
Trade accounts payable	24,996	24,996	24,996	-	-
Other operating liabilities	9,698	9,698	9,698	-	-
Total current liabilities	**37,846**	**38,160**	**38,160**	**-**	**-**

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 2019.

Note 5.18 Rental income

Including the impact of lease incentives, rental income can be broken down by building as follows:

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Europlaza	14,589	16,635
Arcs de Seine	17,279	15,256
Rives de Bercy	10,084	9,907
Hanami Campus	10,359	9,460
Passy Kennedy	716	-
	53,026	**51,259**

Invoiced rent amounted to EUR 53,026k, corresponding to IFRS rental income (EUR 61,632k) less lease incentives (EUR 8,606k).

Note 5.19 Income from other services

Income from other services can be analyzed as follows:

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Rental expenses and maintenance rebilled to lessees	8,500	8,382
Real estate taxes rebilled to lessees	5,790	5,604
Other amounts rebilled to lessees and miscellaneous income	132	593
Indemnities	432	1,587
Miscellaneous income	156	-
Income from other services	**15,010**	**16,166**

Expenses and taxes rebilled to lessees amounted to EUR 14,290k in 2018.

Note 5.20 Building-related costs

These can be broken down as follows:

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Rental expenses	9,476	8,402
Taxes	5,847	5,768
Fees	13,471	12,648
Maintenance costs	159	213
Rental expenses and tax on vacant premises	1,811	2,067
Other expenses	239	318
Building-related costs	**31,002**	**29,416**

Fees mainly comprise asset management fees with Northwood Investors Asset Management SAS, which amounted to EUR 13,143k at December 31, 2018 compared with EUR 11,599k at December 31, 2017. These fees are calculated based on the Group's net asset value.

The fees break down as follows:

- EUR 4,349k attributable to the advisory fee under the asset management agreement;
- EUR 8,794k attributable to the incentive fee under the asset management agreement.

Note 5.21 Administrative costs

Administrative costs mainly comprise professional fees for EUR 2,094k and payroll expenses for EUR 744k.

Note 5.22 Other operating income and expenses

Other operating expenses correspond to changes in the fair value of the share subscription warrants described in Note 5.12 as well as to depreciation and amortization of fixed assets at Cegereal's premises.

Note 5.23 Financial income and expenses

Financial income and expenses can be broken down as follows:

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Financial income	6	597
Financial expenses	(11,508)	(10,542)
Net financial expense	**(11,501)**	**(9,945)**

Financial expenses primarily comprise interest expense and charges on bank borrowings in an amount of EUR 11,110k, and negative fair value adjustments on caps in an amount of EUR 395k.

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.

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, 2018, i.e., EUR 2.40.

Pursuant to IAS 33, the potential shares (warrants) were considered to be dilutive at December 31, 2018. Diluted earnings per share came out at EUR 2.27.

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Net attributable income (in thousands of euros)	33,106	62,408
Weighted average number of shares before dilution(1)	13,776,592	13,775,460
In thousands of euros(1)	**2.40**	**4.53**
Net attributable income, including impact of dilutive shares (in thousands of euros)	33 183	62,233
Weighted average number of shares after dilution(1)	14,641,592	14,640,460
Diluted earnings per share (in euros)(1)	**2.27**	**4.25**

(1) In accordance with IAS 33, the basic and diluted weighted average number of shares and the basic and diluted earnings per share have been restated for 2017 to account for the 2018 share capital increase, representing a weighting factor of 0.97.

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

Credit agreement

Pursuant to the credit agreement entered into with Prothin on 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.

The Group's main commitments under the EUR 525m agreement are as follows:

- 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 entered into with Hanami Rueil SCI on December 15, 2016, the amounts borrowed must 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.

In accordance with the EUR 148.5m credit agreement entered into with CGR Propco SCI on December 5, 2018, the Group is also required to comply with the following main commitments:

- registration of contractual mortgages on CGR Propco SCI's real estate assets;
- pledge of the accounts of CGR Propco SCI;
- assignment of rent receivables relating to CGR Propco SCI's real estate assets under the Dailly Law mechanism;
- pledge of CGR Propco SCI shares registered on the securities account held in the name of CGR Holdco and Cegereal;
- pledge of receivables relating to subordinated loans and hedges;
- to provide cash collateral if the DSCR and/or LTV exceed the defined threshold;
- to provide cash collateral to cover renovation work and to cover breakage costs in the event of early repayment of the loan;
- to ensure that the loan-to-value ratio (LTV) (outstanding loan/market value of real estate assets) remains below 75 %;
- to ensure that the debt service coverage ratio (DSC) (available income/[interest expenses + agency fees + principal repaid]) remains above 125%;
- 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;
- 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 only to CGR Propco SCI) not to acquire any new real estate assets 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.

Advisory Services Agreements

Under the Advisory Services Agreement entered into by Northwood Investors France Asset Management SAS (the "Advisor") and Prothin, effective January 1, 2016 for an initial term of six years and amended on December 23, 2016 (the "Prothin ASA"), an incentive fee is 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.

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 "**Hanami Rueil SCI ASA**") along the same lines as the Prothin ASA.

On December 5, 2018, Northwood Investors France Asset Management SAS (the "**Advisor**") and CGR Propco SCI entered into an advisory services agreement, effective December 5, 2018 for an initial term of six years (the "**CGR Propco SCI ASA**") along the same lines as the Prothin ASA.

COMMITMENTS RECEIVED

Security deposits received from lessees amounted to EUR 18,743k at December 31, 2018.

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, 2018, the minimum annual rental income (excluding VAT, rebilling of taxes and expenses, and rent decreases agreed after the end of the reporting period) due to the Group until the earliest possible termination dates of the different operating leases was as follows:

In thousands of euros

	Future minimum annual rental income	
	2018	2017
2019	62,425	48,125
2020	52,674	39,292
2021	43,795	32,563
2022	25,909	14,669
2023	21,235	12,677
2024	20,295	7,614
2025	20,197	7,232
2026	6,852	-
2027	5,869	-
2028	936	-

These rents represent amounts to be invoiced, excluding the impact of staggering lease incentives with respect to earlier periods.

Note 5.27 Transactions with related parties

TRANSACTIONS WITH RELATED COMPANIES

Transactions with related parties mainly comprise the advisory services (asset management) agreements entered into by Prothin, Hanami Rueil SCI and CGR Propco SCI with Northwood Investors France Asset Management SAS.

Northwood Investors France Asset Management SAS also 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

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Impact on operating income		
Building-related costs: Asset management and advisory fees	4,349	4,156
Building-related costs: Incentive fee	8,794	7,443
Administrative costs: Fees	0	0
Impact on net financial expense		
Financial expenses	0	0
Total impact on income statement	13,143	11,599
Impact on assets		
Prepaid expenses	0	0
Other operating receivables	0	0
Total impact on assets	-	-
Impact on liabilities		
Non-current borrowings	0	0
Trade accounts payable	19,485	8,932
Total impact on liabilities	19,485	8,932

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 the Chief Executive Officer
  The Chief Executive Officer does not receive any compensation.
- Compensation of the former Chief Executive Officer

On October 25, 2017, the Company's Board of Directors terminated the office of Raphaël Tréguier as Chief Executive Officer and authorized a post-termination settlement agreement with him, which 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. On December 31, 2018, the Company paid a balance of EUR 200,000 to Raphaël Tréguier. No further sums remained outstanding in respect of the non-compete benefits at December 31, 2018.

Furthermore, in accordance with the terms of the post-termination settlement, Raphaël Tréguier retained the shares that vested on July 6, 2017 (i.e., 4,420 shares of the 5,349 initially awarded) and the 5,080 shares awarded on July 20, 2017, making a total of 9,500 shares of the Company. Accordingly, the 5,080 free shares awarded to him on July 20, 2017 vested in July 2018, with no requirement for him to satisfy performance objectives. The shares are subject to a lock-up period expiring in July 2019.

In thousands of euros

Categories of employee benefits	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Short-term employee benefits		458
Post-employment benefits		0
Other long-term employment benefits		0
Non-compete benefits	200	100
Share-based payment		196
Total	200	754

FINANCIAL INFORMATION

- Other commitments

  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 175k were paid for 2017.

  Directors' fees of EUR 191k were paid for 2018.

- 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, 2018, the Group had three employees, one fewer than at December 31, 2017.

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 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, 2018:

In thousands of euros

	KPMG				Denjean				Deloitte				Total			
	Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		%	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Statutory audit of the financial statements	202	211	81	100	59	52	100	100	13	33	100	100	274	296	86	100
- Holding company	95	114	38	54	59	52	100	100	-	-	-	-	154	165	48	56
- Subsidiaries	107	97	43	46	-	-	-	-	13	33	100	100	120	130	37	44
Advisory services and services not related to the statutory audit engagement	46	-	19	-	-	-	-	-	-	-	-	-	46	-	14	-
- Holding company	46	-	19	-	-	-	-	-	-	-	-	-	46	-	14	-
- Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	248	211	100	100	59	52	100	100	13	33	100	100	321	296	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, 2018

Cegereal S.A.

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

Share capital: EUR 78,006,250

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.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by the General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Cegereal SA for the year ended December 31, 2018.

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, 2018 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 these 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, 2018 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.

Furthermore, the non-audit services that we provided to the Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- for both Statutory Auditors: comfort letter and completion letter with respect to the issue of new shares as part of a capital increase;
- for KPMG Audit: report on the consolidated non-financial information statement included in the management report.

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 the most significant 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, 2018, the value of the investment property held by the Group stood at EUR 1,409 million.

As described in Note 2.3 to the consolidated financial statements, investment property is recognized at fair value in accordance with IAS 40 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 measurement of investment property to be a key audit matter for the following reasons:

- the materiality of the fair value (net of registration tax) recognized with respect to investment property in the consolidated financial statements;
- the fact that the external real estate valuers use unobservable level 3 inputs as defined by IFRS 13 – Fair Value Measurement to determine said fair value, which is therefore based on estimates;
- the sensitivity of said fair value to the assumptions used by the external real estate valuers, which is used to verify that there are no indications of impairment of investment property.

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 appointed by the Company;
- 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 valuation method applied;

- reconciling the data used by the external real estate valuers with the data presented in the documentary evidence provided to us by the Company, such as tenancy schedules and investment budgets for each property;
- verifying the consistency of the main valuation 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 valuations, with the fair values recognized;
- assessing the appropriateness of the disclosures provided in Notes 2.3 and 2.4 to the consolidated financial statements.

Specific verifications

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

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

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial information statement required under Article L.225-102-1 of the French Commercial Code. However, in accordance with Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

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, 2018, KPMG and Denjean & Associés were in the fourteenth and eighth consecutive year of their 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 giving 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 that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company 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 taken by users 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 the Company's management.

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 in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response 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 the internal control procedures 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 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 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 management, 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 the most significant for 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, February 26, 2019	Paris, February 26, 2019
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, 2017 and the related Statutory Auditors' report presented on pages 116 to 124 and page 124, respectively, of the 2017 Registration Document filed with the AMF on March 27, 2018 under no. D. 18-0188, are incorporated by reference into this document.

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.

3.1. BALANCE SHEET AND INCOME STATEMENT PREPARED IN ACCORDANCE WITH FRENCH GAAP

3.1.1. BALANCE SHEET – FRENCH GAAP

In euros

ASSETS	Notes	Gross amount	Depr., amort. & prov.	Dec. 31, 2018	Dec. 31, 2017
Property, plant and equipment					
Other property, plant and equipment		6,896	2,143	4,753	3,807
Financial fixed assets	**5.1**				
Receivables from controlled entities		242,004,686		242,004,686	299,050,733
Loans		-		-	-
Other financial fixed assets		801,745		801,745	673,967
FIXED ASSETS		242,813,327	2,143	242,811,184	299,728,507
Receivables					
Trade accounts receivable		241,992		241,992	-
Other receivables	5.3	73,376,973		73,376,973	2,103,079
Cash and cash equivalents	**5.2**	**14,762,019**		**14,762,019**	**998,862**
CURRENT ASSETS		88,380,984		88,380,984	3,101,941
Prepaid expenses	5.6	11,206		11,206	52,460
TOTAL ASSETS		331,205,517	2,143	331,203,374	302,882,908

In euros

EQUITY AND LIABILITIES	Notes	Dec. 31, 2018	Dec. 31, 2017
Capital			
Share capital (including paid-up capital: 66,862,500)	5.7	78,006,250	66,862,500
Additional paid-in capital		86,278,764	70,922,676
Revaluation reserve	5.9	152,341,864	152,341,864
Reserves			
Legal reserve		7,800,625	6,686,250
Other reserves		122,849	2,711,437
Retained earnings			
Retained earnings		14,006	29,421
Net loss for the year		(44,456)	(77,234)
SHAREHOLDERS' EQUITY	5.8	324,519,901	299,476,914
OTHER EQUITY		-	-
Loss provisions		-	235,610
CONTINGENCY AND LOSS PROVISIONS	5.10	-	235,610
Non-current borrowings and debt			
Miscellaneous borrowings and debt	5.3	5,630,705	2,112,261
Trade accounts payable and other current liabilities			
Trade accounts payable	5.3	758,313	718,155
Tax and social liabilities	5.3	294,455	338,969
Amounts owed to fixed asset suppliers		-	999
LIABILITIES		6,683,473	3,170,384
TOTAL EQUITY AND LIABILITIES		331,203,374	302,882,908

3.1.2 INCOME STATEMENT – FRENCH GAAP

In euros

	Notes	Dec. 31, 2018	Dec. 31, 2017
		12 months	12 months
Sales of services	5.11	249,160	85,544
NET REVENUE		249,160	85,544
Reversal of depreciation and amortization charges, impairment and expense transfers	5.10	235,610	58,434
Other revenue		1,886	
Total operating revenue		486,656	143,978
Purchases of raw materials and other supplies		-	49
Other purchases and external charges	5.12	2,564,773	1,769,653
Taxes, duties and other levies		80,181	41,960
Wages and salaries		714,151	871,904
Social security charges		300,884	367,612
Fixed assets: depreciation and amortization		1,955	189
Contingency and loss provisions		0	235,610
Other expenses		191,927	175,512
Total operating expenses		3,853,871	3,462,489
OPERATING LOSS		(3,367,215)	(3,318,511)
Financial income from controlled entities		3,353,425	1,332,000
Other interest income		6,347	165,006
Foreign exchange gains		-	432
Total financial income	5.13	3,359,772	1,497,438
Interest expenses		85,396	34,619
Foreign exchange losses		-	852
Total financial expenses		85,396	35,471
NET FINANCIAL INCOME		3,274,376	1,461,967
RECURRING LOSS BEFORE TAX		(92,839)	(1,856,544)
Non-recurring income on capital transactions		68,222	19,982
Reversal of impairment, provisions and non-recurring expense transfers		194,056	
Total non-recurring income		262,278	19,982
Non-recurring expenses on management transactions		-	1,680
Non-recurring expenses on capital transactions		213,895	4,178
Total non-recurring expenses		213,895	5,858
NET NON-RECURRING INCOME	5.14	48,383	14,125
Corporate income tax	5.15	-	(1,765,185)
TOTAL INCOME		4,108,706	1,661,398
TOTAL EXPENSES		4,153,162	1,738,632
NET LOSS		(44,456)	(77,234)

3.2. NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH FRENCH GAAP FOR THE YEAR ENDED DECEMBER 31, 2018

3.2.1. BACKGROUND

Note 1.1 Stock market listing

The Company's shares have been traded on the Euronext Paris regulated market since March 29, 2006.

Name: Cegereal SA

ISIN: FR 0010309096

Ticker symbol: CGR

Eurolist Compartment: B

ICB classification: 8670 (Real Estate Investment Trusts)

Note 1.2 Fiscal year

The fiscal year covers a 12-month period from January 1 to December 31, 2018.

Note 1.3 Presentation of comparative financial information

The information presented in the annual financial statements for the year ended December 31, 2018 includes comparative data in relation to the year ended December 31, 2017.

Note 1.4 Key events of 2018

On October 25, 2018, the Company carried out a capital increase with pre-emptive subscription rights for existing shareholders in a total amount of EUR 79,900,687.50. A total of 2,228,750 new ordinary shares were issued at a price per share of EUR 35.85. A portion of the proceeds of the capital increase was used to finance the acquisition of the Passy Kennedy building by CGR Propco SCI, via a current account advance granted by Cegereal to its subsidiary in the amount of EUR 73m Expenses incurred in connection with the capital increase in the amount of EUR 793,896 were recognized in full during the year.

On May 4, 2018, Cegereal, the sole shareholder, decided to reduce Prothin's share capital by EUR 21,261,849 from EUR 94,159,617 to EUR 72,897,768, by reducing the par value of each ordinary share and reimbursing the sole shareholder in cash. The par value was reduced from EUR 6.2 to EUR 4.8.

At the same date, Cegereal, the sole shareholder, decided to make an exceptional distribution of additional paid-in capital from Prothin's "Additional paid-in capital" account, in the total amount of EUR 21,261,849.

3.2.2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements for the year ended December 31, 2018 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, 2018 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 year, 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.

Note 2.4 Transaction costs related to capital increases

Transaction costs related to capital increases are recognized in expenses for the year.

3.2.3. MANAGEMENT OF FINANCIAL RISKS

At December 31, 2018, risks for Cegereal related to the shareholdings held in its subsidiaries, Prothin SAS, K Rueil OPCI, 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 2018 compared to 2017.

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, 2018	Increases	Decreases	Gross value at Dec. 31, 2018
Equity investments	284,496,384	-	42,523,698	241,972,686
Receivables on equity investments	14,554,349	-	14,522,351	31,998
Treasury shares	365,190	922,234	826,891	460,532
Cash used in the liquidity agreement	308,777	660,472	628,034	341,215
Total financial fixed assets	**299,724,700**	**1,582,705**	**58,500,974**	**242,806,431**

The change in equity investments corresponds to a decrease in the value of Prothin shares by EUR 45,523,698 following the capital reduction for reasons other than losses decided by the sole shareholder on May 4, 2018 (par value reduced from EUR 6.2 to EUR 4.8 per share) and reimbursement of additional paid-in capital in the total amount of EUR 21,261,849.

The change in receivables on equity investments corresponds to the payment in 2018 of the capital reduction and distribution of additional paid-in capital by Prothin, decided on June 30, 2017, in the amount of EUR 13,222,351, as well as to the interim dividend paid by K Rueil in the amount of EUR 1,300,000.

At December 31, 2018, Cegereal held 11,939 of its own shares out of a total of 15,601,250 shares, representing an amount of EUR 460,532. During the year, 23,419 shares were purchased and 21,089 were sold. In addition, having reached the end of the vesting period in July 2018, 5,080 shares awarded by the Board of Directors on July 20, 2017 to Raphaël Tréguier, former Chief Executive Officer, vested.

Note 5.2 Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

In euros

Cash and cash equivalents	Dec. 31, 2018	Dec. 31, 2017
Bank accounts	14,762,019	998,862
Time deposits	-	-
Accrued interest receivable	-	-
Total	**14,762,019**	**998,862**

Note 5.3 Statement of receivables and payables by maturity

Receivables and payables at December 31, 2018 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 fixed assets			
Receivables related to equity investments	32,000	32,000	-
Receivables related to current assets			
Trade accounts receivable	241,992	241,992	-
French State - Other receivables	273,422	273,422	-
Other receivables(1)	73,103,551	73,103,551	-
Total receivables	**73,650,965**	**73,650,965**	**-**

(1) Other receivables include the EUR 73 million current account advance granted to CGR Propco SCI.

In euros

Payables	Gross amount	Due in 1 year or less	Maturity	
			Due in more than 1 year but less than 5 years	Due in more than 5 years
Bank borrowings	-	-		
Miscellaneous borrowings and debt	5,630,705	5,630,705		
Trade accounts payable	758,313	758,313		
Tax and social liabilities	294,455	294,455		
Amounts due to fixed asset suppliers	-	-		
Other liabilities	-	-		
Total payables	**6,683,473**	**6,683,473**	-	-

Note 5.4 Accrued income and expenses

At December 31, 2018, accrued income and expenses can be analyzed as follows:

In euros

Accrued income	Dec. 31, 2018	Dec. 31, 2017
Other receivables	0	1,930,149
Total	**-**	**1,930,149**

Accrued expenses	Dec. 31, 2018	Dec. 31, 2017
Trade accounts payable	672,623	564,855
Tax and social liabilities	195,192	170,350
Miscellaneous borrowings and debt	76,000	46,906
Total	**943,815**	**782,112**

At December 31, 2017, "Other receivables" comprised 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. These amounts were reimbursed in 2018.

Note 5.5 Transactions with related parties

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

TRANSACTIONS WITH RELATED COMPANIES

Transactions with related parties relate to:

- a cash pooling agreement between Cegereal and Prothin to fund dividend payments as well as the payment of a premium by Prothin to Cegereal;
- a current account agreement between Cegereal and CGR Propco SCI to finance the acquisition of the Passy Kennedy building, in the amount of EUR 73m.

During 2018, Cegereal SA entered into service agreements with Prothin, Hanami Rueil SCI and CGR Propco SCI. The purpose of the agreements is to rebill expenses incurred by Cegereal in the administrative management of its subsidiaries. A total of EUR 249k was recognized during the year.

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. As of October 25, 2018, each share subscription warrant entitles the holder to subscribe for 1.005 new shares of the Company. The 865,000 share subscription warrants in issue therefore entitle the holder to subscribe for 869,325 new shares of the Company. The subscription price for one share will be calculated based on the volume-calculated average share price during the 20 trading days prior to the exercise date. The holder may not subscribe to new shares by exercising share subscription warrants if doing so would result in a shareholder, acting alone or in concert, holding directly or indirectly 60% or more of the Company's share capital or voting rights

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 the Chief Executive Officer

  The Chief Executive Officer does not receive any compensation.

- Compensation of the former Chief Executive Officer

  On October 25, 2017, the Company's Board of Directors terminated the office of Raphaël Tréguier as Chief Executive Officer and authorized a post-termination settlement agreement with him, which 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. On December 31, 2018, the Company paid a balance of EUR 200,000 to Raphaël Tréguier. No further sums remained outstanding in respect of the non-compete benefits at December 31, 2018.

  Furthermore, in accordance with the terms of the post-termination settlement, Raphaël Tréguier retained the shares that vested on July 6, 2017 (i.e., 4,420 shares of the 5,349 initially awarded) and the 5,080 shares awarded on July 20, 2017, making a total of 9,500 shares of the Company. Accordingly, the 5,080 free shares awarded to him on July 20, 2017 vested in July 2018, with no requirement for him to satisfy performance objectives. The shares are subject to a lock-up period expiring in July 2019. A provision for the expenses related to the award was recognized in 2017 in the amount of EUR 235,610, such that the vested shares had no impact on the 2018 financial statements.

- Other commitments

  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.

  At the General Shareholders' Meeting of April 20, 2018, the shareholders set the maximum total annual directors' fees for all Board members at EUR 200,000. In December 2018, directors' fees of EUR 191k were paid for the year ended December 31, 2018.

  All material transactions with related parties were carried out at arm's length conditions.

Note 5.6 Prepaid expenses and revenue

At December 31, 2018, prepaid expenses and revenue can be analyzed as follows:

In euros

	Expenses	Revenue
Operating revenue/expenses	11,206	-
Financial income/expenses	-	-
Non-recurring income/expenses	-	-
Total prepaid expenses and revenue	11,206	-

Note 5.7 Composition of share capital

The share capital is fixed at EUR 78,006,250 and is divided into 15,601,250 fully paid-up shares of EUR 5 each.

In euros

Statement of changes in the number of shares	
Number of shares at Jan. 1, 2018	13,372,500
Number of shares issued during the year	2,228,750
Number of shares at Dec. 31, 2018	15,601,250

Note 5.8 Statement of changes in equity

hanges 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, 2018	66,862,500	70,922,676	161,768,971	(77,234)	299,476,914
Appropriation of net income for the previous year	-	-	(77,234)	77,234	-
Net loss for the year	-	-	-	(44,456)	(44,456)
Dividends paid		(52,286,475)	(2,526,769)	-	(54,813,244)
Increase in nominal share capital	11,143,750	67,642,563	1,114,375	-	79,900,688
Decrease in nominal share capital	-	-	-	-	-
Share subscription warrants	-	-	-	-	-
Dec. 31, 2018	78,006,250	86,278,764	160,279,343	(44,456)	324,519,901

Note 5.9 Revaluation reserve

At December 31, 2018, 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 Dec. 31, 2017	Additions	Reversals	Provision at Dec. 31, 2018
Provisions for free shares granted/provision for employer contributions relating to free shares granted(1)	235,610	-	235,610	-
Total	235,610	-	235,610	-

(1) See Note 5.5.

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.

Since 2012, Cegereal's main business has been the direct or indirect ownership of shareholdings in property companies that lease the buildings they own. Its only revenue is derived from charging management fees to its subsidiaries.

Note 5.12 Breakdown of other purchases and external charges

At December 31, 2018, other purchases and external charges can be analyzed as follows:

In euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Expenses rebilled to lessees		
Rental expenses	117,118	14,084
Building maintenance and repairs	-	-
Expenses on vacant premises	-	-
Fees	1,704,061	1,126,692
Publications	297,255	246,113
Sundry expenses	446,339	382,764
	2,564,773	1,769,653

Fees include fees related to the capital increase in a total amount of EUR 793,896.

Note 5.13 Financial income and expenses

At December 31, 2018, financial income and expenses can be analyzed as follows:

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Financial income	3,360	1,497
Financial income from controlled entities	*3,353*	*1,332*
Penalty interest	*6*	*165*
Financial expenses	(85)	(35)
Interest and charges on bank borrowings	*(85)*	*(35)*
Net financial income	**3,274**	**1,462**

Financial income from equity investments corresponds to the dividends paid by K Rueil.

Note 5.14 Non-recurring items

Non-recurring items for the year ended December 31, 2018 correspond to capital gains and losses on the sale of treasury shares.

Note 5.15 Taxable income

Election for tax treatment as a SIIC

Cegereal SA 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.

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. Similarly, no tax was payable on capital gains arising on disposals of real estate or equity interests in subsidiaries eligible for the same tax treatment.

Income tax expense for the reporting period is as follows:

In thousands of euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months
Corporate income tax(1)	-	-
Additional corporate income tax contribution(2)	-	(1,765)
Corporate income tax	**-**	**(1,765)**

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

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 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. This amount was reimbursed in 2018.

Terms and conditions and impact of tax treatment as a SIIC

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).

SIICs that have elected for preferential treatment are exempt 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. This rate was increased from 60% to 70% by the 2019 French Finance Act;
- dividends received from subsidiaries having elected for preferential tax treatment and resulting from exempt income or from capital gains and dividends received from SPPICAVs whose share capital and voting rights 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.
- The Amending French Finance Act for 2006 stipulates that companies may not benefit from preferential tax treatment as a 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.
- In addition, exempt income corresponding to the share of income generated by partnerships falling within the scope of Article 8 of the French Tax Code is deemed to have come from operations carried out directly by SIICs or their subsidiaries that have elected for the SIIC rules. Accordingly, this income must be distributed pursuant to the above-mentioned time limits and proportions, based on whether it results from the lease or sale of buildings or from dividends.

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.

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 5.16 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	2018 revenue (net of taxes)	2018 net income (loss)	Dividends received by the company in 2018
Subsidiaries (more than 50%-owned)								
- Prothin SAS	72,897,768	19,272,659	100	187,902,879		53,016,517	1,870,861	-
- K Rueil OPCI[1]	174,944	76,752,633	100	53,782,365		-	(258,153)	4,653,425
- CGR Holdco EURL	1,000	-	100	1,000		-	(3,922)	-
- CGR Propco SCI	1,000	-	99	999	73,100,000	886,319	(3,213,892)	-
Investments (between 0- and 10%-owned)								
- Hanami SCI	184	16,974,361	1	285,443		13,540,110	501,067	-
Total	73,074,896	112,999,653	400	241,972,686	73,100,000	67,442,946	(1,104,038)	4,653,425

(1) The EUR 4,653,425 in dividends received by K Rueil OPCI in 2018 include EUR 1,300,000 distributed in 2017.

Note 5.17 Off-balance sheet commitments and security provided

Under the loan agreement entered into by Prothin, Cegereal has made the following commitments:

- Pledge of the Prothin shares held by Cegereal;

- Pledge of any intragroup loans due to Cegereal by Prothin as borrower.

Under the loan agreement entered into by Hanami Rueil SCI, Cegereal has made the following commitments:

- Pledge of the Hanami Rueil SCI shares held by Cegereal and K Rueil.

Under the loan agreement entered into by CGR Propco SCI, Cegereal has made the following commitments:

- Pledge of the CGR Propco SCI shares held by Cegereal and CGR Holdco EURL;

- Pledge of any intragroup loans due to Cegereal by CGR Propco SCI as borrower;

- Letters of intent within the meaning of Article 2322 of the French Civil Code.

Note 5.18 Recommended dividend payout

The Board of Directors is proposing to appropriate net income as follows:

Source:

- 2018 net loss: EUR 44,456

- Prior retained earnings: EUR 14,006

- Other reserves: EUR 122,849

Appropriation:

- Retained earnings: EUR 14,006, reducing Retained earnings to zero

- Other reserves: EUR 30,450, reducing Other reserves from EUR 122,849 to EUR 92,399

In addition, subject to approval by the General Shareholders' meeting, the Board also proposes to distribute reserves and additional paid-in capital in an amount of EUR 2.3 per share.

Note 5.19 Headcount

The Company had three employees at December 31, 2018.

The Group only has three 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, 2018.

Note 5.20 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, 2018:

In euros

	Amount (excl. tax)		%	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Statutory audit of the financial statements	154,078	175,310	77	93
Services not related to the statutory audit engagement	46,488	13,200	23	7
Total	200,566	188,510	100	100

Note 5.21 Subsequent events

None

3.3. OTHER INFORMATION

CHANGES IN SHARE CAPITAL OVER THE PAST FIVE YEARS

In euros

	Dec. 31, 2018 12 months	Dec. 31, 2017 12 months	Dec. 31, 2016 12 months	Dec. 31, 2015 12 months	Dec. 31, 2014 12 months
Capital at year end		-			
Share capital	78,006,250	66,862,500	66,862,500	160,470,000	160,470,000
of which paid up	78,006,250	66,862,500	66,862,500	160,470,000	160,470,000
Number of ordinary shares	15,601,250	13,372,500	13,372,500	13,372,500	13,372,500
Operations and income/(loss) for the year					
Revenue (excl. tax)	249,160	85,544	70,000	46,667	-
Income/(loss) before tax, employee profit-sharing, and depreciation, amortization and provisions	(236,558)	(1,626,967)	(5,882,528)	(2,807,179)	65,857,652
Income/(loss) after tax, employee profit-sharing, and depreciation, amortization and provisions	(44,456)	(77,234)	(6,684,893)	(3,463,161)	65,539,236
Income distributed	-	54,827,250	28,082,250	26,745,000	32,094,000
Earnings per share					
Income/(loss) before tax, employee profit-sharing, and depreciation, amortization and provisions	(0.02)	(0.12)	(0.44)	(0.21)	4.92
Income/(loss) after tax, employee profit-sharing, and depreciation, amortization and provisions	-	(0.01)	(0.50)	(0.26)	4.90
Dividend paid per share	-	4.10	2.10	2.00	2.40
Personnel					
Average headcount during the year	4	3	3	3	-
Payroll costs for the year (1)	714,151	871,904	792,428	649,380	258,734
Social security charges(1)	300,884	367,612	334,152	266,126	121,105

(1) These amounts include compensation paid to the former Chief Executive Officer in an amount of EUR 394,540 and the related security charges totaling EUR 126,621.

3.4. STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Cegereal S.A.

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

Share capital: EUR 78,006,250

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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,

Opinion

In compliance with the engagement entrusted to us by the General Shareholders' Meeting, we have audited the accompanying financial statements of Cegereal SA for the year ended December 31, 2018.

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, 2018 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 these 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, 2018 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 the most significant 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, 2018, equity investments and related receivables stood at EUR 242,005 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 entities concerned (as calculated by external real estate valuers) as well as their future prospects 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 material 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 valuation 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 or subject to analytical procedures;
- reconciling the carrying amount of the properties used with the carrying amount presented in the financial statements of the entities concerned, which have been audited or subject to analytical procedures;
- comparing the fair value of the properties used with the fair value calculated by external real estate valuers, by carrying out the following procedures:
  - assessing the competency, independence and integrity of the external real estate valuers appointed by the Company;
  - analyzing any material changes in the fair value of each 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 valuation method applied;
  - reconciling the data used by the external real estate valuers with the data presented in the documentary evidence provided to us by the Company, such as tenancy schedules and investment budgets;
  - verifying the consistency of the main valuation 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.

Specific verifications

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

Information given in the management report and in the other documents provided to the shareholders 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 Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-4 of the French Commercial Code.

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 the Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.225-37-5 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning 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, 2018, KPMG and Denjean & Associés were in the fourteenth and eighth consecutive year of their 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 financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 financial statements were approved by the Board of Directors.

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 taken by users 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 the Company's management.

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 in the financial statements, whether due to fraud or error, design and perform audit procedures in response 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 the internal control procedures 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 the most significant for 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, February 26, 2019	Paris, February 26, 2019
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
Partner	Partner

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

Cegereal S.A.

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

Share capital: EUR 78,006,250

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

General Shareholders' Meeting for the approval of the 2018 financial statements

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,

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

Agreements and commitments authorized and entered into during the year

We were not informed of any agreement or commitment authorized and entered into during the year to be submitted for approval at the General Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the General Shareholders' Meeting in previous years, remained in force during the year.

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 provided for:

- the payment of an amount of EUR 130,208;
- the 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. 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.

In 2018, the Company recognized an expense of EUR 200,000 after employer contributions with respect to the non-compete clause.

The Statutory Auditors

Paris-La Défense, February 26, 2019	Paris, February 26, 2019
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
Partner	Partner

4. LEGAL INFORMATION

1. Report of the Board of Directors to the General Shareholders' Meeting

The Board of Directors has convened an Ordinary and Extraordinary Shareholders' Meeting on April 30, 2019 to report on the Company's and Group's activity in the course of the year that began on January 1, 2018 and ended on December 31, 2018, 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.

1.1. BOARD OF DIRECTORS' REPORT ON THE AGENDA OF THE APRIL 30, 2019 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 44,456 and net attributable income of EUR 33,105,585.95 respectively, to the shareholders for approval.

Appropriation of the 2018 net loss and setting of the dividend

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

Source:

- 2018 net loss: EUR 44,456
- Prior retained earnings: EUR 14,006
- Other reserves: EUR 122,849

Appropriation:

- Retained earnings: EUR 14,006, reducing "Retained earnings" to zero
- Other reserves: EUR 30,450, reducing "Other reserves" from EUR 122,849 to EUR 92,399

Distribution of reserves and additional paid-in capital

The fourth resolution proposes a distribution of reserves and additional paid-in capital in an amount of EUR 2.3 per share, to be deducted from "Other reserves" and "Additional paid-in capital".

This distribution constitutes a repayment of capital contributions within the meaning of Article 112-1 of the French Tax Code (*Code général des impôts*).

If this proposal is adopted, the distribution will take place on May 7, 2019.

Related party agreements and commitments

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

Directors' fees

The sixth resolution relates to directors' fees. The shareholders are being asked to set the overall amount of directors' fees allocated to members of the Board of Directors at EUR 240,000. 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 required by 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 seventh 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.

We are asking you to duly note that John Kukral and Jérôme Anselme do not receive any compensation in respect of their office as, respectively, Chairman of the Board of Directors and Chief Executive Officer of the Company.

Share buy-back program

The eighth 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, is due to expire on October 23, 2019.

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 24, 2018 Ordinary Shareholders' Meeting.

The buy-backs may be carried out for any purposes permitted by law, in particular:

- 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 in accordance with the practices permitted by the applicable regulations;
- 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 in the Company pursuant to the applicable regulations;
- to implement any market practices that may subsequently be permitted by the AMF and, more generally, to carry out any other transactions in compliance with the applicable regulations;
- to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the General Shareholders' Meeting in its ninth 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 74,117,565.

The ninth resolution allows the Company to cancel the shares bought back for this purpose under the share buy-back program, within the limit of 10% of the share capital over a 24-month period.

Authorities to increase share capital

The tenth resolution grants authority to the Board of Directors to capitalize all or part of reserves, profits and additional paid-in capital by raising the par value or granting ordinary free shares.

This authority would terminate the authority granted to the Board of Directors by the April 20, 2017 General Shareholders' Meeting in its twenty-first resolution, which expires on June 20, 2019.

Consequently, we propose to renew the authority and grant the Board of Directors, for a further 26 months, the authority to increase the capital by capitalizing reserves, profits, additional paid-in capital or other amounts that may be capitalized, by issuing and granting free shares, raising the par value of existing ordinary shares or a combination of these two methods.

The amount of the capital increase resulting from issues carried out under this delegation of authority may not exceed a nominal amount of EUR 300,000,000.

This amount does not include the total nominal value of additional ordinary shares that may be issued to maintain the rights of holders of securities granting access to shares, in accordance with legal provisions.

This amount is independent from any other limits provided for in the other delegations of authority at this General Shareholders' Meeting.

Resolutions eleven to sixteen refer to the delegations of financial authority granted to the Board of Directors to issue, at any time, ordinary shares, granting access to other ordinary shares or debt securities and/or ordinary shares or securities granting access to ordinary shares to be issued by the Company, with or without pre-emptive subscription rights for existing shareholders, according to the Company's needs and given the characteristics of the markets at the time under consideration.

The General Shareholders' Meeting of April 20, 2017 granted such delegations of financial authority to the Board of Directors.

At its meeting of September 6, 2018, the Board of Directors decided to use the delegation of authority granted to it in the twenty-second resolution passed at the General Shareholders Meeting on April 20, 2017, and to authorize a capital increase with pre-emptive subscription rights for existing shareholders. Pursuant to the sub-delegation granted to him by the Board of Directors on September 6, 2018, on September 28, 2018 the Chief Executive Officer decided to carry out a capital increase with pre-emptive subscription rights for existing shareholders in a total amount (including additional paid-in capital) of EUR 79,900,687.50 (par value of EUR 11,143,750 and additional paid-in capital of EUR 68,756,937.50) through the issue of 2,228,750 new shares at a price of EUR 35.85 per share (par value of EUR 5 and additional paid-in capital of EUR 30.85), fully subscribed in cash and paid up, with respect to both the par value and the additional paid-in capital ("**Capital Increase with Pre-emptive Subscription Rights for Existing Shareholders**"). The Company's share capital was thus increased from EUR 66,862,500 to EUR 78,006,250, divided into 15,601,250 fully-paid shares each with a par value of EUR 5.

The Capital Increase with Pre-emptive Subscription Rights for Existing Shareholders was the subject of a prospectus approved by the French financial markets authority (*Autorité des marchés financiers* – AMF) on September 28, 2018 under number 18-462.

The Board of Directors has prepared a supplementary report on the final terms of the Capital Increase with Pre-emptive Subscription Rights for Existing Shareholders in accordance with the provisions of Articles L.225-129-5 and R.225-116 of the French Commercial Code.

Pursuant to the legislation and regulations in force, this report is available to the shareholders at the Company's head office and will be brought directly to the shareholders' attention at the forthcoming General Shareholders' Meeting.

Given that the abovementioned delegations of authority are due to expire on June 20, 2019, the shareholders are invited to renew them for a period of 26 months in order to allow the Board of Directors to carry out such operations.

In the event of a transaction involving the share capital, the Board of Directors favors maintaining pre-emptive subscription rights for existing shareholders.

However, some circumstances or opportunities may require the cancelation of these rights as part of a public offer or private placement for qualified investors or a limited pool of investors. In addition, it is in the Company's best interests to reserve the right to issue securities in a public exchange offer for the securities of another company. Similarly, the Company must be able to issue ordinary shares or securities granting access to ordinary shares as consideration for the acquisitions.

Issues carried out with pre-emptive subscription rights (eleventh resolution) may reach a maximum nominal amount of EUR 300,000,000.

Issues carried out without pre-emptive subscription rights (twelfth and thirteenth resolutions) by means of a public offer or by private placement could represent EUR 300,000,000, limited to 20% of the share capital per year in the case of issues by private placement.

The resolution also provides that the Board may grant existing shareholders a priority period to subscribe to the shares issued.

The aggregate nominal amount of debt securities that can be issued pursuant to each of the delegations of authority shall not exceed EUR 300,000,000, or the equivalent in another currency, insofar as the aggregate limit also covers delegations of authority for issues without pre-emptive subscription rights made by way of public offer or private placement.

Issues in consideration of contributions of equity securities or securities granting access to the share capital (sixteenth resolution) would be capped at 10% of the share capital at the date of the General Shareholders' Meeting.

In order for the abovementioned resolutions to be included on the agenda, a resolution concerning a capital increase for members of an employee savings plan must be submitted to the General Shareholders' Meeting (fifteenth resolution).

a) Eleventh resolution: Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, with pre-emptive subscription rights

We propose to set the maximum total nominal amount of shares authorized for issue pursuant to this delegation of authority at EUR 300,000,000. This amount is independent from any other limits provided for in the delegations of authority without pre-emptive subscription rights and does not include the total nominal value of additional ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions.

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

Under this delegation of authority, the ordinary shares and/or any securities granting access to the share capital are issued with pre-emptive subscription rights for existing shareholders. If the issue is undersubscribed, the Board of Directors has the following options:

1. to limit the issue to the amount subscribed provided that it equals at least three quarters of the issue authorized;
2. to distribute without restriction all or part of the unsubscribed securities;
3. to float all or part of the unsubscribed securities.

b) Twelfth resolution: Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, without pre-emptive subscription rights by means of a public offer.

Under this delegation of authority, the issues are offered to the public. Pre-emptive subscription rights for existing shareholders to ordinary shares and/or securities granting access to the share capital are canceled, but the Board of Directors may grant existing shareholders a priority subscription right.

The total nominal amount of shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000. This amount is deducted from the maximum nominal amount of shares authorized for issue under the authority to increase the share capital without pre-emptive subscription rights by way of a private placement.

The nominal amount of Company debt securities authorized for issue may not exceed EUR 300,000,000. This amount is deducted from the maximum nominal amount of debt securities authorized for issue under the authority to increase the share capital without pre-emptive subscription rights by way of a private placement.

The sum paid or owed to the Company for each ordinary share issued, after taking into account the subscription price of any share subscription warrants issued, is determined in accordance with the legal and regulatory provisions and is at least equal to the minimum required in application of Article R.225-119 of the French Commercial Code when the Board of Directors implements the delegation of authority.

In the event of an issue of securities tendered to remunerate securities contributed in a public exchange offer, the Board of Directors is granted the necessary powers, within the abovementioned limits, to define the list of securities tendered in the exchange, the terms of issue, the exchange ratio, the balance to be settled in cash, where applicable, and the issue procedures.

If the issue of ordinary shares or securities granting access to the share capital is undersubscribed, the Board of Directors has the following options:

1. to limit the issue to the amount subscribed provided that it equals at least three quarters of the issue authorized;
2. to distribute without restrictions all or part of the unsubscribed securities.

c) Thirteenth resolution: Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, without pre-emptive subscription rights by means of an offer as defined in section II of Article L.411-2 of the French Monetary and Financial Code (private placement)

Under this delegation of authority, the issues are carried out as an offer, as defined in Section II of Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*).

Pre-emptive subscription rights for existing shareholders to ordinary shares and/or securities granting access to the share capital are canceled.

The total nominal amount of shares authorized for issue may not exceed EUR 300,000,000 and is limited to 20% of the share capital per year. This amount is deducted from the maximum nominal amount of shares authorized for issue under the authority to increase the share capital without pre-emptive subscription rights by means of a public offer.

The nominal amount of Company debt securities authorized for issue may not exceed EUR 300,000,000. This amount is deducted from the maximum nominal amount of debt securities authorized for issue under the authority to increase the share capital without pre-emptive subscription rights by means of a public offer.

The sum paid or owed to the Company for each ordinary share issued, after taking into account the subscription price of any share subscription warrants issued, is determined in accordance with the legal and regulatory provisions and is at least equal to the minimum required in application of Article R.225-119 of the French Commercial Code when the Board of Directors implements the delegation of authority.

d) Fourteenth resolution: Determination of the terms and conditions for setting the subscription price in the event of the cancelation of pre-emptive subscription rights within the annual limit of 10% of the capital

In compliance with Article L.225-136-1, paragraph 2, of the French Commercial Code, we propose to authorize the Board of Directors' meeting which decides on the issuance of ordinary shares or securities granting access to the share capital without pre-emptive subscription rights by means of a public offer and/or private placement, to waive the terms and conditions for setting the subscription price indicated above, within the limit of 10% of the share capital per year, and to set the issue price of the equity securities to be issued in accordance with the following terms and conditions:

The issue price of the equity securities for immediate or deferred issue will be at least equal to the weighted average price of the Company's stock on the trading day prior to the date on which the issue price is set, which may be discounted by up to 15%. This exceptional pricing rule may be explained by the discount at which the Company's stock is trading compared with its NAV.

e) Fifteenth resolution: Authorization to increase the amount of shares issued in the event of over-subscription

We propose, in connection with the above-mentioned delegations of authority with or without pre-emptive subscription rights, to grant the Board of Directors the option of increasing, in accordance with the terms and limits set by the legal and regulatory provisions, the number of securities planned for the initial issue.

f) Sixteenth resolution: Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital, within the limit of 10%, in consideration of contributions of securities granting access to capital

This authority would terminate the authority granted to the Board of Directors by the April 20, 2017 General Shareholders' Meeting, which expires on June 20, 2019.

In order to facilitate acquisitions, we propose to renew this delegation of authority and grant the Board of Directors the authority to increase the share capital by issuing ordinary shares or securities granting access to the share capital in consideration of any contributions to the Company of shares or securities granting access to capital.

This delegation of authority would be granted for 26 months.

The total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed 10% of the share capital. This amount is independent from any other limits provided for in the other delegations of authority to increase the share capital.

g) Seventeenth resolution: Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or securities granting access to the share capital without pre-emptive subscription rights in favor of members of a company savings plan in accordance with Articles L.3332-18 et seq. of the French Labor Code

This resolution has been submitted in order to comply with Article L.225-129-6 of the French Commercial Code, under the terms of which the Extraordinary Shareholders' Meeting is also asked to vote on a resolution referring to capital increases in application of Articles L.3332-18 et *seq.* of the French Labor Code (*Code du travail*) when it delegates its authority to carry out capital increases in cash.

Under this delegation of authority, the shareholders are asked to authorize the Board of Directors to increase the share capital in favor of members of a company savings plan, in accordance with Articles L.3332-18 et *seq.* of the French Labor Code, by issuing ordinary cash shares and, where applicable, by granting free ordinary shares or other securities granting access to the share capital.

In compliance with the law, the General Shareholders' Meeting would cancel shareholders' pre-emptive subscription rights.

The maximum nominal amount of the increase(s) in share capital that could be carried out by means of this delegation of authority is EUR 780,000. This delegation of authority is granted for 26 months.

In compliance with Article L.3332-19 of the French Labor Code, the price of the shares to be issued may not be over 20% (or 30% if the lock-up period provided for by the plan pursuant to Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more) lower than the average of the opening price of the share during the 20 trading days prior to the Board of Directors' decision to increase the share capital and issue the corresponding shares; nor may it be higher than said average.

The Board of Directors is granted, within the limits set out above, full powers notably to set the terms and conditions of the issue(s), where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase(s) to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

Obviously, the completion of such a reserved capital increase remains subject to the Company having a company savings plan.

Such a capital increase is not in line with the compensation policy currently pursued by the Company and does not correspond to the strategy proposed by the Board. Consequently, the Board requests that shareholders purely and simply reject this resolution and vote against the proposed increase in share capital that will be submitted to them only to satisfy legal provisions. Authority was already granted to the Board of Directors under the same conditions by the General Shareholders' Meeting held on April 20, 2017 in its twenty-ninth resolution (extraordinary). The text of the seventeenth resolution is included in section IV.1.2 below.

h) Eighteenth resolution: Free shares

The eighteenth resolution concerns the granting of free shares to Group employees and corporate officers.

The General Shareholders' Meeting of May 26, 2016 authorized 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. This authorization expires on July 26, 2019.

The shareholders are therefore being asked to renew this authorization for a further period of 38 months, to enable the Board of Directors implement its policy of free share grants to Group employees and corporate officers.

The total number of shares that may be granted pursuant to this authorization may not exceed 1% of the Company's share capital on the first grant date. This amount is independent from the limits provided for in other delegations of authority to increase the share capital approved at this General Shareholders' Meeting.

The text of the eighteenth resolution is included in section IV.1.2 below.

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, 2018 – Approval of non tax-deductible expenses.
2. Approval of the consolidated financial statements for the year ended December 31, 2018.
3. Appropriation of the net loss for the year.
4. Distribution of reserves and additional paid-in capital.
5. Statutory Auditors' special report on related party agreements and commitments and acknowledgment of absence of new agreements.
6. Amount of directors' fees to be allocated to members of the Board of Directors.
7. Approval of the principles and criteria for setting, allocating and awarding items of compensation of executive corporate officers (ex ante vote).
8. 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:

9. 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.
10. Delegation of authority to the Board of Directors to increase the Company's share capital by capitalizing reserves, profits, and/or additional paid-in capital, period of validity of the delegation, maximum nominal amount of the increase in share capital, fractional shares.
11. Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued (by the Company or a company belonging to the Group), with pre-emptive subscription rights, period of validity of the delegation, maximum nominal amount of the increase in share capital, option of offering unsubscribed shares to the public.
12. Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued (by the Company or a company belonging to the Group) without pre-emptive subscription rights by means of a public offer and/or in consideration for securities as part of a public exchange offer, period of validity of the delegation, maximum nominal amount of the increase in share capital, issue price, option of limiting the issue to the amount subscribed or of distributing unsubscribed securities.
13. Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued (by the Company or a company belonging to the Group) without pre-emptive subscription rights by means of an offer as defined in section II of Article L.411-2 of the French Monetary and Financial Code, period of validity of the delegation, maximum nominal amount of the increase in share capital, issue price, option of limiting the issue to the amount subscribed or of distributing unsubscribed securities.
14. Authorization, in the event of the cancelation of pre-emptive subscription rights, to set the issue price, within the limit of 10% of the share capital per year and according to the conditions determined by the General Shareholders' Meeting.
15. Authorization to increase the amount of shares issued in the event of over-subscription
16. Delegation of authority to the Board of Directors to increase the capital by issuing ordinary shares and/or securities granting access to the share capital, within the limit of 10%, in consideration of contributions of shares or securities granting access to the capital, period of validity of the delegation.
17. Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting access to the share capital without pre-emptive subscription rights in favor of members of a company savings plan in accordance with Articles L.3332-18 et seq. of the French Labor Code, period of validity of the delegation, maximum nominal amount of the increase in share capital, issue price, possibility to grant free shares in accordance with Article L.3332-21 of the French Labor Code.
18. Authorization to be granted to the Board of Directors for the purpose of granting, free of consideration, existing shares or shares to be issued to employees and/or corporate officers of the Company and/or its subsidiaries, waiver by shareholders of their pre emptive subscription right, period of validity of the authorization, ceiling, setting of the vesting periods and holding periods.
19. Powers for formalities.

PROPOSED RESOLUTIONS

Ordinary resolutions:

<u>First resolution – Approval of the annual financial statements for the year ended December 31, 2018 – Approval of non tax-deductible expenses</u>

Having reviewed the Board of Directors' report and the Statutory Auditors' reports for the year ended December 31, 2018, the General Shareholders' Meeting approves the financial statements for 2018 as presented, i.e., showing a net loss of EUR 44,456.

The General Shareholders' Meeting formally notes that no expenses or charges referred to in Article 39 (4) of the French Tax Code, were incurred with respect to the last fiscal year.

<u>Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2018</u>

Having reviewed the Board of Directors' report, the Chairman's report and the Statutory Auditors' reports for the year ended December 31, 2018, the General Shareholders' Meeting approves the consolidated financial statements as presented, i.e., showing net attributable income of EUR 33,105,585.95.

<u>Third resolution – Appropriation of net loss for the year</u>

On the recommendation of the Board of Directors, the General Shareholders' Meeting decides to appropriate the net loss for the year ended December 31, 2018 as follows:

Source:

- 2018 net loss: EUR 44,456
- Prior retained earnings: EUR 14,006
- Other reserves: EUR 122,849

Appropriation:

- Retained earnings: EUR 14,006, reducing Retained earnings to zero
- Other reserves: EUR 30,450, reducing Other reserves from EUR 122,849 to EUR 92,399

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 in accordance with Article 158-3-2° of the French Tax Code		Ineligible for tax rebate in accordance with Article 158-3-2° of the French Tax Code	Distribution treated as the reimbursement of a contribution
	Dividends	Other income distributed		
Dec. 31, 2015	€26,745,000[(1)] i.e., €2/share	-	-	-
Dec. 31, 2016	-	-	-	28,082,250 €[(1)] i.e., €2.10 per share
Dec. 31, 2017	-	-	-	54,827,250 €[(1)] i.e., €4.10 per share

(1) Including the amount corresponding to dividends on treasury shares.

<u>Fourth resolution – Approval of a distribution of reserves and additional paid-in capital</u>

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 dividend of EUR 2.3 per share, making a total distribution of EUR 36,584,812, to be deducted as follows:

- EUR 92,399 from "Other reserves", reducing it from EUR 92,399 (after appropriation of the net loss) to zero;
- EUR 36,492,413 from "Additional paid-in capital", reducing it from EUR 86,278,764 to EUR 49,786,351.

The ex-distribution date is May 3, 2019.

The payment will take place on May 7, 2019.

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

In the event of a change in the number of shares granting entitlement to distributions from the 15,906,440 shares making up the share capital at March 22, 2019, the overall amount of distributions will be adjusted accordingly through a deduction from "Additional paid-in capital" and the amount allocated to "Retained earnings" will be determined based on distributions actually paid.

The General Shareholders' Meeting clarifies that this distribution constitutes a repayment of contributions within the meaning of Article 112-1 of the French Tax Code.

<u>Fifth resolution – Statutory Auditors' special report on related party agreements and commitments and acknowledgment of absence of new agreements</u>

Having reviewed the Statutory Auditors' special report mentioning the absence of any new agreements of the type referred to in Articles L.225-38 et seq. of the French Commercial Code, the General Shareholders' Meeting simply places this fact on record.

<u>Sixth resolution – Setting of the directors' fees to be allocated to the Board of Directors</u>

The General Shareholders' Meeting sets the overall amount of directors' fees allocated to members of the Board of Directors at EUR 240,000.

Said sum shall apply to the current fiscal year and shall remain unchanged until a further resolution is passed.

<u>Seventh resolution – Approval of 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 Chairman, Chief Executive Officer or Deputy Chief Executive Officer</u>

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 Chairman, Chief Executive Officer or Deputy Chief Executive Officer, as described in the report and referred to in section IV.1.4 of the 2018 Registration Document.

The General Shareholders' Meeting also duly notes that John Kukral and Jérôme Anselme did not receive any compensation in 2018 respect of their office as, respectively, Chairman of the Board of Directors and Chief Executive Officer of the Company.

<u>Eighth 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</u>

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 for any purposes permitted by law, in particular:

- 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 in accordance with the practices permitted by the applicable regulations;
- 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 implement any market practices that may subsequently be permitted by the AMF and, more generally, to carry out any other transactions in compliance with the applicable regulations;
- to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the General Shareholders' Meeting in its ninth 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 71,578,980.

The General Shareholders' Meeting grants full powers, which may be sub-delegated, to the Board of Directors to carry out such operations, set the terms and conditions, conclude all agreements and perform any and all formalities.

Extraordinary resolutions

Ninth 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 cancelation 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 validity period hereof at twenty-four (24) months from the date of this General Shareholders' Meeting.

3) Gives full powers, which may be sub-delegated, to the Board of Directors to carry out the operations required for such cancelations and the corresponding reductions in the share capital, to amend the Company's bylaws accordingly and carry out the required formalities.

Tenth resolution – Delegation of authority to the Board of Directors to increase the Company's share capital by capitalizing reserves, profits, and/or additional paid-in capital

Having reviewed the Board of Directors' report and in compliance with Articles L.225-129-2 and L.225-130 of the French Commercial Code, the General Shareholders' Meeting, deciding under the quorum and majority requirements for Ordinary Shareholders' Meetings:

1) Grants authority to the Board of Directors to increase the share capital, on one or more occasions at such time and under the terms and conditions it deems appropriate, by capitalizing reserves, profits, additional paid-in capital or other amounts that may be capitalized, by issuing and granting free shares, raising the par value of existing ordinary shares or a combination of these two methods.

2) Decides that if the Board of Directors uses this delegation of authority, in compliance with Article L.225-130 of the French Commercial Code, in the event of a capital increase through free share grants, the rights to fractional shares shall not be negotiable or transferable, and the attached shares shall be sold. The amounts received from the sale of these shares shall be allocated to the holders of said rights within regulatory time frames.

3) Sets the validity period hereof at twenty-six (26) months from the date of this General Shareholders' Meeting.

4) Decides that the amount of the capital increase resulting from issues carried out under this resolution may not exceed the nominal amount of EUR 300,000,000. This amount does not include the amount required to maintain the rights of holders of securities granting access to shares, in accordance with legal provisions.

5) This amount is independent from any other limits provided for in the other resolutions presented at this General Shareholders' Meeting.

6) Grants the Board of Directors full powers, which may be sub-delegated, to implement this resolution and, more generally, to take any and all measures and perform any formalities required to carry out each capital increase successfully, record the completion of the transaction and amend the bylaws accordingly.

7) Acknowledges that this delegation of authority supersedes, as of the date of this General Shareholders' Meeting and in the amount of the unused portion, where applicable, any prior delegation of authority granted to the same effect.

Eleventh resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, with pre-emptive subscription rights

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Article L.225-129-2, L.225-129-4, L.228-92 and L.225-132 et seq. of the French Commercial Code, the General Shareholders' Meeting:

1) Grants authority to the Board of Directors to issue, on one or several occasions and in proportions and at such time as it deems appropriate, in euros, foreign currencies or any other unit of account benchmarked to a basket of currencies:

- ordinary shares, and/or;
- equity securities granting access to other equity securities or granting entitlement to debt securities, and/or;
- securities granting access to equity securities to be issued.

In compliance with Article L.228-93 of the French Commercial Code, the securities to be issued may grant access to equity securities to be issued by the Company and/or by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital.

2) Sets the validity period hereof at twenty-six (26) months from the date of this General Shareholders' Meeting.

3) Decides to set the limit of issues authorized if the Board of Directors uses this delegation of authority, as follows:

The total nominal amount of Company shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000. This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments.

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000.

The amounts above are independent from any other limits provided for in the other resolutions presented at this General Shareholders' Meeting.

4) If the Board of Directors uses this delegation of authority for issues referred to in 1) above:

a/ Decides that the issue(s) of ordinary shares or securities granting access to the share capital are reserved preferably for shareholders with subscriptions to which they are entitled by way of right,

b/ Decides that if the subscriptions to which the shareholders are entitled by way of right, and, if applicable, applications for excess shares, do not absorb the entire issue referred to in 1) above, the Board of Directors has the following options:

- to limit the issue to the amount subscribed, it being specified that, in order for this limit to be applied, the amount subscribed must be equal to at least three quarters of the issue authorized for issues of ordinary shares, or of securities, where the primary security is a share;
- to distribute without restriction all or part of the unsubscribed securities;
- to float all or part of the unsubscribed securities.

5) Decides that the Board of Directors will be granted, within the abovementioned limits, full powers, which may be sub-delegated, notably to set the terms and conditions of the issue(s) and the issue price, where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

6) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Twelfth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, without pre-emptive subscription rights by means of a public offer

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Article L.225-129-2, L.225-129-4, L.225-136, L.225-148 and L.228-92 of the French Commercial Code, the General Shareholders' Meeting:

1) Grants authority to the Board of Directors to issue, on one or several occasions and in proportions and at such time as it deems appropriate, through a public offer, on the French market and/or abroad, in euros, foreign currencies or any other unit of account benchmarked to a basket of currencies:

- ordinary shares, and/or;
- equity securities granting access to other equity securities or granting entitlement to debt securities, and/or;
- securities granting access to equity securities to be issued.

These securities may be issued to remunerate securities that may be contributed to the Company in the framework of a public exchange offer satisfying the conditions set forth in Article L.225-148 of the French Commercial Code.

In compliance with Article L.228-93 of the French Commercial Code, the securities to be issued may grant access to equity securities to be issued by the Company and/or by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital.

2) Sets the validity period hereof at twenty-six (26) months from the date of this General Shareholders' Meeting.

3) The total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000. This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments. This amount is deducted from the capital increase limit set in the thirteenth resolution (relating to issues without pre-emptive subscription rights by way of a private placement).

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000. This amount is deducted from the nominal amount limit for debt securities set in the thirteenth resolution (relating to issues without pre-emptive subscription rights by way of a private placement).

4) Decides to cancel shareholders' pre-emptive subscription rights attached to the ordinary shares and securities concerned by this resolution and authorizes the Board of Directors to grant shareholders, where applicable and under the conditions provided for in Article L.225-135 of the French Commercial Code, priority rights to subscribe to the shares to which they are entitled by way of right, as well as to excess shares, for all or part of an issue.

5) Decides that the sum paid or owed to the Company for each ordinary share issued under this delegation of authority, after taking into account the subscription price of any share subscription warrants issued, is at least equal to the minimum required by the legal and regulatory provisions in force when the Board of Directors implements the delegation of authority.

6) Decides, in the event of an issue of securities tendered to remunerate securities contributed in a public exchange offer, that the Board of Directors is granted, in accordance with the provisions of Article L.225-148 of the French Commercial Code and the abovementioned limits, the necessary powers to define the list of securities tendered in the exchange, the terms of issue, the exchange ratio, the balance to be settled in cash, where applicable, and the conditions of the issue.

7) Decides that, if the issue mentioned in 1) is undersubscribed, the Board of Directors has the following options:

- to limit the issue to the amount subscribed, on the understanding that, in order for this limit to be applied, the amount subscribed must be equal to at least three quarters of the issue authorized for issues of ordinary shares, or of securities, where the primary security is a share;
- to distribute without restriction all or part of the unsubscribed securities.

8) Decides that the Board of Directors will be granted, within the abovementioned limits, full powers, which may be sub-delegated, notably to set the terms and conditions of the issue(s), where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

9) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Thirteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, without pre-emptive subscription rights by means of an offer as defined in section II of Article L.411-2 of the French Monetary and Financial Code (private placement)

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Articles L.225-129-2, L.225-136 and L.228-92 of the French Commercial Code, the General Shareholders' Meeting:

1) Grants authority to the Board of Directors to issue, on one or several occasions and in proportions and at such time as it deems appropriate, on the French market and/or abroad, through an offer as defined in Section II of Article L.411-2 of the French Monetary and Financial Code, in euros, foreign currencies or any other unit of account benchmarked to a basket of currencies:

- ordinary shares, and/or;
- equity securities granting access to other equity securities or granting entitlement to debt securities, and/or;
- securities granting access to equity securities to be issued.

In compliance with Article L.228-93 of the French Commercial Code, the securities to be issued may grant access to equity securities to be issued by the Company and/or by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital.

2) Sets the validity period hereof at twenty-six (26) months from the date of this General Shareholders' Meeting.

3) The total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000 and is limited to 20% of the share capital per year.

This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments. This amount is deducted from the capital increase limit set in the twelfth resolution (relating to issues without pre-emptive subscription rights through a public offer).

The nominal amount of Company debt securities authorized for issue pursuant to this delegation of authority may not exceed EUR 300,000,000. This amount is deducted from the nominal amount limit for debt securities set in the twelfth resolution (relating to issues without pre-emptive subscription rights through a public offer).

4) Decides to cancel shareholders' pre-emptive subscription rights attached to ordinary shares and securities granting access to the share capital and/or debt securities referred to in this resolution.

5) Decides that the sum paid or owed to the Company for each ordinary share issued under this delegation of authority, after taking into account the subscription price of any share subscription warrants issued, is at least equal to the minimum required by the legal and regulatory provisions in force when the Board of Directors implements the delegation of authority.

6) Decides that, if the issue mentioned in 1) is undersubscribed, the Board of Directors has the following options:

- to limit the issue to the amount subscribed, it being specified that, in order for this limit to be applied, the amount subscribed must be equal to at least three quarters of the issue authorized for issues of ordinary shares, or of securities, where the primary security is a share,
- to distribute without restriction all or part of the unsubscribed securities.

7) Decides that the Board of Directors will be granted, within the abovementioned limits, full powers, which may be sub-delegated, notably to set the terms and conditions of the issue(s), where applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole discretion, the costs of the capital increase to paid-in capital relating thereto, deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, and carry out any other necessary steps.

8) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Fourteenth resolution – Determination of the terms and conditions for setting the subscription price in the event of the cancelation of pre-emptive subscription rights within the annual limit of 10% of the capital

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of Article L.225-136-1, paragraph 2 of the French Commercial Code, the General Shareholders' Meeting authorizes the Board of Directors, which decides on the issuance of ordinary shares or securities granting access to the share capital pursuant to the twelfth and thirteenth resolutions (relating to issues without pre-emptive subscription rights through a public offer and private placement), to waive the terms and conditions for setting the subscription price indicated in the abovementioned resolutions, within the limit of 10% of the share capital per year, and to set the issue price of the equity securities to be issued in accordance with the following terms and conditions:

The issue price of the equity securities for immediate or deferred issue will be at least equal to the weighted average price of the Company's stock on the trading day prior to the date on which the issue price is set, which may be discounted by up to 15%.

Fifteenth resolution – Authorization to increase the amount of shares issued in the event of oversubscription

Having taken note of the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting:

1) Decides that for each issue of ordinary shares or securities granting access to the share capital decided in application of the eleventh, twelfth and thirteenth resolutions (relating to issues through a public offer or private placement with pre-emptive subscription rights maintained), the number of shares to be issued may be increased under the terms of Articles L.225-135-1 and R.225-118 of the French Commercial Code and within the limits set by the General Shareholders' Meeting when the Board of Directors notes a case of oversubscription.

2) Sets the validity period hereof at twenty-six (26) months from the date of this General Shareholders' Meeting.

Sixteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares and/or securities granting access to the share capital, within the limit of 10%, in consideration of contributions of shares or securities granting access to capital

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, and in compliance with Articles L.225-129-4, L.225-147 and L.228-92 of the French Commercial Code, the General Shareholders' Meeting:

1) Authorizes the Board of Directors to issue, based on the report of the independent appraiser (*commissaire aux apports*), ordinary shares or securities granting access to ordinary shares in consideration of contributions in kind granted to the company and comprising shares or securities granting access to capital in the event that the provisions of Article L.225-148 of the French Commercial Code are not applicable.

2) Sets the validity period hereof at twenty-six 26 months from the date of this General Shareholders' Meeting.

3) Decides that the total nominal amount of ordinary shares authorized for issue pursuant to this delegation of authority may not exceed 10% of the share capital on the date of this General Shareholders' Meeting. This amount does not include the nominal value of ordinary shares that may be issued to maintain the rights of holders of securities granting access to the Company's share capital, in accordance with legal provisions and, where applicable, contractual provisions providing for other adjustments. This amount is independent from any other limits provided for in the other resolutions presented at this General Shareholders' Meeting.

4) Grants the Board of Directors full powers, which may be sub-delegated, in order to approve the appraisal of the contributions, to decide on the resulting capital increase, record the completion of the transaction, charge, where applicable, the costs of the capital increase to paid-in capital relating thereto, to deduct from this charge the amount required to increase the legal reserve to one-tenth of the new share capital following each increase, to amend the bylaws accordingly, and to carry out any other necessary steps.

5) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose.

Seventeenth resolution – Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or securities granting access to the share capital without pre-emptive subscription rights in favor of members of a company savings plan in accordance with Articles L.3332-18 et seq. of the French Labor Code

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting, deciding pursuant to Articles L.225-129-4, L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and Articles L.3332-18 et seq. of the French Labor Code:

1) Delegates authority to the Board of Directors to increase the share capital on one or more occasions, at its sole discretion and if it deems appropriate, by issuing ordinary shares and/or securities granting access to the share capital to members of one or more company or group savings plans set up by the Company and/or any related French or foreign companies, in accordance with the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code.

2) Cancels, in favor of the above persons, the shareholders' pre-emptive subscription rights to the shares that could be issued pursuant to this delegation of authority.

3) Sets the validity period hereof at twenty-six (26) months from the date of this General Shareholders' Meeting.

4) Limits the maximum nominal amount of the increase(s) in share capital that may be carried out by means of this delegation of authority to EUR 780,000. This amount is independent from any other limits provided for in the delegation of authority to increase the share capital. This amount does not include the amount of additional ordinary shares that may be issued to maintain the rights of holders of securities granting rights to equity instruments of the Company, in accordance with the applicable legal provisions and, where applicable, contractual provisions providing for other adjustments;

5) Decides that the price of the shares to be issued, pursuant to paragraph 1) of this delegation of authority, may not be over 20% (or 30% if the lock-up period provided for pursuant to Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more), lower than the average opening price of the shares during the 20 trading days prior to the Board of Directors' decision to increase the share capital and issue the corresponding shares, nor may it be higher than said average.

6) Decides, in application of the provisions of Article L.3332-21 of the French Labor Code, that the Board of Directors may grant, without exchange for consideration, new or existing shares or other securities granting access to the share capital of the Company to the beneficiaries referred to in paragraph 1) above, in respect of (i) the employer's matching contribution that may be paid in application of the regulations of the company or group savings plans and/or (ii) where applicable, the discount.

7) Acknowledges that this delegation of authority supersedes any previous delegations of authority with the same purpose..

The Board of Directors may implement this delegation of authority or not, take any and all measures and perform the required formalities.

<u>Eighteenth resolution – Authorization to be given to the Board of Directors for the purpose of granting free shares to employees and/or certain corporate officers</u>

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting authorizes the Board to grant, on one or several occasions, in compliance with Articles L.225-129-4, L.225-197-1 and L.225-197-2 of the French Commercial Code, ordinary shares of the Company, either existing or to be issued, to:

- employees of the Company or 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.

The total number of free shares granted in this manner may not exceed 1% of the share capital as at the date of the Board's decision to grant free shares. The total number of free shares that may be granted to the Company's executive corporate officers may not exceed 0.5% of that amount.

Pursuant to this authorization, the free shares, including those granted to executive corporate officers, shall only vest subject to the beneficiary remaining with the Company and meeting one or several performance conditions set by the Board of Directors when the decision to award such shares is made.

In accordance with the conditions established by law, the Board of Directors shall, when the decision to award shares is made, set the length of the vesting period, at the end of which the shares will be fully vested. The vesting period may not be less than one year as of the grant date.

Additionally, in accordance with the conditions established by law, the Board of Directors shall, when the decision to award shares is made, set the length of the mandatory holding period, which begins on the date that the shares vest. The holding period may not be set at less than one year. However, in the event that the vesting period is set at two years or more, the Board of Directors may decide to waive the holding period.

By way of an exception, the shares shall vest before the end of the vesting period in the event that a beneficiary is deemed to have a disability that falls within the second or third categories provided for by Article L.341-4 of the French Social Security Code (*Code de la sécurité sociale*).

The existing shares that may be granted under this resolution must be purchased by the Company, either pursuant to Article L.225-208 of the French Commercial Code, or, if applicable, under the share buy-back program authorized under the eighth ordinary resolution adopted by this General Shareholders' Meeting in accordance with Article L.225-209 of the French Commercial Code, or any share buy-back program applicable either before or after the adoption of this resolution.

The General Shareholders' Meeting duly notes and decides that, in the event of a grant of free shares to be issued, this authorization entails the waiver by shareholders of their pre-emptive subscription right to the ordinary shares that will be issued as and when the shares vest in favor of the grantees of the free ordinary shares, and, if applicable at the end of the vesting period, an increase in share capital by capitalizing reserves, profits, or additional paid-in capital, in favor of the grantees of said free shares, and the waiver by shareholders of the capitalized portion of reserves, profits and additional paid-in capital, in favor of said grantees.

Full powers, which may be sub-delegated, are granted to the Board of Directors to:

- set the terms and conditions of the share grants and, where applicable, any criteria attached thereto;

- determine the beneficiaries of the free shares and the number of shares each beneficiary will receive;

- determine the impact on the beneficiaries' rights of any transactions carried out during the vesting or holding periods that affect the share capital or are likely to affect the value of the shares granted, and change or adjust, if necessary, the number of shares granted in order to preserve said rights;

- set, within the limits set by this resolution, the length of the vesting period for the free share grants and, where applicable, the length of the holding period;

- where applicable:

  - ensure that existing reserves are sufficient and transfer the amount required to pay up the new shares to a blocked reserve account each time free shares are granted;

  - set, at the appropriate time, the amount by which the Company's share capital will be increased by capitalizing reserves, profits, or additional paid-in capital for the issue of new shares granted free of consideration, on the understanding that the amount of the capital increase(s) shall not be deducted from the ceiling provided for in the delegation of authority to increase the share capital by capitalizing reserves granted at this General Shareholders' Meeting in the tenth resolution;

- purchase the necessary shares under the share buy-back program and allocate them to the share grant plan;
- take all necessary steps to ensure that the beneficiaries comply with the mandatory holding period; and
- generally, do everything that is required to implement this authorization, in accordance with the applicable regulations.

This authorization shall be valid for a period of 38 months from the date of this General Shareholders' Meeting.

This authorization supersedes any previous authorizations with the same purpose.

Nineteenth 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

Statutory Auditors' report on the share capital transactions specified in the ninth and eleventh to eighteenth resolutions tabled at the General Shareholders' Meeting of April 30, 2019.

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Cegereal SA and in compliance with the provisions of the French Commercial Code (*Code de commerce*), we hereby report to you on the transactions submitted for your approval.

1) Capital reduction by canceling repurchased shares (ninth resolution)

In compliance with the provisions of Article L.225-209 of the French Commercial Code applicable in the event of a capital reduction by canceling 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 capital reduction.

2) Issue of shares and other securities, with or without pre-emptive subscription rights (eleventh to sixteenth resolutions)

In compliance with the provisions of Articles L.228-92 and L.225-135 et seq. of the French Commercial Code, we hereby report to you on the proposed delegations of authority to the Board of Directors to carry out various issues of shares and/or securities, which are submitted to you for approval.

On the basis of its report, the Board of Directors is seeking a 26-month delegation of authority to decide on and set the final terms and conditions of the following operations, and to cancel shareholders' pre-emptive subscription rights, where appropriate:

- to issue, on one or several occasions in euros or foreign currencies, ordinary shares, and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, with pre-emptive subscription rights (eleventh resolution):
  - in compliance with Article L.228-93, paragraph 1 of the French Commercial Code, the securities to be issued can grant access to equity securities to be issued by the Company and/or by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital;
- to issue, on one or several occasions, in euros or foreign currencies, ordinary shares, and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, without pre-emptive subscription rights by means of a public offer (twelfth resolution):
  - these securities may be issued to remunerate securities that could be contributed to the Company in the framework of a public exchange offer satisfying the conditions set forth in Article L.225-148 of the French Commercial Code;
  - in compliance with Article L.228-93, paragraph 1 of the French Commercial Code, the securities to be issued can grant access to equity securities to be issued by the Company and/or by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital;
- to issue, on one or several occasions, within the limit of 20% of the share capital per year, in euros or foreign currencies, ordinary shares, and/or equity securities granting access to other equity securities or granting entitlement to debt securities and/or securities granting access to equity securities to be issued, without pre-emptive subscription rights, by means of an offer as defined in section II of Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) (thirteenth resolution):
  - in compliance with Article L.228-93, paragraph 1 of the French Commercial Code, the securities to be issued can grant access to equity securities to be issued by the Company and/or by any company that directly or indirectly owns more than half of its capital or in which it directly or indirectly owns more than half of the capital;
- to authorize the Board of Directors in the fourteenth resolution and under the delegations referred to in the twelfth and thirteenth resolutions, to set the issue price within the legal limit of 10% of the share capital per year;
- to delegate authority to the Board of Directors for 26 months to 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 to the Company of shares or securities granting access to capital (sixteenth resolution).

The total nominal amount of shares authorized for issue, immediately or in the future, under the eleventh, twelfth or thirteenth resolutions, or cumulatively under the twelfth and thirteenth resolutions, may not exceed EUR 300,000,000. The total nominal amount of debt securities authorized for issue under the eleventh, twelfth or thirteenth resolutions, or cumulatively under the twelfth and thirteenth resolutions, may not exceed EUR 300,000,000.

If the shareholders adopt the fifteenth resolution, these ceilings shall take into account the additional number of shares to be issued under the delegations referred to in the eleventh, twelfth or thirteenth resolutions, under the conditions set out in Article L.225-135-1 of the French Commercial Code.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R.225-113 et seq. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, the proposed cancelation of shareholders' pre-emptive subscription rights and on other information relating to the issues contained in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. Those procedures require that we examine the content of the Board of Directors' report concerning these transactions and the terms and conditions for determining the issue price of the new shares.

Subject to a subsequent examination of the conditions of the issues once they have been decided, we have no matters to report on the information provided in the Board of Directors' report relating to the methods used to set the issue price of equity securities to be issued under the twelfth, thirteenth and fourteenth resolutions.

Moreover, since this report does not provide for the terms and conditions used to set the issue price of the shares to be issued under the eleventh and sixteenth resolutions, we cannot give our opinion on the method and basis used to calculate the issue price.

Since the final terms and conditions of the issue have not been set, we do not express an opinion on these terms and conditions, or consequently on the proposed cancelation of the shareholders' pre-emptive subscription rights in the twelfth and thirteenth resolutions.

In accordance with Article R.225-116 of the French Commercial Code, we will issue a supplementary report, if and when the Board of Directors uses these delegations of authority to issue equity securities granting access to other equity securities or granting entitlement to debt securities, to issue securities granting entitlement to equity securities to be issued, or to issue shares without pre-emptive subscription rights.

3) Issue of shares and/or securities granting access to the share capital, reserved for members of a company savings plan (seventeenth resolution)

In compliance with the provisions of Article L.228-92 and L.225-135 et seq. of the French Commercial Code, we hereby report to you on the proposed delegation of authority to the Board of Directors to decide to issue ordinary shares or securities granting access to equity securities to be issued, on one or several occasions, without pre-emptive subscription rights, reserved for members of one or more company or group savings plans set up by the Company and/or any related French or foreign companies, in accordance with the provisions of Article L.225-180 of the French Commercial Code, within the limit of EUR 780,000, which is submitted for your approval.

These issues are submitted to the shareholders for approval in accordance with the provisions of Article L.225-129-6 of the French Commercial Code and Article L.3332-18 et seq. of the French Labor Code (*Code du travail*).

On the basis of its report, the Board of Directors proposes that the shareholders delegate authority to the Board, for a period of 26 months, to decide on the issue and to cancel shareholders' preemptive subscription rights to the shares or securities granting access to equity securities to be issued. In such an event, it would be the Board's responsibility to determine the final issuance conditions for this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R.225113 et *seq*. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancelation of the shareholders' pre-emptive subscription rights, and on certain other information relating to the issue provided in the report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this transaction and the methods used to set the issue price of the shares or securities granting access to equity securities to be issued.

Subject to a subsequent examination of the issue conditions once they have been decided, we have no matters to report on the methods used to set the issue price of the shares or securities granting access to equity securities to be issued as set out in the Board of Directors' report.

Since the final terms and conditions of the issue have not been set, we do not express an opinion on these terms and conditions or, consequently, on the proposed cancelation of the shareholders' preemptive subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare an additional report in the event that the Board of Directors uses this delegation of authority.

4) Authorization to grant free existing shares or free shares to be issued (eighteenth resolution)

In compliance with the provisions of Article L.225-197-1 of the French Commercial Code, we hereby report to you on the proposed authorization to grant free shares, either existing or be issued, on one or more occasions, to employees and/or corporate officers of the Company and of any related companies, which is submitted to you for approval. The total number of shares that may be granted under the authorization may not exceed 1% of the share capital at the date hereof. The total number of free shares that may be granted to the Company's executive corporate officers may not exceed 0.5% of that amount.

On the basis of its report, the Board of Directors proposes that the shareholders authorize the Board, for a period of 38 months, to grant free existing shares or free shares to be issued.

It is the Board of Directors' responsibility to prepare a report on the proposed transaction. It is our responsibility to provide you with our observations, if any, in respect of the information provided to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures primarily consisted in verifying that the proposed terms and conditions described in the Board of Directors' report comply with the applicable legal provisions.

We have no matters to report on the information provided in the Board of Directors' report concerning the proposed authorization to grant free shares.

The Statutory Auditors

Paris-La Défense, February 26, 2019	Paris, February 26, 2019
KPMG Audit FS I	**Denjean & Associés**
Régis Chemouny	Céline Kien
Partner	Partner

1.4. BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Dear Shareholders,

Pursuant to French law, the Boards of Directors of joint-stock corporations (*sociétés anonymes*) are required to give an account, in a report attached to the manage 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 21, 2019 and transmitted to the Statutory Auditors.

1.4.1. Corporate governance

In corporate governance matters and pursuant to the Board of Directors' decision of January 30, 2009, our Company refers to the June 2018 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 21, 2019, 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. As there has been no change in the current shareholder structure, the Company does not intend to alter this situation.	
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.	

1.4.1.1. Board of Directors

Composition of the Board of Directors

Pursuant to the Company's bylaws, directors are appointed for four-year terms.

At the date of this report, the composition of the Board was as follows:

	Personal information				Experience	Position on the Board					Participation in Board committees		
	Age	Man/ Woman	Nationality	Number of shares	Number of positions held in listed companies	Independent director	First appointed	Term renewed	Term expires	Current length of service	Committee membership	First appointed	Term expires
John Kukral	58	M	American	-	1	No	Nov-05-15	Apr-20-17	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	3.5 years	Chairman of the Board of Directors	Apr-14-16	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020
Khaled Kudsi	40	M	British	-	1	No	Nov-05-15	May-26-16	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	3.5 years	Member of the Appointments and Compensation Committee	Apr-14-16	Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019.
Jérôme Anselme	44	M	French	-	1	No	Nov-05-15	Apr-20-17	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	3.5 years	Chief Executive Officer	Feb-21-19	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020
Erin Cannata	29	W	American	-	1	No	Nov-05-15	Apr-20-17	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	3.5 years			
Sophie Kramer	41	W	French	-	1	No	Nov-05-15	Apr-20-17	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	3.5 years			
Europroperty Consulting represented by Alec Emmott	71	M	British	117 held personally by Alec Emmott	2 held by Europoperty Consulting, 0 held by Alec Emmott	Yes	Feb-24-11	May-26-16	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	8 years	Chairman of the Appointments and Compensation Committee Member of the Investment Committee	Member of the ACC: Feb.-21-19 Chairman of the ACC: Feb.-21-19 Member of the IC: Feb.-21-19	Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2022. Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2022.
Jean-Marc Besson	60	M	French	-	1	Yes	Apr-14-16	Apr-20-17	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	3 years	Chairman of the Investment Committee and member of the Audit Committee	Apr-14-16	Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019. Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019.
Marie-Flore Bachelier	49	W	French	-	1	Yes	Feb-17-16	Apr-24-18	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2021	3 years	Chair of the Audit Committee and member of the Appointments and Compensation Committee	Feb-14-16	Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019. Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019.
Euro Fairview Private Limited represented by Sebastien Abascal	41	M	French	-	2 held by Euro Fairview Private Limited, 3 held by Sebastien Abascal	No	Apr-14-16	May-26-16	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	3 years	Member of the Investment Committee and member of the Audit Committee	Apr-14-16	Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019. Board of Directors' meeting called to approve the financial statements for the year ending December 31, 2019.
Euro Lily Private Limited represented by Madeleine Cosgrave	51	W	British	-	2 held by Euro Lily Private Limited, 3 held by Madeleine Cosgrave	No	May-26-16		General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	2.5 years			

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 that 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 or corporate banker or advisor 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 member of the Board for more than 12 years. After 12 years, the director will no longer be considered to be independent;
- 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 director of a shareholder that exercises control over the Company or its parent. 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.

As there has been no change in the current shareholder structure, the Company does not intend to alter the number of independent directors on the Board.

Criteria (1)	John Kukral	Khaled Kudsi	Jérôme Anselme	Erin Cannata	Sophie Kramer	Europroperty Consulting represented by Alec Emmott	Jean-Marc Besson	Marie-Flore Bachelier	Euro Fairview Private Limited represented by Sébastien Abascal	Euro Lily Private Limited represented by Madeleine Cosgrave
Criterion 1: Employee corporate officer within the previous five years	√	√	√	√	√	√	√	√	√	√
Criterion 2: Cross-directorships	√	√	√	√	√	√	√	√	√	√
Criterion 3: Significant business relationships	√	√	√	√	√	√	√	√	√	√
Criterion 4: Family ties	√	√	√	√	√	√	√	√	√	√
Criterion 5: Statutory auditors	√	√	√	√	√	√	√	√	√	√
Criterion 6: Position held for more than 12 years	√	√	√	√	√	√	√	√	√	√
Criterion 7: Non-executive corporate officer status	X	√	X	√	√	√	√	√	√	√
Criterion 8: Major shareholder status	X	X	X	X	X	√	√	√	X	X

(1) In this table √ denotes an independence criterion that has been met and X denotes an independence criterion that has not been met

Criterion 1: Employee corporate officer within the previous five years

Not being or not having been within the previous five years:
- an employee or executive corporate officer of the Company;
- an employee, executive corporate officer or director of a company that is consolidated by it;
- an employee, executive corporate officer or director of the parent company or a company consolidated by said parent company.

Criterion 2: Cross-directorships

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.

Criterion 3: Significant business relationships

Not being a significant customer, supplier, investment banker, corporate banker or advisor:
- of the Company or the Group;
- or for which the Company or the Group represent a significant part of its business;

The Board debates on whether or not the relationship with the Company or the Group is significant and the quantitative and qualitative criteria that led to the evaluation (continuity, economic independence, exclusivity, etc.) are explained in the Annual Report.

Criterion 4: Family ties

Not being closely related to a corporate officer.

Criterion 5: Statutory Auditor

Not having been a Statutory Auditor of the Company within the previous five years.

Criterion 6: Position held for more than 12 years

Not having been a Board member for more than 12 years. Independent directorship status is suspended 12 years from the day he/she was appointed to his/her current term.

Criterion 7: Non-executive corporate officer status

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 cannot be considered independent.

Criterion 8: Major shareholder status

Directors with significant shareholdings in the Company or the parent company can be deemed independent if they do not exercise control over the Company. Nevertheless, beyond 10% of the capital or voting rights and acting on the report of the Appointments Committee, 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.

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, 2018.

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.

In accordance with the Board of Directors' Internal Rules and Regulations, the Board votes on all decisions related to the Company's key strategic, business, social and financial orientations and oversees their implementation by the Chief Executive Officer and the Deputy Chief Executive Officers.

As regards corporate social responsibility (CSR), the Board strives to promote value creation over the long-term taking into consideration the social and environmental impacts of the Company. It regularly reviews opportunities and risks, such as financial, legal, operational, social and environmental risks, in the light of the strategy it has defined, as well as the resulting measures taken. The Board may propose any change to the bylaws it deems appropriate in this respect.

As regards diversity and non-discrimination, the Board ensures that the executive corporate officers implement a non-discrimination and diversity policy aimed at achieving a balanced representation of women and men on the Board, its executive and management committees and, more broadly, its senior management.

The Sapin II anti-corruption rules are not applicable to Cegereal, as it does not meet the relevant regulatory thresholds. If the headcount and revenue thresholds are met in the future, the Board will ensure that a system is implemented for preventing and detecting corruption and influence peddling by executive corporate officers.

Cegereal is not subject to the risk of tax evasion as both its business and that of its subsidiaries are based entirely in France. Furthermore, in the conduct of its business, the Company complies with the applicable legislation and regulations and its financial statements are audited annually by the Statutory Auditors.

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 2018, the Board of Directors met five (5) times. Of those meetings, three (3) were held without the Chairman, who was nevertheless represented by another director. Euro Lily Private Limited, represented by Madeleine Cosgrave, did not physically attend any of the Board meetings, but was systematically represented by Euro Fairview Private Limited, represented by Sébastien Abascal.

	Attendance at Board meetings	Attendance at Audit Committee meetings	Attendance at Appointments and Compensation Committee meetings	Attendance at Investment Committee meetings
John Kukral	40%	N/A	N/A	N/A
Europroperty Consulting Director – Permanent representative: Alec Emmott	100%	N/A	100%	100%
Erin Cannata	100%	N/A	N/A	N/A
Jérôme Anselme	100%	N/A	N/A	N/A
Sophie Kramer	100%	N/A	N/A	N/A
Khaled Kudsi	80%	N/A	100%	N/A
Jean-Marc Besson	100%	100%	N/A	100%
Marie-Flore Bachelier	100%	100%	100%	N/A
Euro Fairview Private Limited represented by Sebastien Abascal	100%	0%	N/A	100%
Euro Lily Private Limited represented by Madeleine Cosgrave	0%	N/A	N/A	N/A

N/A: not applicable.

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 15, 2018 Board of Directors' meeting that reviewed and approved for issue the financial statements for the year ended December 31, 2017, and the July 25, 2018 meeting that reviewed and approved for issue the interim financial statements for the six months ended June 30, 2018.

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. Jérôme Anselme, Chief Executive Officer 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;
- allocation of directors' fees;
- distribution of reserves and additional paid-in capital;
- quarterly and interim financial information;

- assessment of the Board of Directors;
- review of key events and issues in 2018;
- recruitment of a Chief Executive Officer;
- acquisition of a new building and its financing;
- capital increase for cash with pre-emptive subscription rights for existing shareholders;
- amendments to the Internal Rules and Regulations;
- re-appointment of directors;
- vesting of free shares granted to Raphaël Tréguier (former Chief Executive Officer);
- 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

In January 2018, the Board circulated a self-assessment questionnaire to the directors with a view to assessing and thereby improving its functioning.

A summary of the results of the assessment and the recommendations made were discussed at the Board of Directors' meeting of February 15, 2018.

The resulting recommendations are listed in the following table:

No.	Subject	Recommendation
1.	Preparation of Board meetings	Clarification to be provided to those persons responsible for defining the schedule and agenda of Board meetings. Minutes of the various committee meetings to be made available to all directors.
2.	Training for directors	A training program concerning the publicly listed real estate sector, to be scheduled in the coming months.
3.	More time devoted to strategic decisions	The Board to spend more time discussing future strategic options, perhaps by organizing special Board meetings to deal with those issues.
4.	More information on the Company's business sector	The availability to the directors of analysts' reports on the Company's business sector to be increased; reports to be circulated on a regular basis.
5.	Audit Committee	Review to be undertaken of the role of the internal audit function and the compliance of internal procedures concerning the release of inside information and share transactions.

1.4.2. 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 meeting of April 14, 2016. Their responsibilities and modus operandi are specified in the Internal Rules and Regulations. Some members of those Committees were re-appointed by the Board at its meeting of February 21, 2019.

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).

Their term of office is due to end at the Board meeting to be held to approve the financial statements for the year ending December 31, 2019.

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 Chair of the Audit Committee. 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 2018, and performed the following work:

- Review of the consolidated financial statements at December 31, 2017 and key figures;
  - work in relation to documenting information flows;
  - work in relation to organizing the closing process for financial statements;
  - work in relation to improving the presentation of the financial statements.
- Audit work done by the Statutory Auditors;
  - work in relation to the Statutory Auditors' audit approach for the annual financial statements.
- Review of non-financial information;
- Review of the Company's key risks;
  - work in relation to improving internal control and simplifying the related procedures handbook;
- Review of the interim consolidated financial statements at June 30, 2018.

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.

The Appointments and Compensation Committee

The Appointments and Compensation Committee comprises Marie-Flore Bachelier, Alec Emmott and Khaled Kudsi.

The term of office of Marie-Flore Bachelier and Khaled Kudsi as members of the Appointments and Compensation Committee is due to end at the Board meeting to be held to approve the financial statements for the year ending December 31, 2019.

Alec Emmott was re-appointed as member and Chairman of the Appointments and Compensation Committee for a four-year term at the Board of Directors' meeting of February 21, 2019.

Investment Committee members are appointed for a term of 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 twice in 2018, and performed the following work:

- allocation of directors' fees: independent director compensation;
- assessment of the Board of Directors;
- sustainable development objectives;
- re-appointment of Marie-Flore Bachelier as director.

The attendance rate was 100%.

The Committee reported to the Board on its work and the Board took note of, and followed, all of the Committee's recommendations.

The Board is satisfied with the work carried out by the Appointments and Compensation Committee.

The Committee is also responsible for drawing up a succession plan for executive corporate officers but did not address this matter in 2018. It will be included on the agenda of the next Appointments and Compensation Committee meeting to be held in 2019.

The Investment Committee

The Investment Committee comprises Jean-Marc Besson (independent), Alec Emmott (independent) and Sebastien Abascal (permanent representative of Euro Fairview Private Limited).

The term of office of Jean-Marc Besson as both member and Chairman of the Investment Committee is due to end at the Board meeting to be held to approve the financial statements for the year ending December 31, 2019.

The term of office of Sebastien Abascal as permanent representative of Euro Fairview Private Limited and as member of the Audit Committee is due to end at the Board meeting to be held to approve the financial statements for the year ending December 31, 2019.

Alec Emmott (independent) was re-appointed as a member of the Investment Committee at the Board of Directors' meeting of February 21, 2019.

The Investment Committee met once in 2018 to review the Company's strategy.

Investment Committee members are appointed for a term of 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 of the Committee's recommendations.

The Board is satisfied with the work carried out by the Investment Committee.

1.4.3. Executive Management and Chairman of the Board

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.

Limitations on the powers of the Chief Executive Officer

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.

1.4.4. Terms of office and duties exercised by the corporate officers

Profile, experience and expertise of corporate officers

The table below shows the profile, experience and directorships of the members of the Company's Board of Directors and its senior executives at December 31, 2018, including a summary of directorships and other offices held over the last five fiscal years (Article L.225-37-4, paragraph 1 of the French Commercial Code).

Name of corporate officer	John Kukral	Khaled Kudsi	Jérôme Anselme	Erin Cannata
Age/nationality	58/American	40/British & American (dual nationality)	44/French	29/American
First appointed	November 5, 2015//Reappointed on April 20, 2017	November 5, 2015//Reappointed on May 26, 2016	November 5, 2015//Reappointed on April 20, 2017	November 5, 2015//Reappointed on April 20, 2017
Term expires	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020
Shares held	N/A	N/A	N/A	N/A
Membership of Board committees	N/A	Member of the Appointments and Compensation Committee	N/A	N/A
Main areas of expertise and experience	Office, retail, hotel and residential real estate. Corporate governance. Real estate financing.	US and European real estate. Corporate governance. Real estate financing.	European Real estate. Corporate governance. Real estate financing.	European real estate. Real estate financing.
Main business activities outside the Company	President and Chief Executive Officer of Northwood Investors	Senior Managing Director at Northwood Investors, in charge of investments in the United States and Europe	Member of the Investment Department at Northwood Investors in Europe	Member of the Investment Department at Northwood Investors in Europe
Current directorships and other offices				
- Directorships and positions in Group companies	-	-	Deputy Chief Executive Officer: Cegereal Chief Executive Officer: Prothin SAS Chairman of the Board of Directors: K Reuil SAS Legal manager: Hanami Rueil SCI	-
- Directorships and positions in non-Group companies	Corporate officer: Northwood Securities Europe B.V. (NL) Northwood Investors International Limited (UK) Northwood International Acquisitions Limited (UK)	Director Northwood Investors International Limited (UK)	Chairman: NW Fontenay Sous Bois Legal manager: NW Péripôle Construction, NW Pointe Metro 1 SCI, NW Pointe Metro 2 SCI, NW PM 1 Sarl (LU), NW PM 2 Sarl (LU) NW PM Holding Sarl (LU), NW, S1 Sarl (LU), NW PM 2 Sarl (LU) Director: Fonciere NW 2 Director: Glidefern Property Management Ltd (UK) Chairman of the Board of Directors: STAM REI III Rossini	-
Directorships and positions that have expired in the past five years	Corporate officer: Northwood Property Management Limited (UK)	Corporate officer: Défense Plaza Mezz SAS SWEN SAS Director: SCI de la Boucle	Corporate officer: NWI IDF SAS, NW Péripôle NW Gennevilliers, Mariinsky SR3 SAS Scala SR3 SAS, Garnier 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 Prosdim Joue SCI Director: NW One Warrington Limited (Ir) Highcross Strategic Advisors Limited (UK)	-

Name of corporate officer	Sophie Kramer	Europroperty Consulting represented by Alec Emmott	Jean-Marc Besson	Marie-Flore Bachelier
Age/nationality	41/French	71/British	60/French	49/French
First appointed	November 5, 2015//Reappointed on April 20, 2017	February 24, 2011//Reappointed on May 26, 2016	April 14, 2016//Reappointed on April 20, 2017	February 17, 2016//Reappointed on April 24, 2018
Term expires	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2020	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2021
Shares held	N/A	117 shares held personally by Alec Emmott	N/A	N/A
Membership of Board committees	N/A	Chairman of the Appointments and Compensation Committee Member of the Investment Committee	Chairman of the Investment Committee Member of the Audit Committee	Chairman of the Audit Committee Member of the Appointments and Compensation Committee
Main areas of expertise and experience	Real estate asset management. Architecture.	Management of listed real estate investments. European retail real estate.	Investment. Financing. Development Project management. Asset management.	Real estate. Finance. Corporate governance of listed companies. Mergers and acquisitions. Real estate financing.
Main business activities outside the Company	Member of the Asset Management Department at Northwood Investors in Europe	Real estate consultant	Managing Director of WeWork Property Investors	General Secretary and Head of Capital Markets at Carmila
Current directorships and other offices				
- Directorships and positions in Group companies	-	-	-	-
- Directorships and positions in non-Group companies	Director Foncière NW2 SAS, STAM REI III Rossini SAS Managing Director: Defense Plaza Mezz SAS NW Fontenay Sous Bois Legal manager: NW Pointe Métro 1 SCI NW Pointe Metro 2 SCI SCI de la Boucle	Member of the Board of Directors: Lar Espana Real Estate SOCIMI SA Advisory committee: Weinberg Real Estate Parners WREP# 1&2	Corporate officer: Terrell Group France	Chairman: Consilio Member of the Supervisory Board: Novaxia Immo Club 3 Immo Club 3 Selection
Directorships and positions that have expired in the past five years	Director Chinon SCI, Les Guignières SCI Prosdim Joue SCI Chief Executive Officer: Mariinsky SR3 SAS, SCALA SR3 SAS, Garnier SR3 SAS	Managing Director: Société Foncière Lyonnaise	-	-

Name of corporate officer	Euro Fairview Private Limited Represented by Sebastien Abascal (Senior Vice President, Real Estate Europe)	Euro Lily Private Limited Represented by Madeleine Cosgrave (Head of GIC Real Estate Europe)
Age/nationality	41/French	51/British
First appointed	April 14, 2016//Re-appointed on May 26, 2016	May 26, 2016
Term expires	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019	General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019
Shares held	N/A	N/A
Membership of Board committees	Member of the Investment Committee Member of the Audit Committee	N/A
Main areas of expertise and experience	European real estate	European real estate
Main business activities outside the Company	Head of investment and asset management activities in France and Germany for GIC Real Estate	Head of investment and asset management activities in Europe for GIC Real Estate
Current directorships and other offices		
- Directorships and positions in Group companies		-
- Directorships and positions in non-Group companies	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'HOTEL 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	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
Directorships and positions that have expired in the past five years	Corporate officer: London Student Accommodation Venture (Holdings) Ltd London Student Accommodation Venture (Trustee) Ltd	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

1.4.5. Corporate officer compensation

1.4.5.1. Board member compensation

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 24, 2018 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, 2018 and in light of the work of the Appointments and Compensation Committee, the November 14, 2018 Board of Directors' meeting decided to allocate directors' fees as follows:

- Jean-Marc Besson: EUR 61,000;
- Europroperty Consulting: EUR 65,000;
- Marie-Flore Bachelier: EUR 65,000.

Making a total of EUR 191,000.

In euros

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 2017	Amounts paid during 2018
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	61,600	65,000
Other compensation	-	-
Marie-Flore Bachelier		
Directors' fees	65,000	65,000
Other compensation	-	-
Jean-Marc Besson		
Directors' fees	48,400	61,000
Other compensation	-	-
Euro Fairview Private Limited		
Directors' fees	-	-
Other compensation	-	-
Euro Lily Private Limited		
Directors' fees	-	-
Other compensation	-	-
TOTAL	175,000	191,000

1.4.5.2. Executive corporate officer compensation policy

a) Principles and rules for determining executive corporate officer compensation

In accordance with Article L.225-37-2 of the French Commercial Code, this section describes 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 Chairman, Chief Executive Officer or Deputy Chief Executive Officers during their terms of office.

Based on that information, the General Shareholders' Meeting to be held on April 30, 2019 will be asked to vote on the executive corporate officer compensation policy for 2019. A resolution, as reproduced below, is submitted at least annually for approval by the General Shareholders' Meeting as required by law.

In the event of a negative vote on the resolution at the General Shareholders' Meeting on April 30, 2019, compensation will be determined on the previously approved compensation policy for prior years or, if no compensation policy has previously been approved, on the basis of the compensation awarded the previous year, or if no compensation was awarded the previous year, on the basis of existing practices in the Company.

The payment of variable and exceptional items of compensation for a given year Y is subject to approval by the Ordinary Shareholders' Meeting in year Y+1 (ex post vote).

The Board is responsible for setting the compensation of executive corporate officers on the recommendation of the Appointments and Compensation Committee.

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 June 2018, 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. It includes all conditional deferred compensation, termination benefits, non-recurring pension benefits 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 Group's performance, particularly by means of annual variable compensation and, where appropriate, performance shares. The quantitative portion of variable compensation is contingent on the achievement of precise, simple and measurable objectives, intended, in particular, to promote the Group's performance and competitiveness over the medium and long term by including one or more criteria related to social and environmental responsibility.

In this regard, the Board of Directors and the Appointments and Compensation Committee ensure that no component of the executive corporate officers' compensation is disproportionate and that their compensation is both competitive, through regularly compensation surveys, and appropriate for the Company's strategy and situation.

b) 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 does not have an employment contract and is not entitled to any complementary pension scheme within the Group.

He is not entitled to any termination benefits, allowances or compensation.

c) Items composing the compensation of the Chief Executive Officer

Jérôme Anselme, appointed Chief Executive Officer on October 25, 2017 and re-appointed on February 21, 2019, does not receive any compensation from the Company in respect of his duties. It should be noted that he receives compensation in his capacity as an employee of Northwood Investors.

He does not have an employment contract and is not entitled to any complementary pension scheme within the Group.

He is not entitled to any termination benefits, allowances or compensation.

There is no employment contract between Jérôme Anselme and Cegereal or any of its subsidiaries or their subsidiaries.

d) Resolutions proposed by the Board of Directors concerning the compensation of the executive corporate officers

Ex ante vote

Seventh resolution – Approval of 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 Chairman, Chief Executive Officer or Deputy Chief Executive Officer

Having taken note of the Board of Directors' (Supervisory Board's) 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 Chairman, Chief Executive Officer or Deputy Chief Executive Officer, as described in the report and in section IV.1.4 of the 2018 Registration Document.

Ex post vote

In accordance with Article L.225-100 of the French Commercial Code, the General Shareholders' Meeting is required to vote on 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 and the Chief Executive Officer for 2018. It is required to explicitly approve the payment of items of variable or exceptional compensation.

As no compensation was paid to the Chairman of the Board of Directors or the Chief Executive Officer for 2018, the General Shareholders' Meeting of April 30, 2019 will not be required to vote on those items.

1.4.5.3. Tables summarizing corporate officer compensation

The information disclosed hereafter is presented based on the AFEP-MEDEF Code as amended in June 2018, the Annual Reports of the French High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), the AMF's 2018 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 and the Chief Executive Officer for 2018.

Table summarizing the compensation, options and shares granted to each executive corporate officer (Table 1 of AMF recommendation – AFEP-MEDEF Code)

Table summarizing the compensation, options and shares granted to each executive corporate officer (Table 1 of AMF recommendation – AFEP-MEDEF Code)

John Kukral Chairman of the Board of Directors	Dec. 31, 2017	Dec. 31, 2018
Compensation payable for the year (broken down in Table 2 below)	-	-
Valuation of options granted during the year (broken down in Table 4 below)	-	-
Valuation of performance shares granted during the year (broken down in Table 6 below)	-	-
Valuation of other long-term compensation plans	-	-
TOTAL	-	-

Jérôme Anselme(1) Chief Executive Officer	Dec. 31, 2017	Dec. 31, 2018
Compensation payable for the year (broken down in Table 2 below)	-	-
Valuation of options granted during the year (broken down in Table 4 below)	-	-
Valuation of performance shares granted during the year (broken down in Table 6 below)	-	-
Valuation of other long-term compensation plans	-	-
TOTAL	-	-

(1) Jérôme Anselme was appointed as Chief Executive Officer on October 25, 2017 and resigned from his position as Deputy Chief Executive Officer.

Table summarizing the compensation paid to each executive corporate officer (Table 2 of AMF recommendation – AFEP-MEDEF Code)

In euros

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	Dec. 31, 2017		Dec. 31, 2018	
	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, Chief Executive Officer	Dec. 31, 2017		Dec. 31, 2018	
	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits-in-kind	-	-	-	-
TOTAL	-	-	-	-

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, 2018.

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 2018.

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 2018.

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)

No performance shares were awarded to the executive corporate officers in 2018.

No performance shares became available for the executive corporate officers in 2018.

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 AGM		X		X		X		X
Jérôme Anselme Chief Executive Officer October 25, 2017 2019 AGSM Re-appointed on Feb. 21, 2019 2021 AGM		X		X		X		X

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)

None

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 free shares awarded to: Raphaël Tréguier (former Chief Executive Officer)	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 vested at February 21, 2019	9,500
Cumulative number of shares canceled or lapsed	-
Performance shares remaining at the end of the fiscal year (vesting period)	-

1.4.6. 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 25 days before the date of the meeting.

1.4.7. Information likely to have an impact in the event of a public offer for the Company's shares

Pursuant to Article L.225-37-5 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 the 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 1.4.9. 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, the Advisory Services Agreement entered into by CGR Propco SCI and insurance contracts.
- There are no agreements providing for severance indemnities to be paid to members of the Board of Directors or employees in the event of their resignation or dismissal without just cause or if their employment ends due to a public offer for the Company's shares.

1.4.8. Related party agreements and commitments

Agreements and commitments authorized during the year

No new agreement of the type referred to in Articles L.225-38 et seq. of the French Commercial Code was entered into during 2018.

1.4.9. Agreements between a senior executive or a significant shareholder and a subsidiary

No agreements (other than a current account agreement entered into on an arm's length basis) have been entered into by a direct or indirect subsidiary with one of the senior executives or one of the shareholders holding more than 10% of the voting rights.

1.4.10. 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)	Capital increase (including paid-in capital) of a total amount of EUR 79,900,687.50 (par value of EUR 11,143,750 and EUR 68,756,937.50 of paid-in capital) through the issue of 2,228,750 new shares at a price of EUR 35.85 each (par value of EUR 5 and additional paid-in capital of EUR 30.85).
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
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 April 20, 2017 - 29th resolution (maximum 26 months, expires on June 20, 2019)	**Maximum amount of share capital increase** 1% of adjusted share capital	None
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	None
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, 2017)	**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 buybacks		
Share buyback program AGM of April 24, 2018 - 12th resolution (maximum 18 months, expires on October 24, 2019)	**Maximum number of shares that can be bought back** 10% of adjusted share capital or 5% in the event of share buybacks in view of external growth transactions Maximum number of shares that can be held by the Company: 10% of the share capital Maximum buyback price: EUR 45 per share Maximum aggregate amount of the share buyback program: EUR 60,176,250	None
Share capital reduction by canceling treasury shares AGM of April 24, 2018 - 13th resolution (maximum 24 months, expires on April 24, 2020)	**Maximum number of shares that can be canceled in any 24-month period** 10% of the shares comprising the adjusted share capital	None

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 99 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 (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.

Capital Increase with Pre-emptive Subscription Rights of October 25, 2018

Pursuant to the sub-delegation granted to him by the Board of Directors on September 6, 2018, on September 28, 2018 the Chief Executive Officer decided to carry out a capital increase with pre-emptive subscription rights for existing shareholders in a total amount (including additional paid-in capital) of EUR 79,900,687.50 (par value of EUR 11,143,750 and additional paid-in capital of EUR 68,756,937.50) through the issue of 2,228,750 new shares at an issue price of one new share, i.e., EUR 35.85 (par value of EUR 5 and additional paid-in capital of EUR 30.85), fully subscribed in cash and paid up, with respect to both the par value and the additional paid-in capital ("**Capital Increase with Pre-emptive Subscription Rights for Existing Shareholders**"). Following the Capital Increase with Pre-emptive Subscription Rights for Existing Shareholders of October 25, 2018, no person or group of persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code holds 60% or more of the Company's share capital or voting rights.

OBLIGATION TO DISTRIBUTE INCOME

SIICs that have 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 are exempt 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 70% of these capital gains are distributed by the end of the second fiscal year following the year in which they were generated. This rate was increased from 60% to 70% by the 2019 Finance Act. Capital gains generated on the sale of shares in a SPPICAV 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.
- in addition, income generated by operations carried out by partnerships falling within the scope of Article 8 of the French Tax Code, which are deemed to be carried out directly by SIICs or their subsidiaries in proportion to their rights. Accordingly, this income must be distributed pursuant to the abovementioned time limits and proportions, based on whether it results from the lease or sale of buildings or from dividends.

Cegereal's exemption from corporate income tax could be fully or partially contested if it fails to meet these conditions.

TAX TREATMENT OF DIVIDENDS DISTRIBUTED BY SIICS

The following information in based on the tax laws and regulations applicable in France as of the date of this Registration Document.

It may be affected by legal or regulatory amendments (which may be applied retroactively) or by any changes in the interpretation of said laws and regulations by the French tax authorities.

The information is not an exhaustive description of all the tax implications for shareholders. Shareholders are invited to seek advice from their tax advisor on the tax treatment applicable to their specific situation in connection with the dividends distributed by Cegereal.

2.5.1. Dividends paid to legal entities

Legal entities that are French tax residents

Dividends distributed from tax-exempt income to legal entities that are French tax residents are not eligible for the parent-subsidiary tax regime provided for in Articles 145 and 216 of the French Tax Code. Accordingly, these dividends are subject to corporate income tax at the standard rate.

In contrast, dividends distributed from taxable income are eligible for the said parent-subsidiary tax regime, provided that the relevant conditions of application are met.

Legal entities that are non-French tax residents

Notwithstanding any applicable international tax treaties, dividends distributed by the Company are subject to withholding tax, which is levied by the paying establishment. The standard withholding tax rate is 30%, or 15% in the case of non-profit organizations or collective investment undertakings considered by the French tax authorities to be comparable to non-profit organizations or French collective investment undertakings, respectively. The withholding tax rate is 75% when the dividends are paid outside France in a non-cooperative state or territory (*Etat ou territoire non coopératif* – **ETNC**) as defined in Article 238-0 of the French Tax Code.

The French Tax Code provides for exemption from withholding tax in several cases. In particular, withholding tax is not payable on dividends distributed from taxable income when the conditions provided for in Article 119 *ter* of the French Tax Code are met (EU parent-subsidiary regime).

20% withholding tax

SIICs are subject to a 20% withholding tax on dividends distributed from tax-exempt income to shareholders (other than individuals) directly or indirectly owning at least 10% of dividend entitlements in the Company when said shareholders are not liable for corporate income tax (or an equivalent tax) on the dividends received (the dividends are not subject to an equivalent tax if they are exempt or liable to a tax whose amount 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 required to distribute the full amount of the dividends received and its shareholders that directly or indirectly hold at least 10% of its share capital are 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".

2.5.2. Dividends paid to individuals

Individual shareholders who are French tax residents and trade in the stock market in a personal capacity

On payment, dividends are subject to (i) social security contributions at a rate of 17.2% and (ii) a mandatory withholding tax (*prélèvement forfaitaire obligatoire non libératoire* – **PFNL**) at a rate of 12.8%. The PFNL is deducted from the income tax due for the year in which it was levied. If it exceeds the income tax due, the surplus is refunded. Individuals who are part of a tax household whose reference taxable income for the prior fiscal year is less than EUR 50,000 (single, divorced or widowed taxpayers) or EUR 75,000 (taxpayers submitting a joint tax return) may request exemption from the PFNL.

On final taxation, dividends are subject to income tax (after deduction of the PFNL) at a flat rate of 12.8% (*prélèvement forfaitaire unique* – **PFU**) or at the progressive rate, where the taxpayer opts for the irrevocable application of the progressive rate to all of his/her income falling within the scope of the PFU.

If the taxpayer opts for the progressive rate, dividends distributed from the SIIC's taxable income are eligible for the 40% allowance. Dividends distributed from the SIIC's non-taxable income are not. In addition, if the taxpayer opts for the progressive rate, the CSG social security contribution may be deducted from taxable income at a rate of 6.8%.

Lastly, dividends are included in the basis for calculating the exceptional contribution for high earners.

Indvidual shareholders who are non-French tax residents

Notwithstanding any applicable international tax treaties, a 12.8% withholding tax is levied by the paying establishment on the dividends distributed by the Company.

TAX TREATMENT OF THE DIVIDEND DISTRIBUTION SCHEDULED FOR MAY 2019

Withholding tax

The dividends distributed in 2019 will be paid out of "Other reserves" and "Additional paid-in capital", solely comprised of capital contributions. Insofar as no profits or other reserves other than the legal reserve will be affected, the distribution is expected to be treated entirely as a redemption of capital contributions within the meaning of Article 112-1 of the French Tax Code. Accordingly, it will not be subject to withholding tax and will not fall within the scope of the 20% withholding tax. Shareholders are invited to seek advice from their tax advisor on the tax treatment applicable to the dividend.

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, directly or indirectly, 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;
5. 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;
6. 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;
7. acquire interests in any companies whose main purpose is operating real estate assets for leasing;
8. 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;
9. 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.

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. 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 via videoconference 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 (Article 19 of the bylaws). 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)

None

Bylaw provisions relating to the allocation of profits, the payment of dividends and interim dividends (excerpt from Article 27 of the bylaws)

The profit for the fiscal year, less prior losses carried forward and amounts allocated to the legal reserve, plus prior profits carried forward, constitutes the distributable profit. In addition to the distributable profit, under the conditions defined by law, the Ordinary Shareholders' Meeting can decide to distribute amounts drawn from the reserves to which the shareholders are entitled.

After approval of the annual financial statements and verification of the existence of distributable amounts, the Ordinary Shareholders' Meeting decides the portion allocated to shareholders in the form of dividends.

Insofar as the Company has elected for the tax treatment referred to in Article 208 C of the French Tax Code, the amount of the distributable profit shall be determined in accordance with the provisions of the second, third and fourth paragraphs of Article 208 C II of said Code, in order to allow the Company to benefit from the provisions of Article 208 C II.

The General Shareholders' Meeting has the option of offering shareholders the choice between payment in cash or in shares, for all or part of the securities that grant the right to the payment of dividends, within the scope of the relevant provisions of the law and regulations.

Interim dividends can also be distributed before the approval of the financial statements for the fiscal year, under the conditions laid down by law.

For all or part of the interim dividends paid, shareholders can be offered the option of payment in cash or in shares.

Lastly, all shareholders, other than individuals:

(i) that directly or indirectly hold at least 10% of the Company's dividend rights, at the time of any payment of dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code, and

(ii) whose specific situation or that of its partners who directly or indirectly hold 10% or more of the Company's dividend rights, in respect of all payments of dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code, render the Company liable for the 20% withholding tax referred to in Article 208 C II ter of the French Tax Code (the "**withholding tax**") (such shareholders are referred to as "**shareholders subject to withholding tax**");

shall owe the Company, when any dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code are paid, an amount that shall be set in such a way as to neutralize completely the withholding tax owed by the Company in respect of said payment.

If there is more than one shareholder subject to withholding tax, each of them shall owe the Company the portion of the withholding tax triggered by its direct or indirect shareholding. The status of shareholder subject to withholding tax shall be assessed on the date the payment is distributed.

Subject to the information provided in accordance with Article 10 of the bylaws, all shareholders, other than individuals, that directly or indirectly hold at least 10% of the Company's dividend rights shall be presumed to be shareholders subject to withholding tax.

The amount of any debt owed by a shareholder subject to withholding tax shall be calculated in such a way that, after the debt is paid and in light of any tax treatment applicable to it, the Company is placed in the same position as though the withholding tax had not been triggered.

The payment of any distribution to a shareholder subject to withholding tax shall be made by an entry in said shareholder's individual current account (which shall not bear interest). The current account balance shall be repaid within five business days as from said entry, after offsetting against the monies owed by the shareholder subject to withholding tax pursuant to the provisions set out above.

The General Shareholders' Meeting can grant each shareholder, for all or part of the dividend or interim dividend payment, an option between payment in cash or in shares. If a shareholder subject to withholding tax opts for the payment of its dividend in shares, said shareholder shall receive part of the payment in shares (without creating fractional shares), and the other part in cash (this portion shall take the form of an individual current account entry), so that the offsetting mechanism described above can apply to the portion of the dividend payment made by an entry in the individual current account.

In the event of a distribution at the time of a public exchange offer, the Company shall only deliver the shares owed to the shareholder subject to withholding tax in respect of its involvement in the exchange after full payment in cash of the monies owed by the shareholder subject to withholding tax to the Company pursuant to the provisions set out above.

In the event that:

(i) subsequent to a payment by the Company of dividends, reserves, premiums or income deemed distributed within the meaning of the French Tax Code, a shareholder is found to be a shareholder subject to withholding tax on the date of payment of said monies; and

(ii) the Company should have paid the withholding tax in respect of the monies thus paid to said shareholder, without said monies having been reduced as required, said shareholder subject to withholding tax shall be required to pay the Company not only the amount it owed to the Company pursuant to the provisions of this article, but also an amount equal to the penalties and default interest, where applicable, owed by the Company as a result of the late payment of the withholding tax.

Where applicable, the Company may set off its receivable in this regard pro tanto against all monies that may subsequently be owed to said shareholder subject to withholding tax.

CHANGES TO THE CAPITAL AND THE RIGHTS ATTACHED TO SHARES (ARTICLE 8 OF THE BYLAWS)

The share capital can be increased by any method and in any way authorized by law. The Extraordinary Shareholders' Meeting has the sole power to decide on any immediate or deferred increases in capital. The meeting can delegate this power to the Board of Directors under the conditions laid down by law.

The Extraordinary Shareholders' Meeting can also, under the terms and conditions laid down by law, authorize a capital reduction or decide to reduce the capital for any reason and in any way whatsoever. However, capital reductions cannot undermine shareholder equality in any way.

The provisions of the bylaws that govern changes in the Company's share capital are no stricter than those imposed by law.

GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 23 OF THE BYLAWS)

General Shareholders' Meetings shall be convened and deliberate under the quorum and majority conditions laid down by law.

They shall be held at the registered office or at any other place specified in the convening notice.

All shareholders are entitled to attend General Shareholders' Meetings and to take part in the vote in person or via proxy, upon presentation of proof of their identity and title to their securities, provided that:

- for holders of registered shares, the securities are recorded in the accounts of registered shares kept by the Company, in the name of the shareholder;
- for holders of bearer shares, the securities are recorded in the accounts of bearer shares kept by the accredited financial intermediary, and evidenced by a share ownership certificate.

These formalities must be carried out at the latest on the second business day prior to the meeting at midnight, Paris time (Article R.225-85 amended of the French Commercial Code).

The Board of Directors may reduce this timeframe via a general measure that benefits all the shareholders.

All shareholders can vote prior to the meeting by post or electronically, in accordance with legal and regulatory terms and conditions.

The shareholders can, under the conditions laid down by the laws and regulations, send their proxy form or postal vote form for any General Shareholders' Meeting on paper or electronically pursuant to a decision by the Board of Directors stated in the convening notice, in accordance with the regulations in force. Shareholders shall be deemed to be present for the calculation of the quorum and majority if they attend the meeting by videoconference or by other means of telecommunication that make it possible to identify them, in accordance with legal and regulatory conditions.

General Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors, or in his/her absence, by the director who has been on the Board the longest. An attendance sheet shall be drawn up under the conditions laid down by law.

Decisions at General Shareholders' Meetings shall be taken under the quorum and majority conditions laid down by law.

CROSSING OF 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).

Variable compensation (or "incentive fees")

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) 12 months for 100% of the shares, (ii) 24 months for 66.66% of the shares and (iii) 36 months for 33.33% of the shares. Beyond that, no restrictions will apply. Furthermore, the Board may not subscribe to new shares by exercising share subscription warrants if doing so would result in a shareholder, acting alone or in concert, holding directly or indirectly 60% or more of the Company's share capital or voting rights (see also section V.1.4 below).

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 "**Hanami Rueil SCI ASA**") along the same lines as the Prothin ASA.

3.1.3. ASSET MANAGEMENT AGREEMENT BETWEEN CGR PROPCO SCI AND NORTHWOOD INVESTORS FRANCE ASSET MANAGEMENT

On December 5, 2018, Northwood Investors France Asset Management SAS (the "**Advisor**") and CGR Propco SCI entered into an advisory services agreement, effective December 5, 2018 for an initial term of six years (the "**CGR Propco SCI ASA**") along the same lines as the Prothin ASA.

4. Employees

Employees

At December 31, 2018, the Company had three 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 people 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 (*Convention collective nationale étendue de l'immobilier*) – 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, 2018.

The Group does not use any external manpower.

No 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, 2018, 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 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 2018 were as follows:

- 100% of employees are women (Jérôme Anselme, Chief Executive Officer, is not an employee of the Company or any of its subsidiaries);
- The gender pay gap is not an issue for the Group as 100% of the employees are women;
- 100% of employees are on permanent contracts;
- 100% of employees on permanent contracts attended in-house and external training in 2018, mainly English language courses. Sixty-one external training hours were completed in total.

Training

61 hours of external training were completed by Group employees in 2018.

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.

Each employee undergoes annual reviews to assess whether they have met their targets. These annual reviews are also an opportunity to further expectations and ensure that employees' needs are met.

Industrial relations

Due to Cegereal's limited number of employees, the Company does not have a staff representative body.

Diversity and equality

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.

Cegereal ensures that there is no discrimination towards its employees or partners.

Health and safety, 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 employee health and safety. It also complies with the fundamental conventions of the International Labour Organization, particularly with regard to 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. Property managers ensure that contracted service providers enable tenants to enjoy responsible, balanced and sustainable food at the intercompany restaurants.

The fight against food insecurity is not an issue for Cegereal.

Our 2018 employment data

Headcount	**2018**	**2017**
Total headcount	3	4
of which men	*0*	*0*
of which women	*3*	*3*
Average age of employees	32	38
Employee turnover		
External recruitment	0	0
Departures	1	0
of which dismissals	*0*	*0*
Compensation		
Total payroll (in thousands of euros)	815	1,110
Change (%)	*-26%*	*1%*
Training		
Total number of hours' training	61	40
% of employees trained	*100%*	*100%*
A detailed evaluation of each employee's training needs is carried out at the start of year during the annual reviews. This ensures that all employees have equal access to training.		
Working time — absenteeism		
Theoretical number of hours worked	7,159	6,545
Absenteeism rate (%)	3.92%	3.4%
of which work accidents	0%	0%
of which occupational diseases	0%	0%
of which sick leave	100%	90%

5. Share capital

5.1. INFORMATION ON THE SHARE CAPITAL

5.1.1. AMOUNT

As of the date of this Registration Document, the share capital is set at EUR 79,532,200.

It is divided into 15,906,440 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, 2018, the total number of shares in issue was 15,601,250.

After taking into account the 303,672 share subscription warrants exercised by Northwood Investors France Asset Management SAS ("**NIFAM**"), as described in section 4.1.4 below, the total number of shares outstanding at the date of this Registration Document is 15,906,440.

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 the date of this Registration Document, to the best of the Company's knowledge.

Ownership structure at March 19, 2019	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood[(1)]	9,091,869	57.16%	9,091,869	57.16%	9,091,869	57.16%
GIC[(2)]	3,966,646	24.94%	3,966,646	24.94%	3,966,646	24.94%
AXA	818,219	5.14%	818,219	5.14%	818,219	5.14%
Free float	2,017,614	12.68%	2,017,614	12.68%	2,017,614	12.68%
Own shares	12,092	0.08%	12,092	0.08%	12,092	0.08%
Total	15,906,440	100%	15,906,440	100%	15,906,440	100%

(1) refers to the following companies: NW CGR 1 SARL, NW CGR 2 SARL and NW CGR 3 SARL, all members of the Northwood Concert as well as any affiliales of Northwood.
(2) refers to the Euro Bernini Private Limited company.

The table below shows the allocation of capital and voting rights at December 31, 2018, to the best of the Company's knowledge.

Ownership structure at December 31, 2018	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood[(1)]	8,786,679	56.32%	8,786,679	56.32%	8,786,679	56.32%
GIC[(2)]	3,966,646	25.43%	3,966,646	25.43%	3,966,646	25.43%
AXA	818,219	5.24%	818,219	5.24%	818,219	5.24%
Free float	2,017,767	12.93%	2,017,767	12.93%	2,017,767	12.93%
Own shares	11,939	0.08%	11,939	0.08%	11,939	0.08%
Total	15,601,250	100.00%	15,601,250	100%	15,601,250	100%

(1) refers to the following companies: NW CGR 1 SARL, NW CGR 2 SARL and NW CGR 3 SARL, all members of the Northwood Concert.
(2) refers to the Euro Bernini Private Limited company.

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 the date of this Registration Document, 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 82.1% and 82.1%, respectively.

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. Accordingly, the Board of Directors' Internal Rules and Regulations contain a Directors' Charter, which requires each director to be attentive to the division and exercise of the respective powers and responsibilities of the Company's governing bodies and to ensure that no one can exercise uncontrolled discretionary power over the Company. Lastly, the practices and procedures of the Board of Directors were assessed in January 2018 through internal questionnaires with a view to their improvement.

At December 31, 2018 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, 2018 to the date of this Registration Document, changes in the ownership of the capital and voting rights were as follows:

Ownership structure at March 19, 2019	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood[(1)]	9,091,869	57.16%	9,091,869	57.16%	9,091,869	57.16%
GIC[(2)]	3,966,646	24.94%	3,966,646	24.94%	3,966,646	24.94%
AXA	818,219	5.14%	818,219	5.14%	818,219	5.14%
Free float	2,017,614	12.68%	2,017,614	12.68%	2,017,614	12.68%
Own shares	12,092	0.08%	12,092	0.08%	12,092	0.08%
Total	15,906,440	100%	15,906,440	100%	15,906,440	100%

(1) refers to the following companies: NW CGR 1 SARL, NW CGR 2 SARL and NW CGR 3 SARL, all members of the Northwood Concert as well as any affiliales of Northwood.
(2) refers to the Euro Bernini Private Limited company.

Ownership structure at December 31, 2018	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood[(1)]	8 786 679	56.32%	8 786 679	56.32%	8 786 679	56.32%
GIC[(2)]	3 966 646	25.43%	3 966 646	25.43%	3 966 646	25.43%
AXA	818 219	5.24%	818 219	5.24%	818 219	5.24%
Free float	2 017 767	12.93%	2 017 767	12.93%	2 017 767	12.93%
Own shares	11 939	0.08%	11 939	0.08%	11 939	0.08%
Total	15 601 250	100%	15 601 250	100%	15 601 250	100%

Ownership structure at December 31, 2017	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood[(1)]	7,405,494	55.38%	7,405,494	55.38%	7,405,494	55.42%
GIC[(2)]	3,343,125	25.00%	3,343,125	25.00%	3,343,125	25.02%
AXA	701,332	5.24%	701,332	5.24%	701,332	5.25%
Free float	1,912,940	14.31%	1,912,940	14.31%	1,912,940	14.32%
Own shares	9,609	0.07%	9,609	0.07%	-	0.00%
Total	13,372,500	100%	13,372,500	100%	13,362,891	100%

Ownership structure at December 31, 2016	Shares		Theoretical voting rights		Voting rights exercisable at the General Shareholders' Meeting	
	Number	%	Number	%	Number	%
Northwood[(1)]	7,405,494	55.38%	7,405,494	55.38%	7,405,494	55.44%
GIC[(2)]	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%
Free float	1,907,366	14.26%	1,907,366	14.26%	1,907,366	14.28%
Own shares	15,183	0.11%	15,183	0.11%	-	0.00%
Total	13,372,500	100%	13,372,500	100%	13,357,317	100%

(1) refers to the following companies: NW CGR 1 SARL, NW CGR 2 SARL and NW CGR 3 SARL, all members of the Northwood Concert.
(2) refers to the Euro Bernini Private Limited company.

5.1.4. OTHER SECURITIES THAT GRANT ACCESS TO CAPITAL

In accordance with the delegation of authority 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 (the "**Share Subscription Warrants**" ["**BSA**"]) at a unit price of EUR 0.01, each granting the right to subscribe to one new ordinary share of the Company. The share subscription warrants must be exercised no later than June 30, 2022.

All of the 865,000 Share Subscription Warrants were taken up by Northwood Investors France Asset Management SAS (the "**Share Subscription Warrant Holder**"), granting the right to initially subscribe to 865,000 new ordinary shares of the Company in accordance with the terms of the issue agreement (the "**Issue Agreement**").

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 Prothin ASA. 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.

Under the terms of the Issue Agreement, should the Company carry out financial operations that could result in the dilution of the Share Subscription Warrant Holder's rights or a decrease in the Company's share price, the Company must protect the rights of the Share Subscription Warrant Holder.

The distribution of reserves and additional paid-in capital in an amount of EUR 4.10 per share, as decided by the General Shareholders' Meeting of April 24, 2018, falls into the abovementioned 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 the Share Subscription Warrant holder.

In the event of a capital increase with pre-emptive subscription rights for existing shareholders, the Issue Agreement sets out a protection mechanism whereby an adjustment will be made to the number of shares to which the Share Subscription Warrant Holder is entitled, in accordance with the provisions of Articles L.228-99, paragraph 3, and R.228-91, paragraph 1 b), of the French Commercial Code.

Consequently, following the completion on October 25, 2018 of the Capital Increase with Pre-emptive Subscription Rights for Existing Shareholders pursuant to the sub-delegation granted to him by the Board of Directors on September 6, 2018, the Chief Executive Officer decided to adjust the number of shares to which the Share Subscription Warrant Holder is entitled. Accordingly, as of October 25, 2018, the exercise ratio is now 1.005 new shares of the Company for one Share Subscription Warrant. The 865,000 Share Subscription Warrants will therefore entitle the Share Subscription Warrant Holder to subscribe to 869,325 new shares of the Company.

The number of shares to which the Share Subscription Warrant Holder is entitled was adjusted in accordance with the conditions provided for in Article R.228-91 paragraph 1 b) of the French Commercial Code, i.e., by multiplying the number of share subscription warrants initially granted by the ratio between the value of the Cegereal share prior to the ex-rights date and the value of the Cegereal share after the ex-rights date (ex-rights value).

To calculate the ratio:

- the share value prior to the ex-rights date is equal to the volume-weighted average price of the Company's share on Euronext Paris during the three trading days preceding the start date of the issuance (ex-rights date), i.e., EUR 37.1595;
- the value of the pre-emptive subscription right is EUR 0.1871; and
- the value of the Cegereal share after the ex-rights date is EUR 36.9724.

The new exercise ratio was calculated to three decimal places, i.e., rounded to the nearest thousandth:

$$\frac{37.1595}{36.9724} = 1.005061 \text{ rounded to } 1.005$$

LEGAL INFORMATION

The holder may not subscribe to new shares by exercising share subscription warrants if doing so would result in a shareholder, acting alone or in concert, holding directly or indirectly 60% or more of the Company's share capital or voting rights.

At the date of this Registration Document, NIFAM had exercised 303,672 share subscription warrants, thereby subscribing to 305,190 new shares at a price of EUR 36.71 (comprising a par value of EUR 5 and additional paid-in capital of EUR 31.71). Including additional paid-in capital, the share capital was as a result increased by EUR 11,203,524.90 (comprising a nominal amount of EUR 1,525,950 and EUR 9,677,574.90 in additional paid-in capital) from EUR 78,006,250 to EUR 79,523,200 on completion of the operation on March 19, 2019. NIFAM now holds 305,190 shares in the Company representing 1.92% of the share capital and voting rights.

5.1.5. AMOUNT OF THE SHARE CAPITAL AUTHORIZED, BUT NOT ISSUED

1) The Ordinary and Extraordinary Shareholders' Meeting of 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 benchmarked to a basket of currencies, 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 cancelation of pre-emptive subscription rights, set the issue price, within the annual limit of 10% of the share capital 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 delegations of authority were partially used (see section IV/1.1 above regarding the Capital Increase with Pre-emptive Rights for the Existing Shareholders).

   These authorizations, which are valid for a period of 26 months as of the General Shareholders' Meeting of April 20, 2017, have to be renewed.

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 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. This authorization was used in full by decision of the Board of Directors' meeting of April 14, 2016 (see section 5.1.4 "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").

5.1.6. SECURITIES THAT DO NOT REPRESENT CAPITAL

None

5.2. TRANSACTIONS IN THE COMPANY'S OWN SHARES

The Ordinary and Extraordinary Shareholders' Meeting of April 24, 2018 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: 23,419;
- Average purchase price: EUR 39.38 (gross);
- Number of shares sold: 21,089;
- Average sale price: EUR 39.30 (gross);
- Reasons for the acquisitions: market stimulation (100%).

At December 31, 2018, the Company held 11,939 treasury shares with a market value of EUR 458,585 each (closing value).

The Company purchased 5,988 shares to cover stock option or other employee share-based payment plans for employees and/or corporate officers.

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. 596/2014 of April 16, 2014, 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 30, 2019.

Breakdown of treasury shares by objective, as at March 19, 2019

Number of treasury shares directly or indirectly held: 12,092 shares representing 0.08% 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;
- Shares available for stock options or other employee share-based payment plans: 0;
- Shares available in exchange for securities giving entitlement to shares: 0;
- Cancelations: 0.

New share buy-back program

Authorization of the program: General Shareholders' Meeting of April 30, 2019

Shares affected: ordinary shares

Maximum percentage of the capital that can be repurchased: 10% of capital (equivalent to 1,590,644 shares at the date of this document). 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 12,092 shares (i.e., 0.08% of the share capital), the maximum number of shares that can be purchased is 1,518,552 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 71,578,980

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 implement any market practices that may subsequently be permitted by the AMF and, more generally, to carry out any other transactions in compliance with the applicable regulations;
- to cancel, where applicable, any repurchased shares, subject to the authorization to be granted by the next General Shareholders' Meeting on April 30, 2019 in its ninth resolution (extraordinary).

Term of the program: 18 months as of the General Shareholders' Meeting of April 30, 2019.

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.

The main clauses of the agreement are as follows:

No concerted action: Pursuant to the shareholders' agreement, Northwood and GIC represent that they are not acting in concert with regard to Cegereal within the meaning of Articles L.233-10 et seq. of the French Commercial Code.

Governance

Representation on the Board of Directors and on the Board's committees

Under the shareholders' agreement, Northwood and GIC may appoint directors to represent their interests on the Board of Directors. Accordingly, the Board will comprise:

- five members appointed on the recommendation of Northwood (including the Chairman of the Board, who will hold a casting vote);
- two members appointed on the recommendation of GIC, provided that GIC holds more than 20% of Cegereal's share capital (one member provided that GIC holds more than 10% but less than 20% of Cegereal's share capital); and
- three independent members (within the meaning of the AFEP-MEDEF Code).

Each of the Board of Directors' committees will comprise three members, including two independent directors. GIC will be entitled to appoint one member to serve on the Audit Committee and one member to serve on the Investment Committee, and Northwood will be entitled to appoint one member to the Appointments and Compensation Committee.

Each director will be free to vote as he or she chooses on all decisions submitted to the Board of Directors.

Amendments to the Internal Rules and Regulations

The shareholders' agreement provides for an amendment to the Internal Rules and Regulations such that the most significant decisions (in their first deliberation only, for some decisions) concerning Cegereal will require a majority of two-thirds of the Board's members in order to be approved.

Accordingly, GIC may not veto any Board decisions.

Protection of minority shareholders

While GIC's interest in Cegereal's share capital and voting rights is greater than 20%, it has the right to veto any decisions likely to impact its investment, namely:

- any amendments to the corporate purpose, corporate form, corporate term or financial securities of Cegereal;
- any decisions to issue or authorizing the issuance of Cegereal shares and/or financial securities;
- any decisions relating to the merger, demerger, liquidation or dissolution of Cegereal; and
- any decisions relating to the creation of a new category of Cegereal shares and/or financial securities or any rights associated with these shares or financial securities.

The shareholders' agreement provides exceptions for certain decisions that have previously been approved by a majority of two-thirds of the Board of Directors' members, in particular for decisions relating to capital increases with pre-emptive subscription rights for existing shareholders.

Right of first offer:

Under the shareholders' agreement, shareholders that own more than 10% of Cegereal's share capital and voting rights have the right of first offer in the event of the sale of Cegereal shares by another shareholder, subject to certain exceptions.

Duration and termination of the agreement:

The shareholders' agreement will expire on December 31, 2025.

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
Oct-26-18	Oct-25-18	Euro Bernini Private Limited	Subscription	€35.8500	€22,353,227.85
Oct-29-18	Oct-25-18	NW CGR 1 SARL	Subscription	€35.8500	€16,505,160.75
Oct-29-18	Oct-25-18	NW CGR 2 SARL	Subscription	€35.8500	€16,505,160.75
Oct-29-18	Oct-25-18	NW CGR 3 SARL	Subscription	€35.8500	€16,505,160.75

5.5. DISCLOSURE THRESHOLD NOTICES AND STATEMENTS OF INTENT

5.5.1. CROSSING OF THRESHOLDS

Summary table of disclosure thresholds in 2018:

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.

No crossings of either statutory thresholds or thresholds set out in the bylaws have been disclosed to the Company since January 1, 2019.

5.5.2. CONCERT PARTY

a) Northwood Concert

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.

As stated above, at the date of this Registration Document, NIFAM, an affiliate of Northwood, became a shareholder of the Company, with 1.92% of the share capital and voting rights. As none of the disclosure thresholds set out in the applicable legal provisions or in the bylaws were crossed, Northwood and NIFAM were not require to declare that they were acting in concert. However, Northwood and NIFAM, which together own 57.16% of the Company's share capital and voting rights at the date of this Registration Document, will in practice act in concert.

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.

b) Other concert parties

The following concert parties have also been disclosed to the Company:

i. The concert party comprising 50113 Investment Holdings LLC, 30314 Investment Holdings LLC and Silas Holdings I LLC, all governed by the laws of the state of Delaware, which declared on March 1, 2016 that they had acted in concert for the acquisition of Cegereal shares. As at December 31, 2018, the concert party owned 4.18% of the Company's voting rights and share capital; and

ii. The concert party comprising Gothic Corporation, Gothic HSP Corporation, Gothic ERD LLC and Gothic JBD LLC held 3.15% of the share capital and voting rights.

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 2018: None

Options granted by the Company and related companies or groups in 2018 to all employee beneficiaries: None

Options exercised by the Company's corporate officers and employees in 2018: None

Information concerning options exercised by the ten employee beneficiaries that exercised the largest number of options in 2018: 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.

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.

In this respect, 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 that vested on July 6, 2017 (i.e., 4,420 of the 5,349 shares initially awarded), and (ii) the 5,080 shares awarded to him on July 20, 2017, i.e., a total of 9,500 shares in the Company. Consequently, the 5,080 shares awarded to him in July 2017 vested on July 25, 2018 with no obligation to satisfy the performance objectives. The shares are subject to a lock-up period expiring on July 25, 2019.

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 2016 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 shares granted to corporate officers in 2018

None

Performance shares granted to the ten employees (non-corporate officers) of the Company who received the largest number of shares during the period

None

5.7. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

None

5.8. INFORMATION PROVIDED BY THIRD PARTIES, EXPERT VALUATION REPORTS

The Company applies the principle of rotating its independent experts once every three years.

BNP Paribas Real Estate Expertise was appointed as expert appraiser for a three-year term as of the June 30, 2016 valuation.

Catella Valuation was appointed as expert appraiser for a three-year term as of the June 30, 2016 valuation.

Cushman & Wakefield Valuation was appointed as expert appraiser for a four-year term as of the December 31, 2015 appraisal (contract existing on the date of acquisition in December 2016 of Hanami Rueil SCI, which owns the Hanami campus).

CBRE Valuation was appointed as expert appraiser for a three-year term as of the December 31, 2018 valuation for CGR Propco SCI, which owns Passy Kennedy.

The experts did not perform any work other than in connection with the valuation.

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, Cushman & Wakefield Valuation and CBRE Valuation have no ownership links with Cegereal.

The real estate valuation firms BNP Paribas Real Estate Expertise, Catella Valuation, Cushman & Wakefield Valuation and CBRE Valuation confirm that the valuations were performed by and under the responsibility of qualified valuers.

The annual fees billed to Cegereal are determined on a flat-fee basis 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 five 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 years, or file-based valuation opinions.

Our assignment focused on the estimation of fair value at December 31, 2018.

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 parking garages 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 (excl. transfer duties) at Dec. 31, 2018 (in millions of euros)	Fair value (incl. transfer duties) at Dec. 31, 2018 (in millions of euros)
BNP Paribas Real Estate Expertise	2	Offices	570.0	612.8
Catella Valuation	1	Offices	447.0	480.5
Cushman & Wakefield Valuation	1	Offices	169.9	182.7
CBRE	1	Offices	221.6	238.3
Total	5		1,408.5	1,514.3

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 Expertise

Jean-Claude Dubois
Chairman

BNP PARIBAS REAL ESTATE

Catella Valuation

Jean-François Drouet
Chairman

CATELLA

Cushman & Wakefield Expertise

Philippe Guillerm
Chief Executive Officer

CUSHMAN & WAKEFIELD

CBRE Valuation

Franck Truong
Director

CBRE

5. 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 subsidiaries 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 174, 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 19, 2019

Jérôme Anselme

Chief Executive Officer

3. Historical financial information

The IFRS consolidated financial statements for the year ended December 31, 2018 and the related Statutory Auditors' report are presented on pages 92 to 110 and page 111, respectively, of the 2018 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 2018 Registration Document.

The IFRS consolidated financial statements for the year ended December 31, 2017 and the related Statutory Auditors' report presented on pages 94 to 112 and page 113, respectively, of the 2017 Registration Document filed with the AMF on March 27, 2018 under no. D. 18-0188, are incorporated by reference into this 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.

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, 2018. Its most recent consolidated financial statements are those prepared in accordance with IFRS for the year ended December 31, 2018.

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
10. Capital resources		
10.1 Issuer's capital resources	IV.5	164
10.2 Cash flows	I.5, III.1 and III.2.3	44, 80 and 94
10.3 Funding	III.1.3	82
10.4 Restrictions on the use of funds	III.1.3	82
10.5 Sources of funds	III.1.3	82
11. Research and development, patents and licenses	**IV.5.7**	**169**
12. Trend information		
12.1 Trends	III.1.5	86
12.2 Uncertainties relating to trends	N/A	-
13. Profit forecasts or estimates	**N/A**	**-**
14. Administrative, management, and supervisory bodies and senior management		
14.1 Information concerning the members of the administrative, management or supervisory bodies	I.1.4 and IV.1.4	12 and 142
14.2 Conflicts of interest at the level of the Board of Directors and Executive Management	IV.1.4	142
15. Compensation and benefits		
15.1 Compensation paid	IV.I.4.5	151
15.2 Provisions	III.3.5 note 5.10 and IV.1.4.5	122 and 151
16. Details of the management and executive structures		
16.1 Terms of office	IV.1.4.4	148
16.2 Information on service agreements between the directors and the Company	N/A	-
16.3 Board of Directors' Committees	I.4 and IV.1.4.2	12 and 146
16.4 Corporate governance	IV.1.4	142
17. Employees		
17.1 Number of employees	IV.4	162
17.2 Employee profit-sharing	IV.4 and IV.5.6	162 and 168
17.3 Employee shareholding in the capital	IV.4	162
18. Main shareholders		
18.1 Crossing of thresholds	IV.5.5	168
18.2 Different voting rights	N/A	-
18.3 Control	IV.5.1.2 and IV.5.3	164 and 167
18.4 Shareholders' agreements	IV.5.1.2 and IV.5.3	164 and 167
19. Related party transactions	**IV.3**	**161**
20. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
20.1 Historical financial information	V.3	171
20.2 Pro forma financial information	N/A	-
20.3 Company financial statements	III.3	116
20.4 Auditing of historical annual financial information	V.4	172
20.5 Age of latest financial information	III.3 and V.3	116 and 171
20.6 Interim and other financial information	N/A	-
20.7 Dividend policy	I.1.1	4
20.8 Legal and arbitration proceedings	III.1.9	91
20.9 Significant change in the issuer's financial or trading position	III.1.2.1 and III.3.2.1, note 1.4	81 and 119
21. Additional information		
21.1.1 Issued capital	IV.5.1.1	164
21.1.2 Other shares	IV.5.1.6	166
21.1.3 Shares held by the issuer	IV.5.2	166
21.1.4 Securities	IV.5.1.5 and IV.5.1.6	166
21.1.5 Terms of acquisition	IV.2.6	158
21.1.6 Options or agreements	IV.5.3	167
21.1.7 History of share capital	IV.5.1.3	164
21.2 Articles of incorporation and bylaws		
21.2.1 Corporate purpose	IV.2.6	158
21.2.2 Management and supervisory bodies	IV.2.6	158
21.2.3 Rights, privileges and restrictions attached to shares	IV.2.6	158
21.2.4 Rights of shareholders	IV.2.6	158
21.2.5 General Shareholders' Meetings	IV.2.6	158
21.2.6 Provisions entailing a change in control	N/A	-
21.2.7 Share ownership threshold	IV.2.6	158
21.2.8 Conditions governing statutory changes	N/A	-
22. Material contracts	**IV.3**	**161**
23. Information provided by third parties, expert appraisal reports and declarations of any interest	**IV.5.8**	**169**
24. Documents on display	**V.1**	**171**
25. Information on holdings	**III.1.1 and III.3.2.5 note 5.16**	**80 and 124**

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 30, 2019.

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.1.2 and III.2	40, 80 and 92
Company information	III.1.4 and III.3	84 and 116
Foreseeable developments/Future prospects (Group and Company)		
Group information	I.1.3, I.4 and III.1.5	24, 32 and 86
Company information	I.1.3, I.4 and III.1.5	24, 32 and 86
Results of the Company and the subsidiaries		
Group information	III.1.2 and III.2	80 and 92
Company information	III.4 and III.3	84 and 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.5, III.1 and III.2	40, 80 and 92
Company information	I.1.1, I.4, III.1 and III.3	4, 32, 80 and 116
Environmental and employment information - Social commitments to sustainable development		
Group information	II and IV.4	46 and 162
Company information	II and IV.4	46 and 162
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.1.7, 3	46 and 90
Company information	II and III.1.7, 3	46 and 90
Research and development activities		
Group information	IV.5, 7	169
Company information	IV.5, 7	169
Progress made/Difficulties encountered		
Group information	I.1.1, I.1.2, I.1.3 and III.1	6, 8, 10 and 80
Company information	I.1.1, I.1.2, I.1.3 and III.1	6, 8, 10 and 80
Main risks and uncertainties		
Group information	III.1.7 and II.2.5.4	87 and 100
Company information	III.1.7, III.3.2.3 and III.3.2.5 note 5.10	87 and 122
Information on interest rate risk, foreign exchange risk and risks on equities and other financial instruments		
Group information	III.1.7 and II.2.5.4	87 and 100
Company information	III.1.7 and III.3.2.3	87 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.1.7, 2	88
Company information	III.1.7, 2	88
Significant events subsequent to year-end		
Group information	III.1.6 and II.2.5.5 note 5.30	86 and 110
Company information	III.1.6 and III.3.2.5 note 5.21	86 and 124
Activity per line of business		
Group information	III.1 and III.2	80 and 92
Purchases of 5%, 10%, 20%, 33.33%, 50%, 66.66% of share capital or voting rights, or takeovers		
Company information	III.1.1	80
Changes in the presentation of the annual financial statements and the valuation methods used		
Company information	III.1 and III.3.2.4	80 and 120
Dividends distributed in the previous three years		
Company information	III.1.4	85
Non tax-deductible expenses		
Company information	III.1.4	85
Information on supplier payment terms		
Company information	III.1.4	85
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	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.1.3 and IV.5.1	10 and 164
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	162
Shareholders' agreements relating to the Company's share capital (indications of any Dutreil Act retention undertakings)	IV.5.3	167
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	168
Number of shares purchased and sold during the year within the framework of Article 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	166
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.5.1.4	165
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.1.4.5 and IV.5.6	151 and 168
Statement summarizing transactions in the Company's shares by senior executives, senior managers and persons with whom they have close ties	IV.5.4	168
Attached documents		
Report on corporate governance	IV.1.4	142
Five-year financial summary	III.3.3	125
Special report on free share awards	IV.5.6.2	169
Special report on awards of stock subscription options and stock purchase options	IV.5.6.1	168

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**	**92**
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.1.1, I.1.2, I.4, III.1, III.2 and III.3	6, 8, 32, 80, 92 and 116
3.2 Information regarding the share buy-back program during the fiscal year	IV.5.2	166
4. Declaration by the persons responsible for the annual financial report	**V.2**	**171**
5. Statutory Auditors' reports on the annual and consolidated financial statements	**III.2.6 and III.3.4**	**111 and 125**
6. Report on corporate governance in accordance with Article L.225-37 of the French Commercial Code	**IV.1.4**	**142**

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, 2018	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, 2018	III.2	92
4. Statutory Auditors' report on the consolidated financial statements	III.2.6	111
5. Statutory Auditors' special report on related party agreements and commitments	III.3.4	128
6. Five-year financial summary	IV.5.1.4	125
7. Statutory Auditors' report on the extraordinary resolutions	IV.1.3	140
8. Statutory Auditors' report on the Board of Directors' report on corporate governance	III.3.5	125
9. Report by an independent third party on the Non-Financial Information Statement	II	76

8. NFIS concordance table

By way of government order no. 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017, the French government transposed into national law the European directive of October 22, 2014 on the disclosure of non-financial information. The new requirements concern listed companies with more than 500 employees and annual net revenue of more than EUR 40 million or net assets of more than EUR 20 million. Cegereal is therefore not concerned by the requirements, but has chosen to comply with them voluntarily.

Pursuant to France's Energy Transition Law (no. 2015-992 of August 17, 2015 – LTECV), the non-financial information statement must contain certain disclosures. Similarly, two laws (no. 2018-898 of October 23, 2018 on combating fraud, and no. 2018-938 reforming France's agriculture and food policy) were recently introduced amending Article 225-102-1 of the French Commercial Code, which governs the content required in the non-financial information statement (NFIS).

The provisions regarding the non-financial information statement do not require issuers to disclose all the information provided for by law, thereby favoring an approach that focuses specifically on the issuer's business and its risk analysis rather than the exhaustiveness of the non-financial information.

The following table indicates where the information required by the above provisions can be found in Cegereal's Annual Report.

Main focuses of the NFIS	Information required in the NFIS	Corresponding pages
Environment	Consequences of the company's activity and the use of the goods and services it produces on climate change	AR p. 36; 49; 52; 53; 55; 56; 87; 90
Environment	Circular economy	AR p.53; 59
Environment	Consequences of the use of the goods and services it produces	AR p. 52; 55; 57; 59
Environment	Respect for animal welfare	N/A
Environment	Responsible, fair and sustainable food	AR p. 163
Environment	Fight against food insecurity	AR p. 163
Environment	General environmental policy	AR p. 48-52
Environment	Biodiversity	AR p. 49; 52; 57; 60; 87; 90
Social	Social commitments to sustainable development	AR p. 163
Social	Collective agreements in the company and their impact on the company's economic performance	AR p. 162
Social	Working conditions of employees	AR p. 49; 51; 52; 63; 64; 75; 109; 134; 139; 141; 162; 166; 169
Social	Actions to combat discrimination and promote diversity and measures in favor of people with disabilities	AR p. 160
Social	Workforce	AR p. 34; 52; 55; 64; 65; 75; 84; 162
Social	Working schedules	AR p. 64; 80; 133; 138; 142; 146; 147, 152, 156, 163
Social	Labor relations	AR p. 6; 30; 49; 55; 62-66; 144
Social	Health and safety	AR p. 49; 63; 87; 163; 173
Social	Training	AR p. 64; 146; 162-163
Social	Equal treatment	AR p. 64; 145; 162; 163
Corruption	Corruption	AR p. 176; 145
Tax evasion	Tax evasion	AR p. 145
Human rights	Human rights	AR p. 64; 76; 142; 145; 162

Tools requested	Corresponding pages
Overview of the business model	
- its business environment and its stakeholders;	AR p. 1; 8; 10; 16-30; 64; 55
- its activities, organization and structure;	AR p. 12; 13-22; 84-86
- the markets in which it operates;	AR p. 34-37; 99-100
- its vision and objectives and strategies for creating value;	AR p. 2-3; 7-10; 34; 36; 38-39; 48
- the main trends and factors that could influence its future development.	AR p. 52-53; 86-88
Analysis of the main CSR risks identified: for each risk: - a presentation of the policies and procedures implemented to respond to them; - the results; - performance indicators.	
1: Tenant comfort and well-being - reputation risk	AR p. 49; 52; 55; 63; 89
2: Energy - reputation risk	AR p. 49; 52; 55; 68; 89
3: Resilience to climate change - physical risk	AR p. 49; 52; 55-56; 89
4: Greenhouse gas emissions - reputation risk	AR p. 49; 52; 55-56; 89
5: Biodiversity - reputation risk	AR p. 49; 52; 55; 57; 60; 87-89

9. EPRA concordance table

EPRA sustainability performance measures	EPRA performance measure code	GRI indicators	Corresponding pages	Cross-reference to chapters	Cross-reference to main focuses of the NFIS	Scope
Environmental sustainability performance measures						
Total electricity consumption	Elec-Abs	302-1	AR p. 69-70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Like-for-like total electricity consumption	Elec-LfL	302-1	AR p. 70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Total district heating & cooling consumption	DH&C-Abs	302-1	AR p. 69-70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Like-for-like total district heating & cooling consumption	DH&C-LfL	302-1	AR p. 70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Total fuel consumption	Fuels-Abs	302-1	AR p. 69-70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Like-for-like total fuel consumption	Fuels-LfL	302-1	AR p. 70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Building energy intensity	Energy-Int	CRE1	AR p. 69-70	NFIS: - “Acting for the climate” - “Energy, energy efficiency & renewable energy” - “EPRA environmental performance indicators”	Environment	Asset-level
Total direct greenhouse gas (GHG) emissions	GHG-Dir-Abs	305-1	AR p. 71	NFIS: - “Acting for the climate” - “Climate change – mitigation and adaptation” - “EPRA environmental performance indicators”	Environment	Asset-level
Total indirect greenhouse gas (GHG) emissions	GHG-Indir-Abs	305-2	AR p. 71	NFIS: - “Acting for the climate” - “Climate change – mitigation and adaptation” - “EPRA environmental performance indicators”	Environment	Asset-level
Greenhouse gas (GHG) emissions intensity from building energy consumption	GHG-Int	CRE3	AR p. 71	NFIS: - “Acting for the climate” - “Reducing water consumption” - “EPRA environmental performance indicators”	Environment	Asset-level
Total water consumption	Water-Abs	303-1	AR p. 69; 72	NFIS: - “Acting for the climate” - “Reducing water consumption” - “EPRA environmental performance indicators”	Environment	Asset-level
Like-for-like total water consumption	Water-LfL	303-1	AR p. 69; 72	NFIS: - “Acting for the climate” - “Reducing water consumption” - “EPRA environmental performance indicators”	Environment	Asset-level
Building water intensity	Water-Int	CRE2	AR p. 69; 72	NFIS: - “Acting for the climate” - “Reducing water consumption” - “EPRA environmental performance indicators”	Environment	Asset-level
Total weight of waste	Waste-Abs	306-2	AR p. 69; 72	- “Resources and waste, committing to a circular economy” - “EPRA environmental performance indicators”	Environment	Asset-level
Like-for-like total weight of waste	Waste-LfL	306-2	AR p. 69; 72	"- “Resources and waste, committing to a circular economy” - “EPRA environmental performance indicators”	Environment	Asset-level
Type and number of sustainably certified assets	Cert-Tot	CRE8	AR p. 17-21; 50; 52-53	AR: - “Perfect positioning” - “Our “Upgreen Your Business” ESG performance plan” - “History & highlights”	Environment	Asset-level

EPRA sustainability performance measures	EPRA performance measure code	GRI indicators	Corresponding pages	Cross-reference to chapters	Cross-reference to main focuses of the NFIS	Scope
Social performance measures						
Employee gender diversity	Diversity-Emp	405-1	AR p. 64; 77; 143; 162	NFIS: - "Having a positive social footprint" - "A people-centered company"	Respect for human rights	Corporate-level
Gender pay ratio	Diversity-Pay	405-2	AR p. 73	AR: - "EPRA social performance indicators"	Respect for human rights	Corporate-level
Training and development	Emp-Training	404-1	AR p. 64, 146, 162-163	AR: - "Employees"	Social	Corporate-level
Employee performance appraisals	Emp-Dev	404-3	AR p. 64, 146, 162-163	AR: - "Employees"	Social	Corporate-level
Employee turnover and retention	Emp-Turnover	401-1	AR p. 162-163	AR: - "Employees"	Social	Corporate-level
Employee health and safety	H&S-Emp	403-2	AR p. 49; 63; 163	NFIS: - "Having a positive social footprint" - "A people-centered company"	Respect for human rights	Corporate-level
Asset health and safety assessments	H&S-Asset	416-1	AR p. 63-64	NFIS: - "Buildings tailored to their tenants" - "Health, safety, comfort and well-being of tenants across our portfolio" - "Tenant services & building connectivity"	Social	Asset-level
Asset health and safety compliance	H&S-Comp	416-2	AR p. 63-64	NFIS: - "Buildings tailored to their tenants" - "Health, safety, comfort and well-being of tenants across our portfolio" - "Tenant services & building connectivity" - "Portfolio accessibility"	Social	Asset-level
Community engagement, impact assessments and development programs	Comty-Eng	413-1	AR p. 34; 49; 52-53; 65-66	NFIS: - "Having a positive social footprint" - "Partnerships and corporate sponsorships"	Social	Asset-level
Governance performance measures						
Composition of the highest governance body	Gov-Board	102-22	AR p. 143	AR: - "Board of directors' report on corporate governance" - "Board of directors"	Social	Corporate-level
Process for nominating and selecting the highest governance body	Gov-Selec	102-24	AR p. 89; 147; 154; 159	AR: - "Bylaw provisions relating to the management and executive structures – board of directors' internal rules and regulations" - "Information likely to have an impact in the event of a public offer for the company's shares"	Social	Corporate-level
Managing conflicts of interest	Gov-Col	102-25	AR p. 89; 144; 146; 167	AR: - "Bylaw provisions relating to the management and executive structures – board of directors' internal rules and regulations" - "Board of directors' report on corporate governance" - "Risk management and internal control procedures" - "Conflicts of interest" - "Information provided by third parties, expert valuation reports"	Anti-corruption	Corporate-level

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 EARNINGS

EPRA earnings are a measure of operating performance that does not include fair value changes, the impact of asset sales and other items not considered to be part of the Company's recurring business activity.

The EPRA performance indicator shown above is calculated based on EPRA Best Practices Recommendations (BPR). The figures are not prepared in accordance with IFRS. The main assumptions and criteria used to calculate the indicators may vary from company to company. These metrics should not be taken in isolation or considered as a substitute for operating income or any other performance indicator.

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, 2018 by external real estate valuers, BNPPRE, C&W, CBRE and Catella. Treasury shares held at December 31, 2018 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, 2018 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.

GREEN RATING

Designed by and for real-estate professionals, Green Rating is a tool for the evaluation and comparative analysis of the intrinsic and real environmental performance of existing buildings. It is based on six environmental criteria – energy, carbon, water, transport, waste and well-being – and four levels of performance, and offers tangible results that allow performance to be tracked and improved over time.

HQE EXPLOITATION

HQE en Exploitation (Haute Qualité Environnementale en Exploitation or High Environmental Quality in use) is a building certification that establishes the environmental performance of a site based on four metrics – energy, environment, health and convenience. Its main objective is to ensure control of the building's energy and environmental quality by drawing on the resources installed during its construction or renovation.

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 100.

INTEREST COVERAGE RATIO

The interest coverage ratio is used to measure a company's ability to meet interest payments on its outstanding debt. It is equal to revenue for the period divided by interest expense for the period. It is also known as the Interest Service Coverage ratio (ISC) or the Debt Service Coverage ratio (DSC).

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

POTENTIAL YIELD

An asset's potential yield corresponds to the sum of the market rental values divided by the estimated value of the property.

REFERENCE SURFACE AREA

The reference surface area is the surface area as determined by surveyors. It includes the surface area of the private areas, common areas and service areas (i.e., the intercompany restaurant, the auditorium and the archives).

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.

THEORETICAL EFFECTIVE YIELD

An asset's theoretical effective yield 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 is analyzed as the annual financial consideration for the use of a real estate asset under a lease agreement.

CEGEREAL

Shareholders and Investor Relations
42, rue de Bassano - 75008 Paris
France
Tel.: +33 (0)1 42 25 76 42
info@cegereal.com

www.cegereal.com

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 22, 2019 in accordance with Article 212-3 of its General Regulations. 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.

Consulting, design & production: TERRE DE SIENNE
Photo credits: Emile Luider/LaCompany, Thierry Borredon, Mgp-Michel Gantner, Photos Laurent Descloux, Getty Images, Illusio.fr, ©angles2vues

IMPRIM'VERT®

In a responsible development rationale, Cegereal made the choice to print this document on paper manufactured in a FSC-certified plant, made with wood fibers from forests planted and exploited according to the same rationale. This paper is manufactured in a plant also ISO 14001-certified (environmental performance standard) and inked on Imprim'vert certified equipment.