AFFINE

REGISTRATION DOCUMENT 2014

CONTENTS

REGISTRATION DOCUMENT

2014

This registration document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, or AMF) on 31 March 2015 pursuant to Article 212-13 of its General Regulations. It may only be used in support of a financial transaction if accompanied by a securities note authorised by the AMF. This document was prepared by the issuer and the signatories are responsible for its contents.

This document is a free translation into English of the original French "Document de Référence" hereafter referred to as the "Registration Document". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Copies of this registration document
are available free of charge
from the Affine Group,
5 rue Saint Georges – 75009 Paris,
and from the Affine website (www.affine.fr)
and AMF website (www.amf-france.org).

1 PERSONS RESPONSIBLE

1.1 NAMES AND TITLES OF PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Maryse Aulagnon, Chairman and Chief Executive Officer

Alain Chaussard, Deputy Chief Executive Officer

1.2 DECLARATION OF THE PERSONS RESPONSIBLE FOR THE DOCUMENT

"We hereby certify, after taking every reasonable measure in this regard, that the information contained in this registration document is, to our knowledge, true and correct and free from material misstatement.

We hereby declare that, to our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and financial performance of the company and of all the companies included within the scope of consolidation, and that the management report presents an accurate picture of changes in the business, performance and financial position of the company and of all the companies included within the scope of consolidation, as well as a description of the principal risks and uncertainties to which they are exposed.

We have obtained an audit letter from the Statutory Auditors in which they state that they have verified the information relating to the financial position and financial statements contained in this document and that they have read the entire document."

The consolidated and separate financial statements for 2014 presented in the registration document are the subject of the Statutory Auditors' reports found in sections 20.1 and 20.3 of this document, which contain no particular observations.

The consolidated and separate financial statements for 2013 presented in the registration document are the subject of the Statutory Auditors' reports found in sections 20.1 and 20.3 of this document, which contain no particular observations.

The consolidated and separate financial statements for 2012 presented in the registration document are the subject of the Statutory Auditors' reports found in sections 20.1 and 20.3 of this document. Only the report on the separate financial statements contains an observation. This concerns the impact of the merger by absorption of AffiParis on Affine's accounts.

Paris, 31 March 2015

Madame Maryse Aulagnon	Monsieur Alain Chaussard
Chairman and Chief Executive Officer	*Co-Chief Executive Officer*

2 STATUTORY AUDITORS

2.1 STATUTORY AUDITORS AT 31 DECEMBER 2014

a) Principal Statutory Auditors

Cailliau Dedouit et associés

Represented by: Rémi Savournin

Address: 19 rue Clément Marot, 75008 Paris

Date of first appointment: 25 April 1979 (Immobail)

Term of office: six financial years from April 29, 2009

Term expires: at the end of the 2015 Ordinary General Shareholders' Meeting held to approve the 2014 financial statements.

KPMG Audit FS I

Represented by: Régis Chemouny

Address: 1 Cours Valmy, 92923 Paris La Défense Cedex

Date of first appointment: 26 April 2007

Term of office: six financial years from 24 April 2013

Term expires: at the end of the 2019 Ordinary General Shareholders' Meeting held to approve the 2018 financial statements.

b) Deputy Statutory Auditors

Didier Cardon

Address: 19 rue Clément Marot, 75008 Paris

Date of first appointment: 25 April 1979 (Immobail)

Term of office: six financial years from April 29, 2009

Term expires: at the end of the 2015 Ordinary General Shareholders' Meeting held to approve the 2014 financial statements.

KPMG Audit FS II

Address: 1 Cours Valmy, 92923 Paris La Défense Cedex

Date of first appointment: 24 April 2013

Term of office: six financial years from 24 April 2013

Term expires: at the end of the 2019 Ordinary General Shareholders' Meeting held to approve the 2018 financial statements.

2.2 RE-ELECTION – APPOINTMENT OF STATUTORY AUDITORS

The appointments of statutory auditors Caillau Dedouit et associés (principal statutory auditors) and of Didier Cardon (alternate auditor) will expire at the end of the 2015 Ordinary General Shareholders' Meeting held to approve the 2014 financial statements.

Will be proposed to:
- Renew the audit mandate of statutory auditor Cailliau Dedouit et associés for a period of six financial years
- Appoint Laurent Brun, 19 rue Clément Marot – 75008 Paris, as alternate auditor for a term of six financial years.

3 SELECTED FINANCIAL INFORMATION

The selected financial information below, relating to the years ended 31 December 2012, 2013 and 2014, is taken from the consolidated financial statements in Appendix 20.1.

The separate financial statements is presented in section 20.3.

Consolidated statements (€m)	2012	2013	2014
Gross rental income	46.4	40.2	43.7
Current operating profit[1]	34.5	26.5	30.2
EPRA earnings	**20.1**	**17.0**	**16.5**
Net profit – group share	4.7	(8.8)	(11.0)
Funds from operation	17.9	17.9	22.8
Investments (acquisition and works)[2]	20.5	27.0	21.8
FV of investment properties (incl. TT)[3]	580.4	626.8	610.1
FV of investment properties (excl. TT)[3]	549.3	593.8	575.1
EPRA net asset value (excl. TT)[4]	288.8	256.0	236.0
EPRA NNNAV (excl. TT)[4]	**308.8**	**289.5**	**261.1**
Net financial debt	333.8	347.0	345.0
LTV (%)	45.5	46.8	49.3
Average cost of debt (%)[5]	3.8	3.4	3.0
EPRA occupancy rate (%)	**87.8**	**90.9**	**90.2**

Figures per share (€)	2012	2013	2014
Net profit[6]	**0.20**	**(1.08)**	**(1.29)**
EPRA earnings	**1.75**	**1.44**	**1.38**
Dividend	**1.20**	**0.90**	**1.00**
EPRA net asset value excl TT[4]	**28.21**	**24.97**	**22.99**
EPRA NNNAV excl TT[4]	**30.17**	**28.23**	**25.44**
Share price (end of the year)	**12.61**	**13.94**	**15.17**

NB: The Banimmo sub-group is consolidated under the equity method. Since late December 2013, Jardins des Quais is wholly owned and fully consolidated (previously through the equity method). Banimmo's accounts are currently under audit review.

(1) In 2012, 2013 and 2014, this amount does not include the depreciation of buildings in inventory of the property development business of €1.4m, €1.2m and -€1.0m respectively, which is recognised under other income and expenses.

(2) At historic cost, with full ownership or under a finance lease agreement.

(3) Fair value of investment properties, including property held for sale, including or excluding transfer taxes. The transfer tax rate used for buildings is 1.8%, 6.2% or 6.9% depending on their status.

(4) Including BRS (bonds redeemable in shares) and after deducting Perpetual Subordinated Loan notes (PSL).

(5) Including hedging costs.

(6) After dilution due to BRS.

4 RISK FACTORS

The company has assessed the risks which could have a significant adverse effect on its activity, financial position or earnings (or on its ability to achieve its targets), and believes that there are no significant risks other than those presented below and in the Notes to the consolidated statements in section 20.1.7.

4.1 RISKS RELATED TO THE ACTIVITY

4.1.1 Risks related to the economic environment

The company's activity and its development are sensitive to changes in the economic environment. Such changes may stimulate, or conversely reduce, demand for new commercial properties. They could also have a long-term impact on occupancy rate and on the ability of tenants to pay their rent and service charges.

4.1.2 Risks related to the property market

The level of rents and building values are heavily influenced by supply and demand for property. This trend is likely to affect the ability of landlords to maintain rents when they come to renew leases. Adverse changes in demand relative to supply could therefore affect the value of assets, results, activity or financial position of the company.

The company's current earnings mainly consist of rents and recoverable service charges collected from tenants. Rent reviews are dependent on changes in the official indices to which they are index-linked.

The company adopts a prudent policy towards rents, ensuring that these remain consistent with rental values to ensure tenant stability.

Given the sharp rise in benchmark indices in recent years, the company has had to deal with requests for a reduction in some rents at the end of each three-year period. In 2014, the indices were fairly stable or even slightly down. Rents are generally index-linked to the ICC (Construction Cost Index), ILAT (Retail Rental Index), or ILC (Commercial Rent Index). Index-linking generally results in higher rents.

On a like-for-like basis, the fall of 4.5% in the portfolio's fair value results from:
- a 2.3% decrease due to the fall in market rents (ERV).
- a 0.4% increase due to higher yield rates used by some appraisers,
- a residual 2.6% decrease (works to be carried out, reversion, etc.).

The average yield resulting from appraisals is 7.4%. A downward or upward change of 25 basis points in this rate would lead to an increase or a decrease respectively of the portfolio's value of €18.9m

4.1.3 Risks related to the regulation and non-renewal of leases

The latest regulatory changes to commercial leases, following the publication of law no. 2014-626 of 18 June 2014 on artisans, merchants and very small businesses (known as the «Pinel Act») were included in the leases. The vagueness of some of these provisions could lead to new sources of disputes with tenants.

Furthermore, in the event of vacation of leased premises, the company cannot guarantee that it would be able to rapidly re-lease the assets at satisfactory rents.

The company faces strong competition from players in the sector that can offer tenants assets under more attractive rental terms. Nevertheless, it considers that the close relations it has with tenants, supporting their growth and expansion, are important factors that facilitate the renewal of expired leases.

The absence of rental income caused by vacant premises and the fixed expenses are likely to affect the company's results. Furthermore, it cannot be ruled out that the company might be faced with a market which is unfavourable for landlords, or with changes in legislation, regulations or case law imposing new constraints, particularly in terms of rent reviews.

4.1.4 Risks related to non-payment of rent

In order to minimise the risk of tenants defaulting on their rent payments, the company conducts a detailed analysis of the creditworthiness and financial capacity of prospective tenants prior to signing a new lease.

In addition, when signing leases, payment of a security deposit is systematically requested, either in cash or in the form of on-demand bank guarantees or sureties.

Much of the company's revenues are generated by letting its property assets to third parties. Therefore, the non-payment of rent, subjected to regular and rigorous monitoring, could affect its results. To minimise this risk and take the appropriate measures, the company conducts a regular assessment of the financial position of its tenants, with particular attention paid to the largest clients.

4.1.5 Risks related to the sectoral and geographical concentration of the company's portfolio

The company aims for a balanced distribution of its assets across several different sectors. However, its ability to maintain such a balanced distribution will depend on supply and demand for property, which could prevent it from acquiring or selling buildings at a reasonable price.

The company also ensures that its building asset portfolio is geographically diversified in order to spread the risks. Market trends could influence the company's ability to maintain a harmonious geographical diversification of its portfolio.

4.1.6 Risks related to current or future regulations

In its business activities, the company is required to comply with numerous regulations, particularly concerning commercial leases, co-ownership, prevention of natural and technological hazards, safety and environmental protection.

In general, the impact of any new regulations and the potential retrofitting of buildings as a result are borne by tenants.

However, the non-compliance of an asset with current or future regulations could generate additional expenses for the company.

To verify the compliance of the Group's property with the regulatory requirements, technical audits are periodically carried out by qualified service providers.

4.1.7 Risks related to estimated asset valuations

The bulk of the company's portfolio is valued twice a year during external appraisals. The value of buildings depends not only on the relationship between market supply and demand, but on numerous other factors such as changes in the economic and financial environment. In addition, buildings occupied by potentially vulnerable tenants are thoroughly analysed.

The value of the company's portfolio in the consolidated statements under IFRS correspond to fair value as determined by the latest appraisals; this does not include properties for sale, under offer or for which a preliminary sale agreement has been drawn up for which the indicated price is adopted.

If a significant change in values should occur between two appraisals, the valuation of the company's assets might not reflect their market value in the event of disposal. In addition, if the values determined by appraisals were to fall, the result in the consolidated statements at the subsequent closing would be affected.

4.1.8 Environmental risks

The Group participates in the High Quality Environment initiative by adopting preventive measures allowing it to limit the environmental impacts of constructing and renovating buildings.

This initiative also offers ways to make a building more comfortable for its users.

Affine periodically performs inspections of the buildings it owns to verify that environmental regulations are observed by their users

4.1.9 Insurance risks

The company has taken out several types of insurance policy covering the major risks to buildings (multi-risk, property damage, etc.) and to the company (liability). These policies are periodically renegotiated, when insurers compete both on the amount of premiums and the risk coverage..

4.2 RISKS RELATED TO THE COMPANY

4.2.1 Risks related to the controlling shareholder

On the date this registration document was filed, Holdaffine held the majority of voting rights in the company. Accordingly, Holdaffine has a significant influence on the company and on the conduct of its activity. It is able to make important decisions alone, particularly concerning the appointment of members of the Board of Directors, approval of the separate financial statements and the distribution of dividends. Holdaffine, which has none of its own debt, has the objective of developing Affine and maintaining its share price, an objective shared by all Affine shareholders. In addition, the governance rules are strictly adhered to; in particular, the majority of directors on the Board are independent as required by the recommendations of the Middlenext code.

4.2.2 Liquidity risk

The company carries out a special study of its liquidity risk and considers that it can meet its current obligations.

The company practises prudent and rigorous financial management in order to have a permanent significant cash surplus in excess of debt servicing requirements by:
- maintaining readily available cash
- establishing confirmed credit lines (€15m to date)
- annual loan repayment (with a residual value at maturity, where applicable)
- scheduling of repayments
- diversification of banking relations

The company mainly uses two tools to monitor its liquidity risk:

- a daily cash statement prepared by the financial department and sent to general management,
- a 3-year monthly cash situation forecast provided by the management controller to general management; at this time actual monthly cash and forecast cash are reconciled and discrepancies analysed. A cash flow forecast is submitted to the two Board of Directors' meetings called to approve the Group's financial statements.

The company is careful only to deposit cash with banks that, alone or through the group to which they belong, offer all the necessary guarantees. Its investments are made prudently, excluding any instruments with a risk of capital loss.

4.2.3 Interest rate risk

The Affine Group favours the use of floating rate debt which, before hedges, represented 96% of its debt at 31 December 2014.

The Group is continuing its prudent debt management policy by extensively hedging its interest rate risk through market transactions (swaps and caps) with leading banks. As such during the year, a new loan arranged and half hedged at year-end 2013 was fully hedged by a swap with a notional amount of €14,471,000 over a period of 5.5 years, at a rate of 0.79%. Furthermore, given the historically low interest rate levels, the second phase of the study conducted in 2013 to optimise interest rate hedging in future years led to the introduction of a 2.50% cap (€60 million) for a period of five years.

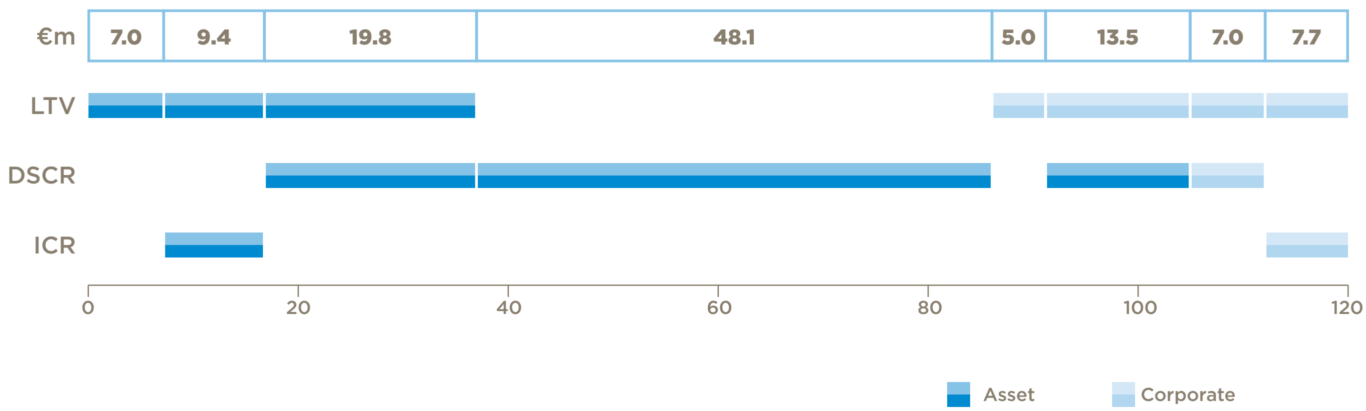
Market risk is assessed using the value-at-risk (VaR) approach, i.e. by estimating the net maximum loss that the portfolio of financial instruments could suffer under normal market conditions. Interest rates constitute the risk variable both for financial assets and for bank loans, which are the main financial liabilities.

4.2.4 Risks related to financial covenants

The loans arranged by Group companies generally have clauses requiring the borrower to observe one or more financial ratios pertaining to the financed asset. Only three loans for a total amount of €28.2 million include covenants applicable at the level of Affine itself.

In most cases, these covenants apply to ratios based on LTV (loan to value), DSCR (debt service coverage ratio), or ICR (interest coverage rate); the thresholds to be observed and the consequences of failing to observe these thresholds vary depending on the transaction. In most cases, the difference must be offset by a partially accelerated repayment (LTV ratio) or by the establishment of a cash security (DSCR and ICR ratios).

The following graph shows the distribution by type of covenants of the outstanding debts that are affected:



At 31 December 2014, the company was not in breach of any covenants. These ratios are updated every six months or annually, according to the terms negotiated with the banks.

4.2.5 Risk related to the gearing ratio

At the end of 2014, the LTV ratio calculated according to the methodology communicated to the Group's banks stood at 49.3%, including transfer duties on buildings, the value of securities in companies consolidated under the equity method and property financial assets.

4.2.6 Foreign exchange risk

Since it does not carry out foreign currency transactions, the Affine Group is not exposed to foreign exchange risk.

4.2.7 Counterparty risk

The Affine Group is committed to investing its cash and contracting derivatives only with reputable banking institutions. It also seeks to diversify its sources of bank credit: at 31 December 2014, the primary bank group represented 26.8% of total borrowings, while the five banks with the largest amounts outstanding represented 83% of total borrowings.

4.2.8 IT risk

Affine's entire IT system is backed up on the Cloud and replicated on several geographical sites and automatic backup centres. In the event of a disaster at Affine's offices, the company can still access its data and business recovery will only require connection to the internet with a specific configuration. Coded access procedures and anti-virus systems supplement the measures taken to prevent IT risk.

5 INFORMATION ABOUT THE ISSUER

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 Company name

Until 27 April 2012, the company had the name "AFFINE". As a result of the abandonment of the status as a credit institution in December 2011, the General Shareholders' Meeting of 27 April 2012 decided to replace the "AFFINE" corporate name and adopt: AFFINE R.E.

The commercial name "AFFINE" remains unchanged.

5.1.2 Companies register

The company is registered with the Paris Companies Register under the number: 712 048 735.

The SIRET code is 712 048 735 00062.

The APE code is 6820B (Lease of plots of land and other property).

5.1.3 Date of incorporation and duration of the company

The company was incorporated in January 1971 (under the name of Immobail BTP) for a period of 99 years, under the articles of association of a SICOMI. In September 1999, it was acquired by Sovabail (also formerly a SICOMI) with which it merged in July 2000 under the name of Affine.

On 1 January 2003, the company adopted the status of a SIIC (real estate investment trust)

Each financial year lasts for 12 months, from 1 January until 31 December.

5.1.4 Head office, legal form and legislation

The head office of the company is at 5 rue Saint-Georges, Paris (9th arrondissement).

Affine is a French public limited liability company with a Board of Directors.

5.1.5 Important events

Dates	Changes in Group structure
1990	Affine formed with a pool of institutional investors
1992	Acquisition of Sovabail and Somica (renamed Imaffine).
1996	Delisting of Sovabail
1996 – 1998	Absorption of Affine by Sovabail and restructuring of the shareholding.
September 1999	Sovabail launches takeover bid for Immobail, formerly Sicomi, listed on the premier marché of the Paris stock exchange.
July 2000	Absorption of Sovabail by Immobail, which is renamed "Affine".
February 2001	Affine gains control of Concerto Développement.
September 2003	Adoption of French real estate investment trust (SIIC) status with effect from 1 January 2003
October 2003	Convertible bonds issue (ORA I) (€20m)
September 2004	Imaffine sold to Altaréa and equity warrants granted to Affine for up to 4.2% of Altaréa's capital
April 2005	Affine gains control of BFI Business Centres
June 2005	Convertible bonds issue (ORA II) (€10m)
January 2006	Creation of Abcd, the construction engineering subsidiary
February 2006	Acquisition of 75% of equity of the Banimmo group
September 2006	Acquisition of 25% of the equity of Sicafi Montea
February 2007	Acquisition of 64% of the equity of the property company Fideimur
March 2007	Listing on Compartment C of Euronext Paris of Fideimur, renamed AffiParis in July 2007 and adoption of SIIC status
June 2007	Listing of Banimmo on Compartment B of Euronext Brussels. Affine's stake is reduced to 50%.
July 2007	Three-way split of Affine shares
July 2007	Issue of €75m in perpetual subordinated loan notes (PSL)
February 2008	Disposal of Affine's equity investment in Abcd
November 2009	Disposal of Affine's 2.4% equity investment in Altarea.
December 2009	Disposal of Affine's equity investment in BFI, finalised in February 2010
November 2011	Subscription for the AffiParis capital increase; after the operation and after buying securities on the market, Affine owns 86.9% of AffiParis at 31 December 2011
December 2011	Withdrawal of credit institution licence from Affine (financial corporation)
December 2012	Merger by absorption of AffiParis into Affine
December 2013	Acquisition of 50% of the shares held by Banimmo France in Les Jardins des Quais – Affine now owns 100% of this company
December 2014	Disposal by the Affine Group of 100% of shares held in Concerto Développement

5.2 INVESTMENT

5.2.1 Principal investments in 2014

In 2014, Affine invested €31m in acquisitions, renovations, and one development.

The company has undertaken major works on the 1,700 sq m building at rue Réaumur in Paris for the purpose of partially reconverting it into residential property. 606 sq m of new apartments were delivered and the 741 sq m renovated offices are under sale.

Furthermore, Affine has completed the conditioning works, renovation and repair of elevators on the office building of 4,056 sq m located in Bagnolet and mainly let to Saft following the signing of a new lease. The refurbishment of the building will be finished in 2015 (entry hall and the car park).

Finally, Affine started the renovation of the Tangram building, a 5,700 sq m office building located at boulevard des Tchécoslovaques in Lyon. In this context, the Group obtained the DEFFIBAT grant issued by the ADEME energy and environment agency. The purpose of this plan is to bring out the best initiatives in the Rhône-Alpes region on low energy consumption that also factors in environmental and health issues (quality of life and use, water, waste, etc.). The Group is aiming at a BBC Renovation Effinergie endorsement. Half of the building, to be delivered by Q3 2015, has already been let to ISCOM, an educational institution.

After the signing of the contract in July, Affine finalized the acquisition in mid-November of a 2,900 sq m office building in Toulouse, from the GA Group, for the sum of €7.9m (including transfer taxes).

The building has four floors (basement to ground floor + 2) with 20 parking spaces outside and 64 underground. Completed in Q2 2014, it is already 80% let to three tenants: Pôle Emploi, La Mutuelle Générale and Greenflex.

Further to this, Affine signed in late November a commitment to buy a second 2,900 sq m office building from the GA Group, for the sum of €7.5m (including transfer taxes).

This four-level building (basement, ground floor + 2) with 19 outdoor parking spots and 65 in the basement, will be completed for the second quarter of 2015.

The building is already 88% pre-leased by Dalkia, leading provider of energy services in France. It will receive Dalkia teams from its regional department in south-western France and the central Midi-Pyrénées Limousin region, representing some 100 employees.

Those two buildings are part of the «Les Amarantes» property development programme, a complex of three office buildings covering a total surface area of 9,200 sq m designed by architects Michèle and Gabriel de Hoym de Marien and CDA Architectes. The complex is situated in the heart of the new Borderouge district, close to the future Les Maourines shopping centre which will include a Carrefour and 60 stores.

This sector represents a major urban development area for Toulouse. Located at the exit to the Boulevard Urbain Nord interchange, 15 minutes from Toulouse Blagnac international airport, the site boasts excellent public transport links with metro line B for quick access to the city centre, 8 bus services covering a large part of the city, one intermodal station and three bicycle stands.

Those buildings will be certified NF HQE® Commercial Buildings like the rest of the development, with a contractual commitment to ensure that energy consumptions fall below 35 kWh/sq m/year for heating, cooling and ventilation thanks to a smart energy management system developed by GA.

Concerto European Developer is a subsidiary focused on the development of new generation logistic platforms. It conducts its business activities mainly in France:

- delivery in April 2014 to Devanlay (Lacoste, Gent and Aigle brands) of a 18,770 sq m logistics platform close to Troyes, through a 9-year fixed term lease;
- signing of an agreement with Petit Bateau (Yves Rocher group) in March, a leading ready-to-wear brand specialised in clothing for children, women and men, for the construction of a 43,500 sq m logistics platform on the same Parc de l'Aube through a 11-year fixed term lease, to be delivered at the beginning of 2016;
- development with Shema (Société Hérouvillaise d'Economie Mixte pour l'Aménagement) of a project for a multimodal logistics platform in the Calvados Honfleur Logistics Park, geared towards freight and the pooling of logistic flows. A building permit for a 117,000 sq m building has been obtained;
- obtaining of the building permit for a 51,200 sq m logistics platform and 3,200 sq m of offices and technical premises in Cambrai;
- filing of the building permit for a 72,000 sq m logistics platform and 3,000 sq m of offices and technical premises in Mer just in front of the logistics platform of 65,000 sq m developed for But International and completed at the end of 2009.

Abroad, the company continues to market the site of Sant Feliu de Buixalleu (Spain) with a total surface area of 38,700 sq m. Following a first building of 3,700 sq m delivered by late 2012, a second project has been signed with ILS Servicios Logisticos for a 10-year fixed term lease of a 10,700 sq m logistics platform, which was delivered in late 2014.

At the end of December, Affine sold Concerto European Developer to Kaufman & Broad. Affine will continue to be a partner of Concerto European Developer in the capacity of minority shareholder for projects developed up until 2018.

Through this operation, Affine is confirming the strategy that it adopted at the beginning of 2010, to simplify and refocus on its office, retail and logistics property business. Thanks to the partnership with Kaufman & Broad, Affine will nevertheless benefit from Concerto's reinforced growth capacities.

Affine will keep in its portfolio the Sant Feliu site in Catalonia, where two buildings have already been built and rented, and continue to be an investor in the Parc de l'Aube near Troyes.

5.2.2 Principal investments in progress

The Affine Group has embarked upon a large scale renovation of its buildings, mainly in Lyon and Lille. Furthermore, it continues to develop the logistics area of Sant Feliu (Spain).

5.2.3 Principal future investments

As part of the €100m investment budget adopted for the next three years, the Group was retained for two investments in VEFA in Marseilles and Nantes.

6 BUSINESS OVERVIEW

6.1 PRINCIPAL ACTIVITIES

Affine is a property company specialised in commercial real estate. At the end of December 2014, it directly owned 57 buildings with a total value of €575m (excluding taxes), for a total floor area of 534,400 sq m. The firm owns office properties (53%), retail properties (22%) and warehouses and industrial premises (26%). Its activity is distributed more or less equally between Île-de France and the other French regions.

Affine is also the major shareholder (49.5%) of Banimmo, a Belgian property repositioning company with operations in Belgium and France. At the end of December 2014, Banimmo had total assets of 20 office and commercial buildings, with a value of €335m (taxes included).

Total Group assets are €945m (including transfer taxes).

In 2003, Affine opted for French real estate investment trust (SIIC) status. The Affine R.E. share is listed on NYSE Euronext Paris (Ticker: IML FP/BTTP.PA; ISIN code: FR0000036105) and admitted to the deferred settlement system (long only). It is included in the CAC Mid&Small, SIIC IEIF and EPRA indexes. Banimmo is also listed on NYSE Euronext.

Property strategy

Affine's strategy focuses on four areas:

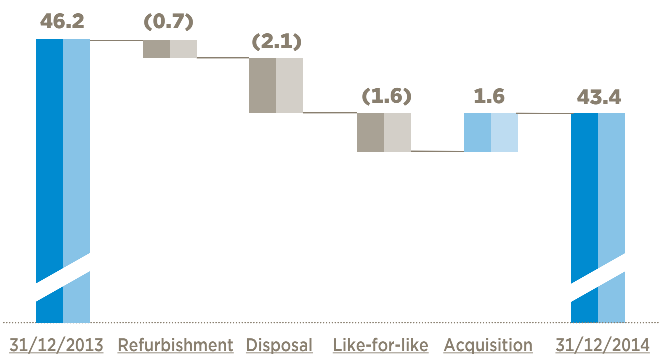
- a sustained effort aimed at upgrading its properties: improving its quality in terms of sustainable development, paying attention to the comfort of its tenants generating improved rent stability, and optimizing management through strengthened cost control;
- investments focusing on medium-sized buildings compared to their market (i.e. €10m to €20m for offices), with relatively high yield and containing a potential for value creation due to their location or their rental situation;
- balanced development between the Paris region, representing about half of the properties, and major French target cities in the regions (Bordeaux, Lille, Lyon, Marseille, Nantes et Toulouse). In addition to a higher yield, those cities offer a more stable market than the Paris region, and benefit from good national and international transport services (TGV high speed train or aeroplane);
- specialization in three types of properties in which the company has dedicated skills (offices, city centre retail outlets and logistics platforms).

Property company

Headline rents

Rents of leases in effect at 31 December 2014 accounted for €43.4m on an annual basis, a decrease of 3.7% on a like-for-like basis compared with 31 December 2013, and down 6.1% taking account of refurbishments, acquisitions and disposals.

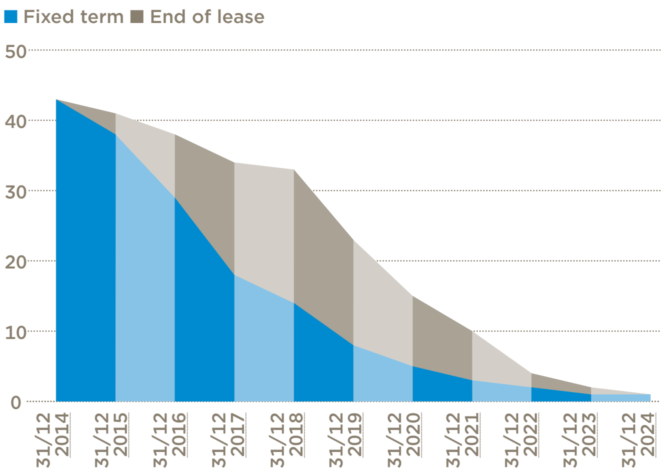
Change in headline rents (€m)



Over the year, Affine signed 20 new leases concerning a total surface area of 36,300 sq m and total annual rents of €1.7m. Furthermore, 13 tenants cancelled their leases, representing in total a surface area of 8,800 sq m and annual rents of €1.4m. Lastly, 35 leases were renegotiated for a total amount of €4.9m.

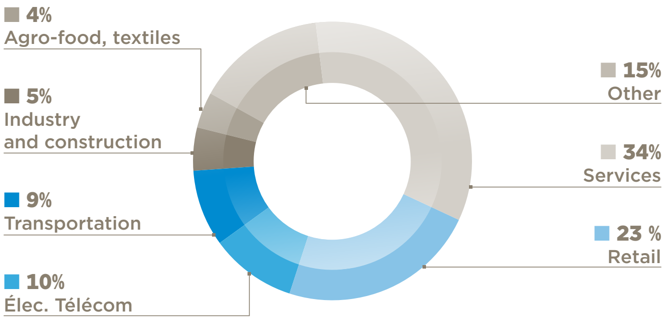
The average term of leases and their fixed term are 5.1 and 2.8 years respectively (compared to 4.8 and 2.3 years in 2013).

Schedule of leases (€m)

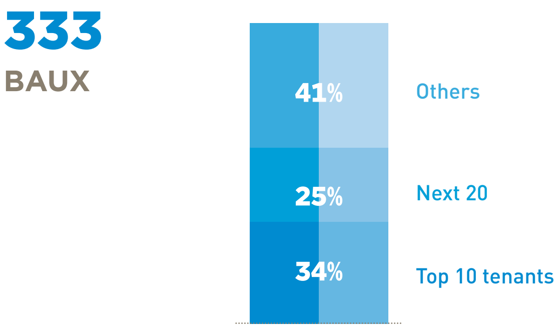


Among the top thirty tenants, who account for 59% of total rents, none reaches 10%, thus avoiding any concentration of risk on rental income. The largest tenants are: SNCF, TDF, the Corbeil-Essonnes municipal authority, and the French army.

By business sector of rents



Lease breakdown



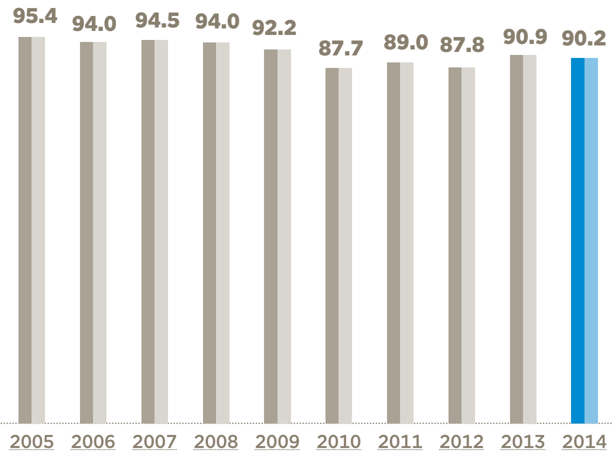
Occupancy rate

As many buildings are occupied by multiple tenants, the target occupancy rate ranges between 93% and 95%. Affine's strategy of focusing on investments in high added-value buildings, may lead the company to acquire properties with occupancy rates temporarily below this average.

At 31 December 2014, Affine's EPRA (financial) occupancy rate (excluding buildings currently being renovated: a building in Gennevilliers, one in Lyon and two buildings in Paris and Troyes in a selling process) slightly decreased to 90.2%, compared with 90.9% at the end of 2013.

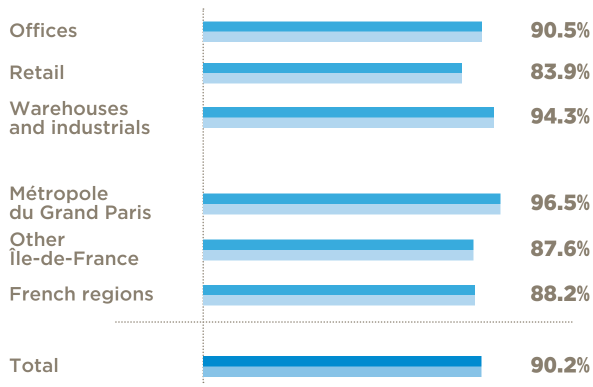
47% of the Group's financial vacancy is due to 3 properties. Of these, one shopping centre, Nevers, is in a letting process.

EPRA Occupancy rate*



* Financial occupancy rate excluding buildings being refurbished.

Occupancy rate by type and regions



Investments & Disposals

Refurbishment

The company has undertaken major works on the 1,700 sq m building at rue Réaumur in Paris for the purpose of partially reconverting it into residential property. 606 sq m of new apartments were delivered and the 741 sq m renovated offices are under sale.

Furthermore, Affine has completed the conditioning works, renovation and repair of elevators on the office building of 4,056 sq m located in Bagnolet and mainly let to Saft following the signing of a new lease. The refurbishment of the building will be finished in 2015 (entry hall and the car park).

Finally, Affine started the renovation of the Tangram building, a 5,700 sq m office building located at boulevard des Tchécoslovaques in Lyon. In this context, the Group obtained the DEFFIBAT grant issued by the ADEME energy and environment agency. The purpose of this plan is to bring out the best initiatives in the Rhône-Alpes region on low energy consumption that also factors in environmental and health issues (quality of life and use, water, waste, etc.). The Group is aiming at a BBC Renovation Effinergie endorsement. Half of the building, to be delivered by Q3 2015, has already been let to ISCOM, an educational institution.

Acquisitions

After the signing of the contract in July, Affine finalized the acquisition in mid-November of a 2,900 sq m office building in Toulouse, from the GA Group, for the sum of €7.9m (including transfer taxes).

The building has four floors (basement to ground floor + 2) with 20 parking spaces outside and 64 underground. Completed in Q2 2014, it is already 80% let to three tenants: Pôle Emploi, La Mutuelle Générale and Greenflex.

Further to this, Affine signed in late November a commitment to buy a second 2,900 sq m office building from the GA Group, for the sum of €7.5m (including transfer taxes).

This four-level building (basement, ground floor + 2) with 19 outdoor parking spots and 65 in the basement, will be completed for the second quarter of 2015.

The building is already 88% pre-leased by Dalkia, leading provider of energy services in France. It will receive Dalkia teams from its regional department in south-western France and the central Midi-Pyrénées Limousin region, representing some 100 employees.

Those two buildings are part of the «Les Amarantes» property development programme, a complex of three office buildings covering a total surface area of 9,200 sq m designed by architects Michèle and Gabriel de Hoym de Marien and CDA Architectes. The complex is situated in the heart of the new Borderouge district, close to the future Les Maourines shopping centre which will include a Carrefour and 60 stores.

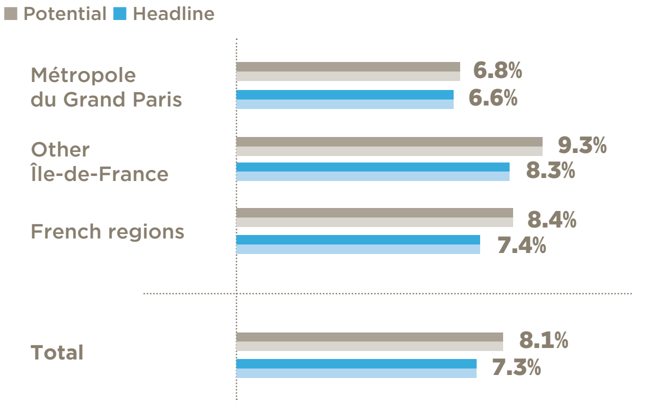
This sector represents a major urban development area for Toulouse. Located at the exit to the Boulevard Urbain Nord interchange, 15 minutes from Toulouse Blagnac international airport, the site boasts excellent public transport links with metro line B for quick access to the city centre, 8 bus services covering a large part of the city, one intermodal station and three bicycle stands.

Those buildings will be certified NF HQE® Commercial Buildings like the rest of the development, with a contractual commitment to ensure that energy consumptions fall below 35 kWh/sq m/year for heating, cooling and ventilation thanks to a smart energy management system developed by GA.

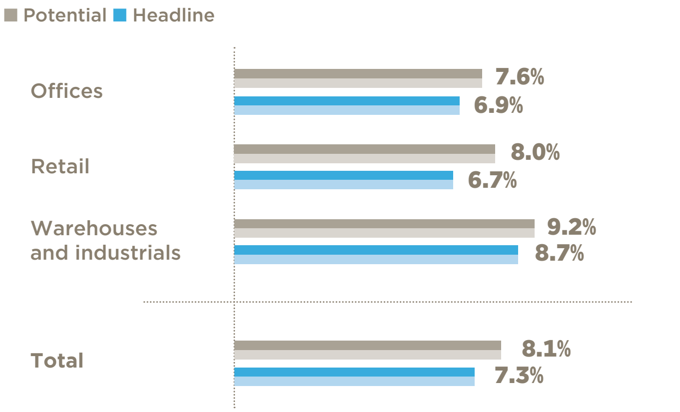
Disposals

As part of its process to streamline its property portfolio, over the period Affine sold buildings regarded as mature or too low in value: offices in Evry (7,572 sq m), Bretigny-sur-Orge (3,564 sq m), Orléans (1,159 sq m), Lille (404 sq m), Montpellier (241 sq m) and Bron (765 sq m); retail premises in Saint-Cloud (189 sq m); warehouse in Saint-Quentin-Fallavier (20,057 sq m); industrial sites in Chevigny-Saint-Sauveur (12,985 sq m); residential and office sites in Paris (927 m²). All the disposals were made globally at prices very close to fair value at the end of 2013, the capital gains resulting from the sale of the apartments and offices in rue Réaumur.

Rental yield of assets by region



Rental yield of assets by type



Other businesses

Development

Concerto European Developer

Concerto European Developer is a subsidiary focused on the development of new generation logistic platforms. It conducts its business activities mainly in France:

- delivery in April 2014 to Devanlay (Lacoste, Gent and Aigle brands) of a 18,770 sq m logistics platform close to Troyes, through a 9-year fixed term lease;
- signing of an agreement with Petit Bateau (Yves Rocher group) in March, a leading ready-to-wear brand specialised in clothing for children, women and men, for the construction of a 43,500 sq m logistics platform on the same Parc de l'Aube through a 11-year fixed term lease, to be delivered at the beginning of 2016;
- development with Shema (Société Hérouvillaise d'Economie Mixte pour l'Aménagement) of a project for a multimodal logistics platform in the Calvados Honfleur Logistics Park, geared towards freight and the pooling of logistic flows. A building permit for a 117,000 sq m building has been obtained;
- obtaining of the building permit for a 51,200 sq m logistics platform and 3,200 sq m of offices and technical premises in Cambrai;

- filing of the building permit for a 72,000 sq m logistics platform and 3,000 sq m of offices and technical premises in Mer just in front of the logistics platform of 65,000 sq m developed for But International and completed at the end of 2009.

Abroad, the company continues to market the site of Sant Feliu de Buixalleu (Spain) with a total surface area of 38,700 sq m. Following a first building of 3,700 sq m delivered by late 2012, a second project has been signed with ILS Servicios Logisticos for a 10-year fixed term lease of a 10,700 sq m logistics platform, which was delivered in late 2014.

At the end of December, Affine sold Concerto European Developer to Kaufman & Broad. Affine will continue to be a partner of Concerto European Developer in the capacity of minority shareholder for projects developed up until 2018.

Through this operation, Affine is confirming the strategy that it adopted at the beginning of 2010, to simplify and refocus on its office, retail and logistics property business. Thanks to the partnership with Kaufman & Broad, Affine will nevertheless benefit from Concerto's reinforced growth capacities.

Affine will keep in its portfolio the Sant Feliu site in Catalonia, where two buildings have already been built and rented, and continue to be an investor in the Parc de l'Aube near Troyes.

Associate

Banimmo

At 31 December 2014, Banimmo owned 20 buildings (and 5 plots of land) with a total surface area exceeding 147,000 sq m, and generated gross rental income of €9.0m over the year, compared to €9.9m in 2013. It has been a successful year in rental for offices with around 12,000 sq m let and relet mainly in Belgium. The main signings were 3,916 sq m in Alma Court, 3,785 sq m in the Vinci Parc, 1,350 sq m in la Hulpe and 1,131 sq m in the Diamond building. At the end of December, the occupancy rate sharply increased and reached 85.8 % for investment properties.

The nature of Banimmo's activities, i.e. the repositioning and redevelopment of buildings or sites, makes its portfolio fair value more volatile and thus less accurate than that of a property company that only holds fully built property. Consequently, since 2010, the company has decided to use the historical cost accounting method (IAS2 accounting standard) for buildings under development or refurbishment. At the end of 2014, the total value of the buildings stood at €335.1m (including transfer taxes), including the fair value of associates.

With the sale of the office building Veridis (Brussels) to be delivered in 2015 (€23.2m), of the Bagatelle shopping centre in Suresnes (€27m) and of its stake in Montea (€25m), Banimmo almost reached its annual target of disposals of €80m. More sales are currently under negotiation.

In France, Banimmo has continued the redevelopment in Paris of the shopping centres Secrétan and Marché Saint Germain.

The L'immobilière Huon group and Banimmo decided to end their partnership within the company City Mall in November 2014. Banimmo keeps the retail centres projects Verviers and Namur in its new subsidiary Urbanove (49%).

Furthermore, Banimmo acquired from City Mall an emphyteutic lease on land in Charleroi in order to implement a development programme around the Exhibition Centre.

In addition, Banimmo owns stakes in companies which are consolidated under the equity method:

- Grondbank The Loop (25%): conversion and development in process on the Flanders Expo complex in Ghent, in cooperation with the municipality
- Conferinvest (49%): operating of two Dolce conferences centres in Brussels-La Hulpe and Chantilly.
- Bureau Cauchy (50%): plot of land allowing the development of 15,000 sq m offices in Namur (Belgium).
- Charleroi Tirou Promotion (50%): new 8,000 sq m built-to-suit of offices for BNP Paribas Fortis in Charleroi (Belgium).

Banimmo, which is 49.5% owned by Affine, reported a net loss for the year of -€9.3m (versus -€13.9m in 2013), primarily due to the decline in the fair value of buildings (-€8.3m vs. -€22.6m) and financial instruments (-€0.8m vs. +2.8m) partly offset by €9.1m of capital gains from disposals; in addition, the company recorded a provision of €4.0m for its equity interest in City Mall.

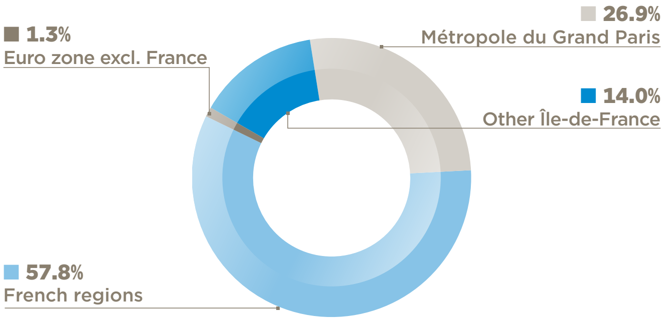
As Banimmo is listed on NYSE Euronext Brussels, all details are available on the www.banimmo.be website.

6.2 MAIN MARKETS

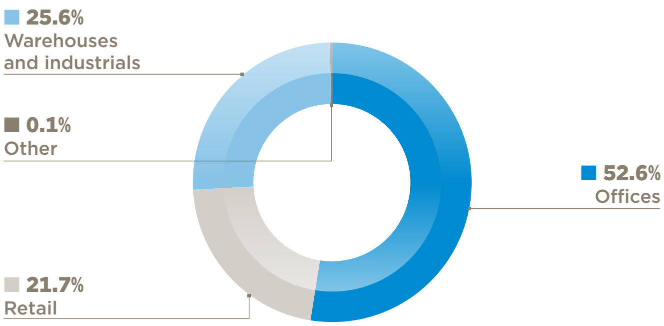
Portfolio breakdown

Affine owns 57 properties with a total value of €610m, with a total surface area of 534,400 sq m.

Market View - Investment France



Breakdown of value by type



Offices

Office premises represent property of €322m including transfer taxes. In particular, it contains assets such as the 7,800 sq m Traversière tower, close to Gare de Lyon and occupied by SNCF (the French national railway company), the Lille Europe tower (19,000 sq m over the Euralille train station) and the Fontenay building in Lyon (4,060 sq m).

Retail

The commercial properties consist chiefly of city-centre retail areas such as Les Jardins des Quais in Bordeaux (25,000 sq m) and Les 7 Collines shopping centre in Nîmes (14,000 sq m) giving a total of 66,800 sq m. The fair value of this sector is €132m including transfer tax.

Warehouses and Industrials

The logistics properties of the Affine group include several types of platform, most of these being bi-modal (rail/road), offering surface areas of up to almost 39,000 sq m for the warehouse in Saint-Cyr-en-Val.

These properties are appraised at about €156m including transfer tax and represent a total surface area of 325,000 sq m.

Market View – Investment France[1]

Key points

- **An exceptionally active Q4 taking 2014 to pre-crisis levels of investment**
- **A flood of capital earmarked for major transactions leading to investment volume being bloated by mega-deals.**
- **A more balanced market at work at the end of the year due to improved liquidity in the mid range.**
- **Prime yields hardened driven by all-time low interest rates.**
- **Investors remained focused on secure assets with a transparent tenancy situation. They are very gradually softening investment selection criteria.**
- **A record year for retail due to a reshuffle of the market's main players.**
- **France will remain a key property market for secure investments in a climate of lasting low interest rates.**

A year of mammoth deals

In 2014, approximately €22.6 billion euros were invested in standard commercial real estate in France. In the last quarter alone, investment totalled an exceptionally high €7.9 billion. Indeed it ranked as the second highest quarterly spend reported since Q1 2007. The year-end surge in transactions resulted in investment volumes for 2014 returning to pre-crisis levels to equal those seen in 2006. A positive sign for the market is that the traditional core market of mid-range transactions (from €50 to 200 million), which until recently suffered from a lack of liquidity due to a supply shortage, was particularly active at the end of the year. It accounted for half of investment volume in Q4 2014. In this size bracket, 42 transactions took place in the first 9 months of 2014; by the end of the year, this volume had virtually doubled with a spend of €3.7 billion in 38 transactions in the last three months.

This should not detract from the clear domination of mammoth deals in 2014: 7 transactions, including 4 portfolios, each exceeding €500 million were signed, which is an all-time record. The segment of deals above €200 million alone accounted for 46% of total investment. Note that in 2006 and 2007, two landmark years for investment in France, these very large transactions accounted for a slightly less impressive, but still large, 41% and 39% of the property investment market. At the other end of the scale, in this highly competitive market where available capital is earmarked for big spends, the segment for small transactions plummeted. The number of transactions under €25 million shrank by 30%. Overall, while total investment volume rose by 40% from 2013 to 2014, during the same period the number of transactions dropped by 20% underlining the shortage of supply.

1 Source: CB Richard Ellis

An inevitable hardening of yields

In 2014, a combination of several factors had the effect of steadily compressing real estate yields: high demand due to the mass of capital earmarked for this asset class, limited supply due to the problem of re-investing capital, the lowest lending rates ever, and low rents with potential uplifts expected in the medium term. Despite ambient reticence and uncertainty, the facts are plain to see: the market yield for prime properties in Paris stood at 3.75% for offices and 3.25% for high street shops. The fall in yields also spread to the best locations in the Western Crescent, the Northern and Southern Inner Rims and to the Outer Rim.

While we have witnessed a shift to more homogenous yields across much wider zones (throughout Paris, in areas of the Inner Rim with good public transportation and in the Outer Rim in areas with good depth of market), a natural geographic hierarchy exists between zones. Buyers were very attentive to the quality of assets and the spread required between prime and secondary products was maintained. The market value per square metre is a variable that was examined closely to get a better picture of past trends. Investors were mainly interested in assets with transparent risks (as measured by accessibility, technical quality, tenancy profile etc.), even though the level of risk for potential investments softened in some zones.

A record year for retail

As expected, the retail investment market in 2014 closed at an unprecedented investment volume of €6.1 billion. This was equal to 27% of the total for France. The volume does not take into account the many shops situated on the ground floor of predominantly office buildings in which the retail element can be worth a substantial proportion of the property's value. An exceptional situation did, however, exist in the market as one seller, Unibail Rodamco, and one buyer, Carmila, were involved in more than half of investment volume. This should not detract from the fact that since the start of the crisis one of the underlying trends in the French market has been an increased interest in retail assets. A growing number of institutional investors sought to diversify into this asset class as it is considered particularly resilient to changes in the economy and many foreign investors were interested in French retail. For many years, however, retail investment was a closed market that was dominated by a handful of large property companies, especially the shopping centre market. The recent reshuffle has created openings for new entrants to move into the sector.

Offices, with €14.6 billion of investment spending, accounted for 65% of total volume. The prevailing sluggishness in the occupier market curbed investors' inclination to take more risk. So when and where they diversified their targets, they did so on a very selective basis. Geographically, interest in Parisian assets remained strong throughout the year despite the very low yields for the best properties. Paris accounted for almost €6.5 billion of office investment (44% of the total), a volume outstripping all past performances. Investors were still focused on secure assets even though many anticipate an economic upturn in the medium term. Core assets therefore attracted 65% of office investment above €50 million in 2014, compared to 58% in 2013. In parallel, the share of opportunistic value-add transactions fell from 20% to 11%. By contrast, the market for off-plan sales, after a weak start to the year, gained strength in the final months of 2014. But even in this market, investors were only interested in very targeted locations such as the southern bend of the Seine, the ZAC Paris Rive Gauche, Clichy Batignolles or Saint-Ouen. In these locations a degree of letting risk was accepted inasmuch as the volume of investment included about a third of pre-let schemes, a third partially let and a third completely speculative.

Finally, investment in industrial and logistics premises totalled €1.8 billion, a slight year-on-year decrease in volume since the very active market in 2013. The sale of portfolios boosted this segment too, while the supply of prime logistics premises was lacking. The situation benefited the industrial and small warehouse markets, which accounted for an all-time high share of 42%.

The french defend the competitive domestic market

Throughout the year a steady flow of international capital has been directed to France, nevertheless domestic investors were still the major players with 60% of investment volume. With this distribution, France does not differ from other European countries where, on average, domestic players accounted for 58% of investment in 2013 and H1 2014. French institutions were the most active, whether investing directly (such as insurance companies and SCPIs, whose available reserves continued to grow) or via OPCI RFA structures. We also observed an increasing tendency for asset managers to set up joint ventures for different funds, whether they were for mass market or professional investors. The high level of activity of property companies was largely due to Carmila's acquisitions of portfolios. Note that for properties in foreign countries, Carmila operated by setting up pools of investors.

Also worth noting is the large share of private funds, which were behind two of the largest deals of the year (the Risanamento portfolio and Beaugrenelle), underlining the importance of the patrimonial aspect of property investment. Finally, investment funds, after having been net investors in the first half, due to the heavy involvement of US players, changed course to become net sellers in the second half of the year.

In 2015 the market will continue to be bolstered by low financing costs and the availability of capital

After a period when France trailed slightly behind the upturn seen in the European investment market in general, the country posted the best performance of its large European neighbours in 2014, with higher growth than both Germany and the United Kingdom. The country took advantage of its ranking as the 3rd largest European market, especially Paris. For major international investors, the city is the only real competitor to London, which has become very expensive.

While it is true that the French economy is weak, there is a hint of a slight improvement in business activity. Paris is a key market for investment in secure real estate assets. It has strong fundamentals that find their full relevance in long-term investment strategies: depth, liquidity, and controlled new development. For opportunist funds, however, France is faced with heavy competition from peripheral European markets where successive large declines in value since the crisis have created real opportunities.

Given the flow of finance for real estate and the cost of borrowing, which has been at an all-time low, yields on property have hardened. At the moment, the condition of the world economy makes it unlikely that these rock-bottom interest rates will rise in the short term, therefore yields on real estate will continue to fall as the current spread between the two provides a good margin of security.

We therefore believe that in 2015 buyers will continue to grab any opportunities that are provided by owners pursuing disposal strategies. It is also likely that the investment market will remain extremely competitive for quality assets. Investors looking for a higher return on investment will slowly but surely ease their risk assessment criteria. Finally, unless there is a major shift in the current international balance of trade and finance, the volume of investment will remain steady in 2015.

Market View – Offices Île-de-France[2]

Key points

- **Increased activity in Q4 2014 after a very disappointing Q3**
- **Corporate profit margins still compressed**
- **Total take-up of 2.1 million sq m in 2014**
- **Relocations were mainly driven by occupiers looking to optimise space and make savings**
- **Resurgence of transactions exceeding 5,000 sq m (62 deals totalling 826,800 sq m)**
- **Increased activity in La Défense**
- **Immediate supply reached 4 million sq m (vacancy rate of 7.2%)**
- **Vacancy rates stand at 5.1% in Paris and circa 12% in La Défense and the Western Crescent**
- **Only 16 speculative projects launched in 2014**
- **The number of projects on hold continues to increase**
- **Stabilised headline rents but high incentives**

Encouraging volumes amid sluggish growth

After a particularly disappointing Q3 2014, activity picked up over the last 3 months of the year, bringing annual take-up to 2.1 million sq m. The 13% increase in lettings compared to a mediocre 2013 is misleading: in 2014, take-up remains 8% below the 10-year average, reflecting an on-going difficult economic environment. Growth has been very poor and confidence has remained particularly impaired. Most relocations have been driven by cost reductions and space optimisation, and more often than not tenants have tended to renegotiate rather than move. As in the previous year, 40% of take-up has been in new / redeveloped premises.

Volumes have increased y-o-y across all size categories. Nevertheless, they are still below the ten-year average, with the exception of transactions under 1,000 sq m, which come close, thereby demonstrating their resilience. Premises between 1,000 and 5,000 sq m saw a moderate annual increase (up 1%). Activity in the office market further benefited from the awaited rebound in transactions over 5,000 sq m, with the combined total for the 62 transactions reaching 826,800 sq m. 2014 greatly benefited from the postponement of major transactions started in autumn of 2013 and the return of transactions exceeding 40,000 sq m: 3 in 2014 compared to none in 2013. Given the relative abundance of existing supply and its characteristics, only 37% of premises over 5,000 s qm were let more than 6 months prior to their effective availability. The Western Crescent accounted for nearly 1/4 of take-up with some 537,400 sq m of lettings and sales, just ahead of Paris Centre West (466,800 sq m). These areas remain highly sought-after by occupiers. La Defense saw a more sustained level of activity, and registered take-up of 234,800 sq m - its highest level since 2008. The combination of lower real rents and fundamentals particularly appreciated by occupiers, favoured the number of transactions that have more than doubled y-o-y and surpassed their 10-year average. For their part, the Inner and Outer Rims have seen volumes increase annually, albeit falling well short of their long-term averages.

Immediate supply registers a slight increase

As 1 January 2015, immediate supply in Ile-de- France registered an annual increase of 2.5% to surpass 4 million sq m of available space, equating to a vacancy rate of 7.2%. New or redeveloped space accounts for 20% of that immediate supply and has changed little in 2014 given its continued attractiveness to major occupiers.

Geographical and structural disparities continue to be significant. The Paris market, which is structurally tight, has a vacancy rate of 5.1% and has few quality properties and/ or large floor spaces available. This is in direct contrast with periphery locations including those in the West of Ile-de-France (La Defense + Western Crescent), which comprises 54% of new and redeveloped product in the region and 48% of supply over 5,000 sq m.

Following the strong performance of the lettings market, immediate supply decreased slightly over the quarter in La Defense (12.2% vacancy), which saw the recent delivery of the D2 tower. The vacancy rate in theWestern Crescent subsectors (11.9% on average) ranges from 10.9% in the Southern River Bend to 13.9% in the Northern River Bend.

Supply rose by 5% y-o-y in the Inner Rims (8.9% vacancy). The vacancy rate stands at 9.6% in the Northern and Southern Inner Rims and appears more contained in the Eastern Inner Rims (6.9%).

Future supply is reducing due to the limited number of speculative developments

As at 1 January 2015, definite future supply (with a set date for delivery) amounts to almost 1.7 million sq m (of which 1 million sq m is over 5,000 sq m). This level was down 15% y-o-y, with only 16 speculative projects recorded for 2014 (of which 9 were new-builds). The Ile-de-France future supply therefore appears to be relatively stable: of the 1.9 million sq m under construction today in Ile-de-France, only 35% of this space remains on the market. There could be a certain lack of quality supply as of 2016 and expand user choice to include schemes still in the pipeline.

2 Source: CB Richard Ellis

The number of projects on hold increases

The probable future supply exceeding 5,000 sq m (with sliding time-scales) continued to rise and reached 3.6 million sq m, of which 2.8 million sqm is to be constructed or redeveloped over 104 projects for which planning applications have either been submitted or obtained.

The vast majority of these projects are located in periphery areas, mainly in the Western Crescent (26 schemes identified), as well as the Northern Inner Rim with many planned developments in St Denis and St Ouen. In La Defense, several large tower developments have been planned for several years, but their launch dates remain extremely uncertain. In Central Paris, major development schemes are programmed to break ground in 2015, namely the western sector of the ZAC (CDZ) Clichy-Batignolles in the 17th Arrondissement and the Austerlitz sector of the ZAC Paris Rive Gauche in the 13th Arrondissement.

Attractive rental values

Over 2014, headline rents in Ile-de-France have stabilised somewhat after the sharp downward pressure observed in over-supplied markets between 2011 and 2013. In Paris, the contained level of available supply has allowed them to remain stable, whilst strong competition between landlords in periphery markets is forcing headline and real rental levels downward. For lease signatures over 1,000 sq m with a fixed term commitment of at least 6 years, rent-free periods of 2 to 3 months per year of firm commitment are frequently granted in over-supplied locations, and in certain negotiations this can even exceed 3 months. In Central Paris, the average stands at between 1.5 to 2 months rent-free. In Q3 2014, the Immostat index set average tenant incentives for the Ile-de-France at 19.6%, all states considered, for transactions over 1,000 sq m.

Lack of prime supply in paris, new hierarchy of rental values in la défense

A lack of high-end properties in prestigious locations, which still attract the interest of certain tenants, average prime headline rents (average of the 10 largest transactions over 500 sq m over the past six months) for Paris Centre West dropped below €700 net per sq m/year to €687.

In La Defense, the gradual letting of new and redeveloped properties delivered over the last 18 months have pushed the average prime rent up to €498 net per sq m/year. In the Western Crescent, the average prime rent stands at €459 net per sq m/year following major lettings in Neuilly-sur-Seine, Levallois-Perret and Boulogne- Billancourt.

Outlook: 2015 - between continuity and a perceived improvement

Given the economic outlook, the tendency for occupiers to seek to optimise space and look for savings should not fundamentally change over 2015. If the slight improvement in French economic growth (circa 1%) is positive, it is hard to foresee a return to more confidence and visibility just yet. Therefore, the overall balance currently in place should not be offset in the short term: tenant incentives remain high and are not expected to drop considerably in 2015. In 2015 quality stock should continue to be takenup and take-up should again exceed 2 million sq m. Especially given the slight improvement in business sentiment at the beginning of the year, which has been felt over the last few months and is an encouraging sign.

Annual report – Retail in France[3]

Economic context

French economy weak against sensitive world context

Estimates for world growth were revised downwards to 3.3% for 2014 (the same as in 2013) and 3.8% for 2015. The international context is fragile as questions are raised about the reality of the US recovery, the viability of the Chinese growth model, the slowdown in Latin America and Japan, the possibility of deflation in the euro zone and, last but not least, Germany's economy running out of steam.

Looking more closely at France, the country is stuck with very weak growth, around 0.4% in 2014 and 1% forecast in 2015. Businesses in the non-financial sector, faced with little or no prospects and low profit ratios (29.4%), are restricting investment in 2014 (down 0.6%). The French public deficit is falling slowly. 10-year sovereign yields remained very low in September 2014, underlining investors' confidence in France.

To summarize the country is in a delicate situation, caught between low domestic demand and the need for structural reform. The OECD believes that France should «move forward [...] rapidly» calculating that the reforms underway could lead to 3.7 GDP points in 10 years.

Consumer spending stagnates

Household consumption will post a token 0.1% increase in 2014. Consumer purchasing power rose by approximately 0.8% due to low inflation and, compared to last year, lower increases in tax and other compulsory deductions. But their overall situation is under pressure due to insufficient GDP growth and high unemployment, which stood at approximately 9.9% at the end of 2014 in Metropolitan France with no prospects for a significant reduction before 2016. Consumer sentiment is much lower than its long-term average – a negative gap of 14% was reported in September 2014 – and the savings rate rose in 2014 to stand at an average of 15.6%. An improvement is forecast for 2015 with household consumption rising by an expected 1%.

3 Source: CB Richard Ellis

A slight improvement in retailing by Q3

According to monthly surveys by the Bank of France, the volume of retail turnover posted a year-on-year rise of 0.9% at end Q3 2014. This improvement follows two years of falling sales. In the car and light-duty vehicle market, sales rose annually by 2.4% after 2 years of falling sales.

In 2013, the sale of personal goods suffered due to a reduction of 3.5% for clothing and shoes. Sales in the sector continued falling in 2014, by 1.5% and 1.8%. Trends varied in the household goods sector depending on the type of product. At 1 October 2014, furniture stores had lost 3.4% in a year, while sales in DIY stores stabilized after 2 years' decline. Electrical white goods rose substantially, by 4.1%, whereas audio and video equipment again increased sharply, by 14%.

In other retailing sectors results varied. Sales in bookstores stabilized after 6 years of reduction, whereas in the newspaper-stationery and clocks-jewellery sectors they have continued falling since 1 January 2014. By contrast, improvements have been reported in sports goods, up 4.1%, perfumery and beauty, up 1.4% and toys and games, up 1.8% for the first 9 months of 2014 against 2013.

Paris, n° 1 target worldwide for retailers

France's reputation for fashion, tourism, and style makes it an essential market for many international brands. In 2013, France attracted more new market entrants, 56, than any other country in the world.

Paris is by far the most sought-after city. Over 50 new international brands opened stores in Paris in 2013, more than in any other city in the world. Most of these new entrants were European brands. The majority of these openings involved completely new brands, but there were also new store concepts or dedicated ranges of products. The market's new arrivals included Jones and Jones, Mary Paz and Foot Locker Kids, all selling personal goods (apparel). The luxury sector was also represented, with Qela, Shang Xia (the China based brand backed by Hermès), and Bucherer.

In 2013, 48% of brands identified in the world had an outlet in Paris, ranking the city 6th behind London, Dubai, New York, Moscow and Shanghai.

In 2014, American brands, in all retail sectors, have been showing renewed interest in the French market. Entrants include Tutti Frutti (food), The North Face (personal goods) and Tesla (car).

New shopping centres and extensions of existing centres created opportunities for new brands to penetrate the Parisian market (cf. page 9).

Ground floor stores on prime shopping streets in the centre of Paris were the preferred target of retailers, with very little change in the hierarchy of streets. The most sought-after streets were Avenue des Champs Elysées, Rue Saint Honoré, Place de l'Opéra, Rue des Francs Bourgeois, Avenue Montaigne and the district of Saint Germain.

Rental values remained high and did not act as a barrier to new entrants. The main aim of new retailers is to ensure their investment is secure as soon as the shop opens with an existing flow of shoppers and maximum visibility. Unsurprisingly, such prime opportunities were scarce in most of the main shopping streets and this curbed the number of transactions. Rental values tended to stabilize compared to last year, although on some of the most popular streets we noted promptly increases. N°2 shopping arteries attracted less interest from major domestic and foreign retail chains, but may be considered by brands with lower investment capacities or independent retailers. Such transactions are marginal.

Regional markets

Bordeaux

Bordeaux is one of the cities in which many retailers, especially international brands, would like to open a store as part of their development strategy in France. The city has a renowned food, agricultural and industrial economy and the average standard of living is higher than the national average.

Historically, the prime shopping streets are the top stretch of Rue Sainte Catherine, where Fize (JD Sports) opened and where Burger King is due to open in 2015. Other streets attracting retailers' interest are Rue de la Porte Dijeaux and Cours de l'Intendance but there are very few opportunities.

Prime rental values are very high and may reach €2,300 net per sq m pa.

Although there are not many availabilities in the city centre, a few are worth noting. The sale of a building on Cours de l'Intendance by the Maison de Tourisme will create an opportunity for the conversion of the ground floor to retail. In addition, the former Virgin store has not yet been relet, underlining how wary retailers are of taking secondary pitches.

The construction and marketing of the development "Les Promenades Ste Catherine" is going ahead; Hollister and Superdry have already announced their intention to open stores. For Superdry, it will be the brand's largest store in France, with a floor area of 1,000 sq m.

The on-going major redevelopment of Euratlantique station and the surrounding area will revitalize the sector. Retail facilities are planned as part of the project. The district of Bassins à Flots, a former industrial site, is also being redeveloped with office and housing programmes being built one after the other. A second phase is due to start soon that will be focused on retail, entertainment and culture, anchored by an exhibition centre for wine "Cité de la Civilisation et du Vin".

Lille

The conurbation of Lille is also in the sights of domestic and international retailers' expansion strategies. They are always looking for opportunities but very few are available and those that do become available rarely match retailers' selection criteria. Rents are very high and are often considered an impediment. The most sought after streets are Rue Neuve, Rue de Béthune, Rue Grande Chaussée, Rue des Chats Bossus and Rue de la Bourse. The opening of the men's shoe store Heschung on Rue Grande Chaussée underlined the street's attractiveness to high-end brands.

One of the landmark projects in the city is the redevelopment of Palais de la Bourse owned by the Chamber of Commerce (CCI du Grand Lille). This historic building, strategically located between Vieux-Lille and the town centre, will be redeveloped as offices and an events centre with high-end boutiques.

Euralille is currently undergoing some major renovation. In parallel, the Carrefour hypermarket is to be reduced in size. The refurbishment and reduction will create opportunities for retailers looking for an outlet in a town-centre shopping centre. For example Burger King is opening a restaurant in 2015 and the keenly awaited Primark is also planning a store in the development, as are other well known brands. Availability in the Galerie des Tanneurs may provide space for retailers wishing to test a concept using a pop-up store.

Lyon

Rue Victor Hugo in the city centre, which in the past has been geared to mass market, has lost some of its dynamism despite good supply. The number of vacant premises and closures has risen, mainly due to retail brands only maintaining the most cost-effective outlets open. The downturn has benefitted more popular streets such as Rue de la République, Rue Edouard Herriot and Rue Emile Zola which remain the centre of retail activity in Lyon. Prime values were steady over the last few months; the highest quality sites being the ones closest to Place Bellecour. For international brands, entering the Lyon market is difficult as on the rare occasions that a unit becomes available on a prime shopping street, the size is often considered too small and the key money judged too high for a regional French city.

Part Dieu is the main shopping centre in Greater Lyon with a total size of 127,000 sq m. Improvement works carried out in 2013 and 2014 are proving a success; demand for space is strong and rents are high. Confluence is struggling to make its mark, partly due to its access to the centre considered tricky but also to its open aspect over the river, penalising the centre by bad weather. The restaurants in the centre are operating successfully, especially at lunchtime during the week.

The project to revitalize the area of Grolée-Carnot in the 2nd district is moving forward. The first retailers to mark the start of its revival are planned for 2nd half 2015. The owner from Abu Dhabi is targeting the midrange market.

Marseille

The most important event in retail in Marseille in 2014 was the opening of the shopping centre Les Terrasses du Port where several brands took the risk of opening a store rather than in the town centre. While the centre is too new to be able to judge its success or not, footfall in the city centre and in other shopping centres has already been affected.

Retailers, waiting for an improvement in the economy and better visibility of their business prospects in Marseille, are adopting a wait-and-see approach. They are not searching actively for space. Rue Ferréol and Rue Paradis are currently being redeveloped to increase their appeal to shoppers – wider pavements, new street furniture and so on – part of a rapidly changing urban landscape. These are still the premier shopping streets in the city and the most in demand by retailers. This is evidenced by the fact that the former Virgin store on Rue Saint Ferréol is already being relet to an international brand. In parallel, a French brand is moving to the former HSBC branch. These transactions justified rents practised and substantiated retailers' confidence in this street with a proven track record.

Several major redevelopment and regeneration projects are underway in Marseille: - The speculative launch of the second section of Rue de la République will create new opportunities. A four-star hotel will open on the corner with Boulevard des Dames. - Rue de Rome will be completely revamped with the arrival of the tramway in Spring 2015. - La Canebière is gradually being revitalized. A four-star hotel and a gourmet brasserie will open by 2017 taking the street more upmarket. In addition, Monoprix has just leased 1,000 sq m at the upper end of Canebière. Shopping centre projects underway are at different stages of development. The Docks development, half of which has already been leased, is going according with the official inauguration planned for 2015. Galeries Lafayette announced its intention to open in Le Prado shopping centre, setting the tone for the development due to be completed in 2017.

Construction is underway on Bourse Centre where a few units are still available. Groundwork for Bleu Capelette centre has been completed, but the first stone has not yet been laid. The project for a fourth shopping centre in La Valentine is still moving forward but is at the stage of administrative clearance. The successful Grand Littoral shopping centre is being renovated with several new entrants taking units and others expanding. So although potential exists, the broader outlook for the retail landscape is unclear, making it difficult for players to take decisions rapidly.

Toulouse

As a major regional city, Toulouse continues to raise retailers' interest despite the weak economy and sluggish consumer spending.

Against such a depressed background, transactions are more tightly negotiated and taking longer to conclude. The gap between prime pitches and secondary locations is getting wider.

Premium sites have managed to keep attracting occupiers, despite rents remaining very high. This is largely due to the arrival of international brands such as Nespresso, Kiko and Primark.

Above all, retailers need to make sure investments in stores are secure, but at the moment it is difficult to reconcile business development plans with the economic reality.

In parallel, the city has continued to roll out a wider urban project. The creation of a pedestrian area in the city centre has been successful with higher footfall and peaks in traffic, in particular on Place Wilson, Rue Lafayette and around the Capitole.

Maty and Free opened on Rue Alsace-Lorraine, Mauboussin and The Kooples on Rue St Antoine du T., and Intimissimi on Rue St Rome.

Regarding Primark, extension to CDAC approval and planning permission have been obtained, works are underway and an eagerly anticipated opening is planned for mid 2015.

On the outskirts of the city, the market has been stable, in terms of rents and projects. Works have started on the project «Promenade 31» in Fenouillet, in the inner northern suburbs of Toulouse. This Mercialys development project, will at term provide 50,000 sq m of sales area. The marketing of the retail park is coming to an end and its opening is planned for 2015. The extension of the gallery will be completed mid 2016.

As for Val Tolosa in Plaisance du Touch, although it has been announced that works will start in the months ahead, some appeal procedures are still underway.

Finally, the retail zone Labège should be redeveloped in the medium term and the whole area will be will be given a boost by the extension of the metro line planned for 2019 (extension of line B with 2 stations serving Labège, one at each end of the zone). Due to this project, Unibail-Rodamco and Carmila are examining the possibility of extending a gallery.

Shopping centres

Footfall in shopping centres is struggling to improve, in fact, according to indexes published by CNCC and Experian Footfall, there was an overall fall in visitors. This generalized reduction in footfall did not affect all centres. Regional and medium-sized centres, as long as they were well established in their consumer catchment area and spared cannibalization, managed to do quite well.

Competition from other retail hubs – new shopping centres, retail parks and city centres – is forcing established centres to be inventive if they want to increase footfall or even, given the economic context, just maintain it. This was revealed in the last survey carried out by CBRE on the shopping habits in Europe (CBRE, How Consumers Shop 2014). To the question, "What improvements have you seen in shopping centres over the last three years?" the most frequently mentioned items by consumers in the French sample were renovation, size increase/more shops open, and addition of new international brands.

The opening of super regional centres (Beaugrenelle in Paris, Aéroville in the Paris region in 2013, Qwartz in the Paris region, and Terrasses du Port in Marseille in 2014), the creation of extra sales units in existing centres (by extensions) and reorganizations of the merchandising mix, all created opportunities enabling new brands to open their first store or develop new concepts. The arrival of Primark in O'Parinor, Qwartz and Créteil Soleil illustrates this mechanism.

Other factors were also mentioned, improved services in shopping centres over the last three years such as free parking, the organization of events and more entertainment services.

In addition to the price, which remains the premier factor, cleanliness, security – especially by the presence of security guards – and convenient access are all given as essential conditions when choosing where to shop. Free parking is also one of the main factors seen repeatedly in the survey.

Out-of-town retail

The out-of-town retail market is composed of retailers that need large sales floor areas. On the outskirts retailers can find the space they require to roll out their concept and display their goods at rents that are significantly lower than those practised in town centres and shopping centres. Out-of-town formats are also the logical choice for goods where road access is essential, for example for furniture and DIY stores.

Rents remained stable, although there was a sharp reduction for ageing, poorly located properties. The best sites and buildings are, unsurprisingly, the ones that attract the most interest, but retailers are particularly attentive to the overall cost of a store. The tax burden is a factor that is particularly important. Understanding this market on a national basis is virtually impossible and each new opening is studied individually.

The format of stores in out-of-town markets is very diverse, from zones of retail warehouses, to attractive retail parks and one-off stores. In addition, the market is currently undergoing major structural changes. Despite the difficulty involved in developing new retail parks, these are steadily becoming the new model for out-of-town concepts. Architectural retail parks are often close to and compete with older retail formats, at a time when consumer spending is struggling to improve. These new parks are better integrated into the urban landscape and align with new consumer patterns of behaviour. They also match the most recent requirements of retailers. Cannibalization is rife with consumers steadily drifting away from old retail zones and retailers naturally also losing interest. The issue now is whether or not the sites should be converted.

Towards cross-channel consumption

The boundaries between stores and online shopping are progressively being blurred. A single model is not yet in place, but all players are aware of changes and are allocating resources to adapt to consumers whose buying behaviours change rapidly.

This was shown in the latest report "How Consumers Shop 2014" prepared from a survey of 21,000 consumers in 20 European countries. The French sample (1,000 people questioned) underlined the complementarity of retailing channels. About 82% of people questioned said they used the Internet (using a desktop or laptop) when they were looking for something specific and 89% go to the store to make the actual purchase. New mobile communication supports have not been widely adopted because only 12% report they go online on a tablet when looking for something specific and 10% use a smartphone. As the percentage of households with Internet connectivity is increasing, shopping patterns are also changing.

36% of consumers questioned report they will use more online tools in 2 years' time, with the largest proportion opting for tablets alone. There is therefore a lot of growth potential for cross-channel consumption. In parallel, 77% of people say that they continue to go to shops. Whatever the mix, different channels will be increasingly intertwined. The face of retailing is changing progressively, with the inevitable integration of connected supports but for the foreseeable future, stores will remain an essential component.

Investment

A record year

At the end of Q3 2014, a reported €3.6 billion had been invested in retail in France, which was equal to 25% of total investment in real estate, an all-time high proportion. In the exceptional H1, two large deals took place that helped boost investment by 85% in a year. The last few months were fairly quiet as far as completed deals were concerned, but almost €2 billion worth of retail is under offer. If these ongoing negotiations are taken into consideration by the end of the year the investment figure for retail will be close to €6 billion, setting a new record for France. It is worth noting that these figures do not take into account the many instances where ground floor shops have been sold as part of predominantly office buildings. The retail element in such sales can be worth a substantial proportion of the property's value.

For retail investment, 2014 looks set to be an unprecedented year. First, the market benefited from the positive context in Europe. The wave of capital earmarked for investment in European property was advantageous to France, not least due to the extremely favourable interest rates and the resumption of available finance. In addition, the retail investment sector in France is going through many structural changes. Long-standing large property companies that once tended to dominate the shopping centre market are repositioning themselves, which has led to assets being sold off on a large scale. At the same time, an increasing number of institutional investors want to diversify and increase their exposure to retail assets leading to the emergence of new players who are in the process of building up their portfolios. New international entrants may take advantage of this context to get a foothold in France, which in the past has been considered closed. Finally, the internationalization of the investment market that started in 2012 continued. Cross border investors completed 7 of the 10 transactions worth over €50 million, with a diversified panel of nationalities. Americans, British, Dutch and Middle Eastern players were the most active. Investment funds have been particularly present this year.

A large proportion of capital in circulation is therefore earmarked for large transactions, but it is a very competitive market. Portfolios are particularly in demand as they enable new players to establish an asset base of a critical mass and hedge their risk. In this context, market activity in 2014 has been bolstered by very large transactions that inflate the overall volume. For example two of the largest deals – the sale of Beaugrenelle and that of the Klépierre portfolio – alone accounted for 60% of investment volume. Such large transactions bloat the total and tend to obscure the weakness in the market for intermediary transactions, which have traditionally been the buttress of the market. For more modest investments, there is very limited supply. In the transaction segment between €10 and 25 million the number of deals fell by 35% in a year, illustrating the segment's lack of liquidity.

The share of the two large transactions will skew statistical analysis. Unsurprisingly, shopping centres and shopping galleries, where the rate of turnover is usually limited, concentrated this year almost three quarters of investment volume. Town centre shops in Paris and in the largest regional cities continued to be very popular as investors consider them to be the most resilient format. Indeed it is in this sector that letting yields were squeezed the most, with the 4% threshold compressed easily for the best assets in the capital and no doubt soon to be pierced in Lyon, Lille and Toulouse. By contrast, demand for properties on the outskirts («retail parks» and especially retail «boxes») remained very limited because the outlook for consumption in these areas is mixed. It would seem that the crisis made retailers particularly selective about their choice of location thereby benefiting the best pitches in town centres, where rental values were steady and even continued to rise, by the same token reducing the value of other locations.

The overall market dynamic is positive even though volumes are returning to normal

Higher unemployment, a greater tax burden and falling purchasing power all affected consumer spending: the last 2 years have not been easy for retailers in France and the expected improvement has been long to materialize. The retail investment market is in an unprecedented situation, mainly due to questions again being raised about the possibility of Europe slipping back into recession. However retail in France has strong foundations with a positive demographic profile, supply restricted by regulatory measures, and a profitable luxury sector in a privileged position. These foundations are of most relevance for longterm investments like real estate, which also enjoys a good reputation for its income security. The French market is therefore attractive to both domestic and international investors. The real estate risk premium, despite a recent acceleration in the hardening of yields, is still at an alltime high due to long-term interest rates. With a risk premium boosted by the lowest financing costs ever seen and banks willing to lend again, LTV ratios are on the rise. Demand for retail assets will therefore remain strong. In 2015, it will be nevertheless difficult for investment volumes to equal those seen in 2014.

Market View – Logistics and Industrial space[4]

Key points

- **Take-up in France fell despite strong performance in Ile-de-France**
- **Large turnkeys signed in 2013 in Ile-de-France and Rhône-Alpes but posted to 2014's results**
- **Sharp downturn in logistics markets in Lille and Marseille**
- **Slowdown in secondary markets**
- **Supply high but persistent shortage of quality properties**
- **Industrial take-up in the Paris region returns to the 10-year average**
- **Decreasing occupier interest...**
- **... and stable immediate supply**

The logistics market in france

Analysis of the market for warehouses above 5,000 sq m (for all kinds of warehouses, a, b, c, cold stores and and cross-dock warehouses)

Against a backdrop of poor economic visibility and a wait-and-see attitude, take-up volume of logistics space at the end of the year showed the market had, on the whole, receded in 2014 since the very active 2013.

Strong performance in Ile-de-France shouldered the country's market: take-up there rose substantially, mainly due to several large turnkey schemes finally receiving full approval. In Lyon, one large-scale operation helped the Rhone-Alpes market hold its head above the rest. While the two leading regions attracted half of take-up and anchored their position, market activity in other French regions – including Nord, PACA and secondary markets – declined by varying degrees. Many projects are currently underway and occupier interest in recent months has been very dynamic giving hope for a potential upturn in 2015.

The principal regions boost performance

With take-up standing at 2.4 millions sq m in 2014, the French logistics market shrank by 13% from 2013, which was a year of relative growth. The market was fuelled by large turnkey schemes in Ilede- France and Rhone-Alpes. While the total volume of turnkeys fell in France as a whole, in the regions of Paris and Lyon it rose sharply, accounting for more than 40% of take-up. As a corollary of these turnkeys, large transactions above 50,000 sq m were almost exclusively concentrated in the two regions whilst becoming scarcer in other markets. Other noteworthy features in 2014 were the significant rise in take-up by parcel services and the very sharp reduction in transactions on class C warehouses (60% fall in take-up).

2013 saw some major developments in regional France; in 2014 a rationalization of volumes took place in regional markets. Super market chains and mass specialist retailers, who are still in the process of reorganizing their logistics circuits, remained very active. Once again in 2014, the hesitancy of industrial consignors, against a backdrop of business, economic and tax uncertainty, led to the postponement of some relocation projects. Nevertheless, projects are still on the agenda and should influence results in 2015.

Markets dynamic in the paris region

789,300 sq m of space were transacted in 2014 in Ile-de-France. This is 46% more than in 2013 and the highest volume seen since 2011. Sales and leasing of existing buildings continued at the same level, while many turnkey schemes, in the pipeline in 2013, were finally entered into the statistics in 2014 once all reserves had been lifted. The 14 turnkey projects totalled 320,000 sq m, the highest volume that has been reported since 2011. Take-up in 2014 was therefore a two-speed process, partially bolstered by preliminary signatures that had been agreed the previous year.

The south of the Ile-de-France posted a slight increase (9%) on the previous year. As the most highly supplied area in the region, it accounted for the largest share of take-up, with 35% of transacted floor area. This dynamism is largely due to 2 extremely large turnkeys, both above 50,000 sq m: one for ToysRUs in Saint-Fargeau-Ponthierry and the other for Carrefour in Presles-en-Brie.

The pattern of market activity in the north of the Paris region was exactly the opposite to 2013's sluggishness, with the number of transactions doubling and take-up reaching 263,000 sq m; out of 17 transactions, 4 involved warehouses exceeding 20,000 sq m. The east of Paris also saw take-up rise with, notably, a turnkey letting project of more than 50,000 sq m for Auchan in Serris and numerous transactions above 10,000 sq m. In the west, transactional activity was steady.

Strong performance in the rhône-alpes despite the imbalanced market

In the Rhone corridor, take-up rose by 27% in a year to 392,500 sq m in 2014. The market was largely fuelled by a 106,600-sq m self-build for a procurement centre for Leclerc supermarkets. Bloated by this project, take-up in L'Isle d'Abeau remained high even though in the rest of the agglomeration the shortage of quality properties curbed projects. Take-up volume along the east bypass almost tripled in a year, with a rise in the number of transactions on class A warehouses in the 10,000- to 20,000-sq m segment.

The north and south of the backbone trail behind

Take-up in Nord-Pas de Calaiswas slashed by a third (down 36%) in 2014 compared to the previous year to stand at 177,400 sq m. Of the 10 transactions, 8 involved class A warehousing. Ageing supply has led to a widening of the gap between supply and demand and goes some way to explaining the market's poor performance. In PACA, in the south of France, the active market in 2013, which was marked by some large turnkey schemes, gave way to sluggishness in 2014 due to inactivity in the most established sectors where there is an increasing shortage of supply. Approximately 70% of take-up was dispersed in stand-alone schemes. Despite strong performances in Brittany, where 2 turnkeys took place, and Languedoc, take-up tended to drop in secondary markets as mass distributors and supermarkets, who usually fuel these markets, put decisions on hold.

Supply stable but of poor quality

Immediate supply stood at 3.4 million sq m in France at 1 January 2015, displaying stability compared to 1 January 2014. In Ile-de-France, average supply decreased slightly, by 4%, from one year to the next. It fell significantly in the north (down 30%), rose in the south (up 110,000 sq m) and dropped slightly in the east and west of the region. In Rhone-Alpes, the imbalance between supply and demand increased, but the emergence of some schemes that are ready for building and the new latest-generation extra-large warehouse in Pusignan will give a boost to the market, especially given the increase in invitations to bid coming from logistics providers.

We have identified 3.1 million sq m of "semispeculative" schemes that are ideal for turnkey projects and that are ready for construction to start.

Rents stable at different levels

Headline rental values will generally remain stable, although there might be a few exceptions, with slightly adjusted prime values. The mix of rental values is always worth noting, with a conjunction of differentiating factors that also affect commercial concessions.

Markets for industrial space (all sizes) and small warehouses (under 5,000 sq m)

Upturn in activity in 2014

Although the volume of demand for space in 2014 fell, the actual enquiries received by CBRE were of better quality. Business leaders were actively pursuing real estate projects even though a wait-and-see attitude still prevailed in the market. After the difficulties of 2013, take-up posted a 20% annual rise to reach 866,600 sq m, which is equal to the ten-year average.

The geographical structure of the market remained unchanged. Markets to the north and south of Ile-de- France attracted almost 2/3 of take-up volume, mainly in the ring between the A86 and the Francilienne orbital motorway, particularly in Gonesse and Roissy-en-France to the north and in Courtaboeuf and Orly to the south. In the east of the region, activity was quite strong close to Paris in Montreuil and Fontenay-sous-Bois, and further away in Marne-la-Vallee. To the west, Gennevilliers was the dominant market.

In 2014, properties above 1,000 sq m tended to bolster the market, reflecting the dynamism of major companies. While caution had prevailed in 2013 amongst them, in 2014 they were more active in their real estate strategies. They were also behind several turnkey operations, which helped renew stock slightly.

Acquisitions were still in the minority as there was a shortage of properties on the market compared to the demand for this type of transaction.

Availability stable

Immediate supply stood at slightly more than 2.5million sq m at 1 January 2015, having remained relatively stable in 2014 across all geographic sectors of the Paris region. About 40% of supply volume was located in the south, particularly in the towns of Trappes and Bondoufle, followed by the north with 25%, in areas of the inner rim such as La Courneuve, Saint-Denis, and Pantin. Virtually all supply is in second-hand condition, with less than 40,000 sq mof speculative space due on the market before the end of 2015 in new or redeveloped buildings. In addition, more than 200,000 sq m of semi-speculative schemes (ones that are ready for construction to start) have been identified in the region, most of which are in the outer rim, mainly to the south and the west.

Diversity in the market

Rents and prices in the market remained very diversified, with values being very sensitive to the location and quality of the property. Commercial incentives are adjusted up or down on a case-bycase basis, however on average they are equal to 1.5 to 2 months free rent for each unbreakable year in the lease.

The industrial investment market (industrial space and warehouses under 10,000 sq m) and logistics facilities (warehouses above 10,000 sq m) in france

A very healthy market

Since 2009, when the market sank to its lowest level since 2001, volumes invested in industrial and logistic space have risen steadily in France. 2014 saw another fine performance, with the sharpest annual growth since 2007. Indirect investment excluded, spending stood at €1.8 billion rising by 38% between 2013 and 2014, i.e. an increase similar to the rise in the French market as a whole for all types of assets of 37%.

Despite the complicated economic situation, investors' appetite for real estate remained high and focused on Europe, especially in France, where it was made keener by the prevailing low interest rates. In addition, the upturn in occupier markets in the logistics backbone of France (Ile-de-France and Rhone-Alpes) was a good indicator for financial players.

Investment in logistics exceeded one billion euros. Two large portfolios accounted for almost half the market, one of which was IDI Gazeley's acquisition from Carval Investors of 11 assets in France for a total of almost €100 million. It is worth noting that many transactions involved the most modern warehouse facilities, either new or recent buildings, in particular turnkey projects that had just been completed.

The volume of investment in industrial space was lower than for warehousing, nevertheless it also rose sharply over the last year. At more than €700 million, 2014 saw the highest volume of investment in the segment since 2007. The rise was essentially due to the sale of a large number of portfolios – especially through sale and leaseback agreements. An example is the acquisition by OPCI Tikehau Investment Management of the Elis portfolio for a total of €80 million.

Prime industrial areas understandably attracted most investment activity. Ile-de-France and the Rhone corridor accounted for almost 2/3 of spending.

The climate favoured lower yields

The persistent imbalance between supply and demand, with demand far outstripping supply, automatically puts pressure on yields, which have been hardening for the last two years. Prime yields for the best assets let at market rates fell from 7% to 6.75%in a year. Although yields were steady during Q4 2014, it would not be surprising to see further shrinking in the short term.

Source: CB Richard ELLIS

6.3 EXCEPTIONAL EVENTS INFLUENCING THE ACTIVITY OF THE COMPANY

No exceptional events have influenced the activity of the company.

6.4 DEPENDENCE OF THE COMPANY ON PATENTS OR COMMERCIAL OR FINANCIAL CONTRACTS

The company is not dependent on any patents, licences or manufacturing processes.

The company's commercial and financial contracts that could have an impact on its business or profitability are described in section 4, "Risk factors", of this registration document.

6.5 EXTERNAL SOURCES USED FOR STATEMENTS REGARDING THE COMPETITIVE POSITION OF THE COMPANY

The company has made no representations regarding its competitive position based on information from an external source.

7 ORGANISATIONAL CHART

7.1 OVERVIEW

Affine, a property company with French REIT (SIIC) status, listed on NYSE Euronext Paris, operates as an investor (offices, warehouses, retail) throughout France.

Its main subsidiary is Banimmo, a Belgian real estate company listed on NYSE Euronext Brussels, which is specifically involved in the redevelopment and repositioning of buildings in Belgium, France and Luxembourg.

Affine holds 49.5% of Banimmo, which is consolidated under the equity method.

Since Banimmo is listed on NYSE Euronext Brussels, all information is available on the website www.banimmo.be.

The Group has continued its strategy of refocusing its activity around its core business of property. On 19 December 2014, Affine disposed of Concerto Développement, specialised in arranging development and investment transactions for logistics property in France.

Affine's subsidiaries that own buildings are mentioned in the Notes to the consolidated statements in section 20.1.7.3, "Scope of consolidation", of this registration document.

7.2 LIST OF MAJOR SUBSIDIARIES

The scope of consolidation of the Group is described in detail in the Notes to the consolidated statements, under section 20.1.7.3, "Scope of consolidation".

8 PROPERTY, PLANTS AND EQUIPMENT

8.1 PROPERTY

At 31 December 2014, Affine directly owned 57 investment properties covering a total area of 534,400 sqm, acquired outright or financed under a property finance lease. The main characteristics of these buildings are described below.

8.1.1 List of buildings

Location	Name or street	Locality	French département	Surface area in sq m	Acquisition date
Offices					
Paris 3rd	Rue Réaumur	Paris	75	1,679	2007
Paris 9th	Rue Auber	Paris	75	2,283	2008
Paris 10th	Rue d'Enghien	Paris	75	821	2008
Paris 12th	"Tour Bercy" - Rue Traversière	Paris	75	7,783	2008
Montigny-le-Bretonneux	Rue Ampère	Ile-de-France	78	9,546	2003
Saint Germain en Laye	Rue des Gaudines	Ile-de-France	78	2,249	2002
Saint Germain en Laye	Rue Témara	Ile-de-France	78	1,450	2002
Elancourt	Parc Euclide - Rue Blaise Pascal	Ile-de-France	78	6,347	2004
Trappes	Parc de Pissaloup – Av. J. d'Alembert	Ile-de-France	78	10,183	2006
Les Ulis	Rue de la Terre de Feu	Ile-de-France	91	3,500	2003
Corbeil Essonnes	Avenue Darblay	Ile-de-France	91	4,644	2003
Corbeil Essonnes	Rue des Petites Bordes	Ile-de-France	91	2,268	2003
Issy-les-Moulineaux	Rue Carrefour Weiden	Ile-de-France	92	2,308	2003
Tremblay en France	Rue Charles Cros	Ile-de-France	93	19,997	2006
Bagnolet	Rue Sadi Carnot	Ile-de-France	93	4,056	1995
Kremlin Bicêtre	Rue Pierre Brossolette	Ile-de-France	94	1,151	2007
Kremlin Bicêtre	Boulevard du Général de Gaulle	Ile-de-France	94	1,860	2007
Aix-en-Provence	Rue Mahatma Gandhi	Regions	13	2,168	1994
Toulouse Les Amarantes 1	Rue Françoise d'Eaubonne	Regions	31	2,895	2014
Nantes - Marie Galante	Rue Henri Picherit	Regions	44	3,084	2006
St Julien les Metz	Rue Jean Burger - Tannerie	Regions	57	5,345	2007
Lille – Lilleurope	"Tour Europe" - Parvis de Rotterdam	Regions	59	5,000	2006
Lille – Lilleurope	"Tour Europe" - Parvis de Rotterdam	Regions	59	7,361	2008
Lille – Lilleurope	"Tour Europe" - Parvis de Rotterdam	Regions	59	6,262	2012
Villeneuve d'Ascq	Rue des Fusillés	Regions	59	3,045	2004
Mulhouse	Rue Salomon Grumbach	Regions	68	5,020	2008
Bron	Rue du 35e Régiment d'Aviation	Regions	69	2,203	1996
Lyon Gerland	Rue André Bollier	Regions	69	4,060	2006
Lyon	Rue du Dauphiné	Regions	69	5,481	2005
Lyon	Bld Tchécoslovaques	Regions	69	4,912	2011
Lyon	Bld Vivier Merle	Regions	69	3,472	1983
Retail premises and shopping centres					
St Cloud	Rue du Calvaire	Ile-de-France	92	920	2004
Troyes-Barberey St Sulpice	Quartier Les Valliers, RN19	Regions	10	5,793	2007
Troyes-Barberey St Sulpice	Quartier Les Valliers, RN19	Regions	10	1,200	2007
Nîmes	Les 7 Collines	Regions	30	17,559	2009
Bordeaux	Hangars Des Quais	Regions	33	25,530	2013
Arcachon	Rue Roger Expert and Avenue Lamartine	Regions	33	3,472	2009
St Etienne	Rue Louis Braille	Regions	42	5,003	2006
Nevers	Avenue Colbert	Regions	58	5,828	2008

Situation	Nom ou rue	Zone	Département	Surface en m²	Date acquisition
Industrial premises					
Maurepas	Rue Marie Curie	Ile-de-France	78	8,370	2006
Palaiseau	Rue Léon Blum	Ile-de-France	91	3,828	1995
Gennevilliers Plus	Rue du Fossé Blanc	Ile-de-France	92	15,897	2011
Aulnay-sous-Bois	Rue Jean Chaptal	Ile-de-France	93	3,488	1993
Cergy Pontoise	Rue du Petit Albi	Ile-de-France	95	3,213	2007
Aix les Milles	Rue Georges Claude	Regions	13	5,546	1975
Warehouses					
St Germain les Arpajon	Rue des Cochets	Ile-de-France	91	16,289	1999
Eurodif	Parc de l'Aube	Regions	10	24,526	2013
Devanlay	Parc de l'Aube	Regions	10	18,774	2014
Miramas	Quartier Mas des Moulières, Zac Lésud	Regions	13	12,500	2007
Bourg-les-Valence	Rue Irène Joliot Curie	Regions	26	19,521	2005
Mer	Zac des Mardaux	Regions	41	34,127	2006
St Etienne	Rue de la Talaudière	Regions	42	33,359	2007
Saint-Cyr-en-Val	Rue du Rond d'Eau	Regions	45	38,756	2005
Bussy-Lettrée (Courbet)	Zac n° 1 Europort – Vatry	Regions	51	19,212	2004
Roubaix – Leers	Rue de la Plaine	Regions	59	21,590	2005
Thouars	Rue Jean Devaux	Regions	79	32,000	2007
Sant Feliu de Buixalleu	Park Gaserans - Sant Feliu	Spain		3,680	2012
Other					
Paris 12 (car parks)	Rue Traversière	Paris	75	0	2008
Saint-Cloud	Rue du Calvaire	Ile-de-France	92	432	2004

8.1.2 Portfolio value

Fair value of directly owned properties (including transfer taxes)

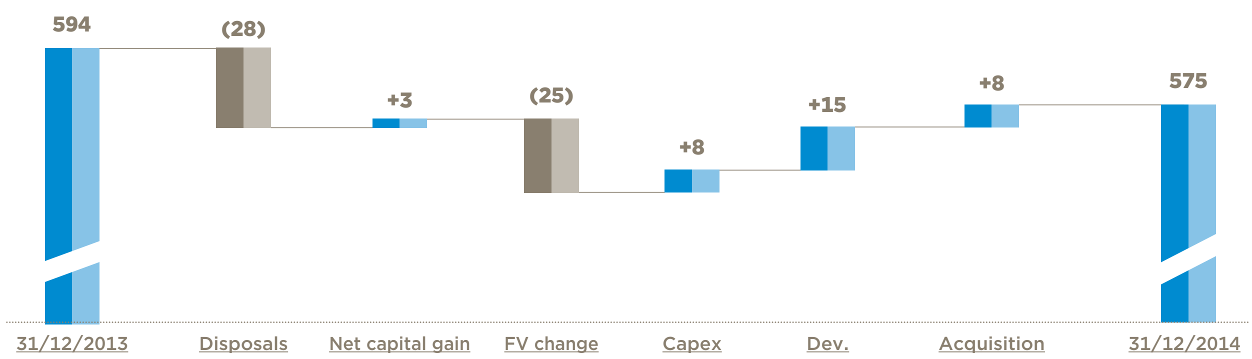
The fair value (including transfer taxes) of the 57 properties stood on 31 December 2014 at €610m compared with €627m at the end of 2013.

Fair value of directly owned properties (excluding transfer taxes)

Excluding transfer taxes, the value of the properties went from €594m at the end of 2013 to €575m at the end of 2014. This change resulted from:

- disposals totalling €27.9m, with a net capital gain of €3.4m;
- a €25.3m decrease in fair value of buildings in the portfolio at the end of the period;
- €8.1m of investments for improvement of existing properties;
- €15.0m of logistics development by Concerto European Developper;
- €7.9m of acquisitions.

Change in the value of buildings, excluding transfer taxes (€m)



On a like-for-like basis, the fall of 4.5% in the portfolio's fair value results from:

- a 2.3% decrease due to the fall in market rents (ERV),
- a 0.4% increase due to higher yield rates used by some appraisers,
- a residual 2.6% decrease (works to be carried out, reversion, etc.).

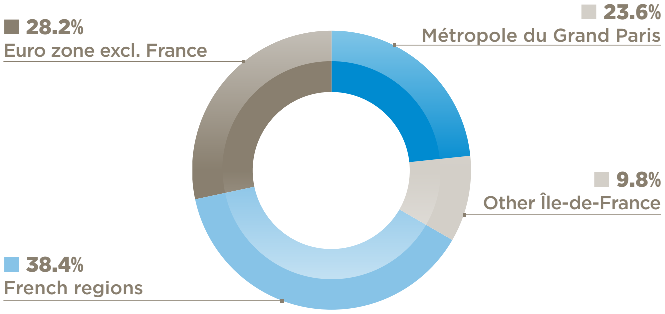
The average yield resulting from appraisals is 7.4%. A downward or upward change of 25 basis points in this rate would lead to an increase or a decrease respectively of the portfolio's value of €18.9m.

8.1.3 Total property

Fair value of total property (including transfer taxes)

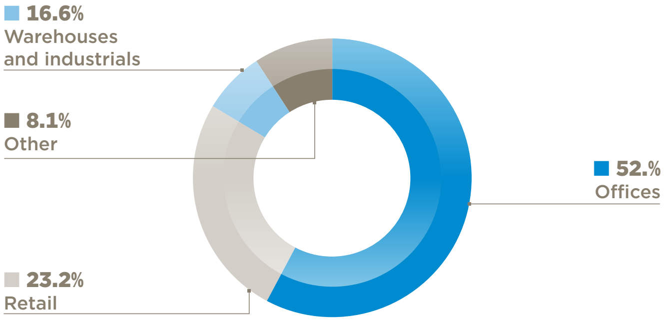
By including the buildings owned essentially by the associates, i.e. Banimmo, the fair value (including transfer taxes) of total property stood at the end of 2014 at €945m compared with €993m at the end of 2013.

Breakdown of value by region



Métropole du Grand Paris: Paris + Hauts-de-Seine + Val d'Oise + Val-de-Marne

Breakdown of value by type



8.2 ENVIRONMENTAL ISSUES THAT COULD AFFECT THE ISSUER'S USE OF PROPERTY, PLANT AND EQUIPMENT

These aspects are covered in the CSR report found in chapter 26 of this report.

9 OPERATING AND FINANCIAL REVIEW

The selected financial information below, relating to the years ended 31 December 2012, 2013 and 2014, is taken from the consolidated financial statements in Appendix 20.1.

The separate financial statements is presented in section 20.3.

9.1 FINANCIAL REVIEW

Consolidated balance sheet (€m)	2012	2013	2014
ASSETS	**762.2**	**779.4**	**706.3**
Properties (excluding transfer taxes)	549.3	593.8	575.1
Of which investment properties	522.0	550.4	426.9
Of which property held for sale	27.3	43.4	148.2
Equity holdings	0.1	0.3	0.3
Associates	89.6	60.4	54.7
Cash	32.6	39.4	4.3
Other assets	90.7	85.5	72.0
LIABILITIES	**762.2**	**779.4**	**706.3**
Shareholders' equity (before allocation)	351.4	326.2	303.5
Of which BRS	20.8	20.6	20.4
Of which PSL	73.2	73.2	73.2
Bank debt	360.9	366.5	346.7
Other liabilities	49.8	86.7	56.0

Net asset value

At 31 December 2014, total shareholders' equity amounted to €303.5m, a decline of €22.6m compared to late 2013, due firstly to the 2013 distribution (dividends and payment of BRS and PSL coupons) and secondly to the net loss for the year. After deducting quasi-equity (€73.2m in perpetual subordinated loan notes), and after adjustments to the fair value of derivatives and deferred taxes, the EPRA net asset value excluding transfer taxes was €236.0m (-7.8%). NAV per share was €22.99 (after BRS dilution and excluding treasury shares), down 7.9% compared with 31 December 2013. Including transfer taxes, NAV per share was €26.54.

NAV (€m)	2012	2013	2014
Shareholders' equity (before allocation) group share	351.4	326.2	303.5
PSL adjustment	(73.2)	(73.2)	(73.2)
IFRS NAV (excl. TT)	278.2	253.0	230.3
EPRA adjustments	10.6	3.1	5.6
EPRA NAV (excl. TT)	**288.8**	**256.0**	**236.0**
EPRA NAV (incl. TT)	324.0	290.5	272.5
Diluted number of shares (excl. Tr. shares)	10,237,552	10,251,873	10,264,583
Diluted EPRA NAV (excl. TT) per share (€)	**28.21**	**24.97**	**22.99**

Based on EPRA NAV excluding transfer taxes, the share price at 31 December 2014 (€15.17) showed a discount of 34%.

Finally, EPRA triple net NAV, including the fair value of hedging instruments, deferred tax and the difference between the accounting and discounted value of the debt, amounted to €25.4 (excl. transfer tax) and €29.0 (incl. transfer tax).

9.2 OPERATING EARNINGS

9.2.1 Important factors affecting consolidated earnings

Consolidated earnings (€m)[1]	2012	2013	2014
Gross rental income	46.4	40.2	43.7
Net rental income	**41.3**	**34.8**	**39.2**
Other income	4.3	1.9	1.3
Corporate expenses	(10.9)	(10.0)	(10.1)
Current EBITDA[2]	**34.6**	**26.7**	**30.3**
Current operating profit	**34.5**	**26.5**	**30.2**
Other income and expenses	(1.6)	(2.7)	0.5
Net profit or loss on disposal	(8.5)	(0.1)	3.4
Operating profit (before value adj.)	**24.5**	**23.7**	**34.1**
Net balance of value adjustments	(5.2)	(18.4)	(25.3)
Net operating profit	**19.2**	**5.4**	**8.9**
Net financial cost	(16.9)	(11.5)	(10.9)
Fair value adjustments of hedging instr.	(1.5)	4.0	(2.3)
Taxes	0.1	(1.4)	(1.1)
Associates	3.4	(5.3)	(5.3)
Miscellaneous[3]	0.3	(0.1)	(0.2)
Net profit	**4.6**	**(8.8)**	**(11.0)**
Net profit – group share	**4.7**	**(8.8)**	**(11.0)**
EPRA adjustments	15.4	25.8	27.4
EPRA earnings[4]	**20.1**	**17.0**	**16.5**

NB: The Banimmo sub-group is consolidated under the equity method. Since late December 2013, Jardins des Quais is wholly owned and fully consolidated (previously through the equity method). Banimmo's financial statements are currently under audit review.
(1) Based on IFRS standards and EPRA recommendations.
(2) Current EBITDA represents the current operating profit excluding current depreciation and amortisation costs. In 2012, 2013 and 2014, this amount excludes the impairment of properties of the development business, which were €1.4m, €1.2m and -€1.0m respectively and which are recognised under other income and expenses.
(3) Net profit from activities that have been discontinued or are being sold, other financial income and expenses.
(4) The European Public Real Estate Association (EPRA) issued Best Practice Recommendations in September 2011 which give guidelines for performance measures. Additional guidalines were released in January 2014. As detailed in the EPRA adjustments note, EPRA earnings essentially excludes the effects of fair value changes and gains or losses on sales. EPRA earnings for 2012 was adjusted by integrating other operational and financial income and expenses.

Rents were up 8.6%, mainly owing to the integration of 100% of Les Jardins des Quais and the entry of the rents of the buildings realised by Concerto European Developer. Service charges including a shift in the rebilling, net rents increased by 12.5%.

Current operating profit increased from €26.5m to €30.2m (+14.0%), mainly reflecting the gain of rents offset partially by the decrease in revenues from the development activity (€0.4m vs. €0.9m, excluding depreciation of inventories). Operating expenses remained almost stable (+1.5%).

The renovation and partial reconversion of the building located in rue Réaumur having generated, at this stage, a capital gain of €3.5m, the operating profit before value adjustment amounted to €34.1m (+43.8%); after implementing a €25.3m drop in fair value of the buildings, specifically on its logistic assets, it totalled €8.9m (+65.0 %) compared to €5.4m the previous year.

Net financial costs decreased slightly to €10.9m. The fair value of financial instruments fell sharply by €2.3m compared with a €4.0m increase in 2013.

Associates mainly reflected the technical effect of the global integration of the Jardins des Quais and the situation of the Belgian subsidiary Banimmo. It recognised substantial provisions for its stake in City Mall, which led to a net loss of €8.0m, thus leading to a negative contribution of €4.7m to Affine P&L.

Consequently, Affine posted a net consolidated loss of €11.0m, compared to -€8.8m in last year.

Adjusted for exceptional items such as changes in fair value and gains or losses on disposals, EPRA earnings stood at €16.5m (-3.3%) compared with €17.0m for the same period in 2013.

9.2.2 Material changes in net revenuesor net income

No significant change in net revenues or net income has occurred during the year.

9.2.3 Strategy or factor of a governmental or economic nature that could materially affect, directly or indirectly, the issuer

This information is contained in the section on risk factors in section 4 of this registration document.

9.3 EPRA BEST PREACTICE RECOMMENDATIONS

The European Public Real Estate Association (EPRA) issued in September 2011 an update of the Best Practice Recommendations report(1) (BPR), which gives guidelines for performance measures. Additional guidance was given in January 2014 and a new indicator appeared, the EPRA Cost Ratios, in July 2013.

Affine supports the financial communication standardisation approach designed to improve the quality and comparability of information and supplies its investors with the primary EPRA recommendations. The company therefore publishes the EPRA Earnings, the EPRA earnings per share, the EPRA NAV, the EPRA NAV per share, the EPRA NNNAV, the EPRA NNNAV per share and the EPRA vacancy rate.

EPRA Performance Measures (EPM) definition

EPRA indicators	EPRA Definition[1]
EPRA Earnings	Recurring earnings from core operational activities.
EPRA Net Asset Value	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.
EPRA vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

(1) The report is available on the EPRA website: www.epra.com.

EPRA Performance Measures (EPM)

In thousands of euros	2012	2013	2014
EPRA earnings	20,094	17,009	16,453
EPRA net asset value (excl. TT)	288,777	256,039	235,982
EPRA NNNAV (excl. TT)	308,817	289,457	261,126
EPRA occupancy rate (%)	87.8	90.9	90.2

Figures per share (€)	2012	2013	2014
EPRA earnings	1.75	1.44	1.38
EPRA net asset value (excl. TT)	28.21	24.97	22.99
EPRA NNNAV (excl. TT)	30.17	28.23	25.44

EPRA Earnings (indirect method)

In thousands of euros	2012	2013	2014
Net profit – Group share	**4,712**	**(8,831)**	**(10,976)**
Value adjustments for investment and development properties[1]	6,639	21,703	24,276
Net profit or loss on disposal	8,501	91	(3,156)
Goodwill adjustment	-	-	-
Fair value adjustments of hedging instr.	1,506	(4,032)	2,295
Non-current tax, deferred and exit tax	(197)	854	614
Adjustments for associate	(906)	7,224	3,400
Minority interests in respect of the above	(162)	-	-
EPRA earnings(1)	**20,094**	**17,009**	**16,453**

(1) EPRA earnings for 2012 were adjusted by reintegrating other operational and financial income and expenses. The "Other non-recurring items" line was therefore deleted and fair value changes for the development activity are included in "Value adjustments for investment and development properties."

EPRA Earnings (Recurring / non-recurring presentation - direct method)(1)

In thousands of euros	2012	2013	2014
Gross rental income	46,427	40,230	43,687
Net rental income	**41,261**	**34,830**	**39,197**
Other income	4,294	1,911	1,283
Corporate expenses	(10,937)	(9,993)	(10,148)
Current EBITDA(2)	**34,618**	**26,748**	**30,332**
Current operating profit	**34,503**	**26,480**	**30,200**
Other income and expenses(3)	(128)	676	(474)
Net financial cost	(16,935)	(11,462)	(10,915)
Taxes (current)	(51)	(497)	(466)
Associates (current)	2,495	1,914	(1,947)
Miscellaneous (current) (3)	293	(98)	61
Net current profit	**20,176**	**17,013**	16,460
EPRA EARNINGS (NET CURRENT PROFIT – GS(4))	**20,094**	**17,009**	**16,453**
Other income and expenses(3)	(1,422)	(3,332)	1,000
Net profit or loss on disposals	(8,501)	(91)	3,401
Net balance of value adjustments	(5,217)	(18,371)	(25,276)
Fair value adjustments of hedging instr.	(1,506)	4,032	(2,295)
Taxes (non-current)	197	(854)	(614)
Associates	906	(7,224)	(3,400)
Miscellaneous (non-current)(3)	0	(0)	(244)
Net non-current profit	**(15,544)**	**(25,840)**	**(27,429)**
NET NON-CURRENT PROFIT– GS(4)	**(15,382)**	**(25,840)**	**(27,429)**
Net profit	**4,632**	**(8,828)**	**(10,969)**
NET PROFIT - GROUP SHARE	**4,712**	**(8,831)**	**(10,976)**

NB: The Banimmo sub-group is consolidated under the equity method. Since late December 2013, Jardins des Quais is wholly owned and fully consolidated (previously through the equity method). Banimmo's financial statements are currently under audit review.

(1) Based on IFRS standards and EPRA recommendations.

(2) Current EBITDA represents the current operating profit excluding current depreciation and amortisation costs. In 2012, 2013 and 2014, this amount excludes the depreciation of properties in the development business, which were €1.4m, €1.2m and -€1.0m respectively and which are recognised under other income and expenses.

(3) To align the definition of current items with the EPRA definition of that term, "Other income and expenses" appears in the current part of this presentation and includes other operational income and expenses. "Miscellaneous (non-current)" includes other financial income and expenses. The non-current part of "Other income and expenses" includes the fair value change of the development properties.

(4) Gs stands for Group share.

EPRA Earnings per share

In thousands of euros	2012	2013	2014
Net profit – Group share	4,712	(8,831)	(10,976)
PSL charges	(2,696)	(2,277)	(2,302)
BRS charges	(1,498)	(1,532)	(1,178)
Net profit – Group share adjusted for the earnings per share	518	(12,640)	(14,456)
BRS 1 and 2 adjustments	1,498	1,532	1,178
Net profit – Group share adjusted for the diluted earnings per share (after conversion of BRS)	2,016	(11,108)	(13,278)
EPRA adjustments(1)	15,382	25,840	27,429
EPRA earnings adjusted for the PSL charges for calculation of EPRA earnings per share[(1)]	17,398	14,732	14,151
Earnings per share (€)	0.06	(1.41)	(1.60)
Diluted earnings per share (€)	0.20	(1.08)	(1.29)
EPRA earnings per share (€)[(1)]	**1.75**	**1.44**	**1.38**
Number of shares			
Outstanding number of shares	9,033,959	9,033,959	9,051,431
Average number of treasury shares	(337,669)	(39,277)	(28,405)
Average number of shares (excl.Tr. shares)	8,696,290	8,994,682	9,023,026
Number of new shares from BRS redemption	1,248,000	1,248,000	1,230,528
Average number of diluted shares (excl.Tr. shares)	**9,944,290**	**10,242,682**	**10,253,554**

(1) EPRA earnings for 2012 was adjusted by reintegrating other operational and financial income and expenses.

IFRS NAV

In thousands of euros	2012	2013	2014
Shareholders' equity (before allocation)	351,434	326,156	303,527
of which BRS	20,770	20,632	20,424
of which PSL	73,215	73,205	73,181
Of which treasury shares	(571)	(426)	(244)
Of which other	258,019	232,744	210,166
PSL adjustments	(73,215)	(73,205)	(73,181)
Diluted IFRS NAV	278,219	252,950	230,346
Transfer tax (gs1)	35,201	34,473	36,473
Diluted IFRS NAV incl. transfer tax	313,419	287,423	266,818
Diluted IFRS NAV exc. transfer tax per share	**27.18**	**24.67**	**22.44**
Diluted IFRS NAV incl. transfer tax per share	30.61	28.04	25.99
Number of shares			
Outstanding number of shares	9,033,959	9,033,959	9,051,431
Treasury shares	(44,407)	(30,086)	(17,376)
Converted BRS	1,248,000	1,248,000	1,230,528
Number of diluted shares (excl. treasury shares)	**10,237,552**	**10,251,873**	**10,264,583**

(1) Gs stands for Group share.

EPRA NAV

In thousands of euros	2012	2013	2014
Diluted IFRS NAV excl. transfer tax	278,219	252,950	230,346
EPRA adjustments	10,559	3,088	5,637
of which fair value of financial instruments	12,630	7,209	9,925
Derivatives at fair value (gs1) - Assets -	1,365	1,146	313
Derivatives at fair value (gs1) - Liabilities -	13,996	8,355	10,238
of which net deferred tax	(2,072)	(4,121)	(4,288)
Assets - deferred tax (gs1)	3,966	4,433	4,288
Liabilities - deferred tax (gs1)	1,894	312	0
EPRA NAV excl. transfer tax	288,777	256,039	235,982
EPRA NAV incl. transfer tax	323,978	290,511	272,455
EPRA NAV per share	28.21	24.97	22.99
EPRA NAV incl. transfer tax per share	31.65	28.34	26.54

(1) Gs stands for Group share.

EPRA NNNAV

In thousands of euros	2012	2013	2014
EPRA adjustments	(10,559)	(3,088)	(5,637)
Change of debt fair value(1)	30,599	36,506	30,780
EPRA NNNAV excl. transfer tax	308,817	289,457	261,126
EPRA NNNAV incl. transfer tax	344,018	323,929	297,598
EPRA NNNAV per share excl. transfer tax	30.17	28.23	25.44
EPRA NNNAV incl. transfer tax per share	33.60	31.60	28.99

(1) Excluding Banimmo and its subsidiaries.

EPRA Vacancy rate

Type of asset (€m)	Headline rents	Let. sp. (sq m)	ERV[1] on vacant	ERV[1]	Vacancy rate
Offices	20.9	142,319	2.0	21.1	9.5%
Retails	8.8	66,582	1.6	10.0	16.1%
Warehouses and Industrials	13.5	325,022	0.8	13.8	5.7%
Others	0.0	432	0.0	0.0	0.0%
Total	43.2	534,354	4.4	44.9	9.8%

(1)ERV corresponds to Estimated Rental Value, i.e. the market rental value estimated by the appraisers.

10 CASH AND CAPITAL RESOURCES

The selected financial information below, relating to the years ended 31 December 2012, 2013 and 2014, is taken from the consolidated financial statements in Appendix 20.1.

The separate financial statements is presented in section 20.3.

10.1 COMPANY EQUITY

Consolidated statement of changes in equitys

	Capital and related reserves								
In thousands of euros	Share capital	Reserves related to share capital	Treasury stock	Consolidated reserves	Total gains and losses taken directly to equity	Net income (loss) Group share	Group equity	Equity held by noncontrolling interests	Total consolidated equity
Equity as at 31.12.12	**53 300**	**135 276**	**(571)**	**158 718**	**-**	**4 712**	**351 433**	**(26)**	**351 408**
Capital increase	-	-	-	-	-	-	-	-	-
Cancellation of treasury stock	-	-	-	-	-	-	-	-	-
Elimination of treasury stock	-	-	145	46	-	-	191	-	191
Preference-share issue	-	-	-	-	-	-	-	-	-
Equity portion of hybrid instruments	-	(148)	-	(3 679)	-	-	(3 827)	-	(3 827)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2012 income (loss)	-	-	-	4 712	-	(4 712)	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(10 665)	-	-	(10 665)	-	(10 665)
Dividends on treasury stock	-	-	-	44	-	-	44	-	44
Preference dividends	-	-	-	-	-	-	-	-	-
Sub-total of shareholder-related movements	**-**	**(148)**	**145**	**(9 542)**	**-**	**(4 712)**	**(14 257)**	**-**	**(14 257)**
Changes in gains and losses recognised directly in equity	-	-	-	(157)	-	-	(157)	-	(157)
2013 income	-	-	-	-	-	(8 831)	(8 831)	4	(8 828)
Subtotal	**-**	**-**	**-**	**(157)**	**-**	**(8 831)**	**(8 988)**	**4**	**(8 985)**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	(2 041)	-	-	(2 041)	22	(2 019)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies consolidated under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	8	-	-	8	2	10
EQUITY AS AT 31.12.13	**53 300**	**135 128**	**(426)**	**146 986**	**-**	**(8 831)**	**326 156**	**2**	**326 158**

In thousands of euros	Capital and related reserves								
	Share capital	Reserves related to share capital	Treasury stock	Consolidated reserves	Total gains and losses taken directly to equity	Net income (loss) Group share	Group equity	Equity held by noncontrolling interests	Total consolidated equity
Capital increase	200	(103)	-	(97)	-	-	-	-	-
Cancellation of treasury stock	-	-	-	-	-	-	-	-	-
Cancellation of treasury stock	-	-	182	13	-	-	194	-	194
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	47	-	(3 361)	-	-	(3 314)	-	(3 314)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2013 earnings	-	-	-	(8 831)	-	8 831	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(8 131)	-	-	(8 131)	-	(8 131)
Dividends on treasury stock	-	-	-	16	-	-	16	-	16
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	**200**	**(56)**	**182**	**(20 391)**	**-**	**8 831**	**(11 234)**	**-**	**(11 234)**
Changes in gains and losses recognised directly in equity	-	-	-	115	-	-	115	-	115
2014 income	-	-	-	-	-	(10 976)	(10 976)	7	(10 969)
Subtotal	**-**	**-**	**-**	**115**	**-**	**(10 976)**	**(10 861)**	**7**	**(10 854)**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	159	-	-	159	(9)	150
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(693)	-	-	(693)	-	(693)
EQUITY AT 31/12/2014	**53 500**	**135 072**	**(244)**	**126 176**	**-**	**(10 976)**	**303 527**		**303 527**

10.2 Cash flow

Consolidated cash flow

The Group's funds from operation went up to €22.8m (+27.3%), linked to the change in rental income; excluding financial costs and taxes, funds from operation settled at €34.3m (+14.1%).

WCR fell sharply (-€13.2m vs. €1.3m). The full-year registered on one hand the payment to the French Treasury of the VAT (€9.0m) collected at the financing of the Jardins des Quais complex acquisition in Bordeaux at the end of 2013 (repayment of the finance lease followed by the signing of a new finance lease) and of the acquisition made in Toulouse, and on the other hand, the balance of works on the 2 logistics platforms in Troyes and Sant Feliu (€6.7m) destined for Devanlay and ILS respectively. Operating cash flow was thus €19.9m versus €31.1m for the same period in 2013.

Cash flow (€m)	2012	2013	2014
Funds from operation	17.9	17.9	22.8
Funds from operation excluding cost of debt and taxes	33.3	30.1	34.3
Change in WCR	(16.4)	1.3	(13.2)
Taxes paid	(0.0)	(0.3)	(1.2)
Operating cash flow	**16.8**	**31.1**	**19.9**
Investments	(20.5)	(27.1)	(22.1)
Disposals	131.2	8.3	25.2
Other	0.8	(1.2)	0.1
Investment cash flow	**111.5**	**(20.1)**	**3.2**
New loans	35.9	47.6	44.7
Loan repayments	(123.8)	(41.9)	(60.4)
Interest	(16.5)	(11.5)	(11.2)
Other (including dividend)	(15.7)	(12.8)	(13.9)
Financing cash flow	**(120.2)**	**(18.6)**	**(40.8)**
Change in cash position	**8.2**	**(7.6)**	**(17.7)**
Net cash position	**27.1**	**19.5**	**1.8**

Cash flow for investments went down, at €22.1m compared with €27.1m last year. The disposal policy continued with €25.2m of sales. Total cash flow from investments came to €3.2m, compared to -€20.1m for the same period in 2013.

The net balance of financing operations, including dividends distributed (€8.1m) and financial costs (€11.2m), generated negative cash flow of €40.8m, with new borrowings covering 74% of repayments.

The available cash position thus decreased by €17.7m over the year to reach €1.8m (to which €15m of confirmed credit is added).

10.3 LOAN REQUIREMENTS – FINANCING STRUCTURE

Financing

The financing policy based on long-term relationships with its banks and dedicated per-transaction medium-sized financings, secured with mortgages and with long-term repayment periods, enables Affine to benefit from access to bank financing on competitive terms.

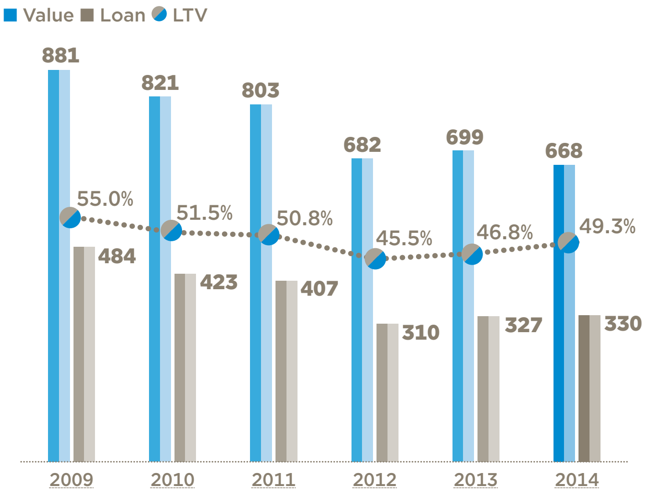
Affine has a resilient risk profile thanks to the large proportion of non-Paris assets in its portfolio, which are more stable and more profitable than its Paris assets, and the diversification of its portfolio.

Affine therefore has good visibility to manage its liabilities by keeping a smooth debt profile, while avoiding in general any financial covenant on the company itself. This allows Affine to optimise the use of its equity by maintaining a LTV close to 50%, a significant drop over the last few years.

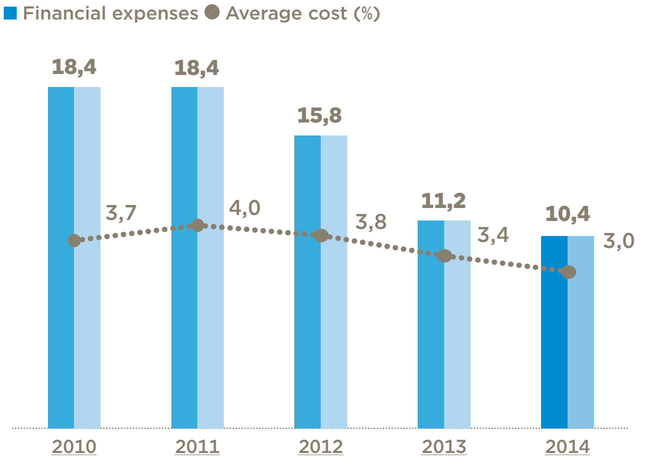
New bank loans taken out in 2014 amounted to €44.7m compared to the €60.4m spent on bank debt amortisation over the period.

In addition, the Group has secured short-term lines of credit totalling €15m at 31 December 2014.

LTV (Loan-to-Value) (€m)



Cost of debt (€m)



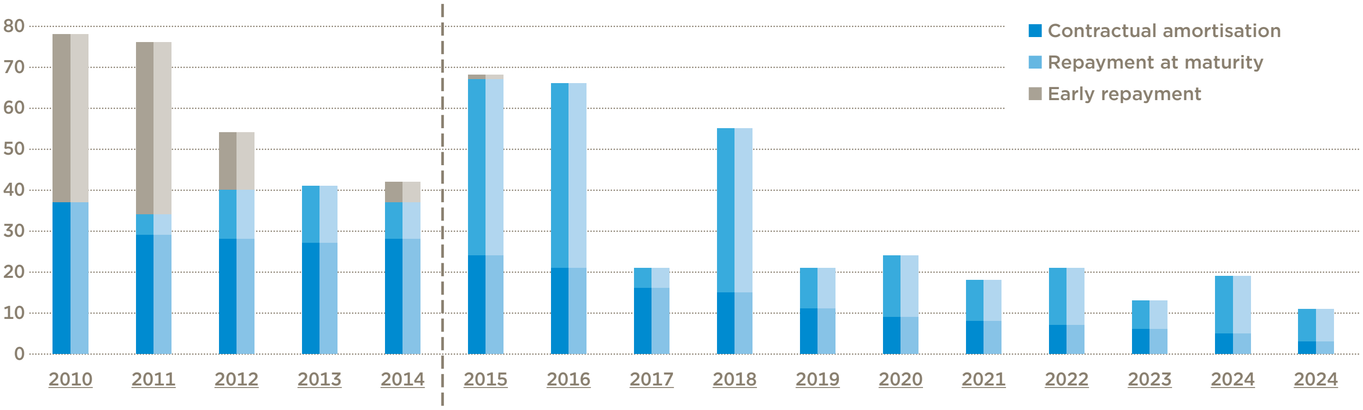
At 31 December 2014, the Group's net financial debt (net of cash and cash equivalents) was €345m compared with €347m at year-end 2013. It corresponds to 1.1 times total shareholders' equity.

After deducting the debt allocated to finance lease activities (€15m), the net financial debt for investment properties, excluding buildings in anticipation of completion, and the Affine stake in the net value of associates (€55m), totalled €330m, resulting in an LTV ratio of 49.3%, compared with 46.8% at year-end 2013.

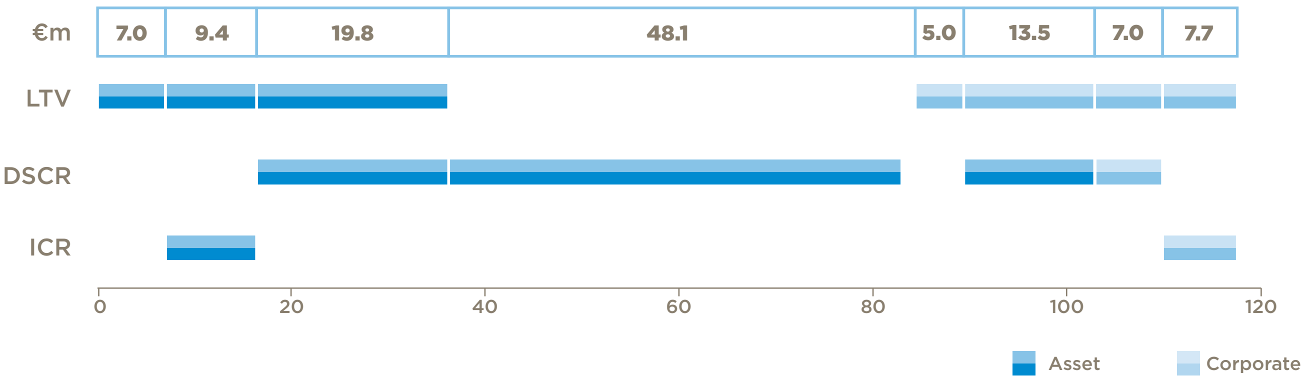
The ratio of financial costs to average net financial debt resulted for the year in an average cost of debt stable at 1.9% (3.0% including hedging costs as against 3.4% for 2013). The company took advantage of the particularly low rates to optimise hedging on its debt by entering into new swaps in June (€15m) and caps (€60m) on very attractive terms.

At 31 December 2014, the average maturity of debt was 5.2 years. Debts are amortised at a pace corresponding to the life of the underlying asset, with the balance of the loan repaid at final maturity. The graph below shows that the Group has no major maturities occurring over the next few years.

Debt amortisation (€m)



The chart below shows the amounts of debt for Affine which are subject to covenants on the financed asset, and exceptionally on the company.



At 31 December, no compulsory early repayment was required in part or in whole on any credit due to a failure to comply with financial ratios reported on that date.

LTV (net debt / property value)

In thousands of euros	2012	2013	2014
Net financial debt	333,787	347,022	344,981
Debt allocated to lease financing	(23,392)	(19,854)	(15,376)
Debt for investment properties	**310,396**	**327,168**	**329,605**
Value of properties (incl. TT)	580,447	626,842	610,106
Property companies consolidated under equity	87,594	58,457	52,710
VEFA & Fixed assets adjustments	14,397	13,985	5,544
Adjusted portfolio value incl. taxes	682,438	699,284	668,361
LTV	**45.5%**	**46.8%**	**49.3%**

10.4 RESTRICTION ON THE USE OF CAPITAL

Information regarding any restrictions on the use of capital that could materially affect, directly or indirectly, the operations of the issuer are listed in section 4.2 of this registration document.

10.5 REQUIRED SOURCES OF FUNDING

Arrangements are being made to refinance loans due to expire in 2015.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The company has no research and development policy or patents.

12 TREND INFORMATION

12.1 MAIN TRENDS

There is no material information to report since the publication of results at 31 December 2014 (press release of 4 March 2015).

12.2 PERSPECTIVES

The investments, resumed in 2014, will continue in 2015, in a context of fierce competition, while ensuring compliance with the Group's profitability and risk criteria and maintaining LTV at a prudent level. Investments will be continued in harmony with the ongoing divestment policy, in order to improve the quality of the portfolio while renewing the potential rental income.

13 PROFIT FORECASTS OR ESTIMATES

The company does not publish profit forecasts or estimates.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

14.1 BOARD OF DIRECTORS AND GENERAL MANAGEMENT

Members of the Board of Directors at 3 March 2015

First name and surname or company name, date of birth, business address	Date of first appointment	Date of expiry of office (GSM approving the accounts)	Function within the company	Principal function outside the company
Maryse Aulagnon Born on 19.04.49 5 rue Saint Georges – 75009 PARIS	21/09/1999	2014	Chairman and Chief Executive Officer	
MAB-Finances represented by Alain Chaussard Born on 22/06/1948 5 rue Saint Georges – 75009 PARIS	18/06/2004	2015	Director, Vice Chairman Deputy Chief Executive Officer	
Atit represented by Catherine Wallerand Born on 18/12/1968 5 rue Saint Georges – 75009 PARIS	30/04/2014	2016	Director	Head of Legal Department
Delphine Benchetrit Born on 01/09/1968 76 avenue d'Iéna – 75116 PARIS	30/04/2014	2016	Director	Managing Partner Finae Advisors
Arnaud de Bresson Born on 24/08/1955 39/41 rue Cambon – 75001 PARIS	05/02/2008	2015	Director	Managing Director of Paris Europlace
Stéphane Bureau Born on 13/06/1964 11-13 Avenue de Friedland – 75008 PARIS	05/03/2010	2014	Director	Partner, Chief Executive Officer of Asset Management at Cushman & Wakefield –Paris (Property & Asset Management Consultancy).
Joëlle Chauvin Born on 18/12/1946 24-26 rue de la Pépinière – 75008 PARIS	27/04/2012	2015	Director	Chairman and Chief Executive Officer of Aviva Investors Real Estate France SA until 31 December 2014
Bertrand de Feydeau Born on 05/08/48 59 avenue Kléber – 75016 PARIS	22/05/2001	2016	Director	Chairman of Foncière Développement Logements
Holdaffine BV represented by Jean-Louis Charon Born on 13/10/1957 11 rue des Pyramides – 75001 PARIS	29/04/2009	2014	Director	Chairman of City Star Capital

The General Shareholders' Meeting of 27 April 2012 resolved to amend the Articles of Association to allow the staggered renewal of directorships (renewal of one third of directors each year).

The re-appointment of Maryse Aulagnon, Stéphane Bureau and the company Holdaffine BV as directors for a three-year term will be submitted to the General Shareholders' Meeting on 30 April 2015.

In accordance with the Middlenext Code, the criteria used to determine whether or not a director is independent are as follows:

"• *has not been an employee or corporate officer of the company or any company within the same Group in the previous three years,*
- *is not a customer or supplier or the primary bank of the company or its Group, or for whom the company or Group represents a significant percentage of the activity,*
- *is not a majority shareholder of the company,*
- *has no close family ties with a corporate officer or majority shareholder,*
- *has not been an auditor of the company during the past three years."*

In accordance with these principles, the following are considered to be independent directors: Delphine Benchetrit, Arnaud de Bresson, Stéphane Bureau, Joëlle Chauvin and Bertrand de Feydeau, representing five directors out of nine.

The following are not considered independent directors: Maryse Aulagnon and Alain Chaussard (corporate officers), the company Atit (represented by Catherine Wallerand, head of the Affine group Legal Department) and Holdaffine (major shareholder).

None of the corporate officers has been convicted of fraud in the last five years. To the knowledge of the company, none of the officers has been associated with bankruptcy, receivership, liquidation, incrimination and/or official public sanction by statutory or regulatory authorities and has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for the previous five years.

List of appointments and positions held in any company by members of the Board of Directors during 2014

Executives

Maryse Aulagnon

Posts held in the Affine Group

- AFFINE R.E. (SA, listed company), Chairman and Chief Executive Officer, 2014 accounts;
  (Holder of 48 Affine R.E. shares; the number of Affine R.E. shares held by Maryse Aulagnon – via Holdaffine – is mentioned in section 18.3 of this registration document),
- BANIMMO (SA, listed company), Belgium, representative of Affine R.E., Chairman,
- ATIT (SC), Representative of Affine R.E., Manager,
- 2/4 HAUSSMANN (SAS), Representative of Atit, Liquidator,
- CAPUCINE INVESTISSEMENTS (SAS), Representative of Affine R.E., Chairman,
- CONCERTO DEVELOPPEMENT (SAS), Representative of Mab-Finances, Member of the Management Committee (until 19 December 2014),
- LES 7 COLLINES (SAS), Representative of Affine R.E., Chairman,
- MAB-FINANCES (SA), Chairman of the Board,
- NEVERS COLBERT (SCI), Representative of Affine R.E., Manager,
- PROMAFFINE (SAS), Representative of Affine R.E., Chairman,
- SCI LUCE PARC-LECLERC (SCI), Representative of Promaffine, Manager,
- SCI NANTERRE TERRASSES 12 (SCI), Representative of Promaffine, Manager,
- SCI PARIS 29 COPERNIC (SCI), Representative of Promaffine, Manager,
- AFFINE SUD (SCI), Representative of Affine R.E., Manager,
- LES JARDINS DES QUAIS (SNC), Representative of Affine R.E., Manager,
- PARVIS LILLE (SCI), Representative of Atit, Manager,
- HOLDAFFINE (BV), The Netherlands, Director
- GESFIMMO (SA), Chairman of the Board of Directors
- URBISMART (SAS), member of the Management Committee (since 31 July 2014),
- TARGET REAL ESTATE (SAS), Representative of Mab-Finances, member of the Management Committee (since 24 November 2014),
- ST ETIENNE MOLINA (SAS), Representative of Mab-Finances, member of the Management Committee (since 24 November 2014),

Posts held outside the Affine Group

- AIR FRANCE KLM (SA, listed company), Director, Chairman of the Audit Committee,
- BPCE (SA), member of the Supervisory Board and Chairman of the Remuneration and Appointments Committee,
- VEOLIA ENVIRONNEMENT (SA, listed company), Director, member of the Appointments Committee.

Alain Chaussard

Posts held in the Affine Group

- AFFINE R.E. (SA, listed company), Deputy Chief Executive Officer, permanent Representative of Mab-Finances, Vice Chairman, Director, 2015 accounts,
  (MAB FINANCES holds 90 shares in Affine R.E.; Mr Chaussard holds 29,853 shares in Affine R.E.; he also holds an equity investment in Holdaffine),
- BANIMMO (SA, listed company), Belgium, Representative of Holdaffine, Director,
- ARCA VILLE D'ETE (SCI), Representative of Affine R.E., Manager,

- CONCERTO DEVELOPPEMENT (SAS), Representative of Affine R.E., Chairman (until 19 December 2014)
- CONCERTO DEVELOPPEMENT IBERICA (SL), Spain, Representative of Promaffine, Manager,
- COUR DES CAPUCINES (SAS), Representative of Affine R.E., Chairman,
- MAB-FINANCES (SAS), Vice Chairman – Member of the Supervisory Board,
- ST ETIENNE MOLINA (SAS), Representative of Affine R.E., Chairman,
- CARDEV (SA), Belgium, Representative of Affine R.E., Chairman of the Board of Directors,
- GESFIMMO (SA), Chief Executive Officer and Director
- SC HOLDIMMO, Representative of Affine R.E., Manager,
- SCI COSMO MONTPELLIER, Representative of Affine R.E., which in turn represents Holdimmo, Manager (until 29 November 2014)
- SCI NUMERO 1, Representative of Affine R.E., manager,
- SCI 36, Representative of Affine R.E., Manager,
- SCI AULNES DEVELOPPEMENT, representative of Promaffine, joint manager
- TARGET REAL ESTATE (SAS), Representative of Affine
- R. E., Chairman,
- BERCY PARKINGS (SCI), Representative of Affine R.E., Manager.
- TOULOUSE LES AMARANTES (SCI), Affine R.E. representative, Manager (since 30 September 2014)
- URBISMART (SAS), representative of Affine R.E., Chairman (since 31 July 2014),
- CONCERTO WISSOUS (SCI), representative of Affine R.E., Manager (from 30 September to 24 December 2014)
- CAPUCINE INVESTISSEMENTS (SAS), Representative of Mab-Finances, Member of the Management Committee (since 24 November 2014)
- LES 7 COLLINES (SAS), representative of MAB Finances., member of the Management Committee (since 24 November 2014)
- PROMAFFINE (SAS), Representative of Mab-Finances, Member of the Management Committee (since 24 November 2014)
- LOUVOIS SAS, representative of Affine R.E., Chairman (from 24 December to 30 December 2014).

Post held outside the Group

- Institut de l'Epargne Immobilière et Foncière (IEIF), Director.

Directors

Delphine Benchetrit
(since 30 April 20144)

- AFFINE R.E. (SA), Director, appointed by the General Shareholders' Meeting of 30 April 2014, 2016 accounts (holder of one Affine R.E. share)

Posts held outside the Group

- FINAE ADVISORS, associate director
- ZÜBLIN IMMOBILIERE FRANCE (SA), Director

Arnaud de Bresson

Posts held in the Affine Group

- AFFINE R.E. (SA), Director, 2015 accounts (holder of one Affine R.E. share)

Posts held outside the Group

- PARISEUROPLACE, Managing director

Other functions

- INSTITUT EUROPLACE DE FINANCE (IEF), Chief Executive Officer,
- FINANCE INNOVATION, Chief Executive Officer of the competitiveness cluster,
- COMITE FRANCE-CHINE, Director,
- INSTITUT FRANÇAIS DES ADMINISTRATEURS (IFA), Director,
- INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN), Member,
- REVUE D'ECONOMIE FINANCIERE (REF), Member of the Editorial Committee.

Stéphane Bureau

Posts held in the Affine Group

- AFFINE R.E. (SA), Director, 2014 accounts (holder of one Affine R.E. share)

Other functions

CUSHMAN & WAKEFIELD – Paris (Property & Asset Management Consultancy), Partner – Executive of Asset Management

Jean-Louis Charon
Permanent representative of Holdaffine BV

Posts held in the Affine Group

- AFFINE R.E. (SA), permanent Representative of Holdaffine BV, Director, 2014 accounts
(Mr Charon holds 24,513 shares in Affine R.E.; the number of shares held by Holdaffine BV is mentioned in section 18.1/18.3 of this registration document)

Posts held outside the Group

- CITY STAR CAPITAL (SAS), Chairman,
- SOBK SAS, Chairman,
- HORUS CAPITAL (SAS), representative of Sobk, Chairman
- HORUS GESTION (Sarl), Manager,
- SELECTIRENTE SA, Vice Chairman of the Supervisory Board,
- CITY STAR PROPERTY INVESTMENT SAS, Chairman,
- SEKMET EURL, Manager,

- SCI JLC Victor Hugo, Manager,
- SCI LAVANDIERES, Manager,
- EUROSIC, Director,
- FONCIERE ATLAND SA, Director
- I.P.H SAS, Chairman,
- SCI 10 Four Charon, Manager,
- MEDAVY Art et Antiquités SAS, Chairman,
- SAS VALERY, Chairman,
- INVESCOBO SAS, representative of Sobk, Chairman
- INVESCOBO SAS, representative of Sobk, Chairman
- NEW CONFIM SAS, representative of Sobk, Chairman
- FINANCIERE PES SAS, representative of Sobk, Chairman
- VIVAPIERRE SA, Chairman,
- CITY STAR INDUSTRY INVESTMENT SAS, CITY STAR OPPORTUNITIES SAS, CITY STAR ARI SAS, ART TRADING INVESTMENT SAS: Representative of SOBK, Chairman
- CITY STAR PROMOTION 1 SARL, Manager
- CITY STAR PRIVATE EQUITY ASIA Pte Ltd, Director,
- CITY STAR PHNOM PENH PROPERTY MANAGEMENT Pte Ltd, Director,
- CITY STAR REAM TOPCO Pte Ltd, Director,
- CITY STAR REAM HOLDCO Pte Ltd, Director,
- CITY STAR PHNOM PENH LAND HOLDING Pte Ltd, Director,
- CITY STAR CAMBODIA Pte Ltd, Director.

Joëlle Chauvin

Posts held in the Affine Group

- AFFINE R.E. (SA), Director, 2015 accounts (holder of one Affine R.E. share)

Posts held outside the Group

- SWISS LIFE REIM, Director
- SPIRIT, Director
- INNOVALIS, Director
- AVIVA INVESTORS REAL ESTATE France SA, Chairman and Chief Executive Officer (until 31 December 2014),
- AVIVA France, Real estate director (until 31 December 2014),
- AVIVA VIE, Director (until 31 December 2014),
- UNION FINANCIERE DE FRANCE, director (until 31 December 2014).

Other functions

- Founding Chairman of the Cercle des Femmes de l'Immobilier,
- Member of the Institut Français de l'Expertise Immobilières (IFEI),
- Member of the ADI, Member of Orie, Member of the Club de l'Immobilier de la région Ile de France, Member of AMO, Director of the IEIF.

Bertrand de Feydeau

Posts held in the Affine Group

- AFFINE R.E. (SA), Director, 2016 accounts (holder of 100 Affine R.E. shares)

Posts held outside the Group

- KLEPIERRE (SA), Member of the Supervisory Board
- FONCIERE DES REGIONS (SA), Director,
- FONCIERE DEVELOPPEMENT LOGEMENTS (SA), Chairman of the Board of Directors,
- SMAF (Société des Manuscrits des Assureurs Français), Chairman and Chief Executive Officer,
- SOCIETE BEAUJON (SAS), Director,
- SEFRI CIME (SA), Director.

Other functions

- Fondation des Bernardins, Chairman,
- Fondation Palladio, Chairman,
- Fédération des Sociétés Immobilières et Foncières (FSIF), Director,
- Club de l'immobilier, Director,
- Fondation du Patrimoine, Deputy Chairman,
- Vieilles Maisons Françaises, Deputy Chairman.

Michel Garbolino
(until 30 April 2014)

Posts held in the Affine Group

- AFFINE R.E. (SA), Director, appointed by the General Shareholders' Meeting of 30 April 2014 (holder of 6 Affine R.E. shares)

Posts held outside the Group

- FONCIERE ROCADE, Luxembourg, Manager,
- CMIL, Luxembourg, Manager,
- YMAGIS (SA), Director.

Andrew Walker
Permanent representative of Forum Partners
(until 30 April 2014)

Posts held in the Affine Group

- AFFINE R.E. (SA), Forum Partners representative, Director until the General Shareholders' Meeting of 30 April 2014 (Forum Partners holder of one Affine R.E. share)

Posts held outside the Group

- FORUM PARTNERS INVESTMENT MANAGEMENT LLC (USA Delaware), Member of Governance Committee,
- FORUM EUROPEAN REALTY INVESTMENT MANAGEMENT LLC (USA Delaware), Member of Governance Committee,
- FORUM EUROPEAN REALTY INVESTMENT MANAGEMENT II LLC (USA Delaware), Member of Governance Committee,
- FORUM EUROPEAN REALTY INVESTMENT MANAGEMENT III LLC (USA Delaware), Member of Governance Committee,

- FORUM ASIAN REALTY INVESTMENT MANAGEMENT LLC (USA Delaware), Member of Governance Committee,
- FORUM ASIAN REALTY INVESTMENT MANAGEMENT II LLC (USA Delaware), Member of Governance Committee,
- WILTSHIRE REALTY INVESTMENTS LLC (USA Delaware), Member of Governance Committee,
- FORUM PARTNERS EUROPE (UK) LLP (United Kingdom), Partner,
- FORUM EUROPEAN REALTY INCOME GP LIMITED (Cayman Islands), Executive Director,
- FORUM EUROPEAN REALTY INCOME II GP Limited (Cayman Islands), Executive Director,
- FORUM EUROPEAN REALTY INCOME III GP Limited (Cayman Islands), Executive Director,
- ZÜBLIN IMMOBILIERE FRANCE SA, Director,
- ZÜBLIN IMMOBILIEN HOLDING AG, Switzerland, Executive Director,
- FORUM ADVISORS Limited, Executive Director,
- FORUM PARTNERS Limited, Executive Director,
- FORUM HOLDINGS LIMITED (Cayman Islands), Executive Director,
- NEW RIVER RETAIL LIMITED, Guernsey, Executive Director,
- ROXHILL DEVELOPMENTS GROUP Limited, United Kingdom, Executive Director,
- LITTLE BRITAIN OPCO Limited, Executive Director,
- NBS OPCO Limited, Executive Director,
- FORUM ADVISORS Limited, Executive Director,
- FORUM ADVISORS MANAGEMENT Limited, Executive Director,
- WIAG WOHNIMMOBILIEN AG, Executive Director,
- FORUM HOLDINGS BV, Executive Director,
- BOUNDARY ROW OPCO Ltd, Executive Director,
- FORUM PARTNERS GP (Cayman) Ltd., Executive Director,
- CROWN MORTGAGE MANAGEMENT Ltd, Executive Director,
- CROWN NORTHCORP Ltd, Executive Director.

Catherine Wallerand

Permanent representative of Atit

(since 30 April 2014)

- AFFINE R.E. (SA), Atit representative, Director, appointed by the General Shareholders' Meeting of 30 April 2014,

Ms Wallerand, holder of one Affine R.E. share

(Atit, holder of one Affine R.E. share)

Other functions

Head of Legal Department

Over the past five years, members of the Board of Directors have also held the following posts within an administrative or management body:

Maryse Aulagnon

- AFFINVESTOR GmbH, Germany, Manager (until 31 August 2011),
- CAPUCINES III (SCI), Representative of Affine, manager (until 30 June 2011),
- CAPUCINES IV (SCI), representative of Affine, Manager (until 30 June 2011),
- CAPUCINES V (SCI), Representative of Affine, Manager (until 30 June 2011),
- CAPUCINES VI (SCI), Representative of Affine, Manager (until 30 June 2011),
- LUMIERE (SAS), Representative of Affine, Liquidator (until 29 June 2011),
- SCI BOURGTHEROULDE L'EGLISE (SCI), Representative of Promaffine, Manager (until 30 June 2011),
- TRANSAFFINE (SNC), Manager (until 30 June 2011),
- AFFIPARIS (SA, listed company), Director, Vice Chairman (until 7 December 2012)
- COUR DES CAPUCINES (SA), Representative of Mab-Finances, Director (until 4 May 2012),
- SIPEC (SAS), Representative of Affine, Chairman (until 3 July 2012).

Alain Chaussard

- BUSINESS FACILITY INTERNATIONAL - BFI (SAS), Chairman (disposal in 2010)
- AFFINVESTOR GmbH, Germany, Manager (until 31 August 2011)
- AFFINE DEVELOPPEMENT II (SAS), Representative of Affine, Chairman (until 30 June 2011)
- CAPUCINE INVESTISSEMENTS (SAS), Representative of Mab-Finances, Member of the Management Committee (until 27 May 2011)
- SCI DU 28 A 32 PLACE CHARLES DE GAULLE, Representative of AffiParis, which in turn represents Holdimmo, Manager (until 30 June 2011)
- PM MURS (SCI), Manager (until 30 June 2011)
- CONCERTO LOGISTIC PARK MER (SCI), Representative of Concerto Développement, Manager (until 31 October 2012),
- SCI COSMO TOULOUSE, Representative of AffiParis, which in turn represents Holdimmo, Manager (until 30 June 2012),
- SCI COSMO MARSEILLE, Representative of AffiParis, which in turn represents Holdimmo, Manager (until 30 October 2012),
- SCI COSMO LILLE, Representative of AffiParis, which in turn represents Holdimmo, Manager (until 30 June 2012),
- SCI DU BEFFROI, Representative of AffiParis, which in turn represents Holdimmo, Manager (until 30 June 2012),

- GOUSSINVEST (SCI), Representative of AffiParis, which in turn represents Holdimmo, Manager (until 30 June 2012),
- SCI NUMERO 2, Representative of AffiParis, Manager (until 30 June 2012),
- SARL COSMO, Representative of AffiParis, which in turn represents Holdimmo, Liquidator (since 18 June 2012),
- AFFIPARIS (SA, listed company), Chairman and Chief Executive Director (until 7 December 2012).

Bertrand de Feydeau

- AXA IMMOBILIER (SAS), Chairman,
- AXA AEDIFICANDI «Cœur Défense» (SICAV), Director
- SITC (SAS), Director
- KLEMURS (SA), Director (until 2012).

Jean-Louis Charon

- POLYPIERRE SA: Director,
- GEC -Thomson Airbone Radars, Director
- PAREF (SA), Vice Chairman of the Supervisory Board,
- NEXITY (SA), Non-voting Director,
- CITY STAR CAPITAL (SAS), Chairman,.

Michel Garbolino

- Trustee Fondation Stern (until 1 January 2012)

Andrew Walker

FRXL CO-INVESTMENT GP Limited, Executive Director

Delphine Benchetrit, Arnaud de Bresson, Stéphane Bureau, Joëlle Chauvin and Catherine Wallerand have not, to the knowledge of the company, held posts in an administrative or management body over the past five years other than those listed above.

14.2 CONFLICTS OF INTEREST WITHIN ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Any potential conflicts of interests at the level of the Board of Directors and Senior Management have been reported in the Chairman's report on corporate governance and on internal control and risk management procedures in Appendix this registration document.

15 REMUNERATION AND BENEFITS

15.1 REMUNERATION AND BENEFITS PAID IN 2014 TO MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES AND GENERAL MANAGEMENT

This information is provided in tabular form in accordance with the recommendations of the AMF.

TABLE 1

Summary of compensation and options and shares awarded to each executive officer

This table concerns only executive officers as defined in Article L.225-185 of the French Commercial Code – that is, the chairman of the Board of Directors, the chief executive officer and the deputy chief executive officer.

	2013	2014
Maryse Aulagnon – Chairman and Chief Executive Officer		
Compensation due for the period (detailed in Table 2)	277,206 €	270,121 €
Value of long-term variable compensation awarded during the period	Not applicable	Not applicable
Valuation of options allotted during the financial year (detailed in table 4)	Not applicable	Not applicable
Value of bonus shares (detailed in Table 6)	Not applicable	Not applicable
TOTAL	**277,206 €**	**270,121 €**
Alain Chaussard – Deputy Chief Executive Officer		
Compensation due for the period (detailed in Table 2)	409,526 €	402,759 €
Value of long-term variable compensation awarded during the period	Not applicable	Not applicable
Valuation of options allotted during the financial year (detailed in table 4)	Not applicable	Not applicable
Valuation of performance shares allotted during the financial year (detailed in table 6)	Not applicable	Not applicable
TOTAL	**409,526 €**	**402,759 €**

TABLE 2

Summary of compensation paid to each executive officer

	2013		2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Maryse Aulagnon – Chairman and Chief Executive Officer				
Fixed compensation (paid by Mab-Finances and Affine)	258,040 €	258,040 €	258,048 €	258,048 €
Annual variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Long-term variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	19,166 €	19,166 €	12,073 €	12,073 €
Benefits in kind	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**277,206 €**	**277,206 €**	**270,121 €**	**270,121 €**
Alain Chaussard* – Deputy Chief Executive Officer				
Fixed compensation	335,400 €	335,400 €	335,400 €	335,400 €
Annual variable compensation**	50,000 €	50,000 €	50,000 €	50,000 €
Long-term variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	19,166 €	19,166 €	12,073 €	12,073 €
Benefits in kind***	4,960 €	4,960 €	5,286 €	5,286 €
TOTAL	**409,526 €**	**409,526 €**	**402,759 €**	**402,759 €**

* Mr Chaussard is entitled to severance pay.

** The variable and exceptional compensation reflect the beneficiary's contribution towards the performance of the Affine Group. The variable and exceptional compensation is determined through an annual analysis conducted by the Affine Remuneration Committee. This analysis is based on an assessment of qualitative and quantitative criteria, before being submitted to the Board of Directors.

*** This includes the contribution in consideration of the guaranteed social security contributions of executive officers or managers of €420 for the 2013 financial year (none in 2014) and a company car.

Directors' fees cover attendance at meetings of the Board of Directors and special committees (gross amount before payroll taxes).

TABLE 3

Directors' fees and other compensation received by non-executive officers

The individual amount of directors' fees is determined according to the number of times a director attends meetings of the Board of Directors and special committees. The amount of directors' fees paid in 2014 is adjusted for Board and committee meetings held in 2013. Amounts are shown before deduction of the employer's contribution and before withholding tax of 30% for foreign residents.

	2013		2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Atit represented by Catherine Wallerand[1]				
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**
Delphine Benchetrit [1]				
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**
Arnaud de Bresson				
Directors' fees	9,130 €	9,130 €	8,327 €	8,327 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**9,130 €**	**9,130 €**	**8,327 €**	**8,327 €**
Stéphane Bureau				
Directors' fees	6,522 €	6,522 €	7,909 €	7,909 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**6,522 €**	**6,522 €**	**7,909 €**	**7,909 €**
Jean-Louis Charon				
Directors' fees	13,435 €	13,435 €	14,073 €	14,073 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**13,435 €**	**13,435 €**	**14,073 €**	**14,073 €**
Joëlle Chauvin				
Directors' fees	6,522 €	6,522 €	15,073 €	15,073 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**6,522 €**	**6,522 €**	**15,073 €**	**15,073 €**
Bertrand de Feydeau				
Directors' fees	12,435 €	11,435 €	15,073 €	15,073 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**12,435 €**	**11,435 €**	**15,073 €**	**15,073 €**
Michel Garbolino [2]				
Directors' fees	12,435 €	11,435 €	10,909 €	10,909 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**12,435 €**	**11,435 €**	**10,909 €**	**10,909 €**
Forum Partners représentée par Andrew Walker [2]				
Directors' fees	6,522 €	6,522 €	9,491 €	9,491 €
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**6,522 €**	**6,522 €**	**9,491 €**	**9,491 €**

(1) Director since 30 April 2014

(2) Director until 30 April 2014

TABLE 4

Stock options for new or existing shares granted during the period to each corporate officer by the issuer and by all the companies in the Group

Name of corporate officer	Plan number and date	Nature of the options	Value of the options	Number of options granted during the period	Exercise price	Exercise period
Maryse Aulagnon Chairman and Chief Executive Officer	Not applicable					
Alain Chaussard Deputy Chief Executive Officer	Not applicable					

TABLE 5

Stock options for new or existing shares exercised during the period by each corporate officer

Name of executive officer	Plan number and date	Number of options exercised during the period	Exercise price
Maryse Aulagnon Chairman and Chief Executive Officer	Not applicable		
Alain Chaussard Deputy Chief Executive Officer	Not applicable		

TABLE 6

Bonus shares awarded to corporate officers during the period

Bonus shares	Plan date	Number of shares awarded during the period	Share value	Vesting date	Exercisable from
Maryse Aulagnon Chairman and Chief Executive Officer	Not applicable				
Alain Chaussard Deputy Chief Executive Officer	Not applicable				

TABLEAU 7

Actions attribuées gratuitement devenues disponibles pour chaque mandataire social durant l'exercice

Bonus shares that became available to each corporate officer	Plan number and date	Number of shares that became available during the period	Vesting conditions
Maryse Aulagnon Chairman and Chief Executive Officer	Not applicable		
Alain Chaussard Deputy Chief Executive Officer	Not applicable		

TABLE 8

History of stock options for new or existing shares

Information on stock options
Not applicable

TABLE 9

Stock options for new or existing shares granted to the top 10 employees who are not corporate officers and options exercised by them	Total number of options granted/exercised
Not applicable	

TABLE 10

History of bonus share awards

Information on bonus shares			
	Plan 1	Plan 2	Plan 3
Date of shareholders' meeting	9 November 2005	9 November 2005	9 November 2005
Date of Board of Directors' meeting	19 December 2005	18 December 2006	10 December 2007
Total number of bonus shares awarded	25 200	26 100	25 350
Of which number awarded to:			
Maryse Aulagnon	Not applicable	Not applicable	Not applicable
Alain Chaussard	9,900	9,900	10,050
Share vesting date	19 December 2008	18 December 2009	10 December 2010
End of lock-up period	19 December 2010	18 December 2011	10 December 2012
Total number of shares vested	23,100	23,100	16,950
Aggregate number of shares cancelled or void	2,100	3,000	8,400
Bonus shares outstanding at year-end	0	0	0

The table above differs from the version recommended by the AMF since shares awarded to corporate officers were not subject to performance criteria.

Shares were awarded to employees and certain executives of the company and its subsidiaries, and therefore were not reserved exclusively for executives.

In addition, the authorisation to award shares dates back to 2005; the award was to take place over three years but due to the departure of some beneficiaries, a final tranche was awarded in 2008. However, in 2008, the beneficiaries were not executives or corporate officers of the company.

In view of the launch date of the award scheme and the dates for awarding shares to the executives and officers named above, the addition of a performance criterion after the award date does not apply.

TABLE 11

The table below concerns only the Chairman and Chief Executive Officer and Deputy Chief Executive Officer.

Executive corporate officers	Employment contracts	Supplementary pension scheme	Compensation or benefits owed or likely to be owed as a result of termination or change of office	Compensation for restrictive covenant
Maryse Aulagnon Chairman and Chief Executive Officer	Not applicable	"Article 83" Generali contract [1]	Not applicable	Not applicable
Alain Chaussard	Not applicable	"Article 83" Generali contract[1]	One year of total gross compensation if the net earnings reported in Affine's separate financial statements are at least equal to 3% of its equity; if this condition is not met, performance may be assessed based on the consolidated financial statements, excluding fair value effects.	Not applicable

(1) Supplementary pension: 3% of annual gross salary on tranches A, B and C

15.2 AMOUNTS SET ASIDE FOR PENSIONS, RETIREMENT BENEFITS AND OTHER BENEFITS

Since 1 January 2013, Affine has been subject to the National Collective Agreement for the property sector. Retirement benefits are paid as provided for in Article 34 of that agreement.

As a precaution, Affine accrues provisions in its financial statements for pension commitments based on an assumed retirement age of 65. Retirement provisions amounted to €579,000 at 31 December 2014.

The actuarial assumptions used to calculate the provision are as follows:

- discount rate: 2.28%
- Staff turnover: 9.17% under 50 years and 3% above
- Salary increase ratio: 1.06%
- INSEE TD-TV 10-12 mortality table.

16 BOARD PRACTICES

16.1 DATE OF EXPIRATION OF THE CURRENT TERM OF OFFICE

This information is given in section 14.1 of this registration document.

16.2 CONTRACTS BETWEEN THE HOLDING COMPANY AND THE ISSUER

Affine has signed an agreement for the provision of administrative, financial and operational development services with the holding company MAB Finances SAS. The signing of this agreement was approved by the Board of Directors and ratified by the General Shareholders' Meeting.

The company's accounts to 31 December 2014 report a total expense of €355,000 excluding taxes.

16.3 SPECIAL COMMITTEES

The Board of Directors has set up three committees to assist it with its work.

The committees are composed of three to five members who are members of the Board of Directors. Committee members must have the requisite technical expertise to sit on a committee.

The committees report on their work to the Board of Directors after each of their meetings.

16.3.1 Remuneration and Appointments Committee

This committee is composed of the following members:
Bertrand de Feydeau, Chairman (*)
Delphine Benchetrit (since 30 April 2014) (*)
Joëlle Chauvin (*)
Michel Garbolino (until 30 April 2014) (*)

(*) independent director

The objective of this committee specifically includes the remuneration of the corporate officers, the award of bonus shares and the company's general remuneration policy.

It is also responsible for examining new candidates for directorships and executive appointments with a view to making a recommendation to the Board of Directors, and assesses the status of independent directors.

Members of the General Management may participate in the work of the Remuneration Committee to determine the company's overall remuneration policy, excluding their own execution compensation and other benefits.

When the committee meets for the purpose of appointments, it includes the corporate officers when the purpose of the meeting is to select new directors and to examine the status of independent director.

The Remuneration Committee meets prior to the Board meeting convened to close the annual accounts or whenever decisions within its remit need to be submitted to the Board.

The committee met twice in 2014 (100% attendance rate).

16.3.2 Commitment Approval Committee

This committee is composed of the following members:
Maryse Aulagnon
Alain Chaussard representing Mab-Finances
Joëlle Chauvin (*)
Michel Garbolino (until 30 April 2014) (*)
Bertrand de Feydeau (*)
Jean-Louis Charon representing Holdaffine

(*) independent director

The Property Director or project proposer may be invited to present projects to the Commitment Approval Committee.

The Commitment Approval Committee may be convened urgently if necessary and by any means. Committee members may be consulted in writing and their opinions submitted by post, email or fax.

The remit of the Commitment Approval Committee extends to disposals and acquisitions of up to €10m per transaction; the Board is then informed of transactions accepted by the committee. The committee also provides the Board with a recommendation on transactions in excess of this amount.

The committee met once in 2014 (100% attendance rate).

16.3.1 Accounts Committee

The members of this committee are:
Jean-Louis Charon (Chairman), representing Holdaffine
Arnaud de Bresson (*)
Stéphane Bureau (*)

(*) independent director

The following may also attend committee meetings:
Maryse Aulagnon
Alain Chaussard

in their capacity as Chief Executive Officers of the company, as well as the Director of Accounting and Management Control.

The company's Statutory Auditors attend meetings held to review the annual and half-year financial statements and may be invited to other meetings.

The committee meets at least twice a year, prior to the Board of Directors' meeting held to approve the annual and half-year financial statements.

The committee may be convened if a particular event arises or if there is a specific regulation with a material impact on its scope of operation.

The committee's role is to prepare the following for review by the Board:

- the accounting policies applied, and particularly any changes in policies compared with the preceding financial year;
- the accounts closing process;
- the draft financial statements.

Only the Board of Directors is ultimately responsible for decisions regarding the financial statements.

The committee also gives its opinion on the choice of Statutory Auditors for the company prior to their appointment by the General Shareholders' Meeting, as well as on their mission and fees.

The Accounts Committee met twice in 2014 (100% attendance rate):

16.4 CORPORATE GOVERNANCE

For corporate governance matters, the company has chosen to adopt the Middlenext Code of December 2009. The organisation of the company, its Board of Directors and its work comply with the recommendations of this Code.

The company, in a bid to supplement the rules for the organisation and operation of its Board of Directors and special committees, as well as to set limits on the authority granted to the General Management, has instituted its own rules of procedure, updated by the Board of Directors on 5 June 2014.

The company is mindful of the issue of balanced representation of men and women on the Board and is conscious of the timetable for compliance with this requirement. The General Shareholders' Meeting of 30 April 2014 appointed Delphine Benchetrit and ATIT, represented by Catherine Wallerand, as directors; since then the proportion of women on the Board of Directors has been 44%.

Significant extracts from the rules of procedure can be found in the Chairman's report on internal control, and in section 16.3 of this document on committees.

17 EMPLOYEES

17.1 WORKFORCE AND EMPLOYMENT POLICY

Information on the workforce and employment policy can be found in the CSR report in section 26 of this registration document.

17.2 BONUS SHARES

The bonus share award scheme set up in 2005 came to an end in 2011.

17.3 ARRANGEMENTS FOR INVOLVING THE EMPLOYEES IN THE ISSUER'S CAPITAL

There are no arrangements for involving the employees in the issuer's capital.

At 31 December 2014, employees of the Affine Group had no holdings in the company's share capital through a mutual fund or company savings plan (Article L.225-102 of the French Commercial Code).

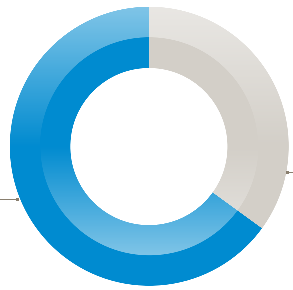
18 MAJOR SHAREHOLDERS

18.1 MAJOR SHAREHOLDERS

The history of the share capital is reported in section 21.1.7 of this registration document.

The breakdown of the company's capital at 31 December 2014 was as follows:

Breakdown of capital(1)



(1) Breakdown of theoretical and actual voting rights:
Holdaffine: 51.2% (theoretical voting rights*: 51.2 %)
Float: 48.8 % (theoretical voting rights*: 48.8 %)

* according to the AMF calculation for determining voting rights

(2) Holdaffine is an unlisted holding company essentially composed of the company's executives and controlled by MAB Finances, the Affine Group holding company.

(3) Of which La Tricogne and Orexim: respectively 6.6% and 5.0% of the capital (4.8% and 3.6% of the voting rights)

The company received notification in 2014 that the thresholds for capital or voting rights had been crossed under Article L.233-7, section I of the French Commercial Code or the Articles of Association (threshold of 2% of the capital and voting rights):

- on 15 December 2014: crossing above the threshold by Orexim of 2% of the capital (joint crossing),
- on 31 December 2014: crossing above the threshold by Orexim of 5% of the capital (joint crossing).

The theoretical voting rights calculated on the basis of all shares to which voting rights are attached amounted to 12,467,811.

The actual voting rights exercisable at General Shareholders' Meetings, calculated based on all shares to which voting rights are attached, amounted to 12,450,435.

Description of the equity structure

Shareholders	Shares	% capital	Theoretical voting rights	% theoretical voting rights	Voting rights exercisable at GSM	% voting rights exercisable at GSM
Holdaffine	3 ,189,945	35,2%	6,379,890	51.2%	6,379,890	51.2%
La Tricogne	600,000	6,6%	600,000	4,8%	600,000	4,8%
Orexim (and other companies)	453,018	5,0%	453,018	3,6%	453,018	3,6%
Other shareholders	4,791,092	52,9%	5,017,527	40,2%	5,446,111	40,3%
Treasury stock	17,376	0,2%	17,376	0.1%	0	0,0%
Total	**9,051,431**	**100,0%**	**12,467,811**	**100,0%**	**12,450,435**	**100,0%**

18.2 BREAKDOWN OF VOTING RIGHTS

Shareholders may decide whether their shares are registered or bearer shares, except where the registered form is required by law. A double voting right is granted by Article 29 of the Articles of Association to each fully paid-up share registered for at least two years in the name of the same shareholder and to any registered bonus share granted to a shareholder in the event of a capital increase by capitalisation of reserves, profits or share premiums, in respect of existing shares to which this right applies.

18.3 CONTROL OF THE GROUP

At 31 December 2014, Holdaffine held 35.2% of the capital and controlled 51.2% of the voting rights of Affine; it is in turn controlled by MAB Finances, with 82.4% of the capital and voting rights. The person with ultimate control is Maryse Aulagnon, with 51.0% of the capital of MAB Finances and 81.0% of the voting rights.

The presence of 56% of independent directors on Affine's Board of Directors guarantees sound corporate governance.

18.4 ARRANGEMENTS THAT COULD RESULT IN A CHANGE IN CONTROL

There are no arrangements that could result in a change of control.

18.5 INFORMATION ON DEALING IN COMPANY SECURITIES BY EXECUTIVES, PERSONS OF A SIMILAR STATUS AND RELATED PARTIES (Article L.621-18-2 of the French Monetary and Financial Code)

For the year ended 31 December 2014, the company received no declarations from executives, persons of a similar status and related parties that they had engaged in transactions in Affine shares, in compliance with Article L.621-18-2 of the French Monetary and Financial Code.

19 RELATED PARTY TRANSACTIONS

The company Affine R.E. is the parent company of the Group that includes the subsidiaries listed in section 20.1. It has its own economic activity distinct from that of its subsidiaries.

Related party transactions and more specifically the information relating to transactions with related parties are described in section 20.1.7.9. of this registration document.

20 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2014

Dear Shareholders,

Pursuant to the assignment entrusted to us by your General Shareholders' Meetings, we hereby report to you on the following matters for the financial year ended 31 December 2014 on:

- the audit of the consolidated financial statements of Affine R.E., which are attached to this report;
- the justification of our assessments;
- the specific verification required by law.

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

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the consolidated financial statements. An audit also involves assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

We hereby certify that the consolidated financial statements for the financial year present a true and fair view of the net assets, financial position, and profit of the entity formed by the consolidated entities, in accordance with IFRS guidelines, as adopted by the European Union.

2 Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matter to your attention:

- Note 7.1.7 to the financial statements on "Measurement policy for major items" specifically sets out the material estimates and accounting methods selected to value the investment properties. This means that the investment properties are valued at their market value, which is determined by independent appraisers who value the company's portfolio as at 31 December every year, in the case of the majority of the portfolio.

Our work consisted in reading the reports of the independent appraisers, assessing the data and assumptions selected as the overall basis for these estimates, ensuring that the current property market situation was taken into account by the independent appraisers, and checking that Note 7.1.7 to the financial statements provides the appropriate information.

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

3 Specific verification

In accordance with the professional standards applicable in France, we have also conducted the specific audit of the information provided in the Group management report, in accordance with French law.

We have no comment to make on its fair presentation or consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense, 16 March 2015	Paris, 16 March 2015
KPMG Audit FS I	Cailliau Dedouit et Associés
Régis Chemouny	Rémi Savournin
Partner	*Partner*

20.1 CONSOLIDATED FINANCIAL STATEMENTS
Financial year ended 31 december 2014

20.1.1 Statement of consolidated financial position (balance sheet)

20.1.1.1 Assets

In thousands of euros	Note	31/12/2014	31/12/2013	31/12/2012
Non-current assets				
Property, plant and equipment		**224**	**236**	**287**
Investment property	1	**427,277**	**550,881**	**522,589**
Intangible assets		**774**	**523**	**520**
Other intangible assets		774	523	520
Financial assets	3	**16,739**	**25,225**	**29,379**
Finance leases and related receivables		13,053	20,132	23,815
Assets held for sale	4	278	278	79
Derivatives stated at fair value		313	1,146	1,365
Deposits and sureties paid		3,087	3,457	3,896
Loans		7	212	223
Deferred tax assets	10	**1,393**	**1,802**	**1,497**
Shares and investments in companies consolidated under the equity method	9	**54,674**	**60,424**	**89,560**
Total non-current assets		**501,083**	**639,090**	**643,831**
Current assets				
Assets held for sale	1 & 4	**148,189**	**43,381**	**27,255**
Finance lease loans and receivables		**8,354**	**4,600**	**4,763**
Inventory	8	**5,544**	**13,985**	**14,397**
Trade receivables and related accounts	7	**10,683**	**5,237**	**6,567**
Receivables for investment properties		10,636	5,143	6,426
Receivables related to property development		47	94	141
Current tax assets		**1**	**1**	**91**
Other receivables	5	**28,119**	**33,676**	**32,673**
Créances fiscales et sociales		3,061	4,219	5,281
Autres créances et comptes de régularisation		25,058	29,457	27,392
Cash and cash equivalents	3	**4,340**	**39,441**	**32,580**
Cash equivalents		778	577	3,345
Cash on hand		3,562	38,864	29,235
Total current assets		**205,229**	**140,319**	**118,325**
TOTAL ASSETS		**706 312**	**779 410**	**762 157**

20.1.1.2 Liabilities

In thousands of euros	Note	31/12/2014	31/12/2013	31/12/2012
Equity				
Equity (Group share)		**303,527**	**326,156**	**351,434**
Capital and related amounts		94,723	94,164	94,019
Share capital		53,500	53,300	53,300
Premiums		41,467	41,290	41,290
Treasury shares		(244)	(426)	(571)
Consolidated reserves		219,780	240,823	252,703
Unrealised gains or losses on assets available for sale		-	-	-
Net profit		(10,976)	(8,831)	4,712
Non-controlling interests		**-**	**2**	**(26)**
Consolidated reserves		(7)	(2)	54
Net profit		7	4	(80)
Total shareholders' equity		**303,527**	**326,158**	**351,408**
Non-current liabilities				
Long-term loans	2	**225,186**	**301,119**	**310,003**
Financial liabilities	3	**6,614**	**5,237**	**9,934**
Derivatives stated at fair value		6,576	5,069	9,320
Other financial liabilities		39	168	613
Provisions	11	**4,063**	**3,561**	**1,726**
Deposits and sureties received		**5,613**	**6,983**	**6,915**
Deferred tax liabilities	10	**-**	**312**	**-**
Non-current tax liabilities		**-**	**-**	**-**
Total non-current liabilities		**241,476**	**317,212**	**328,578**
Current liabilities				
Debts linked to assets held for sale	4	**83,146**	**30,066**	**13,837**
Trade accounts payable and other debts	6	**24,817**	**32,603**	**17,796**
Trade accounts payable and related accounts		3,463	6,492	3,031
Other debts		13,156	15,768	8,734
Adjustment accounts		8,030	10,220	5,217
Deferred income		168	123	813
Loans and borrowings	3	**48,962**	**60,519**	**46,382**
Current tax liabilities		**521**	**822**	**-**
Tax and social security debts		**3,863**	**12,029**	**4,156**
Total passifs courants		**161,309**	**136,040**	**82,171**
TOTAL PASSIF		**706,312**	**779,410**	**762,157**

20.1.2 Statement of consolidated comprehensive income

20.1.2.1 Consolidated income statement

In thousands of euros	Note	31/12/2014	31/12/2013	31/12/2012
Gross rental income		43,687	40,230	46,427
Rental income and expenses		(3,865)	(5,658)	(4,406)
Other property income and expenses		(625)	258	(761)
Net property income	12	**39,197**	**34,830**	**41,261**
Income from finance lease transactions		863	999	1,001
Expenses on finance lease transactions		21	(56)	(65)
Income from finance lease transactions	13	**842**	**1,055**	**1,066**
Income from property transactions		4,064	14,589	26,727
Expenses on property transactions		2,623	14,907	24,920
Income from property development transactions	13	**1,441**	**(318)**	**1,806**
Other purchases and external expenses		(3,986)	(3,924)	(4,948)
Taxes and related expenses		(532)	(518)	(237)
Personnel costs		(5,631)	(5,551)	(5,752)
Overhead costs		**(10,148)**	**(9,993)**	**(10,937)**
Recurring EBITDA		**31,332**	**25,574**	**33,196**
Depreciation and impairment		**(132)**	**(268)**	**(115)**
Current operating profit		**31,200**	**25,306**	**33,081**
Charges net of provisions		**(633)**	**(1,932)**	**(230)**
Balance of other income and expenses		**159**	**450**	**102**
Net profit or loss on property sales		3,389	(207)	(8,884)
Option exercised on finance lease properties		-	115	382
Net profit or loss on the sale of operating assets		12	-	-
Net profit or loss on disposals		**3,401**	**(91)**	**(8,501)**
Operating income before fair value adjustment		**34,127**	**23,733**	**24,451**
Upward adjustment of value of investment properties		12,673	5,515	12,258
Downward adjustment of value of investment properties		(37,949)	(23,886)	(17,475)
Adjustment of value of investment properties		**(25,276)**	**(18,371)**	**(5,217)**
Balance net of value adjustments		**(25,276)**	**(18,371)**	**(5,217)**
Net operating profit		**8,851**	**5,363**	**19,234**
Income from cash and cash equivalents		664	244	469
Gross borrowing costs		(11,578)	(11,706)	(17,404)
Net borrowing costs	14	**(10,915)**	**(11,462)**	**(16,935)**
Other financial income and expenses		**(183)**	**(98)**	**293**
Fair value adjustments of financial instruments		**(2,295)**	**4,032**	**(1,506)**
Pre-tax profit		**(4,542)**	**(2,167)**	**1,085**
Tax on current profit	15	**(459)**	**(474)**	**(95)**
Deferred taxes	15	**(207)**	**(137)**	**240**
Exit tax	15	**(413)**	**(740)**	**-**
Share of net income of companies consolidated under the equity method		**(5,347)**	**(5,310)**	**3,401**
Net profit		**(10,969)**	**(8,828)**	**4,632**
Non-controlling interests		**7**	**4**	**(80)**
NET PROFIT - GROUP SHARE		**(10,976)**	**(8,831)**	**4,712**
Earnings per share (€)	16	**(1.22)**	**(0.98)**	**0.54**
Diluted earnings per share (€)	16	**(1.07)**	**(0.86)**	**0.47**
Diluted earnings per share restated to reflect perpetual subordinated loan notes (PSL, €)	16	**(1.60)**	**(1.41)**	**0.06**
Diluted earnings per share restated to reflect perpetual subordinated loan notes (PSL, €)	16	**(1.29)**	**(1.08)**	**0.20**

20.1.2.2 Statement of net income and gains and losses recognised directly in equity

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Net profit	**(10,969)**	**(8,828)**	**4,632**
CURRENCY TRANSLATION ADJUSTMENTS	-	-	-
Changes in fair value of financial assets available for sale [1]	174	(188)	-
Share of the changes in fair value of financial assets available for sale transferred to income statement	-	-	-
Effective portion of the change in fair value of cash flow hedges	-	-	-
Share of the change in fair value of cash flow hedges transferred to income statement	-	-	-
Revaluation difference on non-current assets	-	-	-
Actuarial gains and losses on defined-benefit systems	-	-	-
Share of gains and losses recognised directly in equity in companies consolidated under the equity method	-	-	-
Tax	(59)	31	-
Total gains and losses recognised directly in equity	**115**	**(157)**	**-**
Net profit and gains and losses recognised directly in equity	**(10,854)**	**(8,985)**	**4,632**
Of which Group share	(10,861)	(8,988)	4,712
Of which non-controlling interests	7	4	(80)

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20.1.3 3.Statement of changes in equity

In thousands of euros	Capital and related reserves: Share capital	Capital and related reserves: Reserves related to share capital	Treasury shares	Consolidated reserves	Total gains and losses recognised directly in equity	Net profit, Group share	Group equity	Equity attributable to non-controlling interests	Total consolidated equity
Equity at 31/12/2012	**53,300**	**135,276**	**(571)**	**158,718**	**-**	**4,712**	**351,433**	**(26)**	**351,408**
Capital increase	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Elimination of treasury shares	-	-	145	46	-	-	191	-	191
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	(148)	-	(3,679)	-	-	(3,827)	-	(3,827)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2012 earnings	-	-	-	4,712	-	(4,712)	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(10,665)	-	-	(10,665)	-	(10,665)
Dividends on treasury shares	-	-	-	44	-	-	44	-	44
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	**-**	**(148)**	**145**	**(9,542)**	**-**	**(4,712)**	**(14,257)**	**-**	**(14,257)**
Changes in gains and losses recognised directly in equity	-	-	-	(157)	-	-	(157)	-	(157)
2013 income	-	-	-	-	-	(8,831)	(8,831)	4	(8,828)
Subtotal	**-**	**-**	**-**	**(157)**	**-**	**(8 831)**	**(8 988)**	**4**	**(8 985)**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	(2,041)	-	-	(2,041)	22	(2,019)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies consolidated under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	8	-	-	8	2	10
Equity at 31/12/2013	**53,300**	**135,128**	**(426)**	**146,986**	**-**	**(8,831)**	**326,156**	**2**	**326,158**
Capital increase	200	(103)	-	(97)	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Elimination of treasury shares	-	-	182	13	-	-	194	-	194
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	47	-	(3,361)	-	-	(3,314)	-	(3,314)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2013 earnings	-	-	-	(8,831)	-	8,831	-	-	-
Bonus shares	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(8,131)	-	-	(8,131)	-	(8,131)
Dividends on treasury shares	-	-	-	16	-	-	16	-	16
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	**200**	**(56)**	**182**	**(20,391)**	**-**	**8,831**	**(11,234)**	**-**	**(11,234)**
Changes in gains and losses recognised directly in equity	-	-	-	115	-	-	115	-	115
2014 income	-	-	-	-	-	(10,976)	(10,976)	7	(10,969)
Subtotal	**-**	**-**	**-**	**115**	**-**	**(10,976)**	**(10,861)**	**7**	**(10,854)**
Effect of acquisitions and disposals on non-controlling interests	-	-	-	159	-	-	159	(9)	150
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies consolidated under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	(693)	-	-	(693)	-	(693)
EQUITY AT 31/12/2014	**53,500**	**135,072**	**(244)**	**126,176**	**-**	**(10,976)**	**303,527**		**303,527**

20.1.4 4.Consolidated cash flow statement

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
I –TRANSACTIONS RELATED TO OPERATING ACTIVITIES			
Consolidated net profit (including non-controlling interests)	**(10,969)**	**(8,828)**	**4,632**
Depreciation, amortisation and provisions	4,266	5,878	1,988
Unrealised gains and losses from changes in fair value	25,276	18,371	5,217
Other calculated income and expenses (including discount calculations)	1,917	(3,766)	(3,125)
Capital gains or losses on asset disposals	(3,002)	966	12,603
• net carrying value of fixed assets sold	32,255	9,103	143,259
• income from disposals of fixed assets	(35,257)	(8,137)	(130,656)
Dilution profits and losses	-	-	-
Share in profits of companies consolidated under the equity method	5,347	5,310	(3,401)
Dividends and returns from earnings of non-consolidated companies	(1)	1	-
Funds from operations after net borrowing costs and tax	**22,833**	**17,933**	**17,914**
Net borrowing costs	10,403	10,800	15,493
Tax expense (including deferred taxes)	1,080	1,351	(145)
Funds from operations before net borrowing costs and tax	**34,317**	**30,084**	**33,262**
Taxes paid	(1,180)	(325)	(41)
Change in working capital requirement linked to property development (inventories, trade receivables and other related accounts payable)	(7,413)	(5,856)	(10,957)
Change in trade receivables and related accounts	4,007	(11,691)	2,776
Change in trade and other accounts payable	(3,977)	11,069	(1,454)
Other changes in working capital requirement related to operating activities	(5,860)	7,802	(6,773)
Impact of discontinued activities		-	-
Net cash flows from operating activities	**19,893**	**31,082**	**16,812**
II – INVESTMENT TRANSACTIONS			
Finance leases	-	327	3,900
• Cash paid for acquisitions	-	-	-
• Cash received for disposals	-	327	3,900
Investment properties	(113)	167	106,777
• Cash paid for acquisitions	(21,818)	(7,632)	(20,522)
• Cash received for disposals	21,704	7,799	127,299
Cash paid for acquisitions of tangible and intangible fixed assets	(395)	(198)	(375)
Cash received for disposals of tangible and intangible fixed assets	12	127	-
Investment subsidies received	-	-	-
Cash paid for acquisitions of financial assets	-	-	-
Cash received for disposals of financial assets	-		24
Consolidated securities	3,181	(22,337)	(3)
• Cash paid for acquisitions	(5)	(19,400)	-
• Cash received for disposals	3,487	-	-
• Impact of changes in consolidation	(301)	(2,937)	(3)
Dividends received (companies consolidated under the equity method, non-consolidated shares)	398	1,766	847
Change in loans and advances outstanding	121	90	373
Other cash flows related to investment activities	-	-	-
Cash flow from discontinued activities	-	-	-
Net cash flow from investment transactions	**3,204**	**(20,058)**	**111,543**
III – FINANCING TRANSACTIONS			
Amounts received from shareholders in capital increases	-	2	-
• paid by shareholders of the parent company	-	2	-
• paid by minority interests of consolidated subsidiaries	-	-	-
Purchases and sales of treasury shares	201	214	(15)
Dividends paid out during the financial year	(8,114)	(10,797)	(10,565)
• dividends paid to shareholders of the parent company	(8,114)	(10,797)	(10,406)
• dividends paid to minority interests of consolidated subsidiaries	-	-	(159)
Change in non-controlling interests without loss of control	(5,400)	-	(323)
Increase/Decrease in subordinated debts	-	-	-
Income/loss on hybrid instruments	(3,479)	(3,809)	(4,194)
Change in guarantee deposits given and received	2,126	855	(1,690)
Issues or subscriptions of loans and borrowings	44,660	47,643	35,915
Repayments of loans and borrowings	(60,433)	(41,925)	(123,797)
Net cost of debt: interest paid	(11,172)	(11,506)	(16,531)
Other cash flows related to financing activities	769	707	1,037
Cash flow from discontinued activities	-	-	-
Net cash flow from financing transactions	**(40,843)**	**(18,616)**	**(120,161)**
NET CHANGE IN CASH (I+II+III)	**(17,746)**	**(7,591)**	**8,194**
Cash and cash equivalents at beginning of period	19,515	27,106	18,911
Cash and cash equivalents at end of period	1,768	19,515	27,106
NET CHANGE IN CASH	**(17,746)**	**(7,591)**	**8,194**

Cash and cash equivalents

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Savings bank, central bank, post office	1	1	3
Liquid bank assets	3,561	38,859	29,219
Liquid bank assets in other assets	778	577	361
Investment securities [1]	-	-	2,984
Sub-total (1)	**4,340**	**39,437**	**32,566**
Bank overdrafts	(2,572)	(19,922)	(5,460)
Bank overdrafts in other liabilities	-	-	-
Sub-total (2)	**(2,572)**	**(19,922)**	**(5,460)**
TOTAL (1) + (2)	**1,768**	**19,515**	**27,106**

(1) According to IFRS7 nomenclature, the fair value of investment securities corresponds to a price quoted on an active market.

20.1.5 Change in number of shares comprising the capital

Shares authorised, issued and paid up

	At beginning of period	Capital increase through conversion of ORA bonds	Decrease in capital through cancellation of treasury shares	Increase in capital through incorporation of free reserves to round off the capital amount	At end of period
Number of shares	9,033,959	17,472	-	-	9,051,431
Share capital in euros	53,300,000	103,084	-	96,916	53,500,000

Treasury shares

	At 31/12/2013	Acquisitions	Sales	Cancellation	At 31/12/2014
In thousands of euros	426	1,352	(1,534)	-	244
In numbers	30,086	93,235	(105,945)	-	17,376

20.1.6 Corporate information

On 03 March 2015, the Board of Directors of Affine RE approved the financial statements for the year ended 31 December 2014 and authorised their publication. Affine is a société anonyme (French public limited company) listed in Compartment C of Euronext Paris. It is included in the SBF 250 index, the CAC Small90 index and the EPRA index.

Affine has also, together with some of its subsidiaries, adopted the tax status of a listed property investment trust (French acronym «SIIC») for its rental property business.

Its registered office is at 5 rue Saint Georges, Paris (9th arrondissement), France.

SIICs must comply with a ceiling on their capital ownership of 60% (equity or voting rights) by a single shareholder or several shareholders acting in concert under Article L. 223-10 of the French Commercial Code. Affine complies with this provision.

The Group's main business activities are set out in the note on "Segment reporting" below. The main events of the year are described and can be found in paragraph 7.3 and in the Annual Report.

The financial statements of the Affine Group are fully consolidated by MAB Finances SA in its financial statements.

20.1.7 Notes to the consolidated financial statements

20.1.7.1 Accounting principles and policies

20.1.7.1.1 Accounting basis and presentation of the financial statements

In accordance with EC regulation No. 1606/2002 of 19 July 2002, the Affine Group's financial statements are drawn up pursuant to the IAS (International Accounting Standards)/IFRS (International Reporting Standards) as adopted by the European Union.

International accounting standards are published by the IASB (International Accounting Standards Board) and adopted by the European Union. They include the IFRS (International Financial Reporting Standards) and the IAS (International Accounting Standards), as well as their mandatory application interpretations effective on the closing date. The IFRS system is available on the website at http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The accounting principles applied are identical to those used in preparing the consolidated annual financial statement for the financial year ending 31 December 2013, except for the adoption of the new standards and interpretations, which is mandatory for financial years beginning on or after 1 January 2014 (see list below). These new standards, amendments and interpretations have no significant impact on the Group's financial statements.

The standards, interpretations and amendments, published by the IASB and presented above are applicable for financial periods beginning on or after 1 January 2014

- IFRS 10: Consolidated financial statements.
- IFRS 11: Joint Arrangements.
- IFRS 12: Disclosure of interests in other entities.
- Amendments to IFRS 10, 11 and 12: transition guidance.
- Revised IAS 27: Separate financial statements.
- Revised IAS 28: Investments in associates and joint ventures.
- Amendment to IAS 32: Offsetting financial assets and financial liabilities.
- Amendment to IAS 36: Recoverable amount disclosures for non-financial assets.
- Amendment to IAS 39: Novation of derivatives and continuation of hedge accounting.

Standards, interpretations and amendments already published by the IASB but not yet endorsed by the European Union

- IFRS 9: Financial instruments.
- IFRS 14: Regulatory deferral accounts.
- IFRS 15: Income from contracts with customers.
- 2012 – 2014 Annual improvements
- IAS 16/Amendment to IAS 38: Clarification of acceptable methods of depreciation and amortisation.
- Amendment to IFRS 11: Recognition of acquisitions of interests in a joint operation.

New standards, amendments or interpretations for possible early application in 2014

- Amendment to IAS 19: Defined benefit plans: Employee contributions.
- IFRS Improvements – 2010-2012 Cycle: Seven amended standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/IAS 38, IAS 24).
- IFRS Improvements – 2011-2013 Cycle: Five amended standards (IFRS 1, IFRS 3, IFRS 13, IAS 16, IAS 40).
- IFRC 21: Taxes.

The Group does not expect any significant impact on the financial statements.

The business activities of the consolidated companies are not seasonal.

The financial statements are presented in thousands of euros.

20.1.7.1.2 Comparability of the financial statements

In compliance with the application of IFRS 11, a change of consolidation method for Nanterre Terrasses 12 was recognised at 31/12/2014: change from proportional consolidation to consolidation under the equity method, leading to a non-material impact on the consolidated financial statements.

20.1.7.1.3. Consolidation scope and policy

20.1.7.1.3.1 Companies included in the scope of consolidation

The scope of consolidation includes the Group's parent company as well as all other companies over which it directly and indirectly exercises:
- exclusive control;
- joint control;
- significant influence.

Exclusive control of a subsidiary is considered as the power to influence its financial and operational policies in order to profit from its activities. It stems:
- from the direct or indirect holding of the majority of voting rights in the subsidiary;
- or the power to appoint or dismiss the majority of the members of the administrative, management or supervisory bodies of the subsidiary or bring together the majority of the voting rights to the meetings of these bodies;
- or from the power to exercise a dominant influence over a subsidiary, through a contract or statutory clauses.

Joint control exists when strategic, financial and operational decisions related to the business require the unanimous agreement of the parties sharing control. Joint control must be defined under a contractual agreement.

Significant influence automatically exists when the parent company holds over 20% of the voting rights. Below this limit, significant influence may be shown by representation on the executive bodies or participation in strategic decisions.

20.1.7.1.3.2 Consolidation method

Exclusively controlled companies

Subsidiaries are companies controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is effectively transferred until the date on which control ceases to exist. Subsidiaries are fully consolidated in the Group's balance sheet, regardless of the percentage of ownership.

Joint Arrangements

According to IFRS 11, companies classify their interests in joint arrangements either as a joint operation (if the company has rights to the assets and assumes obligations for the liabilities under a joint arrangement) or as a joint venture (if the company only has rights to the net assets concerned by a joint arrangement). When making this assessment, the company must take into account the structure of the joint arrangement, the legal form of the separate vehicle, the contractual stipulations and other facts and circumstances, if any.

Equity investments are now recognised under the equity method (they were previously proportionally consolidated).

The Company is not aware of any liabilities for which the Affine Group would be jointly liable with the joint investor.

Associate companies

Associates are companies in which the Group has significant influence over financial and operational policies, without having control. Associates are recognised in the consolidated balance sheet under the equity method.

20.1.7.1.3.3 Closing date

All consolidated companies end their financial year on 31 December.

20.1.7.1.4 Business combinations and acquisition of individual assets

The difference between acquisitions of individual assets (IAS 40) and business combinations (IFRS 3) is as follows:

- An entity holding a property or set of properties meets the definition of a business combination and falls under the scope of application of IFRS 3 if the acquired entity corresponds to a business as defined by IFRS 3. Under IFRS 3, a business is defined as an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return or generating lower costs or other economic benefits. If an entity gains control over one or more entities that are not businesses, the grouping of these entities is not considered as a business combination.
- For acquisitions of securities not considered as business combinations, the identifiable assets and liabilities are recognised at cost without recognition of goodwill. These operations usually correspond to transactions on individual assets, groups of assets which do not constitute a business and on the securities of companies holding such assets.

20.1.7.1.4.1 Business combinations

Business combinations are recognised using the acquisition method, in principle, at fair value.

The acquisition method consists of:

- Identifying the acquirer;
- Determining the acquisition date;
- Measuring the acquisition cost;
- Allocating the cost of the business combination through the recognition of certain and contingent assets and liabilities identifiable later at their fair value.

Goodwill represents a payment made in expectation of future economic benefits generated by assets that cannot be identified individually and carried separately. Goodwill is initially recognised as an asset at cost; it cannot be amortised but may be tested annually for impairment. Goodwill is calculated using the partial goodwill method.

An excess in the purchaser's interest over the cost of the business combination (negative goodwill) is taken to income.

20.1.7.1.4.2 Acquisitions of individual assets

These are recognised at their purchase cost, which generally corresponds to their fair value.

20.1.7.1.5 Use of estimates and assumptions

Preparing the consolidated financial statements requires the use of estimates and assumptions that may affect the amounts set out in the financial statements and the accompanying notes. These relate in particular to property valuations and the fair value of derivatives. Amounts confirmed during the disposal of these assets may differ from these estimates.

Factors likely to lead to significant adjustments during the 2014 period specifically include:

Fair value of investment properties: the nature of the assumptions used by the independent appraisers may have far-reaching impacts on both the change in fair value which is directly reported in the income statement, and on the value in assets of the property portfolio.

These assumptions include in particular:

- The market rental value (MRV);
- The market rate of return;
- Works to be carried out.

The impact of simulations of sensitivity to the change in rates of return on fair value is found in Note 1 – Property portfolio – paragraph entitled "Sensitivity to changes in the assumptions used to measure fair value".

Fair value of financial instruments: the nature of the assumptions used by the independent appraisers may have far-reaching impacts on the change in fair value taken directly to the income statement.

An increase or decrease of 50 or 100 basis points in interest rates would have the following effects on the valuation of financial instruments (valuation made based on the yield curve of the three-month Euribor as of 31/12/2014 to the ten-year segment):

In thousands of euros	-100BP	-50BP	+50BP	+100BP
Change in FV of hedging financial instruments	(4,702)	(2,358)	3,654	7,370

20.1.7.1.6 Leases

20.1.7.1.6.1 Finance leases

IAS 17 requires a lease to be classified as a finance lease where it transfers to the lessee almost all the risks and benefits of ownership of an asset. All other leases are classified as investment property leases.

All the property lease contracts in Affine's portfolio are finance leases under IAS 17. The lessor carries a receivable on its balance sheet for an amount corresponding to the present value of the conditional rents receivable.

When a finance lease is renegotiated, the difference between the new financial base and the carrying value recorded previously is posted directly to the income statement.

IAS 17 specifies that initial direct costs incurred in negotiating and setting up leases must be included in the initial investment amount and deducted from the finance income over the term of the lease.

The lessor's net income from the transaction corresponds to the amount of interest on the loan. This interest is calculated using the effective interest rate ("EIR") method. The effective interest rate is the rate that balances the cumulative discounted value of minimum lease payments and the residual value not covered by a guarantee. The periodic interest rate used to calculate financial income is constant pursuant to IAS 17.

Guarantee deposits paid by lessees are treated by Affine as part of the rights and obligations arising from finance leases and are thus subject to IAS 17.

20.1.7.1.6.2 Investment property leases

Investment property leases comprise operating leases for property owned by the Group or leased by the Group under a finance lease.

Leases whereby the lessor retains almost all the risks and benefits of ownership of the asset are classified as investment property leases.

IAS 17 provides for the financial consequences of all the provisions of the finance lease to be amortised over the fixed term of the lease. This straight-line amortisation of rents results in the recognition of accrued income over an exemption period, or the early years of the lease in the case of gradual or staged rental payments.

All the benefits agreed upon when negotiating or renewing an investment property lease are recognised as part of the consideration accepted for the use of the leased asset, regardless of the nature, form or date of payment of these benefits (SIC 15). The total amount of these benefits is recognised as a reduction in rental income over the term of the lease on a straight-line basis, unless another systematic method is representative of the way in which the benefit pertaining to the leased asset is consumed over time.

Guarantee deposits paid by lessees are treated as part of the rights and obligations arising from contracts and are thus subject to IAS 39.

Compensation for eviction is expensed during the year, even in the case of the renovation or reconstruction of a building (IAS 17).

The treatment of admission fees depends on a substantive analysis of the payment made (IAS 17):
- where the payment is in consideration for the enjoyment of the property (in addition to the rent) it is recognised with rental income over the term of the lease;
- where the payment is in return for a service rendered other than the right to use the asset, it is recognised on a basis that reflects the nature of the services rendered and the timeframe over which they are provided.

20.1.7.1.7 Measurement policy for major items

20.1.7.1.7.1 Investment property

20.1.7.1.7.1.1. Definition

IFRS draws a distinction between investment properties (governed by IAS 40) and other property, plant and equipment (governed by IAS 16).

Investment properties are property (land or buildings) held by the owner, or by the lessee under a finance lease, to earn rental income or appreciate the capital value or both, rather than to use them for production, the provision of goods and services, or for administrative purposes, or to sell them in the ordinary course of business.

If repairs are carried out on investment properties, they remain in this category as investment properties under construction.

Because the Affine Group opted for the fair value method provided for in IAS 40, the change in value of investment properties has an impact on earnings.

Initial direct costs for negotiating and implementing agreements (for example, commissions and legal fees) are recognised in the amount of the leased asset and amortised over the fixed life of the lease agreement (IAS 17).

Properties financed by finance leases must be capitalised and are subject to IAS 40 for the lessee. The following methods were used for restatement:
- Recording the asset as an investment property in the assets on the balance sheet for the residual amount;
- Parallel entry in liabilities of a loan equal to the property's entry price;
- Cancellation in the consolidated statements of the fee recorded in operating expenses in the company statements, with offsetting entries of a financial expense and progressive loan repayments.

Minimum lease rental payments are broken down as interest costs and repayment of the liability.

Income from investment properties

Investment property income includes rent and similar income (for example: occupancy compensation, signing fees, parking income) invoiced for office buildings, retail premises and storage facilities over the period.

The grace periods for rent, step-ups and signing fees are apportioned over the fixed term of the lease. The rental income also includes expenses rebilled to tenants.

Expenses on investment properties

The expenses on investment properties include rental charges rebillable to tenants, unrecovered rental charges (due to leases and vacancy of premises), costs payable by the owner, those relating to work, costs of disputes, doubtful receivables and costs linked to property management.

20.1.7.1.7.1.2 Valuation

Investment properties are initially valued at cost, including transaction costs. After the properties are initially recorded, they are valued at fair value, with the change in fair value from one year to the next posted to the income statement. The fair value is calculated from the value excluding registration duties (the registration duties are deducted from the "inclusive of tax" value in the case of properties liable to this regime) or notary expenses (if it is a property sold under the real estate VAT regime and which applies to buildings delivered or extensively refurbished less than five years ago). The amounts deducted are calculated on a flat-rate basis of 6.2% of the "duties excluded" value of the first scenario and includes all expenses, whether tax payable or other, incurred when a sale is made. In the second scenario, the amounts deducted are calculated on a flat-rate basis of 1.8% of the value excluding tax prepared by an external property appraiser, an internal appraiser or as shown on an offer, a preliminary agreement or a sale mandate.

The methodology for determining the fair value of investment properties consists of using the value of the buildings obtained by capitalising the rental income and/or the market price for recent transactions involving properties with similar characteristics. This method of capitalisation reflects such things as the rental incomes from existing lease contracts and assumptions on rental revenues for future lease contracts, taking current market conditions into consideration.

The appraisal firms applied the income capitalisation method together with the discounted cash flow (DCF) method and the multiples method. The first method consists of capitalising a market rent at a market capitalisation rate after deducting the differences between the rents under consideration and the market rental values estimated on the appraisal day, discounted at the current financial rate, over the outstanding period either until each lease renewal date, in the case where the current rent is higher than the market rent considered, or up to the lease expiry date where the current rent is lower than the market rent considered. The discount rates adopted are based on the comparables of the most relevant transactions with respect to the quality of the building and its rental situation, and the economic climate of the investment market both locally and nationally. Under the DCF method, the property appraisers independently prepare their estimates of current and future cash flows and apply risk factors, either to the cash flows (for example, future rent levels, growth rates, investments required, vacant periods, and rent arrangements) or to the rate of return or discount rate.

Following the adoption of IFRS 13, "Measurement of fair value", the asset valuation methods used by the Group's appraisers remained unchanged, with the exception of the Réaumur asset. Additional disclosures on these methods are now published, as required by this new standard.

The principal assumptions used to estimate fair value relate to the following: current rents, future rents expected based on fixed lease commitments; vacant periods; the building's current occupancy rate and its maintenance requirements; and the appropriate capitalisation rates equivalent to the return on investment. These valuations are regularly compared with market data relating to return on investment, to actual Group transactions, and to transactions announced in the market.

Given the scarcity of available public data, the complexity of measuring real estate assets and the fact that the measurements made by appraisal firms are based on the Group's confidential rental statements, Affine considered the classification of its assets at level 3 as the most appropriate.

The table below sets out a number of items of quantitative data used to measure the fair value of the Group's assets.

	Rental floor area	Fair value excluding transfer taxes		Actual rent		Effective rate
	sq m	€K	€/sq m.	€K	€/sq m.	
TOTAL	534,354	575,053	1,076	43,213	81	
Paris	11,409	91,009	7,977	4,786	419	5.3%
Paris region – outside Paris	122,209	144,223	1,180	12,756	104	8.3%
Other French regions	386,246	332,130	860	25,059	65	7.4%
Eurozone outside France	14,491	7,691	531	613	42	7.9%
Offices	142,319	302,289	2,124	20,917	147	6.9%
Shopping centres	66,582	124,860	1,875	8,771	132	6.6%
Warehouses & Industrial	325,022	147,374	453	13,510	42	8.7%
Others	432	530	1,228	15	35	Not applicable
Paris	11,409	91,009	7,977	4,786	419	5.3%
Offices	130,910	211,610	1,616	16,147	123	7.6%
Shopping centres	66,582	124,860	1,875	8,771	132	6.6%
Warehouses & Industrial	325,022	147,374	453	13,510	42	8.7%
Others	432	200	463	0	0	Not applicable
Grand Paris Metropolitan Area	62,034	154,879	2,497	10,440	168	6.6%
Other Ile-de-France	71,584	80,353	1,123	7,101	99	8.3%
Regions	386,246	332,130	860	25,059	65	7.4%
Eurozone outside France	14,491	7,691	531	613	42	7.9%

Rent and effective rate = rent and actual rate

Future expenses are charged to the carrying amount of the asset only if it is probable that the future economic benefits associated with the asset will remain within the Group's ownership and that the cost of this asset can be reliably estimated. All other expenses for repair and maintenance are recognised in the income statement for the period during which they are incurred.

Most buildings in the portfolio are appraised twice a year by independent appraisal firms. For the report of 31 December 2014, the appraisers used were as follows:

- Cushman & Wakefield;
- Foncier Expertise;
- BNP Real Estate.

Unless otherwise justified, the Affine Group uses the values provided by the independent appraisers.

The measurements are made by in-house experts and are made individually regardless of the value of the properties. General Management is not required to accept the appraisal value when new events occur.

20.1.7.1.7.2 Property, plant and equipment and buildings under construction

Property, plant and equipment includes operational buildings that do not meet the requirements of IAS 40.

Tangible assets mainly comprise moveable equipment and computer software, depreciated over a period of three to ten years.

When a building under construction for future use as an investment property is completed, it is recorded as an investment property (IAS 40) at its fair value; the difference between the fair value at this date and the prior book value is recorded in the income statement in value adjustments.

20.1.7.1.7.3 Intangible assets

Intangible assets are governed by IAS 38.

An intangible asset is recognised in the balance sheet where and only where it is likely that the future economic benefits attributable to the asset will flow to the company, where it has control over the asset and where the cost of the asset can be reliably measured. Assets that do not satisfy these criteria are expensed or included in goodwill in the case of business combinations.

The amortisable amount of an intangible asset is amortised using a straight-line model, over the best estimate of its useful life, which cannot normally exceed twenty years.

Generally speaking, the residual value, the amortisation period and the amortisation method are reviewed on a regular basis. Any change is recognised prospectively as an adjustment to future amortisation.

20.1.7.1.7.4 Assets held for sale

Where the carrying amount of an asset is to be recovered through a probable sale within one year, rather than through its continued use, IFRS 5 requires the asset to be posted to a specific balance sheet account: "Current assets held for sale". As at 31 December 2014, 20 assets were shown in this line;

- The value of two of them corresponded to external appraisals;
- The value of four of them corresponded to signed mandates, offers accepted by both parties and/or commitments to sell;
- The value of 14 of them was measured on the basis of internal appraisal reflecting the probable sale price.

Consequently, the liabilities directly related to these assets have been reclassified as "Debts linked to assets held for sale".

The gain or loss on the sale of an investment property is calculated in relation to the most recent fair value recorded in the balance sheet for the preceding financial year.

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Proceeds from sales of fixed assets	29,651	7,810	126,766
Net carrying value of properties sold	(26,262)	(8,017)	(135,649)
Gain or loss on sale	3,389	(207)	(8,884)

20.1.7.1.7.5 Inventories and construction contracts

Inventory

Buildings purchased, regardless of their initial rental situation, solely with a view to their resale after redevelopment or physical and/or commercial repositioning in the normal course of business by Banimmo are carried in inventories, in accordance with IAS 2.

Inventories and work in progress are recognised at their purchase price or production cost. At each balance sheet date, they are valued at the lower of cost of construction and net realisable value. Net realisable value is the estimated selling price during the normal course of business, less any estimated costs for completion or execution of the sale. In practice, the value is written off when the realisable value is found to be lower than the historic cost.

Inventories largely consist of land, property reserves and property development costs incurred.

Construction contracts and off-plan sales (VEFA)

For property development activities, the margin and income from property activities are recognised in Affine's statements using the percentage of completion method.

Costs of construction and off-plan sales agreements are cost prices directly attributable to the contract; marketing expenses are not taken to inventory but borrowing costs are. Marketing and management fees are recognised as expenses.

When it is probable that the total cost of a contract will exceed total income, the Group records a loss upon termination as an expense for the period.

The profit or loss upon termination is taken from the projected margin set out in the project budget. The percentage of completion is determined using the method that most reliably measures the work or services carried out and accepted, depending on their nature. The method used is either the proportion of the cost of work and services carried out at the balance sheet date in relation to the anticipated total contract costs, or a certificate of progress issued by a professional.

20.1.7.1.7.6 Trade accounts receivable

Trade accounts receivable mainly comprise operating lease and finance lease receivables. These items are valued at amortised cost. Once a receivable has been overdue for over six months at the end of the financial year, or when the customer's situation leads to the conclusion that a risk is present (receivership, major financial difficulties, etc.), the receivable is transferred to the "doubtful receivables" account.

20.1.7.1.7.7 Impairment of assets

Impairment of property, plant and equipment and intangible assets

Operating buildings

When recognising impairment of a depreciable asset, the charge must be adjusted for future years, so that the revised carrying value of the asset, less its residual value, can be depreciated over the remainder of its useful life. The carrying value of an asset that has increased as a result of an impairment reversal must not exceed the carrying amount that would have been determined (after depreciation) if no impairment had been recognised for this asset over previous financial years.

Other property, plant and equipment and intangible assets

At each balance sheet date, the company must assess the possible existence of indicators demonstrating that an asset may have been impaired. If such an indicator exists, the recoverable value of the asset should be estimated (impairment test). Impairment is the amount by which the carrying amount of an asset exceeds its recoverable value. This is equal to the higher of the fair value net of disposal costs and its value in use.

All impairments are recognised in income, as are all reversals.

Impairment of finance leases

Impairment of finance lease receivables is posted to "Trade loans and receivables" (see Note 8 to the financial position statement).

Finance leases are stated based on their recovery value. When a lessee is deemed to be at risk (e.g. very bleak financial position, mounting unpaid debts, receivership), impairment is recognised if the difference between the carrying value of the receivable and the present value of future estimated cash flows discounted at the original effective interest rate is negative. No lease is currently affected.

Impairment of inventory

At each balance sheet date, the forecast cost is compared to the expected selling price, net of marketing costs. If the sale price is lower than the cost, impairment is recognised for the portion relating to work in progress (the impairment corresponding to work to be completed is recognised as a provision for liabilities).

Impairment of goodwill

Goodwill is recognised in the balance sheet at cost. Once a year, it is subject to a standard review and to impairment tests. At the date of acquisition, each element of goodwill is allocated to one or more cash-generating units that are forecast to derive economic benefits from the acquisition; consequently, the legal entity is the equivalent of a cash-generating unit. Any impairment of this goodwill is based on the recoverable value of the relevant cash-generating units. The recoverable value of a cash-generating unit is calculated based on the most appropriate method.

If the recoverable value is less than its carrying value, an impairment charge is recognised in the income statement for the year.

Impairment of doubtful receivables

Invoices classified as doubtful receivables are systematically written off for their full amount excluding tax, less any deposits or guarantees received.

20.1.7.1.7.8 Financial instruments

The valuation and recognition of financial instruments and the required disclosures are set out under IAS 39 and 32 and IFRS 7.

The financial assets held by Affine Group are accounted for as follows:
- Investment securities are recorded as trading assets;
- Unconsolidated investments are recorded as "assets available for sale".

The Affine Group only uses derivatives as part of its debt interest rate hedging policy. Under IFRS, these instruments are considered as financial assets and liabilities and must be stated at their fair value on the balance sheet.

Changes in value are recognised directly in profit or loss, except in two situations where they are recognised in equity as follows:
- When the derivative is classified as a cash flow hedge;
- When the derivative is classified as a net investment hedge.

Classification as a hedge is strictly defined and must be documented from the outset, which requires prospective and retrospective effectiveness tests to be carried out.

The Affine Group has developed a macro-hedging strategy for its debt based on swaps and caps. However, given the problem of demonstrating the effectiveness of this hedging and maintaining it over time, Affine has not sought to implement the option provided under IAS 39, which would make it possible to recognise changes in the fair value of derivatives via equity, except for the non-effective portion of the hedge, which would still be recognised in profit or loss. Consequently, the Affine Group classifies derivatives as trading assets.

All financial liabilities are recognised in the balance sheet at depreciated cost, except for derivatives that are recognised at fair value.

Issuing costs for loans, including convertible bonds redeemable in shares (BRS) and perpetual subordinated loan notes (PSL), are recorded as a deduction from the nominal value of the loan and recognised by being incorporated into the calculation of the effective interest rate.

These payables or receivables are discounted and interest expense or income is taken to the income statement over the loan repayment period. Accordingly, exit charges owed pursuant to SIIC status are subject to discounting in the Group's financial statements.

Financial assets at fair value through the income statement

The main methods and assumptions applied to calculate the fair value of financial assets are as follows:
- Investment securities are valued on the basis of either their market price (for listed instruments) or on the basis of their net asset value or their discounted future cash flows if the amount of the line is sufficiently material;
- Equity interests are valued on the basis of either their market price (for listed instruments) or on the basis of their net asset value or their discounted future cash flows;
- Derivative instruments are valued by discounting estimated future cash flows on the yield curve of the three-month Euribor as at 31/12/2014 to the ten-year segment. The company uses the discounting provided by the firm Finance Active; the comparison of these figures with those issued by the various banks with whom the hedging is contracted is satisfactory. This method of determination corresponds to level 2 of the fair value hierarchy of IFRS 7.

Financial liabilities at fair value through profit or loss

These liabilities concern debt related to derivatives. The debt is valued by discounting future cash flows (for which the company is committed to the banks offering these hedges) as calculated by Finance Active.

Additional valuation input – IFRS 13

Derivatives were measured at 31 December 2014 by taking account of the credit valuation adjustment (CVA) and debit valuation adjustment (DVA) as required by IFRS 13.

The CVA, calculated for a given counterparty, stems from the product of:

a. the total market value that the Group has with that counterparty if it is positive;
b. by the probability of default by the counterparty over the medium term, weighted by the nominal value of the derivatives recognised with the latter. The probability of default is derived from the Bloomberg model based on market values and derived from default hedges for banks,
c. and the loss in case of default established at 60%, according to the market standard.

The DVA or bilateral CVA based on Affine's credit risk corresponds to the loss that the counterparty may face in case of default by the Group. It stems from the product of:

a. the total market value that the Group has with that counterparty if it is negative;
b. by the probability of default by the Group over the medium term, weighted by the nominal value of the total derivatives portfolio. The probability of default by the Group is derived from the Bloomberg model based on the default hedges for Affine,
c. and the loss in case of default established at 60%, according to the market standard.

The impact is a positive change in fair value of €25,100 on earnings for the period.

20.1.7.1.7.9 Recognition of bonds redeemable in shares (BRS) and perpetual subordinated loan notes (PSL)

For more details, refer to the explanatory notes to the individual company statements.

Bonds redeemable in shares (BRS)

Two thousand BRS with a par value of €10,000 issued on 15 October 2003, for a period of 20 years, redeemable on maturity at the original issue price of €50 per share (200 shares per BRS), adjusted for the possible dilutive effects of financial transactions on the share capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per BRS.

Affine's General Shareholders' Meeting held on 26 April 2007 decided to execute a three-for-one stock split on Affine shares by allocating three new shares for every old share effective on 2 July 2007. Accordingly, the exchange ratio has been raised to 624 shares per BRS.

The Board of Directors' meeting of 5 June 2014 ruled on the conversion of 28 BRS into 17,472 new shares; as at 31 December 2014, there were 1,972 BRS.

Early redemption at the Company's discretion

From 15/10/2008, the Company may convert all or some of the convertible bonds to shares if the average share closing price over 40 consecutive trading sessions exceeds the adjusted issue price.

From 15/10/2013, the Company may redeem all or some of the convertible bonds in cash by giving 30 calendar days' prior notice, at a price guaranteeing the initial subscriber a gross actuarial return of 11% on the actual redemption date, after taking into account coupons paid in previous years and the interest payable for the period between the last interest payment date before the early redemption date and the actual redemption date. Under no circumstances may this price be lower than the nominal value of the BRS.

Early redemption at the holder's discretion

As of 15/10/2013, holders of BRS are entitled to request the redemption of all or some of their convertible bonds at a rate of, currently, 624 shares (after adjustment) per bond, at any time, excluding the period from 15 November to 31 December inclusive in any year.

Considering the characteristics of the BRS, they have been classified as equity instruments in accordance with IAS 32.

Perpetual subordinated loan notes (PSL)

On 13 July 2007, Affine issued €75 million of perpetual subordinated loan notes (PSL) represented by 1,500 PSL, each with a nominal value of €50,000. The issue was placed with foreign investors, and the notes are listed on the Marché Réglementé (regulated market) of the Luxembourg stock exchange.

Since Affine may be exempted from paying the coupons or redeeming the PSL, regardless of the occurrence of an event outside its control, under IAS 32 all the PSL must therefore be classified as equity instruments.

Distributions in respect of these instruments, net of any tax, will be treated as dividend distributions.

20.1.7.1.7.10 Provisions

Provisions are recognised where the Group has a current liability (whether legal or implicit) stemming from a past event, where it is likely that an outflow of resources representing financial benefits will be required to settle the liability and where the amount of the liability can be reliably estimated.

Where the Group expects the reimbursement of a portion of the risk amount covered by a provision, for example under an insurance policy, the reimbursement is recorded as a separate asset, provided that reimbursement is virtually certain.

If there is a significant time-value impact, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time-value of money and, if applicable, the risks specific to the liability. Where the provision is discounted, the increase in provision relating to the passage of time is recognised as an interest expense.

20.1.7.1.7.11 Treasury shares

These shares are posted to equity in the same way as capital gains or losses from disposals.

20.1.7.1.7.12 Tax

Consolidated tax expense includes deferred taxes.

Current tax

The Affine Group is subject to a mixed tax treatment as follows:

- an SIIC segment allowing a tax exemption of tax on current profit from rental activities, capital gains on building disposals and shareholdings and dividends from subsidiaries that have opted for SIIC status;
- a former SICOMI segment exempt from tax on current profit, which is applicable to finance lease agreements prior to 1993;
- a tax segment applying to 'free' finance leases ("CBL") signed with effect from 1 January 1993 and to general finance leases ("CBG") signed prior to 1 January 1996;
- other business is taxable.

Deferred taxes

Pursuant to IAS 12, deferred tax arises on timing differences between the carrying amounts of assets and liabilities and their tax values.

Under the balance sheet liability method, deferred tax is calculated based on the actual or expected tax rate in the year when the assets will be realised or the liabilities paid.

The effects of changes in the tax rate from one year to the next are posted to income for the year in which the change is recognised, unless the changes affect a tax asset or liability originally recognised in equity.

Deferred tax relating to assets and liabilities posted directly to equity is also posted to equity.

The rates applicable to the year ended 31 December 2014 are as follows:

French companies excluding SIIC	33.33 %
Belgian companies	33.99 %

In accordance with the standard:
- deferred taxes cannot be discounted;
- deferred tax assets and liabilities are offset by entities subject to the same tax authority.

20.1.7.1.7.13 Employee benefit obligations

The Group recognises all staff benefits on the balance sheet. These benefits largely relate to pensions and other post-employment benefits. The cost of employee benefits is accounted for in the year when the rights are vested.

Affine's employees have come under the National Property Collective Bargaining Agreement since 1 January 2013. This Agreement does not provide for any retirement allowance other than that provided by the general scheme. The pension plan is a defined benefits scheme.

The allowances follow the same tax and social security treatment as the redundancy allowance:

<table>
<tr><th></th><th>Voluntary retirement</th><th>Forced retirement</th></tr>
<tr><td>Over 10 years' employment</td><td>1/2 month</td><td>$1/5^{th}$ of monthly salary per year</td></tr>
<tr><td>More than 15 years' employment</td><td>1 month</td><td rowspan="3">$1/5^{th}$ of monthly salary for the first 10 years and $2/15^{ths}$ after the 10th year</td></tr>
<tr><td>More than 20 years' employment</td><td>1.5 months</td></tr>
<tr><td>More than 30 years' employment</td><td>2 months</td></tr>
</table>

The applicable base is one-twelfth of gross pay over the final twelve months or, if more beneficial, one-third of the final three months.

With regard to employee share ownership schemes, IFRS 2 provides for systematic expensing, for both shares to be issued and existing shares, and regardless of the hedging strategy.

Actuarial gains or losses are not isolated. They are recorded in income and not in equity.

Affine uses the intrinsic value accounting method to value bonus share schemes: the valuation is based on the share price on the date of the initial grant. No assumed probability of future employment is factored into the calculation during the vesting period.

The expense is amortised over the three-year vesting period, with no discounting.

20.1.7.2. Segment reporting

Segment reporting reflects general management's view and is prepared on the basis of the data provided by management control, used by the Principal Operational Decision-Maker (General Management) to implement the allocation of resources and evaluate performance.

The data is prepared in accordance with the accounting principles used by the Group.

At 31 December 2014

In thousands of euros	Offices	Warehouses Industrial premises	Retail	Other	Total
Gross rental income	21,824	12,680	8,952	231	43,687
Net property income	**21,718**	**10,931**	**6,395**	**153**	**39,197**
Other income	232	1 923	69	60	2,283
Overhead costs	(3,470)	(5,056)	(1,495)	(127)	(10,148)
Recurring EBITDA	**18,480**	**7,798**	**4,969**	**85**	**31,332**
Depreciation and impairment	(82)	(43)	(5)	(2)	(132)
Current operating profit	**18,399**	**7,755**	**4,964**	**83**	**31,200**
Charges net of provisions	(532)	(96)	(3)	(1)	(633)
Other income and expenses	19	96	44	0	159
Net profit or loss on disposals	3,481	(54)	(23)	(3)	3,401
Operating profit	**21,366**	**7,701**	**4,981**	**79**	**34,127**
Balance net of value adjustments	(11,530)	(12,804)	(1,042)	100	(25,276)
Net operating profit	**9,836**	**(5,103)**	**3,939**	**179**	**8,851**
Borrowing costs	(5,839)	(2,777)	(2,217)	(82)	(10,915)
Other financial income and expenses	86	(311)	72	(31)	(183)
Fair value adjustments of financial instruments	(547)	(598)	(1,175)	25	(2,295)
Pre-tax profit	**3,535**	**(8,789)**	**620**	**92**	**(4,542)**
Taxes	(12)	(858)	(216)	6	(1,080)
Share of securities consolidated under the equity method	(2,190)	(266)	(1,232)	(1,659)	(5,347)
Net profit	**1,333**	**(9,913)**	**(828)**	**(1,561)**	**(10,969)**
EARNINGS EXCLUDING DISPOSALS AND FV CHANGES	**9,929**	**3,544**	**1,412**	**(1,683)**	**13,202**

In thousands of euros	Offices	Warehouses Industrial premises	Retail	Other	Total
Segment assets	333,079	181,888	133,791	2,880	651,638
Shares in companies consolidated under the equity method	25,024	3,775	14,069	11,806	54,674
Total consolidated assets	**358,103**	**185,664**	**147,860**	**14,686**	**706,312**
Segment liabilities	458,459	157,068	92,293	(1,507)	706,312
Total consolidated liabilities	**458,459**	**157,068**	**92,293**	**(1,507)**	**706,312**
Investment expenses	13,762	8,684	272	-	22,718

At 31 December 2013

In thousands of euros	Offices	Warehouses Industrial premises	Retail	Other	Total
Gross rental income	23,158	12,034	4,691	347	40,230
Net property income	**20,595**	**10,557**	**3,348**	**329**	**34,830**
Other income	368	(114)	12	471	737
Overhead costs	(3,203)	(5,023)	(1,542)	(226)	(9,993)
Recurring EBITDA	**17,761**	**5,420**	**1,818**	**575**	**25,574**
Depreciation and impairment	(240)	(25)	(2)	(2)	(268)
Current operating profit	**17,521**	**5,395**	**1,817**	**573**	**25,306**
Charges net of provisions	(59)	(1,876)	0	2	(1,932)
Other income and expenses	3	188	72	187	450
Net profit or loss on disposals	(15)	(38)	-	(38)	(91)
Operating profit	**17,450**	**3,670**	**1,889**	**724**	**23,733**
Balance net of value adjustments	(7,734)	(9,253)	(1,386)	3	(18,371)
Net operating profit	**9,716**	**(5,583)**	**503**	**727**	**5,363**
Borrowing costs	(6,403)	(3,413)	(1,536)	(110)	(11,462)
Other financial income and expenses	(15)	2	126	(212)	(98)
Fair value adjustments of financial instruments	2,864	1,250	(94)	12	4,032
Pre-tax profit	**6,162**	**(7,744)**	**(1,001)**	**416**	**(2,167)**
Taxes	(5,640)	4,738	(374)	(75)	(1,351)
Share of securities consolidated under the equity method	(2,826)	(404)	(1,368)	(713)	(5,310)
Net profit	**(2,304)**	**(3,409)**	**(2,743)**	**(371)**	**(8,828)**
EARNINGS EXCLUDING DISPOSALS AND FV CHANGES	**2,581**	**5,806**	**(1,262)**	**(348)**	**6,777**

In thousands of euros	Offices	Warehouses Industrial premises	Retail	Other	Total
Segment assets	351,280	193,213	169,045	5,448	718,986
Shares in companies consolidated under the equity method	24,478	3,477	21,564	10,905	60,424
Total consolidated assets	**375,758**	**196,690**	**190,609**	**16,353**	**779,410**
Segment liabilities	489,428	179,937	106,231	3,814	779,410
Total consolidated liabilities	**489,428**	**179,937**	**106,231**	**3,814**	**779,410**
Investment expenses	3,062	9,766	2,415	-	15,243

20.1.7.3 Scope of consolidation

Scope of consolidation at the balance sheet date

	31/12/2014			31/12/2013			31/12/2012		
	Consolidation method	% control	% interest	Consolidation method	% control	% interest	Consolidation method	% control	% interest
AFFINE	**Parent company**			**Parent company**			**Parent company**		
GESFIMMO (formerly AFFINE DEVELOPPEMENT 1 SAS)	FC	100.00%	100.00%	FC	100.00%	99.99%	FC	100.00%	100.00%
ARCA VILLE D'ETE SCI (formerly CAPUCINES 2 SCI)	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
ATIT SC (formerly ANJOU SC)	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
AFFINE SUD SCI (formerly BRETIGNY SCI)	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
CARDEV	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
COUR CAPUCINES SA	FC	100.,00%	99.99%	FC	100.00%	99.99%	FC	100.00%	99.99%
DORIANVEST SARL	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
LES 7 COLLINES SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	95.00%	95.00%
CAPUCINE INVESTISSEMENTS SA	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	99.77%	99.77%
CONCERTO Développement SAS	-	-	-	FC	99.60%	99.60%	FC	99.99%	99.99%
CONCERTO BUCHERES SCI	FC	100.00%	100.00%	FC	100.00%	99.60%	FC	100.00%	99.99%
CONCERTO BUCHERES 2 SCI	FC	100.00%	100.00%	FC	100.00%	99.60%	-	-	-
CONCERTO BUCHERES 3 SCI	EM	40.00%	40.00%	-	-	-	-	-	-
CONCERTO FERRIERES EN BRIE SCI	-	-	-	FC	100.00%	99.60%	FC	100.00%	99.99%
CONCERTO WISSOUS PROMOTION SAS	EM	40.00%	40.00%	-	-	-	-	-	-
LES JARDINS DES QUAIS SNC	FC	100.00%	100.00%	FC	100.00%	100.00%	EM	50.00%	74.75%
LOUVOIS SAS	FC	100.00%	100.00%	-	-	-	-	-	-
NEVERS COLBERT SCI (formerly CAPUCINES I SCI)	FC	100,00%	100,00%	FC	100,00%	100.00%	FC	100.00%	100.00%
PARVIS LILLE SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
ST ETIENNE - MOLINA SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
TARGET REAL ESTATE SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
BERCY PARKINGS SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
COSMO MONTPELLIER SCI				FC	100.00%	100.00%	FC	100.00%	100.00%
HOLDIMMO SC	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI NUMERO 1	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI 36	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
TOULOUSE LES AMARANTES SCI	FC	100.00%	100.00%	-	-	-	-	-	-
URBISMART SAS	EM	34.00%	34.00%	-	-	-	-	-	-
PROMAFFINE SAS	**FC**	**100.00%**	**100.00%**	**FC**	**100.00%**	**100.00%**	**FC**	**100.00%**	**100.00%**
CAP 88	EM	40.00%	40.00%	EM	40.00%	40.00%	EM	40.00%	40.00%
LUCE CARRE D'OR SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
MARSEILLE 88 CAPELETTE	EM	40.00%	40.00%	EM	40.00%	40.00%	EM	40.00%	40.00%
NANTERRE TERRASSES 12 SCI	EM	50.00%	50.00%	PI	50.00%	50.00%	PI	50.00%	50.00%
29 COPERNIC SCI	EM	50.00%	50.00%	EM	50.00%	50.00%	EM	50.00%	50.00%
CONCERTO Développement Iberica SL	FC	100.00%	100.00%	FC	100.00%	99.60%	FC	100.00%	99.99%
BANIMMO SA	**EM**	**49.99%**	**49.51%**	**EM**	**49.99%**	**49.51%**	**EM**	**49.99%**	**49.51%**

Five companies were created during the year: Concerto Buchères 3, Concerto Wissous Promotion, Louvois, Toulouse Les Amarantes, Urbismart.

20.1.7.4 Notes and comments

20.1.7.4.1 Notes to the statement of financial position

Note 1 – Property portfolio buildings

Buildings in the property portfolio include:
- 37 assets recorded as investment property.
- 20 assets classified as assets held for sale.

38 of the 57 Affine-owned assets, representing 75.5% of the fair value of the rental portfolio, were valued by independent experts (BNP Real Estate, Cushman & Wakefield and Foncier Expertise). 14 assets, accounting for 20.7% of the fair value of the rental portfolio, were internally appraised. Four assets representing 2.4% of the fair value of rental assets were measured according to a signed purchasing offer, a commitment or sale mandate and one asset was recognised at historic cost, i.e., 1.4% of the value of the rental asset.

Properties purchased during the year and those subject to a purchase offer or sales commitment are stated at market value. Properties for which a sale procedure has begun are shown on a separate line in the balance sheet. The gain or loss on sale of an investment property is calculated in relation to the most recent fair value recorded in the balance sheet at the close of the previous financial year.

Market values are determined excluding transfer duties and acquisition costs. Each appraiser states its independence and confirms the values of the property assets appraised by its services, without taking responsibility for those made by other firms.

Summary table of changes in fair value

At 31 December 2014

In thousands of euros	01/01/2014	Acquisitions or works	Change in scope of consolidation	Disposals	Changes in fair value	31/12/2014
By asset type						
Industrial premises, warehouses	147, 088	17,010	-	(3,919)	(12,804)	147,374
Offices	318,923	13,762	-	(18,867)	(11,530)	302,289
Retail	126,085	272	-	(455)	(1,042)	124,860
Other	1,675	-	-	(1,245)	100	530
Total	**593,771**	**31,044**	**-**	**(24,486)**	**(25,276)**	**575,053**
By area						
Paris – business district	22,300	49	-	-	251	22,600
Paris – outside business district	70,530	1,315	-	(5,456)	2,019	68,409
Paris region – outside Paris	169,147	2,164	-	(11,939)	(15,148)	144,223
Other French cities	329,442	20,969	-	(7,091)	(11,191)	332,130
Other	2,351	6,547	-	-	(1,207)	7,691
Total	**593,770**	**31,044**	**-**	**(24,486)**	**(25,276)**	**575,053**
					Initial direct costs	413
						575,466

At 31 décembre 2013

In thousands of euros	01/01/2013	Acquisitions or works	Change in scope of consolidation	Disposals	Changes in fair value	31/12/2013
Par type d'actifs						
Industrial premises, warehouses	144,658	15,481	-	(3,799)	(9,253)	147,088
Offices	325,777	3,063	-	(2,184)	(7,734)	318,923
Retail	75,131	1,390	50,950	-	(1,386)	126,085
Other	3,698	(2)	-	(2,024)	3	1,675
Total	**549,265**	**19,934**	**50,950**	**(8,006)**	**(18,371)**	**593,771**
Par zone						
Paris – business district	22,100	292	-	-	(92)	22,300
Paris – outside business district	68,850	526	-	-	1,154	70,530
Paris region – outside Paris	179,868	1,864	-	(4,075)	(8,510)	169,147
Other French cities	276,129	17,175	50,950	(3,931)	(10,881)	329,442
Other	2,316	77	-	-	(42)	2,351
Total	**549,264**	**19,934**	**50,950**	**(8,006)**	**(18,371)**	**593,770**
					Initial direct costs	490
						594,259

At 31 décembre 2012

In thousands of euros	01/01/2012	Acquisitions or works	Transfers	Disposals	Changes in fair value	31/12/2012
Par type d'actifs						
Industrial premises, warehouses	152,826	4,494	-	(6,552)	(6,110)	144,658
Offices	432,960	12,735	-	(120,528)	609	325,777
Retail	76,503	727	-	(3,280)	1,181	75,131
Other	9,872	13	-	(5,289)	(898)	3,698
TOTAL	**672,162**	**17,970**	**-**	**(135,649)**	**(5,217)**	**549,265**
Par zone						
Paris – business district	124,339	583	-	(103,739)	917	22,100
Paris – outside business district	68,670	969	-	-	(789)	68,850
Paris region – outside Paris	193,823	1,760	-	(11,499)	(4,215)	179,868
Other French cities	285,330	12,043	-	(20,411)	(832)	276,129
Other	-	2,616	-	-	(300)	2,316
TOTAL	**672,161**	**17,970**	**-**	**(135,649)**	**(5,217)**	**549,264**
					Initial direct costs	579
						549,843

Reconciliation between values in the statement of financial position and appraisals from independent experts

Investment property

In thousands of euros	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	258,640	258,640	-	
Crédit Foncier Expertise (formerly Ad Valorem)	49,090	49,090	-	
BNP Real Estate	111,241	111,241	-	
Acquisitions	7,893	-	7,893	Regarding a building acquired on 13/11/2014 for which there was no appraisal on 31/12/2014
Marketing fees	413	-	413	
Investment properties at 31/12/2014	**427,277**	**418,971**	**8,306**	

In thousands of euros	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	328,950	328,950	-	
Crédit Foncier Expertise (formerly Ad Valorem)	65,350	65,350	-	
BNP Real Estate	145,851	145,851	-	
Internal appraisals	10,239	10,239	-	
Marketing fees	490	-	490	
Investment properties at 31/12/2013	**550,881**	**550,391**	**490**	

In thousands of euros	Values used	Appraisals	Variance	Comments
Cushmann & Wakefield	272,861	272,861	-	
Crédit Foncier Expertise (formerly Ad Valorem)	74,250	74,250	-	
BNP Real Estate	158,746	158,746	-	
Internal appraisals	16,154	15,650	504	Regarding a property for which a fair value greater than the appraisal value was used as the result of a decision by general management, to reflect improvements made to the building during the financial year.
Marketing fees	579	-	579	
Investment properties at 31/12/2012	**522,589**	**521,507**	**1,083**	

Assets held for sale

In thousands of euros	Values used	External appraisals	Variance	Comments
External appraisals	15,200	15,200	-	
Internal appraisals	119,072	-	119,072	
Mandates, offers for sale and commitments to sell	13,917	-	13,917	
Non-current assets held for sale as at 31/12/2014	**148,189**	**15,200**	**132,989**	

In thousands of euros	Values used	External appraisals	Variance	Comments
External appraisals	36,184	36,184	-	
Internal appraisals	1,838	-	1,838	
Mandates, offers for sale and commitments to sell	5,358	-	5,358	
Non-current assets held for sale as at 31/12/2013	**43,381**	**36,184**	**7,196**	

In thousands of euros	Values used	External appraisals	Variance	Comments
External appraisals	15,830	15,830	-	
Internal appraisals	1,588	-	1,588	
Mandates, offers for sale and commitments to sell	9,836	-	9,836	
Non-current assets held for sale as at 31/12/2012	**27,255**	**15,830**	**11,424**	

Sensitivity to changes in the assumptions used to measure fair value

On the basis of the portfolio value excluding registration fees and estimated disposal costs, the average rate of return was 7.4% at 31 December 2014.

On the basis of the average rate of return at 31 December 2014, an additional change of 25 basis points would have an inversely proportional effect of €19 million on the value of the Group's portfolio.

Changes in the value of properties

In thousands of euros	Rental	In progress	Assets held for sale	TOTAL
At 31/12/2011	515,641	5,716	151,363	672,718
Increases	20,820	2,334	795	23,948
Acquisitions	20,820	2,334	795	23,948
Decreases	(24,773)	(428)	(116,427)	(141,628)
Disposals	(24,773)	(428)	(116,427)	(141,628)
Change in fair value	(2,293)	-	(2,924)	(5,217)
Transfers between line items	8,870	(3,318)	(5,552)	-
Change in initial direct costs	22	-	-	22
Sector transfers				
At 31/12/2012	518,285	4,304	27,255	549,843
Increases	955	7,823	11,182	19,960
Acquisitions	955	7,823	11,182	19,960
Decreases	-	(26)	(8,006)	(8,032)
Disposals	-	(26)	(8,006)	(8,032)
Change in scope of consolidation	50,950	-	-	50,950
Change in fair value	(15, 624)	-	(2,747)	(18,371)
Transfers between line items	(6,306)	(9,391)	15,697	-
Change in initial direct costs	(89)	-	-	(89)
Sector transfers				
At 31/12/2013	548,171	2,710	43,381	594,260
Increases	14,611	5,905	10,528	31,044
Acquisitions	14,611	5,905	10,528	31,044
Decreases	(10,673)	(86)	(13,727)	(24,486)
Disposals	(10,673)	(86)	(13,727)	(24,486)
Change in scope of consolidation	-	-	-	-
Change in fair value	(15,465)	-	(9,811)	(25,276)
Transfers between line items	(114,662)	(3,156)	117,818	()
Change in initial direct costs	(77)	-	-	(77)
At 31/12/2014	421,905	5,373	148,189	575,465

Note 2 – Long-term loans

In thousands of euros	Balance sheet items	1 to 2 years	2 to 5 years	Over 5 years
Bank loans	225,299	36,993	90,954	97,352
• Fixed rate	8,806	1,049	7,757	-
• Variable rate	216,493	35,944	83,197	97,352
Finance lease commitment hedge accounts	841	187	655	-
Deferred borrowing costs at EIR	(954)	(264)	(486)	(205)
Total at 31/12/2014	**225,186**	**36,916**	**91,123**	**97,148**

In thousands of euros	Balance sheet items	1 to 2 years	2 to 5 years	Over 5 years
Bank loans	297,439	54,875	133,418	109,145
• Fixed rate	12,723	3,359	9,247	118
• Variable rate	284,715	51,516	124,172	109,027
Finance lease commitment hedge accounts	4,859	1,137	3,435	287
Deferred borrowing costs at EIR	(1,178)	(319)	(573)	(287)
Total at 31/12/2013	**301,119**	**55,694**	**136,280**	**109,145**

In thousands of euros	Balance sheet items	1 to 2 years	2 to 5 years	Over 5 years
Bank loans	306,764	40,859	129,568	136,337
• Fixed rate	19,952	7,150	5,507	7,295
• Variable rate	286,813	33,709	124,062	129,041
Finance lease commitment hedge accounts	4 715	168	4 339	208
Deferred borrowing costs at EIR	(1,476)	(393)	(729)	(355)
Total at 31/12/2012	**310,003**	**40,634**	**133,179**	**136,190**

The average term of debts as at 31 December 2014 was 5.2 years.

Other financial assets and liabilities

At 31 December 2014

In thousands of euros	Balance sheet items	From 0 to 1 year	From 1 year to 5 years	Over 5 years
FINANCIAL ASSETS				
Non-current				
Finance lease transactions and related receivables	13,053	-	13,053	-
Assets available for sale	278	-	278	-
Derivatives stated at fair value	313	8	305	-
Deposits and sureties paid	3,087	-	-	3,087
Loans	7	-	-	7
Total non-current financial assets	**16,739**	**8**	**13,637**	**3,094**
Current				
Cash and cash equivalents	4,340	4,340	-	-
Cash equivalents: SICAVs	-	-	-	-
Restatement of SICAVs at fair value	-	-	-	-
Settlement accounts for securities	778	778	-	-
Bank account overdrafts	3,562	3,562	-	-
Total current financial assets	**4,340**	**4,340**	**-**	**-**
FINANCIAL LIABILITIES				
Non-current				
Financial instruments	6,576	449	3,735	2,392
Discounted premiums payable	39	-	39	-
Total non-current financial liabilities	**6,614**	**449**	**3,773**	**2,392**
Current				
Loans and borrowings	48,962	48,962	-	-
Less than one year	39,743	39,743	-	-
Finance lease commitment hedge accounts	4,995	4,995	-	-
Deferred borrowing costs at EIR	(286)	(286)	-	-
Accrued interest on loans	477	477	-	-
Derivative instruments - Discounted premiums payable	57	57	-	-
Bank overdrafts	2,572	2,572	-	-
Current and related accounts	1,405	1,405	-	-
Total current financial liabilities	**48,962**	**48,962**	**-**	**-**

At 31 December 2013

In thousands of euros	Balance sheet items	From 0 to 1 year	From 1 year to 5 years	Over 5 years
FINANCIAL ASSETS				
Non-current				
Finance lease transactions and related receivables	20,132	-	17,086	3,046
Assets available for sale	278	-	-	278
Derivatives stated at fair value	1,146	532	616	(2)
Deposits and sureties paid	3,457	-	-	3,457
Loans	212	-	201	11
Total non-current financial assets	**25,225**	**532**	**17,903**	**6,790**
Current				
Cash and cash equivalents	39,441	39,441	-	-
Cash equivalents: SICAVs	-	-	-	-
Restatement of SICAVs at fair value	-	-	-	-
Settlement accounts for securities	577	577	-	-
Bank account overdrafts	38,864	38,864	-	-
Total current financial assets	**39,441**	**39,441**	**-**	**-**
FINANCIAL LIABILITIES				
Non-current				
Financial instruments	5,069	33	4,694	342
Discounted premiums payable	168	-	168	-
Total non-current financial liabilities	**5,237**	**33**	**4,862**	**342**
Current				
Loans and borrowings	60,519	60,519	-	-
Less than one year	39,218	39,218	-	-
Finance lease commitment hedge accounts	502	502	-	-
Deferred borrowing costs at EIR	(372)	(372)	-	-
Accrued interest on loans	571	571	-	-
Derivative instruments - Discounted premiums payable	480	480	-	-
Bank overdrafts	19,922	19,922	-	-
Current and related accounts	198	198	-	-
Total current financial liabilities	**60,519**	**60,519**	**-**	**-**

At 31 December 2012

In thousands of euros	Balance sheet items	From 0 to 1 year	From 1 year to 5 years	Over 5 years
FINANCIAL ASSETS				
Non-current				
Finance lease transactions and related receivables	23,815	-	17,352	6,463
Assets available for sale	79	-	-	79
Derivatives stated at fair value	1,365	-	1,365	-
Deposits and sureties paid	3,896	-	-	3,896
Loans	223	-	207	16
Total non-current financial assets	**29,379**	**-**	**18,924**	**10,454**
Current				
Cash and cash equivalents	32,580	32,580	-	-
Cash equivalents: SICAVs	2,984	2,984	-	-
Restatement of SICAVs at fair value	1	1	-	-
Settlement accounts for securities	361	361	-	-
Bank account overdrafts	29,235	29,235	-	-
Total current financial assets	**32,580**	**32,580**	**-**	**-**
FINANCIAL LIABILITIES				
Non-current				
Long-term financial instruments	9,320	890	7,721	709
Discounted premiums payable	613	-	613	-
Total non-current financial liabilities	**9,934**	**890**	**8,334**	**709**
Current				
Loans and borrowings	46,382	46,382	-	-
Less than one year	39,437	39,437	-	-
Finance lease commitment hedge accounts	261	261	-	-
Deferred borrowing costs at EIR	(423)	(423)	-	-
Accrued interest on loans	813	813	-	-
Derivative instruments - Discounted premiums payable	744	744	-	-
Bank overdrafts	5,460	5,460	-	-
Current and related accounts	89	89	-	-
Total current financial liabilities	**46,382**	**46,382**	**-**	**-**

Note 4 – Assets held for sale

In thousands of euros	31/12/2014		31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
INVESTMENT PROPERTY						
Buildings held for sale	148,189	-	43,381	-	27,255	-
Loans	-	81,612	-	29,237	-	13,348
Guarantee deposits	-	1,534	-	830	-	489
Sub-total	**148,189**	**83,146**	**43,381**	**30,066**	**27,255**	**13,837**
FINANCIAL ASSETS						
Securities	(1)	-	(1)	-	13	-
Related receivables	279	-	279	-	66	-
Sub-total	**278**	**-**	**278**	**-**	**79**	**-**
TOTAL	**148,467**	**83,146**	**43,659**	**30,066**	**27,333**	**13,837**

Note 5 – Other assets

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Government – tax and social security receivables	3,061	4,219	5,281
Sub-total (1)	**3,061**	**4,219**	**5,281**
Suppliers	381	472	595
Customer accounts	3,122	1,908	9,714
Loans to related companies	-	(10)	146
Other miscellaneous receivables	5,618	8,446	8,876
Provision for doubtful and other receivables	(165)	(190)	(381)
Other	(45)	(45)	(45)
Other receivables	8,913	10,581	18,906
Income accruals	15,680	18,238	7,874
Prepaid expenses	464	638	612
Adjustment accounts	16,145	18,876	8,486
Sub-total (2)	**25,058**	**29,457**	**27,392**
Total (1) + (2)	**28,119**	**33,676**	**32,673**

Note 6 – Other liabilities

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Trade payables and related payables	3,350	4,308	2,902
Fixed asset payables and related accounts	112	2 184	129
Trade accounts payable and related accounts	3,463	6,492	3,031
Other customer payables	1,001	443	1,312
Other payables	12,155	15,325	7,345
Payments received as a result of activation of guarantees (finance leases)		-	76
Other	-	-	-
Other debts	13,156	15,768	8,734
Expenses payable	8,030	10,220	5,217
Deferred income	168	123	813
Total	**24,817**	**32,603**	**17,796**

Note 7 – Trade loans and receivables

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Receivables from sales of fixed assets	6,170	-	-
Ordinary receivables	2,678	4,073	5,211
Doubtful receivables	5,461	3,420	3,551
Impairment of doubtful receivables	(3,627)	(2,257)	(2,196)
Total	**10,683**	**5,237**	**6,567**

At 31 December 2014

In thousands of euros		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	Over 1 year
INVESTMENT PROPERTIES						
Gross	14,153	4,288	3,422	1,638	894	3,911
Impairment	(3,517)	-	-	(176)	(703)	(2,637)
Net	**10,636**	**4,288**	**3,422**	**1,462**	**191**	**1,274**
SERVICES						
Gross	156	13	11	-	-	132
Impairment	(110)	-	-	-	-	(110)
Net	**47**	**13**	**11**	**-**	**-**	**22**
TOTAL						
Gross	14,309	4,301	3,433	1,638	894	4,043
Impairment	(3,627)	-	-	(176)	(703)	(2,747)
Net	**10,683**	**4,301**	**3,433**	**1,462**	**191**	**1,296**

At 31 December 2013

In thousands of euros		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	Over 1 year
INVESTMENT PROPERTIES						
Gross	7,279	58	806	3,476	2,255	684
Impairment	(2,136)	-	-	(44)	(1,573)	(519)
Net	**5,143**	**58**	**806**	**3,432**	**682**	**165**
SERVICES						
Gross	215	-	-	45	55	115
Impairment	(121)	-	-	-	(25)	(96)
Net	**94**	**-**	**-**	**45**	**29**	**20**
TOTAL						
Gross	7,494	58	806	3,521	2,309	800
Impairment	(2,257)	-	-	(44)	(1,598)	(615)
Net	**5,237**	**58**	**806**	**3,477**	**711**	**185**

At 31 December 2012

In thousands of euros		Not due	30 days at most	Due over 30 days and within 180 days	Due over 180 days and within 1 year	Over 1 year
INVESTMENT PROPERTIES						
Gross	8,526	2,869	88	2,582	354	2,634
Impairment	(2,100)	-	(85)	(559)	(169)	(1,287)
Net	**6,426**	**2,869**	**3**	**2,023**	**185**	**1,347**
SERVICES						
Gross	237	6	-	115	-	115
Impairment	(96)	-	-	-	-	(96)
Net	**141**	**6**	**-**	**115**	**-**	**20**
TOTAL						
Gross	8 763	2 875	88	2 697	354	2 749
Impairment	(2 196)	-	(85)	(559)	(169)	(1 382)
Net	**6 567**	**2 875**	**3**	**2 138**	**185**	**1 366**

Note 8 – Inventories

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Property development inventory	16,917	25,969	25,276
Finance expense inventories (property development)	91	481	413
Impairment of property development inventory	(11,465)	(12,465)	(11,291)
TOTAL	5,544	13,985	14,397

Note 9 – Contribution from companies consolidated under the equity method

In thousands of euros	31/12/2014					31/12/2013					31/12/2012
	Net asset	%	Total assets	Revenues exc. tax	Net profit/loss	Net asset	%	Total assets	Revenues exc. tax	Net profit/loss	Net asset
Paris 29 Copernic	67	50.00%	490	-	133	(20)	50.00%	504	-	(41)	(88)
Cap 88	34	40.00%	1,262	393	76	163	40.00%	2,097	1,503	399	1,418
Concerto Buchères 3	(4)	40.00%	2,327	-	(10)	-	-	-	-	-	-
Marseille 88 Capelette	1,946	40.00%	2,978	-	(55)	1,794	40.00%	4,353	68	(784)	469
Jardin des Quais	-	-	-	-	-	-	0.00%	-	-	-	28,470
Nanterre	(164)	50.00%	613	(40)	(328)	-	-	-	-	-	-
Banimmo	52,793	49.51%	339,744	17,778	(9,322)	58,487	49.51%	356,784	9,884	(13,928)	59,290
TOTAL	54,673					60,424					89,560

Note 10 – Deferred taxes

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
ASSETS			
Investment property	-	398	(92)
Deferment of borrowing costs	-	4	103
Derivatives	-	-	88
Internal capital gains	1,393	1,393	1,393
Other items	-	7	4
Total	1,393	1,802	1,497
LIABILITIES			
Investment properties at FV of non-SIIC subsidiaries	-	(607)	-
Goodwill assigned to properties	-	919	-
Derivatives	-	-	-
Deferment of borrowing costs	-	-	-
Other items	-	-	-
Total	-	312	-

Note 11 – Provisions

In thousands of euros	Balance 31/12/2012	Allowances for the year	Reversals for the year	Transfer between line items	Balance 31/12/2013	Allowances for the year	Reversals for the year	Transfer between line items	Balance 31/12/2014
Provision for miscellaneous risks (customer disputes)	475	63	(152)	77	463	574	(145)	-	892
Provision for tax risk	392	-	(280)	(77)	35	65	-	-	100
Provision for pension costs	527	43	-	-	571	31	-	(22)	579
Provision for miscellaneous expenses	332	2,160	-	-	2,492	-		-	2,492
TOTAL	1,726	2,267	(432)	-	3,561	669	(145)	(22)	4,063

20.1.7.4.2. Notes to the income statement

Note 12 – Net property income

In thousands of euros	2014	2013	2012	2014/2013 change	2013/2012 change
Gross rental income	43,687	40,230	46,427	3,457	(6,197)
Rental income and expenses	(3,865)	(5,658)	(4,406)	1,793	(1,252)
Re-billed expenses	13,303	14,478	12,855	(1,175)	1,623
Rebillable expenses	(11,395)	(14,389)	(12,899)	2,994	(1,490)
Non rebillable expenses	(5,569)	(5,319)	(4,119)	(249)	(1,201)
Miscellaneous expenses	(31)	(12)	(5)	(19)	(7)
Lease fees	(173)	(416)	(238)	243	(178)
Other property income and expenses	(625)	258	(761)	(883)	1 019
Other income	708	223	167	485	56
Net losses on doubtful receivables	(1,333)	35	(928)	(1,368)	963
Net property income	**39,197**	**34,830**	**41,261**	**4,367**	**(6,431)**

Note 13 – Income (loss) from other activities

In thousands of euros	2014	2013	2012	2014/2013 change	2013/2012 change
Income (loss) from finance lease transactions (1)	**842**	**1,055**	**1,066**	**(213)**	**(11)**
Rent and similar	4,208	4,753	5,340	(545)	(588)
Depreciation, amortisation and provisions subject to Articles 64 and 57	(3,404)	(3,747)	(3,871)	343	124
Change in underlying reserve	(2)	(5)	(469)	3	465
Net losses on doubtful receivables	62	(2)	1	64	(2)
Expenses on finance leases	(21)	56	65	(77)	(9)
Income (loss) from property development activities (2)	**1,441**	**(318)**	**1,806**	**1,758**	**(2,124)**
Revenues	154	8,341	22,052	(8,188)	(13,710)
Changes in inventories	3,924	6,409	4,964	(2,485)	1,445
Net losses on doubtful receivables	(14)	(161)	(289)	147	128
Expenses on property transactions	(2,623)	(14,907)	(24,920)	12,283	10,014
Income (loss) from other activities (1) + (2)	**2,283**	**737**	**2,872**	**1,546**	**(2,134)**

Note 14 – Net cost of financial debt

In thousands of euros	2014	2013	2012	2014/2013 change	2013/2012 change
Income from cash and cash equivalents	**664**	**244**	**469**	**420**	**(225)**
Dividends				-	-
Loans to customers	-	-	141	-	(141)
Regular receivables accounts	663	240	301	423	(60)
Trading securities	-	4	27	(4)	(23)
Investment securities	1	(1)	1	1	(1)
Gross borrowing costs	**(11,578)**	**(11,706)**	**(17,404)**	**128**	**5,697**
Term loans to customers	-	-	-	-	-
Term loans of a financial nature	(7,885)	(7,238)	(11,807)	(647)	4,570
Bond issues	-	-	-	-	-
Income and expenses from derivatives	(3,709)	(4,726)	(5,625)	1,017	899
Subordinated debt expenses	(8)	(8)	(8)	-	-
Income and expenses from current accounts	24	265	37	(242)	228
Total	**(10,915)**	**(11,462)**	**(16,935)**	**548**	**5,472**

Note 15 – Income tax

In thousands of euros	2014	2013	2012	2014/2013 change	2013/2012 change
Tax due	(459)	(474)	(95)	14	(379)
Change in deferred tax	(207)	(137)	240	(70)	(377)
Exit tax	(413)	(740)	-	327	(740)
TOTAL	(1,080)	(1,351)	145	271	(1,496)

	Basis	Theoretical tax (expense) - income
Consolidated profit/loss before tax	(9,040)	3,013
Income from exempted Sicomi-SIIC sector	96	(32)
Share of companies consolidated under the equity method	4,498	(1,499)
Share of changes in goodwill	(1)	-
Add-backs – deductions	1,745	(582)
Amortisation of goodwill	-	-
Amortisation of fair value increment	-	-
Provisions excluding tax	-	-
Companies subject to income tax	-	-
Other addbacks - deductions	1,745	(582)
Consolidation restatements	3,181	(1,060)
Impact of permanent differences	2,636	(879)
Impact of timing differences taxed at reduced rate	268	(89)
Impact of liability method	277	(92)
Other	-	-
Consolidated theoretical tax	479	(160)
of which companies making a tax loss	(2,805)	935
of which companies making a tax profit	3,284	(1,095)
Use of tax losses	(2,993)	998
Tax losses not carried on balance sheet	4,087	(1,362)
Tax after deduction of losses	1,573	(524)
Tax without base:		
Tax credit	-	39
Tax on unrealised capital gains at 16.50 %	-	-
Additional contribution	-	(182)
Income tax burden recorded	-	(1,080)
TAXES	-	(459)
EXIT TAX	-	(413)
DEFERRED TAXES	-	(207)
TOTAL	-	(1,080)

Note 16 – Earnings per share

The bonds redeemable in shares (BRS) issued by Affine on 15 October 2003 and 29 June 2005, and the perpetual subordinated loan notes (PSL) it issued on 13 July 2007 are accounted for as equity. The income on these securities is recognised as dividends, with the Group share of net earnings adjusted for calculation of the net earnings and diluted earnings per share.

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Net profit – Group share	(10, 976)	(8,831)	4,712
PSL charges	(2,302)	(2,277)	(2,696)
Cost of 1 & 2 convertible bonds redeemable in shares (BRS)	(1,178)	(1,532)	(1,498)
Net profit – Group share adjusted for calculation of earnings per share	**(14,456)**	**(12,640)**	**518**
BRS 1 and 2 adjustments	1,178	1,532	1,498
Net profit – Group share adjusted for calculation of diluted earnings per share (after conversion of BRS)	**(13,278)**	**(11,108)**	**2,016**

	31/12/2014	31/12/2013	31/12/2012
Number of shares in circulation at balance sheet date	9,051,431	9,033,959	9,033,959
Average number of treasury shares	(28,405)	(39,277)	(337,669)
Average number of shares (excl. Tr. shares)	**9,023,026**	**8,994,682**	**8,696,290**
Average number of new shares issued for redeeming convertible bonds 1 & 2 redeemable in shares (BRS)	1,230,528	1,248,000	1,248,000
Average number of diluted shares (excl. Tr. shares)	**10,253,554**	**10,242,682**	**9,944,290**
Earnings per share (€)	(1.22)	(0.98)	0.54
Diluted earnings per share (€)	(1.07)	(0.86)	0.47
Diluted earnings per share restated to reflect perpetual subordinated loan notes (PSL)	(1.60)	(1.41)	0.06
Diluted earnings per share restated to reflect perpetual subordinated loan notes (PSL) (€)	(1.29)	(1.08)	0.20

20.1.7.5. Management of financial risk

20.1.7.5.1 Fair value of financial assets and liabilities

Financial assets and liabilities are not measured at fair value.

20.1.7.5.2 Nature and scope of risks related to financial instruments

20.1.7.5.2.1 Credit risk

In 2014, the Affine Group maintained a selective policy in terms of the financial strength of its customers, the business sectors in which they operate, their geographic locations, and the quality of the buildings.

A group of customers is defined as customers who exercise direct or indirect control over one another, and persons who are bound by cross-guarantee agreements or who have a preponderant business relationship with one another, particularly when they are bound by subcontracting or franchising agreements. Currently, no group of customers exceeds the threshold of 10% of equity in terms of net risk.

Finance-leased properties reported as being of potential concern to the Group are subject to an annual expert property appraisal.

Overdue financial assets are always less than 180 days old. Beyond that period, the loan due is written off in full after deduction of any guarantees.

20.1.7.5.2.2 Liquidity risk

The Affine Group monitors its risk primarily with two tools:
- a daily cash statement prepared by the financial department and sent to general management;
- a three-year monthly cash situation forecast provided by Management control to general management; at this time, actual monthly cash and forecast cash are reconciled and discrepancies analysed. A cash forecast is submitted to the two Board Meetings convened to approve the Group's financial statements.

The Group's loan agreements have covenants relating to:
- LTV (Loan To Value);
- ICR (Interest Coverage Ratio);
- DSCR (Debt Service Coverage Ratio).

Failure to comply with these ratios constitutes an event of default calling for partial or accelerated repayment to restore the ratio to its contractual level.

As at 31 December 2014, there was no compulsory prepayment of any loan, in part or in full, resulting from a failure to comply with the financial ratios to be reported on that date.

20.1.7.5.2.3 Interest rate risk

The Affine Group favours the use of variable rate debt, which, before hedges, represented almost 93% of its bank debt as at 31 December 2014 (excluding debts related to equity investments and bank overdrafts).

The Group hedges its interest rate exposure by means of market transactions (caps, swaps and tunnels) contracted with leading banking institutions. Accordingly, during the financial year, Affine subscribed to one swap and one cap for a notional amount of €74,471,000, guaranteeing maximum rates of 0.79% to 2.5%.

Market risk is assessed using the value-at-risk approach, i.e. by estimating the net maximum loss that the portfolio of financial instruments could suffer under normal market conditions.

Interest rates constitute the risk variable both for financial assets and for bank loans, as the principal financial liabilities. The company is exposed to interest rate risk on 6.8% of its unhedged debt (excluding finance leases).

Analysis of sensitivity of cash flows for variable-rate instruments

(This analysis does not include the loans taken to finance assets held for sale.)

At 31/12/2014

Sensitivity to change in interest rate in thousands of euros	2015 expenses	2016 expenses	2017 expenses	2018 expenses
Increase of 50 basis points, 2014 projected rate	4,248	4,089	3,637	3,241
Increase of 100 basis points, 2014 projected rate	5,321	5,358	4,710	4,171

At 31/12/2013

Sensitivity to change in interest rate in thousands of euros	2014 expenses	2015 expenses	2016 expenses	2017 expenses
Increase of 50 basis points, 2013 projected rate	6,792	6,417	6,309	5,923
Increase of 100 basis points, 2013 projected rate	7,925	7,793	7,450	6,797

At 31/12/2012

Sensitivity to change in interest rate in thousands of euros	2013 expenses	2014 expenses	2015 expenses	2016 expenses
Increase of 50 basis points, 2012 projected rate	7,524	6,527	5,643	4,812
Increase of 100 basis points, 2012 projected rate	9,126	8,052	7,088	6,109

20.1.7.5.2.4 Foreign exchange risk

The Affine Group does not carry out foreign currency transactions and therefore is not exposed to foreign exchange rate risk.

20.1.7.5.2.5 Counterparty risk

The Affine Group is committed to investing its cash and contracting derivatives with reputable banking institutions only. As at 31 December 2014, no bank represented more than 28.1% of the total refinancing debt (excluding companies consolidated under the equity method).

20.1.7.6 Management of capital risk

The Affine Group's objectives in respect of capital management consist of ensuring the development of the Group's operations so as to provide a return to shareholders while conserving a capital structure that efficiently achieves the goal of limiting the cost of capital.

The Affine Group's objectives with respect to equity are to:
- operate at a high level of solvency;
- foster harmonious internal and external growth.

20.1.7.7 Commitments and guarantees

20.1.7.7.1 Financing commitments and guarantees given

20.1.7.7.1.1 Loans and bank overdrafts

Guarantees

In thousands of euros	Balance sheet items	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 2 years	From 2 years to 5 years	Over 5 years
Non-current debts							
Covered by guarantees	126,345	-	-	-	26,397	63,876	36,072
Covered by collateral	52,436	-	-	-	5,868	7,924	38,643
With neither collateral nor guarantees	41,519	-	-	-	4,728	14,154	22,638
Current debts							
Covered by guarantees	86,069	41,507	5,330	1,415	21,604	6,553	9,660
Covered by collateral	19,654	3,500	8,054	1,667	6,433	-	-
With neither collateral nor guarantees	16,112	9,605	822	2,169	1,145	2,372	-

Guarantees: these sureties include registered mortgages.

Collateral: This is the collateral provided by borrowing companies who grant a security over their shares in favour of the banks.

When the loan is simultaneously guaranteed by means of both a guarantee and collateral, the surety is classified as a "guarantee".

Financing commitments

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Commitments to customers	4,580	-	-
Total	4,580	-	-

20.1.7.7.1.2 Minimum payments required under finance leases in which the Group is lessee

(Note: finance leases are restated to show the net carrying amount of the property under assets and a loan under liabilities.)

In thousands of euros		Fees
LESS THAN 1 YEAR	5,127	6,830
1 to 5 years	19,544	25,090
Over 5 years	49,776	54,276
Total minimum capital payments	74,447	
Amounts representing interest expense	11,749	
Value of minimum lease payments	86,196	86,196

Finance lease contracts, where Affine is lessee, relate to contracts without specific provisions.

20.1.7.7.1.3 Minimum payments required under operating leases in which the Group is lessee

In thousands of euros	Index-linked rental income	Basic rental income
Less than 1 year	500	467
1 to 5 years	2,000	1,866
Over 5 years	393	367
Minimum total lease payments	2,893	
Indexation	193	
Value of minimum lease payments	2,700	2,700

The operating lease (lessee position) mainly concerns the rental revenue of Affine headquarters.

20.1.7.7.2 Commitments and guarantees received

20.1.7.7.2.1 Loans and bank overdrafts

Guarantees

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Commitments to lending institutions	1,313	1,313	1,313
Commitments to customers	5,150	5,150	6,598
Total	**6,464**	**6,464**	**7,911**

Financing commitments

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Total of lines:	15,000	19,000	19,000
Balance of commitments from lending institutions	7,020	3,134	19,000
Commitments received from customers	-	-	-
Total	**7,020**	**3,134**	**19,000**

20.1.7.7.2.2 Minimum guaranteed income under finance leases for which the Group is lessor

(Note: finance leases are restated to show a receivable equal to the outstanding amount due under the lease contract.)

In thousands of euros	Minimum payments	Current value of minimum payments
Less than 1 year	9,297	9,097
1 to 5 years	16,022	15,598
Over 5 years	-	-
Minimum lease payments	25,319	
Amounts representing interest expense	(624)	
Discounted value of minimum lease payments	24,694	24,694
Residual values of minimum lease payments	-	-

Finance lease contracts where Affine is the lessor relate to contracts without specific provisions.

Three types of agreements exist within the Group:
- former Sicomi contracts, some of which were signed prior to 1993 and some prior to 1996: the average term of these leases is 15 years;
- "free leases" (CBL) signed from 1993 onwards, which have an average term of 15 years;
- general leases (CBG) signed as from 1996, which have an average term of 12 years.

Future minimum receivable subleasing payments for non-cancellable subleasing contracts are included in operating lease commitments as lessor, in the same way as other operating lease contracts.

20.1.7.7.2.3 Minimum guaranteed income under operating leases for which the Group is lessor

In thousands of euros	Minimum payments	Current value of minimum payments
LESS THAN 1 YEAR	38,593	33,025
1 to 5 years	139,327	128,783
Over 5 years	54,732	53,472
Minimum total lease payments	**232,652**	
Amounts representing interest expense	**(17,372)**	
Discounted value of minimum lease payments	**215,279**	**215,279**

All Affine Group assets and liabilities are located in France. Operating lease contracts in France, where Affine is lessor, generally relate to 3/6/9-year commercial leases; only the lessee can terminate the lease at the end of each three-year period by giving six months' notice (as local use dictates) by registered letter with return receipt. The parties can, however, contractually waive this three-year renewal provision by arranging for a firm leasing period of longer than three years.

Rent is normally paid on a quarterly basis in advance and is indexed annually and in its entirety to the INSEE construction cost index or the French Commercial Rent Index (CRI). Rent may be stepped or constant and may include exemptions or ceilings; these must, however, be determined when the lease is signed and last for its entire term. The lessee generally bears all charges, property taxes, and office taxes.

In some cases, Affine applies a variable portion in its rents, but this is still marginal.

20.1.7.8 Employee benefits and compensation

The figures given below do not include the Concerto Group, which was sold on 19 December 2014.

20.1.7.8.1 Employees

As at 31 December 2014, the Group had 37 employees; the breakdown is as follows:
- Corporate officers: 2
- Managers: 27
- Employees: 8

20.1.7.8.2 Individual training rights

Group employees have accumulated rights to 3,438 training hours.

20.1.7.8.3 Pensions and other post-employment benefits

Pensions payable through various mandatory pension schemes are managed by specialist external organisations. Contributions due for the financial year were recognised in the income statement in the amount of €350,000 as at 31 December 2014 versus €355,000 as at 31 December 2013.

As a precaution, Affine accrues provisions in its financial statements for pension commitments based on an assumed retirement age of 65. Retirement provisions amounted to €579,000 at 31 December 2014. The actuarial assumptions used to calculate the provision are as follows:

	2014	2013	2012
Discount rate	2.28%	2.30 %	3.15 %
Staff turnover	9.17% up to 50 years, 3% thereafter	10.44% up to 50 years, 3% thereafter	10% up to 50 years, 3% thereafter
Wage rise adjustment coefficient	1.06 %	1.26 %	1.78 %
INSEE TD-TV mortality table	10-12	09-11	08-10

The discount rate corresponds to the most recent average rate of return on bonds issued by private companies.

The calculation of the provision for retirement allowances was performed by ADP, an independent firm.

This provision takes social security charges into consideration.

20.1.7.9 Related party disclosures

20.1.7.9.1 Remuneration for executive officers

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
Short-term benefits (wages, bonuses, etc.)	1,070	942	1,241
Post-employment benefits	101	102	94
Other long-term benefits	14	14	30
Share-based payments			
Recognised benefits	**1,186**	**1,058**	**1,365**
Severance pay	385	390	390
Benefits not recognised	**385**	**390**	**390**

In 2014 and 2013: excluding Banimmo

Executive officers are defined as persons performing the duties of Chairman & CEO or CEO of the Group's companies.

20.1.7.9.1.1 Remuneration of management and administrative bodies

Gross remuneration paid to the officers and executives of Group companies amounted to €1,070,000 in financial year 2014 compared with €1,020,000 in 2013 (excluding Banimmo).

Other assorted defined benefits provided to the Group's officers and executives are:

- company car: one representing an expense of €5,290 in 2014;
- severance pay: a clause providing for the payment of an amount equal to one year's total compensation paid by all Group companies;
- contributions to pension funds paid during the year: €102,000;
- GSC [corporate executive social guarantee] contribution, for €9,000.

Directors' fees paid by Group companies in 2014 amounted to €110,000 compared with €116,000 in 2013.

20.1.7.9.2 Affine transactions with affiliated companies

20.1.7.9.2.1 Loans and advances granted to affiliated companies

Loans and advances granted to related parties are those made with companies consolidated under the equity method.

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
JARDIN DES QUAIS	-	-	5,254
CAP 88	1,048	670	4,345
CONCERTO BUCHERES 3	3	-	-
COPERNIC	(237)	(169)	(79)
MARSEILLE CAPELETTE	1,221	1,970	3,577
NANTERRE	60	-	-
Total loans granted to related parties	**2,095**	**2,471**	**13,097**
JARDIN DES QUAIS	-	-	132
CAP 88	5	14	30
CONCERTO BUCHERES 3	-	-	-
COPERNIC	(7)	(4)	(4)
MARSEILLE CAPELETTE	11	19	33
NANTERRE	-	-	-
Total interest income on loans granted	**8**	**29**	**191**

No guarantee was received.

20.1.7.9.2.2 Other transactions with affiliated companies

MAB-Finances, in its capacity as Affine's management holding company, signed an agreement with Affine for the provision of administrative, financial and operational development services, for which an expense of €198,000 (a partial amount taking into account the fraction included in the remuneration of the executives) impacts the 2014 accounts, compared with €214,000 in 2013.

20.1.7.10 Fees for statutory auditors and members of their networks

At 31/12/2014

	Cailliau Dedouit et Associés				KPMG			
	Amount excl. VAT		%		Amount excl. VAT		%	
	2014	2013	2014	2013	2014	2013	2014	2013
AUDITING, CERTIFICATION, REVIEW OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
ISSUER	153	153	49%	52%	153	163	94%	100%
Fully consolidated subsidiaries	136	130	44%	44%	-	-	-	-
OTHER TASKS AND SERVICES DIRECTLY LINKED TO THE AUDITING ENGAGEMENT								
ISSUER	-	5	0%	2%	10	-	0	-
Fully consolidated subsidiaries	22	8	7%	3%	-	-	-	-
Sub-total	**311**	**296**	**100%**	**100%**	**163**	**163**	**100%**	**100%**
OTHER SERVICES RENDERED BY THE NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES								
Legal, tax, social	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	**311**	**296**	**100%**	**100%**	**163**	**163**	**100%**	**100%**

At 31/12/2013

	Cailliau Dedouit et Associés				KPMG			
	Amount excl. VAT		%		Amount excl. VAT		%	
	2013	2012	2013	2012	2013	2012	2013	2012
AUDITING, CERTIFICATION, REVIEW OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
ISSUER	153	180	52%	60%	163	180	100%	93%
Fully consolidated subsidiaries	130	121	44%	40%	-	-	-	-
OTHER TASKS AND SERVICES DIRECTLY LINKED TO THE AUDITING ENGAGEMENT								
ISSUER	5	1	2%	0%	-	13	-	7%
Fully consolidated subsidiaries	8	-	0	1%	-	-	-	-
Sub-total	**296**	**302**	**100%**	**100%**	**163**	**193**	**100%**	**100%**
OTHER SERVICES RENDERED BY THE NETWORKS TO FULLY CONSOLIDATED SUBSIDIARIES								
Legal, tax, social	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	**296**	**302**	**100%**	**100%**	**163**	**193**	**100%**	**100%**

20.1.7.11 POST-REPORTING PERIOD EVENTS

Not applicable.

20.2 CONSOLIDATED FINANCIAL STATEMENTS – PRO FORMA

There is no pro forma consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended 31 December 2014

Dear Shareholders,

Pursuant to the assignment entrusted to us by your General Shareholders' Meetings, we hereby report to you on the following matters for the financial year ended 31 December 2014 on:
• the audit of the annual financial statements of Affine R.E., which are attached to this report;
• the justification of our assessments;
• the specific verifications and information required by law.

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

1 Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the annual financial statements. An audit also involves assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

We hereby certify that, in accordance with French accounting rules and standards, the annual financial statements give a true and fair view of the results of the transactions performed in the last financial year, as well as of the company's financial position and net assets as at the end of that financial year.

2 Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matter to your attention:

• Note 6.3 to the financial statements, "Measurement policy for major items" specifically sets out the accounting policies and principles relating to the valuation of equity investments and of the property portfolio, together with the impairment method.

Our work consisted in verifying the appropriate nature of the above accounting policies and in ensuring that they were applied correctly, in approving the market value of the buildings owned directly or via subsidiaries, including on the basis of reports from independent appraisers, and in checking that the notes to the financial statements provide the appropriate information.

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

3 Specific verifications and information

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

We have no observations to make on the accuracy of the information provided in the Board of Directors' Management Report and in the documents sent to shareholders regarding the financial position and the annual financial statements, or on their consistency with the annual financial statements.

As regards the information provided pursuant to Article L.225-102-1 of the French Commercial Code relating to the remuneration and benefits paid to corporate officers and to undertakings granted for their benefit, we have checked its consistency with the financial statements or with the data used to prepare these financial statements and, where appropriate, with the information gathered by your company from companies that control it or are controlled by it. Based on this work, we certify the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the various information items regarding the acquisition of controlling and other interests, and the identity of the equity holders has been properly disclosed in the Management Report.

Paris La Défense, 16 March 2015
KPMG Audit FS I
Régis Chemouny
Partner

Paris, 16 March 2015
Cailliau Dedouit et Associés
Rémi Savournin
Partner

20.3 ANNUAL FINANCIAL STATEMENTS
Financial year ended 31 December 2014

20.3.1 Balance sheet assets

In thousands of euros	Notes	31/12/2014			31/12/2013
		Gross	Depre., amort. and impairment	Net	Net
Subscribed share capital not called up					
CAPITALISED ASSETS					
Intangible assets		**33,109**	**603**	**32,506**	**40,465**
Concessions, patents, licences, software		584	116	468	523
Goodwill	1	12,039	487	11,552	19,456
Other intangible assets		20,486	-	20,486	20,486
Intangible assets in progress		-	-	-	-
Property, plant and equipment		**372,001**	**111,476**	**260,524**	**271,484**
Land		68,904	-	68,904	70,717
Buildings		297,697	111,307	186,390	197,950
Other property, plant and equipment		354	170	184	234
Property, plant & equipment under construction		5,046	-	5,046	2,582
Long-term financial assets		**158,421**	**45,295**	**113,126**	**107,009**
Equity investments	2	155,578	45,295	110,283	94,483
Receivables related to equity investments		-	-	-	9,272
Other long-term financial assets	3	2,843	-	2,843	3,254
		563,530	**157,375**	**406,156**	**418,958**
CURRENT ASSETS					
Inventories and work-in-progress					
Amounts paid on account					
Receivables		**70,908**	**3,917**	**66,991**	**65,003**
Trade receivables and related accounts	4	3,299	813	2,485	2,599
Other receivables		67,609	3,104	64,506	62,404
Investment securities		**244**	**-**	**244**	**421**
Treasury shares	5	244	-	244	421
Cash on hand		**2,226**	**-**	**2,226**	**7,712**
Prepaid expenses	6	**1,119**	**-**	**1,119**	**1,030**
		74,497	**3,917**	**70,580**	**74,167**
Expenses deferred over several years	7	**2,464**	**-**	**2,464**	**2,834**
GRAND TOTAL		**640,492**	**161,291**	**479,200**	**495,959**

20.3.2 2. Balance sheet Liabilities

In thousands of euros	Notes	31/12/2014 Net	31/12/2013 Net
EQUITY			
Share capital (including 53,300 paid)		53,500	53,300
Bond, merger and share premiums		41,467	41,290
Revaluation reserves		5,078	6,994
Legal reserve		4,806	4,806
Other reserves		39,803	46,115
Retained earnings		(52,665)	(35,950)
Income or loss for the year		4,706	(16,732)
Regulated provisions		7,236	6,464
	8	103,931	106,287
QUASI-EQUITY			
Quasi-equity		95,342	95,583
	8	95,342	95,583
PROVISIONS			
Provisions for risks			
Provisions for charges		3,954	4,414
	8	3,954	4,414
DEBTS			
Other bonds	9	5,000	5,000
Borrowings and debts from lending institutions		212,703	247,055
Loans and borrowings		35,869	14,521
Amounts received on accounts in progress		277	220
Trade payables and related payables		1,525	2,246
Tax and social security debts		2,231	2,880
Fixed asset payables and related payables		103	1,793
Other debts		17,754	15,486
Deferred income	10	512	473
		275,973	289,674
Translation adjustment liabilities			
GRAND TOTAL		479,200	495,959

20.3.3 Income statement

In thousands of euros	Notes	31/12/2014 France	31/12/2014 Exports	31/12/2014 Total	31/12/2013 Total
Operating income					
Production sold (services)		46,823		46,823	50,881
Net revenues		46,823		46,823	50,881
Prior period adjustments and transfers of expenditures				2,193	2,221
Other income				80	150
	11			49,096	53,252
Operating expenses					
Other purchases and external expenses				(14,280)	(18,739)
Taxes and related expenses				(5,831)	(6,149)
Payroll and wages				(3,074)	(2,931)
Social security charges				(1,736)	(1,775)
Depreciation expense, impairment and provisions					
- For fixed assets: depreciation expenses				(12,971)	(13,154)
- For fixed assets: impairment expense				(2,174)	(5,717)
- On current assets: impairment expense				(261)	(108)
- For risks and expenses provision allowances				(29)	(3 239)
Other expenses				(277)	(385)
	12			(40,634)	(52,198)
NET OPERATING INCOME/LOSS				8,462	1,054
Share in the profit or loss of joint transactions	13			646	(375)
Profit allocated or loss transferred				2,904	558
Loss accrued or profit transferred				(2,257)	(934)
Financial income					
Shareholdings				1,708	3,314
Other investment securities and receivables from capitalised assets				39	43
Other interest and similar income				637	509
Reversals on impairment, provisions and transfer of charges				5,590	5,388
Net income from disposals of investment securities				19	74
				7,992	9,327
Financial expenses					
Depreciation expense, impairment and provisions				(9,588)	(10,831)
Interest and similar expenses				(11,195)	(12,359)
Net charges on disposals of investment securities				-	-
				(20,783)	(23,190)
NET FINANCIAL INCOME	14			(12,791)	(13,862)
PRE-TAX CURRENT PROFIT				(3,683)	(13,184)
Extraordinary income					
On management transactions				233	0
On capital transactions				26,437	5,821
Reversals on impairment, provisions and transfers of charges				2,810	152
				29,479	5,973
Extraordinary expenses					
On management transactions				(2)	(7)
On capital transactions				(19,190)	(7,164)
Depreciation expense, impairment and provisions				(1,343)	(1,114)
				(20,535)	(8,285)
EXTRAORDINARY INCOME	15			8,944	(2,311)
Income tax	16			(556)	(1,237)
Total income				89,471	69,111
Total expenses				(84,765)	(85,842)
PROFIT OR LOSS				4,706	(16,732)

20.3.4 Cash flow statement

In thousands of euros	31/12/2014	31/12/2013	31/12/2012
I –TRANSACTIONS RELATED TO OPERATING ACTIVITIES			
Company net income	**4,706**	**(16,732)**	**(20,196)**
Depreciation, amortisation and provisions	15,985	26,422	5,892
Other calculated income and expenses (including discount calculations)	73	446	740
Capital gains or losses on disposals of assets	(6,730)	1,376	26,616
- Net carrying value of fixed assets sold	19,038	6,732	151,606
- Income from disposals of fixed assets	(25,767)	(5,356)	(124,989)
Dividends and returns from income of non-consolidated companies	(986)	(1,232)	(4,872)
Funds from operations after net borrowing costs and tax	**13,048**	**10,280**	**8,180**
Net borrowing costs	9,170	10,132	19,261
Income tax burden	556	1,237	34
Funds from operations before net borrowing costs and tax	**22,774**	**21,649**	**27,476**
Taxes paid	(1,180)	(325)	(42)
Change in trade receivables and other accounts	(1,066)	(9,034)	3,895
Change in trade and other accounts payable	961	7,594	(1,325)
Other changes in working capital requirement related to operating activities	19,208	21,816	(33,904)
NET CASH FLOW FROM OPERATING ACTIVITIES	**40,698**	**41,699**	**(3,900)**
II – INVESTMENT TRANSACTIONS			
Finance leases	0	327	3,900
- Cash received for disposals	0	327	3,900
Investment properties	9,941	819	111,569
- Cash paid for acquisitions	(11,068)	(4,141)	(5,710)
- Cash received for disposals	21,010	4,960	117,279
Cash paid for acquisitions of tangible and intangible fixed assets	(44)	(196)	(375)
Cash received for disposals of tangible and intangible fixed assets	12		
Cash paid for acquisitions of financial assets			
Cash received for disposals of financial assets			24
Consolidated securities	(6,090)	(19,011)	12,719
- Cash paid for acquisitions	(6,090)	(19,011)	
- Cash received for disposals	0		4,354
- Impact of changes in consolidation			8,364
Dividends received		1,518	1,518
Change in loans and advances outstanding	(210)	(205)	539
Other cash flows related to investment activities			
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**3,609**	**(16,749)**	**129,894**
III – FINANCING TRANSACTIONS			
Purchases and sales of treasury shares	201	214	(15)
Dividends paid during the year	(8,114)	(10,797)	(10,564)
Change in minority interests without loss of control			(316)
Income/loss on hybrid instruments	(3,479)	(3,809)	(4,194)
Change in guarantee deposits given and received	376	549	(2,326)
ISSUES OR SUBSCRIPTIONS OF LOANS AND BORROWINGS	23,627		22,569
Repayments of loans and borrowings	(41,442)	(20,490)	(113,187)
Net cost of debt: interest paid	(7,735)	(8,585)	(18,748)
Other cash flows related to financing activities	2,044	2,262	3,680
NET CASH FLOW FROM FINANCING ACTIVITIES	**(34,523)**	**(40,655)**	**(123,100)**
NET CHANGE IN CASH (I+II+III)	**9,784**	**(15,705)**	**2,893**
Impact of foreign currency transactions			
Cash and cash equivalents at beginning of period	**(9,847)**	**5,858**	**2,965**
Cash and cash equivalents at end of period	**(63)**	**(9,847)**	**5,858**
NET CHANGE IN CASH	**9,784**	**(15,705)**	**2,893**

Cash and cash equivalents

In thousands of euros	31/12/14	31/12/13	31/12/12
Savings bank, central bank, post office	1	0	2
Liquid bank assets	1,447	7,134	6,733
Liquid bank assets in other assets	778	577	361
Investment securities		0	2,984
Sub-total (1)	**2,226**	**7,712**	**10,079**
Bank overdrafts	(2,289)	(17,559)	(4,221)
Bank overdrafts in other liabilities			
- Credit line (1)		0	0
Sub-total (2)	**(2,289)**	**(17,559)**	**(4,221)**
		0	0
TOTAL (1) + (2)	**(63)**	**(9,847)**	**5,858**

20.3.5 Corporate information

On 3 March 2015, the Board of Directors of Affine RE approved the financial statements for the year ended 31 December 2014 and authorised their publication.

Affine adopted the tax status of a French listed property investment trust (with the French acronym "SIIC") in 2003. Its head office is located 5 rue Saint Georges, Paris (9th arrondissement), France.

20.3.6 Notes to the consolidated annual financial statements

20.3.6.1 Accounting principles and policies

Affine R.E. is the parent company of the consolidated Affine Group. The financial statements are prepared in compliance with the provisions of French law and in accordance with generally accepted French accounting principles (PCG [General Accounting Plan], Art. 531-1§ 1).

The general accounting conventions have been applied, in compliance with the principle of prudence, according to the following basic principles:
- Going concern principle
- Consistency of accounting standards and practices from one financial year to the next
- Separation of accounting periods

And pursuant to the rules governing the preparation and presentation of annual financial statements set out in the Law of 30 April 1983 and the implementing decree of 29 November 1983.

The basic method applied for measuring items recorded in the accounts is the historical cost method, except for the accounting consequences of opting for SIIC status (free revaluation). Fixed assets have been accounted for on a component basis since 1 January 2005.

The financial statements are presented in thousands of euros.

20.3.6.2 Comparability of the financial statements

The accounting principles and methods of calculation adopted in the financial statements for the financial year are identical to those used in the financial statements for the previous year.

20.3.6.3 Measurement policy for major items

20.3.6.3.1 Intangible assets

The intangible assets item mostly comprises:
- goodwill;
- the value of leases for which Affine is the lessee;
- and computer software programs.

20.3.6.3.1.1 Goodwill

Absorption through the complete transfer of assets and liabilities or through the merger of subsidiaries who hold a property finance lease agreement, leads to the capitalisation of technical merger losses, representing the value of the property assets at the time these companies were acquired.

- Allocation of merger losses

As each of the companies holds a building, the merger loss was attached to that building at the time of the complete transfer of assets and liabilities or when any merger took place.
The technical loss recognised for AffiParis was booked under assets in the balance sheet and subjected to an impairment test. No impairment had to be recognised on 31 December 2014.

- Impairment procedures

The inventory value is appraised according to the earnings outlook and/or returns obtained. At 31 December 2014, impairment of €487,000 was recognised for a property.

- Procedures for removing merger losses

When buildings are sold to third parties, merger losses are expensed in the income statement.

20.3.6.3.1.2 Description of lessee finance leases

Headings	Land	Buildings	Plants & equipment machinery tools	Other	Total
Original value		50,335			50,335
Depreciation:					
- Prior years (aggregates)		9,531			9,531
- Allowances for the period		1,821			1,821
TOTAL		38,984			38,984
FEES PAID:					
- Prior years (aggregates)		17,037			17,037
- Allowances for the period		3,555			3,555
TOTAL		20,592			20,592
OUTSTANDING FEES PAYABLE:					
- Within one year		3,392			3,392
- Between one and five years		9,624			9,624
- More than five years		6,254			6,254
TOTAL		19,270			19,270
RESIDUAL VALUE					
- Within one year		-			-
- Between one and five years		1,000			1,000
- More than five years		5,605			5,605
TOTAL		6,605			6,605

20.3.6.3.2 Property, plant and equipment

20.3.6.3.2.1 Buildings rented through a finance lease

20.3.6.3.2.1.1 Gross value

The gross value of properties includes the cost of land and buildings as well as acquisition costs.

20.3.6.3.2.1.2 Amortissement

Finance-leased buildings acquired prior to 1 January 2000 are depreciated on a straight-line basis over a maximum period of 40 years. Acquisition costs are depreciated on a straight-line basis over a maximum period of five years, pro rata if necessary.

Finance-leased buildings acquired since 1 January 2000 are depreciated according to the financial method corresponding to the financial depreciation of the finance lease agreement, with the acquisition costs depreciated first.

20.3.6.3.2.1.3 Article 64 provision

An Article 64 provision is accrued for finance-leased buildings of the Sicomi segment pre-dating 1 January 1996, provided that the financial depreciation of the lease exceeds the accounting depreciation. This provision amounted to €1,226,000 on 31 December 2014.

20.3.6.3.2.1.4 Article 57 provision (new property Finance Lease regime)

Leases signed on or after 1 January 1996, are subject to the new finance lease legislation.

Article 57 provisions are accrued for buildings in so far as the financial depreciation exceeds the accounting depreciation.

Furthermore, this provision is also accrued for buildings replaced under a finance lease agreement that fall under this regime provided that on the renegotiation date, the net carrying amount of the building exceeds the financial value of the lease. This provision amounted to €1,220,000 at 31 December 2014.

20.3.6.3.2.2 Temporarily unleased finance lease buildings

Buildings whose finance lease agreements have been legally terminated are transferred into the "temporarily unleased buildings" category if the finance lessees are billed in the form of occupancy allowances; otherwise, they are transferred to the "investment property" category.

The Article 64 or 57 provisions pertaining to these buildings are then reversed, the existing provisions for impairment are transferred and new provisions can be accrued if necessary. A new depreciation plan is calculated by depreciating the net carrying amount on the transfer date on a straight-line basis over the outstanding period. As at 31 December 2014, the company had no temporarily unleased buildings.

20.3.6.3.2.3 Investment property

20.3.6.3.2.3.1 Gross value

The gross value of properties includes the cost of land and buildings as well as acquisition costs.

20.3.6.3.2.3.2 Depreciation

Since 1 January 2005, Affine has depreciated buildings on a component basis. The gross value of the properties is broken down into four components according to the type of construction, as follows:

	Offices		Industrial premises		Other	
	Component-based allocation	Depreciation period	Component-based allocation	Depreciation period	Component-based allocation	Depreciation period
Structural works	50.00%	60 years	60.00%	30 years	40.00%	50 years
Roofing, façades and waterproofing	17.50%	30 years	10.00%	30 years	20.00%	25 years
General technical facilities	22.50%	20 years	25.00%	20 years	25.00%	20 years
Fixtures and fittings	10.00%	15 years	5.00%	10 years	15.00%	15 years

Acquisition costs are incorporated into the four components and prorated to reflect their proportion.

The depreciation percentages and periods used are derived from the works of professional representative bodies, whose findings have been adapted to Affine's portfolio.

20.3.6.3.2.4 Other property, plant and equipment

Tangible assets mainly comprise moveable equipment and computer software, depreciated over a period of three to ten years.

These fixed assets are depreciated on a straight-line basis.

20.3.6.3.3 Long-term financial assets

20.3.6.3.3.1 Equity investments

The gross value of securities corresponds to their net carrying amount as at 1 January 2003, which served as the basis for the revaluation that followed the move to the SIIC regime.

The net asset value of equity investments is calculated on the basis of the share in the net position adjusted to reflect unrealised gains on intangible and tangible items, their profitability and future outlook, and for listed companies, the NAV or the share price. In the case of subsidiaries with a low-capital service activity, or in the absence of the most recent financial statements, net asset value is measured according to the earnings outlook and/or the returns obtained.

The equity investments category includes securities held for the long term because of their utility to the company's business, specifically because they allow it to exert influence over or retain control of the company issuing those securities.

Pursuant to the Emergency Committee of the CNC [national accounting committee] no. 2005-J of 6 December 2005, the fees linked to the acquisition of investment securities are incorporated into the cost price of these securities. Acquisition costs include transfer costs, professional fees, commissions and legal fees linked to the acquisition. These costs are amortised over five years from the securities' acquisition date.

20.3.6.3.3.2 Other long-term financial assets

This includes, on one hand, all the assigned accounts granted to banks for refinancing operations and other shares of loans for the investment property business (working capital, security deposit, etc.).

20.3.6.3.4 Trade receivables and related accounts

Receivables are valued at their face value. For both the finance lease business and the investment property business, once a receivable has been overdue for over six months at the end of the financial year, it is transferred to the "doubtful receivables" account. The same applies when a counterparty's situation leads to the conclusion that there is a risk (receivership, major financial difficulties, etc.).

The analysis of outstanding receivables according to these criteria is explained in the details of doubtful receivables in Note 6.3.5.3. No discount effect has an impact on the amount of impairment for doubtful finance lease receivables.

20.3.6.3.5 Capitalised assets written down for impairment

20.3.6.3.5.1 Impairment of finance-leased buildings

The difference, if lower, between the net carrying amount of a re-leased building and its financial value is written down for asset impairment. At 31 December 2014, no impairment was recognised.

Buildings for which the finance lessees are facing problems may also be impaired. At 31 December 2014, no impairment was recognised..

20.3.6.3.5.2 Impairment of investment properties

At the end of 2014, 29 of the 42 investment properties were externally appraised by three appraisal firms:
- BNP Real Estate;
- Crédit Foncier Expertise;
- Cushmann & Wakefield.

Ten were internally appraised and three of them received commitments and offers.

Affine compares the fair values to the net carrying amounts and recognises the asset as impaired if the fair value is lower than the net carrying amount at the end of the financial year.

An impairment of €1,740,000 was recognised for five buildings during the period and €3,356,000 was written back for four other buildings.

Total impairment amounted to €8,745,000 at 31 December 2014 compared to €10,361,000 at 31 December 2013 and concerned six assets.

20.3.6.3.5.3 Impairment for doubtful receivables

Impairment of these receivables is determined on a contract by contract basis, taking the existing guarantees into account.

For free finance lease transactions, the non-matured portion of the receivable thus written down – which is included under "other trade credit" – is also written down, determined under the same conditions.

Termination charges are booked, in case of a breach of finance lease agreement, under "doubtful receivables in finance lease transactions". Impairment is normally recognised for 100% of their amount excluding taxes, subject to the deduction of guarantees received. No amount had been booked as at 31 December 2014.

In thousands of euros	Finance lease	Rental	Total
Impairment as at 31/12/2013	313	460	773
Additions	-	261	261
Reversals	(62)	(159)	(221)
Impairment as at 31.12.2014	251	562	813

20.3.6.3.5.4 Impairment of other receivables

As the net positions of certain companies held by Affine show losses, Affine recognises its shareholder current accounts as partially impaired (after fully writing down all the shares it holds).

In thousands of euros	Other receivables
Impairment as at 31/12/2013	7,938
Additions	71
Reversals	(4,905)
Impairment as at 31.12.2014	3,104

20.3.6.3.6 Investment securities

Investment securities include treasury shares and securities that do not represent a corporate equity share held for the purpose of achieving short-term profits.

The gross value comprises the purchase cost excluding related expenses. If the net asset value, comprising the average share price recorded in the last month of the reporting period, is less than the gross value, the value is written down to reflect the difference.

	31/12/2013	Acquisitions/ Additions	Disposals/ Reversals	Cancellation of shares	31/12/2014
Number of shares	30,086	93,235	105,945		17,376
Net impairment (in thousands of euros)	5		5		-

20.3.6.3.7 Equity and quasi-equity

20.3.6.3.7.1 Convertible bonds (BRS)

Affine issued 2,000 convertible bonds with a nominal value of €10,000 on 15 October 2003, for a 20-year period, redeemable on maturity at the original issue price of €50 per share (200 shares per BRS), adjusted for the possible dilutive effects of financial transactions on the share capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per convertible bond.

The Affine General Shareholders' Meeting held on 26 April 2007 decided to divide the number of Affine shares by three by issuing three new shares for every old share with effect from 2 July 2, 2007. Accordingly, the exchange ratio has been raised to 624 shares per BRS.

The Board Meeting of 5 June 2014 ruled on the conversion of 28 BRS into 17,472 new shares; at 31/12/2014, there were 1,972 convertible bonds.

Annual interest

The coupon, based on the amount of the dividend distributed by the company, is paid out as follows:
- An interim dividend on 15 November corresponding to a fixed interim payment of €0.518 per underlying share multiplied by the exchange ratio (that is, €323.23 per bond at this time);
- The remainder on the day that the dividend is paid.

Early redemption at the Company's discretion

From 15/10/2008, the Company may convert all or some of the BRS to shares if the average share closing price over 40 consecutive trading sessions exceeds the adjusted issue price.

From 15/10/2013, the Company may redeem all or some of the convertible bonds in cash, with prior notice of 30 calendar days, at a price guaranteeing the initial subscriber a gross actuarial return of 11% on the actual redemption date, after taking into account coupons paid in previous years and the interest payable for the period between the last interest payment date before the early redemption date and the actual redemption date.

Early redemption at the holder's discretion

From 15/10/2013, BRS holders shall be entitled to request the redemption of all or some of their convertible bonds at a rate of 624 shares (after adjustment) per bond at any time, excluding the period from 15 November to 31 December inclusive in any year.

On 5 June 2014, a BRS bondholder requested the conversion of 28 BRS bonds into 17,472 shares.

20.3.6.3.7.2 Perpetual subordinated loan notes (PSL)

On 13 July 2007, Affine issued €75 million of perpetual subordinated loan notes (PSL) represented by 1,500 PSL, each with a nominal value of €50,000. The issue was placed with foreign investors, and the notes are listed on the Marché Réglementé (regulated market) of the Luxembourg stock exchange.

Term of the PSL

The PSL are issued for an unlimited term.

Redemption procedures

The PSL may be redeemed in their entirety (and not in part) at the discretion of the Issuer, for their nominal value plus unpaid accrued interest (including deferred interest), on any interest payment date with effect from 13 July 2017.

Form of the PSL

No paper document providing proof of ownership of the PSL has been issued. The PSL are bearer securities and are recorded in the books of Euroclear France which will credit the accounts of the account holders.

Ranking of the PSL

The PSL and related interest represent ordinary subordinated bonds, which are direct, unconditional, unsecured and issued for an unlimited term by Affine. They have the same ranking, without priority between them or vis-à-vis other existing or future ordinary subordinated bonds. They rank above all equity securities issued by Affine, participating loans granted by Affine and lowest ranking subordinated bonds and they rank below existing or future unsubordinated bonds. In the event of Affine's liquidation, the PSL will be redeemed at their nominal value after all priority or unsecured creditors have been repaid, but before redeeming the lowest ranking subordinated bonds, equity securities and investment loans granted to Affine.

Annual interest

Each PSL will bear interest with effect from the date of issue based on its nominal value and a variable quarterly interest rate of 3-month Euribor plus a margin of 2.80% p.a., payable quarterly in arrears on 13 July, 13 October, 13 January and 13 April every year and for the first time on 13 October 2007. The margin is 2.80% p.a. with effect from 13 July 2007 inclusive until the first early redemption date (exclusive) and thereafter, 3.80% p.a.

If the Ordinary General Shareholders' Meeting:

- establishes, before an interest payment date, that there are no distributable earnings;
- or establishes that there are distributable earnings, but has not made or approved a dividend in any form, nor effected a payment in respect of any share class with the exception of a dividend required by the law applicable to the issuer owing to its status as a listed property investment trust ("SIIC") and former SICOMI;

Affine may defer the payment of interest, and the interest thus deferred will accrue interest to the next date on which interest is paid.

20.3.6.3.8 Borrowing costs deferral method

In 2002, Affine adopted the preferred method of deferring borrowing costs.

Borrowing costs (arrangement fees, professional fees and related costs) are therefore depreciated over the term of the underlying loan according to loan depreciation methods.

20.3.6.3.9 Forward financial instruments

All transactions carried out by the Group on forward financial instruments are over-the-counter transactions that are reported under off-balance sheet commitments. They are carried out as hedges for refinancing transactions since the Company does not carry out speculative transactions. These contracts, entered into in connection with comprehensive management of the Company's refinancing and its interest rate risk, are considered as macro-hedging instruments.

At the end of each reporting period, all these instruments are valued by counterparty credit institutions.

20.3.6.3.9.1 Caps and Tunnels

Premiums paid are recorded in a suspense account when paid and expensed over the life of the forward instrument. The potential interest rate differential to be received is measured each quarter and booked in parallel to the surplus expenses on the hedged item.

As at 31 December 2014, the fair value of caps, collars and tunnels held by the Company amounted to (€1,057,000) versus (€2,182,000) at 31 December 2013.

20.3.6.3.9.2 Interest rate swaps

At 31 December 2014, the fair value of swaps held by the Company amounted to (€4,293,000) versus (€2,407,000) at 31 December 2013. In 2014, they represented a net expense of €1,508,000 versus €1,531,000 at 31 December 2013. Counterparty risk was estimated at €25,000 versus €50,000 at 31 December 2013.

20.3.3.10 Taxes

Immobail, which became Affine after merging with Sovabail, had abandoned its Sicomi status on 1 April 1993. Consequently, all contracts entered into by this company since that date have been subject to corporate income tax under the standard tax treatment. This change of status does not affect the preferred tax treatment for the former finance lease agreements of the Sicomi segment of Immobail and Sovabail.

The adoption with effect from 1 January 2003 of the status of a French listed property investment trust (SIIC) makes the benefit of exemption for corporate income tax on SIIC segment revenues subject to compliance with the three distribution conditions below:

- eighty-five percent of profits from property leasing operations must be distributed prior to the end of the period following the period in which they were incurred;
- fifty percent of capital gains from sales of buildings, equity investments in companies with an identical purpose to SIIC companies, or shares in subsidiaries subject to corporate income tax which have opted for SIIC status, must be distributed prior to the end of the second period following the period in which they were made;
- dividends received from subsidiaries which have opted for SIIC status must be fully redistributed during the period in which they are received.

The 2013 Finance Law raised the mandatory distribution thresholds and SIICs are now required to distribute:

- up to 95% of the profits from the rental of buildings;
- up to 60% of the gains from the sale of buildings, equity investments in companies with an identical purpose to SIICs, or shares in subsidiaries subject to corporate income tax which have opted for SIIC status, must be distributed (versus 50%).

20.3.6.3.11 Employee benefits and compensation

20.3.6.3.11.1 Pension commitments

Affine's employees have come under the National Property Collective Bargaining Agreement since 1 January 2013. This Agreement does not provide for any retirement allowance other than that provided by the general scheme. The pension plan is a defined benefits scheme.

The allowances follow the same tax and social security treatment as the redundancy allowance:

<table>
<tr><th></th><th>Forced retirement</th><th>Voluntary retirement</th></tr>
<tr><td>Over 10 years' employment</td><td>½ month</td><td>1/5th of monthly salary per year</td></tr>
<tr><td>More than 15 years' employment</td><td>1 month</td><td rowspan="3">1/5th of monthly salary for the first 10 years and 2/15ths beyond the 10th year</td></tr>
<tr><td>More than 20 years' employment</td><td>1.5 month</td></tr>
<tr><td>More than 30 years' employment</td><td>2 months</td></tr>
</table>

The applicable base is one twelfth of gross pay (excluding annual or exceptional bonus or gratuity) over the final twelve months or, if more beneficial, one third of the final three months.

As a precaution, Affine accrues provisions in its financial statements for pension commitments based on an assumed retirement age of 65. Retirement provisions amounted to €579,000 at 31 December 2014 versus €550,000 at 31 December 2013.

The actuarial assumptions used to calculate the provision are as follows:

- discount rate: 2.28%
- staff turnover: 9.17% under 50 years and 3% above
- salary increase ratio: 1.06%
- INSEE TD-TV 10-12 mortality table.

20.3.6.3.11.2 Individual training rights

Employees have accumulated rights to 3,354 training hours.

20.3.6.3.11.3 Average weighted workforce during the financial year

The Group had an average workforce of 36, broken down by category as follows:

Corporate officers:	2
Managers:	26
Employees:	8

20.3.6.3.12 Benefits and compensation granted to executives

20.3.6.3.12.1 Executives' profit-sharing scheme

Not applicable.

20.3.6.3.12.2 Remuneration of management and administrative bodies

Gross compensation paid to the Company's officers amounted to €616,600.

Other benefits in kind provided to Affine's corporate officers include:

- Company car: representing a rental expense of €5,286 in 2014;
- Severance pay: this compensation must be contingent on a performance condition linked to Affine's earnings. It represents one year of overall gross compensation if the net earnings in Affine's individual financial statements are equal to 3% of its equity or more; if this condition is not met, performance may be assessed on the basis of the consolidated financial statements.
- Contributions to pension funds paid during the year: €66,000.

The amount of directors' fees paid to directors (including corporate officers) as well as the amount of the fees of the commitment committee and the audit committee totalled €105,000. Commitments made for pension payments for corporate officers amounted to €151,000.

20.3.7 Key events of the year

20.3.7.1 Key events affecting the portfolio

20.3.7.1.1 Finance leases

Final options were exercised on two contracts for a disposal gain of €0.

20.3.7.1.2 Investment property

The Company also continued its policy of restructuring its property portfolio for a total amount of €10,629,000.

As a corollary to the recognition of these capital assets, the corresponding former fixed assets were written off for a total amount of €2,310,000.

Disposals during the 2014 financial year

	Date of disposal	NCV	Disposal price	Accounting gains/losses
LYON BRON (partial disposal)	Feb.-14	162	262	99
ST-QUENTIN FALLAVIER	April-14	3,865	1,350	(2,515)
EVRY	June-14	2,914	10,400	7,486
RÉAUMUR (PARTIAL DISPOSAL)	Sept.-14	3,343	6,445	3,102
BRÉTIGNY	Sept.-14	1,169	1,200	31
SAINT-CLOUD	Sept.-14	23	40	17
ORLÉANS	Oct.-14	933	1,440	507
RÉAUMUR (PARTIAL DISPOSAL)	Oct.-14	2,420	4,160	1,741
LYON BRON/DISPOSALS LOT 10-11	Oct.-14	414	550	136
ATRIUM	Dec.-14	342	570	228
	TOTAL	15,584	26,417	10,833

20.3.7.1.3 Equity investments and shares in affiliated companies

Acquisitions

Companies	% capital acquired/sold
Urbismart	34%
Concerto Wissous	0.07%
Toulouse les Amarantes	99.90%
Buchères 3	40%
Concerto Wissous Promotion	40%
Buchères	100%
Buchères 2	100%
Louvois	99.98%

Sale of securities

Companies	% capital acquired/sold
Concerto Ferrières en Brie	0.10%

Recapitalised companies

These companies were recapitalised to address their net negative position

Companies	Amounts
Capucines Investissement	1,361
Target	4,470
Saint-Étienne Molina	3,209
Les 7 collines	706
TOTAL	9,746

20.3.7.2 Key events affecting debts and equity

20.3.7.2.1 Financing and refinancing

Affine took out three new refinancing arrangements on the buildings in Bagnolet, Lyon Dauphiné and Réamur. Loans due for repayment amounted to €41,442,000, including €13,414,000 of early repayment. Affine has an overdraft facility of €15,000,000 and at 31 December 2014 it had used €7,980,000.

20.3.7.2.2 Equity

- The Combined General Shareholders' Meeting of 30 April 2014 approved the financial statements for the financial year ended on 31 December 2013.
- The dividend paid for the year ended 31 December 2013 was taken from the ordinary reserves for the amount of €8,131,000.
- The Board Meeting of 05 June 2014 ruled on the conversion of 28 BRS bonds into 17,472 new shares. The capital was increased by €103,000, from €53,300,000 to €53,403,000, split into 9,051,431 shares. The Board decided to increase the share capital by incorporating €97,000 from the reserves. Share capital was accordingly raised to €53,500,000. Article 6 of the Articles of Association was amended to reflect this change.

	At beginning of period	Cancellation of treasury shares	Distribution of scrip dividends	BRS conversion	Capital increase through capitalisation of reserves	Merger	At end of period
Number of shares	9,033,959			17,472			9,051,431
Capital (€ thousand)	53,300			103	97		53,500

20.3.7.3 Provisions for risks and charges

Pursuant to regulation 2000-06 of the French accounting regulation committee on liabilities, provisions are defined as liabilities for which the maturity date or amount are not precisely known.

A provision for risk linked to equity investments is accrued to hedge the net position of subsidiaries when that position is negative and in so far as all the assets related to said subsidiaries have been impaired.

As at 31 December 2014, this item amounted to €3,954,000 compared to €4,414,000 at 31 December 2013.

20.3.7.4 Post-reporting period events

Not applicable.

20.3.8 Additional information

20.3.8.1 Segment revenues (€ thousand)

	Total	Finance leases	Rental	Subsidiaries/loans
Revenues	46,823	5,710	39,883	1,231

Revenues mainly include income from the activities below:

- Rental receipts
- Finance lease receipts
- Services rendered.

To better reflect the economic reality, the benefits given to tenants (e.g. rent holidays) are deferred over the fixed term of the lease without taking account of indexation.

20.3.8.2 Distribution obligations

20.3.8.2.1 For the Sicomi segment

Profits from transactions that are fully or partially exempt from corporate income tax, in application of the Sicomi preference treatment, must be distributed on the basis of 85% of the tax-exempt portion. Pursuant to Article 36 of the Company's bylaws, amended by the Extraordinary General Shareholders' Meeting of 28 July 2000, the distribution of capital gains from early disposal of a Sicomi segment asset can be deferred over three years.

20.3.8.2.2 For the SIIC segment

The distribution conditions described in the chapter on "taxes" allow the deferral over two years of distribution from the capital gains on property disposals.

20.3.8.3 Consolidating company

The financial statements of the Affine Group are fully consolidated by MAB Finances SA in its financial statements.

20.3.9 Information on balance sheet and income statement items

20.3.9.1 Notes to the individual balance sheet

Note 1 – Intangible assets and property, plant and equipment, depreciation and impairment

In thousands of euros	31/12/2013	Acquisitions, Allocations	Mergers or complete transfers of assets and liabilities	Disposals, Bank transfers, Write-backs, Write-offs	31/12/2014
FINANCE LEASE					
Gross	63,438	-		(2, 030)	61, 408
Depreciation and provisions Arts. 64 and 57	(35,352)	(3,903)		2,030	(37,225)
Impairment	-				-
Net	**28,086**	**(3,903)**	**-**	**(0)**	**24,183**
RENTAL ASSETS					
Gross	317,716	10,629		(18,106)	310,239
Depreciation	(64,192)	(8,558)	-	7,412	(65,337)
Impairment	(10,361)	(1,740)	-	3,356	(8,745)
Net	**243,164**	**331**	**-**	**(7,337)**	**236,157**
INTANGIBLE ASSETS					
Gross	41,104	3		(7,998)	33,109
Depreciation	(384)	(57)		326	(116)
Impairment	(255)	(232)			(487)
Net	**40,465**	**(287)**	**-**	**(7,672)**	**32,506**
PROPERTY, PLANT AND EQUIPMENT					
Gross	445	19		(109)	354
Depreciation	(210)	(69)	-	109	(170)
Impairment					-
Net	**234**	**(50)**	**-**	**(0)**	**184**
TOTAL					
Gross	422,703	10,650	-	(28,244)	405,110
Depreciation	(100,138)	(12,587)	-	9,878	(102,847)
Impairment	(10,616)	(1,972)	-	3,356	(9,232)
Depreciation and impairment	(110,754)	(14,560)	-	13,234	(112,080)
Net	**311,949**	**(3,909)**	**-**	**(15,010)**	**293,030**

Net write-offs amounted to €1,567,000 at 31/12/2014 versus €2,977,000 at 31/12/2013.

Note 2 – Long-term financial assets

	%	Net 2014	Net 2013	SIREN No.	Rev. excl. tax 2014	Capital and reserves 2014	2014 Profit/ loss
Equity investments: non-affiliated companies	12	12					
Habitat et Humanisme	NS	12	12	NC	NC	NC	NC

In thousands of euros	Capital and reserves before appropriation	Share held	Net carrying amount of securities held		Loans and advances	Sureties, endorsements and guarantees	Revenue excl. tax	Profit/ loss	Dividends collected and taken to income N-1	Provisions on receivables at Affine
			Gross	Net						
SCI Arca ville d'Eté	201	100,.00%	201	201	(389)	5,000	906	(46)	261	
SC Atit	4	100.00%	4	4	458		-	(34)	(92)	
Jardin des Quais	20	99.00%	22,447	22,447	(20,907)	29,949	6,010	2,153	(491)	
Banimmo		49.51%	66,577	66,577		-				
SCI Bretigny	4	99.90%	1	1	1,455		1,137	130	64	
SAS Capucine investissements	43	100.00%	5, 697	-	(805)	1,000	68	(594)		-
SA Cardev	(3 082)	98.39%	61	-	3,157	-		(72)		(3,104)
SA Cour des Capucines	473	99.99%	1,190	1,190	58		293	130		-
SAS Etienne Molina	1 230	100.00%	5,746	383	4,341	11,000	1,354	(825)		-
Gesfimmo	279	100.00%	377	276	(272)			(3)		-
Les 7 collines	36	100.00%	4,155	29	7,428	25,945	3,323	(787)		-
SCI Luce parc Leclerc	1	0.10%	0	0	10		-	(19)	(0)	-
SCI Nevers Colbert	102	100.00%	101	101	9,073	2,500	268	(1,910)	(350)	-
SAS Promaffine	(1,415)	100.00%	5,105	627	2,694	-	77	2,043		-
SAS Target	1,810	100.00%	14,722	1,923	2,718		-	106		-
SCI PARVIS LILLE	1	99.90%	1	1	3,164	6,800	1,361	212	139	-
CONCERTO BUCHERES SCI	1	100.00%	4,050	4,050	1,758	8,160	1,135	430	0	-
SCI CONCERTO BUCHERES 2	1	100.00%	1,350	1,350	1,566	6,800	322	(154)	(0)	-
SC HOLDIMMO	11	100.,00%	9,944	11	(40)		8	(31)	90	-
SCI NUMERO 1	13	100.00%	1,301	14	(55)		(4)	1	340	-
SCI 36	1,206	100.00%	2,733	1,305	1,488		220	99	-	-
BERCY PARKINGS SCI	2	100.00%	310	289	142		25	(3)	3	-
SCI BUCHERES 3	1	40.00%	0	0	-			(10)		-
SAS Urbismart	10	34.00%	3	3	-			(9)		-
SAS Louvois	5	99.98%	5	5	-			-		-
SCI Toulouse les Amarantes	1	99.99%	1	1	3 967		18	(74)		-
SCI Concerto Wissous	2	0.,07%	0	0	(0)			(1)		-
SAS Wissous Promotion	1	40.00%	0	0	-			-		-
		TOTAL	146,084	Assets	43,476				(36)	(3,104)
				Liabilities	(22,467)					-
					21,009					

Note 3 – Loans and other long-term financial assets

In thousands of euros	Balance sheet tems	Within one year	Between one and five years
Other long-term financial assets	2,843	226	2,617
Loans	2,843	226	2,617
Related receivables	-	-	
Total at 31/12/2014	**2,843**	**226**	**2,617**

Note 4 – Receivables: statement of maturity dates

FOR CURRENT ASSETS	At 31/12/2014	Within one year	Between one and five years
Finance lease doubtful receivables	301	301	
Investment property doubtful receivables	937	937	
Other finance lease trade receivables	203	203	
Other investment property trade receivables	1,838	1,838	
Invoices or credits to be issued	19	19	
Trade receivables and related accounts	**3,299**	**3,299**	
Prepayments and interim payments made	172	172	
Employee and related payables	71	71	
State - Income tax	-	-	
State – Value added tax	236	236	
Amount receivable on property sales	3,639	3,639	
Working capital and paid calls for condominium charges	3,730	3,730	
Group and associated companies	45,446	45,446	
Income accruals	14,080	14,080	
Other payables	235	235	
Other receivables	**67,609**	**67,609**	
Prepaid expenses	**1,119**	**1,119**	
TOTAL	**72,027**	**72,027**	

Impairment of current assets

In thousands of euros	Amount at beginning of period	Increases, allowances	Transfers	Decreases, reversals	Amount at end of period
Impairment on inventories and in progress					
Impairment on finance lease trade receivables	313	-		62	251
Impairment on investment property trade receivables	460	261	-	159	562
Impairment on current accounts	7,938	71	-	4,905	3,104
Total impairment	**8,711**	**332**	**-**	**5,127**	**3,917**

Income accruals

In thousands of euros	At 31/12/2014	At 31/12/2013
Long-term financial assets		
Receivables	14,080	12,851
Trade receivables and other accounts	11,165	12,293
Subsidiary earnings	2,904	558
Other income accruals	11	0
Total	**14,080**	**12,851**

Note 5 – Breakdown of investment securities and cash on hand

In thousands of euros	At 31/12/2014	At 31/12/2013
Investment securities		
Treasury shares	244	426
TOTAL	**244**	**426**

Impairment of investment securities

In thousands of euros	Amount at beginning of period	Increases, allowances	Decreases, reversals	Amount at end of period
Treasury share impairment	5	-	5	-
TOTAL IMPAIRMENT	**5**	**-**	**5**	**-**

Cash on hand

In thousands of euros	Au 31/12/2014	Au 31/12/2013
Cash	1	0
Bank accounts	1,447	7,134
Brokerage accounts	778	577
TOTAL	**2,226**	**7,712**

Note 6 – Prepaid expenses

In thousands of euros	At 31/12/2014	At 31/12/2013
Operating lease expenses	404	945
Financial expenses	715	86
TOTAL	**1,119**	**1,030**

Note 7 – Expenses deferred over several financial years

In thousands of euros	Net amount at beginning of period	Additions	Increase in new borrowings	Decreases	Net amount at end of period
Expenses deferred over several years	2,834	(586)	216		2,464

These deferred expenses concern the following borrowing costs:

In thousands of euros	Charges	Initial depreciation period
Crédit Agricole "Les Ulis" (€3,500,000)	36	16 years
Crédit Agricole (€10,600,000)	121	10 years
Landesbank Saar (€3,650,000)	59	10 years
Eurohypo Elancourt (€9,600,000)	0	10 years
Landesbank Saar (€3,190,000)	37	10 years
Crédit Agricole (€18,000,000)	44	10 years
HSBC (€14,000,000)	55	10 years
CFF Bussy-Lettrée (€8,650,000)	83	10 years
CFF Facam (€7,000,000)	34	10 years
SG Sofréavia (€8,400,000)	76	10 years
Natixis Lille Europe (€15,505,000)	127	10 years
Saarl B (€7,200,000)	5	10 years
CFF Tremblay (€3,500,000)	62	8 years
Saarl B Mulhouse (€5,400,000)	18	10 years
HSBC Darblay (€13,360,000)	134	7 years
SG (€15,400,000)	108	7 years
SG le Rhodanien (€5,250,000)	65	10 years
CIC Lyonnaise de Banque (€7,350,000)	51	10 years
Oséo Aulnay (€2,375,000)	32	10 years
Oséo Nantes (€4,800,000)	68	12 years
Oséo 3 assets (€8,700,000)	94	10 years
Crédit Agricole les Arpajons (€5,369,000)	94	12 years
Caisse d'Epargne BFC (€1,750,000)	24	12 years
Caisse d'Epargne NFE (€1,750,000)	24	12 years
Crédit Agricole (Sipec) (€10,400,000)	(0)	4 years
Allegemeine (€17,130,000)	101	16 years
CFF (€450,000)	1	12 years
CFF (€5,400,000)	13	12.5 years
CFF Panhard (€10,500,000)	24	12 years
CFF Limay (€6,845,000)	23	12 years
BNP Paribas Fortis (€17,630,000)	61	5 years
CBI Gennevilliers Plus (€18,796,000)	131	12 years
BNP Réaumur €6,200,000	10	10 years
Crédit Agricole Auber €15,206,000	122	12 years
Société Générale Bercy €33,600,000	186	10 years
Saarl Enghien (€5,300,000)	71	10 years
Société Générale Bercy €2,300,000	10	10 years
Société Générale bond issue €5,000,000	118	6 years
La Banque Postale Lyon Dauphiné €5,500,000	87	7 years
Crédit Agricole Bagnolet	55	10 years
TOTAL	**2,464**	

Note 8 – Equity and quasi-equity

Statement of changes in equity

In thousands of euros	Share capital	Premiums	Regulated provisions	Reserves and retained earnings	Earnings for the period	Revaluation reserves	Total
At 31/12/2013	**53,300**	**41,290**	**6,464**	**14,971**	**(16,732)**	**6,994**	**106,287**
Net subsidies and excess tax depreciation			772				772
Free reserves on LS sales				1,916		(1,916)	-
Final dividend on treasury shares				16			16
Treasury shares							-
Conversion of BRS into shares	103	177					280
Share capital round up	97			(97)			-
Appropriation to reserves				(16,732)			(16,732)
Distribution during the 2013 financial year				(8,131)	16,732		8,601
Share in earnings					4,706		4,706
							-
At 31/12/2014	**53,500**	**41,467**	**7,236**	**(8,056)**	**4,706**	**5,078**	**103,931**

Quasi-equity

Convertible bonds redeemable in shares

Bonds redeemable in shares (ORA) amount to €20,000k plus interest accrued amounting to €148k (see §6.3.7.1 Bonds redeemable in shares).

Perpetual subordinated loan notes

In thousands of euros	Bal. sheet items	0 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Fixed term	-	-	-	-	-
Unlimited term	75,474	474	-	75,000	-
Accounts	75,000			75,000	
Related debts	474	474			
Total at 31/12/2013	**75,474**	**474**	**-**	**75,000**	**-**

See §6.3.7.2 Perpetual subordinated loan notes

Breakdown of reserves

In thousands of euros	31/12/2014	31/12/2013
Legal reserve	4,806	4,806
Other reserves	39,803	46,115
TOTAL	**44,610**	**50,921**

Statement of changes in revaluation reserves

In thousands of euros	Revaluation difference generated on 1/1/2003	Value adjustment	Share transferred to a distributable reserve account (sold fixed assets)	Revaluation reserve as at 31/12/2014
LYON BRON	1,444		(731)	714
ISTRES	48		(48)	-
AGEN	106	(105)	(1)	0
DAGNEUX	435		(435)	-
ARNAGE	(2)		2	-
TRAPPES	1,218	(606)	(611)	-
ANTONY	386	(349)	(37)	0
QUINCY-SOUS-SÉNART	1,045	(1,038)	(7)	-
ANGERS	98		(98)	-
ST-OUEN L'AUMONE	583	(134)	(449)	-
BRIANCON	144		(144)	-
AIX LA DURANNE	75		(75)	-
NANTES DORIDES	54		(54)	-
LE LARDIN ST-LAZARE	20		(20)	-
MARSEILLE 16th	170		(170)	-
VENISSIEUX	222		(222)	-
MALAKOFF	467		(467)	-
TOLBIAC MASSENA ACTIVITES PARIS	2,939	(1,966)	(973)	(0)
TOLBIAC BUREAUX	5,390		(5,390)	-
VILLENEUVE D'ASCQ	18		(18)	-
SATOLAS-ET-BONCE	332		(332)	-
BAILLY	428		(428)	-
BELLERIVE-SUR-ALLIER	848		(848)	-
NANTES LOT No. 8	97		(97)	-
NANTES LOT No. 9	112		(112)	-
SAINT MICHEL SUR ORGE	542	(214)	(328)	-
PARIS TOUR BERCY	8,947		(8,947)	-
AULNAY-SOUS-BOIS	160		(160)	-
CORBAS ST-PRIEST	123		(123)	-
L'ISLE D'ABEAU	477		(477)	-
CERGY PONTOISE	135		(135)	-
BRIGNAIS	182		(182)	-
RUEIL Passage St-Antoine	2,704		(2,703)	0
CALUIRE	40		(40)	-
TRONCHET 2e	1,356	(47)	(1,309)	0
RUE CASTEJA	1,431	(1,098)	(333)	0
LOGELBACH	75		(75)	-
REAUMUR	2,485	(1,027)	(1,458)	(0)
NOISY LE GRAND "LE SARI"	(55)		55	-
SCEAUX ILOT CHARAIRE	50	(17)	(33)	0
COUDRAY MONCEAU	87		(87)	-
SOPHIA ANTIPOLIS (Valbonne Rose)	1,257		(1,257)	-
SOPHIA ANTIPOLIS (Valbonne Rose)	74		(74)	(0)
CHAMPLAN	137		(137)	0
VILLEURBANNE	149	(37)	(112)	-
BONDY	94		(94)	-
BONSAI RENNES	57		(57)	-
BONSAI HOUSSEN	100		(100)	-

In thousands of euros	Revaluation difference generated on 1/1/2003	Value adjustment	Share transferred to a distributable reserve account (sold fixed assets)	Revaluation reserve as at 31/12/2014
CLERMONT 2	41		(41)	-
AVIGNON	69		(69)	(0)
SAVIGNY LE TEMPLE	2,971	(1,367)	(1,604)	-
LOGNES-CROISSY BEAUBOURG	1,264	(321)	(943)	-
CLERMONT 1	189		(189)	-
NOISY PARKING	(6)		6	-
NOISY PARKING	(9)		9	-
VITROLLES 1	11		(11)	-
RILLIEUX	526	(79)	(447)	0
AVIGNON	443		(443)	-
TREMBLAY EN FRANCE	134		(134)	-
PROPERTY IN SEVRES	232		(232)	-
SOPHIA ANTIPOLIS (JUNON-JUPITER)	291		(291)	-
SOPHIA ANTIPOLIS (MINERVE)	165		(165)	-
SOPHIA ANTOPOLIS (OREADES)	(91)	91	-	-
EVRY	319		(319)	-
BUC	254	(254)	-	-
ST-QUENTIN FALLAVIER	995		(996)	(0)
ÉCULLY	(35)	35	-	-
BRÉTIGNY SUR ORGE	214		(214)	-
VITROLLES	(19)	19	-	-
AIX-EN-PROVENCE	502		(1)	501
LANNEMEZAN	(0)	0	-	-
ORLÉANS	(48)	48	-	-
VITROLLES	(21)	21	-	-
SAINT OUEN	349		(350)	(0)
FRONTIGNAN	(6)	6	-	-
BIARRITZ	143		(143)	-
ORLEANS	134		(134)	-
AIX-EN-PROVENCE	1,183		(20)	1,163
VERT ST DENIS	1,381	(32)	(1,348)	0
SOPHIA ANTIPOLIS (VALBONNE BEIGE)	126		(126)	0
LE RHODANIEN	622	(271)	-	351
PANTIN - "TOUR ESSOR"	(44)	44	-	-
BAGNOLET	1,025		-	1,025
PALAISEAU	801	(475)	(4)	322
VITROLLES	578	(185)	(393)	-
ST-GERMAIN LÈS ARPAJON	1,536	(535)	-	1,001
MARSEILLE GRAND ECRAN	(218)	218	-	-
VILLEURBANNE	(323)	323	-	-
VITROLLES 2	72	(72)	-	-
TOTAL	**53,038**	**(9,425)**	**(38,534)**	**5,078**

Provisions for risks and charges

In thousands of euros	Opening balance	Allowance for the year	Reversal for the year used	Reversal for the year not used	Closing balance
Provision for miscellaneous risks (customer disputes)	21	500			521
Provision for subsidiary risk	3,560		797		2,763
Provision for pension costs	550	29			579
Provision for miscellaneous expenses	283	71	263		91
	4,414	599	1,060	-	3,954

Note 9 – Statements of debt maturity dates

In thousands of euros	At 31/12/2014	Within one year	Between one and five years	Over 5 years
Other bonds	5,000		5,000	
Borrowings from lending institutions	212,703	57,211	122,454	33,038
Loans and borrowings	12,245	6,609	5,357	279
Prepayments and interim payments received	277	277		
Trade payables and related payables	1,525	1,525		
Employee and related payables	913	913		
Social security and other agencies	289	289		
Income tax	197	197		
Exit tax	0	0		
Value added tax	831	831		
Fixed asset payables and related payables	103	103		
Group and associated companies	23,624	23,624		
Other debts	17,754	17,754		
Deferred income	512	512		
TOTAL	275,973	109,845	132,811	33,317

Expenses payable

In thousands of euros	At 31/12/2014	At 31/12/2013
Borrowings from lending institutions	601	736
Trade accounts payable and related accounts	1,345	1,982
Tax and social security debts	1,887	1,985
Cash on hand, expenses payable	0	0
Fixed asset payables	34	0
On buildings covered by operating lease	4,071	4,154
On overheads	3,946	1,348
TOTAL	11,885	10,205

Note 10 – Deferred income

In thousands of euros	At 31/12/2014	At 31/12/2013
Rental income	512	473
TOTAL	512	473

20.3.9.2 Notes to the individual income statement

Note 11 – Operating income

Production sold: revenues

In thousands of euros	At 31/12/2014	At 31/12/2013
Rental income	4,805	5,343
Re-billed expenses	905	902
Finance leases	**5,710**	**6,245**
Rental income	29,431	31,271
Re-billed expenses	9,420	11,859
Other income	1,032	152
Investment property	**39,883**	**43,282**
Income from related activities	1,231	1,355
Operations	**1,231**	**1,355**
TOTAL	**46,823**	**50,881**

Prior period adjustments and transfers of expenditures

In thousands of euros	At 31/12/2014	At 31/12/2013
Reversals of finance lease provisions	216	900
Reversals of investment property provisions	963	1 293
Transfers of expenditures	216	20
Reversals of operating provisions	797	8
TOTAL	**2,193**	**2,221**

Note 12 – Operating expenses

General operating expenses

In thousands of euros	At 31/12/2014	At 31/12/2013
Other administrative costs	(20,111)	(24,888)
Taxes payable	(5,831)	(6,149)
Other purchases and external expenses	(14,280)	(18,739)
Personnel costs	(4,810)	(4,706)
TOTAL	**(24,922)**	**(29,594)**

Depreciation, amortisation and impairment expense

In thousands of euros	At 31/12/2014	At 31/12/2013
Depreciation expense on buildings	(12,971)	(13,154)
Amortisation allowance for intangible assets	(57)	(195)
Headquarters depreciation expense	(69)	(69)
Depreciation expense on finance-leased assets	(3,701)	(3,802)
Depreciation expense on investment property assets	(8,558)	(8,837)
Allowance for deferred expenses	(586)	(251)
Impairment expense on fixed assets	(2,174)	(5,717)
Impairment of finance-leased assets	(202)	(425)
Impairment of investment property assets	(1,972)	(5,292)
Impairment expense on current assets	(261)	(108)
Impairment of doubtful finance lease receivables		(2)
Impairment of doubtful investment property receivables	(261)	(107)
Provisions for risks and charges	(29)	(3,239)
Impairment of subsidiaries	-	(3,203)
Impairment of pension	(29)	(36)
TOTAL	**(15,435)**	**(22,219)**

Breakdown of depreciation and amortisation for the period

In thousands of euros	At 31/12/2014	At 31/12/2013
Intangible assets	(57)	(195)
Concessions, software programs	(57)	(195)
Property, plant and equipment	(12,328)	(12,708)
Buildings	(12,259)	(12,639)
Other property, plant and equipment	(69)	(69)
TOTAL	(12,385)	(12,903)

Other expenses

In thousands of euros	At 31/12/2014	At 31/12/2013
Unrecoverable investment property receivables	(140)	(295)
Unrecoverable finance lease receivables		(25)
Directors' fees and compensation for the commitment committee	(111)	(71)
Other management expenses	(26)	5
TOTAL	(277)	(385)

Note 13 – Share of earnings from joint transactions

In thousands of euros	At 31/12/2014	At 31/12/2013
Profit allocated or loss transferred	646	(375)
Holdimmo	(31)	90
Brétigny	130	64
Parvis Lille	212	139
Ferrières		1
Atit	(33)	(92)
Jardin des Quais	2,132	(491)
SCI Nevers Colbert	(1,910)	(350)
Arca ville d'Eté	(46)	261
Luce parc Leclerc	(0)	(0)
Bercy parking	(3)	3
SCI Concerto Bucheres	430	0
SCI Concerto Buchères 2	(154)	(0)
SCI Toulouse Amarantes	(74)	-
SCI Concerto Buchères 3	(4)	0
Atit 2013	(3)	0

Note 14 – Financial income/expense

In thousands of euros	At 31/12/2014	At 31/12/2013
Interest on current account	1,368	1,705
Interest on term loan	0	0
Dividends	340	1,608
Income from equity investments	**1,708**	**3,314**
Income from other investment securities and receivables from fixed assets	**39**	**43**
Other interest and similar income	**637**	**509**
Reversals of impairment on securities and current accounts	**5,585**	**5,388**
Reversals of treasury share impairments	**5**	**-**
Net income from disposals of investment securities	**19**	**74**
Total financial income	**7,992**	**9,327**
Interest on current account	(444)	(45)
Interest on credit balances	(16)	(8)
Interest on loans	(3,639)	(3,948)
Expenses on caps, swaps and tunnels	(3,559)	(4,525)
Expenses on convertible bonds redeemable in shares	(1,178)	(1,532)
Expenses on perpetual subordinated loan notes	(2,302)	(2,277)
Other	(58)	(24)
Interest and related expenses	**(11,195)**	**(12,359)**
Impairment expense on securities and current accounts	**(9,588)**	**(10,826)**
Impairment expense on treasury shares	**-**	**(5)**
Net charges on disposal of investment securities	**-**	**-**
Total financial expenses	**(20,783)**	**(23,190)**
TOTAL FINANCIAL INCOME/LOSS	**(12,791)**	**(13,862)**

On 19 December 2014, Promaffine, a wholly owned subsidiary of Affine RE, sold its equity interest in Concerto Developpement to Kaufmann & Broad, then Affine purchased 100%, 100% and 40% of the shares of SCI Concerto Buchères, Buchères 2 and Buchères 3 respectively.

Note 15 – Extraordinary earnings

In thousands of euros	At 31/12/2014	At 31/12/2013
On management transactions	**233**	**0**
Recovery on depreciated investment property receivables	233	0
On capital transactions	**26,437**	**5,821**
Sale price of sold long-term financial assets	0	0
Sale price of sold finance lease assets	0	327
Sale price of sold investment property fixed assets	26,417	5,090
Sale price of property, plant and equipment	12	-
Other	9	404
Reversals of impairments, provisions and transfers of expenditures	**2,810**	**152**
Reversals of impairments on fixed assets sold	2,552	-
Other	257	152
Total extraordinary income	**29,479**	**5,973**
On management transactions	**(2)**	**(7)**
Other extraordinary expenses	(2)	(7)
On capital transactions	**(19,190)**	**(7,164)**
Carrying amounts of sold LT financial asset items	(0)	(0)
Carrying amounts of sold finance lease asset items	(154)	(1,086)
Carrying amounts of sold investment property asset items (1)	(18,883)	(5,645)
Sale expenses on investment property	6	(195)
Other	(158)	(237)
Depreciation expense, impairment and provisions	**(1,343)**	**(1,114)**
Excess tax depreciation	(772)	(1,091)
Provisions for risks and charges	(571)	(23)
Total extraordinary expenses	**(20,535)**	**(8,285)**
TOTAL EXTRAORDINARY EARNINGS	**8,944**	**(2,311)**

(1) Carrying amounts of €15,584k were increased by the following amounts: write-offs of €1,567k, disposal fees of €411k, and work on sold assets of €1,321k.

Disposals of finance-leased assets show a net expense of €154k. This amount should be compared to the reversals of Art. 64 and 57 provisions found in current income for €154k.

Note 16 – Income tax

In thousands of euros	Income before tax	Tax	Net profit
Current profit	(3,683)	(556)	(4,238)
Extraordinary profit	8,944		8,944
TOTAL	**5,262**	**(556)**	**4,706**

Éléments relevant de plusieurs postes du bilan & compte de résultat

ITEMS (in gross value)	Amount concerning		
In thousands of euros	Related companies	Companies with which Affine has an equity investment connection	Amount of debts or receivables represented by commercial paper
Shareholdings	79,507	66,577	
Receivables related to equity investments	9,482		
Other receivables	45,446		
Sundry financial borrowings and debts	(23,624)		
Revenues (Service rendered)	1,127		
Income from equity investments	340		
Other income from equity investments	1,368		
Interest and related expenses	(444)		
Joint property development deals - expenses	(2,257)		
Joint property development deals - income	2,904		

20.3.9.3 Notes to the off-balance sheet statement

In thousands of euros	31/12/2014	31/12/2013
COMMITMENTS GIVEN		
FINANCING COMMITMENTS	-	-
Commitments to lending institutions	-	-
Commitments to customers	-	-
GUARANTEE COMMITMENTS	99,224	108,521
Commitments to lending institutions	-	-
Commitments to customers and subsidiaries	99,224	108,521
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	7,020	3,134
Commitments received from lending institutions	7,020	3,134
Commitments received from customers		
GUARANTEE COMMITMENTS	6,464	6,464
Commitments received from lending institutions	1,313	1,313
Commitments received from customers	5,150	5,150

Note 17 – Other commitments not included in the publishable off-balance sheet statement

In thousands of euros	Bal. sheet items	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
NON-CURRENT DEBTS							
Covered by guarantees	132,751				46,098	60,870	25,784
Covered by collateral	3,500				3,500	0	0
With neither collateral nor guarantees	39,625				5,612	15,625	18,388
	175,876				55,210	76,495	44,171
CURRENT DEBTS							
covered by guarantees	41,507	41,507					
covered by collateral	3,500	3,500					
with neither collateral nor guarantees	12,476	9,605	792	2,079			
	57,483	54,611	792	2,079	0	0	0

Guarantees: these sureties include registered mortgages.

Collateral: This is the collateral provided by borrowing companies who grant a security over their shares in favour of the banks.

When the loan is simultaneously guaranteed by means of both a guarantee and collateral, the surety is classified as a "guarantee".

Maturity dates of interest rate instruments

In thousands of euros	Outstanding at 31/12/2014	0 months to 1 year	1 to 5 years	Over 5 years
Macro hedging transactions				
Over-the-counter market				
Firm transactions				
Swaps + collars	91,552	712	90,840	-
Conditional operations				
Guarantee contracts (caps + tunnels)	149,283	34,508	114,775	-
TOTAL	**240,835**	**35,220**	**205,615**	**-**

Interest rate risks

Affine is exposed to the risk linked to interest rate fluctuations on variable rate debts, which it mostly hedges through market transactions (swaps, caps, collars and tunnels) contracted with leading banking institutions.

At 31 December 2014, the variable rate financial debt amounted to €203,306,000 versus €218,958,000 at 31 December 2013.

Financial covenants

The Group's loans are subject to agreements with certain types of covenants:

- Loan To Value (LTV):
- ICR (Interest Coverage Ratio);
- DSCR (Debt Service Coverage Ratio).

According to the terms of these credit agreements, failure to comply with these ratios constitutes a default event requiring partial or accelerated repayment to restore the ratio to its contractual level. As at 31 December 2014, there was no compulsory prepayment, in part or in full, of any loan resulting from a failure to comply with the financial ratios to be reported on that date.

20.3.10 Statutory auditors' fees reported in the income statement

En milliers d'euros	Cailliau Dedouit et Associés		KPMG Audit	
	Amount		Amount	
	2014	2013	2014	2013
Statutory auditing, certification, review of financial statements	153	153	153	153
Other tasks directly related to the auditing engagement	5	5	10	10
Other services	-	-	-	-
TOTAL	**158**	**158**	**163**	**163**

20.4 AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.4.1 Historical financial information audited by the statutory auditors

The consolidated statements and separate financial statements of Affine and the Statutory Auditors' reports on the consolidated statements and separate financial statements for 2014 can be found respectively in sections 20.1 and 20.3 of this document.

In accordance with Article 28 of Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference into this registration document:

- the consolidated statements and separate financial statements of Affine and the Statutory Auditors' reports on the consolidated statements and separate financial statements for 2013 are found respectively in sections 20.1 and 20.3 of the registration document filed with the AMF on 20 March 2014 under number D.14-0177,
- the consolidated statements and separate financial statements of Affine and the Statutory Auditors' reports on the consolidated statements and separate financial statements for 2012 are found respectively in sections 20.1 and 20.3 of the registration document filed with the AMF on 3 April 2013 under number D.13-0277.

20.4.2 Other historical financial information audited by the statutory auditors

All historical financial information referred to in this document has been audited.

20.4.3 Unaudited historical financial information

All historical financial information referred to in this document has been audited.

20.5 AGE OF LATEST FINANCIAL INFORMATION

The company's separate and consolidated financial statements for 2014 have been audited and verified by the company's Statutory Auditors. Their reports can be found in sections 20.1 and 20.3 above.

20.6 INTERIM FINANCIAL INFORMATION

Affine has not reported any interim revenues or earnings since 4 March 2015.

20.7 DIVIDEND POLICY

The dividend policy is linked to the company's dual status as a former SICOMI (commercial property company) and SIIC (listed real estate company):

- Earnings from property finance lease transactions exempt from corporate income tax (ex-SICOMI) must be at least 95% distributed in the following year; under Article 36 of the Articles of Association, the distribution of capital gains from disposals may be spread over three years.
- Earnings from investment property rental transactions exempt from corporate income tax (SIIC) must be at least 95% distributed in the following year; the distribution of capital gains from disposals may be capped at 60% of their total amount and spread over two years; dividends from subsidiaries in turn qualifying for SIIC status must be fully distributed in the following year.

This requirement applies insofar as there is distributable income. A 20% government tax is levied on dividends distributed from the corporate income tax-exempt profits of companies in the SIIC sector when these are paid to non-residents holding at least 10% of the capital of the company and eligible for preferential tax treatment by law.

The company may recommend to the General Shareholders' Meeting that shareholders be given the option of receiving their entire dividend in the form of shares.

The Board of Directors may decide to pay an interim dividend for the current year.

Year	Dividends
2008	1.00€
2009	1.78€
2010	2.43€
2011	1.20€
2012	1.20€
2013	0.90€
2014	**1.00€**

The dividend of €1.00 per share for the 2014 financial year is attributed to:

- €0.18 of the exempt sector (SIIC) and,
- €0.82 from the taxed sector, entitlement to the 40% allowance although payment is required of the additional contribution to the 3% tax on that amount.

In accordance with the amended 2013 Finance Law, the portion of the mandatory dividend originating from SIIC status and paid in 2014 will be exempt from the additional contribution of 3% on dividends introduced by the Law of 16 August 2012.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including pending or threatened proceedings), during a period covering the previous 12 months, which may have or have had a material impact on the financial position or profitability of the company or Group in the recent past.

20.9 SIGNIFICANT CHANGE IN FINANCIAL OR COMMERCIAL SITUATION

There has been no significant change in the financial or commercial situation of the Group since the end of the last period for which the verified financial statements or interim financial statements have been published.

21 ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 Changes in capital

At the date of this registration document, Affine's share capital totalled €53,500,000, divided into 9,051,431 ordinary shares of the same class, fully paid-up and with no par value.

21.1.2 Shares not representing capital

Not applicable.

21.1.3 Shares held by the issuer

At 31 December 2014, Affine had 17,376 own shares, valued at historical cost and composed solely of shares held by Invest Securities to create a market.

21.1.4 Convertible securities

Convertible Bonds (ORA))

On 15 October 2003, 2,000 bonds redeemable in shares (BRS) were issued with a nominal value of €10,000, for a 20-year period, redeemable on maturity at the original issue price of €50 per share (200 shares per convertible bond), adjusted for the possible dilutive effects of financial transactions on the share capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio rose to 208 shares per convertible bond.

The Affine General Shareholders' Meeting held on 26 April 2007 decided on a 3-1 share split of Affine shares by issuing three new shares for every old share with effect from 2 July 2007. Accordingly, the exchange ratio has been raised to 624 shares per convertible bond.

Annual interest

The coupon, based on the amount of the dividend distributed by the company, is paid out as follows:

- an interim dividend on 15 November, corresponding to a fixed amount of €0.518 per underlying share multiplied by the exchange ratio (that is, €323.23 per bond at this time);
- the remainder on the day the dividend is paid out.

Early redemption at the company's discretion

From 15 October 2008, the company may convert all or some of the convertible bonds to shares if the average share closing price over 40 consecutive trading sessions exceeds the adjusted issue price.

From 15 October 2013, the company may redeem all or some of the convertible bonds in cash by giving prior notice of 30 calendar days, at a price guaranteeing the initial subscriber, on the actual redemption date, after taking into account coupons paid in previous years and the interest payable for the period between the last interest payment date before the early redemption date and the actual redemption date, a gross actuarial rate of return of 11%. Under no circumstances may this price be lower than the nominal value of the convertible bond.

Early redemption at the holder's discretion

From 15 October 2013, convertible bond holders shall be entitled to request, at any time, excluding the period from 15 November to 31 December inclusive in any year, the redemption of all or some of their convertible bonds at a rate of 624 shares (after adjustment) per bond.

On 5 June 2014, 28 convertible bonds were converted (creation of 17,472 shares).

In the event of redemption of the remaining convertible bonds (currently 1,230,528) and based on the number of shares outstanding (9,051,431), the total dilution of the capital would be 12.0%.

21.1.5 Information on the conditions for vesting rights or obligations attached to the subscribed capital

There are no conditions for vesting rights or obligations attached to the subscribed capital.

21.1.6 Existence of option on the capital

There is no option on the capital.

21.1.7 history of share capital

Dates	Capital increase operations	Share capital before the operation	Additional paid-in capital	Number of securities created	Share capital after the operation	Number of shares
01/01/1999					31,170,183	2,044,630
28/07/2000	Merger with Sovabail	31,170,183	22,073,310	89,354	35,000,000	2,133,984
22/05/2001	Addition of Concerto Développement securities	35,000,000	3,979,168	138,507	37,271,653	2,272,491
22/05/2001	Capitalisation of "long-term capital gains" reserves of €2,728,346.70	37,271,653			40,000,000	2,272,491
10/09/2003	Transfer to Affine of Imaffine securities held by Prédica and BNP Immobilier	40,000,000	1,149,259	31,846	40,600,000	2,304,337
15/06/2004	Portion of dividend paid in shares	40,600,000	945,804.94	23,422	41,012,671.06	2,327759
26/05/2005	Portion of dividend paid in shares	41,012,671.06	1,251,688.73	19,702	41,359,799.63	2,347,461
16/06/2005	Capital increase in cash	41,359,799.63	15,182,165.54	234,000	45,482,634.09	2,581,461
16/06/2005	Capital increase through capitalisation of reserves	45,482,634.09	-	-	45,485,000.00	2,581,461
23/11/2005	Shareholder bonus share award	45,485,000.00	-	103,258	47,304,392.25	2,684,719
19/12/2005	Capital increase through capitalisation of reserves	47,304,392.25	-	-	47,305,000.00	2,684,719
06/06/2006	Portion of dividend paid in shares	47,305,000.00	1,319,884.97	15,280	47,574,235.03	2,699,999
19/06/2006	Capital increase through capitalisation of reserves	47,574,235.03	-	-	47,600,000.00	2,699,999
01/06/2007	Portion of dividend paid in shares	47,600,000.00	347,847.46	2,866	47,650,526.54	2,702,865
04/06/2007	Capital increase through capitalisation of reserves	47,650,526.54	-	-	47,700,000.00	2,702,865
02/07/2007	Three-way share split	47,700,000.00	-	-	47,700,000.00	8,108,595
03/06/2008	Portion of dividend paid in shares	47,700,000.00	159,655.36	4,971	47,729,242.64	8,113,566
04/06/2008	Capital increase through capitalisation of reserves	47,729,242.64	-	-	47,800,000.00	8,113,566
13/04/2011	Conversion of ORA 2005 into shares	47,800,000.00	7,803,472.00	374,400	50,005,728.04	8,487,966
08/06/2011	Portion of dividend paid in shares	50,005,728.04	6,738,833.30	514,076	53,034,338.74	9,002,042
08/06/2011	Capital increase through capitalisation of reserves	53,034,338.74	-	-	53,100,000	9,002,042
26/10/2012	Capital reduction through cancellation of treasury stock	53,100,000.00	-	- 282,659	51,432,690.20	8,719,383
07/12/2012	Merger by absorption of AffiParis	51,432,690.20	5,952,830.44	314,576	53,288,267.59	9,033,959
13/12/2012	Capital increase through capitalisation of reserves	53,288,267.59	-	-	53,300,000.00	9,033,959
05/06/2014	Conversion of 28 ORA 2003 into shares	53,300,000,00	176,915.89	17,472	53,403,084.11	9 ,051,431
05/06/2014	Capital increase through capitalisation of reserves	53,403,084.11	-	-	53,500,000.00	9 ,051,431

Changes in the breakdown of capital during the past five years

The main changes in the breakdown of capital and voting rights over the past five years have been as follows (shareholders holding more than 2% of the capital):

	2010		2011		2012		2013		2014	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Holdaffine BV	35.7 %	52.2 %	35.40%	50.3 %	35.3%	50.3%	35.3%	51.2%	35.2%	51.2%
Mainz Holdings LLC	12.2%	9.0%								
Shy LLC			8.1%	6.0%						
La Tricogne					6.6%	5.0%	6.6%	4.8%	6.6%	4.8%
AXA Aedificandi and other AXA funds	3.5%	5.0%	2.1%	3.10%						
JDJ Two + A. Lahmi	7.0%	5.9%	2.4%	3.6%	1.0%	1.4%	1.0%	1.4%	1.0%	1.4%
Orexim (joint)									5.0%	3.6%
Other float	41.6%	27.9%	52.0%	37.0%	57.1%	43.3%	57.1%	42.6%	52.2%	39.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Material percentage of identified capital pledged

Name of directly registered shareholder	Beneficiary	Effective pledge date	Pledge expiry date	Conditions for the lifting of the pledge	Number of pledged shares of the issuer	% of the issuer's capital pledged
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**	**Not applicable**

The company is aware of pledges made on shares held by a nominee shareholder; this shareholder holds 1.0% of the capital of Affine R.E.

21.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Articles of Association of Affine R.E. will be subject to amendments to be proposed at the next General Shareholders' Meeting (see annexes).

21.2.1 Corporate purpose

The purpose of the company is the acquisition, sale and rental of properties and businesses, as well as equity investments in any financial, real estate, industrial or commercial company.

The corporate purpose is described in Article 2 of the Articles of Association.

21.2.2 Provisions relating to the board of directors

Article 10 of the Articles of Association defines the requirements for being appointed as a director as well as the composition of the Board. Directors may be natural or legal persons; in the latter case, they must appoint a permanent representative.

The Board must be composed of a minimum of three and a maximum of 15 directors. They are appointed for a three-year term and may be re-elected. To ensure that directorships do not all expire simultaneously, the General Shareholders' Meeting of 27 April 2012 amended Article 10 by allowing, in exceptional cases, the term of office to be set at one, two or three years.

Article 11 of the Articles of Association requires each director to hold at least one registered share throughout his or her term of office.

Article 14, in accordance with Article L.225-51-1 of the French Commercial Code, allows the Board the option of choosing to have the responsibilities of General Management performed either by the Chairman of the Board of Directors or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer. Irrespective of the General Management model (single or dual) chosen by the Board, the Chief Executive Officer has the broadest powers, subject to the limits of the corporate purpose and the powers granted by law to shareholders. The Chief Executive Officer may act at any time on behalf of the company.

The Board of Directors of the company has chosen to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and has appointed a Deputy Chief Executive Officer whose duties are identical to those of the Chief Executive Officer.

21.2.3 Features of shares and rights and restrictions attached to each class of shares

Shareholders may choose to hold their fully paid-up shares in registered or bearer form.

Voting rights attached to shares are proportional to the portion of the share capital they represent. However, under Article 29 of the Articles of Association, double voting rights, in view of the percentage of share capital they represent, are allocated:

a) to all fully paid-up shares proven to have been held in registered form in the name of the same shareholder for at least two years;
b) to bonus registered shares granted to a shareholder in the event of a capital increase by capitalisation of reserves, profits or share premiums, commensurate with the old shares on which the shareholder enjoys such right.

Double voting rights will lapse automatically for any share converted into a bearer share or transferred, except as a result of inheritance, liquidation of marital property between spouses, or donation inter vivos in favour of a spouse or relative entitled to inherit.

Voting rights are voided for any shareholder who should own, directly or indirectly, a number of shares or voting rights representing at least two percent of the capital or voting rights of the company and who has failed to inform the company within fifteen days of crossing this threshold. This disclosure requirement also applies in the event that ownership of capital or voting rights should fall below the 2% threshold.

The sanction must be requested by one or more shareholders who together or separately hold at least 2% of the capital or voting rights of the company. Any shareholder who fails to comply with the disclosure requirement will forfeit their voting rights for all shareholders' meetings held for a period of two years from the date on which disclosure is made.

The above provisions are contained in Article 9 of the company's Articles of Association.

The provisions of the Articles of Association relating to profits are contained in Article 36. In view of the company's SIIC status, a total dividend at least equal to eighty-five percent (85%) of the net profit derived from exempt transactions determined as such for corporate income tax purposes will be distributed to shareholders in proportion to the nominal amount of their shares, paid-up at least six months before the year-end and not redeemed. However, if the total amount to be distributed is less than one percent (1%) of the share capital, the General Shareholders' Meeting could decide to allocate this to retained earnings.

Notwithstanding the above paragraph, at least one third of the net amount of any gain from the accelerated disposal of leased buildings during the year must be included in the amount of profit subject to compulsory distribution as defined above. The balance will be included in the basis of calculation of distributable profit for the year or the next two years, provided that the aggregate amount of shares in the capital gain included in the distributable income for the year in which it was realised and the following year is not less than two thirds of the total amount of said capital gain.

Article 36 of the Articles of Association allows the General Shareholders' Meeting to give shareholders the right to choose between payment of the dividend in cash or in shares.

Interim dividends may be paid to shareholders following a decision of the General Shareholders' Meeting in accordance with the legal and regulatory provisions in force.

Article 36 also states that any shareholder other than a natural person who acquires, directly or through its controlled entities within the meaning of Article L.233-3 of the French Commercial Code, a percentage of dividend rights of the company at least equal to that referred to in Article 208-C-II-ter of the French General Tax Code, and whose own situation, or that of any associates, would make the company liable for the levy referred to in Article 208-C-II-ter of the General Tax Code, must prove to the company no later than five working days before the payment of any dividend, reserve, share premium or income held to be distributed within the meaning of the General Tax Code, that such distribution does not make the company liable for the levy.

In the absence of confirmation within the prescribed period, the amounts deducted from the company's profits and exempt from corporate income tax under Article 208-C-II of the General Tax Code which, in respect of each share held by such shareholder, must be paid thereto following a decision to pay dividends, will be reduced by the amount of the levy payable by the company in respect of the distribution of these amounts.

If the dividend is paid in shares, the shareholder will receive only a part of the amount distributed in the form of shares, it being specified that no fractional shares will be created, the balance being allocated by the company to pay the levy by applying this as specified above.

If it should emerge, following a distribution, that a shareholder was in a situation that should have given rise to a levy on the date of payment of said amounts, the shareholder will be required to pay the company, as compensation for its loss, an amount equal to the levy that the company would have had to pay in respect of the shares held by the shareholder on the date of payment of the distribution, plus additional compensation equal to interest on arrears, penalties or charges of any kind that the company should incur as a result.

If necessary, the company may offset its claim against the shareholder against any amount that might subsequently be paid thereto, until said claim has been extinguished.

21.2.4 Changes to shareholders' rights

Changes to shareholders' rights may only be made through amendments to the Articles of Association adopted by the company's Extraordinary General Meeting, as provided under current regulations.

21.2.5 Provisions relating to the calling of and admission to general shareholders' meetings

Article 23 of the Articles of Association sets out the conditions for calling General Shareholders' Meetings of the company.

General Shareholders' Meetings are called by the Board of Directors. They may also be called:
- by the Statutory Auditor(s);
- by a representative appointed by a court of law at the request, either of any interested party in an emergency, or of one or more shareholders representing at least one twentieth of the share capital or one-twentieth of the shares in the class concerned, in the case of Special Shareholders' Meetings;
- by the liquidator or liquidators, during the liquidation period, in the event of dissolution of the company.

General Shareholders' Meetings are called by a notice published in a newspaper authorised to publish legal notices in the département where the registered office is situated, at least fifteen clear days before the date of the meeting. However, if all the shares are registered, said notice may be replaced by a notice of meeting sent at the expense of the company by registered letter to each shareholder.

Electronic telecommunications may also be used to call shareholders' meetings subject to the prior written consent of the shareholders.

Shareholders who have held registered shares for at least a month on the date of publication of the notice of meeting are invited to attend the meeting by standard letter or, at their request and at their expense, by registered letter.

If a meeting is unable to deliberate due to a lack of quorum, the second meeting and, if necessary, the second postponed meeting, shall be convened at least six clear days in advance in the same manner as the first meeting. The notice and letters convening this second meeting shall reproduce the date and agenda of the first meeting.

General Shareholders' Meetings may be called verbally and without notice if all shareholders are present or represented.

Article 25 of the Articles of Association lays down the conditions for admission of shareholders to the company's General Shareholders' Meetings.

Any shareholder has the right to attend General Shareholders' Meetings and to participate in the proceedings, in person or by proxy, regardless of the number of shares held, if evidence is furnished, in accordance with the legal requirements, that the shares are registered in the shareholder's name or in the name of the shareholder's authorised intermediary pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code, on the third business day preceding the meeting at midnight, Paris time, (in accordance with Article R225-85 of the French Commercial

Code, modified by decree on 8 December 2014), either in the registered share accounts held by the company, or in the bearer share accounts held by the authorised intermediary.

Any shareholder with a legitimate voting right may receive proxies issued by other shareholders to be represented at a general shareholders' meeting, with no restrictions other than those arising from the provisions of Article 29 of the Articles of Association setting the maximum number of votes that the same person may have, whether in his or her own name or by proxy.

The legal representatives of legally incompetent shareholders and individuals representing legal entities may participate in meetings, whether or not they personally are shareholders.

Joint owners of shares are required to be represented in dealings with the company and at General Shareholders' Meetings by one of the joint owners, considered the sole proprietor, or by a sole representative; in case of disagreement, the sole representative may be appointed by a court of law at the request of the joint owner first to take action.

Unless otherwise agreed, as notified to the company, usufructuaries of shares shall legitimately represent bare owners in dealings with the company; however, the voting right shall belong to the usufructuary at Ordinary General Shareholders' Meetings and to the bare owner at Special or Extraordinary General Shareholders' Meetings.

21.2.6 Change in control

Except for the provisions referred to in section 21.2.3 concerning the allocation of double voting rights, no other provision of the Articles of Association, guidelines or rules of the company has the effect of delaying, deferring or preventing a change in control of the company.

21.2.7 Disclosure requirement for crossing thresholds

Article 9 of the Articles of Association states that a shareholder who should come to hold, directly or indirectly, a number of shares or voting rights representing at least two percent of the capital or voting rights of the company must inform the company within fifteen days of crossing this threshold. This disclosure requirement also applies in the event that ownership of capital or voting rights should fall below the 2% threshold.

21.2.8 Changes to the share capital

The conditions for changes to the capital of the company envisaged in the Articles of Association are no more stringent than the legal requirements.

22 MATERIAL CONTRACTS

SHAREHOLDERS' AGREEMENT WITH THE COMPANY BANIMMO

A shareholders' agreement was signed on 1 September 2006, as amended on 24 May 2007 and 26 March 2010, between Affine and the six members of the Banimmo Executive Committee. This agreement will remain in effect until 28 February 2016, unless renewed.

If either of the two groups wishes to sell their shares, pre-emption mechanisms exist.

Members of the Banimmo Executive Committee, signatories to this agreement, hold all class B shares of Banimmo, which entitle them to a preferential dividend, distributed before the ordinary dividend, and determined based on a level of return on economic equity stipulated in Article 39 of Banimmo's Articles of Association. This preferential dividend right will expire in 2017, after the dividend distribution for the 2016 financial year. These shares will lose their preferential status in the event of a member of the Management Committee leaving, unless replaced by another member of the Management Committee. By amendment of 26 March 2010, class B shares can now be owned by any individual or company related to Banimmo and/or its subsidiaries by an employment or management contract, provided they are approved by Affine and the Banimmo Executive Committee.

23 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

Since late 2005, the entire property portfolio of the Affine Group has undergone an annual valuation at June 30 and 31 December.

The company's property portfolio is mainly composed of offices, retail premises and warehouses. For the preparation of its consolidated statements, the company has chosen to account for property using the fair value model in accordance with IAS 40, as explained in section 20.1.7.1.7. This standard means that change in the fair value of properties for each accounting period is recorded in the income statement.

At the end of December 2014, the Group valued its rental properties by updating external appraisals for 76% of their value, and internal appraisals for the remaining assets or those in the process of being sold (based on any preliminary sale agreements).

The methodology used by the appraiser is described in section 20.1.7.1.7. The capitalisation rate and DCF methods were used for assets valued internally.

Valuations are based on the rental statements, planned investments and the status of current negotiations (expected departures and arrivals) provided by Affine.

The rent indexing used depends on the type of property and the nature of the tenant's activity. Present in the three main commercial property sectors (offices, retail and warehouses), Affine mainly uses three indices – the ILAT (INSEE Retail Rental Index), ICC (Construction Cost Index) and ILC (Commercial Rent Index) – in 41%, 41% and 12% of cases respectively. More specifically, Affine also uses the French Building Federation's Construction Cost Index (ICC FFB), and a fixed rate.

Affine remains cautious with regard to the outlook for the rental market. Its effects can be seen in the level of activity based on rental income.

The set of assumptions used in property valuations are reviewed and monitored by the Statutory Auditors. This audit is specifically aimed at checking the relevance of these items, the main variables of which are listed in section 20.1.7.1.5.

Valuations reflect market values excluding transfer taxes, i.e. after deduction of stamp duty and/or conveyancing fees (in the case of a property sold subject to VAT on property), based on 6.20% or 6.90% of the value excluding transfer taxes, depending on the property's location, and 1.80% for property subject to VAT. In Affine's case, the difference between net fair value and gross fair value is based on adjustments for the 1.80%, 6.20% or 6.90% rate, as appropriate.

The gross capitalisation rate is determined as the ratio of annualised gross rental income to appraisal values excluding transfer taxes. The rate of return is calculated based on the appraisal including transfer taxes.

The appraiser's fees are agreed at the outset based on a flat fee per asset, depending on the type, size, complexity and location.

Information on changes in fair value, reconciliation between values In the statement of financial position and appraisal values given by independent experts and the sensitivity of the asset valuation can be found in note 1 of section 20.1.7.4.1.

In accordance with the principles enshrined in the Code of Conduct for SIIC, Affine rotates its appraisers so that an appraiser cannot have more than two consecutive four-year appointments for the same asset (no exceptions are permitted). It ensures in this case that after a maximum of seven years, the internal teams in charge of the appraisal have effectively been replaced.

The appraisal results, associated returns and occupancy rates are illustrated below by activity segment:

(€m) at 31 Dec 2014	Fair value exc. transfer taxes	Fair value inc. transfer taxes	Market return	Headline return	Potential return	Occupancy rate
Offices	302.3	321.8	6.9%	6.9%	7.6%	90.5%
Retail	124.9	132.0	6.9%	6.7%	8.0%	83.9%
Warehouses and industrial premises	147.4	155.8	8.7%	8.7%	9.2%	94.3%
Other	0.5	0.6	5.4%	4.4%	4.4%	100.0%
PATRIMOINE	**575.1**	**610.1**	**7.4%**	**7.3%**	**8.1%**	**90.2%**

The market, headline and potential returns correspond to market, headline and potential rents divided by the market value of rental properties, including transfer taxes, at closing.

Market rents correspond to the rents that would be obtained if the premises had to be re-let at the closing date.

Headline rents correspond to the contractual rents of the lease, to which successive pegging operations are applied as contractually agreed in the lease, excluding advantages granted to the tenant by the owner (unbilled charges contractually considered as such, staggering of rent, etc.).

Potential rents correspond to the sum of headline rents and market rents of vacant premises.

The financial occupancy rate is equal to the market rents of occupied premises divided by the market rents of the total premises.

GENERAL FRAMEWORK

To update the value of its property portfolio, Affine approached the appraisers listed below according to the following breakdown:

(€m) at 31 December 2014	Type	Number of assets	Market value excl. transfer taxes	Fair value including transfer taxes	Assignment as % of appraiser's sales
BNPP Real Estate Valuation	Offices	11	111.6	119.2	0.22%
	Warehouses and industrial premises	4	14.8	15.4	
Crédit Foncier Expertise	Offices	8	46.3	49.4	0.002%
	Retail	1	2.8	3.0	
Cushman & Wakefield Expertise	Offices	5	107.0	113.7	1.2%
	Retail	6	120.6	127.5	
	Warehouses and industrial premises	3	31.1	33.2	
Assets not subjected to an appraisal		**19**	**141.0**	**148.8**	
PROPERTY PORTFOLIO		**57**	**575.2**	**610.1**	

The appraisers prepared their reports based on values at 31 December 2014.

No conflict of interest was found.

This procedure was carried out to comply with the AMF recommendation on the presentation of valuation and risk data for the property assets of listed companies, published on 8 February 2010.

Appraisals were carried out based on the fair value of the property under the terms of the current lease and under IFRS (IAS 40 and IFRS 13). In view of Affine's status as a listed property company, fair value is defined in IAS 40 and IFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Industry bodies recognise that for investment property, fair value is identical to market value, as defined by the Royal Institution of Chartered Surveyors (RICS) and the French real estate appraisal code (Charte de l'Expertise en Évaluation Immobilière).

According to this code, market value is "the estimated amount of money against which a property would be exchanged, at the measurement date, between a willing buyer and a willing seller in a balanced transaction after proper marketing where the parties have each acted knowingly, prudently and without pressure".

The appraisers confirm that the buildings were valued "line-by-line" based on individual appraisals, rather than based on the entire portfolio.

EXPERTISE AND INDEPENDENCE

We carried out this work for your company as external appraisers.

We did not identify any conflict of interest, either among the parties concerned or in relation to the properties and titles to property studied.

We also confirm that the team selected to do the work has the skills and knowledge needed to estimate the value of the assets concerned.

DETAILS OF THE BRIEF

All the property assets concerned have been visited by appraisal teams over the past five years.

No technical, legal, environmental or administrative audit was required to perform the appraisal. The valuation is based on the documents provided by the client, including:
- leases,
- description contained in the purchase deeds,
- details of rents,
- details of tax and certain charges.

The properties concerned are part of a property portfolio which is periodically valued at 30 June and 31 December, in whole or in part, by independent experts.

OPERATING CONDITIONS

The brief was carried out based on documents and information given to us, including rental statements and planned works, all assumed to be true and correct and corresponding to the information and documents in the possession of or known to the client and likely to have an impact on the market value of the property.

It is not within our remit to assess or quantify the impact of risks related to the contamination of soil, buildings, pollution of land and environmental issues in general. Unless otherwise informed, we assumed that the plots were not polluted and that the buildings did not contain asbestos or wood-boring insects (termites, etc.), lead, radon or other products of a harmful nature.

The appraisal and valuations were carried out in accordance with:

- the recommendations of the Barthès de Ruyter report on the valuation of property assets of listed companies making public offerings, published in February 2000,
- the French real estate appraisal code (Charte de l'Expertise en Evaluation Immobilière),
- the European Valuation Standards published by TEGoVA (The European Group of Valuers' Associations),
- the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS),
- the International Valuation Standards of the International Valuation Standards Committee.

The market value of the property was estimated by the following methods:

- comparison method
- capitalisation method
- DCF method
- "developer's budget" method (applied only to properties under development)

The valuation methodology is summarised in section 20.1.7.1.7.

The valuation is based on an assumption of market stability and the absence of significant changes in properties between the completion date of the appraisals described in this report and the value date.

For leasehold property and title, only the underlying property and title were valued, and not the transfer value of the finance lease.

Any special financing arrangements entered into by the owners were likewise not taken into account.

ADDITIONAL VALUATION PARAMETERS – IFRS 13

Since 1 January 2013, the Group has applied IFRS 13, which defines fair value as the "highest and best use" of the asset. The standard establishes a fair value hierarchy with three levels according to the inputs used in valuations.

Given the nature of the real estate investment market in France and the features of Affine's investment property, the most significant parameters used for estimates, particularly market rental values and rates of return, are classified as level 3.

OBSERVATION

The above value is net, i.e. after deduction of stamp duty and/or conveyancing fees (in the case of a property sold subject to VAT on property), based on 6.2% or 6.9% of the value excluding transfer taxes, depending on the property's location, and 1.8% for property subject to VAT.

The values shown do not include any marketing costs or taxes and related fees.

We confirm that our appraisals are confidential and strictly for use by your company and your professional advisors in connection with the brief given.

Each appraiser declares that he/she is independent and has no interest in Affine, and confirms the values of the property assets valued, without taking responsibility for those done by other firms. The appraiser also consents to this condensed report being included in Affine's registration document.

BNPP Real Estate	Crédit Foncier Expertise	Cushman & Wakefield
Valuation		*Expertise*

24 DOCUMENTS ON DISPLAY

The documents and information constituting regulated information are available on the website www.affine.fr. The following documents in particular can be found on the company's website, and will be available for consultation throughout the period of validity of this registration document:

- Annual reports since 2001
- Half-yearly financial reports since 2006
- Quarterly financial information
- Chairman's report on corporate governance and internal control
- Registration documents required by the COB and the AMF since 2002
- 2014 Registration Document
- Financial press releases published by the company
- Analyst presentations

Affine's Articles of Association can be obtained on request from the company's head office: 5 rue Saint-Georges, 75009 Paris.

25 INFORMATION ON HOLDINGS

Promaffine (100% owned by Affine) disposed of its investment in Concerto Développement on 19 December 2014.

Information on entities in which the company has an equity interest can be found in the notes to the consolidated financial statements under section 20.1.7.3, “Scope of consolidation”.

26 CSR INFORMATION

REPORT BY THE INDEPENDENT THIRD-PARTY BODY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION SET OUT IN THE MANAGEMENT REPORT

Financial year ended 31 december 2014

To the Shareholders,

In our capacity as an independent third-party body, accredited by the COFRAC (the French Accreditation Committee) under number 3-1049[1], and member of the KPMG International network as one of your statutory auditors, we hereby present our report on the consolidated social, environmental and societal information regarding the financial year ended 31 December 2014 presented in the management report (hereinafter the "CSR Information"), as required by Article L.225-102-1 of the French Commercial Code.

The company's responsibility

It is the responsibility of the Board of Directors to prepare a management report including the CSR information provided for in Article R.225-105-1 of the French Commercial Code, prepared in accordance with the guidelines used by the company (hereinafter the "Guidelines"), a summary of which is provided in the management report and is available at the company's registered office on request.

Independence and quality control

Our independence is determined by the regulations, our professional business ethics code and the provisions provided for in Article L.822-11 of the French Commercial Code. Moreover, we have introduced a quality control system that includes documented policies and procedures aimed at ensuring compliance with business ethics rules, professional standards, and the applicable legislation and regulations.

Responsibility of the independent third-party body

Our responsibility, on the basis of our work, is:

- to certify that the CSR Information required is included in the management report, or is the subject of an explanation pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Certificate of inclusion of the CSR Information), in the event that it is omitted;
- to draw a conclusion expressing moderate assurance on the fact that all the material aspects of the CSR Information, taken as a whole, have been presented in a fair manner in accordance with the Guidelines (reasoned opinion on the fairness of the CSR Information).

Our work was performed by a team of five people between January and February 2015, over a period of roughly two weeks. We called upon our CSR experts to help us perform this work.

We performed the work described below in accordance with the professional standards applicable in France and with the Order of 13 May 2013 setting out the conditions under which the independent third-party performs its assignments, and with international standard ISAE 3000 where the reasoned fairness opinion is concerned[2].

1. Certification of the inclusion of CSR Information

We have familiarised ourselves with the presentation of the sustainable development guidelines, in accordance with the social and environmental consequences linked to the company's business activities, and with its societal commitments, and, where applicable, with the initiatives or programmes arising therefrom, based on meetings with the managers of the departments concerned.

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

Where some consolidated information was missing, we checked that explanations were provided in accordance with the provisions of paragraph 3 of Article R.225-105 of the French Commercial Code.

We checked that the CSR Information covered the scope of consolidation, namely the company and its subsidiaries, within the meaning of Article L.233-1 of the French Commercial Code, and the companies that it controls within the meaning of Article L.223-3 of that Code, in accordance with the limits specified in the methodology note set out in the section entitled "Methodology Note" in the management report.

Based on this work, and in light of the aforementioned limits, we attest that the management report contains the required CSR Information.

1 Go to www.cofrac.fr to check the scope of this accreditation

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

2. Reasoned opinion on the fairness of the CSR Information

Nature and extent of the work

We held two meetings with the persons responsible for preparing the CSR Information at the departments responsible for the information-gathering process, and where applicable, with the persons responsible for the internal control and risk management procedures, in order to:

- assess the appropriate nature of the Guidelines in terms of their relevance, completeness, reliability, objectivity and comprehensibility, taking good practices in the sector into consideration, where applicable;
- verify the implementation of an information-gathering, compilation, processing and control process aimed at providing complete and consistent CSR Information, and familiarise ourselves with the internal control and risk management procedures relating to the preparation of the CSR Information.

We determined the nature and scope of our tests and controls on the basis of the nature and materiality of the CSR Information, in view of the company's characteristic features, the social and environmental issues pertaining to its business activities, sustainable development guidelines, and good practices in the sector.

For the CSR information that we considered the most important[3]:

- we consulted the documentary sources and held meetings to corroborate the qualitative information (organisation, policies and initiatives), we implemented analytical processes in the case of the quantitative information, and checked the calculation and the consolidation of the data based on spot checks, and also checked their coherence and consistency with the other information provided in the management report at the level of the consolidated entity;
- we held meetings to check the correct application of procedures and to identify potential omissions, and conducted detailed tests on the basis of samples, which consisted in checking the calculations made and in cross-checking them with the data in the supporting documents. Since the information is available at head office, our tests concerned 100% of the workforce and 100% of environmental quantitative information.

In the case of other consolidated CSR Information, we assessed the consistency of the information with our knowledge of the company.

Lastly, we assessed the relevance of the explanations regarding the total or partial absence of some information, where applicable.

We believe that the sampling methods and size of the samples that we selected when exercising our professional judgement enable us to draw a conclusion expressing moderate assurance; a more definite conclusion would have required more extensive verification work. Given the use of sampling techniques and the other limits inherent to the operation of any information and internal control system, the risk that a material misstatement in the CSR Information was not identified cannot be completely eliminated.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the fact that the CSR Information, taken as a whole, is presented in a fair manner, in compliance with the Guidelines.

Paris La Défense, 16 March 2015

KPMG S.A.

Anne Garans
Partner
Climate Change & Sustainable Development Department

Régis Chemouny
Partner

3 Social data: *Workforce as at 31/12/2014 and its analysis by gender, age and status – Number of hires – Number of departures – Total number of training hours.*
Environmental information: *Number of green leases signed – Electricity consumption – Water consumption – Greenhouse gas emissions linked to electricity consumption.*
Material qualitative information: *Implemented training policies - Employee training and information initiatives on environmental protection - Conditions for interacting with the persons or organisations interested by the company's activity.*

26 CSR INFORMATION*

* Corporate Social Responsibility (CSR) includes all information pertaining to the social, environmental, societal and economic aspects of the company's operations and interactions with its stakeholders, as defined by the French Decree of 24 April 2012 regarding corporate social and environmental transparency requirements.

Three levels of reporting are used, which are those recommended by France GBC in its CSR Reporting guide:

Corporate level: limited to buildings used by the company for its own use (head office).

Operational level: limited to buildings associated with revenues, with three areas of scope:
- 1) No available information
- 2) Information available only for managed common parts
- 3) Information available for the entire building

Stakeholder level: incorporating the environmental impact of programmes in their entirety, from construction to use.

In keeping with the financial consolidation method of accounting, the above three levels apply to Affine and its fully consolidated subsidiaries (therefore excluding Banimmo).

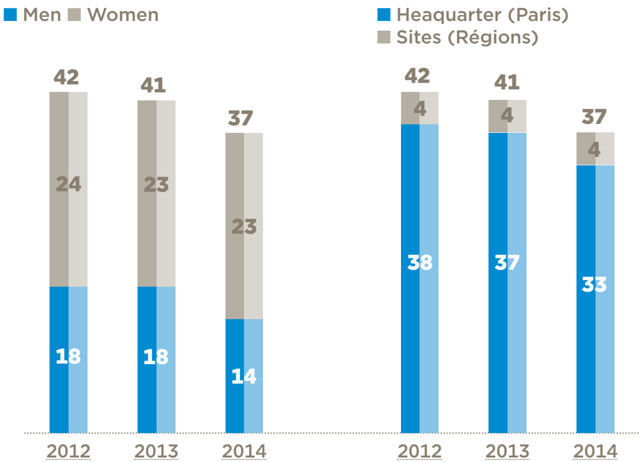
26.1 SOCIAL INFORMATION

Employment

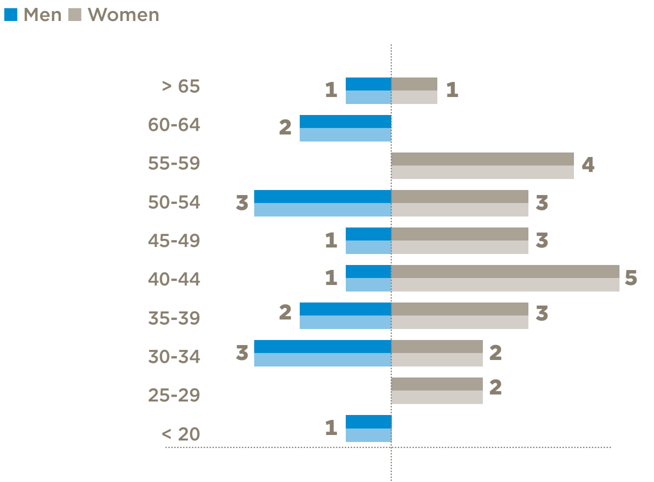
Total workforce and breakdown of employees by gender, age and geographical area

At 31 December 2014, the Group had 37 employees: 8 employees, 27 managers and 2 executives. The female/male breakdown is as follows: 23 women (6 employees, 16 managers and 1 executive) and 14 men (2 employees, 11 managers and 1 executive corporate officer).

Workforce breakdown by gender and location



Age pyramid



Recruitment and dismissals

The Group recruited 4 employees during the period, including 1 on permanent contract and 3 on fixed-term contracts. 2 people left the company (retirement, resignation or lay-off), 1 of whom was laid off.

The Group has no plans to downsize.

Salaries and changes

At least once a year, managers meet their employees for an individual assessment. This is an opportunity to review performance targets, take stock of achievements and career development prospects, and identify any training needs. The appraisal process also enables employees to receive a full yearly appraisal of their skills and areas for development.

In 2014, employee gross salaries totalled €3.3m, down 3.8%. Social Security employer contributions accounted for an additional 54% of gross salary.

The amount paid out in 2014 in respect of 2013 profit sharing was €0.2m, in line with the profit-sharing agreement signed in June 2012 as stated below under "Collective bargaining agreements".

At 31 December 2014, no employees of the Affine Group had holdings in the company's share capital through a mutual fund or company savings plan (Article L.225-102 of the French Commercial Code).

Organisation of labour

Organisation of working hours

In December 2001, Affine signed an agreement to reduce working hours and introduce flexible working times with an annual workload of 1,600 hours. The "Solidarity Day" instituted by the French Law of 30 June 2004 was allocated to the number of legal leisure days.

Absenteeism

A total of 397 days' sick leave were lost in 2014 compared with 73 in 2013 and 212 in 2012, i.e. 9.7 days per employee compared to 1.8 and 4.6 last year. Causes of absenteeism in the company were mainly illness and maternity leave. The sharp increase is mainly due to a long duration of illness.

Employee and management relations

Dialogue organised between management and employees, especially procedures for providing information to employees and the consulting and negotiation process

Dialogue organised between management and employees, especially procedures for providing information to employees and the consulting and negotiation process

Affine employees are represented by delegated members of staff who are responsible for gathering questions and observations that employees want to present to management, discussing these and if necessary seeking an agreement that suits all parties; decisions taken during those meetings are recorded and brought to the attention of all employees.

The questions put by personnel are expressed either through discussion, or by email or via a mailbox available to them.

Decisions made at weekly managers' meetings are notified to all employees.

General information meetings are held by general management throughout the year to present annual and half-yearly results to employees or to discuss important issues relating to the company's organisation or operation.

All mandatory notices are posted on company premises, as are the Group's press releases, which are emailed to employees at the same time.

Collective bargaining agreements

In 2014, no new collective bargaining agreement was signed.

The following agreements continued to apply in 2014:

Collective labour agreement:

The property sector collective labour agreement has been applied since 1 January 2013.

Profit-sharing agreement:

In parallel with the early termination of the profit-sharing agreement expiring on 31 December 2012, all personnel signed a new agreement on 8 June 2012, applying from the 2012 financial year.

Agreement to adjust working hours:

The collective bargaining agreement of 21 December 2011 regarding the adjustment of working hours continues to apply within the company..

Health and safety

Health and safety in the workplace

The Group's employees have been in new premises since 2010: this new environment improves information sharing among employees and enhances the quality of their work by providing a new and more convivial workspace equipped with the latest technology in terms of visual comfort (lighting system) and ergonomics.

The Group has also organised seasonal flu vaccination campaigns since 2000.

In accordance with applicable regulations, an assessment was made of risks within the company. The results of this assessment were reported in the safety and security assessment document.

Workplace health and safety agreements signed with trade unions or employee representatives

The Group did not sign any specific agreements regarding health and safety in the workplace.

Given the changes in regulations including the French Decree of the 9 January 2012 and the ACOSS social security circulars of 25 September 2013 and 4 February 2014, on 16 July 2014 Affine formalised the unilateral decision by the employer for the introduction of a complementary health plan for employees. This decision was formalised after informing and consulting with employee representatives.

Workplace accidents, particularly their frequency and seriousness, and occupational illnesses

The Group recorded no workplace accident entailing sick leave or occupational illness.

Training

Implemented training policies

Potential training needs are assessed during yearly individual appraisals. The Group's training policy is designed to ensure that employees have, or can acquire, the skills and autonomy required to make decisions in line with their responsibilities.

Training focuses on three main areas: accounting and IT skills, real estate law and languages. Affine's training budget accounts for 1.04% of payroll, higher than the legal threshold of 0.9%; 16 employees benefited from training in 2014.

English lessons are given once a week in the company's offices.

When a new IT system was implemented, all employees received a detailed training to understand the issues of this new tool and to master its use.

Total number of training hours

The total number of external training hours in 2014 was 422.

Equal treatment

Measures taken to promote equality between men and women

The company offers the same opportunities for career advancement within the Group to men and women. In 2014, the company had 2 female and 2 male senior managers.

Measures taken to promote the employment and integration of people with disabilities

Except in some specific cases, the company works whenever it can with contractors who employ disabled people.

Anti-discrimination policy

The Group plays close attention to discrimination issues and strives to avoid any discrimination when hiring new personnel, or in career development and changes in pay.

For 2014, since the average workforce in the Affine group numbers less than 50, there is no need to establish an action plan for seniors.

Promoting and upholding the fundamental conventions of the International Labour Organisation

The Group's business is limited to the European Community, which requires specific compliance with the stipulations regarding:

- freedom of association and the right to collective bargaining,
- elimination of discrimination in respect of employment and occupation,
- elimination of all forms of forced or compulsory labour and child labour.

26.2 ENVIRONMENTAL INFORMATION

General environmental policy

Organisation of the company to take into account environmental issues and, where appropriate, processes for environmental assessment or certification

Affine initiated a sustainable development review that considered the impact of its property business on the environment. This process is geared towards making an environmental analysis of the Group's assets and raising tenants' awareness of environmental issues.

Reducing the ecological footprint starts with a process of reflection conducted jointly with tenants on the use of the premises, installing systems that use natural resources more sparingly, measuring the impact on energy, water, waste and carbon, and evaluating investments to upgrade the portfolio's less energy-efficient buildings and ensure their compliance with standards. The signing of green leases (14 since 2010) and efforts to obtain environmental certifications are concrete examples of how these principles are being applied to Affine's operating activities.

The Affine approach is in line with the Group's objective of social responsibility and preserving the value of its assets. This environmental forum has led Affine to rethink its property strategy in order to make environmental performance a discriminating factor in its investment and disposal policy. Affine aims to focus on the acquisition of buildings which already comply with the most advanced environmental performance criteria, or which could achieve such compliance with limited investment. Similarly, the Group is disposing of assets that cannot be readily adapted to the environmental criteria of a listed property company.

The process for reporting environmental data is to be revised to take account of regulatory changes under France's "Grenelle II" Law on environmental governance. The areas identified for improvement include establishing a process to collect environmental data, defining the most relevant and suitable indicators, and consolidating various aggregates to facilitate data analysis.

As an example, as part of the renovation of the Tangram building, a 5,700 sq m office building located at boulevard des Tchécoslovaques in Lyon, France, the group obtained the DEFFIBAT grant issued by the ADEME energy and environment agency. The purpose of this plan is to bring out the best initiatives in the Rhône-Alpes region on low energy consumption that also factors in environmental and health issues (quality of life and use, water, waste, etc.). The group is aiming at a BBC Renovation Effinergie endorsement. Beyond the benefits of offering the amenities of a new building with a new high-quality facade, all the offices will be on daylight and fully equipped with LED lighting. The complex will provide 2 parking spaces for electric vehicles, which can increase to 10, and 2 bicycle parking spaces in the basement.

Employee training and information on environmental protection

Asset managers receive regular training sessions on different aspects of incorporating environmental considerations in managing the group's properties.

Means employed to prevent environmental risks and pollution

The nature of Affine's business does not pose any particular danger to the environment.

Excluding offices and retail complexes, only warehouses could, depending on the tenants, present environmental risks of varying degrees of severity.

Logistics sites requiring an operating licence have containment ponds with sufficient volume of water for extinguishing fires. The amount of water to be held in these ponds is estimated based on a hazard analysis and takes into account the water that would be needed by fire crews, the water supply required for protection purposes (sprinklers, for example), the volume of water related to bad weather, the speed of emergency response, and the nature of the materials stored. Water recuperated from these ponds is potentially polluted and kept separate from the rainwater network by a valve operated manually or automatically.

Amount of provisions and guarantees for environmental risk, (except in cases where such information is likely to cause serious damage to the company in an ongoing dispute)

No provision or guarantee for environmental risk has been needed.

Pollution and waste management

Measures to prevent, reduce or repair air, water and soil emissions that seriously impact the environment

Apart from the steps taken regarding the establishment of a containment pond for fire extinguishing purposes, no other type of pollution risk has been identified and thus no further measures have been needed.

Measures to prevent, recycle and dispose of waste

An effective waste management policy must be based on active cooperation with tenants, who are regularly informed about the site's waste management systems and sorting equipment. Leases or green leases, where applicable, may stipulate minimum requirements in terms of waste recycling and sorting.

At warehouses, tenants have to separate ordinary industrial waste from hazardous waste.

Consideration of noise pollution and, where applicable, any other form of pollution specific to an activity

A maximum sound intensity has been established for logistics sites. Every two years, local authorities may request a study to check compliance with these limits.

Sustainable use of resources

Water consumption and supply based on local requirements

The Group relies on close cooperation with its tenants to reduce water consumption in its existing buildings. Green leases provide for the establishment of steering committees organised with tenants, representatives of the Group and joint management agency representatives. These committees raise awareness for all stakeholders in sustainability challenges such as the preservation of water resources.

For development, refurbishment and extension programmes, the effectiveness of installed equipment is a decisive factor when it comes to making technical choices (extinguishers, water-based fire extinguishing systems, air conditioning systems, etc.), and is part of the drive to reduce water consumption.

At the corporate level, water consumption was 331 m^3 in 2014.

Consumption of raw materials and measures taken to improve efficiency in their use

For refurbishment or new projects, the Group studies the possibility of reusing existing structures and materials. In addition, preference is given to materials with low environmental impact and recycled products or materials.

The company collects all used cartridges and gives them to an association specialising in this kind of recycling.

Energy consumption, measures taken to improve energy efficiency and use of renewable energies

At the corporate level, the company's electricity consumption was 218,798 kWh.

At the operational level, management decided to install remote metering in a representative portion of the Group's property portfolio to monitor power consumption and take appropriate measures to improve energy efficiency.

Affine's property strategy, characterised for the most part by multi-tenanted buildings with an average value close to €10 million, does not allow the Group at present to envisage implementing a specific policy regarding negotiations to purchase power for all its properties as a means of promoting a "greener" source of energy production.

Use of soil

The due diligence process for acquisitions and investments comprises an in-depth assessment of technical, regulatory, environmental, and safety and security risks, particularly that of soil pollution.

In the specific case of a risk of pollution by one of the Group's customers, the company works in cooperation with that customer to ensure compliance with all safety measures.

Climate change

Greenhouse gas emissions

The Group's reporting combines the greenhouse gas emissions (GHGE) associated with a building's electricity consumption, converted into units of CO2 equivalent (CO2e).

At the corporate level, the 218,798 kWh of electricity consumed corresponds to a greenhouse gas emissions of 13.1 tons (metric tons in CO2 equivalent).

Adapting to the consequences of climate change

To reduce its CO2 emissions and limit the impact of its operations on the climate, the Group strives to reduce the energy consumption of its buildings at the time of refurbishment. At present, no general monitoring process has been set up yet to identify the positive results of this investment. A programme to record information and provide tracking charts is expected to start in 2015.

In addition, Affine analyses the various risks of climate change as acquisitions and divestitures occur or when signing new leases. In view of the characteristics of its asset base, the group does not consider it necessary to conduct an ongoing audit of the classification of its sites. However, its regulatory monitoring policy allows it to be notified in case of changes of classification related to natural risk in the areas concerned.

Biodiversity protection

Measures taken to safeguard or develop biodiversity

The Group's pragmatic approach to promoting biodiversity and environmental awareness at its existing sites involves making the most of green spaces, even though the heavy urban density at most sites limits the scope for developing this initiative. The company also ensures that new projects take account of safeguarding a site's existing fauna.

26.3 SOCIETAL INFORMATION

Regional, economic and social impact of the company's activities

Impact on employment and regional development

Affine operates in close consultation with regional capitals with strong development potential. By investing either in its existing assets through refurbishment or in new projects, the company generates jobs directly related to the work being undertaken. In addition, the availability of office, retail and warehouse space leads to the development of a variety of businesses, which generate further jobs.

Impact on local and neighbouring populations

By helping to revitalise towns and cities, Affine is boosting the development of the economic environment and urban fabric of these locations.

Relationships with persons or organisations interested in the company's business activities

Conditions for interacting with the above (non-profit organisations focusing on workplace integration, environmental protection, educational institutions, consumer associations and neighbouring populations)

The Palladio Foundation was created in 2008 by companies in the real estate industry around the major challenge of the twenty-first century, namely the construction of the city and its living spaces. It operates directly with those involved and who have, or will have. the responsibility for building the city, by creating the support tools needed to step back (institutional), prepare promotions (business development) and plan ahead (research centre). The working method is that of comparing and discussing viewpoints between leaders and experts, students and business people, researchers and operational staff.

In 2014, Affine Group, patron and board member of the Foundation, has been particularly involved in:

- Governance of the Palladio Foundation: Affine is represented on the Foundation's Board of Directors.
- Pôle Avenir Palladio: Affine is a member of Palladio Scholarship Committee, and a manager was a member of the Jury for the 2014 Junior Prize for real estate.
- The Institute Palladio: a manager was a member of the College of Auditors 2014 cycle.

Partnership or sponsorship initiatives

In addition to its commitment to its industry sector, Affine diversifies its partnership and sponsorship initiatives.

Since 2001, Affine has supported Pro Musicis, a non-profit association dedicated to enhancing the careers of young musicians. It organises public concerts for these musicians in exchange for "community outreach concerts" performed for people who are isolated or suffering from illness or in poverty (the elderly, people with disabilities or living in rehabilitation centres, the homeless, prisoners, etc.).

Affine also supports the initiatives of Proxité. The primary goal of this non-profit association is to establish a system whereby working individuals mentor disadvantaged youth, in either their schooling or their search for employment.

The Affine Group (through MAB Finance) is a supporter of the Agence du Don en Nature (ADN) association. ADN's goal is to foster and boost product philanthropy by establishing financial and skills-based partnerships with companies so that the most disadvantaged members of society can have access to everyday non-food products. Its approach consists of collecting unused products intended for destruction and redistributing them. ADN handles the logistical interface.

Subcontractors and suppliers

Social and environmental challenges factored into the Group's purchasing policy

Given the low volume and the nature of the products purchased, the possibility of monitoring information, such as the weight or origin of materials used in the Group's programmes, was considered overly complex and irrelevant.

Importance of sub-contracting and factoring in the social and environmental responsibility of suppliers and sub-contractors

Except in some specific cases, the Group favours local subcontracting agreements that promote regional economic development and limit the carbon footprint of the project.

Maintaining best practices

Anti-corruption initiatives

Programmes considered sensitive, such as company or building sales, or significant construction projects or renovation work, are subject to calls for tender combined with appropriate procedures, particularly with regard to knowing the intermediaries involved, who are subject to special due diligence as soon as a business relationship is established.

As required by the legislation related to money laundering, when making an acquisition, the company declares that the committed capital does not originate from a criminal offence.

Measures taken to promote consumer health and safety

All of the tenants are committed to meet regulatory standards in this regard.

Apart from special cases, the tenant is liable for ensuring that the premises occupied comply with all the requirements of the administrative authorities concerning health, safety or cleanliness. Any work that may be required for the maintenance or compliance of its premises therefore remains its responsibility, except for works related to the structure of the building since the law Pinel was introduced in France.

Other initiatives undertaken to promote human rights

No specific initiatives were undertaken in this regard.

26.4 NOTE ON METHODOLOGY

The approach used by the Affine Group in its CSR reporting is based on Articles L.225-102-1, R.225-104 and R.225-105-2 of the French Commercial Code.

Reporting period

The data collected covers the period from 1 January to 31 December of the year. This data is provided on an annual basis.

Scope

The scope of CSR reporting aims to be representative of the Group's various activities and is defined in accordance with the following rules:

- Only companies which are fully consolidated in the financial statements are included in the scope of CSR reporting[1].
- The reporting scope for environmental information covers the data on the head office.

The reporting scope for the 2014 financial year consists of:

- Social data: the companies Affine and Les 7 Collines.
- Environmental data: Affine head office.

Choice of indicators

The indicators are chosen with regard to the social, environmental and societal impact of the activity of the companies and the risks associated with the challenges that their business lines involve.

Consolidation and internal controls

The quantitative information is collected centrally by Affine's Operating Division. The qualitative information is collected centrally by Affine's Financial Communication & Capital Markets Division. The data is checked and approved by the Executive Management.

External controls

Pursuant to the regulatory obligations required by Article 225 of the French Grenelle II Law and its implementing Decree dated 24 April 2012, as of the 2013 financial year Affine asked one of its statutory auditors to provide a report including an attestation of completeness of environmental, social and societal information and a limited opinion on the fair presentation of information published (limited level of assurance).

1 Banimmo, therefore, is excluded from the scope of reporting. The information for the subsidiary Concerto was consolidated until end of December 2014, date of disposal.

Definitions for methodological indicators and limits

Social indicators

Information	Description	Scope
Workforce by age, gender and marital status	Number of permanent or temporary employees on the payroll at 31 December of the year. Trainees and temporary workers are excluded from this indicator.	Companies
New hires	Number of permanent and fixed-term employees recruited between 1 January and 31 December of the year.	
Dismissals	Number of employees who left the company between 1 January and 31 December of the year at the behest of the company.	
Number of absentee days	The number of absentee days includes absentee days due to illness and maternity leave.	
Training hours	Number of external training hours billed to and paid by the Group, attended by employees between 1 January and 31 December of the year. The number of hours is booked per employee according to the justification provided or based on an estimate of time, with 7 training hours being the equivalent of 1 day. Participation in seminars and conferences is not included in the training hours.	

Environmental indicators

Information	Description	Scope
Water consumption	Mains water consumption during the period between 1 January and 31 December of the year. This includes consumption within both private and common areas allocated to the area occupied by the company in the building based on a ratio provided by the management company. Consumption being now determined on the basis of meter readings, the 2014 data are not comparable with those of 2013.	Head office
Electricity consumption	Electricity consumption during the period between 1 January and 31 December of the year. This includes consumption within both private and common areas. Consumption within common areas is allocated in proportion to the area occupied by the company in the building based on a ratio provided by the management company. Consumption being now determined on the basis of meter readings, the 2014 data are not comparable with those of 2013.	
Number of green leases	This is the aggregate number of green leases where the supplementary agreement has been signed by the tenant since 2010.	
Energy-related greenhouse gas emissions	These are greenhouse gas emissions related to electricity consumption expressed in CO_2 equivalent. The emission factor used is the French agency ADEME 2012 emission factor.	

CROSS-REFERENCE TABLE

MANAGEMENT REPORT

This registration document includes items from the management report as required by Articles L.225-100 et seq. and L.232-1 II et seq.of the French Commercial Code.

Informations	Section
Situation and activity of the company and the Group during the past year	3 / 5.2 / 6 / 9
Earnings	3 / 9
Progress made or difficulties encountered	3 / 9
Foreseeable trends and outlook	12
Important events occurring between the closing date and the date of this document	5.2.3
Objective and comprehensive analysis of the development of the business, earnings and financial situation of the company, especially its debt position and non-financial performance indicators (particularly concerning the environment and employees)	4.2.4 / 9 / 10.3 / 17
Research and development activities	N/A
Description of principal risks and uncertainties	4
List of appointments or functions held in any other company by each of the corporate officers	14
Executive compensation and benefits of any kind	15
Activities of the company's subsidiaries	6.1
Significant equity interests in companies headquartered in France	25
Social, environmental and societal Information	4.1.8 / 8.2 / 26
Information on the breakdown of capital	18 / 21.1
Total dividends distributed in the last three financial years	20.7
Changes made to the method of presenting the separate financial statements	20.1.7 / 20.3.6
Disclosures specified in Article L.225-211 of the French Commercial Code concerning the company's transactions in its own shares	20.1
Directors' share dealings	18.5
Information specified in Article L.225-100-3 of the French Commercial Code which could have an impact in the event of a public offering	4.2.1 / 14.2 / 18 / 21.2
Transactions performed by the company in connection with the allotment of bonus shares	15.1 / 17.2
Statutory auditors' fees	20.1.7.10/ 20.3.10
Maturity dates of trade payables	Annexes general meeting

ANNUAL FINANCIAL REPORT

This registration document includes items from the financial report mentioned in Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations.

Informations	Section
Group consolidated statements	20.1
Statutory Auditors' report on the consolidated financial statements	20.1
Separate financial statements of the company	20.3
Statutory Auditors' report on the separate financial statements	20.1
Management report	See table above
Declaration by the person responsible for the annual financial report	1.2

A ANNEXES GENERAL MEETING OF SHAREHOLDERS OF 30 APRIL 2015

TEXT OF THE RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF SHAREHOLDERS OF 30 APRIL 2015

Ordinary resolutions

FIRST RESOLUTION

(Approval of the separate financial statements for the year ended 31 December 2014)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, having taken note of the reports from the Board of Directors and the Statutory Auditors, approves the annual financial statements for the year ended 31 December 2014, as presented.

SECOND RESOLUTION

(Approval of the consolidated financial statements for the year ended 31 December 2014)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, having taken note of the reports from the Board of Directors and the Statutory Auditors, approves the consolidated financial statements for the year ended 31 December 2014, as presented.

THIRD RESOLUTION

(Discharge for directors)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, grants the directors full discharge for their management for the year ended 31 December 2014.

FOURTH RESOLUTION

(Allocation of profit or loss and distribution of reserves)

Based on the proposal of the Board of Directors, the General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to allocate the results for the period, i.e. a profit of €4,705,869.54, as follows:

Profit or loss for the period	€4,705,869.54
Par imputation sur le compte report à nouveau	

In application of Article 243 bis of the French General Tax Code, the General Meeting of Shareholders notes that the dividends distributed for the previous three years were as follows:

Year	Dividends
2011	1.20 €
2012	1.20 €
2013	0.90 €

The General Meeting of Shareholders resolves to distribute €9,051,431 by deducting the amount from the "Other reserves" item.

An amount of €1.00 is due to each of the 9,051,431 shares comprising the share capital, which will be paid on or after 8 May 2015.

The portion of this dividend paid out of the company's taxable income, i.e. €0.82 is eligible for the 40% allowance for individuals domiciled in France for tax purposes pursuant to Article 158-3-2 of the French General Tax Code. The remainder, i.e. €0.18, paid out of tax-exempt income generated from the transactions referred to in Article 208C of the French General Tax Code, is not eligible for this allowance (Article 158-3-3b of the French General Tax Code).

If the company holds treasury shares at the time that the dividend is paid, the amount corresponding to dividends not paid out will be allocated as retained earnings.

FIFTH RESOLUTION

(Regulated agreements and commitments)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, having read the special report from the Statutory Auditors on the transactions referred to in Article L.225-38 of the French Commercial Code, notes the conclusions of this report and approves the relevant agreements and commitments.

SIXTH RESOLUTION

(Authorisation to the Board of Directors to purchase company shares)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, authorises the Board of Directors, with the option of delegating the same, to purchase the company's shares in accordance with the provisions of Articles L.225-209 et seq. of the French Commercial Code for a period of 18 months.

Share purchases may be made for the following purposes:
- market-making through a liquidity contract in accordance with the code of conduct recognised by the French Financial Markets Authority;
- the allocation of shares to employees insofar as this is permitted by law;
- retention and exchange or as payment in connection with possible external growth operations;
- the cancellation of shares, in connection with a reduction in share capital, as authorised by the 20th resolution set out below.

The purchases and sales of shares carried out under this authorisation are to be executed within the following limits:
- the number of shares that may be purchased may not exceed 10% of the company's capital, i.e. 905,143 shares, with the stipulation that the number of shares purchased for the purpose of retention and exchange or as payment in connection with a merger, demerger or contribution may not exceed 5% of the company's capital, i.e. 452,571 shares; the purchase price shall not exceed €30 per share;
- the maximum amount of funds used for this share repurchase programme will be €27,154,290;
- the maximum number of shares that may be purchased, as well as the maximum purchase price, shall be adjusted in the event of the allocation of bonus shares or the division of the shares comprising the company's share capital, based on the number of shares existing before and after these transactions.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at the times that the Board of Directors deems appropriate, including during a public offering, insofar as this is permitted under stock exchange regulations.

The General Meeting of Shareholders gives full powers to the Board of Directors, with the option of delegating the same, to issue any stock exchange orders, to enter into any agreements, to perform any formalities and declarations, and, in general, to do whatever is necessary to complete the transactions carried out pursuant to this resolution.

This authorisation replaces the authorisation given by the Combined General Meeting of Shareholders of 30 April 2014, subject to the launch of a share repurchase programme by the Board of Directors.

SEVENTH RESOLUTION

(Reappointment of Maryse Aulagnon as a director)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to reappoint Maryse Aulagnon as a director for a term of three years expiring at the close of the Meeting convened to approve the financial statements for 2017.

EIGHTH RESOLUTION

(Reappointment of Stéphane Bureau as a director)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to reappoint Stéphane Bureau as a director for a term of three years expiring at the close of the Meeting convened to approve the financial statements for 2017.

NINTH RESOLUTION

(Reappointment of Holdaffine as a director)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to reappoint Holdaffine as a director for a term of three years expiring at the close of the Meeting convened to approve the financial statements for 2017.

TENTH RESOLUTION

(Reappointment of the current statutory auditors, Cailliau Dedouit et Associés, as statutory auditors)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to reappoint the current statutory auditors, Cailliau Dedouit & Associés, as statutory auditors for a term of six financial years expiring at the close of the Meeting convened to approve the financial statements for 2020.

ELEVENTH RESOLUTION

(Appointment of Laurent Brun as the alternate statutory auditor)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to appoint Laurent Brun as an alternate statutory auditor, to replace Didier Cardon whose mandate had expired, for a term of six financial years expiring at the close of the Meeting convened to approve the financial statements for 2020.

TWELFTH RESOLUTION
(Setting directors' fees)

The General Meeting of Shareholders, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to determine the amount of directors' fees in respect of their contribution to the work of the Board of Directors and its three special committees as follows:

- €10,000 for each director, including €5,000 paid on a proportional basis according to their actual presence;
- €1,000 for each director and per meeting of a specialised committee.

Extraordinary decisions

THIRTEENTH RESOLUTION
(Mandatory declaration to be made to the company when a threshold of a multiple of 2% of the capital or voting rights is exceeded; amendment to Article 9 of the Articles of Association)

Article 9 of the Articles of Association is currently worded as follows:

*"Article 9 – **Rights and obligations attached to the shares***

Each share shall confer the right to a portion of the profits and assets of the company proportional to the number of shares issued and, in particular, to the payment of the same net sum for any distributions or repayments made during the life of the company or at the time of its liquidation. Consequently, steps must be taken to guarantee that each share benefits, indiscriminately, from any tax exemptions or taxation to be borne by the company which aforementioned distributions or repayments may attract or incur.

Shareholders' liability is limited to the par value of the shares that they hold; any call for funds beyond this limit is prohibited.

The rights and obligations attached to a share follow the share, regardless of its owner.

Share ownership automatically implies observance of the company's Articles of Association and the decisions taken at General Meetings of Shareholders.

Heirs, creditors, assignees or other representatives of a shareholder may not, under any circumstances, demand the sealing of the Company's property or assets, nor request a division or sale, nor interfere in the work of its directors; moreover, to exercise their rights, reference must be made to the statements of company assets and liabilities and the decisions of General Meetings of Shareholders.

Whenever shareholders need to own more than one share to exercise any right, in the event of an exchange, consolidation or allocation of shares, or as a result of a capital increase or reduction, merger or any other corporate procedure, owners of single shares or a number lower than the required amount may exercise this right only if acting on behalf of a grouping or by buying or selling the necessary amount of shares.

Any individual or legal entity, whether acting alone or in concert, that owns, directly or indirectly, through one or more legal entities that it controls within the meaning of Article L. 233-3 of the French Commercial Code, a number of shares or voting rights representing two percent (2%) of the capital or voting rights of the company, shall notify the company of the total number of shares or voting rights that it owns by sending a registered letter with an acknowledgement of receipt to the registered office of the company within a period of 15 days after exceeding this threshold.

These disclosure obligations shall apply under the same conditions as those stipulated above each time that the fraction of capital or voting rights held falls below the threshold stated in the above paragraph.

Failure to comply with these provisions shall result in the shares or the voting-right certificates requiring mandatory disclosure losing their entitlement to vote at all general meetings of shareholders convened until a two-year period has passed following compliance with the statutory notification obligations, when such a sanction is requested by one or more shareholders holding, jointly or separately, at least 2% of the company's capital or voting rights."

The General Meeting of Shareholders resolves to introduce a mandatory disclosure obligation vis-à-vis the company when shareholders exceed the threshold of 2% of the capital or voting rights or a multiple of 2% thereof (including in excess of the 5% threshold).

The seventh, eighth and ninth paragraphs of Article 9 of the Articles of Association, "Rights and obligations attached to the shares", are amended as follows:

"In addition to the legal disclosure obligations vis-à-vis the company, any individual or legal person acting alone or in concert, that owns, directly or indirectly, through one or more legal entities that it controls within the meaning of Article L. 233-3 of the French Commercial Code, a number of shares or voting rights representing 2% or a multiple of 2% of the company's capital or voting rights (including in excess of the 5% threshold), shall disclose to the company the total number of shares or voting rights that it owns by sending a registered letter with an acknowledgement of receipt to the registered office of the company within a period of 15 days after exceeding this threshold.

The declarant must also state the transferable securities giving access to the capital that he/she holds at the time of the declaration.

These provisions shall apply under the same conditions as those stipulated above each time that the fraction of capital or voting rights held falls below the 2% threshold or a multiple of 2%, as stated above.

When acting in concert, the notification must include the identity of the individuals or identification of the legal entities acting within the joint action."

The rest of the article remains unchanged.

FOURTEENTH RESOLUTION

(Updating the Articles of Association)

The General Meeting of Shareholders resolves to update Articles 19, 25 and 36 of the Articles of Association to render them compliant with the new statutory or regulatory provisions.

- **Article 19 of the Articles of Association, "Agreements between the company and one of its directors or chief executive officers", is currently worded as follows:**

*"Article 19 – **Agreements between the company and one of its directors or chief executive officers***

Any agreement, with the exception of those relating to day-to-day operations agreed under normal conditions, between the Company and one of its directors or the Chief Executive Officer or Deputy Chief Executive Officer or one of its shareholders holding more than 10% of the voting rights or, if it is a shareholding company, the company that controls it within the meaning of Article L. 233-3 of the French Commercial Code, requires the prior approval of the Board of Directors.

This also applies to agreements:
1) which indirectly involve any director, the Chief Executive Officer or the Deputy Chief Executive Officer or in which the aforesaid parties act through an intermediary,
2) between the Company and a firm which a director, or the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer owns, is associated with and has responsibilities in any form, or is a member of any of its management, administrative or supervisory boards.

The Chairman of the Board of Directors shall inform the Statutory Auditors of the authorised agreements.

If agreements concluded and authorised during previous years continued to be executed during the financial period that has just ended, the Statutory Auditors are to be informed of this situation within one month following the year-end.

In relation to such agreements, the Statutory Auditors are to submit a special report compliant with the provisions of Article 92 of the amended Decree of 23 March 1967 to the General Meeting, which will rule on this report.

Interested parties may not take part in any votes, either at the Board of Directors or General Meetings of Shareholders, and their shares will not be taken into account when calculating quorum and majority numbers.

Agreements approved by the General Meeting, as well as those it has rejected, shall be binding on third parties, with the exception of cases of fraud. Even when no fraud has occurred, a director, or the Chief Executive Officer or the Deputy Chief Executive Officer and, where applicable, members of the Board of Directors, may be held liable for any harmful effects on the Company of agreements it has rejected.

Agreements made without the prior approval of the Board may be cancelled, if they have resulted in harmful effects for the Company. The cancellation may take the form of a special vote by the General Meeting of Shareholders on a special report submitted by the Statutory Auditors."

Article 19 of the Articles of Association is amended as follows:

*"Article 19 – **Agreements subject to the provisions relating to regulated agreements***

Agreements falling within the scope of Article L. 225-38 of the French Commercial Code are subject to the procedures determined by the current regulations."

- **Article 25 of the Articles of Association is currently worded as follows:**

*"Article 25 – **Attendance or representation at general meetings of shareholders***

Any shareholder has the right to attend General Meetings of Shareholders and to take part in the proceedings, in person or by proxy, regardless of the number of shares held, if evidence is furnished, in accordance with the legal requirements, that the shares are registered in the shareholder's name or in the name of the shareholder's authorised intermediary pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code, on the third business day preceding the meeting at midnight, Paris time, either in the registered share accounts held by the company, or in the bearer share accounts held by the authorised intermediary.

A shareholder may be represented by another shareholder with a legitimate voting right or by his/her spouse, who must provide evidence of a proxy for this purpose.

Any shareholder with a legitimate voting right may receive proxies issued by other shareholders to be represented at a General Meeting, with no restrictions other than those arising from the provisions of Article 29 below setting the maximum number of votes that the same person may have, whether in his or her own name or by proxy.

The legal representatives of legally incompetent shareholders and individuals representing legal entities may attend General Meetings, whether or not they personally are shareholders.

Co-owners of undivided shares, beneficial owners and bare owners of shares, as well as the owners of pledged shares attend or are represented at General Meetings under the conditions stipulated in Article 8."

Paragraph 1 of Article 25 of the Articles of Association is amended as follows:

*"Article 25 – **Attendance or representation at general meetings of shareholders***

Any shareholder has the right to attend General Meetings of Shareholders and to take part in the proceedings, in person or by proxy, regardless of the number of shares held, if evidence is furnished, in accordance with the legal requirements, that the shares are registered in the shareholder's name or in the name of the shareholder's authorised intermediary pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code, on the second business day preceding the meeting at midnight, Paris time. Registration is enacted in the registered shares accounts held by the company or in the bearer shares accounts held by the authorised intermediary."

The rest of the article remains unchanged.

- **Article 36 of the Articles of Association is currently worded as follows:**

*"Article 36 – **Profits***

The profit (loss) for each year comprises the net income from the financial year, after deduction of general and all other company expenses, including any tax on profits payable as well as any depreciation and provisions.

When the company posts a profit, five percent (5%) is first deducted to form the legal reserves. No deductions are mandatory when the legal reserve reaches an amount equal to one-tenth of the share capital; however, when the legal reserve falls below this fraction the deductions apply once again. The amounts to be allocated to the statutory reserves are then deducted from this total.

The balance, plus, where appropriate, any profits carried forward, constitutes the distributable income for the year; the annual General Meeting of Shareholders decides on the allocation of this income. As such, it may allocate it to the general or special reserves, in part or in full, or carry it forward again or distribute it to shareholders.

Once the General Meeting of Shareholders has approved the accounts, any losses are recorded in the balance sheet in a special account.

In any event, a total dividend of at least eighty-five percent (85%) of the net profit derived from exempt transactions determined as such for corporate income tax purposes will be distributed to shareholders in proportion to the nominal amount of their shares paid up at least six months before the year-end and not redeemed.

However, if the total amount to be distributed is less than one percent (1%) of the share capital, the General Meeting of Shareholders may decide to carry this amount forwards.

In addition, following a decision of the General Meeting of Shareholders, shareholders may choose between payment of the dividend in cash or in shares.

Notwithstanding the terms of the paragraph relating to compulsory distribution, at least one third of the net amount of any gain from the accelerated disposal of leased buildings during the year must be included in the amount of profit subject to compulsory distribution as defined above.

The balance will be included in the basis for calculation of the distributable profit for the year or the next two years, provided that the aggregate amount of shares in the capital gain included in the distributable income for the year in which it was realised and the following year is no less than two-thirds of the total amount of said capital gain.

During the course of the year, the Board of Directors is permitted to pay shareholders one or more interim dividends, as determined by the General Meeting of Shareholders, in accordance with the statutory or regulatory provisions in force.

Any shareholder other than a natural person who acquires, directly or through its controlled entities within the meaning of Article L.233-3 of the French Commercial Code, a percentage of the dividend rights of the company at least equal to that referred to in Article 208-C-II-ter of the French General Tax Code, and whose own situation, or that of any associates, renders the company liable for the levy referred to in Article 208-C-II-ter of the General Tax Code, must prove to the company no later than five working days before payment to them of any dividend, reserve, share premium or income to be distributed within the meaning of the General Tax Code, that such distribution does not make the company liable for the levy.

In the absence of confirmation within the prescribed period, the amounts deducted from the company's profits and exempt from corporate income tax under Article 208-C-II of the General Tax Code which, in respect of each share held by such shareholder, must be paid thereto following a decision to pay dividends, will be reduced by the amount of the levy payable by the company in respect of the distribution of these amounts.

If the dividend is paid in shares, the shareholder will receive only a part of the amount distributed in the form of shares, it being specified that no fractional shares will be created, the balance being allocated by the company to payment of the levy by offsetting it as specified above.

If it should emerge, following a distribution, that a shareholder was in a situation that should have given rise to a levy on the date of payment of said amounts, the shareholder will be required to pay the company, as compensation for its loss, an amount equal to the levy that the company would have had to pay in respect of the shares held by the shareholder on the date of payment of the distribution, plus additional compensation equal to interest on arrears, penalties or charges of any kind that the company might incur as a result.

If necessary, the company may offset its claim against the shareholder against any amount that might subsequently be paid thereto, until said claim has been extinguished."

Article 36 of the Articles of Association is amended as follows:

*"Article 36 – **Profits***

The profit (loss) for each year comprises the net income from the financial year, after deduction of general and all other company expenses, including any tax on profits payable as well as any depreciation and provisions.

When the company posts a profit, five percent (5%) is first deducted to form the legal reserves. No deductions are mandatory when the legal reserve reaches an amount equal to one-tenth of the share capital; however, when the legal reserve falls below this fraction the deductions apply once again. The amounts to be allocated to the statutory reserves are then deducted from this total.

The balance, plus, where appropriate, any profits carried forward, constitutes the distributable income for the year; the annual General Meeting of Shareholders decides on the allocation of this income. As such, it may allocate it to the general or special reserves, in part or in full, or carry it forward again or distribute it to shareholders.

Once the General Meeting of Shareholders has approved the accounts, any losses are recorded in the balance sheet in a special account.

In addition, following a decision of the General Meeting of Shareholders, shareholders may choose between payment of the dividend in cash or in shares.

During the course of the year, the Board of Directors is permitted to pay shareholders one or more interim dividends, as determined by the General Meeting of Shareholders, in accordance with the statutory or regulatory provisions in force.

In any event, shareholders will receive an overall dividend, in proportion to the par value of their shares paid up at least six months before year-end and not yet redeemed, taking into account the distribution obligations applicable to this regime.

As the company has opted for the tax regime applicable to Listed Property Companies (Sociétés d'Investissements Immobiliers Cotés) stipulated in Article 208 C of the French General Tax Code, a dividend compliant with the distribution obligations applicable to this regime will be distributed to non-resident shareholders. Dividends will be distributed to shareholders subject to the potential application of the provisions relating to the levy referred to in Article 208-II of the General Tax Code. If a shareholder meeting the conditions for application of Article 208 II ter of the French General Tax Code fulfils the requirements for exemption, the said shareholder must furnish proof to the company no later than five business days before the payment date or the distribution date of any dividends.

Otherwise, the amount available for distribution to shareholders will be reduced by the amount of the levy payable and paid by the company to the relevant tax office.

If the dividend is paid in shares, the shareholder will receive only a part of the amount distributed in the form of shares, it being specified that no fractional shares will be created, the balance being allocated by the company to payment of the levy by offsetting it as specified above.

If it should emerge, following a distribution, that a shareholder was in a situation that should have given rise to a levy on the date of payment of said amounts, the shareholder will be required to pay the company, as compensation for its loss, an amount equal to the levy that the company would have had to pay in respect of the shares held by the shareholder on the date of payment of the distribution, plus additional compensation equal to interest on arrears, penalties or charges of any kind that the company might incur as a result.

If necessary, the company may offset its claim against the shareholder against any amount that might subsequently be paid thereto, until said claim has been extinguished."

FIFTEENTH RESOLUTION

(Delegation of authority to the Board of Directors to increase the share capital with maintenance of the preferential subscription right)

The General Meeting of Shareholders, acting with the quorum and majority required for extraordinary general meetings, having taken note of the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-2, L.228-92 and L.228-93 of the French Commercial Code:

1° Delegates to the Board of Directors, which may further delegate or subdelegate within the limits of the law, to the extent and at the time of its choice, the authority to decide on one or more capital increases by the issuance, within or outside France, in euros, of ordinary shares of the company or any securities giving access by any means, immediately or in the future, to ordinary shares of the company or of any company in which it owns over half the capital, whether directly or indirectly; these securities may also be denominated in foreign currency or in any other monetary unit established by reference to several currencies.
The authority thus granted to the Board of Directors is valid for 18 months from the date of this meeting.

2° Resolves that the total amount of the capital increases that may be carried out immediately or in the future may not exceed, in nominal terms, half of the share capital, or €26,750,000 based on the current capital, from this amount being deducted where appropriate the ceiling set in the following resolution, and to which amount shall be added, if applicable, the additional amount of shares to be issued to preserve the rights of securities holders entitled to shares, in accordance with the law.

3° Resolves that the shareholders have, in proportion to the number of shares that they hold, a preferential right to subscribe for a fixed number of transferable securities issued by virtue of this resolution, as well as, if applicable, a right to subscribe for additional shares if the Board of Directors so decides.

4° Resolves that if the subscriptions for a fixed number of shares and, where applicable, additional shares, have not taken up the entire issue of shares or transferable securities defined above, the Board of Directors may use the options permitted by law, and in particular, offer the public some or all of the securities not subscribed for.

5° Notes that if this authority is exercised, the decision to issue securities giving access to the share capital will entail, to the benefit of the holders of issued securities, the shareholders' express waiver of their preferential subscription right to the equity instruments to which the securities issued entitle them.

6° Resolves that the Board of Directors shall have, within the limits set above, the necessary powers to act on this authority, and in particular to set the issue dates and terms, as well as the features of the securities to be issued; to define the procedures that guarantee, if applicable, protection for the rights of holders of securities giving access in the future to the company's capital pursuant to the legal and regulatory provisions in force; to decide the terms and conditions of the issue or issues, and in particular to set the share issue price; to allow the possibility of paying for the subscription in cash or by offsetting this against liquid and payable claims on the company or a combination of the two; to record the completion of the resulting capital increases and to make the relevant amendments to the Articles of Association; to allocate, on its sole initiative, the expenses generated by the capital increases to the total amount of the related share premiums and to deduct from this total amount the sums required to raise the legal reserve to one tenth of the new capital after each increase; and, in general, to do what may be necessary in such matters.

7° Notes that this authorisation renders null and void the authorisation granted by the Combined General Meeting of Shareholders on 30 April 2014.

8° Notes that, in the event that the Board of Directors should exercise the authority delegated to it pursuant to this resolution, it shall account for the use made of the authorisation granted pursuant to this resolution at the next ordinary general meeting of shareholders, in accordance with the law and regulations.

SIXTEENTH RESOLUTION

(Delegation of authority to the Board of Directors to increase the share capital with maintenance of the preferential subscription right)

The General Meeting of Shareholders, acting with the quorum and majority required for extraordinary general meetings, having taken note of the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-2, L.225-135, L.228-92 and L.228-93 of the French Commercial Code:

1° Delegates to the Board of Directors, which may further delegate or subdelegate within the limits of the law, the authority to decide, to the extent and at the time of its choice, one or more capital increases by the issuance, within or outside France, in euros, of ordinary shares of the company or any securities giving access by any means, immediately or in the future, to ordinary shares of the company or of any company in which it owns over half the capital, whether directly or indirectly; these securities may also be denominated in foreign currency or in any other monetary unit established by reference to several currencies.

The authority thus granted to the Board of Directors is valid for 18 months from the date of this meeting.

2° Resolves that the total amount of the share capital increases that may be carried out immediately or in the future may not exceed, in nominal terms, 25% of the share capital, or €13,375,000 based on the current share capital, this amount counting towards, where appropriate, the ceiling set in the previous resolution, to which amount shall be added, if applicable, the additional amount of shares to be issued to preserve, in accordance with the law, the rights of securities holders entitled to shares.

3° Resolved to abolish the preferential subscription right for these securities, which will be issued in accordance with regulations, and to confer upon the Board of Directors the power to institute, if applicable, a priority right for shareholders to subscribe to these securities pursuant to the provisions of Article L.225-135 of the Commercial Code.

4° Resolves that the issue price of the shares to be issued, as well as those to be issued by exercising securities, will be set by the Board of Directors and will be at least equal to the minimum authorised by the applicable legislation.

5° Resolves that if the subscriptions do not absorb the entire issue, the Board of Directors may limit the total amount of the transaction to the subscribed total, provided that said total is at least three-quarters of the final issue.

6° Notes that if this authority is exercised, the decision to issue securities giving access to the share capital will entail, to the benefit of the holders of issued securities, the shareholders' express waiver of their preferential subscription right to the equity instruments to which the securities issued entitle them.

7° Resolves that the Board of Directors shall, within the limits set above, have the necessary powers to act on this authority, and in particular to set the issue dates and terms, as well as the features of the securities to be issued; to define the procedures that guarantee, if applicable, protection for the rights of holders of securities giving access in the future to the company's capital pursuant to the legal and regulatory provisions in force; to decide the terms and conditions of the issue or issues, to allow the possibility of paying for the subscription in cash or by offsetting this against liquid and payable claims on the company or a combination of the two; to record the completion of the resulting capital increases and to make the relevant amendments to the Articles of Association; to allocate, on its sole initiative, the expenses generated by the capital increases to the total amount of the related share premiums and to deduct from this total amount the sums required to raise the legal reserve to one tenth of the new capital after each increase; and, in general, to do what may be necessary in such matters.

8° Notes that this authorisation renders null and void the authorisation granted by the Combined General Meeting of Shareholders on 30 April 2014. .

9° Notes that, in the event that the Board of Directors should exercise the authority delegated to it pursuant to this resolution, it shall account for the use made of the authorisation granted pursuant to this resolution at the next ordinary general meeting of shareholders, in accordance with the law and regulations.

SEVENTEENTH RESOLUTION

(Delegation of authority to the Board of Directors to increase capital by incorporating reserves, profits or premiums)

The Extraordinary General Meeting of Shareholders, acting with the quorum and majority required for extraordinary general meetings, having taken note of the report from the Board of Directors and in accordance with the provisions of Articles L.225-129 et seq. and L.225-130 of the French Commercial Code:

1° Delegates to the Board of Directors, which may further delegate or subdelegate within the limits of the law, for a period of 18 months, the authority to carry out one or more capital increases, in such proportions and at such times as the Board may deem appropriate, by capitalisation of share premiums, reserves, profits or other items as permitted by law or by the Articles of Association, by distributing new bonus shares or by increasing the par value of outstanding shares, or a combination of the two.
The total amount of capital increases likely to be performed, plus the amount required to maintain, pursuant to the law, the rights of holders of securities granting rights to shares and regardless of the ceilings set by the 15th and 16th resolutions above, may not exceed the amount of the reserves, share premiums or benefits referred to above that exist at the time of the capital increase.

2° Resolves that rights to fractional shares shall not be negotiable and the corresponding securities shall be sold.

3° Resolves that the Board of Directors shall, within the limits set above, have the necessary powers, with the option of subdelegating these within the limits of the law, primarily to establish the terms and conditions of authorised transactions, and to set the amount and nature in particular of the reserves and share premiums to be incorporated into the share capital; to determine the number of shares to be issued and/or the amount by which the par value of the existing shares comprising the share capital will be increased; to decide the date, which may be retroactive, from which the new shares will be entitled to dividends or the date from which the increase in the par value will take effect; to certify the execution of the resulting capital increases and make the relevant amendments to the Articles of Association; and in general, to do what may be necessary in such matters.

4° Notes that this authorisation renders null and void the authorisation granted by the Combined General Meeting of Shareholders of 30 April 2014.

5° Notes that, in the event that the Board of Directors should exercise the authority delegated to it pursuant to this resolution, it shall account for the use made of the authorisation granted pursuant to this resolution at the next ordinary general meeting of shareholders, in accordance with the law and regulations.

EIGHTEENTH RESOLUTION

(Delegation of authority to the Board of Directors to increase the share capital via a private placement, with abolition of preferential subscription rights)

The General Meeting of Shareholders, acting with the quorum and majority required for extraordinary general meetings, having taken note of the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-2, L.225-135, L.225-136, L.228-91 et seq. of the French Commercial Code:

1° Delegates to the Board of Directors, which may further delegate or subdelegate within the limits of the law, the authority to decide one or more capital increases, to the extent and at the time of its choice, via an offering referred to in Article L.411-2 of the French Monetary and Financial Code, by issuing, within or outside France, in euros, ordinary shares of the company or any securities giving access by any means, immediately or in the future, to ordinary shares of the company or of any company in which it owns over half the capital, whether directly or indirectly; these securities may also be denominated in foreign currency or in any other monetary unit established by reference to several currencies.
The authority thus granted to the Board of Directors is valid for 18 months from the date of this meeting.

2° Resolves that the issuance of equity securities will be executed without preferential subscription rights, via an offering referred to in Section II of Article L.411-2 of the French Monetary and Financial Code, and accordingly resolves to remove the preferential subscription right for shareholders to shares and securities to be issued in compliance with the applicable legislation.

3° Resolves that the issuance of equity securities carried out by an offering as described in Section II of Article L.411-2 of the French Monetary and Financial Code will be limited to 10% of the capital per year, said limit being assessed on the date on which the Board of Directors exercises this authority, said amount counting towards the total ceilings set in resolutions 15 and 16 above.

4° Resolves that the issue price of the shares will be determined by the Board of Directors as follows: it will be equal to an amount ranging between 80% and 120% of the average closing price over the last 20 trading days prior to the date on which the issue price is set.

5° Resolves that if the subscriptions do not absorb the entire issue, the Board of Directors may limit the total amount of the transaction to the subscribed total, provided that said total is at least three-quarters of the final issue.

6° Notes that if this authority is exercised, the decision to issue securities giving access to the share capital will entail, to the benefit of the holders of issued securities, the shareholders' express waiver of their preferential subscription right to the equity instruments to which the securities issued entitle them.

7° Resolves that the Board of Directors shall, within the limits set above, have the necessary powers to act on this authority, particularly to decide the conditions of the issue or issues; to decide on the capital increase and set the issue dates and terms, as well as the features of the securities to be issued; to define the procedures that guarantee, if applicable, protection for the rights of securities holders entitled to the company's capital pursuant to the legal and regulatory provisions in force; to allow the possibility of paying for the subscription in cash or by offsetting this against liquid and payable claims on the company or a combination of the two; to record the completion of the resulting capital increases and make the relevant amendments to the Articles of Association; to allocate, on its sole initiative, the expenses generated by the capital increases to the total amount of the related share premiums and to deduct from this total amount the sums required to raise the legal reserve to one tenth of the new capital after each increase; and, in general, to do what may be necessary in such matters.

8° Notes that this authorisation renders null and void the authorisation granted by the Combined General Meeting of Shareholders on 30 April 2014.

9° Notes that, in the event that the Board of Directors should exercise the authority delegated to it pursuant to this resolution, it shall account for the use made of the authorisation granted pursuant to this resolution at the next ordinary general meeting of shareholders, in accordance with the law and regulations.

NINETEENTH RESOLUTION

(Capital increase reserved for employees)

The General Meeting of Shareholders, acting with the quorum and majority required for extraordinary general meetings, having taken note of the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-6 and L.225-138-1 of the French Commercial Code and Article L.3332-18 et seq. of the French Employment Code:

1° Delegates to the Board of Directors the necessary authority to increase the share capital on one or more occasions, within a maximum period of 18 months from the date of this meeting, up to a limit of 3% of the share capital as it exists on the date of the Board of Directors' meeting, by issuing ordinary shares reserved, directly or through a company mutual fund, for employees of the company and of the companies related thereto as defined by Article L.225-180 of the French Commercial Code who are enrolled in the company's savings plan;

2° Consequently resolves to abolish the preferential subscription right granted to shareholders by Article L.225-132 of the French Commercial Code and to reserve the subscription of these shares for employees of the Group;

3° Resolves that the maximum amount of share capital that may be issued by virtue of this authorisation will count towards the ceiling on capital increases that the Board of Directors is authorised to carry out by virtue of the authorisation described in the resolutions above;

4° The General Meeting of Shareholders grants full powers to the Board of Directors, which may further subdelegate the same within the legal limits, to act on this authority and carry out the capital increase, and accordingly to set the subscription price of the new shares, provided that such price is no less than the average closing price over the 20 trading days preceding the date of the Board of Directors' decision to set the opening date for subscriptions, less the maximum discount permitted by law on the date of the Board of Directors' decision; to set, within the legal limits, the conditions for the issuance of the new shares and the time allotted to employees to exercise their rights, the terms and conditions for payment of the new shares, and any length-of-service criteria imposed on employees to exercise their rights; to record the completion of the capital increase commensurate with the shares subscribed for and to make the corresponding amendments to the Articles of Association; and to carry out all formalities and operations necessitated by the capital increase.

TWENTIETH RESOLUTION

(Authorisation to cancel shares purchased in connection with the company's purchase of its own shares)

The General Meeting of Shareholders, acting with the quorum and majority required for extraordinary general meetings, having taken note of the report from the Board of Directors and the special report from the Statutory Auditors, authorises the Board of Directors, which may further subdelegate such authority subject to the statutory conditions and for a period of 18 months:

- to cancel, on one or more occasions, the company shares purchased in connection with the implementation of the authorisation to purchase its own shares given in the sixth resolution above, subject to the limit of 10% of the capital in accordance with Article L.225-209 of the French Commercial Code;
- to reduce the share capital accordingly.

TWENTY-FIRST RESOLUTION

(Powers)

All powers are given to the bearer of a copy or excerpt of the minutes of this General Meeting of Shareholders to perform all filings and publications required under current legislation.

TABLE SHOWING THE COMPANY'S EARNINGS IN THE PAST FIVE FINANCIAL YEARS

in thousands of euros	2010	2011	2012	2013	2014
1. Financial position at year-end					
a) Share capital at year-end	47,800	53,100	53,300	53,300	53,500
b) Number of shares outstanding at 31 December	8,113,566	9,002,042	9,033,959	9,033,959	9,051,431
c) Weighted average number of shares for the period	8,113,566	8,349,497	8,696,290	8,994,682	9,023,026
2. Total income from operations					
a) Revenues excl. tax [1]	70,416	51,269	58,283	50,881	46,823
b) Earnings before tax, amortisation, depreciation and provisions [2]	12,619	-2,750	-14,270	10,908	21,247
c) Corporate income tax	-24	-24	34	1,237	556
d) Earnings after tax, amortisation, depreciation and provisions	6,475	-16,199	-20,196	-16,732	4,706
e) Amount of distributed earnings	19,716	10,802	10,841	10,841	8,146
3. Operating income per share [3] (in €)					
a) Earnings after tax and before amortisation, depreciation and provisions	1.56	-0.33	-1.64	1.08	2.30
b) Earnings after tax, amortisation, depreciation and provisions	0.80	-1.94	-2.32	-1.86	0.52
c) Dividend per share	2.43	1.20	1.20	1.20	0.90
4. Staff					
a) Number of employees	43	45	37	36	36
b) Total payroll costs	3,358	3,249	3,247	2,870	3,031
c) Total amount paid in respect of employee benefits (social security, community projects, etc.)	1,600	1,625	1,547	1,836	1,780

(1) Revenues include rental income, pre-rental income, financial income and similar (excluding uncollected termination benefits and extraordinary income).

(2) Additions to and reversals of provisions except those relating to uncollected termination benefits.

(3) Based on the weighted average number of shares during the period.

BOARD OF DIRECTORS' REPORT
Article L.225-100 of the French Commercial Code

Other information

Maturity dates of trade payables

In accordance with Article L.441-6-1 of the French Commercial Code, the outstanding trade payables as at 31 December 2013 and 31 December 2014, arranged by maturity dates, are shown in the table below:

In euros	Between 1 and 60 days	Between 61 and 180 days	Between 181 and 360 days	Over 361 days	Total
2013	1,208,282	627	3,826	17,131	1,229,866
2014	221,285	4,849	1,832	21,217	249,183

Total amount of certain non-deductible expenses (sumptuary expenses), according to the French General Tax Code, Articles 39.4 and 223 quater

€10,593.73 (company car rental)

Total amounts by category of the general expenses reincorporated into taxable profits after a tax adjustment

Not applicable

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND UNDERTAKINGS

General Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2014

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements and undertakings.

Our role is to inform you, based on the information that has been provided to us, of the characteristic features and of the main terms and conditions of the agreements and undertakings that have been disclosed to us, or of which we may have become aware during our assignment, without expressing an opinion on their usefulness and legitimacy or verifying whether other agreements and undertakings exist. Your role, in accordance with the terms of Article R.225-31 of the French Commercial Code, is to assess the company's interest in entering into these agreements and undertakings, with a view to their approval.

Furthermore, it is our role, where applicable, to disclose the information specified in Article R.225-31 of the French Commercial Code on the execution of the agreements and undertakings that have already been approved by the General Shareholders' Meeting during the last financial year.

We have performed the due diligence we deemed necessary in view of the professional standards of the Compagnie nationale des commissaires aux comptes [the French association of statutory auditors] relating to this assignment. This due diligence consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and undertakings submitted for the approval of the general shareholders' meeting

Agreements and undertakings authorised during the year

Pursuant to Article L.225-40 of the French, Commercial Code, we have been advised of the following agreement, which was subject to prior authorisation by your Board of Directors.

With Promaffine (SAS)

The directors concerned are MAB Finances (represented by Alain Chaussard), Maryse Aulagnon and Alain Chaussard.

■ **Type, purpose and conditions**

On 19 December 2014, Promaffine sold 498 company shares it held in Concerto Développement to Kaufman & Broad Real Estate. Affine R.E. has agreed to guarantee in favour of Kaufman & Broad Real Estate, all the commitments made by Promaffine in connection with this sale.

The compensation owed in the event of the inaccuracy or infringement of one of the declarations or guarantees committed to under the terms of the share transfer agreement of 30 October 2014 and its amendment of 19 December 2014, was capped at €842,700, with the exception *"of any event or circumstance deemed to constitute an infringement, omission or inaccuracy of the declarations and guarantees stipulated in Articles 5.1 to 5.4 [of the share transfer agreement of 30 October 2014], or of the specific risk"* relating to the Marly dossier (Appendix 6.7 of this agreement) for which the compensation is capped at the total price of the sale. The obligation to provide compensation will cease to apply upon the expiration of a three-month period following the statutory limitation date (taxes and social charges) and at the end of a period of 18 months after 19 December 2014 for all other risks.

This agreement was authorised by the Board of Directors' meetings of 23 October 2014 and 9 December 2014.

Agreements and undertakings already approved by the general shareholders' meeting

Agreements and undertakings approved in previous financial years

a) and that continued to be implemented during the last financial year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the implementation of the following agreements and undertakings, which had already been approved by the General Shareholders' Meeting in previous financial years, was ongoing during the last financial year.

With MAB Finances SA

The Directors concerned are MAB Finances (represented by Alain Chaussard) and Maryse Aulagnon.

The financial statements of Affine R.E. as at 31 December 2014 showed a total expense of €355,000 excluding tax, in accordance with the administrative, financial and operating development service provision agreement signed with MAB Finances.

This agreement, which was concluded for a period of two years and is tacitly renewable except if cancelled by either of the parties, was authorised by the Board of Directors' Meetings of 21 March 2005, 14 February 2007, 4 March 2009, 26 February 2013 and 17 February 2014, and approved by the Combined General Shareholders' Meetings of 21 April 2006, 26 April 2007, 9 April 2008, 29 April 2009, 23 April 2010, 28 April 2011, 27 April 2012, 24 April 2013 and 30 April 2014.

With the Deputy Chief Executive Officer of Affine R.E.

Pursuant to the proposal of the Remuneration Committee of 7 March 2005, which was approved by the Board of Directors' meeting of 21 March 2005, Affine R.E. gave an undertaking to its Deputy Chief Executive Officer whereby it would pay the compensation due to him in the event of the termination of his office; this compensation is equivalent to one year's gross remuneration paid to him by all group companies. This compensation will not be paid in the event of proven gross negligence or serious misconduct.

The Board of Directors' Meeting of 1 July 2013 reappointed Alain Chaussard as Deputy Chief Executive Officer.

Pursuant to the proposal of the Remuneration Committee of 4 March 2009, which was authorised by the Board of Directors' Meeting of 4 March 2009, and approved by the Combined General Shareholders' Meeting of 29 April 2009, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code, this compensation is conditional on a performance condition linked to Affine R.E.'s results. The Combined General Shareholders' Meetings of 27 April 2012, 24 April 2013 and 30 April 2014 approved the renewal of this compensation under the same conditions.

The compensation is subject to the following performance condition:

- one year's total remuneration, if, during the financial year prior to redundancy due to a change of control, the net income reported in Affine R.E.'s company financial statements is at least equal to 3% of shareholders' equity excluding subordinated debt;
- if this condition is not met, the performance may be assessed by the Remuneration Committee on the basis of the consolidated financial statements, excluding any fair value effects.

Furthermore, the Board of Directors' Meeting of 17 February 2014 approved the renewal of his severance package under the same conditions as those set out above.

With Concerto Développement SAS

The directors concerned are MAB Finances (represented by Alain Chaussard), Maryse Aulagnon and Alain Chaussard.

Nature and purpose

On 22 December 2011 (with effect from 1 January 2012 for an indefinite period), Affine R.E. and twelve of its subsidiaries signed a pooled cash management and intra-company advance agreement, under the terms of which Affine R.E. undertakes to ensure the optimisation of the financing for these companies via the pooled management of their general financing requirements and surpluses. This agreement was authorised in advance by the Board of Directors' Meeting of 14 December 2011.

Concerto Développement SAS (with effect from 1 January 2012) adhered to this agreement on 11 June 2012.

Terms & Conditions

The agreement signed with Concerto Développement SAS provides for the payment of advances in the form of interest payments calculated on a pro rata basis at the EONIA rate plus 200 basis points, and invoiced quarterly on the basis of the cash advances granted during the previous quarter.

For the financial year ended 31 December 2014, the interest on the payment of this undertaking amounted to net financial income of €107,533.

The agreement also provides that payment for the management activity is included in the payment made to Affine R.E. by the companies listed above with regard to the service provision agreement (including the administrative services, and specifically the cash management service). The payment made in respect of the administrative services is deemed to correspond to 5% of the cash amounts managed.

For the financial year ended 31 December 2014, the payment for this agreement, which was included in the payment made in respect of the service provision agreement, amounted to income of €4,350 for Affine R.E (which corresponds to 5% of the payment made for administrative services, i.e. €87,000).

The amendments regarding adherence to the pooled cash management and intra-company advance agreement were authorised by the Board of Directors' Meeting of 26 February 2013 and approved by the Combined General Shareholders' Meeting of 24 April 2013, based on the special report of the Statutory Auditors.

Paris La Défense and Paris, 16 March 2015

The Statutory Auditors

KPMG Audit FS I	Cailliau Dedouit et Associés
A division of KPMG S.A.	
Régis Chemouny	Rémi Savournin
Partner	*Partner*

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

(Article L.225-37 of the French Commercial Code) for 2014

I Corporate governance

The company has elected to adopt the Middlenext Corporate Governance Code. The company's organisation, its Board of Directors and its work are compliant with the recommendations of this Code.

The company pays particular attention to defining and supplementing the rules for the organisation and operation of its Board of Directors as well as limitations to the powers granted to General Management, and has had its own rules of procedure since 5 December 2002.

1) Conditions governing the preparation and organisation of the work of the Board of Directors:

The rules of procedure (updated by the Board of Directors on 5 June 2014) define and supplement its operating practices as stipulated in the Articles of Association.

a) Composition of the Board:

As at 31 December 2014, the company's Board of Directors was composed of nine directors:

- Ms Maryse Aulagnon, Chairman of the Board of Directors
- Mab-Finances, represented by Mr Alain Chaussard, Vice-Chairman
- Atit, represented by Ms Catherine Wallerand, Head of the Legal Department of the Affine Group
- Ms Delphine Benchetrit, Managing Partner of Finae Advisors
- Mr Arnaud de Bresson, Managing Director of Paris-Europlace
- Mr Stéphane Bureau, Partner - Managing Director, Asset Management at Cushman & Wakefield
- Ms Joëlle Chauvin, Chairman of Aviva Investors Real Estate France SA (until 31 December 2014)
- Mr Bertrand de Feydeau, Chairman of Foncière Développement Logements
- Holdaffine, represented by Mr Jean-Louis Charon, Chairman of Citystar

Since the previous year-end, the composition of the Board of Directors has changed as follows:

- Ms Delphine Benchetrit and Atit were appointed as directors of the company and the directorship of Mr Bertrand de Feydeau was renewed, for a three-year term, by the Combined General Meeting of Shareholders of 30 April 2014;
- Mr Michel Garbolino and Forum Partners, whose directorships had expired during the General Meeting of 30 April 2014, did not wish to renew their term of office.

A list of directorships can be found in the management report.

The company is not subject to the rules on the mandatory participation of employee representatives with a vote at Board meetings, instituted by the Law of 14 June 2013 on job security. Similarly, since the employee shareholding does not exceed the threshold of 3% of the share capital, the requirement to appoint an employee as a director does not apply (Article L.225-23, paragraph 1 of the French Commercial Code).

Application of the principle of balanced representation of women and men

The Board now has four women, i.e. 44% of its members, in line with the objectives of the Law of 27 January 2011 on the balanced representation of men and women on boards. According to this law, the percentage of women may not be less than 40% at the end of the next General Meeting of Shareholders held after 1 January 2017.

Independent directors

The independence criteria adopted by the rules of procedure were determined in accordance with the Middlenext Code. This states that a director may be considered independent if he or she:

- has not been an employee or corporate officer of the company or any company within the same Group in the previous three years;
- is not a customer or supplier or the primary bank of the company or its Group, or for whom the company or Group represents a significant percentage of business;
- is not a majority shareholder of the company;
- has no close family ties with a corporate officer or majority shareholder;
- has not been an auditor of the company during the previous three years.

Based on these criteria, five members of the Board are independent: Delphine Benchetrit, Arnaud de Bresson, Stéphane Bureau, Joëlle Chauvin and Bertrand de Feydeau, or 55% of board members.

Term of office

The term of office of directors is three years; one-third of the directors are renewed each year.

Appointment of directors

The appointment and re-appointment of each director are examined by the Remuneration and Nomination Committee and then submitted to the Board. The appointment of each director is subject to a separate resolution submitted to the General Meeting of Shareholders.

Qualifying share

Article 11 of the Articles of Association states that each director must hold at least one registered share of the company throughout his or her term of office.

Directors' fees

Directors are entitled to receive directors' fees. These are allocated by the General Meeting of Shareholders and apportioned by the Board based on actual attendance at Board and committee meetings.

Ethics

Directors are reminded of their responsibilities at the time of their appointment and must observe the rules of conduct applicable to their office: to comply with the legal rules on multiple appointments; to inform the Board in the event of a conflict of interest occurring after they have been appointed; to attend Board meetings and General Meetings of Shareholders; to ensure they have all the necessary information about the agenda of Board meetings before making any decisions; to maintain confidentiality.

b) General management

Pursuant to Article 14 of the Articles of Association, the Board of Directors' meeting of 27 April 2012 re-appointed Maryse Aulagnon as Chairman of the Board of Directors and decided that she should continue as Chief Executive Officer of the company; the Board also re-appointed Alain Chaussard as Deputy Chief Executive Officer on 1 July 2013.

Restriction on combining employment contracts with corporate office

Members of General Management are not tied to the company or to a Group company by an employment contract.

Compensation of executive officers

The amounts of fixed and variable remuneration and the number of bonus shares awarded were determined by the Board of Directors and are detailed in the 2014 management report in a comprehensive, balanced, coherent, readable and transparent manner.

The principles and rules defined by the Board of Directors to determine the remuneration and benefits of all kinds granted to corporate officers, based on the proposals of the Remuneration Committee, are as follows:

- the fixed portion of the corporate officers' remuneration takes into account their presence in the company and their essential role in ensuring the Group's development and sustainability;
- the variable portion is determined according to the company's performance and any extraordinary transactions that have made a significant contribution to the company's value.
- the severance package for the Deputy Chief Executive Officer was approved at the Combined General Meetings of Shareholders of 29 April 2009, 27 April 2012, 24 April 2013 and 30 April 2014.

c) Frequency of meetings

The Board met six times during the year. The directors attend an average of 80% of meetings.

d) Notices of meetings and information sent to directors

The rules of procedure stipulate that Board meetings may be convened verbally or in writing by the Chairman of the Board of Directors (written notices of meetings may be sent by email).

Prior to each meeting, directors receive the documents enabling them to contribute to the meeting with full knowledge of the situation. Unless the meeting is urgent, the documents are sent to directors one week before the meeting date, but may be further supplemented by any other document that may help directors reach a decision.

Directors may attend Board meetings by videoconference or via another means of telecommunication, provided that these transmit at least the participants' voices and satisfy the technical requirements for continuous simultaneous transmission of the proceedings.

However, the use of videoconferencing or telecommunications is not permitted for the following decisions: the appointment or dismissal of the Chairman and Chief Executive Officer or Deputy Chief Executive Officer and deciding their remuneration; the approval of the annual financial statements and the company and Group management report.

The company sends directors all pertinent information concerning it. This information is disclosed in confidence. Directors may ask the Chairman of the Board, at any time, for any document concerning the company.

It has been decided that a procedure will be introduced to evaluate the work done by the Board. Accordingly, the Chairman will invite Board members to give their opinion each year on the operation of the Board and the preparation of its work.

e) Special committees

The Board of Directors has set up three committees responsible for preparing its work.

The committees are composed of three to five members who are members of the Board of Directors. Committee members must have the requisite technical expertise to sit on a committee.

The committees report on their work to the Board of Directors after each of their meetings.

1) Remuneration and Nomination Committee

The members of this committee are:

- Bertrand de Feydeau, Chairman
- Delphine Benchetrit (since 30 April 2014)
- Joëlle Chauvin
- Michel Garbolino (until 30 April 2014

The committee is composed entirely of independent directors.

The purpose of this committee specifically includes the remuneration of the corporate officers, the award of bonus shares and the company's general remuneration policy.

It is also responsible for examining new candidates for directorships and executive appointments with a view to making a recommendation to the Board of Directors, and assesses the status of independent directors.

Members of General Management may assist in the work of the Remuneration Committee to determine the company's overall remuneration policy, excluding their own executive compensation and other benefits.

When the committee meets for the purpose of appointments, it includes the corporate officers when the purpose of the meeting is to select new directors and to examine the status of independent director.

The Remuneration Committee meets before the last Board of Directors' meeting of the year or prior to the Board meeting convened to close the annual accounts or whenever decisions within its remit need to be submitted to the Board.

The committee met twice in 2014 (100% attendance rate).

2) Commitment Approval Committee

The members of this committee are:
- Maryse Aulagnon
- Alain Chaussard, representing Mab-Finances
- Joëlle Chauvin (*)
- Bertrand de Feydeau (*)
- Michel Garbolino (until 30 April 2014) (*)
- Jean-Louis Charon, representing Holdaffine

(*) Independent directors

The Property Director or project proposer may be invited to present projects to the Commitment Approval Committee.

The Commitment Approval Committee may be convened urgently if necessary and by any means. The members of the committee may be consulted in writing and their opinions given by post, fax or email.

The competence of the Commitment Approval Committee extends to disposals and acquisitions of up to €10 million per transaction; the Board is then informed of transactions accepted by the committee. The committee also provides the Board with a recommendation on transactions in excess of this amount.

The committee met once in 2014 (100% attendance rate).

3) Accounts Committee

The members of this committee are:
- Jean-Louis Charon, representing Holdaffine, chairman
- Arnaud de Bresson (*)
- Stéphane Bureau (*)

(*) Independent directors

For consultative purposes, the following may also attend committee meetings:
- Maryse Aulagnon
- Alain Chaussard

in their capacity as executive officers of the company, and the Director of Accounting and Management Control.

The company's Statutory Auditors attend meetings held to review the annual and half-year financial statements and may be invited to other meetings.

The committee meets at least twice a year, prior to the Board of Directors' meeting held to approve the annual and half-year financial statements. The committee may be convened if a particular event arises or if there is a specific change to any regulation with a material impact on its scope of operation.

The committee's role is to prepare the following for review by the Board:
- the accounting policies applied, and particularly any changes in policies compared with the preceding financial year;
- the accounts closure process;
- the draft financial statements.

Only the Board of Directors is ultimately responsible for decisions regarding the financial statements.

The committee also gives its opinion on the choice of Statutory Auditors for the company prior to their appointment by the General Meeting of Shareholders, as well as on their engagement and fees.

The Remuneration Committee was convened twice in 2014 (100% attendance rate).

f) Minutes of Board meetings

The minutes of the Board of Directors' meetings are prepared after each meeting and are sent to the directors for their approval before the next meeting.

2) Limitations determined by the Board of Directors on the powers of the Chief Executive Officer and Deputy Chief Executive Officer

a) Chairman and Chief Executive Officer

The Board of Directors has decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer and, on 27 April 2012, re-appointed Maryse Aulagnon as Chairman and Chief Executive Officer. The Board has defined the powers of this post as follows:

"The Chief Executive Officer shall be fully empowered to act in any situation on behalf of the company. The Chief Executive Officer shall exercise such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to general meetings of shareholders and to the Board of Directors."

b) Deputy Chief Executive Officer

The Board of Directors' Meeting of 1 July 2013 reappointed Alain Chaussard as Deputy Chief Executive Officer. The Board has defined the powers of this post as follows:

"The Deputy Chief Executive Officer shall have full powers, under all circumstances, to act on behalf of the company, within the limits of its corporate purpose and subject to the powers that the law expressly grants to general meetings of shareholders and to the Board of Directors. The Deputy Chief Executive Officer shall assist the Chairman with the organisation of the Board of Directors and management of the Board's work.

In the event of the absence or death of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer shall be fully empowered to act on behalf of the company, which he or she shall represent in its relations with third parties and exercise all powers vested in the Chairman and Chief Executive Officer.

In the absence of the Chairman and Chief Executive Officer, the appointment of the Deputy Chief Executive Officer shall be temporary and may be renewed by the Board of Directors until the Chairman and Chief Executive Officer returns.

In the event of the death of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer shall remain in office until the appointment of a new Chairman and Chief Executive Officer."

Alain Chaussard is also, in his capacity as permanent representative of Mab-Finances, Vice-Chairman of the Board.

3) Delegations

The Board of Directors has delegated the following powers to General Management:

- Disposals and acquisitions: up to €5 million per transaction; transactions exceeding €1 million must be notified to the Board before they are concluded
- Sureties, endorsements and guarantees: up to €5 million for each guarantee issued on behalf of subsidiaries; guarantees exceeding €1 million must be notified to the Board before they are issued.

General Management has, in turn, permanently delegated the following powers:

- to Cyril Aulagnon, Deputy Chief Executive Officer (until 5 January 2015), the power to sign, renew and terminate all leases, conclude all company or property development contracts, grant all construction orders or delegate construction management for works, and conclude all technical contracts.
- to Mr Olivier Lainé, Chief Financial Officer, the power to conclude any forward rate agreements and to accept and formalise any fixed-rate consolidation options.
- to Catherine Wallerand, Head of the Group's Legal Department, the power to oversee daily and financial management activities, as well as the power to handle insurance and property matters.

Special powers may be granted to other executives to sign contracts.

4) Other points covered in Article L.225-37 of the French Commercial Code

The conditions relating to the attendance of shareholders in general meetings are specified in Article 25 of the company's Articles of Association.

Items that may have an impact in the event of a public offering are mentioned in the management report presented to the General Meeting of Shareholders.

II Internal Control Procedures

1) Purpose

The purpose of the internal control procedures currently in force in the company is as follows:

- firstly, to ensure that all operations and work carried out by company personnel comply with legislation and regulations;
- secondly, to ensure that the accounting, financial and management information conveyed to the company's managing bodies truly reflects the company's activity and position.

The primary objective of the internal control system is to prevent and control the risks resulting from the company's activity, as well as the risks of errors or fraud, particularly in accounting and finance. As with all control systems, there can be no absolute guarantee that these risks will be completely eliminated.

In addition, as a parent company, Affine has taken steps to establish appropriate internal control procedures at its subsidiaries.

2) Organisation

The officer responsible for internal control reports directly to General Management.

The internal control system applied by Affine consists of:

a) first-level controls corresponding to all of the means continuously implemented by the operating entities to guarantee the legality, security and proper execution of the transactions that are carried out, as well as compliance with the due care provisions linked to the oversight of risks of all types associated with the transactions.

b) Second-level controls verify, at suitable intervals for the size of the company, the lawfulness and compliance of transactions, primarily by examining:

- compliance with the procedures, and their updating;
- the suitability of the existing systems for the measurement and oversight of all risks associated with transactions.

Controls based on written procedures were completely redrafted in 2014 and then communicated to all staff in 2014. The primary aim of these procedures is to describe "business" procedures: management of leases, works and budgets. The accounting procedures will be issued in a separate manual during the first half of 2014.

These procedures conform both to the regulatory requirements and to company policies. They describe the methods and procedures for recording, processing and retrieving information, the accounting formats and the procedures for undertaking transactions. They ensure the production of the data and information required for oversight of risks to the company and its subsidiaries.

3) Risk control

The company has defined the criteria and procedures for identifying and controlling risks and the systems for monitoring assets and controlling the quality of financial and accounting information.

Since the company had financial corporation status until 19 December 2011, it still holds assets as a leasing company. Paragraphs a), d) and e) below also apply to finance leases signed by the company.

a) Credit risk

Contractual relations with tenants are governed by standard contracts which are updated regularly. The standard commercial lease matrix was therefore updated following the introduction of what is known as the "Pinel Law", in collaboration with specialised lawyers.

Risk analysis for decision-making

Before a lease can be agreed, an analysis of the financial situation of the future tenant and any sub-tenants is carried out. To avoid tenant defaults, guarantees may be requested (such as a bond, bank guarantee, etc.)

Risk control after decisions are taken

Comprehensive monitoring

As the owner of property assets, the Affine Group exercises particular vigilance to ensure that:
- assets are covered by insurance that will restore their value in case of losses;
- properties are compliant with all applicable regulations: environmental legislation, regulations governing high-rise buildings and buildings open to the public, etc.;
- building maintenance is performed under the supervision of recognised professionals;
- major repairs are done in a timely manner to ensure the safety and comfort of building users and to maintain the building's value;
- the financial analysis of tenants is reviewed each year if necessary;
- property values are estimated by recognised external appraisals twice a year, when the financial statements are prepared.

The Affine Group has taken out all necessary insurance policies for its business activities with major international insurance companies:
- property and casualty: value as new
- professional liability
- building owner's liability
- directors' and corporate officers' liability.

Specific controls

Client risk is monitored extremely closely through a specific procedure. Late payments are analysed at a weekly meeting held to determine any actions to be taken or measures required to recover the debts. Any payment delay or default lasting more than six months results in the systematic write-down of the full amount of the relevant receivable. Client risks are mapped out and, if necessary, more stringent checks are carried out. Moreover, before signing a lease, extra checks on the potential tenant are carried out. Systematic tenant solvency checks will also be introduced.

Affine has also introduced specific inspections of its properties to check that they comply with the various regulations. To comply with the Ad'hap regulations, Affine has analysed the plan to render its buildings compliant, to ensure that it carries out the changes within the required deadlines.

Before the end of the ten-year guarantee period for builders, the company will arrange for a technical appraisal of its assets, to identify any defects and activate the corresponding insurance, if necessary.

b) Financial risk

Affine practises prudent and rigorous financial management to ensure permanent access to a significant cash surplus in excess of debt servicing requirements by:
- maintaining readily available cash;
- establishing confirmed credit lines;
- making annual loan repayments (with a residual value at maturity, where applicable);
- scheduling repayments;
- diversifying its banking relations.

The company mainly uses two tools to monitor its liquidity risk:
- a daily cash statement prepared by the financial department and sent to General Management;
- a three-year monthly cash situation forecast provided by the management controller to General Management; actual monthly cash and forecast cash are reconciled and discrepancies analysed at this time. A cash flow forecast is submitted to the two Board of Directors' meetings called to approve the financial statements.

The company is careful only to deposit cash with banks that, alone or through the group to which they belong, offer all the necessary guarantees. Its investments are made prudently and exclude any instruments with a risk of capital loss.

c) Production and processing of accounting and financial information

The organisation and duties of the accounting department are defined in the manual of accounting procedures.

Affine's accounting and management control department is responsible for the management accounting of all the French companies that are majority-owned (more than 50%) by the Group. Foreign companies use local accountancy firms.

Most of the transactions are directly reported in the accounts using specific software. The software is populated by various departments (Management, Corporate Services, etc.) and has all the clearance and control procedures necessary to ensure that transactions are recorded securely. Very few transactions are now entered manually.

In addition, the accounting formats used by Affine and its fully consolidated subsidiaries are defined in the manual of accounting procedures.

In view of the large number of its subsidiaries, Affine ensures that they adhere to the internal control procedure and verifies this through periodic audits. A weekly report enables Group General Management to track the performance of its subsidiaries on an ongoing basis. Affine's accounting department also alerts General Management in the event of any anomalies.

Before the closure of the financial statements (half-year and year-end), a timetable is drawn up by the Accounting Department and sent to all project managers. A file to track operations and progress of works is stored on a dedicated IT network used by the accounting department and updated daily. In the event of any anomalies or delay in operations, the project manager informs the accounting director, who in turn informs General Management if necessary.

At the end of each accounting period, the draft financial statements are checked by General Management, which analyses the variations in results compared with forecasts. The financial and accounting information is then verified by the Statutory Auditors and presented to the Accounts Committee and to the Board of Directors.

A breakdown of off-balance sheet commitments is also sent to the Board twice a year.

d) Operational risks

IT risk

Affine's entire IT system is backed up to the Cloud and replicated on several geographical sites and automatic backup centres. In the event of a disaster at Affine's offices, the company can still access its data and business recovery will only require connection to the internet with a specific configuration. Coded access procedures and anti-virus systems supplement the measures taken to prevent IT risk.

Legal risk

The services of specialised lawyers were used to draft the Group's standard contracts. These contracts are updated regularly, especially after the introduction of any new regulatory provisions or changes to the law.

Any acquisitions and disposals of rental assets require due diligence measures and analyses, especially on a legal level, and these formalities are carried out in collaboration with technically skilled professionals such as notaries.

Environmental risks

The Group participates in the High Quality Environment initiative by adopting preventive measures allowing it to limit the environmental impacts of constructing and renovating buildings. This initiative also offers ways to make a building more comfortable for its users.

Affine periodically performs inspections of the buildings that it owns to verify that environmental regulations are observed by their users.

e) Risk related to money laundering

The origin of purchasers' and partners' funds is systematically checked in compliance with the provisions applicable to property professionals. The company's procedure manual contains a specific procedure for such risks.

STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF AFFINE R.E. PREPARED PURSUANT TO ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE

Financial year ended 31 December 2014

To the Shareholders,

In our capacity as Statutory Auditors to Affine R.E., and in accordance with the provisions of Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company for the year ended 31 December 2014, in accordance with the provisions of Article L.225-37 of the French Commercial Code.

It is the Chairman's responsibility to prepare a report on the internal control and risk management procedures implemented by the company, and to submit that report for the Board of Directors' approval, and to provide any other information specifically relating to corporate governance required under Article L.225-37 of the French Commercial Code.

It is our responsibility:

- to inform you of the observations that we are required to make on the information contained in the Chairman's report regarding internal control and risk management procedures in respect of the preparation and processing of accounting and financial information, and
- to attest that the report contains the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the accuracy of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information regarding the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform the due diligence required to assess the accuracy of the information regarding the preparation and processing of accounting and financial information provided in the Chairman's report on internal control and risk management procedures. This due diligence primarily consisted of:

- familiarising ourselves with the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information supporting the information presented in the Chairman's report, together with the existing documentation;
- familiarising ourselves with the work performed to prepare this information and the existing documentation;
- determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted during the course of our assignment are properly disclosed in the Chairman's report.

On the basis of our work, we have no observation to make on the information provided regarding the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

Other information

We certify that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L.225-37 of the French Commercial Code.

Paris La Défense and Paris, 16 March 2015

The Statutory Auditors

KPMG Audit FS I	Cailliau Dedouit et Associés
A division of KPMG S.A.	
Régis Chemouny	Rémi Savournin
Partner	*Partner*

STATUTORY AUDITORS' REPORT ON CAPITAL TRANSACTIONS STIPULATED IN RESOLUTIONS 15, 16, 18, 19 AND 20 OF THE COMBINED GENERAL SHAREHOLDERS' MEETING OF 30 APRIL 2015

Combined General Shareholders' Meeting of 30 April 2015

Dear Shareholders,

In our capacity as Statutory Auditors of your company, and pursuant to the assignments provided for by the French Commercial Code, we hereby present our report on the transactions on which you are required to give an opinion.

1. Issuance of ordinary shares and transferable securities with maintenance and/or waiver of pre-emptive subscription rights (resolutions 15 and 16)

Pursuant to the assignment provided for by Articles L.228-92 and L.225-135 et seq. of the French Commercial Code, we hereby present our report on the proposals to delegate authority to the Board of Directors to decide on various issues of ordinary shares and transferable securities, with and/or without pre-emptive subscription rights, these being transactions on which you are required to give an opinion.

On the basis of its report, your Board of Directors is proposing that you delegate to it the authority to decide on the transactions listed below for a period of 18 months, to set the final terms of such issues and to waive your pre-emptive subscription rights, where applicable.

- Issuance of ordinary shares and transferable securities with maintenance of pre-emptive subscription rights (Fifteenth Resolution) that grant immediate or future subscription rights to your company's share capital, or, in accordance with Article L.228-93 of the French Commercial Code, to the share capital of a company in which it owns over 50% of the share capital, either directly or indirectly, for a nominal amount that may not exceed 50% of the share capital, i.e. €26,750,000 on the basis of the current share capital, plus, where applicable, the additional amount of the shares to be issued in order to protect the rights of holders of transferable securities granting the right to shares, in accordance with the law.
- Issuance of ordinary shares and transferable securities with waiver of pre-emptive subscription rights (Sixteenth Resolution) that grant immediate or future subscription rights to your company's share capital, or, in accordance with Article L.228-93 of the French Commercial Code, in the share capital of a company in which it owns over 50% of the share capital, either directly or indirectly, for a nominal amount that may not exceed 25% of the share capital, i.e. €13,375,000 on the basis of the current share capital, this amount being deducted from the cap set in the Fifteenth Resolution, plus, where applicable, the nominal amount of the additional shares that may be issued in the event of further financial transactions, in order to protect the rights of holders of transferable securities granting access to the share capital.

Your Board of Directors is responsible for drawing up a report in accordance with Articles R.225-113, R.225-114, and R.225-117 of the French Commercial Code. Our responsibility is to express our opinion on the accuracy of the numerical data derived from the financial statements, on the proposal to waive the pre-emptive subscription rights in connection with the Sixteenth Resolution, and on certain other information concerning the issue that is provided in this report.

We have performed the due diligence we deemed necessary in view of the professional standards of the Compagnie nationale des commissaires aux comptes [the French association of statutory auditors] relating to this assignment. This due diligence primarily consisted in verifying the content of the Board of Directors' report regarding these transactions and the procedures for determining the issue price of the equity securities to be issued.

We inform you that the Board of Directors' report does not include any information on the procedures for determining the issue price, as provided by the regulations.

Furthermore, since the final conditions for the capital increase have not been determined, we are not expressing any opinion on that increase, and accordingly, on the proposal to waive the pre-emptive subscription rights made to you in the Thirteenth Resolution.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare a supplementary report, where applicable, when your Board of Directors uses these authorisations in the event of the issue of ordinary shares with a waiver of pre-emptive subscription rights and of transferable securities granting access to the share capital.

2. Issuance of ordinary shares and transferable securities with waiver of pre-emptive subscription rights via private placement (resolution 18)

Pursuant to the assignment provided for by Articles L.225-129, L.225-135, L.228-92 and L.228-93 of the French Commercial Code, we hereby present our report on the proposals to delegate authority to the Board of Directors to decide on various issues of ordinary shares and transferable securities granting immediate or future access to shares in your company, or in a company in which it owns over 50% of the share capital. These issues may be performed via private placement with waiver of pre-emptive subscription rights, these being transactions on which you are required to give an opinion.

On the basis of its report, your Board of Directors proposes that you delegate to it the authority to decide on these transactions for a period of 18 months, and to set the final conditions of such issues. It also proposes to waive your pre-emptive subscription rights and to limit these transactions to 10% of the share capital per year; this amount will be deducted from the cap set in resolutions 15 and 16.

Your Board of Directors is responsible for preparing a report in accordance with Articles R.225-113, R.225-114 and R.225-115 of the French Commercial Code. Our responsibility is to express our opinion on the accuracy of the numerical data derived from the financial statements, on the proposal to waive the pre-emptive subscription rights, and on certain other information concerning the issue that is provided in this report.

We have performed the due diligence we deemed necessary in view of the professional standards of the Compagnie nationale des commissaires aux comptes [the French association of statutory auditors] relating to this assignment. This due diligence consisted in verifying the content of the Board of Directors' report regarding these transactions and the procedures for determining the issue price of the equity securities to be issued by private placement.

We inform you that the Board of Directors' report does not include any information on the procedures for determining the issue price, as provided by the regulations.

Furthermore, since the final conditions for the capital increase have not been determined, we are not expressing any opinion on that increase, and accordingly, on the proposal to waive the pre-emptive subscription rights made to you.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare a supplementary report, where applicable, when this authority is used by your Board of Directors.

3. Issuance of ordinary shares reserved for employees with waiver of pre-emptive subscription rights (resolution 19)

Pursuant to the assignment provided for by Articles L.225-135 et seq. of the French Commercial Code, we hereby present our report on the proposal to delegate authority to the Board of Directors to decide on a capital increase, on one or more occasions, via the issuance of ordinary shares, with waiver of pre-emptive subscription rights, reserved for employees of your company and of companies that are related to it within the meaning of Article L.225-180 of the French Commercial Code, in an amount limited to 3% of the existing share capital on the day when the Meeting of the Board of Directors is held, these being transactions on which you are required to give an opinion.

This capital increase is submitted for your approval pursuant to Articles L.225-129-6 of the French Commercial Code and Articles L.3332-18 et seq. of the French Labour Code.

On the basis of its report, your Board of Directors proposes that you delegate to it the authority to set the terms of these transactions for a period of 18 months and to waive your pre-emptive subscription rights to the shares to be issued.

Your Board of Directors is responsible for preparing a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. Our responsibility is to express our opinion on the accuracy of the numerical data derived from the financial statements, on the proposal to waive the pre-emptive subscription rights, and on certain other information concerning the issue that is provided in this report.

We have performed the due diligence we deemed necessary in view of the professional standards of the Compagnie nationale des commissaires aux comptes [the French association of statutory auditors] relating to this assignment. This due diligence consisted in verifying the content of the Board of Directors' report regarding these transactions and the procedures for determining the issue price of the equity securities to be issued.

Subject to the subsequent review of the terms of the proposed capital increases, we have no observation to make on the procedures used to determine the issue price of the ordinary shares to be issued provided in the Board of Directors' report.

Since the final conditions for the capital increase have not been determined, we are not expressing any opinion on that increase, and accordingly, on the proposal to waive the pre-emptive subscription rights made to you.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare a supplementary report, where applicable, when this authority is used by your Board of Directors.

4. Reduction in the share capital via the cancellation of purchased shares (resolution 20)

Pursuant to the assignment provided for in Article L.225-209 of the French Commercial Code in the event of a reduction in the share capital through the cancellation of purchased shares, we have prepared this report, which is intended to inform you of our assessment of the causes and conditions for the planned capital reduction.

Your Board of Directors proposes that you delegate to it all powers, for a period of 18 months, to allow it to cancel the shares purchased via the implementation of an authorisation for your company to purchase its own shares provided for in the Sixth Resolution, under the provisions of the aforementioned Article, subject to the limit of 10% of its share capital, on one or more occasions.

We have performed the due diligence we deemed necessary in view of the professional standards of the Compagnie nationale des commissaires aux comptes [the French association of statutory auditors] relating to this assignment. This due diligence requires us to examine whether the causes and conditions of the planned capital reduction, which is not such as to jeopardise the equal treatment of shareholders, are legal.

We have no observation to make on the causes and conditions of the planned capital reduction.

The Statutory Auditors

Paris La Défense, 16 March 2015	Paris, 16 March 2015
KPMG AUDIT FS I	Cailliau Dedouit et Associés
Régis Chemouny *Partner*	Rémi Savournin *Partner*

REPORT FROM THE BOARD OF DIRECTORS

Extraordinary decisions

1 – Proposed amendments to the articles of association (13th and 14th resolutions)

a) It is proposed to amend the final paragraphs of Article 9 "Rights and obligations attached to the shares" of the Articles of Association as follows:

"In addition to the legal disclosure obligations vis-à-vis the company, any individual or legal person acting alone or in concert who owns, directly or indirectly, through one or more legal entities that it controls within the meaning of Article L. 233-3 of the French Commercial Code, a number of shares or voting rights representing 2% or a multiple of 2% of the company's capital or voting rights (including in excess of a 5% threshold), shall disclose to the company the total number of shares or voting rights that it owns by sending a registered letter with an acknowledgement of receipt to the registered office of the company within a period of 15 days after exceeding this threshold.

The declarant must also state the transferable securities giving access to the capital that he/she holds at the time of the declaration.

These provisions shall apply under the same conditions as those stipulated above each time that the fraction of capital or voting rights held falls below the 2% threshold or a multiple of 2%, as stated above.

When acting in concert, the notification must include the identity of the individuals or the identification of the legal entities acting within the joint action."

The rest of the article remains unchanged.

b) An amendment to Article 19, "Agreements subject to the provisions relating to regulated agreements" is proposed, as follows:

*"Article 19 – **Agreements subject to the provisions relating to regulated agreements***

Agreements falling within the scope of Article L. 225-38 of the French Commercial Code are subject to the procedures determined by the current regulations."

c) The following amendment to Paragraph 1 of Article 25 of the Articles of Association "Attendance or representation at General Meetings of Shareholders" is proposed:

*"Article 25 – **Attendance or representation at general meetings of shareholders***

Any shareholder has the right to attend General Meetings of Shareholders and to participate in the proceedings, in person or by proxy, regardless of the number of shares held, if evidence is furnished, in accordance with the legal requirements, that the shares are registered in the shareholder's name or in the name of the shareholder's authorised intermediary pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code, on the second business day preceding the meeting at midnight, Paris time. Registration is enacted in the registered shares account held by the company or in the bearer shares accounts held by the authorised intermediary."

The rest of the article remains unchanged.

d) The following amendment to Article 36, "Profits", is proposed:

*"Article 36 – **Profits***

The profit (loss) for each year comprises the net income from the financial year, after deduction of general and all other company expenses, including any tax on profits payable as well as any depreciation and provisions.

When the company posts a profit, less any prior year losses, five percent (5%) is first deducted to form the legal reserves. No deductions are mandatory when the legal reserve reaches an amount equal to one-tenth of the share capital; however, when the legal reserve falls below this fraction the deductions apply once again. The amounts to be allocated to the statutory reserves are then deducted from this total.

The balance, plus, where appropriate, any profits carried forward, constitutes the distributable income for the year; the annual General Meeting of Shareholders decides on the allocation of this income. As such, it may allocate it to the general or special reserves, in part or in full, or carry it forward again or distribute it to shareholders.

Once the General Meeting of Shareholders has approved the accounts, any losses are recorded in the balance sheet in a special account.

In addition, following a decision of the General Meeting of Shareholders, shareholders may choose between payment of the dividend in cash or in shares.

During the course of the year, the Board of Directors is permitted to pay shareholders one or more interim dividends, as determined by the General Meeting of Shareholders, in accordance with the statutory or regulatory provisions in force.

In any event, shareholders will receive an overall dividend, in proportion to the par value of their shares paid up at least six months before year-end and not yet redeemed, taking into account the distribution obligations applicable to this regime.

As the company has opted for the tax regime applicable to Listed Property Companies (Sociétés d'Investissements Immobiliers Cotés) provided for in Article 208 C of the French General Tax Code, non-resident shareholders will receive a dividend compliant with the distribution obligations applicable to this regime. Dividends will be distributed to shareholders subject to the potential application of the provisions relating to the levy referred to in Article 208-II of the French General Tax Code. If a shareholder meeting the application conditions stipulated in Article 208 II ter of the French General Tax Code fulfils the requirements for exemption, the said shareholder must furnish proof of such an exemption to the company no later than five business days before the payment date or the distribution date of any dividends.

Otherwise, the amount available for distribution to the shareholder will be reduced by the amount of the levy that is deemed to be payable and is paid by the company to the relevant tax office.

If the dividend is paid in shares, the shareholder will receive only a part of the amount distributed in the form of shares, it being specified that no fractional shares will be created, with the company allocating the balance to payment of the levy, as specified above.

If it should emerge, following a distribution, that a shareholder was in a situation that should have given rise to a levy on the date of payment of said amounts, the shareholder will be required to compensate the company for its loss by means of the payment of an amount equal to the levy that the company would have had to pay in respect of the shares held by the shareholder on the distribution payment date, plus additional compensation equal to interest on arrears, penalties or charges of any kind that the company may incur as a result.

If necessary, the company may offset its claim vis-à-vis the shareholder against any amount that might subsequently be paid thereto, until said claim has been extinguished."

2 - Delegations of power to the board of directors for capital increases (15th to 19th Resolutions)

Any planned delegations of power to the Board of Directors for taking decisions to increase the Company's share capital shall be presented in identical terms to those decided by the Combined General Meeting of Shareholders of 30 April 2014.

The amounts applicable to such delegations, however, shall be adjusted to meet market conditions.

a) The Combined General Meeting of Shareholders of 30 April 2014 granted the Board of Directors the authority to increase the share capital (with or without preferential subscription rights) for up to half of the capital.

This forms part of the "blanket delegation" procedure referred to in Article L.225-129-2 of the French Commercial Code, which allows the Board of Directors to be granted the utmost flexibility in the interests of the company. This will support the development of the business by raising the necessary capital on the financial markets.

The authorisation granted will allow the Board of Directors to choose the most favourable issue types and methods, in view of the wide range of securities and the constantly changing stock markets.

The Board may therefore issue ordinary shares of the company or any securities giving access through any means, immediately or in the future, to ordinary shares of the company or of a company in which it holds, directly or indirectly, more than half of the capital.

The issue of these securities may not result in an increase in the company's share capital of a total amount of up to half of the share capital, or €26,650,000 based on the share capital on 30 April 2014, without taking into account the adjustments that may be made in compliance with the law.

It is proposed to set the levels of these increases as follows:
- If the issue is carried out with preferential subscription rights, the Board may increase the share capital to a maximum total par amount of 50% of the share capital, i.e. €26,750,000.
- If the issue is carried out without preferential subscription rights, the Board may increase the share capital to a maximum total par amount of 25% of the share capital, i.e. €13,375,000.

The Board of Directors will have the necessary powers to decide the terms and conditions of the issue or issues, to allow for the possibility of paying for the subscription in cash or by offsetting it against liquid and payable claims on the company or by a combination of the two, to certify the execution of the resulting capital increases and to make the relevant amendments to the Articles of Association.

The Board will also have the power to increase the capital through the capitalisation of share premiums, reserves, profits or other sums for which capitalisation is permitted by law and by the Articles of Association, by means of granting bonus shares or increasing the par value of existing shares.

It is proposed that said authorisation should be granted for a period of 18 months from the date of the General Meeting of Shareholders.

b) The Combined General Meeting of Shareholders of 30 April 2014 also delegated to the Board of Directors, in accordance with Article L.225-138 of the French Commercial Code, the possibility of increasing the share capital without preferential subscription rights via a private placement (for qualified investors or a limited circle of investors) of 10% of the capital per annum.

It is proposed that said authorisation should be valid for a period of 18 months from the date of the General Meeting of Shareholders.

c) Given the authorisations proposed above, the General Meeting of Shareholders must vote on a draft resolution to carry out a capital increase reserved for employees, in accordance with Article L.225-129-6 of the Commercial Code. This requirement applies to all companies limited by shares, irrespective of whether or not they already have a company savings plan (PEE).

SUMMARY OF DELEGATIONS FOR A CAPITAL INCREASE
(Article L225-100 paragraph 7 of the French Commercial Code)

Authority granted to the Board of Directors by the Combined General Shareholders' Meeting of 30 April 2014 (superseding the authorisation given by the Combined General Shareholders' Meeting of 24 April 2013)

	Montant autorisé	Durée	Utilisation
Delegation of authority, applying the preferential subscription right (12th resolution)	€26,650,000	18 months (until 30 October 2015)	Not applicable
Delegation of authority, disapplying the pre-emptive subscription right (13th resolution)	€26,650,000 (applied against the ceiling set in the 12th resolution)	18 months (until 30 October 2015)	Not applicable
Authority granted for a capital increase by capitalisation of reserves (14th resolution)	Amount of reserves	18 months (until 30 October 2015)	Capital increase of €96,915.89 (revenues as at 5 June 2014)
Delegation of authority, disapplying the preferential subscription right, by private placement (15th resolution)	10% of the capital per annum, this amount being applied against the ceiling set in the 12th and 13th resolutions	18 months (until 30 October 2015)	Not applicable

NOTES

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