

2017 REGISTRATION DOCUMENT



AFFINE

CONTENTS

1. PERSONS RESPONSIBLE	02	10.4 Restriction on the use of capital	36	20. FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL SITUATION AND EARNINGS OF THE ISSUER	59
1.1 Names and titles of the persons responsible for the registration document	02	10.5 Expected sources of funding	36	20.1 Consolidated financial statements	62
1.2 Declaration of the persons responsible for the document	02	11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	37	20.2 Pro-forma consolidated financial statements	106
2. STATUTORY AUDITORS	03	12. TREND INFORMATION	37	20.3 Annual financial statements	110
2.1 Statutory Auditors at 31 December 2017	03	12.1 Main trends	37	20.4 Auditing of annual historical financial information	136
2.2 Renewal- Appointment of Statutory Auditors	03	12.2 Outlook	37	20.5 Date of most recent financial information	137
3. SELECTED FINANCIAL INFORMATION	04	13. PROFIT FORECASTS OR ESTIMATES	37	20.6 Interim financial information	137
3.1 Key figures	04	14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT	38	20.7 Dividend distribution policy	137
4. RISK FACTORS	05	14.1 Board of Directors and General Management	38	20.8 Legal and arbitration proceedings	137
4.1 Risks related to business activity	05	14.2 Conflicts of interest within the administrative, managerial and supervisory bodies	47	20.9 Significant change in financial or business position	137
4.2 Risks related to the Company	07	15. COMPENSATION AND BENEFITS	48	21. ADDITIONAL INFORMATION	138
4.3 Main characteristics of internal control and risk management procedures relating to the preparation and processing of Accounting and Financial Information	09	15.1 Compensation and benefits paid in 2016 to members of the administrative, managerial and executive management bodies	48	21.1 Share capital	138
5. INFORMATION ABOUT THE ISSUER	11	15.2 Amounts provisioned for pensions, retirement plans and other benefits	52	21.2 Instrument of constitution and articles of association	140
5.1 History and development of the Company	11	16. FUNCTIONING OF THE ADMINISTRATIVE AND MANAGERIAL BODIES	53	22. MAJOR CONTRACTS	143
5.2 Investment	12	16.1 Term of office expiry date	53	23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST	144
6. BUSINESS OVERVIEW	13	16.2 Contract between the management holding company and the issuer	53	24. DOCUMENTS AVAILABLE TO THE PUBLIC	147
6.1 Principal activities	13	16.3 The Specialised Committees	53	25. INFORMATION ON EQUITY INTERESTS	147
6.2 Main markets	17	16.4 Corporate governance	54	26. CSR INFORMATION	148
6.3 Exceptional dependency of the company on patents or commercial or financial contracts	22	17. EMPLOYEES	55	26.1 Social information	150
6.4 Events influencing the activity of the company	22	17.1 Staff and employment policy	55	26.2 Environmental information	153
6.5 External sources used for statements regarding the competitive position of the company	22	17.2 Bonus Shares	55	26.3 Societal information	155
7. ORGANISATIONAL CHART	23	17.3 Agreement providing for employee shareholding in the capital of the issuer	55	26.4 Note on methodology	156
7.1 Overview	23	18. Major shareholders	56	CORRELATION TABLE	160
7.2 List of subsidiaries	23	18.1 Major shareholders	56	APPENDICES COMBINED SHAREHOLDERS' MEETING OF 26 April 2018	161
8. PROPERTY, PLANTS AND EQUIPMENT	24	18.2 Breakdown of voting rights	56	Text of the resolutions submitted to the Combined General Shareholders' Meeting of 26 April 2018	161
8.1 Property portfolio	24	18.3 Control of the Group	57	Table showing the company's earnings in the past five financial years	167
8.2 Environmental issues that could affect the issuer's use of property, plant and equipment	26	18.4 Agreements likely to bring about a change in control	57	Scheduled trade payables and receivables	167
9. OPERATING AND FINANCIAL REVIEW	27	18.5 Information regarding transactions performed on company shares by executives, similar individuals and their relatives (Article L. 621-18-2 of the French Monetary and Financial Code)	57	Special Report of the Statutory Auditors on regulated agreements and commitments	168
9.1 Financial position	27	18.6 Eckert law (Law no. 2014-617 of 13 June 2014)	57	Report of the Board of Directors on Corporate Governance	171
9.2 Operating income	28	19. OPERATIONS WITH RELATED PARTIES	58	Statutory Auditors' report on capital transactions stipulated in resolutions 18, 19, 21, 22 and 23 of the Combined General Shareholders' Meeting of 26 April 2018	187
9.3 EPRA best practices recommendations	29			Board of Directors report on bonus share issues	189



2017 REGISTRATION DOCUMENT

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.

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This registration document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers, or AMF) on 03/04/2018 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.

Copies of this registration document are available free of charge from the Affine Group, 39 rue Washington – 75008 Paris, and from the Affine website (www.affine.fr) and the AMF website (www.amf-france.org).

1. PERSONS RESPONSIBLE

1.1 NAMES AND TITLES OF THE PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Alain Chaussard, *Chief Executive Officer*
Matthieu Evrard, *Co-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 2017 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 observation.

The consolidated and separate financial statements for 2016 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 observation.

The consolidated and separate financial statements for 2015 presented in the registration document are the subject of the Statutory Auditors' reports found in sections 20.1 and 20.3 of this document. Each report contained an observation drawing the reader's attention to the uncertainty about the value of Banimmo.

Paris, 3 April 2018

Monsieur Alain Chaussard
Chief Executive Officer

Monsieur Matthieu Evrard
Co-Chief Executive Officer

2. STATUTORY AUDITORS

2

2.1 STATUTORY AUDITORS AT 31 DECEMBER 2017

a) Principal Statutory Auditors

Cailliau Dedouit et associés

Represented by: Laurent Brun

Address: 19 rue Clément Marot, 75008 Paris

Date of first appointment: 25 April 1979 (Immobilier)

Term of office: six financial years from 30 April 2015

End of term: at the end of the 2021 Ordinary General Shareholders' Meeting held to approve the 2020 financial statements.

KPMG Audit (a division of KPMG SA)

Represented by: Isabelle Goalec

Address: Tour Egho 2 avenue Gambetta

92066 Paris la Défense Cedex

Date of first appointment: 26 April 2007

Term of office: six financial years from 24 April 2013

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

b) Deputy Statutory Auditors

Cailliau Dedouit et associés

Laurent Brun until 15 June 2017, then appointed principal auditor to replace Rémi Savournin, who resigned pursuant to the implementation of the Law of 2016-1691 of 9 December 2016 known as "Sapin 2". Also, in accordance with Sapin 2, no new alternate auditor was appointed.

Address: 19 rue Clément Marot 75008 Paris

Date of first appointment: 30 April 2015

Term of office: six financial years from 30 April 2015

End of term: at the end of the 2021 Ordinary General Shareholders' Meeting held to approve the 2020 financial statements.

KPMG Audit FS I

Address: Tour Egho 2 avenue Gambetta 92066 Paris la Défense Cedex

Date of first appointment: 24 April 2013

Term of office: six financial years from 24 April 2013

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

2.2 RENEWAL- APPOINTMENT OF STATUTORY AUDITORS

With the exception of the change of representation of one of the audit firms, the terms of service of the Statutory Auditors were not changed or renewed during the financial year.

3. SELECTED FINANCIAL INFORMATION

The selected financial information below, relating to the years ended 31 December 2015, 2016 and 2017, is taken from the consolidated financial statements in Appendix 20.1.

The consolidated annual financial statements are presented in section 20.3.

3.1 KEY FIGURES

CONSOLIDATED STATEMENTS (€M)	2015	2016	2017
Gross rental income	39.0	34.7	33.8
Current operating profit ⁽¹⁾	27.1	19.6	21.3
EPRA earnings (excl. Banimmco)	17.4	11.7	15.5
EPRA earnings	13.3	7.1	10.8
Net profit – group share	0.4	5.5	9.1
Funds from operation	21.9	14.3	15.1
Investments (acquisition and works) ⁽²⁾	42.9	22.3	84.8
FV of investment properties (incl. TT) ⁽³⁾	547.0	553.5	615.9
FV of investment properties (excl. TT) ⁽³⁾	514.4	518.6	578.6
EPRA net asset value (excl. TT) ⁽⁴⁾	221.7	215.6	210.6
EPRA NNNAV (excl. TT) ⁽⁴⁾	250.0	245.9	232.8
Net financial debt	284.4	280.3	334.6
LTV (%)	46.6	46.4	52.3
Average cost of debt (%) ⁽⁵⁾	2.5	2.3	2.0
EPRA vacancy rate (%)	14.2	12.5	13.0
FIGURES PER SHARE (€)	2015	2016	2017
Net profit ⁽⁶⁾	(0,18)	0,34	0,67
EPRA earnings (excl. Banimmco)	1,48	0,95	1,29
EPRA earnings	1,08	0,50	0,84
Dividend	1,00	1,00	1,00
EPRA net asset value (excl. TT) ⁽⁴⁾	21,60	21,02	20,53
EPRA NNNAV (excl. TT) ⁽⁴⁾	24,35	23,98	22,69
Share price (end of the period)	16,35	14,95	16,48

NB: The Banimmco sub-group of Affine is consolidated using the equity method until 30 September 2017 and since then using the global integration as a discontinued operation (IFRS 5).

(1) In 2015, 2016 and 2017, this amount does not include the depreciation of buildings in inventory of the property development business of -€0.1m, -€0.2m and €0.1m respectively, which is recognised under other income and expenses.

(2) This amount corresponds to investment disbursed. Buildings are accounted 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%, 6.9% or 7.5% depending on their status.

(4) After BRS dilution (bonds redeemable in shares) and excluding Perpetual Subordinated Loan Notes (PSLN).

(5) Including hedging costs.

(6) After dilution, due to BRS and taking into account interest on the PSLN.

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 20.1.5. The information does not claim to be exhaustive, and risks may exist that are unknown or not identified by the Company. This information therefore does not cover all the risks to which the Company may be exposed but only the clearest risks.

The risk review presented is based on internal and external factors known to the Company on the date that this registration document was released, factors that may subsequently change.

4.1 RISKS RELATED TO BUSINESS 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 commercial properties. They could also have a long-term impact on occupancy rate and on the ability of tenants to pay their rent and rental charges.

The replacement of ISF (wealth tax) by IFI (property wealth tax), which does not regard SIIC shares as securities, may have an impact on investors holding more than 5% of the capital of an SIIC.

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 rental 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.

In 2017, the indices were fairly stable or even slightly up. Rents are generally index-linked to the ILAT (Retail Rental Index), ICC (Construction Cost Index), or ILC (Commercial Rent Index). Index linking generally results in higher rents.

The €0.3m change in the portfolio's fair value on a like-for-like basis (0.6%) is the result of:

- a 0.5% increase due to the improvement in market rents (ERV).
- a 3.4% increase due to lower yield rates used by appraisers,
- a residual 3.3% decrease (works to be carried out, reversion, internal correction, etc.).

The average return resulting from valuations is 5.6%. A downward or upward change of 25 basis points in this rate would lead to an increase or a decrease respectively of €23.4m in the portfolio's value.

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. Leases are reviewed regularly to adjust them to applicable and future legislative and regulatory changes (IFRS 16).

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 previous case law imposing new constraints, particularly in terms of rent reviews.

In the event that leased premises are vacated, 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. The absence of rental income caused by vacant premises, along with fixed expenses, are therefore likely to affect the Company's earnings.

The Company strives to maintain close relations with and monitor its tenants, supporting their growth and expansion, to facilitate the renewal of expired leases.

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 ones.

4.1.5 RISKS RELATED TO THE SECTORAL AND GEOGRAPHIC CONCENTRATION OF THE COMPANY'S PORTFOLIO

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

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

RISK FACTORS

RISKS RELATED TO BUSINESS ACTIVITY

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 financial impact of any new regulations and of any resulting retrofitting of buildings is borne by tenants.

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

The buildings governed by "Adap" (disability access) and "Ddadue" (sustainable development) regulations undergo special audits to optimise their performance and improve the quality of comfort offered to tenants.

The new regulations pursuant to Order 2016-131 of 10 February 2016 reforming contracts law creates new obligations for both parties at the pre-contractual and contractual stages. Compliance with those obligations and being able to prove that they have been fulfilled are new risks that the Company has taken into consideration when introducing the new procedures.

The Company is in the midst of reviewing its existing methods for processing personal data, to ensure that they comply with the data protection requirements of the EU Data Protection Regulation which comes into effect in May 2018.

Changes in tax regulations (increased registration fees, new taxes, higher charges within Greater Paris, etc.) may have consequences for the Company's projects. The increase in the tax burden may impact the volume of projected transactions and make them less attractive.

4.1.7 RISKS RELATED TO ESTIMATED ASSET VALUES

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 international accounting standards correspond to the 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 Company participates in the Haute Qualité Environnementale [high environmental quality] standard, by adopting preventive measures that make it possible to limit the impact on the environment when buildings are built or renovated.

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

AFFINE R.E. periodically performs inspections of the buildings that it owns to verify that environmental regulations are observed by their users. These inspections are extremely detailed and rigorous for assets that are subject to the rules governing environmentally sensitive facilities. For other types of assets, when the type of building or its date of construction requires, inspections have been put in place to check for and measure the presence of asbestos, PCBs, R22 gas and other hazards. Measures have been taken to remove such hazards, paying particular attention to their careful transport to special treatment sites.

Additionally, when acquiring new real estate, external experts are commissioned to conduct a special, in-depth audit of their environmental situation. Furthermore, the Company requires that assets that it acquires that are not yet built obtain environmental certification. Their design and construction must meet strict criteria, verified by independent experts, to ensure that the buildings have appropriate environmental characteristics.

4.1.9 RISKS RELATED TO THE ACQUISITION OF PROPERTY ASSETS

Acquisition of property assets is an integral part of the corporate activity of Affine R.E., a property company. Incorrect valuation of an asset may cause the Company to pay more to acquire a building than its actual value. The subsequent discovery of a hidden fault or insecure tenancy may adversely impact the value of the building after its acquisition.

To limit such risks, the Company carries out systematic audits of the buildings that it intends to acquire by commissioning external experts to verify their technical and environmental qualities as well as by in-depth analysis of their legal documentation and tenancy conditions.

The Company acquires buildings on an off-plan basis and therefore new, that meet the latest technical and environmental criteria. In this type of transaction, one of the investment criteria is the quality of the vendor/builder so as to reduce construction risk. The Company also requires financial guarantees of completion.

4.1.10 RISKS RELATED TO PROPERTY DEVELOPMENT AND RENOVATION

Since the sale of its former subsidiary Concerto Développement, the Company has stopped undertaking property development on behalf of third parties. The residual stake that it has kept in Concerto constitutes a limited risk for the Company. It also renovates and rebuilds property that it owns. Banimmo, however, continues to undertake property development on behalf of third parties. The success of these projects remains subject to various unknowns such as their construction and their discontinuation by sale to investors.

4.1.11 INSURANCE RISKS

The Company has taken out several types of insurance policies 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. Policies are also renewed annually to adjust them, if necessary, to new types of risks as technologies develop or pre-existing risks become more prominent. Accordingly, the Company has signed a contract to cover the risk of cyber-crime.

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 nearly 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 carries substantial weight in decision-making, 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 ensures that it can meet its existing and future obligations.

The Company practices prudent and rigorous financial management to ensure permanent access to sufficient resources by:

- maintaining readily available cash;
- using confirmed credit lines (€21 million to date)
- 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 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 and exclude any instruments with a risk of capital loss.

4.2.3 INTEREST RATE RISK

Affine favours the use of floating rate debt which, before hedges, represented 98% of its debt at 31 December 2017.

It is continuing its prudent debt management policy by hedging its interest rate risk through market transactions (swaps and caps) with leading banks. The cap hedges undertaken 2016 and the disposals made in 2017 to limit the adjustment of interest rate hedging to the establishment of caps on new financing and refinancing, requiring specific hedging for a total amount of €126.3 million. Variable-rate debt is fully hedged.

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

Loans generally have clauses requiring the borrower to observe one or more financial ratios pertaining to the financed asset. On an exceptional basis, covenants may apply to Affine itself.

In most cases, these covenants apply to ratios based on LTV (loan to appraised 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), to re-establish the ratio.

These ratios are updated every six months or annually, according to the terms negotiated with the banks.

Information on compliance with covenants and their breakdowns can be found in Section 10.3 of this registration document.

RISK FACTORS

RISKS RELATED TO THE COMPANY

4.2.5 RISK RELATED TO THE GEARING RATIO

At the end of 2017, the LTV ratio calculated according to the methodology communicated to the banks stood at 53.4%, 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, Affine is not exposed to foreign exchange risk.

4.2.7 COUNTERPARTY RISK

Affine 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 2017, the primary bank group represented 24% of total borrowings, 86% of which was with five banks.

4.2.8 IT RISK

Affine's entire system is stored on the Cloud, simultaneously on three independent servers. Access to the network is protected by a firewall which analyses flow and controls content. An external provider monitors and maintains the system and provides user support. The security arrangements also include a rolling 30-day data retention period. 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, regular password renewals, and anti-virus systems supplement the measures taken to prevent IT risk.

4.2.9 RISK RELATED TO THE UNITED KINGDOM POTENTIALLY LEAVING THE EUROPEAN UNION

The period of uncertainty introduced by the British referendum to leave the European Union is not expected to materially impact the Group.

4.3 MAIN CHARACTERISTICS OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

4.3.1 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. The information given might not be complete and, as a result, certain risks may be unknown or not identified by the company. Thus, this information will not cover all the risks the company may be facing, but only the most sensitive risks.

The risk review is performed on the basis of elements within or outside the company that are known on the date of this report; these elements could later change.

The same provisions apply to Affine's fully consolidated subsidiaries (except for discontinued operations), which are managed by personnel of the parent company and benefit from the same provisions.

4.3.2 DESCRIPTION OF THE OPERATORS AND THE SYSTEMS

The unit responsible for internal control reports directly to General Management. Internal control is implemented by both executives and company employees, and an internal controller ensures compliance with procedures and verification of the regularity of transactions. Every year, the internal controller defines with Management one or more specific areas in order to verify the application of the internal control procedures, identify new risks if any, and update the manual of procedures.

The main players in internal control are:

- the Audit Committee, which meets at least two times per year to approve the annual and interim financial statements,
- the Statutory Auditors who conduct audits as part of their missions,
- the operational directors who ensure the application of the procedures within their departments,
- the Secretary General, who performs second-level internal control.

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, which 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 updates,
- the suitability of the existing systems for the measurement and oversight of all risks associated with transactions.

Controls are based on written procedures that were completely revised and distributed to all staff in May 2014. These procedures primarily describe "business" procedures, accounting procedures that are covered in a separate manual.

These procedures conform to both regulatory requirements and 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 to monitor the risks to the company and its subsidiaries.

External control of accounting and financial information is performed by the Statutory Auditors, and potentially specialised third-party service providers as well.

The Statutory Auditors have an ongoing and independent mission to verify the company's accounting values and documents, to audit compliance with accounting rules in effect as well as to verify consistency with the annual financial statements and the fairness of the information provided in the Board of Directors' management report and in the documents sent to shareholders on the company's financial position. The company uses two Statutory Auditors.

The company may also use third-party specialist service providers on an as-needed basis.

4.3.3 PRODUCTION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Affine practises prudent and rigorous financial management to ensure permanent access to sufficient resources by:

- maintaining readily available cash,
- renewing confirmed credit lines,
- the annual amortisation of loans (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 transmitted to General Management, preparing a 2-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 projection 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 diversified and made prudently, and exclude any instruments with a risk of loss of capital.

RISK FACTORS

MAIN CHARACTERISTICS OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION 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 accounts department and management control are 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 software designed and updated by an outside service provider, which is used by a large number of property companies. The software is fed by various departments (Management, Corporate Services, etc.) and has all the authorisation and control procedures necessary to ensure that transactions are recorded under the best security conditions. Very few transactions are input manually.

In addition, the accounting formats used by Affine and its fully consolidated subsidiaries (except for discontinued operations) are defined in the manual of accounting procedures.

Before each closing of the financial statements (half-year and year-end), a timetable is prepared by the Accounting Department and sent to all project managers. A sheet to track projects and work progress is stored on a dedicated IT network and updated daily. In the event of any anomalies or delays in operations, the project manager informs the accounting director, and General Management, if necessary.

At the end of each accounting period, the draft financial statements are checked by General Management, which analyses the discrepancies in results compared with the forecasts. The financial and accounting information is then verified by the independent auditors and presented to the Audit Committee and to the Board of Directors.

A breakdown of off-balance sheet commitments is also sent to the Board twice a year.

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 number is 712 048 735 00070.

The APE code is 6820B (Lease of land and other real estate).

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 an SIIC (real estate investment trust)

Each financial year has a length of 12 months, from 1 January until 31 December.

5.1.4 HEAD OFFICE, LEGAL FORM AND LEGISLATION

The registered office of the Company is at 39 rue Washington Paris 8th arrondissement (France).

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) (€20 m)
September 2004	Imaffine sold to Altaréa and equity warrants granted to Affine for a maximum of 4.2% of Altaréa's capital
April 2005	Affine gains control of BFI Business Centres
June 2005	Convertible bonds issue (ORA II) (€10 m)
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 €75 million in perpetual subordinated loan notes (PSL)
February 2008	Disposal of Affine's equity investment in Abcd
November 2009	Disposal of Affine's equity investment in Altarea.
December 2009	Disposal of Affine's equity investment in BFI
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	Affine lapses its credit institution licence (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
September 2014	Urbismart formed, a logistics optimisation company
December 2014	Disposal by the Affine Group of 100% of shares held in Concerto Développement
June 2015	Disposal by Affine of 50% of its shares in Urbismart
April 2017	Share capital reduced to €25,000,000

5.2 INVESTMENT

5.2.1 PRINCIPAL INVESTMENTS ACCOMPLISHED, IN PROGRESS, AND COMMITTED

Information on the principal investments accomplished, in progress, and committed, can be found in Section 6.1 of this registration document.

6. BUSINESS OVERVIEW

6.1 PRINCIPAL ACTIVITIES

Affine is a property company specialising in commercial real estate. At the end of 2017, it directly owned 45 buildings with a total value of €579, (excl. transfer taxes) for a total surface area of 332,400 sqm. The Company owns office properties (69%), retail properties (23%) and warehouses and industrial premises (8%). Its assets are distributed more or less equally between Ile-de France and other regions in France.

Affine is also the major shareholder (49.5%) of Banimm, a Belgian property repositioning company with operations in Belgium and France. At the end of 2017, Banimm had total assets of 14 office and commercial buildings, with a value of €208m (transfer taxes included).

Total Group assets are €824m (including transfer taxes).

In 2003, Affine opted for French real estate investment trust (SIIC) status. Affine's shares are listed on Euronext Paris (Ticker: IML FP/BTTP.PA; ISIN code: FR0000036105). It is included in the CAC Mid&Small, SIIC and IEIF indexes. Banimm is also listed on Euronext.

PROPERTY STRATEGY

This has been developing over 5 years in 4 areas:

- sustained work to upgrade the properties directly owned by Affine: quality improvement within a sustainable development approach, an active rental management to stabilise tenants and improve occupancy rates, and optimised management through an efficient information system;
- investments focused on new or recent certified green buildings which are medium-sized compared to their market (€10m to €30m for offices), or which ensure high rental income while also offering potential value creation due to their location or rental situation. A strategy which also can be declined to co-investment for larger projects;
- balanced development between the Paris region, which represents about half of the properties, and the major regional metropolitan areas which benefit from good national and international transport services and a strong demographic and economic momentum: Bordeaux, Nantes, Lille, Lyon, Marseille and Toulouse;
- the incorporation of technological and behavioural developments in the property sector (rental services, new ways of using work space, etc.).

Banimm, after the sale of its French subsidiary in early 2018, must boost its developing business in Belgium by relying on its land reserves.

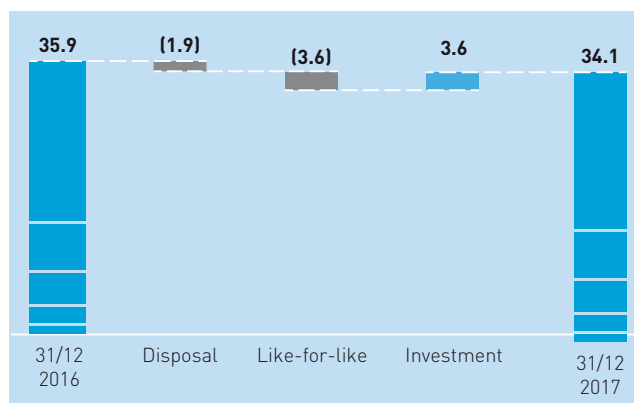
PROPERTY COMPANY

Headline rents

Rents from leases in effect at 31 December 2017 accounted for €34.1m on an annual basis, a decrease of €3.6m (-9.9%) on a like-for-like basis from 31 December 2016 owing mainly to departures of tenants of the warehouse in Thouars, of the retail gallery in Saint-Etienne and of the offices in Montigny-le-Bretonneux and Saint-Germain-en-Laye.

After taking into account acquisitions and disposals, the decrease of the annualised headline rents is reduced to 5.2%.

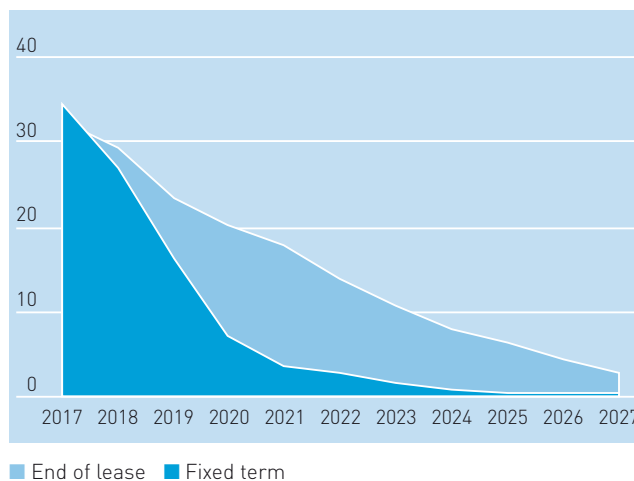
CHANGE IN HEADLINE RENTS (€M)



During the year, Affine signed 14 new leases concerning a total surface area of 5,700 sqm and total annual rents of €1.1m. Furthermore, 38 tenants left their premises, representing a total surface area of 63,200 sqm and annual rents of €4.7m. Finally, 19 leases representing total rents of €2.0m (after renegotiation – impact on an annual basis: +€0.1m) were renegotiated. Based on the rental situation as of 31 December, the impact of these changes on the gross rental income will be -€2.4m in 2018. The average term of leases and their fixed term are 4.6 and 2.5 years respectively (compared to 5.1 and 2.9 years at the end of 2016).

Lease cancellations represent a -€0.8m impact on the 2018 gross rental income.

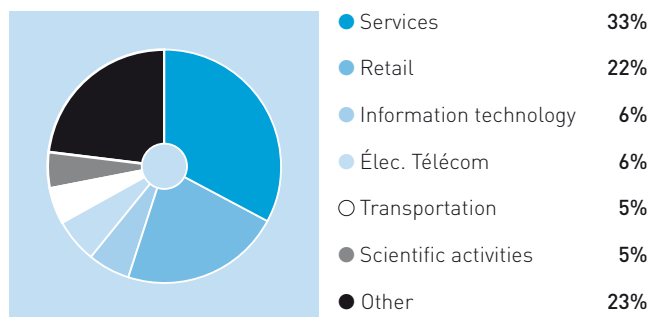
MATURITY OF LEASES (€M)



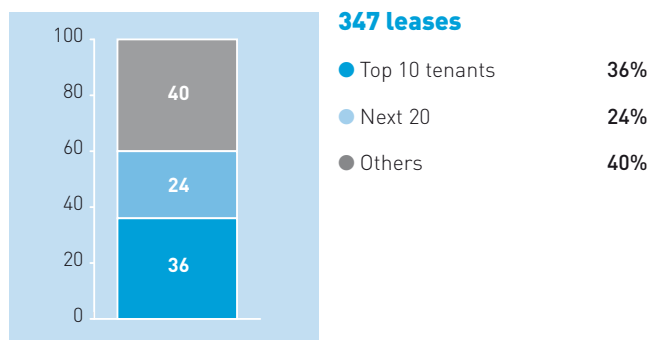
Among the top 30 tenants, which account for 60% of total rents, none should exceed 10%, in order to limit the risk on rental income. However, the most important tenant, SNCF (the French national railways), currently exceeds this threshold and is expected to be diluted with the recent acquisitions. The other major tenants are: the Corbeil-Essonnes Municipal Authority, Sogitec Industries and INSEC.

BUSINESS OVERVIEW
PRINCIPAL ACTIVITIES

BY BUSINESS SECTOR (RENTS)



BREAKDOWN OF LEASES



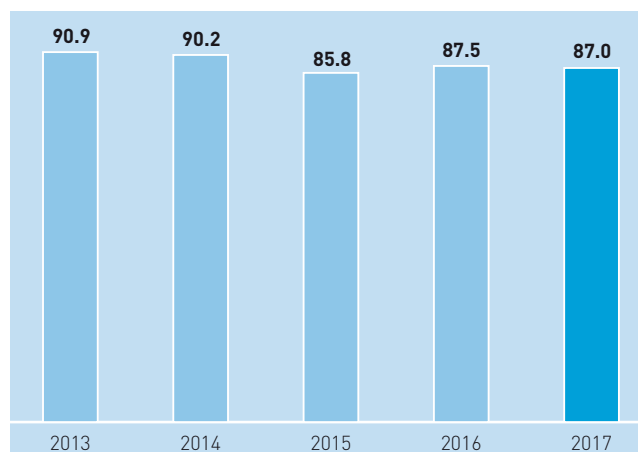
Occupancy rate

Since many buildings are occupied by multiple tenants and, taking into account the acceleration in asset rotation in recent years, aimed at rejuvenating and streamlining the portfolio, the target occupancy rate is about 90%. This change is the result of the strategy to sell off mature buildings, located outside the target areas, and to invest in new buildings which are being marketed or offer potential for value creation due to their rental position.

At 31 December 2017, Affine's financial occupancy rate (EPRA) (excluding a building under refurbishment in Gennevilliers) stood at 87.0%, compared with 87.5% at the end of 2016.

At 31 December 2017, 48% of the Company's EPRA vacancy is concentrated in 4 properties: a warehouse in Thouars (available for sale) and three retail complexes in Nimes, Bordeaux and Saint-Etienne.

OCCUPANCY RATE (EPRA)*



* Financial occupancy rate excluding buildings being refurbished.

OCCUPANCY RATE BY TYPE AND REGIONS

Offices	92.4%
Retail	77.7%
Warehouse and industrials	81.9%
Paris Métropole	92.4%
Other Île-de-France	82.0%
Other French Régions	83.9%
Total	87.0%

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

Investments & Disposals

Acquisitions

Nantes – Euronantes

At the beginning of the year, Affine acquired for completion the Kibori, from the Sogeprom-ADI consortium, a 3,883 sqm office building in the Euronantes railway station district for €9.8m (including transfer taxes). To seize this opportunity, Affine partnered in 2014 with the consortium to win the invitations to tender issued by the City of Nantes for this mixed-use development of 12,800 sqm on its Plot 1E site, which will include residential, office, and light industrial space.

This 8-storey building (-1 to +6), which will have a BREEAM label, will include 3,547 sqm of office space, 336 sqm of light industrial space and 33 underground parking spaces. The architectural design was created by Art & Build (Paris) with completion scheduled for the second half of 2018.

The Euronantes district is the new business hub in Nantes and is particularly attractive because of its exceptional location at the confluence of the Erdre and Loire rivers, only a few minutes' walk from the city centre and the railway station. The commercial complex has a vacancy rate of less than 5% and the recently delivered buildings were completely leased in less than 6 months with first-tier tenants. Kibori will be the only building in the area delivered in 2018.

Lille – Euratechnologies

In March, Affine acquired from the property developer Nacarat the #hashtag, two office buildings with a total surface area of 5,280 sqm in the Euratechnologies district of Lille for €11.0m (including transfer taxes) under an off-plan sale (VEFA) agreement.

Located close to the Leblan Lafont building, at the heart of this high-tech district, the #hashtag comprises firstly, a 2,230 sqm, 5-story office building (ground floor + 4) and secondly, a 4-story building (ground floor + 3) of 3,050 sqm. It offers 90 parking spaces. The architectural design is being done by the firm KAAAN Architecten, with delivery planned in two phases, in 2018 and 2019.

This new commercial complex will be certified BREEAM Good and will offer high quality working conditions for its tenant companies and start-ups, which will be able to use all the amenities required for the growth of their businesses in eco-designed, integrated, open and modular spaces.

Lille – Euralille

By acquiring the 11th floor of the Lilleurope tower from Foncia in June, Affine is now sole owner of this iconic 25,000 sqm building in Lille after having acquired the other 19 floors in successive stages from 2006.

In addition to an immediate impact on its revenue, this acquisition will enable Affine to carry out an important refurbishment program to add value to this property built in 1995:

- enhance the visibility and accessibility of the tower;
- renovate and refit common spaces;
- optimise use of the 12th technical floor.

This work will be done in collaboration with SPL Euralille, as part of its projects to revitalise Place François Mitterrand and the link between Matisse park and Dondaines park.

The Lilleurope tower stands at the heart of Euralille, the third largest business district in France after La Défense (Paris) and La Part-Dieu (Lyon). Overlooking the Lille Europe international high-speed railway station, it is situated in one of the city's prime locations. The building has excellent rail, road and public transport links and its appeal will be further enhanced by increased traffic at Lille's railway stations, the concentration of the city's commercial activities in Euralille, and the development of the Euralille 3000 sector.

Paris Métropole

In the second half, Affine acquired three office buildings totalling 11,800 sqm GLA in the west of the Paris Métropole area for €42.5m (including transfer taxes) from LBO France. This acquisition will enable to increase its annualised rental income by €2.7m. This operation is an investment opportunity to increase rents over the coming years.

a) Suresnes

The building is located on the banks of the Seine, in the centre of a commercial and business district with excellent public transport connections, including the T2 Tram Line, the L and U lines of the Transilien Suburban Railway Service, as well as a large number of bus lines. It is also close to the A13 and A14 motorways via the Seine quayside. The building has an occupancy rate of 97%, develops 6,346 sqm over eight floors, occupied by three tenants (of which Sogitec Industries: 80%), and has 170 parking lots. It forms part of a larger property complex of 60,000 sqm.

b) Clichy

The building is located in the "Espace Clichy" Business Park in the André Citroën Mixed Development Zone, which includes retail outlets, offices and housing. It is easily accessible by road (towards Porte de Clichy and the Seine quayside) and by public transport, including a large number of bus lines. It is close to RER C train line and to the Mairie de Clichy metro station (Line 13), which will be the final stop on Line 14, scheduled for 2019. The building is occupied by four tenants on three floors, includes 3,400 sqm of office space and industrial areas and 58 underground parking spaces, and has an occupancy rate of 82%.

c) Courbevoie

This asset benefits from an excellent location in the vicinity of La Défense Business District. Its location makes it very easily accessible by road, as it is very close to the Seine quayside, the N13 and A14 motorways, and La Défense ring road, a little further away. There is a wide variety of public transport options, including the La Défense Esplanade metro station (Line 1), the No. 2 tram line and several bus lines. The building offers its four tenants (of which In Extensio: 70%) a functional and dividable office space, and 38 underground parking spaces spanning 2,068 sqm GLA over four floors. Its occupancy rate was at 100%.

Paris – Le Marché Vaugirard

In November, Affine acquired the retail mall "Marché Vaugirard" from Banimm. The Marché Vaugirard is located in Paris' 15th arrondissement, opposite the Montparnasse train station.

This shopping mall which is on the Boulevard de Vaugirard, has 25 shops for 2,132 sqm around a Casino supermarket. It benefits from the excellent public transport services of the Montparnasse train station and a dynamic and diverse urban environment, offices on Boulevard Vaugirard and residential property on Falguière street. Since 2015, it has undergone renovations and marketing, and now has an occupancy rate of 96%, producing an annual rent of €690,000.

Disposals

As part of its process to reinvigorate and improve its property portfolio, Affine sold, over the period, buildings regarded as mature, too low in value or located outside target development areas:

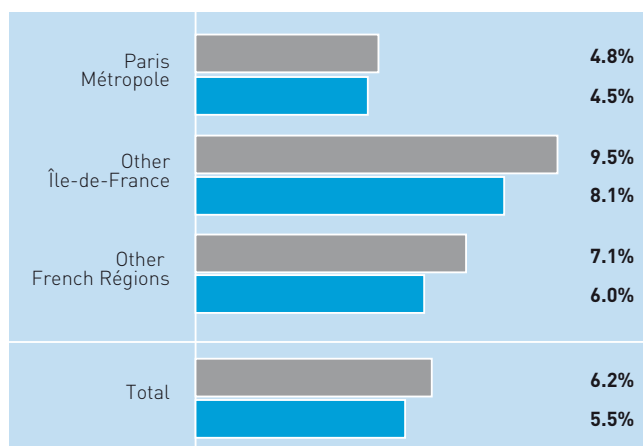
- Offices: a fully let building in Bagnolet (4,056 sqm) and the record of the end of the usufruct of the 3,472 sqm office building in Lyon which it had to sell to the Grand Lyon as part of the Part-Dieu station refurbishment programme. And finally, the complex building in Montigny-les-Bretonneux (9,546 sqm) was sold to a company co-owned by Kaufman & Broad and Affine in order to redevelop the site;
- Mixed-used: 2 mixed-use office and warehouse/industrial buildings in Tremblay-en-France (7,514 sqm) and in Trappes (10,183 sqm);
- Land: 20,756 sqm of land in Saint-Etienne.

The properties were disposed of at prices very close to fair value at the end of 2016, the net capital gain coming from the Tremblay-en-France site.

Pipeline

The program for the acquisition and upgrade of assets amounts to €74m, €39m of which constituting the pipeline and €35m already accounted in the under-construction turnkey projects: Meudon, Euronantes and Euratechnologies. Other projects are under review.

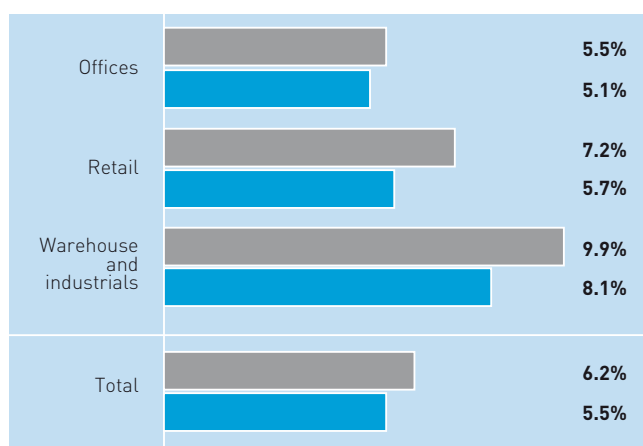
RENTAL RETURN OF ASSETS BY REGION



■ Potential ■ Headline

Paris Métropole : Paris + Hauts-de-Seine + Seine-Saint-Denis + Val-de-Marne.

RENTAL RETURN OF ASSETS BY TYPE



■ Potential ■ Headline

Banimmo

As at 31 December 2017, Banimmo held 14 buildings, 4 of which in joint ventures, representing a total surface area of 165,000 sqm and 11 plots of land and land reserves, of which 3 are in joint ventures for a total development potential of 304,000 sqm.

At the end of December, the overall occupancy rate of the portfolio, calculated on the basis of actual available space, remained stable at 83% compared to the end of 2016. The signatures on Dolce La Hulpe B14, as well as those by Banimmo France in Anglet and Verpantin, compensated the departures on Diamond.

During the year, Banimmo sold a 14,000 sqm office building in Antwerp, the Halle Secrétan in Paris, the future lease receivables from the offices owned by JV Bureau Cauchy C and its stake in Bureau A at Namur, the Vaugirard Market, and part of the land in Ans.

In mid-December 2017, Banimmo repaid the balance (€47m) of the syndicated loan granted in 2011 by ING and KBC.

New sales and refinancing are organized to ensure the repayment of the €34m bond issue maturing on 30 May 2018.

Over the period, the company has continued its ongoing development projects:

- Athena Business Center in Vilvorde: Banimmo obtained the process to change the intended use for this 5-hectare site. The buildings, which are currently being used as warehouses and office space, will be adapted for a new residential space called 'Groenloo', containing 220 housing units (in the form of apartments, single family housing, etc). The town planning approvals (RUP) was obtained;
- North Plaza in Brussels (13,800 sqm): an amended permit for carrying out a vertical separation has been submitted for the site. Reducing the average size of floors is expected to provide greater flexibility and encourage leasing with multiple tenants;
- Table Square at La Défense in Paris: a temporary occupation agreement for 55 years has been signed by Banimmo France. Work is expected to begin in the first half of 2018;
- The Verpantin shopping centre at Pantin (4,700 sqm): Banimmo France is continuing renovations.

Also, Banimmo France was awarded the tender offer for the redevelopment of the Hall of the South Station in Nice. It carries a long-term lease of 45 years and is developing a Chefs Fooding & Vintage hub of 2,700 sqm.

Banimmo also has stakes in companies consolidated by the equity method:

- Grondbank The Loop (25%): this company is currently developing land around the Flanders Expo complex in Gand, in cooperation with the municipality. The city did not wish to continue the programme outlet centre and Banimmo continues its discussions for the realization of "built-to-suit" on the other land;
- Conferinvest (49%): operation of two Dolce conference centres in Brussels-La Hulpe and Chantilly; the contract with Deloitte University was extended for 3 years (2018-2021) on better terms on both sites.

Finally, on December 21, Banimmo signed a promise for the sale of Banimmo France. The fulfillment of this promise, subject to certain suspensive conditions, occurred on 27 February 2018. The closing is expected within the next few days.

Banimmo's operating profit fell to €4.0m from €42.9m in 2016, reflecting lower net rental income (€4.0m vs. €8.2m), related to disposals in 2016 and 2017, and mostly net capital gains on disposals in 2017, which were down sharply from €59.4m to €11.5m (after the sale of the Marché Saint Germain in 2016). In addition, the cost reduction plan initiated in 2016, decreased the expense from €9.7m to €6.9m. This plan aims to support the reduction of the portfolio while ensuring that the skills necessary for the development of the investment pipeline are maintained. Including the net financial charges down (€5.5m vs. €9.1m), the unwinding of some financial instruments, taxes and changes in fair value, Banimmo's net profit was -€3.9m against -€15.4m last year.

At end December 2017, Banimmo's Net Asset Value amounted to €66.3m, or €5.80 per share (vs. €7.3m at end 2016), to be compared with an average stock price over December 2017 of €3.28 and net book value of €4.80 per share.

Banimmo, 49.5% of which is owned by Affine, is consolidated using the equity method until 30 September 2017, and since then using the global integration as a discontinued operation (IFRS 5).

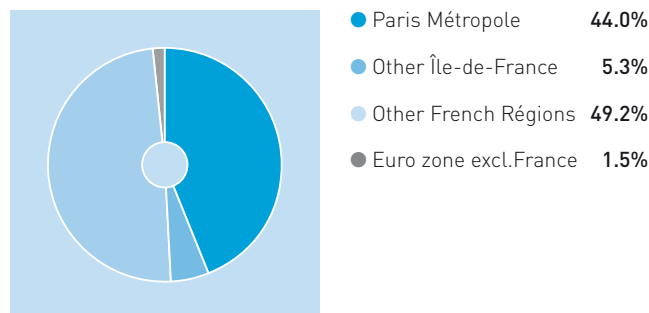
Since Banimmo is listed on the Euronext Brussels, all information concerning it is available at www.banimmo.be.

6.2 MAIN MARKETS

PORTFOLIO BREAKDOWN

Affine owns 45 properties with a total value of €616m including transfer taxes, with a total surface area of 332,400 sqm.

BREAKDOWN OF VALUE BY REGION



Paris Métropole : Paris + Hauts-de-Seine + Seine-Saint-Denis + Val-de-Marne.

BREAKDOWN OF VALUE BY TYPE



OFFICES

The Office property portfolio represents 138,300 sqm and is valued at €422m including transfer taxes. In particular, it includes assets such as the 7,800 sqm Traversière tower in Paris near Gare de Lyon, the Lille Europe tower (25,000 sqm) over the Euralille train station, the Tangram building in Lyon Part-Dieu (5,900 sqm) and the Les Amarantes buildings in Toulouse (5,800 sqm).

RETAIL

Commercial properties consist chiefly of city-centre real estate such as Les Jardins des Quais in Bordeaux (25,000 sqm) and Les 7 Collines shopping centre in Nîmes (14,000 sqm) for a total of 61,400 sqm. The fair value of these properties is €140m including transfer taxes.

WAREHOUSES AND INDUSTRIAL PREMISES

A large proportion of the Affine logistics properties was sold in 2015. At the end of 2017, these properties represent a total surface area of 132,700 sqm for a value of €53m including transfer taxes.

MARKETVIEW - INVESTMENT FRANCE

Highlights

- The closing of very large expected transactions contributed to a record Q4
- 2017 should end at a level that is at least comparable to 2016, in a European context that is very promising
- Investors took more risk, particularly for volumes > €100M
- A historic year for industrial properties, with an office market that continues to be strong thanks to off-plan sales
- Asian investors made a breakthrough, but it remained difficult to challenge domestic institutional investors
- Overall prime yields fell to a historic low. Rate compression was limited to liquid size assets
- All things being equal, the market is expected to consolidate in 2018

A strong dynamic in Europe

Strengthened growth perspectives, robust rental fundamentals, real estate spread rates that are very attractive from a global perspective: The context for real estate investment in Europe definitely continues to be positive, with a new record year in terms of volumes exchanged. Although the dynamic in Germany slowed down, it remained positive. Following the strong impact of Brexit on investment hopes in Great Britain, the market picked up again in 2017. New geographic areas have increasingly attracted the attention of purchasers looking to diversify (Scandinavia, Central and Eastern Europe, Benelux ...). Amongst the major countries, Spain was the only country whose performance at the end of the year slowed down, due to issues related to the independence of Catalonia.

In this very positive environment, France seems to be slightly behind in 2017, with 25.4 billion euros of general CRE investments recorded so far. However, this performance will be revised upwards in the upcoming weeks. In the end, 2017 should at least renew the very high volume of 2016. Performance was excellent in light of the limited liquidity of the market in the intermediate segment, due to the limited supply of core assets. Although some transactions have been delayed on the beginning of 2018, the closing of the expected major deals clearly boosted the business. The closing of the 2nd mega-deal of the year, Coeur Defense, was particularly important.

The result is that the market structure was much more unbalanced than in 2016.

Diverse interpretations of risk

The predominance of large transactions had a significant impact on how the market could be interpreted. The very significant increase in core+ assets is partly due to the Coeur Defense signature and two major pan-European logistics portfolios (Logicor and Gazeley). Indeed, it is clear that for the largest volumes, especially the portfolios offering good rent pooling, investors are ready to become more flexible, as very core properties are in limited number. However, in the €SOM to €100M asset segment, fully secure buildings constitute the majority of assets (63%). In any case, potential buyers had to adjust to the quality, and also to the price levels of the properties for sale. Therefore, they had to consider more diversification to obtain the targeted yields. Value-added products thus constituted a significant part of the market, which included the signature of major deals for speculative off-plan sales and properties with a low level of pre-letting, generally ranging from €100M to €200M.

However, investors continued to act somewhat conservatively in terms of locations. It is true that Paris has definitely slowed down, particularly in traditional business districts, due to insufficient supply. However, investors have shown a preference for transferring their interest to the most well-known suburbs, the Western Crescent and La Defense. In just these two, over a third of the volumes were transacted.

A difficult time for retail

The retail market is the only market that finished the year with a drop-in volume, with €3.2bn exchanged. The sector is concentrated in the hands of large specialized players with low portfolio turnover, concerns questions related to rising ecommerce competition, and consumers becoming increasingly selective: the imbalance between the arbitrated assets and the qualitative expectations of investors continue to strain the market.

The shopping Centre segment recovered a little thanks to transactions signed at the end of the year.

However, this segment is no longer a driving force. High street retail has taken over for the long term, despite the low number of large transactions in the Parisian luxury sector in 2017.

The office market performed well once again, with €18.lbn already recorded. Excluding the western part of the Ile-de-France area, the regions also performed well. Off-plan sales were particularly dynamic, with over €4bn signed, the highest volume recorded since 2007, with large transactions such as Grand Central St Lazare, the Duo towers and Hekla at the end of the year. Although the speculative portion, in terms of rental risk, decreased compared to 2016, it remained high, at 47%.

As for industrial property investment, an all-time high was reached, with €4.lbn of transactions signed, including 2 large corporate deals. The segment is starting to rise and become an asset class of its own, as an increasing number of nonspecialized players would like to gain exposure to it. It is clear that the dynamic is European, with some new entrants on the market wanting to take massive positions with an international portfolio strategy.

Domestic institutional investors are difficult to challenge

As expected, international investors held more sway, as large transactions were signed. In this segment, there are usually more foreign investors. 2017 was the year in which Asian investors consolidated their increase, after several years of becoming familiar with the French market. However, domestic institutional investors continue to occupy a dominant position that is difficult to challenge, especially with SCPI relayed by retail "OPCis". However, some of these investors are attentively monitoring the foreign markets to dilute risk, following several years of very strong activity in France.

Towards a gradual consolidation ?

Whilst 2017 got off to a slow start on the real estate investment front, the beginning of 2018 should be more active. Indeed, many important deals slipped in at the end of the year. In addition, it appears that the context will continue to be promising, with real estate investments in large mature markets as sound as ever for the large international capitals owners. The French market is in a strong position given the European context. Although some countries such as Germany seem to have peaked off after several years of constantly rising volumes exchanged, France still has growth potential.

The Macron Effect, especially abroad, the expected mid-term impact of reforms, strengthened positive signals on the rental market front: France is one of the few major European countries to position itself at the start of the rent resumption cycle, which has

already begun elsewhere even though the perspectives encourage investors to be cautious in their valuation forecasts. In the short term, there is thus a window of opportunity to create added value in a selective way, pending an increase in financial rates, which is still postponed, and which will be slow and gradual in any case.

For long-term core investors, despite exceptionally high entry level prices, the security, depth and readability of the French market ensure its undeniably strong international position. These are intermediary positions which may turn out to be more complicated for purchasers who have an investment horizon of 4-5 years. They do not have the resources to challenge core players for the most prime assets but continue to seek controlled risk profiles.

In this competitive context, there will continue to be pressure on prime property yields, particularly for small assets. The compression will end up spreading to the different market segments. However, for the large volumes, the limited number of players that are likely to position themselves will make the valuations less aggressive, with some potential adjustments.

All things being equal, the volumes should therefore stabilize. Investors seeking returns will need to branch out to other locations, and above all to innovative products, be creative, and further incorporate the new expectations of users. The continued growth of the French market will involve its diversification, especially in alternative assets.

MARKETVIEW – OFFICES ÎLE-DE-FRANCE

Highlights

- A record Q4: take-up of 853,900 sqm
- With a take-up of 2.6 million, 2017 reached a new peak post-2007
- 38 transactions > 5,000 sqm in the Q4; 88 transactions totaling 1,139,500 sqm during the whole year
- Slight market expansion for < 5,000 sqm: -3% over the year, but +7% compared to the 10-year average
- IDF vacancy rate fell to 5.9%
- Under-supply in inner Paris at a new low since 2007
- Increase in the number of pre-lets has held back the high-quality offer
- Rise in headline rent in central locations

The highest performing year since 2007

In the footsteps of a clearer economic situation with confidence in companies that has been gradually restored, the Ile-de-France market in 2017 reached a new peak since 2007, with a take-up of 2.6 million sqm (+8% compared to 2016, and +15% compared to the 2007-2016 average).

The 0-5,000 sqm market, with nearly 1.5 million sqm, remained robust thanks to take-up in line with the good performance in 2016 (-3%) and 7% higher than the average between 2007 and 2016. The lack of available space in Paris, occupiers benefited to some instances to peripheral submarkets. This has compensated for the decreased volumes in this surface area segment in Paris.

Transactions > 5,000 sqm have played a significant role in the excellent performance of the market in Ile-de-France: 88 signatures for over 1.1 million sqm, with 38 transactions in the Q4. Large occupiers have a higher have won visibility and tranquility, enabling them to go forward and accelerate their decision and real estate projects. Most of them are focused on the search for new and redeveloped buildings. The good take-up performance of speculative constructions and the signature of important turnkey and owner-account contracts also boosted volumes in 2017.

In Paris Centre West, the 0 - 5,000 sqm slowed down over the year (-9%) due to the lack of supply, which negatively impacted

performance in the Centre (-29%). Take-up in Etoile rose (+6%), benefiting from occupier's transfers. There were more > 5,000 sqm transactions than ever, with 23 signatures (compared to an average of 9 over the past 10 years). Most of these were pre-let transactions, due to the lack of supply. For space > 5,000 sqm in the rest of Paris, the year was not as prosperous. However, the < 5,000 sqm performance was dynamic.

La Défense had limited take-up after a record year in 2016. The rental market was particularly driven by 6 signatures > 5,000 sqm, despite the lack of high quality properties immediately available.

The Western Crescent had a very good year, boosted by the dynamic of large transactions, with 23 moves (as opposed to 15 on average between 2007 and 2016), 6 of which were in Issy-les-Moulineaux and Nanterre.

After several underperforming years, the Northern and Southern Inner Rim scored their highest performance of the last 5 years. The Eastern Inner Rim was negatively impacted by a limited property stock.

A slight drop in vacant space

In Ile-de-France, the vacant space decreased by 5% in 2017, to under 3.4 million sqm in the beginning of 2018, or a vacancy rate of 5.9%.

With a lower proportion of the good quality supply (only 15%), occupiers preferred to position themselves prior to the actual delivery. They sometimes even positioned in the early upstream phase projects instead of the second-hand. To a certain extent, this limited the consumption of vacant space.

The occupancy rate in Paris Centre West dropped to its lowest level in 10 years, 3%, with a supply of large surface areas that remained limited.

In La Défense, good quality space is limited, with a 7.8% vacancy rate. This is also the case for the most established markets of the Western Crescent—Neuilly- Levallois, Boulogne-Issy and Nanterre.

In the Northern and Southern Inner Rim, occupiers have a much larger selection, although the selection is more and more restricted for new / refurbished premises. The Inner Eastern Rim remains tight.

Limited renewal of high quality properties in 2018

At the beginning of 2018, future definite supply represented nearly 1.9 million sqm 1.2 million of these will become available over the course of 2018. The renewal of speculative developments in the last quarters could result in a volume of new or refurbished surface areas placed on the market that is higher than in the past few years. However, the increasingly higher proportion of pre-lets should limit this renewal.

Rise in headline rent in central locations

In Paris and in the CBD in particular, headline rents continued to rise in 2017. In the tight markets in western Ile-de-France, headline rents on good quality buildings seem to now be more aligned with the initial ambitions of their owners.

The commercial incentives continue to be significant: the average gap between the headline rent and the economic rent reached 22.2% of the level in Ile-de-France over the course of the 3rd quarter in 2017. Decreases were recorded in central locations such as Paris Centre West. The Western Crescent and the Inner Rim became more stable.

2018: sustaining the dynamism

The ingredients of the vitality of the Paris office market are growth perspectives for 2017 that have been revised upwards recently, and a better business climate with companies having more confidence

in the future. In this generally positive context, there should be more job creation in the upcoming quarters, which should sustain the dynamism in the 0-5,000 sqm segment in 2018. The lack of supply in Paris should further the transfers of certain occupiers to markets in the nearby suburbs. The reasons behind the moves of a vast majority of large occupiers will remain their looking for efficient and functional premises to modernize their premises and incorporate new working methods. Several major transactions are under negotiation. They indicate that 2018 performance should be up to the excellent performance in 2017.

The dynamism of the market offers a good visibility on the rent increases in locations where vacancy rates are tight, especially as the renewal of high quality supply will remain limited in 2018.

MARKETVIEW – OFFICES FRENCH REGIONS

Attractive markets

In an improved economic environment showing positive indicators, take-up volumes in French regions other than Paris achieved an all-time high. Overall, 1.5 million sqm were taken up in 2017, a +7% increase compared to 2016. The market's solid performance is due to strong momentum for transactions > 5,000 sqm: 35 signatures for a volume of nearly 300,000 sqm. Economic growth, diversification of users' needs as well as streamlining costs have pushed users to position themselves in more modern and efficient large-scale locations. As a result, corporate real estate projects remain guided by researching the best balance between managing costs and improving location quality to best incorporate developments inherent to new ways of working.

The low level of offers and/or incompatibility with users' needs have led them to turn towards pre-sales solutions. A good level of marketing speculative developments and signing important turnkey projects or owned projects drove volumes, accounting for 20% of take-up demand. The proportion of new properties totalled 44% of volumes.

Private sector companies have proved to be especially dynamic. Banks / insurance companies as well as consulting and IT firms have driven the market. Public-sector players, and in particular, the EPCI (Établissements Publics de Coopération Intercommunale, or Public Institutions for Intercommunal Co-operation), which have not been very active over the past few years, mark their return following internal reorganizations and restructurings that required them to move, especially if the premises occupied are ageing.

Falling inventories

A portion of inventory was absorbed: immediate supply dropped to 1.8 million sqm, resulting in an average vacancy rate of 5%.

Luxury properties accounted for 15% of inventory. Older properties, on the other hand, continue to be a burden. Supply continues to exceed demand, and they are hardly selling. This inventory rose nearly 10% over the past five years.

We have seen a return in developer confidence. Speculative developments should begin again in 2018, resulting in the market, seeing new deliveries. In all, a little more than 700,000 sqm, in future certain new properties, equating to nearly 1/3 of outstanding properties, are deliverable over the short- and medium-term in 2018. In the short-term, delivery volumes will remain somewhat limited for users as new properties are taken quickly, sometimes even before delivery or immediately thereafter. This limited turnover risks creating tension in some markets and can be an obstacle for people's rapid relocation needs.

Diverse situations

Certain markets can end up being saturated in terms of vacancy rate and a "future certain new property / portfolio" ratio that is higher than the regional average.

Other markets should find themselves under short- or medium-term pressure, and especially those with a "future certain new property / portfolio" ratio that is less than the regional average: pressure on rents seems likely in Strasbourg and in Bordeaux. In Lyon or Nice / Sophia-Antipolis, the market should remain balanced without pressure on rents.

Rising values

The regional premium rent is now €320 net/sqm/year in Marseille, particularly for premises in La Marseillaise building. In Lyon, the premium reached €300 under the influence of the Grand Hôtel Dieu. In Lille, Bordeaux and Nice/Sophia-Antipolis, the premium exceeded €200.

Support measures are becoming widespread (between 1 and 1.5 month on average). The difference between headline rent and real rent came to 10%.

Average rental values for new properties rose due to high demand and low supply in the most sought-after areas and/or for properties located in certain micro-markets. However, in the older property market, values underwent a downward correction in certain markets due to market saturation. Nevertheless, rental income for older buildings remains attractive because they come with support measures such as rent deductions or assistance with renovation work.

Positive results expected in 2018

The Office rental market is following the upturn in economic growth. As a result, the markets are showing strong prospects for 2018 in line with 2017 results. Property fundamentals are solid, characterized by active demand, a controlled vacancy rate and variable rents due to increased pressure for central locations and more stable values for more outlying markets and/or markets with more supply.

Return of turnkey projects

The popular commercial property investment market broke a new record with slightly more than €5 billion in investments. In French regions other than Paris, the Offices market delivered a remarkable performance, with €2.4 billion invested, the most volume recorded since 2007. The last quarter was especially dynamic, driven in particular by two €100+ million transactions.

International players grew their share slightly to nearly 10%. German funds performed well, signing two transactions for €40+ million. National institutions continued to hold a dominant position, and particularly the SPVs replaced by general public UCITS. These UCITS benefited from record net inflows, which exceeded €10 billion for 2017 as a whole.

Another highlight: there was an increase in speculative development transactions carried out. In fact, after having made a comeback in 2014, investor interest in this type of project picked up steam, with a little more than 50 transactions for a total volume of more than €1 billion. This upturn reflects investors' desires to expand their strategy. The portion of speculative development in rental risk accounts for 24% of turnkey projects.

In a competitive market, prime yields are compressed.

Solid market fundamentals, a flourishing economic backdrop and an optimistic outlook are making investors even more hungry for mature markets.

MARKETVIEW – RETAIL IN FRANCE

Highlights

- The economic upturn confirmed
- Questions raised over the traditional shopping Centre format given changes in consumer buying behavior.
- 630 shopping centers in France with 15 million sqm of space
- 386,400 sqm due for completion in 2017 and 2018. Extensions a significant part of new floor space
- A very selective investment market penalized by the shortage of core assets

Economic climate

Successive revisions to growth forecasts for the French economy – the latest was 1.8% for 2017 – are a sign of consolidation of the upturn in the economy. Unemployment, estimated at 9.5%, is falling slowly and the consumer sentiment index reflects this improvement as it has finally risen to a level above its long-term average. Inflation will remain moderate hovering around 1.1% in 2017 and 2018. Nevertheless, consumer spending is only increasing by an estimated 1.2%, which is too slow to effectively stimulate economic activity. In parallel, the European Central Bank has no intention of increasing rates before the end of 2018. Its accommodative monetary policy should continue to stimulate the French economy in 2018 with the objective of spurring on consumption and triggering a return to inflation.

The business sentiment index for retailers this quarter stood at a level not seen since 2008. Nevertheless, the society of specialist retailers, Procos, published figures indicating that performance had fluctuated greatly from one month to the next. Q3 terminated with a strong month of September and an 0.8% increase in total activity compared to 2016, but Q4 started with a sharp downturn and a cumulative index of -0.6%. These fluctuating performances confuse analyses of the sector; according to the most recent data, 2017 is expected to post a similar performance to 2016, indicating the upturn in the economy has yet to fully benefit retail.

Mixed performances

The ready-to-wear clothing sector has seen its results decline over the past 10 years and, despite a slight improvement in September, the trend continued in 2017, as shown by the performance indicator published by the CNCC for clothing and footwear.

Supermarkets also reported a disappointing year with a downturn in results for their food sales.

Likewise, household equipment encountered difficulties in the first three quarters of the year according to the CNCC performance indicator and 2017 is expected to follow the same trend as the past two years with a downturn in the sector's activity.

Nevertheless, some sectors post positive results, in particular those relating to entertainment, leisure, electronic consumer goods and the catering industry. Insee reports a steady growth in the restaurant business sector for the past 7 years.

On the whole, the strong results in some sectors offset average performances in sectors that usually drive turnover in shopping centers, namely food and clothing. According to the CNCC indicator, results for Q3 2017 in shopping centers were similar to those observed in Q3 2016.

It is worth noting, however, that September was a particularly strong month in which specialist retailers posted a 9.6% improvement in turnover compared to September 2016 (Procos) thereby boosting overall annual sales figures for 2017.

Reinventing the model

The indicators published by Procos and CNCC show deteriorating performances in shopping centers for the past few years. Today there is no avoiding the fact that these results cannot be entirely explained by the economic climate and the rise of e-commerce.

The traditional shopping Centre model based on a supermarket as an anchor store with a merchandising mix mainly composed of clothing and footwear is now called into question. An analysis of the sector shows there have been changes to consumer habits and choices.

Operators in the supermarket sector have adopted changes to their strategies. The average size of hypermarkets and supermarkets has been reduced, particularly in shopping centers. In existing centers, the initial floor area has in some instances been reduced as part of a renovation programme enabling the floor area gained to be allotted to more profitable retail sectors.

The retail offer is being reinvented and is increasingly incorporating complementary activities in response to consumers' needs. Priority is given to an enjoyable experience for shoppers so they can look around, pass some time and try out other activities. Innovative shop concepts, varied restaurants and play and entertainment areas are all factors that help create an original customer experience that incites customers to return to the Centre.

A slight increase in stock

At the end of Q3 2017, CBRE identified 630 shopping centers in France with a total floor area of 15 million sqm.

2017 will be a relatively quiet year for the completion of new space in shopping centers with 141,400 sqm produced by the end of the year. A few developments – for instance Prado in Marseille – are running late and their delivery pushed back. A higher volume of space is forecast for completion in 2018 and we identified 245,000 sqm in the pipeline. Renovations and extensions account for a significant share of new space completed in 2017. The trend is even more remarkable inasmuch as some of these extensions have a substantial critical size, for example a 30,000-sqm extension in Carré Sénart and 27,000 sqm in Val d'Europe. Extensions will account for 74% of new shopping Centre space in 2017.

Rents: differing trends

Rents are still high and range from €2,000 to €2,500 net per sqm pa for retail units of approximately 200 sqm for clothing and footwear retailers in the best regional shopping centers. By contrast, rents have fallen in secondary shopping centers where foot traffic is declining and the vacancy rate rising.

Investment

In continuation of the trend set at the start of the year, investment proceeded at a moderate pace through to the end of September. In total, 1.8 billion euros were invested in retail in the first 9 months of the year.

Shopping centers totaled 27% of retail investment. Compared to the exceptionally strong 2014, however, this market has seen a sharp downturn since 2015. Investments are 8% below those reported for the same period in 2016. The drop is largely due to the shortage of core assets for sale in the market. Conversely, secondary assets are having trouble finding buyers given the rent to turnover ratio required and the income generated.

In addition, uncertainty arising from the presidential elections affected investors' decision making. Nevertheless, investment volume started climbing again in Q2, €183 billion compared to €80 billion in Q1. In Q3 this upward trend continued with €191 billion of investments.

Foreign investors accounted for more than half of investment. Their appetite for French properties would be easier to satisfy if more quality schemes were available for sale. Of the domestic investors active in France, institutional investors were very dynamic, especially SCPIs, which continue to underpin market activity.

In this context of market segmentation and a supply shortage of core assets, prime yields will remain stable until the end of the year.

MARKETVIEW – INDUSTRIAL SPACE

Keypoints

- Take-up is constrained by the limited available supply and increased number of pre-emptive acquisitions
- Confident market players, and excellent outlook for the start of 2018: record demand, combined with a stabilization of the time frames required to complete transactions
- Performance remained stable in the West, East and North markets, but has decelerated in the South
- Increased leasing transactions
- Stock has continued to decrease in the Inner Rim North: a tension exacerbated by urban development projects
- Speculative has made a comeback in the Outer Rim

Slight decrease in market activity

Take-up totaled 880,000 sqm in 2017 (a total which will increase slightly when 2017 performance will be reviewed in first few weeks of 2018). This is in line with the annual average over the past 10 years, although slightly lower than 2016 (one of the best years in terms of take-up after the financial crisis).

This somewhat lacklustre outcome occurred despite an excellent Q3 and significant increase in demand received by CBRE (+24% by volume year-to-year), which can be explained by a decrease in large transactions and the tensions that affected the Inner ring market. The number of pre-emptive acquisitions within existing business districts have increased as a result of Grand Paris urban development projects. This has had an adverse effect on light industrial property coming onto the market.

After a clear breakthrough in 2016, the share of sales has returned to its usual average (40%). There have been roughly 50 transactions in the mid-sized segment (3,000 sqm to 5,000 sqm), whereas the 1,000 sqm to 3,000 sqm segment represents approximately 40% of all transacted volumes.

BUSINESS OVERVIEW

EXCEPTIONAL DEPENDENCY OF THE COMPANY ON PATENTS OR COMMERCIAL OR FINANCIAL CONTRACTS

The take-up decrease has largely been due to poor performance in the south (-31% in one year), despite sustained activity in Evry and in the south of the A86 in the Val-de-Marne. Certain other areas in the region have proven particularly appealing: Argenteuil, the Roissy hub, Bonneuil-sur-Marne and Le Parisis.

Average headline rent within the A86 (excluding Paris) stands at €103 before taxes and charges/sqm/year, with the prime value reaching €200 for new properties of exceptional quality.

Supply tension in the north

Vacant space has decreased overall and currently stands at 2.4 million sqm. It has, however, increased significantly in the south, where more than half of all vacant space is located. The situation has become a cause for concern in the East and above all the North, which has lost more than one third of its available space over the course of 1 year, due to growing competition for space from the Greater Paris and Olympic Games projects.

Potential locations for production, trade and city logistics in the north side of the Inner ring (A86) have therefore been drastically reduced. Speculative projects have increased, with 70,000 sqm still to be let in projects currently under, most of which are located in the Outer ring. Ready to launch supply remains stable at 231,800 sqm.

6.3 EXCEPTIONAL EVENTS INFLUENCING THE ACTIVITY OF THE COMPANY

No exceptional events have influenced the activity of the company.

6.4 DEPENDENCY 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.

It holds 49.5% of Banimmo, a Belgian listed real estate company, which is specifically involved in the repositioning and development of buildings in Belgium, France and Luxembourg. Banimmo is listed

on Euronext Brussels, and all information is available on the website www.banimmo.be.

Affine's subsidiaries, in particular those that own buildings, are mentioned in the Notes to the consolidated statements in Section 20.1.5.3 "Scope of consolidation" of this registration document.

7.2 LIST OF SUBSIDIARIES

The scope of consolidation of the Group is described in detail in the Notes to the consolidated statements, in Section 20.1.5.3 "Scope of consolidation".

8. PROPERTY, PLANTS AND EQUIPMENT

8.1 PROPERTY PORTFOLIO

At 31 December 2017, Affine directly owned 45 investment properties covering a total area of 332,400 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	REGION	DEPT	SURFACE AREA IN SQM	CONSTRUCTION/ LAST REFURBISHMENT	ACQUISITION DATE
Offices						
Paris 9 ^e	Rue Auber	Paris Métropole	75	2,283	1875	2008
Paris 10 ^e	Rue d'Enghien	Paris Métropole	75	821	1900 / 2007	2008
Paris 12 ^e	« Tour Bercy » - Rue Traversière	Paris Métropole	75	7,783	1974	2008
Issy-les-Moulineaux	Rue Carrefour Weiden	Paris Métropole	92	2,308	1993	2003
Clichy	Rue Martre	Paris Métropole	92	1,555	2016	2015
Clichy	Rue Mozart	Paris Métropole	92	3,400	1990	2017
Courbevoie	Rue de l'Abreuvoir	Paris Métropole	92	2,068	1966	2017
Suresnes	Rue Marcel Monge	Paris Métropole	92	6,345	1991	2017
Chaville	Avenue Roger Salengro	Paris Métropole	92	10,850	1992	2015
Meudon	Route de Vaugirard	Paris Métropole	92	5,400	2018	2016
Kremlin-Bicêtre	Rue Pierre Brossolette	Paris Métropole	94	1,151	1985	2007
Kremlin-Bicêtre	Boulevard du Général de Gaulle	Paris Métropole	94	1,860	1985	2007
Montigny-le-Bretonneux ⁽¹⁾	Rue Ampère	Île-de-France	78	9,546	1998	2003
Saint-Germain-en-Laye	Rue des Gaudines	Île-de-France	78	2,249	2004	2002
Saint-Germain-en-Laye	Rue Témarra	Île-de-France	78	1,450	2004	2002
Elancourt	Parc Euclide - rue Blaise Pascal	Île-de-France	78	6,347	2002	2004
Les Ulis	Rue de la Terre de Feu	Île-de-France	91	3,500	1986	2003
Corbeil-Essonnes	Avenue Darblay	Île-de-France	91	4,644	2004	2003
Corbeil-Essonnes	Rue des Petites Bordes	Île-de-France	91	2,268	2004	2003
Toulouse	Les Amarantes - rue Françoise d'Eaubonne	Régions	31	2,895	2014	2014
Toulouse	Les Amarantes - rue Françoise d'Eaubonne	Régions	31	2,862	2015	2015
Nantes	Rue Henri Picherit	Régions	44	3,084	2001	2006
Nantes	Kibori	Régions	44	3,883	2018	2017
St-Julien-les-Metz	Rue Jean Burger - Tannerie	Régions	57	5,345	1999	2007
Lille	« Tour Europe » - Parvis de Rotterdam	Régions	59	25,000	1995	2006-2017
Lille	#hashtag	Régions	59	5,278	2018 et 2020	2017
Villeneuve-d'Ascq	Rue des Fusillés	Régions	59	3,045	1992	2004
Mulhouse	Rue Salomon Grumbach	Régions	68	5,020	2000	2008
Lyon	Rue André Bollier	Régions	69	4,060	2007	2006
Lyon	Rue du Dauphiné	Régions	69	5,481	1983	2005
Lyon	Le Tangram - Bld Tchecoslovaques	Régions	69	5,915	2003 / 2016	2011
Retail premises						
Paris	Le Marché Vaugirard	Paris Métropole	75	2,135	/ 2015	2017
Barbèrey-St-Sulpice	Quartier Les Valliers, RN19	Régions	10	1,200	1990	2007
Nîmes	Les 7 Collines - Rue du Forez	Régions	30	17,559	2009	2009
Bordeaux	Jardin Des Quais - Quai des Chartrons	Régions	33	25,530	2005	2013
Arcachon	Rue Roger Expert et Avenue Lamartine	Régions	33	3,472	2011	2009
St-Étienne	Dorian - Rue Louis Braille	Régions	42	5,003	1991	2006
Nevers	Carré Colbert - Avenue Colbert	Régions	58	5,828	2010	2008

LOCATION	NAME OR STREET	REGION	DEPT	SURFACE AREA IN SQM	CONSTRUCTION/ LAST REFURBISHMENT	ACQUISITION DATE
Industrial premises						
Gennevilliers	Rue du Fossé Blanc	Paris Métropole	92	15,217	1992	2011
Warehouses						
Bourg-les-Valence	Rue Irène Joliot Curie	Régions	26	19,521	2004	2005
Mer	Za des Mardaux	Régions	41	34,127	1975 / 2002	2006
Leers	Rue de la Plaine	Régions	59	21,590	1994	2005
Thouars	Rue Jean Devaux	Régions	79	32,000	2000	2007
Sant-Feliu-de-Buixalleu	Parc de Gaserans - Sant Feliu	Spain		3,680	2012	2006
Sant-Feliu-de-Buixalleu 2	Parc de Gaserans - Sant Feliu	Spain		10,811	2014	2006
Miscellaneous						
St-Etienne (land)	Rue de la Talaudière	Régions	42	44,356		2007
Sant Feliu (land)	Parc de Gaserans - Sant Feliu	Spain		37,691		2006

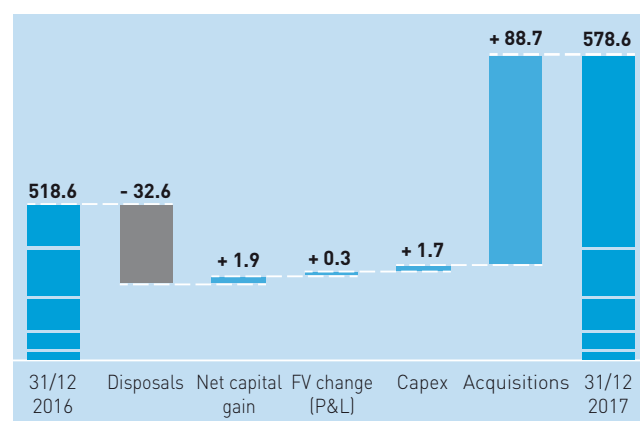
8.1.2 PORTFOLIO VALUE

Fair value of directly owned properties

The fair value (including transfer taxes) of the portfolio at the end of 2017 stood at €616m compared with €554m at the end of 2016. Excluding transfer taxes, the value of the properties rose from €519m at the end of 2016 to €579m at the end of 2017. This change resulted from:

- disposals totalling €32.6m, with a net capital gain of €1.9m;
- €88.7m in investments;
- €1.7m in works for maintenance and improvements, and the developments;
- a €0.3m increase in the fair value of buildings in the portfolio on a like-for-like basis.

VARIATION DE LA VALEUR DES IMMEUBLES, HORS DROITS (M€)



The €0.3m change in the portfolio's fair value on a like-for-like basis (0.6%) is the result of:

- a 0.5% increase due to the improvement in market rents (ERV).
- a 3.4% increase due to lower yield rates used by appraisers,
- a residual 3.3% decrease (works to be carried out, reversion, internal correction, etc.).

The average return resulting from valuations is 5.6%. A downward or upward change of 25 basis points in this rate would lead to an increase or a decrease respectively of €23.4m in the portfolio's value.

PROPERTY, PLANTS AND EQUIPMENT

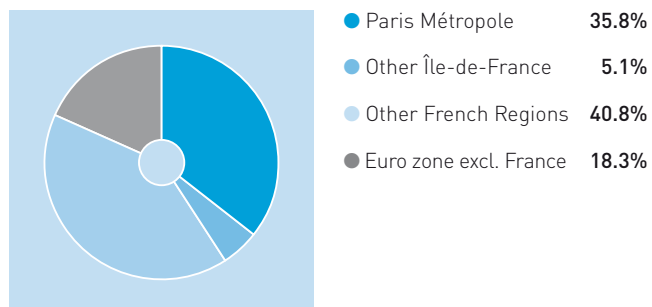
ENVIRONMENTAL ISSUES THAT COULD AFFECT THE ISSUER'S USE OF PROPERTY, PLANT AND EQUIPMENT

8.1.3 TOTAL PROPERTY

Breakdown of value by Region

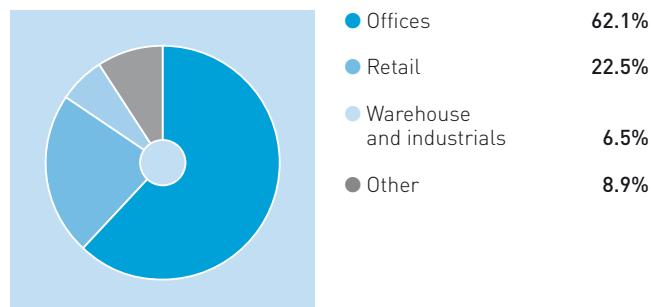
By including the Banimmco buildings, the fair value (including transfer taxes) of total properties stood at €824m at the end of 2017 compared with €791m at the end of 2016.

BREAKDOWN OF VALUE BY REGION



Paris Métropole: Paris + Hauts-de-Seine + Seine-Saint-Denis + 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 2015, 2016 and 2017, is taken from the consolidated financial statements in Appendix 20.1. The consolidated annual financial statements are presented in Section 20.3.

9.1 FINANCIAL POSITION

(€M)	2015	2016	2017
ASSETS	623.6	610.2	835.4
Properties (excluding transfer taxes)	514.4	518.6	578.6
of which investment properties	456.0	469.4	540.0
of which property held for sale	58.5	49.2	38.6
Equity holdings	0.0	0.0	0.8
Associates	38.8	31.6	1.9
Cash	6.7	4.9	7.7
Discontinued operations	-	-	180.1
Other assets	63.6	55.1	66.3
LIABILITIES	623.6	610.2	835.4
Shareholders' equity (before allocation)	291.7	285.0	309.3
of which Non-controlling interest	(0)	(0)	27.2
of which BRS	4.2	4.2	4.2
of which PSL	73.2	73.1	73.3
Bank debt	286.5	284.2	341.7
Discontinued operations	-	-	134.4
Other liabilities	45.4	41.0	50.1

NET ASSET VALUE

The significant increase in the size of the balance sheet resulted from the global integration of Banimmco, which contributes €180.1m to the "Other assets" item and €134.4m to the "Other liabilities" item.

At 31 December 2017, total shareholders' equity amounted to €309.3m, up by €24.3m from the end of 2016, €27.2m coming from the integration of the Banimmco's equity share following its consolidation by global integration. Excluding this technical impact, the €3.0m decrease resulted mainly from the net results diminished by the distribution made in 2017 of dividends and the payment of

BRS and PSLN coupons (i.e. €15.7m). After deducting quasi-equity (€73.3m in perpetual subordinated loan notes), and restatements of the fair value of derivatives and deferred taxes, the EPRA net asset value excluding transfer taxes was €210.6m (-2.3%). NAV per share was €20.53 (after BRS dilution and excluding treasury shares), down 2.3% compared with 31 December 2016. Including transfer taxes, NAV per share was €24.22.

(€M)	2015	2016	2017
Shareholders' equity (before allocation), Group share	291.7	285.0	282.1
PSLN adjustment	(73.2)	(73.1)	(73.3)
IFRS NAV (excl. TT)	218.6	211.9	208.8
EPRA adjustments	3.1	3.7	1.8
EPRA NAV (excl. TT)	221.7	215.6	210.6
EPRA NAV (incl. TT)	255.1	250.9	248.4
Diluted number of shares (excl. Tr. shares)	10,265,026	10,254,952	10,256,921
Diluted EPRA NAV (excl. TT) per share (€)	21.60	21.02	20.53
Diluted EPRA NNNAV (excl. TT) per share (€)	24.35	23.98	22.69

EPRA NNNAV (NAV triple net EPRA), including the fair value of hedging instruments, deferred taxes, and the difference between the book value and market value of the debt, amounted to €22.69 (excl. transfer tax), down 5.4%.

9.2 OPERATING INCOME

9.2.1 IMPORTANT FACTORS AFFECTING CONSOLIDATED EARNINGS

€M)	2015	2016	2017
Gross rental income	39.0	34.7	33.8
Net rental income	34.4	29.4	29.6
Other income	1.2	(0.1)	0.8
Corporate expenses	(7.9)	(8.6)	(8.8)
Current EBITDA ⁽²⁾	27.7	20.7	21.6
Current operating profit	27.1	19.6	21.3
Other income and expenses	(0.4)	0.3	0.7
Net profit or loss on disposal	(7.2)	(0.0)	1.9
Operating profit (before value adj.)	19.5	19.9	23.9
Net balance of value adjustments	3.8	(0.6)	0.3
Net operating profit	23.2	19.3	24.2
Net financial cost	(9.1)	(7.0)	(6.9)
Fair value adjustments of financial instruments	2.1	1.1	0.8
Taxes	0.5	(1.3)	0.3
Miscellaneous ⁽³⁾	(0.5)	(0.3)	0.8
Associates	(15.7)	(6.4)	(0.1)
Discontinued operations	-	-	(12.0)
Net profit	0.4	5.5	7.2
Net profit – group share	0.4	5.5	9.1⁽⁴⁾
Net profit – group share (excl. Banimmo)	16.9	13.1	19.2
EPRA adjustments	12.8	1.6	1.7
EPRA earnings ⁽⁵⁾	13.3	7.1	10.8
EPRA earnings (excl. Banimmo)	17.4	11.7	15.5

NB: The Banimmo sub-group of Affine is consolidated using the equity method until 30 September 2017 and since then using the global integration as a discontinued operation (IFRS 5).

(1) Based on IFRS standards and EPRA recommendations.

(2) Current EBITDA represents the current operating profit, excluding current depreciation and amortisation costs. In 2015, 2016 and 2017, this amount does not include the depreciation of buildings in inventory of the property development business of -€0.1m, -€0.2m and €0.1m respectively, which is recognised under other income and expenses.

(3) Other financial income and expenses.

(4) The non-controlling interest (minority interests) consists solely of the minority interests of Banimmo.

(5) The European Public Real Estate Association (EPRA) updated its Best Practice Recommendations in November 2016 which gives guidelines for performance measurements. As detailed in the EPRA adjustments note, EPRA results essentially exclude the effects of fair value changes and gains or losses on sales.

While rents were changing by -1.3% on a like-for-like basis, the impact of the disposals, partially offset by the acquisitions realised late 2017, led to a 2.5% decrease in rental revenue. Although, the decrease in service charges led to a 0.5% increase in net rental income.

Consequently, current operating profit is up 8.5% to €21.3m, after factoring in an increase in income from lease financing (+€0.8m vs. +€0.1m in 2016) from reversals of provisions.

The capital gain of €1.9m and the slight €0.3m increase in fair value of the buildings (+€0.6m in 2016) led to a net operating profit of €24.2m, up 25.0%.

Net financial costs decreased slightly to €6.9m (versus €7.0m), because of loan repayments relating mainly to the expiry of some old hedging instruments. Moreover, the fair value of financial instruments benefited from the rise in long term rates (+€0.8m in 2017 and +€1.1m in 2016).

The full consolidation of Banimmo as from Q4 is reflected in the "Discontinued activities" item, the first nine months being treated as "Associates". The Banimmo's net loss of €3.9 represented a loss of €1.9m for Affine. In addition, the change in method of Banimmo's shares valuation at Affine from book value to the stock market value (average over December) resulted in a €8.2m impairment.

Consequently, Affine posted a net profit (excluding Banimmo) of €11.0m and an overall profit of €9.1m compared with €5.5m for the same period last year.

Adjusted for non-current items such as changes in fair value and gains or losses on disposals, EPRA earnings (excluding Banimmo) amounted to €15.5m (against €11.7m). After the inclusion of Banimmo, EPRA was €10.8m compared with €7.1m for 2016.

9.2.2 MATERIAL CHANGES IN NET REVENUES OR 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 PRACTICES RECOMMENDATIONS

The European Public Real Estate Association (EPRA) issued in November 2016 an update of the Best Practice Recommendations report⁽¹⁾ (BPR), which gives guidelines for performance measures.

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 NAV	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 the ERV of the whole portfolio.

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

EPRA PERFORMANCE MEASURES (EPM)

(€000')	2015	2016	2017
EPRA earnings	13,274	7,088	10,814
EPRA NAV (excl. TT)	221,706	215,575	210,619
EPRA NNNAV (excl. TT)	249,980	245,933	232,753
EPRA vacancy rate (%)	14.2	12.5	13.0

FIGURES PER SHARE (€)	2015	2016	2017
EPRA earning ⁽¹⁾	1.08	0.50	0.84
EPRA NAV (excl. TT)	21.60	21.02	20.53
EPRA NNNAV (excl. TT)	24.35	23.98	22.69

⁽¹⁾ The average number of diluted shares 2015 was corrected for the average number of new shares from BRS redemption.

EPRA EARNINGS (INDIRECT METHOD)

(€000')	2015	2016	2017
Net profit – Group share	440	5,456	9,093
Value adjustments for investment and development properties	(3,818)	(147)	(205)
Net profit or loss on disposal	7,241	589	(2,691)
Goodwill adjustment ⁽¹⁾	-	-	8,193
Fair value adjustments of financial instr.	(2,062)	(1,099)	(832)
Non-current tax, deferred and exit tax	79	576	28
Adjustments for associates and discontinued operations	11,394	1,713	(2,229)
Minority interests in respect of the above	-	-	(543)
EPRA earnings	13,274	7,088	10,814
EPRA earnings (hors Banimmo)	17,352	11,661	15,474

⁽¹⁾ Corresponds to the Banimmo stakes valuation adjustments.

EPRA EARNINGS (RECURRING/NON-RECURRING PRESENTATION – DIRECT METHOD) ⁽¹⁾

(€000')	2015	2016	2017
Gross rental income	39,029	34,662	33,793
Net rental income	34,435	29,443	29,576
Other income	1,199	(137)	836
Corporate expenses	(7,943)	(8,571)	(8,799)
Current EBITDA ⁽²⁾	27,690	20,735	21,613
Current operating profit	27,081	19,618	21,284
Other income and expenses ⁽³⁾	(426)	(397)	780
Net financial cost	(9,105)	(6,965)	(6,916)
Taxes (current)	536	(709)	363
Miscellaneous (current) ⁽³⁾	(524)	236	48
Associates and discontinued operations (current)	(4,288)	(4,695)	(6,131)
Net current profit	13,274	7,088	9,428
EPRA Earnings (Net current profit – gs ⁽⁴⁾)	13,274	7,088	10,814
EPRA Earnings (excl. Banimmo)	17,352	11,661	15,474
Other income and expenses ⁽³⁾	64	720	(102)
Net profit or loss on disposals	(7,241)	(22)	1,913
Net balance of value adjustments	3,753	(573)	308
Fair value adjustments of financial instr.	2,062	1,099	832
Taxes (non-current)	(79)	(576)	(28)
Miscellaneous (non-current) ⁽³⁾	(0)	(567)	778
Associates and discontinued operations (non-current)	(11,394)	(1,713)	(5,965)
Net non-current profit	(12,834)	(1,631)	(2,264)
Net non-current profit – gs ⁽⁴⁾	(12,834)	(1,631)	(1,721)
Net non-current profit – gs ⁽⁴⁾ (excl. Banimmo)	(460)	1,423	3,748
Net profit	440	5,456	7,164
Net profit – Group share	440	5,456	9,093

NB: The Banimmo sub-group of Affine is consolidated using the equity method until 30 September 2017 and since then using the global integration as a discontinued operation (IFRS 5).

(1) Based on IFRS standards and EPRA recommendations.

(2) Current EBITDA represents the current operating profit excluding current depreciation and amortisation costs. In 2015, 2016 and 2017, this amount does not include the depreciation of buildings in inventory of the property development business of -€0.1m, -€0.2m and €0.1m respectively, which is 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.

EARNINGS PER SHARE

(€000 ¹)	2015	2016	2017
Net profit – Group share	440	5,456	9,093
PSL charges	(2,135)	(1,953)	(2,235)
BRS charges	(590)	(226)	(226)
Net profit – Group share adjusted for the earnings per share	(2,285)	3,278	6,632
BRS 1 and 2 adjustments	590	226	226
Net profit – Group share adjusted for the diluted earnings per share (after conversion of BRS)	(1,696)	3,504	6,858
EPRA adjustments	12,834	1,631	1,721
EPRA earnings adjusted for the PSL charges for calculation of EPRA earnings per share	11,139	5,135	8,579
Earnings per share (€)	(0.24)	0.33	0.66
Diluted earnings per share (€)	(0.18)	0.34	0.67
EPRA earnings per share (€) (diluted)	1.08	0.50	0.84
EPRA earnings per share (€) (diluted) (excl. Banimmo)	1.48	0.95	1.29
Outstanding number of shares	10,056,071	10,056,071	10,056,071
Average number of treasury shares	(593,279)	(20,178)	(26,250)
Average number of shares (excl. Tr. shares)	9,462,792	10,035,893	10,029,821
Average number of new shares from BRS redemption ⁽¹⁾	806,652	225,888	225,888
Average number of diluted shares (excl. Tr. shares)⁽¹⁾	10,269,445	10,261,781	10,255,709

(1) The average number of diluted shares 2015 was corrected for the average number of new shares from BRS redemption.

IFRS NAV

(€000 ¹)	2015	2016	2017
Shareholders' equity (before allocation)	291,728	285,036	282,071
<i>of which BRS</i>	4,211	4,220	4,229
<i>of which PSL</i>	73,160	73,118	73,279
<i>of which treasury shares</i>	(268)	(395)	(391)
<i>of which other</i>	214,624	208,094	204,954
PSL adjustments	(73,160)	(73,118)	(73,279)
Diluted IFRS NAV excluding transfer tax	218,568	211,918	208,792
Transfer tax gs ⁽¹⁾	33,375	35,346	37,775
Diluted IFRS NAV incl. transfer tax	251,943	247,264	246,567
Diluted IFRS NAV exc. transfer tax per share	21.29	20.66	20.36
Diluted IFRS NAV incl. transfer tax per share	24.54	24.11	24.04
Outstanding number of shares	10,056,071	10,056,071	10,056,071
Treasury shares	(16,933)	(27,007)	(25,038)
Converted BRS	225,888	225,888	225,888
Number of diluted shares (excl. treasury shares)	10,265,026	10,254,952	10,256,921

(1) Gs stands for Group share.

EPRA NAV

(€000')	2015	2016	2017
Diluted IFRS NAV excl. transfer tax	218,568	211,918	208,792
EPRA adjustments	3,138	3,656	1,827
of which fair value of financial instruments	7,256	4,677	1,504
Assets - Derivatives at fair value gs ⁽¹⁾	214	1,439	1,607
Liabilities - Derivatives at fair value gs ⁽¹⁾	7,471	6,117	3,111
of which net deferred tax	(4,118)	(1,021)	323
Assets - deferred tax gs ⁽¹⁾	4,118	1,086	1,107
Liabilities - deferred tax gs ⁽¹⁾	0	65	1,430
EPRA NAV excl. transfer tax	221,706	215,575	210,619
EPRA NAV incl. transfer tax	255,081	250,921	248,394
EPRA NAV excluding transfer tax per share (diluted)	21.60	21.02	20.53
EPRA NAV incl. transfer tax per share (diluted)	24.85	24.47	24.22

(1) gs stands for Group share.

EPRA NNAV

(€000')	2015	2016	2017
EPRA NAV excl. transfer tax	221,706	215,575	210,619
EPRA adjustments	(3,138)	(3,656)	(1,827)
Change of debt fair value ⁽¹⁾	31,413	34,015	23,960
EPRA NNAV excl. transfer tax	249,980	245,933	232,753
EPRA NNAV incl. transfer tax	283,355	281,279	270,528
EPRA NNAV excl. transfer tax per share (diluted)	24.35	23.98	22.69
EPRA NNAV incl. transfer tax per share (diluted)	27.60	27.43	26.38

(1) Excluding Banimmo and its subsidiaries.

EPRA VACANCY RATE

TYPE OF ASSET (€M)	HEADLINE RENTS	LET. SP. [SQM]	ERV ⁽¹⁾ ON VACANT	ERV ⁽¹⁾	VACANCY RATE
Offices	21.6	138,282	1.7	22.4	7.7%
Retail	8.3	61,378	2.3	10.2	22.3%
Warehouses and Industrials	4.3	132,698	0.9	5.0	18.1%
Total	34.1	332,358	4.9	37.6	13.0%

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

EPRA PROPERTY RELATED CAPEX

(€000')	2017
Acquisitions	88,717.3
Development	164.5
Like-for-like portfolio	1,779.5
Others ⁽¹⁾	0.0
Total Investment	90,661.3

(1) Including tenant incentives and other capitalized fees.

10. CASH AND CAPITAL RESOURCES

The selected financial information below, relating to the years ended 31 December 2015, 2016 and 2017, is taken from the consolidated financial statements in Appendix 20.1. The consolidated annual financial statements are presented in Section 20.3.

10.1 COMPANY EQUITY

The statement of changes in consolidated equity is shown in Note 20.1.

10.2 CASH FLOW

CONSOLIDATED CASH FLOW

(€M)	2015	2016	2017
Funds from operation	21.9	14.3	15.1
Funds from operation excluding cost of debt and taxes	30.1	22.2	20.6
Change in WCR	(3.2)	0.2	(0.0)
Taxes paid	(0.6)	(0.0)	(0.7)
Discontinued operations operating cash-flow	-	-	0.4
Operating cash flow	26.3	22.4	20.2
Investments	(43.2)	(22.6)	(84.8)
Disposals	94.0	18.3	37.8
Other	0.0	2.2	0.0
Discontinued operations investment cash-flow	-	-	8.5
Investment cash flow	50.8	(2.2)	(38.5)
New loans	43.4	50.2	172.4
Loan repayments	(101.8)	(56.8)	(120.0)
Interest	(9.3)	(7.1)	(6.4)
Other (including dividend)	(9.1)	(4.8)	(15.6)
Discontinued operations financing cash-flow	-	-	(3.3)
Financing cash flow	(76.8)	(18.5)	27.1
Change in cash position	0.4	1.7	8.9
Net cash position	2.1	3.9	12.7

Funds from operation (FFO) increased to €15.1m in connection with changes in the EPRA earnings (excluding Banimmco) and, excluding financial costs and taxes, was €20.6m.

The WCR came remained stable (-€0.0m vs. 0.2m). The full integration of Banimmco operating cash flow (€0.4m) led to a global operating cash flow of €20.2m versus €22.4m for the same period in 2016.

The investments were up sharply totalling €84.8m (compared with €22.6m in 2016) and factored in the advance in current account of

€10m granted to the company co-owned with Kaufman & Broad. The contribution of buildings sales amounted to €37.8m. Total cash flow from investments rose from -€2.2m to -€38.5m.

The net balance of financing operations, including dividends distributed and financial costs, generated a cash flow of €27.1m, with new borrowings exceeding repayments over the period by €52.4m.

The available net cash position thus increased over the year to reach €12.7m.

10.3 LOAN REQUIREMENTS – FINANCING STRUCTURE

FINANCING

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

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

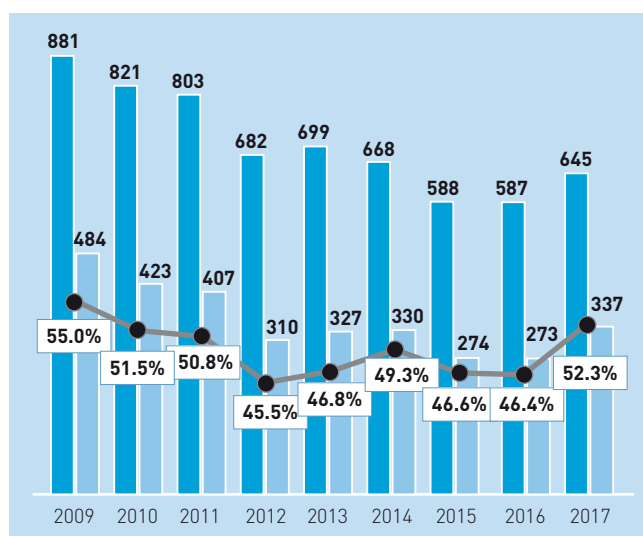
Affine thus has good visibility helping it manage its evenly scheduled debt profile, while generally avoiding any financial covenant

on the company itself. This allows Affine to optimise the use of its equity by maintaining an LTV ratio around 50%.

New bank loans taken out over the period amounted to €172.4m compared with the €120.0m for bank debt redemptions and repayments over the period.

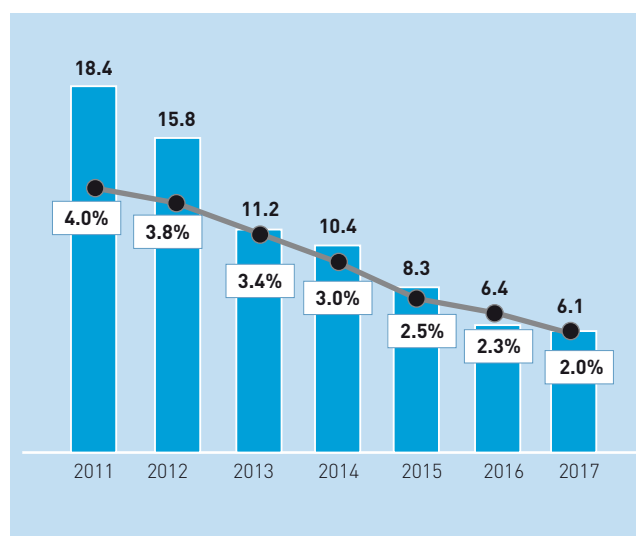
In addition, the company has available confirmed short-term lines of credit totalling €21m.

LTV (LOAN-TO-VALUE) (€M)



■ Value ■ Loan — LTV

COST OF DEBT (€M)



■ Financial expenses — Average cost (%)

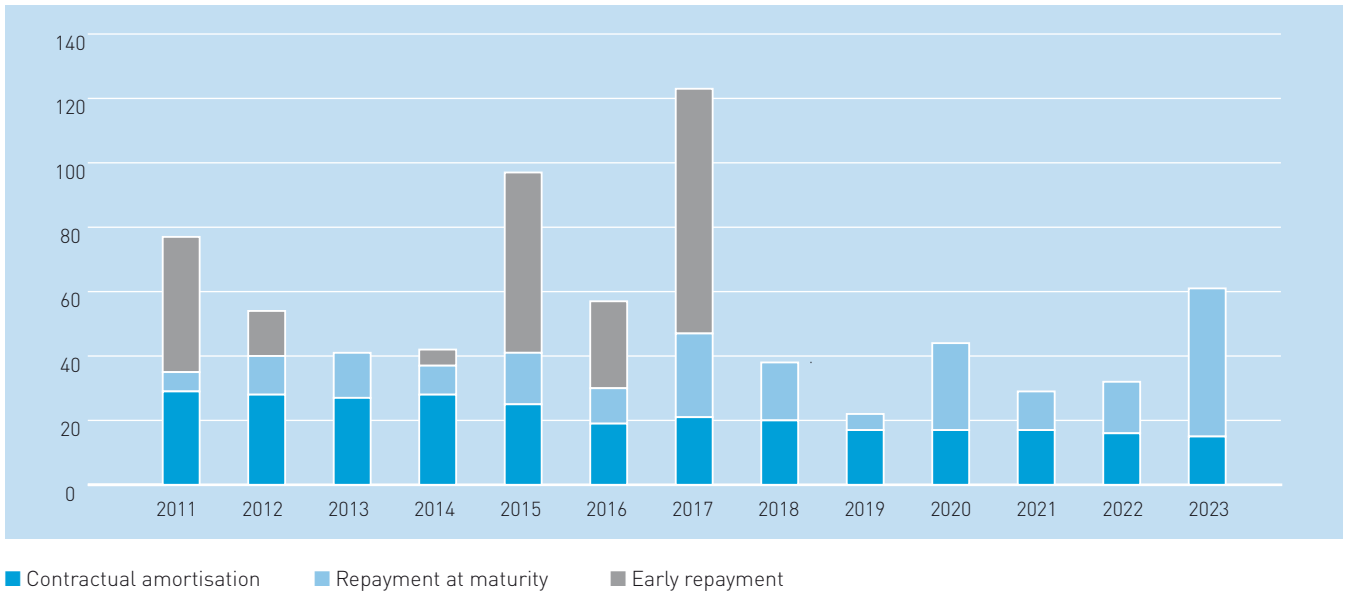
At 31 December 2017, the company's net financial debt (net of cash and cash equivalents) was €342m compared with €280m at year-end 2016, equivalent to 1.1 times total shareholders' equity.

After deducting the debt allocated to residual finance lease activities (€5m) and factoring in the Affine's share of the SPV (Montigny-le-Bretonneux: €0m), net financial debt amounted to €337m. This amount in relation to the total of investment properties, inventories, Affine's share of the SPV (Montigny-le-Bretonneux: €5m) and of the net position of associates and equity interests, (€25m), resulting in an LTV ratio of 52.3%, compared with 46.4% at year-end 2016.

The ratio of financial costs to average net financial shows an average cost of debt of 2.0% for the period, down from 2016 (2.3%).

At end 2017, the average maturity of debt was 5.8 years. Debts are amortised in line with the life of the underlying asset, with the balance of the loan repaid at final maturity or refinanced. The graph below shows that the company faces no major repayments over the next few years.

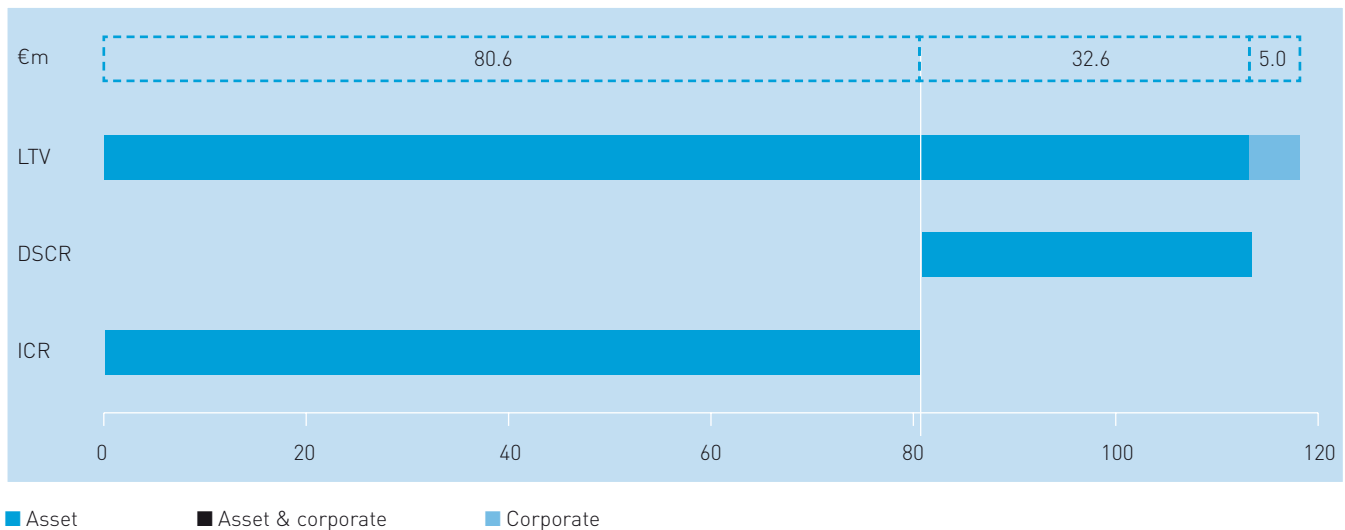
DEBT AMORTISATION (€M)



The chart below shows the amount of Affine loans which are subject to covenants on the financed asset. The covenant on the company relates to the Micado bond issue of €5.0m and maturing in October 2018.

At 31 December, no clause stipulating an accelerated partial or full repayment existed on any loan due to a failure to comply with the financial ratios reported on that date.

BREAKDOWN OF COVENANTS (€M)



CASH AND CAPITAL RESOURCES

RESTRICTION ON THE USE OF CAPITAL

LTV (NET DEBT/VALUE OF ASSETS)

(€000')	2015	2016	2017
Net financial debt ⁽¹⁾	284,399	280,291	342,103
Debt allocated to lease financing	(9,989)	(7,544)	(5,001)
Net debt for investment properties	274,410	272,747	337,102
Value of properties (incl. TT)	546,978	553,515	615,924
Associates ⁽²⁾	35,653	30,073	25,296
VEFA & Fixed assets adjustments	5,844	3,702	3,792
Adjusted portfolio value incl. taxes	588,475	587,290	645,012
LTV	46.6%	46.4%	52.3%

(1) This amount includes in 2017 the trade payables related to the turnkey projects and the net debt of the Affine's share of the Montigny-le-Bretonneux SPV (50%).

(2) This amount includes in 2017 the Banimm's share valuation owned by Affine and the fair value including transfer taxes of the Affine's share of the Montigny-le-Bretonneux SPV (50%).

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 is listed in Section 4.2 of this registration document.

10.5 EXPECTED SOURCES OF FUNDING

Information on expected sources of financing can be found in Section 10.3 of this registration document.

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 2017 (press release of 1 March 2018).

12.2 OUTLOOK

Affine is continuing its strategy to renew and streamline the portfolio (essentially office buildings), either alone or in partnerships, through a balanced development between Paris Métropole and six regional urban areas (Bordeaux, Lille, Lyon, Marseilles, Nantes and

Toulouse). Accordingly, in 3 years the share of target cities in the portfolio has increased from 52% to 76%. This strategy should allow Affine to maintain its distribution strategy.

11

12

13

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 27 February 2018

- Maryse Aulagnon, Chairwoman of the Board of Directors
- MAB-Finances, Vice Chairman, represented by Alain Chaussard, Chief Executive Officer
- Matthieu Evrard, Co-Chief Executive Officer (since Shareholders' General Meeting of 27 April 2017)
- Delphine Benchetrit
- Arnaud de Bresson
- Stéphane Bureau
- Holdaffine, represented by Jean-Louis Charon
- Joëlle Chauvin
- Bertrand de Feydeau
- Atit, represented by Catherine Wallerand

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 and the company Holdaffine BV as directors for a three-year term will be submitted to the General Shareholders' Meeting of 26 April 2018.

Mr. Stéphane Bureau has expressed his wish not to ask for the renewal of his mandate as a director to devote himself entirely to the development and growth of the management company he founded.

At the next general meeting, Barbara Koreniouguine will be appointed as director for a period of three years.

In accordance with the Middenex Code, which Affine uses as reference, 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;
- has not had a significant business relationship with the Company or any company within the same Group (customer, supplier, competitor, service provider, creditor, banker, etc.) in the previous two years;
- is not a majority shareholder of the Company or hold a significant percentage of voting rights;
- has no close family ties with a corporate officer or majority shareholder;
- has not been a statutory auditor of the Company in the past six years.”

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

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.

MEMBERS OF THE BOARD OF DIRECTORS IN 2017

Chairwoman of the Board of Directors

MARYSE AULAGNON 39 RUE WASHINGTON – 75008 PARIS	
Date of birth	19/04/1949
Nationality	French
Date of first appointment	21/09/1999
Date of end of term (General Shareholders' Meeting approving the financial statements)	2017
Principal duties performed within the Company	Chairwoman of the Board of Directors
Number of company shares held directly	48 shares
Independence	Corporate officer and majority shareholder of Holdaffine
Member of committees	Investment Committee
Principal duties performed outside the Company	-
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments</p> <p>AFFINE R.E. (listed SA), Chairwoman and Chief Executive Officer; (the number of Affine R.E. shares held directly by Ms Aulagnon – via Holdaffine – is mentioned in Section 18.3 of this registration document)</p> <p>BANIMMO (listed SA), Belgium, representing Affine R.E., chairwoman of the board of directors</p> <p>MAB-FINANCES (SA), chairwoman and Chief Executive Officer</p> <p>HOLDAFFINE (BV), Netherlands, Director</p> <p>GESFIMMO (SA), representing Mab-Finances, director (since 4 May 2017)</p> <p>CAPUCINE INVESTISSEMENTS (SAS), representing Mab-Finances, Member of the Management Committee</p> <p>BANIMMO FRANCE (SAS), representing Mab-Finances, member of the management committee</p> <p>7 COLLINES (SAS), representing MAB-Finances, member of the management committee</p> <p>CHAVILLE SALENGRO (SAS), representing Mab-Finances, member of the management committee</p> <p>PROMAFFINE (SAS), representing MAB-Finances, member of the management committee</p> <p>TARGET REAL ESTATE (SAS), representing Mab-Finances, member of the management committee</p> <p>ST ETIENNE MOLINA (SAS), representing Mab-Finances, member of the management committee</p> <p>ATIT (SCI), representing Affine R.E., manager</p> <p>AFFINE SUD (SCI), representing Affine R.E., manager</p> <p>PARVIS LILLE (SCI), representing Atit, manager</p> <p>BERCY PARKINGS (SCI), representing Affine R.E., manager</p> <p>TOULOUSE LES AMARANTES (SCI), representing Affine R.E., manager</p> <p>2/4 HAUSSMANN (SAS), representing Atit, receiver</p> <p>GESFIMMO (SA), chairwoman of the board of directors (until 4 May 2017)</p> <p>SCI NANTERRE TERRASSES 12 (SCI), representing Promaffine, manager</p> <p>SCI PARIS 29 COPERNIC (SCI), representing Promaffine, manager</p> <p>URBISMART (SAS), representing Affine R.E., chairwoman (until 26 June 2017)</p> <p>PARIS ENGHIEU (SAS), representing Mab-Finances, member of the management committee</p> <p>MONTIGNY AMPERE (SAS), representing MAB-Finances, member of the management committee</p> <p>LYON DAUPHINE (SAS), representing MAB-Finances, member of the management committee</p> <p>Appointments outside the Affine group</p> <p>AIR FRANCE KLM (French limited-liability corporation, listed company), director, chairwoman of the audit committee</p> <p>BPCE (SA), member of the supervisory board and chairwoman of the appointments and remuneration committee</p> <p>VEOLIA ENVIRONNEMENT (listed SA), senior director, chairwoman of the remuneration committee, member of the appointments committee</p>
List of appointments and duties performed within an administrative or management entity over the past five years	<p>AFFIPARIS (French limited-liability corporation, listed company), director, vice chairwoman (until 7 December 2012)</p> <p>COUR DES CAPUCINES (SA), representing Mab-Finances, director (until 4 May 2012)</p> <p>SIPEC (SAS), representing Affine, chairwoman (until 3 July 2012)</p> <p>CONCERTO DEVELOPPEMENT (SAS), representing Mab-Finances, member of the management committee (until 19 December 2014)</p>
Attendance rate	Board of Directors: 100% – Investment Committee: 100%

ALAIN CHAUSSARD – PERMANENT REPRESENTATIVE OF MAB-FINANCES 39 RUE WASHINGTON – 75008 PARIS	
Date of birth	22/06/1948
Nationality	French
Start date of appointment	18/06/2004
Date of end of term (General Shareholders' Meeting approving the financial statements)	2018
Principal duties performed within the Company	Chief Executive Officer
Number of company shares held directly	MAB-Finances: 90 shares Mr Chaussard: 29,853 shares
Independence	Corporate officer
Member of committees	Investment Committee
Principal duties performed outside the Company	-
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments</p> <p>AFFINE R.E. (SA, listed company), permanent representative of Mab-Finances, vice chairman BANIMMO (listed SA), Belgium, representing Mab-Finances, director ARCA VILLE D'ETE (SCI), representing Affine R.E., manager CONCERTO DEVELOPPEMENT IBERICA (SL), Spain, representing Promaffine, manager MAB-FINANCES (SA), director ST ETIENNE MOLINA (SAS), representing Affine R.E., chairman DORIANVEST (SARL), manager GESFIMMO (SA), chairman and chief executive officer (since 18 April 2017) TARGET REAL ESTATE (SAS), representing Affine R. E., chairman, URBISMART (SAS), representing Mab-Finances, chairman and member of the management committee (since 26 June 2017) NEVERS COLBERT (SCI), representing Affine R.E., manager CAPUCINE INVESTISSEMENTS (SAS), representing Affine R.E., chairman LES 7 COLLINES (SAS), representing Affine R.E, chairman (until 4 May 2017) SCI LUCE PARC-LECLERC (SCI), representing Promaffine, manager, LES JARDINS DES QUAIS (SNC), representing Affine R.E., manager PROMAFFINE (SAS), representing Affine R.E., chairman (since 4 May 2017) CHAVILLE SALENGRO (SAS), representing Affine R.E., chairman and member of the management committee (since 4 May 2017) CLICHY HORIZON (SCI), representing Affine R.E., manager MEUDON HORIZON (SCI), representing Affine R.E., manager NANTES HORIZON (SCI), representing Affine R.E., manager LILLE HORIZON (SCI), representing Affine R.E, manager (until 3 April 2017) APM CLICHY (SCI), representing Affine R.E, manager (since 29 September 2017) CONCERTO WISSOUS (SCI), representing Affine R.E, manager (since 23 December 2016) CONCERTO ARES, representing Affine R.E. (from 19 October 2016 to 29 December 2017) CONCERTO GRAND SUD, representing Affine R.E. (from 19 October 2016 to 29 December 2017) CONCERTO LEON, representing Promaffine (since 28 March 2017) MONTIGNY AMPERE (SAS), member of the management committee (since 10 November 2017) LYON DAUPHINE (SAS), member of the management committee (since 5 December 2017) PARIS ENGHIEU (SAS), member of the management committee (since 5 December 2017)</p> <p>Appointments outside the Affine group</p> <p>Institut de l'Epargne Immobilière et Foncière [Real Estate and Land Savings Institute] (IEIF), director. Fédération des Sociétés Immobilières et Foncières [Federation of Real Estate and Land Companies], director</p>
List of appointments and duties performed within an administrative or management entity over the past five years	<p>CONCERTO LOGISTIC PARK MER (SCI), representing Concerto Développement, manager (until 31 October 2012) SCI COSMO TOULOUSE, representing AffiParis, itself representing Holdimmo, manager (until 30 June 2012) SCI COSMO MARSEILLE, representing AffiParis, itself representing Holdimmo, manager (until 30 October 2012) SCI COSMO LILLE, representing AffiParis, itself representing Holdimmo, manager (until 30 June 2012) SCI DU BEFFROI, representing AffiParis, itself representing Holdimmo, manager (until 30 June 2012) GOUSSINVEST (SCI), representing AffiParis, itself representing Holdimmo, manager (until 30 June 2012) SCI NUMERO 2, representing AffiParis, manager (until 30 June 2012) SARL COSMO, representing AffiParis, itself representing Holdimmo, receiver (until 18 June 2012) AFFIPARIS (French limited-liability corporation, listed company), Chairperson chief executive officer (until 7 December 2012) SCI COSMO MONTPELLIER representing Affine R.E, itself representing HOLDIMMO, manager (until 29 November 2014) CONCERTO DEVELOPPEMENT (SAS), representing Affine R.E, Chairperson (until 19 December 2014) CONCERTO WISSOUS (SCI), representing Affine R.E, manager (until 24 December 2014) LOUVOIS (SAS), representing Affine R.E, chairman (until 30 December 2014) SC HOLDIMMO, representing Affine R.E., manager (until 29 June 2015) SCI NUMERO 1, representing Affine R.E., manager (until 29 June 2015) SCI 36, representing Affine R.E., manager, (until 29 June 2015) COUR DES CAPUCINES (SAS), representing Affine R.E., chairman (until 30 December 2015) CARDEV (SA), Belgium, representing Affine R. E., chairman of the board of directors (until 31 March 2016) BR Sun S.à.r.l (Luxembourg limited-liability corporation), manager (until 30 June 2016) SCI AULNES DEVELOPPEMENT, representing Promaffine, co-manager (until 22 November 2016)</p>
Attendance rate	Board of Directors: 100% – Investment Committee: 100%

MATTHIEU EVRARD 39 RUE WASHINGTON – 75008 PARIS	
Date of birth	02/03/1979
Nationality	French
Start date of appointment	27/04/2017
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Deputy Chief Executive Officer, since 1 January 2017
Number of company shares held directly	19,059 shares
Independence	Corporate officer
Member of committees	-
Principal duties performed outside the Company	-
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments</p> <p>AFFINE R.E. (SA, listed company), Deputy Chief Executive Officer BANIMMO (SA, listed company), Belgium, director CONFERINVEST (SA), Belgium, director LES 7 COLLINES (SAS), representing Affine R.E., chairman MEUDON HORIZON (SCI), representing Affine R.E., manager LILLE HORIZON (SCI), representing Affine R.E., manager TOULOUSE LES AMARANTES (SCI), representing Affine R.E., manager AFFINE SUD (SCI), representing Affine R.E., manager PARVIS LILLE (SCI), representing Atit, manager APM COURBEVOIE (SCI), representing Affine R.E., manager APM SURESNES (SCI), representing Affine R.E., manager ISSY WEIDEN (SCI), representing Affine R.E., manager LOUVOIS (SAS), member of the management committee LYON DAUPHINÉ (SAS), representing Affine R.E., chairman PARIS ENGHIEU (SAS), representing Affine R.E., chairperson MONTIGNY AMPERE (SAS), representing Affine R.E., chairman</p> <p>Appointments outside the Affine group</p> <p>SARL HISTOIRE DE DIRES, manager SCI FITIAVANA, manager</p>
List of appointments and duties performed within an administrative or management entity over the past five years	<p>GOLDEN TULIP MIDDLE EAST NORTH AFRICA SAS (SAS), member of the management committee GT MARSEILLE EUROMED (SARL), manager GOLDEN TULIP AFRIQUE FRANCOPHONE (SAS), member of the management committee HOTEL GRIL DE SAINTE-LUCE (SAS), chairman HOTEL GRIL DE CARCASSONNE-EST (SAS), chairman GOLDEN TULIP SOUTH EAST ASIA LIMITED (SA), Switzerland, director GOLDEN TULIP SOUTHERN ASIA LIMITED (SA), Switzerland, director GOLDEN TULIP WEST AFRICA LIMITED (SA), Switzerland, director GOLDEN TULIP HOSPITALITY MANAGEMENT MOROCCO SARL (SARL), Morocco, manager LOUVRE HOTELS GROUP MOROCCO (SARL), Morocco, manager GTWA HOSPITALITY MANAGEMENT (Company limited by shares), Nigeria, director GOLDEN TULIP HOSPITALITY MANAGEMENT (THAILAND) LIMITED (Limited Company), Thailand, director PT GOLDEN HOSPITALITY MANAGEMENT INDONESIA (Private Limited Company), Indonesia, commissioner PT LOUVRES HOTELS INDONESIA (SARL), Indonesia, director GOLDEN TULIP HOSPITALITY MANAGEMENT (SHANGAI) CO LTD (Limited Liability Company), China, director GOLDEN TULIP GREATER CHINA LIMITED (Private Company Limited by shares), China, director</p>
Attendance rate	Board of Directors: 83.33%

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES
AND GENERAL MANAGEMENT

BOARD OF DIRECTORS AND GENERAL MANAGEMENT

DELPHINE BENCHETRIT 76 AVENUE D'ÏÉNA – 75116 PARIS	
Date of birth	01/09/1968
Nationality	French
Start date of appointment	30/04/2014
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Board member
Number of company shares held directly	1 share
Independence	Independent Director
Member of committees	Appointments and Remuneration Committee
Principal duties performed outside the Company	Associate Director Finae Advisors
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group FINAE ADVISORS, associate director FONCIERE DES REGIONS, director (since 17 April 2015)</p>
List of appointments and duties performed within an administrative or management entity over the past five years	ZÜBLIN IMMOBILILIERE FRANCE, director (until 5 January 2015)
Attendance rate	Board of Directors: 90% – Appointments and Remuneration Committee 100%

14

ARNAUD DE BRESSON 28 PLACE DE LA BOURSE – 75002 PARIS	
Date of birth	24/08/1955
Nationality	French
Start date of appointment	05/02/2008
Date of end of term (General Shareholders' Meeting approving the financial statements)	2018
Principal duties performed within the Company	Board member
Number of company shares held directly	1 share
Independence	Independent Director
Member of committees	Audit Committee
Principal duties performed outside the Company	Managing director of Paris Europlace
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group PARISEUROPLACE, Deputy Chief Executive Officer</p> <p>Other duties NSTITUT EUROPLACE DE FINANCE (IEF), chief executive officer, FINANCE INNOVATION, Vice-Chairman of the Competitiveness Division COMITE FRANCE-CHINE [France-China Committee], director, INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN), member, REVUE D'ECONOMIE FINANCIERE [Financial Economics Review] (REF), member of the publishing committee, CONCERT D'ASTRÉE, chairman</p>
List of appointments and duties performed within an administrative or management entity over the past five years	No appointment within an administrative or management entity over the past five years other than those listed above
Attendance rate	Board of Directors: 70% – Audit Committee: 100%

STÉPHANE BUREAU 27 RUE DE LA VILLE L'ÉVÊQUE – 75008 PARIS	
Date of birth	13/06/1964
Nationality	French
Start date of appointment	05/03/2010
Date of end of term (General Shareholders' Meeting approving the financial statements)	2017
Principal duties performed within the Company	Board member
Number of company shares held directly	1 share
Independence	Independent Director
Member of committees	Audit Committee
Principal duties performed outside the Company	Chairman of HumaKey
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group HUMAKEY - Paris (Board - Real Assets Management and Valuation), chairman</p>
List of appointments and duties performed within an administrative or management entity over the past five years	CUSHMAN & WAKEFIELD - Paris (Board - Property & Asset Management), partner – chief executive officer, asset management (until 15 September 2015)
Attendance rate	Board of Directors: 80% – Audit Committee: 50%

JEAN-LOUIS CHARON – PERMANENT REPRESENTATIVE OF HOLDAFFINE BV 11 RUE DES PYRAMIDES – 75001 PARIS	
Date of birth	13/10/1957
Nationality	French
Start date of appointment	29/04/2009
Date of end of term (General Shareholders' Meeting approving the financial statements)	2017
Principal duties performed within the Company	Board member
Number of company shares held directly	24,513 shares
Independence	Major shareholders
Member of committees	Audit Committee (chairman) – Investment Committee
Principal duties performed outside the Company	Chairman of City Star
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), permanent representative of Holdaffine BV, director (the number of shares held by Holdaffine BV is mentioned in Section 18.1/18.3 of this registration document)</p> <p>Appointments outside the Affine group SOBK SAS, chairman, HORUS GESTION (SARL), manager SELECTIRENTE SA, vice chairperson of the supervisory board CITY STAR PROPERTY INVESTMENT SAS, chairman SCI LAVANDIERES, manager FONCIERE ATLAND SA, director FAKARAVA CAPITAL SAS, director INVESCOBO SAS, representative of Sobk, chairman INVESCO SO SAS, representative of Sobk, chairman NEW CONFIM 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 CITY STAR KRD Pte Ltd: director CITY STAR KRH Pte Ltd: director ELAIA Investment Spain SOCIMI S.A, director TIKEHAU CAPITAL SCA, member of the supervisory board, chair of the audit and risk committee</p>
List of appointments and duties performed within an administrative or management entity over the past five years	<p>POLYPIERRE SA: director GEC -THOMSON AIRBONE RADARS, director PAREF(SA), vice chairman of the supervisory board NEXITY (SA), member of the board, director CITY STAR AMENAGEMENT SAS, chairman CITY STAR CAPITAL SAS, chairman SCI 10 FOUR CHARON, manager MEDAVY Art et Antiquités SAS, chairman SEKMET EURL, manager, SCI JLC VICTOR HUGO, manager EUROSIC, director VALERY SAS, chairman</p>
Attendance rate	Board of Directors: 90% – Audit Committee: 100% – Investment Committee: 100%

JOËLLE CHAUVIN 4 SQUARE MONCEY – 75009 PARIS	
Date of birth	18/12/1946
Nationality	French
Start date of appointment	27/04/2012
Date of end of term (General Shareholders' Meeting approving the financial statements)	2018
Principal duties performed within the Company	Board member
Number of company shares held directly	1 share
Independence	Independent Director
Member of committees	Investment Committee (Chairwoman) – Appointments and Remuneration Committee
Principal duties performed outside the Company	CEO of OFI Pierre
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group SPIRIT, director ADVENIS, director</p> <p>Other duties Chairwoman, founder of the Cercle des Femmes de l'Immobilier [Circle of Women in Real Estate] Vice chairwoman of the Institut de l'Épargne Immobilière et Foncière (IEIF) Member of the Institut Français de l'Expertise Immobilières [French Institute of Real Estate Experts] (IFEI) Charter Surveyor, FRICS</p>
List of appointments and duties performed within an administrative or management entity over the past five years	<p>AVIVA INVESTORS REAL ESTATE France SA, chairwoman and chief executive officer AVIVA France, director of real estate AVIVA VIE, director UNION FINANCIERE DE FRANCE, director SWISS LIFE REIM, director</p>
Attendance rate	Board of Directors: 100% – Appointments and Remuneration Committee: 100% – Investment Committee: 100%

**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES
AND GENERAL MANAGEMENT**

BOARD OF DIRECTORS AND GENERAL MANAGEMENT

BERTRAND DE FEYDEAU 59 AVENUE KLÉBER – 75016 PARIS	
Date of birth	05/08/1948
Nationality	French
Start date of appointment	22/05/2001
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Board member
Number of company shares held directly	100 shares
Independence	Independent Director
Member of committees	Appointments and Remuneration Committee (Chairman) – Investment Committee
Principal duties performed outside the Company	Chairman of Foncière Développement Logements
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group 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</p> <p>Other duties Fondation des Bernardins, chairman Fondation Palladio, chairman Fédération des Sociétés Immobilières and Foncières (FSIF), director Club de l'Immobilier [Real Estate Club], director Fondation du Patrimoine [Property Foundation], vice chairman Vieilles Maisons Françaises [Old French Houses], vice chairman</p>
List of appointments and duties performed within an administrative or management entity over the past five years	KLEMURS (SA), director (until 2012) KLEPIERRE (SA), director
Attendance rate	Board of Directors: 90% – Appointments and Remuneration Committee: 100% – Investment Committee: 100%

CATHERINE WALLERAND – REPRESENTATIVE OF ATIT 39 RUE WASHINGTON – 75008 PARIS	
Date of birth	18/12/1968
Nationality	French
Start date of appointment	30/04/2014
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Group Legal Director
Number of company shares held directly	Atit: 1 share Ms Wallerand: 1 share
Independence	Salaried employee
Member of committees	-
Principal duties performed outside the Company	
List of appointments and duties performed within any company in fiscal year 2017	Affine group appointments AFFINE R.E. (SA), representing Atit, director
List of appointments and duties performed within an administrative or management entity over the past five years	No appointment within an administrative or management entity over the past five years other than those listed above
Attendance rate	Board of Directors: 100%

14.2 CONFLICTS OF INTEREST WITHIN THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES

14

Potential conflicts of interest between members of the Board of Directors and the General Management are mentioned in the Chairwoman's report on corporate governance as an appendix to this registration document.

15. COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS PAID IN 2016 TO MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND EXECUTIVE MANAGEMENT BODIES

This information is published in the form of tables in accordance with the recommendations issued by the AMF.

TABLE 1

Summary of compensation, options and shares granted to each executive corporate officer

This table only concerns executive corporate officers as defined by Article L 225-185 of the French Commercial Code, i.e. Chairman of the Board of Directors, Chief Executive Officer, Co-Chief Executive Officer.

	2016	2017
Maryse Aulagnon, Chairwoman of the Board of Directors		
Compensation payable in respect of the financial year (breakdown in table 2)	€271,897	€147,714
Valuation of multi-year variable compensation granted during the financial year	Not applicable	Not applicable
Valuation of options granted during the financial year (breakdown in table 4)	Not applicable	Not applicable
Valuation of bonus shares awarded (breakdown in table 6)	Not applicable	Not applicable
TOTAL	€271,897	€147,714

	2016	2017
Alain Chaussard, Chief Executive Officer		
Compensation payable in respect of the financial year (breakdown in table 2)	€404,983	€452,264
Valuation of multi-year variable compensation granted during the financial year	Not applicable	Not applicable
Valuation of options granted during the financial year (breakdown in table 4)	Not applicable	Not applicable
Valuation of performance shares granted during the financial year (breakdown in table 6)	Not applicable	€27,161
TOTAL	€404,983	€479,425

	2016	2017
Matthieu Evrard, Co-Chief Executive Officer		
Compensation payable in respect of the financial year (breakdown in table 2)	€	€355,318
Valuation of multi-year variable compensation granted during the financial year		Not applicable
Valuation of options granted during the financial year (breakdown in table 4)		Not applicable
Valuation of performance shares granted during the financial year (breakdown in table 6)		€21,729
TOTAL	€	€377,047

TABLE 2

Summary of compensation of each executive corporate officer

	2016		2017	
	AMOUNTS PAYABLE	AMOUNTS PAYABLE	AMOUNTS PAYABLE	AMOUNTS PAID
Maryse Aulagnon, Chairwoman of the Board of Directors				
Fixed compensation (paid by Mab-Finances)	€227,314	€227,314	€106,714	€106,714
Annual variable compensation (paid by Mab-Finances)	€30,000	€30,000	€30,000	€30,000
Multi-year variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable
Attendance fees	€14,000	€14,000	€11,000	€11,000
Benefits in kind	€583	€583	Not applicable	Not applicable
TOTAL	€271,897	€271,897	€147,714	€147,714
Alain Chaussard*, Chief Executive Officer				
Fixed compensation	€335,400	€335,400	€335,400	€335,400
Annual variable compensation**	€50,000	€50,000	€100,000	€100,000
Multi-year variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable
Attendance fees	€14,000	€14,000	€11,000	€11,000
Benefits in kind***	€5,583	€5,583	€5,864	€5,864
TOTAL	€404,983	€404,983	€452,264	€452,264
Matthieu Evrard****, Co-Chief Executive Officer				
Fixed compensation			€250,000	€250,000
Annual variable compensation**			€100,000	€100,000
Multi-year variable compensation			Not applicable	Not applicable
Exceptional compensation			Not applicable	Not applicable
Attendance fees			Not applicable	Not applicable
Benefits in kind***			€5,318	€5,318
TOTAL			€355,318	€355,318

* Mr Chaussard is awarded an allowance for termination of duties.

** The variable and exceptional compensation is valued according to criteria detailed in the report on corporate governance which is in the appendices. The variable and possibly exceptional compensation is conditioned by the approval of the Ordinary General Meeting.

*** Including a company car and meal vouchers.

**** Mr Evrard is Co-Chief Executive Officer since 1 January 2017 and Director of the Company since 27 April 2017.

Attendance fees are granted as compensation for participation in meetings of the Board of Directors and specialised committees (gross amount before social security contributions).

COMPENSATION AND BENEFITS

COMPENSATION AND BENEFITS PAID IN 2016 TO MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND EXECUTIVE MANAGEMENT BODIES

TABLE 3

Attendance fees and other compensation received by non-executive corporate officers

The individual amount of attendance fees is determined based on actual presence at meetings of the Board of Directors and specialised committees. The amount of directors' fees paid in 2017 is adjusted for Board and Committee meetings held in 2016. Amounts are shown before deduction of the employer's contribution and before withholding tax of 30% for non-residents.

	2016		2017	
	AMOUNTS PAYABLE	AMOUNTS PAYABLE	AMOUNTS PAYABLE	AMOUNTS PAID
Atit represented by Catherine Wallerand ⁽¹⁾				
Attendance 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				
Attendance fees	€10,444.44	€10,444.44	€12,000	€12,000
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	€10,444.44	€10,444.44	€12,000	€12,000
Arnaud de Bresson				
Attendance fees	€8,777.78	€8,777.78	€10,571.43	€10,571.43
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	€8,777.78	€8,777.78	€10,571.43	€10,571.43
Stéphane Bureau				
Attendance fees	€11,444.44	€11,444.44	€11,571.43	€11,571.43
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	€11,444.44	€11,444.44	€11,571.43	€11,571.43
Jean-Louis Charon				
Attendance fees	€16,000.00	€16,000.00	€13,285.71	€13,285.71
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	€16,000.00	€16,000.00	€13,285.71	€13,285.71
Joëlle Chauvin				
Attendance fees	€13,888.89	€13,888.89	€12,285.71	€12,285.71
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	€13,888.89	€13,888.89	€12,285.71	€12,285.71
Bertrand de Feydeau				
Attendance fees	€13,888.89	€13,888.89	€11,571.43	€11,571.43
Other compensation	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	€13,888.89	€13,888.89	€11,571.43	€11,571.43

(1) Director since 30 April 2014 - Ms Wallerand is an employee of Affine. Attendance fees are received by Atit, without transfer to the representative (the physical person who attends the meetings).

TABLE 4

Share subscription or purchase options granted during the financial year to each corporate officer by the issuer and by all companies of the Group

NAME OF CORPORATE OFFICER	NO. AND DATE OF PLAN	TYPE OF OPTIONS	VALUATION OF OPTIONS	NUMBER OF OPTIONS GRANTED DURING THE FINANCIAL YEAR	EXERCISE PRICE	EXERCISE PERIOD
Maryse Aulagnon – Chairwoman	Not applicable					
Alain Chaussard – Chief Executive Officer	Not applicable					
Matthieu Evrard – Co-Chief Executive Officer	Not applicable					

TABLE 5

Subscription or purchase options exercised during the financial year by each corporate officer

NAME OF EXECUTIVE CORPORATE OFFICER	NO. AND DATE OF PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE
Maryse Aulagnon – Chairwoman	Not applicable		
Alain Chaussard – Chief Executive Officer	Not applicable		
Matthieu Evrard – Co-Chief Executive Officer	Not applicable		

TABLE 6

Bonus shares awarded to corporate officers during the financial year

BONUS SHARES	DATE OF PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF SHARES	VESTING DATE ⁽¹⁾	AVAILABILITY DATE ⁽²⁾
Maryse Aulagnon – Chairwoman	Not applicable				
Alain Chaussard – Chief Executive Officer	27/04/2017	5,000	27,161	27/04/2019	27/04/2020
Matthieu Evrard – Co-Chief Executive Officer	27/04/2017	4,000	21,729	27/04/2019	27/04/2020

(1) Vesting date: date on which the shares are definitively acquired by the owner.

(2) Availability date: date on which the beneficiary may freely dispose of their shares, at the expiry of the one-year lock-in period.

TABLE 7

Granted bonus shares vested for each corporate officer during the financial year

BONUS SHARES VESTED FOR EACH CORPORATE OFFICER	NO. AND DATE OF PLAN	NUMBER OF SHARES VESTED DURING THE FINANCIAL YEAR	CONDITIONS D'ACQUISITION
Maryse Aulagnon – Chairwoman	Not applicable		
Alain Chaussard – Chief Executive Officer	27/04/2017		
Matthieu Evrard – Co-Chief Executive Officer	27/04/2017		

TABLE 8

History of share subscription or purchase options granted

INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS
Not applicable

TABLE 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE FIRST TEN NON-CORPORATE OFFICER BENEFICIARIES AND OPTIONS EXERCISED BY THEM	TOTAL NUMBER OF OPTIONS GRANTED/SHARES SUBSCRIBED OR PURCHASED
Not applicable	

COMPENSATION AND BENEFITS

AMOUNTS PROVISIONED FOR PENSIONS, RETIREMENT PLANS AND OTHER BENEFITS

TABLE 10

History of bonus shares granted

INFORMATION ON BONUS SHARES GRANTED				
	Plan 1	Plan 2	Plan 3	Plan 4
Meeting date	9 November 2005	9 November 2005	9 November 2005	28/04/2016 and 27/04/2017 (authorisation to extend bonus share grants to corporate officers)
Date of Board of Directors meeting	19 December 2005	18 December 2006	10 December 2007	9/03/2017 (grants to corporate officers, subject to authorisation by the GM)
Total number of bonus shares granted	25,200	26,100	25,350	11,050
Including the number allocated to:				
<i>Maryse Aulagnon</i>	Not applicable	Not applicable	Not applicable	Not applicable
<i>Alain Chaussard</i>	9,900	9,900	10,050	5,000
<i>Matthieu Evrard</i>				4,000
Acquisition date of the shares	19 December 2008	18 December 2009	10 December 2010	27/04/2019
Lock in period end date	19 December 2010	18 December 2011	10 December 2012	27/04/2020
Total number of shares purchased	23,100	23,100	16,950	0
Aggregated number of cancelled or void shares	2,100	3,000	8,400	0
Bonus shares granted remaining at financial year-end	0	0	0	18,950

A new bonus share allotment plan was launched in the first quarter of 2018.

TABLE 11

This table only concerns the Chairwoman of the Board of Directors, the Chief Executive Officer and the Co-Chief Executive Officer.

EXECUTIVE CORPORATE OFFICERS	EMPLOYMENT CONTRACTS	SUPPLEMENTARY PENSION PLAN	ALLOWANCE OR BENEFIT PAYABLE OR LIKELY TO BE PAYABLE DUE TO TERMINATION OR CHANGE OF DUTIES	ALLOWANCES RELATED TO A NON-COMPETITION CLAUSE
Maryse Aulagnon	Not applicable	Not applicable	Not applicable	Not applicable
Alain Chaussard	Not applicable	Contrat Generali also known as "Article 83" ⁽¹⁾	One year of total gross compensation if the net income in the individual financial statements of Affine is at least equal to 3% of equity; if this condition is not met, performance may be assessed on the basis of consolidated financial statements, excluding the effects of fair value measurements.	Not applicable
Matthieu Evrard	Not applicable	Contrat Generali also known as "Article 83" ⁽¹⁾	Compensation of €320,000 in case of forced termination of its mandate authorized by the GA from 27/04/2017 to 31/12/2017. Extension until 31/12/2018 submitted to the GA on 26/04/2018.	27/04/2020

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

15.2 AMOUNTS PROVISIONED FOR PENSIONS, RETIREMENT PLANS AND OTHER BENEFITS

Since 1 January 2013, Affine has been subject to the Convention collective nationale de l'Immobilier (French collective agreement for property) A severance package upon retirement is paid according to the terms and conditions provided in Article 34 of this agreement.

As a precautionary measure, pension commitments are provided for in the accounts of Affine based on the assumption of retirement at the age of 65 and amounted to €82,636.72 at 31 December 2017.

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

- discount rate: 1.15%,
- turnover rate: 11.79% before the age of 50 and 3% after that,
- salary revaluation factor: 0%,
- mortality table INSEE TD-TV 13-15.

16. FUNCTIONING OF THE ADMINISTRATIVE AND MANAGERIAL BODIES

16.1 TERM OF OFFICE EXPIRY DATE

This information is provided in Section 14.1 of this registration document.

16.2 CONTRACT BETWEEN THE MANAGEMENT HOLDING COMPANY AND THE ISSUER

On 30 April 2015, Affine signed a management agreement, as amended formally on 3 February 2017, for the definition of the Group's general policy, of its strategy and that of its subsidiaries, with the holding company MAB-Finances SAS. The signing of the

original agreement and its amendment were approved by the Board of Directors and ratified by the General Shareholders' Meeting.

The Company financial statements at 31 December 2017 record a total expense in this regard of €261,343 excluding VAT.

16.3 THE SPECIALISED COMMITTEES

The Board of Directors has created three specialised committees whose duties, as delegated by the Board, are to consider issues falling within their competence and to offer proposals or conclusions to the Board of Directors.

The committees are composed of 3 to 5 members of the Board of Directors and are appointed by it for the length of their term of office as Directors. The members of the committee must have the technical capacity to sit on the Committee concerned. The Chair of each committee is appointed by the Board and organises the committee's work. The Chair may invite any internal or external expert to enlighten its debates.

1) APPOINTMENTS AND REMUNERATION COMMITTEE:

The composition of this committee is as follows:

Bertrand de Feydeau, Chairman (*)

Delphine Benchetrit (*)

Joëlle Chauvin (*)

Maryse Aulagnon(**)

(*) independent director.

(**) appointed at the Board Meeting of 7 February 2018.

The scope of this Committee covers the compensation of corporate officers and the directors' fees package, as well as the Company's general compensation and incentivisation policy, including grants of bonus shares or performance shares.

Except for deliberations regarding compensation and other benefits for General Management, General Management may participate in the proceedings of the Remuneration Committee to explain the Company's overall compensation policy, in particular as regards managerial staff and how their performance is measured.

The Committee 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.

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.

It is also tasked with preparing an annual assessment of the work of the Board and submitting their report to the Board.

The Remuneration Committee meets before the last Board of Directors' meeting of the year or prior to the Board meeting convened to approve the annual financial statements or whenever decisions within its competence need to be submitted to the Board.

The Committee met once in 2017 (100% attendance rate).

2) INVESTMENT COMMITTEE:

The composition of this committee is as follows:

Joëlle Chauvin, Chairman (*)

Bertrand de Feydeau (*)

Jean-Louis Charon, representing Holdaffine

Maryse Aulagnon

Alain Chaussard, MAB-Finances representative

(*) independent director

The Chief Executive Officer is considered a permanent guest of the Committee. He may be assisted by the rapporteur of the project being reviewed by the Investment Committee.

The Investment Committee may be convened as soon as possible 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 Investment Committee is authorised for sale and purchase transactions from €5 million to €10 million per transaction; transactions between €5 million and €10 million can be decided by the Committee alone; the Board must be notified of all transactions approved by the Committee. The Committee also provides the Board with a recommendation on transactions in excess of this amount.

The Committee met twice during the 2017 financial year (100% attendance rate).

3) AUDIT COMMITTEE:

The members of this committee are:

Jean-Louis Charon (Chairman), Holdaffine representative

Arnaud de Bresson (*)

Stéphane Bureau (*)

MAB-Finances represented by Alain Chaussard**

(*) independent director

(**) appointed at the Board Meeting of 7 February 2018

For consultative purposes, the following may also attend committee meetings:

Maryse Aulagnon, as Chairwoman,
Matthieu Evrard, as Co-Chief Executive Officer (**)

The Company's statutory auditors are generally invited to meetings and always attend meetings to review the annual and half-year financial statements.

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 meet in the case of an event or specific regulation with a significant impact on its area of expertise.

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

- accounting methods used and in particular amendments to methods compared to those used for previous financial statements,
- the process for closing the financial statements,
- 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 composition of this Committee will change as Mr Bureau does not wish to have his directorship at Affine renewed.

The new tasks of the committee, as a result of the audit reform, are presented in the reports provided in the appendices to this document.

The Audit Committee met twice during the 2017 financial year (83.33% attendance rate).

16.4 CORPORATE GOVERNANCE

In terms of corporate governance, the Company has opted to adopt the Middenext Code from 2009. On 7 February 2018, the Board of Directors adopted the 2016 version of the Code.

The organisation of the Company, its Board of Directors and its work fully comply with the recommendations of this Code.

The Company, anxious to supplement the rules on the organisation and operation of its Board of Directors and the associated Specialised Committees, and to specify the limitations to the power granted to the Executive Management, has put in place internal regulations updated at the Board of Directors meeting of 7 February 2018.

The Company is particularly aware of the issue of gender balance on the Board. The General Shareholders' Meeting of 27 April 2017 renewed the terms of office of Delphine Benchetrit and of Atit represented by Catherine Wallerand, as directors; the proportion of women on the Board of Directors has been 44% since 2014, the date on which they were first appointed and 40% since the appointment of Matthieu Evrard.

Significant extracts from the internal regulations appear in the report on internal control and in Section 16.3 regarding the committees.

17. EMPLOYEES

17.1 STAFF AND EMPLOYMENT POLICY

Information regarding staff and the employment policy appear in Section 26 of the CSR Report of this registration document.

17.2 BONUS SHARES

The bonus share award scheme set up in 2005 came to an end in 2011. A new bonus share award scheme was authorised by the General Shareholder's Meeting of 28 April 2016, amended by the General Shareholders' Meeting of 28 April 2017, and launched in 2017 awarding bonus shares to certain employees and corporate officers of the Company.

17.3 AGREEMENT PROVIDING FOR EMPLOYEE SHAREHOLDING IN THE CAPITAL OF THE ISSUER

There is no agreement providing for employee shareholding in the capital of the issuer.

At 31 December 2017, no employees of the Affine group had holdings in the Company's share capital through a mutual fund or company savings plan (Article L225-102 of the French Commercial Code).

18. MAJOR SHAREHOLDERS

18.1 MAJOR SHAREHOLDERS

The shareholding history is presented in section 21.1.7 of this registration document.

The Company received notification in 2017 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):

- 26 April 2017: Opupelus Holding (Orexim) (its consortium) exceeds the 10% threshold of capital and 15% of voting rights of Affine;
- 28 April 2017: Forum European Realty Income falls below the 5% threshold of capital and voting rights of Affine;
- 2 June 2017: Opupelus Holding (Orexim) (its consortium) exceeds the 20% threshold of capital of Affine;

- 17 November 2017: Opupelus Holding (Orexim) (its consortium) falls below the 5%, 10% and 15% thresholds of capital and 20% of voting rights of Affine;
- 17 November 2017: the mutual insurance companies SMABTP and SMAvie BTP (their consortium) exceeds the 20% and 15% thresholds of capital and 10% and 5% thresholds of capital and voting rights of Affine.

The theoretical voting rights calculated based on all shares to which voting rights are attached amounted to 14,062,912.

The net voting rights, exercisable in General Shareholders' Meetings, calculated based on all shares to which voting rights are attached amounted to 14,037,874 at 31 December 2017.

OUTLINE OF THE EQUITY STRUCTURE

SHAREHOLDING	SHARES	% CAPITAL	THEORETICAL VOTING RIGHTS	% OF THEORETICAL VOTING RIGHTS	VOTING RIGHTS EXERCISABLE AT GENERAL SHAREHOLDERS' MEETING	% OF VOTING RIGHTS EXERCISABLE AT GENERAL SHAREHOLDERS' MEETING
Holdaffine	3,189,945	31.7%	6,379,890	45.4%	6,379,890	45.4%
Concert SMABTP*	2,111,641	21.0%	2,111,641	15.0%	2,111,641	15.0%
La Tricogne	602,500	6.0%	1,202,500	8.6%	1,202,500	8.6%
Treasury shares	25,038	0.2%	25,038	0.2%	0	0.0%
Other shareholders	4,126,947	41.0%	4,343,843	30.9%	4,343,843	30.9%
Total	10,056,071	100.0%	14,062,912	100.0%	14,037,874	100.0%

* The consortium Concert SMABTP is composed of the mutual insurance companies SMABTP and SMAvie BTP.

18.2 BREAKDOWN OF VOTING RIGHTS

Shares are registered or bearer shares, according to the shareholder's choice, except in cases where registered form is stipulated by current legislation. A double voting right has been granted since 2000 by Article 29 of the Articles of Association to any fully paid-up shares for which a nominative registration has been justified for

at least two years in the name of the same shareholder and to any registered bonus shares awarded to a shareholder in the case of a capital increase through capitalisation of reserves, profits or issue premiums, due to old shares with this right attached.

18.3 CONTROL OF THE GROUP

At 31 December 2017, Holdaffine held 31.7% of the share capital and controlled 45.4% of the voting rights of Affine; in turn, it is controlled by MAB-Finances with 82.4% of the capital and voting rights. The shareholder with ultimate control is Maryse Aulagnon with 51.0% of the capital of MAB-Finances and 81.0% of the voting rights.

On 31 December 2017, 50% of the Company's Board of Directors were independent directors.

18.4 AGREEMENTS LIKELY TO BRING ABOUT A CHANGE IN CONTROL

There are no agreements likely to bring about a change in control.

18.5 INFORMATION REGARDING TRANSACTIONS PERFORMED ON COMPANY SHARES BY EXECUTIVES, SIMILAR INDIVIDUALS AND THEIR RELATIVES (ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

During the financial year ended 31 December 2017, the Company did not receive any declarations regarding transactions performed on Affine shares by executives, similar individuals and their relatives,

in accordance with Article L. 621-18-2 of the French Monetary and Financial Code.

18.6 ECKERT LAW (LAW NO. 2014-617 OF 13 JUNE 2014)

The Law of 13 June 2014, known as the "Eckert law", regarding inactive bank accounts and unclaimed life insurance contracts, came into force on 1 January 2016.

This law is intended to improve the effectiveness of searches for beneficiaries of inactive bank accounts and to increase protection for investors.

To this end, it requires account holders, including issuers for registered securities, to identify inactive accounts, due to death or mere inactivity of the holder.

The obligations of issuers subject to the Eckert law are as follows:

- 1) Obligations to search for deceased holders,
- 2) Obligation to inform inactive holders,
- 3) Obligations to transfer funds to the Caisse des Dépôts et Consignations (French Deposits and Consignments Fund) or the French state,
- 4) Obligations to store information for the thirty-year period,
- 5) Reporting obligations.

As manager of Affine's trading account, Société Générale supports the Company in meeting its obligations under the Eckert law.

At the end of 2017, there were three inactive accounts open in the books for a total amount of €5,445.

As it stands, there are no accounts for which the assets have been placed in the Caisse de Dépôts et Consignations.

19. OPERATIONS WITH RELATED PARTIES

The Company Affine R.E. is the parent company of the Group which is made up of subsidiaries, the list of which appears in Section 20.1 and engages in its own economic activity, separate from that of its subsidiaries.

Reference is made to operations with related parties and more specifically information regarding transactions with associated parties in Section 20.1.5.9. of this registration document

20. FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL SITUATION AND EARNINGS OF THE ISSUER

The off-balance-sheet commitments of the Company appear in the notes to the financial statements in Section 20.1.5.7.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2017

To the General Meeting of Affine R.E. shareholders,

OPINION

Pursuant to the assignment given us by your general shareholders' meetings, we have carried out an audit of the consolidated financial statements of Affine R.E. S.A. for the financial year ended 31 December 2017, which are attached to this report.

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.

Our opinion as stated above is consistent with our report to the Audit Committee.

BASIS OF OPINION

Audit principles

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

Our responsibilities under these standards are indicated in the section "Responsibilities of Statutory Auditors in an audit of consolidated financial statements" of this report.

Independence

We performed our audit in accordance with the independence requirements applicable to us, covering the period from 1 January 2017 to the publication date of our report, and we have, in particular, not rendered any services prohibited by Article 5-1 of Regulation (EU) No. 537/2014 or by the French Code of Ethics for Statutory Auditors.

BASIS OF ASSESSMENT – KEY AUDIT POINTS

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code governing the basis of assessment, we draw your attention to the following key audit points regarding the risk of material errors or misstatements that, in our professional judgment, were the most important for our audit of the consolidated financial statements for the period in review, as well as our responses to those risks.

These assessments were performed as part of our audit of the consolidated financial statements, taken as a whole, and in the formation of our opinion as expressed in the first part of this report. We have no opinion to express on any items of these consolidated financial statements considered in isolation.

ASSESSMENT OF THE FAIR VALUE OF PROPERTY HELD FOR INVESTMENT AND PROPERTY HELD FOR SALE

Identified risks

As at 31 December 2017, the carrying value of the Group's investment properties (including properties held for sale) was €579 million.

As indicated in Notes 5.1.7.1 and 5.1.7.4 of the Notes to the consolidated financial statements, investment properties are recognised at fair value in accordance with IAS 40, and changes in fair value are recognised in the profit and loss statement for the period. Fair value is measured excluding transfer duties at each period end, by independent appraisers.

Such measurements are based on Level 3 non-observable data as defined by IFRS 13 "Fair Value Measurement" and therefore rely on estimates by management and property appraisers. In assessing investment property, independent appraisers take into consideration a range of factors such as the type of asset, its location, rental income, rate of return, investment expenditure, and comparable market transactions.

We have taken into consideration that the valuation of investment property is a key point of the audit due to its large size in the Group's financial statements and its sensitivity to the assumptions adopted.

Audit procedures to assess identified risks

We obtained reasonable assurance of the conformity of the accounting standards applied by the Group and the pertinence of the information presented in the financial statements.

Our audit included the following work:

- Assessing the competence, independence and integrity of the property appraisers.
- Examining material changes in the fair value of each investment property.
- Reviewing the consistency of the main valuation assumptions adopted by the independent appraisers, particularly regarding rates of return and market rental values in comparison with market data where available.
- Reconciling the data used by the independent appraisers with the data presented in probative documents such as rent statements and investment expenditure budgets.
- Interviewing the independent appraisers to understand and assess the appropriateness of their estimates, assumptions and valuation methodology applied.
- Checking that the carrying value adopted by management corresponded to the fair value in independent appraisals and reviewing any discrepancies and their justifications in the Notes to the consolidated financial statements.
- Reviewing the appropriateness of the information in the Notes to the consolidated financial statements.

DISCONTINUED ACTIVITIES: BANIMMO

Identified risks

As indicated in Note 5.1.2 "Comparability of Accounts" in the Notes to the consolidated financial statements, as from 1 October 2017 Banimmo was fully consolidated following the expiry of the shareholders' agreement tying Affine to another shareholder. At the same time, reflecting its desire to disengage from its subsidiary Banimmo, Affine reclassified it as IFRS 5 "Discontinued Operations".

Consequently, in the consolidated financial statements, Banimmo is consolidated under the equity method until 30 September 2017, and treated as a "discontinued operation" within the meaning of IFRS 5 from 1 October 2017. Thus, in the Income Statement, Banimmo earnings from 1 January to 30 September 2017 are recognised in the line "earnings attributable to equity associates", and fourth-quarter earnings and the share price adjustment are recognised in the line "earnings from discontinued activities after tax".

The risks relating to "discontinued operations" are disclosed in Note 5.1.5 and the corresponding accounting items are explained in Note 18 of the Notes to the consolidated financial statements.

We took into consideration that the valuation of the Banimmo securities held by Affine as well as the balance sheet item "Discontinued activities" constitute a key point of the audit due to the large size of these items and their sensitivity to the assumptions adopted.

Audit procedures to assess identified risks

We obtained reasonable assurance of the conformity of the accounting standards applied by the Group and the pertinence of the information presented in the financial statements by doing the following work:

- Checking the proper application of the change of method for consolidating Banimmo and the accounting treatment as "discontinued operations" within the meaning of IFRS principles;
- Checking the impact resulting from the "share of net earnings from equity associates" as well as the calculation of the adjustment in share price value in "earnings from discontinued activities after tax".

We also noted and performed a critical analysis of the work done by Banimmo's statutory auditor, to obtain reasonable assurance of the accuracy of the estimated values of investment properties and inventories, and of the reasonableness of the going concern assumption explained in Note 5.1.5.

We reviewed the appropriateness of the disclosures in the Notes to the consolidated financial statements.

CHECKING THE INFORMATION ABOUT THE GROUP PROVIDED IN THE MANAGEMENT REPORT

We also performed the legally required specific checks of information about the group in accordance with the audit standards applicable in France, provided in the Board of Directors' management report.

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

DISCLOSURES REQUIRED BY OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of Statutory Auditors

We were appointed Statutory Auditors of the financial statements of Affine R.E. by the General Shareholders' Meeting of 26 April 2007 for the firm KPMG, and the Meeting of 29 May 1991 for the firm Cailliau Dedouit et Associés.

On 31 December 2017, KPMG was in its 11th consecutive year as appointed auditors, and Cailliau Dedouit et Associés in its 27th consecutive year.

RESPONSIBILITIES OF MANAGEMENT AND PERSONS COMPRISING GOVERNANCE BODIES IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS

It is management's responsibility to prepare consolidated financial statements that present a fair and true picture in accordance with IFRS principles as adopted by the European Union and to put in place the internal controls that it considers necessary for the preparation of consolidated financial statements free from material omissions and misstatements due to fraud or error.

When preparing consolidated financial statements, it is the duty of management to assess the company's ability to continue operations, to present in those financial statements all necessary information relating to its business continuity, and to apply the going concern principle of accounting, unless the intention is to liquidate the company or cease trading.

It is the duty of the Audit Committee to monitor the process for preparing the financial information and to monitor the effectiveness of the internal control and risk management systems, and, in the case of an internal audit, to monitor the procedures for preparing and processing financial and accounting information.

The consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF STATUTORY AUDITORS IN AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole are free of material errors, omissions or misstatements. Reasonable assurance means a high degree of assurance, without, however, guaranteeing that an audit carried out in accordance with professional standards can always detect such material anomalies. Material anomalies may result from fraud or error and are considered to be material when they can, separately or in combination, reasonably be expected to influence persons making economic decisions based on those financial statements.

As stated in Article L.823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your company's management.

In carrying out an audit in accordance with French applicable professional standards, the Statutory Auditors exercise their professional judgment throughout the audit. Additionally, they:

- identify and assess the risks that the consolidated financial statements may contain material anomalies due to fraud or error, define and implement audit procedures to mitigate such risks, and collect the information they consider sufficient and appropriate on which to base their opinion. The risk of failure to identify a material anomaly due to fraud is greater than that of a material anomaly resulting from error, as fraud may involve collusion, falsification, deliberate omissions, false statements, or circumvention of internal control;
- review the internal controls relating to the audit in order to define the appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of such internal controls;
- assess the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimations made by management, as well as the information regarding them provided in the consolidated financial statements;
- assess the appropriateness of management's application of the going concern principle of accounting, and, based on the information collected, the degree of uncertainty regarding events or circumstances that may adversely impact the company's ability to continue operations. This assessment is based on the information collected as of the date of their report, it being understood that subsequent circumstances or events may adversely impact business continuity. If they conclude that significant uncertainty exists, they draw the attention of the readers of their report to the information disclosed in the consolidated financial statements relating to that uncertainty or, if that information is not disclosed or is not pertinent, they formulate a certification with reservations or refuse to certify the financial statements;
- assess the overall presentation of the consolidated financial statements and whether they reflect the underlying operations and events in a way that provides a fair and true picture;

- with respect to the financial information relating to persons or entities included in the consolidation scope, they collect the information they consider adequate and appropriate to express an opinion on the consolidated financial statements. They are responsible for conducting, supervising and preparing the audit of the consolidated financial statements as well as for the opinion expressed regarding those statements.

Report to the Audit Committee

We submit a report to the Audit Committee, which explains the scope of the audit and the procedures followed, as well as the conclusions resulting from our work. We also bring to its attention any significant weaknesses in internal control that we identified during our audit, regarding the preparation and processing of the financial and accounting information.

The information communicated in the report to the Audit Committee also includes the risk of material anomalies that we consider to have been the greatest risks for the audit of the consolidated financial statements for the period in review and are therefore key points of the audit, which it is our responsibility to describe in this present report.

We also submit to the Audit Committee the statement, specified in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France such as those in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. If necessary, we meet with the Audit Committee to discuss any risks impacting our independence and the safeguards applied to mitigate them.

The Statutory Auditors

Paris La Défense, 3 April 2018

KPMG Audit

A division of KPMG S.A.

Isabelle Goalec
Partner

Paris, 3 April 2018

Cailliau Dedouit et Associés

Laurent Brun
Partner

20.1 CONSOLIDATED FINANCIAL STATEMENTS

20.1.1	STATEMENT OF CONSOLIDATED FINANCIAL POSITION (BALANCE SHEET)	63
20.1.1.1	Assets	63
20.1.1.2	Liabilities	64
20.1.2	STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME	65
20.1.2.1	Consolidated profit and loss statement	65
20.1.2.2	Statement of comprehensive income	66
20.1.3	STATEMENT OF CHANGES IN EQUITY	67
20.1.4	STATEMENT OF CONSOLIDATED CASH FLOWS	68
20.1.5	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	69
20.1.5.1	Accounting principles and policies	69
20.1.5.1.1	Accounting basis and presentation of the financial statements	69
20.1.5.1.2	Comparability of the financial statements	69
20.1.5.1.3	Consolidation scope and policy	69
20.1.5.1.4	Business combinations and acquisition of individual assets	70
20.1.5.1.5	Use of estimates and assumptions	70
20.1.5.1.6	Leases	71
20.1.5.1.7	Measurement policy for major items	71
20.1.5.2	Segment reporting	77
20.1.5.3	Consolidation scope	79
20.1.5.4	Notes and comments	80
20.1.5.4.1	Notes to the statement of financial position	80
20.1.5.4.2	Notes to the individual income statement	95
20.1.5.5	Management of financial risk	101
20.1.5.5.1	Fair value of financial assets and liabilities	101
20.1.5.5.2	Nature and scope of risks related to financial instruments	101
20.1.5.6	Management of financial risk	102
20.1.5.7	Commitments and guarantees	102
20.1.5.7.1	Financing commitments and guarantees given	102
20.1.5.7.2	Commitments and guarantees received	103
20.1.5.8	Employee benefits and compensation	104
20.1.5.8.1	Employees	104
20.1.5.8.2	Individual training right	104
20.1.5.8.3	Pensions and other post-employment benefits	104
20.1.5.8.4	Bonus shares	104
20.1.5.9	Related party disclosures	105
20.1.5.9.1	Executive compensation	105
20.1.5.9.2	Affine transactions with affiliated companies	105
20.1.5.10	Fees of Statutory Auditors and members of their networks	106
20.1.5.11	Post-reporting period events	106

20.1.1 Statement of consolidated financial position (balance sheet)

20.1.1.1 Assets

(€000')	NOTE	31/12/2017	31/12/2016	31/12/2015
Non-current assets				
Property, plant and equipment		345	393	400
Investment properties	1	540,470	469,810	456,396
Intangible assets		105	463	1,408
Financial assets	3	7,227	11,520	11,889
Finance leases and related receivables		3,163	7,563	9,016
Assets available for sale	4	843	15	21
Derivatives stated at fair value		1,607	1,442	214
Deposits and sureties paid		1,613	2,499	2,638
Loans		-	-	-
Deferred tax assets	10	968	960	1,393
Shares and investments in associates (equity method)	9	1,902	31,551	38,831
Total non-current assets		551,018	514,697	510,318
Current assets				
Assets held for sale	1 & 4	38,578	49,228	58,457
Discontinued business sectors	18	180,100	-	-
Finance lease loans and receivables		3,666	2,004	3,002
Inventory	8	3,792	3,702	5,844
Trade and other accounts receivable	7	7,759	12,077	12,527
Receivables for investment properties		7,740	12,000	12,467
Receivables related to property development		20	78	60
Current tax assets		930	66	596
Other receivables	5	41,887	23,510	26,168
Tax and social security receivables		3,333	888	3,118
Other receivables and adjustment accounts		38,555	22,622	23,050
Cash and cash equivalents	3 & 11	7,716	4,875	6,698
Cash equivalents		242	360	796
Cash on hand		7,474	4,515	5,902
Total current assets		284,428	95,463	113,291
TOTAL ASSETS		835,447	610,160	623,609

20.1.1.2 Liabilities

(€000')	NOTES	31/12/2017	31/12/2016	31/12/2015
Equity				
Equity (Group share)		282,071	285,036	291,728
Capital and related amounts		76,238	110,733	110,861
<i>Share capital</i>	12	25,000	59,500	59,500
<i>Premiums</i>		51,629	51,629	51,629
<i>Treasury shares</i>		(391)	(395)	(268)
Consolidated reserves		196,739	168,846	180,428
Unrealised gains or losses on assets available for sale		-	-	-
Net profit		9,093	5,456	440
Non-controlling interests		27,225	-	-
Consolidated reserves		29,155	-	-
Net profit		(1,930)	-	-
Total equity		309,296	285,036	291,728
Non-current liabilities				
Long-term borrowings	2	290,833	218,167	216,153
Financial liabilities	3	1,742	3,130	4,381
Derivatives stated at fair value		1,733	3,107	4,295
Other financial liabilities		9	23	86
Provisions	13	922	2,081	4,476
Deposits and security payments received		5,519	4,863	5,267
Deferred tax liabilities	10	1,430	65	-
Non-current tax liabilities		-	-	-
Total non-current liabilities		300,445	228,306	230,277
Current liabilities				
Debts linked to assets held for sale	4 & 2	18,878	33,526	30,562
Debts linked to discontinued operations	18	134,376	-	-
Amounts owed to shareholders		-	3,190	-
Trade accounts payable and other debts	6	37,704	21,719	22,340
Trade accounts payable and related accounts		11,169	4,298	3,892
Other debts		18,916	11,409	13,214
Adjustment accounts		6,775	4,969	4,580
Deferred income		843	1,043	655
Borrowings and financial debt	3 & 2	31,499	35,533	45,823
Current tax liabilities		54	184	-
Tax and social charges		3,194	2,666	2,880
Total current liabilities		225,706	96,817	101,605
TOTAL LIABILITIES AND EQUITY		835,447	610,160	623,609

20.1.2 Statement of consolidated comprehensive income

20.1.2.1 Consolidated profit and loss statement

(€000')	NOTES	31/12/2017	31/12/2016	31/12/2015
Gross rental income		33,793	34,662	39,029
Service charge income/(expenses)		(4,117)	(5,434)	(4,033)
Other property income /(expenses)		(100)	215	(561)
Net property income	14	29,576	29,443	34,435
Income from finance leases		849	31	1,284
Expenses on finance leases		(28)	(21)	(30)
Income from finance leases	15	821	10	1,255
Income from real estate transactions		197	(354)	119
Expenses on real estate transactions		(51)	585	(76)
Income from property development transactions	15	146	231	43
Income from other activities		113	90	28
Expenses on other activities		(346)	(219)	(62)
Earnings from other activities		(233)	(128)	(34)
Other purchases and external expenses		(3,617)	(3,470)	(3,464)
Taxes and related expenses		(455)	(305)	(316)
Personnel costs		(4,727)	(4,783)	(4,084)
Corporate expenses		(8,799)	(8,558)	(7,865)
Current EBITDA*		21,511	20,997	27,833
Amortisation and impairment losses		(329)	(1,117)	(609)
Current operating profit		21,182	19,880	27,224
Charges net of provisions		613	(122)	(378)
Net other income and expenses		166	183	(126)
Profit/(loss) on property disposals		1,913	73	(7,507)
Option exercised on finance lease properties		-	-	278
Profit/(loss) on disposals of operating assets		-	(95)	(12)
Profit / (loss) on disposal of assets		1,913	(22)	(7,241)
Operating income before fair value adjustment		23,874	19,919	19,479
Upward adjustment of value of investment properties		14,054	18,929	28,946
Downward adjustment of value of investment properties		(13,746)	(19,502)	(25,193)
Balance net of value adjustments		308	(573)	3,753
Net operating profit		24,182	19,346	23,232
Revenue from cash and cash equivalents		283	435	527
Gross cost of financial debt		(7,200)	(7,400)	(9,632)
Net cost of financial debt	16	(6,916)	(6,965)	(9,105)
Other financial income and expenses		826	(331)	(524)
Fair value adjustment of hedging instruments		832	1,099	2,062
Income before tax		18,924	13,149	15,665
Tax on recurring income	17	374	(712)	550
Deferred taxes	17	(39)	(573)	(93)
Exit tax	17	-	-	-
Share of net income of companies consolidated under the equity method	18	(81)	(6,408)	(15,682)
Net income (loss) after tax from discontinued operations	18	(12,015)	-	-
Net income		7,164	5,456	440
Non-controlling interests		(1,930)	-	-
NET INCOME (LOSS) – GROUP SHARE		9,093	5,456	440
Earnings per share (€)	19	0.91	0.54	0.05
Diluted earnings per share (€)	19	0.89	0.53	0.04
Diluted earnings per share restated to reflect subordinated loan notes (PSL) (€)	19	0.66	0.33	(0.24)
Diluted earnings per share restated to reflect subordinated loan notes (PSL) (€)	19	0.67	0.34	(0.17)

* Current EBITDA is calculated with the items appearing above this group. It should be noted that it includes:
- allocations and reversals of doubtful receivables (net reversal of €860 K);
- allocations and reversals in inventories (net charge of €102 K).

20.1.2.2 Statement of comprehensive income

(€000')	31/12/2017	31/12/2016	31/12/2015
Net profit	7,164	5,456	440
Currency translation adjustments	-	-	-
Changes in fair value of financial assets available for sale	306	23	(183)
Share of changes in fair value of financial assets available for sale transferred to the 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 the 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 for companies consolidated under the equity method	-	-	-
Income tax	-	-	62
Total items of other comprehensive income	306	23	(121)
NET CONSOLIDATED PROFIT - TOTAL FOR THE PERIOD	7,470	5,480	319
Of which Group share	9,245	5,480	319
Of which non-controlling interests	(1,775)	-	-

20.1.3 STATEMENT OF CHANGES IN EQUITY

(€000')	CAPITAL AND RELATED RESERVES				TOTAL GAINS AND LOSSES TAKEN DIRECTLY TO EQUITY	NET PROFIT - GROUP SHARE	EQUITY - GROUP SHARE	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL CONSOLIDATED EQUITY
	SHARE CAPITAL	PREMIUMS RELATED TO SHARE CAPITAL	TREASURY STOCK	CONSOLIDATED RESERVES					
Equity as at 31/12/2015	59,500	129,001	(268)	103,056	-	440	291,728	-	291,728
Capital increase	-	-	-	-	-	-	-	-	-
Cancellation of treasury stock	-	-	-	-	-	-	-	-	-
Elimination of treasury stock	-	-	(127)	(6)	-	-	(133)	-	(133)
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	(34)	-	(2,104)	-	-	(2,138)	-	(2,138)
Share-based payment transactions	-	-	-	9	-	-	9	-	9
Appropriation of 2015 earnings	-	-	-	440	-	(440)	-	-	-
Bonus shares	-	(77,338)	-	77,338	-	-	-	-	-
Distribution of dividends	-	-	-	(10,056)	-	-	(10,056)	-	(10,056)
Dividends on treasury stock	-	-	-	17	-	-	17	-	17
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	-	(77,371)	(127)	65,637	-	(440)	(12,302)	-	(12,302)
Changes in gains and losses recognised directly in equity	-	-	-	23	-	-	23	-	23
2016 income	-	-	-	-	-	5,456	5,456	-	5,456
Subtotal	-	-	-	23	-	5,456	5,480	-	5,480
Effect of acquisitions and disposals on non-controlling interests	-	-	-	(137)	-	-	(137)	-	(137)
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	267	-	-	267	-	267
Equity as at 31/12/2016	59,500	51,630	(395)	168,846	-	5,456	285,036	-	285,036
Capital increase	(34,500)	-	-	34,500	-	-	-	-	-
Cancellation of treasury stock	-	-	-	-	-	-	-	-	-
Elimination of treasury stock	-	-	5	22	-	-	27	-	27
Preference share issue	-	-	-	-	-	-	-	-	-
Equity component of hybrid instruments	-	-	-	(2,208)	-	-	(2,208)	-	(2,208)
Share-based payment transactions	-	-	-	-	-	-	-	-	-
Appropriation of 2016 earnings	-	-	-	5,456	-	(5,456)	-	-	-
Hybrid instruments	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(10,056)	-	-	(10,056)	-	(10,056)
Dividends on treasury stock	-	-	-	27	-	-	27	-	27
Preference dividends	-	-	-	-	-	-	-	-	-
Subtotal of shareholder-related movements	(34,500)	-	5	27,742	-	(5,456)	(12,210)	-	(12,210)
Changes in gains and losses recognised directly in equity	-	-	-	152	-	-	151	155	306
2017 income	-	-	-	-	-	9,093	9,093	(1,930)	7,164
Subtotal	-	-	-	152	-	9,093	9,245	(1,775)	7,470
Effect of acquisitions and disposals on non-controlling interests	-	-	-	-	-	-	-	29,000	29,000
Changes in accounting methods	-	-	-	-	-	-	-	-	-
Share of changes in equity of companies accounted for under the equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
EQUITY AS AT 31/12/2017	25,000	51,630	(391)	196,739	-	9,093	282,071	27,225	309,296

20.1.4 STATEMENT OF CONSOLIDATED CASH FLOWS

(€000*)	NOTES	31/12/2017	31/12/2016	31/12/2015
I – TRANSACTIONS RELATED TO OPERATING ACTIVITIES				
Consolidated net income (loss) (including non-controlling interests)		7,164	5,456	440
Depreciation, amortisation and provisions, net		1,325	2,138	2,405
Unrealised gains and losses from changes in fair value	Note 1	(308)	573	(3,753)
Other calculated income and expenses (including discounting)		5,726	(1,690)	(1,308)
Capital gains or losses on disposals of assets		(2,690)	1,464	8,460
- net carrying value of non-current assets sold		25,778	19,980	110,051
- income from disposals of non-current assets		(28,468)	(18,516)	(101,591)
Dilution profits and losses		-	-	-
Share in profits of companies accounted for under the equity method	Note 9	81	6,408	15,682
Dividends and returns from income of non-consolidated subsidiaries		-	(2)	(15)
Earnings from discontinued operations		3,822	-	-
Funds from operations (FFO) after net borrowing costs and tax		15,118	14,348	21,911
Net cost of financial debt		5,774	6,559	8,626
Tax expense (including deferred taxes)		(335)	1,334	(457)
FFO before net cost of debt and tax		20,557	22,241	30,081
Taxes paid		(669)	(7)	(580)
Change in WCR linked to property development (Inventories, trade receivables and other related accounts payable)		(192)	328	1,067
Change in trade receivables and other accounts		(8,327)	1,053	754
Change in trade and other payables		6,889	(2,798)	(3,263)
Other changes in working capital requirement related to operating activities		1,580	1,584	(1,730)
Impact from discontinued operations		385	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		20,224	22,400	26,330
II – INVESTMENT TRANSACTIONS				
Finance leases		-	-	1,345
- Cash paid for acquisitions		-	-	-
- Cash received on disposals		-	-	1,345
Investment properties		(34,903)	(3,860)	49,807
- Cash paid for acquisitions	(1)	(72,657)	(22,106)	(42,888)
- Cash received on disposals	(2)	37,754	18,246	92,694
Cash paid for acquisitions of intangible assets and property, plant and equipment		(31)	(330)	(264)
Cash received on disposals of intangible assets and property, plant and equipment		-	27	3
Investment subsidies received		-	-	-
Cash paid for acquisitions of financial assets		-	-	(2)
Cash received on disposals of financial assets		-	-	-
Consolidated securities		(156)	(202)	23
- Cash paid for acquisitions		(200)	(205)	-
- Cash received on disposals		-	4	2
- Impact of changes in consolidation		44	(1)	22
Dividends received (companies consolidated under the equity method, non-consolidated shares)		-	2,199	-
Change in loans and advances made		(9,981)	-	(71)
Other cash flows related to investing activities		(1,918)	-	-
Cash flows from discontinued operations		8,525	-	-
NET CASH FLOW FROM INVESTMENT TRANSACTIONS		(38,463)	(2,166)	50,842
III – FINANCING TRANSACTIONS				
Amounts received from shareholders in capital increases		-	-	-
- paid by shareholders of the parent company		-	-	-
- paid by non-controlling interests of consolidated subsidiaries		-	-	-
Purchases and sales of treasury shares		38	(136)	17
Dividends paid out during the financial year		(13,219)	(6,850)	(9,044)
- dividends paid to shareholders of the parent company	(3)	(13,219)	(6,850)	(9,044)
- dividends paid to non-controlling interests of consolidated subsidiaries		-	-	-
Change in non-controlling interests without loss of control		-	-	-
Increase/Decrease in subordinated debts		-	-	-
Income/loss on hybrid instruments		(2,461)	(2,179)	(2,725)
Change in guarantee deposits paid and received		(570)	3,832	2,029
Issues or subscriptions of loans and borrowings	(4)	172,385	50,204	43,372
Repayments of loans and borrowings	(4)	(120,015)	(56,814)	(101,836)
Cost of net financial debt: interest paid		(6,408)	(7,085)	(9,263)
Other cash flows related to financing activities		634	526	636
Cash flows from discontinued operations		(3,260)	-	-
NET CASH FLOWS FROM FINANCING TRANSACTIONS		27,123	(18,501)	(76,814)
NET CHANGE IN CASH (I+II+III)		8,884	1,733	358
Cash and cash equivalents at beginning of period	Note 11	3,859	2,126	1,768
Cash and cash equivalents at end of period	Note 11	12,743	3,859	2,126
NET CHANGE IN CASH		8,884	1,733	358

(1) Acquisitions of properties represent the €79,095 K given in Note 1 minus a change of €7,345 K in asset suppliers.

(2) Disbursements related to property sales are net of selling fees and costs.

(3) In 2017, the Shareholders' Meeting approved a dividend pay-out of €10,056 K (Note 3), and €3,190 K was maintained in a current account by a shareholder.

(4) The figures used are those relating to the bank borrowings and finance lease debt in Note 2.

20.1.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 27 February 2018, the Board of Directors of Affine RE approved the financial statements for the year ended 31 December 2017 and authorised their publication. Affine is a limited company listed for trading on Compartment B of Euronext Paris; it is included in the SBF 250, CAC Small90 and EPRA indices.

It has also, together with some of its subsidiaries, adopted the tax status of a listed real-estate investment trust (French acronym "SIIC") for its rental property business.

Its registered office is at 39 rue Saint Georges, Paris 75008.

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 within the meaning of Article L.223-10 of the French Commercial Code. Affine complies with this stipulation.

The Group's main business activities are set out in the "Segment reporting" note. For the key events of the year, please refer to the annual report.

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

20.1.5.1 Accounting principles and policies

20.1.5.1.1 Accounting basis and presentation of the financial statements

Pursuant to EC regulation 1606/2002 of 19 July 2002, Affine's financial statements are prepared in accordance with 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), 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.

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 statements for the financial year ending on 31 December 2016, except for the adoption of the new standards and interpretations whose application is mandatory for financial years starting on or after 1 January 2017 (see list below). These new standards, amendments and interpretations have no significant impact on Affine's financial statements.

Standards, interpretations and amendments to existing standards, whose application is mandatory as at 1 January 2017

- Amendments to IAS 17 – Disclosure initiatives.
- Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses

Standards, interpretations and amendments already published but not yet in force in the European Union at 31 December 2017

Affine believes that new applicable standards do not have a material impact on the consolidated financial statements.

- IFRS 9 – Financial instruments: classifications and measurement of financial assets and liabilities – Hedge accounting in trading financial assets: applicable at 1 January 2018;
- IFRS 15: Revenue from ordinary operations from contracts with customers: applicable at 1 January 2018;
- IFRS 16 – Leases: applicable at 1 January 2019.

The business activities of the consolidated companies are not seasonal. The financial statements are presented in thousands of euros. All companies within the scope of consolidation end their financial year on 31 December.

20.1.5.1.2 Comparability of the financial statements

The shareholders' pact binding Affine to another Banimmo shareholder under joint control of this company expired on 30 September 2017. As a result, Banimmo has been fully consolidated into Affine's financial statements as from 1 October 2017.

Additionally, given the difference between the two companies' business models, Affine wants to withdraw from Banimmo, and decided to apply the accounting treatment defined under IFRS 5 on "discontinued operations" to this equity investment. "Discontinued operations" is defined as "a component of an entity... that is classified as held for sale and... is part of a formal and coordinated plan to eliminate itself from a primary and distinct business line or geographic region...".

As a result, Banimmo was consolidated under the equity method until 30 September 2017, and then treated as a "discontinued operation" within the meaning of IFRS 5 as from 1 October 2017 in the financial statements for 2017. In the balance sheet as at 31 December 2017, Banimmo's total consolidated assets were thus reported in a specific line item called "Discontinued operations" in assets, and all of Banimmo's consolidated liabilities were recorded in a specific line item called "Discontinued operations" in liabilities. In the income statement, Banimmo's earnings up to 30 September were recorded in the "Share of net income of equity associates" line item, and earnings from the fourth quarter as well as the adjusted stock price were recorded in the "Net income from discontinued operations" line item.

The adjustment of the provision for pension benefits "Charges net of provisions" was reclassified as "personnel costs" for prior years.

20.1.5.1.3 Consolidation scope and policy

The 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.

• Companies under exclusive control

Affine has control when it:

- holds power over the issuing entity;
- is exposed or has the right to variable returns because of its ties with the issuing entity;
- has the ability to exert its power in order to influence the amount of the returns it obtains.

The company must reassess its control of the issuing entity when facts and circumstances indicate that one or more of the three elements of control indicated above have changed.

The company holds power over an entity when it has effective rights that give it the ability to direct activities that have a significant impact on the returns of the entity that is the object of the investment. The power results from rights; in some cases, it is easy to demonstrate because it results directly and exclusively from voting rights attached to equity stakes. In other cases, the party holding the power is the party that has the ability to direct activities that have the largest impact on the entity's returns.

• **Companies under joint control**

Joint control means the contractual sharing of the control exerted over a company in which the decisions on the pertinent activities require the unanimous consent of the parties sharing control.

• **Joint ventures**

A joint venture is a partnership in which the parties that exercise joint control over the business have rights to the net assets of that business.

The results and the assets and liabilities of joint ventures are recognised in the consolidated financial statements using the equity method.

• **Joint arrangements**

A joint arrangement is a partnership in which the parties that exercise joint control have rights to the assets and obligations for the liabilities relating to the operation. These parties are called co-participants.

A co-participant must recognise the following elements relating to its interests in the joint activity:

- Its assets, including its share of the assets held jointly, if any.
- Its liabilities, including its share of the liabilities assumed jointly, if applicable.
- The income and expenses it has incurred, including its share of the income and expenses incurred jointly, as applicable.

• **Associated companies**

Associated companies are entities in which Affine exercises significant influence. Significant influence is the power to participate in the decisions on financial and operational policy without, however, exercising control or joint control over these policies. The results and the assets and liabilities of associated companies are recognised in these consolidated financial statements using the equity method.

20.1.5.1.4 Business combinations and acquisition of individual assets

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

- An entity must determine whether a transaction or another event constitutes a business combination as defined by IFRS 3, which stipulates that an enterprise is an integrated set of activities and assets that can be operated and managed for the purpose of providing a return (dividends, lower costs or other economic advantages) directly to investors.
- 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.

20.1.5.1.4.1 Business combinations

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

The acquisition method consists of:

- Identifying the acquiring party.
- 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 recognised separately. Goodwill is initially recognised as an asset at cost; it cannot be amortised but may be tested annually for impairment. Goodwill is calculated by the partial goodwill method.

An excess in the purchaser's interest over the cost of the business combination (negative goodwill or "badwill") is directly recorded in the income statement.

20.1.5.1.4.2 Acquisitions of individual assets

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

20.1.5.1.5 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 particularly relate to property valuations and derivatives. Amounts confirmed during the disposal of these assets may differ from these estimates.

Factors likely to lead to significant adjustments during the 2017 period specifically include:

Fair value of investment properties: the nature of the assumptions used by the independent appraisers may have significant 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 of 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 independent appraisers may have significant impacts on the change in fair value taken directly to the income statement. An increase or decrease 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 31/12/2017 over ten years):

(€000')	-100BP	-50BP	+50BP	+100BP
Change in FV of hedging financial instruments	(2,726)	(1,668)	2,546	6,165

Risks related to discontinued operations: the Banimmo group's operations require substantial investments. Its financing relies on bonds totalling a nominal amount of €78.1 million at 31 December 2017.

The executive team is actively pursuing the disposal plan as well as refinancing projects.

These actions aim to prepare to repay the €34 million bond from 2013 in May 2018 as well as support the development of Belgian projects in the portfolio, either alone or in partnerships.

At 31 December 2017, assuming that Banimmo is a going concern and assuming that Banimmo successfully fulfils the commitments it is obligated to fulfil over the next 12 months, Banimmo's securities have been valued based on average stock market prices for the month of December.

20.1.5.1.6 Leases

20.1.5.1.6.1 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 property finance lease agreements for the Affine portfolio are finance lease agreements as defined by IAS 17. The lessor records a receivable on its balance sheet for the amount corresponding to the present value of the conditional rents to be received.

When a finance lease is renegotiated, the difference between the new financial base and the previously recorded carrying value is directly posted 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 revenue over the term of the lease.

The lessor's net income on 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.

20.1.5.1.6.2 Investment property leases

Investment property contracts consist of operating leases for assets that Affine owns or is the lessee of in the context of a finance lease.

Finance leases whereby the lessee retains almost all the risks and benefits inherent in the 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 progressive or step rents.

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 and payment date 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 time frame over which they are provided.

20.1.5.1.7 Measurement policy for major items

20.1.5.1.7.1 Investment properties

20.1.5.1.7.1.1 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 real estate (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.

Since Affine has opted for the fair value method stipulated in IAS 40, the change in value of the investment properties has an impact on income.

Initial direct costs for negotiation and implementation of contracts (such as legal fees and commissions) are recognised in the amount of the leased asset and amortised over the lease contract's fixed life (IAS 17).

Properties financed through finance leases 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 between interest and repayment of the liability.

Income from investment properties

Income from investment properties consists of rents and related income (e.g. occupancy fee, lease premiums, parking receipts) invoiced during 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 re-billed to tenants.

Expenses on investment properties

The expenses on investment properties include rental charges reimbursable 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.

20.1.5.1.7.1.2 Valuation

Investment properties are initially valued at cost, including transaction costs. After the properties are initially recorded, they are valued at fair value. The change in fair value from one year to another is posted to the income statement.

Fair value is calculated based on the value excluding registration fees. The following are deducted from the "fees included" value:

- registration fees in the case of assets subject to these rules. The amounts deducted are calculated on a flat-rate basis of the "excluding fees" value, which consists of all expenses, both taxes and others, paid at the time of a sale; they are 6.9% for buildings outside Paris and 7.5% for Paris properties;
- or notary fees in the case of an asset sold that is subject to the property VAT rules, which applies to buildings that have been delivered or substantially renovated in the last five years.

In this case, the amounts deducted are calculated on a flat-rate basis of 1.8% of the value before tax established by an outside real estate expert, or by an internal appraisal, the amount that appears on an offer, a commitment or a sale mandate.

The assets are recognised in the accounts at their value excluding taxes.

The appraisal firms applied the revenue capitalisation method together with the discounted cash flow (DCF) and comparables method.

The first method consists of capitalising an annual revenue, which generally corresponds to the rent recorded for occupied buildings, possibly with the impact of a reversion potential, and at the market rent for vacant buildings, taking into account the time required to re-let, possible renovation work and other costs.

In the comparables method, the building is valued based on building prices or values that have the same basic features and a similar enough location.

In 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, required investments, vacant periods, and rent arrangements) or to the rate of return or discount rate.

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

The primary assumptions used to estimate fair value are those related to the following elements: 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 on return on investment, actual Group transactions, and transactions announced in the market.

IFRS 13 establishes a fair value hierarchy with three levels for the data used in valuations:

- Level 1: the valuation refers to prices (not adjusted) in an active market for identical assets/liabilities available on the valuation date;
- Level 2: the valuation refers to valuation models that use inputs that are directly or indirectly observable in an active market;
- Level 3: the valuation refers to valuation models using inputs that cannot be observed in an active market.

Given the little public data available, the complexity of the property asset valuations, and the fact that property experts used confidential rental statements for their valuations, Affine believes that the level 3 classification of its assets is the most appropriate.

The following table shows a number of quantitative elements used to measure the fair value of the assets:

	RENTAL FLOOR AREA	FAIR VALUE EXCLUDING TRANSFER TAXES		HEADLINE RENT		EFFECTIVE RATE	ERV		MARKET YIELD	
	sqm	€K	€/sqm	€K	€/sqm		Min	Max	Min	Max
Total	332,358	578,604	1,735	34,244	103	5.5%				
Offices	138,282	397,264	2,850	21,723	156	5.1%	77	607	4.0%	8.5%
Retail	61,378	131,072	2,135	8,267	135	5.7%	60	353	5.1%	13.1%
Logistics	132,698	50,269	379	4,254	32	8.1%	19	152	7.2%	11.5%
Métropole du Grand Paris	58,641	254,748	4,344	12,164	207	4.5%	123	607	4.0%	7.5%
Other Ile-de-France	19,914	30,558	1,535	2,828	142	8.1%	119	167	7.5%	8.3%
Regions	239,313	284,750	1,184	18,644	78	6.0%	19	250	5.1%	13.1%
Eurozone outside France	14,491	8,548	590	609	42	7.0%	42	43	7.3%	7.3%

Future expenses are charged to the carrying value of the asset only if it is probable that the future economic benefits associated with the asset will remain owned by the Group 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 reporting at 31 December 2017, the appraisers used were as follows:

- CBRE,
- Foncier Expertise,
- BNP Real Estate;

Except in duly supported cases, the Affine Group uses the values provided by the independent appraisers.

General Management may use a lower value than the appraisal value when new events occur after the appraisal date.

20.1.5.1.7.2 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.

20.1.5.1.7.3 Intangible assets

Intangible assets are governed by IAS 38.

An intangible asset is recognised in the balance sheet if, and only if, it is probable that the future economic benefits attributable to the asset will flow to the Company, if it has control over it, and if 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 amount of an intangible asset eligible for amortisation 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.

20.1.5.1.7.4 Assets held for sale

Where the carrying amount of an asset is to be recovered through a probable sale (mandate, accepted offer and/or commitment to sell) within one year, rather than through its continued use, IFRS 5 requires the asset to be posted to a specific balance sheet account: "Assets held for sale"

As at 31 December 2017, nine assets appear on this line;

- The value of four of them represents internal appraisals.
- The value of five of them corresponds to offers accepted by the two parties concerned.

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

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 of the preceding financial year.

EN MILLIERS D'EUROS	31/12/2017	31/12/2016	31/12/2015
Proceeds from sales of fixed assets	27,640	18,483	95,077
Net carrying value of properties sold	(25,728)	(18,410)	(102,584)
Gain or loss on sale	1,913	73	(7,507)

20.1.5.1.7.5 Inventories and construction contracts

• Inventory

Buildings purchased, regardless of their initial rental situation, solely for the purpose of resale after redevelopment or physical or commercial repositioning in the normal course of business are carried as inventory, 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 after completion 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 costs incurred on property development.

• Construction contracts and off-plan sales (VEFA)

For real estate development activities, the margin and revenue from real estate 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, Affine records a loss at termination.

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.

20.1.5.1.7.6 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 there is a risk of non-recovery (receivership, major financial difficulties, etc.), the receivable is transferred to the "doubtful receivables".

20.1.5.1.7.7 Impairment of assets

• *Impairment of property, plant and equipment and intangible assets*

Operating buildings

When recognising impairment of an amortisable asset, the charge is 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) had no impairment been recognised for this asset over previous financial years.

Other property, plant and equipment and intangible assets

At each balance sheet date, the Company assesses 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 through an impairment test. The amount by which an asset's carrying amount exceeds its recoverable value is recognised as an impairment. This is equal to the higher of the fair value of the selling price, 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 7 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 inventories*

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, this item is reviewed and impairment tests are performed. 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.

20.1.5.1.7.8 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 are accounted for as follows:

- Investment securities are recorded as trading assets.
- Unconsolidated investments are recorded as "assets available for sale".

Affine 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.

Affine 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 its maintenance 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, Affine classifies all 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 bonds redeemable for shares (ORA) 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 recorded in the income statement over the loan repayment period. Any exit tax that may be due under SIIC status is discounted in the 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:

- equity 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 (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 31/12/2017 over ten years. The company uses the discounting provided by the firm Finance Active; the comparison of these figures with those issued by the various banks with which the hedging is contracted is satisfactory.

The information to be provided pursuant to IFRS 13 is classified according to a hierarchy that reflects the level of importance of the data used to make valuations. This hierarchy of fair value is as follows:

- level 1: listed prices (not adjusted) from active markets for identical assets and liabilities;
- level 2: data other than level 1 listed prices, which are observable for the asset or liability, either directly (prices, for example), or indirectly (elements deriving from prices);
- level 3: data on the asset or liability that is not based on observable market data.

The determination method used by Affine corresponds to level 2 of the IFRS 13 nomenclature.

• **Financial liabilities at fair value through profit or loss**

These liabilities concern debt related to derivatives. The debt is valued by the discounting of 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 2017 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, results from the product of:

- a. the total market value of the financial instruments that Affine has with this counterparty if it is positive,
- b. the probability of the counterparty's default over the medium term, weighted by the nominal value of the derivatives recognised with the latter. This default probability comes from the Bloomberg model based on market values and comes from default coverages of the banks,
- c. and the loss in case of default established at 60% according to the market standard.

The bilateral DVA or CVA, based on Affine's credit risk, corresponds to the loss which the counterparty could face in the event of default. It results from the product of:

- a. the total market value of the financial instruments with this counterparty if it is negative,
- b. the probability of default over the medium term, weighted for the nominal value of the total portfolio of derivatives. The probability of default is based on the Bloomberg model resulting from coverage of Affine's default,
- c. and the loss in case of default established at 60% according to the market standard.

The impact is a positive fair value change of €5.6 K on earnings for the period.

20.1.5.1.7.9 Recognition of convertible bonds (ORA) and perpetual subordinated loan notes (PSL)

• **Convertible bonds (ORA)**

On 15 October 2003, 2,000 convertible bonds with a par value of €10,000 issued, for a period of 20 years, 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.

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 ORA.

The Board of Directors approved on June 5, 2015, the conversion of 28 ORA into 17,472 new shares. On 28 July 2015, the Board of Directors approved the conversion of 1,610 ORA into 1,004,640 new shares; this conversion was made on 31 July 2015.

As at 31 December 2017, 362 ORA are still outstanding.

Annual interest

The coupon, based on the amount of the dividend distributed by the Company, is paid out as follows:

- On 15 November, 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 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.

Since 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 return of 11%.

Early redemption at the holder's discretion

As from 15 October 2013, convertible bond holders are 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, currently, 624 shares per bond.

Considering the characteristics of the ORA, 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 in perpetual subordinated loan notes (PSL) represented by 1,500 PSL each with a €50,000 nominal value. 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 perpetual subordinated loan notes may be redeemed in their entirety (and not in part) at the discretion of the Company, 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 constitute 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, investment loans granted to Affine, and lowest ranking subordinated bonds, and they rank after 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 perpetual subordinated note will bear interest as from the date of issue on its nominal value on the basis of a variable quarterly interest rate equal to the 3-month Euribor plus a margin of 2.80% per annum, payable quarterly when due 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% per annum from 13 July 2007 inclusive until the first early redemption date (excluded) and then 3.80% per annum.

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.

20.1.5.1.7.10 Provisions

Provisions are recognised when there is a current obligation (whether legal or implicit) resulting from a past event, and it is likely that an outflow of resources representing financial benefits will be required to extinguish the obligation, and the amount of the obligation can be reliably estimated.

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

If there is a significant time-value impact, provisions are determined by discounting expected future cash flows at a 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.

20.1.5.1.7.11 Treasury shares

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

20.1.5.1.7.12 Income tax

Consolidated tax expense includes deferred taxes.

• Current tax

Affine has a mixed tax treatment, described below:

- an SIIC segment exempt of tax on ordinary profits from rental activities, capital gains on building disposals and shareholdings and dividends from subsidiaries that have opted for SIIC status;
- an ex-SICOMI segment exempt from tax on current earnings, which is applicable to finance lease agreements prior to 1993;
- a taxed segment that applies to free finance leases ("CBL") signed on or after 1 January 1993 and to general finance leases ("CBG") signed prior to 1 January 1996;
- a taxable segment for other operations.

• Deferred taxes

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

According to the variable carry-forward method, deferred taxes are calculated on the basis of the adopted or provisional tax rate over the year in which the asset will be realised or the liability paid, taking into account a possibility of change over time.

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

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.

All the companies of the Group that have a taxable activity have tax deficits against which they can charge their deferred taxes. However, they do not utilise deficits for deferred tax liabilities. Therefore, only the deferred taxes that cannot be erased by tax deficits remain.

20.1.5.1.7.13 Employee benefit obligations

All employee benefits are recognised on the balance sheet and primarily represent retirement pensions and other post-employment benefits. The cost of employee benefits is accounted for in the year in which rights are vested.

Affine employees have been subject to the Property Collective Bargaining Agreement since 1 January 2013. This agreement provides for no complementary retirement benefit, only the general retirement scheme. The pension plan used is a defined benefits scheme.

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

	VOLUNTARY RETIREMENT	FORCED RETIREMENT
Over 10 years' employment	1/2 month	1/5 th of monthly salary per year
More than 15 years' employment	1 month	
More than 20 years' employment	1.5 month	1/5 th of the monthly salary for the first 10 years and 2/15 th beyond the 10 th year
More than 30 years' employment	2 months	

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

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

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

20.1.5.2 Segment reporting

Segment reporting 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 Affine.

The costs are allocated to the building for which they are used; for costs not identified by asset, the rule is as follows:

	PRORATED FAIR VALUE	PRORATED RENTS
Cost of the debt that cannot be allocated	X	
Corporate expenses		X
Amortisation, depreciation and provisions		X

• At 31 December 2017

(€000')	OFFICES	WAREHOUSES AND BUSINESS ACTIVITIES	RETAIL	OTHER	TOTAL
Gross rental income	20,814	5,191	7,769	20	33,793
Net property income	19,140	4,529	5,896	11	29,576
Other income	99	638	(241)	238	734
Corporate expenses	(4,808)	(2,664)	(1,069)	(258)	(8,799)
Recurring EBITDA	14,432	2,503	4,586	(10)	21,511
Amortisation and impairment losses	(282)	(47)	-	-	(329)
Current operating profit	14,150	2,455	4,586	(10)	21,182
Charges net of provisions	500	234	-	(121)	613
Other income and expenses	255	(233)	100	44	166
Net profit or loss on disposals	1,883	29	-	-	1,913
Operating profit	16,788	2,487	4,686	(86)	23,874
Balance net of value adjustments	5,163	(7,311)	2,526	(70)	308
Net operating profit	21,951	(4,824)	7,212	(156)	24,182
Cost of financial debt	(4,722)	(735)	(1,495)	36	(6,916)
Other financial income and expenses	149	708	(30)	(1)	826
Fair value adjustment of hedging instruments	255	261	316	-	832
Income before tax	17,633	(4,589)	6,002	(122)	18,924
Taxes	1,748	(1,402)	(30)	19	335
Share of securities consolidated under the equity method	(284)	(53)	(10)	266	(81)
Net income (loss) after tax from discontinued operations	(5,166)	-	(2,643)	(4,205)	(12,015)
Net profit	13,931	(6,044)	3,318	(4,042)	7,164
EARNINGS EXCLUDING DISPOSALS AND CHANGES IN FV	6,630	976	477	(3,972)	4,111

(€000')	OFFICES	WAREHOUSES AND BUSINESS ACTIVITIES	RETAIL	OTHER	TOTAL
Segment assets	518,639	69,027	181,279	64,600	833,544
Investments in companies consolidated under the equity method	45	(345)	-	2,203	1,902
Total consolidated assets	518,684	68,681	181,279	66,803	835,447
Segment liabilities	635,059	39,241	122,914	38,233	835,447
Total consolidated liabilities	635,059	39,241	122,914	38,233	835,447
Investment expenses	78,451	319	324	-	79,095

**FINANCIAL INFORMATION CONCERNING THE ASSETS,
FINANCIAL SITUATION AND EARNINGS OF THE ISSUER**
CONSOLIDATED FINANCIAL STATEMENTS

• At 31 December 2016

(€000')	OFFICES	WAREHOUSES AND BUSINESS ACTIVITIES	RETAIL	OTHER	TOTAL
Gross rental income	20,972	5,564	8,108	18	34,662
Net property income	18,470	4,534	6,425	14	29,443
Other income	130	47	(130)	65	112
Corporate expenses	(6,876)	(297)	(1,210)	(188)	(8,571)
Recurring EBITDA	11,724	4,284	5,085	(109)	20,984
Amortisation and impairment losses	(728)	(79)	(309)	(1)	(1,117)
Current operating profit	10,997	4,205	4,776	(111)	19,867
Charges net of provisions	6	(115)	-	-	(109)
Other income and expenses	238	65	(50)	(70)	183
Net profit or loss on disposals	(78)	81	(24)	(1)	(22)
Operating profit	11,163	4,235	4,702	(181)	19,919
Balance net of value adjustments	6,768	(1,137)	(6,174)	(30)	(573)
Net operating profit	17,931	3,098	(1,472)	(211)	19,346
Cost of financial debt	(4,297)	(962)	(1,687)	(19)	(6,965)
Other financial income and expenses	(136)	(122)	(76)	3	(331)
Fair value adjustment of hedging instruments	800	225	64	11	1,099
Income before tax	14,298	2,239	(3,172)	(216)	13,149
Taxes	(797)	(493)	(2)	6	(1,285)
Share of securities consolidated under the equity method	(3,074)	1,071	(2,776)	(1,629)	(6,408)
Net profit	10,427	2,817	(5,950)	(1,838)	5,456
EARNINGS EXCLUDING DISPOSALS AND CHANGES IN FV	2,937	3,649	185	(1,819)	4,952

(€000')	OFFICES	WAREHOUSES AND BUSINESS ACTIVITIES	RETAIL	OTHER	TOTAL
Segment assets	371,185	80,507	125,307	1,609	578,609
Investments in companies consolidated under the equity method	12,035	1,043	9,054	9,419	31,551
Total consolidated assets	383,220	81,550	134,361	11,028	610,160
Segment liabilities	499,101	50,629	71,532	(11,103)	610,160
Total consolidated liabilities	499,101	50,629	71,532	(11,103)	610,160
Investment expenses	20,985	315	1,316	-	22,616

20.1.5.3 Consolidation scope

Scope of consolidation at the balance sheet date

	31/12/2017			31/12/2016			31/12/2015		
	CONSOLIDATION METHOD	% CONTROL	% INTEREST	CONSOLIDATION METHOD	% CONTROL	% INTEREST	CONSOLIDATION METHOD	% CONTROL	% INTEREST
AFFINE		Parent company			Parent company			Parent company	
AFFINE SUD SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
ARCA VILLE D'ETE SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
APM CLICHY SCI	FC	100.00%	100.00%	-	-	-	-	-	-
APM COURBEVOIE SCI	FC	100.00%	100.00%	-	-	-	-	-	-
APM SURESNES SCI	FC	100.00%	100.00%	-	-	-	-	-	-
ATIT SC	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%
CAPUCINE INVESTISSEMENTS SA	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
CARDEV	-	-	-	-	-	-	FC	100.00%	100.00%
CHAVILLE SALENGRO SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
CLICHY HORIZON SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
CONCERTO BUCHERES 3 SCI	EM	40.00%	40.00%	EM	40.00%	40.00%	EM	40.00%	40.00%
CONCERTO WISSOUS SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	-	-	-
CONCERTO WISSOUS PROMOTION SAS	-	-	-	-	-	-	EM	40.00%	40.00%
DORIANVEST SARL	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
GESFIMMO SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
2/4 HAUSSMANN SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
ISSY WEIDEN SCI	FC	100.00%	100.00%	-	-	-	-	-	-
LES 7 COLLINES SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
LES JARDINS DES QUAIS SNC	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
KUTUM SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
LILLE HORIZON SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	-	-	-
LOUVOIS SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
LYON DAUPHINE SAS	FC	100.00%	100.00%	-	-	-	-	-	-
NEVERS COLBERT SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
MEUDON HORIZON SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	-	-	-
MONTIGNY AMPERE SAS	EM	50.00%	50.00%	-	-	-	-	-	-
NANTES HORIZON SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	-	-	-
PARIS ENGHIEEN SAS	FC	100.00%	100.00%	-	-	-	-	-	-
PARIS VAUGIRARD SAS	FC	100.00%	100.00%	-	-	-	-	-	-
PARVIS LILLE SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
SEADA SAS	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
ST-ÉTIENNE - 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%
TOULOUSE LES AMARANTES SCI	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
URBISMART SAS	EM	24.52%	24.52%	EM	24.52%	24.52%	EM	17.00%	17.00%
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%	EM	50.00%	50.00%	EM	50.00%	50.00%
29 COPERNIC SCI	EM	50.00%	50.00%	EM	50.00%	50.00%	EM	50.00%	50.00%
CONCERTO DECELOPPMENT IBERICA	FC	100.00%	100.00%	FC	100.00%	100.00%	FC	100.00%	100.00%
BANIMMO SA	FC	49.99%	49.51%	EM	49.99%	49.51%	EM	49.99%	49.51%

During the year, seven companies were formed: APM CLICHY, APM COURBEVOIE, APM SURESNES, ISSY WEIDEN, LYON DAUPHINE, MONTIGNY AMPERE, PARIS ENGHIEEN, and one company was purchased: PARIS VAUGIRARD.

20.1.5.4 Notes and comments

20.1.5.4.1 Notes to the statement of financial position

Note 1 – Property portfolio buildings

The property consists of:

- 36 assets recorded as investment properties, and
- 9 assets classified as assets held for sale.

24 of the 45 Affine-owned assets, representing 68.12% of the fair value of Affine's rental portfolio, were valued by independent appraisers (BNP Real Estate, CBRE, Foncier Expertise). For six of them, accounting for 10.46% of the value of the rental portfolio, the fair values were set below appraisal value. The fair values of two assets, accounting for 1.4% of fair value of the rental portfolio, were internally appraised. Five assets, representing 2.27% of the fair value of the rental portfolio, were appraised according to a signed purchase offer, commitment or sale mandates, and eight assets were recognised at the transaction cost (three of which as turnkey purchases), representing 17.68% of the value of the rental portfolio.

Properties purchased during the year and those subject to an accepted purchase offer or sale commitment are stated at the transaction 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 2017

Investment properties

(€000')	01/01/2017	ACQUISITIONS	CONSTRUCTION	TRANSFERS	DISPOSALS	CHANGES IN FAIR VALUE	31/12/2017
By asset type	Industrial premises, warehouses	43,988	-	240	(21,748)	-	23,200
	Offices	319,219	77,151	1,301	4,260	(10,019)	397,074
	Retail	105,950	11,567	324	-	-	119,567
	Others	260	-	-	-	-	190
	TOTAL	469,417	88,717	1,865	(17,488)	(10,019)	7,539
By area	Paris – business district	31,000	-	295	-	-	31,200
	Paris – outside business district	71,260	-	40	-	-	70,890
	Paris region – outside Paris	111,856	79,995	848	-	(10,019)	183,211
	Other French cities	246,753	8,723	681	(8,940)	-	254,730
	Others	8,548	-	-	(8,548)	-	-
	TOTAL	469,417	88,717	1,865	(17,488)	(10,019)	7,539
						Initial direct costs	440
							540,470

20

Assets held for sale

(€000')	01/01/2017	ACQUISITIONS	CONSTRUCTION	TRANSFERS*	DISPOSALS	CHANGES IN FAIR VALUE	31/12/2017
By asset type	Industrial premises, warehouses	13,798	-	79	21,748	(526)	27,069
	Offices	24,710	-	-	(4,260)	(20,450)	-
	Retail	10,700	-	-	-	-	11,500
	Others	-	-	-	-	-	-
	TOTAL	49,208	-	79	17,488	(20,976)	(7,231)
By area	Paris – business district	-	-	-	-	-	-
	Paris – outside business district	-	-	-	-	-	-
	Paris region – outside Paris	20,450	-	-	-	(20,450)	-
	Other French cities	28,758	-	79	8,940	(526)	30,021
	Others	-	-	-	8,548	-	8,548
	TOTAL	49,208	-	79	17,488	(20,976)	(7,231)
						Initial direct costs	9
							38,578

* 1 asset was reclassified as IP in 2017

* 5 assets were already held for sale at 01/01/2017; the sales were spread out due to additional studies conducted by the buyers.

• At 31 December 2016

Investment properties

(€000')		01/01/2016	ACQUISITIONS	CONSTRUCTION	TRANSFERS	DISPOSALS	CHANGES IN FAIR VALUE	31/12/2016
By asset type	Industrial premises, warehouses	37,564	-	265	7,000	-	(841)	43,988
	Offices	302,276	17,891	2,734	(16,760)	-	13,078	319,219
	Retail	115,840	-	1,280	(9,710)	-	(1,460)	105,950
	Others	290	-	-	-	-	(30)	260
	TOTAL	455,970	17,891	4,278	(19,470)	-	10,747	469,417
By area	Paris – business district	29,600	-	207	-	-	1,193	31,000
	Paris – outside business district	65,790	-	(26)	-	-	5,496	71,260
	Paris region – outside Paris	116,765	6,845	930	(12,500)	-	(184)	111,856
	Other French cities	235,572	11,046	3,114	(6,970)	-	3,991	246,753
	Others	8,244	-	52	-	-	252	8,548
	TOTAL	455,970	17,891	4,278	(19,470)	-	10,747	469,417
						Initial direct costs	393	
							469,810	

Assets held for sale

(€000')		01/01/2016	ACQUISITIONS	CONSTRUCTION	TRANSFERS*	DISPOSALS	CHANGES IN FAIR VALUE	31/12/2016
By asset type	Industrial premises, warehouses	33,628	-	50	(7,000)	(12,584)	(296)	13,798
	Offices	17,700	-	360	16,760	(3,800)	(6,310)	24,710
	Retail	7,129	-	36	9,710	(1,461)	(4,714)	10,700
	Others	-	-	-	-	-	-	-
	TOTAL	58,457	-	446	19,470	(17,845)	(11,321)	49,208
By area	Paris – business district	-	-	-	-	-	-	-
	Paris – outside business district	-	-	-	-	-	-	-
	Paris region – outside Paris	17,320	-	360	12,500	(3,420)	(6,310)	20,450
	Other French cities	41,137	-	87	6,970	(14,425)	(5,011)	28,758
	Others	-	-	-	-	-	-	-
	TOTAL	58,457	-	446	19,470	(17,845)	(11,321)	49,208
						Initial direct costs	20	
							49,228	

* 4 assets were reclassified as IP in 2016.

* 3 assets were already held for sale at 01/01/2016 because the sales were spread out over 2017 due to additional studies conducted by the buyers.

• At 31 December 2015

Investment properties

(€000')		01/01/2015	ACQUISITIONS	CONSTRUCTION	TRANSFERS	DISPOSALS	CHANGES IN FAIR VALUE	31/12/2015
By asset type	Industrial premises, warehouses	45,861	-	700	(7,120)	(5,124)	3,247	37,564
	Offices	257,263	27,181	7,800	7,910	-	2,123	302,276
	Retail	123,410	-	867	(6,000)	(2,824)	387	115,840
	Others	330	-	-	-	-	(40)	290
	TOTAL	426,864	27,181	9,366	(5,210)	(7,948)	5,718	455,970
By area	Paris – business district	22,600	-	227	-	-	6,773	29,600
	Paris – outside business district	62,550	-	19	-	-	3,221	65,790
	Paris region – outside Paris	104,090	19,645	1,589	8,020	(7,948)	(8,631)	116,765
	Other French cities	229,933	7,536	7,362	(13,230)	-	3,971	235,572
	Others	7,691	-	169	-	-	384	8,244
TOTAL	426,864	27,181	9,366	(5,210)	(7,948)	5,718	455,970	
						Initial direct costs	425	
								456,396

Assets held for sale

(€000')		01/01/2015	ACQUISITIONS	CONSTRUCTION	TRANSFERS	DISPOSALS	CHANGES IN FAIR VALUE	31/12/2015
By asset type	Industrial premises, warehouses	101,513	-	722	7,120	(75,489)	(238)	33,628
	Offices	45,026	-	1,649	(7,910)	(19,723)	(1,341)	17,700
	Retail	1,450	-	65	6,000	-	(386)	7,129
	Others	200	-	-	-	(200)	-	-
	TOTAL	148,189	-	2,435	5,210	(95,412)	(1,965)	58,457
By area	Paris – business district	-	-	-	-	-	-	-
	Paris – outside business district	5,859	-	1,598	-	(7,457)	-	-
	PARIS REGION – OUTSIDE PARIS	40,133	-	375	(8,020)	(13,522)	(1,647)	17,320
	Other French cities	102,197	-	462	13,230	(74,434)	(318)	41,137
	Others	-	-	-	-	-	-	-
TOTAL	148,189	-	2,435	5,210	(95,412)	(1,965)	58,457	

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

Investment properties

(€000')	VALUES USED	APPRAISALS	Variance	COMMENTS
CBRE	96,764	96,764	-	
Crédit Foncier Expertise	212,450	212,450	-	
BNP Real Estate	84,900	84,900	-	
Subtotal	394,114	394,114	-	
Assets valued at lower than their appraisal value	43,600	48,131	(4,531)	
Acquisitions	102,317	25,400	76,917	Relating to several buildings acquired in 2017 which did not have appraisals as of 31/12/2017
Initial direct costs	440	-	440	
INVESTMENT PROPERTIES AT 31/12/2017	540,470	467,644	72,826	

(€000')	VALUES USED	APPRAISALS	VARIANCE	COMMENTS
CBRE	104,714	104,714	-	
Crédit Foncier Expertise	200,100	200,140	(40)	
BNP Real Estate	99,618	99,618	-	
Subtotal	404,432	404,472	(40)	
Assets valued at lower than their appraisal value	61,340	65,389	(4,049)	
Acquisitions	3,645	-	3,645	Relating to one building acquired on 29/07/16 which did not have an appraisal as of 31/12/2016
Initial direct costs	393	-	393	
INVESTMENT PROPERTIES AT 31/12/2016	469,810	469,861	(51)	

(€000')	VALUES USED	APPRAISALS	VARIANCE	COMMENTS
CBRE	110,060	115,274	(5,214)	
Crédit Foncier Expertise	185,102	185,440	(338)	
BNP Real Estate	141,164	144,000	(2,836)	
Subtotal	436,326	444,714	(8,388)	
Internal appraisals	19,645	-	19,645	Relating to two buildings acquired at the end of 2015 which did not have appraisals as of 31/12/2015
Initial direct costs	425	-	425	
INVESTMENT PROPERTIES AT 31/12/2015	456,396	444,714	11,682	

Assets held for sale

(€000')	VALUES USED	EXTERNAL APPRAISALS	VARIANCE	COMMENTS
External appraisals	-	-	-	
Internal appraisals	25,448	21,400	4,048	
Mandates, offers for sale and commitments to sell	13,121	-	13,121	
Initial direct costs	9	-	9	
NON-CURRENT ASSETS HELD FOR SALE AS AT 31/12/2017	38,578	21,400	17,178	

(€000')	VALUES USED	EXTERNAL APPRAISALS	VARIANCE	COMMENTS
External appraisals	-	-	-	
Internal appraisals	17,300	-	17,300	
Mandates, offers for sale and commitments to sell	31,908	-	31,908	
Initial direct costs	20	-	20	
NON-CURRENT ASSETS HELD FOR SALE AS AT 31/12/2016	49,228	-	49,228	

(€000')	VALUES USED	EXTERNAL APPRAISALS	VARIANCE	COMMENTS
External appraisals	46,760	47,456	(696)	
Internal appraisals	-	-	-	
Mandates, offers for sale and commitments to sell	11,697	-	11,697	
NON-CURRENT ASSETS HELD FOR SALE AS AT 31/12/2015	58,457	47,456	11,001	

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 5.5% at 31 December 2017.

On the basis of the average rate of return at 31 December 2017, an additional change of 25 basis points would have an inversely proportional effect of €23.4 million on the portfolio value.

Changes in value of buildings (including properties held for sale)

(€000')	RENTAL	IN PROGRESS	ASSETS HELD FOR SALE	TOTAL
AT 31/12/2014	421,905	5,373	148,189	575,465
Increases	20,968	15,635	2,379	38,982
<i>Acquisitions</i>	20,968	15,635	2,379	38,982
Decreases	(5,961)	(1,997)	(95,403)	(103,360)
<i>Disposals</i>	(5,961)	(1,997)	(95,403)	(103,360)
Change in scope of consolidation	-	-	-	-
Change in fair value	5,718	-	(1,965)	3,753
Transfers between line items	(3,188)	(2,069)	5,257	
Change in initial direct costs	12	-	-	12
AT 31/12/2015	439,455	16,941	58,457	514,852
Increases	11,879	10,290	446	22,616
<i>Acquisitions</i>	11,879	10,290	446	22,616
Decreases	32	(32)	(17,845)	(17,845)
<i>Disposals</i>	32	(32)	(17,845)	(17,845)
Change in scope of consolidation	-	-	-	-
Change in fair value	11,253	(506)	(11,321)	(573)
Transfers between line items	1,016	(20,486)	19,470	-
Change in initial direct costs	(33)	-	20	(13)
AT 31/12/2016	463,602	6,208	49,228	519,038
Increases	46,241	32,775	79	79,095
<i>Acquisitions</i>	46,241	32,775	79	79,095
Decreases	(10,014)	(5)	(20,976)	(30,995)
<i>Disposals</i>	(10,014)	(5)	(20,976)	(30,995)
Change in scope of consolidation	11,567	-	-	11,567
Change in fair value	7,539	-	(7,231)	308
Transfers between line items	(15,759)	(1,729)	17,488	-
Change in initial direct costs	47	-	(11)	36
AT 31/12/2017	503,223	37,248	38,578	579,048

Note 2 – Borrowings

(€000')	31/12/2016	SUBSCRIPTION	REPAYMENT	OTHER CHANGES	TRANSFER	31/12/2017
Bank loans	153,927	165,684	(36,273)	7,500	(52,764)	238,075
Bonds	5,000	-	-	-	(5,000)	-
Lessee loans	60,422	-	-	(2,301)	(2,875)	55,246
Deferment of borrowing costs	(1,641)	(2,457)	-	1,061	262	(2,775)
Commitment hedge accounts	458	-	(197)	-	26	287
Long-term borrowings	218,167	163,227	(36,470)	6,260	(60,351)	290,833
Borrowings linked to assets held for sale	32,010	-	(14,575)	-	362	17,798
- Of which borrowings linked to assets held for sale	32,010	-	(14,575)	-	362	17,798
Deferment of borrowing costs	(155)	-	-	-	19	(136)
GD on buildings held for sale	1,671	-	-	(454)	-	1,217
Debts linked to assets held for sale	33,526	-	(14,575)	(454)	381	18,878
Bank loans	27,462	6,701	(64,914)	-	52,401	21,650
Bonds	-	-	-	-	5,000	5,000
Lessee loans	5,446	-	(4,254)	-	2,875	4,068
Deferment of borrowing costs	(332)	-	-	-	(281)	(613)
Other financial liabilities	310	150	-	-	-	460
Commitment hedge accounts	197	-	-	-	(26)	171
Current account balances	1,434	-	(1,295)	-	-	139
Bank overdrafts	1,016	-	(392)	-	-	624
Borrowings and short-term debt	35,533	6,850	(70,854)	-	59,970	31,499
TOTAL	287,225	170,077	(121,899)	5,807	-	341,211

EN MILLIONS D'EUROS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual depreciation	21.1	20.0	17.3	17.3	17.1	16.3	14.8	10.8	5.4	1.5	0.2
Payment at maturity	25.6	18.1	4.5	26.6	11.7	16.1	46.1	95.2	17.2	5.5	3.5
Early repayments	75.6	-	-	-	-	-	-	-	-	-	-
TOTAL	122.3	38.1	21.8	43.9	28.8	32.4	60.9	106.0	22.6	7.0	3.6

(Excluding bank overdrafts).

(€000')	BALANCE SHEET ITEMS	1 TO 2 YEARS	2 TO 5 YEARS	LONGER THAN 5 YEARS
Bank loans	293,321	18,709	89,190	185,422
- Fixed rate	13,136	36	13,100	-
- Variable rate	280,185	18,673	76,090	185,422
Finance lease commitment hedge accounts	287	287	-	-
Deferred borrowing costs at EIR	(2,775)	(593)	(1,475)	(706)
TOTAL AT 31/12/2017	290,833	18,403	87,714	184,716

At 31 December 2017, the average maturity of debt was 5.8 years.

(€000')	BALANCE SHEET ITEMS	1 TO 2 YEARS	2 TO 5 YEARS	LONGER THAN 5 YEARS
Bank loans	219,349	51,650	61,798	105,901
- Fixed rate	6,345	6,247	99	-
- Variable rate	213,004	45,403	61,699	105,901
Finance lease commitment hedge accounts	458	171	287	-
Deferred borrowing costs at EIR	(1,641)	(373)	(658)	(610)
TOTAL AT 31/12/2016	218,167	51,449	61,427	105,291

(€000')	BALANCE SHEET ITEMS	1 TO 2 YEARS	2 TO 5 YEARS	LONGER THAN 5 YEARS
Bank loans	216,578	22,494	101,825	92,259
- Fixed rate	5,993	404	5,589	-
- Variable rate	210,585	22,090	96,236	92,259
Finance lease commitment hedge accounts	655	655	-	-
Deferred borrowing costs at EIR	(1,080)	(266)	(560)	(254)
TOTAL AT 31/12/2015	216,153	22,883	101,265	92,004

Note 3 – Other assets & liabilities

At 31 December 2017

(€000*)	BALANCE SHEET ITEMS	FROM 0 TO 1 YEAR	1 YEAR TO 5 YEARS	LONGER THAN 5 YEARS
FINANCIAL ASSETS				
Non-current				
Finance lease transactions and related receivables	3,163	-	3,163	-
Assets available for sale	843	-	843	-
Derivatives stated at fair value	1,607	8	1,372	227
Deposits and sureties paid	1,613	2	1,237	374
Loans	-	-	-	-
Total non-current financial assets	7,227	10	6,616	601
Current				
Cash and cash equivalents	7,716	7,716	-	-
Cash equivalents: SICAVs	-	-	-	-
<i>Restatement of SICAVs at fair value</i>	-	-	-	-
<i>Settlement accounts for securities</i>	242	242	-	-
<i>Bank account overdrafts</i>	7,474	7,474	-	-
TOTAL CURRENT FINANCIAL ASSETS	7,716	7,716	-	-
FINANCIAL LIABILITIES				
Non-current				
Financial instruments	1,733	174	1,559	-
Discounted premiums payable	9	-	9	-
Total non-current financial liabilities	1,742	174	1,568	-
Current				
Loans and borrowings	31,499	31,499	-	-
<i>Less than one year</i>	30,718	30,718	-	-
<i>Finance lease commitment hedge accounts</i>	171	171	-	-
<i>Deferred borrowing costs at EIR</i>	(613)	(613)	-	-
<i>Accrued interest on loans</i>	446	446	-	-
<i>Derivative instruments - Discounted premiums payable</i>	13	13	-	-
<i>Bank overdrafts</i>	624	624	-	-
<i>Current and related accounts</i>	139	139	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	31,499	31,499	-	-

At 31 December 2016

(€000')	BALANCE SHEET ITEMS	FROM 0 TO 1 YEAR	1 YEAR TO 5 YEARS	LONGER THAN 5 YEARS
FINANCIAL ASSETS				
Non-current				
Finance lease transactions and related receivables	7,563	-	7,563	-
Assets available for sale	15	-	15	-
Derivatives stated at fair value	1,442	4	79	1,360
Deposits and sureties paid	2,499	-	1,787	712
Total non-current financial assets	11,520	4	9,445	2,071
Current				
Cash and cash equivalents	4,875	4,875	-	-
<i>Cash equivalents: SICAVs</i>	-	-	-	-
<i>Restatement of SICAVs at fair value</i>	-	-	-	-
<i>Settlement accounts for securities</i>	360	360	-	-
<i>Bank account overdrafts</i>	4,515	4,515	-	-
TOTAL CURRENT FINANCIAL ASSETS	4,875	4,875	-	-
FINANCIAL LIABILITIES				
Non-current				
Financial instruments	3,107	18	3,089	-
Discounted premiums payable	23	-	23	-
Total non-current financial liabilities	3,130	18	3,112	-
Current				
Loans and borrowings	35,533	35,533	-	-
<i>Less than one year</i>	32,908	32,908	-	-
<i>Finance lease commitment hedge accounts</i>	197	197	-	-
<i>Deferred borrowing costs at EIR</i>	(332)	(332)	-	-
<i>Accrued interest on loans</i>	295	295	-	-
<i>Derivative instruments - Discounted premiums payable</i>	14	14	-	-
<i>Bank overdrafts</i>	1,016	1,016	-	-
<i>Current and related accounts</i>	1,434	1,434	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	35,533	35,533	-	-

**FINANCIAL INFORMATION CONCERNING THE ASSETS,
FINANCIAL SITUATION AND EARNINGS OF THE ISSUER**
CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

(€000')	BALANCE SHEET ITEMS	FROM 0 TO 1 YEAR	1 YEAR TO 5 YEARS	LONGER THAN 5 YEARS
FINANCIAL ASSETS				
Non-current				
Finance lease transactions and related receivables	9,016	-	9,016	-
Assets available for sale	21	-	21	-
Derivatives stated at fair value	214	36	178	-
Deposits and sureties paid	2,638	-	-	2,638
Total non-current financial assets	11,889	36	9,214	2,638
Current				
Cash and cash equivalents	6,698	6,698	-	-
<i>Cash equivalents: SICAVs</i>	-	-	-	-
<i>Restatement of SICAVs at fair value</i>	-	-	-	-
<i>Settlement accounts for securities</i>	796	796	-	-
<i>Bank account overdrafts</i>	5,902	5,902	-	-
TOTAL CURRENT FINANCIAL ASSETS	6,698	6,698	-	-
FINANCIAL LIABILITIES				
Non-current				
Financial instruments	4,295	589	3,706	-
Discounted premiums payable	86	-	86	-
Total non-current financial liabilities	4,381	589	3,792	-
Current				
Loans and borrowings	45,823	45,823	-	-
<i>Less than one year</i>	40,851	40,851	-	-
<i>Finance lease commitment hedge accounts</i>	187	187	-	-
<i>Deferred borrowing costs at EIR</i>	(313)	(313)	-	-
<i>Accrued interest on loans</i>	327	327	-	-
<i>Derivative instruments - Discounted premiums payable</i>	60	60	-	-
<i>Bank overdrafts</i>	4,572	4,572	-	-
<i>Current and related accounts</i>	139	139	-	-
TOTAL CURRENT FINANCIAL LIABILITIES	45,823	45,823	-	-

Note 4 – Assets held for sale

(€000')	31/12/2017		31/12/2016		31/12/2015	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
DISCONTINUED BUSINESS SECTORS	180,100	134,376	-	-	-	-
Investment property						
Buildings held for sale	38,578	-	49,228	-	58,457	-
Loans	-	17,662	-	31,855	-	28,950
Guarantee deposits	-	1,217	-	1,671	-	1,612
Sub-total	38,578	18,878	49,228	33,526	58,457	30,562
Financial assets						
Securities	15	-	15	-	21	-
Related receivables	828	-	-	-	-	-
Sub-total	843	-	15	-	21	-
TOTAL	219,521	153,255	49,243	33,526	58,478	30,562

Note 5 – Other assets

(€000')	31/12/2017	31/12/2016	31/12/2015
Government – tax and social security receivables	3,333	888	3,118
Suppliers	158	574	355
Customer accounts	11,296	2,299	2,142
Subscribed share capital not paid up	2	-	-
Other miscellaneous receivables	7,537	5,233	4,437
Other	-	-	(45)
Income receivable	19,261	14,366	15,894
Prepaid expenses	301	151	266
TOTAL	41,887	23,510	26,168

Breakdown of income receivable

(€000')	31/12/2017	31/12/2016	31/12/2015
Recognitions of charges	16,070	11,683	13,295
Recognitions of rental income on a straight-line basis	2,169	2,083	1,725
Other investment property income receivables	883	434	517
Rebilling to subsidiaries	121	93	259
Property development income receivables	-	58	58
Income receivables from other activities	18	14	40
TOTAL	19,261	14,366	15,894

Note 6 – Other liabilities

(€000')	31/12/2017	31/12/2016	31/12/2015
Trade and related payables	3,775	3,706	3,786
Fixed asset payables and related accounts	7,394	593	106
Trade accounts payable and related accounts	11,169	4,298	3,892
Other customer payables	311	749	683
Other payables	18,606	10,659	12,531
Other debts	18,916	11,409	13,214
Expenses payable	6,775	4,969	4,580
Deferred income	843	1,043	655
TOTAL	37,704	21,719	22,340

Breakdown of miscellaneous accounts payable

(€000')	31/12/2017	31/12/2016	31/12/2015
Trade debtors-credit balances	311	749	683
Provisions for tenant charges	15,517	10,617	12,471
Working capital received	42	42	42
Other payables	49	-	18
Debts from security acquisitions	2,998	-	-
TOTAL	18,916	11,409	13,214

Note 7 - Trade loans and receivables

(€000')	31/12/2017	31/12/2016	31/12/2015
Receivables from sales of fixed assets	2,717	7,826	8,154
Ordinary receivables	3,499	2,795	2,867
Doubtful receivables	4,913	4,916	5,336
Impairment of doubtful receivables	(3,370)	(3,459)	(3,830)
TOTAL	7,759	12,077	12,527

FINANCIAL INFORMATION CONCERNING THE ASSETS,
FINANCIAL SITUATION AND EARNINGS OF THE ISSUER
CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

(€000')	NOT DUE	30 DAYS AT MOST	OVER 30 DAYS AND WITHIN 180 DAYS	OVER 180 DAYS AND WITHIN 1 YEAR	OVER 1 YEAR
INVESTMENT PROPERTIES					
Gross	11,014	3,570	1,245	1,538	3,884
Impairment	(3,275)	-	(85)	(103)	(2,670)
Net	7,740	3,570	1,160	1,435	1,214
SERVICES					
Gross	115	-	-	-	115
Impairment	(95)	-	-	-	(95)
Net	20	-	-	-	20
TOTAL					
Gross	11,129	3,570	1,245	1,538	3,999
Impairment	(3,370)	-	(85)	(103)	(2,765)
Net	7,759	3,570	1,160	1,435	1,234

At 31 December 2016

(€000')	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	15,358	8,422	591	1,214	4,372
Impairment	(3,359)	-	(6)	(250)	(2,863)
Net	12,000	8,422	584	964	1,508
SERVICES					
Gross	178	57	-	-	121
Impairment	(100)	-	-	-	(100)
Net	78	57	-	-	21
TOTAL					
Gross	15,536	8,479	591	1,214	4,493
Impairment	(3,459)	-	(6)	(250)	(2,964)
Net	12,077	8,479	584	964	1,529

At 31 December 2015

(€000')	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	16,187	1,110	152	1,912	11,569
Impairment	(3,720)	(2)	(1)	(280)	(2,699)
Net	12,467	1,108	151	1,632	8,870
SERVICES					
Gross	170	31	6	-	132
Impairment	(110)	-	-	-	(110)
Net	60	31	6	-	22
TOTAL					
Gross	16,357	1,141	158	1,912	11,701
Impairment	(3,830)	(2)	(1)	(280)	(2,809)
Net	12,527	1,139	157	1,632	8,893

Note 8 – Inventories

['€000']	31/12/2017	31/12/2016	31/12/2015
Property development inventories (particularly Concerto Iberica)	16,031	15,839	16,543
Finance expense inventory (property development)	-	1	-
Impairment of property development inventory	(12,239)	(12,137)	(10,699)
TOTAL	3,792	3,702	5,844

Note 9 – Contribution of companies consolidated under the equity method

Contribution

['€000']		VALUE OF SECURITIES		CHANGE	OF WHICH SCOPE EFFECT AND OTHER CHANGES	OF WHICH SHARE OF NET INCOME	OF WHICH DISTRIBUTIONS
		31/12/2016	31/12/2017				
Paris 29 Copernic	50.00%	(21)	51	72	-	50	22
Cap 88	40.00%	(50)	180	230	-	230	-
Concerto Buchères 3	40.00%	1,357	31	(1,327)	-	30	(1,357)
Marseille 88 Capelette	40.00%	1,970	2,045	75	-	75	-
Nanterre	50.00%	111	(22)	(133)	-	(23)	(110)
Concerto Wissous Pro	40.00%	-	-	-	-	-	-
Urbismart	24.52%	(293)	(427)	(134)	-	(134)	-
Montigny Ampère	50.00%	-	45	45	310	(265)	-
Banimmo ⁽¹⁾	49.51%	28,476	-	(28,476)	(28,432)	(45)	-
TOTAL		31,551	1,902	(29,648)	(28,122)	(81)	(1,445)

(1) Until 30/09/2017.

Key data

['€000']	31/12/2017			31/12/2016			31/12/2015					
	%	TOTAL ASSETS	REVENUES EXCL. VAT	PROFIT/LOSS	%	TOTAL ASSETS	REVENUES EXCL. VAT	PROFIT/LOSS	%	TOTAL ASSETS	REVENUES EXCL. VAT	PROFIT/LOSS
Paris 29 Copernic	50.00%	250	-	101	50.00%	300	-	(44)	50.00%	248	-	(93)
Cap 88	40.00%	752	1,863	575	40.00%	1,131	-	105	40.00%	1,057	-	(239)
Concerto Buchères 3	40.00%	113	-	76	40.00%	3,766	6,609	3,392	40.00%	31,984	18,730	2,445
Marseille 88 Capelette	40.00%	1,773	-	40	40.00%	2,848	-	58	40.00%	2,784	-	(204)
Nanterre	50.00%	737	-	(46)	50.00%	1,178	-	221	50.00%	1,281	-	80
Concerto Wissous Pro	-	-	-	-	-	-	-	-	40.00%	1	-	(3)
Urbismart	24.52%	15	-	(546)	24.52%	356	82	(1,070)	17.00%	880	23	(574)
Montigny Ampère	50.00%	10,076	-	(10)	-	-	-	-	-	-	-	-
Banimmo	-	-	-	-	49.51%	272,617	12,188	(15,410)	49.51%	350,589	12,494	(33,234)

Note 10 – Deferred taxes

(€000)	31/12/2017	31/12/2016	31/12/2015
ASSETS			
Internal capital gains	960	960	1,393
Investment properties at FV of non-SIIC subsidiaries	(4)	-	-
Deferment of borrowing costs	12	-	-
TOTAL	968	960	1,393
LIABILITIES			
Investment properties at FV of non-SIIC subsidiaries	1,430	71	-
Deferment of borrowing costs	-	(6)	-
TOTAL	1,430	65	-

Note 11 – Cash and equivalents

(€000)	31/12/2017	31/12/2016	31/12/2015
Cash	2	1	1
Liquid bank assets	7,473	4,515	5,901
Cash equivalents	242	360	796
Cash from companies classified as discontinued operations	5,650	-	-
Sub-total (1)	13,367	4,875	6,698
Bank overdrafts	(624)	(1,016)	(4,572)
Sub-total (2)	(624)	(1,016)	(4,572)
TOTAL (1) + (2)	12,743	3,859	2,126

Note 12 – Change in number of shares comprising the capital

Shares authorised, issued and paid up

	AT BEGINNING OF PERIOD	CAPITAL INCREASE BY CONVERTING BRS	DECREASE IN CAPITAL THROUGH CANCELLATION OF TREASURY STOCK	CAPITAL INCREASE AND REDUCTION THROUGH CAPITALISATION OF RESERVES	AT END OF PERIOD
Number of shares	10,056,071	-	-	-	10,056,071
Share capital in euros	59,500,000	-	-	(34,500,000)	25,000,000

Treasury shares

	AU 31/12/2016	ACQUISITIONS	SALES	CANCELLATION	AT 31/12/2017
In thousands of euros	395	352	(357)	-	391
In numbers	27,007	22,317	(24,286)	-	25,038

Note 13 – Borrowings

(€000)	BALANCE 31/12/2015	ALLOWANCES FOR THE YEAR	REVERSALS FOR THE YEAR	TRANSFER BETWEEN LINE ITEM TO LINE ITEM	BALANCE 31/12/2016	ALLOWANCES FOR THE YEAR	REVERSALS FOR THE YEAR	TRANSFER BETWEEN LINE ITEM TO LINE ITEM	BALANCE 31/12/2017
Provision for miscellaneous risks (customer disputes) (buildings in DAV)	1,091	354	(242)	-	1,203	441	(875)	-	768
Provision for tax risk	100	-	-	-	100	-	(100)	-	-
Provision for pension costs	501	-	(13)	-	488	-	(397)	-	90
Provision for miscellaneous expenses	2,784	-	(2,252)	(242)	291	63	(291)	-	63
TOTAL	4,476	354	(2,507)	(242)	2,081	504	(1,663)	-	922

20.1.5.4.2 Notes to the individual income statement

Note 14 – Net property income

(€000')	2017	2016	2015	2017/2016 CHANGE	2016/2015 CHANGE
Gross rental income	33,793	34,662	39,029	(869)	(4,367)
Service charge income/(expenses)	(4,117)	(5,434)	(4,033)	1,317	(1,401)
Re-invoiced expenses	12,056	11,441	11,767	615	(326)
Rebillable expenses	(11,493)	(11,134)	(10,612)	(359)	(521)
Non rebillable expenses	(4,478)	(5,541)	(4,774)	1,064	(767)
Miscellaneous expenses	()	(3)	-	3	(3)
Lease fees	(202)	(198)	(413)	(5)	216
Other property income/(expenses)	(100)	215	(561)	(316)	776
Other income	164	430	531	(266)	(101)
Net losses on doubtful receivables	(264)	(214)	(1,092)	(50)	878
Net property income	29,576	29,443	34,435	133	(4,992)

Note 15 – Earnings from other activities

(€000')	2017	2016	2015	2017/2016 CHANGE	2016/2015 CHANGE
Income (loss) from finance lease transactions (1)	821	10	1,255	811	(1,245)
Rent and similar	3,460	3,555	3,928	(95)	(373)
Depreciation and provisions subject to Articles 64 and 57	(3,043)	(2,948)	(3,084)	(95)	136
Change in underlying reserve	-	(65)	(10)	65	(55)
Net losses on doubtful receivables	431	(512)	451	943	(962)
Expenses on finance leases	(28)	(21)	(30)	(7)	9
Income (loss) from property development activities (2)	146	231	43	(84)	188
Revenues	-	450	10	(450)	440
Changes in inventories	192	(799)	109	991	(908)
Net losses on doubtful receivables	5	(5)	-	10	(5)
Expenses on property transactions	(51)	585	(76)	(635)	661
Income (loss) from other activities (1) + (2)	967	241	1,297	727	(1,057)

Note 16 – Net financial costs

(€000')	2017	2016	2015	2017/2016 CHANGE	2016/2015 CHANGE
Revenue from cash and cash equivalents	283	435	527	(152)	(92)
Dividends		2	15	(1)	(13)
Regular receivables accounts	283	433	512	(150)	(79)
Investment securities	-	-	-	-	-
Gross cost of financial debt	(7,200)	(7,400)	(9,632)	200	2,232
Term loans of a financial nature	(5,945)	(5,438)	(6,717)	(507)	1,278
Income and expenses from derivatives	(1,429)	(1,995)	(2,955)	566	961
Subordinated debt expenses	(9)	(9)	(8)	()	-
Income and expenses from current accounts	183	42	48	141	(7)
Net cost of financial debt	(6,916)	(6,965)	(9,105)	49	2,140

Note 17 – Income tax

(€000')	2017	2016	2015	2017/2016 CHANGE	2016/2015 CHANGE
Tax due	374	(712)	550	1,086	(1,262)
Change in deferred tax	(39)	(573)	(93)	534	(480)
Exit tax	-	-	-	-	-
TOTAL	335	(1,285)	457	1,620	(1,741)

2017 supporting tax documentation

(€000')	31/12/2017
Consolidated profit / loss before tax	6,828
Share of companies consolidated under the equity method	81
Share of discontinued operations	12,015
Net income before tax and before profit of companies consolidated under the equity method and discontinued operations	18,924
- Of which SIIC / SICOMI companies	20,320
- Of which companies subject to tax	(1,397)
Notional tax at 33.33% (1)	466
Impact from deductions and changes in the consolidation scope	(649)
Impact of permanent differences	431
Allocation of tax losses	248
Tax losses for the year not carried on balance sheet	(762)
Impact of tax credits and flat-rate taxes	601
Total tax impact for the year (2)	(130)
Tax expense recorded (1) + (2)	335
Of which:	
Current corporation tax	374
Deferred taxes	(39)

Note 18 – Discontinued operations

See §5.1.2 on the accounting treatment of the equity investment in Banimmo.

Assets

(€000')	31/12/2017	31/12/2016	31/12/2015
Non-current assets			
Investment properties	26,995	37,879	65,948
Property, plant and equipment	219	335	493
Intangible assets	200	58	75
Equity investments in companies consolidated under the equity method	5,271	6,403	7,520
Deferred tax assets	281	255	5,504
Long-term financial assets	4,496	24,422	45,862
Trade receivables and other receivables	540	1,628	4,981
Total non-current assets	38,002	70,981	130,385
Current assets			
Assets held for sale	10,541	-	-
Inventory	98,035	138,613	192,387
Building - Contract in progress	-	2,569	2,281
Short-term financial assets	19,171	819	818
Trade receivables and other receivables	16,897	22,424	20,516
Current tax receivables	152	54	652
Cash and cash equivalents	5,650	37,157	3,551
Total current assets	150,446	201,636	220,205
TOTAL ASSETS	188,449	272,617	350,589

Passif

(€000')	31/12/2017	31/12/2016	31/12/2015
Equity			
Share capital	79,539	79,539	106,539
Consolidated reserves	(25,402)	(21,796)	(33,449)
Share of third parties	-	-	-
Total shareholders' equity	54,137	57,743	73,090
Non-current liabilities			
Long-term financial debts	77,751	108,213	159,570
Long-term derivative financial instruments	2,182	6,053	-
Trade and other debts	1,983	2,591	4,256
Long-term provisions	1,590	2,751	2,085
Total non-current liabilities	83,506	119,608	165,911
Current liabilities			
Short-term financial debt	37,374	63,950	86,976
Short-term provisions	29	74	76
Current tax liabilities	2,723	17,437	161
Short-term derivative financial instruments	602	33	6,416
Trade and other debts	10,077	13,772	17,959
Total current liabilities	50,805	95,266	111,589
TOTAL LIABILITIES AND EQUITY	188,449	272,617	350,589

Consolidated profit and loss statement

(€000*)	NOTES	31/12/2017	30/09/2017	31/12/2016	31/12/2015
Gross rental income (revenues)		6,996	5,454	11,640	11,401
Gains from disposals of properties in inventory		54,952	41,050	132,716	18,731
Proceeds from contracts in progress		3,142	-	-	23,094
Income from ordinary activities		65,090	46,504	144,356	53,226
Rental expense		(3,027)	(2,145)	(3,444)	(3,283)
Expenses and fees from disposals of properties in inventory		(43,505)	(29,832)	(72,092)	(17,988)
Expenses and fees from contracts in progress		(2,577)	-	-	(17,502)
Expenses related to ordinary activities		(49,108)	(31,977)	(75,536)	(38,773)
Operating profit of buildings		15,981	14,527	68,820	14,453
Management fees and commissions		587	346	548	1,092
Net profit (loss) of investment property sales		-	-	(1,269)	(3,925)
Gains and losses of fair value on investment properties		(1,101)	(999)	(386)	(575)
Allocations and reversals of write-downs for properties in inventory		(3,829)	(999)	(14,713)	(4,000)
Other operating income and expenses		(155)	(400)	(424)	(16)
Property earnings		11,483	12,475	52,576	7,029
Administrative expenses		(6,941)	(5,440)	(9,683)	(9,077)
Operating profit		4,542	7,035	42,893	(2,048)
Financial expenses		(6,029)	(3,531)	(38,729)	(32,486)
Financial income		482	360	1,925	1,953
Share in profits of companies consolidated under the equity method		81	(60)	(1,122)	(2,035)
Income from reclassifying equity investments of companies consolidated under the equity method		-	-	-	-
Impairment on equity investments of companies consolidated under the equity method		-	(203)	-	449
Net profit/(loss) from selling securities of companies consolidated under the equity method		(506)	-	(1)	1,038
Provisions for liabilities and charges on financial assets		-	-	109	(109)
Gains and losses on disposals of financial assets		(1)	(1)	(19)	-
Income before tax		(1,634)	3,802	5,505	(33,687)
Tax on recurring income		(2,304)	(3,893)	(15,665)	922
Deferred taxes		26	1	(5,249)	(469)
EARNINGS FOR THE PERIOD		(3,912)	(90)	(15,410)	(33,234)

For the first three quarters of 2017, Banimmo's earnings were recorded in the "Share of net income of equity associates" line item. Fourth quarter earnings were recorded in the "Net income from discontinued operations" line item (for €3,822 K). The "Net income from discontinued operations" line item also recorded the valuation of securities held by Affine based on the average share price for the month of December for (€8,193 K).

Statement of consolidated cash flows

(€000')	31/12/17	30/09/17	31/12/16	31/12/15
Cash flow related to operating activities				
Net profit	(3,912)	(90)	(15,410)	(33,235)
- Taxes	2,278	3,892	20,914	(453)
- Profit / (loss) from disposals of investment properties	-	-	1,269	3,925
- Profit / loss from disposals of property, plant and equipment	-	-	-	398
- Profit / loss from the disposal of equity investments consolidated under the equity method	-	(1)	1	(1,038)
- Profit / loss on disposals of financial assets	-	-	19	-
- Profit/ loss on disposals of properties in inventory	(10,941)	(11,250)	(60,624)	(743)
- Gains / losses from completing contracts in progress	(565)	-	-	(5,591)
- Gains and losses of fair value on investment properties	1,101	999	386	575
- Allocation and reversals of write-downs for properties in inventory	3,829	999	14,713	4,000
- Reversal of write-downs on trade receivables	455	62	(22)	(113)
- Reversal of write-downs on financial assets	(840)	(840)	(109)	109
- Depreciation of property, plant and equipment	140	107	162	172
- Depreciation of intangible assets	41	38	46	54
- Amortisation of gross rental income and rental expenses on buildings on a straight-line basis	(80)	(28)	(133)	(355)
- Share in profits / (loss) of companies consolidated under the equity method	122	60	673	2,035
- Reversals of write-downs on related party trade receivables	-	-	26,234	22,382
- Interest charges	7,100	4,534	8,621	8,294
- Interest income and dividends received	(482)	(360)	(1,925)	(1,953)
- (Gains) / losses of fair value on derivative instruments	(495)	(163)	2,338	1,766
Net profit before changes in working capital	(2,247)	(2,040)	(2,847)	229
Changes in working capital				
Acquisitions of properties in inventory	-	-	(13,880)	(31,859)
Investment spending on properties in inventory	(4,785)	(3,408)	(15,763)	(43,531)
Cash from disposals on properties in inventory	38,701	34,600	126,191	16,407
Investment spending on contracts in progress	(947)	(2)	(1,122)	(15,414)
Cash received on contracts in progress	(4)	-	-	20,573
Trade receivables and other receivables	5,002	6,449	3,775	(3,908)
Trade and other debts	1,449	254	(2,219)	(25)
Provisions	(1,206)	(641)	(817)	(692)
Cash from (used) by operating activities	38,208	37,251	96,165	(58,449)
Acquisition / sale of derivative financial instruments	-	-	-	-
Taxes paid	(17,188)	(17,172)	(322)	(1,426)
Taxes received	71	71	2,531	438
Net cash from (used) by operating activities	18,844	18,111	95,527	(59,208)
Cash flow related to investing activities				
Investment spending on investment properties	(479)	(324)	(1,214)	(1,179)
Cash from disposals on investment properties	-	-	13,761	14,700
Acquisitions of property, plant and equipment	(24)	(1)	(4)	(91)
Cash from disposals of property, plant and equipment	-	-	-	323
Acquisitions of intangible assets	(183)	(130)	(29)	(34)
Disposals of equity investments	223	-	444	2,196
Dividends received from financial assets	-	-	-	67
Disposals of financial assets	-	-	(19)	216
Loans granted to related parties	(4)	(1,001)	(4,663)	(1,127)
Repayments of loans granted to related parties	2,947	-	25	1,905
Interest collected on loans granted to related parties	28	-	186	266
Net cash from (used) by investing activities	2,508	(1,455)	8,487	17,242
Cash flow related to financing activities				
Net increase (decrease) in credit	(23,102)	(23,102)	(26,218)	8,815
New loans	0	-	16,458	43,920
Loan repayments	(17,984)	(16,447)	(50,190)	(4,571)
Public bond issue (net of fees)	-	-	-	43,498
Bond repayment	-	-	-	(40,928)
Interest paid	(6,868)	(5,271)	(8,363)	(7,095)
Interest paid (collected) on derivative instruments	(2,807)	(2,562)	(2,667)	(2,748)
Other interest collected	137	12	41	9
Dividends paid to shareholders	-	-	-	(25)
Net cash from (used) by financing activities	(50,624)	(47,370)	(70,939)	40,875
NET CHANGE IN CASH AND CASH EQUIVALENTS	(29,272)	(30,715)	33,075	(1,091)
NET CASH POSITION AT THE BEGINNING OF THE YEAR	34,922	34,922	1,847	2,938
NET CASH POSITION AT THE END OF THE YEAR	5,650	4,208	34,922	1,847

The impact on Affine's consolidated balance sheet is as follows:

(€000*)	31/12/2017	31/12/2016	31/12/2015
ASSETS			
Shares and investments in associates (equity method)	-	28,476	36,074
Discontinued business sectors	180,100	-	-
TOTAL ASSETS	180,100	28,476	36,074
LIABILITIES			
Equity	(28,756)	(46,003)	(38,406)
<i>of which non-controlling interests</i>	27,225	-	-
Debts linked to discontinued operations	(134,376)	-	-
TOTAL LIABILITIES	(163,132)	(46,003)	(38,406)
Impact on Affine's equity - Group share	(55,981)	(46,003)	(38,406)
Impact on Affine's equity - non-controlling share	27,225	-	-

The company chose to only impair group share and not non-controlling interests.

The impact on Affine's intermediate management balances is as follows:

(€000*)	31/12/2017	31/12/2016	31/12/2015
Share of earnings of companies consolidated under the equity method ⁽¹⁾	(45)	(7,629)	(16,452)
Net profit from discontinued operations ⁽²⁾	(3,822)	-	-
NET PROFIT	(3,866)	(7,629)	(16,452)
Non-controlling interests ⁽³⁾	1,930	-	-
NET INCOME GROUP SHARE	(1,936)	(7,629)	(16,452)

(1) Banimmo earnings for the first three quarters of 2017.

(2) Banimmo earnings for the fourth quarter, including (€8,193 K) in impairment corresponding to the adjustment of the value of securities based on the average share price for December 2017.

(3) Non-controlling interests of Banimmo.

Note 19 – Earnings per share

The convertible bonds (ORA) 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 revenue on these securities is similar to dividends, with the Group share of net income (loss), adjusted for the calculation of diluted earnings per share.

(€000*)	31/12/2017	31/12/2016	31/12/2015
Net profit – Group share	9,093	5,456	440
PSL charges	(2,235)	(1,953)	(2,135)
Cost of 1 & 2 convertible bonds redeemable in shares (BRS)	(226)	(226)	(590)
Net profit – Group share adjusted for the earnings per share	6,632	3,278	(2,285)
BRS 1 and 2 adjustments	226	226	590
Net profit – Group share adjusted for the diluted earnings per share (after conversion of BRS)	6,858	3,504	(1,696)

IN EUROS	31/12/2017	31/12/2016	31/12/2015
Number of shares in circulation at balance sheet date	10,056,071	10,056,071	10,056,071
Average number of treasury shares *	(26,250)	(20,178)	(593,279)
Average number of shares (excl. Tr. shares)	10,029,821	10,035,893	9,462,792
Average number of new shares issued for redeeming 1 & 2 convertible bonds redeemable in shares (BRS) **	225,888	225,888	806,652
Average number of diluted shares (excl. Tr. shares)	10,255,709	10,261,781	10,269,445
Earnings per share (€)	0.91	0.54	0.05
Diluted earnings per share (€)	0.89	0.53	0.04
Diluted earnings per share restated to reflect subordinated loan notes (PSL) (€)	0.66	0.33	(0.24)
Diluted earnings per share restated to reflect subordinated loan notes (PSL) (€) **	0.67	0.34	(0.17)

* The average number of treasury shares in 2015 includes the capital increase on 31/07/2015.

** The average number of 2015 diluted shares has been corrected for the average number of new shares issued for redemption of ORA.

20.1.5.5 Management of financial risk

20.1.5.5.1 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities corresponds to the carrying value.

20.1.5.5.2 Nature and scope of risks related to financial instruments

In 2017, the Affine Group continued 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.

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

20.1.5.5.2.1 Liquidity risk

Affine monitors its risk primarily with two tools:

- a daily cash statement prepared by the financial department and sent to General Management;
- a 3-year monthly cash position forecast provided by Management Control to General Management; at this time, actual monthly cash and projected cash are reconciled and discrepancies analysed. A cash forecast is submitted to the two Board Meetings convened to approve the financial statements.

The Group's loan agreements may contain covenants relating to:

- LTV (Loan To Value);
- ICR (Interest Coverage Ratio);
- DSCR (Debt Service Coverage Ratio)

The vast majority of these covenants apply to buildings. Failure to comply with these ratios may constitute a default event calling for partial or accelerated repayment if the ratio is not restored to its contractual level.

As at 31 December 2017, 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.

20.1.5.5.2.2 Interest rate risk

Affine favours the use of variable-rate debt, which represented nearly 98% of its bank debt as at 31 December 2017 (excluding debts related to equity investments and bank overdrafts). This debt is fully hedged against interest rate risk.

The Group hedges its interest rate risk through market transactions (caps, swaps and tunnels) contracted with leading banking institutions. Thus, during the financial year, Affine subscribed to seven swaps with a notional amount of €126,339 K guaranteeing a maximum rate of 1.00%. 44% of the debt is covered by a "corporate" hedge (€150 M).

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.

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 31/12/2017

SENSITIVITY TO CHANGE IN INTEREST RATES IN THOUSANDS OF EUROS	2018 EXPENSES	2019 EXPENSES	2020 EXPENSES	2021 EXPENSES
Increase of 50 basis points, 2017 projected rate	5,662	5,626	5,910	5,612
Increase of 100 basis points, 2017 projected rate	6,757	7,032	7,183	6,723

At 31/12/2016

SENSITIVITY TO CHANGE IN INTEREST RATES IN THOUSANDS OF EUROS	2017 EXPENSES	2018 EXPENSES	2019 EXPENSES	2020 EXPENSES
Increase of 50 basis points, 2016 projected rate	4,860	4,593	3,860	3,789
Increase of 100 basis points, 2016 projected rate	5,702	5,699	4,761	4,605

At 31/12/2015

SENSITIVITY TO CHANGE IN INTEREST RATES IN THOUSANDS OF EUROS	2016 EXPENSES	2017 EXPENSES	2018 EXPENSES	2019 EXPENSES
Increase of 50 basis points, 2015 projected rate	3,602	3,027	2,794	2,616
Increase of 100 basis points, 2015 projected rate	4,416	3,641	3,615	3,270

20.1.5.5.2.3 Foreign exchange risk

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

20.1.5.5.2.4 Counterparty risk

Affine is committed to investing its cash and contracting derivatives only with reputable banking institutions. As at 31 December 2017, no bank accounted for more than 24% of total refinancing debt (apart from companies consolidated under the equity method).

20.1.5.6 Management of financial risk

The Company's capital management objectives consist of ensuring continuing operations and providing a return to shareholders while conserving an efficient capital structure that limits the cost of capital.

20.1.5.7 Commitments and guarantees

20.1.5.7.1 Financing commitments and guarantees given

20.1.5.7.1.1 Loans and bank overdrafts

• Guarantees

(€000')	BALANCE SHEET ITEMS	LESS THAN 1 MONTH	FROM 1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 2 YEARS	2 YEARS TO 5 YEARS	LONGER THAN 5 YEARS
Non-current debts							
	covered by guarantees	183,113	-	-	11,371	55,790	115,952
	covered by securities pledges	110,208	-	-	7,338	33,400	69,470
	neither collateral nor guarantees	-	-	-	-	-	-
	Subtotal	293,321	-	-	18,709	89,190	185,422
Current debts							
	covered by guarantees	37,304	20,503	688	3,594	12,071	-
	covered by securities pledges	6,212	-	1,561	4,650	-	-
	neither collateral nor guarantees	-	-	-	-	-	-
	Subtotal	43,516	20,503	2,250	8,245	12,071	-

These do not include the €5 million bond maturing on 02/10/2018. The amount indicated represents the outstanding amount still owed on the debts at 31/12/2017.

The debts are secured by:

- either senior mortgages or by Lender Liens (Privilèges de Prêteur de Denier - PPD) with the banks;
- or by pledges of shares that Affine holds in the borrower's equity and/or claims given to 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

(€000')	31/12/2017	31/12/2016	31/12/2015
Engagements en faveur de la clientèle	-	-	4,400
TOTAL	-	-	4,400

20.1.5.7.1.2 Mandatory minimum payments required under finance leases in which the Group is the lessee

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

EN MILLIERS D'EUROS	DEPRECIATION	FEES
Less than 1 year	4,258	5,380
1 to 5 years	19,124	22,689
Longer than 5 years	37,042	38,295
Total minimum capital payments	60,424	
Amounts representing interest expense	5,940	
Discounted value of minimum lease payments	66,364	66,364

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

20.1.5.7.1.3 Mandatory minimum payments under operating leases in which the Group is lessee

EN MILLIERS D'EUROS	INDEXED RENT	BASE RENT
Less than 1 year	383	378
1 to 5 years	288	283
Longer than 5 years	-	-
Minimum total lease payments	671	
Indexation	10	
Discounted value of minimum lease payments	661	661

The operating lease concerns the rental income of Affine headquarters.

20.1.5.7.2 Commitments and guarantees received

20.1.5.7.2.1 Loans and bank overdrafts

• Guarantees

(€000')	31/12/2017	31/12/2016	31/12/2015
Commitments to lending institutions	1,313	1,313	1,313
Commitments to clients	-	-	-
TOTAL	1,313	1,313	1,313

• Financing commitments

(€000')	31/12/2017	31/12/2016	31/12/2015
Overdraft facilities	21,000	19,000	15,000
Balance of commitments from lending institutions	21,000	19,000	11,131
Commitments received from customers	-	-	-
TOTAL	21,000	19,000	11,131

20.1.5.7.2.2 Guaranteed minimum revenue under finance lease agreements for which Affine is the lessor

(N.B. finance leases are restated to show a receivable equal to the outstanding amount due on the lease.)

(€000')	MINIMUM PAYMENTS	NET ASSET VALUE OF MINIMUM PAYMENTS
Less than 1 year	4,182	4,158
1 to 5 years	3,122	3,056
Longer than 5 years	-	-
Minimum lease payments	7,304	
Amounts representing interest expense	(89)	
Discounted value of minimum lease payments	7,215	7,215
Residual values of minimum lease payments	-	-

Finance lease contracts in which Affine is the lessor relate to contracts without specific provisions; these are general contracts (CBG) signed on or after 1996 that have a residual term of two to three 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.

20.1.5.7.2.3 Guaranteed minimum revenues under operating lease agreements for which Affine is the lessor

(€000')	MINIMUM PAYMENTS	NET ASSET VALUE OF MINIMUM PAYMENTS
Less than 1 year	32,013	27,180
1 to 5 years	103,817	94,771
Longer than 5 years	38,044	33,759
Minimum total lease payments	173,874	
Amounts representing interest expense	(18,164)	
Discounted value of minimum lease payments	155,710	155,710

All holdings are located in France, with the exception of one asset in Spain. Operating lease contracts in France, where Affine is lessor, are generally 3/6/9-year commercial leases; only the lessee can terminate the lease at the end of each three-year period with six months' notice (as local use dictates). The parties can, however, contractually waive this three-year termination provision by providing for a firm leasing period longer than three years.

Rent is normally paid on a quarterly basis in advance and is indexed annually in its entirety to the INSEE construction cost index (ICC), rents for tertiary activities index (ILAT) or commercial rents index (ILC). Rent may be stepped or constant and may include exemptions or ceilings; these must, however be determined when the lease is signed and remain applicable for its entire term. The lessee generally bears all charges, property taxes, and office taxes.

In certain cases, the rents include a variable portion, but it remains marginal.

Pension commitments are provisioned on the basis of the assumption of retirement at age 65 and totalled €90 K at 31 December 2017. The actuarial assumptions used to calculate the provision are as follows:

	2017	2016	2015
Discount rate:	1.15%	0.80%	0.96%
Turnover rates	11.79% up to 50 years, 3% thereafter	9.37% up to 50 years, 3% thereafter	8.93% up to 50 years, 3% thereafter
Wage rise adjustment coefficient	0%	0.50%	0.86%
INSEE TD-TV mortality table	13-15	12-14	11-13

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.

20.1.5.8 Employee benefits and compensation

20.1.5.8.1 Employees

At 31 December 2017, there were 35 employees, distributed as follows:

- Corporate officers: 2
- Managers: 26
- Administrative: 7

The average workforce to use from now on is defined in Article D123-200 of the French Commercial Code (PCG Art. 833-19), corresponding to the arithmetic mean of employees at the end of each quarter of the calendar year.

20.1.5.8.2 Individual training right

The Individual Training Right (Droit individuel à la formation-DIF) no longer existed in 2017.

The Personal Training Account was established on 1 January 2015 in accordance with Law No. 2014-288 dated 5 March 2014.

20.1.5.8.3 Pensions and other post-employment benefits

Pensions payable through various mandatory pension schemes are managed by external specialist organisations. Contributions due for the financial year were recognised in the income statement in the amount of €297 K in 2017, versus €278 K in 2016.

20.1.5.8.4 Bonus shares

Affine RE's Combined Ordinary and Extraordinary General Shareholders' Meeting on 28 April 2016 authorised the Board of Directors to allot existing shares of the Company as bonus shares on one or more occasions to company employees or to certain categories of employees.

On 9 March 2017, the Board of Directors decided to set up a bonus share award plan for certain categories of employees and granted them 2,050 shares under these provisions.

20.1.5.9 Related party disclosures

20.1.5.9.1 Executive compensation

(€000')	31/12/2017	31/12/2016	31/12/2015
Short-term benefits (wages, bonuses, etc.)	929	748	748
Post-employment benefits	99	71	67
Other long-term benefits	18	6	6
Share-based payments	-	-	-
Recognised benefits	1,046	825	821
Severance pay	405	385	385
Benefits not recognised	405	385	385

Executive officers are defined as persons performing the duties of Chairman & CEO, CEO of the Group's companies, and Deputy Chief Executive Officer.

20.1.5.9.1.1 Compensation of management and administrative bodies

Gross compensation paid to the members of the management and administrative bodies of the companies amounted to €929 K for 2017, compared to €748 K for 2016. This increase is due to the appointment of a Deputy Chief Executive Officer.

The other defined benefits of any kind for the members of the management and administrative bodies are:

- Company cars represented a €10.56 K expense in 2017;
- Severance package: a clause providing for severance pay for one of the corporate officers amounting to one year's total compensation

paid by all Group companies;

- Contributions to pension funds paid during the year: €99.39 K;
- Unemployment insurance contribution (GSC) for €9 K for one of the corporate officers.

The amount of directors' fees paid to members of the Board in 2017 was €67 K, versus €106 K in 2016.

20.1.5.9.1.2 Executives' profit-sharing scheme

The Combined General Shareholders' Meeting on 27 April 2017 authorised the Board of Directors to expand the bonus share award to the Company's corporate officers. The number of shares awarded to corporate officers totalled 9,000 shares.

20.1.5.9.2 Affine transactions with affiliated companies

20.1.5.9.2.1 Loans and advances made to affiliated companies

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

(€000')	31/12/2017	31/12/2016	31/12/2015
CAP 88	(710)	1,219	1,217
CONCERTO BUCHERES 3	(55)	(1,220)	(1)
COPERNIC	(7)	(82)	(23)
MARSEILLE CAPELETTE	457	1,228	1,226
MONTIGNY AMPERE	9,981	-	-
NANTERRE	46	(65)	(104)
URBISMART	813	679	557
Total loans granted to related parties	10,524	1,759	2,872
CAP 88	-	2	4
CONCERTO BUCHERES 3	(8)	(16)	-
COPERNIC	(2)	(1)	(3)
MARSEILLE CAPELETTE	1	2	5
MONTIGNY AMPERE	5	-	-
NANTERRE	-	-	-
URBISMART	12	10	5
Total interest income on loans granted	8	(3)	11

No guarantee was received or given.

20.1.5.9.2.2 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 €124 K [a partial amount excluding the fraction included in the compensation for executives] impacted the 2017 financial statements, compared with €195 K in 2016.

20.1.5.10 Fees of Statutory Auditors and members of their networks

At 31/12/2017

(€000')	CAILLIAU DEDUIT ET ASSOCIÉS				KPMG			
	AMOUNT: EXCL. VAT		%		AMOUNT: EXCL. VAT		%	
	2017	2016	2017	2016	2017	2016	2017	2016
Auditing, certification, review of individual and consolidated financial statements								
Issuer	158	148	58%	59%	158	148	94%	94%
Fully consolidated subsidiaries	107	102	39%	41%	-	-	-	-
Services other than accounts certification								
Issuer	-	2	0%	0%	10	10	6%	6%
Fully consolidated subsidiaries	7	-	3%	0%	-	-	-	-
Sub-total	272	251	100%	100%	168	158	100%	100%
Other services rendered by the networks to fully-consolidated subsidiaries								
Legal, tax, social	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	272	251	100%	100%	168	158	100%	100%

At 31/12/2016

(€000')	CAILLIAU DEDUIT ET ASSOCIÉS				KPMG			
	AMOUNT: EXCL. VAT		%		AMOUNT: EXCL. VAT		%	
	2016	2015	2016	2015	2016	2015	2016	2015
Auditing, certification, review of individual and consolidated financial statements								
Issuer	148	140	59%	54%	148	140	94%	93%
Fully consolidated subsidiaries	102	112	41%	43%	-	-	-	-
Services other than accounts certification								
Issuer	2	-	0%	0%	10	10	6%	7%
Fully consolidated subsidiaries	-	9	0%	4%	-	-	-	-
Sub-total	251	261	100%	100%	158	150	100%	100%
Other services rendered by the networks to fully-consolidated subsidiaries								
Legal, tax, social	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
TOTAL	251	261	100%	100%	158	150	100%	100%

20.1.5.11 Post-reporting period events

Not applicable.

20.2 PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

There is no pro-forma consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended 31 December 2017

To the General Meeting of Affine R.E. shareholders,

OPINION

Pursuant to the assignment given us by your general shareholders' meetings, we have carried out an audit of the annual financial statements of Affine R.E. S.A. for the financial year ended 31 December 2017, which are attached to this report.

We hereby certify that, in accordance with French accounting rules and standards, the annual financial statements present a fair and true picture of the results of the transactions performed in the past financial year, and of the company's financial position and assets at the end of that financial year.

Our opinion as stated above is consistent with our report to the Audit Committee.

BASIS OF OPINION

Audit principles

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

Our responsibilities under these standards are indicated in the section "Responsibilities of Statutory Auditors in an audit of annual financial statements" of this report.

Independence

We performed our audit in accordance with the independence requirements applicable to us, covering the period from 1 January 2017 to the publication date of our report, and we have, in particular, not rendered any services prohibited by Article 5-1 of Regulation (EU) No. 537/2014 or by the French Code of Ethics for Statutory Auditors.

OBSERVATION

Without detracting from our opinion expressed above, we draw your attention to the following point in Note 6.2 - Comparability of accounts in the Notes to the annual financial statements, regarding the change in accounting method for assessing depreciation on buildings.

On 1 January 2017, Affine reviewed, for all its finance-lease assets, the split between land and buildings, the component breakdown, and the depreciation period. The net replacement cost method was adopted and applied.

In connection with our assessment of the accounting principles followed by your company, we have verified the correct application of this change of accounting policy and the resulting presentation.

BASIS OF ASSESSMENT – KEY AUDIT POINTS

Pursuant to Article L.823-9 and R.823-7 of the French Commercial Code governing the basis of assessment, we draw your attention to the following key audit points regarding the risk of material errors or misstatements that, in our professional judgment, were the most important for our audit of the financial statements for the period in review, as well as our responses to those risks.

These assessments were performed as part of our audit of the annual financial statements, taken as a whole, and in the formation of our opinion as expressed in the first part of this report. We have no opinion to express on any items of these annual financial statements considered in isolation.

ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT

Identified risks

As at 31 December 2017, the company's property, plant and equipment amounted to €166.9 million.

As indicated in Notes 6.3.2 and 6.3.5 of the Notes to the financial statements, fixed assets are valued at their acquisition cost, which corresponds to their purchase price plus acquisition expenses. At the end of each reporting period, the carrying values of fixed assets are compared to their estimated market values. Independent assessments, valuations by management, and promises/offers/mandates serve as references when assessing the market value of such property assets.

Reports by independent appraisers take into consideration a range of factors such as the type of asset, its location, rental income, rate of return, investment expenditure, and comparable market transactions.

When the estimated market value of an asset falls below its net carrying value, and if the impairment seems long-term, a provision for impairment is recognised for the difference.

The valuation of property, plant and equipment is a key aspect of the audit due to its sensitivity to the assumptions adopted by appraisers and its size in the company's separate financial statements.

Our response

We have reviewed the appropriateness of the valuation method used for property, plant and equipment based on the information provided to us.

Our audit consisted of:

- Assessing the competence, independence and integrity of the property appraisers.
- Examining material variations in the fair value of each investment property.
- Reviewing the consistency of the main valuation assumptions adopted by the independent appraisers, particularly regarding rates of return and market rental values in comparison with market data where available.
- Reconciling the data used by the independent appraisers with the data presented in probative documents such as rent statements and investment expenditure budgets.
- Interviewing the independent appraisers to understand and assess the appropriateness of their estimates, assumptions and valuation methodology applied.
- Performing an impairment test on each property, to compare its net carrying value with the fair value adopted by management.

ASSESSMENT OF FINANCIAL ASSETS

Identified risks

Equity investments, shown on the balance sheet for 31 December 2017 in the amount of €62.7 million, constitute one of the biggest items on the balance sheet. They are recorded on their acquisition date at their acquisition cost and their value is depreciated to reflect their actual value, if different.

As indicated in Note 6.3.3 of the Notes to the financial statements, the asset value of equity investments is calculated on the basis of the asset's share of net position, adjusted to reflect unrealised gains on intangible and tangible items, the entity's profitability and future outlook, and for listed companies, the restated net assets or the share price. Estimates of unrealised gains and losses are based on the reports of property appraisers.

The estimation of financial assets is regarded as a key aspect of the audit due to its sensitivity to the assumptions adopted by property appraisers, for the entities who own the properties, and their size in the company's financial statements.

Our response

Our audit consisted of:

- Reviewing the appropriateness of the valuation method used for equity investments based on the information provided to us.
- Comparing the equity values used to calculate asset values, with the equity values in the financial statements of the entities being audited or used in other analyses.
- Establishing the share price.

For companies that own buildings, our audit of unrealised capital gains and losses on buildings also consisted of:

- Comparing the net asset values of buildings used to calculate actual values, with the net carrying values of the buildings of the entities being audited or used in other analyses.
- Comparing the fair values of buildings used to calculate asset values, with the fair values of buildings calculated by property appraisers, by carrying out the same procedures as we used above to assess property, plant and equipment.

Our work also consisted of assessing the recognition of provisions for impairment of current account advances or provisions for risks where the company had undertaken to bear the losses of a subsidiary reporting negative equity.

REVIEW OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS SENT TO SHAREHOLDERS

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

Information provided in the management report and in other documents sent to shareholders regarding financial position and annual financial statements.

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

Corporate governance report

We confirm the existence, in the Board of Director's Corporate Governance Report, of the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

With respect to the information provided pursuant to Article L.225-37-3 of the French Commercial Code relating to the remuneration and benefits paid to corporate officers and the commitments made to them, we verified their 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. On the basis of this work, we certify the accuracy and fair presentation of this information.

Other information

As required by law, we obtained assurance that the various information pertaining to equity interests and controlling interests and to the identity of the holders of equity or voting rights were reported to you in the management report.

DISCLOSURES REQUIRED BY OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of Statutory Auditors

We were appointed Statutory Auditors of the financial statements of Affine R.E. by the General Shareholders' Meeting of 26 April 2017 for the firm KPMG, and the Meeting of 29 May 1991 for the firm Cailliau Dedouit et Associés.

On 31 December 2017, KPMG was in its 11th consecutive year as appointed auditors, and Cailliau Dedouit et Associés in its 27th consecutive year.

RESPONSIBILITIES OF MANAGEMENT AND PERSONS COMPRISING GOVERNANCE BODIES AS REGARDS ANNUAL FINANCIAL STATEMENTS

It is management's responsibility to prepare annual financial statements that present a true and fair picture in accordance with French accounting standards and to put in place the internal controls that it considers necessary for the preparation of annual financial statements free from material omissions and misstatements due to fraud or error.

When preparing annual financial statements, it is the duty of management to assess the company's ability to continue operations, to present in those financial statements all necessary information relating to its business continuity, and to apply the going concern principle of accounting, unless the intention is to liquidate the company or cease trading.

It is the duty of the Audit Committee to monitor the process for preparing the financial information and to monitor the effectiveness of the internal control and risk management systems, and, in the case of an internal audit, to monitor the procedures for preparing and processing financial and accounting information.

The annual financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF STATUTORY AUDITORS IN AN AUDIT OF ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements as a whole are free of material errors, omissions or misstatements. Reasonable assurance means a high degree of assurance, without, however, guaranteeing that an audit carried out in accordance with professional standards can always detect such material anomalies. Material anomalies may result from fraud or error and are considered to be material when they can, separately or in combination, reasonably be expected to influence persons making economic decisions based on those financial statements.

As stated in Article L.823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your company's management.

In carrying out an audit in accordance with French applicable professional standards, the Statutory Auditors exercise their professional judgment throughout the audit. Additionally, they:

- identify and assess the risks that the annual financial statements may contain material anomalies due to fraud or error, define and implement audit procedures to mitigate such risks, and collect the information they consider sufficient and appropriate on which to base their opinion. The risk of failure to identify a material anomaly due to fraud is greater than that of a material anomaly resulting from error, as fraud may involve collusion, falsification, deliberate omissions, false statements, or circumvention of internal control;
- review the internal controls relating to the audit in order to define the appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion of the effectiveness of such internal controls;

- assess the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimations made by management, as well as the information regarding them provided in the annual financial statements;
- assess the appropriateness of management's application of the going concern principle of accounting, and, based on the information collected, the degree of uncertainty regarding events or circumstances that may adversely impact the company's ability to continue operations. This assessment is based on the information collected as of the date of their report, it being understood that subsequent circumstances or events may adversely impact business continuity. If they conclude that significant uncertainty exists, they draw the attention of the readers of their report to the information disclosed in the annual financial statements relating to that uncertainty or, if that information is not disclosed or is not pertinent, they formulate a certification with reservations or refuse to certify the financial statements;
- assess the overall presentation of the annual financial statements and whether they reflect the underlying operations and events in a way that provides a fair and true picture.

Report to the Audit Committee

We submit a report to the Audit Committee, which explains the scope of the audit and the procedures followed, as well as the conclusions resulting from our work. We also bring to its attention any significant weaknesses in internal control that we identified during our audit, regarding the preparation and processing of financial and accounting information.

The information communicated in the report to the Audit Committee also includes the risk of material anomalies that we consider to have been the greatest risks for the audit of the annual financial statements for the period in review and are therefore key points of the audit, which it is our responsibility to describe in this present report.

We also submit to the Audit Committee the statement, specified in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France such as those in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. If necessary, we meet with the Audit Committee to discuss any risks impacting our independence and the safeguards applied to mitigate them.

The Statutory Auditors

Paris La Défense, 3 April 2018

KPMG Audit
A division of KPMG S.A.

Isabelle Goalec
Partner

Paris, 3 April 2018

Cailliau Dedouit et Associés

Laurent Brun
Partner

20.3 ANNUAL FINANCIAL STATEMENTS

20.3.1	BALANCE SHEET ASSETS	112
20.3.2	BALANCE SHEET LIABILITIES	113
20.3.3	INCOME STATEMENT	114
20.3.4	STATEMENT OF CASH FLOWS	115
20.3.5	CORPORATE INFORMATION	116
20.3.6	NOTES TO THE ANNUAL FINANCIAL STATEMENTS	116
20.3.6.1	Accounting principles and methods	116
20.3.6.2	Comparability of the financial statements	116
20.3.6.3	Measurement policy for major items	117
20.3.6.3.1	Intangible assets	117
20.3.6.3.2	Property, plant and equipment	117
20.3.6.3.3	Non-current financial assets	118
20.3.6.3.4	Trade and other accounts receivable	118
20.3.6.3.5	Impairment of fixed assets	118
20.3.6.3.6	Marketable securities	119
20.3.6.3.7	Equity and other equity	119
20.3.6.3.8	Borrowing costs deferral method	120
20.3.6.3.9	Forward financial instruments	120
20.3.6.3.10	Taxes	120
20.3.6.3.11	Employee benefits and compensation	121
20.3.6.3.12	Benefits and compensation granted to executives	121
20.3.7	KEY EVENTS OF THE YEAR	122
20.3.7.1	Key events affecting the portfolio	122
20.3.7.1.1	Finance leases	122
20.3.7.1.2	Investment properties	122
20.3.7.1.3	Equity investments and shares in affiliated companies	122
20.3.7.2	Key events affecting debts and equity	123
20.3.7.2.1	Financing and refinancing	123
20.3.7.2.2	Equity	123
20.3.7.3	Provisions for liabilities and charges	123
20.3.7.4	Post-reporting period events	123

20.3.8	ADDITIONAL INFORMATION	123
20.3.8.1	Segment revenues	123
20.3.8.2	Distribution obligations	123
	20.3.8.2.1 For the SICOMI segment	123
	20.3.8.2.2 For the SIIC segment	123
20.3.8.3	Consolidating company	123
20.3.9	INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS	124
20.3.9.1	Notes to the individual balance sheet	124
	Note 1 – Intangible assets and property, plant and equipment, depreciation and impairment	124
	Note 2 – Long-term financial assets	124
	Note 3 – Loans and other long-term financial asset	126
	Note 4 – Claims: statement of maturities	126
	Note 5 – Investment securities and cash on hand	127
	Note 6 – Prepaid expenses	127
	Note 7 – Expenses deferred over several financial years	127
	Note 8 – Shareholders’ equity and other equity	128
	Note 9 – Statements of debt maturity dates	130
	Note 10 – Deferred income	130
20.3.9.2	Notes to the individual income statement	130
	Note 11 – Operating income	130
	Note 12 – Operating expenses	131
	Note 13 – Share of earnings from joint transactions	132
	Note 14 – Financial income (expense)	133
	Note 15 – Extraordinary income (loss)	134
	Note 16 – Income tax	134
20.3.9.3	Notes to the off-balance sheet statement	135
	Note 17 – Other commitments not included in the publishable off-balance sheet statement	135
20.3.10	STATUTORY AUDITORS’ FEES REPORTED IN THE INCOME STATEMENT	136

20.3.1 BALANCE SHEET ASSETS

(€000')	NOTES	31/12/2017		31/12/2016	
		GROSS	AMORT. AND IMPAIRMENTS	NET	NET
CAPITALISED ASSETS					
Intangible assets	1	561	(462)	99	3,221
Concessions, patents, licences, software		561	(462)	99	230
Goodwill		-	-	-	2,766
Other intangible assets		-	-	-	226
Property, plant and equipment		260,410	(93,512)	166,899	204,554
Land	1	81,998		81,998	53,763
Buildings		176,887	(93,410)	83,477	148,902
Other property, plant and equipment		268	(102)	166	174
Property, plant & equipment under construction		1,257		1,257	1,716
Non-current financial assets		150,252	(87,586)	62,667	66,549
Equity investments	2	147,904	(87,586)	60,318	64,360
Other non-current securities		1		1	1
Other long-term financial assets	3	2,348	-	2,348	2,189
		411,224	(181,559)	229,665	274,325
CURRENT ASSETS					
Inventories and work-in-progress					
Advances and deposits on orders					
Receivables		103,889	(1,759)	102,130	77,565
Trade and other accounts receivable	4	3,890	(825)	3,065	3,089
Other receivables		100,000	(934)	99,066	74,475
Marketable securities		391	-	391	389
Treasury shares	5	391	-	391	389
Cash on hand		4,985	-	4,985	1,826
Prepaid expenses	6	1,973	-	1,973	1,994
		111,238	(1,759)	109,479	81,773
Expenses deferred over several years	7	2,430	-	2,430	2,271
GRAND TOTAL		524,892	(183,319)	341,573	358,369

20.3.1 BALANCE SHEET LIABILITIES

(€000')	NOTES	31/12/2017 NET	31/12/2016 NET
EQUITY			
Share capital (including 25,000 paid)		25,000	59,500
Issue, merger and share premiums		51,629	51,629
Revaluation differences		-	1,095
Legal reserve		4,806	4,806
Other reserves		15,655	24,616
Retained earnings		(52,092)	(43,703)
Profit or loss for the year		4,016	(42,916)
Regulated provisions		2,621	4,813
	8	51,634	59,841
OTHER EQUITY			
Other equity		79,219	79,058
	8	79,219	79,058
PROVISIONS			
Provisions for risks			
Provisions for charges		549	1,573
	8	549	1,573
DEBTS			
Other bonds		5,072	5,071
Borrowings and debt from lending institutions		155,815	161,888
Borrowings and financial debt		26,929	28,605
Advances and amounts received on orders in progress		287	491
Trade and related payables		1,549	2,187
Tax and social charges		2,104	4,856
Liabilities on non-current assets and related accounts		3,009	262
Other debts		14,309	13,287
Deferred income	10	1,099	1,250
	9	210,171	217,897
Translation adjustment liabilities			
GRAND TOTAL		341,573	358,369

20.3.3 INCOME STATEMENT

(€000')	NOTES	31/12/2017			31/12/2016
		FRANCE	EXPORTS	TOTAL	TOTAL
Production sold (services)		33,264		33,264	35,362
Net revenues	11	33,264		33,264	35,362
Prior period adjustments and transfers of expenditures				2,550	3,889
Other income				121	562
				35,935	39,813
Operating expenses					
Other purchases and external expenses				(11,257)	(12,709)
Taxes and related expenses				(4,969)	(4,947)
Salaries				(3,288)	(3,115)
Social security charges				(1,585)	(1,529)
Amortisation, impairment and provisions					
- Amortisation on non-current assets				(9,506)	(12,495)
- Impairment of non-current assets				(5,268)	(3,485)
- Impairment of current assets				(113)	(709)
- Provisions for risks and charges				(60)	(183)
Other expenses				(743)	(842)
	12			(36,789)	(40,016)
OPERATING INCOME (LOSS)				(854)	(203)
Share in profit or loss on joint operations	13			1,932	795
Profit allocated or loss transferred				2,896	3,830
Loss accrued or profit transferred				(963)	(3,034)
Financial income					
Equity investments				1,193	1,043
Other investment securities and receivables from capitalised assets				23	27
Other interest and similar income				704	587
Reversals on impairment, provisions and transfer of charges				5,719	858
Net income from disposals of marketable securities				35	14
				7,674	2,529
Financial expenses					
Amortisation, impairment and provisions				(16,999)	(37,736)
Interest and similar expenses				(7,160)	(7,077)
Net charges on disposals of marketable securities				(1)	(23)
				(24,160)	(44,836)
FINANCIAL INCOME	14			(16,486)	(42,307)
PRE-TAX CURRENT PROFIT				(15,408)	(41,715)
Extraordinary income					
On management transactions				148	(222)
On capital transactions				46,608	17,350
Reversals on impairment, provisions and transfers of charges				14,533	2,461
				61,289	19,589
Extraordinary expenses					
On management transactions				(18)	(48)
On capital transactions				(42,066)	(19,609)
Amortisation, impairment and provisions				(332)	(608)
				(42,415)	(20,266)
EXTRAORDINARY INCOME/LOSS	15			18,874	(677)
Income tax	16			549	(524)
Total income				107,794	65,760
Total expenses				(103,778)	(108,676)
PROFIT OR LOSS				4,016	(42,916)

20.3.4 STATEMENT OF CASH FLOWS

(€000')	NOTES	31/12/2017	31/12/2016
I – TRANSACTIONS RELATED TO OPERATING ACTIVITIES			
Company net income (loss)		4,016	(42,916)
Depreciation, amortisation and provisions, net		10,987	45,521
Unrealised gains and losses from changes in fair value			
Other income and expenses calculated		(1,211)	(828)
Capital gains or losses on disposals of assets	1	(4,712)	3,063
net carrying value of non-current assets sold		41,010	20,080
income from disposals of non-current assets		(45,722)	(17,018)
Dividends and returns from income of non-consolidated companies		(1,932)	(795)
Cash flow after cost of net debt and tax		7,147	4,045
Net cost of financial debt		5,241	5,449
Income tax		(549)	524
Cash flow before cost of net debt and tax		11,839	10,018
Taxes paid		(300)	(114)
Change in trade receivables and other accounts		(2,360)	1,897
Change in trade and other payables		442	(2,463)
Other changes in working capital requirement related to operating activities		2,370	(936)
NET CASH FLOWS FROM OPERATING ACTIVITIES		11,991	8,402
II – INVESTMENT TRANSACTIONS			
Investment properties		47,304	14,145
Cash paid for acquisitions		(2,524)	(2,671)
Cash received on disposals		49,829	16,816
Cash paid for acquisitions of intangible assets and property, plant and equipment		(312)	(2,463)
Consolidated securities		(201)	(204)
Cash paid for acquisitions		(201)	(208)
Cash received on disposals			4
Impact of changes in consolidation			
Dividends received			2,197
Change in loans and advances made		(30,117)	(172)
Other cash flows related to investing activities			
NET CASH FLOW FROM INVESTMENT TRANSACTIONS		16,957	15,655
III – FINANCING TRANSACTIONS			
Purchases and sales of treasury shares		38	(136)
Dividends paid during the year	2	(13,219)	(6,850)
Income/loss on hybrid instruments		(2,461)	(2,179)
Change in guarantee deposits paid and received		(1,249)	(296)
Issues or subscriptions of loans and borrowings		93,450	39,724
Repayments of loans and borrowings		(98,950)	(50,605)
Cost of net financial debt: interest paid		(4,696)	(4,890)
Other cash flows related to financing activities		1,917	1,619
NET CASH FLOW FROM FINANCING TRANSACTIONS		(25,170)	(23,612)
NET CHANGE IN CASH (I+II+III)		3,778	445
Cash and cash equivalents at beginning of period		1,043	598
Cash and cash equivalents at end of period		4,821	1,043
NET CHANGE IN CASH		3,778	445

Note 1 of the SCF: Capital gains or losses on disposals of assets

(€000*)	31/12/2017	31/12/2016
Net carrying value of investment properties	40,359	12,062
Write-offs on investment properties	599	6,487
Write-offs on property, plant and equipment		103
Net carrying value of buildings under finance leases		1,341
Net carrying value of financial assets sold	50	64
Losses on sales of treasury stock	1	23
Net carrying value of fixed assets sold	41,010	20,080
Disposal price of investment properties	(44,859)	(17,000)
Disposal price of finance leased buildings		(1,341)
Recovery of Article 64		1,341
Sale price of long-term financial assets	(828)	(4)
Gains on sales of treasury stock	(35)	(14)
Income from disposals of non-current assets	(45,722)	(17,018)
Capital gains or losses on disposals of assets	(4,712)	3,063

Note 2 of the SCF: Dividends paid during the year

In 2017, the Shareholders' Meeting approved a dividend pay-out of €10,056 K, and €3,190 K was maintained in a current account by a shareholder.

Cash and cash equivalents

(€000*)	31/12/2017	31/12/2016
Savings banks, central bank, postal bank	1	1
Liquid bank assets	4,742	1,466
Liquid bank assets in other assets	242	360
Sub-total (1)	4,985	1,826
Bank overdrafts	(164)	(784)
Sub-total (2)	(164)	(784)
Total (1) + (2)	4,821	1,043

20.3.5 CORPORATE INFORMATION

On 27 February 2018, the Board of Directors of Affine RE approved the financial statements for the year ended 31 December 2017 and authorised their publication.

Affine adopted the tax treatment for French traded real estate investment companies (Sociétés d'Investissements Immobiliers Cotées - "SIIC") in 2003. On 15 September 2016, the Board of Directors decided to move the corporate offices to 39, rue Washington, Paris 75008.

20.3.6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20.3.6.1 Accounting principles and policies

Affine RE 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). Non-current assets have been recognised 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

Accounting and calculation methods adopted in the financial statements for the year are the same as those used in the financial statements last year except for depreciation plans for buildings under operating leases, which have been subject to a forward-looking review.

Based on the Council of State decrees dated 15 February 2016 (No. 380400, LG Services and No. 367467, SARL Daves Place United States), Affine RE reviewed all of these depreciation tables (excluding buildings held for sale) to better adapt the breakdown by components as well as the remaining term of the type of asset.

Affine used the net replacement cost method and applied it as from 1 January 2017.

This involves determining a value to rebuild the existing buildings on the lot identically or at an equivalent worth. A gradient taking into account dilapidation and maintenance condition is applied to this gross replacement cost.

Independent property appraisers authorised by Affine RE (CBRE, BNP Real Estate and CFE) measured the value of the property at 31 December 2016. This change in method led to revaluing the land for an amount of €41,423 K, and decreasing the net value of the buildings an equal amount.

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 the leases under which Affine is the lessee.
- And computer software programs.

20.3.6.3.1.1 Goodwill: description of the finance lease agreements

None at 31/12/2017.

20.3.6.3.1.2 Usufruct and intended use

Usufruct:

In 2015, Affine sold a building in Lyon for which the payment terms of the sale price have been deferred over two years: €5,000 K on 15/07/2015 and €4,900 K in May 2017. The property recorded in 2015 has been entirely amortised up to the transfer of beneficial ownership date on 31 May 2017.

Intended use:

On 11/03/2016, a change of intended use agreement was signed by Paris Habitat (Assignor) and Affine RE (Assignee) to convert residential premises into commercial premises for a total surface area of 144.80 sqm in a Paris building.

Since the transformation was completed on 31/12/2017, the intended use initially recognised as intangible assets was transferred to property, plant and equipment in the amount of €234 K in 2017.

20.3.6.3.1.3 Computer software

At 31 December 2017, the net value of computer software totalled €99 K, compared to €230 K at 31 December 2016, after reclassifying annual fees in expenses.

20.3.6.3.2 Property, plant and equipment

20.3.6.3.2.1 Buildings rented under a finance lease

20.3.6.3.2.1.1 Gross value

The gross value of properties includes the cost of the land and buildings as well as acquisition costs.

20.3.6.3.2.1.2 Depreciation

Finance-leased buildings acquired since 1 January 2000 are depreciated according to the amortisation method specified in the finance lease agreement, with the acquisition costs amortised first.

20.3.6.3.2.1.3 Article 57 provision (new Finance Lease rules)

Leases signed on or after 1 January 1996 are subject to the new finance lease legislation.

Article 57 provisions are recognised for buildings once the financial amortisation exceeds the accounting amortisation.

Furthermore, this provision is also recognised for buildings replaced under a finance lease agreement governed by these rules, once the net carrying value of the building on the renegotiation date exceeds the financial value of the lease. This provision totalled €1,793 K at 31 December 2017, versus €542 K at 31 December 2016.

20.3.6.3.2.2 Investment properties

20.3.6.3.2.2.1 Gross value

The gross value of properties includes the cost of land and buildings as well as acquisition costs and technical losses.

Since 1 January 2016, pursuant to Regulation 2015-06, the merger technical loss has been amortised under the same rules and conditions as the assets to which it is assigned.

20.3.6.3.2.2.2 Depreciation

Since 1 January 2005, Affine has depreciated buildings on a component basis. The gross value of new properties is analysed in four components according to the type of equipment.

Acquisition costs are incorporated into the components on a prorated basis for their respective parts.

20.3.6.3.2.2.3 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.

20.3.6.3.2.4 Assets acquired under finance leases

At 31 December 2017, Affine is the lessee in a contract (Gennevilliers).

ITEMS	BUILDINGS		TOTAL
	THOUARS (OPENED ON 27/09/2017)	GENNEVILLIERS	31/12/2016
Initial value	10,469	18,796	29,265
Depreciation:			
- prior years (aggregates)	4,128	3,139	7,267
- allowances for the period	393	603	996
TOTAL	5,948	15,054	21,002
FEES PAID			
- prior years (aggregates)	7,256	7,378	14,634
- allowances for the period	387	1,383	1,770
TOTAL	7,643	8,761	16,404
OUTSTANDING FEES PAYABLE			
- within one year		1,405	1,405
- between one and five years		5,855	5,855
- more than five years		1,237	1,237
TOTAL		8,497	8,497
RESIDUAL VALUE			
- within one year		-	-
- between one and five years		-	-
- more than five years		5,000	5,000
TOTAL		5,000	5,000

20.3.6.3.3 Non-current 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 of the net position of the Company corrected for unrealised gains on intangible and tangible items, profitability and future outlook and, for listed companies, the NAV (the underlying asset subject to external appraisal) or the share price.

Banimmo's securities have been valued based on average stock market price for the month of December 2017, which led to an additional €10,136 K impairment being recorded.

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 [French 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 the assigned accounts granted to banks for refinancing operations as well as the receivables related to the investment property business (working capital, security deposit, etc.).

20.3.6.3.4 Trade and other accounts receivable

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 4 on receivables.

20.3.6.3.5 Impairment of fixed assets

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 2017, no impairment was recognised.

Buildings for which the finance lessees are facing problems may also be impaired. At 31 December 2017, no impairment was recognised.

20.3.6.3.5.2 Impairment of investment properties

At 31 December 2017, Affine held 23 investment buildings:

- For 17 of them, the value used equals that of the external appraisals conducted by BNP Real Estate, Crédit Foncier Expertise and CBRE Evaluation.

(€000')	VALUES USED	EXTERNAL APPRAISALS	VARIANCE
Crédit Foncier Expertise	156,040	156,040	-
CBRE	64,291	64,291	-
BNP Real Estate	18,900	18,900	-
Investment properties at 31/12/2017	239,231	239,231	-

- Three were valued at less than the external appraisal:

(€000')	VALUES USED	EXTERNAL APPRAISALS	VARIANCE
Internal	14,800	18,226	(3,426)
Investment properties at 31/12/2017	14,800	18,226	(3,426)

- Three were valued based on commitments, offers or mandates:

(€000')	VALEURS RETENUES	EXPERTISES EXTERNES	ÉCART
Offer			11,495
Commitment			-
Mandate			-
Investment properties at 31/12/2017			11,495

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.

Total impairment amounted to €7,044 K in 2017, compared to €14,346 K in 2016 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.

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).

20.3.6.3.6 Marketable 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 stock market 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.

(€000')	31/12/2016	ACQUISITIONS/ ADDITIONS	DISPOSALS/ REVERSALS	CANCELLATION OF SHARES	31/12/2017
Number of shares	27,007	22,317	24,286		25,038
Impairment (in thousands of euros)	(6)	-	(6)		0
Net	389				391

20.3.6.3.7 Equity and other equity

20.3.6.3.7.1 Convertible bonds (ORA)

Affine issued 2,000 convertible bonds (ORA) with a nominal value of €10,000 on 15 October 2003, for a term of 20 years, redeemable at maturity at the original issue price of €50 per share (200 shares per ORA), adjusted for the potential diluting effects of financial transactions on the share capital.

After a bonus issue of 4% of shares to shareholders on 23 November 2005, this ratio was raised to 208 shares per 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 2007. Accordingly, the exchange ratio was raised to 624 shares per BRS.

The Board of Directors approved on June 5, 2015, the conversion of 28 ORA into 17,472 new shares. On 28 July 2015, the Board of Directors approved the conversion of 1,610 ORA into 1,004,640 new shares; this conversion was made on 31 July 2015. As at 31/12/2017, 362 ORA are still outstanding.

Annual interest

The coupon, based on the amount of the dividend distributed by the Company, is paid out as follows:

- on 15 November, 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 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.

Since 15 October 2013, the Company has been able to redeem all or some of the convertible bonds in cash by giving prior notice of 30 calendar days, at a price that guarantees the initial subscriber, on the effective redemption date, after taking into account coupons paid in previous years and the interest payable for the period between the last interest payment date prior to the early redemption date and the effective redemption date, a gross actuarial return of 11%.

Early redemption at the holder's discretion

As from 15 October 2013, ORA convertible bond holders are 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, currently, 624 shares per bond.

20.3.6.3.7.2 Perpetual subordinated loan notes (PSL)

On 13 July 2007, Affine issued €75,000 K in perpetual subordinated loan notes (PSL) represented by 1,500 PSL each with a €50,000 nominal value. 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 perpetual subordinated loan notes may be redeemed in their entirety (and not in part) at the discretion of the Company, 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 interests constitute 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, investment loans granted to Affine, and lowest ranking subordinated bonds, and they rank after 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 as from the date of issue on its nominal value on the basis of a variable quarterly interest rate equal to the 3-month Euribor plus a margin of 2.80% per annum, payable quarterly when due 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% per annum from 13 July 2007 inclusive until the first early redemption date (excluded) and then 3.80% per annum.

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 each reporting date, all these instruments are valued by the 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 2017, the fair value of the caps and collars held by the Company amounted to (€1,247 K) versus (€1,394 K) at 31 December 2016. In 2017, they represented a net expense of €413 K, compared with €444 K at 31 December 2016.

In 2017, three new caps were signed for an initial notional amount of €90,745 K with an average duration of 4.7 years.

20.3.6.3.9.2 Interest rate swaps

At 31 December 2017, the fair value of swaps held by the Company amounted to (€1,177 K), versus (€2,235 K) at 31 December 2016. In 2017, they represented a net expense of €1,094 K, compared with €1,449 K in 2016. No swaps were executed during this period.

20.3.6.3.10 Taxes

Immobilier, which became Affine after merging with Sovabail, 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 Immobilier 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, which were amended by the Finance Act of 2013.

This 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;
- up to 100% of the dividends received from subsidiaries which have opted for SIIC status during the period in which they are received.

20.3.6.3.11 Employee benefits and compensation

20.3.6.3.11.1 Pension commitments

Affine employees have been governed by the Property Collective Bargaining Agreement since 1 January 2013. This Agreement does not provide for any retirement benefit other than the one provided by the general system. The pension plan used is a defined benefits scheme.

	FORCED RETIREMENT	VOLUNTARY RETIREMENT
Over 10 years' employment	½ month	1/5 th of monthly salary per year
More than 15 years' employment	1 month	
More than 20 years' employment	1.5 month	1/5 th of the monthly salary for the first 10 years and 2/15 th beyond the 10 th year
More than 30 years' employment	2 months	

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 gross pay 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 €90 K at 31 December 2017, versus €487 K at 31 December 2016.

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

- Discount rate: 1.15%
- Staff turnover: 11.79%
- Salary increase ratio: 0.00%
- INSEE TD-TV 13-15 mortality table.

20.3.6.3.11.2 Personal training account

Since 1 January 2015, the Personal Training Account has been established, pursuant to Law 2014-288 of 5 March 2014 governing professional training, jobs and social democracy.

20.3.6.3.11.3 Average workforce during the financial year

The Group had an average workforce of 27, broken down by category as follows:

Corporate officers:	2
Managers:	21
Administrative:	4

The average workforce to use from now on is defined in Article D 123-200 of the French Commercial Code (PCG Art. 833-19), corresponding to the arithmetic mean of employees at the end of each quarter of the calendar year.

20.3.6.3.11.4 Bonus shares

Affine RE's Combined Ordinary and Extraordinary General Shareholders' Meeting on 28 April 2016 authorised the Board of Directors to allot existing shares of the Company as bonus shares on one or more occasions to company employees or to certain categories of employees.

On 9 March 2017, the Board of Directors decided to set up a bonus share award plan for certain categories of employees and to grant them 2,050 shares under the above provisions.

20.3.6.3.12 Benefits and compensation granted to executives

20.3.6.3.12.1 Executives' profit-sharing scheme

The Combined General Shareholders' Meeting on 27 April 2017 authorised the Board of Directors to expand the bonus share award to the Company's corporate officers. The number of shares awarded to corporate officers totalled 9,000.

20.3.6.3.12.2 Remuneration of management and administrative bodies

Gross compensation paid to the Company's officers amounted to €724 K.

Other benefits in kind provided to Affine's corporate officers include:

- Company car: representing a rental cost of €10,563 K in 2017.
- Severance payment: this benefit is subject to a performance condition tied to Affine's results. 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: €99 K.

The amount of directors' fees (after social security contributions) paid to directors (including corporate officers) as well as the amount of the fees of commitment committee members and audit committee members totalled €67 K.

20.3.7 KEY EVENTS OF THE YEAR

20.3.7.1 Key events affecting the portfolio

20.3.7.1.1 Finance leases

No options were exercised in 2017, versus one in 2016.

20.3.7.1.2 Investment properties

The Company also continued its policy of renovation work for its property portfolio for a total amount of €1,434 K. In financial year 2017, Affine opened 1,466 K in assets, versus €11,410 K in 2016 (€8,389 K of which for the Tangram building in Lyon), and at the same time as these activations, the corresponding old assets were

scrapped for a Net Carrying Value (NCV) of €599 K compared with NAV of €6,487 K in 2016.

The Thouars building was acquired on 27 September 2017 through a lease-purchase option.

Disposals during the 2017 financial year

(€000')	NAV EXCLUDING IMPAIRMENT	DISPOSAL PRICE	ACCOUNTING GAINS/LOSSES	REVERSALS OF IMPAIRMENT	GAIN OR LOSS ON SALE
Tremblay	7,833	5,799	(2,034)	3,843	1,809
Trappes	14,602	5,760	(8,842)	9,354	512
Bagnolet	3,133	10,570	7,437		7,437
Montigny Ampère	8,007	9,867	1,861		1,861
Issy les Moulineaux	6,785	12,862	6,077	505	6,583
	40,359	44,859	4,500	13,702	18,202

20.3.7.1.3 Equity investments and shares in affiliated companies

Acquisition and/or creation

COMPANIES	DATE	TRANSACTION	% CAPITAL ACQUIRED
SCI Issy Weiden	12/06/2017	Creation	99.90%
SCI APM Clichy	02/10/2017	Creation	99.90%
SCI APM Courbevoie	03/10/2017	Creation	99.90%
SCI APM Suresnes	03/10/2017	Creation	99.90%
SAS Paris Vaugirard	09/11/2017	Acquisition	100.00%
SAS Montigny Ampère	20/11/2017	Creation	100.00%
SAS Lyon Dauphiné	11/12/2017	Creation	100.00%
SAS Paris Enghien	11/12/2017	Creation	100.00%

Cessions

COMPANIES	DATE	% CAPITAL SOLD
SAS Montigny Ampère	21/12/2017	50.00%
Concerto Arès	29/12/2017	7.50%
Concerto Grand Sud	29/12/2017	7.50%

Recapitalised companies

Three companies were recapitalised to address their net negative position.

COMPANIES	AMOUNTS (€ THOUSAND)
Capucines Investissement	1,213
Saint-Étienne Molina	4,702
Les 7 Collines	2,094
Total	8,009

20.3.7.2 Key events affecting debts and equity

20.3.7.2.1 Financing and refinancing

During the year, Affine took out five new refinancing arrangements. Loans due for repayment reached €78,552 K, €70,789 K of which in early repayments. Affine has an overdraft facility of €21,000 K that was not used at 31 December 2017.

20.3.7.2.2 Equity

- The General Shareholders' Meeting reduced the share capital of €34,500 K by withdrawing from the retained earnings account. The new capital is now set at €25,000 K.
- The General Shareholders' Meeting approved the financial statements for the financial year ended on 31 December 2016. Earnings for 2016 were retained in the amount of (€42,916) K.
- The dividend paid in 2017 for the year ended 31 December 2016 in the amount of €10,056 K was taken from other reserves.

	AT BEGINNING OF PERIOD	CANCELLATION OF TREASURY SHARES	DISTRIBUTION OF SCRIP DIVIDENDS	BRS CONVERSION	CAPITAL INCREASE AND REDUCTION THROUGH CAPITALISATION OF RESERVES	MERGER	AT END OF PERIOD
Number of shares	10,056,071						10,056,071
Capital (K euros)	59,500				(34,500)		25,000

20.3.7.3 Provisions for liabilities 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. No new impairment has been recognised at 31 December 2017.

As at 31 December 2017, this item amounted to €549 K, compared to €1,573 K at 31 December 2016.

20.3.7.4 Post-reporting period events

Not applicable.

20.3.8 ADDITIONAL INFORMATION

20.3.8.1 Segment revenues

(€000')	TOTAL	FINANCE LEASES	RENTAL	SUBSIDIARIES/LOANS
Revenues	33,264	4,906	26,778	1,580

Revenues mainly include income from the below:

- rental receipts,
- finance lease receipts,
- services rendered.

Benefits given to tenants (e.g. rent deduction, steps, etc.) are spread over the firm term of the lease without taking indexing into consideration.

20.3.8.2 Distribution obligations

20.3.8.2.1 For the SICOMI segment

Profits totally or partially exempted from corporate income tax, in accordance with the SICOMI preference treatment, must be distributed on the basis of 85% of the tax-tree portion. Pursuant to

Article 36 of the Company's Articles of Association, 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 "taxes" chapter allow the deferral over two years of distribution of 60% of 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

(€000')		31/12/2016	ACQUISITIONS, ALLOCATIONS	MERGERS OR COMPLETE TRANSFERS OF ASSETS AND LIABILITIES	TRANSFERS	DISPOSALS, BANK TRANSFERS, WRITE-BACKS, WRITE-OFFS	31/12/2017
Finance lease	Gross	40,820	-			-	40,820
	Depreciation and provisions Arts. 64 and 57	(29,952)	(3,603)			-	(33,556)
	Impairment	-					-
	Net	10,868	(3,603)	-	-	-	7,264
Rental properties	Gross	270,798	2,513		2,895	(56,884)	219,322
	Depreciation	(62,939)	(5,936)	-	0	16,064	(52,811)
	Impairment	(14,346)	(4,017)	-		11,320	(7,043)
	Net	193,513	(7,440)	-	2,895	(29,500)	159,469
Intangible assets	Gross	4,945	179		(4,554)	(10)	561
	Depreciation	(1,724)	76		1,176	10	(462)
	Impairment	-	-				-
	Net	3,221	255	-	(3,377)	-	99
Property, plant and equipment	Gross	187	81			-	268
	Depreciation	(14)	(88)	-			(102)
	Impairment	-					-
	Net	174	(7)	-	-	-	166
Total	Gross	316,750	2,773	-	(1,658)	(56,893)	260,972
	Depreciation	(94,629)	(9,551)	-	1,176	16,073	(86,930)
	Impairment	(14,347)	(4,017)	-	-	11,320	(7,045)
	Amortisation and impairment losses	(108,976)	(13,569)	-	1,176	27,393	(93,975)
	Net	207,774	(10,795)	-	(482)	(29,500)	166,997

Net write-offs amounted to €599 K at 31/12/2017, versus €6,487 K at 31/12/2016.

Note 2 – Long-term financial assets

	%	NET 2017	NET 2016	SIREN NO.	REV. EXCL. TAX 2017	CAPITAL AND RESERVES 2017	2017 PROFIT/ LOSS
Equity investments: non-affiliated companies	15	15					
Habitat et Humanisme	NS	15	15	339,804,858	NC	NC	NC

Equity investments: affiliated companies

[€000']	CAPITAL AND RESERVES BEFORE APPROPRIATION	SHARE HELD	NET CARRYING AMOUNT OF SECURITIES HELD		LOANS AND ADVANCES	SURETIES, ENDORSEMENTS AND GUARANTEES	REVENUES EXC. TAX	PROFIT/ LOSS	DIVIDENDS COLLECTED AND RETURNS FROM PRIOR YEAR'S INCOME	PROVISIONS ON RECEIVABLES AT AFFINE
			GROSS	NET						
SCI ARCA VILLE D'ETE	255	100.00%	201	201	(390)	5,000	777	38	30	
AFFINE SUD	4	99.90%	1	1	1,413		1,152	156	167	
ATIT	4	100.00%	4	4	668			(402)	(298)	
BANIMMO	54,137	49.51%	66,577	18,449	-		6,996	(3,912)		
BERCY PARKINGS	2	100.00%	310	310	128		27	(2)	(7)	
CAPUCINE INVESTISSEMENTS	44	100.00%	6,910	-	530		34	(80)		(37)
CHAVILLE SALENGRO	370	100.00%	1	1	5,814	10,000	2,078	477		
CLICHY HORIZON	68	99.90%	1	1	2,891	6,332	517	46	(226)	
CONCERTO BUCHERES 3	1	40.00%	0	0	(55)			76	1,357	
CONCERTO WISSOUS	2	99.93%	2	2	200			(10)	(4)	
GESFIMMO	259	100.00%	377	47	(138)		243	(212)		
JARDINS DES QUAIS	366	99.00%	22,447	22,447	(20,828)	30,000	5,779	2,420	1,908	
LES 7 COLLINES	38	100.00%	6,249	2,571	6,804	25,945	2,347	(895)		
LUCE PARC LECLERC	1	0.10%	0	0	10			81	0	
SCI NEVERS COLBERT	159	100.00%	101	101	4,751		734	(200)	(2,397)	
PARVIS LILLE	123	99.90%	1	1	1,903	20,521	3,046	(128)	367	
PROMAFFINE	423	100.00%	6,168	970	1,669			547		
PROMAFFINE (C. Rattachées)		100.00%	10,012	10,012	-					
ST ETIENNE MOLINA	1,230	100.00%	10,447	1,061	23			(169)		
TARGET	2,005	100.00%	14,722	1,017	3,381			(1,212)		
TOULOUSE AMARANTES	1	100.00%	1	1	4,354		1,265	228	(39)	
URBISMART	(1,195)	24.52%	202	-	813			(546)		(813)
SCI NANTES HORIZON	1	99.90%	1	1	1,503	7,000		(22)	(28)	
SCI MEUDON HORIZON	1	99.90%	1	1	9,302	22,438		(163)	(22)	
SCI LILLE HORIZON	1	99.90%	1	1	285	1,800		(31)	(14)	
ISSY WEIDEN (formerly FAHRENHEIT)	1	99.90%	1	1	5,360			(5)		
APM Clichy (*)	1	99.90%	1	1	1,897	4,557	93	(7)		
APM Courbevoie (*)	1	99.90%	1	1	2,379		125	41		
APM Suresnes (*)	1	99.90%	1	1	9,815	18,337	318	(44)		
SAS Montigny Ampère (*)	100	50.00%	50	-	9,981			(10)		(85)
SAS Paris Vaugirard	1,326	100.00%	3,096	3,096	137	7,500	434	(1,207)		
LYON DAUPHINE (*)	1	100.00%	1	1	-					
PARIS ENGHIEU (*)	1	100.00%	1	1	-					
			TOTAL	147,889	Actif	76,011	159,428		795	(934)
					Passif	(21,411)				
						54,600				

(*) Companies closing their first financial year on 31/12/2018.

Transactions with other companies in the group:

(€000')	LOANS AND ADVANCES
Louvois	246
Kutum	213
Seada	573
Concerto Ibérica	(425)
Total	606

Total loans and advances:

(€000')	TOTAL LOANS AND ADVANCES
Assets	77,042
Liabilities	(21,836)
	55,206

Banimmo: at 31 December 2017, Banimmo's securities were recognised at €48,128 K based on the average stock market price for December 2017, leading to an additional €10,136 K impairment being recorded.

Note 3 – Loans and other long-term financial assets

(€000')	BALANCE SHEET ITEMS	1 YEAR MAXIMUM	BETWEEN 1 AND 5 YEARS
Other long-term financial assets	2,348	193	2,155
Loans	2,348	193	2,155
31/12/2017	2,348	193	2,155

The loans and other non-current financial assets related to assets held for sale were reclassified in the column 1 year maximum for €1.6 K.

Note 4 – Receivables: statement of receivables

(€000')	31/12/2017	1 YEAR MAXIMUM	BETWEEN 1 AND 5 YEARS
Finance lease doubtful receivables	469	469	
Investment property doubtful receivables	774	774	
Other finance lease trade receivables	1,028	1,028	
Other investment property trade receivables	1,619	1,152	467
Trade and other accounts receivable	3,890	3,423	467
Prepayments and instalments paid	113	113	
Employee and related payables	33	33	
State - Income tax	27	27	
State - Value added tax	447	447	
Amount receivable on property sales	2,717	476	2,242
Working capital and paid calls for condominium charges	2,436	2,436	
Group and associates	77,042	77,042	
Income receivable	15,074	15,074	
Other payables	2,109	2,109	
Other receivables	100,000	97,758	2,242
Total	103,889	101,181	2,709

Impairment

(€000')	AMOUNT AT BEGINNING OF PERIOD	INCREASES, ALLOWANCES	TRANSFERS	DECREASES, REVERSALS	AMOUNT AT END OF PERIOD
Impairment on LF customer accounts	679	7		290	396
Impairment on IP customer accounts	613	106	-	291	429
Impairment on the Group and associates	5,018	605	-	4,689	934
Total impairment	6,311	717	-	5,269	1,759

Income receivable

(€000')	31/12/2017	31/12/2016
Income receivable from the State	851	37
Trade receivables and other accounts	10,136	8,533
Subsidiary earnings	2,896	3,829
Other income receivables	1,192	93
Total	15,074	12,492

Note 5 – Investment securities and cash on hand

Investment securities

(€000')	31/12/2016	ACQUISITIONS/ ADDITIONS	DISPOSALS/ REVERSALS	CANCELLATION OF SHARES	31/12/2017
Number of shares	27,007	22,317	24,286		25
Gross	395	352	357		391
Impairment (in K€)	(6)	-	(6)		0
Net	389				391

Cash on hand

(€000')	31/12/2017	31/12/2016
Cash	1	1
Bank accounts	4,742	1,466
Brokerage accounts	242	360
Total	4,985	1,826

Note 6 – Prepaid expenses

(€000')	31/12/2017	31/12/2016
Operating lease expenses	405	323
Fees on hedging instruments	1,568	1,671
Total	1,973	1,994

Affine signed three new caps in 2017 for premiums of €311 K, €283 K of which in prepaid expenses after deducting the charge for the year (€27 K).

Note 7 – Expenses deferred over several financial years

(€000')	NET AMOUNT AT BEGINNING OF PERIOD	ADDITIONS	INCREASE	CHANGE IN SCOPE OF CONSOLIDATION	DECREASES	NET AMOUNT AT END OF PERIOD
Expenses deferred over several years	2,271	(1,206)	1,365			2,430

These deferred expenses concern the following borrowing costs:

(€000')	CHARGES	INITIAL DEPRECIATION PERIOD	PERIOD REMAINING
Crédit Agricole Elancourt (€5,700 K)	68	10 years	7 years
Saarl B Mulhouse (€5,400 K)	13	10 years	3 months
CIC Lyonnaise de Banque (€7,350 K)	37	10 years	3 1/4 years
Oséo Nantes (€4,800 K)	53	12 years	5 1/2 years
Caisse d'Epargne BFC (€1,750 K)	17	12 years	6 3/4 years
Caisse d'Epargne NFE (€1,750 K)	17	12 years	6 3/4 years
Allgemeine (€17,130 K)	28	16 years	1 1/4 years
CFF (€5,400 K)	3	12.5 years	9 months
CFF Panhard (€10,500 K)	6	12 years	1 year
CFF Limay (€6,845 K)	15	12 years	1 3/4 years
CBI Gennevilliers Plus (€18,796 K)	103	12 years	5 3/4 years
Saarl Enghien (€5,300 K)	62	10 years	6 months
Société Générale bond issue (€5,000 K)	118	6 years	1 years
Crédit Agricole Kremlin (€3,800 K)	50	10 years	7 1/2 years
BPI Les Ulis (€3,304 K)	49	7 years	5 1/2 years
BNP Auber (€20,720 K)	311	7 years	5 1/2 years
CIC Le Tangram (€7,500 K)	121	9 3/4 years	8 3/4 years
Credit foncier Leers (€7,000 K)	30	10 years	12 months
Credit foncier Leers (€4,200 K extension)	36	1 year	12 months
HSBC Bercy (€40,625 K)	529	8 years	7 1/2 years
CADIF Corbeil (€9,200 K)	133	10 years	9 1/4 years
La poste Dauphiné (€6,916 K)	77	4 years	3 1/4 years
BRPP- Saint Julien les Metz (€2,100 K)	33	3 years	2 1/4 years
BRPP- Saint Germain les Gaudines (€2,450 K)	38	3 years	2 1/4 years
BRPP- Saint Germain Temara (€1,950 K)	31	3 years	2 1/4 years
BRPP- Mer (€2,900 K)	45	3 years	2 1/4 years
BRPP- Le Fontenay (€6,600 K)	104	3 years	2 1/4 years
HSBC Lille (€20,709 K)	304	7 1/4 years	7 years
Total	2,430		

Note 8 – Shareholders' equity and other equity

• Statement of changes in equity

(€000')	SHARE CAPITAL	PREMIUMS	REGULATED PROVISIONS	RESERVES AND RETAINED EARNINGS	EARNINGS FOR THE PERIOD	REVALUATION RESERVES	TOTAL
31/12/2016	59,500	51,629	4,813	(14,281)	(42,916)	1,095	59,841
Excess tax depreciation			(2,193)				(2,193)
Free reserves on LS sales				1,095		(1,095)	-
Final dividend on treasury shares				27			27
Retained earnings	(34,500)			34,500			-
Appropriation of earnings to RAN				(42,916)	42,916		-
Distribution in fiscal 2016				(10,056)			(10,056)
Share of earnings					4,016		4,016
31/12/2017	25,000	51,629	2,621	(31,630)	4,016	-	51,634

• Other equity

▷ *Convertible bonds redeemable in shares*

The bonds redeemable for shares (ORA) amounted to €3,620 K, plus accrued interest of €28 K (See §6.3.7.1 Bonds redeemable for shares).

▷ *Perpetual subordinated loan notes*

(€000')	BAL. SHEET ITEMS	0 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS
Accounts	75,000				75,000
Related debts	571	571			
31/12/2017	75,571	571	-	-	75,000

See §6.3.7.2 Perpetual subordinated loan notes.

• Breakdown of reserves

(€000')	31/12/2017	31/12/2016
Legal reserve	4,806	4,806
Other reserves	15,655	24,616
Total	20,462	29,423

• Statement of changes in revaluation reserves

(€000')	REVALUATION RESERVE AS AT 31/12/2016	SHARE TRANSFERRED TO A DISTRIBUTABLE RESERVE ACCOUNT (SOLD FIXED ASSETS)	REVALUATION RESERVE AS AT 31/12/2017
Le Rhodanien	70	(70)	(0)
Bagnolet	1,025	(1,025)	(0)
Total	1,095	(1,095)	(0)

• Provisions for liabilities and charges

(€000')	OPENING BALANCE	ALLOWANCE FOR THE YEAR	REVERSAL FOR THE YEAR USED	PERSONNEL COSTS	CLOSING BALANCE
Provision for miscellaneous risks (customer disputes)	635	15	500		150
Bonus shares				62	62
Provision on assets held for sale	273	60	207		126
Provision for pension costs	487		397		90
Provision for miscellaneous expenses	177	121	178		120
Total	1,573	196	1,283	62	549

Note 9 – Statements of debt maturity dates

(€000')	31/12/2017	1 YEAR MAXIMUM	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Other bonds	5,072	5,072		
Borrowings from lending institutions ⁽¹⁾	155,815	23,788	45,583	86,444
Borrowings and financial debt ⁽²⁾	5,093	3,212	1,530	351
Prepayments and instalments received	287	287		
Trade and related payables	1,549	1,549		
Employee and related payables	1,378	1,378		
Social security and other agencies	219	219		
Value added tax	507	507		
Liabilities on non-current assets and related accounts	3,009	3,009		
Group and associates	21,836	21,836		
Other debts	14,309	14,309		
Deferred income	1,099	1,099		
TOTAL	210,171	76,263	47,113	86,795

(1) The refinancing of assets held for sale was reclassified as short term in the amount of €7,856 K.

(2) The deposits securing assets held for sale were classified to short-term in the amount of €265 K.

Other expenses payable

(€000')	31/12/2017	31/12/2016
Borrowings from lending institutions	354	210
Trade and related payables on buildings covered by operating leases	694	1,280
Trade payables and related accounts to general expenses	598	753
Tax and social charges	1,819	1,285
Debt on non-current assets	0	10
On buildings covered by operating leases	3,451	2,906
On overhead	1,297	3,229
TOTAL	8,213	9,673

Note 10 – Deferred income

(€000')	31/12/2017	31/12/2016
Rental income	460	440
On work re-invoiced	638	810
TOTAL	1,099	1,250

20.3.9.2 Notes to the individual income statement

Note 11 – Operating income

• Production sold: revenues

(€000')	31/12/2017	31/12/2016
Rental income	4,081	4,132
Re-invoiced expenses	824	789
Finance leases	4,906	4,922
Rental income	19,674	21,775
Re-invoiced expenses	6,794	6,882
Other income	243	464
Investment properties	26,711	29,122
Income from related activities	1,647	1,318
Operations	1,647	1,318
TOTAL	33,264	35,362

Details of the change in rents on investment properties

(€000')	2017/2016 CHANGE	
Sales	(1,349)	
Property acquisitions	-	
Exceptional events	(29)	
Terminations received	(2,007)	
New leases	1,340	
Renegotiations	(37)	
Indexing change	121	
Change in rents	244	
Change in rents on a straight-line basis	(382)	
Rental income	(2,101)	(9.65)%

On a like-for-like basis, the change in rents (excluding the impact of recognising rents on a straight-line basis) was (1.69)% between 2016 and 2017.

• **Prior period adjustments and transfers of expenditures**

(€000')	31/12/2017	31/12/2016
Reversals of finance lease provisions	290	0
Reversals of investment property provisions	291	888
Transfers of expenditures	1,365	677
Reversals of operating provisions	605	2,324
TOTAL	2,550	3,889

Note 12 – Operating expenses

• **General operating expenses**

(€000')	31/12/2017	31/12/2016
Other administrative costs	(16,226)	(17,656)
Taxes payable	(4,969)	(4,947)
Other purchases and external expenses	(11,257)	(12,709)
Personnel costs	(4,873)	(4,644)
TOTAL	(21,099)	(22,300)

• **Depreciation, amortisation and impairment expenses**

(€000')	31/12/2017	31/12/2016
Depreciation expense on buildings	(9,506)	(12,495)
Amortisation for intangible assets	76	(1,079)
Headquarters depreciation expense	(88)	(45)
Depreciation expense on finance-leased assets	(2,353)	(2,949)
Depreciation expense on investment property assets	(5,936)	(7,816)
Allowance for deferred expenses	(1,206)	(606)
Impairment expense on fixed assets	(5,268)	(3,485)
Impairment of finance-leased assets	(1,250)	(538)
Impairment of investment property assets	(4,017)	(2,947)
Impairment expense on current assets	(113)	(709)
Impairment of doubtful finance lease receivables	(7)	(512)
Impairment of doubtful investment property receivables	(106)	(197)
Provisions for risks and charges	(60)	(183)
Impairment on assets held for sale	(60)	(183)
TOTAL	(14,947)	(16,873)

• Breakdown of depreciation and amortisation for the period

(€000')	31/12/2017	31/12/2016
Intangible assets	76	(1,079)
Concessions, software	(78)	(245)
Goodwill	316	(316)
Beneficial ownership	(162)	(518)
Property, plant and equipment	(9,583)	(11,416)
Buildings	(8,288)	(10,606)
Technical loss		(159)
Other property, plant and equipment	(88)	(45)
Deferred expenses	(1,206)	(606)
TOTAL	(9,506)	(12,495)

• Other expenses

(€000')	31/12/2017	31/12/2016
Unrecoverable investment property receivables	(276)	(260)
Concessions, fees - software-patents	(112)	-
Expenses on assets disposals	(170)	(418)
Directors' fees and compensation for committees	(185)	(99)
Other management expenses	(0)	(65)
TOTAL	(743)	(842)

Note 13 – Share of earnings from joint transactions

(€000')	31/12/2017	31/12/2016
Profit allocated or loss transferred	1,932	795
Arca ville d'Été	38	30
Affine Sud	156	167
Atit	(402)	(298)
Bercy parking	(2)	(7)
Clichy Horizon	46	(226)
Concerto Buchères 3	30	1,357
Concerto Wissous	(10)	(4)
Issy Weiden	(5)	-
Jardin des Quais	2,396	1,908
Lille Horizon	(31)	(14)
Luce parc Leclerc	0	0
Meudon Horizon	(163)	(22)
Nantes Horizon	(22)	(28)
Nevers Colbert	(200)	(2,397)
Parvis Lille	(127)	367
Toulouse Amarantes	228	(39)

Note 14 – Financial income (expense)

[€000']	31/12/2017	31/12/2016
Interest on current account	1,193	1,043
Dividends	0	-
Income from equity investments	1,193	1,043
Income from other investment securities and receivables from fixed assets	23	27
Other	118	132
Compensation for guarantees	586	455
Other interest and similar income	704	587
Reversals of impairment on securities and current accounts	5,713	858
Reversals of treasury share impairment	6	-
Net income from disposals of investment securities	35	14
Total financial income	7,674	2,529
Interest on current account	(384)	(351)
Interest on credit balances	(45)	(30)
Interest on loans	(2,607)	(2,281)
Interest on overdrafts	(131)	(103)
Losses on receivables from equity interests	(5)	(13)
Expenses on caps, swaps and tunnels	(1,507)	(1,893)
Expenses on convertible bonds redeemable in shares	(226)	(226)
Expenses on perpetual subordinated notes	(2,235)	(1,953)
Other	(20)	(228)
Interest and related expenses	(7,160)	(7,077)
Impairment expense on securities and current accounts	(16,999)	(37,730)
Impairment expense on treasury shares		(6)
Net charges on disposal of investment securities	(1)	(23)
Total financial expenses	(24,160)	(44,836)
Total financial income/loss	(16,486)	(42,307)

The decline in financial charges is due, in particular, to an impairment of Banimmo securities for (€10,136 K) in 2017, compared to (€34,298 K) in 2016, resulting in a positive change of €24,162 K.

Note 15 – Extraordinary income (loss)

(€000')	31/12/2017	31/12/2016
On management transactions	148	(222)
Recovery on depreciated investment property receivables	-	(222)
Recovery on depreciated receivables on finance lease buildings	148	-
On capital transactions	46,608	17,350
Sale price of long-term financial assets sold	828	4
Sale price of investment property assets sold	44,859	17,000
Other	921	346
Reversals of impairments, provisions and transfers of expenditures	14,533	2,461
Reversals of impairment on fixed assets sold	11,320	1,341
Reversal on exceptional amortisation and depreciation	2,388	1,043
Other	824	77
Total extraordinary income	61,289	19,589
On management transactions	(18)	(48)
Other extraordinary expenses	(18)	(48)
On capital transactions	(42,066)	(19,609)
Carrying amounts of non-current financial assets sold	(50)	(64)
Carrying amounts of finance lease assets sold	-	(1,341)
Carrying amounts of investment property assets sold	(41,207)	(11,595)
LS write-offs	(599)	(6,487)
FG write-offs	-	(103)
Sale expenses on investment properties	(0)	(18)
Other	(210)	(1)
Amortisation, depreciation, and provisions	(332)	(608)
Excess tax depreciation	(196)	(395)
Provisions for liabilities and charges	(136)	(213)
Total extraordinary expenses	(42,415)	(20,266)
Total extraordinary earnings	18,874	(677)

Note 16 – Income tax

(€000')	INCOME BEFORE TAX	INCOME TAX	NET PROFIT
Current profit	(15,408)	549	(14,859)
Extraordinary loss	18,874		18,874
Total	3,467	549	4,016

In its decision No. 2017-660 dated 6 October 2017, the Constitutional Council decided to declare the 3% contribution on amounts paid out unconstitutional. An application for repayment of sums paid was filed, and an €851 K income receivable was recorded in the 2017 financial statements.

20.3.9.3 Notes to the off-balance sheet statement

(€000')	31/12/2017	31/12/2016
COMMITMENTS GIVEN		
GUARANTEE COMMITMENTS	161,535	113,913
Commitments to lending institutions	-	-
Commitments to customers and subsidiaries	161,535	113,913
COMMITMENTS RECEIVED		
FINANCING COMMITMENTS	21,000	19,000
Commitments received from lending institutions	21,000	19,000
Commitments received from customers	-	-
GUARANTEE COMMITMENTS	1,313	1,313
Commitments received from lending institutions	1,313	1,313
Commitments received from customers	-	-

Note 17 – Other commitments not included in the publishable off-balance sheet statement

(€000')	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	145,362	-	-	-	9,293	43,648	92,421
covered by securities pledges	-	-	-	-	-	-	-
neither collateral nor guarantees	-	-	-	-	-	-	-
	145,362	-	-	-	9,293	43,648	92,421
Current debts							
covered by guarantees	21,480	20,503	240	737	-	-	-
covered by securities pledges	-	-	-	-	-	-	-
neither collateral nor guarantees	-	-	-	-	-	-	-
	21,480	20,503	240	737	-	-	-

Guarantees: registered mortgages.

Securities pledges: pledges of the securities of the borrowing companies to 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

(€000')	OUTSTANDING AT 31/12/2017	0 MONTH TO 1 YEAR	1 TO 5 YEARS	OVER
Macro hedging transactions				
Over-the-counter market				
Firm transactions				
Rate swap contracts (Swaps + collars)	70,772	37,290	33,482	-
Conditional transactions				
Rate guarantee contracts (caps + tunnels)	370,192	44,320	309,512	16,360
Total	440,964	81,610	342,994	16,360

• **Interest rate risks**

Affine is exposed to interest rate fluctuation risk on variable rate debts, which it mostly hedges through market transactions (swaps, caps, collars and tunnels) contracted with leading banking institutions.

At 31 December 2017, the variable rate financial debt amounted to €154,146 K, versus €158,756 K at 31 December 2016.

• **Financial covenants**

The Group's loan agreements contain covenants relating to:

- 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 2017, 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

(€000')	CAILLIAU DEDOUIT ET ASSOCIÉS		KPMG AUDIT	
	AMOUNT		AMOUNT	
	2017	2016	2017	2016
Statutory audits, certification, review of financial statements	158	148	158	148
Services other than accounts certification		12	10	10
Other services	-	-	-	-
Total	158	159	168	158

20.4 AUDITING OF ANNUAL HISTORICAL FINANCIAL INFORMATION

20.4.1 HISTORICAL FINANCIAL INFORMATION AUDITED BY THE STATUTORY AUDITORS

The consolidated financial statements and annual financial statements of Affine, and the reports of the Statutory Auditors on the consolidated financial statements and annual financial statements for the 2017 financial year appear in Sections 20.1 and 20.3 respectively of this document.

In accordance with Article 28 of regulation (EC) no. 809/2004 of the Commission, the following information is incorporated by reference in this registration document:

- the consolidated financial statements and annual financial statements of Affine, and the reports of the Statutory Auditors on the consolidated financial statements and annual financial statements for the 2016 financial year appear in Sections 20.1 and 20.3 respectively of the Registration Document registered by the Autorité des Marchés Financiers on 6 April 2017, under number D.17-0322.
- the consolidated financial statements and annual financial statements of Affine, and the reports of the statutory auditors on the consolidated financial statements and annual financial statements for the 2015 financial year appear in sections 20.1 and 20.3 respectively of the Registration Document registered by the Autorité des Marchés Financiers on 7 April 2016, under number D.16-0289.

20.4.2 OTHER FINANCIAL INFORMATION AUDITED BY THE STATUTORY AUDITORS

All the historical financial information referred to in this document has been audited.

20.4.3 UNAUDITED HISTORICAL FINANCIAL INFORMATION

All the historical financial information referred to in this document has been audited.

20.5 DATE OF MOST RECENT FINANCIAL INFORMATION

The Company's individual and consolidated financial statements for the 2017 financial year have been audited and verified by the Company's Statutory Auditors. Their reports appear in sections 20.1 and 20.3 above.

20.6 INTERIM FINANCIAL INFORMATION

No interim report of earnings or results has been published since 1 March 2018.

20.7 DIVIDEND DISTRIBUTION POLICY

The dividend distribution policy is linked to the Company's dual status as a former SICOMI (business real estate leasing company) and a SIIC (listed property investment company):

- Profits from property leasing transactions exempt from corporate income tax (former SICOMI) are required to be distributed at 95% during the following financial year; in accordance with Article 36 of the Articles of Association, the distribution of capital gains on disposal may be staggered over three years.
- Profits from investment property leasing transactions exempt from corporate income tax (SIIC) are required to be distributed at 95% during the following financial year; the distribution of capital gains on disposal is limited to 60% of their amount and may be staggered over two years; dividends from subsidiaries which themselves have the status of SIIC must be distributed in their entirety during the following financial year.

This obligation is considered to apply until the limit of distributable income. A deduction of 20% is made for the state on dividends from tax-exempted profits when they are paid to non-residents with a stake of at least 10% in the Company's share capital and with a tax haven as defined by law.

The Company may propose to the General Shareholder's Meeting to offer shareholders the right to receive all of their dividend in shares.

The Board of Directors may decide to pay an interim dividend for that relating to the current financial year.

YEAR	DIVIDENDS
2008	€1.00
2009	€1.78
2010	€2.43
2011	€1.20
2012	€1.20
2013	€0.90
2014	€1.00
2015	€1.00
2016	€1.00
2017	€1.00

The dividend of €1.00 per share for the 2017 financial year reflects:

- €0.30 from the exempt sector (SIIC), and
- €0.70 from the taxed sector, eligible for 40% tax relief.

Until the end of 2017, the portion of the dividend from the taxed sector, eligible for 40% tax relief, was subject to an additional 3% contribution on dividends pursuant to the Law of 16 August 2012. This provision was censured by the Constitutional Council in early October 2017 and the Company requested the repayment of the corresponding amount paid (€851,000).

Furthermore, Article 965 of the 2018 Finance Law, which replaces wealth tax (ISF) with property wealth tax (IFI), in Article 972 ter specifies that holdings of less than 5% in a listed real estate investment trust (SIIC) are exempt from tax.

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 BUSINESS POSITION

There were no significant changes in the Group's financial or business position since the end of previous financial year as reported in the audited or interim financial statements.

21. ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 CHANGES IN THE CAPITAL

On the date of this registration document, the share capital of Affine amounted to €25,000,000, divided into 10,056,071 ordinary shares, of the same category with no reference to the par value and fully paid up.

21.1.2 SHARES NOT REPRESENTING THE CAPITAL

Not applicable.

21.1.3 SHARES HELD BY THE ISSUER

At 31 December 2017, Affine had 25,038 treasury 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)

2,000 BRS with a par value of €10,000 were issued on 15 October 2003, for a term of 20 years, repayable at maturity at the initial issue price of €50 per share (200 shares per BRS), adjusted for the potential dilutive effects of financial transactions on the capital.

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

At the General Shareholders' Meeting of Affine held on 26 April 2007, it was decided to divide the Affine share by three through the allocation of three new shares for each old share from 2 July 2007, increasing the parity to 624 shares per BRS.

Annual interest

The coupon, based on the amount of the dividend distributed by the Company, is paid out according to the following conditions:

- an interim dividend, on 15 November, corresponding to a fixed amount with an underlying value of €0.518 per share multiplied by the redemption parity (i.e. currently €323.33 per bond);
- the balance on the dividend payment date.

Early redemption at the Company's discretion

From 15 October 2008, the Company may convert all or part of the BRS into shares if the average closing prices of the share over 40 trading sessions is higher than the adjusted issue price.

Since 15 October 2013, the Company has been able to redeem all or part of the BRS in cash, with 30 calendar days' notice, at a price granting the initial subscriber, on the actual date of redemption, after taking into account coupons paid in previous years and interest due for the period from the last interest payment date prior to the date of early redemption through to the actual redemption date, a gross actuarial yield rate of 11%. This price may not be lower than the par value of the BRS.

Early redemption at the holder's discretion

Since 15 October 2013, BRS bondholders have had the right to request at any time, except from 15 November to 31 December inclusive each year, the redemption of all or part of their BRS due to redemption parity, which, on the date of this document, was 624 shares (after adjustment) per bond.

On 31 July 2015, 1,610 BRS were converted (creation of 1,004,640 shares).

In the event of redemption of the remaining convertible bonds (currently 225,888) and based on the number of shares outstanding (10,056,071), the total dilution of the capital would be 2.2%.

21.1.5 INFORMATION ON THE CONDITIONS FOR ACQUISITION RIGHTS OR OBLIGATIONS ATTACHED TO SUBSCRIBED CAPITAL

There are no conditions for acquisition rights or obligations attached to subscribed capital.

21.1.6 EXISTENCE OF AN OPTION ON THE CAPITAL

There is no option on the capital.

21.1.7 SHARE CAPITAL HISTORY

DATES	CAPITAL INCREASE OPERATIONS	SHARE CAPITAL BEFORE THE OPERATION	SHARE OR CONTRIBUTION PREMIUMS	NUMBER OF SHARES CREATED	SHARE CAPITAL AFTER THE TRANSACTION	NUMBER OF SHARES
01/01/1999					31,170,183	2,044,630
28/07/2000	Merger with Sovabail	31,170,183		89,354	35,000,000	2,133,984
22/05/2001	Concerto Développement share transfer	35,000,000	3,979,168	138,507	37,271,653	2,272,491
22/05/2001	Capitalisation of "long-term capital gains" reserves for €2,728,346.70	37,271,653			40,000,000	2,272,491
10/09/2003	Transfer to Affine of Imaffine shares held by Prédica and BNP Immobilier	40,000,000	1,149,259	31,846	40,600,000	2,304,337
15/06/2004	Payment of a portion of the dividend in shares	40,600,000	945,804.94	23,422	41,012,671.06	2,327,759
26/05/2005	Payment of a portion of the dividend 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	14,794,165.54	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	Allocation of bonus shares to shareholders	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	Payment of a portion of the dividend 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	Payment of a portion of the dividend 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	Division by three of the share par value	47,700,000.00	-	-	47,700,000.00	8,108,595
03/06/2008	Payment of a portion of the dividend 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 2005 BRS into shares	47,800,000.00	7,803,472.00	374,400	50,005,728.04	8,487,966
08/06/2011	Payment of a portion of the dividend 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 shares	53,100,000.00	- 2,667,579.76	- 282,659	51,432,690.20	8,719,383
07/12/2012	Merger/absorption of AffiParis	51,432,690.20	5,468,307.45	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 28,2003 BRS 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
31/07/2015	Conversion of 1,610 2003 BRS into shares	53,500,000.00	10,161,906.90	1,004,640	59,438,093.10	10,056,071
27/04/2017	Capital reduction by charging against retained earnings	59,500,000.00			25,000,000.00	10,056,071

Changes to capital allocation over the last five years

The main changes made to the allocation of capital and voting rights over the last five years are as follows (shareholders listed hold more than 2% of the capital):

	2013		2014		2015		2016		2017	
	SHARE CAPITAL	VOTING RIGHTS	SHARE CAPITAL	VOTING RIGHTS	SHARE CAPITAL	VOTING RIGHTS	SHARE CAPITAL	VOTING RIGHTS	SHARE CAPITAL	VOTING RIGHTS
Holdaffine BV	35.3%	51.2%	35.2%	51.2%	31.7%	47.4%	31.7%	45.4%	31.7%	45.4%
SMABTP (consortium)									21.0%	15.0%
Forum European Realty Income					10.0%	7.5%	9.7%	6.9%		
Orexim (consortium)			5.0%	3.6%	7.7%	5.8%	8.5%	6.1%		
La Tricogne	6.6%	4.8%	6.6%	4.8%	6.0%	4.5%	6.0%	8.5%	6.0%	8.6%
Other free float	58.1%	44.0%	53.2%	40.4%	44.6%	34.8%	44.1%	33.1%	41.3%	31.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Significant identified portions of capital pledged

NAME OF SHAREHOLDER WITH REGISTERED ACCOUNT	BENEFICIARY	START DATE OF PLEDGE	MATURITY DATE OF PLEDGE	CONDITION FOR EXERCISING THE PLEDGE	NUMBER OF ISSUER'S SHARES PLEDGED	% OF 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 on managed registered shares. These shareholders hold 1.1% of the capital of Affine R.E.

21.2 INSTRUMENT OF CONSTITUTION AND ARTICLES OF ASSOCIATION

21.2.1 CORPORATE PURPOSE

The corporate purpose of the Company is the purchase, sale and lease of buildings and businesses, in addition to investment in all types of financial, real estate, industrial or commercial companies.

The corporate purpose appears in Article 2 of the Articles of Association.

21.2.2 PROVISIONS REGARDING THE BOARD OF DIRECTORS

Article 10 of the Articles of Association determines the conditions to be met for appointment as a director and the composition of the Board. Directors may be natural or legal persons, and in the latter case must appoint a permanent representative.

The Board must be composed of a minimum of 3 directors and a maximum of 15. The terms of office are for a renewable period of three years. To facilitate the establishment of staggered renewal of terms of office, at its meeting on 27 April 2012, the General Shareholder's Meeting amended Article 10 to set, as an exception, the term of office of director at 1, 2 or 3 years.

Article 11 of the Articles of Association sets forth the obligation for each director to hold at least one registered share, throughout the duration of their term of office.

In accordance with the provisions of Article L 225-51-1 of the French Commercial Code, Article 14 grants the Board the option to choose to have the role of Executive Management assumed by either the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and carrying the title of Chief Executive Officer. Regardless of the procedures for exercising the Executive Management (unitary or dual board structure) chosen by the Board, the Chief Executive Officer is invested with the most extensive powers, within the limits of the corporate purpose and subject to the powers granted by law to the shareholders. The Chief Executive Officer may take action at any time on behalf of the Company.

On 1 January 2017, the Board of Directors of the Company opted to separate the roles of Chairman of the Board of Directors and those of Chief Executive Officer, and a Co-Chief Executive officer was also appointed. The Co-Chief Executive Officer has the same powers as the Chief Executive Officer.

21.2.3 CHARACTERISTICS OF SHARES, RIGHTS AND RESTRICTIONS ATTACHED TO EACH CLASS OF SHARES

Fully paid shares are registered or bearer shares, based on the choice of the shareholder.

The voting rights attached to the shares is proportional to the capital that they represent. However, Article 29 of the Articles of Association provides for the allocation of a double voting right:

a) to all fully paid shares for which registration has been justified for at least two years in the name of the same shareholder.

b) to registered bonus shares awarded to a shareholder in the case of a capital increase through capitalisation of reserves, profits or issue premiums, due to old shares with this right attached.

The double voting right shall terminate automatically in the case of any shares that are converted to bearer form or for which ownership is transferred, except in the case of transfer resulting from inheritance, separation of assets between spouses, gifts inter vivos to a spouse or relative entitled to inherit.

The voting right is cancelled for shareholders who directly or indirectly take ownership of a number of shares or voting rights representing at least two percent of the capital or of the voting rights or a multiple of 2% of the capital or of the voting rights of the Company and who have failed to inform the Company within 15 days of this threshold being crossed. This obligation to inform the Company also applies in the case the capital or voting rights falling below the 2% threshold.

Approval 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 or a multiple of 2% of the capital or voting rights of the Company (including beyond the 5% threshold). Shareholders who fail to fulfil their obligation to inform will be deprived of their right to vote in all shareholders' meetings for a two-year period following the date on which notification was supplied.

The above provisions are contained in Article 9 of the Company's Articles of Association.

Article 36 of the Articles of Association addresses benefits.

Given the Company's SIIC status, it is indicated that shareholders will be granted, on a pro rata basis based on the par value of their unredeemed shares which have been fully paid for at least six months before financial year-end, a total dividend taking into account the applicable distribution obligations, subject to the potential application of provisions relating to the levy referred to in Article 208 IIb of the French General Tax Code. Shareholders who satisfy the exemption conditions must justify their position to the Company within five working days of the date of any dividend payment. Failure to do so shall result in the amount payable to the shareholder being reduced on a proportional basis to the levy deemed payable and paid by the Company to the relevant tax authority.

Article 36 of the Articles of Association grants the General Shareholders' Meeting the option to give shareholders the right to choose between payment of the dividend in cash or shares.

Interim dividends may be paid to shareholders, at the discretion of the General Shareholders' Meeting, in accordance with the legal or regulatory provisions in force.

Article 36 also specifies that the dividend will be paid to the shareholder subject to the provisions of Article 208-IIb of the French General Tax Code. In the event that a shareholder satisfies the exemption conditions of Article 208-IIb of the General Tax Code, they must provide justification to the Company within five working days of the date of any dividend payment.

Failure to provide justification within this period shall result in the amount payable to the shareholder being reduced on a proportional basis to the levy deemed payable and paid by the Company to the relevant tax authority.

If the distribution is paid in shares, the shareholder will only receive a portion of the sums payable to them in the form of shares, without creating fractional shares, with the balance being allocated by the Company to the payment of the levy through charging as specified above.

In the event that it should become apparent, after a distribution, that a shareholder was in a situation which should have given rise to a levy on the date of payment of said sums, the shareholder will be required to pay the Company, in compensation for any losses it has incurred, a sum equal to the levy that the Company should have paid in relation to the shares that the shareholder held on the date of payment of the distribution, plus additional compensation equal to late payment interest, penalties or charges of any nature that the Company has incurred as a result of this situation.

Where applicable, the Company will be entitled to charge any debt that it holds in this regard to the shareholder for any sum which may be paid subsequently in its favour, until said debt has been definitively extinguished.

21.2.4 CHANGES TO SHAREHOLDERS' RIGHTS

Changes to shareholders' rights may only be made as a result of statutory changes adopted by the Extraordinary Shareholders' Meeting of the Company, under the conditions provided for in the current regulations.

21.2.5 PROVISIONS RELATING TO THE CONVENING OF AND ADMITTANCE TO GENERAL SHAREHOLDERS' MEETINGS

Article 23 of the articles of association specifies the conditions for convening General Shareholders' Meetings of the Company.

They are convened by the Board of Directors. Otherwise, they may also be convened by:

- the Statutory Auditors;
- a court-appointed representative at the request, either of any interested party in a case of emergency, or one or several shareholders representing at least one twentieth of the share capital or one twentieth of the shares of the related category, in the case of special meetings;
- the liquidators in the event of dissolution of the Company and during the liquidation period.

General Shareholders' Meetings are convened by means of a notice inserted in a newspaper authorised to receive legal announcements in the French department in which the head office is situated at least fifteen days prior to the date of the meeting. However, if all the shares are registered, this insertion may be replaced by a notice of meeting sent, at the Company's expense, by registered post to each shareholder.

Shareholders may also be called to meetings by means of electronic telecommunication following their prior written agreement.

Shareholders who have held registered shares for at least one month on the date of insertion of the notice are called to all meetings by standard letter or, at their request and their expense, by registered letter.

When a meeting has been unable to deliberate due to failure to assemble the quorum required, a second meeting and, where applicable, a deferred second meeting, will be called at least six calendar days in advance in the same format as the first. The notice and letters convening this second meeting shall bear the same date and agenda as the first.

General Shareholders' Meetings may be called verbally and without delay if all the shareholders are present or represented.

Article 25 of the articles of association establishes the conditions for admission to General Shareholders' Meetings of the Company.

All shareholders have the right to attend General Shareholders' Meetings and to participate in deliberations, in person or by proxy, regardless of the number of shares they own, if justification has been provided, under legal conditions, of the accounting registration of their shares in their name or in that of the intermediary registered on their behalf in accordance with the 7th paragraph of Article L. 228-1 of the French Commercial Code, two working days prior to the meeting at midnight Paris time (in accordance with Article R225-85 of the French Commercial Code as amended by the decree of 8 December 2014), either in the accounts of registered shares held by the Company, or in the accounts of bearer shares held by the authorised intermediary.

All shareholders who have not been deprived of the right to vote may be granted authorisation by other shareholders in order to represent them at a meeting, without any limitations other than those emanating from the provisions of Article 29 of the Articles of Association setting the maximum number of votes which a single person may have, both in their own name and as proxy.

Legal representatives of shareholders without the required legal capacity and natural persons representing shareholders who are legal persons attend meetings, whether they are shareholders themselves or not.

Joint owners of shares must be represented in dealings with the Company and at General Shareholders' Meetings by only one of the owners, who the Company will consider the sole owner, or by a single representative; in the case of disagreement, the representative may be court-appointed at the request of the co-owner who acts first.

Unless the Company is informed of an agreement to the contrary, beneficiaries of shares validly represent the bare owners in relation to the Company; however, the right to vote belongs to the beneficiary in Ordinary Shareholders' Meetings and to the bare owner in Extraordinary or Special Shareholders' Meetings.

21.2.6 CHANGE IN CONTROL

With the exception of the provisions stated in section 21.2.3 concerning the allocation of double voting rights, no other statutory provision, charter or regulation of the Company may have the effect of delaying, deferring or preventing a change of control in the Company.

21.2.7 OBLIGATION TO INFORM IN THE EVENT OF CROSSING THE THRESHOLD

Article 9 of the articles of association stipulates that any shareholder who comes to directly or indirectly hold 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 the threshold. The party declaring this situation must also indicate the securities granting access to the capital that they have in their possession on the date of their declaration. In the case of an agreement, the notification must contain the identity of natural persons and the identification of legal persons acting for the purposes of the agreement. These provisions are also applicable in the case of falling below the threshold. In the event of failure to comply with the above provisions, shares with voting rights exceeding the threshold will be deprived of the right to vote in any meeting for two years following the date on which notification was supplied.

21.2.8 CHANGES TO THE SHARE CAPITAL

The conditions for changes to the Company's share capital provided for in the articles of association are no stricter than those legally in force.

22. MAJOR CONTRACTS

SHAREHOLDERS' AGREEMENT WITH THE COMPANY BANIMMO EXPIRES

The Shareholders' agreement between Affine and another shareholder in Banimmo regarding joint control of that company expired on 30 September 2017. The result is that from 1 October 2017, Banimmo is fully consolidated in Affine's books.

Furthermore, taking into account the divergence between the two companies' business models, Affine hopes to disengage from Banimmo, and has decided to apply to its interests in that company the provisions of IFRS 5 regarding "discontinued operations", defined as "a component of an entity that either has been disposed of or is classified as held for sale and. represents either a separate major line of business or a geographical area of operations...".

Consequently, in the financial statements for 2017, Banimmo is consolidated under the equity method until 30 September 2017, and treated as a "discontinued operation" in the sense of IFRS 5 from 1 October 2017. In the Statement of Financial Position at 31 December 2017, total consolidated Banimmo assets are therefore recognised in a separate line "Discontinued operations" on the assets side, and total consolidated Banimmo liabilities in a separate line "Discontinued operations" on the liabilities side. In the Income Statement, Banimmo earnings to 30 September are recognised in the line "earnings attributable to equity associates", and 4th-quarter earnings and the share price adjustment are recognised in the line "earnings of discontinued operations before tax".

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 and IFRS 13, as explained in Section 20.1.5.1.7. 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 2017, the Group valued its rental properties by updating external appraisals for 88% 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 values adopted by Affine are equal or below external appraisals.

The methodology used by the appraiser is described in Section 20.1.5.1.7. The methods for calculating capitalisation rate and DCF were used for internally valued assets.

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 (office, retail, and warehousing), Affine mainly uses three indices: ILAT (INSEE Retail Rental Index), ICC (Construction Cost Index), and ILC (Commercial Rent Index) – in 53%, 29% and 14% of cases respectively. More rarely, Affine also uses the French Building Federation's Construction Cost Index (ICC FFB), a fixed rate and an affordability rate.

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 20.1.5.1.4.

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%, 6.90% or 7.50% of the value excluding transfer taxes, depending on the property's location, and 1.80% for property subject to VAT.

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 20.1.5.4.1 note 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:

AT 31 DEC 2017 (€M)	FAIR VALUE EXC. TRANSFER TAXES	FAIR VALUE INC. TRANSFER TAXES	MARKET RETURN	HEADLINE RETURN	POTENTIAL RETURN	OCCUPANCY RATE
Offices	397.3	422.1	5.1%	5.1%	5.5%	92.3%
Retail	131.1	140.4	6.0%	5.7%	7.2%	77.7%
Warehouses and industrials	50.3	53.4	8.1%	8.1%	9.9%	81.9%
PROPERTY PORTFOLIO	578.6	615.9	5.6%	5.5%	6.2%	87.0%

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 Estimated Rental Value (ERV) of occupied surface areas divided by the ERV of the total surface area.

GENERAL FRAMEWORK

To update the value of its property portfolio, Affine approached the appraisers listed below according to the following breakdown:

AT 31 DECEMBER 2017 (€M)	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	6	31.9	34.3	0.17%
	Retail	2	80.0	82.3	
CBRE Valuation	Offices	12	157.3	164.9	0.17%
	Retail	1	30.0	30.8	
	Warehouses and industrial premises	1	5.9	6.3	
Crédit Foncier Expertise	Offices	9	176.3	187.5	0.11%
	Retail	2	13.2	14.1	
	Warehouses and industrial premises	1	23.2	24.9	
Assets not subjected to an appraisal	Offices	3	35.4	35.4	
	Retail	2	13.0	13.2	
	Warehouses and industrial premises	6	21.2	22.2	
PROPERTY PORTFOLIO		45	587.2	615.9	

APPRAISERS' REPORT

"The appraisers prepared their reports based on values at 31 December 2017.

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 independent 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.

MISSION

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 experts.

OPERATING CONDITIONS

This mission 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%, 6.9% or 7.5% 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.

24. DOCUMENTS AVAILABLE TO THE PUBLIC

The documents and information which constitute regulated information primarily include those available on the website www.affine.fr. The Company's website includes the following documents, which will be available for consultation on the website throughout the validity period of this registration document:

- Annual reports dating back to 2001
- Half-yearly financial reports dating back to 2006
- Quarterly financial information
- Corporate governance report
- The registration documents covered by the COB and then the AMF since 2002
- This 2017 Registration Document
- Financial notices published by the Company
- Presentations made to analysts

The articles of association of Affine are available upon request sent to the Company head office: 39, rue Washington 75008 PARIS.

25. INFORMATION ON EQUITY INTERESTS

Information regarding entities in which the Company holds an equity interest appear in the notes to the consolidated financial statements in Section 20.1.5.3 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 2017

To the Shareholders,

In our capacity as an independent third-party body acting for Affine SA, accredited by the COFRAC (the French Accreditation Committee) under number 3-1049 ⁽¹⁾, and as one of your statutory auditors as a member of the KPMG International network, we hereby present our report on the consolidated social, environmental and societal information regarding the financial year ended 31 December 2017 presented in the management report (hereinafter the "CSR Information"), in accordance with 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 required by 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 upon request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is determined by the regulations, the professional business ethics code and the stipulations of Article L.822-11-3 of the French Commercial Code. Moreover, we have introduced a quality control system that includes documented policies and procedures aimed at ensuring compliance with the rules of business ethics and applicable legislation and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY BODY

Our responsibility, on the basis of our work, is:

- to certify that the required CSR Information 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 of omission;
- 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).

However, it is not our responsibility to express an opinion on compliance with other relevant legal provisions where applicable, and particularly the provisions set forth in Article L.225-102-4 of the French Commercial Code (vigilance plan) and in Law No. 2016-1691 of 9 December 2016, known as the Sapin II Law (anti-corruption).

Our work involved the expertise of four people and was undertaken between November 2017 and March 2018, covering a total operating time of about two weeks. We called upon our CSR experts to help us perform this work.

We performed the work described below in accordance with the Ministerial Order dated 13 May 2013 setting out the conditions under which the independent third-party should perform its engagements, as well as the professional code of the Compagnie Nationale des Commissaires aux Comptes [the French association of statutory auditors] relating to this work, and international standard ISAE 3000 insofar as the reasoned fairness opinion is concerned ⁽²⁾.

1. Certification of the inclusion of CSR Information

Nature and extent of the work

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, in particular, the reasons provided concerning why it was impossible to submit information relating to the use of water and waste production in 2017.

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.

Conclusion

Based on this work, and in light of the aforementioned limits, we attest that the management report contains the required CSR Information, excepting information relating to both the use of water and waste production, which were calculated on a pro rata basis with 2015 data for average staff numbers for the year in progress, as stated in the methodology note.

(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 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 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 best 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 best 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 at the company's headquarters to check the correct application of procedures and to identify potential omissions, and conducted detailed tests based on samples, which consisted in checking the calculations made and cross-checking them with the data in the supporting documents. Our work pertained to 100% of the workforce taken as a representative range of the social part and 100% of environmental data is considered representative of that of the environmental part (see the list of environmental indicators in the footnote on page 3).

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, with the exception of any impact of the period used for presenting certain information such as that stated in Part 1 of this report, 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, 3 April 2018

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Isabelle Goalec
Partner

⁽³⁾ **Employee data:** Workforce as at 31/12 and the analysis of employees by gender, age and status – Number of hires – Number of dismissals – Total number of training hours.

Environmental information: Number of green leases signed (aggregate since 2010) – Electricity consumption – Water consumption – Greenhouse gas emissions linked to electricity consumption.

Qualitative information: Policies implemented in the areas of training, compensation and any changes to them, the company's organisation to take account of environmental issues and, if appropriate, assessment procedures or environmental certification, the type of dialogue maintained with persons or organisations interested in the company's business, partnership or sponsorship initiatives.

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 contributing to 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, excluding discontinued activities (Banimm).

26.1 SOCIAL INFORMATION

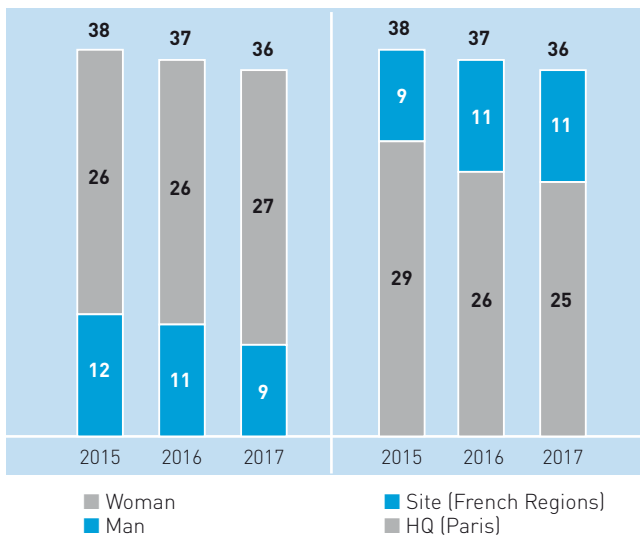
26.1.1 EMPLOYMENT

Total workforce and breakdown of employees by gender, age and geographical area

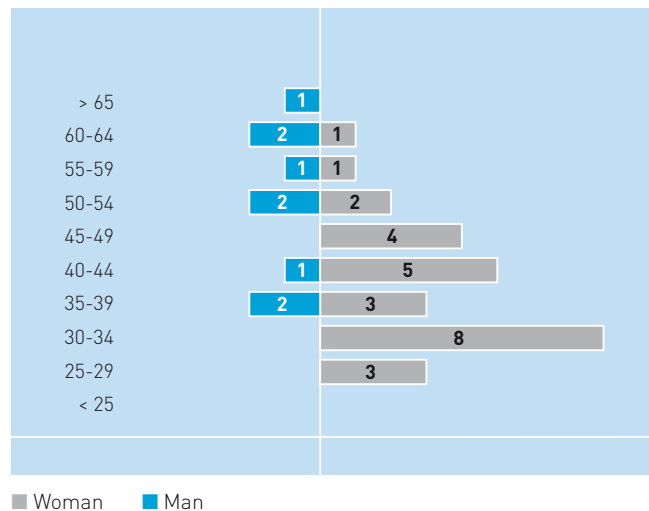
At 31 December 2017, the group employed 36 people: 6 employees, 28 managers and 2 executive officers. The female/male breakdown is as follows: 27 women (5 employees and 22 managers) and 9 men

(1 employee, 6 managers and 2 executive officers). Included in this total are 5 employees of companies which operate stores in the Carré Colbert shopping centre in Nevers.

WORKFORCE BREAKDOWN BY GENDER AND LOCATION



AGE PYRAMID



Recruitment and dismissals

The company recruited 10 employees during the period (versus 5 last year), including 4 on permanent contracts and 6 on a fixed-term contract. 11 people left the company (retirement, resignation or redundancy), none of whom was laid off, versus 6 last year with 1 person laid off.

The company has no legally organised plan to downsize.

Salaries and changes

At least once a year, managers meet their employees for an individual appraisal. This is an opportunity to check performance targets, review achievements and career development prospects, and identify any training needs. The appraisal also takes into account the work-life balance, to ensure that each employee is able to perform his/her work in accordance with regulatory requirements, particularly regarding the length of rest time he/she takes. The appraisal process also enables employees to receive a full assessment each year of their skills and areas for development.

In 2017, employee gross salaries totalled €3.1m and €2.8m without the profit sharing, down 0.9%.

In line with the profit-sharing agreement signed in June 2012 (see below under "Collective Bargaining Agreements"), no money was paid out in 2016 in respect of 2015 profit sharing. The collective bargaining agreements paid in 2017 in respect of 2016, amounted to €0.3m.

At 31 December 2017, no employees of Affine 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). A bonus share award scheme was authorised by the general meeting of shareholders on 28 April 2016 within the limit of 0.30% of the shares existing on the day of the General Meeting. The General Meeting gave full powers to the Board of Directors to determine: the identity of the beneficiaries, the number of shares to be allocated to them and the length of the holding and vesting periods. The General Meeting of the 27 April 2017 allowed the allocation of these shares to the executive officers. As a result, 11,050 shares were allocated.

26.1.2 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 implemented by a reduction in the number of "RTT" days per year (days off in lieu as a result of the 35-hour week law).

Absenteeism

A total of 287 days' sick leave was lost in 2017 compared with 358 in 2016, i.e. 8.0 days per employee compared to 9.2 last year. Causes of absenteeism in the company were mainly maternity leave (80 days) and accidents while travelling to or from work (71 days).

26.1.3 EMPLOYER-EMPLOYEE RELATIONS

Organisation of dialogue between management and employees, especially procedures for informing, consulting, and negotiating with employees

Affine employees are represented by delegated members of staff who are responsible for gathering questions and observations that employees wish to raise with management, discussing them at least monthly and, if necessary, seeking an agreement that suits all parties; decisions taken during such meetings are recorded and brought to the attention of all employees.

General information meetings are held by general management throughout the year to present annual and half-yearly results to employees and 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 the company and their impact on the economic performance of the company and on the working conditions of the employees

In 2017, no new collective bargaining agreement was signed.

The following agreements continued to apply in 2017:

Collective labour agreement

The property sector collective labour agreement has been applied since 1 January 2013. However, the Louvois, Kutum, and Seada subsidiaries, which operate two stores in Nevers, are subject to the clothing sector collective labour agreement.

Profit-sharing agreement

All personnel signed a new agreement on 8 June 2012, effective from the 2012 financial year. This agreement was revoked at the end of 2015 and replaced with a new agreement from 2016, signed on 1 April.

Agreement to adjust working hours

The collective bargaining agreement of 21 December 2001 regarding the adjustment of working hours continues to apply.

26.1.4 HEALTH AND SAFETY

Health and safety in the workplace

Affine employees moved into new premises towards the end of 2016. Workspaces have been reconfigured to improve exchanges between employees in a more user-friendly setting, while benefiting from the latest technologies to speed up data processing and reduce energy consumption.

The company has 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.

Checking of the various elements of the air-conditioning system and changing of filters are regularly carried out in order to secure the best air quality possible on the workplace.

Results of workplace health and safety agreements signed with trade unions and employee representatives

The company did not sign any specific agreements regarding health and safety in the workplace.

Given the changes in regulations including the French Decree of 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, after informing and consulting with employee representatives.

Workplace accidents, particularly their frequency and seriousness, and occupational illnesses

The company recorded two commute accidents lasting 71 days in total. The frequency rate was 33.8 and the severity rate 1.2.

Affine did not identify any occupational illnesses in its workforce in 2017.

In 2016, the company recorded no workplace accidents or occupational illnesses in its workforce.

26.1.5 TRAINING

Implemented training policies

Potential training needs are assessed during yearly individual appraisals. The company'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 focused on three main areas: social and managerial skills, and languages. Affine's training benefited 6 employees (versus 23 in 2016) and accounted for 0.43% of payroll (versus 1.29%).

English lessons are given on a free access basis once a week in the company's offices.

Total number of training hours

The total number of external training hours in 2017 was 117.5 versus 516.5 in 2016.

26.1.6 EQUAL OPPORTUNITIES

Measures taken to promote gender equality

The company offers the same opportunities for career advancement within the company to men and women. In 2017, the company had 2 female and 2 male senior managers. In 2016, the company had 1 additional male senior manager, who became an executive officer.

Measures taken to promote the employment and integration of people with disabilities

The company works wherever it can with contractors who employ disabled people.

Anti-discrimination policy

The company pays close attention to discrimination issues and strives to avoid any discrimination when hiring new personnel, or in career development and changes in pay.

As the average workforce in Affine totalled less than 50 in 2017, there was no need to establish an action plan for older employees.

The Company emphasizes the need to ensure that new information and communication technologies respect employees' private lives. As such, they have the right to disconnect. With regard to workers with a fixed-day contract, the right to disconnection guarantees minimum rest periods and maximum working hours.

26.1.7 PROMOTING AND UPHOLDING THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANIZATION

The group's business is limited to the European Union, and complies with specific 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

26.2.1 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 company's assets and raising tenant 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 or their improvement. 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 company's objective of social responsibility and preserving the value of its assets. This environmental review has led Affine to rethink its strategy in order to make environmental performance a decisive factor in its investment and disposal policy. Affine aims to focus on acquiring buildings which already comply with the most advanced environmental performance criteria, or which could achieve such compliance with limited investment. For all the assets that it intends to acquire, the company thus requires an environmental certificate making it possible to limit the environmental impact of a building from design to completion.

Affine invested, for example, nearly €50m in turnkey projects in Nantes, Lille and Meudon in new office buildings which will have BREEAM labelling and may also benefit from specific environmental qualities:

- Meudon Green Office ® en Seine is part of the latest generation of positive energy buildings developed by Bouygues Immobilier. This program is part of an ambitious environmental approach aimed at the Label BEPOS Effinergie and the "Passport HQE level Outstanding" environmental certification. Energy consumption will be optimised by the use of high-performance materials, precise energy control and electrical production by 650 sqm of photovoltaic panels.
- Among the technical innovations developed as part of the Nantes scheme is the recovery of so-called "fatal" energy, through the installation of a system for the production of domestic hot water by servers: an initiative consistent with the ambitions of the eco-district.

Similarly, the company is disposing of assets that cannot be readily adapted to its environmental criteria.

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. This regulation requires the insertion of an environmental appendix to leases for all commercial buildings with a surface area exceeding 2,000 sqm. It also requires the carrying out of refurbishments to improve the energy performance of commercial buildings by January 2020, which the company has already begun in anticipation of its implementation.

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.

This data collection process has been implemented for the company's main buildings. The data collection will allow a more in-depth analysis of results, which should be incorporated into upcoming CSR reports.

In accordance with the regulatory measure implemented by the DDADUE Act (on various adjustments to European law) of 16 July 2013, the company launched an energy audit on a specific section of its portfolio with an external expert auditor. The results of this audit will help to identify sources of potential savings and improvement solutions in the medium to long term.

Created in 2015 by its founding members (including Affine), the BBCA (Low Carbon Building) non-profit association arose from a willingness among many players in the real estate, construction and ecology sectors to come together and find solutions to reduce the carbon footprint of buildings and promote more virtuous constructions. The association has two goals: raise awareness of the urgency to reduce the carbon footprint of buildings and shine a positive light on every step that contributes to the development of low carbon buildings. The BBCA label should allow players in the real estate area to identify best practices.

Employee training and information on environmental protection

Asset managers receive regular training sessions on the various aspects of incorporating environmental considerations into the company's property management.

Means employed to prevent environmental risks and pollution

The nature of Affine's business does not pose any particular danger to the environment.

Nevertheless, Affine has launched an awareness plan for tenants by sending a best practice recommendation guide on environmental issues with easy-to-apply measures to limit the environmental impact of their operations.

Affine's portfolio is composed mainly of offices and retail premises, for which periodic checks are carried out and measures are taken (change of air conditioning, heating, improved thermal insulation, etc.).

The few logistics sites owned by Affine are subject to more rigorous supervision due to the higher risks arising from tenant operations.

Amount of provisions and guarantees for environmental risk

No provision or guarantee for environmental risk was required during the year.

26.2.2 POLLUTION

Measures to prevent, reduce or repair air, water and soil emissions that seriously impact the environment

Apart from the steps taken to ensure the compliance of regulated operations for environmental protection and the regular checks carried out on the buildings concerned, no other type of pollution risk has been identified and thus no further measures have proven necessary.

Noise pollution and other forms of pollution specific to an activity

Maximum authorised noise on logistics sites is defined by regulation.

Periodical controls of these forms of pollution are carried out by the operators concerned to verify compliance with these limits.

26.2.3 CIRCULAR ECONOMY

Prevention and waste management

Measures for prevention, recycling, re-use, other forms of recovery and disposal

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 and green leases may stipulate minimum requirements in terms of waste recycling and sorting.

On storage and warehousing sites, tenants have to sort ordinary industrial waste from hazardous waste.

At the corporate level, the company's share of waste amounted to 9.7 tons in 2017 versus 10.6 in 2016.

Actions to prevent food waste

Such actions are not relevant to the group's activities.

Sustainable use of resources

Water consumption and supply based on local requirements

The company 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 company, and possibly the property agent. Such committees raise stakeholder awareness of sustainability challenges such as the preservation of water resources.

For development, refurbishment and extension projects, technical choices regarding equipment installed or to be installed (fire extinguishers, sprinkler systems, air-conditioning systems, etc.) are necessarily guided by both technical and energy performance criteria, and form part of the drive to reduce water consumption.

At the corporate level, water consumption was 409 m³ in 2017 versus 444 m³ in 2016.

Consumption of raw materials and measures taken to improve efficiency in their use

For refurbishment or new projects, the company studies the possibility of reusing existing structures and materials. In addition, preference is given to materials with low environmental impact and recycled products and materials.

All used cartridges and coffee capsules are collected by their respective suppliers and recycled.

At the corporate level, the company's paper consumption totalled 1.4 tons in 2017 versus 2.0 last year.

Energy consumption, measures taken to improve energy efficiency and use of renewable energies

At the corporate level, the company's electricity consumption was 32,861 kWh versus 215,750 kWh in 2016 owing to the halving of the surface area of the head office and better controlled electricity consumption with a completely refurbished building, LED lighting and an occupancy sensor in every office.

At the operational level, remote metering has been installed in a significant portion of the company's property portfolio to monitor power consumption and take appropriate steps to improve energy efficiency.

The composition of Affine's property portfolio, characterised for the most part by multi-tenant buildings with an average value of around €10 million, does not allow the company at present to contemplate implementing a specific policy regarding negotiations to purchase power for all its properties as a means of promoting a "greener" source of energy production. Nevertheless, Affine is studying the possibility of installing specific equipment enabling the production of energy to reduce the energy consumption of certain assets, while lightening the charges borne by its tenants. With respect to on-going work and refurbishment operations, Affine seeks to limit the energy consumption of buildings and promotes the development of bioenergy.

Use of soil

The due diligence process for acquisitions and investments comprises an in-depth assessment of technical, regulatory, environmental, safety and security risks, and soil pollution.

In most cases, the company undertakes to conduct a soil audit after the tenant's departure, particularly with regard to warehouses, in addition to regular checks and reports on site.

26.2.4 CLIMATE CHANGE

Significant greenhouse gas emissions generated as a result of the company's activity, in particular through the use of the goods and services it produces

The company reports on all greenhouse gas emissions (GHGE) associated with electricity consumption by its buildings, converted into units of CO₂ equivalent (CO₂e).

At the corporate level, the 32,861 kWh of electricity consumed corresponds to greenhouse gas emissions of 2.1 tons (metric tons in CO₂ equivalent). In 2016, that quantity was 17.7 tons.

Adapting to the consequences of climate change

To reduce its CO₂ emissions and limit the impact of its operations on the climate, the company strives to reduce the energy consumption of its buildings when carrying out refurbishments. At present, no general monitoring process has been yet set up to identify the positive results of this investment. A project to record information and provide tracking charts is under consideration.

The classification of buildings in relation to the regulations concerning natural, mining and technological risks is taken into account during the acquisition process. This classification is checked again at any rental movements, and is regularly updated.

26.3 SOCIETAL INFORMATION

26.3.1 REGIONAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITIES

Impact on employment and regional development

Affine operates in close consultation with regional metropolises 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. The installation and operation of these office and retail premises 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 in French Regions, Affine boosts the development of the economic environment and urban fabric of these locations. The choice of investments, particularly for turnkey buildings, reflects the close attention Affine pays to the quality of life at work of the future tenants' employees (services supplied, surroundings, design of fittings) as well as to the quality of life in the city (choice of mixed activity and green zones, offering cultural and sports facilities, etc).

For example, the investments made by Affine in shopping centres located in towns such as Arcachon, Nevers and Bordeaux, have significantly contributed to revitalising and developing a new economic fabric in these areas. These districts have, from their design and construction to the opening of their retail premises, fostered new jobs, urban regeneration, and have contributed to the redeployment of inhabitants within these areas.

26.2.5 BIODIVERSITY PROTECTION

Measures taken to safeguard or develop biodiversity

Affine's pragmatic approach to promoting biodiversity and environmental awareness at its existing sites involves paying great attention to the preservation of green spaces, even though the heavy urban density at most sites limits the scope for developing this initiative. The company also ensures that the protection of a site's existing fauna is factored into new projects.

26.3.2 RELATIONSHIPS WITH PERSONS OR ORGANISATIONS INTERESTED IN THE COMPANY'S BUSINESS ACTIVITIES

Conditions for interacting with such persons or organisations (jobseeker associations, educational establishments, environmental protection associations, consumer associations and neighbouring populations)

The Palladio Foundation was created in 2008 by companies in the real estate industry to address a major challenge of the 21st century, namely, the construction of cities and the living spaces within them. It operates directly with those involved and who have, or will have, responsibility for building cities, by creating the support tools needed to raise awareness (institute), prepare for the future (future section) 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 2017, Affine Group, patron and board member of the Foundation, was particularly involved in:

- Governance of the Palladio Foundation: Affine is represented on the Foundation's Board of Directors.
- Palladio Future: Affine is a member of the Palladio Scholarship Committee.
- The Palladio Institute: an Affine executive officer was a member of the College of Auditors for the 2017 cycle.

Partnership and sponsorship initiatives

In addition to its commitment to its business sector, Affine develops partnership and sponsorship initiatives.

Since 2001, Affine has supported Pro Musicis, an association dedicated to advancing 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 poverty (disabled children, the elderly, etc.).

Through its reference shareholder MAB Finances, Affine group has for the past 12 years developed a partnership with the prestigious Institut d'Etudes Politiques de Paris university in order to allocate grants to promote social mobility through education.

26.3.3 SUBCONTRACTORS AND SUPPLIERS

Social and environmental challenges factored into the company'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, was considered overly complex and irrelevant.

As the group's business is limited to the European Union, it ensures compliance with all legislation concerning CSR. It was not considered necessary to include these rules in contracts.

Importance of sub-contracting and factoring in the social and environmental responsibility of suppliers and sub-contractors

Except in specific cases, the company favours local subcontracting agreements that promote regional economic development and limit the carbon footprint of projects.

Sub-contracting concerns all physical work on buildings (works, renovation, painting, etc.), as the company does not have the necessary internal skills.

26.3.4 MAINTAINING BEST PRACTICES

Anti-corruption initiatives

Disposals are entrusted to one or several intermediaries collectively selected for their expertise in a specific asset type and for their local establishment. The collective choice of the intermediary (intermediaries in the case of a non-exclusive or co-exclusive mandate) and the criteria used to retain it or them, help to avoid favouritism and misuse of funds.

26.4 NOTE ON METHODOLOGY

The approach used by the company 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.

26.4.1 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.

26.4.2 SCOPE

The scope of CSR reporting aims to be representative of the company'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 and discontinued activities are excluded (Banimmo).
- The reporting scope for corporate environmental information covers the data on the head office.

As part of the regeneration of the Carré Colbert shopping centre in Nevers, Affine created two companies in 2015 through the company Louvois, Kutum and Seada, responsible for operating two stores on the site. They have a total of 5 employees.

Significant construction projects or renovations are subject to calls for tender to several companies selected according to their skills and the quality of their services. The final choice is made by a panel of decision-makers. Any claim by a company is subject to a series of controls and approvals before any fund transfers.

When selling an asset, the company is particularly careful about the origin of the acquirer's funds, in cooperation with other relevant parties (notaries and banks).

Measures taken to promote consumer health and safety

Affine's portfolio does not include any site that manufactures products to be sold to consumers. The storage sites for products intended to be sold to consumers are subject to health and safety standards. Compliance with the latter is verified on a regular basis.

In addition, the tenant is responsible for ensuring that the premises occupied comply with all the requirements of the administrative authorities concerning health, safety and sanitation. Any work that may be required for the maintenance or compliance of its premises is therefore the responsibility of the tenant, except for works related to the structure of the building since the so-called Pinel Act was introduced in France.

26.3.5 OTHER INITIATIVES UNDERTAKEN TO PROMOTE HUMAN RIGHTS

No specific initiatives were undertaken in this regard.

26.4.3 CHOICE OF INDICATORS

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.

26.4.4 CONSOLIDATION AND INTERNAL CONTROLS

Quantitative information is collected centrally by the relevant operating division. Qualitative information is collected centrally by Affine's Financial Division. The data is checked and approved by General Management.

26.4.5 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, Affine asked one of its statutory auditors in 2013 to provide a report including a statement regarding the presence of environmental, social and societal information and a substantiated opinion on the fair presentation of the information published (moderate level of assurance).

26.4.6 DEFINITIONS FOR METHODOLOGICAL INDICATORS AND LIMITATIONS

INFORMATION	DESCRIPTION	SCOPE
Social Indicators		
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.	
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.	
Frequency rate of occupational accidents with lost days	The frequency rate corresponds to the number of occupational accidents with stoppage during the year, multiplied by 1,000,000 and divided by the total number of theoretical worked hours during the year.	
Severity rate	The severity rate corresponds to the number of lost days from occupational accidents, multiplied by 1,000 and divided by the total number of theoretical worked hours during the year.	Companies
Number of theoretical worked hours during the year	The total number of theoretical worked hours during the year corresponds to the following calculation: 35 worked hours per week multiplied by 47 weeks (considering an employee has 5 weeks of leave per year) and by the average workforce over the year.	
Training hours	Number of external training hours billed to and paid by the company, 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		
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 property management company.	
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 property management company.	
Number of green leases	This is the aggregate number of green leases with an appendix 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 2017 emission factor, i.e. 0.0647 kgCO ₂ e/kWh	Head office
Waste production	Mains waste production during the period between 1 January and 31 December of the year. This includes production 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.	
Paper consumption	Paper consumption during the period between 1 January and 31 December of the year. This includes reams bought converted into tons.	
Missing data	In the event it is technically impossible to recover information for the current year, this is estimated on the basis of the information published the previous year. For 2017, this procedure concerned the water and waste consumptions calculated on the basis of the data of 2015 in proportion to the average workforce for the current year, which was 36.0 compared to 35.4 in 2015.	

Table of non-financial performance indicators

CATEGORY	EPRA CODE	INDICATOR	2015	2016	2017	CHANGE	LEVEL	DEFINITION	SECTION
ENVIRONMENTAL MEASURES									
ELECTRICITY	Elec-Abs	Total electricity consumption (annual kWh)	205,494	215,750	32,861	-85%	Head office	Total electricity consumed from renewable and non-renewable sources imported or generated on-site	26.2.3 Circular economy
	Elec-Lfl	Total electricity on a like-for-like basis (annual kWh)	205,494	215,750	32,861	-85%	Head office	Total electricity consumed on a like-for-like basis	26.2.3 Circular economy
	Energy-Int	Energy intensity of buildings (kWh/person/year)*	5,803	5,524	914	-83%	Head office	Quantity of energy normalised by applying the appropriate denominator	26.2.3 Circular economy
CLIMATE CHANGE	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (metric tonnes CO ₂ e/year)	12.33	17.69	2.13	-88%	Head office	Indirect greenhouse gas emissions produced by off-site electricity, heat or steam generation	26.2.4 Climate change
	GHG-Indir-Lfl	Total indirect greenhouse gas (GHG) emissions on a like-for-like basis (metric tonnes CO ₂ e/year)	12.33	17.69	2.13	-88%	Head office	Quantity of indirect greenhouse gas emissions generated off-site on a like-for-like basis	26.2.4 Climate change
	GHG-Int	Greenhouse gas (GHG) emissions from building energy consumption (kg CO ₂ e/person/year)*	348	453	59	-87%	Head office	Total greenhouse gas emissions normalised by applying the appropriate denominator	26.2.4 Climate change
WATER	Water-Abs	Total water consumption (m ³ /year)	403	444	409	-8%	Head office	Total volume of water collected from all sources (included intermediary uses and excluding cooling water from cooling towers)	26.2.3 Circular economy
	Water-Lfl	Total water consumption on a like-for-like basis (m ³ /year)	403	444	409	-8%	Head office	Total consumption water sources (surface, underground, grey, black, etc.)	26.2.3 Circular economy
	Water-Int	Building water intensity (L/person/day)*	48	55	52	-5%	Head office	Total water consumption normalised by applying the appropriate denominator	26.2.3 Circular economy
PAPER	Paper-Abs	Paper Consumption (metric tonnes)	1.85	2.04	1.35	-34%	Head office	Amount of paper consumed by the company	26.2.3 Circular economy
	Paper-Lfl	Paper consumption on a like-for-like basis (metric tonnes)	1.85	2.04	1.35	-34%	Head office	Amount of paper consumed by the company on a like-for-like basis	26.2.3 Circular economy
	Paper-Int	Paper consumption per person (kg/person/year)*	52.24	52.24	37.53	-28%	Head office	Amount of paper normalised by the appropriate denominator	26.2.3 Circular economy
WASTE	Waste-Abs	Total mass of waste (metric tonnes/year)	9.57	10.56	9.72	-8%	Head office	Amount of waste (hazardous and non-hazardous) created by the company's operations	26.2.3 Circular economy
	Waste-Lfl	Total mass of waste on a like-for-like basis (metric tonnes/year)	9.57	10.56	9.72	-8%	Head office	Amount of waste (hazardous and non-hazardous) created by the company's operations on a like-for-like basis	26.2.3 Circular economy
	Waste-Int	Mass of waste per person (kg/person/year)*	270.36	270.36	270.36	0%	Head office	Amount of waste normalised by the appropriate denominator	26.2.3 Circular economy
PORTFOLIO	Certifications	Number of assets	47	43	45	5%	Portfolio	Total number of buildings in the portfolio	26.2.1 General environmental policy
		- Number of certified assets or assets undergoing certification	4	4	6	50%			26.2.1 General environmental policy
		- Number of certified assets	1	1	3	200%			26.2.1 General environmental policy
	Certifications	- Percentage of certified assets or assets undergoing certification	8.5%	9.3%	13.3%	43%	Portfolio	Percentage of certified buildings or buildings undergoing certification in the portfolio	26.2.1 General environmental policy
		Percentage of certified assets	2.1%	2.3%	6.7%	187%			26.2.1 General environmental policy

CATEGORY	EPRA CODE	INDICATOR	2015	2016	2017	CHANGE	LEVEL	DEFINITION	SECTION
SOCIAL MEASURES									
DIVERSITY	Diversity-Emp	Number of employees	38	37	36	-3%	Company	Number of men and women in the payroll records for the year at 31 December under permanent or fixed-term contracts	26.1.1 Employment
		- men	12	11	9	-18%			
		- women	26	26	27	4%			
		- at the Head office (Paris)	29	26	25	-4%			
		- On site (Regional)	9	11	11	0%			
	Average workforce	35.4	39.1	36.0	-8%	Company	Average workforce between 1 January and 31 December for the year	26.1.1 Employment	
EMPLOYMENT	Emp-Turnover	Number of new contracts	11	5	10	100%	Company	Number of permanent and fixed-term employees hired between 1 January and 31 December for the year	26.1.1 Employment
		- Permanent contracts	8	4	4	0%			
		- Fixed-term contracts	3	1	6	500%			
	Emp-Turnover	Number of contract terminations	10	6	11	83%	Company	Number of employees who left the company between 1 January and 31 December for the year	26.1.1 Employment
	- Dismissals	1	1	0	-100%				
TRAINING	Emp-Training	Number of employee training hours	315.0	516.5	117.5	-77%	Company	Number of external training hours billed to and paid by the company, attended by employees between 1 January and 31 December for the year.	26.1.5 Training
		- Number of recipients	14	23	6	-74%			
		- Number of average training hours per recipient	22.5	22.5	19.6	-13%			
		- Training cost (as a % of payroll)	0.67%	1.29%	0.43%	-67%			
	Emp-Dev	Percentage of employees who underwent an appraisal interview	100%	100%	100%	0%	Company	Total employees who received a performance assessment - career review	26.1.1 Employment
HEALTH AND SAFETY	H&S-Emp	Absenteeism (number of days)	154	358	287	-20%	Company	This number takes into account days absent for illness and maternity leave	26.1.2 Organisation of working hours
		- Days absent per employee*	4.35	9.17	7.98	-13%			
	H&S-Emp	Number of accidents	1	0	2	NA	Company	Number of accidents that occurred at work or during commutes	26.1.4 Health and safety
		- Number of days absent	29	0	71	NA			
		- Severity rate	0.50	0	1.20	NA			
	- Frequency rate	17.17	0	33.80	NA				
SOCIETAL MEASURES									
GOVERNANCE	Governance	Composition of upper management	NA	NA	NA	NA	Head office	Composition of upper management	14.1 Board of Directors and General Management
	Governance	Appointment and selection process	NA	NA	NA	NA	Head office	Appointment and selection process with criteria used	14.1 Board of Directors and General Management
	Governance	Management of conflicts of interest	NA	NA	NA	NA	Head office	Management process for avoiding conflicts of interest	14.2 Conflicts of interest within the administrative, managerial and supervisory bodies

NA: Not applicable
 Trainees and temporary employees are excluded from the indicators.
 Participation in seminars and symposiums are not included in training hours.
 *Average workforce was taken into account in the calculation.

CORRELATION TABLE

MANAGEMENT REPORT

This registration document includes elements of the management report as required by Articles L225-100 et seq and L232-11 et seq of the French Commercial Code.

INFORMATION	SECTIONS
Financial position and business activity of the Company and the Group during the past year	3 / 5.2 / 6 / 9
Results	3 / 9
Progress made or challenges faced	3 / 9
Foreseeable trends and outlook	12
Significant events between the financial year closing date and the date on which this document was prepared	5.2.3
Objective and exhaustive analysis of developments in business, results and financial position of the Company, particularly the debt position and non-financial performance indicators (especially those related to the environment and staff)	4.2.4 / 9 / 10.3 / 17
Research and development activities	N/A
Description of main risks and uncertainties	4
List of offices held or duties exercised throughout the Company by each of the corporate officers	14
Compensation and benefits of all kinds for corporate officers	15
Activities of the Company's subsidiaries	6.1
Acquisitions of significant equity interests in companies based in France	25
Environmental information	4.1.8 / 8.2 / 26
Information regarding capital allocation	18 / 21.1
Amount of dividends paid during the last three financial years	20.7
Changes to the method used for presentation of the annual financial statements	20.1 / 20.3
Indications provided in Article L. 225-211 of the French Commercial Code in the case of transactions performed by the Company on its own shares	20.1
Transactions performed by management on the shares	18.5
Information provided in Article L. 225-100-3 of the French Commercial Code likely to have an impact in terms of a public offer	4.2.1 / 14.2 18 / 21.2
Operations conducted by the Company to grant bonus shares	15.1 / 17.2

APPENDICES COMBINED SHAREHOLDERS' MEETING OF 26 APRIL 2018

INFORMATIONS	PAGES
Text of the resolutions submitted to the Combined General Shareholders' Meeting of 26 April 2018	161
Table showing the company's earnings in the past five financial years	167
Scheduled trade payables and receivables	167
Special Report of the Statutory Auditors on regulated agreements and commitments	168
Report of the Board of Directors on Corporate Governance	171
Statutory Auditors' report on capital transactions stipulated in resolutions 18, 19, 21, 22 and 23 of the Combined General Shareholders' Meeting of 26 April 2018	187
Board of Directors report on bonus share issues	189

TEXT OF THE RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL SHAREHOLDERS' MEETING OF 26 APRIL 2018

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

First resolution

[\[Approval of the company financial statements for the year ended 31 December 2017\]](#)

The General Meeting of Shareholders, deliberating under the rules of quorum and majority required for ordinary general meetings, after a reading of the reports of the Board of Directors and the Statutory Auditors, hereby approves the company financial statements for the year ended 31 December 2017, as presented.

Second resolution

[\[Approval of the consolidated financial statements for the year ended 31 December 2017\]](#)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, after a reading of the reports of the Board of Directors and the Statutory Auditors, hereby approves the consolidated financial statements for the year ended 31 December 2017, as presented.

Third resolution

[\[Discharge for directors\]](#)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, hereby gives full discharge to the Directors for their management for the year ended 31 December 2017.

Fourth resolution

[\[Allocation of profit or loss and distribution of reserves\]](#)

On the recommendation of the Board of Directors, the General Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, hereby allocated the earnings for the year, a loss of €4,015,964.57, as follows:

Pursuant to Article 243 bis of the French General Tax Code, the General Meeting notes that the dividends distributed for the last three years were as follows:

YEAR	DIVIDENDS
2014	€1
2015	€1
2016	€1

The General Meeting decides to:

- reduce the legal reserve by €2,306,418.71 by allocating it to the carryforward account (making the new legal reserve, post-allocation, €2,500,000),
- distribute €10,056,071 by withdrawing it from the "Free reserve on sales" item.

Each of the 10,056,071 shares composing the share capital shall receive €1, which will be paid on or after 10 May 2018.

The portion of this dividend paid out of the Company's taxable income, i.e. €0.70 per share, 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. €0.30 per share, paid out of tax-exempt income generated from the transactions referred to in Article 208 C 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 the dividend is paid, the amount corresponding to dividends not paid out will be allocated to retained earnings.

Fifth resolution

[\[Regulated agreements and commitments\]](#)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, after a reading of the special report of the Statutory Auditors on the transactions referred to in Article L225-38 of the French Commercial Code, duly notes the conclusions of this report and approves the relevant agreements and commitments.

Sixth resolution

[\[Commitments cited in Article L225-42-1 of the French Commercial Code: payment that may be due in the event of termination of the appointment of the Deputy Chief Executive Officer\]](#)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, having read the special report of the Statutory Auditors on the commitments addressed in Article L225-42-1 of the Commercial Code, took note of the conclusions of this report and approved the commitments cited therein concerning Mr Matthieu Evrard, Deputy Chief Executive Officer.

Seventh resolution

(Approval of remuneration components paid or allocated to Ms Maryse Aulagnon for the year ended 31 December 2017)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, hereby approves, pursuant to Article L225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated to Maryse Aulagnon for her role as Chairperson of the Board of Directors, as specified in Article L225-37 of the French Commercial Code in the section "*Remuneration of Chairman and General Management*".

Eighth resolution

(Approval of remuneration components paid or allocated to Mr Alain Chaussard for the year ended 31 December 2017)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, hereby approves, pursuant to Article L225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated to Alain Chaussard for his role as Chief Executive Officer, as specified in Article L225-37 of the French Commercial Code in the section "*Remuneration of the Chairman and General Management*".

Ninth resolution

(Approval of remuneration components paid or allocated to Mr Matthieu Evrard for the year ended 31 December 2017)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, hereby approves, pursuant to Article L225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated to Matthieu Evrard in the past year for his role as Deputy Chief Executive Officer, as specified in Article L225-37 of the French Commercial Code in the section "*Remuneration of Chairman and General Management*".

Tenth resolution

(Approval of the remuneration policy applicable to Ms Maryse Aulagnon)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, having reviewed the report prepared pursuant to Article L225-37 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of total remuneration and benefits in kind awardable to Maryse Aulagnon as specified in the aforementioned report in the section "*Remuneration of Chairman and General Management*".

Eleventh resolution

(Approval of the remuneration policy applicable to Mr Alain Chaussard)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, having reviewed the report prepared pursuant to Article L225-37 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of total remuneration and benefits in kind awardable to Alain Chaussard as specified in the aforementioned report in the section "*Remuneration of Chairman and General Management*".

Twelfth resolution

(Approval of the remuneration policy applicable to Mr Matthieu Evrard)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, having reviewed the report prepared pursuant to Article L225-37 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of total remuneration and benefits in kind awardable to Matthieu Evrard as specified in the aforementioned report in the section "*Remuneration of Chairman and General Management*".

Thirteenth resolution

(Authorisation to the Board of Directors to trade in company shares)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required by ordinary general meetings, hereby authorises the Board of Directors, with the option to sub-delegate this authority, to purchase shares of the Company pursuant to Article L225-209 et seq. of the French Commercial Code for a period of 18 months.

Shares may be purchased for the following purposes:

- market-making under a liquidity contract in accordance with the ethics code recognised by the French Financial Markets Authority;
- the allocation of bonus shares to employees as 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 23rd resolution presented above.

Purchases and sales of shares carried out under this authorisation shall 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. 1,005,607 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. 502,803 shares; the purchase price shall not exceed €30 per share;
- the maximum amount of the funds used for this share buyback programme will be €30,168,210;
- 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 executed by any means, including the 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 sub-delegating this authority, 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 on 27 April 2017, subject to the launch of a share buyback programme by the Board of Directors.

Fourteenth resolution (Appointment of Barbara Koreniouguine as a directorship)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, hereby elects Barbara Koreniouguine to the Board of Directors for a term of three years that expires at the close of the Meeting called to approve the financial statements for the year ended in 2020.

Fifteenth resolution (Renewal of the directorship of Ms Maryse Aulagnon)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary general meetings, 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 2020.

Sixteenth resolution (Renewal of the directorship of Holdaffine BV)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary general meetings of shareholders, resolves to reappoint Holdaffine BV as a director for a term of three years expiring at the close of the Meeting convened to approve the financial statements for 2020.

Seventeenth resolution (Setting attendance fees)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for ordinary general meetings, hereby sets the amount of attendance fees allocated to Board members for their contribution to the work of the Board and its three special committees as follows:

- €24,000 for the Chairperson of the Board;
- €12,000 per director, €6,000 of which is based on their actual attendance;
- €1,000 for each director, per meeting of a Board committee.

If a Director does not physically attend at least 75% of Board meeting in a given calendar year, their attendance fees will be prorated to the number of meetings that they physically attended during the year.

RESOLUTIONS SUBMITTED TO THE EXTRAORDINARY MEETING

Eighteenth resolution (Delegation of authority to the Board of Directors to increase the share capital with maintenance of the preferential subscription right)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for extraordinary general meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L225-129-2, L228-92 and L228-93 of the French Commercial Code:

1) Delegates to the Board of Directors, which may further delegate or sub-delegate 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 rights 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 currencies 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 value, half of the share capital, or €12,500,000 on the basis of the current capital, from which shall be deducted, as applicable, the ceiling set in the following resolution, and to which shall be added, if applicable, the additional number of shares to be issued to preserve the rights of the holders of securities giving rights to shares, as required by law.

3) Resolves that the shareholders have, in proportion to the number of shares they hold, a pre-emptive right to subscribe to a fixed number of transferable securities issued under 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, if applicable, additional shares, have not absorbed 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 to the public some or all of the securities not subscribed.

5) Notes that if this authority is exercised, the decision to issue securities giving access to the share capital will carry, to the benefit of the holders of the issued securities, the shareholders' express waiver of their pre-emptive 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 future rights 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 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, 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 Shareholders' Meeting of 27 April 2017.

8) Notes that, in the event the Board of Directors should exercise the authority delegated to it under this resolution, it shall report on the use made of the authorisations granted under this resolution at the next ordinary General Shareholders' Meeting, in accordance with the law and regulations.

Nineteenth resolution
(Delegation of authority to the Board of Directors
to increase the share capital with elimination
of the preferential subscription right)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for extraordinary general meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L225-129-2, L225-135, L228-92 and L228-93 of the French Commercial Code:

1) Delegates to the Board of Directors, which may further delegate or sub-delegate 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 rights 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 value, 25% of the share capital, or €6,250,000 on the basis of the current share capital; this amount shall be charged, as applicable, against the ceiling set in the previous resolution, to which amount shall be added, if applicable, the additional amount of the shares to be issued to preserve, in accordance with the law, the rights of the holders of securities giving rights to shares.

3) Resolves to eliminate the pre-emptive subscription right to these securities, which will be issued in accordance with the law, and to grant 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 L225-135 of the French Commercial Code.

4) Resolves that the issue price of the shares to be issued, as well as those to be issued through the exercise of 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 operation to the total subscribed, provided that said total equals at least three-quarters of the issue approved.

6) Notes that if this authority is exercised, the decision to issue securities giving access to the share capital will carry, to the benefit of the holders of issued securities, an express waiver by the shareholders of their pre-emptive subscription right to the equity instruments to which the securities issued entitle them.

7) 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, to allow the possibility of paying for the subscription in cash or by setoff 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, to charge, on its sole initiative, the costs of the capital increases against 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 Shareholders' Meeting of 27 April 2017.

9) Notes that, in the event the Board of Directors should exercise the authority delegated to it under this resolution, it shall report on the use made of the authorisations granted under this resolution at the next ordinary General Shareholders' Meeting, in accordance with the law and regulations.

Twentieth resolution
(Delegation of authority to the Board of Directors
to increase the capital by the capitalisation of reserves,
profits or share premiums)

The Extraordinary General Shareholders' Meeting, deliberating under the rules of quorum and majority required for extraordinary general meetings, after a reading of the report of the Board of Directors and in accordance with the provisions of Article L225-129 et seq. and L225-130 of the French Commercial Code:

1) Delegates to the Board of Directors, which may further delegate or sub-delegate 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 deems appropriate, by capitalisation of share premiums, reserves, profits or other sums as permitted by law or by the Articles of Association, by distributing bonus shares or by increasing the par value of the existing shares, or a combination of the two. The total amount of the capital increases that may be performed, plus the amount required to maintain, as required by law, the rights of holders of securities giving rights to shares and regardless of the ceilings set in the 18th and 19th 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) Decides that fractional rights shall not be negotiable and the corresponding securities shall be sold.

3) Resolves that the Board of Directors shall have, within the limits set above, the necessary powers, with the option of sub-delegating 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 Shareholders' Meeting of 27 April 2017.

5) Notes that, in the event the Board of Directors should exercise the authority delegated to it under this resolution, it shall report on the use made of the authorisations granted under this resolution at the next ordinary General Shareholders' Meeting, in accordance with the law and regulations.

Twenty-first resolution
(Delegation of authority to the Board of Directors to increase the share capital via a private placement, with elimination of preferential subscription rights)

The General Shareholders' Meeting, deliberating under the quorum and majority required for extraordinary general meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L225-129-2, L225-135, L225-136, and L228-91 et seq. of the French Commercial Code:

1) Delegates to the Board of Directors, which may further delegate or sub-delegate 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 L411-2 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 pre-emptive subscription rights, via an offering referred to in Section II of Article L411-2 of the French Monetary and Financial Code, and resolves accordingly to eliminate the pre-emptive 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 L411-2 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 shall be charged against the ceilings established in Resolutions 18 and 19 above.

4) Decides that the issue price of the securities shall be determined by the Board of Directors under the following conditions: 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 operation to the total subscribed, provided that said total equals at least three-quarters of the issue approved.

6) Notes that if this authority is exercised, the decision to issue securities giving access to the share capital will carry, to the benefit of the holders of issued securities, an express waiver by the shareholders of their pre-emptive subscription right to the equity instruments to which the securities issued entitle them.

7) Resolves that the Board of Directors shall have, within the limits set above, 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 protect, as applicable, the rights of holders of securities giving rights 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 setoff against liquid and payable claims against the Company or by a combination of the two, to certify the execution of the resulting capital increases and make the relevant

amendments to the Articles of Association, to charge, at its sole initiative, the costs of the capital increases against the amount of the related share premiums and to deduct from this 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 Shareholders' Meeting of 27 April 2017.

9) Notes that, in the event the Board of Directors should exercise the authority delegated to it under this resolution, it shall report on the use made of the authorisations granted under this resolution at the next ordinary General Shareholders' Meeting, in accordance with the law and regulations.

Twenty-second resolution
(Capital increase reserved for employees)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for extraordinary general meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L225-129-6 and L225-138-1 of the French Commercial Code and Article L3332-18 et seq. of the French Labour 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 L225-180 of the French Commercial Code who are enrolled in the Company's savings plan;

2. Resolves, as a result, to eliminate the pre-emptive subscription right granted to shareholders by Article L225-132 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 be charged against the ceiling on capital increases that the Board of Directors is authorised to carry out under the delegations set forth in the preceding resolutions;

4. The General Shareholders' Meeting grants full powers to the Board of Directors, which may further sub-delegate 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 necessary because of the capital increase.

APPENDICES COMBINED SHAREHOLDERS' MEETING OF 26 APRIL 2018
TABLE SHOWING THE COMPANY'S EARNINGS
IN THE PAST FIVE FINANCIAL YEARS

Twenty-third resolution
(Authorisation to cancel shares purchased in connection with the Company's purchase of its own shares)

The General Shareholders' Meeting, deliberating under the rules of quorum and majority required for extraordinary general meetings, after a reading of the report of the Board of Directors and the special report of the Statutory Auditors, authorises the Board of Directors, which may further sub-delegate such Authority under the conditions set by law, for a period of 18 months:

- to cancel, on one or more occasions, the shares of the Company acquired under the utilisation of the authorisation to purchase its own shares stipulated in the 13th resolution above, up to a

maximum of 10% of the capital pursuant to Article L225-209 of the French Commercial Code, and

- to reduce the share capital accordingly.

Twenty-fourth resolution
(Powers)

All powers are given to the bearer of a copy or excerpt of the minutes of this General Shareholders' Meeting to perform all filings and publications required under current legislation.

BARBARA KORENIOUGUINE 4 TER AVENUE CHARLES DE GAULLE - 92100 BOULOGNE-BILLANCOURT	
Date of birth	16/07/1967
Nationality	French
Education	Post-graduate degree (DESS) in urban planning and development Sciences Po Paris (1991) ESSCA (1989)
Principal duties performed outside the company	Chief Executive Officer of Leon Grosse Immobilier
List of appointments and duties performed	<p>ALLIANZ REAL ESTATE FRANCE, 2015-2017 CEO France and Benelux Member of the COMEX (Executive Committee) d'ALLIANZ REAL ESTATE monde</p> <p>BNPPARIBAS REAL ESTATE 2008-2015 Deputy Chief Executive Officer of Bnpparibas Real Estate, January 2013-April 2015 Executive President of Bnpparibas Real Estate - Corporate Real Estate Development / Bnpparibas Residential Real Estate (France, Italy, UK), November 2011-April 2015 Deputy Executive Officer of Bnpparibas Corporate Real Estate Development, June 2008-November 2011</p> <p>Groupe ICADE 1998-2008 Chief Executive Officer of Icade Tertial, September 2004-June 2008 Regional Director Paris IDF Sud (75, 92, 94) ICADE Capri, October 2002-September 2004 Head of National Sales and Marketing ICADE Capri, January 2000-October 2002 Head of Development ICADE Capri, May 1998- January 2000</p> <p>COPRIM 1994-1998 Director of Operations</p> <p>EUROSTUDIOMES 1991-1994 Head of Development</p> <p>LANCTUIT DEVELOPPEMENT 1989-1990 Head of Sales and Marketing</p>
Other responsibilities	Chair of the Cercle des Femmes de l'Immobilier (2012-2017) Member of the Club de l'Immobilier (Real Estate Club); Director of IEIF; member of the Streaming Committee for the Paris-Dauphine Master's in Real Estate Management Independent Director of Alliances Maroc

TABLE SHOWING THE COMPANY'S EARNINGS IN THE PAST FIVE FINANCIAL YEARS

IN EUROS	2012	2013	2014	2015	2016	2017
1. Financial position at year-end						
a) Share capital at year-end	53,300	53,300	53,500	59,500	59,500	25,000
b) Number of shares outstanding at 31 December	9,033,959	9,033,959	9,051,431	10,056,071	10,056,071	10,056,071
c) Weighted average number of shares over the period	8,696,290	8,994,682	9,023,026	9,462,792	10,035,893	10,029,821
2. Total income from operations						
a) Revenue excl. tax	58,283	50,881	46,823	40,352	35,362	33,264
b) Earnings before tax, amortisation, depreciation and provisions	(14,270)	10,908	21,247	23,960	6,307	14,454
c) Corporate income tax	34	1,237	556	(536)	524	(549)
d) Earnings after tax, amortisation, depreciation and provisions	(20,196)	(16,732)	4,706	4,232	(42,916)	4,016
e) Distributed earnings	10,841	10,841	8,146	10,056	10,056	10,056
3. Operating income per share						
a) Earnings after tax and before amortisation, depreciation and provisions	(1.64)	1.08	2.30	2.60	0.58	1.49
b) Earnings after tax, amortisation, depreciation and provisions	(2.32)	(1.86)	0.52	0.45	(4.27)	0.40
c) Dividend per share	1.20	1.20	0.90	1.00	1.00	1.00
4. Staff						
a) Number of employees	37	36	36	33	32	27
b) Total payroll costs	3,247	2,870	3,031	2,528	3,126	3,289
c) Total amount paid for employee benefits (social security, community projects, etc.)	1,547	1,836	1,780	1,473	1,518	1,584

(2) Revenues include rental income, pre-rental income, financial income and related income, etc. (excluding uncollected termination benefits and extraordinary income)

(3) allocation to and reversals of provisions, except those relating to uncollected termination benefits.

(4) on the basis of the weighted average number of shares over the period.

SCHEDULED TRADE PAYABLES AND RECEIVABLES

In accordance with Article L.441-6-1 of the French Commercial Code, the outstanding trade and customer payables at 31 December 2017 are shown in the table below:

	ARTICLE D. 441 L-1°: UNPAID INVOICES RECEIVED AT YEAR-END THAT ARE IN ARREARS						ARTICLE D. 441 L-2°: UNPAID INVOICES ISSUED AT YEAR-END THAT ARE IN ARREARS					
	0 DAY	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS AND OVER	TOTAL	0 DAY	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS AND OVER	TOTAL
(A) Payment delay categories												
Number of invoices concerned						122.00						91.00
Total amount of invoices concerned (including taxes)	0.00	1,540.00	22,789.82	69,148.69	164,030.18	257,508.69	181,165.07	526,799.56	1,110,176.16	412,643.11	416,632.87	2,647,416.77
Percentage of total amount of purchases for the year (including taxes)		0.01%	0.17%	0.51%	1.21%	1.91%						
Percentage of revenues for the year (including taxes)							0.45%	1.32%	2.78%	1.03%	1.04%	6.63%
(B) Invoices excluded from (A) relating to disputed or unrecognised debts and receivables												
Number of invoices concerned				none								187.00
Total amount of invoices excluded (including taxes)				none								1,242,258.54
(C) Reference payment terms used (contractual or statutory terms - Article L. 441-6 or Article L.443-1 of the French Commercial Code)												
Payment terms used to calculate late payments		Statutory or contractual terms: contractual terms						Statutory or contractual terms: contractual terms				

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

General Shareholders' Meeting called to approve the financial statements
for the financial year ended 31 December 2017

To the General Meeting of AFFINE shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements and commitments.

It is our responsibility to inform you, on the basis of the information given to us, of the features, essential terms and reasons justifying the interest for the company in the agreements and commitments of which we have been advised, or which we have discovered during our mission, without having to issue an opinion on their utility and legitimacy or to search for the existence of other agreements and commitments. Your role, under the terms of Article R. 225-31 of the French Commercial Code, is to assess the advantage to the company in entering into these agreements and commitments in order to approve them.

Furthermore, it is our role, where applicable, to communicate to you the information specified in Article R.225-31 of the French Commercial Code on the performance during the past year of the agreements and commitments already approved by the General Shareholders' Meeting.

We have performed the due diligence that we deemed necessary in accordance with the professional standards of the French Association of Chartered Accountants for this mission. This work consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

1 AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

1.1 Agreements and commitments authorised during the past year

We inform you that we were not notified of any agreement or commitment authorised and entered into during the preceding financial year that requires submission to the approval of the General Shareholders' Meeting in accordance with Article L. 225-38 of the French Commercial Code.

1.2 Agreements not authorised in advance

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we notify you that the following agreements were not approved in advance by your Board of Directors.

It is our responsibility to report to you the circumstances under which the authorisation procedure was not followed.

With Urbismart

The directors concerned are Maryse Aulagnon and Alain Chaussard.

Nature, purpose, terms and conditions justifying the interest for the company:

This agreement was signed on 22 December 2015 and is intended to provide Urbismart, in which Affine R.E. owns a 24.5% stake, and which has no administrative services, support or development departments, services in these areas for which Affine R.E. has appropriate human and physical resources.

The complexity and large number of operations that must be conducted in order to achieve the objectives set by Urbismart led the parties to set the remuneration for Affine R.E. at €70,000 excluding tax annually, effective retroactively from 10 September 2014 until 31 December 2016.

The intervention of Affine R.E. as a service provider for Urbismart is not intended to be long-term, as the objective of Urbismart is to develop human and physical resources over time in order to perform these missions itself.

This agreement was authorised by the Board of Directors on 24 February 2016, and approved by the Combined General Shareholders' Meeting of 28 April 2016. As at 1 January 2017, this agreement was renewed without having received prior authorisation due to time constraints.

As at 31 December 2017, an income of €70,000 excl. tax was recognised in the Affine financial statements.

1.3 Agreements and commitments authorised and signed since the end of the period

We have been advised of the following agreements and undertakings, which have been authorised and signed since the close of the year just ended, and were authorised in advance by your Board of Directors.

With the Deputy Chief Executive Officer – Matthieu Evrard

Nature, purpose, terms and conditions justifying the interest for the company:

In 2016, the Nomination and Remuneration Committee recommended severance pay of €320,000 for Matthieu Evrard if he was dismissed before 1 January 2018. The payment of this indemnity was motivated by the fact that the "corporate officers" unemployment insurance would not be in effect before that date.

This agreement was authorised by the Board of Directors on 6 December 2016 and approved by the Combined General Shareholders' Meeting of 27 April 2017.

On 16 March 2018, Affine's Board of Directors again authorised a severance package for Matthieu Evrard in the amount of €320,000 in the event that he is dismissed before 31 December 2018. The extension of the term of this agreement is justified by the fact that Matthieu Evrard is not covered by private unemployment insurance prior to 1 January 2019.

2 AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

2.1 Agreements and commitments approved in previous years

That continued to be implemented during the past year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, which had already been approved by the General Shareholders' Meeting in previous years, continued during the past year.

With Promaffine (SAS) until 19 June 2016

The directors concerned are Maryse Aulagnon and Alain Chaussard.

Type, purpose and conditions:

On 19 December 2014, Promaffine sold the 498 company shares it held in Concerto Développement to Kaufman & Broad Real Estate. Affine R.E. agreed to provide a guarantee to Kaufman & Broad Real Estate for all the commitments made by Promaffine in connection with this sale.

The compensation owed in the event of the inaccuracy or violation of one of the representations or warranties contained in the share transfer agreement of 30 October 2014 and the amendment thereto of 19 December 2014, is capped at €842,700, with the exception of "any act, event or circumstance deemed to constitute a violation, omission or inaccuracy of the representations and warranties set forth 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 compensation is capped at the total price of the sale (€4,382,400). The indemnification obligation will cease on the expiry of a three-month period following the statutory limitation date (taxes and social charges) and at the end of a period of 18 months from 19 December 2014 for all other risks.

The guarantee of its subsidiary's commitments was given by Affine R.E. for a defined period at the time Promaffine sold the shares of the Concerto company. As a result, the commitment was in force until the end of the contract (19 June 2016) and the beneficiary of the guarantee did not seek implementation. However, this agreement remains in force after 19 June 2016 for Marly.

This agreement was authorised by the Board of Directors at its meetings on 23 October 2014 and 9 December 2014, and was approved by the General Meeting of 30 April 2015.

As at 31 December 2017, no expense was recognised in the Affine financial statements.

2.2 Agreements and commitments approved during the past year

We have also been informed that the following agreements and undertakings, which had already been approved by the General Shareholders' Meeting of 27 April 2017, based on the special report from the Statutory Auditors dated 30 March 2017, were implemented during the financial year just ended.

With the Chief Executive Officer of Affine R.E. – Alain Chaussard

Nature, purpose, terms and conditions justifying the interest for the company:

Pursuant to the proposal of the Remuneration Committee of 7 March 2005, which was authorised 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.

In accordance with the recommendation of the Remuneration Committee of 4 March 2009, authorised by the Board of Directors on 4 March 2009, and approved by the Combined General Shareholders' meeting of 29 April 2009, and in accordance with Article L.225-42-1 of the French Commercial Code, this benefit is contingent on a performance condition linked to the results of Affine R.E.

The compensation is subject to the following performance condition:

- one year's total remuneration if, during the financial year prior to termination because of a change in control, the net profit reported in the Affine R.E. individual 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.

The Board of Directors' Meeting of 1 July 2013 reappointed Alain Chaussard as Deputy Chief Executive Officer.

On 17 February 2014, the Board of directors authorised the renewal of the severance pay under the same conditions as specified above.

The Board of Directors' Meeting of 21 September 2015, following the renewal by the Board of Directors at its meeting of 30 April and 1 September 2015, reappointed Alain Chaussard as Deputy Chief Executive Officer and renewed this commitment.

In addition, the Combined Shareholders' Meetings of 27 April 2012, 24 April 2013, 30 April 2014, and 28 April 2016 approved the renewal of this compensation under the same terms.

Because of the change in the responsibilities of Alain Chaussard as from 1 January 2017, this payment was authorised, for the same amount and under the same terms as previously, by the Board of Directors on 28 February 2017 and approved by the Combined General Meeting of 27 April 2017.

As at 31 December 2017, no expense was recognised in the Affine financial statements.

With the Deputy Chief Executive Officer – Matthieu Evrard

Nature, purpose, terms and conditions justifying the interest for the company:

The financial terms of this commitment are described in Section 1.2 above.

The payment of this compensation was authorised by the Board of Directors on 6 December 2016 and approved by the Combined General Shareholders' Meeting of 27 April 2017.

As at 31 December 2017, no expense was recognised in the Affine financial statements.

With MAB Finances SA

The Directors concerned are MAB Finances (represented by Alain Chaussard) and Maryse Aulagnon.

Nature, purpose, terms and conditions justifying the interest for the company:

The agreement for administrative, financial and operational development services signed with MAB Finance was authorised by the Board of Directors on 30 April 2015 held after the General Meeting, and was approved by the Combined General Shareholders' Meeting of 28 April 2016.

The agreement, dated 30 April 2015, effective retroactively from 1 January 2015, was renewed for a term of two years under economic conditions identical to those in the old agreement, but with a more strategic orientation to the missions assigned to MAB Finances.

This agreement allows Affine R.E. to benefit from the advice and assistance of MAB Finances, particularly to support its strategic growth in France and abroad and to identify investment projects.

On 3 February 2017, this agreement was amended, effective from 1 January 2017, in order to reduce the number of hours that MAB Finances must provide services, which was decreased from 800 to 400 hours yearly; the other provisions of the contract remain unchanged.

This agreement was authorised by the Board of Directors on 30 March 2017 and approved by the Combined General Shareholders' Meeting of 27 April 2017.

Under this contract, the expense recognised in the Affine R.E. financial statements as at 31 December 2017 amounted to €261,342.67 excluding taxes.

Paris La Défense and Paris, 3 April 2018

The Statutory Auditors

KPMG SA

Isabelle Goalec
Partner

Cailliau Dedouit et Associés

Laurent Brun
Partner

REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE (Article L225-37 of the French Commercial Code)

Order 2017/1162 of 12 July 2017 created a new corporate governance report, which had previously been the responsibility of the Chairman of the Board.

Article L225-37 of the French Commercial Code indicates that the corporate governance report may form part of the management report, but in the interest of clarity and transparency, it was decided to prepare a separate report, presenting the information required by Articles L225-37, L225-37-2, L225-37-3 and L225-37-4 of the French Commercial Code. This report will be included in the Company's registration document.

I – REMUNERATION OF THE CHAIRMAN AND GENERAL MANAGEMENT

The provisions introduced by Law 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life, known as the Sapin II Act, require that the General Shareholders' Meeting monitor executive pay. Article L225-37-2 of the French Commercial Code specifies the executives concerned: Chairman and General Management.

Under currently applicable regulations, remuneration of any kind (fixed, variable or exceptional) for the Chairman and General Management must be approved by a majority vote of the General Shareholders' Meeting.

Two types of control are established:

- 1) A control of principles and criteria regarding remuneration applicable as from the General Meeting to approve the financial statements for the year ended 31 December 2016.

The principles and criteria for the determination, division and award of the fixed, variable and exceptional elements that compose total remuneration and the benefits of any kind attributable to executives are the subject of a resolution submitted for the approval of the General Shareholders' Meeting (under the conditions stipulated in Article L225-98 of the French Commercial Code).

The corresponding draft resolutions were prepared by the Board of Directors and are presented in this report.

- 2) Control of the amounts: a resolution must be drafted to authorise actual payment of the amounts decided by the Board on the basis of the principles and criteria previously approved by the General Meeting for the various components of the compensation. This provision shall apply to General Meetings voting on the financial statements for the year ended in 2017.

The third paragraph of Article L225-37-2 of the French Commercial Code states that these provisions, including any changes to them, must be approved whenever the term of office of an executive is renewed.

A – Description of the remuneration components payable or allocated to executives for the year ended 31 December 2017

1 Summary of the general principles applicable to executive remuneration for the year ended 31 December 2017

The remuneration policy and all types of remuneration and benefits paid to each executive are determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

Under the terms of this global remuneration policy, the Board, acting on the recommendation of the Nomination and Remuneration Committee, assesses the achievement of performance criteria in terms of the objectives set at the start of the year, in order to determine the variable portion of the remuneration.

The Nomination and Remuneration Committee conducts a review of the various components of executive compensation. This review (i) analyses the appropriateness of the fixed annual remuneration in terms of other components of remuneration, (ii) determines the future criteria to apply, (iii) sets the amount payable in cash, if any, and (iv) allocates bonus shares.

On an exceptional basis, the variable component of remuneration may exceed the remuneration set for outperformance, at the discretion of the Board on the recommendation of the Nomination and Remuneration Committee.

These principles and criteria for determining, apportioning and allocating components of executives' remuneration and benefits were approved by the Company's Ordinary General Meeting on 27 April 2017.

2 Remuneration of Ms Maryse Aulagnon in her capacity as Chairperson in 2018

As Chair of the Board of Directors, Ms Aulagnon does not receive fixed remuneration but does receive double the attendance fees for participating in Board and Board committee meetings, which amounted to the gross sum of €26,000 for 2017. She also receives a salary of €136,714 paid by MAB Finances for assignments that Affine has commissioned MAB to perform as a holding company, in conjunction with General Management, such as to define strategic options, participate in investment and disposal decisions, track sector innovation, partnerships, and advise on recruitment of managerial staff. The rules established for this agreement are set out below in the section on regulated agreements.

Ms Aulagnon does not receive variable remuneration or bonus shares.

3 Remuneration of Alain Chaussard in his capacity as Chief Executive Officer

3.1 Fixed component

The Chief Executive Officer's fixed remuneration is determined based on his personal qualities, his dedication to the company, his expertise and knowledge of the property market, and changes in his duties. Fixed remuneration of €335,400 was paid to Alain Chaussard for 2017.

3.2 Variable component

3.2.1 Principles and applicable criteria

For 2017, the variable component of the Chief Executive Officer's remuneration (100% of the target having been achieved) was set at 50% of his fixed remuneration, i.e., €167,700.

The variable component of the Chief Executive Officer's remuneration is composed as follows:

- a quantitative portion, representing 50% of the variable component of remuneration, determined on the basis of the degree of achievement of the annual target (the "Annual Target"), corresponding to the consolidated pre-tax profit (excluding equity associates and discontinued activities), as indicated in the provisional budget approved by the Board of Directors on 28 February 2018;

- a qualitative portion, representing 50% of the variable remuneration, determined on the basis of the following criteria:
 - management performance,
 - staff motivation,
 - the Company's operating efficiency (service to tenants, IS, reduction of overheads, etc.).
 - beneficiary's contribution to Affine profits and those of its subsidiaries,

The first three criteria each account for 10% and the fourth accounts for 20%.

The Chief Executive Officer may also be granted bonus shares if EPRA NAV is maintained between 31 December 2017 and 31 December 2018, excluding any dividend pay-outs.

The variable component of remuneration as well as the grant of bonus shares for 2017 are subject to approval by the General Meeting.

3.2.2 Determining the amount of variable remuneration

The Nomination and Remuneration Committee has reviewed Alain Chaussard's remuneration and the degree to which he achieved in 2017 the qualitative goals and quantitative targets set by the Board of Directors.

Having found that all the goals and targets set for Alain Chaussard had been achieved, the Nomination and Remuneration Committee recommended that the Board of Directors award Alain Chaussard his entire potential variable remuneration of €167,700. However, mindful of the need to control Company costs, Mr Chaussard offered to limit his variable remuneration to €100,000.

Accordingly, the Board of Directors decided to set Alain Chaussard's variable remuneration at €100,000 for 2017 and, consequently, to submit this remuneration for approval to the General Meeting to be held 26 April 2018.

Furthermore, having found that the NAV excluding dividends paid was maintained between 31 December 2016 and 31 December, 2017, the Board of Directors decided to grant Alain Chaussard a second tranche of 5,000 bonus shares.

3.3 Attendance fees

As Alain Chaussard is a director of the company, he can be paid attendance fees on the basis of his attendance at meetings of the Board of Directors and the various committees to which he belongs.

In 2017, Alain Chaussard received attendance fees amounting to €11,000 gross for Board and Board committee meetings.

3.4 Other benefits

Alain Chaussard receives benefits in kind consisting of a company car, unemployment insurance, pension and health benefits, and restaurant vouchers. For 2017, Alain Chaussard received benefits in kind totalling €5,864.

Alain Chaussard also benefits from an agreement approved by the General Meeting of 27 April 2017, pursuant to Article L225-42-1 of the French Commercial Code and explained in the Statutory Auditors' Special Report on Regulated Agreements and Commitments, which awards him a severance package if forcibly terminated from his duties as corporate officer. The details of this commitment are set out in the reference document in the section "Statutory Auditors' Special Report on Regulated Agreements and Commitments".

The General Meeting of 28 April 2016 authorised the launch of a bonus share plan, granting power to the Board of Directors to identify the beneficiaries. The General Meeting of 27 April 2017 permitted the Board of Directors to extend the benefits of this plan to corporate officers. For 2016, a first tranche of five thousand (5,000) bonus shares was awarded to Alain Chaussard.

4 Remuneration of Matthieu Evrard as Deputy Chief Executive Officer

4.1 Fixed component

The Deputy Chief Executive Officer's fixed remuneration is based on his personal qualities, his dedication to the company, his expertise and knowledge of the property market, and changes in his duties.

Matthieu Evrard received €250,000 in fixed remuneration for 2017.

4.2 Variable component

4.2.1 Principles and criteria

For 2017, the principles and criteria for awarding the variable component of remuneration were identical to those for Alain Chaussard (see 3.2.1 above).

4.2.2 Determining the amount of variable remuneration

The Nomination and Remuneration Committee reviewed Matthieu Evrard's remuneration and in particular the attainment of the qualitative and quantitative targets set and determined by the Board of Directors for 2017.

Having found that all the objectives set for Matthieu Evrard had been achieved, the Nomination and Remuneration Committee recommended to the Board of Directors that Matthieu Evrard be awarded €100,000 in variable remuneration for 2017; the Board adopted this recommendation and will submit this remuneration to the General Meeting to be held on 26 April 2018, for approval.

Furthermore, having found that the NAV excluding dividends paid was maintained between 31 December 2016 and 31 December, 2017, the Board of Directors decided to grant Mathieu Evrard a second tranche of 5,000 bonus shares.

4.2.3 Attendance fees

Matthieu Evrard was appointed as a director on 27 April 2017 and will receive €9,000 in attendance fees for 2017 (paid in 2018) for his participation in Board meetings and Board committee meetings.

4.2.4 Other benefits

Matthieu Evrard receives benefits in kind consisting of a company car, unemployment insurance, pension and health benefits, and restaurant vouchers. For 2017, Matthieu Evrard received benefits in kind totalling €5,318.

Matthieu Evrard also benefits from the agreement approved by a General Meeting pursuant to Article L225-42-1 of the French Commercial Code and explained in the Statutory Auditors' Special Report on Regulated Agreements and Commitments, whereby he is eligible for a severance package if forcibly terminated from his duties as corporate officer. The details of this commitment are set out in the reference document, in the section "Statutory Auditors' Special Report on Regulated Agreements and Commitments". The severance package for Matthieu Evrard was approved at the Combined General Shareholders' Meeting of 27 April 2017.

The General Meeting of 28 April 2016 authorised the launch of a bonus share plan, granting power to the Board of Directors to identify the beneficiaries. The General Meeting of 27 April 2017 permitted the Board of Directors to extend the benefits to corporate officers. For 2016, a first tranche of four thousand (4,000) bonus shares was awarded to Matthieu Evrard.

B – Description of the remuneration payable or allocated to executives for the year ended 31 December 2018

1 General principles applicable to executive remuneration for the year ended 31 December 2018

The remuneration policy and all the elements of compensation and benefits paid to each executive are determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

In light of this global remuneration policy, the Board and the Committee together assess all the various elements composing the remuneration on the basis of objectives defined at the beginning of the year.

The Nomination and Remuneration Committee conducts a review of the various components of executive remuneration. This review (i) analyses the pertinence of the level of the fixed annual remuneration with regard to the other components of the remuneration, (ii) determines the performance criteria and the method for calculating the variable component of the remuneration for the next fiscal year, (iii) establishes the portion in cash and, if applicable, (iv) bonus shares awarded to the party in question.

These principles and criteria for determining, apportioning and allocating components of remuneration and benefits for executives will be submitted to the General Meeting to be held on 26 April 2018, for approval.

2 Remuneration of Maryse Aulagnon in her capacity as Chairperson

On her recommendation, the various remuneration components for Maryse Aulagnon in 2018 will remain unchanged.

3 Remuneration components of the General Management

3.1 Fixed component

The Chief Executive Officer and the Co-Chief Executive fixed remuneration is based on a review of his personal qualities, his dedication to the company, his expertise and knowledge of the property market, and changes in his duties.

It was recommended that Alain Chaussard's €335,400 fixed remuneration remain unchanged for 2018.

It was recommended that Matthieu Evrard's €250,000 fixed remuneration remain unchanged for 2018.

3.2 Variable component

For 2018, the fixed component of the Chief Executive Officer's remuneration will be calculated on the same basis as for the Chairman and the Deputy Chief Executive Officer.

The trigger point for the variable component of remuneration is 75% of consolidated pre-tax profit (excluding equity associates and discontinued activities) in the budget approved by the Board on 16 March 2018.

The variable component is composed of two separate portions based on the attainment of annual objectives:

- A quantitative portion representing 60% of the total, calculated in terms of four criteria:
 - 3% increase in net rents in 2018 compared to 2017, on a like-for-like basis. This criterion counts for 15% of the variable component;
 - decrease in corporate expenses up to the budgeted target; this criterion counts for 15% of the variable component;
 - consolidated pre-tax profit excluding equity associates and discontinued activities; this criterion counts for 15% of the variable component;
 - consolidated pre-tax profit; this criterion counts for 15% of the

variable component.

- A qualitative portion defined by the Nomination and Remuneration Committee based on performance assessment in terms of:
 - management and motivation of employees;
 - quality of governance (transparency, adherence to procedures, risk assessment);
 - improvement in internal and IS processes;
 - company transformation (innovation and services for tenants).

The maximum variable component of the Chief Executive Officer's remuneration (if 100% of the target is achieved) was set at 50% of his fixed remuneration, i.e., €167,700.

The maximum variable component of the Deputy Chief Executive Officer's remuneration (if 100% of the target is achieved) was set at 50% of his fixed remuneration, i.e., €125,000.

3.3 Bonus shares

Bonus shares may also be awarded to the Chief Executive Officer and the Deputy Chief Executive Officer if EPRA NAV is maintained, excluding dividends paid, between 31 December 2017 and 31 December 2018.

3.4 Attendance fees paid to Alain Chaussard

As a director of the company, Alain Chaussard will receive attendance fees based on his participation at meetings of the Board of Directors and the various committees to which he belongs.

3.5 Other benefits for Alain Chaussard

Alain Chaussard will receive benefits in kind consisting of a company car, unemployment insurance, pension and health benefits, and restaurant vouchers.

3.6 Attendance fees paid to Matthieu Evrard

As a director of the company, Matthieu Evrard will receive attendance fees based on his participation at meetings of the Board of Directors and the various committees to which he belongs.

3.7 Other benefits for Matthieu Evrard

Matthieu Evrard will receive benefits in kind consisting of a company car, unemployment insurance, pension and health benefits, and restaurant vouchers.

Matthieu Evrard will also benefit from the agreement approved by the General Meeting pursuant to Article L225-42-1 of the French Commercial Code and explained in the Statutory Auditors' Special Report on Regulated Agreements and Commitments.

Hereby he is eligible for a severance package if forcibly terminated from his duties as corporate officer. The details of this commitment are set out in the reference document in the section "Statutory Auditors' Special Report on Regulated Agreements and Commitments".

The severance package for Matthieu Evrard was approved at the Combined General Meeting of 27 April 2017, with the recommendation that it be extended to 31 December 2018 and submitted to a General Meeting for approval.

C – Draft resolutions on executive remuneration

The Board of Directors, having reviewed the recommendations of the Nomination and Remuneration Committee, will submit the following resolutions to the next Ordinary General Meeting of Affine shareholders for their approval:

Seventh resolution (Approval of remuneration components paid or allocated to Maryse Aulagnon for the year ended 31 December 2017)

The General Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, hereby approves, pursuant to Article L225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated to Maryse Aulagnon, Chairperson of the Board of Directors, as specified in Article L225-37 of the French Commercial Code in the section “*Remuneration of Chairman and General Management*”.

Eighth resolution (Approval of remuneration components paid or allocated to Alain Chaussard for the year ended 31 December 2017)

The General Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, hereby approves, pursuant to Article L225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated to Alain Chaussard, Chief Executive Officer, as specified in Article L225-37 of the French Commercial Code in the section “*Remuneration of the Chairman and General Management*”.

Ninth resolution (Approval of remuneration components paid or allocated to Matthieu Evrard for the year ended 31 December 2017)

The General Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, hereby approves, pursuant to Article L225-100 of the French Commercial Code, the fixed, variable and exceptional components of the total remuneration and benefits in kind paid or allocated to Matthieu Evrard, Deputy Chief Executive Officer, as specified in Article L225-37 of the French Commercial Code in the section “*Remuneration of Chairman and General Management*”.

Tenth resolution (Approval of the remuneration policy applicable to Maryse Aulagnon for the year ended 31 December 2018)

The General Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, having reviewed the report prepared pursuant to Article L225-37 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of total remuneration and benefits in kind awardable to Maryse Aulagnon as specified in the aforementioned report in the section “*Remuneration of Chairman and General Management*”.

Eleventh resolution (Approval of the remuneration policy applicable to Alain Chaussard for the year ended 31 December 2018)

The General Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, having reviewed the report prepared pursuant to Article L225-37 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of total remuneration and benefits in kind awardable to Alain Chaussard as specified in the aforementioned report in the section “*Remuneration of Chairman and General Management*”.

Twelfth resolution (Approval of the remuneration policy applicable to Matthieu Evrard for the year ended 31 December 2018)

The General Meeting, deliberating in accordance with the quorum and majority rules for ordinary general meetings, having reviewed the report prepared pursuant to Article L225-37 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of total remuneration and benefits in kind awardable to Matthieu Evrard as specified in the aforementioned report in the section “*Remuneration of Chairman and General Management*”.

II – CORPORATE GOVERNANCE

For corporate governance, the Company has chosen to adopt the Middlednext Code, and the Board reaffirmed its choice at its meeting of 7 February 2018 when the Code was updated.

The company's organisation, its Board of Directors and its work comply 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.

A – Organisation and operation of the Board of Directors

The Board of Directors revised its rules of procedure at its meeting of 27 February 2018. The rules clarify and supplement the Board's rules of procedure set out in the articles of association.

1°) Composition of the Board

As at 31 December 2017, the company's Board of Directors was composed of ten directors:

- Ms Maryse Aulagnon, Chair of the Board of Directors,
- Mab-Finances, represented by Mr Alain Chaussard, Chief Executive Officer of Affine, Vice-Chairman,
- Mr Matthieu Evrard, Deputy Chief Executive Officer of Affine,
- Atit, represented by Ms Catherine Wallerand, General Secretary of Affine,
- Ms Delphine Benchetrit, Managing Partner of Finae Advisors,
- Mr Arnaud de Bresson, Managing Director of Paris-Europlace,
- Mr Stéphane Bureau, Chairman of Humakey,
- Ms Joëlle Chauvin, Chief Executive Officer of OFI Pierre,
- Mr Bertrand de Feydeau, Chairman of the Board of Directors of Foncière Développement Logements,
- Holdaffine represented by Mr Jean-Louis Charon, Chairman of City Star Capital and Sobk SAS.

The composition of the Board of Directors was changed since the end of the previous year with the appointment of Matthieu Evrard by the Ordinary General Meeting of 27 April 2017.

The term of office of directors is three years; one-third of directors come up for reappointment each year.

The appointments and duties performed by the Directors in 2017 are set out below:

Further information regarding the directors can be found in section 14 "Administrative, executive and supervisory bodies and General Management" of the registration document.

Chairman of the Board of Directors

MARYSE AULAGNON 39 RUE WASHINGTON – 75008 PARIS	
Date of first appointment	21/09/1999
Date of end of term (General Shareholders' Meeting approving the financial statements)	2017
Principal duties performed within the Company	Chairwoman of the Board of Directors
Member of committees	Investment Committee
Principal duties performed outside the Company	-
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (listed SA), Chairwoman and Chief Executive Officer; (the number of Affine R.E. shares held directly by Ms Aulagnon – via Holdaffine – is mentioned in Section 18.3 of this registration document) BANIMMO (listed SA), Belgium, representing Affine R.E., chairwoman of the board of directors MAB-FINANCES (SA), chairwoman and Chief Executive Officer HOLDAFFINE (BV), Netherlands, Director GESFIMMO (SA), representing Mab-Finances, director (since 4 May 2017) CAPUCINE INVESTISSEMENTS (SAS), representing Mab-Finances, Member of the Management Committee BANIMMO FRANCE (SAS), representing Mab-Finances, member of the management committee 7 COLLINES (SAS), representing MAB-Finances, member of the management committee CHAVILLE SALENGRO (SAS), representing Mab-Finances, member of the management committee PROMAFFINE (SAS), representing MAB-Finances, member of the management committee TARGET REAL ESTATE (SAS), representing Mab-Finances, member of the management committee ST ETIENNE MOLINA (SAS), representing Mab-Finances, member of the management committee ATIT (SC), representing Affine R.E., manager AFFINE SUD (SCI), representing Affine R.E., manager PARVIS LILLE (SCI), representing Atit, manager BERCY PARKINGS (SCI), representing Affine R.E., manager TOULOUSE LES AMARANTES (SCI), representing Affine R.E., manager 2/4 HAUSSMANN (SAS), representing Atit, receiver GESFIMMO (SA), chairwoman of the board of directors (until 4 May 2017) SCI NANTERRE TERRASSES 12 (SCI), representing Promaffine, manager SCI PARIS 29 COPERNIC (SCI), representing Promaffine, manager URBISMAART (SAS), representing Affine R.E., chairwoman (until 26 June 2017) PARIS ENGHIEU (SAS), representing Mab-Finances, member of the management committee MONTIGNY AMPERE (SAS), representing MAB-Finances, member of the management committee LYON DAUPHINE (SAS), representing MAB-Finances, member of the management committee</p> <p>Appointments outside the Affine group AIR FRANCE KLM (French limited-liability corporation, listed company), director, chairwoman of the audit committee BPCE (SA), member of the supervisory board and chairwoman of the appointments and remuneration committee VEOLIA ENVIRONNEMENT (listed SA), senior director, chairwoman of the remuneration committee, member of the appointments committee</p>

General Management

ALAIN CHAUSSARD – PERMANENT REPRESENTATIVE OF MAB-FINANCES 39 RUE WASHINGTON – 75008 PARIS	
Start date of appointment	18/06/2004
Date of end of term (General Shareholders' Meeting approving the financial statements)	2018
Principal duties performed within the Company	Chief Executive Officer
Member of committees	Investment Committee
Principal duties performed outside the Company	-
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments</p> <p>AFFINE R.E. (SA, listed company), permanent representative of Mab-Finances, vice chairman BANIMMO (listed SA), Belgium, representing Mab-Finances, director ARCA VILLE D'ETE (SCI), representing Affine R.E., manager CONCERTO DEVELOPPEMENT IBERICA (SL), Spain, representing Promaffine, manager MAB-FINANCES (SA), director ST ETIENNE MOLINA (SAS), representing Affine R.E., chairman DORIANVEST (SARL), manager GESFIMMO (SA), chairman and chief executive officer (since 18 April 2017) TARGET REAL ESTATE (SAS), representing Affine R. E., chairman, URBISMART (SAS), representing Mab-Finances, chairman and member of the management committee (since 26 June 2017) NEVERS COLBERT (SCI), representing Affine R.E., manager CAPUCINE INVESTISSEMENTS (SAS), representing Affine R.E., chairman LES 7 COLLINES (SAS), representing Affine R.E, chairman (until 4 May 2017) SCI LUCE PARC-LECLERC (SCI), representing Promaffine, manager, LES JARDINS DES QUAIS (SNC), representing Affine R.E., manager PROMAFFINE (SAS), representing Affine R.E., chairman (since 4 May 2017) CHAVILLE SALENGRO (SAS), representing Affine R.E., chairman and member of the management committee (since 4 May 2017) CLICHY HORIZON (SCI), representing Affine R.E., manager MEUDON HORIZON (SCI), representing Affine R.E., manager NANTES HORIZON (SCI), representing Affine R.E., manager LILLE HORIZON (SCI), representing Affine R.E, manager (until 3 April 2017) APM CLICHY (SCI), representing Affine R.E, manager (since 29 September 2017) CONCERTO WISSOUS (SCI), representing Affine R.E, manager (since 23 December 2016) CONCERTO ARES, representing Affine R.E. (from 19 October 2016 to 29 December 2017) CONCERTO GRAND SUD, representing Affine R.E. (from 19 October 2016 to 29 December 2017) CONCERTO LEON, representing Promaffine (since 28 March 2017) MONTIGNY AMPERE (SAS), member of the management committee (since 10 November 2017) LYON DAUPHINE (SAS), member of the management committee (since 5 December 2017) PARIS ENGHEN (SAS), member of the management committee (since 5 December 2017)</p> <p>Appointments outside the Affine group</p> <p>Institut de l'Epargne Immobilière et Foncière [Real Estate and Land Savings Institute] (IEIF), director. Fédération des Sociétés Immobilières et Foncières [Federation of Real Estate and Land Companies], director</p>

MATTHIEU EVRARD 39 RUE WASHINGTON - 75008 PARIS	
Start date of appointment	27/04/2017
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Deputy Chief Executive Officer, since 1 January 2017
Principal duties performed outside the Company	-
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA, listed company), Deputy Chief Executive Officer BANIMMO (SA, listed company), Belgium, director CONFERINVEST (SA), Belgium, director LES 7 COLLINES (SAS), representing Affine R.E., chairman MEUDON HORIZON (SCI), representing Affine R.E., manager LILLE HORIZON (SCI), representing Affine R.E., manager TOULOUSE LES AMARANTES (SCI), representing Affine R.E., manager AFFINE SUD (SCI), representing Affine R.E., manager PARVIS LILLE (SCI), representing Atit, manager APM COURBEVOIE (SCI), representing Affine R.E., manager APM SURESNES (SCI), representing Affine R.E., manager ISSY WEIDEN (SCI), representing Affine R.E., manager LOUVOIS (SAS), member of the management committee LYON DAUPHINÉ (SAS), representing Affine R.E., chairman PARIS ENGHIEU (SAS), representing Affine R.E., chairperson MONTIGNY AMPERE (SAS), representing Affine R.E., chairman</p> <p>Appointments outside the Affine group SARL HISTOIRE DE DIRES, manager SCI FITIAVANA, manager</p>

DELPHINE BENCHETRIT 76 AVENUE D'ÉNA - 75116 PARIS	
Start date of appointment	30/04/2014
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Board member
Member of committees	Appointments and Remuneration Committee
Principal duties performed outside the Company	Associate Director Finae Advisors
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group FINAE ADVISORS, associate director FONCIERE DES REGIONS, director (since 17 April 2015)</p>

APPENDICES COMBINED SHAREHOLDERS' MEETING OF 26 APRIL 2018
REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

MONSIEUR ARNAUD DE BRESSON 28 PLACE DE LA BOURSE – 75002 PARIS	
Start date of appointment	05/02/2008
Date of end of term (General Shareholders' Meeting approving the financial statements)	2018
Principal duties performed within the Company	Board member
Member of committees	Audit Committee
Principal duties performed outside the Company	Managing director of Paris Europlace
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group PARISEUROPLACE, Deputy Chief Executive Officer</p>

MONSIEUR STÉPHANE BUREAU 27 RUE DE LA VILLE L'ÉVÊQUE – 75008 PARIS	
Start date of appointment	05/03/2010
Date of end of term (General Shareholders' Meeting approving the financial statements)	2017
Principal duties performed within the Company	Board member
Member of committees	Audit Committee
Principal duties performed outside the Company	Chairman of HumaKey
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group HUMAKEY - Paris (Board – Real Assets Management and Valuation), chairman</p>

JEAN-LOUIS CHARON – PERMANENT REPRESENTATIVE OF HOLDAFFINE BV 11 RUE DES PYRAMIDES – 75001 PARIS	
Start date of appointment	29/04/2009
Date of end of term (General Shareholders' Meeting approving the financial statements)	2017
Principal duties performed within the Company	Board member
Member of committees	Audit Committee (chairman) – Investment Committee
Principal duties performed outside the Company	Chairman of City Star
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), permanent representative of Holdaffine BV, director (the number of shares held by Holdaffine BV is mentioned in Section 18.1/18.3 of this registration document)</p> <p>Appointments outside the Affine group SOBK SAS, chairman, HORUS GESTION (SARL), manager SELECTIRENTE SA, vice chairperson of the supervisory board CITY STAR PROPERTY INVESTMENT SAS, chairman SCI LAVANDIERES, manager FONCIERE ATLAND SA, director FAKARAVA CAPITAL SAS, director INVESCOBO SAS, representative of Sobk, chairman INVESCOSO SAS, representative of Sobk, chairman NEW CONFIM 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 CITY STAR KRD Pte Ltd: director CITY STAR KRH Pte Ltd: director ELAIA Investment Spain SOCIMI S.A, director TIKEHAU CAPITAL SCA, member of the supervisory board, chair of the audit and risk committee</p>

JOËLLE CHAUVIN 4 SQUARE MONCEY – 75009 PARIS	
Start date of appointment	27/04/2012
Date of end of term (General Shareholders' Meeting approving the financial statements)	2018
Principal duties performed within the Company	Board member
Member of committees	Investment Committee (Chairwoman) – Appointments and Remuneration Committee
Principal duties performed outside the Company	CEO of OFI Pierre
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group SPIRIT, director ADVENIS, director</p> <p>Other duties Chairwoman, founder of the Cercle des Femmes de l'Immobilier [Circle of Women in Real Estate] Vice chairwoman of the Institut de l'Épargne Immobilière et Foncière (IEIF) Member of the Institut Français de l'Expertise Immobilières [French Institute of Real Estate Experts] (IFEI) Charter Surveyor, FRICS</p>

MONSIEUR BERTRAND DE FEYDEAU 59 AVENUE KLÉBER – 75016 PARIS	
Start date of appointment	22/05/2001
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Board member
Member of committees	Appointments and Remuneration Committee (Chairman) – Investment Committee
Principal duties performed outside the Company	Chairman of Foncière Développement Logements
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), director</p> <p>Appointments outside the Affine group 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</p>

CATHERINE WALLERAND – REPRESENTATIVE OF ATIT 39 RUE WASHINGTON – 75008 PARIS	
Start date of appointment	30/04/2014
Date of end of term (General Shareholders' Meeting approving the financial statements)	2019
Principal duties performed within the Company	Group Legal Director
Number of company shares held directly	Atit: 1 share Ms Wallerand: 1 share
Member of committees	-
Principal duties performed outside the Company	
List of appointments and duties performed within any company in fiscal year 2017	<p>Affine group appointments AFFINE R.E. (SA), representing Atit, director</p>

The Company is not subject to the rules on the mandatory participation of employee representatives with a vote at Board meetings, which was instituted by the Law on job security of 14 June 2013. Likewise, as employee shareholding does not exceed the threshold of 3% of the share capital, the election of an employee director is not required (Article L225-23, paragraph 1 of the French Commercial Code).

Application of the principle of balanced representation of women and men

The Board has four women, i.e. 44% of its members up until 27 April 2017, and 40% since then, in compliance with the provisions of the Law of 27 January 2011 on the balanced representation of men and women on boards of directors.

Independence of Directors

The principles used to determine the independence of a director 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;
- has not had a significant business relationship with the company or any company within the same Group (customer, supplier, competitor, service provider, creditor, banker, etc.) in the previous two years;

- is not a majority shareholder of the company or holds a significant percentage of voting rights;
- has no close family ties with a corporate officer or majority shareholder;
- has not been a statutory auditor of the company in the past six years.

Based on these criteria, five members of the Board were independent as at 31 December 2017: Ms Delphine Benchetrit, Mr Arnaud de Bresson, Mr Stéphane Bureau, Ms Joëlle Chauvin and Mr Bertrand de Feydeau, i.e. 55% of Board members until 27 April 2017 and 50% thereafter.

Choice of directors

The appointment and reappointment of each director is studied by the Nomination and Remuneration Committee, and then submitted to the Board. The appointment of each director is the subject of a separate resolution submitted to the General Shareholders' Meeting.

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.

Attendance fees

Directors are entitled to receive attendance fees. These fees are allocated by the General Shareholders' Meeting and apportioned by the Board on the basis of actual attendance at Board and committee meetings. The Combined General Meeting of 27 April 2017 decided to set directors' attendance fees to reflect their contribution to the work of the Board of Directors and the Board committees as follows:

- the Chairman of the Board of Directors receives a double attendance fee in the amount of €24,000;
- €12,000 per director, €6,000 of which for their actual presence;
- €1,000 for each director, per Board committee meeting.

The next General Meeting to be held on 28 April 2018 will be asked to change the allocation rules for attendance fees as follows:

if a director does not physically attend at least 75% of Board meetings in a given calendar year, their attendance fees will be prorated to the number of meetings that they physically attended during the year.

2°) Conditions governing the preparation and organisation of the work of the Board

a – Board of Directors

The Board of Directors meets at least once each quarter. The dates of these meetings are decided no later than December of the previous year. Moreover, Article 12 of the Articles of Association provides that the Board of Directors must meet as often as the company's interests require.

Meetings are convened orally or in writing (including by email) by the Chairman of the Board of Directors.

In the event that a director cannot attend a meeting, they may appoint the Chairman or another director as proxy to represent them.

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, on an exceptional basis, attend Board meetings by videoconference or via another means of telecommunication, provided that these methods transmit at least the participants' voices and satisfy the technical requirements for continuous simultaneous transmission of the proceedings. In this case, the directors are deemed present for the purposes of calculating quorum and counting votes. Minutes must report the use of such means and the occurrence of any technical incidents that may disrupt the meeting.

However, the use of videoconferencing or telecommunications is not possible for the following decisions: the appointment, dismissal, or remuneration of the Chairman, the Chief Executive Officer or the Deputy Chief Executive Officer and the approval of the annual financial statements and management report of the parent company and of the group.

If a Board meeting is held by conference call, the directors participating in the meeting are considered to be physically present.

During the period in review, the Board met ten times. In addition to statutory meetings, the Board may also meet as necessary in the course of business.

The Statutory Auditors are invited to all Board meetings that review and approve annual or interim financial statements. They also attend Audit Committee meetings.

A procedure has been put in place to assess the work of 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. The most recent assessment of the Board was conducted at its meeting of 7 February 2018.

In addition to the documents specifically prepared for Board meetings, the company also sends the directors all relevant information concerning it. This information is provided under the seal of confidentiality. Directors may ask the Chairman of the Board, at any time, for any document concerning the company.

The minutes of the Board of Directors' meetings are prepared after each meeting and sent to directors for their approval prior to the next meeting.

The Board had a high attendance rate in 2017: 90.33%.

b – Board committees

Board committees have been created whose duties, as delegated by the Board, are to consider issues falling within their remit and present their proposals or conclusions to the Board of Directors.

The committees are composed of three to five members of the Board of Directors and are appointed by the latter for the length of their term of office as directors. The members of the committee must have the technical capacity to sit on the committee concerned. The Chair of each Committee is appointed by the Board and organises the Committee's work. The Chair may invite any internal or external expert to enlighten its debates.

On an exceptional basis, members may attend committee meetings by videoconference or online if circumstances prevent them from attending physically.

The committees report on their activities at the next session of the Board of Directors held after their meetings.

1 – Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes at least two independent directors.

On 31 December 2017, the members of this committee were:

- Bertrand de Feydeau, Chair,
- Joëlle Chauvin,
- Delphine Benchetrit.

Maryse Aulagnon was appointed a member of the Nomination and Remuneration Committee on 7 February 2018.

The scope of this Committee covers the compensation of corporate officers and the attendance fees package, as well as the Company's general compensation and incentivisation policy, including grants of bonus shares or performance shares.

Except for deliberations regarding remuneration and other benefits concerning General Management, the latter may participate in the Remuneration Committee to explain the Company's global remuneration policy, in particular as regards senior management staff and how their performance is measured.

The Committee 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 assessing the status of independent directors.

It is also tasked with preparing an annual assessment of the work of the Board and submitting its report to the Board.

The Committee meets before the last Board of Directors' meeting of the year or prior to the Board meeting convened to approve the annual financial statements or whenever decisions within its remit need to be submitted to the Board.

The Committee met once in 2017 with a 100% attendance rate.

2 – Investment Committee

On 31 December 2017, the members of this committee were:

- Ms Joëlle Chauvin, Chair,
- Mr Holdaffine represented by Jean-Louis Charon,
- Ms Maryse Aulagnon,
- Mab Finances represented by Mr Alain Chaussard,
- Mr Bertrand de Feydeau.

The Chief Executive Officer is considered a permanent guest of the Committee. He may be assisted by the rapporteur of the project being reviewed by the Investment Committee.

The Investment Committee may be convened immediately where necessary, by any means. The members of the committee may be consulted in writing and their opinions given by post, fax or email.

The Investment Committee is authorised for sale and purchase transactions from €5 million per transaction; transactions between €5 million and €10 million may be decided by the Committee alone; the Board must be notified of all transactions approved by the Committee. The committee also provides the Board with a recommendation on transactions in excess of this amount.

The Committee met twice in 2017 with a 100% attendance rate.

3 – Audit Committee

The Audit Committee includes at least two independent directors.

On 31 December 2017, the members of this committee were:

- Holdaffine represented by Mr Jean-Louis Charon, Chair,
- Mr Arnaud de Bresson,
- Mr Stéphane Bureau.

Mab-Finances represented by Mr Alain Chaussard, was appointed a member of this committee on 7 February 2018.

For consultative purposes, the following may also attend committee meetings:

- Ms Maryse Aulagnon, Chairperson of the Board of Directors,
- Mr Matthieu Evrard, Deputy Chief Executive Officer.

The company's statutory auditors are generally invited to meetings and always attend meetings to review the annual and interim financial statements.

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

The committee may meet in the case of an event or specific regulation with a significant impact on its area of expertise.

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 to the preceding financial year,
- the process for closing the financial statements,
- 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 role (particularly non-audit services) and fees. It is also responsible for verifying the independence of the statutory auditors.

The Committee met twice in 2017 with a 83.33% attendance rate.

B – General Management

1) Structure of General Management

On 6 December 2016, on the recommendation of the Chairperson, the Board of Directors decided to split the offices of Chair of the Board and Chief Executive Officer pursuant to Article 14 of the Company's articles of association.

Since 1 January 2017, Ms Maryse Aulagnon has been serving as Chairperson of the Board of Directors of Affine R.E., Mr Alain Chaussard is responsible for General Management as Chief Executive Officer, and Mr Matthieu Evrard is Deputy Chief Executive Officer.

Alain Chaussard is not tied to the company or a company within the group under an employment contract.

Matthieu Evrard joined the company as an employee in April 2016. His employment contract was suspended on the date of his appointment.

2) Delegations of authority to General Management

The Board of Directors may delegate certain functions to Board committees (see above) or to General Management. It has granted the following powers to General Management:

- execution of the annual disposals programme on terms at least equal to those approved by the Board of Directors; these disposals must be reported to the Board once completed;
- €5 million per transaction for disposals not included in the annual disposals programme, acquisitions, major redevelopment projects and any payment or payment commitment towards third parties, it being understood that transactions between €1 million and €5 million must obtain the prior consent of the Chairperson or Vice Chairperson and must be reported to the Board once completed,
- Sureties, endorsements and guarantees: €5 million per guarantee issued on behalf of subsidiaries, it being understood that transactions between €1 million and €5 million must obtain the prior consent of the Chairperson or Vice Chairperson and must be reported to the Board once completed.

Mr Alain Chaussard conferred specific permanent delegations to certain directors on the basis of their areas of expertise. These delegations are limited in terms of amount and period of validity, and are applicable until the General Shareholders' Meeting called to approve the financial statements for 2017:

- to Mr Julien Vernerey, Property Operations Director, the power to sign, renew and terminate all leases, sign all company or property development contracts, grant all construction orders or delegate construction management for works, and sign all technical contracts;
- to Mr Frank Lutz, Chief Financial Officer, the power to conclude any forward rate agreements and to accept and formalise any fixed-rate consolidation options.
- to Ms Catherine Wallerand, General Secretary, the power to manage disputes, subscribe to any current insurance and financial management contract, as well as the power to handle insurance and property matters.

Special powers may be granted to other executives to sign contracts.

3) Board delegations

- Table of delegations

On 27 April 2017 the General Meeting delegated authority to the Board of Directors to decide to increase company capital subject to the "general delegation" conditions set out in Articles L225-129-2, L228-92, L228-93, L225-129 and L225-130 of the French Commercial Code.

The following table summarises the Board's use of its delegations.

	AMOUNT AUTHORISED	DURATION	UTILISATION
Delegation of authority, with pre-emptive subscription right (7 th resolution)	€12,500,000	18 months (until 27 October 2019)	Not applicable
Delegation of authority with waiver of the pre-emptive subscription right (8 th resolution)	€6,250,000 (charged against the ceiling set in the 7 th resolution)	18 months (until 27 October 2019)	Not applicable
Delegation of authority to increase the capital by capitalisation of reserves (9 th resolution)	Amount of existing reserves, premiums or earnings existing at the capital increase	18 months (until 27 October 2019)	Not applicable
Delegation of authority with waiver of the pre-emptive subscription right, by private placement (10 th resolution)	10% of the capital per year; this amount is charged against the ceiling set in the 7 th and 8 th resolutions	18 months (until 27 October 2019)	Not applicable
Delegation of authority to increase the capital reserved for employees (11 th resolution)	3% of the capital within a maximum period of 18 months	18 months (until 27 October 2019)	Not applicable

- Proposed delegations of authority

The Board of Directors proposes that the decision to increase the company's capital and to execute such increase be delegated in accordance with the "general delegation" conditions set out in Articles L225-129 and L225-129-25 of the French Commercial Code (delegation of competence); L225-133 to 136 (capital increase with or without removal of preferential subscription rights, through private placement), L225-138 (removal of preferential subscription rights in favour of named persons or a class of persons), L228-92, and L228-93 (issue of securities giving access to capital or entitlement to debt securities) of the French Commercial Code.

The General Shareholders' Meeting may delegate its authority regarding a certain type of security or stipulate different authorisations on the basis of the value of the security.

a) The Combined General Meeting of 27 April 2017 delegated to the Board of Directors the option to increase the capital (with or without pre-emptive subscription rights) up to a maximum of half the capital.

These delegations fall within the framework of the "blanket delegation" mechanism resulting from Article L225-129-2 of the French Commercial Code, which gives the Board the greatest flexibility to act 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 the increase of the share capital of the company by a total nominal amount equal, at most, to half of the share capital, or €12,500,000 on the basis of the current share capital, without taking into account the adjustments that may be made in compliance with the law.

Subject to the terms of the delegation granted by the General Shareholders' Meeting, the Board of Directors has the necessary powers to set the issue terms and conditions, carry out the resulting capital increase, and amend the articles of association accordingly.

These increases may be adjusted as follows:

- If the issue is carried out with pre-emptive subscription rights, the Board may increase the share capital to a maximum total nominal amount of 50% of the share capital, i.e. €12,500,000.
- If the issue is carried out without pre-emptive subscription rights, the Board may increase the share capital to a maximum total nominal amount of 25% of the share capital, i.e. €6,250,000.

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 setoff 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 also has the power to decide on an increase by incorporating premiums, reserves, profits or other sources into the capital, the capitalisation of which would be possible from the legal and regulatory standpoints, by making free share allocations or raising the par value of the existing shares.

The proposal is to renew these delegations for a period of 18 months as from the date of the General Meeting.

b) The Combined General Meeting of 27 April 2017 also delegated to the Board of Directors, in accordance with Article L225-138 of the French Commercial Code, the possibility of increasing the share capital without pre-emptive subscription rights via a private placement (for qualified investors or a limited circle of investors) of up to 10% of the capital per year.

The elimination of pre-emptive subscription rights in favour of investors opens the capital to institutional investors. The issue price is determined by the Board, for an amount ranging between 80 and 120% of the average of the closing prices for the last 20 trading days prior to the date on which the issue price is set.

The proposal is to renew this delegation for a period of 18 months as from the date of the General Meeting.

Delegations granted to the Board of Directors by the General Meeting permitting subdelegation.

It is proposed that the Board meeting following the General Meeting of 27 April 2018, subject to that meeting's approval of the delegation resolutions, grant powers to General Management to increase the company's capital under the terms and conditions set out in the corresponding draft resolutions. This authorisation would also include the corresponding amendment of the Articles of Association to reflect any increase in the capital.

Any decision relating to this or these increases must be formally presented in writing to General Management, specifying their terms and conditions, reasons and procedures, and be signed jointly by the Chief Executive Officer and the Board's Chairperson or Vice Chairperson.

The Board of Directors must meet within five days from the use of such authorisation, to establish the final terms and conditions of the transaction.

The Board of Directors must prepare its report, based on its meeting minutes, in accordance with Articles L225-129-5, R225-116 paragraphs 1 and 3 and R225-115 of the French Commercial Code:

- The final transaction terms established in accordance with the authorisation granted by the General Meeting.
- The impact on the financial position of holders of company equity instruments and of securities granting access to capital resulting from the proposed issuance, particularly on their relative share of company equity at the close of the year ended;
- An interim statement of financial position is prepared using the same methods and presentation as for the previous year's annual statement, if the period-end is more than six months before the envisaged transaction;
- The theoretical impact of its average share price over the preceding 20 trading days.

This information will be provided on a regular basis, taking into account all the securities issued that may grant access to capital.

The Board of Directors' report must be made available for shareholders at its registered office within 15 days after the Board Meeting.

The Statutory Auditor shall also prepare a report verifying the compliance of the transaction terms and procedures with the authorisation granted by the General Meeting.

c) Given the delegations proposed above, the General Shareholders' Meeting must vote on a proposed resolution to carry out a capital increase reserved for employees, in accordance with Article L225-129-6 of the French Commercial Code.

The Board proposes that this resolution be approved.

III – REGULATED AGREEMENTS

The following summarises the regulated agreements, falling within the scope of Article L225-38 of the French Commercial Code, entered into or continuing in the year ended 31 December 2017.

Agreement authorised by the Board of Directors during the year ended 31 December 2017 submitted to the General Meeting for approval

Not applicable

Agreements continuing during the year in review

- Services agreement with Urbismart, dated 22 December 2015, authorised by the Board of Directors on 24 February 2016 and approved by the Combined General Meeting of 28 April 2016. Directors concerned: Maryse Aulagnon, Mab Finances (Alain Chaussard). This agreement is intended to provide Urbismart, in which Affine R.E. owns a 24.52% stake and which has no administrative, support or development departments, services in these areas, for which Affine R.E. has appropriate human and physical resources. The income recognised from this agreement in the Affine financial statements as at 31 December 2017 amounted to €70,000 excluding taxes.
- Promotion agreement with MAB Finances SA dated 30 April 2015 with retroactive effect to 1 January 2015, followed by an amendment dated 3 February 2017 with retroactive effect to 1 January 2017 authorised by the Board of Directors on 30 March 2017 and approved by the Combined General Meeting of 27 April 2017. Directors concerned: Maryse Aulagnon, Mab Finances (Alain Chaussard). This agreement allows Affine to benefit from the advice and assistance of MAB Finances as promotional holding company, particularly to support its strategic growth in France and abroad and to identify investment projects. The expenses recognised from this agreement in the Affine financial statements as at 31 December 2017 amounted to €261,342.67 excluding taxes.
- Agreement with Alain Chaussard (Chief Executive Officer from 1 January 2017) in the event of the forcible termination of his duties, authorised by the Board of Directors on 28 February 2017 and approved by the Combined General Meeting of 27 April 2017. Directors concerned: Maryse Aulagnon, Mab Finances (Alain Chaussard). As at 31 December 2017, no expense was recognised in the Affine financial statements.
- Guarantee covering all Promaffine commitments as part of the disposal of the company shares it held in Concerto Développement dated 19 December 2014. Directors concerned: Maryse Aulagnon, Mab Finances (Alain Chaussard).
- Agreement with Matthieu Evrard (Deputy Chief Executive Officer from 1 January 2017) providing for compensation to Matthieu Evrard in the event of the forcible termination of his duties, authorised by the Board of Directors on 6 December 2016 and approved by the Combined General Meeting of 27 April 2017. Director concerned: Matthieu Evrard. As at 31 December 2017, no expense was recognised in the Affine financial statements.

IV – FACTORS THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC TAKEOVER BID OR EXCHANGE OFFER

These factors are specified in accordance with Article L225-37-5 of the French Commercial Code.

Structure of company capital

Information regarding the company's main shareholders is disclosed in section 18.1 of the registration document and is also set out below. The breakdown of shareholders of the company at 31 December 2017 was as follows:

Description of the shareholding structure

SHAREHOLDING	SHARES	% CAPITAL	THEORETICAL VOTING RIGHTS	% OF THEORETICAL VOTING RIGHTS	VOTING RIGHTS EXERCISABLE AT GENERAL SHAREHOLDERS' MEETING	% OF VOTING RIGHTS EXERCISABLE AT GENERAL SHAREHOLDERS' MEETING
Holdaffine	3,189,945	31.7%	6,379,890	45.4%	6,379,890	45.4%
Concert SMABTP*	2,111,641	21.0%	2,111,641	15.0%	2,111,641	15.0%
La Tricogne	602,500	6.0%	1,202,500	8.6%	1,202,500	8.6%
Treasury shares	25,038	0.2%	25,038	0.2%	0	0.0%
Other shareholders	4,126,947	41.0%	4,343,843	30.9%	4,343,843	30.9%
Total	10,056,071	100.0%	14,062,912	100.0%	14,037,874	100.0%

* The consortium Concert SMABTP is composed of the mutual insurance companies SMABTP and SMAvie BTP.

The theoretical voting rights calculated based on all shares amounted to 14,062,912.

The net voting rights, exercisable in Annual Shareholders' Meetings, calculated based on all shares to which voting rights are attached amounted to 14,037,874 at 31 December 2017.

At 31 December 2017, Holdaffine held 31.7% of the capital and 45.4% 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% of the capital and 81% of the voting rights of Mab Finances.

Rules governing amendment of the Company's Articles of Association

The Company's Articles of Association are amended primarily to bring them into line with legislative or regulatory changes. The Board recommends such amendments before submitting them to an Extraordinary General Meeting of Shareholders. The Board may, however, transfer the registered office and amend the Articles of Association accordingly, without the need to have the change ratified by a General Meeting..

Restrictions in the Articles of Association on the exercising of voting rights and transfers of shares

There are no such restrictions in the Articles of Association nor, to the Company's knowledge, any agreement providing preferential terms of sale or purchase of shares listed on a regulated market amounting to at least 0.5% of the Company's capital or voting rights.

Direct or indirect holding of company capital pursuant to Article L233-7 and L233-12 of the French Commercial Code

On 17 November 2017, the Company was notified that the consortium consisting of the mutual insurance companies SMABTP and SMAvie BTP exceeded the 20% and 15% thresholds of capital and 10% and 5% thresholds of capital and voting rights of Affine.

List of holders of securities conferring special control rights

There are no holders of securities conferring special control rights nor, to the Company's knowledge, any agreement between shareholders that may entail restrictions on transfers of shares and the exercising of voting rights.

Employee shareholding

There are no employee shareholders.

Impact of a change of control on the agreements entered into by the Company

This information must be disclosed unless such disclosure would severely impact the Company's interests, with the exception of information which must be disclosed by law.

Agreements that provide for compensation to members of the Board of Directors in the event of resignation or dismissal without just and serious cause or loss of employment resulting from a public takeover bid or exchange offer

There is no specific agreement but a severance package has been provided for members of General Management, as indicated in the first part of this report. There is no such agreement for Company employees either.

Provisions in the articles of association specifying the procedure for shareholders' participation in General Meetings

These provisions can be found in section 21.2.5 of the registration document.

The Board of Directors

STATUTORY AUDITORS' REPORT ON CAPITAL TRANSACTIONS STIPULATED IN RESOLUTIONS 18, 19, 21, 22 AND 23 OF THE COMBINED GENERAL SHAREHOLDERS' MEETING OF 26 APRIL 2018

Dear Shareholders,

In our capacity as Statutory Auditors of your company, and pursuant to the missions stipulated 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 AND/OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS (RESOLUTIONS EIGHTEEN, NINETEEN AND TWENTY-ONE)

Pursuant to the mission stipulated by Articles L.228-92, L.228-93, L.225-129 and L.225-135 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 securities, with and/or without pre-emptive subscription rights, which are transactions you are called on to approve.

On the basis of its report, your Board of Directors is proposing that you delegate to the Board the authority to decide on the following operations for a period of 18 months, to set the final terms of such issues and, as applicable, to eliminate your pre-emptive subscription rights:

- the issuance of ordinary shares and transferable securities (Eighteenth Resolution), giving immediate or future rights to the share capital of your Company or, in accordance with Article L.228-93 of the French Commercial Code, to the share capital of a company in which it owns, directly or indirectly, more than half of the share capital, retaining the pre-emptive subscription right, for a nominal amount that may not exceed one-half of share capital, i.e. €12,500,000 on the basis of current share capital plus, where applicable, the additional number of shares to be issued in order to protect the rights of holders of securities giving the right to shares, as required by law;
- the issuance of ordinary shares and securities (Nineteenth Resolution), giving immediate or future 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, directly or indirectly, more than one-half of the share capital, eliminating pre-emptive subscription rights, for a nominal amount that may not exceed 25% of the share capital, i.e. €6,250,000 on the basis of the current share capital; this amount shall be charged against the ceiling defined in the Eighteenth 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 the holders of securities giving rights to shares;
- the issuance of ordinary shares and securities (Twenty-First Resolution) giving immediate or future rights to shares of your company or of a company in which it owns, directly or indirectly, more than half of the capital, to be performed through private placement, with elimination of pre-emptive subscription rights, for an amount limited to 10% of the capital per year to be charged against the ceilings defined in Resolutions Eighteen and Nineteen.

Your Board of Directors is responsible for preparing a report as required by 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 Nineteenth Resolution, and on certain other information concerning the issue that is provided in this report.

We have performed the due diligence that we deemed necessary in accordance with the professional standards of the French Association of Chartered Accountants for this mission. This diligence primarily consisted in verifying the content of the Board of Directors' report on these transactions and the procedures for determining the issue price of the equity securities to be issued.

We are informing you that the Board of Directors' report does not include any information on the procedures for determining the issue price, as stipulated by the regulations.

Furthermore, since the final conditions for the capital increase have not been determined, we are not expressing an opinion on those conditions and, as a result, on the recommendation to eliminate the pre-emptive subscription rights made to you in the Nineteenth and Twenty-First Resolutions.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare a supplementary report, as applicable, when these delegations are used by your Board of Directors in the event of an issue of ordinary shares with a waiver of pre-emptive subscription rights to securities granting rights to the share capital.

2 ISSUANCE OF ORDINARY SHARES RESERVED FOR EMPLOYEES WITH WAIVER OF PRE-EMPTIVE SUBSCRIPTION RIGHTS (TWENTY-SECOND RESOLUTION)

In the performance of the mission provided for by Article L.225-135 et seq. of the French Commercial Code, we are hereby presenting our report on the proposal to delegate authority to the Board of Directors to decide on a capital increase, on one or more occasions, through the issuance of ordinary shares, eliminating pre-emptive subscription rights, reserved for employees of your company and its affiliated companies as defined by Article L.225-180 of the French Commercial Code, in an amount limited to 3% of the existing share capital on the date the Meeting of the Board of Directors, operations which you are being asked to approve.

This capital increase is being submitted for your approval pursuant to Articles L.225-129-6 of the French Commercial Code and Article L.3332-18 et seq. of the French Labour Code.

On the basis of its report, your Board of Directors is asking you to delegate to the Board, for a period of 18 months, the authority to set the conditions of this operation and to waive your pre-emptive subscription rights to the shares to be issued.

It is the responsibility of your Board of Directors to prepare a report pursuant to Articles R.225-113 and R.225-114 of the French Commercial Code. It is our responsibility to express our opinion on the accuracy of the calculated data derived from the accounts, on the proposal to waive pre-emptive subscription rights, and on certain other information concerning the issue that is provided in this report.

We have performed the due diligence that we deemed necessary in accordance with the professional standards of the French Association of Chartered Accountants for this mission. This diligence consisted in verifying the content of the Board of Directors' report regarding these operations and the procedures for determining the issue price of the equity securities to be issued.

We are informing you that the Board of Directors' report does not include any information on the procedures for determining the issue price, as stipulated by the regulations.

As the definitive conditions of the capital increase have not been determined, we are not expressing any opinion on this increase and, as a result, on the proposal made to you to waive the pre-emptive subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare a supplementary report, as applicable, when this authority is used by your Board of Directors.

3 REDUCTION IN THE SHARE CAPITAL VIA THE CANCELLATION OF PURCHASED SHARES (TWENTY-THIRD RESOLUTION)

In the performance of the mission stipulated 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 proposed 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 Thirteenth 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 that we deemed necessary in accordance with the professional standards of the French Association of Chartered Accountants for this mission. This diligence requires us to examine whether the causes and conditions of the planned capital reduction, which will not jeopardise the equality of shareholders, are legal.

We have no observation to make on the causes and conditions of the proposed capital reduction.

The Statutory Auditors

Paris La Défense, 3 April 2018

KPMG Audit
Département de KPMG S.A.

Isabelle Goalec
Partner

Paris, 3 April 2018

Cailliau Dedouit et Associés

Laurent Brun
Partner

BOARD OF DIRECTORS REPORT ON BONUS SHARE ISSUES

The General Shareholders' Meeting on 28 April 2016:

- authorised the Board of Directors to allocate existing shares of the Company as bonus shares on one or more occasions to company employees or to certain categories of employees;
- decided that the maximum percentage of the share capital that may be allocated under this authorisation could not exceed zero point thirty percent (0.30%) of the number of existing shares on the date of the Meeting.

At 28 April 2016, there were 10,056,071 existing shares and 30,168 shares that can be granted as bonus shares.

The General Shareholders' Meeting set:

- the minimum length of the vesting period when these rights will be definitively acquired by their recipients at 24 months, starting from the date on which the allocation rights are granted by the Board of Directors. As a reminder, these rights are not accessible until the end of this period, in accordance with the provisions of Article L. 225-197-3 of the French Commercial Code;
- the minimum period of time that beneficiaries must retain the shares at 12 months starting from the allocation date.

Lastly, the General Shareholders' Meeting has given full authority to the Board of Directors to set the terms and conditions as well as criteria for allocating shares, to register bonus shares granted in a registered share account in the name of the holder mentioning their unavailability during the entire retention period, and to carry out any formalities required, within the limits set forth above in order to determine the recipients and divide the allocation rights on one or more occasions and at the times it deems necessary.

The Board of Directors has 36 months starting from this meeting to use this authorisation.

The General Shareholders' Meeting authorised the Board of Directors to allocate shares from share buybacks carried out by the company under the terms and conditions set forth under Articles L. 225-208 (share buybacks) and L. 225-209 of the French Commercial Code (Affine share buyback up to a limit of 10% of its capital) within the limit set forth in the paragraph above.

The Combined General Shareholders' Meeting on 27 April 2017 authorised the Board of Directors to expand the bonus share award to the Company's corporate officers.

By virtue of these authorisations, the Board of Directors decided to award 11,050 bonus shares to:

RECIPIENTS	NUMBER OF BONUS SHARES VALUE
Alain Chaussard Chief Executive Officer	5,000 shares Value €79,950
Matthieu Evrard Executive Vice President	4,000 shares Value €63,960
Award to certain categories of employees	Total of 2,050 shares Value: €31,836.50
TOTAL	11,050 shares Total Value €175,746.50

With respect to the breakdown of capital and resulting control of the Company, the distribution of bonus shares carried out by the Board of Directors did not have a material dilutive effect, given the number of shares distributed.

The Board of Directors

NOTES



Registered office:

39, rue Washington
75008 Paris - France

Tél. : +33 (0)1 44 90 43 00

Fax : +33 (0)1 44 90 01 48

e-mail: info@affine.fr

web : www.affine.fr

A French limited liability company with capital of €25,000,000
Paris Trade & Companies Register (RCS) 712 048 735