INTERIM FINANCIAL REPORT

Six-month period ended June 30, 2015

CeGeREAL

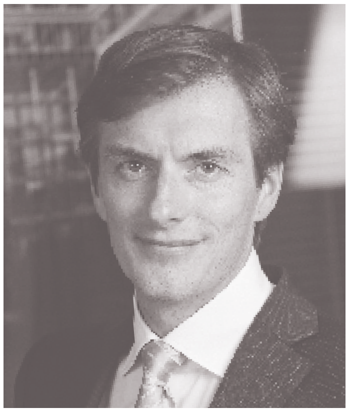
A French *société anonyme* (joint stock corporation)
with share capital of EUR 160,470,000
Registered office: 42, rue Bassano, 75008 Paris
422 800 029 RCS Paris
SIRET No. 422 800 029 00023

Interim financial report
Six-month period ended June 30, 2015

(Article L.451-1-2 III of the French Monetary and Financial Code *[Code Monétaire et Financier]*, Articles 222-4 *et seq.* of the General Regulations of the French financial markets authority *[Autorité des Marchés Financiers – AMF]*)

Interim financial report for the six-month period ended June 30, 2015 prepared in accordance with the provisions of Article L.451-1-2 III of the French Monetary and Financial Code and Articles 222-4 *et seq.* of the General Regulations of the AMF.
This report has been distributed in accordance with the provisions of Article 221-3 of the General Regulations of the AMF. It can also be consulted on the Company's website at www.cegereal.com.

1. Attestation by the person responsible for the 2015 interim report



"I certify that to my knowledge, the full consolidated financial statements for the six-month period ended June 30, 2015 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies included in the consolidation scope, and that the attached interim activity report includes a fair review of the material events of the first six months of the year and their impact on the interim financial statements, the principal related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year."

Paris, July 23, 2015

Raphaël Tréguier
Chief Executive Officer

2. Interim Activity Report

2.1 COMMENTS ON ACTIVITY

2.1.1 RENTAL ACTIVITY

During the first half of 2015, the marketing of the Arcs de Seine building continued. A lease was entered into with Amgem for a total surface area of 2,864 sq.m (lease starting on April 1, 2015) and another with Exclusive Network for a total surface area of 1,432 sq.m (starting on May 1, 2015). Furthermore, a short-term lease was entered into with Boursorama for a total surface area of 1,432 sq.m for a period of 17 months from April 1, 2015.

KPMG signed an eight-month lease for a total surface area of 895 sq.m at the Europlaza site, starting on June 1, 2015.

OCCUPANCY RATE

The physical occupancy rate corresponds to the percentage of premises for which the Company receives rent within the framework of a lease agreement at June 30, 2015.

The financial occupancy rate corresponds to the percentage of premises for which the Company receives rent or indemnities in respect of terminated lease agreements at June 30, 2015.

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

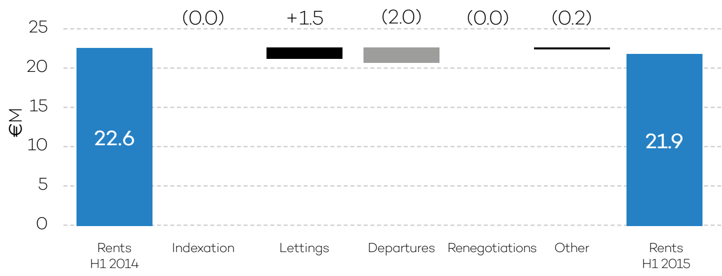
The table below shows the physical and financial occupancy rates for the Group's portfolio over the past three years.

Cegereal portfolio	June 30, 2015	Dec. 31, 2014	Dec. 31, 2013
Physical occupancy rate	91.7%	89.8%	89.0%
Physical occupancy rate (excluding short-term leases)	89.8%	89.8%	89.0%
Financial occupancy rate	91.7%	90.5%	89.0%

The physical and financial occupancy rates for each property at June 30, 2015 can be analyzed as follows:

June 30, 2015	Europlaza	Arcs de Seine	Rives de Bercy	Total
Physical occupancy rate	77.6%	100%	100%	91.7%
Physical occupancy rate (excluding short-term leases)	77.3%	96.8%	100%	89.8%
Financial occupancy rate	77.6%	100%	100%	91.7%

Change in rental income (June 30, 2014-June 30, 2015)



2.1.2 NET INCOME BY KEY INDICATOR FOR THE PERIOD

In thousands of euros

Statement of comprehensive income caption	Amount	Breakdown
Net rental income	18,668	Net rental income corresponds to rental income for the period (EUR 21,926k) and rental expenses rebilled to lessees (EUR 8,169k), less building-related costs (EUR 11,427k). During the first half of 2015, net rental income was down 10% compared to net rental income for 2014 prorated over six months following lease terminations in 2014.
Administrative costs	(2,038)	Administrative costs chiefly comprise fees, insurance premiums and personnel costs.
Change in fair value of investment property	23,736	The value of the real estate portfolio increased from EUR 871 million at December 31, 2014 to EUR 902 million at June 30, 2015.
Net operating income	40,366	
Net financial expense	(7,555)	Net financial expense is made up of EUR 7,555k in financial expenses (no financial income).
Corporate income tax	(662)	The income tax recorded for the period corresponds to the additional corporate income tax contribution on amounts distributed in an amount of EUR 662k. Due to the application of the SIIC tax regime with effect from 2006, the Group's profits derived from the rental of investment properties and the sale of real property rights are not subject to corporate income tax. This tax exemption is, however, subject to certain criteria relating essentially to the payment of dividends. Activity that does not fall within the scope of the SIIC tax regime did not generate any corporate income tax expense. The income tax expense for 2014 amounted to approximately €3k.
Net income	32,149	

2.2 FINANCIAL RESOURCES

At June 30, 2015, shareholders' equity stood at EUR 519,257k compared with opening shareholders' equity of EUR 509,135. This increase is mainly attributable to net income of EUR 32,149k for the period and dividend payments of EUR 22,065k..

Cash and cash equivalents totaled EUR 24,072k at June 30, 2015, representing an increase of EUR 573k on the December 31, 2014 figure.

2.3 CHANGES IN NET ASSET VALUE (NAV)

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

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

2.3.1 EPRA EARNINGS

in thousands of euros

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Net income under IFRS	32,149	42,398	6,413
Restatement of the changes in fair value of investment property	(23,736)	(18,704)	5,913
EPRA earnings	8,413	23,694	12,326

2.3.2 EPRA NAV & EPRA NNNAV

in thousands of euros, except per share data

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Shareholders' equity under IFRS	519,257	509,135	483,128
Portion of rent-free periods	(35,211)	(36,532)	(35,381)
EPRA NAV	484,046	472,603	447,747
Market value of the loan	(408,901)	(410,274)	(403,936)
Carrying amount of the loan*	402,442	401,888	396,369
EPRA NNNAV	477,587	464,218	440,180
Number of shares (excl. treasury shares)	13,351,840	13,350,545	13,349,905
NAV per share	35.8	34.8	33.0

* Figures correspond to the carrying amount of the loan under IFRS.

in euros per share

NNNAV per share at Dec. 31, 2014	34.8
Recurring income	0.1
Change in the fair value of real estate assets	2.3
Change in the fair value of bank debt	0.1
Benefits granted to lessees	0.1
Dividends	(1.7)
NNNAV per share at June 30, 2015	35.8

2.4 SIGNIFICANT EVENTS BETWEEN THE DATE ON WHICH THE 2014 FINANCIAL STATEMENTS WERE APPROVED AND JUNE 30, 2015

The main significant events since the date on which the 2014 financial statements were approved are stated in Note 1.1 to the interim consolidated financial statements.

2.5 DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

There was no change in the Company's risk factors during the first six months of the year.

Consequently, reference should be made to the Company's Registration Document filed with the AMF on March 6, 2015 under no. D.15-0108.

3. Interim Consolidated Financial Statements
for the six-month period ended June 30, 2015

Consolidated statement of comprehensive income for the six-month period ended June 30, 2015

in thousands of euros, except per share data

	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014	June 30, 2014 *Pro forma* [1]
		6 months	*12 months*	*6 months*	*6 months*
Rental income	**5.17**	21,926	44,746	22,624	22,624
Income from other services	**5.18**	8,169	13,173	6,558	9,141
Building-related costs	**5.19**	(11,427)	(16,341)	(7,927)	(10,330)
Net rental income		**18,668**	**41,579**	**21,255**	**21,435**
Sale of building					
Administrative costs	**5.20**	(2,038)	(3,057)	(1,592)	(1,592)
Other operating expenses		(0)	0	0	0
Other operating income				0	0
Increase in fair value of investment property		23,736	42,637	10,172	10,172
Decrease in fair value of investment property			(23,933)	(16,085)	(16,085)
Total change in fair value of investment property	**5.1**	*23,736*	*18,704*	*(5,913)*	*(5,913)*
Net operating income		40,366	57,226	13,750	13,930
Financial income			17	11	11
Financial expenses		(7,555)	(14,533)	(7,329)	(7,329)
Net financial expense	**5.21**	**(7,555)**	**(14,515)**	**(7,318)**	**(7,318)**
Corporate income tax	**5.22**	**(662)**	**(312)**	**(19)**	**(19)**
CONSOLIDATED NET INCOME		32,149	42,398	6,413	6,594
of which attributable to owners of the Company			***42,398***	***6,413***	***6,594***
of which attributable to non-controlling interests			***0***	***0***	***0***
Other comprehensive income				**0**	**0**
TOTAL COMPREHENSIVE INCOME		32,149	42,398	6,413	6,594
of which attributable to owners of the Company		***32,149***	***42,398***	***6,413***	***6,594***
of which attributable to non-controlling interests		***0***	***0***	***0***	***0***
Basic and diluted earnings per share (in euros)		2.41	3.18	0.48	0.49

(1): Pro forma figures at June 30, 2014 have been restated to reflect the retrospective application of IFRIC 21 "Levies" (see Note 2.12).

Consolidated statement of financial position at June 30, 2015

in thousands of euros

	Notes	June 30, 2015	Dec. 31, 2014	June 30, 2014	June 30, 2014 Pro forma (1)
Non-current assets					
Property, plant and equipment		61			
Investment property	**5.1**	902,000	871,000	844,000	844,000
Non-current loans and receivables	**5.2**	30,346	30,941	33,391	33,391
Total non-current assets		**932,407**	**901,941**	**877,391**	**877,391**
Current assets					
Trade accounts receivable	**5.3**	12,945	6,469	8,354	10,139
Other operating receivables	**5.4**	5,562	6,276	2,329	2,329
Prepaid expenses		200	107	1,182	287
Total receivables		**18,706**	**12,852**	**11,865**	**12,755**
Cash and cash equivalents	**5.5**	24,072	23,499	26,983	26,983
Total cash and cash equivalents		**24,072**	**23,499**	**26 ,983**	**26,983**
Total current assets		**42,778**	**36,351**	**38,848**	**39,738**
TOTAL ASSETS		975,185	938,292	916,238	917,129
Shareholders' equity					
Share capital		160,470	160,470	160,470	160,470
Legal reserve and additional paid-in capital		16,047	16,047	16,047	16,047
Consolidated reserves and retained earnings		5,389	5,389	5,389	5,389
Retained earnings		305,202	284,831	294,808	294,808
Net attributable income		32,149	42,398	6,413	6,594
Total shareholders' equity	**5.10**	**519,257**	**509,135**	**483,128**	**483,308**
Non-current liabilities					
Non-current borrowings	**5.11**	402,442	401,889	396,369	396,369
Other non-current borrowings and debt	**5.13**	4,061	4,166	4,161	4,161
Non-current corporate income tax liability		0	0	0	0
Total non-current liabilities		**406,503**	**406,055**	**400,531**	**400,531**
Current liabilities					
Current borrowings		1,794	1,716	1,645	1,645
Trade accounts payable		3,106	2,148	1,728	1,728
Corporate income tax liability		660	295	6	6
Other operating liabilities	**5.14**	30,722	5,045	14,330	16,131
Prepaid revenue	**5.16**	13,143	13,898	14,871	13,781
Total current liabilities		**49,424**	**23,102**	**32,579**	**33,290**
Total liabilities		**455,927**	**429,157**	**433,110**	**433,821**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		975,185	938,292	916,238	917,129

(1): Pro forma figures at June 30, 2014 have been restated to reflect the retrospective application of IFRIC 21 "Levies" (see Note 2.12).

Consolidated statement of cash flows for the six-month period ended June 30, 2015

in thousands of euros

	June 30, 2015	Dec. 31, 2014	June 30, 2014
OPERATING ACTIVITIES			
Consolidated net income	32,149	42,398	6,413
Elimination of items related to the valuation of buildings:			
Fair value adjustments to investment property	(23,736)	(18,704)	5,913
Indemnity received from lessees for the replacement of components			0
Elimination of other income/expense items with no cash impact:			
Adjustments for loans at amortized cost	554	1,091	572
Cash flows from operations before tax and changes in working capital requirement	**8,967**	**24,785**	**12,898**
Change in amounts due to owners	22,065	0	10,029
Other changes in working capital requirements	(1,916)	(629)	(1,704)
Change in working capital requirements	**20,149**	**(629)**	**8,325**
Net cash flows from operating activities	**29,116**	**24,156**	**21,223**
INVESTING ACTIVITIES			
Acquisition of fixed assets	(7,325)	(3,296)	(913)
Disposal of fixed assets			0
Net decrease in amounts due to fixed asset suppliers	837	874	6
Net cash flows used in investing activities	**(6,488)**	**(2,422)**	**(906)**
FINANCING ACTIVITIES			
Increase in share capital		0	0
Change in bank debt		5,000	0
Refinancing transaction costs		0	0
Net increase in current borrowings	78	(60)	(131)
Net increase in other non-current borrowings and debt	(105)	697	693
Net decrease in other non-current borrowings and debt		0	0
Purchases and sales of treasury shares	38	134	116
Dividends paid	(22,065)	(20,025)	(10,029)
Net cash flows used in financing activities	**(22,054)**	**(14,254)**	**(9,352)**
Change in cash and cash equivalents	**573**	**7,480**	**10,965**
Cash and cash equivalents at beginning of the period*	23,499	16,018	16,018
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**24,072**	**23,499**	**26,983**

* There were no cash liabilities for any of the periods presented above.

Consolidated statement of changes in equity for the six-month period ended June 30, 2015

in thousands of euros

	Share capital	Legal reserve and additional paid-in capital	Treasury shares	Consolidated reserves and retained earnings	Shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
Shareholders' equity at Dec. 31, 2013	160,470	31,465	(602)	295,295	486,628	0	486,628
Comprehensive income	**0**	0	0	**6,413**	**6,413**	0	**6,413**
- Net income for the period	*0*	*0*	*0*	*6,413*	*6,413*	*0*	*6,413*
- Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Capital transactions with owners	**0**	(10,029)	116	**0**	**(9,914)**	0	**(9,914)**
- Dividends paid (€0.75 per share)	*0*	*(10,029)*	*0*	*0*	*(10,029)*	*0*	*(10,029)*
- Change in treasury shares held	*0*	*0*	*116*	*0*	*116*	*0*	*116*
Shareholders' equity at June 30, 2014	160,470	21,436	(486)	301,709	483,128	0	483,128
Comprehensive income	**0**	0	0	**35,985**	**35,985**	0	**35,985**
- Net income for the period	*0*	*0*	*0*	*35,985*	*35,985*	*0*	*35,985*
- Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Capital transactions with owners	**0**	0	17	**(9,996)**	**(9,980)**	0	**(9,979)**
- Dividends paid (€1.50 per share)	*0*	*0*	*17*	*(9,996)*	*(9,996)*	*0*	*(9,979)*
- Change in treasury shares held	*0*	*0*	*0*	*0*	*17*	*0*	*0*
Shareholders' equity at Dec. 31, 2014	160,470	21,436	(469)	327,698	509,135		509,135
Comprehensive income	**0**	0	0	**32,149**	**32,149**	0	**32,149**
- Net income for the period	*0*	*0*	*0*	*32,149*	*32,149*	*0*	*32,149*
- Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Capital transactions with owners	**0**	0	38	**(22,065)**	**(22,028)**	0	**(22,028)**
- Dividends paid (€1.65 per share)	*0*	*0*	*0*	*(22,065)*	*(22,065)*	*0*	*(22,065)*
- Change in treasury shares held	*0*	*0*	*38*	*0*	*0*	*0*	*0*
Shareholders' equity at June 30, 2015	160,470	21,436	(431)	337,783	519,257	0	519,257

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Background and main assumptions used to prepare the consolidated financial statements for the six-month period ended June 30, 2015

1.1. OPERATIONAL CONTEXT

The Group, made up of Cegereal SA and its subsidiary Prothin SAS, did not experience any change in its operating environment during the six-month period ended June 30, 2015.

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

RENTAL ACTIVITY

During the first half of 2015, the marketing of the Arcs de Seine building continued. A lease was entered into with Amgem for a total surface area of 2,864 sq.m (lease starting on April 1, 2015) and another with Exclusive Network for a total surface area of 1,432 sq.m (starting on May 1, 2015). Furthermore, a short-term lease was entered into with Boursorama for a total surface area of 1,432 sq.m for a period of 17 months from April 1, 2015.

KPMG signed an eight-month lease for a total surface area of 895 sq.m at the Europlaza site, starting on June 1, 2015.

Occupancy rate

The physical occupancy rate corresponds to the percentage of premises for which the Company receives rent within the framework of a lease agreement at June 30, 2015.

The financial occupancy rate corresponds to the percentage of premises for which the Company receives rent or indemnities in respect of terminated lease agreements at June 30, 2015.

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

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

Cegereal Portfolio	June 30, 2015	Dec. 31, 2014	Dec. 31, 2013
Physical occupancy rate	91.7%	89.8%	89.0%
Physical occupancy rate (excluding short-term leases)	89.8%	89.8%	89.0%
Financial occupancy rate	91.7%	90.5%	89.0%

The physical and financial occupancy rates for each property at June 30, 2015 can be analyzed as follows:

June 30, 2015	Europlaza	Arcs de Seine	Rives de Bercy	Total
Physical occupancy rate	77.6%	100%	100%	91.7%
Physical occupancy rate (excluding short-term leases)	77.3%	96.8%	100%	89.8%
Financial occupancy rate	77.6%	100%	100%	91.7%

1.2. PRESENTATION OF COMPARATIVE FINANCIAL INFORMATION

For the purposes of comparison, the financial information presented in the IFRS consolidated financial statements for the six-month period ended June 30, 2015 includes:

- the IFRS consolidated financial statements for the year ended December 31, 2014; and
- the IFRS consolidated financial statements for the six-month period ended June 30, 2014.
- the pro forma IFRS consolidated financial statements for the six-month period ended June 30, 2014, as described in Note 2.12.

1.3. REGULATORY CONTEXT

The Group's consolidated financial statements for the six-month period ended June 30, 2015 were prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) applicable to accounting periods ended June 30, 2015, as adopted by the European Union (hereafter referred to as "IFRS").

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

The interim consolidated financial statements were adopted by the Board of Directors on July 23, 2015.

2. Significant accounting policies used to prepare the consolidated financial statements for the six-month period ended June 30, 2015

2.1. PRESENTATION OF THE IFRS FINANCIAL STATEMENTS

ACCOUNTING STANDARDS

The Group's consolidated financial statements for the six-month period ended June 30, 2015 have been prepared in accordance with international accounting standards (IAS/IFRS) and with the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union at June 30, 2015 and applicable at that date. For the purposes of comparison, the financial statements for the year ended December 31, 2014 have also been prepared according to the same standards.

For the fiscal years presented, the standards and interpretations adopted in the European Union and applicable to the Group are similar to the standards and interpretations effective for these periods as published by the International Accounting Standards Board (IASB).

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

This interim financial report was prepared in accordance with IAS 34 "Interim Financial Reporting".

In 2014, the European Union adopted IFRIC 21 "Levies". IFRIC 21 is an interpretation providing guidance on accounting for levies and is effective in the EU for reporting periods beginning on or after June 17, 2014. Accordingly, IFRIC 21 has been applied for the first time for the fiscal year beginning January 1, 2015. The material impacts of its application are described in Note 2.12.

For the purposes of comparison between the Group's interim consolidated financial statements, the pro forma accounts at June 30, 2014 have been restated in this interim financial report to reflect the impact of IFRIC 21 "Levies" had it been applied at that date. The impact is limited to the Group's interim consolidated financial statements.

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

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

BASIS OF CONSOLIDATION

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

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

At June 30, 2015, no entities were jointly controlled or significantly influenced by the Group.

SCOPE OF CONSOLIDATION

At June 30, 2015, the scope of consolidation included the following entities:

	Siren no.	% control	% interest	Consolidation method	Period taken into account
Cegereal SA	422,800,029	100%	100%	Full consolidation	January 1 to June 30, 2015
Prothin SAS	533,212,445	100%	100%	Full consolidation	January 1 to June 30, 2015

All entities included in the scope of consolidation close their accounts on December 31.

CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS

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

On the first-time consolidation of a company, the impact of consolidation, representing the difference between the acquisition cost of the shares and their share in the fair value of the assets and liabilities transferred, is recorded as:

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

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

2.2. SEGMENT REPORTING

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

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

- The nature of the products and services;
- The nature of the production processes;
- The type or class of customer for their products and services;
- The methods used to distribute their products or provide their services;
- If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

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

2.3. INVESTMENT PROPERTY

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

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

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

2.4. ESTIMATES OF THE FAIR VALUE OF INVESTMENT PROPERTY

• ***Estimates and assumptions***

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

In accordance with the recommendations of the Committee of European Securities Regulators (CESR) of July 2009, during the first half of 2013 the Group appointed the real estate valuation firm DTZ Eurexi to appraise three commercial properties (replacing BNP Paribas Real Estate Entreprise).

It is common practice to change real estate valuer every three years in order to obtain a new analysis of an asset's qualities and market value.

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

The values of investment property measured by the real estate valuers represent the best estimates at June 30, 2015, based on recent market observations and valuation methods commonly used within the profession. These estimates are not intended to anticipate any market changes.

• ***Valuation methods***

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

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

ESTIMATED RENTAL VALUE

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

MARKET VALUE

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

A discount is applied to the gross value to take account of transfer duties and registration costs, which are estimated at 6.55% for the Europlaza and Arcs de Seine sites and at 6.60% for Rives de Bercy.

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

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

2.5. FINANCIAL INSTRUMENTS – CLASSIFICATION AND MEASUREMENT OF NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

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

• Loans and receivables

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

• Trade accounts receivable

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

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

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

• Non-derivative financial liabilities

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

2.6. SHARE CAPITAL

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

2.7. TREASURY SHARES

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

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

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

Within the scope of these liquidity agreements, the Company owned 20,660 treasury shares (representing 0.15% of its total issued shares) for a total amount of EUR 563k at June 30, 2015.

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

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

2.8. ELECTION FOR TAX TREATMENT AS AN SIIC

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

Owing to this tax treatment, no corporate income tax is payable directly or indirectly through income from subsidiaries in respect of the real estate leasing business and no deferred taxes were recognized at June 30, 2015. Similarly, no tax was payable on capital gains arising on disposals of real estate or equity interests in subsidiaries eligible for the same tax treatment.

Terms and conditions and impact of tax treatment as an SIIC

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

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

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

c) In the event that the Company definitively opts out of the regime in the ten years following election, the SIIC will be subject to corporate income tax at the standard rate on the revaluation gains determined upon election for the SIIC regime, less exit tax already paid at the reduced 16.5% rate. The SIICs and their subsidiaries must also add back to their taxable earnings for the period the portion of their income available for distribution at the end of said period which results from amounts previously tax-exempt under the SIIC regime. The amount of income tax due is increased by a 25% tax on the net unrealized capital gain on buildings, rights under real estate finance leases and holdings that were acquired during the period SIIC tax treatment was applied, less one-tenth for each calendar year elapsed since the entity opted for the regime.

d) Companies may not benefit from preferential tax treatment as an SIIC if 60% or more of their capital or voting rights are held by one or several persons acting in concert within the meaning of Article L.233-10 of the French Commercial Code *(Code de commerce)*.

e) A 20% withholding tax must be paid by SIICs on dividends distributed to shareholders other than natural persons holding at least 10% of the dividend entitlements in said SIICs that are not liable for corporate income tax or another equivalent tax on the dividends received or are liable to another equivalent tax on the dividends at less than a third of the corporate income tax that would have been payable in France at the standard rate.

However, the withholding tax is not due when the beneficiary of the dividends is a company required to distribute the full amount of the dividends it receives and whose shareholders that directly or indirectly hold at least 10% of the dividend rights are liable for corporate income tax or another equivalent tax on the dividends received.

2.9. EMPLOYEE BENEFITS

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

The Group only has three employees and therefore considers that its employee benefit commitments in respect of defined benefit plans are not material. Consequently, the amount of its employee benefit commitments was not assessed at June 30, 2015.

2.10. BANK BORROWINGS

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

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

2.11. RENTAL INCOME

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

Rental income is recognized over the lease term.

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

Termination indemnities are recognized in "Income from other services" in operating income.

2.12. RENTAL EXPENSES AND REBILLING OF EXPENSES TO LESSEES

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

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

The portion of rental expenses concerning vacant premises is recorded directly in the statement of comprehensive income.

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

IFRIC 21 "Levies" is an interpretation providing guidance on IAS 37 and is applicable for reporting periods beginning on or after January 1, 2015. It clarifies the obligating event for tax-related provisions, particularly property tax and tax on office premises (other tax impacts are immaterial to the Group). The obligating event for the payment of these two taxes is ownership of the buildings at January 1 and they must therefore be fully recognized at January 1 of each fiscal year. The same treatment applies to early rebilling of these taxes to lessees (taking into account budgeted vacancy rates of 10% at the end of the reporting period).

For the purposes of comparison between the Group's interim consolidated financial statements, the pro forma accounts at June 30, 2014 have been restated in this interim financial report to reflect the impact of IFRIC 21 "Levies" had it been applied at that date. The impact is limited to the Group's interim financial statements.

2.13. DISCOUNTING OF DEFERRED PAYMENTS

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

- Security deposits received from lessees are not discounted because they are indexed annually based on an index used for annual rent reviews;
- There are no provisions for material liabilities, as defined in IAS 37.

2.14. EARNINGS PER SHARE

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

2.15. PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

3. Critical accounting estimates and judgments

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

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

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

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

in millions of euros

			Changes in potential rate of return								
Building	Market rental value	Potential rate of return	0.500%	0.375%	0.250%	0.125%	0.000%	(0.125)%	(0.250)%	(0.375)%	(0.500)%
Europlaza	26.1	6.92%	330.2	335.8	341.7	347.7	354.0	360.5	367.3	374.3	381.6
Arcs de Seine	21.5	5.71%	324.6	331.3	338.2	345.4	353.0	360.9	369.2	377.8	386.9
Rives de Bercy	11.8	5.67%	179.2	182.9	186.8	190.8	195.0	199.4	204.0	208.8	213.9
Total	59.4	6.18%	833.9	850.0	866.6	884.0	902.0	920.8	940.4	960.9	982.3
Impact on portfolio value:			(7.55)%	(5.77)%	(3.92)%	(2.00)%	0.00%	2.08%	4.26%	6.53%	8.90%

Source: DTZ Eurexi

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

4. Management of financial risks

4.1. RISK RELATED TO REFINANCING

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

4.2. RISK RELATED TO THE VALUATION OF REAL ESTATE ASSETS

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

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

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

4.3. RISK RELATED TO CHANGES IN MARKET RENT LEVELS FOR OFFICE PREMISES

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

4.4. RISK RELATED TO THE REGULATORY FRAMEWORK APPLICABLE TO LEASES

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

4.5. COUNTERPARTY RISK

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

At June 30, 2015, the Group was dependent on two lessees who collectively represented approximately 35% of total rental income during the first half of 2015 and individually more than 10%. Although the Group's real estate assets could be – and are – leased to many different lessees, financial difficulties experienced by one of these lessees, a request for more favorable lease terms upon renewal or a decision to terminate their lease could adversely impact the Group's financial position, earnings and future performance.

4.6. LIQUIDITY RISK

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

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

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

4.7. INTEREST RATE RISK

At June 30, 2015, the Group had a fixed-rate loan comprising two tranches of EUR 400 million and EUR 5 million, respectively. This loan is due to be repaid on August 16, 2017. On the first tranche of the loan, interest is calculated at a rate of 3.40% if the physical occupancy rate (excluding short-term leases) is lower than 90% and at 3.15% if it exceeds this threshold. On the second tranche of the loan, the interest rate is set at 2.769% if the physical occupancy rate (excluding short-term leases) is lower than 90% and 2.519% if it exceeds this threshold.

The physical occupancy rate (excluding short-term leases) for the Group's properties was less than 90% over the period from January 1, 2015 to June 30, 2015.

5. Notes to the consolidated statement of financial position at June 30, 2015 and to the consolidated statement of comprehensive income for the period then ended

5.1. INVESTMENT PROPERTY

• ***Carrying amount of investment property***

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

in thousands of euros

	Rives de Bercy	Europlaza	Arcs de Seine	Total
Dec. 31, 2013	172,000	355,000	322,000	849,000
Indemnity received	0	0	0	0
Subsequent expenditure	744	85	84	913
Disposals	0	0	0	0
Change in fair value	5,256	(16,085)	4,916	(5,913)
June 30, 2014	178,000	339,000	327,000	844,000
Indemnity received	0	0	0	0
Subsequent expenditure	130	1,848	405	2,383
Disposals	0	0	0	0
Change in fair value	12,870	(7,848)	19,595	24,617
Dec. 31, 2014	191,000	333,000	347,000	871,000
Indemnity received	0	0	0	0
Subsequent expenditure	108	6,727	429	7,264
Disposals	0	0	0	0
Change in fair value	3,892	14,273	5,571	23,736
June 30, 2015	195,000	354,000	353,000	902,000

• ***Main fair value assumptions***

The real estate valuer's estimation of the fair value of the buildings at June 30, 2015 is indicated below, along with the supporting information:

Building	Estimated value at June 30, 2015 (net of taxes)		Rate of return	Gross leasable area[1] at June 30, 2015		Annual rent (net of taxes)[2]	
	in millions of euros	%	%	sq.m.	%	in thousands of euros	%
Europlaza (1999[3])	354	39	6.1	49,321	39	23,540	42
Arcs de Seine (2000[3])	353	39	5.6	45,173	36	21,364	38
Rives de Bercy (2003[3])	195	22	5.7	31,341	25	10,883	20
Total	902	100		125,835	100	55,787	100

(1) The gross leasable area includes the surface area of the offices, storage areas and a share of common areas.
(2) Annual rent includes rent billed to lessees for space occupied at June 30, 2015 and market rent, as estimated by valuers, in relation to vacant premises (EUR 4,751k for Europlaza and €59k for Arcs de Seine).
(3) Year of construction or restoration.

5.2. LOANS AND RECEIVABLES

This item can be broken down as follows:

in thousands of euros

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Security deposits paid	23	23	
Benefits granted to lessees (non-current portion)	30,322	30,918	33,391
Non-current loans and receivables	30,346	30,941	33,391

Benefits granted to lessees (non-current portion) corresponds to the non-current portion of rent-free periods, rent discounts and lease premiums paid to lessees recognized over the firm term of the lease in accordance with the accounting regulations stated in Note 2.11.

5.3. TRADE ACCOUNTS RECEIVABLE

This item can be broken down as follows:

in thousands of euros

	June 30, 2015	Dec. 31, 2014	June 30, 2014	June 30, 2014 Pro forma[1]
Trade accounts receivable	12,945	6,469	8,354	10,139
Provision for impairment of trade accounts receivable	0	0	0	0
Trade accounts receivable, net	12,945	6,469	8,354	10,139

(1): Pro forma figures at June 30, 2014 have been restated to reflect the retrospective application of IFRIC 21 "Levies".

5.4. OTHER OPERATING RECEIVABLES

This item can be broken down as follows:

in thousands of euros

	June 30, 2015	Dec. 31, 2014	June 30, 2014
Rental expenses	0	0	0
Benefits granted to lessees (current portion)	4,889	5,614	1,990
Input VAT	360	0	87
Supplier accounts in debit and other receivables	38	425	33
Liquidity account/treasury shares	275	237	219
Other operating receivables	5,562	6,276	2,329

5.5. CASH AND CASH EQUIVALENTS

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

Current bank account balances recorded in this caption represent EUR 24,072k.

5.6. AGEING ANALYSIS OF RECEIVABLES

The ageing analysis of receivables at June 30, 2015 is as follows:

in thousands of euros

	Receivables (net of impairment) June 30, 2015	Receivables not yet due (net of impairment)	Receivables past due (net of impairment)	o/w receivables less than 6 months past due	o/w receivables more than 6 months and less than 1 year past due	o/w receivables more than 1 year past due
Non-current receivables						
Non-current loans and receivables	30,346	30,346	0	0		0
Total non-current receivables	30,346	30,346	0	0	0	0
Current receivables						
Trade accounts receivable*	12,945	12,931	0	11	0	3
Other operating receivables	5,562	5,562	0	0	0	0
Prepaid expenses	200	200	0	0	0	0
Total current receivables	18,706	18,692	0	11	0	3
Total receivables	49,052	49,038	-	11	-	3

* The amount of trade accounts receivable pledged as collateral for loans and borrowings amounts to EUR 11,480k and is detailed in Note 5.23.

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

in thousands of euros

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

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

5.7. FAIR VALUE OF FINANCIAL ASSETS

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

5.8. FINANCIAL ASSETS AND LIABILITIES

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

in thousands of euros

Summary of financial assets and liabilities	June 30, 2015	Dec. 31, 2014	June 30, 2014
Financial assets at fair value through profit or loss	0	0	0
Held-to-maturity investments	0	0	0
Loans and receivables			
Non-current loans and receivables	30,346	30,941	33,391
Current receivables	18,506	12,745	10,683
Available-for-sale financial assets		0	0
Cash and cash equivalents	24,072	23,499	26,983
Total financial assets	72,924	67,184	71,056
Financial liabilities at fair value through profit or loss	0	0	0
Financial liabilities measured at amortized cost			
Non-current liabilities	406,503	406,055	400,531
Current liabilities	36,282	9,204	17,709
Total financial liabilities	442,785	415,259	418,240

5.9. CHANGES IN IMPAIRMENT OF FINANCIAL ASSETS

No impairment was recognized against financial assets in the period.

5.10. CONSOLIDATED EQUITY

Composition of and changes in shareholders' equity

	Number of shares	Par value of shares *in euros*	Share capital *in thousands of euros*	Legal reserve and additional paid-in capital *in thousands of euros*	Consolidated reserves and retained earnings *in thousands of euros*
Shareholders' equity at Dec. 31, 2014	13,372,500	12	160,470	21,436	327,229
Dividends paid	0	0	0	0	(22,065)
Net income for the period	0	0	0	0	32,149
Change in treasury shares held	0	0	0	0	38
Shareholders' equity at June 30, 2015	13,372,500	12	160,470	21,436	337,351

Consolidated reserves and retained earnings comprise Cegereal SA reserves for (EUR 5,399k), IFRS adjustments (non-distributable items) of EUR 190,408k and the revaluation reserve in the amount of EUR 152,342k.

Treasury shares

in euros

	Amount at June 30, 2015	Amount at Dec. 31, 2014	Amount at June 30, 2014
Acquisition cost	562,868	557,763	528,167
Number of treasury shares at reporting date	20,660	21,955	22,595

5.11. NON-CURRENT BORROWINGS

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

An amendment to this loan agreement was signed on August 7, 2014 providing for an additional EUR 5 million tranche to be used to finance renovation projects. This tranche was drawn on November 21, 2014. The interest rate on this tranche is 2.769% if the physical occupancy rate (excluding short-term leases) is below 90% and 2.519% if it exceeds this threshold.

The physical occupancy rate (excluding short-term leases) for the Group's properties was less than 90% over the period from June 1, 2015 to June 30, 2015.

At June 30, 2015, the bank loan, measured at the amortized cost of the consideration received less directly attributable transaction costs, amounted to EUR 402,442k.

The gross interest expense totals EUR 6,907k for first-half 2015.

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

Loan repayment dates are subject to compliance with the covenants or contractual clauses set out in Note 5.24. If the Group fails to comply with these ratios, it could be required to make a partial repayment of the loan in advance. On the last interest payment date (May 15, 2015), the Group complied with both of the ratios described in Note 5.24 (interest coverage, or ICR, and loan-to-value, or LTV).

5.12. FAIR VALUE OF FINANCIAL LIABILITIES

The fair value of the bank loan at June 30, 2015 can be analyzed as follows:

in thousands of euros

	June 30, 2015		Dec. 31, 2014		June 30, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Bank loan	402,442	408,901	401,889	410,274	396,369	403,936
Total	402,442	408,901	401,889	410,274	396,369	403,936

There was no difference between the carrying amounts and fair values of other financial instruments at June 30, 2015.

5.13. OTHER NON-CURRENT BORROWINGS AND DEBT

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

5.14. OTHER OPERATING LIABILITIES

These can be broken down as follows:

in thousands of euros

	June 30, 2015	Dec. 31, 2014	June 30, 2014	June 30, 2014 Pro forma(1)
Personnel	108	22	49	49
Accrued VAT, other taxes and social security charges	5,784	2,806	3,402	5,203
Accrued rental expenses rebilled to lessees	907	822	653	653
Advance payments by lessees - miscellaneous	117	491	86	86
Shareholders	22,065	0	10,029	10,029
Other operating liabilities	28,981	4,140	14,220	16,021
Amounts due to fixed asset suppliers	1,741	905	110	110
Amounts due to fixed asset suppliers	1, 741	905	110	110
Other liabilities	30,722	5,045	14,330	16,131

(1): Pro forma figures at June 30, 2014 have been restated to reflect the retrospective application of IFRIC 21 “Levies”.

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

5.15. MATURITY SCHEDULE FOR LIABILITIES WITH UNDISCOUNTED CONTRACTUAL VALUES

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

in thousands of euros

	Carrying amount at June 30, 2015	Undiscounted contractual value	Undiscounted contractual value		
			Due in 1 year or less	Due in more than 1 year but less than 5 years	Due in more than 5 years
Non-current liabilities					
Non-current borrowings	402,442	405,000		405,000	
Other non-current borrowings and debt	4,061				4,061
Non-current corporate income tax liability					
Total non-current liabilities	406,503	405,000	0	405,000	4,061
Current liabilities					
Current borrowings	1,794	1,794	1,794		
Other current borrowings and debt					
Trade accounts payable	3,106	3,106	3,104	2	
Corporate income tax liability	660	660	660		
Other operating liabilities	30,722	30,722	30,722		
Total current liabilities	36,282	36,282	36,279	2	0

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

5.16. PREPAID REVENUE

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

5.17. RENTAL INCOME

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

in thousands of euros

	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014
Europlaza	9,065	20,770	10,866
Arcs de Seine	7,933	14,008	6,885
Rives de Bercy	4,928	9,968	4,873
Total rental income	21,926	44,746	22,624

5.18. INCOME FROM OTHER SERVICES

Income from other services can be analyzed as follows:

in thousands of euros

	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014	June 30, 2014 Pro forma(1)
Rental expenses rebilled to lessees	3,306	6,489	3,276	3,276
Real estate taxes rebilled to lessees	4,506	4,833	2,250	4,833
Other amounts rebilled to lessees and miscellaneous income	357	1,852	1,032	1,032
Income from other services	8,169	13,173	6,558	9,141

(1): Pro forma figures at June 30, 2014 have been restated to reflect the retrospective application of IFRIC 21 "Levies". Real estate taxes rebilled to lessees correspond to rebillings for the entire year.

5.19. BUILDING-RELATED COSTS

These can be broken down as follows:

in thousands of euros

	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014	June 30, 2014 Pro forma(1)
Rental expenses	3,400	6,463	3,111	3,111
Taxes	5,056	4,858	2,455	4,858
Fees	1,934	3,049	1,618	1,618
Maintenance costs	3	20	(17)	(17)
Expenses on vacant premises	772	1,707	720	720
Other expenses	262	243	39	39
Building-related costs	11,427	16,341	7,927	10,330

(1): Pro forma figures at June 30, 2014 have been restated to reflect the retrospective application of IFRIC 21 "Levies". Taxes correspond to property tax and tax on office premises for the entire year.

Fees mainly comprise asset management fees with Commerz Real Investmentgesellschaft, which amounted to EUR 1,540k in first-half 2015 and EUR 3,049k in 2014. These fees are based on the estimated value of the buildings owned.

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

Rental expenses totaled EUR 9,228k, of which EUR 7,813k were rebilled.

5.20. ADMINISTRATIVE COSTS

Administrative costs mainly comprise professional fees for EUR 722k and payroll expenses for EUR 394k.

5.21. FINANCIAL INCOME AND EXPENSES

Financial income and expenses can be broken down as follows:

	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014
Financial income	0	17	11
Financial expenses	(7,555)	(14,533)	(7,329)
Interest on bank borrowings	(7,555)	(14,533)	(7,329)
Net financial expense	(7,555)	(14,515)	(7,318)

5.22. CORPORATE INCOME TAX AND TAX PROOF

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

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

in thousands of euros

	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014
Corporate income tax(1)	0	11	19
Additional corporate income tax contribution(2)	662	301	0
Corporate income tax	662	312	19

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

5.23. EARNINGS PER SHARE

Earnings per share is calculated by dividing net income attributable to owners of Cegereal SA by the number of ordinary shares net of treasury shares at June 30, 2015, i.e., 20,660 shares. Earnings per share data are provided below the statement of comprehensive income.

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

5.24. OFF-BALANCE SHEET COMMITMENTS AND SECURITY PROVIDED

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

Commitments given

Under the terms of the credit agreement, the main commitments given by the Group are as follows:
- Registration of contractual mortgages on all of the Group's existing real estate assets;
- Assignment of rent receivables under the Dailly Law mechanism on all of the Group's existing real estate assets;
- To ensure that the interest coverage ratio (ICR) (available income/[projected interest + agency fees]) remains above 150%. Non-compliance with this ratio (calculated quarterly on each publication of the valuation reports) results in an obligation to repay the outstanding loan in the amount required for the ratio to be complied with;
- To ensure that the loan-to-value ratio (LTV) (outstanding loan/market value of real estate assets) remains below 70%. Non-compliance with this ratio (calculated quarterly based on the valuation reports) results in an obligation to repay the outstanding loan in the amount required for the ratio to be complied with;

- To provide the agency with accounting and financial documents, valuation reports, financial ratio calculations and other information relating to the buildings described in the credit agreement;
- To allow the agency to carry out audits and visits as set out in the credit agreement;
- To take out insurance as set out in the credit agreement;
- Not to take out any other loans;
- Not to grant any loans apart from those set out in the credit agreement;
- Not to grant liens on these assets, rights or income other than security interests;
- Not to acquire any new real estate assets (excluding financing using equity) or interests;
- To distribute dividends to the Group under the conditions set out in the credit agreement;
- To only acquire investments set out in the credit agreement for cash flow needs;
- In the event that the Group no longer benefits from the SIIC regime, to show that the Group has sufficient equity to pay all the taxes and indemnities for which it may be liable and that the fact of no longer benefiting from the regime will not lead to an effective payment of corporate income tax during the term of the loan resulting in a materially unfavorable event;
- Repaying the loan in advance, which would give rise to breakage costs and an early repayment indemnity.

Further commitments were given in connection with the amendment to the loan agreement dated August 7, 2014. These concerned:
- Informing the agent about any works agreements signed;
- Carrying out the renovation work before the end of 2016 based on the scope defined in the works budget while respecting lessees' rights;
- Agreeing not to replace the companies responsible for carrying out the work without the agency's agreement, once the works agreements have been signed and provided the companies do not default;
- Financing any additional work out of equity along with any additional expenses not initially budgeted for;
- Paying all of the amounts due to the technical expert;
- On completion of the renovation work, providing the agency, as soon as possible, with (i) a copy of the acceptance report, (ii) a copy of the statement specifying that the works are duly complete and were carried out as planned, and (iii) a copy of the certificate stating that the compliance of the work is not contested.

Following the partial asset transfer, Cegereal SA undertook to hold all Prothin SAS shares for a period of three years. Similarly, Prothin SAS agreed to maintain the EUR 196,911k in additional paid-in capital (contribution premium) under shareholders' equity for the same period, unless this restriction were to be waived in the event the company had surplus cash. These commitments expired on December 23, 2014.

Commitments received

Security deposits received from lessees amounted to EUR 14,745k at June 30, 2015.

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

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

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

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

Minimum guaranteed rental income from current operating leases:

At June 30, 2015, the minimum annual rental income (excluding VAT, rebilling of taxes and expenses, and rent decreases agreed after the end of the reporting period), due to the Group through to the earliest possible termination dates of the different operating leases was as follows:

in thousands of euros

	Minimum annual rental income		
	June 30, 2015	Dec. 31, 2014	June 30, 2014
Second-half 2015	23,722		
2016	47,052	44,707	46,042
2017	42,223	42,186	38,187
2018	36,428	36,815	25,331
2019	32,848	33,695	20,714
2020	25,586	26,352	16,692
2021	19,669	19,901	15,352
2022	353	355	

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

5.25. TRANSACTIONS WITH RELATED PARTIES

• *Transactions with related companies*

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

Related party transactions consist mainly of the asset management agreement (see Note 5.19).

in thousands of euros

	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014
Impact on operating income			
Building-related costs: Asset management fees	1,540	3,049	1,465
Administrative costs: Fees	0	0	0
Total impact on statement of comprehensive income	1,540	3,049	1,465
Impact on assets			
Prepaid expenses	0	0	0
Total impact on assets	-	-	-
Impact on liabilities			
Dividends	0	0	5,995
Non-current borrowings	0	0	0
Current borrowings	0	0	0
Trade accounts payable	788	832	732
Total impact on liabilities	788	832	6,727

• *Transactions with key management personnel*

Compensation of the Chairman of the Board of Directors

The Chairman of the Board of Directors' gross compensation was set at EUR 25k for 2014 and EUR 25k for 2015.

Compensation of key management personnel

in thousands of euros

Categories of employee benefits	6 months ended June 30, 2015	12 months ended Dec. 31, 2014	6 months ended June 30, 2014
Short-term employee benefits	296	366	227
Post-employment benefits	0	0	0
Other long-term employment benefits	0	0	0
Termination benefits	0	0	0
Share-based payment	0	0	0
Total	296	366	227

Directors' fees

Directors' fees of EUR 119k were paid for 2014.

Directors' fees were set at a maximum of EUR 120k for 2015.

Loans and securities granted to or on behalf of executives

None

Transactions entered into with executives

None

Entities having key management personnel in common with the Group

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

5.26. PERSONNEL

At June 30, 2015, the Group had three employees, compared to two employees at December 31, 2014.

5.27. STATUTORY AUDITORS

The Statutory Auditors are:

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

Denjean et associés
35 avenue Victor Hugo
75116 Paris

First appointed at the Ordinary and Extraordinary Shareholders' Meeting of December 22, 2011.

Fees paid to the Statutory Auditors for the six-month period ended June 30, 2015 were as follows:

in thousands of euros

	Amount (net of taxes)			%		
	June 30, 2015	Dec. 31, 2014	June 30, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2014
Statutory audit of the financial statements	142	236	166	87	92	96
Advisory services and services directly related to the statutory audit engagement	22	21	6	13	8	4
Total	164	257	173	100	100	100

5.28. SUBSEQUENT EVENTS

None.

4. Statutory Auditors' report

Cegereal S.A.
Siège social : 42, rue de Bassano - 75008 Paris
Capital social : €.160.470.000

Rapport des commissaires aux comptes sur l'information financière semestrielle 2015

Période du 1er janvier 2015 au 30 juin 2015

Mesdames, Messieurs les Actionnaires,

En exécution de la mission qui nous a été confiée par votre assemblée générale et en application de l'article L.451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés de la société Cegereal S.A., relatifs à la période du 1er janvier 2015 au 30 juin 2015, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels consolidés ont été établis sous la responsabilité du conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I - CONCLUSION SUR LES COMPTES

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, la régularité et la sincérité des comptes semestriels consolidés et l'image fidèle qu'ils donnent du patrimoine et de la situation financière à la fin du semestre ainsi que du résultat du semestre écoulé de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur la note 2.12 de l'annexe aux comptes semestriels consolidés qui expose notamment les effets liés à l'application d'IFRIC 21.

II – VÉRIFICATION SPÉCIFIQUE

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés sur lesquels a porté notre examen limité. Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés.

Paris-La Défense, le 23 juillet 2015

KPMG Audit FS I

Regis Chemouny
Associé

Denjean & Associés

Thierry Denjean
Associé

CEGEREAL

Shareholders and Investor Relations
42, rue de Bassano - 75008 Paris
France
Tel.: +33 (0)1 42 25 76 36
info@cegereal.com

www.cegereal.com

TERRE DE SIENNE Paris | www.terredesienne.com

CeGeREAL