REFERENCE DOCUMENT 2017

Foncière des Régions

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2017

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ANNUAL RESULTS 2017

PROFILE

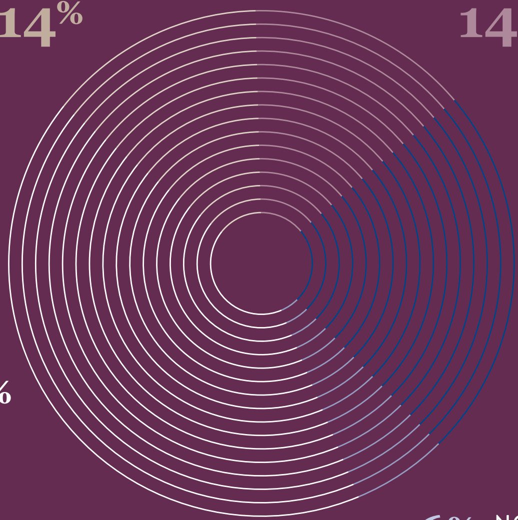
A €21 BILLION PORTFOLIO, CENTRED ON MAJOR EUROPEAN CITIES

Foncière des Régions holds assets worth **€21 billion** centred in major European cities, in particular Paris, Berlin and Milan.
With the focus constantly on closer relations with clients, Foncière des Régions relies on a strong long-term partnership strategy with regions and users (Suez, Thales, Dassault Systèmes, Orange, EDF, AccorHotels, B&B Hôtels, Telecom Italia, etc.). As an investor and developer at both ends of the real estate value chain, the Group has a European development pipeline of €5.1 billion to pursue its growth.

The 5th *largest REIT in Europe*

Now a leading real estate operator in its markets, Foncière des Régions consolidated its foothold in major European cities in 2017.
€1.8 billion in investments were made, mainly in Offices in Paris and Milan, Residential in Berlin, and Hotels in Barcelona and Madrid. These investments, made under optimal conditions, will drive future growth.

GEOGRAPHIC BREAKDOWN OF EUROPEAN PORTFOLIO



OFFICES IN ITALY 14%

14% HOTELS IN EUROPE

24% GERMANY RESIDENTIAL

OFFICES IN FRANCE 42%

6% NON-STRATEGIC

KEY FIGURES

€21
BILLION
portfolio at 100%
of which 77% in major
European Cities

€13
BILLION
in Group share

€1.8
BILLION
of investments
in 2017 in major
European Cities

INTENSIFICATION OF EUROPEAN DEVELOPMENT AND SPEED-UP IN GROWTH

In keeping with the rental market, which favours new buildings, Foncière des Régions continued its investments in development projects. In 2017, no fewer than 12 assets were delivered, representing 89,000 m² of office space and 683 hotel rooms.

The Group's expansion ambitions are driven by 28% pipeline growth, to €5.1 billion in office space, residential and hotels.

For **Offices** for example, the Group delivered the Silex[1] building (10,600 m²), a new standard-setting prime asset in the central business district of Lyon facing the train station, let amongst others to BNP Paribas and Nextdoor. In Issy-les-Moulineaux, the EDO building (10,800 m²), fully redeveloped since the tenant's departure, is now the new head office for Transdev, a leader in urban mobility. Similarly, in Milan, the Amundi teams will soon move to their new 8,300 m² head office in via Cernaia, delivered by the Group last December. These developments, smart buildings, built to the highest environmental standards and popular with users (98% occupancy rate), will reinforce the Group's foothold in strategic locations and improve the quality of our portfolio. They also constitute a compelling growth driver. Value creation for assets delivered in 2017 was thus almost 50%.

In **Germany Residential**, Foncière des Régions launched a development scheme this year to bring new demand-driven housing units to the market. A project pipeline of €488 million, representing construction capacity of close to 2,300 housing units primarily in Berlin, was identified in the existing asset portfolio.

With **Hotels**, Foncière des Régions extended its European operations to major Spanish cities with the acquisition for €559 million of 17 four and five-star hotels, 80% located in Madrid and Barcelona. The Group has thus reached critical size on the booming Spanish market and entered into new partnerships with leading Spanish chains. Foncière des Régions moved on to a new phase in its partnership with NH Hotels, through the acquisition of purchase options for 4 hotels in Berlin, Hamburg, Amsterdam and Amersfoort totalling 630 rooms. With 11 NH hotels in Europe, Foncière des Régions will become the No. 1 lessor for NH, one of the major European hotel groups.

2017 KEY FIGURES

European development pipeline of
€ 5.1
billion

12
development projects delivered
representing 89,000 m² in office space and 683 hotel rooms

Occupancy rate of
98
%

GERMANY RESIDENTIAL

BERLIN
Germany Residential

FRANCE OFFICES

MONTROUGE
Flow

MADRID
Barcelo

HOTELS IN EUROPE

MILAN
Shievano

ITALY OFFICES

CUSTOMER CULTURE AT THE HEART OF STRATEGY

Perfect control over the real estate value creation chain allows Foncière des Régions to take customer relations and satisfaction to new levels. All-round expertise, integrated on a European scale, provides the platform to support users and increasingly respond to their need for new experiences. The expertise of Foncière des Régions provides the means to associate trends in Hotels/Offices/Residential to boost and broaden its service offering.

In 2017, Foncière des Régions opened its first ever flexible co-working office space in Paris (8^{th} district) and Marseille, in the Calypso building at the Euromed Center. The Group aims to open 70,000 m² of such space in Europe by 2022.

In Germany Residential, asset management policy and new development activity will enable the Group to broaden the real estate options available to its tenants by offering furnished apartments, accommodations that are serviced or specifically designed for sharing (co-living). By 2022, this offering will be expanded to comprise 3,000 rooms in the most exciting areas in Berlin.

Groupe OnePoint, Paris

1

partnership with Immowell Lab based on three pillars:

Well-being in the workplace, Construction & energy, and disruptive business models

Opening of

70,000

m² in co-working space
in Europe by 2022


ORANGE, Marcadet, Paris


WELLIO, The Line, Paris


MEININGER Hotel

Over

100

participants in the first hackathon organised by Foncière des Régions and its partners, Orange and IBM, aimed at identifying new products and services to improve the quality of life at work

Co-living in Germany:

3,000

rooms by 2022
in Berlin


COLIVING, Berlin

CORPORATE CULTURE SUPPORTING THE GROUP'S EUROPEAN STRATEGY

With 846 employees in Europe, Foncière des Régions offers exciting projects and prospective career paths and strives each day to create the right conditions to enable men and women to express themselves and fully develop their potential. The creation of posts, codes and common tools across Europe helps the Group foster its culture and share best practices while leveraging expertise.

In 2017, Foncière des Régions launched the Ex-aequo programme, which aims to promote gender equality across Europe. Through awareness-raising and a mentoring programme, which supports and guides 22 French, Italian and German women employees in their professional careers, Foncière des Régions is pursuing its initiatives to encourage the progress of women within the Group.

2017 KEY FIGURES

82
%
*of employees are proud to work at Foncière des Régions**

** Scale in France, provided by the Kantar TNS institute in France from 24 April to 12 May 2017.*

48
%
men

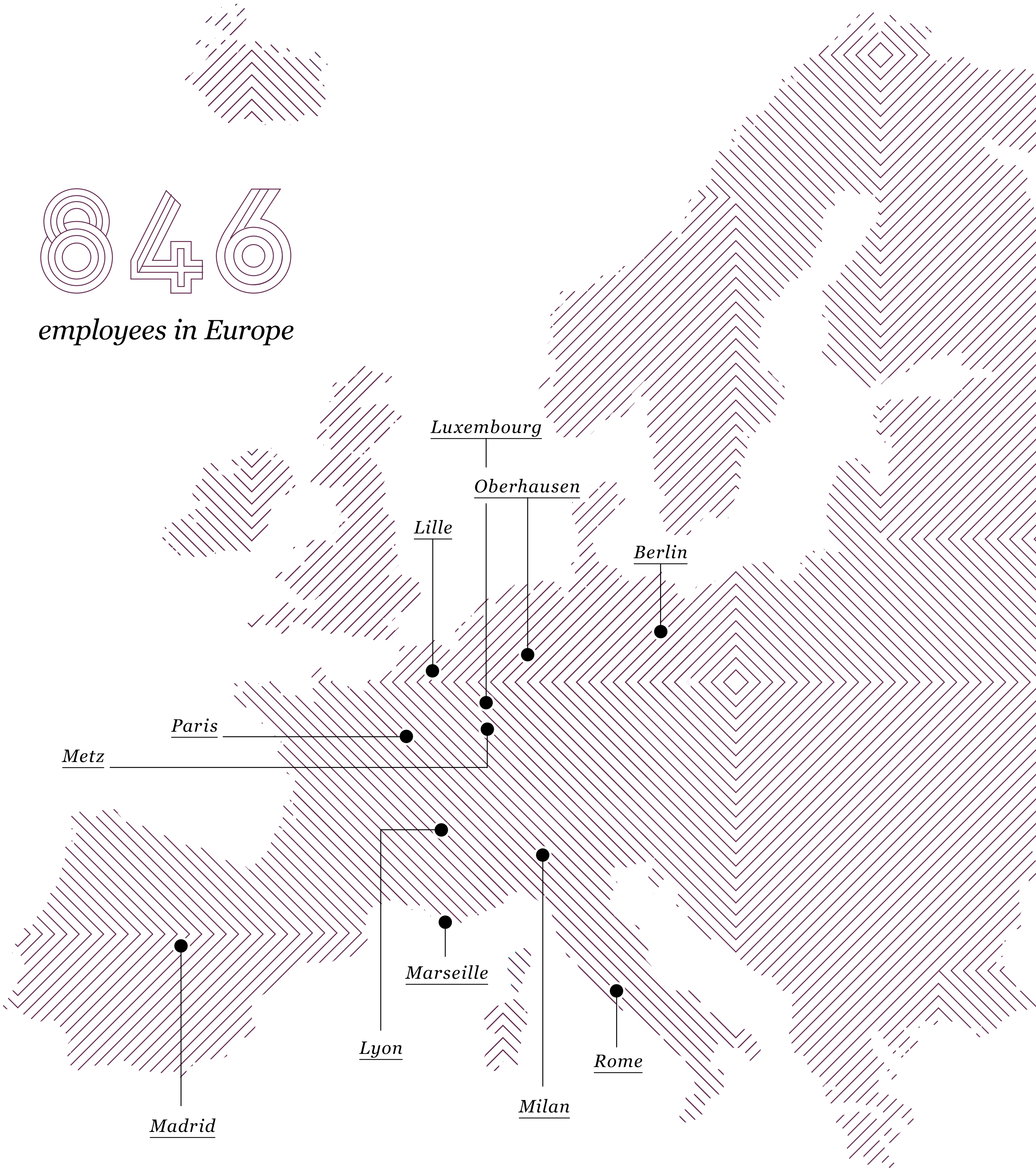
87.7
%
employees on open-ended contracts

52
%
women

OUR LOCATIONS

846

employees in Europe



"With operational, financial, social and environmental indicators up, Foncière des Régions had an exceptional year. Ever more exposed to European cities, innovative and close to its clients, and relying on large growth reserves, the Group has all the keys to continue its European development."

Christophe Kullmann, CEO of Foncière des Régions

1.3. VERY GOOD 2017 RESULTS: A SUCCESSFUL EUROPEAN GROWTH

1.3.1. A €21 billion portfolio, centred on major European cities

Foncière des Régions holds a portfolio of €21 billion (€13 billion Group Share), up 10% year-on-year, centred on large European cities, in particular Paris, Berlin and Milan (62% of the portfolio). With a view to continually strengthening its relationship with its clients, Foncière des Régions relies on a strong long-term partnership strategy with the regions and users (Suez, Thales, Dassault Systèmes, Orange, EDF, Vinci, Eiffage, AccorHotels, Telecom Italia…). As an investor and developer, working throughout all the real estate value chain, the Group can rely on a European development pipeline of €5.1 billion (+28% year-on-year) to maintain its growth.

1.3.2. Focus on the major European cities

A leading European real estate operator in its markets, Foncière des Régions consolidated its foothold in major European cities in 2017. It made investments of €1.8 billion, mainly in Paris and Milan, in offices, in Berlin in residential property and in Barcelona and Madrid, in hotels. These investments were made under excellent conditions (average acquisition yield 5.0%; average price of apartments acquired mainly in the centre of Berlin, €2,010/m²) and will feed future growth.

At the same time, €1.4 billion of asset sales has been signed, with an average margin of 8%, enhancing the qualitative positioning of the portfolio. For instance, Foncière des Régions reduced its exposure to Telecom Italia, in Italy, by half. Similarly, the proportion of non-core offices in France was halved, to 5%. At the same time, the Group accelerated its withdrawal from non-strategic activities (Retail in France and Italy, Residential in France), which now account for only 6% of the portfolio.

1.3.3. As close as possible to our clients

Innovative and receptive to its customers' expectations, Foncière des Régions continues to add to its real estate offering and broaden its services, in line with its rationale of having 360° expertise across all its businesses.

In France Offices, in order to support users and increasingly satisfy their need for flexibility, Foncière des Régions opened its first flexible and co-working office spaces in Paris 8th and Marseille-Euromed. The Group has set a target to open more than 70,000 m² of such spaces in Europe by end 2022.

In Germany Residential, its asset management policy and its new development activity will enable the Group to broaden the real estate options available to its tenants by offering in particular furnished apartments, housing units that are serviced or specifically designed for sharing (co-living).

By 2022, this offering will be expanded by 3,000 rooms in the most dynamic districts of Berlin.

These new activities will also contribute to growing income. The expected profit on flexible and co-working spaces is 30% greater than the equivalent rental income. In Germany, revenues from co-living apartments will exceed those from traditional apartments by 50%.

1.3.4. Success of the development pipeline, a growth driver

In keeping with the rental market, which favours new buildings, and sustained by its solid track record, Foncière des Régions continued its investments in development projects.

In 2017, no fewer than 12 assets were delivered, made up of 89,000 m² of office space and 683 hotel rooms. In Offices, for example, the Group delivered the Silex1 building (10,700 m²), the new prime asset benchmark in the central business district of Lyon, opposite the Part-Dieu train station and let mainly to BNP Paribas and Nextdoor. At Issy-les-Moulineaux, the EDO building (10,800 m²), completely restructured after the departure of its tenant, has become the new headquarters of one of the leaders in urban mobility, Transdev. Similarly, in Milan, the Amundi teams will come together in their new 8,300 m² headquarters in via Cernaia, delivered by the Group last December.

Smart buildings, made to the best environmental standards and with strong appeal to users (occupancy rate already 98%), these developments will strengthen the Group's foothold in its strategic locations and improve the portfolio's quality. They are also a formidable growth driver. The value creation of the assets delivered in 2017 has thus reached almost 50%, and rents for leased offices are up by almost 10% on the forecasts.

Pipeline growth of 28%, now at €5.1 billion in Offices, Residential and Hotels, is fuelling the Group's development ambitions. In particular, in German Residential, Foncière des Régions this year launched a development activity to bring new demand-tailored residential units to the market. A pipeline with €488 million in projects, *i.e.* a construction capacity of more than 2,300 units located mainly in Berlin, has been identified in the existing portfolio.

1.3.5. Hotels: intensification of European development and acceleration of growth

Hotel Real Estate leader in Europe and preferred partner of major industry operators, Foncière des Régions leverages its unique position as an agile, integrated hotel real estate operator to acquire as well as to develop, in leased and operating properties.

In 2017, Foncière des Régions extended its European operations to major Spanish cities, with the acquisition, for €559 million, of 17 hotels (4- and 5-star with 3,335 rooms; €167K/room), 80% located in Madrid and Barcelona. The Group has thus reached critical size in the booming Spanish market (Revpar 2017 up by 9% – source STR) and is forming new partnerships with leading Spanish chains. At end 2017, the portfolio valuation was already up by 7% on a like-for-like basis.

A new phase in the partnership with NH Hotels was also reached, with the acquisition of purchase options for four hotels in Berlin, Hamburg, Amsterdam and Amersfoort totalling 630 rooms. The options will be exercised in 2018 for a total investment of €111 million (€177 thousand/room) and a rental yield of 5.7% (of which 5.1% based on the guaranteed minimum rent). These 4-star city-centre hotels boast high profitability (average EBITDAR margin above 50%) and reinforce the presence in major European cities. With 11 NH hotels in Europe, Foncière des Régions will become NH's No. 1 lessor, NH ranking as one of Europe's leading hotel groups.

1.3.5.1. Foncière des Murs-FDM Management merger to accelerate European expansion in hotels

Structural developments in the hotel market in Europe in recent years, and changes to holding methods by operators have increased the opportunities for investments in operating properties and the requirements to be a global player, with enhanced asset management capabilities.

In 2014, anticipating these transformations, Foncière des Régions created FDM Management, an investment vehicle dedicated to operating hotel properties. FDM Management was then held 40.7% by Foncière des Murs, a subsidiary of Foncière des Régions (50%-owned) specialising in hotels under lease.

Since then, FDM Management has built up a prime portfolio of €1.3 billion in 4- and 5-star hotels, mainly in major cities of Germany (in particular Berlin) and Northern France.

Buoyed by this success and in order to increase growth capacities, Foncière des Murs and FDM Management merged in January 2018. Foncière des Régions, sole general partner of Foncière des Murs, holds 42% of its subsidiary's capital and has retained control over it.

With this merger, Foncière des Régions is establishing itself as the leading player in hotel investment in Europe, its hotel portfolio being valued at €4.8 billion, with 44,445 rooms, and 68% of its hotels top- and mid-range and with a uniform geographic and customer exposure.

The Group is also asserting its status as the preferred partner of hotel operators and managers in Europe, with a single point of contact, operating across the entire hotel property value chain. Accordingly Foncière des Régions supports no fewer than 18 operators and 28 brands with their development strategy, including AccorHotels, B&B, Carlson-Rezidor, InterContinental, Starwood-Marriott, NH, Motel One, Meininger, etc.

1.3.6. Excellent operational performance across all of our markets

In a buoyant rental environment across all of its markets, rents have accelerated their recovery by 2.0% on a like-for-like basis over the year (€589 million Group Share and €927 million at 100%). Almost 40% of this growth stems from the positive impact of lease renewals, mainly in Germany Residential.

Strategic operations carried out in recent years are bearing fruit. Office rents in Milan have increased by 2.4% on a like-for-like basis (*vs* 1.1% on average in Offices Italy), and income from the residential portfolio in Berlin increased by 5.8% over the period (*vs* 4.2% over the whole of the Germany Residential portfolio).

Its customer focus, combined with a policy of tailored and selective innovation and its long-standing partnership culture, enables Foncière des Régions to achieve a historically high occupancy rate, up again by 1.2 point to 97.9%.

2017 *(€M)*	Rental income 100%	Rental income Group Share	Change	Change on like-for-like basis	Occupancy rate	Residual firm terms of leases
Offices – France	272.1	246.9	-1.1%	+1.0%	97.4%	5.0 years
Offices – Italy	187	87.3	-5.4%	+1.1%	97.2%	7.6 years
Residential Germany	230.1	144.2	+9.6%	+4.2%	98.4%	N/A.
Hotels in Europe	174.1	76.8	+29.5%	+3.2%	100.0%	11.2 years
Strategic Activities	863.4	555.2	+4.2%	+2.1%	98.0%	6.6 years
Other (French Resi., Retail France & Italy)	64.1	33.8	-18.8%	N/A	N/A	N/A
TOTAL	**927.4**	**588.9**	**+2.5%**	**+2.0%**	**97.9%**	**6.6 years**

1.3.7. The portfolio valuation has benefited greatly from strategic choices

The portfolio, standing at €21.2 billion at end 2017 (€12.8 billion Group Share), has grown by €2 billion year-on-year, mainly due to investments made (€0.5 billion net of sales) and the €1 billion increase in asset values. On a like-for-like basis, the increase year-on-year was 6.2%, in a favourable context of falling interest rates, but also due to strategic choices made by Foncière des Régions:

- strengthening the development pipeline: +28% on a like-for-like basis on the values of France Office deliveries in 2017 (*i.e.* a value creation of 50%)
- concentration of the Italy exposure in Milan (64% of the Italian portfolio): +5% of value on a like-for-like basis for the Milan offices portfolio
- intensification of the Berlin proportion in Residential (55% of the German Residential portfolio): a gain of 17% on a like-for-like basis from the Berlin portfolio
- increase in the European Hotels exposure: +7% on the Spanish portfolio.

Value of the Foncière des Régions portfolio at end 2017

(€M, Excluding Duties)	Value 2016 100%	Value 2017 100%	Value 2017 Group Share	LfL change 12 months	Yield 2017	% of portfolio
France Offices	6,183	6,351	5,412	+5.4%	5.3%	42%
Italy Offices	3,711	3,937	1,738	+2.3%	5.5%	14%
Residential Germany	4,004	4,957	3,114	+15.0%	4.7%	24%
Hotels in Europe	3,842	4,807	1,783	+4.3%	5.5%	14%
Total Strategic activities	17,740	20,053	12,047	+6.8%	5.2%	94%
Non-strategic (France Residential, Retail France & Italy)	1,499	1,102	737	-3.3%	5.0%	6%
TOTAL PORTFOLIO	**19,240**	**21,154**	**12,784**	**6.2%**	**5.2%**	**100%**

1.3.8. Strong growth in financial results

1.3.8.1. Major progress in improving the debt profile

Rated BBB, stable outlook, by S&P since July 2015, the Group has taken a new step in improving its financial profile. LTV reached a historically low level of 40.4%, down by 5.0 points over two years (-4.2 points in 2017). Over the same period, the dynamic financing management extended the debt maturity to 6.2 years, compared with 5 years at end 2015, and reduced the cost to 1.87% *vs* 2.80% at end 2015 (2.21% end 2016).

In a volatile financial environment, Foncière des Régions can rely on a diversified debt (55% in unsecured debt), combining flexibility, safety and cost optimisation. ICR has improved once again, now at 4.4 *vs* 3.0 in 2015 (and 3.6 in 2016).

1.3.8.2. 10% growth in Recurring Net Income to €391 million

Benefiting from the solid leasing and investment momentum, as well as the reduced cost of debt, **Recurring Net Income reached €391 million,** thus gaining 10% year-on-year, compared with a target (in July 2017) of more than 7%.

Per share, **Recurring Net Income was €5.31,** up 1% year-on-year, following the issue of new shares from the capital increase in January 2017, intended to finance the acquisition of a hotel portfolio in Spain and the development pipeline. **EPRA Earnings** stood at €358 million, up 9% year-on-year, and €4.86/share. Finally, net profit was €914 million, up 17% year-on-year.

These very high quality results were achieved against a dynamic of deleveraging, by 4.2 points over a year, and continued improvement in the quality of the portfolio (73% of France Offices green, compared with 65% at end 2016; 64% of assets in Milan in Italy *vs* 53%; 55% of Residential in Berlin, *vs* 48%).

1.3.8.3. Proposed 2.3% increase in the dividend, of €4.50 per share

In keeping with its policy of sustainably increasing the dividend, in line with its income growth, the Group will recommend a dividend of €4.50 per share to the General Meeting on next 19 April, a year-on-year increase of 2.3%. At the closing on 13 February 2018, the dividend yield stands at 5.2%.

1.3.8.4. EPRA NAV up by 19% and €1.1 billion

In 2017, Foncière des Régions was able again to count on the loyalty of its shareholders to finance its European growth. Accordingly €470 million of equity was created over the period, *via* the January 2017 capital increase (of €400 million) and the contribution of shares in FDL, the France Residential subsidiary, in exchange for new Foncière des Régions shares, prior to its delisting.

The increase in equity, the steady increase in Recurring Net Income and the 6.2% rise in asset values (*i.e.*, €627 million Group Share) on a like-for-like basis resulted **in strong growth of the EPRA NAV, up 19% year-on-year** to €7.1 billion (€6.5 billion in EPRA NNNAV, *i.e.* a rise of 22%).

Per share, and including the capital increase, **EPRA NAV stands at €94.5,** a year-on-year increase of 9% (€86.3 for EPRA NNNAV, *i.e.* a rise of 12%).

1.3.9. Dominique Ozanne appointed Deputy CEO of Foncière des Régions

On 14 February, the Group's Board of Directors appointed Dominique Ozanne Deputy Chief Executive Officer of the Group for a term of four years. In parallel with his responsibilities as General Manager Hotels, he will now enter the Group's General Management team, formed by Olivier Estève, also Deputy CEO and Christophe Kullmann, CEO.

A graduate of the ESTP and HEC, aged 39, Dominique Ozanne joined Foncière des Régions in 2003 and has been leading the hotel business since 2011. He has contributed to making this growth market a strategic pillar of Foncière des Régions, which today stands as the leading hotel investment company in Europe.

1.3.10. 2018 outlook favourable

With its high quality teams, working as close as possible to its customers in Europe, Foncière des Régions enters 2018 with enhanced growth capabilities and a particularly sound balance sheet.

Driven by an optimal risk-return track record over time, the development pipeline momentum should remain strong. In 2018, Foncière des Régions plans to launch €900 million in new office projects, thus bringing the offices committed pipeline to more than €1.3 billion by the end of the year (up 80% year-on-year).

In 2018, in a favourable rental environment across all its markets, the Group has set itself an objective of rental income growth on a like-for-like basis of around 2.5% and **growth of its EPRA Earnings per share of around 3%.**

In the medium term, with its ambition to be Europe's leading integrated operator, the Group can rely on unique growth reserves, in Paris (€1 billion in offices leased to Orange, with high valuation potential), in Milan (110,000 m^2 of real estate reserves on Symbiosis), and in Berlin (150,000 m^2 on Alexanderplatz).

1.4. BUSINESS ANALYSIS

Changes in scope

With a view to simplify the organization and reinforce the exposure to its strategic markets, Foncière des Régions increased its share in its subsidiaries in 2017:

- +0.2% in its Italy Offices subsidiary Beni Stabili, held at 52.4% at end-December 2017
- +0.1% in its Hotel subsidiary Foncière des Murs, held at 50.0% at end-December 2017
- +0.7% in its German Residential subsidiary Immeo, held at 61.7% at end-December 2017
- +38.7% in its subsidiary Foncière Développement Logements, held at 100% at end-December 2017. The company was delisted at the same time. The average ownership retained for 2017 is 61.3%.

1.4.1. *Recognised rental income: +4.2% on strategic activites*

	100%			Group Share				
(€M)	2016	2017	Change (%)	2016	2017	Change (%)	Change (%) LfL[1]	% of rent
France Offices	274.8	272.1	-1.0%	249.7	246.9	-1.1%	1.0%	42%
Paris	84.4	81.9	-3%	79.8	77.3	-3%	1.2%	13%
Greater Paris	132.0	136.0	3%	111.4	115.3	3%	1.0%	20%
Other French regions	58.4	54.3	-7%	58.5	54.3	-7%	0.8%	9%
Italy Offices	180.2	187.0	3.8%	92.2	87.3	-5.4%	1.1%	15%
Offices – excl. Telecom Italia	81.4	88.4	9%	41.5	46.3	12%	1.9%	8%
Offices – Telecom Italia	98.8	98.6	0%	50.8	40.9	-19%	0.4%	7%
Germany Residential	212.5	230.1	8.3%	131.6	144.2	9.6%	4.2%	24%
Berlin	84.3	103.4	23%	52.2	70.6	35%	5.8%	12%
Dresden & Leipzig	17.8	21.3	19%	11.1	14.0	25%	3.3%	2%
Hamburg	13.0	14.2	9%	8.5	9.2	8%	3.8%	2%
North Rhine-Westphalia	97.4	91.3	-6%	59.8	50.5	-16%	3.1%	9%
Hotels in Europe	143.9	174.1	21.0%	59.3	76.8	29.5%	3.2%	13%
France	98.5	89.7	-9%	38.0	34.9	-8%	3.1%	6%
Germany	17.3	22.3	29%	7.9	10.8	37%	1.4%	2%
Spain	0.5	33.3	N/A	0.3	16.6	N/A	N/A	3%
Others	27.6	28.9	5%	13.1	14.4	9.8%	4.4%	2%
TOTAL STRATEGIC ACTIVITIES	**811.4**	**863.4**	**6.4%**	**532.8**	**555.2**	**4.2%**	**2.1%**	**94%**
Non-strategic	81.8	64.1	-21.6%	41.6	33.8	-18.8%	N/A	6%
Retail Italy	20.0	17.8	-11%	10.2	9.3	-9%	-1.2%	2%
Retail France & healthcare	46.6	34.8	-25%	22.1	17.4	-21%	0.2%	3%
Other (France Residential)	15.2	11.4	-25%	9.3	7.0	-25%	N/A	1%
TOTAL RENTS	**893.2**	**927.4**	**3.8%**	**574.4**	**588.9**	**2.5%**	**2.0%**	**100%**

(1) LfL: Like-for-Like.

The Group Share of rental income from strategic operations increased 4.2% over one year, and 2.5% when including non-strategic activities. This €15 million increase is due primarily to the following effects:

- acquisitions (+€41.5 million) mostly in Hotels (+€18.7 million), with a portfolio of 17 assets in Spain, and in Germany Residential (+€15.0 million), mainly in Berlin
- deliveries of new assets (+€8.3 million), mainly in France Offices, in particular Silex1 in Lyon
- acceleration of like-for-like rental growth of 2.0% (+€10.3 million) with:
  - +1.0% in France Offices, due to indexation (0.3 pt) and good rental performance (0.7 pt)
  - +1.1% in Italy Offices (excluding Retail), due to an improvement in the occupancy rate
  - +4.2% in Germany Residential, including 1.8 pt due to indexation and 2.1 pts due to renewals
  - +3.2% In Hotels, of which a 5.5% growth in AccorHotels variable rents thanks to the recovery of the hotel market
- releases of assets intended to be restructured or redeveloped (-€2.5 million)
- asset disposals: (-€45.8 million), especially:
  - in Italy Offices (-€13.1 million) with the syndication of the Telecom Italia portfolio (-€11 million)
  - in Hotels (-€12.8 million) with the disposal of underperforming AccorHotels assets in secondary locations in 2016
- the reinforcement in Hotels with the impact over a full year of the increase in ownership in Foncière des Murs in 2016 (+€4.3 million).

1.4.2. *Lease expirations and occupancy rates*

1.4.2.1. Annualised lease expirations: average lease term remain high at 6.6 years

(years)	By lease end date (1st break)		By lease end date	
Group Share	**2016**	**2017**	**2016**	**2017**
France Offices	5.6	5.0	6.2	6.0
Italy Offices (incl. Retail)	9.0	7.2	14.6	7.9
Hotels in Europe (incl. Retail)	10.4	10.7	10.7	12.5
TOTAL	**7.2**	**6.6**	**9.0**	**7.7**

The average residual firm duration remains at a high level of 6.6 years at the end of 2017, having fallen as a result of the syndication in Italy Offices of 40% of the Telecom Italia portfolio. In France, the firm lease duration fell 0.6 point due to approaching maturities on assets earmarked for redevelopment in 2018.

Group Share *(€M)* **Excluding Residential**	**By lease end date (1st break)**	**% of total**	**By lease end date**	**% of total**
2018	50.5	11%	16.5	4%
2019	48.8	10%	29.8	6%
2020	25.4	5%	27.6	6%
2021	32.5	7%	42.7	9%
2022	41.7	9%	37.5	8%
2023	48.1	10%	46.2	10%
2024	9.6	2%	20.1	4%
2025	54.3	12%	56.4	12%
2026	42.0	9%	41.8	9%
2027	19.1	4%	29.4	6%
Beyond	92.9	20%	116.9	25%
TOTAL	**464.9**	**100%**	**464.9**	**100%**

The percentage of firm lease terms under three years remained stable compared to 2016, at 27% of annualised rental income, giving the Group excellent visibility over its cash flows, which are thus secured on the medium term.

Of the €50.5 with a term in 2018, around half of it concerns French Offices assets included in the managed pipeline. Some of them will be committed in 2018 (Omega in Levallois, the headquarters of Citroën in Paris-Saint-Ouen, the Orange building Gobelins in Paris 5th).

1.4.2.2. Occupancy rate: 97.9%, an increase of 1.2 point

(%)	Occupancy rate	
Group Share	**2016**	**2017**
France Offices	95.6%	97.4%
Italy Offices (incl. Retail)	95.5%	96.6%
Germany Residential	98.2%	98.4%
Hotels in Europe (incl. Retail)	100.0%	100.0%
TOTAL	**96.7%**	**97.9%**

All the strategic activities of the Groupe benefit from an increase in the occupancy rate. Overall, the average rate reached the record level of 97.9%. The long-term resilience of the occupancy rate (above 96% since 2013) reflects the very good risk profile of Foncière des Régions.

1.4.3. *Breakdown of rental income Group Share*

1.4.3.1. Breakdown by major tenants: a strong rental income base

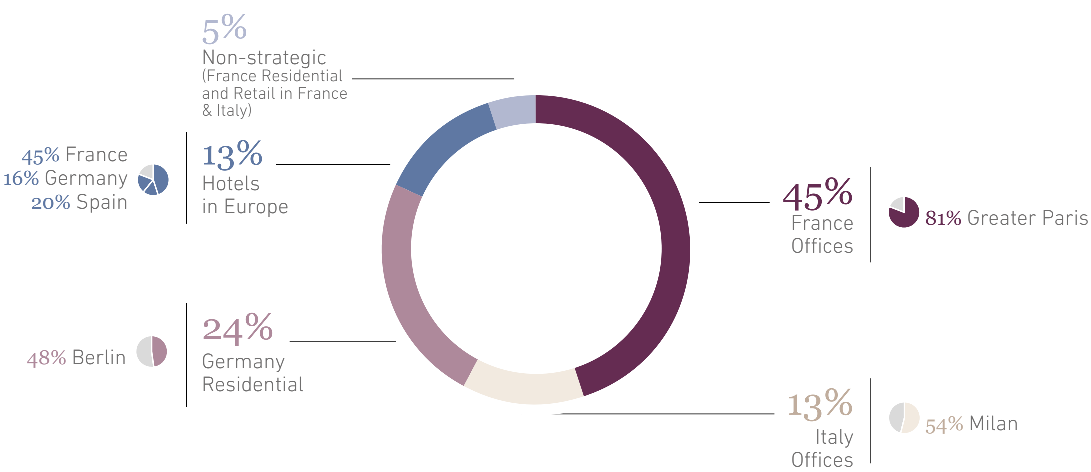
Group Share (€M)	Annualised rents 2017	%
Orange	74.2	12%
Telecom Italia	31.1	5%
AccorHotels	27.1	4%
Suez	21.8	4%
B&B	19.7	3%
EDF/Enedis	16.7	3%
Vinci	14.8	2%
Dassault Systèmes	12.5	2%
Eiffage	9.3	2%
Thalès	10.8	2%
Natixis	10.7	2%
Intesa San Paolo	8.2	1%
Tecnimont	6.8	1%
Sunparks	6.7	1%
Jardiland	6.5	1%
NH	6.4	1%
AON	5.4	1%
Lagardère	5.3	1%
Other tenants < €5 M	170.9	28%
Germany Residential	146.0	24%
France Residential	8.6	1%
TOTAL RENTS	**619.5**	**100%**

In 2017, Foncière des Régions continued its strategy of diversifying its tenant base. As a result, exposure to the three largest tenants continues to fall (21% compared to 26% at the end of 2016, and 41% at the end of 2014), notably as a result of the disposal of 40% of the Telecom Italia portfolio completed in the first half of 2017, whose weighting fell 4 points to 5%.

Moreover, the Group's partnership strategy was extended to new players, particularly in the Hotel segment with the main Spanish operators (Barcelo Melia, Hotusa, and NH). The development projects have enabled new partnerships to be forged, for example the Edo project in Issy-les-Moulineaux, selected by the Transdev Group for its headquarters, and Via Cernaia in Milan, future headquarters of Amundi in Italy.

The Group's largest tenant is the Orange Group, which occupies over €1 billion of assets in Paris; these buildings benefit from a large value creation potential through redevelopment projects.

1.4.3.2. Geographic breakdown of rental income: 60% generated by Paris, Berlin, Milan



The Group continued to focus on European capitals and major cities in 2017, with the aim of continuously improving the quality of its portfolio. Nearly 60% of the Group's rental income thus comes from Greater Paris, Berlin and Milan.

1.4.4. Cost to revenue, by business

Group Share (€M)	France Offices 2017	Italy Offices (incl. Retail) 2017	Germany Residential 2017	Hotels in Europe (incl. Retail) 2017	Other (France Residential) 2017	Total 2016	Total 2017
Rental Income	246.9	96.6	144.2	94.2	7.0	574.4	588.9
Unrecovered property operating costs	-10.9	-11.7	-2.5	-1.0	-1.6	-26.7	-27.8
Expenses on properties	-2.7	-3.9	-11.8	-0.1	-0.7	-19.1	-19.2
Net losses on unrecoverable receivable	-0.9	-0.4	-1.2	-0.0	-0.1	-2.2	-2.5
Net rental income	232.4	80.7	128.8	93.1	4.5	526.3	539.4
COST TO REVENUE RATIO	5.9%	16.5%	10.7%	1.2%	35.1%	8.4%	8.4%

The cost to revenue ratio (8.4%) is under control and remains stable over one year.

- In France Offices, the cost to revenue ratio rose (+1.6 pt since 2016) following the re-consolidation of the residual business of the Logistics division, and the high number of projects under development.
- In Italy, the cost to revenue ratio fell to 16.5% (*vs.* 17.7% in 2016), reflecting the recent improvement in the vacancy rate and the internalization of property management activities following the repurchase of Revalo at the end of 2016.
- In Germany Residential, the cost to revenue ratio has been dropping for several years, and now stands at 10.7% (*versus* 11.7% in 2016) thanks to a stronger position in Berlin and cost optimisation.
- In Hotels in Europe, the rate remains low (at 1.2%), as the Group is mostly signing triple net leases.

1.4.5. €1.2 billion in disposals completed

(€M)		Disposals (agreements as of end of 2016 closed) (I)	Agreements as of end of 2016 to close	New disposals 2017 (II)	New agreements 2017 (III)	Total 2017 = (II) + (III)	Margin *vs* 2016 value	Yield	Total realized disposals = (I) + (II)
France Offices	100%	80	27	279	86	**365**	8.4%	5.1%	359
	GS	80	27	290	86	**376**	11.1%	5.8%	370
Italy Offices	100%	79	-	127	27	**154**	-0.2%	3.9%	206
	GS	364	-	66	12	**77**	-0.1%	4.0%	430
Germany Residential	100%	22	-	229	138	**367**	23.6%	5.5%	251
	GS	13	-	137	81	**217**	23.3%	5.5%	150
Hotels in Europe(1)	100%	12	3	46	18	**64**	4.7%	5.5%	58
	GS	6	1	14	9	**23**	5.4%	5.5%	20
Non-strategic (France Residential, Logistics, Retail in France)	100%	41	-	262	227	**489**	0.8%	5.0%	302
	GS	24	-	162	118	**280**	0.7%	4.8%	186
TOTAL	**100%**	**234**	**29**	**941**	**497**	**1,438**	**7.9%**	**5.0%**	**1,175**
	GS	**488**	**28**	**667**	**306**	**973**	**9.2%**	**5.3%**	**1,155**

(1) Including disposals on hotel operating properties.

Disposals amounted to €1.2 billion in Group Share (€1.2 billion in 100%) in 2017, after €1 billion Group Share completed in 2016. Foncière des Régions maintains a sustained asset rotation rhythm on its portfolio, enabling it to reduce its exposure to secondary locations, consolidate value-creation on mature core assets and withdraw from non-strategic activities with:

- non-core assets: €682 million Group Share of disposals, essentially in Offices.

  In a year, the Group has halved its exposure to non-core assets in France by disposing of assets worth €195 million. In Italy, the syndication of the Telecom Italy portfolio (€323 million Group Share) made it possible to diversify the rental income base and increase the exposure to Milan.
- mature core assets: €287 million of disposals Group Share.

  Disposals mostly in France (€174 million Group Share) including the Hermione and Floréal buildings In Euromed Marseille (26% value creation) and the syndication of 49.9% of Silex 1&2 (€57 million Group Share).
- non-strategic assets: €186 million Group Share of disposals.

  €99 million in housing units in France and €54 million of Retail assets in France, including part of the Quick portfolio (the rest of the portfolio is subject to preliminary sale agreements).

The new disposals were signed with a substantial margin over the most recent appraisal values (+9.2%), boosted by privatisations in Germany Residential in Berlin (>65%), disposals in North Rhine-Westphalia (+16%) and mature core assets in France Offices (+15% margin).

1.4.6. Acquisition of assets: €1.4 billion realized

(€M, including duties)	Acquisitions 2017 realized			Acquisitions 2017 secured		
	Acquisitions 100%	Acquisitions Group Share	Yield Group Share	Acquisitions 100%	Acquisitions Group Share	Yield Group Share
France Offices	3	3	6.7%	-	-	-
Italy Offices	184	96	5.9% (1)	27	14	6.0% (1)
Germany Residential	556	357	4.4% (2)	178	115	3.9% (2)
Hotels in Europe	691	344	5.5%	111	56	5.7%
TOTAL	**1,435**	**800**	**5.0%**	**316**	**185**	**4.6%**

(1) Potential yield on acquisitions.
(2) Yield after reletting of vacant spaces. Immediate yield is 4.0% on acquisitions realized and 3.6% on acquisitions secured.

With €1.4 billion (€800 million Group Share) realized across all asset classes in 2017, Foncière des Régions continued to acquire assets in its strategic markets, mainly in Germany Residential and Hotels with:

- the acquisitions of several German Residential portfolios for €556 million, (85% of them in Berlin) at attractive prices (€2,010/ m^2 on average, with a 44% rent increase potential)
- the acquisition of a portfolio of 17 hotels comprising 3,335 rooms in Spain, mainly located in Madrid and Barcelona, for €559 million, with a potential yield of 6.3%
- the acquisition of a portfolio of Offices in Italy from the Credito Valltelinese Group, most of which are located in Milan's central business district, for a total of €118 million and with a high yield of 6.0%.

In total, close to 90% of the acquisitions were located in major European cities: Berlin, Milan, Madrid and Barcelona.

1.4.7. Development projects: €5.1 billion (€3.6 billion Group Share)

After doubling the size of the pipeline in 2016, Foncière des Régions is further boosting its development capacity with an additional €1.0 billion in projects, bringing the total to €5.1 billion (a 27% growth). With the launch of the Germany Residential pipeline representing projects totalling €488 million, €36 million of which began in 2017, the Group now has the capacity to develop assets in all of its markets.

1.4.7.1. Deliveries: 89,000 m² of office space and 683 hotel rooms delivered in 2017

2017 was a record year in terms of delivery: around 89,000 m^2 of office space was delivered in France and Italy, with an average occupancy rate of 98%. The main deliveries are:

- Silex1 (10,600 m^2) in the business district of La Part-Dieu in Lyon, 100% let
- Thaïs (5,500 m^2) in Levallois, 86% let
- Edo (10,800 m^2) in the Issy-Val-de-Seine business district, headquarters of the Transdev Group
- Art&Co (13,400 m^2) at Gare de Lyon in Paris, with 5,200 m^2 dedicated to the Group's new flex-office and coworking offering; the rest of the surface area (8,200 m^2) has been completely let
- Via Cernaia (8,300 m^2) in Milan's central business district, fully let to Amundi.

Foncière des Régions has created value in excess of 50% on average on the projects delivered this year, with improved rental conditions on the whole: leases and pre-leases have been signed with IFRS rents 10% higher than initially anticipated, as is the case with Art&Co in Paris Gare de Lyon, Thaïs in Levallois and Via Cernaia in Milan.

1.4.7.2. Committed projects: €934 million (€512 million Group Share)

At present, 27 projects are under way in 3 European countries and will be completed between 2018 and 2020. In 2017, Foncière des Régions continued its development strategy by launching some major projects:

- Silex2 in Lyon, 30,900 m^2 of prime office space ideally located opposite the Part-Dieu railway station. This project, as well as the existing building Silex1, have been shared at 49.9% with ACM, a long-standing partner of Foncière des Régions, allowing the Group to crystallize the value creation on the asset and reduce the risk linked to the development project
- Montpellier Orange, project to construct a 16,500 m^2 turnkey building for Orange in the Parc de la Pompignane in Montpellier (Majoria). The delivery is expected in 2020
- the first building of The Sign project in Milan (9,500 m^2) located on the South-West fringes of the centre of Milan, on the metro line 2. Delivery is scheduled for 2019
- the launch of the Germany Residential pipeline, which includes six projects begun this year, mostly in the centre of Berlin
- strengthening of the partnership with Meininger with two new hotels in Lyon and Marseille totalling 380 rooms.

Committed projects	Location	Project	Surface[1] (m²)	Target rent (€/m²/year)	Pre-leased (%)	Total Budget[2] (M€, 100%)	Total Budget[2] (M€, Group Share)	Target Yield [3]	Progress	Capex to be invested (M€, Group Share)
France Offices										
Riverside	Toulouse	Construction	11,000	185	0%	32	32	7.0%	66%	9
Îlot Armagnac (35% share)	Bordeaux	Construction	31,700	190	39%	102	36	6.5%	52%	16
Total deliveries 2018			**42,700**	**188**	**20%**	**134**	**68**	**6.6%**	**59%**	**25**
Hélios	Lille	Construction	9,000	160	100%	23	23	>7%	59%	8
Total deliveries 2019			**9,000**	**160**	**100%**	**23**	**23**	**>7%**	**59%**	**8**
Meudon Ducasse	Greater Paris	Construction	5,100	260	100%	22	22	6.4%	2%	19
Silex II (50% share)	Lyon	Construction	30,900	312	0%	166	83	6.0%	15%	74
Montpellier Orange	Montpellier	Construction	16,500	165	100%	48	48	6.8%	0%	44
Total deliveries 2020 and beyond			**52,500**	**258**	**46%**	**237**	**154**	**6.3%**	**9%**	**137**
TOTAL FRANCE OFFICES			**104,200**	**229**	**44%**	**394**	**244**	**6.5%**	**27%**	**170**
Italy Offices										
Via Colonna	Milan	Regeneration	3,500	270	100%	18	9	5.1%	80%	1
Piazza Monte Titano (Meininger hotel)	Milan	Regeneration	6,000	190	100%	22	12	5.0%	65%	2
Symbiosis (buildings A & B)	Milan	Construction	20,500	310	88%	94	49	>7%	63%	12
Principe Amedeo	Milan	Regeneration	7,000	490	57%	57	30	5.2%	28%	6
Total deliveries 2018			**37,000**	**346**	**81%**	**191**	**100**	**6.2%**	**54%**	**21**
Corso Ferrucci	Turin	Regeneration	45,600	130	36%	87	46	5.7%	75%	5
The Sign (building A)	Milan	Construction	9,500	285	0%	38	20	>7%	3%	13
Total deliveries 2019			**55,100**	**177**	**25%**	**126**	**66**	**6.2%**	**53%**	**18**
TOTAL ITALY OFFICES			**92,100**	**279**	**59%**	**317**	**166**	**6.2%**	**54%**	**38**
Germany Residential										
Konstanzer	Berlin	Extension	400	N/A	N/A	1	1	5.3%	N/A	N/A
Total deliveries 2018			**400**	**N/A**	**N/A**	**1**	**1**	**5.3%**	**N/A**	**N/A**
Genter Strasse 63	Berlin	Construction	1,500	N/A	N/A	4	3	5.3%	N/A	N/A
Pannierstrasse 20	Berlin	Construction	890	N/A	N/A	3	2	5.2%	N/A	N/A
Breisgauer Strasse	Berlin	Extension	1,420	N/A	N/A	5	3	4.7%	N/A	N/A
Birkbuschstraße	Berlin	Extension	4,200	N/A	N/A	14	8	5.1%	N/A	N/A
Magaretenhöhe	Essen	Extension	5,100	N/A	N/A	9	6	6.8%	N/A	N/A
Total deliveries 2019 and beyond			**13,110**	**N/A**	**N/A**	**34**	**22**	**5.5%**	**N/A**	**N/A**
TOTAL GERMAN RESIDENTIAL			**13,510**	**N/A**	**N/A**	**36**	**22**	**5.5%**	**N/A**	**N/A**
Hotels in Europe										
B&B Berlin	Berlin	Construction	140 rooms	N/A	100%	11	6	7.0%	78%	1
B&B Chatenay-Malabry (50% share)	Greater paris	Construction	127 rooms	N/A	100%	9	2	6.3%	81%	0
Motel One Porte Dorée (50% share)	Paris	Construction	255 rooms	N/A	100%	37	9	6.2%	100%	0
Meininger Munich	Munich	Construction	173 rooms	N/A	100%	29	15	6.4%	90%	1
Total deliveries 2018			**695 rooms**	**N/A**	**100%**	**86**	**32**	**6.4%**	**90%**	**3**
Meininger Porte de Vincennes	Paris	Construction	249 rooms	N/A	100%	47	24	6.2%	51%	12
B&B Bagnolet (50% share)	Greater Paris	Construction	108 rooms	N/A	100%	8	2	6.3%	15%	2
Meininger Lyon Zimmermann	Lyon – France	Construction	169 rooms	N/A	100%	18	9	6.1%	32%	6
Meininger Marseille	Marseille – France	Construction	211 rooms	N/A	100%	23	12	6.9%	0%	12
B&B Cergy (50% share)	Greater Paris	Construction	84 rooms	N/A	100%	5	1	5.9%	24%	1
Total deliveries 2019 and beyond			**821 rooms**	**N/A**	**100%**	**102**	**48**	**6.4%**	**33%**	**32**
TOTAL HOTELS IN EUROPE			**1,516 ROOMS**	**N/A**	**100%**	**188**	**79**	**6.4%**	**56%**	**35**
TOTAL				**N/A**	**56%**	**934**	**512**	**6.3%**	**39%**	**244**

(1) Surface at 100%.
(2) Including land and financial costs.
(3) Yield on total rents including car parks, restaurants, etc.

Committed projects	Surface[1] (m²)	Target rent (€/m²/year)	Pre-leased (%)	Total Budget[2] (M€, 100%)	Total Budget[2] (M€, Group Share)	Target Yield [3]	Progress	Capex to be invested (M€, Group Share)
Total France Offices	104,200	229	44%	394	244	6.5%	27%	170
Total Italy Offices	92,100	279	59%	317	166	6.2%	54%	38
Total German Residential	13,510	N/A	N/A	36	22	5.5%	N/A	N/A
Total Hotels in Europe	1,516 rooms	N/A	100%	188	79	6.4%	56%	35
TOTAL		**N/A**	**56%**	**934**	**512**	**6.3%**	**39%**	**244**

(1) Surface at 100%.
(2) Including land and financial costs.
(3) Yield on total rents including car parks, restaurants, etc.

1.4.7.3. Managed projects: €4.1 billion (€3.1 billion Group Share)

Projects sorted by estimated total cost at 100%	Location	Project	Surface[1] (m²)	Delivery timeframe
France Offices				
Cap 18	Paris	Construction	50,000	>2020
Rueil Lesseps	Rueil-Malmaison – Greater Paris	Regeneration-Extension	43,000	>2020
Citroën PSA – Arago	Paris	Regeneration	26,700	>2020
Canopée	Meudon – Greater Paris	Construction	49,300	>2020
Omega	Levallois – Greater Paris	Regeneration-Extension	18,500	>2020
N2 (50% share)	Paris	Construction	16,200	>2020
Anjou	Paris	Regeneration	11,000	>2020
Opale	Meudon – Greater Paris	Construction	29,000	2019
Philippe Auguste	Paris	Regeneration	13,200	>2020
Flow	Montrouge – Greater Paris	Construction	24,500	2020
Montpellier Majoria (other buildings)	Montpellier	Construction	35,700	2018-2020
Campus New Vélizy Extension (50% share)	Vélizy – Greater Paris	Construction	14,000	2020
DS Campus Extension 2 (50% share)	Vélizy – Greater Paris	Construction	11,000	>2020
Gobelins	Paris	Regeneration	4,900	>2020
Cœur d'Orly (bâtiment 2 – 50% share)	Greater Paris	Construction	22,600	2019
Cité Numérique	Bordeaux	Regeneration-Extension	19,200	2019
Total France Offices			**388,800**	
Italy Offices				
The Sign (buildings B & C)	Milan	Regeneration	15,900	2019
Symbiosis (other buildings)	Milan	Construction	90,000	2022
Total Italy Offices			**105,900**	
German Residential	**Berlin**	**Extensions & Constructions**	**c.145,000**	
Hotels in Europe – Alexanderplatz	**Berlin**	**Construction**	**c.150,000**	
TOTAL			**789,700**	

(1) Surfaces at 100%.

Objective 2018: acceleration of the committed pipeline with around €900 million of new projects

In 2018, a certain number of large-scale projects will be launched carrying strong value-creation potential in the major business districts of Greater Paris, with deliveries expected by 2020-21, essentially in France Offices:

- Flow in Montrouge (avenue de la Marne) will be committed in the first quarter 2018. The building permit has been obtained and the demolition works will be finished in February 2018
- Omega in Levallois will be launched in 2018 (redevelopment/extension project)
- The Citroën headquarters in Paris-Saint-Ouen, for a demolition/reconstruction project
- Gobelins in the 5th arrondissement of Paris, an Orange building which will be redeveloped and extended
- N2 in Paris 17th, a mixed-use complex (offices, hotel, retail, event areas) developed in partnership with ACM.

At Alexanderplatz in the very centre of Berlin, Foncière des Régions has identified 150,000 m² of mixed-use surface area to be developed in a €1 billion project. This project, which has strong value-creation potential, is one of Berlin's key developments, and should be launched in 2019.

1.4.8. *Portfolio*

1.4.8.1. Portfolio value: up 6.2% at like-for-like scope

(€M, Excluding Duties)	Value 2016 100%	Value 2017 100%	Value 2017 Group Share	LfL[1] change 12 months	Yield[2] 2016	Yield[2] 2017	% of portfolio
France Offices	6,183	6,351	5,412	5.4%	5.7%	5.3%	42%
Italy Offices	3,711	3,937	1,738	2.3%	5.5%	5.5%	14%
Residential Germany	4,004	4,957	3,114	15.0%	5.4%	4.7%	24%
Hotels in Europe	3,842	4,807	1,783	4.3%	5.5%	5.5%	14%
Total Strategic activities	17,740	20,053	12,047	6.8%	5.5%	5.2%	94%
Other	1,499	1,102	737	-3.3%	5.3%	5.0%	6%
Retail Italy	383	297	155	-4.7%	5.7%	6.1%	1%
Retail France	571	447	224	-4.3%	6.5%	6.7%	2%
Others (France Residential, Car parks, Logistics)	545	358	358	N/A	2.9%	3.1%[3]	3%
TOTAL PORTFOLIO	**19,240**	**21,154**	**12,784**	**6.2%**	**5.6%**	**5.2%**	**100%**

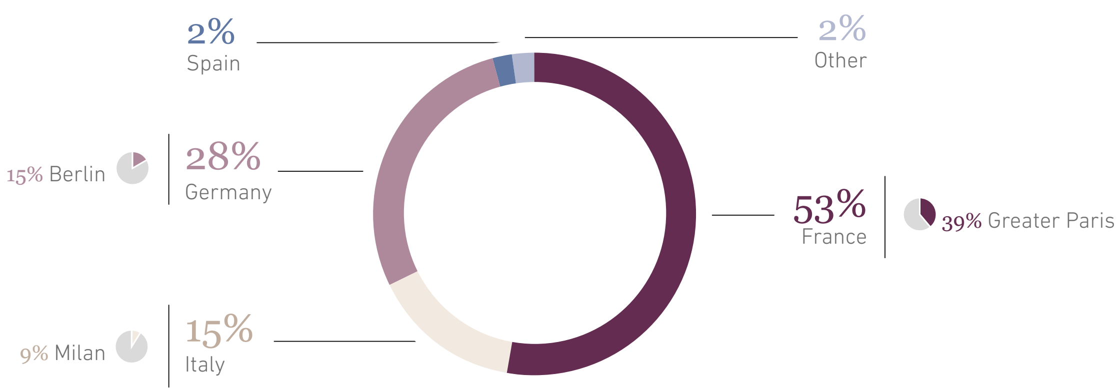
(1) LfL: Like-for-Like.
(2) Yield excluding development projects.
(3) Yield only on France Residential.

The Group Share of the Foncière des Régions portfolio amounted to €12.8 billion (€21.2 billion in 100%) at the end of 2017, compared with €12.0 billion at the end of 2016, representing growth of €0.8 billion:

Like-for-like change in value reflects the pertinence of the Group's strategic allocation choices:

- +5.4% in France Offices, spurred by value creation on the assets delivered in 2017 (+28%)
- +2.3% in Italy Offices, due to the performance of offices in Milan excluding Telecom Italia (+5.9%)
- +15.0% in Germany Residential (including +18% in Berlin and +23% in Dresden & Leipzig), thanks to the dynamism of the market combined with the improvement of operating indicators (increase in rents and decrease in vacancy)
- +4.3% in Hotels, driven by value creation in the Spanish portfolio acquired at the end of 2016 (+7.2%).

1.4.8.2. Geographic breakdown of the portfolio at the end of 2017



77% in large European cities

1.4.9. *List of major assets*

The value of the ten main assets represents almost 16% of the portfolio, Group Share.

Top 10 Assets	Location	Tenants	Surface (m²)	FdR share
Tour CB 21	La Défense (Greater Paris)	Suez Environnement, AIG Europe, Nokia, Groupon	68,077	75%
Carré Suffren	Paris 15th	AON, Institut Français, Ministère Éducation	24,864	60%
Tours Garibaldi	Milan	Maire Tecnimont, Linkedin, etc.	44,650	52%
Art&Co	Paris 12th	Adova, Opco Nework,Bentley, AFD	13,595	100%
Dassault Campus	Vélizy-Villacoublay (Greater Paris)	Dassault Systèmes	56,554	50%
Green Corner	Saint-Denis	HAS et Systra	20,817	100%
New Velizy	Velizy-Villacoublay (Greater Paris)	Thales	46,163	50%
Anjou	Paris 8th	Orange	10,067	100%
Paris Percier	Paris 8th	Chloé	8,728	100%
Paris Carnot	Paris 17th	Orange	11,182	100%

1.5. BUSINESS ANALYSIS BY SEGMENT

The France Offices indicators are presented at 100% and as Group Share (GS).

1.5.1. *France Offices*

1.5.1.1. A marked improvement in the rental market in 2017 (1)

The €6.4 billion (€5.4 billion Group Share) France Offices portfolio of Foncière des Régions is situated in strategic locations in Paris, in the major business districts of the Paris region and in the major regional cities. 2017 saw a significant improvement in rental conditions in our markets:

- increased take-up (2.6 million m², 197,000 m² more than in 2016) was driven by strong demand for large new or restructured premises (>5,000 m²), a 26% rise compared to 2016, representing an additional surface area of 167,000 m². New spaces account for an increasing proportion of the take-up (36% in 2017, compared with 32% in 2016 and 31% in 2015)
- the Western Crescent and inner suburb markets have benefited significantly from this dynamic, with take-up for large premises more than doubling in these two areas (+307,000 m²), while decreasing in inner Paris. Well-established business districts are the main drivers of this dynamic, particularly Issy-Val-de-Seine and Levallois, where Foncière des Régions is exposed through delivered projects (Edo, Thaïs) and ongoing ones (Omega)
- the immediate supply of office space in Greater Paris continued to fall, standing at 3.4 million m², with a vacancy rate of 6.2% compared with 6.5% at the end of 2016. Concerning future supply, of the 1.8 million m² under construction, 41% has already been let and 43% of it is located in inner Paris. The supply of new properties will be limited in the target areas for the Group's projects: in Levallois, only 22,000 m² are still available in buildings to be delivered by 2020, 17,000 m² in Malakoff-Montrouge and 11,200 m² in Paris-Saint-Ouen
- average headline rents on new or restructured spaces remained stable in the central business district (CBD) of Paris, but rose sharply in attractive alternative business districts: +10% in Paris North-East, and +13% in the north-east of Paris. In the southern loop, premium rents are now reaching €500/m² (+4% *vs* 2016)
- in Lyon, Foncière des Régions is exposed to the La Part-Dieu business district, the second-largest French office centre, with over 15% of the take-up of the entire metropolitan area in 2017, including the leasing of 5,400 m² by Nextdoor on Silex1. The vacancy rate at La Part-Dieu remains low (<3%), with a small proportion of new space available (<20%) and a high pre-leasing rate of 80% for the 32,000 m² under construction
- investment in France Offices remains dynamic, with €18.8 billion invested in 2017 (compared with €19.1 billion in 2016). There is still a significant gap between prime yields (3-3.25% in the CBD of Paris; 3.9% in Lyon) and the government loan rate (close to 0.8% at the end of December 2017).

In 2017, the France Offices segment reported:

- a record delivery volume of 81,000 m², 98% of which had been let. In 2018, projects worth €600 million should be committed in the major business districts of Greater Paris
- buoyant rental activity, with renewals for 131,000 m² with 2.6% growth on IFRS rental income and 71,000 m² leased or pre-leased
- continued portfolio rotation with €376 million Group Share of new disposal commitments for non-core and mature core assets
- a 5.4% increase in values on a like-for-like basis, reflecting the success of the development projects, rental agreements with key accounts and the continuing strong performance of the Group's core markets.

Assets held partially are the following:

- CB 21 Tower (75% owned)
- Carré Suffren (60% owned)
- the Eiffage properties located in Vélizy (head office of Eiffage Construction and Eiffage Campus, head office of Eiffage Groupe) and the DS Campus (50.1% owned and fully consolidated)
- the Silex 1 and 2 assets, which have been 50.1% owned since December 2017 (fully consolidated)
- the New Vélizy property for Thales (50.1% owned and accounted for under the equity method)
- Euromed Center (50% owned and accounted for under the equity method)
- Bordeaux Armagnac (34.7% owned and accounted for under the equity method)
- Cœur d'Orly (25% owned and accounted for under the equity method).

(1) Sources: Immostat, C&W, CBRE, Crane Survey.

1.5.1.2. Recognised rental income: €247 million, up 1.0% at a like-for-like scope

1.5.1.2.1. Geographic breakdown: 87% of rental income is generated by strategic locations (Paris, major business districts in the Greater Paris region and major regional cities)

(€M)	Surface (m²)	Number of assets	Rental income 2016 100%	Rental income 2016 GS	Rental income 2017 100%	Rental income 2017 GS	Change (%) GS	Change GS(%) LfL[1]	% of rental income
Paris Centre West	90,352	12	37.4	37.5	37.1	37.3	-0.7%	0.8%	15%
Paris South	72,209	8	27.8	23.2	25.3	20.6	-11.0%	2.2%	8%
Paris North-East	110,323	6	19.1	19.1	19.4	19.4	1.6%	1.3%	8%
Wester Crescent and La Défense	224,632	21	69.0	61.6	72.7	65.5	6.4%	0.1%	27%
Inner rim	392,355	20	51.8	38.5	52.8	39.3	2.0%	2.4%	16%
Outer rim	80,127	35	11.3	11.3	10.5	10.5	-7.1%	-1.4%	4%
Total Paris Region	**969,997**	**102**	**216.4**	**191.2**	**217.8**	**192.6**	**0.7%**	**1.1%**	**78%**
Major regional cities	378,470	54	30.4	30.5	31.0	31.0	1.7%	3.6%	13%
Other French Regions	324,650	129	28.0	28.0	23.3	23.3	-16.9%	-3.3%	9%
TOTAL	**1,673,117**	**285**	**274.8**	**249.7**	**272.1**	**246.9**	**-1.1%**	**1.0%**	**100%**

(1) LfL: Like-for-Like.

Rental income slid by 1.1%, to €247 million Group Share (-€2.8 million). This change is the combined result of:

- asset acquisitions and deliveries (+€11.3 million):
  - +€3.6 million from acquisitions, particularly Vinci's head office in Rueil-Malmaison (+€2.3 million)
  - deliveries in 2016 and 2017 of assets which are 98% let, earning €7.7 million in rental income, including the following in 2017:
    - Silex1 in Lyon in the first quarter
    - Thaïs in Levallois in the second quarter
    - Edo in Issy-les-Moulineaux in the third quarter
- improved rental performance with 1.0% growth on a like-for like basis (+€1.0 million), mostly thanks to the robust rental activity in 2017 (+1.0 pt)
- disposals (-€8.4 million), mostly of non-core assets in the outer rim and the regions
- vacating for development (-€2.5 million)
- other effects, including a scope effect (-€3.1 million).

1.5.1.3. Annualised rental income: €278 million, down 2.0% as a result of the disposal of non-core assets

1.5.1.3.1. Breakdown by major tenants

(€M)	Surface (m²)	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 GS	Annualised rents 2017 100%	Annualised rents 2017 GS	Change (%)	% of rental income
Orange	355,797	121	81.3	81.4	74.2	74.2	-8.8%	27%
Suez Environnement	60,350	3	24.0	21.5	27.8	21.8	1.1%	8%
EDF/Enedis	148,201	24	17.4	17.4	16.7	16.7	-4.2%	6%
Vinci	55,352	5	11.1	16.7	14.8	14.8	-11.4%	5%
Dassault	69,395	2	24.6	12.3	24.9	12.5	1.4%	4%
Eiffage	108,137	45	16.5	11.4	14.5	9.3	-18.3%	3%
Thalès	88,274	2	17.5	10.8	17.6	10.8	0.3%	4%
Natixis	37,887	3	10.6	10.6	10.7	10.7	1.4%	4%
Aon	15,592	1	8.9	5.4	9.0	5.4	0.5%	2%
Lagardère	12,953	3	5.3	5.3	5.3	5.3	0.1%	2%
Cisco	11,461	1	4.8	4.8	4.9	4.9	2.6%	2%
Other tenants	709,719	75	94.4	77.7	101.9	92.1	18.4%	33%
TOTAL	**1,673,117**	**285**	**316.5**	**275.2**	**322.3**	**278.4**	**1.2%**	**100%**

The 11 largest tenants accounted for 69% of annualised rental income, *versus* 72% in 2016 and 80% at the end of 2010. The main changes affecting Key Accounts were as follows:

- Vinci: disposal of an asset in the outer rim
- Orange: decreased exposure related to disposals of non-core assets in Regions
- Eiffage: combined effect of the renegotiation of 36 leases (extension of the leases by nearly 5 years) and disposal of 22 assets in 2017
- EDF/Enedis: renegotiation of the lease and vacating of premises rented in the Patio building in Lyon, now all re-let.

1.5.1.3.2. Geographic breakdown: strategic locations account for 89% of annualised rental income

(€M)	Surface (m²)	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 GS	Annualised rents 2017 100%	Annualised rents 2017 GS	Change (%)	% of rental income
Paris Centre West	90,352	12	41.5	41.5	43.3	43.3	4.1%	16%
Paris South	72,209	8	27.2	21.3	34.0	28.1	31.7%	10%
Paris North-East	110,323	6	19.4	19.4	20.0	20.0	2.7%	7%
Wester Crescent and La Défense	224,632	21	78.9	70.3	84.2	75.7	7.6%	27%
Inner rim	392,355	20	75.4	51.3	74.5	50.1	-2.3%	18%
Outer rim	80,127	35	11.0	11.0	7.6	7.6	-31.0%	3%
Total Paris Region	**969,997**	**102**	**253.5**	**214.9**	**263.6**	**224.7**	**4.5%**	**81%**
Major regional cities	378,470	54	35.4	32.8	37.8	32.8	0.1%	12%
Other French Regions	324,650	129	27.5	27.5	20.9	20.9	-23.9%	8%
TOTAL	**1,673,117**	**285**	**316.5**	**275.2**	**322.3**	**278.4**	**1.2%**	**100%**

Deliveries of assets in strategic locations added 2 points to the weighting of the Western Crescent compared to the end of 2016 (Thaïs in Levallois, Edo in Issy-les-Moulineaux).

At the same time, disposals of non-core assets have reduced exposure to the outer rim (-1 pt) and the Regions (-2 pts), resulting in a significant drop in the number of assets in the non-core portfolio (77 assets fewer than at the end of 2016).

1.5.1.4. Indexation

The indexation effect is +€0.7 million over twelve months (+0.3%). For current leases:

- 84% of rental income is indexed to the ILAT
- 15% to the ICC (French construction cost index)
- the balance is indexed to the ILC (construction cost index) or the RRI (rental reference index).

Rents benefiting from an indexation floor (at 1%) represent 27% of the annualised rental income and are indexed to the ILAT.

The change for 2018 is a positive one, according to the latest indices published, particularly the ILAT, which rose 0.9% year on year in the third quarter of 2017.

1.5.1.5. Rental activity: more than 200,000 m² in new or renewed leases in 2017

	Surface (m²)	Annualised rents 2017 (€M, GS)	Annualised rental income (€/m², 100%)
Vacating	55,259	6.6	122
Letting	17,670	4.2	337
Pre-letting	53,041	14.5	332
Renewal	130,921	14.0	130

Most of the re-negotiations and renewals were on non-strategic assets in Regions, making it possible to boost liquidity by extending the maturity of the leases and speeding up disposals.

These re-negotiations and renewals were at rents 2.6% higher than the IFRS rents, including an 8.0% rise on core assets.

70,700 m² have been leased or pre-leased, bringing in €18.7 million in rental income (Group Share), including:

- the leasing of 100% of the Art&Co asset with 7,560 m² under a traditional lease (€4.1 million in rental income) and the rest of the surface area (5,210 m²) intended for the Group’s new flex-office and coworking offering
- 4,740 m² of the Thaïs asset in Levallois has been leased (€2.3 million in rental income)
- pre-leases were signed on areas covering around 25,100 m² in 2017 (€3.4 million in rental income) most of which for the Hélios asset in Lille, which is currently under development and has been fully let to ITCE, a subsidiary of the Caisse d’Epargne (9 year firm lease). Delivery is scheduled for 2018.

55,260 m² were vacated, equivalent to €6.6 million in rental income, 20,370 m² of which Eiffage assets destined to be sold.

2017 also saw the implementation of 10,800 m² for the new flex-office and coworking offering:

- 3,290 m² in The Line, on avenue Delcassé in the CBD of Paris, which was completely renovated in 2017
- 5,210 m² in Art&Co, a restructured building delivered in 2017, located just opposite the Gare de Lyon in Paris
- 2,290 m² in Calypso in Marseille, a new building delivered in 2016 in the sought-after Euromed business district.

1.5.1.6. Lease expirations and occupancy rates

1.5.1.6.1. Lease expirations: firm residual lease term of 5.0 years

(€M)	By lease end date (1st break)	% of total	By lease end date	% of total
2018	33.6	12%	13.1	5%
2019	36.7	13%	19.7	7%
2020	22.0	8%	22.9	8%
2021	23.4	8%	33.5	12%
2022	26.6	10%	24.1	9%
2023	36.4	13%	32.6	12%
2024	7.2	3%	14.9	5%
2025	41.1	15%	41.7	15%
2026	32.1	12%	31.3	11%
2027	13.2	5%	23.4	8%
Beyond	6.1	2%	21.2	8%
TOTAL	**278.4**	**100%**	**278.4**	**100%**

The firm residual duration of the leases fell by 0.6 points, to 5.0 years, due to the approaching maturity of assets earmarked for redevelopment in 2018. Of the leases maturing in 2018 (which amount to €34 million), over 70% are on assets in the managed pipeline, some of which will begin in 2018 (Omega in Levallois, the Citroën head office in Paris-Saint-Ouen and the Orange Gobelins building in the 5th arrondissement of Paris).

1.5.1.6.2. Occupancy rate: 97.4%, an increase of 1.8 pt

(%)	2016	2017
Paris Centre West	97.2%	99.6%
Southern Paris	100.0%	100.0%
North Eastern Paris	96.7%	97.3%
Wester Crescent and La Défense	98.5%	97.9%
Inner rim	96.2%	97.7%
Outer rim	91.2%	94.5%
Total Paris Region	97.2%	98.3%
Major regional cities	90.0%	94.5%
Other French Regions	90.5%	92.8%
TOTAL	**95.6%**	**97.4%**

The occupancy rate improved by 1.8 pt to 97.4%. This figure rises to 97.8% on the core portfolio (compared with 97.1% at the end of 2016). The occupancy rate has remained above 95% since 2010, reflecting the Group's very good rental risk profile over the long term.

1.5.1.7. Reserves for unpaid rent

(€M)	2016	2017
As % of rental income	0.0%	0.4%
In value(1)	0.0	0.9

(1) Net provision/reversals of provison.

The level of unpaid rent remains very low, given the quality of the client base.

1.5.1.8. Disposals and disposal agreements: €376 million Group Share in new commitments

(€M)	Disposals (agreements as of end of 2016 closed) (I)	Agreements as of end of 2016 to close	New disposals 2017 (II)	New agreements 2017 (III)	Total 2017 = (II) + (III)	Margin *vs* 2016 value	Yield	Total realized disposals = (I) + (II)
Paris Centre West	-	13	-	-	-	-	-	-
Southern Paris	20	6	1	-	1	-	4.8%	21
North Eastern Paris	-	2	-	-	-	-	-	-
Wester Crescent and La Défense	-	-	38	-	38	17.0%	5.5%	38
Inner rim	-	-	23	8	31	1.3%	4.2%	23
Outer rim	10	2	43	30	73	6.9%	7.2%	52
Total Paris Region	**29**	**22**	**104**	**38**	**142**	**8.1%**	**6.1%**	**133**
Major regional cities	11	1	126	8	133	6.3%	2.1%	137
Other French Regions	40	3	49	41	90	12.4%	7.8%	89
Total France Offices	**80**	**27**	**279**	**86**	**365**	**8.4%**	**5.1%**	**359**
Syndication of Silex I & II (Group Share)	-	-	57	-	-	-	-	57
TOTAL GROUP SHARE	**80**	**27**	**290**	**86**	**376**	**11.1%**	**5.8%**	**370**

New commitments (new disposals and new disposal agreements) relate to half of the non-core assets, (€203 million Group Share), improving the quality of the portfolio:

- 42 Orange assets, mainly in the Regions and worth €118 million distributed over two portfolios
- the disposal of the Chevilly Petit Leroy asset in the outer rim for €30 million
- the disposal of the Montpellier Becquerel asset for €13 million
- €42 million in small assets, mostly in the Regions, major regional cities and outer suburbs.

As a result of the disposals completed and the preliminary sale agreements signed, the proportion of non-core assets in the portfolio has halved, now standing at 5% of the portfolio.

The Group has also entered into new commitments amounting to €174 million Group Share on mature core assets:

- Victor Hugo in Issy-les-Moulineaux for €38 million, Lyon Villardière for €10 million and Saint-Germain-en-Laye Winchester for €23 million
- two Euromed assets delivered in 2017: Hermione and Floréal, for a total of €91 million, *i.e.* €46 million in Group Share, unlocking the value creation generated by the development
- the syndication of 49.9% of Silex in Lyon with ACM, in order to crystallize part of the value creation realized on Silex1 (delivered in 2017) and share the development risk on the Silex2 project, which began at the end of 2017. The sale was completed with a 4.7% yield.

The disposal of all of these core mature assets took place this year, with a high margin of 15% on average.

1.5.1.9. Acquisitions: €3 million in 2017

(€M, including duties)	Surface *(m²)*	Location	Tenants	Acquisition Price	Yield
Gobelins – Paris 5	590	Paris	Orange	3.2	6.7%
TOTAL	**590**			**3.2**	**6.7%**

This acquisition was made as part of the memoranda of understanding with Orange and applies to part of the surface of the Gobelins asset in Paris 5th. This transaction makes it possible to optimise the value creation potential of this building with a view to a redevelopment project scheduled for 2018.

1.5.1.10. Development projects: a pipeline of €2.6 billion (€2.3 billion in Group Share)

Development projects are one of the growth drivers for profitability and the improvement in the quality of the portfolio, both in terms of location and thanks to the high standards of delivered assets.

In Greater Paris, the strategy has translated on strategic locations in established business districts with solid public transport links. In major regional cities (with an annual take-up of more than 50,000 m²), the Group targets prime locations such as the La Part-Dieu district in Lyon. The Group aims to create value of more than 20% on the committed pipeline.

1.5.1.10.1. Projects delivered

Around 81,000 m² were delivered in 2017, of which 51,000 m² were in major regional cities. The high occupancy rate of 98% and the significant value creation of 54% bear witness to the success of these projects:

- in Lyon, the Silex1 asset (10,600 m²), delivered in the first quarter, has been fully let
- the Hermione and Floréal buildings (23,800 m²) in the Euromed Center in Marseille were sold to a user

- in Levallois, 85% of the Thaïs asset (5,500 m²) delivered in the second quarter of 2017 has been let. Advanced negotiations are underway to let the remaining floor
- 88% of the O'rigin building (6,300 m²) in Nancy, delivered in the second quarter, has been let
- in Reims, the New St Charles building (10,300 m²), which has been fully let, was delivered in the third quarter
- in Issy les Moulineaux, the Edo building (10,800 m²), which has been fully let, was delivered in the third quarter
- all of the Art & Co building in Paris (13,400 m²), delivered at the end of 2017, has been let.

1.5.1.10.2. Committed projects: €394 million (€244 million Group Share)

For a breakdown of committed projects, see the table on page 21 of this document.

In 2017, work continued on several projects, including:

- Silex2 in Lyon – 30,900 m²: this prime office project opposite the railway station is a key part of the La Part-Dieu urban regeneration programme. The project is shared at 49.9% with ACM. Delivery is expected at the end of 2020.

- Montpellier Orange –16,500 m²: construction project for a turnkey building for Orange in the Parc de la Pompignane in Montpellier (Majoria). Delivery expected in 2020.

- Riverside in Toulouse – 11,000 m²: demolition-reconstruction project for an office building near the centre of Toulouse. Construction work is under way with delivery scheduled for early 2018.

- Hélios in Lille-Villeneuve d'Ascq – 9,000 m²: construction project for two new buildings in one of the main office areas in Lille. The asset is already entirely pre-leased to the Caisse d'Epargne Group.

- Îlot Armagnac in Bordeaux – 31,700 m²: construction project for three new office buildings near the future high speed rail (LGV) station, purchased off-plan under a partnership with ANF Immobilier. Foncière des Régions has a 35% stake in the project and will retain 100% ownership of one of the buildings.
- Ecole Ducasse in Meudon – 5,100 m²: construction project for a cooking school for Alain Ducasse Entreprise, fully pre-let. The project will be delivered in early 2020.

1.5.1.10.3. Managed projects: €2.2 billion of fully managed pipeline (€2.0 billion in Group Share)

For a breakdown of managed projects, see the table on page 22 of this document.

2018 Target: acceleration of the committed pipeline with around €600 million new projects

- Flow in Montrouge – 24,500 m²: construction project of new offices that is to be launched in the first quarter of 2018. The building permit has been granted and demolition works will end late February 2018.
- Omega in Levallois – 18,500 m²: the tenant (Lagardère) will vacate the premises in 2018 so that they can be redeveloped and extended.
- Gobelins in Paris 5th – 4,900 m²: Orange building, which will be vacated in 2018 for redevelopment and extension work.
- Citroën headquarters in Paris-Saint-Ouen – 26,700 m²: departure of the tenant in 2018, then launch of a demolition-reconstruction project in the heart of the fast-developing Paris Saint-Ouen business district (location of the future Paris Courthouse, new headquarters of Île-de-France Region).
- N2 in Paris 17th – 16,200 m²: mixed-use complex (offices, hotels, retails and event spaces), developed in partnership with ACM.

Around 390,000 m² of new developments and redevelopments will drive the Group's future growth such as Vinci's headquarters in Rueil-Malmaison (43,000 m² extended and redeveloped) or Cap 18 project in the 17th arrondissement of Paris (50,000 m² of construction).

1.5.1.11. Portfolio values

1.5.1.11.1. Change in portfolio values: increase of €94 million (+2%) in Group Share in 2017

Group Share (*€M, excluding duties*)	Value 2016	Acquisitions	Invest.	Disposals	Value creation on acquis./disposals	Change in value	Transfer	Value 2017
Assets in operation	4,833	3	101	-348	26	274	343	5,233
Assets under development	485	0	50	-22	5	4	-343	179
TOTAL	**5,318**	**3**	**152**	**-370**	**31**	**278**	**0**	**5,412**

The value of the portfolio has grown by 2% since the end of 2016 due to like-for-like growth in values, and investments made. Disposals have improved the quality of the portfolio and made it possible to finance investments in the development pipeline. Furthermore, €37 million in renovation work has been carried out on assets in operation, with high marginal returns of around 10% on average.

1.5.1.11.2. Like-for-like change: +5.4%, i.e. +€278 million

(€M, excluding duties)	Value 2016 100%	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL(1) change 12 months	Yield(2) 2016	Yield(2) 2017	% of total value
Paris Centre West	942	942	1,021	1,021	6.7%	4.4%	4.2%	19%
Southern Paris	691	559	769	632	12.1%	4.7%	4.4%	12%
North Eastern Paris	350	350	374	374	6.5%	5.5%	5.3%	7%
Wester Crescent and La Défense	1,528	1,368	1,571	1,410	3.5%	5.8%	5.4%	26%
Inner rim	1,396	968	1,438	1,000	4.8%	5.7%	5.4%	18%
Outer rim	144	144	94	94	0.5%	7.7%	8.4%	2%
Total Paris Region	5,051	4,331	5,267	4,532	5.8%	5.4%	5.0%	84%
Major regional cities	830	685	848	644	3.9%	6.0%	6.0%	12%
Other French regions	302	302	236	236	1.9%	9.8%	8.9%	4%
TOTAL	**6,183**	**5,318**	**6,351**	**5,412**	**5.4%**	**5.7%**	**5.3%**	**100%**

(1) LfL: Like-for-Like.
(2) Yield excluding assets under development.

Values grew by 5.3% on a like-for-like basis; the main drivers of this growth were:

- the core portfolio (+6.1%), due particularly to:
  - the 27.5% growth in value of delivered assets (primarily Art&Co, Edo, Silex1 and Thaïs), *i.e.* over a quarter of the growth on a like-for-like basis
  - the compression of rates and the 8.3% rise in rents in Paris, particularly for renovated assets (The Line, Paris Littré, Ménilmontant, the Group's offices on avenue Kléber and Steel).

The yield on the portfolio in operation stands at 5.3%, a decrease of around 40 bps compared with the end of 2016. This drop is due to an improvement in the quality of the portfolio as a result of assets being delivered in strategic locations and the disposal of non-core assets at a high return in the Regions and the outer rim. It reflects the buoyancy of the markets to which the Group is exposed.

1.5.1.12. Strategic segmentation of the portfolio

- The core portfolio is the strategic grouping of key assets, consisting of resilient properties providing long-term income. Mature assets may be disposed of on an opportunistic basis in managed proportions. This frees up resources that can be reinvested in value-creating transactions, such as in developing our portfolio or making new investments.
- The portfolio of "Assets Under Development" consists of assets subject to a development project. Such assets will become core assets once delivered. They include:
  - the "committed" projects (appraised)
  - the land reserve that may be undergoing appraisal
  - the "managed" projects freed for short/medium term development (undergoing internal valuation).
- Non-core assets form a portfolio compartment with a higher average yield than that of the office portfolio, with smaller, liquid assets in local markets, allowing their possible progressive sale.

	Core portfolio	Development porfolio	Non core portfolio	Total
Number of assets	87	8	190	285
Value Excluding Duties Group Share *(€M)*	4,870	180	363	5,412
Annualised rental income	246	-	32	278
Yield(1)	5.1%	N/A	8.8%	5.3%
Residual firm duration of leases *(years)*	5.2	N/A	3.5	5.0
Occupancy rate	97.8%	N/A	94.3%	97.4%

(1) Yield excluding development.

At the end of 2017, core assets represented 90% of the portfolio (Group Share), due in large part to 6 deliveries during the year and a rise in the value of assets.

The portfolio of "Assets under development" has been reduced by eight assets following the six deliveries which have become core assets, and the two deliveries which were sold (Floréal and Hermione in Euromed Marseille). It will be renewed in 2018.

Non-core assets accounted for 5% of the portfolio (Group Share) at the end of 2017 (taking into account the preliminary sale agreements signed in 2017), a decrease of 6 pts compared to the end of 2016, notably due to disposals in the Regions and outer rim.

1.5.2. *Italy Offices*

Listed on the Milan stock exchange since 1999, Beni Stabili is the largest listed Italian property firm and is a 52.4% subsidiary of Foncière des Régions. The figures are disclosed at 100% and in Foncière des Régions Group Share (GS).

In 2017, Foncière des Régions transformed its Italian portfolio with the syndication of 40% of the Telecom Italia portfolio with long-term partners Crédit Agricole Assurance and EDF Invest. This operation allowed the Group to diversify the tenant base, deleverage and strongly reinforce its exposure to Milan. An additional 9% of this portfolio will be shared with the same partners by the end of the first quarter 2018.

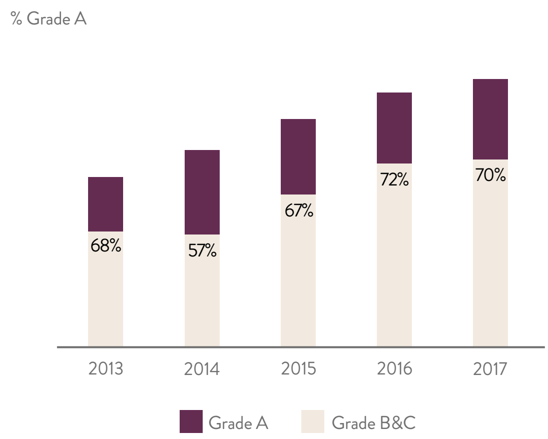
1.5.2.1. Very strong performance of the letting market in Milan[1]

The strategy of Foncière des Régions in Italy is focused on Milan, where the Group's acquisitions and developments are concentrated. At end-2017, the Group had a portfolio worth €4.2 billion (€1.9 billion Group Share). Coming off a robust 2016, the Milan offices market experienced an acceleration in 2017:

- take-up increased again in Milan by 5% in 2017 after +12% in 2016, reaching 347,000 m². The demand is still driven by new or restructured surfaces representing 70% of the volume, a stable level. The central areas have largely outperformed this trend (+35% take-up in the CBD, +30% in the Centre)
- the vacancy rate was 10.6%, an amount that has been relatively stable since the end of 2016, but the lack of new or restructured supply continued with just 24% of availability. In the central areas, Grade A buildings represent only 4% of the offer
- the trend is still positive: 165,000 m² of new spaces per year are set to be delivered by 2020 against an estimated demand for 240,000 m² per year
- prime rents were up in all segments. They stood at €540/m² in the CBD (up 8% *vs* 2016) and €420/m² in central Milan (up 5%). At the same time, rental incentives were stable at 12 months of rent
- the investment continued at a sustained pace in Italy with €11.2 billion in 2017 (+21% *vs* 2016). Milan remains the most attractive city with €3.6 billion invested thanks to the office sector (60% of the investment volume).

The activities of Foncière des Régions in 2017 were marked by:

- the reinforcement in Milan, which represents 64% of the office portfolio in Group Share at end-2017
- the diversification of the tenant base, with the syndication of 40% of the Telecom Italia portfolio representing the equivalent of €323 million Group Share disposal realized at appraisal values
- the success of the development pipeline, with 23,240 m² leased in 2017. The committed pipeline is now pre-let at 59%.



1.5.2.2. Accounted rental income: +1.1% at like-for-like scope on strategic activities

(€M)	Surface (m²)	Number of assets	Rental income 2016 100%	Rental income 2016 GS	Rental income 2017 100%	Rental income 2017 GS	Change (%)	Change (%) LfL[1]	% of total
Offices – excl. Telecom Italia	516,443	72	81.4	41.5	88.0	46.1	11.2%	1.9%	47%
Offices – Telecom Italia	1,063,251	143	98.8	50.8	98.6	40.9	-19.4%	0.4%	53%
Development portfolio	226,018	6	0.0	0.0	0.4	0.2	N/A	N/A	0%
Total strategic activities	**1,805,713**	**221**	**180.2**	**92.2**	**187.0**	**87.3**	**-5.4%**	**1.1%**	**100%**
Non-strategic (Retail)	97,254	32	20.0	10.2	17.8	9.3	-8.6%	-1.2%	
TOTAL	**1,902,967**	**253**	**200.2**	**102.5**	**204.8**	**96.6**	**-5.7%**	**0.9%**	

(1) LfL: Like-for-Like.

Between 2016 and 2017, rental Income decreased by 5.7% (-€5.9 million) primarily due to:

- acquisitions for +€4.1 million, of which €3.8 million in Milan (via Scarsellini, via Messina tower A and C and part of the Creval Portfolio)
- asset disposals for -€13.1 million, of which -€11.0 million related the syndication of 40% of the Telecom Italia portfolio realized in the first half of 2017
- acceleration of the rental growth at like-for-like scope of +0.9% (+€0.4 million) driven by the performance of Milan offices excluding telecom Italia (+5.9%):
  - -€0.3 million of renewals and reletting
  - -€1.9 million due to vacating of which -€0,7 million related to Corso Galileo Ferraris in Turin, under disposal agreement
  - +€0.3 million of indexation
  - +€2.2 million of new contracts, of which +€1,2 million in Milan
- other effects for €2.1 million, of which the positive impact of the increase of the share of Foncière des Régions in Beni Stabili from an average rate of 51.2% in 2016 to 52.4% in 2017 (+€2.3 million).

(1) Source: CBRE, JLL, C&W.

1.5.2.3. Annualized rental income: €93 million Group Share

1.5.2.3.1. Breakdown by portfolio

Group Share (€M)	Surface (m²)	Number of assets	Annualized rents 2016 100%	Annualized rents 2016 GS	Annualized rents 2017 100%	Annualized rents 2017 GS	Change (%)	% of total
Offices – excl. Telecom Italia	516,443	72	91.5	47.8	98.0	51.4	7.6%	62%
Offices – Telecom Italia	1,063,251	143	98.4	51.4	98.9	31.1	-39.5%	37%
Development portfolio	226,018	6	0.1	0.1	1.4	0.7	N/A	1%
Total strategic activities	1,805,713	221	190.0	99.2	198.3	83.2	-16.1%	100%
Non-strategic (Retail)	97,254	32	21.6	11.3	18.0	9.5	-16.4%	
TOTAL	**1,902,967**	**253**	**211.5**	**110.6**	**216.3**	**92.7**	**-16.2%**	

Annualized income dropped by 16% following the syndication of 40% of the Telecom Italia, allowing the Group to decrease its exposure to its largest tenant. After the disposal of the additional 9% of the portfolio signed in 2018, the weight of Telecom Italia will represent 30% (*vs* 49% at end-2016).

1.5.2.3.2. Geographic breakdown

Group Share (€M)	Surface (m²)	Number of assets	Annualized rents 2016 100%	Annualized rents 2016 GS	Annualized rents 2017 100%	Annualized rents 2017 GS	Change (%)	% of total
Milan	614,635	50	85.6	44.7	92.4	45.4	1.5%	55%
Rome	156,393	12	11.6	6.1	11.5	5.3	-12.7%	6%
Turin	83,611	15	11.1	5.8	11.7	4.4	-23.0%	5%
North of Italy (other cities)	554,390	81	48.3	25.2	48.8	17.2	-31.9%	21%
Others	396,684	63	33.3	17.4	33.9	10.9	-37.2%	13%
TOTAL STRATEGIC ACTIVITIES	**1,805,713**	**221**	**189.8**	**99.2**	**198.3**	**83.2**	**-16.1%**	**100%**
Non-strategic (Retail)	97,254	32	21.7	11.3	18.0	9.5	-16.4%	

55% of rental income is now generated by offices in Milan (+10 pts *vs* end 2016), thanks to acquisitions realized in 2017 and the syndication of the Telecom Italia portfolio.

1.5.2.4. Indexation

The annual indexation in rental income is usually calculated by applying the increase in the Consumer Price Index (CPI) on each anniversary of the signing date of the agreement (for around 20% of the portfolio 75% of the CPI increase is applied).

In 2017, the average change in the IPC index has been +1.2% over 12 months.

1.5.2.5. Rental activity

(€M)	Surface (m²)	Annualized rental income 2017 Group Share	Annualized rental income 2017 (100%, €/m²)
Vacating	8,749	2.3	492
Lettings on operating portfolio	19,326	2.1	211
Lettings on development portfolio	23,243	3.8	311
Renewals	87,124	8.3	181

The sustained rental activity in 2017 shows the improvement of the letting market in the areas where the Group is exposed and the strong asset management work.

- Very active relettings rhythm: 18,400 m² renewed at passing rents Via Montebello in Milan with Intesa San Paolo for €7.6 million, 31,000 m² close to Milan with Auchan for €3.0 million and 10,300 m² in Turin Via Lugaro with Itedi for €1.3 million
- 19,300 m² of new leases, mainly in Milan: 3,000 m² via Scarsellini with Italferr for €0.7 million and 1,200 m² in Via Messina with Carlotta for €0.4 million
- 8,700 m² have been vacated, mainly on two assets. One is already under disposal agreement and the reletting of the surface is already secured on the other:
  - Juventus F.C. vacated 2,800 m² in Turin Corso Ferraris. The asset is already under disposal agreement and will be sold in 2018
  - in Montenero di Bisaccia, Magazzini Gabrielli vacated 4,800 m², already let to Conad
- 23,200 m² have been leased on the development pipeline, mainly in Milan, now pre-let at 59% for 2018:

- 100% of the surface via Cernaia in the CBD, or 8,300 m^2, let to Amundi for €3.1 million with higher rents than initially expected
- Cir Food signed a lease for 1,200 m^2 of catering space in the first part of the Symbiosis project
- four new leases via Colonna, in the CBD on 3,650 m^2 for €0.9 million (100% pre-let)
- 4,000 m^2 via Principe Amedeo for €1.8 million (57% pre-let)
- three new leases in Turin Corso Ferrucci on 5,000 m^2 for €0.6 million.

1.5.2.6. Lease expirations and occupancy rates

1.5.2.6.1. Lease expirations: residual lease term is 7.2 years

Group Share *(€M)*	**By lease end date (1st break)**	**% of total**	**By lease end date**	**% of total**
2018	12.9	14%	3.5	4%
2019	9.6	10%	10.0	11%
2020	3.1	3%	4.3	5%
2021	5.9	6%	6.0	7%
2022	10.9	12%	11.8	13%
2023	7.8	8%	10.7	12%
2024	2.3	3%	3.3	4%
2025	0.3	0%	1.3	1%
2026	7.6	8%	7.9	8%
2027	4.5	5%	4.6	5%
Beyond	27.8	30%	29.2	32%
TOTAL	**92.7**	**100%**	**92.7**	**100%**

The firm residual lease term remains high at 7.2 years, down from 9 years at end-2016 following the syndication of 40% of the Telecom Italia portfolio.

1.5.2.6.2. New increase in occupancy rate at 96.6%

(%)	**2016**	**2017**
Offices – excl. Telecom Italia	91.0%	95.1%
Offices – Telecom Italia	100.0%	100.0%
Non-strategic (Retail)	96.0%	93.6%
TOTAL	**95.5%**	**96.6%**

The occupancy rate of offices excluding Telecom Italia assets improved strongly in 2017 at 95.1% (+4.1 pts *vs* end-2016) thanks to letting success in Milan since 2015, where the occupancy rate increased by 8.3 pts in two years.

1.5.2.7. Reserves for unpaid rent

(€M)	**2016**	**2017**
As % of rental income	1.0%	0.5%
In value(1)	1.0	0.4

(1) Net provision/reversals of provision.

Reserves for unpaid rents are slightly down over one year, at a low level of 0.5%.

1.5.2.8. Disposals: €430 million Group Share realized in 2017

(€M, 100%)	Disposals (agreements as of end of 2016 closed) (I)	Agreements as of end of 2016 to close	New disposals 2017 (II)	New agreements 2017 (III)	Total 2017 = (II) + (III)	Margin *vs* 2016 value	Yield	Total realized disposals = (I) + (II)
Milan	65	-	115	11	125	1.8%	4.0%	179
Rome	-	-	-	-	-	-	-	-
Other	14	-	12	16	28	-8.0%	2.5%	26
TOTAL	**79**	**-**	**127**	**27**	**154**	**-0.2%**	**3.9%**	**206**
Telecom Italia portfolio (Group Share)	323	-	-	-	-	N/A	N/A	323
TOTAL GROUP SHARE	**364**	**-**	**66**	**12**	**77**	**-0.1%**	**4.0%**	**430**

In 2017, the Company completed sales worth €430 million Group Share, including €323 million of the Telecom Italia portfolio: €618 million of assets have been transferred to a SICAF that is 60% held by Beni Stabili and 40% held by EDF Invest and Crédit Agricole Assurances.

In addition, €154 million in new disposals and disposals agreements were signed in 2017. They applied mainly to a mature core asset on Via San Nicolao in central Milan. This 11,700 m² office building was redeveloped in 2014 and is let entirely to Luxottica. The sale was completed with a 4.2% yield.

Early 2018, an agreement on an additional 9% of the Sicaf has been signed by the same partners for €140 million, further advancing the strategic objectives of the Group. Proforma of this agreement the exposure to telecom Italia in the portfolio will decrease to 23% (*versus* 38% at end-2016). This brings the Group close to its target of 20% exposure by 2020.

1.5.2.9. Acquisitions: €184 million realized in 2017

(€M, including duties)	Location	Acquisitions 2017 realized			Acquisitions 2017 secured		
		Acq. price 100%	Acq. price GS	Potential gross yield	Acq. price 100%	Acq. price GS	Potential gross yield
Via Principe Amedeo	Milan	42	22	5.2%	-	-	-
Via Marostica	Milan	25	13	6.9%	-	-	-
Portfolio Creval	Milan	118	62	6.0%	-	-	-
Portfolio FPU	Milan	-	-	-	27	14	6.0%
TOTAL		**184(1)**	**96(1)**	**5.9%**	**27**	**14**	**6.0%**

(1) Excluding €9 million (€5 million Group Share) of acquisition related to the Symbiosis project, classified as Capex.

In 2017, Foncière des Régions continued its acquisition strategy, signing €211 million (€110 million of acquisitions realized and secured:

- a 7,000 m² office property on Via Principe Amedeo, in the Porto Nuova business district. This asset offers significant value creation potential through a redevelopment project that has been committed to and is scheduled to be delivered in 2018
- a 10,500 m² offices asset on Via Marostica, on metro line 1, with a high yield of 6.9%
- a portfolio of 17 assets acquired from the Credito Valtellinese banking group, for an attractive yield of 6.0%. 82% of the portfolio is located in Milan, mainly in the CBD
- the preliminary agreement for the acquisition of two properties in Milan city centre from Fondo Pensione Unicredit for €27 million with potential yield of 6.0%.

1.5.2.10. Development projects: a pipeline of €777 million at 90% in Milan

Foncière des Régions has a €777 million pipeline in offices in Italy (€404 million Group Share). Faced with high demand for new or restructured space, the Group has boosted its development capacity since 2015 year-end, with six committed projects at end-2017 that will drive the Group's growth in the coming years.

1.5.2.10.1. Committed projects: €317 million, primarily in Milan

For details of the committed pipeline, see page 21 of the present document.

- The Sign (building A) is the first part of the project located via Schievano, located in south-west limit of central Milan. Foncière des Régions will develop 9,500 m² of offices with a delivery scheduled in 2019.

- The first development phase of the Symbiosis project, realized with a yield >7%. 16,000 m² have been pre-let to Fastweb and 1,200 m² of additional surface are intended for ground-floor retail to Cir Food. The asset is now 88% pre-let (*vs* 80% at end-2016).

◈ The redevelopment of the Principe Amedeo property, acquired in March 2017 and located in the Porta Nuova business district. The project entails the regeneration of the surface, the restoration of the historic facade and a terrace extension. The asset is 57% pre-let.

◈ The redevelopment of an asset located on Via Colonna in Milan city center, with a delivery scheduled for early 2018. The asset is pre-let at 100%.

◈ The redevelopment of the existing Piazza Monte Titano asset located in Milan, to be transformed into a Meininger hotel. The delivery is scheduled for the first half of 2018.

◈ The redevelopment of the existing Ferrucci asset in Turin. A first part of 9,200 m² has been delivered in late 2017, fully let. The remaining surface is expected to be delivered in 2019-2020.

1.5.2.10.2. Managed projects: €460 million of projects in Milan

Two projects are in the managed pipeline:

◈ The Sign (buildings B & C) with two office buildings representing 15,900 m² on the project located via Schievano, to complete the first one already launched.

◈ Symbiosis (other buildings), in Milan, represents a potential of 90,000 m² of offices in a developing business district located at the southern limit of Milan across from the Prada Foundation.

1.5.2.11. Portfolio values

1.5.2.11.1. Change in portfolio values

Group Share (€M, excluding duties)	Value 2016	Acquisitions	Invest.	Disposals	Change in value	Change in value on acq.	Transfer	Change in % ownership	Value 2017
Offices – excl. Telecom Italia	943	74	9	-68	30	0	32	4	1,024
Offices – Telecom Italia	810	-	1	-326	3	0	0	2	489
Non-strategic (Retail)	200	-	1	-36	-8	-	-2	1	155
Total in operation	**1,953**	**74**	**10**	**-430**	**25**	**0**	**30**	**6**	**1,668**
Development portfolio	186	22	38	-	1	3	-30	5	225
TOTAL	**2,139**	**96**	**48**	**-430**	**26**	**2**	**-**	**11**	**1,893**

The portfolio value decreased by 12% to €1.9 billion in Group Share at end-2017, as a result of the syndication of 40% of the Telecom Italia portfolio. This was partially offset by investments realized in Milan mostly in 2017 amounting to €144 million Group Share.

1.5.2.11.2. Like-for-like change: +2.3% on strategic activities

(€M, excluding duties)	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL(1) change 12 months	Yield 2016	Yield 2017	% of total
Offices – excl. Telecom Italia	943	1,952	1,024	3.4%	5.1%	5.0%	59%
Offices – Telecom Italia	810	1,556	489	0.6%	6.3%	6.4%	28%
Development portfolio	186	429	225	1.5%	N/A	N/A	13%
Total strategic activities	**1,939**	**3,937**	**1,738**	**2.3%**	**5.5%**	**5.5%**	**100%**
Non-strategic (Retail)	200	297	155	-4.7%	5.8%	6.1%	
TOTAL	**2,139**	**4,233**	**1,893**	**1.7%**	**5.7%**	**5.7%**	

(1) LfL: Like-for-Like.

The portfolio value increased by +2.3% Group Share on strategic activities at a like-for-like scope, thanks to the increase in the Offices portfolio excluding Telecom Italia, especially in Milan (+5.9%).

(€M, excluding duties)	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL(1) change 12 months	Yield(2) 2016	Yield(2) 2017	% of total
Milan	1,055	2,240	1,117	4.6%	5.0%	4.6%	64%
Turin	122	243	116	-2.9%	6.8%	7.2%	7%
Rome	110	227	85	2.9%	5.2%	4.9%	5%
North of Italy	396	734	261	-2.4%	6.4%	5.1%	15%
Others	254	492	159	-1.0%	6.8%	6.3%	9%
TOTAL	**1,939**	**3,937**	**1,738**	**2.3%**	**5.7%**	**5.5%**	**100%**
Non-strategic (Retail)	200	297	155	-4.7%	5.7%	6.1%	

(1) LfL: Like-for-Like.
(2) Yield excluding development projects.

The weight of Milan has increased in 2017 and represents 64% of the office portfolio (+10 pts since end-2016). The value of Milan offices grew by 4.6% at a like-for-like scope, of which 5.9% excluding Telecom Italia assets. This reflects the quality of the portfolio, located at 61% in the CBD and the Porta Nuova business district, which benefited particularly from the property value increase.

This strong performance validates the strategy implemented by the Group with an objective of 90% of the portfolio in Milan by 2020.

1.5.3. Germany Residential

Foncière des Régions operates in the Residential sector in Germany *via* its subsidiary, Immeo SE, which was 61.7% owned as at 31 December 2017 (*versus* 61.0% as at 31 December 2016). The consolidation rate used on the income statement is 61.7%. The figures presented are expressed as 100% and as Foncière des Régions Group Share (GS).

1.5.3.1. Positive demographic and macroeconomic trends supporting a solid economic growth forecast[1]

Foncière des Régions owns over 41,117 apartments located in Berlin, Hamburg, Dresden, Leipzig and North Rhine-Westphalia. The asset portfolio represents €5.0 billion (€3.1 billion Group Share). The German residential market has been booming for several years, particularly in Berlin where the Group initiated investments in 2011 and where it currently holds nearly 55% of its residential portfolio.

- Germany's macroeconomic indicators are solid, with GDP growth of 2.2% and an unemployment rate of 3.6% at end-2017. In Berlin, the population is growing (+10% over five years), remains young (more than half the population is under 45), and the jobless rate is falling (-3.9 pts over five years).
- The imbalance between housing supply and demand persists on the Berlin market, where the population grew by 60,000 residents in 2016, while 13,700 new housing units were delivered. Consequently, Berlin's Mietspiegel rent index rose by 9.4% between 2015 and 2017. Market rents there reached €9.8/m², up by 31% in the past five years, boosting the Group's strong growth potential.
- These dynamics also had an impact on the value of the apartments, which averaged €2,470/m² in Germany (+37% over five years) and €3,710/m² in Berlin (+60% over five years). These strong increases contribute to the Group's good performance and significant potential value creation on the development pipeline.
- The residential market continued to attract investors, with €15.2 billion in transactions in 2017 (+11% on 2016) under the impact of rising prices (+33% to an average of €1,980/m²). Berlin still had the lion's share this year, with one-fourth of investments made in the capital city.

In 2017, Foncière des Régions' activity was marked by:

- a 4.2% increase in rental income on a like-for-like scope, after +3.6% in 2016. The portfolio's rent increase potential remains high, particularly in Berlin where it exceeds 35%
- the launch of the development pipeline, with €488 million in identified projects by 2022. These projects are expected to create significant value, about 35% on average
- the continuation of acquisitions in Berlin, Dresden & Leipzig at attractive prices (€556 million at €2,010/m², of which 85% in Berlin, with a rent increase potential of 44%)
- The portfolio continued to increase in value, with a like-for-like jump of +15.0%, of which +17.3% in Berlin, validating the pertinence of the Group's strategic allocation choices
- the launch of the new co-living and furnished apartment solution, which relies on the quality of the Group's portfolio in Berlin and will improve profitability and value creation.

1.5.3.2. Recognised rental income: +4.2% at a like-for-like scope

1.5.3.2.1. Geographic breakdown

(€M)	Surface (m²)	Number of units	Rental income 2016 100%	Rental income 2016 GS	Rental income 2017 100%	Rental income 2017 GS	Change GS (%)	Change GS (%) LfL[1]	% of rental income
Berlin	1,200,518	15,771	84.3	52.2	103.4	70.6	35.3%	5.8%	49%
Dresden & Leipzig	312,643	5,260	17.8	11.1	21.3	14.0	25.3%	3.3%	10%
Hamburg	122,777	2,025	13.0	8.5	14.2	9.2	8.2%	3.8%	6%
North Rhine-Westphalia	1,221,027	18,061	97.4	59.8	91.3	50.5	-15.5%	3.1%	35%
Essen	*378,544*	*5,502*	*28.3*	*17.3*	*28.5*	*16.3*	*-5.7%*	*3.1%*	*11%*
Duisburg	*261,526*	*3,930*	*26.4*	*16.2*	*19.5*	*10.0*	*-38.0%*	*2.4%*	*7%*
Mulheim	*143,239*	*2,385*	*11.3*	*7.0*	*10.8*	*6.1*	*-12.9%*	*1.9%*	*4%*
Oberhausen	*161,827*	*2,203*	*10.3*	*6.3*	*10.4*	*6.2*	*-1.2%*	*3.3%*	*4%*
Other	*275,892*	*4,041*	*21.0*	*13.0*	*22.1*	*11.8*	*-9.0%*	*4.2%*	*8%*
TOTAL	**2,856,965**	**41,117**	**212.5**	**131.6**	**230.1**	**144.2**	**9.6%**	**4.2%**	**100%**

(1) LfL: Like-for-Like.

(1) Source: Eurostat, Destatis, Berlin Brandeburg Statistiks office, JLL, CBRE.

Recognised rental income (Group Share) amounted to €144.2 million at the end of 2017, up 9.6% under the combined effects of:

- 2016 and 2017 acquisitions (+€15.0 million) mainly in Berlin, with high rent increase potential
- disposals (-€7.8 million), most in North-Rhine-Westphalia
- re-leases net of vacating (+€1.5 million)
- a €4.0 million increase in rental income on a like-for-like scope, *i.e.* +4.2% (of which +5.8% in Berlin) with:
  - 44% due to indexation (+1.8 pt)
  - 50% due to re-leases, (+2.1 pts of which +2.6% in Berlin)
  - 6% due to modernisation CAPEX (+0.2 pt).

In Berlin, re-leases took place at an average rent of €10.5/m², a sharp rise. Foncière des Régions thus gradually realises the rent increase potential of the numerous acquisitions made over recent years.

1.5.3.3. Annualised rental income: €146 million in Group Share

1.5.3.3.1. Geographic breakdown

(€M)	Surface (m²)	Number of units	Annualised rents 2016 100%	Annualised rents 2016 GS	Annualised rents 2017 100%	Annualised rents 2017 GS	Change (%)	Average rent (€/m²/month)	% of rental income
Berlin	1,200,518	15,771	88.9	54.9	111.7	70.0	27.7%	7.8	48%
Dresden & Leipzig	312,643	5,260	18.6	11.6	22.2	14.1	21.3%	5.9	10%
Hamburg	122,777	2,025	14.5	9.4	13.5	8.8	-6.0%	9.1	6%
North Rhine-Westphalia	1,221,027	18,061	93.4	57.2	85.6	53.0	-7.3%	5.8	36%
Essen	*378,544*	*5,502*	*28.7*	*17.5*	*28.0*	*17.3*	*-1.2%*	*6.2*	*12%*
Duisburg	*261,526*	*3,930*	*20.5*	*12.5*	*17.2*	*10.6*	*-15.1%*	*5.5*	*7%*
Mulheim	*143,239*	*2,385*	*11.3*	*6.9*	*10.3*	*6.4*	*-7.3%*	*6.0*	*4%*
Oberhausen	*161,827*	*2,203*	*10.5*	*6.4*	*10.6*	*6.5*	*2.0%*	*5.4*	*4%*
Others	*275,892*	*4,041*	*22.5*	*13.9*	*19.5*	*12.2*	*-12.4%*	*5.9*	*8%*
TOTAL	**2,856,965**	**41,117**	**215.4**	**133.1**	**232.9**	**146.0**	**9.7%**	**6.8**	**100%**

The trend in annualised rental income, up +9.7%, reflects the strategic repositioning done by the Group. The policy of rotating assets in the portfolio reduced the weight of non-core assets in North-Rhine-Westphalia and increased exposure to high growth potential markets such as Berlin, Hamburg, Dresden & Leipzig.

- The weight of the North Rhine-Westphalia has fallen by 7 pts since 2016. The stronger growth in rental income in this area reflects the better quality of the portfolio (+3.1% like-for-like).
- The strategic markets generate nearly 65% of rental income (+7 pts on 2016).

The relatively low level of rental income per m² (€6.8/m²/month) offers solid growth potential, thanks to the rent increase potential of 35% in Berlin, 20-25% in Hamburg and Dresden & Leipzig, and 15-20% in North-Rhine-Westphalia.

1.5.3.4. Indexation

The rental income from residential property in Germany changes according to three mechanisms:

- Rents for re-leased properties:

  In principle, rents may be increased freely.

  As an exception to that unrestricted rent setting principle, certain cities like Berlin and Hamburg have introduced rent caps for re-leased properties. In these cities, rents for re-leased properties cannot exceed by more than 10% a rent reference.

  If construction works result in an increase in the value of the property (work amounting to less than 30% of the residence), the rent for re-let property may be increased by a maximum of 11% of the cost of the work. In the event of complete modernisation (work amounting to more than 30% of the residence), the rent may be increased freely.
- For current leases:

  The current rent may be increased by 15% to 20% depending on the region, although without exceeding the Mietspiegel or another rent benchmark. This increase may only be applied every three years.

  In Berlin, the Mietspiegel rent index published in May was up by 9.4% since 2015, thus pushing up the ceiling on rent increase for current leases.
- For current leases with work done:

  In the event that work has been carried out, rent may also be increased by up to 11% of the amount of said work, and by the difference with the Mietspiegel rent index. This increase is subject to two conditions:
  - the work must increase the value of the property
  - the tenant must be notified of this rent increase within three months.

1.5.3.5. Occupancy rate

(%)	2016	2017
Berlin	98.2%	97.8%
Dresden & Leipzig	98.1%	98.9%
Hamburg	98.9%	99.9%
North Rhine-Westphalia	98.2%	98.8%
TOTAL	**98.2%**	**98.4%**

The occupancy rate for operating assets remained at the high level of 98.4%, up in comparison with end-2016, particularly in Hamburg (+1.0 pt). The occupancy rate has remained above 98% since the end of 2015 and reflects the Group's very high portfolio quality and low rental risk.

1.5.3.6. Reserves for unpaid rent

Group Share *(€M)*	2016	2017
As % of rental income	1.0%	0.8%
In value(1)	1.3	1.2

(1) Net provision/reversals of provison.

The unpaid rent amount is 0.8% of rents, showing a decrease from 2016, thanks to a pro-active property management policy.

1.5.3.7. Disposals and disposal agreements: €367 million, mainly in North-Rhine-Westphalia

(€M, 100%)	Disposals (agreements as of end of 2016 closed) (I)	Agreements as of end of 2016 to close	New disposals 2017 (II)	New agreements 2017 (III)	Total 2017 = (II) + (III)	Margin *vs* 2016 value	Yield	Total realized disposals = (I) + (II)
Berlin	7	-	20	48	68	69%	3.2%	27
Dresden & Leipzig	10	-	4	20	24	56%	4.7%	14
Hamburg	-	-	26	-	26	0%	6.8%	26
North Rhine-Westphalia	4	-	179	70	249	16%	6.0%	183
TOTAL	**22**	**-**	**229**	**138**	**367**	**24%**	**5.5%**	**251**
TOTAL GROUP SHARE	**13**	**-**	**137**	**81**	**217**	**23%**	**5.5%**	**150**

The new commitments (new disposals and new agreements) signed in 2017 totalled €367 million (€217 million Group Share), with a high gross margin of 24%. The commitments are mostly on non-core assets in North Rhine-Westphalia (68% of commitments) and fit squarely within the Group's policy of rotating assets in the portfolio.

- 3,517 units on non-strategic assets in North Rhine-Westphalia for €249 million with a 16% margin.
- 335 units disposed of in Berlin, at prices clearly higher than the latest appraisal values (>65% margin, around €2,500/m²), crystallising the value creation achieved.
- 549 units disposed of in other dynamic cities (Dresden, Leipzig, and Hamburg) with a 21% margin.

The disposals made in 2017 represent €251 million (€150 million Group Share) and involved 73% of non-core assets in North-Rhine-Westphalia.

1.5.3.8. Acquisitions: €556 million (€357 million Group Share)

(€M, including duties)	Surface *(m²)*	Number of units	Acquisitions 2017 realized: Acquisition price 100%	Acquisitions 2017 realized: Acquisition price GS	Acquisitions 2017 realized: Gross yield(1)	Acquisitions 2017 secured: Acquisition price 100%	Acquisitions 2017 secured: Acquisition price GS	Acquisitions 2017 secured: Gross yield
Berlin	205,505	2,495	472	303	4.2%	60	39	3.8%
Dresden & Leipzig	69,553	1,144	81	52	5.2%	9	5	4.4%
Hamburg	-	-	-	-	-	65	42	-
North Rhine-Westphalia	1,462	7	4	2	4.9%	44	29	4.2%
TOTAL	**276,520**	**3,646**	**556**	**357**	**4.4%**	**178**	**115**	**3.9%**

(1) Yield after reletting of vacant spaces. Immediate yield of 4.0% on acquisitions realized and 3.6% on acquisitions secured.

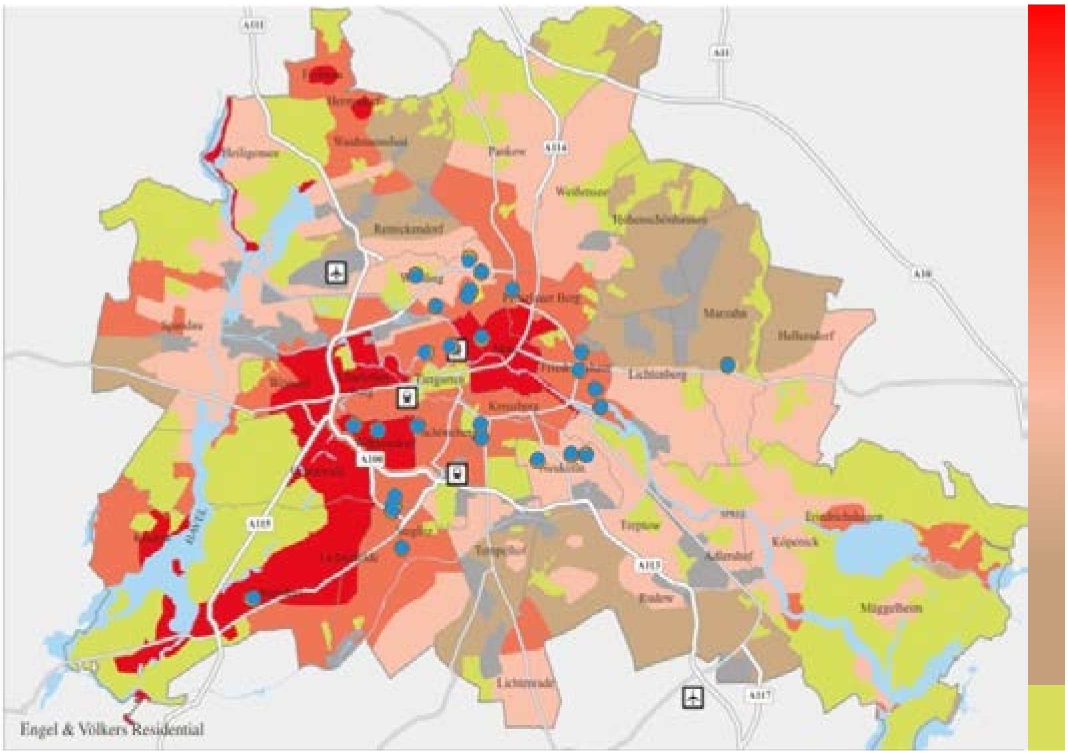
Foncière des Régions maintained a steady pace of investments at attractive prices in a highly competitive context, with acquisitions totalling €556 million (€357 million Group Share) in 2017:

- 85% of acquisitions in Berlin, 2,495 units
- average price of €2,010/m², of which €2,300/m² in Berlin
- a return on acquisition of 4.0% of which 3.6% in Berlin, due to the high average vacancy rate (8%). The return after re-leasing is 4.4% and will continue to rise thanks to the high rent increase potential (44% on average).

1.5.3.9. Development projects: a pipeline of €488 million (€301 million Group Share)

In response to the supply/demand imbalance in new housing in Berlin, Foncière des Régions launched a residential development pipeline in 2017. A total of €488 million was earmarked for new housing extension, redevelopment and construction projects.

This pipeline will enable Foncière des Régions to maximise value creation in the portfolio. Almost half of the development projects will remain in the portfolio and are released with a 5.3% return on the total cost. The other half will be sold in order to unlock the value creation with a margin expected over 40%.



● Committed and managed projects

1.5.3.9.1. Committed projects: €36 million (€22 million Group Share)

For details on the committed projects, see page 21 of this document.

Six residential development projects were launched in 2017, of which five are in Berlin. These totalled 176 apartments over 13,500 m²:

- Konstanzer, a project for the extension of eight units in the Charlottenburg-Wilmersdorf district of Berlin
- Genter Strasse 63, a project for the construction of 19 residential units in the Mitte district in Berlin
- Pannierstrasse 20, a project for the construction of 12 residential units in the Friedrichshain-Kreuzberg district of Berlin
- Breisgauer Strasse, an extension project involving 16 new housing units in the Zhelendorf district in Berlin
- Birkbuschstrasse, an extension project involving 67 new housing units in the Steglitz district in Berlin
- Margaretenhöhe, an extension project involving 54 new housing units in Essen.

1.5.3.9.2. Managed projects

In all, 43 additional development projects have already been identified, representing about €450 million in developments. They mainly consist of construction projects in the centre of Berlin and in Potsdam for, eventually, more than 2,100 new housing units spread across 145,000 m².

In 2017, €13 million in land reserves were acquired and added to the residential development project pipeline.

1.5.3.10. Portfolio values

1.5.3.10.1. Change in portfolio value: 25% growth

Group Share (€M, excluding duties)	Value 2016	Acquisitions	Invest.	Disposals	Value creation on acquis./ disposals	Change in value	Change in % ownership	Others	Value 2017
Berlin	1,190	303	12	-11	11	204	8	11	1,728
Dresden & Leipzig	192	52	1	-8	4	42	1	-3	282
Hamburg	190	-	-	-15	-	23	1	-2	198
North Rhine-Westphalia	905	2	0	-94	4	85	6	-2	906
Essen	*286*	*-*	*-*	*-13*	*-*	*34*	*2*	*-0*	*309*
Duisburg	*187*	*-*	*-*	*-32*	*2*	*16*	*1*	*-0*	*174*
Mulheim	*107*	*-*	*-*	*-11*	*1*	*8*	*1*	*-0*	*106*
Oberhausen	*96*	*-*	*-*	*-5*	*0*	*8*	*1*	*-1*	*99*
Other	*228*	*2*	*-*	*-33*	*1*	*18*	*2*	*-0*	*219*
TOTAL	**2,477**	**357**	**12**	**-128**	**20**	**354**	**17**	**4**	**3,114**

In 2017, the portfolio's value increased by 25% to stand at €3.1 billion Group Share. The driver of this rapid growth was, first, the like-for-like increase in value (€354 million or 56% of the growth), and second, the contribution of acquisitions net of disposals and the associated value creation (41% of the growth).

1.5.3.10.2. Like-for-like change: +15.0% of which +17.3% in Berlin

(€M, excluding duties)	Value 2016 100%	Value 2016 Group Share	Value 2017 100%	Value 2017 Group Share	LfL[(1)] change 12 months	Yield 2016	Yield 2017	% of total value
Berlin	1,928	1,190	2,751	1,728	17.3%	4.6%	4.1%	55%
Dresden & Leipzig	307	192	443	282	22.9%	6.1%	5.0%	9%
Hamburg	293	190	302	198	13.3%	4.9%	4.5%	6%
North Rhine-Westphalia	1,476	905	1,462	906	10.4%	6.3%	5.9%	29%
Essen	*469*	*286*	*500*	*309*	*11.6%*	*6.1%*	*5.6%*	*10%*
Duisburg	*306*	*187*	*282*	*174*	*11.2%*	*6.7%*	*6.1%*	*6%*
Mulheim	*175*	*107*	*171*	*106*	*8.8%*	*6.4%*	*6.0%*	*3%*
Oberhausen	*156*	*96*	*160*	*99*	*8.7%*	*6.7%*	*6.6%*	*3%*
Other	*369*	*228*	*349*	*219*	*9.8%*	*6.1%*	*5.6%*	*7%*
TOTAL	**4,004**	**2,477**	**4,957**	**3,114**	**15.0%**	**5.4%**	**4.7%**	**100%**

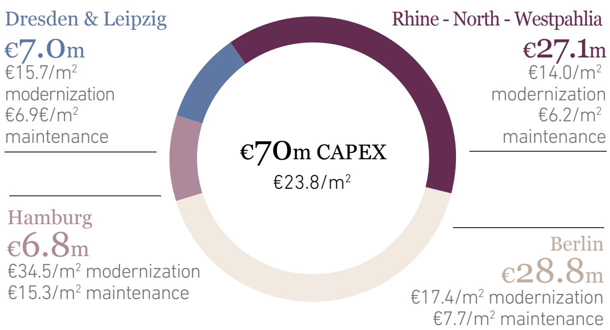
(1) LfL: Like-for-Like.

At like-for-like scope, the values increased by +15% year-on-year, reflecting the success of the Group's investment policy:

- +17.3% in Berlin after excellent performance in 2016 (+12.4%), mainly due to the substantial increase in rental income and values in highly sought-after locations: Three-quarters of the assets in the Berlin portfolio are in prime districts (18% in Mitte, 11% in Friedrichshain-Kreuzberg, etc.)
- the Berlin portfolio retained significant growth potential with metric values around €2,300/m²
- Hamburg (+13.3%) and Dresden & Leipzig (+22.9%) also generated strong performance under the same effects
- the increase in values was also significant in North Rhine-Westphalia (+10.4%), demonstrating the improved quality of the portfolio, in response to modernisation and non-core asset disposal programmes.

1.5.3.11. Maintenance and modernisation CAPEX

In 2017, €70 million in CAPEX (€44 million Group Share) *i.e.* €23.8/m² and €17.1 million in OPEX (€5.8/m²) were completed. CAPEX spending increased by 25% on 2016, in connection with the growth of the portfolio. In €/m², spending increased by 23% under the impact of the expansion in Berlin, where investment is more intense. Modernisation CAPEX, which are used to improve asset quality and increase rental income, account for 70% of the total.



1.5.4. Hotels in Europe

Foncière des Murs (FDM), a 50.0%-owned subsidiary of Foncière des Régions at end-2017 (*versus* 49.9% at end-2016), is a listed property investment company (SIIC) specialising in the ownership of hotel lease properties and operating hotel properties. Through its subsidiary, Foncière des Régions is now the leading player in hotel investment in major Europe cities.

In January 2018, the merger with FDM Management, a vehicle specialising in combined ownership of operating hotel properties and 40.7%-owned by FDM, was approved by shareholders. Following this transaction, Foncière des Régions will hold a 42.0% stake in FDM.

The figures presented are expressed as 100% and as Foncière des Régions Group Share.

1.5.4.1. A healthy European hotel market supporting solid growth in revenues[1]

Foncière des Régions holds a hotel portfolio of €5.3 billion (€2.0 billion, Group Share) spread across six Western European countries through 18 partner hotel operators. One of the group's main strengths is its large investment flexibility (ownership of lease properties and operating properties). The European hotel market started to recover at the end of 2016. This turnaround was confirmed and strengthened in 2017:

- revenue per room (RevPar) increased by 5.7% in 2017 in Europe, boosted by the growth average room price (+3.1%) and the increase in occupancy rate (+2.4 pts). This performance was particularly strong in the midscale segment, in which Foncière des Régions strengthened its position in Spain (+9.6% in 2017), the Netherlands (+11.5%), France (+5.7%), and Germany (+1.9%)
- major European cities, the core of the Group's strategy, are also enjoying robust demand, which is growing faster than supply. In Madrid, over five years, the number of rooms sold rose by 4.2% while supply increased by 1%. The dynamic cities where Foncière des Régions is exposed, such as Barcelona, Berlin, Dresden, and Hamburg, are seeing the same trend
- the outlook for the sector is positive: growth in the number of tourists in Europe reached a record 8.4% or 671 million tourists in 2017. The main drivers are Southern and Western Europe, where Foncière des Régions is exposed. This trend should continue in the short term, with expected growth around 4% in 2018, and in the longer term, with the number of tourists estimated at 744 million in 2030
- investor appetite for hotels is holding steady, with €14 billion in volume at the end of the third quarter of 2017, or +16% YTD. The United Kingdom drew 34% of the transaction volume due to a favourable currency effect. Spain and Germany also stayed quite attractive, with 20% and 16% of transactions. The difference with rates on operating hotel property holdings remained around 100 bps.

In 2017, Foncière des Régions' hotel activity was characterised by:

- clear growth in rents on a like-for-like scope, driven by the increase in variable rents for the AccorHotels assets (+5.5%)
- a solid increase in hotel portfolio values (+4.3% on a like-for-like scope), in particular with the portfolio's performance in Spain (+7.2%) purchased in January 2017, validating the Group's investment strategy and asset management's actions
- a €188 million pipeline (€79 million Group Share). Nine projects are under way with long-time Group partners (B&B) as well as recent partners (Meininger, Motel One) in strategic locations (Paris, Lyon, Berlin and Munich)
- transformation of the portfolio with the merger of FDM Management into FDM in January 2018, leading to:
  - more exposure to Operating Properties
  - more weight for Germany in the portfolio
  - more midscale and upscale hotels in the portfolio
  - more investment flexibility, a lever for creating value.

Assets not wholly held by Foncière des Murs consist of the 181 B&B hotels in France acquired since 2012 (held at 50.2%), as well as the 22 B&B properties in Germany (held at 93.0%) and two Motel One properties (94.0%) acquired in 2015. Foncière des Murs also holds 40.7% of FDM Management at end-2017, a company focused on operating hotel properties, and 50.1% of Foncière Développement Tourisme.

(1) *Sources : STR, MKG, CBRE.*

1.5.4.2. Recognised rental income: +3.2% on a like-for-like scope on hotel lease properties

1.5.4.2.1. Geographic breakdown

(€M)	Number of rooms	Number of assets	Rental income 2016 100%	Rental income 2016 GS	Rental income 2017 100%	Rental income 2017 GS	Change (%) GS	Change GS (%) LfL[1]	% of rental income
Paris	4,082	17	25.8	11.5	23.8	11.1	-3.5%	8.5%	14%
Inner suburbs	678	6	2.8	1.3	2.8	1.4	6.0%	0.1%	2%
Outer suburbs	3,535	35	11.9	4.4	12.4	4.8	7.3%	2.3%	6%
Total Paris Regions	8,295	58	40.4	17.2	39.0	17.2	0.0%	6.1%	22%
Major regional cities	6,443	68	30.2	12.1	25.2	10.2	-15.8%	0.5%	13%
Other French Regions	9,172	126	28.0	8.7	25.5	7.5	-13.3%	0.2%	10%
Total France	23,910	252	98.5	38.0	89.7	34.9	-8.0%	3.1%	45%
Germany	6,409	56	17.3	7.9	22.3	10.8	36.8%	1.4%	14%
Belgium	3,124	14	20.5	9.8	21.4	10.7	9.8%	5.5%	14%
Spain	3,797	21	0.5	0.3	33.3	16.6	N/A	N/A	22%
Other	604	2	7.1	3.4	7.4	3.7	9.8%	1.3%	5%
Total Hotel – Lease properties	**37,844**	**345**	**143.9**	**59.3**	**174.1**	**76.8**	**29.5%**	**3.2%**	**100%**
Hotel Operating properties (EBITDA)	**5,976**	**31**	**38.4**	**7.3**	**67.7**	**13.3**	**82.2%**	**N/A**	**-**
Non-strategic (Retail & Healthcare)	-	148	46.6	22.1	34.8	17.4	-21.2%	0.2%	-
TOTAL	**43,820**	**524**	**228.9**	**88.7**	**208.9**	**107.5**	**21.3%**	**2.5%**	**-**

(1) LfL: Like-for-Like.

At the end of 2017, Hotels and retail revenues stood at €94 million, Group Share, a 15.8% growth compared to 2016. This €12.8 million increase is due to the different movements over the portfolio:

- acquisitions and deliveries of assets under development (+€19.4 million):
  - two B&B hotels and Club Med Samoëns totalling nearly 700 rooms delivered in 2017
  - acquisition of a portfolio of 17 hotel lease properties in Spain (of which two third of the leases have a variable component) in 2017
- disposals of non-core assets, primarily in 2016 (-€6.9 million), on AccorHotels assets in secondary locations (-69% of revenues generated by French Regions)
- disposal of non-strategic assets in 2016 (Healthcare) and 2017 (Retail Quick and Jardiland) (-€6.0 million)
- a rise in rental income on a like-for-like scope (+€1.8 million), mainly attributable to the good performance of variable rent AccorHotels assets: +5.5% of which +12.1% in Belgium and +10.0% in Paris
- the increased Foncière des Régions stake in the capital of its FDM subsidiary whom rents were integrated at a mean rate of 42.7% in 2016 and at a spot rate of 50.0% in 2017 (+€4.3 million).

For operating properties, EBITDA grew significantly, to €13.3 million in 2017 due to the acquisitions completed in mid-2016.

1.5.4.3. Annualised rental income: €94 million in Group Share

1.5.4.3.1. Geographic breakdown

(€M)	Number of rooms	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 GS	Annualised rents 2017 100%	Annualised rents 2017 GS	Change (%)	% of rental income
Paris	4,082	17	22.1	10.2	23.8	11.1	8.8%	14%
Inner suburbs	678	6	2.8	1.4	3.4	1.6	12.5%	2%
Outer suburbs	3,535	35	12.2	4.7	12.4	4.8	2.4%	6%
Total Paris Regions	8,295	58	37.1	16.3	39.6	17.4	7.1%	22%
Major regional cities	6,443	68	25.1	10.1	25.3	10.1	0.0%	13%
Other French Regions	9,172	126	25.4	7.5	30.8	8.1	8.3%	10%
Total France	23,910	252	87.5	33.8	95.7	35.6	5.2%	45%
Germany	6,409	56	18.3	8.8	26.0	12.6	43.9%	16%
Belgium	3,124	14	20.7	10.4	20.8	10.4	0.3%	13%
Spain	3,797	21	0.7	0.4	32.9	16.4	N/A	21%
Other French Regions	604	2	7.3	3.6	7.5	3.8	3.0%	5%
Total Hotel – Lease properties	**37,844**	**345**	**134.6**	**57.0**	**182.8**	**78.8**	**38.3%**	**100%**
Non-strategic (Retail)	-	148	36.9	18.5	30.0	15.0	-18.7%	-
TOTAL	**37,844**	**493**	**171.4**	**75.4**	**212.8**	**93.8**	**24.4%**	**-**

Annualised rental income from the hotels rose by 24% in 2017, reflecting the strategy established by the Group:

- increases in Germany and Spain (16% and 21% of rents) thanks to the acquisitions completed
- reduction in the weight of non-strategic assets, after the disposals of Quick and Jardiland assets.

Variable rents represent around 30% of annualized rental income and concern:

- AccorHotels rental income, 100% indexed to Hotel Revenues
- the variable portion of leases, with an indexation clause on performance (guaranteed minimum rent + variable rent). This concerns a portion of the hotel portfolio in Spain and the recently-acquired NH hotels in Germany and the Netherlands.

1.5.4.3.2. Breakdown by tenant

(€M)	Number of rooms	Number of assets	Annualised rents 2016 100%	Annualised rents 2016 GS	Annualised rents 2017 100%	Annualised rents 2017 GS	Change (%)	% of rental income
AccorHotels	9,923	74	52.3	26.1	54.2	27.1	4.0%	29%
B&B	19,593	236	58.6	19.2	60.2	19.7	2.8%	21%
Quick	-	48	16.9	8.4	10.3	5.2	-38.8%	6%
Sunparks	1,759	4	14.2	7.1	13.4	6.7	-5.3%	7%
Jardiland	-	45	13.3	6.7	13.0	6.5	-2.0%	7%
NH	1,278	7	3.3	1.7	12.7	6.4	-	7%
Hotusa	671	3	0.0	0.0	8.3	4.1	-	4%
Barcelo	641	3	0.0	0.0	7.4	3.7	-	4%
Meininger	598	3	0.0	0.0	0.0	0.0	-	0%
Courtepaille	-	55	6.6	3.3	6.6	3.3	1.2%	4%
Melia	632	4	0.0	0.0	5.1	2.5	-	3%
Club Med	792	2	4.0	2.0	9.9	2.8	40.7%	3%
AC Hotels	368	1	0.0	0.0	5.0	2.5	-	3%
Motel One	712	3	2.2	1.0	2.2	1.0	1.2%	1%
Independants	877	5	0.0	0.0	4.4	2.2	-	2%
TOTAL	**37,844**	**493**	**171.4**	**75.4**	**212.8**	**93.8**	**24.4%**	**100%**

The diversification of the rental income base continued through new partnerships with leading Spanish operators (Barcelo, Hotusa, Melia) and the strengthening of the partnership with NH Hotels. The Group's exposure to AccorHotels diminished by 6 pts since the end of 2016, now accounting for less than one third of rental income.

1.5.4.4. Indexation

71% of rents are indexed to benchmark indices (ICC, ILC, and consumer price index for foreign assets). The impact of indexing was +0.8% in 2017.

1.5.4.5. Lease expirations and occupancy rate: firm residual lease term of 10.7 years

Groupe share *(€M)*	By lease end date (1st break)	% of total	By lease end date	% of total
2018	4.0	4%	0.0	0%
2019	2.5	3%	0.2	0%
2020	0.3	0%	0.4	0%
2021	3.2	3%	3.2	3%
2022	4.3	5%	1.6	2%
2023	3.9	4%	2.8	3%
2024	0.1	0%	2.0	2%
2025	12.9	14%	13.3	14%
2026	2.4	3%	2.7	3%
2027	1.3	1%	1.3	1%
Beyond	59.0	63%	66.5	71%
TOTAL	**93.8**	**100%**	**93.8**	**100%**

At the end of 2017, the firm residual duration of leases remained high, at 10.7 years, of which 11.2 years for hotel assets. The occupancy rate remained at 100%.

In the first half of 2017, the Group renegotiated the leases of 158 B&B hotels in France, resulting in the lengthening of firm lease terms to 12 years on these assets.

1.5.4.6. Reserves for unpaid rent

As in 2016, no additional amounts were set aside for unpaid rents in the portfolio in 2017.

1.5.4.7. Disposals and disposal agreements: €354 million in new commitments

(€M, 100%)	Disposals (agreements as of end of 2016 closed) (I)	Agreements as of end of 2016 to close	New disposals 2017 (II)	New agreements 2017 (III)	Total 2017 = (II) + (III)	Margin *vs* 2016 value	Yield	Total realized disposals = (I) + (II)
Hotel Lease properties	12	3	17	18	35	4.7%	5.5%	29
Hotel Operating properties	0	0	29	0	29	3.0%	5.4%	29
Total Hotels – 100%	12	3	46	18	64	4.7%	5.5%	58
TOTAL HOTELS – GROUP SHARE	**6**	**1**	**14**	**9**	**23**	**5.4%**	**5.5%**	**20**
Non-strategic (Retail)	5	0	104	187	290	-1.6%	6.4%	108
TOTAL NON-STRATEGIC – GROUP SHARE	**2**	**0**	**52**	**93**	**145**	**-1.6%**	**6.4%**	**54**

Foncière des Régions continued disposing of non-core assets AccorHotels assets, adding to the significant volume sold in 2016 (€361 million at 100%). In 2017, €35 million of new commitments (new disposals and new agreements) were signed on AccorHotels assets in secondary locations (Clermont, Beaune, etc.).

The Group also realized significant progress in non-strategic disposals with €290 million (€145 million Group Share) of new commitments this year on the entire Quick portfolio (€264 million) and Jardiland assets (€23 million). €108 million were disposed and the rest will be transferred in the first half of 2018.

In Operating properties, disposals totalled €29 million, includeing the Ibis Hotel in Dresden.

1.5.4.8. Acquisitions: close to €800 million realized and secured in 2018

				Acquisitions 2017 realized			Acquisitions 2017 secured		
(€M, including duties)	Number of rooms	Location	Tenants	Acq. price 100%	Acq. price GS	Gross yield	Acq. price 100%	Acq. price GS	Gross yield
Spanish portfolio (17 assets)	3,335	Spain	Multi-tenant	559	280	5.3%	-	-	-
NH portfolio (5 assets)	901	Germany	NH	125	62	6.1%	-	-	-
Purchase options NH (3 assets)	630	Germany & Netherlands	NH	-	-	-	111	56	5.7%
TOTAL ACQUISITIONS LEASE PROPERTIES	**4,866**			**684**	**342**	**5.4%**	**111**	**56**	**5.7%**
Business assets – Meridien Nice	-	France		7	1	7.1%	-	-	-
TOTAL ACQUISITIONS OPERATING PROPERTIES	**-**			**7**	**1**	**7.1%**	**-**	**-**	**-**

As for hotel lease properties, Foncière des Régions continued to strengthen its position in major European cities, with €684 million in acquisitions in 2017 and €111 million secured for 2018:

- the acquisition of a portfolio of 17 hotels (3,335 rooms) in Spain for €559 million (€280 million Group Share), 80% of which is located in Madrid and Barcelona. The very good performance of these assets in 2017 (+€40 million, *i.e.* +7.2% on a like-for-like scope since end-2016) validates the Group's acquisition strategy
- the acquisition of five NH Hotels (901 rooms) in Germany, located in Frankfurt, Stuttgart, Oberhausen, Nuremberg, and Dusseldorf, for €125 million, with a 6.1% yield (5.4% on the guaranteed minimum rental income)
- the signature of purchase options that will be exercised in 2018, of four NH Hotels for €111 million with a 5.7% yield (5.1% on the guaranteed minimum rental income).

In hotel operating properties, Foncière des Régions acquired the business of the Méridien Hotel in Nice, a four-star, 318-room hotel ideally situated at 1 Promenade des Anglais. This transaction groups together the hotel property, already owned by the Group, and the business, in order to capture this asset's potential through a capex programme.

1.5.4.9. Development projects: a pipeline of €1.2 billion (€579 million Group Share)

In 2017, Foncière des Régions maintained its strategy to support the expansion of its new and long-term partners in their development in the major European cities.

1.5.4.9.1. Committed projects: €188 million (€79 million Group Share), 100% pre-let

For a breakdown of committed projects, see the table on page 21 of this document.

This year, Foncières des Régions delivered 683 hotel rooms through three projects:

- two B&B hotel in Lyon and Nanterre, representing €23 million and 263 rooms
- Club Med Samoëns, totalling €100 million in work and 420 rooms, was inaugurated in December 2017.

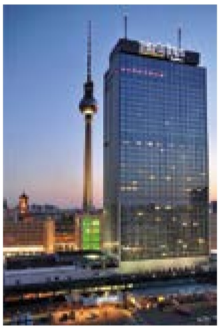
The Group also renewed its development pipeline through the launch of three new projects:

- The construction of a new hotel with our long-time partner B&B in Greater Paris. In all, 4 B&B hotels are under construction in Greater Paris and one in Berlin, totalling 459 rooms and €33 million.

- The strengthening of the partnership with Meininger *via* two projects in Lyon and Marseille representing 381 rooms for €41 million. Foncière des Régions is supporting the development of Meininger in France, with three hotels under construction in total in Paris, Lyon, and Marseille, which will be the operator's first to open in these cities.

- In addition, two Meininger hotels are under construction in Milan (Italy scope) and Munich totalling €51 million for 304 rooms. These two projects involve the conversion of an Office building into a hotel, demonstrating the Group's capacity to make the best use of its asset management options and the expertise of its local platforms.

1.5.4.9.2. Managed projects: €1 billion development project in the centre of Berlin



- Foncière des Régions has identified close to 150,000 m² to be developed in the very heart of Berlin, at Alexanderplatz, on land reserves adjacent to the Park Inn. This ambitious mixed-use project, with high value-creation potential, should begin in 2019.

1.5.4.10. Portfolio values

1.5.4.10.1. Change in portfolio values

Group Share (€M, excluding duties)	Value 2016	Acquisitions	Invest.	Disposals	Value creation on acquis./ disposals	Change in value	Change in % ownership	Reclustering	Value 2017
Assets in operation	1,346	342	13	-66	23	26	3	-7	1,704
Assets under development	39	0	24	0	0	8	7	7	78
Total in lease	1,385	342	37	-66	23	34	3	0	1,758
Hotels Operating properties	246	1	1	-5	0	7	1	0	250
TOTAL	1,631	344	38	-71	23	40	4	0	2,008

At the end of 2017, the value of the portfolio amounts to €2.0 million Group Share, up €377 million, *i.e.* +23% due to investments net of disposals (90% of the change) and growth in value on a like-for-like scope (10% of the change).

1.5.4.10.2. Like-for-like change: +4.3% on the hotel portfolio

(€M, excluding duties)	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL[1] change 12 months	Yield[2] 2016	Yield[2] 2017	% of total value
Hotels Lease properties	1,061	3,395	1,480	4.1%	5.3%	5.3%	83%
Assets under development	39	137	54	17.4%	N/A	N/A	3%
Total Lease properties	1,100	3,532	1,534	4.5%	5.3%	5.3%	86%
Hotel Operating properties	246	1,275	250	2.9%	6.5%	6.4%	14%
Total Hotels	1,346	4,807	1,784	4.3%	5.5%	5.5%	100%
Non-strategic (Retail)	285	447	224	-4.3%	6.5%	6.7%	
TOTAL	1,631	5,255	2,008	3.2%	5.7%	5.5%	

(1) LfL: Like-for-Like.
(2) EBIDTA yield for operating properties.

The growth of the hotel portfolio at a like-for-like scope accelerated in 2017 at 4.3% (*vs* 2.1% in 2016) and validates the strategic positioning of the Group on major European cities. The main drivers of this increase are hotel lease properties (+4.1%) and developments (+17.4%).

Besides, the size of the non-strategic portfolio was reduced by 21% in 2017 thanks to disposals of Retail assets Quick and Jardiland. Taking into account the disposals agreement signed, including the entirety of the remaining Quick portfolio, the reduction amounts to 45%.

Early 2018, the merger of FDM Management into FDM transformed the Group's hotel portfolio. Proforma to this transaction, the revenue profile of the Group will offer a better exposure to a growing hotel market and an improved risk/return profile:

- lease properties will represent 70% of the hotel portfolio (*versus* 85% at end-2016)
- operating properties will represent 30% of the hotel portfolio (*versus* 15% at end-2016).

Geographic breakdown

(€M, excluding duties)	Value 2016 GS	Value 2017 100%	Value 2017 GS	LfL[1] change 12 months	Yield[2] 2016	Yield[2] 2017	% of total value
Total France	**692**	**1,923**	**736**	**3.3%**	**5.0%**	**5.0%**	**41%**
Paris	271	649	295	6.3%	4.0%	4.1%	17%
Greater Paris (excl. Paris)	118	312	124	0.6%	5.1%	5.2%	7%
Major regional cities	177	453	182	0.7%	5.7%	5.6%	10%
Other cities	125	509	135	3.0%	6.4%	6.0%	8%
Germany	**169**	**522**	**254**	**6.3%**	**5.7%**	**5.5%**	**14%**
Francfurt	17	57	28				2%
Munich	10	36	18				1%
Berlin	16	42	20				1%
Other cities	125	387	188				11%
Belgium	**175**	**339**	**169**	**-0.3%**	**5.8%**	**6.1%**	**9%**
Brussels	32	64	32				2%
Other cities	143	274	137				8%
Spain	**6**	**611**	**306**	**7.1%**	**6.2%**	**5.4%**	**17%**
Madrid	2	247	124				7%
Barcelona	0	235	117				7%
Other cities	4	130	65				4%
Other countries	**58**	**137**	**69**	**12.7%**	**6.3%**	**5.5%**	**4%**
TOTAL HOTEL LEASE PROPERTIES	1,100	3,532	1,534	4.5%	5.3%	5.3%	86%
France	**43**	**224**	**46**	**6.8%**	**6.1%**	**6.1%**	**3%**
Lille	23	117	24				1%
Other cities	20	108	22				1%
Germany	**187**	**973**	**188**	**2.6%**	**6.6%**	**6.5%**	**11%**
Berlin	116	619	120				7%
Dresden & Leipzig	51	249	48				3%
Other cities	20	105	21				1%
Belgium	**16**	**79**	**16**	**2.0%**	**6.6%**	**6.3%**	**1%**
TOTAL HOTEL OPERATING PROPERTIES	246	1,275	250	2.9%	6.5%	6.4%	14%
TOTAL HOTELS	1,346	4,807	1,784	4.3%	5.5%	5.5%	100%
Non-strategic (Retail)	285	447	224	-4.3%	6.5%	6.7%	

(1) LfL: Like-for-Like..
(2) Yield excluding assets under development; EBIDTA yield for hotel operatin properties.

Like-for-like growth stepped up to 4.3% in 2017 on the hotel portfolio after +2.1% in 2016, due to:

- 4.5% growth in the value of investment properties, with:
  - +7.2% on the Spanish portfolio acquired at end-2016
  - +3.3% in France with a return to growth in rental income in the hotel sector and the renegotiation of leases with B&Bs (lengthening of lease terms to 12 years for 158 hotels in France)
  - +6.3% on Germany thanks to good market performance on the Group's target cities (Hamburg, Frankfurt, and Berlin)
- the good performance of Operating Properties holdings (+2.9%), which added to the value creation realized in 2016 (+6%):
  - the portfolio of nine hotels in Berlin, Dresden, and Leipzig under management contracts held its momentum with a 2.6% rise in values up to 14.8% since the acquisition in August 2016
  - the good performance of the portfolio of nine assets in franchise in the North of France (+4.8%) reflects the expertise of the Group's hotel teams.

1.5.4.10.3. Operating Hotel properties – value per room

(€K, 100%)	Number of rooms 2017	Value per room 2016	Value per room 2017	Var. (%)
France	880	239	247	3.4%
Germany	4,575	153	156	1.7%
Belgium	521	148	151	2.0%
TOTAL	**5,976**	**164**	**169**	**2.5%**

Foncière des Régions' upscaling strategy has given rise to a sharp increase in values per room since 2015 (+48%). In Germany in particular, the value per room more than doubled due to the acquisition of high-end hotels such as the Westin and the Park Inn in the centre of Berlin. The level of €156 thousand per room remains lower than the average in other European capitals.

1.6. FINANCIAL INFORMATION AND COMMENTS

The activity of Foncière des Régions consists in the acquisition, ownership, administration and leasing of properties, developed or otherwise, particularly Offices in France and Italy, Residential in Germany, and Hotels in Europe.

Registered in France, Foncière des Régions is a limited company (société anonyme) with a Board of Directors.

1.6.1. Consolidated accounts

1.6.1.1. Scope of consolidation

As at 31 December 2017, the Foncière des Régions scope of consolidation included companies located in France and several other European countries (Offices in France and Italy; Residential in Germany and France, Austria, Denmark and Luxembourg; and Hotels in Germany, Portugal, Belgium, the Netherlands, and Spain). The main ownership interests in the fully consolidated but not wholly-owned companies are the following:

Subsidiaries	2016	2017
Foncière Développement Logements	61.3%	100.0%
Foncière des Murs	49.9%	50.0%
Immeo	61.0%	61.7%
Beni Stabili	52.2%	52.4%
OPCI CB 21 (Tour CB 21)	75.0%	75.0%
République (ex-Urbis Park)	59.5%	100.0%
Fédérimmo (Carré Suffren)	60.0%	60.0%
SCI Latécoëre (DS Campus)	50.1%	50.1%
SCI 15 rue des Cuirassiers (Silex)	100.0%	50.1%
SCI 9 rue des Cuirassiers	100.0%	50.1%
SCI 11, Place de l’Europe (Campus Eiffage)	50.1%	50.1%

Further to the redemption of shares in Foncière Développement Logements and République at year-end 2017, these companies are now wholly-owned.

After an equity investment by Assurances du Crédit Mutuel in the SCI 9 et 15 rue des Cuirassiers (Silex1 & 2 buildings located in Lyon Part-Dieu), these companies are now 50.1% controlled.

1.6.1.2. Accounting principles

The consolidated financial statements have been prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board) and adopted by the European Union on the date of preparation. These standards include the IFRS (International Financial Reporting Standards), as well as their interpretations. The financial statements were approved by the Board of Directors on 14 February 2018.

1.6.1.3. Simplified income statements – Group Share

Group Share *(€M)*	**2016**	**2017**	**Var.**	**%**
Net rental income	526.1	539.4	13.3	2.5%
Net operating costs	-62.1	-64.1	-2.0	3.2%
in % of net rent rental income	*-11.8%*	*-11.9%*	0.0	0.0%
Income from other activities	10.0	7.3	-2.7	-27.0%
Depreciation of operating assets	-5.9	-7.2	-1.3	22.0%
Net change in provisions and other	-5.5	-2.9	2.6	-
CURRENT OPERATING INCOME	**462.6**	**472.5**	**9.9**	**2.1%**
in % of net rent rental income	*87.9%*	*87.6%*	0.0	0.0%
Net income from inventory properties	-2.8	-2.2	0.6	-
Income from asset disposals	37.4	28.8	-8.6	-
Income from value adjustments	465.2	627.2	162.0	-
Income from disposal of securities	11.3	-2.2	-13.5	-
Income from changes in scope	-11.2	-2.2	9.0	-
OPERATING INCOME	**962.4**	**1,121.9**	**159.5**	**16.6%**
Cost of net financial debt	-147.7	-152.2	-4.5	3.0%
Value adjustment on derivatives	31.4	-0.5	-31.9	-101.6%
Discounting of liabilities and receivables	-4.6	-6.8	-2.2	47.8%
Net change in financial and other provisions	-40.6	-14.4	26.2	-64.5%
Share in earnings of affiliates	24.7	34.8	10.1	-
INCOME FROM CONTINUING OPERATIONS	**825.5**	**982.9**	**157.4**	**-**
Deferred tax	-32.6	-61.4	-28.8	88.3%
Corporate income tax	-6.0	-7.4	-1.4	-
NET INCOME FROM CONTINUING OPERATIONS	**787.0**	**914.1**	**127.1**	**-**
Post-tax profit or loss of discontinued operations	-4.2	0.0	4.2	-
NET INCOME FOR THE PERIOD	**782.8**	**914.1**	**131.3**	**-**

For the 2016 fiscal year, discontinued operations were in the Logistics sector. As of 1 January 2017, following the merger of Foncière Europe Logistique with Foncière des Régions and the effective disposal of the major assets, the residual Logistics operations, immaterial at the Group level, are no longer included under discontinued operations and have been reclassified under France Offices in the financial statements.

1.6.1.3.1. 2.5% rise in net rental income – Group Share

Net rental income varies under the combined impact of acquisitions, disposals and deliveries of developments, as well as the effect of indexation in the Germany Residential sector. The Italy Offices sector is also growing due to the increased ownership interest on a full-year basis (average ownership interest for 2016: 50.12%, for 2017: 52.4%).

The net rental income by operating segment is the following:

Group Share *(€M)*	**2016**	**2017**	**Var.**	**%**
France Offices	239.0	232.4	-6.6	-2.8%
Italy Offices (incl. Retail)	84.0	80.7	-3.3	-3.9%
Germany Residential	116.1	128.8	12.7	10.9%
Hotels in Europe (incl. Retail)	81.4	93.1	11.7	14.4%
France Residential	5.6	4.5	-1.1	-19.6%
TOTAL NET RENTAL INCOME	**526.1**	**539.4**	**13.3**	**2.5%**

France Offices: a -€6.6 million drop in net rental income - Group Share due primarily to the combined effect of property vacated as a result of developments and disposals (-€12 million), acquisitions and development deliveries (+€9 million), the slight deterioration in unrecovered rental costs following the reintegration of the residual Logistics operations (-€0.7 million), and the one-off increase in non-refundable taxes on projects under development (-€2.3 million).

Italy Offices: a -€3.3 million decline in net rental income – Group Share due to the sale of 40% of the Telecom Italia portfolio at the end of the first half of 2017.

Germany Residential: net rental income Group Share increased by €12.7 million, driven by acquisitions (+€15 million), further boosted by the impact of indexation (+€4.5 million) and decreased by disposals (-€7 million).

Hotels in Europe: €11.7 million increase in net rental income Group Share. This net increase is made up of income growth in the hotel sector (+€20 million) mainly as a result of acquisitions during 2017 in Spain (+€16 million), which were partly offset by a decrease as a result of the disposal of AccorHotels' non-core assets (-€7 million).

1.6.1.3.2. Net cost of operations

The net operating costs were €64 million as compared to €62 million as at 31 December 2016, primarily related to the non-recurring impact of expenses relating to discontinued projects (tender offer). Net cost of operations was stable as a percentage of net rental income, at 12%.

1.6.1.3.3. Income from other activities

Net income from other activities (€7.3 million) mainly came from real estate promotion activities and the income generated by car park companies. Due to the major divestment at the end of 2016, the income from Car Parks (excluding depreciation and provisions) fell from €4 million to €2.3 million. Real estate promotion generated net income of €5 million over the fiscal year.

1.6.1.3.4. Depreciation of operating assets

Depreciation of operating assets (-€7.2 million in 2017 *versus* -€5.9 million in 2016) included the real estate depreciation of the headquarters buildings and co-working buildings, and depreciation of other tangible and intangible fixed assets. This line item shows an increase stemming from the reclassification of investment properties as operating properties ("own occupied buildings" in the co-working business), less the impact from disposals of car parks.

1.6.1.3.5. Change in the fair value of assets

The income statement recognises changes in the fair value of assets based on appraisals conducted on the portfolio. For the year 2017, the change in the fair value of investment assets is positive and stands at €627 million Group Share. Change in the fair value of investment assets by operating segment can be broken down as follows:

- France Offices: +€242 million
- Italy Offices: +€31 million
- Hotels in Europe: +€41 million
- Germany Residential: +€313 million

Operating income rose €160 million, totalling €1,122 million compared to €962 million at 31 December 2017.

1.6.1.3.6. Financial aggregates

The changes in the fair value of financial instruments stand at -€0.5 million compared to +€31.4 million at 31 December 2016, due to the positive change in the value of hedging instruments (+€39.7 million) and the negative change in the value of ORNANE bonds (-€40.2 million).

1.6.1.3.6.1. Share in income of equity affiliates

Group Share	% interest	Value 2016	Contribution to earnings	Value 2017	Change (%)
OPCI Foncière des Murs	9.95%	37.0	4.4	37.1	0.1%
Lénovilla (New Vélizy)	50.10%	59.6	11.7	71.2	19.5%
Euromed	50.00%	41.2	10.6	39.3	-4.6%
SCI Latécoëre 2 (Extension DS)[1]	50.10%	1.5	2.7	0.0	N/A
FDM Management	20.35%	71.1	2.2	71.6	0.6%
Other equity interests	N/A	14.4	3.2	22.6	56.8%
TOTAL		**224.8**	**34.8**	**241.7**	**7.0%**

(1) Since December 2017, Latécoère 2 is consolidated by using the full consolidation method.

The equity affiliates involve the France Offices and Hotels in Europe sectors:

- Lénovilla involves the New Vélizy campus (47,000 m²), let to Thalès and shared with Crédit Agricole Assurances
- SCI Latécoère 2 involves the expansion of the Dassault Systèmes campus (12,800 m²), also in Vélizy and shared with Crédit Agricole Assurances
- Euromed in Marseilles involves the development of four Office Buildings in Marseilles (48,000 m²) and a 210-room hotel in partnership with Crédit Agricole Assurances. The project's last two buildings were completed and sold in 2017
- FDM is a subsidiary of Foncière des Murs, dedicated to the ownership and operating of hotel properties. In early 2018, the shareholders of Foncière des Murs approved the merger with FDM Management, now 100% consolidated
- OPCI Foncière des Murs involves two hotel portfolios, Campanile (32 hotels) and AccorHotels (39 hotels) owned at 80% by Crédit Agricole Assurances.

The change over the period (+€17 million) was the result of the net income generated over the period (+€34.8 million), the allocation of losses to the partners (+€5.2 million) and dividend distributions (-€17.8 million).

1.6.1.3.6.2. Recurring net income of affiliates

Group Share (€M)	France offices	Italy offices	Hotel investment properties	Hotel operating properties	2017
Net rental income/Revenue of hotel operating properties	10.2	-	4.4	13.1	27.7
Net operating costs	-0.4	-	-0.4	-0.7	-1.5
Income from other activities	1.4	-0.4	-	-	1.0
Cost of net financial debt	-2.2	-	-1.1	-3.6	-6.9
Corporate income tax	-	-	-0.1	-0.6	-0.7
SHARE IN RNI OF AFFILIATES	**8.9**	**-0.4**	**2.8**	**8.1**	**19.5**

1.6.1.3.6.3. Taxes

The corporate income tax corresponds to the tax on:

- foreign companies that are not or are only partially subject to a tax transparency regime (Germany, Belgium, the Netherlands, and Portugal)
- French SIIC or Italian subsidiaries with taxable activity.

The -€7.4 million decrease in recurrent tax includes the adjustment of the 3% contribution on dividends (+€2 million), the withholding tax on dividends received by Foncière des Régions from its Italian subsidiary (-€2 million), the taxes on sales (-€3.6 million), and the corporate income tax (-€2.8 million).

1.6.1.3.6.4. Recurring net income (RNI) up 10%, an increase of €35 million

	Net income Group Share	Restatements	RNI 2017	RNI 2016
NET RENTAL INCOME	**539.4**	**0.0**	**539.4**	**526.3**
Operating costs	-64.1	4.4	-59.7	-60.3
Income from other activities	7.3	-0.4	7.0	9.6
Depreciation of operating assets	-7.2	7.2	0.0	0.0
Net change in provisions and other	-2.9	2.9	0.0	0.0
OPERATING INCOME	**472.5**	**14.1**	**486.6**	**475.6**
Net income from inventory properties	-2.2	2.2	0.0	0.0
Income from asset disposals	28.8	-28.8	0.0	0.0
Income from value adjustments	627.2	-627.2	0.0	0.0
Income from disposal of securities	-2.2	2.2	0.0	0.0
Income from changes in scope	-2.2	2.2	0.0	0.0
OPERATING RESULT	**1,121.9**	**-635.2**	**486.6**	**475.6**
Income from non-consolidated companies	0.0	0.0	0.0	0.0
COST OF NET FINANCIAL DEBT	**-152.2**	**41.4**	**-110.8**	**-129.1**
Value adjustment on derivatives	-0.5	0.5	0.0	0.0
Discounting of liabilities and receivables	-6.8	6.8	0.0	0.0
Net change in financial provisions	-14.4	14.4	0.0	0.0
Share in earnings of affiliates	34.8	-15.3	19.5	13.6
PRE-TAX NET INCOME	**982.9**	**-587.5**	**395.4**	**360.1**
Deferred tax	-61.4	61.4	0.0	0.0
Corporate income tax	-7.4	3.2	-4.2	-4.3
NET INCOME FOR CONTINUED OPERATIONS	**914.1**	**-522.9**	**391.2**	**355.8**
Profits or losses on discontinued operations	0.0	0.0	0.0	0.4
NET INCOME FOR THE PERIOD	**914.1**	**-522.9**	**391.2**	**356.2**

- The income from changes in consolidation scope (-€2.2 million) consists exclusively of the acquisition costs for the shares of companies consolidated in accordance with IFRS 3 R.
- The cost of debt increased by €41.4 million, impacted by the early debt-restructuring costs, including buyback of the Beni Stabili ORNANE-type bonds, which significantly reduced the dilutive risk.

1.6.1.3.6.5. Recurring net income by activity

Group Share (€M)	France offices	Italy offices	Germany Residential	Hotels in Europe	France Residential	Corporate or non-attributable sector	Intercos Inter-sector	2017
Net rental income (before elim. Interco)	232.4	80.7	128.8	93.1	4.5	-	-	539.4
Net rental income (after elim. Interco)	226.2	80.7	128.8	91.9	4.5	-0.1	7.4	539.4
Net operating costs	-14.2	-9.5	-22.1	-4.3	-1.5	-0.7	-7.4	-59.7
Income from other activities	5.1	-0.9	0.5	-	-	2.3	-	7
Cost of net financial debt	4.7	-16.4	-24.8	-16	-0.7	-57.6	-	-110.8
Share in earnings of affiliates	8.9	-0.4	-	11	-	-	-	19.5
Corporate income tax	0.3	-0.2	-2.4	-1.4	-	-0.5	-	-4.3
RECURRING NET INCOME	**231**	**53.3**	**80.1**	**81.2**	**2.3**	**-56.7**	**-**	**391.2**

1.6.1.4. Simplified consolidated income statement

(€M, 100%)	2016	2017	Var.	%
Net rental income	815.4	850.0	34.6	4.2%
Net operating costs	-93.6	-101.4	-7.8	8.4%
Income from other activities	13.1	6.2	-6.9	-52.6%
Depreciation of operating assets	-8.5	-9.9	-1.4	16.7%
Net change in provisions and other	-9.1	-6.0	3.1	-
CURRENT OPERATING INCOME	**717.2**	**739.0**	**21.8**	**3.0%**
Net income from inventory properties	-5.6	-4.4	1.2	-
Income from asset disposals	72.4	43.7	-28.7	-
Income from value adjustments	644.5	915.9	271.4	-
Income from disposal of securities	17.7	-4.1	-21.8	-
Income from changes in scope	-17.6	-3.3	14.3	-
OPERATING INCOME	**1,428.8**	**1,686.7**	**257.9**	**18.1%**
Income from non-consolidated companies	0.0	0.0	0.0	-
Cost of net financial debt	-236.3	-236.9	-0.6	0.3%
Value adjustment on derivatives	27.4	0.1	-27.3	-99.6%
Discounting of liabilities and receivables	-3.6	-6.8	-3.2	88.6%
Net change in financial and other provisions	-52.8	-23.3	29.5	-55.9%
Share in earnings of affiliates	27.4	43.2	15.8	-
INCOME FROM CONTINUING OPERATIONS	**1,190.9**	**1,463.0**	**272.1**	**-**
Deferred tax	-56.9	-98.4	-41.5	72.8%
Corporate income tax	-10.7	-12.0	-1.3	12.6%
NET INCOME FROM CONTINUING OPERATIONS	**1,123.3**	**1,352.6**	**229.3**	**-**
Post-tax profit or loss of discontinued operations	-4.2	0.0	4.2	-
NET INCOME FOR THE PERIOD	**-4.2**	**0.0**	**4.2**	**-**
Non-controlling interests	-336.3	-438.5	-102.2	-
NET INCOME FOR THE PERIOD – GROUP SHARE	**782.8**	**914.1**	**131.3**	**-**

1.6.1.4.1. €34.6 million (4.2%) rise in consolidated net rental income

Net rental income increased mainly due to acquisitions, delivery of assets under development and the effect of indexation on the Germany Residential sector. This increase was offset by disposals. The net rental income by operating segment is the following:

(€M, 100%)	2016	2017	Var.	%
France Offices	264.0	257.4	-6.6	-2.5%
Italy Offices (incl. Retail)	164.2	172.8	8.6	5.2%
Germany Residential	187.7	205.8	18.1	9.6%
Hotels in Europe (incl. Retail)	190.5	206.6	16.1	8.5%
France Residential	9.1	7.4	-1.7	-18.7%
TOTAL NET RENTAL INCOME	**815.4**	**850.0**	**34.6**	**4.2%**

1.6.1.5. Simplified consolidated balance sheet – Group Share

Group Share *(€M)* **Assets**	2016	2017	Liabilities	2016	2017
Investment properties	10,260	11,171			
Investment properties under development	653	409			
Other fixed assets	116	211			
Equity affiliates	225	244			
Financial assets	213	298			
Deferred tax assets	6	4	**Shareholders' equity**	**5,302**	**6,363**
Financial instruments	35	37	Borrowings	6,879	6,780
Assets held for sale	228	352	Financial instruments	345	285
Cash	991	1,089	Deferred tax liabilities	241	331
Discontinued operations	69	0	Other liabilities	335	422
Other	334	365	Discontinued operations	27	0
TOTAL	**13,130**	**14,181**	**TOTAL**	**13,130**	**14,181**

1.6.1.5.1. Fixed assets

The portfolio (excluding assets held for sale) at the end of December by operating segment is as follows:

Group Share *(€M)*	2016	2017	Var.	Incl. like-for-like change
France Offices	4,825	4,989	164	242
Italy Offices (incl. Retail)	2,088	1,873	-215	31
Germany Residential	2,467	3,024	557	313
Hotels in Europe (incl. Retail)	1,398	1,651	253	41
France Residential	237	240	3	0
Car parks	14	14	0	0
TOTAL FIXED ASSETS	**11,030**	**11,791**	**762**	**627**

The change in fixed assets for France Offices is primarily the result of the increase in the fair value of investment properties (+€242 million), and the work carried out on properties under development (+€103 million).

The change in fixed assets for Italy Offices (-€215 million) was due primarily to the sharing of the Telecom Italia portfolio (-€323 million in Group Share), partially offset by the acquisition of €96 million in Offices in Milan, including a portfolio of 17 assets from the Credito Valtellinese group.

The change in fixed assets for Hotels in Europe is essentially related to acquisitions in Spain (+€280 million in Group Share), the exercise of five purchase options on NH Hotels (+€62 million of which €29 million paid in 2016), the rise in fair value (+€41 million), and the works completed during the fiscal year on assets in development (+€46 million). The disposals in 2016 appraisal values of -€66 million (of which 33 Quick assets representing -€49 million), and the reclassification of 48 Quick and five Jardiland assets as Assets held for sale (total amount -€93 million) partially offset this increase.

The change in fixed assets for Germany Residential is mainly due to acquisitions over the period (€357 million), the €44 million in works completed over the period, the €313 million change in fair value, and the -€190 million in buildings reclassified as assets held for sale during the period.

1.6.1.5.1.1. Assets held for sale

The assets held for sale primarily consist of assets for which a preliminary sales agreement has been signed. The €124 million increase between 2016 and 2017 mostly comes from completed sales and newly signed preliminary sale agreements. Hotels in Europe has entered into new preliminary sale agreements (€93 million) for five Jardiland and 48 Quick assets, representing the entire Quick portfolio.

1.6.1.5.1.2. Total Group Shareholders' equity

Total shareholders' equity increased from €5,302 million at the end of 2016 to €6,363 million at 31 December 2017, *i.e.* an increase of €1,061 million due mainly to:

- income for the period: +€914 million
- capital increases net of costs: +€469 million, of which €396 million in January 2017
- the impact of the cash dividend distribution: -€325 million
- financial instruments included in shareholders' equity: +€2 million.

1.6.1.5.1.3. Other assets

This line item includes settlement of €95 million in expenses (property expenses to be re-invoiced to tenants). Note that other liabilities include calls for funds (provisions for losses) received from tenants for €105 million.

1.6.1.5.1.4. Other liabilities

The €87 million increase in liabilities is mainly a result of the recognition of the deferred payment for acquisitions in the Hotels in Europe segment (+€54 million), and changes in accounts payable to fixed-asset suppliers, particularly for work on projects under development (+€38 million).

1.6.1.6. Simplified consolidated balance sheet

(€M, 100%) **Assets**	**2016**	**2017**	**Liabilities**	**2016**	**2017**
Investment properties	16,170	17,733			
Investment properties under development	593	685			
Other fixed assets	177	230			
Equity affiliates	345	369	Shareholders' equity	5,302	6,363
Financial assets	255	355	Non-controlling interests	3,166	3,805
Deferred tax assets	11	6	**Shareholders' equity**	**8,468**	**10,168**
Financial instruments	41	48	Borrowings	9,737	10,121
Assets held for sale	298	520	Financial instruments	429	323
Cash	1,083	1,297	Deferred tax liabilities	410	551
Discontinued operations	69	0	Discontinued operations	27	0
Other	458	491	Other liabilities	429	571
TOTAL	19,501	21,733	TOTAL	19,501	21,733

1.6.1.6.1. Investment properties and properties under development

These two fixed asset items increased by €1,655 million, mainly as a result of value adjustments for +€900 million, asset acquisitions and work (including on developments) in the amount of €1,932 million, and reclassification as Assets held for sale for -€1,165 million. Acquisitions/construction works (€1,626 million) and works on assets under development (€306 million) are broken down by operating segment as follows:

- +€124 million on France Offices, including the change in consolidation method from Equity Method to Full Consolidation of Latécoère 2 (DS campus expansion), and +€103 million in development works
- +€691 million on the Hotels in Europe segment, and +€84 million in development works
- +€651 million on the Germany Residential segment
- +€159 million in Italy Offices and +€119 million in development works.

1.6.1.6.2. Investments in equity affiliates

The investments in equity affiliates increased by €23.5 million. This change is principally due to the income for the period (+€43.2 million), less dividend distribution and allocation of the shares of losses (-€19.7 million).

1.6.1.6.3. Financial assets

Financial assets increased due to pre-payments made for acquisitions of company shares in the Germany Residential segment (€125 million).

1.6.1.6.4. Discontinued operations (Logistics operations in 2016)

As of 1 January 2017, following the merger of FEL with Foncière des Régions, the residual logistics operations, immaterial at the Group level (only one asset still owned), are no longer included under discontinued operations and have been reclassified under France Offices in the financial statements.

1.6.1.6.5. Deferred tax liabilities

Net deferred taxes represent €545 million in liabilities *versus* €399 million as at 31 December 2016. This €146 million increase is mainly due to the acquisitions completed and the increase in the value of assets in the Germany Residential and Hotels in Spain segments.

1.6.1.6.6. Other liabilities

The €142 million rise in this item is mainly due to the recognition of deferred payment liabilities following acquisitions by the Hotels in Spain segment (+€54 million), and the increase in accounts payable to suppliers, largely for works on properties under development (€54 million).

1.7. FINANCIAL RESOURCES

1.7.1. Main debt characteristics

Group Share	2016	2017
Net debt, Group Share *(€M)*	5,888	5,691
Average annual rate of debt	2.21%	1.87%
Average maturity of debt *(years)*	5.7	6.2
Debt active hedging spot rate	81%	75%
Average maturity of hedging	5.7	6.3
LTV Including Duties	44.6%	40.4%
ICR	3.60	4.36

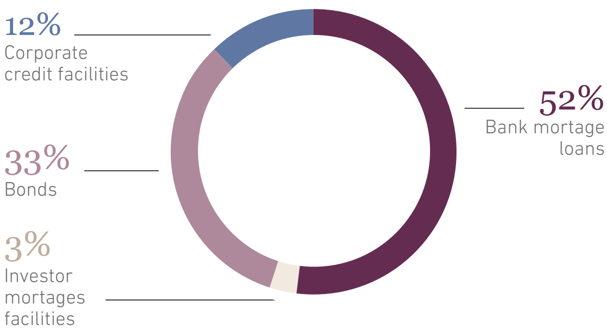
1.7.2. Debt by type

On 31 December 2017, the net debt (Group Share) of Foncière des Régions was €5.7 billion (€8.8 billion consolidated), down by almost €200 million compared to the end of 2016, due to the €400 million capital increase which was completed in January 2017 and the disposal of 40% of the Telecom Italia portfolio.

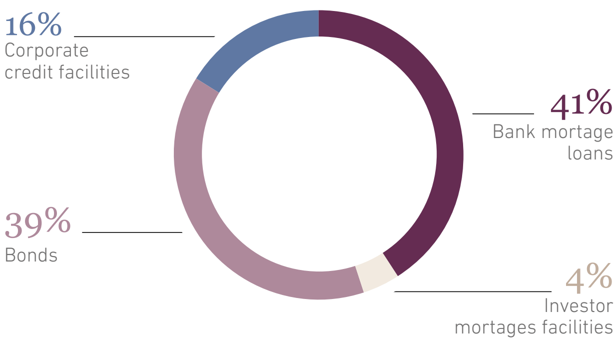
As regards commitments attributable to the Group, the share of corporate debts (bonds and loans) accounted for over 55% (compared with 53% in 2016).

In addition, at the end of December 2017, the cash and cash equivalents of Foncière des Régions totalled nearly €2.5 billion, Group Share (€2.8 billion on a consolidated basis). Foncière des Régions had €777.4 million in commercial paper outstanding at 31 December 2017.

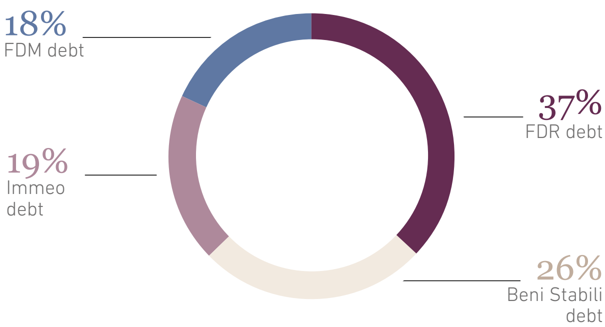
› Consolidated commitments by type



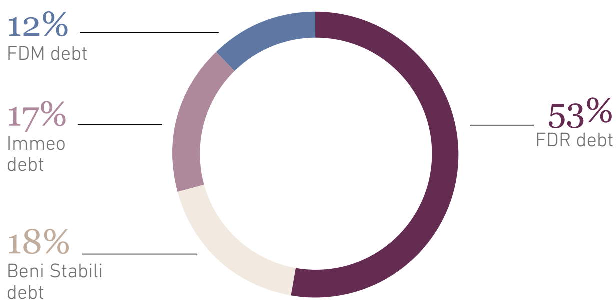
› Groupe Share commitments by type



› Consolidated commitments by company



› Groupe Share commitments by company

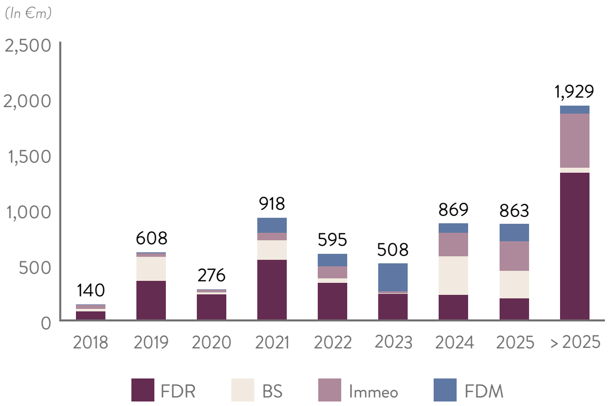


1.7.3. Debt maturity

The average maturity of the Foncière des Régions debt increased by 0.5 years, to 6.2 years at the end of December 2017. This was due to debt being refinanced or new debt being raised in 2017 for long maturities. The upcoming maturities in 2018 are solely the result of regular debt amortization, or, in the case of Foncière des Régions, the expiry of corporate credit facilities, which had not been drawn down at the end of 2017 and which are being renewed.

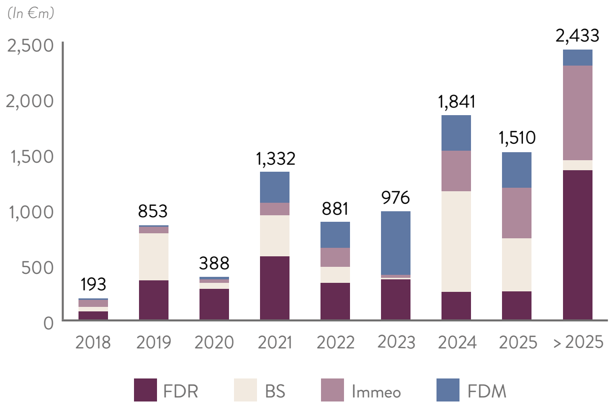
Debt amortisation schedule for each company

(Group Share)



Debt amortisation schedule by company

(on a consolidated basis)



1.7.4. Main changes during the period

1.7.4.1. Sustained financing and re-financing activity: €3.2 billion in 100% (€2.0 billion Group Share)

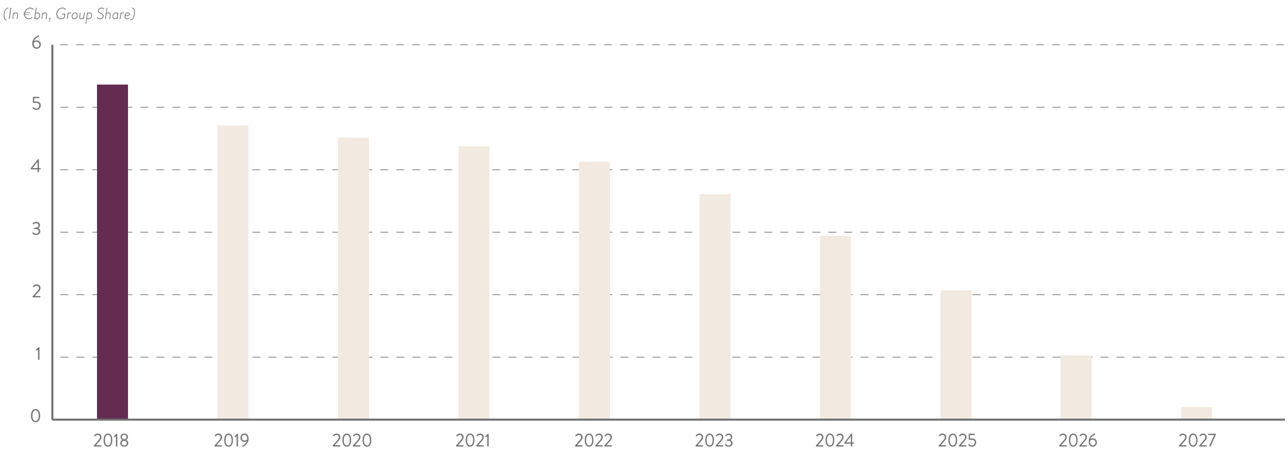
- In 2017 Foncière des Régions pursued its diversification strategy for financing resources, debt cost decrease and maturity lengthening with €825 million (€825 million in Group Share) of raised or refinanced funds:
  - in June 2017, Foncière des Régions successfully completed a €500 million bond issue, maturing in 2027, with a fixed coupon of 1.500%, *i.e.* a spread of 85 bps. This transaction was coupled with a cash redemption offer on part of the 2021 bonds bearing interest at a fixed rate of 1.750%. The total value of bonds redeemed was €273.1 million (of a total 2021 issue of €500 million)
  - in the second half or immediately after year-end, Foncière des Régions also raised or renegotiated €325 million in corporate credit facilities (including €100 million in new money), which had not been drawn down at the end of 2017, with a seven-year maturity.
- Italy Offices (Beni Stabili) has significantly improved the quality of its debt as it has been rated BBB- by S&P this year *via* a financing and refinancing of €1.2 billion (€628 million in Group Share):
  - in February 2017, Beni Stabili redeemed its €270 million convertible bond maturing in April 2019, to reduce the risk of future dilution
  - in July and August 2017, Beni Stabili took out two LT mortgages with maturities of 8.5 and 10 years for a total amount of €336 million, which had been partially drawn down at the end of 2017
  - after receiving its BBB- rating in July 2017, Beni Stabili also successfully completed a seven year, €300 million bond issue (maturing in 2024) with 1.625% coupon.
- Hotels in Europe (Foncière des Murs) raised €724 million (€289 million in Group Share) to fund the growth of its portfolio, especially:
  - in March 2017, Foncière des Murs took out an eight year, €279 million mortgage to purchase 17 hotels (3,335 rooms) in Spain, mostly 4* and 5* and located in the centre of Spain's major cities, mainly Barcelona and Madrid
  - in April and May 2017, Foncière des Murs also raised €105 million in two separate financing arrangements over 10 years, backed by the B&B and NH hotels in Germany
  - also in May, Foncière des Murs refinanced a portfolio of 166 B&B properties in France held *via* B2 Hotel Invest, an OPPCI vehicle. Financing of €290 million over seven years was raised on this occasion.
- Germany Residential (Immeo) has raised an refinanced €427 million (€260 million in Group Share) of debts in order to pursue its development and consolidate its Berlin portfolio:
  - €115 million over 10 years for the purchase of a portfolio of 1,827 units in Berlin, Dresden and Leipzig
  - €176 million through several smaller financing strategies, all over 10 years, to finance acquisitions mostly in Berlin, but also in Dresden, Potsdam and Düsseldorf
  - Immeo also continued to refinance existing liabilities to optimise their maturity and conditions, and even raise their amount. In total, €165 million was raised in this way, with long-term backing (9.9 years on average) from portfolios, half of which are located in Essen and Duisburg, and half of which are in Berlin.

1.7.5. Hedging profile

During 2017, the hedging management policy remained unchanged, with debt hedged at 90% to 100% on average during the year. At least 75% of the debt was subject to short term hedges, and all of the hedging has a maturity equal to or exceeding the debt maturity.

Based on net debt at 31 December 2017, Foncière des Régions is hedged (Group Share) at 79% over 5 years (+7% vs 2016). The average term of the hedges is 6.3 years (in Group Share).

› Edging maturities



1.7.6. Average interest rate on the debt and sensitivity

The average interest rate on Foncière des Régions' debt continued to improve, standing at 1.87% in Group Share, compared to 2.2% in 2016. This reduction is mainly due to the "full year" effect of the issue on Foncière des Régions in May 2016 of a Green bond at 1.875% for 10 years combined with the partial redemption of the issue maturing in January 2018 and to the impact of the renegotiations in 2016 and 2017 and the restructuring of hedges. For information purposes, an increase of 50 basis points in the three-month Euribor rate would have a negative impact of €5.7 million on recurring net income.

1.7.6.1. Financial structure

Excluding debts raised without recourse to the Group's property companies, the debts of Foncière des Régions and its subsidiaries generally include bank covenants (ICR and LTV) applying to the borrower's consolidated financial statements. If these covenants are breached, early debt repayment may be triggered. These covenants are established in Group Share for Foncière des Régions and for FDM and on a consolidated basis for the other subsidiaries of Foncière des Régions (if their debts include them).

- The most restrictive consolidated LTV covenants amounted to 60% for Foncière des Régions, FDM, FDL and Beni Stabili at 31 December 2017.
- The threshold for the consolidated ICR covenants differs from one REIT to another, depending on the type of assets, and may be different from one debt to another even for the same REIT, depending on debt seniority.

The most restrictive ICR consolidated covenants applicable to REITs are as follows:

- for Foncière des Régions: 200%
- for FDM: 200%
- for Beni Stabili: 150%.

With respect to Immeo, for which almost all of the debt raised is "non-recourse" debt, the portfolio financings do not contain any consolidated covenants.

Lastly, with respect to Foncière des Régions, some corporate credit facilities are subject to the following ratios:

Ratio	Covenant	December 2017
LTV	60.0%	44.2%
ICR	200.0%	436.0%
Secured debt ratio	25.0%	6.7%

All covenants were fully complied with at the end December 2017. No loan has an accelerated payment clause contingent on Foncière des Régions' rating, which is currently BBB, stable outlook (S&P rating).

Detail of Loan-to-Value calculation (LTV)

Group Share (€M)	2016	2017
Net book debt	5,888	5,691
Receivables linked to associates (full consolidated)	-23	-61
Receivables on disposals	-523	-352
Security deposits received	-20	-5
NET DEBT	**5,323**	**5,273**
Appraised value of real estate assets (including duties)	12,059	12,958
Preliminary sale agreements	-523	-352
Purchase debt	-22	-60
Financial assets	20	104
Receivables linked to associates (equity method)	164	137
Share of equity affiliates	243	270
Value of assets	**11,941**	**13,058**
LTV EXCLUDING DUTIES	**47.2%**	**42.6%**
LTV INCLUDING DUTIES	**44.6%**	**40.4%**

1.7.7. Reconciliation with consolidated accounts

1.7.7.1. Net debt

(€M)	Consolidated accounts	Minority interests	Group Share
Bank debt	10,121	-3,341	6,780
Cash and cash equivalents	1,297	-208	1,089
NET DEBT	**8,824**	**-3,133**	**5,691**

1.7.7.2. Portfolio

(€M)	Consolidated accounts	Portfolio of companies under equity method	Fair value of investment properties	Discontinued activities	Fair value of trading activities	Minority interests	Group Share
Investment & development properties	18,418	1,854	317	0	46	-8,203	12,432
Assets held for sale	520	-	-	-	-	-168	352
TOTAL PORTFOLIO	**18,938**	**1,854**	**317**	**0**	**46**	**-8,371**	**12,784**
				Duties			690
				Portfolio Group Share including duties			13,474
				(-) share of companies consolidated under equity method			-517
				PORTFOLIO FOR LTV CALCULATION			**12,958**

1.7.7.3. Interest Coverage Ratio

	Consolidated accounts	Minority interests	Group Share
EBE (Net rents (-) operating expenses (+) results of other activites)	758.4	-274	484.4
Cost of debt	178.6	-67.5	111.1
ICR	**4.25**		**4.36**

1.8. EPRA REPORTING

1.8.1. *Change in net rental income (Group Share)*

(€M)	2016	Acquisitions	Disposals	Developments	Change in percentage held/ consolidation method	Indexation, asset management and others	2017
France Offices	239	3	-8	5	-3	-5	232
Italy Offices (incl. Retail)	84	3	-11	0	2	2	81
Germany Residential	116	15	-8	0	1	4	129
Hotels in Europe (incl. Retail)	81	17	-11	1	24	-18	93
France Residential	6	0	-1	0	0	0	5
TOTAL	**526**	**38**	**-39**	**5**	**24**	**-16**	**539**

1.8.1.1. Reconciliation with financial data

(€M)	2017
Total from the table of changes in net rental income (Group Share)	539
Ajustements	0
TOTAL NET RENTAL INCOME (FINANCIAL DATA § 1.6.1.3)	**539**
Minority interests	311
TOTAL NET RENTAL INCOME (FINANCIAL DATA § 1.6.1.4)	**850**

1.8.2. *Investment assets – Lease data*

- Annualised rental income corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any relief.
- Vacancy rate at end of period:

$$\frac{\text{Market rental value on vacant assets}}{\text{Contractual annualized rents on occupied assets (+) Market rental value on vacant assets}}$$

- EPRA vacancy rate at end of period:

$$\frac{\text{Market rental value on vacant assets}}{\text{Market rental value on occupied and vacant assets}}$$

Group Share	Gross rental income (€M)	Net rental income (€M)	Annualised rents (€M)	Surface (m^2)	Average rent (€/m^2)	Vacancy rate at year end	EPRA vacancy rate at year end
France Offices	247	232	278	1,673,117	166	2.6%	2.6%
Italy Offices (incl. Retail)	97	81	93	1,676,949	111	3.4%	3.3%
Germany Residential	144	129	146	2,856,965	83	1.6%	1.6%
Hotels in Europe (incl. Retail)	94	93	94	1,766,315	106	0.0%	0.0%
France Residential	7	5	9	73,287	117	N/A	N/A
TOTAL	**589**	**539**	**619**	**8,046,633**	0	**2.1%**	**2.2%**

1.8.3. *Investment assets – Asset values*

- The EPRA net initial yield is the ratio of:

$$\text{EPRA NIY} = \frac{\text{Annualized rental income after deduction of outstanding benefits granted to tenants (rent-free periods, rent ceilings) (-) unrecovrerd property charges for the year}}{\text{Value the portfolio including duties}}$$

Group Share *(€M)*	**Market value**	**Change in fair value over the year**	**Duties**	**EPRA NIY**
France Offices	5,412	242	313	4.4%
Italy Offices (incl. Retail)	1,893	31	65	4.3%
Germany Residential	3,114	313	198	3.9%
Hotels in Europe (incl. Retail)	2,007	41	97	5.1%
France Residential and car parks	358	0	16	1.9% (1)
TOTAL	**12,784**	**627**	**690**	**4.3%**

(1) The yield is presented on France residential only.

Reconciliation with financial data

(€M)	**2017**
Total portfolio value (Group Share, market value)	12,784
Fair value of the operating properties	-249
Fair value of companies under equity method	-517
Inventories of real estate companies and others	-32
Fair value of parkings facilities	-54
INVESTMENT ASSETS GROUP SHARE(1) (FINANCIAL DATA § 1.6.1.5)	**11,932**
Minority interrests	7,005
INVESTMENT ASSETS 100%(1) (FINANCIAL DATA § 1.6.1.5)	**18,938**

(1) Fixed assets + developments assets + asset held for sale.

(€M)	**2017**
Change in fair value over the year (Group Share)	627
Others	-
INCOME FROM FAIR VALUE ADJUSTMENTS GROUP SHARE (FINANCIAL DATA § 1.6.1.3)	**627**
Minority interests	289
INCOME FROM FAIR VALUE ADJUSTMENTS 100% (FINANCIAL DATA § 1.6.1.4)	**916**

1.8.4. Assets under development

Development programmes and extensions or remodelling of existing properties that are not yet commissioned are valued at their fair value, and are treated as investment properties whenever the fair-value reliability criteria are met:

- administrative criteria: construction permits freed of all claims
- technical criteria: 50% of construction contracts signed
- sales and marketing criteria: good rental visibility.

The list of assets that meet these criteria at end-December 2017 is as follows:

(€M)	Ownership type	% ownership (GS)	Fair value December 2017	Capitalized financial expenses over the year	Total cost incl. financial cost[1] (M€, GS)	% progress	Delivery date	Surface at 100% (m²)	Pre-leasing (%)	Yield (%)
Riverside	FC[2]	100%		0.5	32	66%	2018	11,000	0%	7.0%
Hélios	FC	100%		0.2	23	59%	2019	9,000	100%	>7%
Silex 2	FC	50%		0.6	83	15%	>2020	30,900	0%	6.0%
Meudon Ducasse	FC	100%		-	22	2%	>2020	5,100	100%	6.4%
Total France Offices			**64**	**1.3**	**160**					
Via Colonna	FC	52%		-	9	80%	2018	3,500	100%	5.1%
Piazza Monte Titano	FC	52%		0.5	12	65%	2018	6,000	100%	5%
Symbiosis (bâtiments A&B)	FC	52%		4.8	49	63%	2018	20,500	88%	>7%
Principe Amedeo	FC	52%		0.6	30	28%	2018	7,000	57%	5.2%
Corso Ferrucci	FC	52%		1.3	46	75%	2019	45,600	36%	5.7%
The Sign (bâtiment A)	FC	52%		0.7	20	3%	2019	9,500	0%	>7%
Total Italy Offices			**225**	**7.9**	**166**					
B&B Chatenay-Malabry	FC	25%		0.0	2	81%	2018	127 rooms	100%	6.3%
B&B Berlin	FC	50%		0.1	6	78%	2018	140 rooms	100%	7%
Meininger Munich	FC	50%		0.4	15	90%	2018	173 rooms	100%	6.4%
B&B Cergy	FC	25%		-	1	24%	2019	84 rooms	100%	5.9%
Meininger Porte de Vincennes	FC	50%		0.1	24	51%	2019	249 rooms	100%	6.2%
Meininger Lyon Zimmermann	FC	50%		-	9	32%	2019	169 rooms	100%	6.1%
B&B Bagnolet	FC	25%		-	2	15%	2019	108 rooms	100%	6.3%
Total Hotels in Europe	FC		**42**	**0.6**	**59**					
TOTAL			**331**	**9.8**	**385**					

(1) The total cost of companies consolidated under the equity method (Îlot Armagnac, MO Porte Dorée), German Residential developments projects and projects committed in 2018 (Montpellier Orange, Meininger Marseille) amounts to €127 million.
The total cost of committed projects is therefore €512 million (cf. 1.G. Development projects).
(2) FC: Full consolidation.

Reconciliation with financial data

	2017
Total fair value of assets under development	331
Project under technical review and non-committed projects	78
ASSETS UNDER DEVELOPMENT (FINANCIAL DATA § 1.6.1.5)	**409**

1.8.5. Information on leases

	Firm residual lease term *(years)*	Residual lease term *(years)*	Lease expiration by date of 1st exit option Annualised rental income of leases expiring N+1	N+2	N+3 to 5	Beyond	Total %	Total *(€M)*	Section
France Offices	5.0	6.0	12%	13%	26%	49%	100%	278	1.5.1
Italy Offices (incl. Retail)	7.2	7.9	14%	10%	21%	54%	100%	93	1.5.2
Hotels in Europe (incl. Retail)	10.7	12.5	4%	3%	8%	85%	100%	94	1.5.4
TOTAL	**6.6**	**7.7**	**11%**	**10%**	**21%**	**57%**	**100%**	**465**	**1.4**

1.8.6. EPRA topped-up yield rate

The data below shows detailed yield rates for the Group and the transition from the EPRA topped-up yield rate to Foncière des Régions yield rate.

Group Share *(€M)*	Total 2016	France Offices	Italy Offices	Germany Residential	Hotels in Europe	France Residential	Total 2017
Investment, saleable and operating properties	11,827	5,412	1,893	3,114	2,007	281	12,707
Restatement of assets under developement	-531	-64	-225	-	-42	-	-331
Restatement of undevelopped land and other assets under development	-181	-115	-	-	-12	-	-127
Restatement of Trading *assets*	-	-12	-12	-4	-	-2	-30
Restatement of operating hotel properties	-246	-	-	-	-250	-	-250
Duties	650	313	65	198	97	16	690
Value of assets including duties (1)	**11,519**	**5,534**	**1,722**	**3,307**	**1,800**	**296**	**12,659**
Gross annualised rental income	575	257	88	146	94	9	593
Irrecoverable property charge	-45	-15	-15	-16	-1	-3	-49
Annualised net rental income (2)	**530**	**242**	**83**	**137**	**88**	**8**	**558**
Rent charges upon expiration of rent-free periods or other reductions in rental rates	27	22	5	-	-	-	27
Annualised topped-up net rental income (3)	**557**	**263**	**88**	**137**	**88**	**8**	**585**
EPRA Net Initial Yield (2)/(1)	4.6%	4.4%	4.3%	3.9%	5.1%	1.9%	4.3%
EPRA "Topped-up" Net Initial Yield (3)/(1)	4.8%	4.8%	4.5%	3.9%	5.1%	1.9%	4.5%
Transtition from EPRA topped-up NIY to Foncière des Régions yields							
Impact of adjustements of EPRA rents	0.4%	0.3%	0.9%	0.5%	0.1%	1.1%	0.4%
Impact of restatement of duties	0.3%	0.3%	0.2%	0.3%	0.3%	0.1%	0.3%
FONCIÈRE DES RÉGIONS YIELD RATE	**5.5%**	**5.3%**	**5.6%**	**4.7%**	**5.5%**	**3.1%**	**5.2%**

◈ **EPRA topped-up net initial yield is the ratio of:**

$$\text{EPRA Topped-up NIY} = \frac{\text{Annualized rental income after expiration of outstanding benefits granted to tenants (rent-free periods, rent ceilings) (-) unrecovered property charges for the year}}{\text{Value of the portfolio including duties}}$$

◈ **EPRA topped-up net initial yield is the ratio of:**

$$\text{EPRA NIY} = \frac{\text{Annualized rental income after deduction of outstanding benefits granted to tenants (rent-free periods, rent ceilings) (-) unrecovered property charges for the year}}{\text{Value of the portfolio including duties}}$$

1.8.7. EPRA cost ratio

Group Share *(€M)*	**2016**	**2017**
Unrecovered rental costs	-26.4	-27.8
Expenses on properties	-19.1	-19.2
Net losses on unrecoverable receivables	-2.2	-2.5
Other expenses	-4.2	-5.0
Overhead	-75.8	-78.7
Amortisation. impairment and net provisions	0.1	-3.7
Income covering overheads	18.9	23.1
Cost of other activities and fair value	-5.5	-5.3
Property expenses	0.4	1.2
EPRA costs (including vacancy costs) (A)	**-113.9**	**-117.9**
Vacancy cost	10.6	12.7
EPRA costs (excluding vacancy costs) (B)	**-103.2**	**-105.3**
Gross rental income less property expenses	573.7	587.7
Income from other activities and fair value	23.9	27.0
Gross rental income (C)	**597.6**	**614.7**
EPRA costs ratio (including vacancy costs) (A/C)	19.1%	19.2%
EPRA costs ratio (excluding vacancy costs) (B/C)	17.3%	17.1%

The calculation of the EPRA cost ratio excludes Car Parks, Logistics and Business and Premises.

The EPRA cost ratio is stable thanks to the decrease of the costs in German Residential, offsetting the increase in Hotels relating to the signing of "double net" leases in Spain.

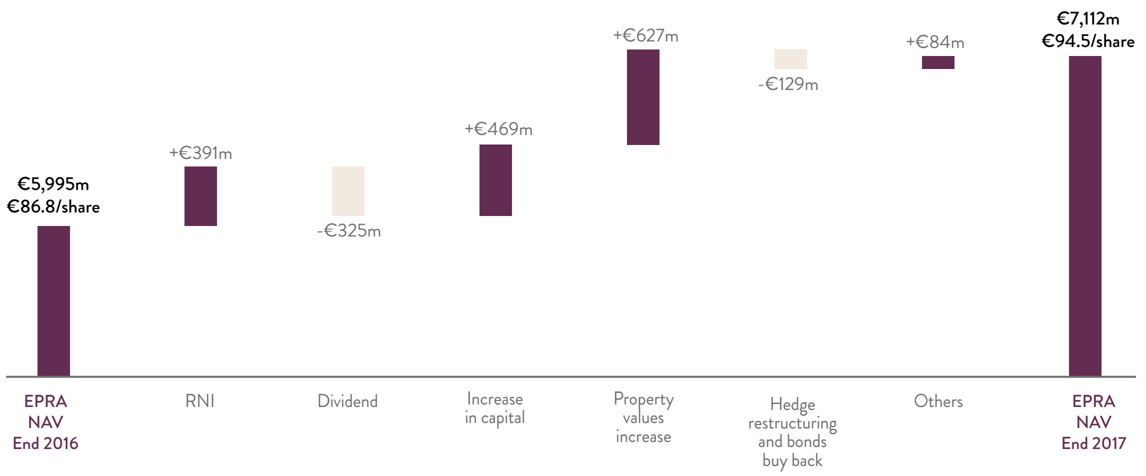
1.8.8. *EPRA Earnings*

(€M)	2016	2017
Net income Group Share (Financial data § 1.6.1.3)	782.8	914.1
Change in asset values	-465.2	-627.2
Income from disposal	-45.8	-24.4
Acquisition costs for shares of consolidated companies	11.2	2.2
Changes in the values of financial instruments	-31.4	0.5
Deferred tax liabilities	32.6	61.4
Taxes on disposals	1.7	3.6
Adjustment to amortisation, depreciation and provisions	1.8	0.0
Adjustments from early repayments of financial instruments	48.3	44.7
RNI adjustments for associates	-12.1	-16.7
Profits or losses on discontinued operations	4.6	0.0
EPRA Earnings	328.4	358.2
EPRA Earnings *(€/share)*	4.86	4.86
Specific FdR adjustments:		
Non-recurring costs	1.6	4.3
Amortized cost of debt and discounting effects	10.0	10.4
Neutralisation of amortization and provisions	11.6	11.5
Other non-cash charges	4.6	6.8
FDR RECURRING NET INCOME (FINANCIAL DATA § 1.6.1.3)	356.2	391.2

1.8.9. *EPRA NAV and EPRA NNNAV*

	2016	2017	Var.	Var. (%)
EPRA NAV *(€M)*	5,995	7,112	1,117	18.6%
EPRA NAV/share *(€)*	86.8	94.5	7.8	8.9%
EPRA NNNAV *(€M)*	5,332	6,492	1,161	21.8%
EPRA NNNAV/share *(€)*	77.2	86.3	9.1	11.8%
Number of shares	69,099,587	75,247,258	6,147,671	8.9%

› EPRA NAV evolution between 2016 and 2017



Reconciliation between shareholders' equity and EPRA NAV

	(€M)	(€/share)
Shareholders' equity	6,363.3	84.6
Fair value assessment of operating properties	74.7	
Fair value assessment of car parks facilities	26.3	
Fair value assessment of buildings and business goodwill for FDM Management	26.0	
Fair value assessment of fixed-rate debts	-25.7	
Restatement of value excluding duties on some assets	27.7	
EPRA NNNAV	6,492.5	86.3
Financial instruments and fixed-rate debt	186.7	
Deferred tax liabilities	346.0	
ORNANE	87.1	
EPRA NAV	7,112.2	94.5
IFRS NAV	**6,363.3**	**84.6**

Valuations are carried out in accordance with the Code of conduct applicable to SIICs and the Charter of property valuation expertise, the recommendations of the COB/CNCC working group chaired by Mr Barthès de Ruyter and the international plan in accordance with European TEGoVA standards and those of the Red Book of the Royal Institution of Chartered Surveyors (RICS).

The real estate portfolio held directly by the Group was valued on 31 December 2017 by independent real estate experts such as REAG, DTZ, CBRE, JLL, BNP Real Estate, Yard Valtech, VIF, MKG and CFE. This did not include:

- buildings that do not meet the criteria of the revised IAS 40 (certain buildings in development), which are valued at cost
- assets on which the sale has been agreed, which are valued at their agreed sale price
- assets owned for less than 75 days, for which the acquisition value is deemed to be the market value.

Assets were estimated at values excluding and/or including duties, and rents at market value. Estimates were made using the comparative method, the rent capitalisation method and the discounted future cash flows method.

Car parks were valued by capitalising the gross operating surplus generated by the business.

Other assets and liabilities were valued using the principles of the IFRS standards on consolidated financial statements. The application of the fair value essentially concerns the valuation of the debt coverages and the ORNANEs.

For companies shared with other investors, only the Group Share was taken into account.

Fair value assessment of operating properties

In accordance with IFRS, operating properties are valued at historical cost. To take into account the appraisal value, a value adjustment is recognised in EPRA NNNAV for a total of €74.7 million.

Fair value adjustment for the car parks

Car parks are valued at historical cost in the consolidated financial statements. NAV is restated to take into account the appraisal value of these assets net of tax. The impact on EPRA NNNAV was €26.3 million at 31 December 2017.

Fair value adjustment for the buildings and business goodwill of FDM Management

FDM Management owns and operates hotels. In accordance with IAS 40, these assets are not recognised at fair value in the consolidated financial statements. In line with EPRA principles, EPRA NNNAV is adjusted for the difference resulting from the fair value appraisal of the assets for €26.0 million. The market value of these assets is determined by independent experts.

Fair value adjustment for fixed-rate debts

The Group has taken out fixed-rate loans (secured bond and private placement). In accordance with EPRA principles, EPRA NNNAV is adjusted for the fair value of fixed-rate debt. The impact was -€25.7 million at 31 December 2017.

Recalculation of the base cost excluding duties of certain assets

When a company, rather than the asset that it holds, can be sold off, transfer duties are recalculated based on the company's NAV. The difference between these recalculated duties and the transfer duties already deducted from the value has an impact of €27.7 million at 31 December 2017.

1.8.10. Capex table

(€M)	2016 100%	2016 Group Share	2017 100%	2017 Group Share
Acquisitions[1]	358	255	683	358
Renovation on portfolio excl. developments[2]	131	90	165	101
Developments[3]	219	127	277	163
Capitalized expenses on development portfolio (except under equity method)[4]	27	19	29	17
TOTAL	**735**	**492**	**1,154**	**639**

(1) Acquisitions including duties.
(2) Renovation on portfolio excluding developments.
(3) Total renovation expenses (excl. under equity method) on development projects.
(4) Commercialization fees, financial expenses capitalized and other capitalized expenses.

1.8.11. EPRA performance indicator reference table

EPRA information	Section	In %	Amount (€)	Amount (€/share)
EPRA Earnings	1.8.8		€358 M	€4.86/share
EPRA NAV	1.8.9		€7,112 M	€94.5/share
EPRA NNNAV	1.8.9		€6,492 M	€86.3/share
EPRA NAV/IFRS NAV reconciliation	1.8.9			
EPRA net initial yield	1.8.6	4.3%		
EPRA topped-up net initial yield	1.8.6	4.5%		
EPRA vacancy rate at year-end	1.8.2	2.2%		
EPRA costs ratio (including vacancy costs)	1.8.7	19.2%		
EPRA costs ratio (excluding vacancy costs)	1.8.7	17.1%		
EPRA indicators of main subsidiaries	1.8.2 & 1.8.6			

1.9. REAL ESTATE APPRAISALS

1.9.1. *Preamble*

Foncière des Régions consolidates the operations of its two listed subsidiaries: Foncière des Murs and Beni Stabili. The section on the appraisals of assets in the Hotels in Europe and Italy Offices can therefore be consulted directly in the subsidiaries' Reference Documents, namely:

- Foncière des Murs for Hotels
- Beni Stabili for Italy Offices.

A summary of the expert appraisals of the Logistics assets, held by Foncière Europe Logistique and the German Residential portfolio, held by Immeo SE, is detailed below.

1.9.2. *Market context*

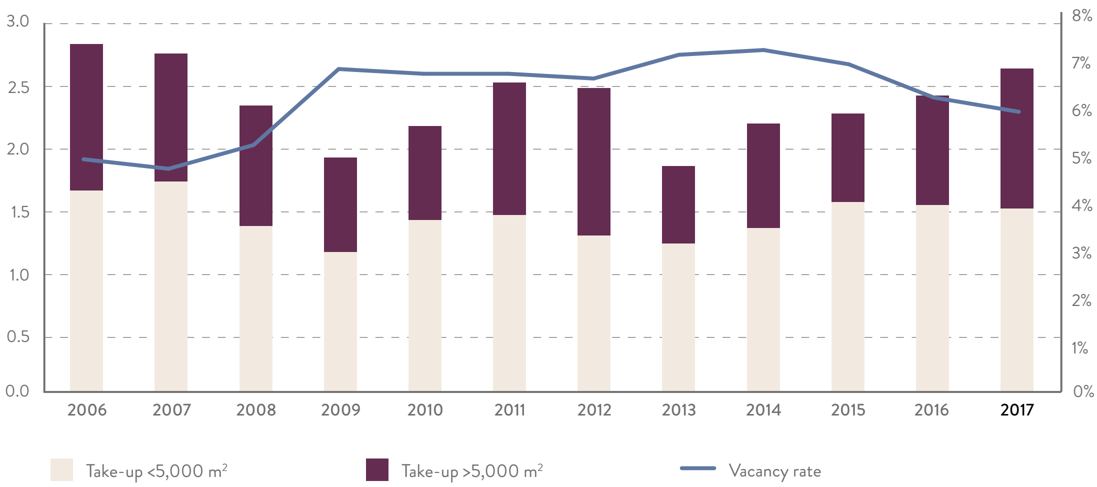
1.9.2.1. The office market in Île-de-France – 2017 review

1.9.2.1.1. Île-de-France

Highest take-up since 2017

Over 2.6 million m² were taken up in 2017, representing an increase in volume of 8% over a year and a 15% rise with respect to the average over the last ten years. The market for smaller premises of less than 5,000 m² remained buoyant at almost 1.5 million m². The 88 transactions during the year on premises of over 5,000 m² covered over 1.1 million m². Paris Centre West and the Western Crescent saw excellent results.

› Change in take-up and the vacancy rate in the Paris region
(in millions of m²)



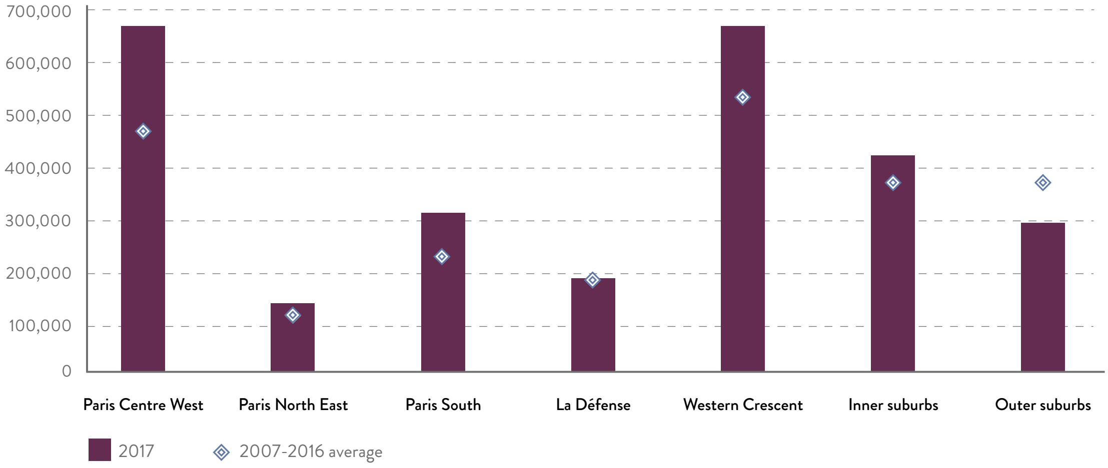
Source: CBRE Research and Immostat, 4Q 2017.

A slight drop in supply

Immediate supply in the Paris region fell 5% in 2017 to under 3.4 million m² at the end of the year, and the vacancy rate was 5.9%. The proportion of new or restructured premises remained low, at 15% of inventory. The vacancy rate for Paris Centre West fell to 3%, its lowest level in 10 years. In La Défense, the vacancy rate was 7.8%, compared to 10.1% in the Western Crescent.

The certain supply for the future covers almost 1.9 million m², 1.2 million m² of which will be available in 2018. The upswing in on-spec launches may result in more new or restructured surface area coming onto the market than in recent years, but the increasing proportion of pre-leasing will limit this renewal.

› Take-up by geographical area

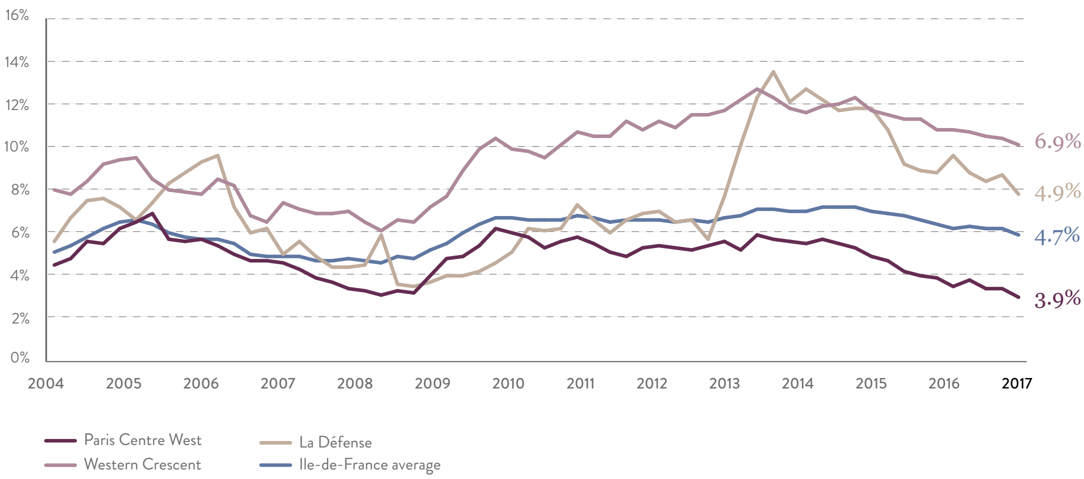


Source: CBRE Research/Immostat, 4Q 2017.

Increased headline rents in central areas

In Paris, particularly the Central Business District (CBD), headline rents continued to rise in 2017. However, in the markets under pressure in the Western Paris region, nominal transaction values for premium real estate now seem to be more in step with the owners' initial ambitions. Commercial benefits remained high, despite a slight drop, representing an average of 21.8% of headline rents in Île-de-France for leases on premises of over 1,000 m² in the 4th quarter of 2017, with disparities between Paris Centre West (16%) and the La Défense – Western Crescent area (23.5%).

› Change in vacancy rates by geographical area



Source: CBRE Research and Immostat, 4Q 2017.

1.9.2.1.2. Other French regions

Dynamic regional markets

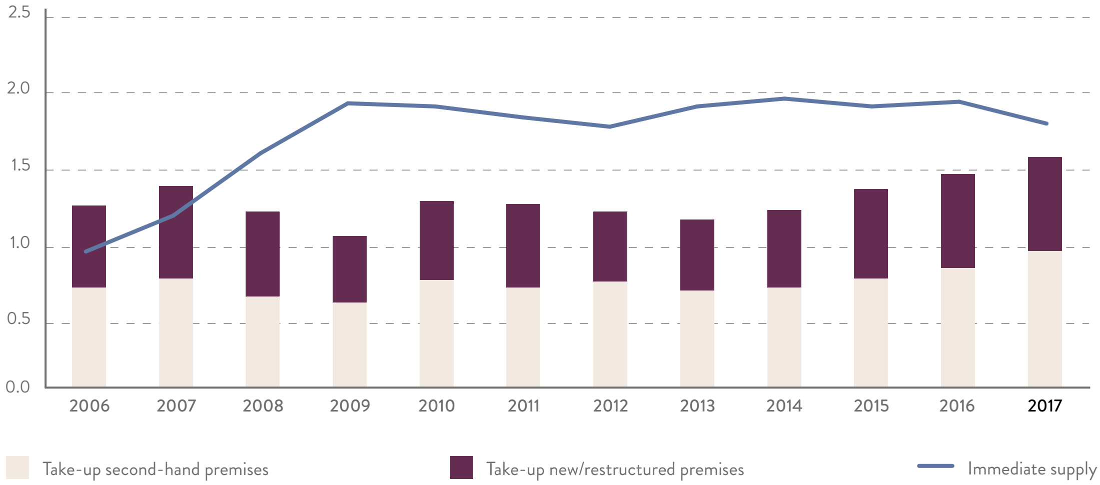
Take-up in other French regions[(1)] reached a new record with 1.5 million m² let. The robust performance of this market is thanks to transactions on premises of over 5,000 m² (19% of value), reflecting the modernisation needs of large companies. The gap between the existing supply and businesses' need for more efficient premises is driving users to take up programmes early on.

The high leasing level has taken up part of the immediate inventory, which stands at 1.8 million m². The supply of new or restructured real estate only accounts for 15% of the total, but this could be supplemented in the short or medium term by the resumption of on-spec launches, even if some of this real estate is taken up prior to actual delivery. Prime rent now stands at 320 excl. VAT ch/m²/year in Marseille, followed by Lyon at €300. In Lille, Bordeaux and even Nice-Sophia, it is in excess of €200.

(1) 12 major regional cities: Aix-en-Provence/Marseille, Bordeaux, Grenoble, Lille, Lyon, Montpellier, Nantes, Nice-Sophia Antipolis, Rennes, Rouen, Strasbourg and Toulouse.

Change in take-up and immediate supply in the 12 major regional cities

(in millions of m²)



Source: CBRE Research, 4Q 2017.

1.9.2.1.3. Investments

A favourable trend for France

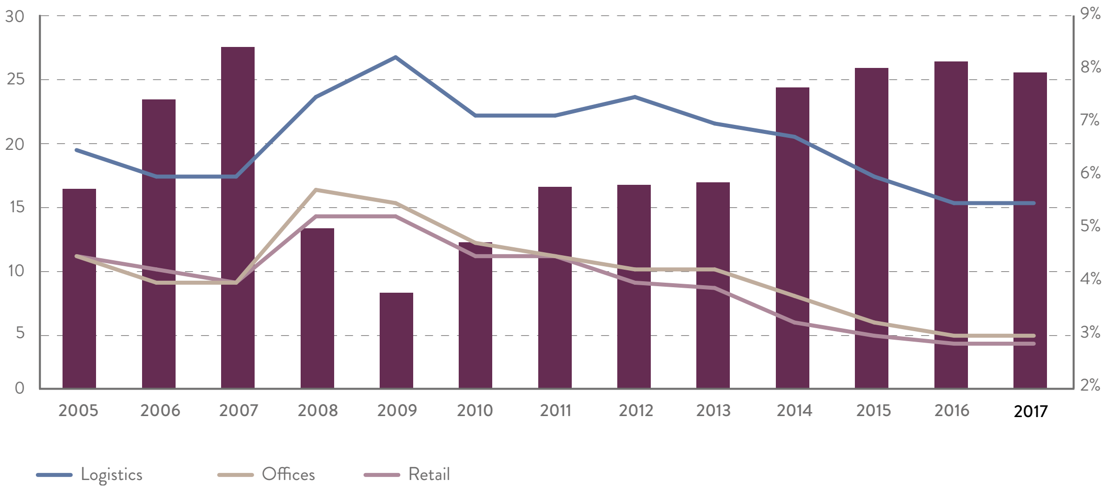
Provisional investments stand at €25.4 billion; this will undoubtedly be reviewed upwards. Ultimately, 2017 should at the very least see a repeat of 2016's excellent volume. The weighting of Paris appears to be in decline, due to a lack of supply. Investors are moving towards surrounding areas, the Western Crescent and La Défense.

The offices market performed very well, with €18.1 billion. Pre-construction transactions were particularly buoyant, pointing to a more open-minded attitude by investors. Investments in industrial and logistics premises reached an absolute record of €4.1 billion. By contrast, the retail market is slowing down. This market segment has suffered from incompatibility between the assets managed and the quality expectations of investors.

In a competitive context, premium yield rates will remain under pressure.

Investments in corporate real estate have increased (in € billions) and prime yield rates in France

(at period end)



Source: CBRE Research and Immostat, 4Q 2017.

1.9.2.2. The office market in Italy – 2017 review

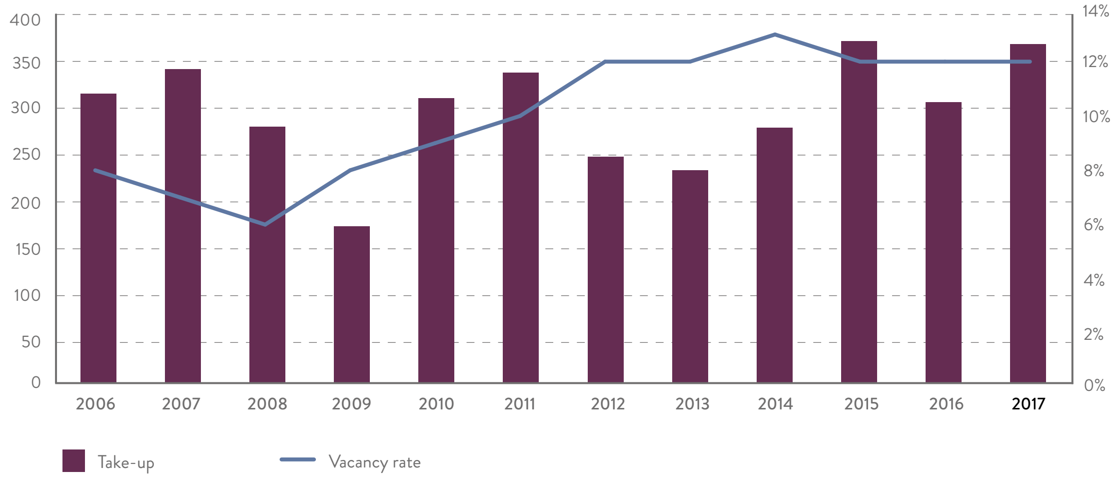
1.9.2.2.1. Milan

The fundamentals are improving: take-up and investments continue to grow

In 2017, 366,900 m² was taken up, similar to the record level of 2015. The year saw growth in transaction volumes. The fundamentals are improving: Prime rents reached €550 excl. VAT ch/m²/year in the CBD, while the vacancy rate fell to 11.5%.

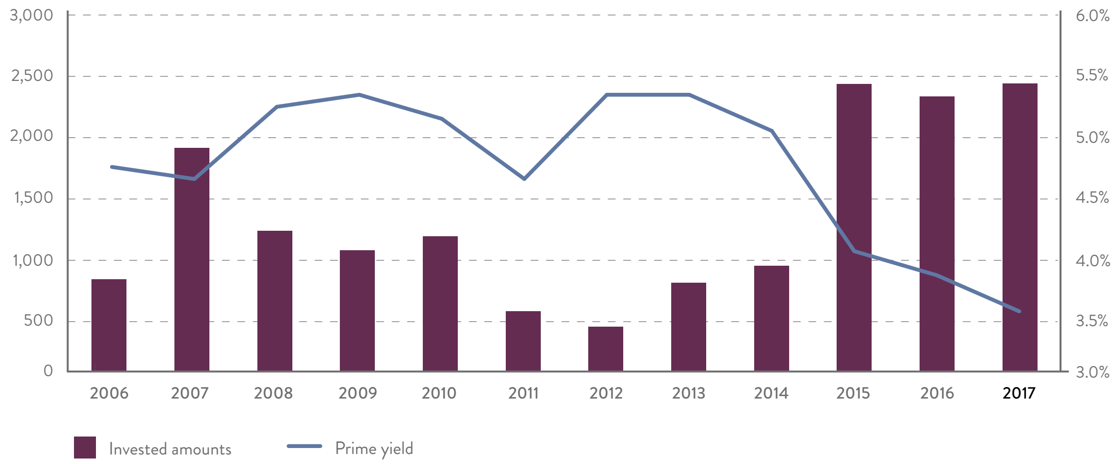
In the 4th quarter of 2017, €970 million were committed in offices, a 7% rise on the same period in the previous year, bringing the annual volume to almost €2.4 billion. Milan accounted for 60% of the Italian offices investment market. In Milan, the investment market is becoming increasingly polarised: on the one hand, long term investors are seeking premises in the central districts, and on the other, investment funds are targeting renovation projects with value-creation potential. The strong competition for the few available products led to a compression in the prime yield rate to 3.5%.

› Change in take-up and the vacancy rate in Milan
(in thousands of m²)



Source: CBRE Research, 4Q 2017.

› Invested amounts and prime yield rate in Milan
(€M)



Source: CBRE Research, 4Q 2017.

1.9.2.2.2. Rome

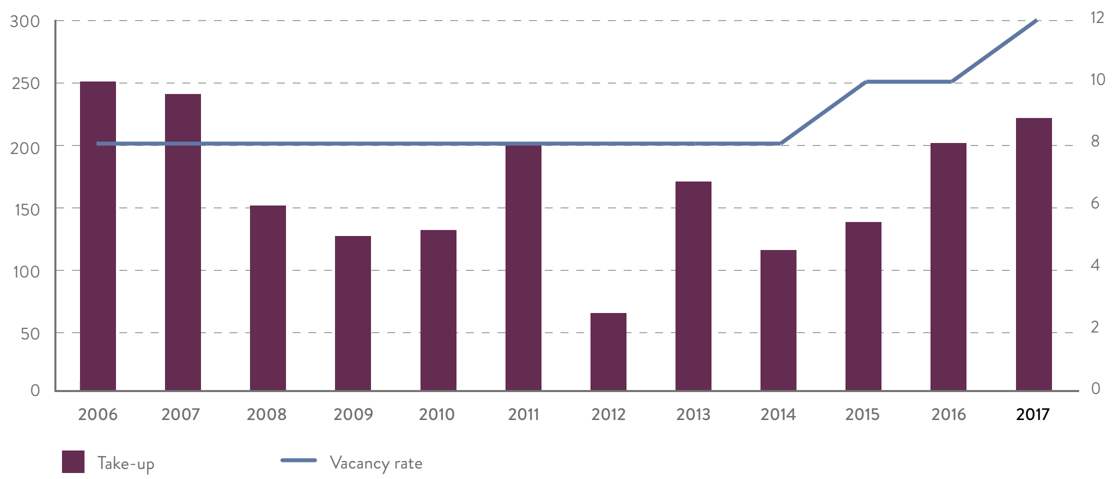
A record year for the Italian capital

In 2017, 220,600 m² were taken up, a 47% rise in one year, with an average unit surface area of around 2,060 m². 141 transactions took place (+20% compared with 2016), further demonstrating the outstanding performance of this market. Prime rents remained stable (€330 excl. VAT ch/m²/year) in EUR districts and rose (€420 excl. VAT ch/m²/year) in the CBD. The vacancy rate increased compared to the end of 2016; it was 12.5% at the end of 2017, despite increased demand.

€125 million were invested in the 4th quarter of 2017, totalling a record amount of over €1 billion for 2017, 50% more than in 2016 (€719 million) and 119% more than the average for 2008-2017. The prime rate was 4% and remained stable over one year.

› Change in take-up and the vacancy rate in Rome

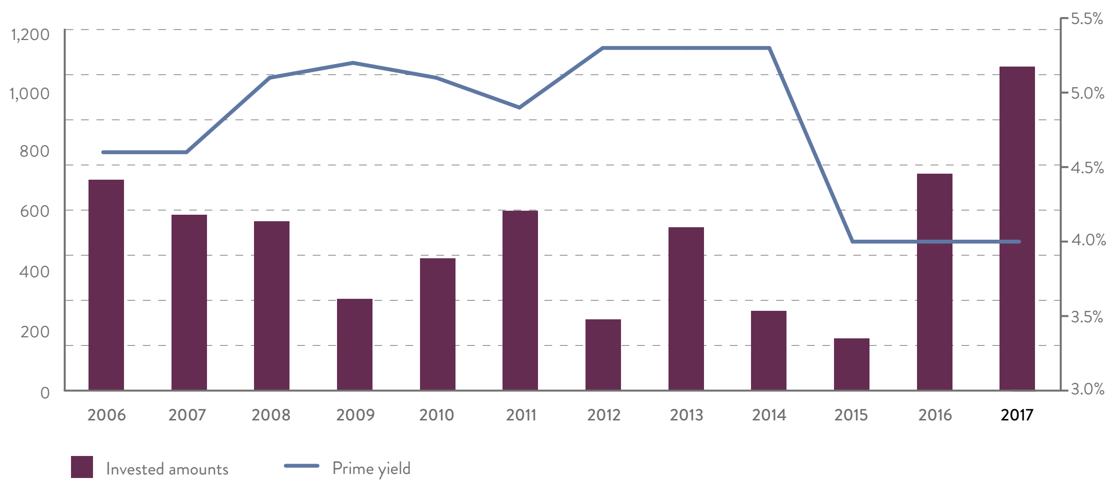
(in thousands of m²)



Source: CBRE Research, 4Q 2017.

› Invested amounts and prime yield rate in Rome

(€M)



Source: CBRE Research, 4Q 2017.

1.9.2.3. Residential in Germany

Germany, the leading economy in Europe, has solid macroeconomic fundamentals. GDP growth was 2.2% in 2017, an increase on 2016 (1.9%). As in previous years, the growth was driven by household consumption.

Corrected for seasonal variations, Germany's unemployment rate fell to 3.8% in 2017, compared with 4.1% in 2016, its lowest level since 1990. At the end of 2017, Germany had 44.3 million assets, an increase of 638,000 compared with 2016.

Germany still has the largest population in Europe with an estimated 82.8 million inhabitants at the end of 2017, an increase on 2016, as a result of positive net migration of almost 500,000 people.

Berlin, which has a population of around 3.7 million, is the largest city in Germany. The capital is now a very popular destination for international companies to set up their headquarters. Berlin is enjoying positive demographic growth, and as a consequence, is a highly dynamic real estate centre. Although Berlin has attracted institutional investors, the private real estate market is also very active for good quality housing located in small, well-placed real estate complexes. Given a property ownership rate that is among the lowest in Germany (approximately 20% compared with 50% in the rest of the country), the potential for increased access to home ownership over the long term appears to be significant.

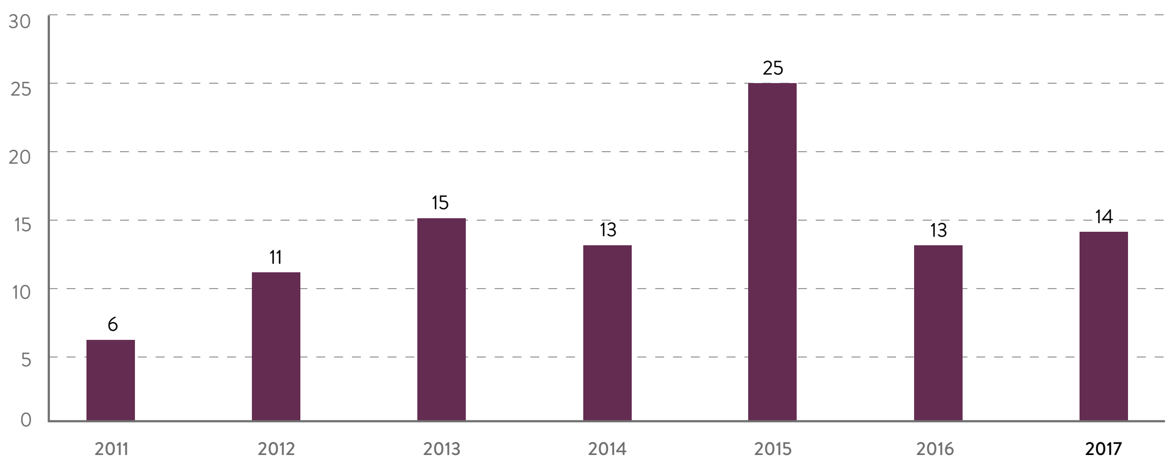
Alongside Berlin, other cities in East Germany, such as Dresden, Leipzig and Potsdam, have gained in attractiveness. Due to an economic climate that generates higher growth than the average in Germany, these regions have reaped the advantages of innovative companies in new technologies and health setting up operations there. These factors have all contributed to the increase in real estate demand, primarily in town centres.

With almost 1.8 million residents, Hamburg is the second largest city in Germany in terms of population. As the third largest European port, it is particularly attractive from an economic perspective and enjoys a per capita GDP above the German average. Due to very strong population growth, the outlook for changes in housing demand is positive.

1.9.2.3.1. The investment market in 2017

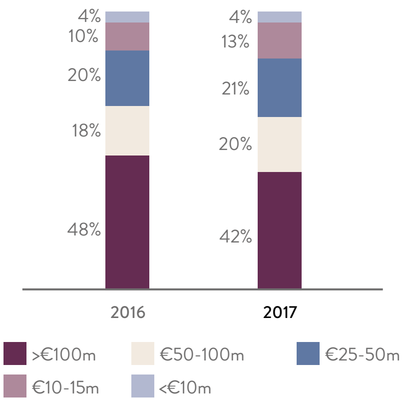
The value of transactions in 2017 was €14 billion, a 4% rise compared with 2016.

› Change in volume of transactions
(in €bn)



Although in decline, large transactions (greater than €100 million), still represent over 40% of the transactions completed.

Transactions by volume



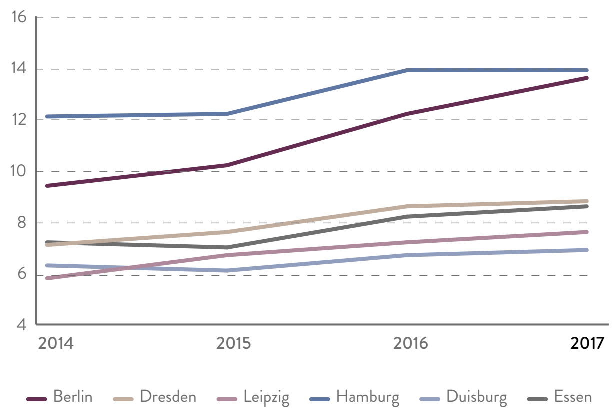
Berlin is still considered the city for residential investment in Germany with over €4.4 billion in transactions completed. Domestic investors in particular turned to the residential segment, where yields were perceived as an attractive alternative to bond interest rates.

1.9.2.3.2. Rental and home ownership market

The German real estate market shows considerable variation in prices and rents. Depending on cities, rental values have undergone very different changes in recent years. Rents in the major cities in Western Germany have increased, albeit moderately. In the East, except for Berlin, Dresden and other attractive cities like Leipzig, an abundance of properties have kept rents low. In the large towns, however, a shortage of supply continues to drive the market. In Berlin, prices and rents are on a clear uptrend, sustained by a rising number of residents and households in the city.

Change in average rent by city: 2014-2017 period

(€/m²)

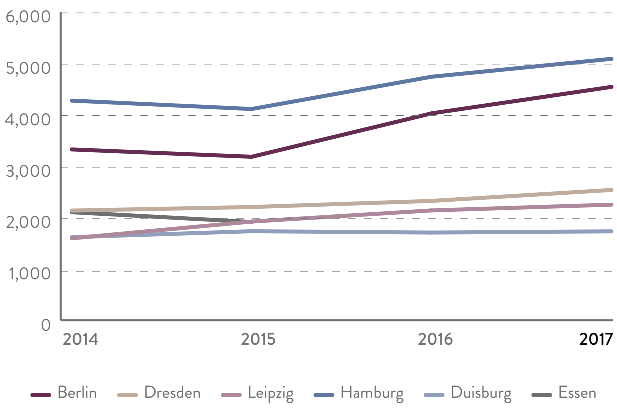


Source: IDN Immodaten GmbH, BNPP REC (across all asset categories).

In Dresden, Leipzig and Hamburg, the average annual increase in rents was 2% to 6%, a slight decline compared to the annual average since 2014. With a 13% average annual increase since 2014, Berlin is clearly outperforming Germany's other large cities (11% between 2016 and 2017).

Change in average rent by city 2014-2017 period

(€/m²)



Source: IDN Immodaten GmbH, BNPP REC (across all asset categories).

For Berlin, Dresden, Leipzig and Hamburg, flat prices have grown faster than rents over recent years, contributing to the decrease in yield rates.

Berlin is the most dynamic city, with annual rent growth of 13% (11% on average per year since 2014).

1.9.3. Asset valuation method

The overall portfolio is appraised by independent experts on a half-yearly basis (30 June and 31 December), and according to the calculation methods determined by an internal set of specifications based on the guidelines of the oversight bodies:

- recommendation of the Autorité des Marchés Financiers (AMF)
- instructions from the COB report of 3 February 2000 on real estate appraisals ("Report from the Working Group on expert appraisals of the real estate portfolios of companies issuing public calls for savings" chaired by Georges Barthès de Reyter).

Foncière des Régions also abides by the Listed Real Estate Investment Company (SIIC) Code of Ethics applicable to FSIF (*Fédération des Sociétés Immobilières et Foncières*) member companies, particularly in terms of real estate appraisals.

Moreover, the real estate experts selected, namely BNP Real Estate, Cushman & Wakefield, JLL Expertise, CBRE Valuation and VIF Expertise, are all members of the AFREXIM (*Association Française des Experts Immobiliers* – French Association of Real Estate Appraisers), and are considered as such under the real estate appraisal charter approved by the AFREXIM. As a result of this, the experts adhere to the various French standards. Their valuation methods comply with the RISC and IVSC international codes of conduct.

Each asset is subject to a complete appraisal at the time of its acquisition, or when there is a change of appraiser. Updates to the file and sometimes asset inspections are performed during interim appraisals. Assets with an appraisal value of over €30 million(1) are subject to a complete appraisal every three years. The remainder are appraised every five years.

A complete appraisal consists of:

- preparation of a file including the legal, technical and financial documents required to objectively analyse the factors that enhance or reduce the value of the assets under consideration
- an internal visit to the sites and their environment
- research and analysis of comparison factors
- drafting of a report in which the final appraisal must be consistent with the aforementioned observations, and a relevant analysis of the category market in question.

1.9.3.1. Leasing revenue discount method

This approach involves recognising the revenues produced or capable of being produced by an asset and capitalising them at an appropriate rate. This rate is derived from the revenues recognised, the asset's features, and its foreseeable potential. It is based on the analysis of other rental properties and should be viewed as a whole from a general context of revenues expected from various investments in a given economic environment.

The main criteria for choosing rates of return are as follows:

- geographic location
- age and condition of the property complex
- possibility of converting the property complex
- size and profitability of the establishment.

1.9.3.2. Discounted cash flow (DCF) method

This method takes into consideration future revenue, including recognised rental income, anticipated rental income, and work under contract for the lessor and residual gains from any sale at the end of the holding period. This method consists of discounting to present value of the flows generated by the asset and adding in the present exit value of the assets in the last year.

In the case of an asset that is under development meeting the IAS 40 standard and subject to an appraisal, Foncière des Régions integrates a disbursement for future works in its cash flow.

1.9.3.3. Unit value comparison method

This method consists in referring to the sale prices found on the market for equivalent assets. The comparison factors used derive specifically from internal databases in which each reference is analysed, classified by situation and by category, and expressed in gross surface units or weighted surface units.

It is more a method of cross-checking the two methods described above, than a principal method.

1.9.4. Appraiser remuneration at Foncière des Régions level

Appraisers *(€ – 100% – excl. VAT)*	2017 Total	(%)
BNP Real Estate	750,870	29%
CBRE	524,190	20%
Cushman & Wakefield	316,033	12%
CFE	239,694	9%
DTZ	225,850	9%
JLL Expertises	211,500	8%
REAG	122,000	5%
VIF	112,650	4%
YARD Valltech	95,000	4%
Christie & Co	6,600	0%
TOTAL	**2,604,387**	**100%**

(1) Excluding residential portfolio.

1.9.5. *Abridged experts report on the appraisal at the end of 2017 of the France offices/logistics and Germany residential portfolios*

1.9.5.1. General background on the appraisals

1.9.5.1.1. General framework

Foncière des Régions requested, under the terms of appraisal contracts, that appraisals of the fair value of their portfolio assets be completed as part of the half-year valuation of the portfolio. These appraisals were conducted with complete independence.

The appraisal companies Cushman & Wakefield, CBRE Valuation, BNP Paribas Real Estate, JLL Expertises, Crédit Foncier Expertises and VIF Expertise have no capital ties with Foncière des Régions and certify that the appraisals were performed by, and under the responsibility, of qualified appraisers.

The annual fees billed to Foncière des Régions are set prior to the appraisal year. They account for less than 10% of the revenues of each appraisal company. The rotation of the appraisers is organised by Foncière des Régions. We have not identified any conflict of interest in this appraisal.

The assignment is in compliance with the AMF recommendation concerning the presentation of the real estate asset valuation for listed companies published on 8 February 2010.

Immeo SE requested, under the terms of appraisal contracts or amendments, that BNP Paribas Real Estate appraise the fair value of the assets making up its portfolio in Germany. This request was part of the half-year valuation of its portfolio. The annual fees billed to Immeo SE are determined before the appraisal year. They account for less than 10% of the revenues of each appraisal company. The rotation of the appraisers is organised by Immeo SE.

1.9.5.1.2. Current appraisal

In France Offices and Logistics, the appraisal focused on the fair value of 233 assets in France Offices or Business premises and one Logistics asset. For this assignment, Foncière des Régions requested that initial appraisals or updates based on documentation be carried out when the assets where first appraised less than five years ago.

The assignment was to estimate the fair value with the occupancy rate announced at 31 December 2017.

The appraised assets are located in the national territory. These are investment assets that are either fully owned or under construction lease by Foncière des Régions. The assets are offices, business premises, logistics facilities or commercial real estate.

The assets in the various portfolios are leased to various tenants under commercial lease arrangements with (or without) firm 3-year, 6-year, 9-year or 12-year leases or exceptional leases.

It should be noted here that, when the Company is the tenant under the terms of a financial lease, the appraiser values only the assets underlying the contract, and not the financial lease contract itself. In the same way, when a real estate asset is held by a special purpose entity, its value was estimated on the assumption of the sale of the underlying real estate asset, and not the sale of the company.

In German Residential, the appraisers were tasked with assessing the fair value of 39,324 assets. For this assignment, Immeo SE asked the appraisers to carry out initial appraisals or updates based on documentation when the assets were first appraised less than five years ago. The appraisers' assignment was to estimate the fair value with the occupancy rate announced at 31 December 2017. The assets appraised are located in Germany. They are primarily assets that are wholly owned by Immeo SE or by its subsidiaries. They largely consist of residential assets. The assets are rented to many tenants, mainly under residential leases.

1.9.5.2. Conditions of performance

1.9.5.2.1. Documents examined

This assignment was conducted on the basis of the documents and information provided, all of this information being assumed to be accurate and to represent all of the information and documents in the possession of, or known to, the principal, which could have an impact on the fair value of the portfolio. Accordingly, title deeds and zoning certificates are not examined.

In German Residential, the appraisal work described above was done based on the documentation and information provided to the appraisers in October 2017.

1.9.5.2.2. Standards

The appraisals and valuations were completed in accordance with:

- the recommendations of the Barthès de Ruyter report on the valuation of real estate portfolios of listed/publicly traded companies, published in February 2000
- the Charter for Expert Appraisal in Real Estate Valuation
- the principles enshrined in the Code of Ethics for Listed Real Estate Investment Companies (SIICs) and by the Royal Institution of Chartered Surveyors RED BOOK 2014
- the International Valuation Standards promoted by the International Valuation Standards Council (IVSC)
- the IAS/IFRS 40 and IFRS 13[1] standards.

In addition, following the foregoing standard, a classification of the fair value of the assets held by the Company was performed. In order to increase the consistency and comparability of fair value appraisals and the related information to be provided, IFRS 13 outlines a hierarchy that it ranks according to three levels of importance of the inputs of the valuation techniques used to determine the fair value.

This hierarchy ranks listed prices (unadjusted) on active markets for identical assets or liabilities (level 1 input) at the highest level, and unobservable inputs (level 3 inputs) at the lowest level.

The fair value obtained is classified overall at the same hierarchical level as the lowest level of input that is significant for determining its overall fair value. Any significant appreciation of an input determined for the overall fair value requires the exercise of judgement and takes into account factors specific to the asset or the liability.

1.9.5.2.3. Methodology used

For the investment assets making up the various portfolios, the appraisers used the discounted cash flow method and the yield method (capitalisation of revenues), with cross-checking by direct comparison.

In German Residential, for the assets making up the various portfolios, *i.e.* investment assets, we used the discounted cash flow method.

1.9.5.3. Overview of the Offices/Logistics valuation of assets at year-end 2017

At the end of 2017, Foncière des Régions held, on a consolidated basis, 285 assets (excluding less than 40% owned assets accounted for under the equity method). 233 assets were recorded at their appraisal value, 48 assets were recorded at their preliminary sale agreement value and four assets are undergoing internal valuation.

	Paris	Île-de-France – Other	Other French regions	Total	
Offices	**Fair value 100%**	**Fair value 100%**	**Fair value 100%**	**Fair value 100%**	**% Total**
BNP Paribas Real Estate	211,500,000	851,430,000	280,850,000	1,343,780,000	21%
JLL Expertises	61,670,000	203,080,000	59,250,000	324,000,000	5%
Cushman & Wakefield	1,344,977,000	759,562,000	331,608,000	2,436,147,000	38%
CBRE Valuation	255,440,000	815,720,000	180,527,000	1,251,687,000	20%
Crédit Foncier Expertises	0	0	110,000	110,000	0%
VIF Expertise	290,800,000	352,440,000	101,000,000	744,240,000	12%
TOTAL PORTFOLIO APPRAISED	**2,164,387,000**	**2,982,232,000**	**953,345,000**	**6,099,964,000**	**96%**
Assets under preliminary sale agreements	0	39,192,000	51,928,330	91,120,330	1%
Assets measured internally	0	78,405,451	69,256,891	147,662,342	2%
Acquisitions (< 2.5 months closing)	0	0	0	0	0%
TOTAL PORTFOLIO	**2,164,387,000**	**3,099,829,451**	**1,074,530,221**	**6,338,746,672**	**100%**

(2) *In accordance with IFRS 13 applicable at the latest to periods starting as of 1 January 2013, the assets held by Foncière des Régions in France and in Germany were appraised at their fair value, which corresponds to the "price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date".*

1.9.5.3.1. Summary by appraisers

France offices/Logistics

Appraisers	Number of assets	100% fair value excluding duties (€)	Fair value (GS) excluding duties (€)
BNP Paribas Real Estate	33	1,366,280,000	1,109,850,000
JLL Expertises	33	324,000,000	324,000,000
Cushman & Wakefield	84	2,436,147,000	2,143,871,479
CBRE Valuation	43	1,312,587,000	1,058,355,613
Crédit Foncier Expertises	1	110,000	110,000
VIF Expertise	41	744,240,000	609,510,000
TOTAL PORTFOLIO*	**235**	**6,183,364,000**	**5,245,697,092**

NB: this total of 235 assets includes the asset Cœur d'Orly Askia, which is not included in the consolidated data (EM < 40%) and the last logistics asset of Foncière des Régions (Saint-Martin-de-Crau).

1.9.5.3.2. General comments

These values are understood as being based on the market remaining stable and no significant changes occurring to the assets between the appraisal date and the value date.

This abridged report cannot be taken separately from all the work performed as part of the appraisals, especially the summarised or detailed reports associated with them.

Each of the appraisers confirms the values of the assets where they themselves performed the appraisal or update, without assuming responsibility for those performed by the other appraisal companies.

1.9.5.4. Summary of the valuation of the residential assets at the end of 2017

	Appraised value	Fair value	% Total
Berlin	2,717,040,000	2,751,094,709	55%
Dresden & Leipzig	442,510,000	442,671,046	9%
Hamburg	301,800,000	301,800,000	6%
North Rhine-Westphalia	1,450,108,000	1,461,898,907	29%
TOTAL	**4,911,458,000**	**4,957,464,662**	**100%**

The difference between the value provided by the appraisers and the fair value results from the impact of sales and preliminary sales agreements as well as acquisitions completed.

1.9.5.4.1. Summary by appraisers

Appraisers	Number of units	Valuation 100% excluding duties	Fair value 100% excluding duties	Fair value GS excluding duties
BNP Paribas Real Estate	40,971	4,911,458,000	4,957,464,662	4,700,771,568

BNP Paribas Real Estate appraised 40,971 units owned by Immeo SE including 39,324 housing units.

1.9.5.4.2. General comments

The values presented by the appraisers are understood as being based on the market remaining stable and no significant changes occurring to the assets between the appraisal date and the value date.

1.10. RISK FACTORS AND FEATURES OF INTERNAL CONTROL

1.10.1. Risk factors

Risks, the occurrence of which, that could have a significant impact on the Company's financial position or net income are presented below. However, investors should be aware that other risks, likely to have a significant adverse impact may exist, even though they have not yet been identified or their occurrence had not been considered plausible on the date hereof Furthermore, Foncière des Régions has investments in the listed companies Foncière des Murs and Beni Stabili; it therefore encourages readers to obtain an understanding of the developments regarding the risk factors presented in greater detail in the Reference Documents of each of these companies Certain specific information on the risk factors relating to the German Residential portfolio held by Immeo SE is provided below, as this company does not publish a Reference Document.

In 2017, the Company mapped its risks at the Group level, including all subsidiaries and activities, to identify how the business and the environment in which it operates, is evolving. This risk mapping has been presented and shared with the Foncière des Régions Audit Committee. Presenting this risk mapping has made it possible to examine the developments of risks for which specific action plans were implemented two years ago during the previous mapping exercise. The risk management level had improved significantly for risk families for which specific action plans were in place.

1.10.1.1. Risks linked to the environment in which Foncière des Régions operates

Risks	Prevention system – Sensitivity impact
Risks linked to the economic environment	
Changes in international and national economic conditions (economic growth, interest rates, unemployment rates, etc.) could have a significant adverse impact on Foncière des Régions' business activity and its net financial income. Foncière des Régions could experience decreased demand for its corporate real estate projects, and a fall in occupancy rates and rental incomes, which may cause a decline in the value of its portfolio.	Foncière des Régions is largely protected against these risks thanks to its solid partnerships, the high residual duration of its leases and the prudential standards applied to the launching of development operations (monitoring of the pre-leasing rate, limits on the equity exposed to vacancy risk, etc.). An analysis of the sensitivity to a drop in yield rates is provided in paragraph 3.2.5.1.3 of this document.
Risks linked to changes in the real estate market	
The value of the Company's portfolio depends on developments in the real estate markets in which Foncière des Régions operates. Price levels and rental income may fluctuate in response to the relationship between supply and demand, and the general economic outlook. Foncière des Régions may not always be in a position to carry out its rental or leasing strategy, its investments and, where applicable, its disposals at a favourable time or under favourable market conditions, and may be forced to defer them.	The rental strategy implemented by Foncière des Régions aims to limit the negative effects of these risks. The Company endeavours to maintain a solid rental base with large tenants and long-term leases (firm residual duration of 6.6 years across all of the Company's portfolio, excluding Germany Residential), to develop real estate for key accounts, most of which is pre-let before launch or delivery and to improve the quality of its portfolio (asset rotation, works plans). The diverse countries and business sectors in which the Company operates mitigate the risk of market conditions deteriorating simultaneously in each of the countries where it operates.
Competition and innovation risks	
Within the context of its development, the Company is in competition with numerous players that have a more significant financial basis that allows them to respond to financial terms that do not necessarily correspond with the investment criteria that Foncière des Régions has set for itself. The Company's rental activity is also subject to strong competitive pressure. As a whole, these factors could lead to uncertainty in relation to the Company's growth forecasts and have a negative impact on its business, its financial position and its results. Rapid changes in ways of working in companies could mean that the portfolio quickly becomes obsolete and lead to a deterioration in the Company's operational indicators.	The management of these competition risks is properly ensured by the long-term partnership strategy and project review pursued by specialist teams. The professionalism of these teams and the robustness of its business model make Foncière des Régions a key player recognised on its markets. An Innovation Department was set up in 2016, reflecting the Company's intention to place innovation at the heart of its strategy. Foncière des Régions regularly monitors changes in its sectors and works hard to anticipate the needs of its users. For example, two new activities have been introduced on certain assets to meet new demand as regards the usage of space: co-working, in France and co-living in Germany, which provide occupants with living and working space, but also a range of related services.

1.10.1.2. Risks linked to the scope and type of business of Foncière des Régions

Risks	Prevention system – Sensitivity impact
Risks related to renewal of leases and letting of real estate assets	
Upon expiry of existing leases, the Company may not be in a position to renew them under equivalent terms or to lease the assets within a reasonable time frame, particularly due to economic and real estate market conditions. Foncière des Régions may fail to succeed in maintaining its occupancy rate and its rental income, which would have an adverse impact on its financial position and results.	These risks are managed by maintaining a high firm residual duration of leases and staggering lease expiry dates, and by engaging in ongoing discussion with existing tenants. At 31 December 2017, the firm residual duration of leases was 6.6 years (all of the Company's portfolio, excluding German Residential). In German Residential, the presence of local agencies means that the search for tenants can be addressed immediately. General Management analyses vacancy reports every month.
Risks linked to tenants	
On its Offices portfolio, Foncière des Régions made a strategic decision to pursue rental partnerships with key accounts and large companies. The real estate portfolio held by Immeo SE (German Residential) is mostly occupied by private individuals. Foncière des Régions is exposed to the risk that its tenants' financial stability deteriorates or that they even become insolvent, which would likely impact the Company's earnings.	Foncière des Régions endeavours to diversify its rental base: since 2016, it has heavily reduced the weight of certain key account tenants, such as Telecom Italia in Italy Offices and AccorHotels in the Hotels in Europe segment. The 10 largest Foncière des Régions tenants brought in 39% of annualised rental income in Group Share in 2017, a marked decrease compared with 2016, when they accounted for 45%. Foncière des Régions keeps in touch with its tenants through the establishment of "Partnership committees", which allows the company to more closely monitor changes in the business activities and position of its tenants. Rental guarantees, rental deposits and use of an external service provider make it possible to obtain targeted financial analyses on tenants, thereby allowing Foncière des Régions to forearm itself against the risk of insolvency. Bringing rental management in house in France, Italy and Germany has boosted responsiveness and proximity to tenants, enabling Foncière des Régions to better control this risk. Unpaid rent by tenants (the unrecoverable losses/receivables item) only accounted for 0.4% of total rental income in Group Share at 31 December 2017. The majority of rent in the German Residential portfolio is paid by automatic transfer. A national register of payment defaults that can be consulted by lessors and financial institutions is also a way to curtail the risk of unpaid rents.
Risks linked to asset valuation	
Foncière des Régions recognises its investment properties at fair value in accordance with the option offered by IAS 40. As such, it is exposed to a risk of change in the value of an asset as decided by expert appraisers; such a valuation may take place following an adjustment of the main assumptions used (yield rate, rental value, occupancy rate, etc.), which could have a negative impact on the net asset value of Foncière des Régions.	The appraisal process is regularly audited under a review procedure. The Company has set very stringent rotation rules for the appraisers. The constant improvement in the quality of the Foncière des Régions portfolio, as well as in the firm residual duration of leases, ensures the resilience of the value of its assets during a crisis. An analysis of the sensitivity of real estate asset values to changes in yield rates can be found in section 3.2.2.6 of this document. A summary of the methodologies and appraisal work is provided in section 1.9 of this document.
Risks linked to development of new real estate assets	
Within the scope of its development activities on its own account and those on behalf of its subsidiaries, Foncière des Régions is exposed to certain risks: construction cost in excess of forecasts made prior to the project, increased construction costs, a construction period longer than expected, technical difficulties or delays as a result of failure to obtain administrative authorisations, inability to secure discounted financing conditions, commercialisation risk, etc.	A separate procedure is in place to manage risks specific to the Foncière des Régions development activity. This specific procedure encompasses all of the studies to be carried out prior to the launch of any project, selection process for external service providers, monitoring of the period ranging from construction to the delivery of the asset and the market launch of "one spec" projects. Developments are submitted for the approval of either the Executive Committee, the Strategic and Investment Committee and/or the Board of Directors, in line with the thresholds set by management. The risks, obstacles and opportunities are reviewed in detail during the validation procedure. The strengthening, in recent years, of the team dedicated to development, which is made up of industry experts has been strengthened to limit risks. Specific audits on development transactions take place every year and to date, they have not revealed any significant issues.

Risks	Prevention system – Sensitivity impact
Acquisition risks	
The acquisition of real estate assets or companies that hold them is part of Foncière des Régions' growth strategy. This policy entails a certain risk, particularly the risk of overestimating the expected yield for an acquisition made at an excessively high price. The purchased assets could also have latent defects, especially in terms of environmental compliance, or features not covered by the warranties obtained in the purchase contract due to non-compliance.	The systems in place for managing these risks are backed up by analyses undertaken during exhaustive due diligence conducted prior to each acquisition, with the assistance of external specialised consultants, and with market cycle analyses. These analyses are particularly intended to provide an understanding of the potential risks and to set up guarantees for Foncière des Régions as well as other precautions. Acquisitions are submitted for the approval of either the Executive Committee, the Strategic and Investment Committee and/or the Board of Directors, in line with the thresholds set by management. The risks, obstacles and opportunities are reviewed in detail during the validation procedure.
Risks linked to international exposure	
Foncière des Régions has significant investments in companies operating in Italy and Germany, and to a lesser extent, in the Netherlands, Portugal, Spain and Belgium. Some of these countries may have particular risk profiles, for example, an increased terrorist risk. The economic and political environment may be less robust and less stable, and regulatory concerns and entry barriers less favourable. The country risk could have a negative effect on Foncière des Régions' operating income and financial position.	Foncière des Régions' international operations are limited to countries within the Eurozone. In both Italy and Germany, Foncière des Régions has investments in real estate companies that work with locally based teams that are experts in their respective markets. This geographical diversification helps to pool the potential combined country risks. The performance monitoring broken down by activity and by country is provided in detail in Chapter 1 of this document.

1.10.1.3. Risks associated to the financial markets and the financial position of Foncière des Régions

The financial risk management outlined below is discussed in more detail in parts 1.7 and 3.2.2 of this document.

Risks	Prevention system – Sensitivity impact
Liquidity risk	
To finance its investments and acquisitions and to refinance any debts that have reached maturity, Foncière des Régions must be in a position to raise significant financial resources. The Company runs the risk of experiencing a lack of liquidity if it is unable to raise the necessary resources in the form of equity or borrowing. Under the SIIC regime, Foncière des Régions is required to distribute a significant part of its profits. Therefore, it relies to a great extent on debt to finance its growth. This type of financing may sometimes not be available at advantageous terms. Foncière des Régions also incurs the risk of insufficient liquidity to service its debt. This could result in an acceleration or early repayment and, if the debt is collateralised, enforcement of the guarantee and, where applicable, seizure of assets. See section 1.7 of this document for further information.	Foncière des Régions' policy of paying down debt, instituted several years ago, has minimised this risk. The loan-to-value ratio has fallen significantly, from 44.6% at the end of 2016 to 40.4% at the end of 2017. These risks are managed by tracking multi-year cash management plans and, in the short-term, by using confirmed and undrawn lines of credit. Moreover, 18 month liquidity forecasts are analysed every month by the Finance Department and are submitted to General Management. Monitoring adherence to covenants is also a priority for the Company. The Investment Grade BBB rating from Standard & Poor's (stable outlook) upgraded in 2015 by Standard & Poor's and the mid-2017 score of Beni Stabili Investment Grade BBB- prove that this risk is properly managed.
Risks linked to covenants and other undertakings stipulated in certain credit agreements	
Some of the credit contracts signed by Foncière des Régions contain commitments or *covenants* that the Company undertakes to respect, as further described in section 1.7 of this document. If Foncière des Régions were to breach one of its financial undertakings and fail to remedy such breach within the contractually stipulated time period, the lenders could demand early repayment of the debt and possibly seize any collateral backing the debt. Consequently, any failure to meet its financial undertakings could have an adverse impact on Foncière des Régions' financial situation, its results, and its flexibility in conducting business and pursuing its development.	Foncière des Régions and Immeo SE have set up a check and monitoring system on its covenants in order to contain these risks. The process is audited regularly, most recently in 2016. The covenants are reviewed and analysed semi-annually by Foncière des Régions' Audit Committee and Board of Directors. The Statutory Auditors audit the ratios of the main companies annually. The Investment Grade BBB rating from Standard & Poor's (stable outlook) demonstrates that this risk is properly managed.
Interest rate risk	
The Company's use of debt exposes it to the risk of interest rate fluctuations that may lead to a significant increase in financial expenses if rates were to rise dramatically. These risks are described in more detail in paragraph 3.2.2.3 of this document.	Foncière des Régions and Immeo SE use derivative instruments to hedge against their interest rate risk, primarily cap and swap contracts. The rate hedging policy is monitored at each Audit Committee meeting. The sensitivities to an interest rate rise are described in more detail in paragraph 3.2.2.3.

Risks	Prevention system – Sensitivity impact
Financial counterparty and insurance risk	
The use of lines of credit and interest rate hedging contracts from financial institutions and contracts of insurance could expose Foncière des Régions to a risk of insolvency by the counterparties to such contracts, triggering payment delays or defaults, which could result in an adverse impact on the income of Foncière des Régions. These risks are described in more detail in paragraph 3.2.2.4 of this document.	Since Foncière des Régions and Immeo SE are structurally borrowers, counterparty risk is limited mainly to investments made by the Group. Foncière des Régions and Immeo SE make it a priority to work with diversified, first-rate institutions in order to reduce this risk. IFRS 13 explicitly provides for counterparty risk assessment in the fair value measurement of liabilities. This measurement was conducted by a specialist organisation and recognised in Foncière des Régions' financial statements. In line with its diversification objective, Foncière des Régions' insurance policies are taken out with several first-rate insurers (for further details, please refer to paragraph 1.10.2)

1.10.1.4. Legal, fiscal, regulatory and environmental risks of Foncière des Régions

Risks	Prevention system – Sensitivity impact
Risks linked to lease regulations	
In France, regulations on commercial leases impose certain restrictions on the lessor. Changes in commercial lease regulations, especially with respect to duration, rent indexation and caps, could adversely impact the valuation of the Company's assets, results, business activity or financial position.	Regulatory monitoring is in place to anticipate and analyse such risks in a ever-changing regulatory context. In Germany, residential leases are subject to local regulations. The possibilities for increasing rents are outlined in paragraph 1.5.3.4 of this document.
Risks linked to the SIIC real estate trust status	
Foncière des Régions is subject to the Tax System for French listed real estate investment trusts hereinafter (SIIC), and as such, is not subject to corporate tax. Opting for the SIIC tax regime entails immediate liability for an exit tax at the reduced rate of 19% on unrealised capital gains relating to assets and securities of entities not subject to corporation tax. In return for this exemption, the Company undertakes to pay 95% of earnings derived from the leasing of its real estate assets, 60% of capital gains from disposals and 100% of dividends received from SIIC status subsidiaries. These provisions require that other conditions be satisfied upon opting for the regime and/or throughout the entire period covered by the regime.	The conditions of the SIIC exemption scheme are regularly analysed and monitored both internally by the Group's Tax Department and by external tax consultants. Therefore, the Company is regularly kept up to date with any administrative or legal changes.
Risks related to information systems and cyber crime	

Information systems have an essential role within the context of the Group's activities. A fault, system failure or data loss or theft could have negative impacts on the continuation and performance of the company's activity.
Foncière des Régions may also be subject to cyber attacks, including fraud attempts through clever engineering which may lead to theft, loss of information or business interruption.
These interruptions, violations or faults affecting information systems could have adverse financial consequences or damage the Company's image.
	Several measures are in place in order to reduce these risks. These are discussed in depth in paragraph 1.10.4.2.1.2 "High-performance and secure information systems":
	• Back-up plan
	• Business Continuity Plan
	  ◦ Intrusion tests
	  ◦ Training and awareness-raising on cyber risks
	• Cyber risk mapping
	• Specific cyber insurance policy.

Health and environmental risks	
The health and environmental risks are fully described in Chapter 2 of this document.	
Changes in environmental regulations applicable to Foncière des Régions as a real estate owner and manager may lead to an increase in its costs, with subsequent repercussions on its results. In addition, Foncière des Régions' business activities expose it to potential health risks (asbestos, legionella) and environmental risks (particularly ground and subsoil contamination) that may harm the Company's image and reputation. These risks may generate significant remediation costs and long additional delays associated with the search for and removal of toxic substances or materials when engaging in development or asset renovation projects. They may also involve the civil and, potentially, the criminal liability of the Company.	Foncière des Régions' Department of Sustainable Development is responsible for tracking any changes in environmental regulations. It manages and disseminates any information required by the Foncière des Régions teams to implement objectives and associated actions plans needed to anticipate future regulations. Regarding prevention of health and environmental risks, the Real Estate Engineering Department in charge of these risks applies a strict policy, specifically by carrying out the systematic replacement of cooling towers and by entrusting to its consultant, Provexi, the management of the asbestos and ground contamination risks of its assets.

1.10.2. Insurance policy

1.10.2.1. General policy

Foncière des Régions has an insurance policy covering the Group's operating risks. The aim of this policy is to obtain complete cover on the insurance market appropriate to the activities carried out and the risks incurred by the Company.

This cover is taken out with leading insurers, in line with the Group's risk management policy. It is actively and dynamically managed by the Group's Insurance Department.

The main risks covered are property damage, including as a result of terrorism, which may affect the company's real estate portfolio, as well as potential civil liability in connection with its activities as a real estate professional or asset owner, co-working service provider, but also its real estate construction and development operations.

In 2017, Foncière des Régions also took out a separate insurance policy to cover cyber risks, which completes its arsenal of insurance weapons against cyber fraud and cyber crime.

In 2017, the Group benefited from actions taken with its main insurers in order to maintain, over a firm period of several years, the level of premiums on its main insurance contracts.

1.10.2.2. Description of levels of cover

1.10.2.2.1. Insuring the real estate portfolio

The real estate portfolios are insured for their reconstruction value, with extended cover for "indirect losses" and "loss of rental income". The contractual cover limitations on the policies taken out are all adapted to the specific features and value of the insured portfolio. Additionally, the Company receives advice and support from its insurers' engineering prevention services each year. The Company makes every effort to comply with the recommendations of its insurers and thus maintain its assets in a constant state of safety with respect to fire hazards and insurability on the market. For all of its real estate restructuring projects, Foncière des Régions systematically takes out the mandatory building defects *"dommages-ouvrage"* and non-builder developer *"constructeur non réalisateur"* covers, as well as the builder's all-risks *"tous risques chantier"*, business interruption *"pertes d'exploitation"* and contracting authority liability *"responsabilité civile maîtrise d'ouvrage"* covers on top of the Group's professional liability insurance where necessary.

1.10.2.2.2. Civil liability insurance

The financial consequences of any legal disputes arising from personal injury, damage to property and other types of damage suffered by third parties and attributable to misconduct in the performance of the Company's activities, or arising from its real estate portfolio and all the equipment pertaining thereto, are insured under a specific insurance programme which provides a high level of cover in line with the scope of the portfolio.

The personal civil liability of the corporate officers and de jure and de facto managers of the Company is covered to levels regularly reviewed and adjusted to ensure they are appropriate to the Group's financial importance and the nature of its activities.

1.10.2.2.3. Insurance – other risks

Foncière des Régions has taken the necessary measures to protect its interests and those of its shareholders with regard to exposure to the financial risks resulting from acts of fraud, embezzlement and cyber crime; it has an insurance policy providing cover in respect of such circumstances. In 2017, in response to the heightened cyber risk, Foncière des Régions took out an insurance programme with a first-rate insurer, enabling it to benefit from all cover currently available on the insurance market. This insurance programme covers the perimeters France, Italy and Germany of the Company.

Furthermore, in case of events that might tarnish the image and reputation of Foncière des Régions, the Company has taken out insurance to finance the immediate intervention and the fees of a press relations firm specialised in crisis management. This financial solution is part of the plan established by Foncière des Régions in the event of its crisis response unit being activated.

1.10.2.2.4. Professional portfolio insurance (offices, IT, vehicles)

The portfolio used in the business, which includes the office buildings owned by the Company, as well as their contents and IT equipment, is insured by policies with extended cover for various events. More specifically, the dedicated IT policy includes cover for additional costs, tailored to the terms, conditions and specific features of the Company's Business Continuity Plan. The Company's vehicles are covered under a comprehensive "vehicle fleet" policy, while personal vehicles used by employees at certain times for the performance of their duties are covered by a policy for "vehicles used for work-related purposes".

1.10.3. Financial risks linked to climate change

The sustainable development strategy of Foncière des Régions, and especially its most significant climate challenges, are described in Chapter 2 of this Reference Document. This chapter details the goals and measures that help the low-carbon strategy of Foncière des Régions align with the target of limiting climate warming to 2°C, which was the result of COP21 (the December 2015 Climate Conference in Paris). It also provides specific reports on greenhouse gas emissions for each activity. It meets the obligations pertaining to CSR reporting (Article 225 of the Grenelle 2 Law – Decree of 24 April 2012) and anticipates the provisions of the Decree of 9 August 2017 to implement the Order of 19 July 2017 on the publication of non-financial information by certain large companies and certain groups of companies. It also meets the provisions of Article 173 of the Energy Transition for Green Growth Act (LTECV) and its decree of 29 December 2015, by gathering information on how the company takes account of the social and environmental consequences of its activity and the analysis of the impacts of its activity on climate change and the way in which the goods and services it produces are used. This reporting particularly highlights energy consumption and CO_2 emissions linked to the use of buildings and impacted by changing climate conditions. The financial risks inherent to the effects of climate change appear to be limited in the short term, although more in-depth specific evaluation work will be done in this area. The actions already underway in cooperation with key tenant accounts are attempting to mitigate these risks. This reporting falls within the scope of the seventeen Sustainable Development Goals (SDGs) defined by the United Nations. It is verified by an independent third party (2.11).

This information is also contained in the Sustainable Development Report of Foncière des Régions (www.en.foncieredesregions.fr) (www.foncieredesregions.fr).

1.10.4. Internal control and risk management system procedures

1.10.4.1. Objective, scope and reference framework for internal control and risk management

1.10.4.1.1. Objective and limitations

To respond to the potential risks, including those outlined in paragraph 1.10, Foncière des Régions has implemented an internal control system in France, Germany and Italy adapted to its activity. This system is also a tool for steering the Group's activities by improving the efficiency of teams and making reporting more reliable.

In particular, it seeks to ensure that:

- activities comply with laws, regulations and internal procedures
- management actions are consistent with the guidelines defined by the management bodies
- assets, in particular buildings, are adequately protected
- the risks arising from the business are correctly evaluated and sufficiently controlled
- internal systems, which contribute to the establishment of financial information, are reliable.

Although this internal control system cannot, by definition, provide an absolute guarantee that all types of risks will be fully eliminated, it provides the Company with a comprehensive tool that effectively protects against the major risks identified and their potential effects.

1.10.4.1.2. Scope under review

In France, Foncière des Régions' internal control and risk management system is applied, without exclusion of scope, to all its businesses.

The ownership and management structures under Italian law (Beni Stabili) and German law (Immeo SE) have each set up an internal control system to cover all of their business activities, in partnership with the Group's Audit and Internal Control Department.

In 2017, the company made a significant number of real estate acquisitions immediately falling within the scope of the internal control procedures.

Foncière des Régions indirectly owns a minority interest (through its subsidiary Foncière des Murs) in a company with hotel assets: Foncière des Murs Management SAS. This business has its own arrangements for audit and internal control procedures. Since the merger between Foncière des Murs and Foncière des Murs Management SAS at the end of January 2018, this activity has entered the scope of review of the Group's Audit and Internal Control.

1.10.4.1.3. Standards

Foncière des Régions relies on the reference framework recommended by the Autorité des Marchés Financiers (AMF), the report of the AMF Audit Committee working group published in July 2010, and complementary AMF studies, for the organisation of its internal control system. This AMF reference framework is based on that of COSO (Committee of Sponsoring Organisations of the Treadway Commission). It includes a set of methods, procedures and measures that should enable the Group to:

- contribute to the management and efficiency of its business activities and the efficient use of its resources
- appropriately take into account significant operational, financial and compliance risks.

1.10.4.2. Components of the internal control system

1.10.4.2.1. Structured organisation

In accordance with AMF recommendations, Foncière des Régions' internal control system is based, inter alia, on known objectives, shared responsibility, and appropriate management of resources and skills.

1.10.4.2.1.1. Delegations of powers and responsibilities

Delegations and sub-delegations of powers have been put in place. They ensure better organisation of the Company and a stronger correlation between the responsibilities of operational entities and the responsibilities of the executive.

In 2017, especially after organisational changes, the delegations of authority were reviewed and implemented within Foncière des Régions.

1.10.4.2.1.2. High-performance and secure information systems

The features of the software applications used by Foncière des Régions employees are tailored to their various activities.

The security of the financial transactions conducted using the information systems is ensured by:

- limits on the disbursements allowed for each employee and a dual-signature requirement when limits are exceeded
- separation of payment authorisation and the execution of payment transactions.

These measures are updated in keeping with organisational changes.

The security of the infrastructure and the information system is ensured by:

1. A back-up plan to mitigate any physical or electronic attack on the information systems. Daily back-ups are stored outside the building in which the main servers operate.
2. A business continuity plan has been operational since June 2013. This plan was drawn up jointly by teams from the Foncière des Régions Information Systems Department and Audit and Internal Control Department, with the help of the global leader in business continuity solutions. The business continuity plan is described in a special procedure. It covers the following points:
   - a back-up centre, in the event of an IT incident that results in a computer malfunction for employees. Tests are performed annually with the service provider to ensure that the system, which should enable complete resumption of the information system within 12 hours, is effective
   - a user help desk, in the event of an incident in the operating assets rendering employees unable to work at their stations.
3. Annual intrusion tests are performed by a specialist service provider to ensure that the information system is secure. All recommendations made as a result of these tests are regularly monitored until their implementation.
4. A cyber risk mapping exercise was performed in 2016: this mapping revealed that many management strategies were in place within the Group. Recommendations are currently being implemented to further strengthen risk management. Following this mapping, Foncière des Régions took out cyber risk insurance, which is described in greater depth in paragraph 1.10.2. Insurance Policy.
5. All Group employees attend training and awareness-raising sessions on cyber risks, to remind them of best practice and conduct to adopt.
6. An IT Charter has been circulated and appended to the Foncière des Régions Internal Regulations:
   - this charter is first and foremost a Code of Conduct laying down the principles for the proper use of IT and digital resources. It also outlines the penalties applicable in the event of any infringements
   - it defines the areas of responsibility for users and for the Company, in accordance with legislation (in particular the French Data Protection Act No. 78-17 of 6 January 1978), to ensure the correct use of the Company's IT resources and Internet services
   - it helps to protect the integrity of the IT system, particularly the security and confidentiality of data and technical equipment.

1.10.4.2.1.3. Updated, validated and distributed procedures

a) In France

The procedures are drawn up by the Audit and Internal Control Department, in close collaboration with operational staff.

The sixty-nine procedures describe the risks and control points of the sensitive and manageable processes.

The procedures are presented as flowcharts that highlight:

- the risks identified and the resources employed to control such risks
- the roles and responsibilities of each individual (processing, monitoring, validating, information, archiving)
- the control points exercised, especially the automated controls carried out by information systems.

All procedures, whether they concern updates, renewals or terminations, are approved by an *ad hoc* committee. The committee includes representatives of the Company's various business lines (operational and support staff) who are selected based on their expertise and their knowledge of the Company's operating methods.

To strengthen their validity and relevance, all procedures are also approved by the Audit and Internal Control Department and by the member of the Management Committee responsible for the procedure.

The validated procedures can be accessed by employees on the Company's Intranet.

Employee training

Since 2012, the Audit and Internal Control Department has been organising training sessions called "Process Mornings". Training is mandatory for all Foncière des Régions employees and aim to:

- focus participants' attention on the specific procedures of each Department or business line, as well as new procedures releases
- present the components of the internal control system, including internal charters
- explain the anti-money laundering and anti-corruption processes
- act as a reminder of the role of the Compliance Officer and of the Group's Ethical Charter.

In addition, all new employees, during their induction course, meet with the Audit and Internal Control Department, who explain the department's role and the Group's procedures.

b) In Germany

The procedures are drawn up within the Audit and Internal Control Department, in partnership with the relevant operational employees. They are validated by the Management Board then posted on the intranet site of Immeo SE and communicated by management to the relevant employees.

c) In Italy

The procedures are drawn up by the Head of Internal Control in cooperation with the relevant operational employees. They are validated by the Audit Committee (known as Commitato di Risqui y control) of Beni Stabili and then made available to the employees on the local intranet portal.

1.10.4.2.1.4. A complete ethics approach

Foncière des Régions has placed a high-priority on complying with internal procedures, professional ethics guidelines, and morals. In early 2018, the Audit and Internal Control Department has been reinforced with the addition of a Compliance Officer. His main missions are to ensure legal conformity, respect of the laws regarding ethics, compliance and the fight against fraud and corruption, especially the respect of the new law Sapin 2, a new regulation on data protection, fight against corruption and money laundering. The Compliance Officer is in charge of these missions on a European scale in keeping with the local regulations of each country. The Company uses a complete Europe-wide procedure that provides guidance on the regulations and proper conduct that must be adhered to by the Company, its managers, corporate officers, all employees and partners:

a) Ethical Charter

- This charter incorporates the Company's core values and ethical rules, including prevention of insider trading, data protection and prevention of conflicts of interest.
- It has been translated into English, Italian and German, to cover all of the languages used by Foncière des Régions employees.
- It is published on the Company's website and circulated at all hierarchical levels; it is distributed and explained to all new employees during their induction course or when they start work.
- The Group Ethical Charter has been submitted to employee representative bodies in Germany and France, and has been countersigned by employees in Italy. It was reviewed in 2015 to take into account the new compliance and ethics mechanisms (alert system, psychological support group, etc.) and to improve the section on conflicts of interest, specifying the rules and principles applicable to employees. It is circulated and explained regularly to all employees at the "Process Mornings". It is currently being adapted and amended, to make it more explicit on certain points, such as the alert system, in accordance with the Sapin 2 Law.

b) Compliance Officer

The Compliance Officer, in cooperation with the Support and Operational Departments, ensures that the Ethical Charter is correctly understood and applied. He or she may be consulted directly, confidentially, by any employee facing difficulties or having questions regarding the limits or application of existing rules. The Chief Operating Officer acts as Compliance Officer in France. In Italy, the Compliance Officer is the Audit and Internal Control Manager, and in Germany, it is the Head of Legal Affairs.

c) Fraud and Corruption risk mapping

- Fraud and Corruption risk mapping is being finalised, to define the highest-risk areas as regards Fraud and Corruption. This mapping takes place simultaneously in all countries in which the Group operates, and covers all products and business sectors. Foncière des Régions has chosen to work with an external supplier with recognised experience in this area, to enable greater objectivity, transparency and expertise. Depending on the results and the recommendations made, Foncière des Régions will implement action plans to improve the way that Fraud and Corruption risk is managed.
- This supplier will also support Foncière des Régions in reviewing its compliance mechanism, notably as regards the provisions of the Sapin 2 Law.

d) Internal Regulations of the Board of Directors

- They set the operating rules of the Board pursuant to the provisions of the Afep-Medef corporate governance code for listed companies, and in particular the compliance rules applicable to Directors.
- The Internal Regulations outline the definition of – and the sanction for – insider trading (Article L. 465-1 of the French Monetary and Financial Code) as well as the prohibition of the use of privileged information (Article L. 621-15 of the French Monetary and Financial Code).

1.10.4.2.2. Constantly evolving risk management

1.10.4.2.2.1. Risk mapping

As stated in section 1.10, for over ten years, Foncière des Régions has been mapping risks to better understand the risks which could have an impact on the Company's results, monitor changes to these risks and improve the way they are managed.

1.10.4.2.2.2. Incident database

Incident databases are in place in France, Germany and Italy. They make the mechanisms for managing potential risks more efficient, by recording past incidents, to prevent their re-occurrence and limit their consequences.

This incident database provides Foncière des Régions' employees with the means to assess risks in a quantitative and qualitative manner, by setting the following objectives:

- disseminate an internal control culture within the teams and support employees in incident management
- characterising these incidents by assessing their financial impact
- producing risk analysis statements and summaries
- suggesting solutions to contain these risks and any repeat occurrences
- allocating the resources necessary to manage them.

1.10.4.2.2.3. Drawing up an internal control manual

The internal control manual aims to improve the governance of internal control and risk management.

The manual highlights recent changes in the internal control system in terms of monitoring recommendations, implementing procedures and standards set by the AMF relating to governance, risk management and key information system elements.

1.10.4.2.3. Control activities proportionate to risks

The control activities in France and abroad are designed to mitigate the risks that could affect the achievement of the Company's goals. The frequency of controls is adapted to the scale and nature of the risks.

1.10.4.2.3.1. Control of risks on investments, disposals and financing

In accordance with the governance rules (see section 5.5 of this document), decisions relating to the greatest risks, above certain amounts, are placed under the control of the Board of Directors and its specialist Committees. They particularly involve:

- acquisitions and disposals
- medium and long-term financing
- business plans and budget objectives
- principal strategic decisions.

Other risks fall under the control of the Chief Executive Officer.

1.10.4.2.3.2. Control of recurring activities

Control of proprietary companies and management companies

Recurring activities are controlled in order to:

- deliver the budgeted receipts
- control operating expenses related to assets
- control the direct operating costs they incur (personnel expenses, appraisals, Asset Management, etc.).

Group Management Control is responsible for controlling compliance with the budgets.

Control of Support Departments

The Support Departments are cost centres and are controlled on a monthly basis to ensure that they contain their expenditure and adhere to their budgets, in particular in terms of insurance costs, legal fees, IT costs and investments, payroll expenses, etc.

1.10.4.2.4. Internal control and risk management system

1.10.4.2.4.1. Organisation of the internal control and risk management system

This system is based on the three lines of control laid out in the diagram below:

- the Internal Control system aimed at controlling group processes. Each support or operational department, within both Foncière des Régions and its subsidiaries, is responsible for the establishment and updating of the internal control system. This makes it possible to control their activities and oversee employee efficiency and the efficient use of their resources. This internal control system is evolving continuously to remain in line with the strategy, objectives, processes and level of risk management targeted by Foncière des Régions
- the Risk Management system aimed at identifying major risks, evaluating them, and ensuring a satisfactory control level for the Company
- Internal Audit, which assesses, through specific missions, the efficiency of the Internal Control and Risk Management systems. It reports directly to General Management and the Audit Committee, and indirectly to the Board of Directors.

1.10.4.2.4.2. The Internal Control mechanism in Germany and Italy

Foncière des Régions' foreign subsidiaries, Immeo SE in Germany and Beni Stabili in Italy, have their own internal control organisation and mechanisms. However, as subsidiaries they are also subject to the governance rules of Foncière des Régions.

Within these subsidiaries, the Audit and Internal Control Department ensures the quality of the internal control system. Weekly updates and monthly follow-up and coordination meetings attended by the Audit and Internal Control Department are held respectively in Germany and Italy, in order to monitor the progress of the annual internal control action plans approved by the local governing bodies.

The heads of the local audit and internal control teams maintain a functional relationship with the Foncière des Régions Audit and Internal Control Department. They report to:

- in Germany: the Chairman of the Management Board of Immeo SE
- in Italy: the Board of Directors of Beni Stabil.

The annual action plans in each country are prepared in line with the Foncière des Régions action plan, and are approved by the Audit Committee in Italy and the Management Board in Germany.

In Germany, internal control involves three bodies: the Management Board, the Audit and Internal Control Department, and the internal control officers.

In Italy, Beni Stabili, as a listed company and in compliance with the provisions of Legislative Decree 231 of 2001, "Modello 231", has an internal control system which is run by four bodies:

- The Board of Directors, which defines the focus of the internal control and risk management policy, with a view to identifying, measuring and monitoring the main risks relating to Beni Stabili and its subsidiaries.
- The Internal Control Committee, which is composed of three Statutory Auditors appointed by the General Meeting. It assists the Board of Directors in ensuring the adequacy and functioning of the internal control system and draws up an annual report assessing the efficiency of internal control and compliance with the rules of governance.
- The Compliance Committee, whose two members are appointed by the Board of Directors, It holds monthly meetings. It meets once a month. It ensures that updates to the *Modello 231* are applied and monitors "sensitive activities" (corruption, insider trading, money laundering, employee health and safety, etc.). In this regard, it is mandated by all of the Company's stakeholders regarding actual or suspected violations of provisions set out in the Ethical Charter. It reports to the Deputy Director and submits an annual activity report to the Board of Directors and Audit Committee. The *Modello 231* is periodically updated to take account of the latest legislative developments. This is followed up with a training programme covering all employees.
- The Internal Audit Manager: in cooperation with the Foncière des Régions Audit and Internal Control Department, s/he conducts audits in line with the audit plan adopted by the Audit Committee. S/he draws up periodical reports on his/her activities. S/he also has a duty to alert when particular events that affect the smooth running of the Company arise.

1.10.4.3. Internal control of accounting and financial information

The internal control of the accounting and financial information of Foncière des Régions and its subsidiaries is one of the major elements of the internal control system. It is designed to ensure:

- the compliance of the financial statements and the accounting and financial information with the regulations
- the reliability of the published statements and the information communicated to the market
- the application of instructions set by General Management
- the prevention and detection of fraud and accounting irregularities.

1.10.4.3.1. Scope

For the production of the consolidated financial statements, the scope of the accounting and financial internal control for Foncière des Régions covers the following companies: Foncière des Murs, Foncière Développement Logements, République, Foncière des Régions Property, Foncière des Régions Développement, Immeo SE and Beni Stabili. The list of consolidated companies can be found in paragraph 3.2.3.5 of this document.

1.10.4.3.2. Agents

1.10.4.3.2.1. Governance bodies

As the consolidating company, Foncière des Régions defines and supervises the process of preparing the accounting and financial information published. The Accounting Department is responsible for the management of this process, under the responsibility of the Finance Director. Responsibility for the production of the corporate and consolidated financial statements of the subsidiaries falls to the Accounting Department of Foncière des Régions, under the control of the relevant executive corporate officers.

Two persons are particularly involved:

- the Chief Executive Officer of Foncière des Régions is responsible for the organisation and implementation of the accounting and financial internal control and the preparation of the financial statements:
  - S/he presents the corporate and consolidated financial statements (half-yearly and annual) to the Audit Committee and the Board of Directors for approval
  - S/he ensures that the process of preparing the accounting and financial information produces reliable data and gives a fair picture of the Company's financial position
- the Audit Committee, as the representative of the Board of Directors, conducts the verifications and controls it deems appropriate. It presents its findings to the Board of Directors before the closing of the financial statements.

1.10.4.3.2.2. Risk related to the production of the accounting and financial information

In France, as abroad, the quality of the process of producing the financial statements is the result of, in particular:

- formalised accounting procedures
- a consolidation manual, adapted to the functionalities of the consolidation software
- validation and updating of accounting scenarios

- verification of balances and the usual validation and control reconciliations, in conjunction with work carried out by management control
- analytical reviews to validate changes in the principal balance sheet entries and the income statement with operations staff
- separation of tasks between commitment powers (banking powers or authorisations to incur expenses) and accounting activities
- review of consolidation reporting for each subsidiary at each closing, to ensure that the Group's accounting principles and methods are correct and harmonised
- review of the impact of taxes and disputes.

Moreover, a specific note is drawn up for each decisive event, which is produced by the "corporate accounting" division of the Accounting Department, analysing its impacts on the financial statements of the entities, and on the consolidated accounts.

The reliability of the processes helps the Foncière des Régions teams to focus on:

- drawing up the operational and financial budgets
- consistency controls of the financial information for foreign operations
- provisions for risks and contingencies
- recognition of assets and liabilities at fair value
- processing of disposals and acquisitions
- controls for transactions conducted under intra-group agreements.

These controls conducted by the accounting and financial team of Foncière des Régions are also applied within the subsidiaries by the accounting teams.

1.10.4.3.2.3. Production of the consolidated financial statements

For the preparation of the consolidated financial statements, the Accounting Department of Foncière des Régions has written a detailed consolidation manual that contains specific instructions for French and foreign subsidiaries.

The consolidated financial statements are prepared using a software package accessible to various accounts employees at Foncière des Régions. This tool is updated regularly to satisfy IFRS requirements and the specific characteristics of the various operational and financial activities of Foncière des Régions and its subsidiaries. The consolidated entities have a single accounting plan. The processed data is uploaded in the programme in data packages.

At each half-yearly and annual closing, the accountants of the various consolidation sub-levels receive detailed instructions prepared by the Accounting Department.

Moreover, within the Accounting Departments of Foncière des Régions and its subsidiaries, the accounting work performed by the employees in the Department is reviewed by the Accounts Managers. The accounting treatment of complex operations and the account closings are validated by the Accounting Manager at preparatory meetings for the closing of the corporate and consolidated financial statements.

1.10.4.3.2.4. Control of the communication of financial and accounting information

The Chief Executive Officer coordinates the closing of the financial statements and conveys them to the Board of Directors, which also reads the report from the Chairman of the Audit Committee

The Chief Executive Officer defines the financial communications strategy. The press releases about the financial and accounting information require approval from the Audit Committee and Board of Directors. The financial and accounting information of Foncière des Régions is formatted by the Finance Department, which complies with the general principles and best practices in financial communication as provided in the "Framework and Practices of Financial Communications" guide prepared by the Financial Communications Observatory under the aegis of the AMF.

Foncière des Régions applies the EPRA Best Practice Recommendations, notably when presenting the financial statements, to harmonise the indicators. This presentation improves readability, notably of the EPRA Earnings and the Net Asset Value, and enables comparisons with real estate investment trusts (REITs) which publish in the same format.

Before the publication of the half-yearly and annual results and quarterly information, Foncière des Régions is required to maintain a quiet period of two weeks during which the Company refrains from contacting analysts and investors.

1.10.4.4. 2018 outlook

In 2018, the Audit and Internal Control Department will ensure that the year's audit plan is fully and thoroughly implemented. It will also strive to improve the management, identification, understanding and hedging of risks within the Group. In particular, it will continue to strengthen the coordination of the Audit and Internal Control Department within the Foncière des Régions Group, more specifically with the non-French subsidiaries Beni Stabili and Immeo SE. Controlling risk, especially for new acquisitions, businesses or geographical regions, will be one challenge in 2018.

2

SUSTAINABLE DEVELOPMENT

17 SUSTAINABLE DEVELOPMENT GOALS TO TRANSFORM THE WORLD

At the Sustainable Development Summit held in September 2015 in New York, the 193 Member States of the United Nations officially adopted a new Sustainable Development programme entitled "Transforming our world: the 2030 Agenda for Sustainable Development".

This Agenda contains 17 Sustainable Development Goals (SDGs), split into 169 targets. It focuses on three interdependent Sustainable Development components: economic growth, social inclusion and environmental protection. The Agenda entered into force on 1 January 2016, and is monitored and examined against global indicators.

Over the next 15 years, thanks to these new goals which apply to all, countries have made a specific commitment to tackle climate change, end the various forms of poverty and combat inequality.

Like his predecessor Ban Ki-moon, António Guterres, Secretary-General of the UN, is an ardent defender of the 2030 Sustainable Development Agenda and its 17 Sustainable Development Goals, which set out a complete, universal and transformative vision for a better world.

Source: http://www.un.org/fr/index.html

A shared 2030 Agenda

The Foncière des Régions CSR policy is aligned to the United Nations' 2030 Agenda. In its publications relating to the 2016 fiscal year Foncière des Régions began referring to the 17 SDGs and has done so ever since throughout its various Sustainable Development publications including: UNGC COP[1], Reference Document, Sustainable Development Report, etc.

The developments in this document demonstrate how the Foncière des Régions Sustainable Development policy responds to these 17 goals, and include a comprehensive progress report. A GRI/SDG cross-reference table in section 2.10.4 makes it easier to examine this.

Source: http://www.un.org/sustainabledevelopment/fr/

(1) United Nations Global Compact Communication On Progress: https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/377841.

FOREWORD

Since 2001 and the French[1] law on new economic regulations (NRE), the Group's various consolidated activities have gradually included all aspects of Sustainable Development. Every year, Chapter 2 of the Foncière des Régions Reference Document faithfully reports on its Sustainable Development strategy, outlining its most significant climate issues. It contains precise reporting on greenhouse gas emissions for each activity, in accordance with the provisions of Article 173 of the French energy transition for Green Growth Law and its Decree of 29 December 2015. Furthermore, it provides information on the way in which the Company responds to the social and environmental consequences of its operations and analyses the impacts its activities and use of its goods and services have on climate change. Chapter 2 also explains how Foncière des Régions' low-carbon strategy and its objectives and initiatives align with the goal of limiting global warming to 2°C as enshrined in the Paris Agreement of December 2015. This reporting focuses on energy consumption and CO_2 emissions linked to the use of buildings which are also impacted by changing climate conditions.

Since 2017, this reporting has been aligned to the 17 Sustainable Development Goals (SDGs) defined by the United Nations.

Following France's transposition of the 2014 European directive on the disclosure of non-financial information, this reporting meets the provisions of the Decree of 9 August 2017 which implements the order of 19 July 2017 on the publication of non-financial information by certain large companies and groupings of companies.

The financial risks inherent to the effects of climate change appear to be limited in the short term; however, more detailed evaluations of these risks were initiated in 2017. The initiatives already underway in cooperation with key tenant accounts and bodies such as the French Scientific and Technical Centre for the Construction Industry (CSTB) are intended to mitigate these risks.

In accordance with the GRI[2] Standards framework and the EPRA[3] 2017 Best Practices Recommendations on Sustainability Reporting, the reporting undergoes two verifications by an independent third party (2.11): the first verification deals with the other aspects included within Chapter 2 and the second verification is linked to issuance of our Green Bond in 2016.

This information is also included in Foncière des Régions' Sustainable Development Report (www.foncieredesregions.fr).

2.1. INCREASED EUROPEAN INTEGRATION

In 2017, Foncière des Régions considerably boosted its European scope, through its investment policy, the increasing number of synergies between its different products, and the various business line links in place between its French, German and Italian platforms. CSR, an interdisciplinary and pan-European concern by its very nature, acts as a catalyst in this change. The complementary nature of our three business lines, Offices (in France and Italy), Residential (in Germany) and Hotels (in Europe), has been enhanced through the implementation of shared processes and procedures as a result of working groups held throughout the year with employees from all three countries.

This European dynamic enables us to capitalise on best practices and take a consistent approach to decisive issues such as the portfolio strategy, new trends in offices and hotels, reducing the Group's environmental footprint, etc.

In 2017, ambitious scientific work was done on the Group's carbon trajectory in conjunction with the CSTB, as part of our long standing partnership since 2009. This work analysed the conditions under which Foncière des Régions should upgrade its properties during the 2015-2030 period in order to stay within the 2° Celsius threshold set by the Paris Agreement. This approach is part of our strategy to greening our portfolio. At the end of 2017, the proportion of environmentally-certified properties was 72.8% for our French Offices, 54% for our Italian Offices, and 47.7% for our European hotels. These results should be compared against our 2015/2020 targets, which are 100%, 50% and 66% respectively. By the end of 2025, 100% of our core office portfolio will be certified. With regards to our residential portfolio, the first residential developments we launch in Germany will offer an opportunity to carry out certification "tests" by adapting to market specificities and our clients' expectations.

In 2017, we intensified our analysis, both internally and externally, sharing our work with organisations (Orée, HQE etc.) involved in Research & Development: connected building, energy flexibility, intangible value, and the circular economy. We have retained our pioneering spirit to ensure that our projects incorporate the key innovations stemming from this work: launch of a flexible office/co-working offer, use of BIM (building information modelling), creation of a platform to monitor energy use, trials of R2S labels (digital building), OsmoZ (well-being in offices), etc. This year we continued to forge closer links with our stakeholders, tenants, suppliers and local authorities. The Ctrl+alt+desk: Reprogram your office hackathon, which we organised in conjunction with our long-term partners Orange and IBM, embodies this integrated partnership dynamic. A raft of internal (Adopt1Startup, etc.) and

(1) NRE: New Economic Regulations.
(2) GRI: Global Reporting Initiative.
(3) EPRA: European Public Real Estate Association.

external initiatives (in particular with the Immowell-Lab incubator) have enabled us to seize opportunities to embrace change relating to new ways of designing buildings, working, living, moving around, etc.

Finally, the decree and order published in summer 2017, transposing the European directive on the transparency of non-financial disclosure, have not resulted in any major changes to Foncière des Régions' CSR reporting, as it had already anticipated these legislative requirements. In 2017, our reporting also went further towards taking into account the United Nations' 17 Sustainable Development Goals (SDGs) for 2030 and pursuing a financial-non-financial integration programme. The reporting in the following pages reflects the fact that Sustainable Development and innovation are at the heart of our Group's economic model and its transformations.

Christophe Kullmann
Chief Executive Officer

For several years now, Foncière des Régions has been one of Europe's leading REITs. Its portfolio is now valued at over €21 billion (€13 billion Group Share). For ten years, it has chosen to set itself apart by expanding into several countries and offering a range of products, while retaining the agility which has enabled it, since its creation in the 2000s, to seize opportunities and evolve by capitalising on its unique features. Its financial and technical DNA enables it to anticipate changes affecting its clients and markets in order to constantly adapt its properties and expertise.

2.2. A LONG-TERM STRATEGIC VISION

Since its creation in its current form in the early 2000s, Foncière des Régions has been the preferred partner for key accounts, whose real estate strategies it supports. Foncière des Régions has acquired large sale and leaseback portfolios, such as Orange, EDF, AccorHotels and Telecom Italia. It has also successfully branched out into operational development and restructuring. Since the first of its kind for the Dassault Systèmes headquarters in Vélizy (Yvelines), delivered on 12 November 2008, Foncière des Régions has opted for green, responsible real estate, obtaining one of the first HQE certifications.

Foncière des Régions holds a unique position amongst the major REITs owing to the geographic distribution of its assets across Europe and the positioning of its products. Thanks to its integrated expertise, Foncière des Régions is able to control the entire value creation chain:

› A long term vision based on firm commitments and deep expertise

A LONG-TERM PERSPECTIVE

To be the leading European real estate partner on Office, Hotel and Residential products, and a strong creator of value, which is shared with our stakeholders

STRATEGIC AREAS

Developing real estate that is responsible, flexible and in line with the strategies of our tenants and regions	Controlling LTV, RNI, NAV debt	Attracting and developing talent	Anticipating market changes to ensure long-term profitability

As the above diagram shows, Foncière des Régions' long-term vision is driven by and based on its strong, proven ability to develop innovative real estate and financial solutions. It does this by attracting talent, maintaining relationships built on trust, and remaining very attentive to changes in the market, where it is still seen as a pioneer.

2.2.1. *A resilient business model*

Since its creation, Foncière des Régions has been known for its pioneering approach to the operation of its business lines. It has a recognised ability to build strong partnerships with companies and local authorities which it supports in their real estate strategies (sale and leaseback, modernisation, management, development, etc.).

The quality of the partnerships that Foncière des Régions has built up with its Key Account tenants in Europe (including Orange, Suez Environnement, EDF, Dassault Systèmes, Eiffage, AccorHotels, B&B Hôtels, Telecom Italia, NH Hotels, etc.), combined with long-term leases, sets it apart from its competitors.

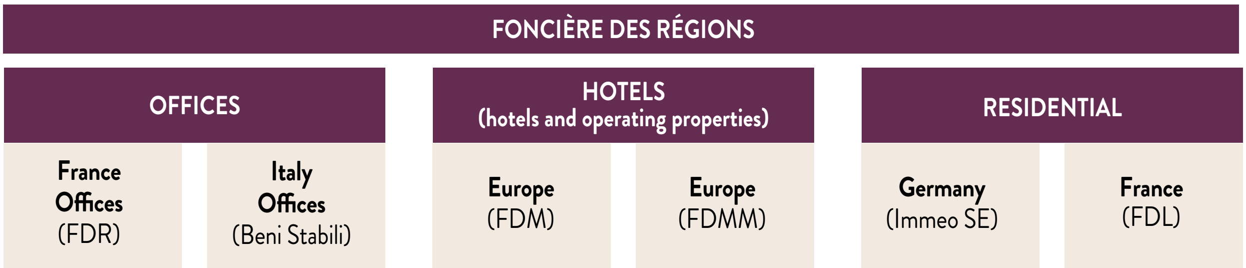
2.2.1.1. Diverse locations and products

For many years, Foncière des Régions has adopted a “country” and “product” diversification approach to its portfolio, focusing its growth efforts on three products:

- France Offices and Italy Offices *via* its subsidiary Beni Stabili
- Hotels in Europe *via* its subsidiary Foncière des Murs (FDM)
- Germany Residential *via* its subsidiary Immeo SE.

This strategy enables the Company to rely on different economic and market cycles to optimise balance in its investments, reduce risk and support its clients with their international growth.

› Organisational chart

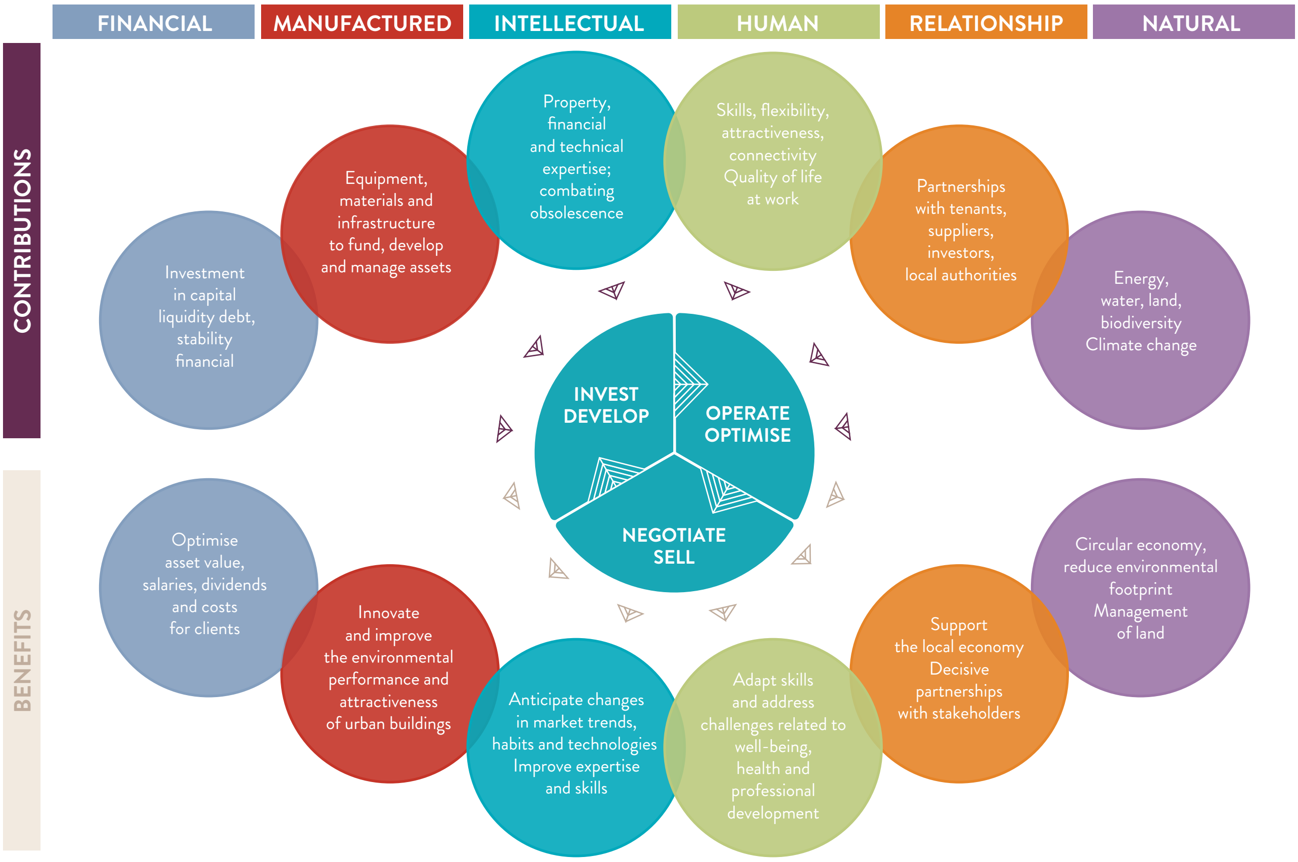


2.2.1.2. A business cycle which creates long term value

The Foncière des Régions business model creates value across the entire real estate cycle. Profitable for its stakeholders, this value-creation takes place responsibly and is part of a long-term strategy.

The illustration below summarises this model. It uses the six capitals from the Integrated Reporting <IR> evaluation grid (financial, human, etc.). The financial and non-financial indicators presented in the Reference Document undergo regular monitoring and scrutiny to optimise the benefits drawn from these six capitals and ensure the longevity of the Foncière des Régions business model.

› The Foncière des Régions business model



2.2.1.3. Cash flow secured over the long term

With an average occupancy rate of 97.9% (across the Group), rising to 100% in its Hotels business, Foncière des Régions is reaping all the benefits of an investment strategy focused on single-let assets, (*i.e.* buildings let to only one user). Furthermore, at the end of 2017, the firm's average residual lease term was 6.6 years. This gives Foncière des Régions excellent cash flow visibility for the years ahead, with almost no structural vacancies or unpaid rent.

Cash flow is secured over the long term thanks to a pipeline of over €5.1 billion (including €3.6 billion Group Share), which will sustain its European expansion in the coming years.

In a low interest rate environment, the returns offered by the real estate sector continue to attract substantial capital flows. With yield in the range of 5% for the past several years, Foncière des Régions shares remain highly appealing. The Company also benefits from a high level of trust from its tenants, key accounts, banks and shareholders.

The financial rating allocated to Foncière des Régions by Standard & Poor's – BBB with a stable outlook – bears witness to the quality of the portfolio, the stability of its cash flows and the robustness of its balance sheet. These qualities are also exemplified by the success of the Green Bond issued in 2016 (€500 million) and the increase in capital in 2017 (€400 million).

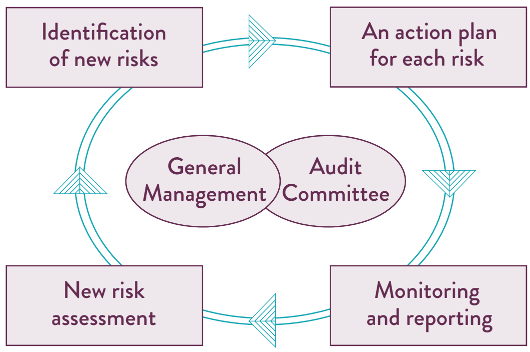
2.2.2. *Identifying risks and seizing opportunities*

Section 1.10 of this 2017 Reference Document details the risk factors that could have a significant impact on Foncière des Régions' financial and non-financial performance or its results. The Governance section (2.9) details the measures taken to identify and manage these risks.

The risk mapping exercises completed in 2006, 2009, 2012 and 2017 allowed for the ranking of major risks and led to the implementation of action plans to prevent or limit the potential consequences on the Company's longevity, its financial situation or its valuation. The risk study conducted in 2017 with KPMG covered all of Foncière des Régions' operations in Europe, dividing them into four areas: France, Italy, Germany and FDM-M[(1)] Europe.

The methodology and results of this work are presented in the Risk Factors and Internal Control section of the management report (see section 1.10). The CSR risks identified ranged from asset obsolescence to business interruption in exceptional circumstances (fire, pandemic, etc.). The cyber security risk was also examined, and specific insurance has been taken out to cover this. The corresponding action plans are periodically followed up on by General Management and the Audit Committee.

› Risk monitoring procedure



2.2.2.1. Anticipating and adapting to the consequences of climate change

The Paris Agreement of December 2015 highlighted the urgent need to respond to climate change. The Intergovernmental Panel on Climate Change (IPCC) foresees major consequences for the environment and the human species if temperature rise exceeds 2° Celsius between the industrial revolution and the end of the twenty-first century. The current trend is a rise of at least 4 to 5°Celsius over this time period. The increase is already close to 1°Celsius.

Greenhouse gases are a major culprit of this trend. The construction industry is responsible for a quarter of carbon emissions and 43% of energy consumption; it is therefore at the heart of climate priorities and plays a role in the increasing scarcity of fossil energy sources. In anticipation of the Energy Transition Law and the 2015 National Low-Carbon Strategy, Foncière des Régions has been setting itself ambitious targets to reduce energy consumption and carbon emissions since 2010 (2.2.5). The study conducted in 2017 with the CSTB (Scientific and Technical Centre for the Construction Industry) demonstrated the relevance and consistency of these objectives with France's +2°C trajectory (see chart above section 2.3).

As a signatory of the Paris Climate Action Charter in 2016 (see section 2.9.7.5), Foncière des Régions is working on improving the design of its buildings in order to limit global warming, but also to withstand more frequent extreme climate events: spikes in temperature, storms, torrential rain, rising water levels, etc. A study of Foncière des Régions' French Offices portfolio conducted in 2015 showed that a one-metre rise in sea levels by the end of the twenty-first century (the hypothesis put forward by the IPCC) would affect only two of the assets in the portfolio, thus less than 1% of its total value. Specific follow-up and safety measures have been put in place for these two assets, even though the potential risk is remote.

2.2.2.2. Mitigating risks related to buildings

The construction and property industries are undergoing profound changes that affect the way buildings are used, and the closely linked energy, environmental, climate, and digital transitions. Digital changes affect the organisation and activity of tenants, as well as the way buildings are designed, built and managed using new tools such as BIM, remote supervision and intelligent networks (electricity, heating, cooling, etc.).

To turn these changes into opportunities, Foncière des Régions is constantly working to identify how client expectations, markets and legislations coming into force are evolving. Foncière des Régions has been a pioneer in leveraging new expertise, co-building properties that are tailored to each client, ambitious from a sustainability perspective, as well as connected and flexible. Thus it is able to turn these potential risks into real growth opportunities.

Finally, Foncière des Régions aims to manage all building risks, at all stages in the life cycle: design, construction, management and deconstruction. On one hand, risks linked to the environment and occupants (land pollution, flood risk, etc.) are analysed at the time of acquisition then throughout the ownership of the asset; on the other hand, risks associated with new regulations on energy efficiency, accessibility for people with disabilities (*e.g.* reduced mobility, blindness), biodiversity, etc.

2.2.2.3. Managing market risks

By positioning itself in new areas or services, Foncière des Régions innovates and retains its pioneering role: examples of this innovation include developing a Hotel business in 2015 (2.6.1), creating its own co-working concept in 2016/2017 (2.3.1.1) in France, and co-living in Germany (2.5.1.1). Having an in-depth understanding of markets, players and changes in real estate and financial trends in Europe is essential to the Company's longevity. Its ability to win the loyalty of its employees and develop their talents is key in a competitive, fast-moving environment (2.8.2.2).

Geographic diversification and engaging in three business activities with different economic cycles makes it possible to limit market risk, while gradually refocusing on the most dynamic major cities: Greater Paris, Lyon, Marseille, Bordeaux, etc. (France Offices), Milan, (Italy Offices), Berlin (Germany Residential), Amsterdam, Madrid, Barcelona, etc. (Europe Hotels).

(1) *FDM-M: Foncière des Murs Management: see 2.6.1.*

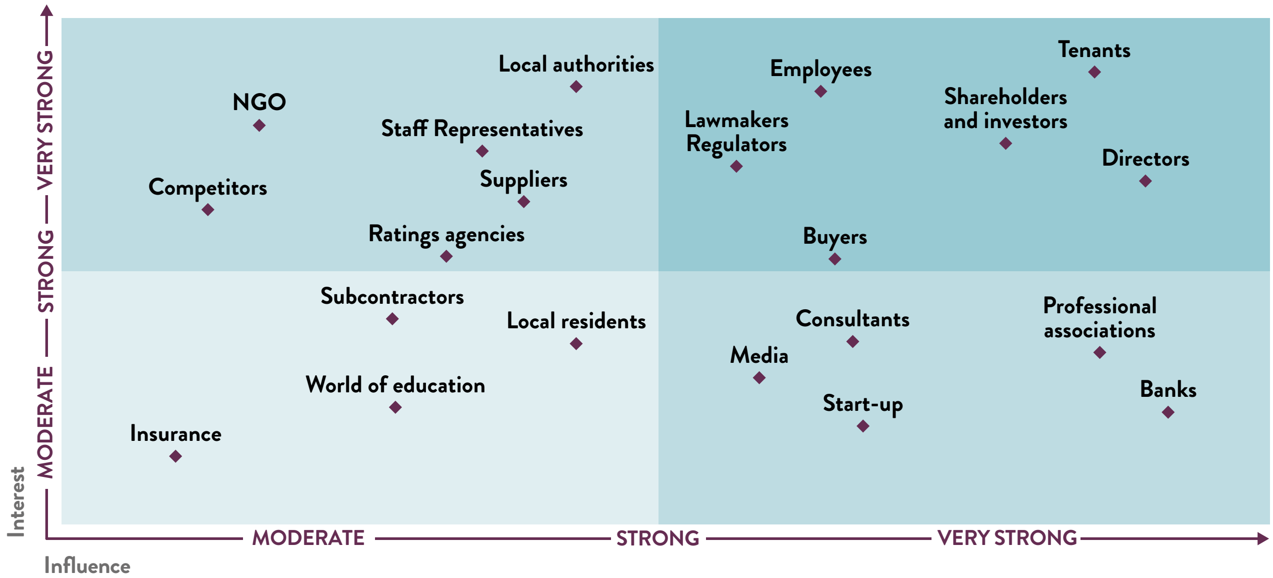
2.2.3. *A joint approach to performance with stakeholders*

To achieve a shared high CSR (and financial) performance level, one has to work in close partnership with stakeholders. Since 2012, Foncière des Régions has been carrying out a materiality analysis of its French operations and updating it regularly. This approach relies on a good understanding of its stakeholders and the challenges that each of them faces.

2.2.3.1. The key stakeholders of Foncière des Régions (GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-44)

The main stakeholders have been selected from the business community (key account tenants, suppliers), financial community (shareholders), Human Resources (managers, employees), government authorities (local authorities) and the community at large (community groups, the media). Interviews with internal and external stakeholders have identified their CSR expectations, constraints and priorities. These stakeholder groups were then ranked according to their interest and impact on the Company's business, resulting in the mapping shown below as well as the introduction of appropriate tools for dialogue.

› Mapping of Foncière des Régions' main stakeholders



2.2.3.2. Meeting stakeholder expectations

Given the diverse range of main stakeholders identified and their expectations, Foncière des Régions has gradually introduced communication tailored to each stakeholder. To do this, it has used both internal and external communication methods, notably social networks: tenant extranet, Twitter, LinkedIn, Yammer, Office 365, etc.

Tailored communication methods

Main stakeholders	Expectations of stakeholders	Communication method	Chapter
Tenants	Co-construction of innovative, tailored solutions to support each stakeholder's real estate strategy in the best possible way	Partnership Committees and Sustainable Development Committees	Chapter 2.2
Shareholders	Visibility and longevity of the business model and its profitability	Activity Report, press releases, financial press releases, road shows, investor days, website, etc.	Chapter 2.9.6
Ratings agencies	Transparency of financial and non-financial communications	Reference document and Sustainable Development Report	Chapter 2.9.2
Employees	Follow-up support for professional development, training	Intranet site, internal communications tools	Chapter 2.8
Local authorities and non-profit organisations	Awareness of their socio-economic challenges	Sustainable Development Report Involvement in various collaborative projects	Chapter 2.7.2
Suppliers	Fair business practices	White Paper on tenant relations + Charter	Chapter 2.7.4

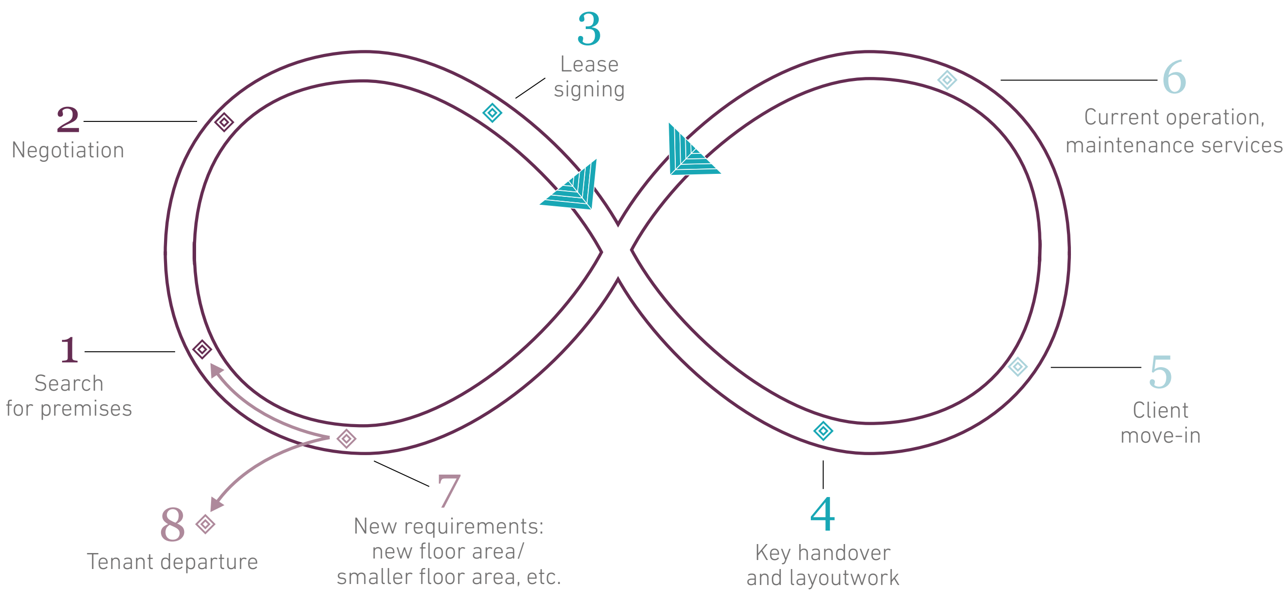
2.2.3.3. A long-term strategy based on partnerships

Foncière des Régions favours a long-term partnership strategy with its tenants, shareholders, employees, suppliers, and in the context of its initiatives with local authorities and non-profit organisations. This is the foundation of its success.

As part of the special relationship it maintains with each tenant, Foncière des Régions has been organising Sustainable Development Steering Committees since 2010. These meetings have facilitated and anticipated the implementation of the "environmental annexes", on 100% of its leases, covering over 2,000 m² of office and retail space in France. Other leases, which are not subject to this requirement, also benefit from the annex, which formalises the parties' commitment to CSR: energy, carbon, water, waste, transport, biodiversity, etc. These exchanges make it easier to obtain HQE certification for buildings in use (HQE Exploitation) or BREEAM In-Use certifications, selected in collaboration with tenants.

Constantly striving to improve client satisfaction, Foncière des Régions is particularly attentive to the "client experience". This involves identifying areas for improvement in the typical experience of a tenant through its interactions with Foncière des Régions.

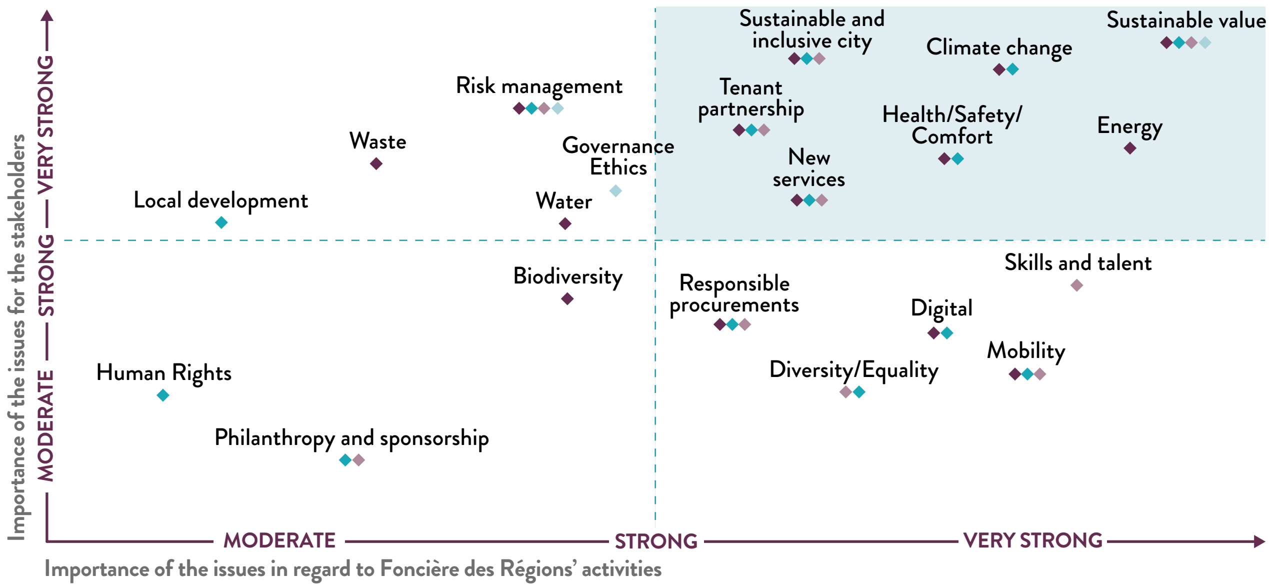
› The client experience



2.2.3.4. Foncière des Régions' CSR priorities (GRI 102-46; GRI 102-48; GRI 102-49)

The CSR issues identified by external stakeholders were ranked and cross-referenced with those of Foncière des Régions at Group level, to create the materiality matrix shown below. Reassessed each year to ensure that results remain relevant over time, this study enables Foncière des Régions to channel resources into the most important challenges, namely the most significant challenges for Foncière des Régions and its main stakeholders. This approach is taken with a view to continuously improve our ability to respond to stakeholders. It has enabled policies and relevant performance indicators to be established based on GRI and IIRC guidelines.

› Foncière des Régions materiality matrix



- **E** ◆ Environment/Sustainable buildings (see Chapter 2.2 to 2.6)
- **S** ◆ Societal (see Chapter 2.7)
- **S** ◆ Social (see Chapter 2.8)
- **G** ◆ Governance (see Chapter 2.9)

The priorities in the matrix are cross-referenced with the GRI Standards nomenclature in an annex in section 2.10.5.

This matrix evolves gradually, as new services and priorities emerge: digital, inclusive and sustainable cities, circular economy, etc. The breakdown of themes within the materiality matrix shows that the most important issues for Foncière des Régions' stakeholders play an important role in the CSR policy and the objectives and action plans outlined in Chapter 2.2.5.

Foncière des Régions is present in countries with laws guaranteeing very strong protections for human rights. This issue is therefore only of moderate importance for the exercise of its business activities. Furthermore, Foncière des Régions has a proactive philanthropy and skills-based sponsorship policy (see section 2.7.6). Each year, these topics are discussed in Foncière des Régions' Communication on Progress (COP) submitted to the UN Global Compact (see section 2.9.7).

2.2.4. *CSR and Innovation, at the heart of the business model*

Recognising the importance of the issues prioritised through the materiality process, Foncière des Régions has included Sustainable Development and innovation at the heart of its corporate and portfolio strategy for several years.

2.2.4.1. A comprehensive European strategy for Sustainable Development

Since 2010, Foncière des Régions has had a European Sustainable Development strategy, informed by the analysis of the material priorities. The strategy is broken down into action plans (2.2.5) which grow and are amended in response to regular analysis of the risks and opportunities presented by the specific area of activity and cross-referenced to the main stakeholders' CSR priorities. Aware of its CSR priorities and impacts, and its role as a leader, Foncière des Régions implements its action plans by ambitiously adapting them to each product and country. However, four aspects of its CSR strategy apply to all of its activities: sustainable buildings, society, social issues and Governance.

1 **Update the portfolio to include changes that affect sustainable buildings, building use and health**

◈ **Commitment:** promote responsible and energy, environmentally and socially efficient real estate that creates long-term value for the Company and the community.

2 **Build a smarter, more inclusive and sustainable city**

◈ **Commitment:** encourage eco-responsible practices and innovation in transport, biodiversity and waste, and take part in sharing knowledge alongside local stakeholders.

3 **Develop, diversify and retain our human capital**

◈ **Commitment:** enhance employees' skills through innovative policies and encourage their mobility, diversity and ability to adapt to change.

4 **Guarantee ethical practices**

◈ **Commitment:** guarantee an ethical and transparent framework that ensures exemplary practices at all levels of the Company.

2.2.4.2. European planning and coordination of Foncière des Régions' CSR strategy

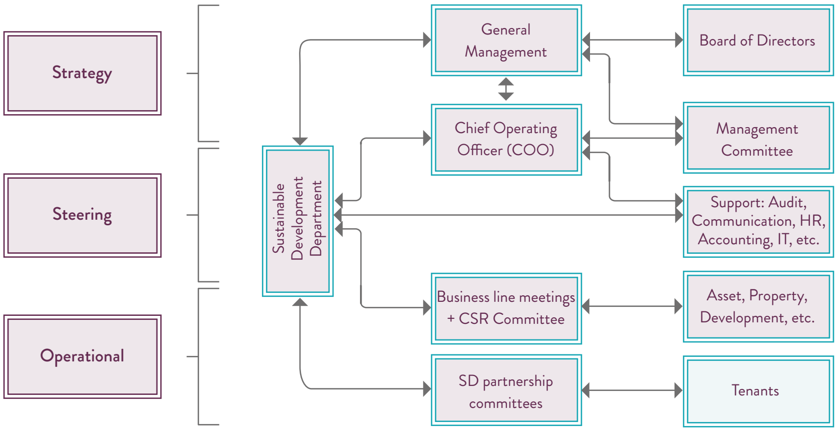
The Sustainable Development Department proposes and coordinates initiatives across the Group's various business activities, with the support of General Management. It is closely monitored by the Board of Directors. This dedicated, interdisciplinary team engages with all of the Group's business lines, providing technical expertise to their various departments, and playing an instrumental role in terms of innovation, raising awareness and reporting.

Sustainable Development is championed and incorporated at all levels of Governance within the Group and its activities. The Chief Executive Officer, Christophe Kullmann, and the Deputy General Managers, Olivier Estève and Dominique Ozanne, raise CSR issues with the Board of Directors. Patricia Savin, a specialist lawyer in environmental matters and Chair of the Orée organisation, is a member of the Board of Directors and helps bolster it with her CSR expertise.

The CSR policy is applied in several ways: **the Sustainable Development Steering Committee** meets monthly and includes Christophe Kullmann and Yves Marque (Chief Operating Officer), who share CSR matters with the Management Committee, as well as Jean-Éric Fournier (Sustainable Development Officer). The latter heads up a network of almost thirty representatives within the Group. He organises or takes part in business line meetings with operational representatives in France, Germany and Italy. In 2017, a European Sustainable Development working group contributed to discussions on the organisation and implementation of the overall CSR strategy across Europe within the Group. Italy also has its own **Sustainable Development Steering Committee** which drives and feeds back CSR initiatives at the local level.

In connection with the environmental annexes, the Sustainable Development Officer jointly chairs the **Sustainable Development Partnership Committees** along with the asset manager, the technical manager, and of course tenant representatives for the Key Accounts concerned.

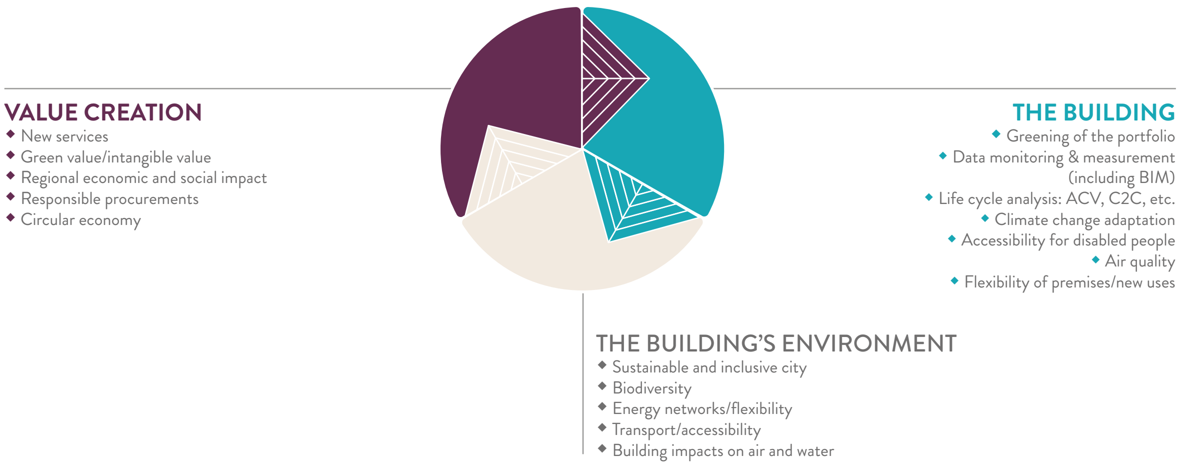
› Managing Sustainable Development at Foncière des Régions



2.2.4.3. Innovation: enhancing know-how to create value

Innovation has always played a key role in the success of Foncière des Régions: innovation in new product concepts, in its ability to co-build new real estate solutions, and innovation in its ability to make use of new technologies and expertise. This approach, on which employees receive very regular training, is organised around three focus areas.

› The three R&D areas at Foncière des Régions



1. Buildings: at the heart of all transitions

Whether digital, environmental, carbon or energy, Foncière des Régions anticipates transformation in its markets in order to provide relevant support to its clients and regions as they undergo these transitions. Beyond its ambitious certification strategy (HQE and/or BREEAM) for new developments and operating properties (2.3.2), Foncière des Régions is testing out new technology and know-how: BIM, digital, life cycle analysis (LCA), C2C, interior air quality, new services in its properties, environmental annexes, etc.

The dynamic management of interactions using innovation ecosystems, also known as "open innovation", has become an essential innovation component. Foncière des Régions is working with a range of organisations to implement innovative solutions: SBA (Smart Building Alliance), Alliance HQE-GBC (France), and Orée (2.7.2.2). The partnership built in France with Immowell-Lab, an incubator for start-ups specialising in comfort and well-being inside buildings, enables it to explore new growth opportunities in partnership with start-ups proposing innovative solutions. Foncière des Régions is also a member of the Alliance for Open Innovation, a community launched by the French Ministry for the Economy and Finance, which aims to promote innovation by defining a framework of best practices between large companies and start-ups or SMEs.

2. Creating more inclusive, sustainable digital cities

Foncière des Régions designs and manages its properties as real drivers of an inclusive city, making them part of the urban ecosystem in terms of climate impact, connectivity, mobility, biodiversity, culture, society, etc. Numerous initiatives and projects are carried out in cooperation with partners (associations, peers, consultants, suppliers, local authorities, etc.).

For example, Foncière des Régions is working on studies with partners such as the French Institute for Building Performance (IFPEB) and Enedis (French grid manager) to anticipate the introduction of smart grids[1] (2.7.2.2), regional involvement (2.7.1), and the implementation of the NF P 14-010 standard, "Sustainable property development – Business districts" with the city of Vélizy and in partnership with its tenants Dassault Systèmes and Eiffage Construction (http://www.vieeconomique.versaillesgrandparc.fr/adqa/).

3. Creating value

The environmental performance of buildings (energy performance, etc.), social performance (well-being, services, etc.), societal performance (culture, accessibility, etc.) generate additional value for a building, known as **green value**. It is not currently considered in isolation by real estate appraisers. However, appraiser values have implicitly factored it in for a number of years:

- valuation method by discounting cash flow: the green value is reflected through the rent level, reduced vacancy rate, lower rent waivers, lower costs for maintenance and service activities, etc., which all have a positive impact on cash flow
- leasing revenue discount method: green buildings have a lower risk premium, notably due to their increased liquidity and the reduced risk of obsolescence, tenant departure, etc.

For corporate tenants, there are benefits in terms of comfort, well-being and employee health, which is also expressed as fewer lost working hours (healthy materials, interior air quality, etc.) and as increased concentration, creativity and ultimately productivity. This economic dimension is called **use value,** or **immaterial value.** Since 2014, Foncière des Régions has been working developing an initial approach for this concept, in conjunction with Bouygues Construction (section 2.2.2.2.2 of the 2014 Reference Document).

In 2016, a shared-cost[2] "on-site experiment" was organised to test Goodwill Management's Thésaurus-Ecopolis model. In 2017, additions[3] were made to the working group with a view to analysing the correlation between productivity and new themes: closeness to the natural world, new layout of premises, art & architecture, etc.

By embedding all dimensions of CSR and innovation within its strategy, Foncière des Régions has an economic model that is creating **long-term value** – one of the most material priorities (2.2.3.4).

Furthermore, as part of its drive to create and share value, Foncière des Régions is working to measure the socio-economic impacts of its operations and the extent to which they are embedded within the local community (2.7.3). It is partnering with the Orée environmental organisation on various initiatives and publications in this area.

(1) Smart Grid: energy networks managed according to demand and local renewable energy generation (photovoltaic, geothermal, etc.).
(2) Bouygues Construction EDF, Foncière des Régions, Gecina and Sanofi.
(3) BNP Paribas RE, Bolloré Logistics Services, Bouygues Construction EDF, Engie, Foncière des Régions, Gecina, Ivanohé Cambridge, Saint-Gobain and Sercib.

2.2.5. *An ambitious European CSR action plan for 2020*

In 2017/2018, Foncière des Régions worked with the CSTB to analyse the conditions under which it could reduce its greenhouse gas emissions and energy consumption by 2030. Information about its 2030 carbon and energy trajectory is presented in Chapter 2.3.

The tables below present the European CSR action plan for the 2015/2020 period. They outline, for each business activity, the main objectives and provide an update on progress. The various multi-year objectives are reported internally and are monitored at all levels of Governance of the Group.

2.2.5.1. Overview of CSR goals and indicators

Target met or exceeded — Target on course to be met — Needs improvement

Areas	Objectives		Company	Deadline
AREA 1: REDUCE PROPERTIES' ENVIRONMENTAL FOOTPRINT, MAINTAINING THEIR ATTRACTIVENESS AND RETAINING THEIR VALUE				
Improve the portfolio's environmental performance	Hold green assets at :	100%	France Offices	2020
		80%	Italy Offices	2022
		66%	Hotels in Europe	2020
	Develop and restore green assets at:	100%	France Offices	Ongoing
		100%	Italy Offices	Ongoing
		100%	Germany Residential	Ongoing
		100%	Hotels in Europe	Ongoing
Improve energy performance and reduce CO_2 emissions	**Reduce energy consumption:** Target: 295 kWhpe/m²GIA/year	2008/2020: -40%	France Offices	2020
	Target: 165 kWhpe/m²GLA/year	2015/2020: -15%	Italy Offices	2020
	Target: 194 kWhpe/m²Nütz/year	2017/2025: -15%	Germany Residential*	2025
	Target: 415 kWhpe/m²/year	2008/2020: -40%	Hotels in Europe	2020
	Carry out pilot tests relating to the introduction of systems for the remote monitoring of consumption (smart metering)	NA	France Offices	2017
		NA	Italy Offices	2020
		NA	Germany Residential	2020
		NA	Hôtels in Europe	2020
	Reduce CO_2 emissions: Target: 20 $kgCO_2/m^2$GIA/year	2008/2020: -20%	France Offices	2020
	Target: 20.5 $kgCO_2/m^2$GLA/year	2015/2020: -50%	Italy Offices	2020
	Target: 29 $kgCO_2/m^2$Nütz/year	2017/2025: -15%	Germany Residential*	2025
	Target: 33.6 $kgCO_2/m^2$/year	2008/2020: -40%	Hotels in Europe	2020

* *panel représentatif (2.10.1.3).*

	Achievements in 2017	Progress	Chapter
	72.8% of green assets as of the 31 December 2017 (*vs* 65.3% in 2016)		2.3.2.
	53.9% of green assets as of the 31 December 2017 (*vs* 33% in 2016)		2.4.2.
	47.7% of green assets as of the 31 December 2017 (*vs* 26.8% in 2016)		2.5.2.
	6 green assets delivered in 2017		2.3.2.
	5 buildings were reclassified as green assets in 2017		2.4.2.
	100% of new developments have a Energieausweis (energy performance certificate) receiving a score of A or A+.		2.5.2.
	3 green assets delivered in 2017		2.6.3.
	338 kWhpe/m^2GIA in 2017: -31% *vs* 2008		2.3.4.1
	186 kWhpe/m^2GLA in 2017: -5% *vs* 2015		2.4.2.1.
	228kWhpe/m^2Nütz in 2017		2.5.2.2.
	373 kWhpe/m^2 in 2017: -46% *vs* 2008		2.6.4.1.
	Draft specifications for an «open source» BIM (excluding «proprietary» systems).		2.3.1.2.
	Testing various smart electricity meters. The Schievano development project will be used as the pilot project to test various smart metering tools.		2.4.1.
	Discussions with energy suppliers on metrology with a view to optimising tenants' energy consumption.		2.5.1.
	Creation by some tenants of portals used to monitor and optimise energy consumption		2.6.4.1
	20.9 KgCO_2/m^2GIA in 2017: -16.6% *vs* 2008		2.3.4.2.
	15 KgCO_2/m^2GLA in 2017 -64% *vs* 2015 100% of assets directly managed by Beni Stabili have used green electricity since December 2015 (excluding acquisitions made during the year)		2.4.2.2.
	34.2 KgCO_2/m^2Nütz in 2017		2.5.2.3.
	34.3 KgCO_2/m^2 in 2017: -39% *vs* 2008		2.6.4.2.

Target met or exceeded · Target on course to be met · Needs improvement

Areas	Objectives		Company	Deadline
Lead the eco-transition	Keep water consumption no higher than:	≤ 0,5 m³/m² GIA/year	France Offices	2020
		≤ 1m³/m²GLA/year	Italy Offices	2020
		≤ 1,5m³/m²Nütz/year	Germany Residential*	2025
		≤ 2m³/m²/year	Hotels in Europe	2020
	Cut waste production and promote recycling across 100% of the portfolio and 100% of development and renovation projects	100%	Group	2020
	Turn each site into a biodiversity driver	NA	Group	Permanent
Control health and safety related risks	Manage health and environmental risks	NA	Group	Permanent
Improve accessibility	Hold 80% assets accessible to people with reduced mobility	80%	France Offices	2020
			Italy Offices	2020
	Hold 90% assets accessible by public transport located within a 10-minute walk:	90%	France Offices	2020
			Italy Offices	2020
			Germany Residential*	2020
			Hotels in Europe	2020
AREA 2: CONTRIBUTE TO THE DISSEMINATION OF ECO-FRIENDLY PRACTICES AND TAKE AN ACTIVE ROLE IN CITY LIFE IN PARTNERSHIP WITH STAKEHOLDERS				
Sustainable city	Partner with our stakeholders to build a coherent and collaborative urban space		Group	Ongoing
	Develop innovation and undertake forward-looking studies with a view to value creation			
	Participate in initiatives to boost the regions			
	Promote human rights			
Exchange with suppliers and clients	Innovate with our suppliers on Group values		France Offices	Ongoing
	Develop targeted actions by stakeholder and supplier type		Italy Offices	In progress
	Offer new services to tenants		Germany Residential	Ongoing
	Innovate with our clients		Hotels in Europe	Ongoing

Achievements in 2017	Progress	Chapter
◈ 0.32 m^3/m^2GIA in 2017: -39.39% *vs* 2008		2.3.4.4.
◈ 0.81 m^3/m^2GLA in 2017: -13% *vs* 2015		2.4.2.3.
◈ 1.3 m^3/m^2Nütz in 2017: -2.5% *vs* 2015		2.5.2.4.
◈ 1.64 m^3/m^2 in 2017: -28.39% *vs* 2008		2.6.4.4.
◈ 100% of assets are fitted with selective waste collection systems.		2.3.4.5. 2.4.2.4. 2.5.2.5. 2.6.4.5.
◈ First European mapping exercise of the Group's business impacts on biodiversity. ◈ Examples: BiodiverCity label obtained for the Carré Suffren building in Paris and pending for the Schievano Project in Milan. Roof-top urban agriculture experiment at the Mercure hotel in Boulogne Billancourt. Various development projects include the creation of green roofs as part of the residential developments in Germany.		2.7.5.
◈ 100% of sites are monitored and audited.		2.3.6. 2.4.2.5. 2.5.3. 2.6.7
◈ Ensured compliance with standards as part of every restructuring project ◈ 83% (in value terms) of offices are accessible at 31 December 2017.		2.3.4.1
◈ Ensured compliance with standards as part of every restructuring project ◈ 98% (in value terms) of offices directly managed by Beni Stabili are accessible at 31 December 2017.		2.4.1.2.
◈ 98% (in value terms) of offices located within a 10-minute walk from a public transport node		2.3.4.3
◈ 98% (in value terms) of offices located within a 10-minute walk from a public transport node.		2.4.1.2.
◈ 94% (in value terms) of residences located within a 10-minute walk from public transport node.		2.5.1.2.
◈ 93% (in value terms) of offices located within a 10-minute walk from public transport node.		2.6.4.2.
◈ Partnership with Institut Palladio ◈ Making our facilities a real part of the city by offering a range of urban amenities: coworking, connectivity, etc.: Symbiosis in Milan, Euratlantique in Bordeaux, Euromed in Marseille.		2.7.2.
◈ Studies carried out in partnership with the non-profit organisations Orée, HQE-France GBC, RICS, etc. on various topics: Use value, LCA, BIM, C2C, biodiversity, cyber security, new uses, etc.		2.2.4.3.
◈ Socio-economic impact study on the France and Italy Offices assets.		2.7.3.
◈ Adherence to the principles and values of the UN Global Compact: Award for the best COP in 2016 (France), publication of the COP 2017 (France and Italy).		2.10.6.
◈ As of the 31 December 2017: 371 suppliers evaluated ◈ Over 80% of strategic expenses covered by this process (risk categories).		2.7.4.
◈ Beni Stabili works on updating building maintenance contracts ◈ Memorandum of Understanding with its tenants on the issue of energy efficiency.		2.4.1.
◈ Development of new services by Immeo: Service hotline + emergency line available 24/7.		2.5.1.
◈ Development of new concepts for services and layout, in collaboration with our clients.		2.6.1.

Target met or exceeded — Target on course to be met — Needs improvement

Areas	Objectives	Company	Deadline
AREA 3: ADOPT INNOVATIVE POLICIES TO ENHANCE EMPLOYEES' SKILLS, MOBILITY DIVERSITY AND CAPACITY TO ADAPT TO A CHANGING ENVIRONMENT			
Develop human capital	Attract, develop and retain talent	Group	Ongoing
	Promote diversity and equality		
	Improve the quality of life at work and achieve work-life balance		
Be exemplary in the application of our CSR values	Cut CO_2 emissions generated by our employees	France Offices Hotels in Europe	2020
		Italy Offices Germany Residential	2020
	Make every employee a player in sustainable development	Group	Ongoing
AREA 4: GUARANTEE AN ETHICAL AND TRANSPARENT FRAMEWORK TO ENSURE EXEMPLARY PRACTICES AT ALL LEVELS OF THE COMPANY			
Conduct effective governance	Optimise the performance of the Board of Directors	Foncière des Régions	Ongoing
	Remain the leader in terms of the transparency of our business activities reporting		
	40% women on the Board of Directors		Ongoing
Promote ethical values	45% independent members on the Board of Directors	Foncière des Régions	Ongoing
	Disseminate and share ethics/anti-corruption best practices with all employees	Group	

	Achievements in 2017	Progress	Chapter
	◈ Sharing expertise and know-how at the Group level ◈ European training programme		2.8.1.
	◈ Ex-aequo programme: raising employee awareness about gender equality; mentoring programme benefiting 22 French, Italian and German employees.		2.8.1.
	◈ French Quality of Life at Work agreement and employee satisfaction survey. The next survey will be carried out at the European level		2.8.2.3.
	◈ Cutting our CO_2 emissions per employee by 52% over the 2010/2020 period: ◈ 1.99 Kg CO_2/employee in 2017 – 28% *vs* 2010		2.8.5.1.
	◈ First measurement of Immeo and Beni Stabili's carbon footprints in 2017 (Published in Foncière des Régions' Sustainable Development Report) ◈ Immeo employee mobility study		2.8.5.1.
	◈ Various initiatives implemented: Sustainable Development Week, visits to exceptional sites, green meetings		2.8.5.3.
	◈ Annual evaluation of the members of the Board of Directors, plus a formal assessment of the Board every three years		2.9.3.1.
	◈ Compliance with the best international standards: EPRA, AFEP-MEDEF, GRI, etc.		2.9.2.
	◈ 40% female members on the Board of Directors as of the 31 December 2017		2.9.3.3.
	◈ 60% independent members on the Board of Directors as of the 31 December 2017		2.9.3.2.
	◈ Dissemination of the Ethics Charter to all Group employees		2.9.7.1.

2.2.6. *CSR performance acknowledged by non-financial ratings agencies*

For many years, Foncière des Régions' Sustainable Development Policy has been highly regarded by non-financial ratings agencies. The green bond issued in 2016 (2.3.7) is another example of how this policy and its results are valued.

Foncière des Régions appears in the following indices: Euronext-Vigeo Eiris France 20, Europe 120, Eurozone 120 and World 120, DJSI Europe and World indices, FTSE4Good, Stoxx® Global ESG Leaders, Gaïa (Ethifinance) and has been awarded Prime status by Oekom Research. A recipient of the Green Star in the GRESB (Global Real Estate Sustainability Benchmark) rankings and rated A- by the CDP, Foncière des Régions is a regular recipient of awards and prizes in various CSR areas: In 2017, Foncière des Régions and Beni Stabili both received an EPRA Gold Award for their CSR reporting and their financial reporting; in 2016, Foncière des Régions was awarded the Trophée Cube 2020 Argent (2.3.4.1), in recognition of its energy policy (certified buildings category); the Global Compact France award for the best communication on progress made (companies with fewer than 500 employees) and a Silver medal in the Agefi Competition (Governance Progress category).

› Change in non-financial ratings 2016-2017

	2016	2017
European Real Estate Association EPRA Gold since 2014	EPRA sBPR Gold	EPRA sBPR Gold
GRESB (Gloal Real Estate Sustainability Benchmark) Green Star since 2013	Green Star 77/100	Green Star 79/100
Carbon Disclosure Project Participant since 2012	A-	A-
FTSE4Good In the index since 2011	98/100	100/100
DJSI World: in the index since 2013 Europe: in the index since 2016	72/100 (sector: 43/100)	67/100 (sector: 42/100)
Oekom Research Prime rating since 2015	C	C
Gaïa Index In the index since 2013	85/100	86/100

2.2.7. *Reliable performance in line with international standards*

The tables presented in section 2.10 provide an overview of the indicators used by Foncière des Régions to measure its environmental and social performance, particularly with respect to the targets that have been set. These indicators have been chosen based on international standards: the GRI Standards and its sector specific supplement CRESD[1], the EPRA's Sustainability Best Practices Recommendations (SBPRs) as well as annual questionnaires such as the Carbon Disclosure Project (CDP) and the Global Real Estate Sustainability Benchmark (GRESB).

The reporting scope for each business activity is detailed in section 2.10.

Foncière des Régions' CSR reporting undergoes two external verifications by an external, independent third party (EY – Ernst & Young):

The first one anticipates the provisions of the decree of 9 August 2017 which implements the order of 19 July 2017 on the publication of non-financial information, and monitors application of EPRA's Sustainability Best Practices Recommendations (SBPR) as well as attainment of the Core level of the GRI Standards and the CRESD supplement. The second verification relates to the Green Bond: allocation of funds, adherence to asset selection criteria, carbon performance monitoring, etc. Both letters of assurance are included in the Sustainable Development Report.

(1) *CRESD: Construction and Real Estate Sector Disclosures.*

THE 5TH LARGEST EUROPEAN REIT

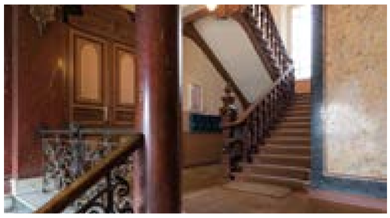
With operations in France, Germany (since 2006), Italy (since 2008), and more recently in Belgium, Spain, the Netherlands and Portugal *via* its hotel business, Foncière des Régions is a truly European Company, and its intention to optimise its CSR performance is the same in all countries.

Although European directives set the general course of CSR, the transpositions into national law may differ from one country to another. Foncière des Régions' European CSR policy reflects an ambitious commitment that takes these differences into account. As outlined in Chapter 2.2.5, it takes the form of a shared action plan for each business arranged around key objectives. The work done in 2017 with the CSTB to analyse the conditions necessary to stay within the 2°C target specified in the Paris Agreement of December 2015 illustrates Foncière des Régions' ability to respond to CSR criteria on a European scale.

Ideas on how to reduce environmental footprints and ideas on circular economy are shared between the different countries and businesses. The BiodiverCity label, which originated in France and was trialled by Foncière des Régions on the Carré Suffren building, will soon also be replicated in Italy through the Schievano site in Milan (2.4.3).

Likewise, new priorities in terms of innovation and design of new working spaces, such as coworking, are being embraced on a European scale.

New living spaces

OFFICES	HOTELS	RESIDENTIAL
		
RENEWED APPEAL:		
New expectations in terms of well-being, flexibility, services, etc.	Booking, staying, and connecting in a different way	New ways of living, consuming, moving around, etc.
REVAMPING THE CLIENT EXPERIENCE:		
Working with our stakeholders to build open working environments with a focus on comfort, social interaction, digital facilities and productivity	Working with our hotel partners on concepts which anticipate new trends in hospitality and services	Using new technologies to offer spaces that are respectful of the environment, connected, and promote more inclusive cities

Several of Foncière des Régions' programmes (Symbiosis in Milan, Alexanderplatz in Berlin, Euromed Center in Marseille, etc.), are mixed-use: offices, coworking spaces, ground-floor retail spaces, hotels and co-living. Within its Euromed Center complex in Marseille, Foncière des Régions has combined offices, coworking spaces, hotels, services, leisure, retail and green spaces over an area of almost 70,000 m^2. Thanks to its innovative mixed-use approach and the quality of its spaces and units (of which all have now been let), Euromed Center boosts the appeal and the influence of the Marseille area.

These spaces have been designed to improve users' experience, provide a high level of flexibility and anticipate changes in the construction industry to respond to other uses (2.3.1). This dynamic builds on the six values which reflect and embody Foncière des Régions' client culture: agility, responsiveness, anticipation, all-round expertise, transparency and proximity.

In parallel with this evolution, the design, construction and management of the buildings continue to undergo fundamental transformations to lessen their environmental footprint and maximise their social (well-being, health, etc.) and societal (biodiversity, culture, connectedness to cities, etc.) dimensions.

A more detailed publication about this work is in the pipeline.

The Foncière des Régions 2030 carbon trajectory

To lessen its environmental footprint, Foncière des Régions is working to adapt its portfolio in a trajectory compatible with the 2°C scenario set forth in the international Paris Agreement of 2015. To do this, in 2017, Foncière des Régions began to build models with the CSTB across its entire European portfolio in order to define its carbon trajectory up to 2030.

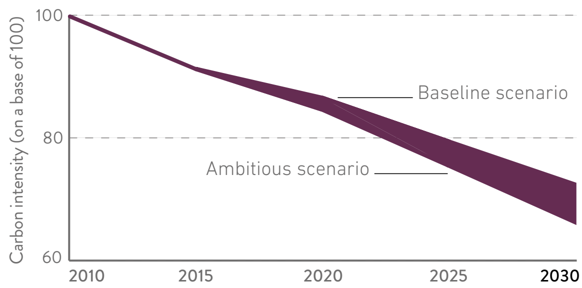
This carbon intensity per m^2 modelling approach is innovative because it covers the construction, operation and refurbishment stages of offices, hotels and residential buildings on a European scale. Two prospective scenarios for 2030 were built with the CSTB. They aim to reflect changes likely to impact Foncière des Régions' carbon performance, whether they be internal (improved energy efficiency, selection of low-emissions building techniques and materials, etc.) or external (low-carbon cement, decarbonisation of countries' energy mix, etc.).

The "ambitious" scenario involves Foncière des Régions implementing a decarbonisation policy, which also plays a role in meeting French and European decarbonisation targets for 2030. The "baseline" scenario involves a projection of Foncière des Régions' business activity without any additional proactive decarbonisation initiatives. The set of assumptions taken by the CSTB aims to reflect as faithfully as possible the reality of the technological and regulatory changes that will affect Foncière des Régions' business operations up to 2030.

The initial results of this study were used to produce the graph below: it shows a reduction in Foncière des Régions' carbon intensity of around 30% in 2030 compared with 2010. This drop in greenhouse gas emissions is split between the construction/renovation and operation phases of the buildings. New buildings and refurbishments will play a major role in reducing the carbon intensity of the surface area in operation by 2030. Furthermore, the increased use of low-carbon cement and the shift toward low-emission building techniques will also play an important and increasing role in cutting the carbon intensity of construction and refurbishment.

› 2030 trajectory of average carbon weight per m^2 (Construction + refurbishment + operation)

(Across all Foncière des Régions business activities in Europe)



› The portfolio in figures (at 31/12/2017)

1
2030 CARBON TRAJECTORY

100%
OF NEW OFFICE DEVELOPMENTS ARE GREEN

€500M
RAISED THROUGH THE GREEN BOND ISSUED IN 2016

73%
GREEN OFFICES IN FRANCE

54%
GREEN OFFICES IN ITALY

48%
GREEN HOTELS IN EUROPE

>90%
OF THE EUROPEAN PORTFOLIO LESS THAN 1KM FROM PUBLIC TRANSPORT LINKS

>80%
OF OFFICES ACCESSIBLE TO PEOPLE WITH REDUCED MOBILITY

100%
OF PROPERTIES HAVE WASTE-SORTING FACILITIES

2.3. ALL OFFICES GREEN AS OF 2020

At 31 December 2017, the value of the France Offices portfolio reached €6.3 billion (€5.4 billion Group Share), *i.e.* 45% of the Foncière des Régions portfolio (Group Share). With a portfolio covering almost 1.8 million m², Foncière des Régions is a leading player in the development, ownership and management of office space in France.

The Offices business activity of Foncière des Régions underwent rapid growth in the early years of the Company with the acquisition, in the early 2000s, of asset portfolios outsourced by major users: EDF, Orange, etc. This growth continued with the acquisition of buildings in operation, and especially with the construction of new operations – part of our proactive approach to building and ensuring the renewal of the portfolio. This growth is continuing thanks to a pipeline of new operations, which will facilitate the emergence and rapid development of new concepts. Furthermore, Foncière des Régions manages the entire value-creation chain (2.2.1.2), which helps ensure the quality of its buildings meets client expectations.

2.3.1. Co-inventing a new kind of office real estate

Respectful of the environment and capitalising on digital innovations to power its systems (heating/cooling, lighting, etc.), the real estate that Foncière des Régions is jointly conceptualising with its stakeholders is intended to be innovative, welcoming and flexible. Building design reflects the latest trends: the proportion of surface area used for meeting rooms rose from 10% to 15%, ventilation and vertical circulation requirements have been revisited, etc. Foncière des Régions designs "ready to" properties which can adapt to successive digital revolutions, new user expectations (services, proximity to nature, etc.), local authority requirements (circular economy, etc.) and new approaches to work (co-working, flex office, desk sharing, etc.).

2.3.1.1. "Co-working by Foncière des Régions" offer

Co-working has taken off in just a few years; there are now 14,000 co-working premises and 1.2 million co-workers worldwide[(1)]. Co-working involves employees from different companies sharing a common work space, promoting exchange between them. France has not escaped this trend.

Available on premises ranging from 2,000 to 5,000 m², mostly in new or refurbished buildings, the "co-working by Foncière des Régions" offer was launched simultaneously in Paris and Marseille. It is based on flexible spaces and lease terms, a varied services offering and the creation of a real community, which is greatly appreciated by its users.

The project has high ambitions: to quickly build a truly national network of office spaces designed for key accounts (complementing the traditional offerings), and for SMEs, micro-businesses and start-ups.

With its flexible, creative working spaces and wide range of services available to occupants, the co-working offering designed by Foncière des Régions quickly found its clients. These "places" have shared features, but each have their own identity: décor, catering or concierge services, a range of activities available, etc. – all of these shape the unique character of the location. By 2020, 10 to 15 spaces are planned, covering around 70,000 m².

2.3.1.2. Towards digital buildings

Developments managed using BIM (Building Information Modeling)

BIM builds a comprehensive and consistent 3D building database and maintains it throughout the lifetime of a project: design, completion, operation, and deconstruction. BIM also improves operational management of the building by facilitating interior design and access to fixtures (geolocation of equipment). As part of a circular economy approach, BIM is also a tool that enables traceability of materials and equipment so that they can be reused.

As a pioneer in this area, Foncière des Régions has two of the first office buildings built using BIM. The Campus Pierre Berger (Eiffage) and Hélios (Thales), in Vélizy-Villacoublay both received a BIM Gold Award, awarded by Le Moniteur building industry magazine, in 2014 and 2016 respectively. At the end of 2017, Foncière des Régions was developing half a dozen assets in France using BIM in the construction and operational phases, with some projects using it from the design phase onward.

As an active participant in trialling BIM, Foncière des Régions has set up a BIM-Lab with its tenant Thales and its facility manager Vinci Facilities to enhance BIM, notably by working to converge BIM with TMB (technical management of buildings) and CMMS (computer-assisted maintenance management).

New building management tools

Foncière des Régions has introduced new building management tools: installation of TMB on new buildings and renovations to manage systems (heating and cooling, etc.); drafting of specifications for the TMB systems installed in its new developments, in order to ensure that they are "open" and interoperable; creation of a platform to collect and analyse energy and water consumption, etc.

(1) Source: Global Coworking Survey 2017: https://rslnmag.fr/data/12-million-de-personnes-travailleront-dans-un-espace-de-coworking-en-2017/

Laying the groundwork for the "Smart City" of the future

Buildings will gradually become part of the energy grid. As both generators and consumers of energy, smart buildings will form an integral part of smart grids, managed at the neighbourhood, town levels, therefore having a role as part of larger networks. Foncière Régions is actively involved in energy flexibility studies, in partnership with the IFPEB[1] and Enedis, to lay the groundwork for smart cities of the future.

Foncière des Régions, signatory of the "Connected, cooperative, human-centred buildings" Charter

On 7 December 2017, Foncière des Régions signed, in the presence of Secretary of State Julien Denormandie, the "Connected, cooperative, human-centred buildings" Charter, initiated by the French Ministry for Regional Cohesion, with the support of the Alliance HQE-GBC and the Smart Building Alliance (SBA), of which the Foncière des Régions is an active member. This Charter provides a framework to help define a digital building. It aims to encourage a proactive approach to the introduction of connected, smart buildings in France. Its objectives concur Foncière des Régions' work focus:

- offering digital services which meet user needs
- increasingly integrating the Internet of Things (IoT) into buildings
- providing an optimal internet connection to users
- paying particular attention to cyber-security and personal data protection
- improving access to digital building infrastructure in order to respond to technological change.

A common language has been defined as a result of this work, resulting in the R2S (Ready to Service) label. This measures/checks a building's performance against connectivity, smart building and cyber-security criteria. The Foncière des Régions Toulouse Riverside project is taking part in testing for the R2S label.

At the same time, Foncière des Régions is developing new services for its occupants, some of which are digital including: reservation of meeting rooms, digital concierge services, etc.

2.3.1.3. Towards a circular economy

The construction and management of buildings are core topics of the circular economy[2]. Its objective is to create innovative products, services, business models and public policies to decouple economic growth from resource scarcity and depletion. According to the *Institut de l'économie circulaire*, "it is about, for example, extending the flow of materials (re-using, recycling) and products (eco-design without in-built obsolescence) throughout the life of a product or service. This model is based on new types of design, production and consumption, extending the lifecycle of products, using rather than owning goods, re-using and recycling component parts." As such, this model means rethinking the ways of designing, constructing and managing a property, by promoting cross-disciplinarily practices and a holistic approach.

From 2010, Foncière des Régions has carried out Life Cycle Analysis (LCA) in order to quantify the environmental impacts of transactions at each stage of the asset's life cycle (extraction and manufacture of materials, operating the property and ultimately deconstruction). In line with the HQE Performance programme of study, this LCA is based on six modules (materials, energy, water, travel, building site and waste). In 2013, Foncière des Régions commissioned France's first LCA on a property renovation (Steel building – Paris 16th *arrondissement*) and, in 2014, France's first LCA on a hotel. All of these studies were added to the HQE Performance programme and thereby contributed to the construction of a database used for purposes such as BBCA (low carbon building) certification. This work paved the way for the study conducted jointly with the CSTB on the carbon trajectory of Foncière des Régions' strategic portfolios.

To continue to make progress towards a circular economy, Foncière des Régions takes part in projects with organisations (Orée, C3D, etc.), suppliers and universities. Operationally, it conducted an initial study into eco-design, known as "Cradle to Cradle (C2C)" (2.6.5) which resulted in a C2C guide. This guide can be used to select virtuous, healthy materials, providing added value by protecting the health of the building's occupants.

Awareness-raising initiatives are underway with teams (technical, asset and property management) in France, Italy and Germany, to integrate circular economy priorities into the design of new buildings and renovations and in calls for tender.

Finally, Foncière des Régions is delivering the Noé project in Bordeaux, part of the "Quai Îlot 8.2" project, in partnership with ANF Immobilier and Vinci Immobilier. The use of an innovative work site platform is intended to minimise the inconvenience of work sites and ensure traffic flows freely whilst work is taking place, in particular through the introduction of a waste collection site and a digital information processing platform.

2.3.1.4. Beyond construction standards

The development, renovation and replacement policies adopted by Foncière des Régions have accelerated a shift in the portfolio towards low-carbon real estate, taking into account emerging issues: new energies, digital technology, biodiversity, soft mobility, sustainable cities, circular economy, etc.

For many key account tenants, energy and environmental performance have become a prerequisite. New concerns relating to the well-being of their employees are becoming increasingly important in their choice of location: communal spaces and a quality use of spaces (flex office, coworking etc.), a wider range of services (fitness, concierge services, etc.), building connectivity and widespread Wi-Fi coverage, accessibility for people with all kinds of disabilities, closeness to nature, accessibility by public transport and soft modes of transport, etc. Foncière des Régions is taking into account these new expectations in the management or development of its buildings. General certifications such as HQE are gradually evolving to reflect these new priorities. New labels are appearing to distinguish and highlight a building's performance against these new criteria. Foncière des Régions is trialling or carrying out gap analyses on the labels of greatest relevance to its strategy and the expectations of its clients. The main focal points are comfort and well-being in the workplace (OsmoZ, WELL), connectivity (R2S, WiredScore), energy and carbon (Effinergie+, E+C-, BBCA), and biodiversity (BiodiverCity, Ecojardin).

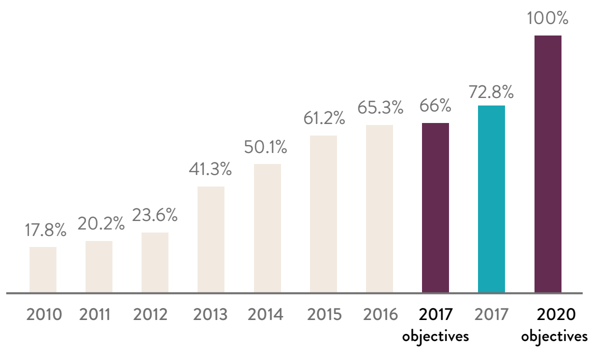
(1) Institut Français de la Performance Environnementale du Bâtiment.
(2) http://www.institut-economie-circulaire.fr/Qu-est-ce-que-l-economie-circulaire_a361.html

2.3.2. *73% green assets at the end of 2017*

Foncière des Régions set itself a target of 66% green office buildings in France by the end of 2017, *i.e.* HQE and/or BREEAM, and intends to raise this to 100% by the end of 2020. The first target was met and even exceeded, as the percentage at the end of 2017 was 73%. The portfolio of "Core" buildings, *i.e.* those likely to remain in the portfolio over the long term, stood at 78% at the end of 2017. The reliance on certifications and labels meets a dual requirement of transparency and accountability. The graph below shows how the proportion of certified properties in this portfolio has changed since 2010.

› Proportion of green buildings in the France Offices portfolio

(in terms of value)

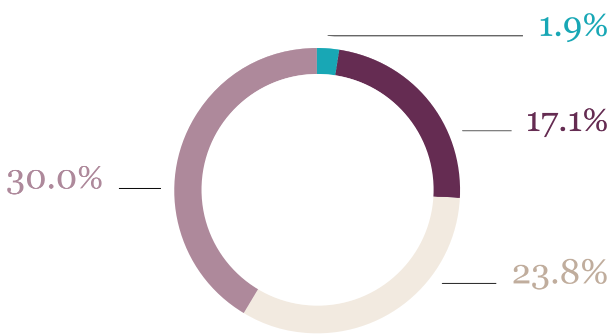


In 2010, Foncière des Régions set a target of 100% green developments and renovations, thus anticipating changes in legislation and the market. The Foncière des Régions 2017 Sustainable Development Report contains a table outlining the profile of each HQE certification obtained.

This certification dynamic does not only apply to new projects and renovations, but also to existing buildings, with in-use certification. Two properties have "NF HQE™ commercial building in use" certification (Tour CB 21 – Paris-La Défense and Carré Suffren – Paris 15th) and 22 have BREEAM In-Use certification. These in-use certifications were implemented on the basis of the environmental annexes pioneered by Foncière des Régions from 2010, as well as other initiatives. The choice of certification is made jointly with the tenant.

› Breakdown of certifications obtained at 31 December 2017

(in terms of value)



- Certified building (HQE or BREEAM) and certified operation (HQE or BREEAM In-Use) – *5 buildings*
- Certified (HQE or BREEAM) and/or accredited (BBC, HPE, THPE) building – *21 buildings*)
- Building not certified and certified exploitation (BREEAM In-Use) – *19 buildings*
- Appraised portion of transactions in progress with a certification target on the building – *5 buildings*

The greening indicator is monitored as part of a monthly internal CSR report and plays a decisive role in development, upgrade and asset replacement policies.

2.3.3. *A pipeline of €2.6 billion*

Foncière des Régions now has a pipeline of offices in France under development of €2.6 billion (€2.3 billion Group Share), €394 million (€244 million Group Share) of which are already committed. These projects are part of the portfolio's renewal strategy.

Ongoing portfolio adjustment

(Group Share)

France Offices projects	Number of projects		Surface[1] *(m²)*		Rental income target *(€/m²/year)*		Pre-lease		Total budget[2]		Target Yield Target[3]		Progress	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Committed projects	11	6	132,300	104,200	365	229	38%	44%	€460 million	€244 million	6.1%	6.5%	42%	24%
Managed projects	16	16	403,700	388,800					€2.0 billion	€2.0 billion				
TOTAL	**27**	**22**	**536,000**	**493,000**					**€2.5 billion**	**€2.3 billion**				

(1) Surfaces at 100%.
(2) Including land and financial costs.
(3) Yield on total rents including parking facilities, restaurants, etc.

2.3.4. Improving the portfolio's environmental performance

By engaging in energy and environmental mapping of the portfolio in association with the CSTB in 2009/2010, and updating it every year since, Foncière des Régions has been able to set energy and carbon performance targets for its portfolio. The baseline year for energy and carbon performance monitoring of the France Offices portfolio is 2008.

2.3.4.1. Energy trajectory

Foncière des Régions has the target of reducing the average primary energy consumption by 40% per m² for its France Offices portfolio between 2008 and the end of 2020, *i.e.* a 25% reduction over the 2008-2015 period and a 15% reduction between 2016 and the end of 2020. This means that primary energy consumption will not exceed 295 kWhpe/m²/year by the end of 2020. This target exceeds the requirements of the Energy Transition for Green Growth Act adopted on 17 August 2015. This law provides for a 30% nationwide reduction in fossil-fuel based primary energy consumption between 2012 and 2030, and a 50% reduction in final energy consumption between 2012 and 2050.

In order to meet its objectives, Foncière des Régions makes use of all available options: the development and refurbishment of green assets; asset replacement and reinvestment in better-performing assets; streamlining site maintenance and multi-year work plans, etc. Low-energy consumption equipments are favoured when replacing heating systems, air-conditioning systems and lighting. Insulation criteria are taken into consideration in terrace waterproofing renovations, etc. All of these initiatives "mechanically" reduce energy consumption and carbon emissions.

Alongside a proactive maintenance policy, Foncière des Régions is active in raising tenant awareness, especially through the use of environmental annexes. In 2016, Foncière des Régions took part in the Trophée Cube 2020, organised by the IFPEB[1] with the support of the French Environment and Energy Management Agency (ADEME) and the French Energy and Housing Ministries. Its Carré Suffren building was awarded the Cube d'Argent in the "Certified office buildings" category, in recognition of an 18.5% drop in energy consumption during the 12 months of the competition. This award also recognises the progress made, in collaboration with the facility manager and tenants, towards securing HQE in operation (HQE Exploitation) certification as well as optimising the building's management and maintenance (installation of additional meters in the TMB, timers on lights, LEDs in meeting rooms, etc.).

Changes to the primary energy consumption ratio

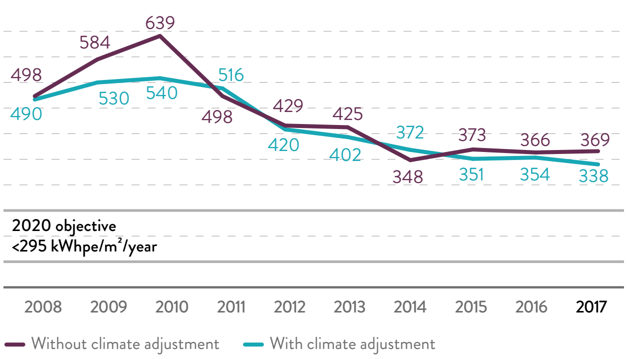
Foncière des Régions strives to keep a close eye on the environmental footprint of its sites, by examining the bills it pays directly and/or the usage statements forwarded by tenants. As a signatory to the French Charter for Commercial and Public Building Energy Efficiency, Foncière des Régions communicates its energy consumption to the Sustainable Building Plan as part of the Charter's[2] annual follow-up and is a member of the Charter's Steering Committee.

The primary energy consumption collection rate was 93% for the common areas of multi-tenant buildings directly managed by Foncière des Régions property management teams. In 2017, the overall energy consumption collection, including the tenant areas of multi-tenant buildings and single-tenant buildings, was 70% (by surface area) of the reporting scope (2.10.1.1), (compared with 56% in 2016).

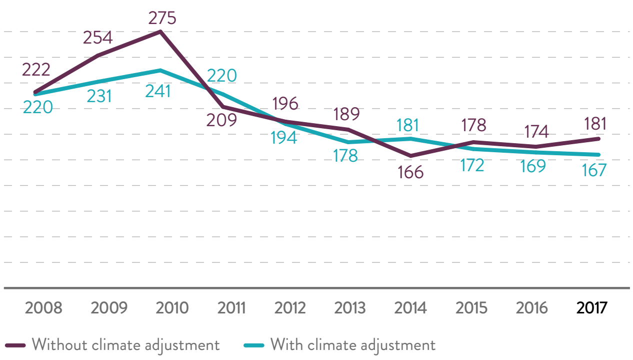
The level of energy consumption in France Offices – adjusted for weather variations – fell between 2008 and 2015 from 220 to 167 kWhfe/m²GIA/year, and from 490 to 338 kWhpe/m²GIA/year, representing a drop of 24.1% and 31.0% respectively. This is in line with the portfolio's enhanced environmental quality, making it possible to achieve and even exceed the target of a 40% reduction in primary energy by the end of 2020. The reduction recorded was due to efforts to reduce the portfolio's energy footprint as well as changes in the composition of the portfolio.

The two charts below show the results with and without weather adjustments (summer and winter), as calculated by CSTB, so as to make consumption comparable since 2008, the baseline year.

› Change in primary energy ratio
(kWhpe/m²/year)



› Change in final energy ratio
(kWhfe/m²/year)

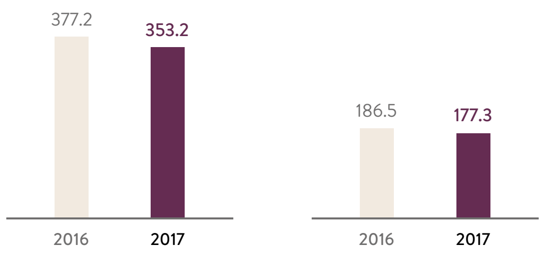


(1) *Institut Français pour la Performance du Bâtiment.*
(2) *Third report of the French Charter for energy efficiency in public and private office buildings: http://www.planbatimentdurable.fr/IMG/pdf/Plan_Batiment_Durable_Rapport_charte_tertiaire_2016_VF.pdf*

On a like-for-like basis, consumption adjusted for climatic variations fell 4.9% in final energy (consumed) and 6.4% in primary energy (raw energy prior to transformation) (cf. 2.10.1.1).

› Like-for-like building energy intensity (adjusted for weather variations)

(kWhpe/m²GIA/year) *(kWhfe/m²GIA/year)*



2.3.4.2. Carbon trajectory

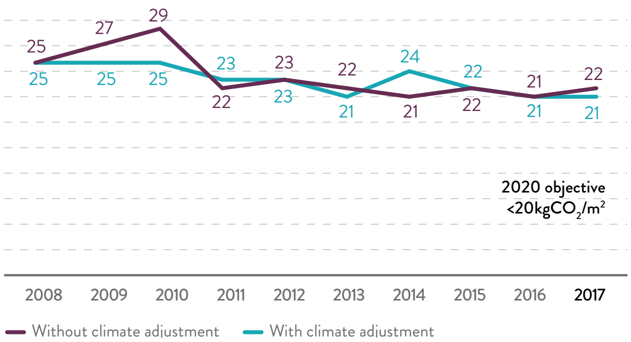
In November 2015, France introduced a National Low-Carbon Strategy for the Climate (SNBC), which anticipated the measures of the Paris Agreement of December 2015. 196 states, as well as the European Union, signed the Paris Agreement. 168 states have already ratified it – 28 of them are European countries. The SNBC establishes a trajectory to lower greenhouse gas emissions by introducing various tiers, known as "carbon budgets". These tiers are split into major industry sectors; in the construction sector, the emissions reduction planned under this strategy is 54% between 2013 and 2028, and 87% between 2013 and 2050. The study Foncière des Régions started with the CSTB in 2017, and described in the introduction to Chapter 2.3, analyses Foncière des Régions' carbon trajectory up to 2030. It will identify the best ways of bringing down greenhouse gas emissions in each of the Group's business lines.

The European Union's 2020 Climate Plan, known as the "energy-climate package", stipulates a 20% reduction in greenhouse gases between 1990 and 2020. Foncière des Régions has also set itself a 20% reduction target, but between 2008 and the end of 2020.

The calculations were produced by CSTB, based on the invoice data collected and analysed for the energy report (see section 2.10.1.1). The carbon footprint adjusted for weather changes shrank from 25 kgeqCO_2/m²GIA/year on average in this portfolio in 2008, to 20.9 kgeqCO_2 in 2017, a decrease of 16.6%, as shown in the graph below:

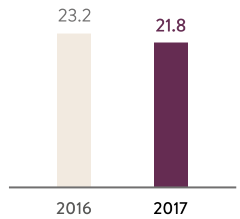
› Carbon intensity of the offices portfolio

(kgCO_2e/m² GIA/year)



› Carbon intensity on a like-for-like basis (adjusted for weather variations)

(kgCO_2e/m² GIA/year)



On a Like-for-Like basis, consumption adjusted for climatic variations fell 4.9% in final energy (consumed) and 6.4% in primary energy (raw energy prior to transformation) (cf. 2.10.1.1).

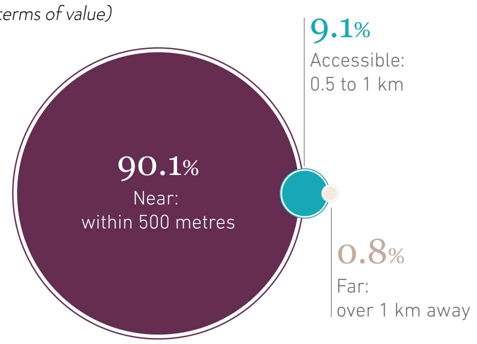
2.3.4.3. Transport and accessibility

Reducing the carbon footprint also involves choosing sites which encourage the use of public and environmentally-friendly modes of transport (walking, cycling, etc.) by employees and tenants.

Foncière des Régions has set itself the objective of at least 90% of its offices assets to be located within a 10-minute walk (1 km) of public transport links (train, RER, metro, bus, tramway, etc.). This objective, in value terms, covers all the office buildings held in France. It has now been reached and even exceeded, as in 2017, 99.2% of office buildings in France met this requirement (98% in 2016).

› Office accessibility ratio at 31/12/2017

(in terms of value)



2.3.4.4. Water trajectory

A building consumes water during its construction (concrete, cleaning, etc.) and during its operation (occupants, housekeeping, watering, company restaurant, etc.). Within the portfolio, the water footprint is reduced through the systematic use of water-saving systems and by closely monitoring consumption. Most of Foncière des Régions' new developments collect rainwater for watering plants, keeping the collected water out of the water infrastructure system and hence out of rivers and seas, ultimately helping to replenish water tables.

Foncière des Régions has adopted the target of maintaining average water consumption at under 0.5 m^3/m^2/year for its France Offices operating assets and monitoring the volumes consumed during development and renovation projects.

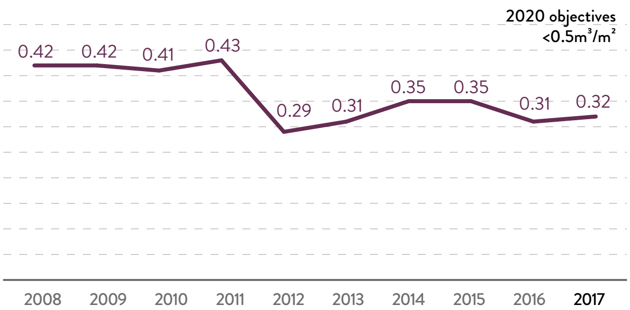
Water is distributed by a large number of stakeholders, which complicates the collection of billing information. The water consumption data collection rate was 93% in 2017 (96% in 2016) for multi-tenant properties under "operational control", *i.e.* under the direct management of Foncière des Régions.

From 2008 to 2017, average water consumption decreased from 0.42 to 0.32 m^3/m^{2}GIA/year. The chart below shows the historic consumption ratios.

The consolidated data shows stable water consumption across the portfolio and on a like-for-like basis.

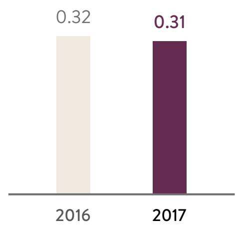
› Water intensity of the portfolio

(m^3/m^{2}GIA/year)



› Water intensity of the portfolio on a like-for-like basis

(m^3/m^{2}GIA/year)



2.3.4.5. Waste trajectory

In France, local authorities manage waste removal in almost all of the assets owned by Foncière des Régions. They do not provide any information on the amount of waste collected. The selective nature (or not) of the collection is the only information which can be obtained from local authorities. Out of the entire portfolio of assets owned by Foncière des Régions as at 31 December 2017, 100% benefit from selective collection.

On a few sites, private companies are responsible for waste removal, which enables us to monitor waste tonnage by type and the percentage of waste recycled for the 2008/2017 period (see section 2.10.1). Other initiatives have also been launched by the Group, particularly in terms of the circular economy (2.3.6) and combating food waste.

Finally, development and renovation projects also undergo rigorous monitoring to comply with legislation.

2.3.5. Turn each site into a biodiversity driver

Biodiversity has been a strong focus of Foncière des Régions' Sustainable Development Policy for several years. As a pioneer in this field, the Group is involved in the development of ground-breaking projects taking biodiversity into consideration. Its Europe-wide biodiversity mapping, performed in 2017, is discussed in Chapter 2.7.5.

The Biodiversity Policy that Foncière des Régions initiated in 2010 incorporates the different issues listed below at each stage of the life cycle of an asset:

- eco-design of developments and renovations by taking biodiversity into account upstream through eco-friendly corridors, stakeholders' expectations and material selection
- development of landscaped terraces in urban areas
- environmentally-responsible management of green spaces
- planting of native plant species to limit the need for watering and preserve local species
- promoting circular economy (choice of materials, reuse and recycling at the end of an item's useful life, best practices for extracting and manufacturing raw materials, etc.)
- enhancing the functions of green spaces for building users
- adapting the upkeep of green spaces to meet eco-responsible criteria (modifying lawn-maintenance schedules, limiting the use of plant protection products, etc.)
- participating in research and innovation.

Two internal charters were drafted in 2014 to ensure that challenges related to biodiversity are taken into account and labels are obtained in this area. They implement a well thought-out maintenance and attentive management plan of grounds and green waste:

- one involves the creation of green spaces and pertains to development projects or the complete renovation of green spaces; it facilitates the acquisition of labels such as BiodiverCity©
- the other involves the management of green spaces, aimed at properties in operation; it facilitates the acquisition of labels such as Eve or EcoJardin.

The landscaping of the gardens and planted terraces of the Carré Suffren building in Paris, in consultation with an ecologist, obtained BiodiverCity© accreditation – a first for an operating property. This label promotes projects that improve quality of life while taking living systems into account. The tenants were consulted at different stages of the project and a photography exhibition was organised in 2016 to raise awareness of biodiversity in urban settings to its occupants. The Actu-environnement.com site produced a special report on this project: http://www.actu-environnement.com/ae/news/label-biodivercity-batiments-biodiversite-27818.php4 (in French only).

2.3.6. Environmental safety and client health

Many of the factors relating to the quality of the work environment influence employee comfort and well-being and, by extension, their overall health and performance. These include acoustics, air quality, lighting, etc.

2.3.6.1. Limiting noise pollution

Noise is detrimental to concentration, creativity and productivity, and causes stress. User comfort and well-being is a central concern for Foncière des Régions, and we strive to deliver properties that provide optimum acoustic conditions for occupants (materials chosen, décor, space layout, etc.) in a context of increasing demand for modular, open space premises. When its developments and refurbishments are in progress, Foncière des Régions also strives to reduce the exposure of occupants and local residents to noise pollution from the works.

2.3.6.2. Indoor air quality, a health issue

The cost of air pollution to France was quantified at €101.3 billion(1) in a report by the French Senate Committee (*Commission sénatoriale*), published on 15 July 2015. Regulations are gradually becoming stricter, notably in the fields of transport and construction. Indoor air quality in office buildings depends on a range of factors:

- decorative materials used: carpeting, paint, suspended ceiling materials, etc.
- equipment located on the premises: printers, etc.
- maintenance of heating and air-conditioning systems
- the external environment: road traffic, gardens, etc.

(1) http://www.lemonde.fr/planete/article/2015/07/15/la-pollution-de-l-air-coute-chaque-annee-101-3-milliards-d-euros-a-la-france_4683432_3244.html#xEqFwXBGfcARevKe.99

In order to better identify potential options for air quality improvement, Foncière des Régions took part in the European research project Officair in conjunction with CSTB, which is in charge of the French indoor air quality observatory (OQAI). The two properties of its Paris headquarters were among 20 French sites involved in the study. This project led to the creation of the first data repository to record the quality of internal air in office buildings, by measuring several components: volatile organic compounds (VOCs), ozone, nitrogen dioxide, particles, etc.

Foncière des Régions is attentive to all possible ways of improving air quality by using low-VOC (A+ rated) materials and products (paint, carpets, etc.) for the comfort and health of occupants.

2.3.6.3. Land use

Foncière des Régions strives to avoid urban sprawl by integrating its developments within redevelopment projects that encourage "rebuilding the city on top of the city". The economical use of land reflects the Group's determination to limit land sealing, avoid the use of agricultural land for new buildings, and take flood risks into consideration. The Cœur d'Orly, Respiro (Nanterre), Hélios (Vélizy-Villacoublay) and Euromed Center (Marseille) operations illustrate this approach. They make use of urbanised land or existing buildings, thereby helping to preserve greenfield sites with a strong biodiversity potential.

In 2017, Foncière des Régions introduced a new module to complete the asset risk management platform. It is a collaborative tool that manages the risk posed by polluted sites and land. It provides a complete overview of all the information in the assessments by summarising the topics analysed (identifying potential sources of pollution, summary of the completed analyses). Employees are able to access all of this information, as well as interactive data maps. Sites on which special monitoring may be necessary are identified, and management of the required actions is simplified.

In 2017, Foncière des Régions was not subject to any decontamination or clean-up orders for any of its offices in operation.

2.3.6.4. Adapting to the consequences of climate change

Beyond compliance with regulations under the Flood Risk Prevention Plan (PPRI) and the Natural Risk Prevention Plans (PPRN), Foncière des Régions identified the main hazards that may have an impact on its activities and introduced prevention and adjustment measures to:

- ensure the comfort of occupants during periods of hot weather
- toughen summer comfort requirements in buildings
- analyse the risk (ongoing or temporary) of flooding by river or sea water (storms, etc.)
- study land quality and its vulnerability to flooding prior to any acquisition, and adapting building foundations to ground instability (shrinking and swelling of clay-based soils)
- carry out detailed reporting on the various risks considered as relevant to its business activities.

Foncière des Régions monitors the risks posed to its offices located in France using the Provexi management platform.

In particular, Foncière des Régions' Environment Department is responsible for monitoring the risks deemed to be relevant to its activities:

	Number of sites concerned		
Risks	**2015**	**2016**	**2017**
Subsidence	44	46	38
Earthquake	1	1	3
Flood	81	81	62
Thermal effect	3	3	1
"Storm surge"	3	3	2
Toxic effect	2	2	2
Drought	8	8	4
Avalanche	0	0	0
Forest fires	8	10	5
Torrential rain	0	0	0
Cyclone	0	0	0
Rise in groundwater level	2	1	1
Volcano	0	0	0
Mining	0	0	0
Other mining risks	1	2	2
Other natural risks	30	29	24
TOTAL	**183**	**186**	**144**

2.3.6.5. Controlling health and climate risks

Property acquisition and management require the performance of a number of studies which may be mandatory depending on the date of construction of the building, these include asbestos; pest report depending on the municipality (termites); mining and technological risks report (risks of flood; subsidence; coastal submersion; Seveso risks, etc.), energy performance certificates and other investigations, such as lead, electricity and gas in the case of housing.

Foncière des Régions is very attentive to the specific requirements for ICPEs (structures classified for environmental protection), and strives to control the health and environmental risks posed by all the office assets it operates. These risks may be subjected to additional investigations (ground contamination, etc.), periodic monitoring (asbestos, for example) or specific analysis (legionella, etc.). To do this, Foncière des Régions has a dedicated environmental safety team to ensure that the assessments required by regulations are carried out and monitored.

The team is involved in the analysis of acquisitions, during the management period, and in the creation of data rooms in anticipation of a sale.

At 31 December 2017, the main risks to Foncière des Régions' offices portfolio of 284 sites were as follows:

	Diagnostic procedures in place					
Area	2015		2016		2017	
Technological and natural risks – number of cases surveyed	355(1)	100%	348	100%	284	100%
Cooling towers – number of sites concerned	2(2)	100%	1	100%	0	–

(1) Status of risk surveys in place.
(2) Sites where the operator of the tower is the owner.

This year once again, Foncière des Régions has not had a conviction or judgement rendered against it for not complying with environmental regulations and has never had to book provisions or provide guarantees for environmental contingencies.

2.3.7. An initial Green Bond of €500 million

On 9 May 2016, Foncière des Régions launched its first Green Bond issue for €500 million, maturing in 2026, with a fixed coupon of 1.875%, *i.e.* a spread of 137 bps. The issue was five times oversubscribed by a panel of international investors. Intended to finance or refinance office assets under development or recently delivered, this Green Bond reflects the seriousness placed on financial and non-financial policies at Foncière des Régions.

Having received excellent ratings from the ratings agencies, it has also helped Foncière des Régions diversify its sources of funding. Its success reflects the recognition of Foncière des Régions' CSR policy, lauded by analysts.

For Foncière des Régions, use of a responsible bond is part of a continuing strategy to diversify its sources of financing, reduce the cost of debt and prolong its maturity. The success of this Green Bond proves the market's appetite for this approach and for quality, certified assets. The Green Bond supports Foncière des Régions' drive to improve its France Offices portfolio, so that 100% of its assets are certified by the end of 2020.

The selection of Green Assets funded by the Green Bond was based on many criteria relating to the certification obtained by the buildings (HQE and/or BREEAM and/or LEED). Their environmental and social performance were analysed at both the construction and operation stages. Other than energy and carbon, several technical aspects were taken into account for the selection: water and waste management and sharing of best practices with tenants through the environmental annexes. A detailed analysis of the assets brings out, in particular, building accessibility, regional foothold (see section 2.7.3) and Foncière des Régions' responsible purchasing policy (2.7.4).

The reporting items are presented in Foncière des Régions' 2018 Sustainable Development Report.

An independent third party, EY (Ernst & Young), carried out checks against various criteria under three headings:

- allocation of funds (material criteria, share of financing/refinancing)
- environmental benefits (energy footprints, carbon, etc.)
- responsible management (water, waste, accessibility, etc.).

The report by EY is reproduced in Foncière des Régions' Sustainable Development Report, published on the day of the 2018 General Meeting.

2.4. BENI STABILI, A MAJOR PLAYER IN SUSTAINABLE OFFICE SPACE IN ITALY

With a portfolio of over €4.2 billion (€1.9 billion Group Share) at 31 December 2017, Beni Stabili is a key player in the Italian office space market. A 52%-held subsidiary of Foncière des Régions since 2008, its new-builds and renovations embody an ambitious, high-quality real estate offering, particularly in terms of comfort, services and Sustainable Development.

Beni Stabili is listed on the Milan and Paris stock exchanges, and has a SIIQ (SIIC in France – real estate trust) tax status.

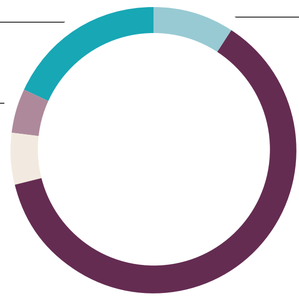
In 2017, Beni Stabili absorbed the teams of the Revalo company, responsible for the property management of its assets. Following the transaction, Beni Stabili's headcount rose from 60 to 148 employees (2.8.3). The company now has complete expertise across the entire property value chain.

At the end of 2017, the portfolio represented a total GLA[1] of 1,903,000 m^2, mainly composed of office buildings (92%). These assets are primarily located in the centre of major cities in northern and central Italy, particularly in Milan. The tenants are mainly large corporations, with whom Beni Stabili has entered into long-term partnerships, thereby enhancing the reputation of Foncière des Régions. Beni Stabili's major tenants include: Maire Tecnimont, Telecom Italia, Auchan, Coin, the Italian government, Intesa San Paolo, Fastweb and others. In 2017, the partnership with Crédit Agricole Assurances and EDF Invest to share the Telecom Italia portfolio, let for a 14 years period, came into effect. Beni Stabili remains the owner of 60% of the portfolio, valued at over €930 million (51% in 2018, after the additional disposal of 9% of the portfolio). This transaction helped shore up the robustness and balance the portfolio by generating secure cash flow (Telecom Italia, etc.) and having "prime" office space, mostly located in Milan. Therefore, properties in Milan accounted for 64% of the total Beni Stabili portfolio at the end of 2017 (*vs* 51% at the end of 2016); this increase is in line with the target of 90% by the end of 2022.

The company has also implemented an active portfolio rotation policy with €184 million in acquisitions and €430 million in disposals (including the preliminary sale agreement for part of the Telecom Italia portfolio) taking place during the fiscal year. Furthermore, with an identified development pipeline of €777 million (valued at 100%), mostly located in Milan, the changes to the portfolio reflect the move towards green real estate (2.4.2), both new and renovated, which meet the most stringent international standards.

› Geographic breakdown of the Beni Stabili portfolio at 31 December 2017

(in value)



2.4.1. *Beni Stabili, promoting inclusive, sustainable cities*

The buildings developed and renovated by Beni Stabili meet the highest international standards, particularly in terms of the environment and end-user comfort. They anticipate market expectations by using innovative solutions and services which facilitate cross-functionality: co-working spaces, improved digital accessibility, etc. Beni Stabili developed the "Smart Working" concept to link the latest design and construction innovations with a new user experience, based on the openness of the building: shared spaces, outdoor space, etc.

Beni Stabili uses innovative, long-term solutions to bring this Smart Working concept to life. Development and refurbishments incorporate control, optimisation, monitoring and management of ventilation, lighting, fire prevention and safety systems. For example, for the Via Schievano development project in Milan, covering a total surface area of 26,496 m^{2}GLA, a BIM will be used throughout the life cycle of the building: design, construction and operation.

2.4.1.1. Symbiosis, at the heart of the city's renewal

The Symbiosis development programme is a specific example of the pioneering real estate initiated by Beni Stabili, accelerating the transition to a low-carbon, more inclusive city. Beni Stabili actively shares the city of Milan's ambitions and plays an active role in ensuring it becomes an international symbol of innovation, entrepreneurship and sustainability. The Symbiosis project developed by Beni Stabili played a role in Milan's successful application for the European Union's "EC Horizon 2020 Sharing Cities" project, which finances smart, sustainable cities.

Symbiosis is a key component of the transformation of the Ripamonti district, which has gone from being an industrial area to a modern, pleasant business district that fosters creative industries. The urban renewal project, of which Symbiosis is part, aims to develop a portfolio of assets in the former railway area of Porta Romana, on the city's southeast side. The project's originality lies partly in the creation of a public square, which acts as a link between the various business activities of the area: tertiary (offices and retail), cultural (Prada Foundation, etc.) and an updated living space. This 13,000 m^2 space will be conceived as a new place for meeting, resting and working, thanks to green spaces and connected urban furniture. This project combines environmental protection, promotion of quality urban design and conservation of biodiversity. Beni Stabili also collaborates with the City of Milan to add a "eco-friendly transportation methods" section to the project, through the reinvigoration of land previously occupied by railways (Porta Romana Railway Yard) to include the latest generation tram system, a cycling path and a footpath.

Symbiosis provides highly innovative solutions: smart traffic management; smart lighting; electric vehicle charging stations; digital signage; interactive e-wall technology and information displays (energy consumption; air quality; parking; traffic; public transport; local events; etc.).

(1) Gross Leasing Area.

Perfectly aligned with to the expectations of innovative companies seeking quality spaces and benefiting from innovative eco-design, Symbiosis combines flexibility, sustainability, performance and well-being for the benefit of the user. The project will gradually take shape over a vast land area, with its (approximately) ten offices and service buildings which will be launched in line with the market's pace. Fastweb, one of Italy's leading telecom providers, will occupy 16,000 m^2 of office and services premises within the first building, for which delivery is scheduled in late 2018.

2.4.1.2. Responding to mobility challenges

Since 2008, the city of Milan has suffered from atmospheric pollution as a result of heavy traffic in the urban centre. Over the last few years, air quality has started to improve in Milan thanks to a series of measures: introduction of a toll on central urban streets, improvements to the public transport system, public awareness-raising campaigns, etc.

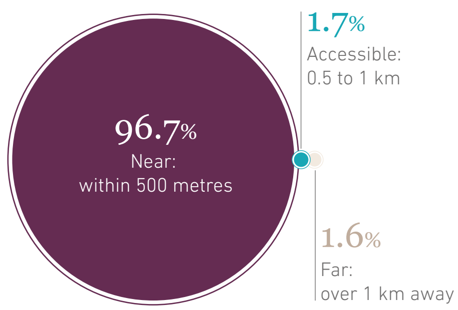
Electric cars are exempt from the urban toll. To support this initiative, Beni Stabili installed electric car charging stations in 2013 (free of charge for its tenants). At the end of 2017, ten assets had been fitted with charging stations, including its two head office buildings in Milan and Rome, which have capacity for the company's four electric cars and electric bikes.

Ensuring access to offices by public transport

Location remains a key factor in a building's appeal. It is evaluated according to various criteria (presence of shops, services, nature, security, etc.), accessibility being one of the decisive factors. For the Symbiosis project for example, Beni Stabili created a sustainable and innovative mobility programme. The programme includes the creation of a cycle track, public bike rental stations and a fleet of independent minibuses linking the various buildings to the Milanese public transport system (underground urban train and tram system).

Beni Stabili set itself a target of having at least 90% of its assets located less than 10 minutes' walk from the public transport system. In 2017, the target was met and even exceeded, with 98.4% of offices located under 1km from one or more public transport systems.

› Accessibility of offices to public transport
(% of value)

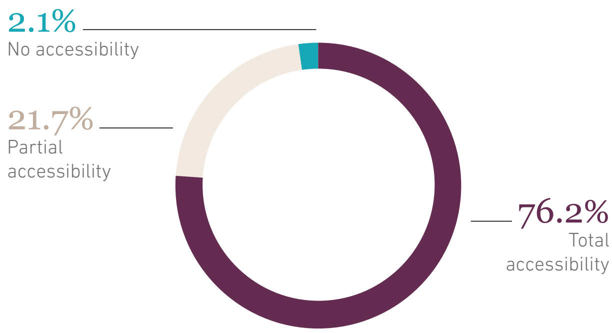


Making offices accessible to people with reduced mobility

As a result of Italian law L. 13/89 of 1989 on accessibility and removing architectural barriers in public spaces, Decree no. 236/89 of 1989 introduced the concepts of accessibility, visitability and adaptability. Beni Stabili pays particular attention to these concepts. The law sets out the technical parameters to ensure that these three concepts are respected: minimum door widths, features of stairs, gradient of the access ramp, sufficient space for wheelchairs to move through, lifts sizes, and toilet design. These parameters are taken into account for all infrastructure types. Beni Stabili development and refurbishments meet the highest accessibility standards and provide full access to people with reduced mobility.

At 31 December 2017, 76.2% of the offices owned by Beni Stabili and managed by the property management teams (let to single and multiple tenants) were fully accessible to people with reduced mobility; 21.7% were partially accessible to people with reduced mobility, bringing the accessible total to 97.9%.

› Office accessibility for people with reduced mobility
(% of value)



2.4.1.3. Optimising the environmental performance of each project

Beni Stabili is taking action in various areas to improve the environmental performance of its real estate portfolio: eco-design of new structures, improved operation of buildings, raising awareness among operators and tenants, renovation work, etc.

To enhance the transparency of this environmental performance and assess its position in comparison to its peers, Beni Stabili uses well known certifications (LEED, ITACA, etc.) and ratings systems (BRaVE, Green Rating™, etc.) as benchmarks and tools to make its portfolio greener.

The company organises and takes part in a number of initiatives to improve the environmental performance of its buildings. These initiatives cover topics such as the choice of materials, which has numerous implications in terms of impacts (raw materials, energy, water, carbon, waste, etc.). Since 2014, Beni Stabili has been involved in a long-term partnership with the *Politecnico di Milano*, resulting in a database of sustainable construction materials. Available on the university's intranet, the database is continuously updated with sustainable, innovative materials.

Beni Stabili brought the property management part of the business in-house in 2017, thereby reinforcing its relationships with tenants and suppliers. The quality of these partner relationships helps improve the environmental performance of its portfolio. Although Italian regulations do not require any environmental annexes to be signed – as has been the case in France since 2012 – Beni Stabili is looking into the matter with a view to entering in to such agreements. For example, in 2015, it signed a framework agreement with Telecom Italia for a vast (€38 million) programme of works on core city-centre assets.

Beni Stabili publishes an annual Sustainable Development report, which is available on its website (www.benistabili.it).

In accordance with the GRI Standards, this document covers all of its CSR initiatives and is verified by an independent third party. The primary objectives are indicated in the below table. In 2017, the company received its 4th EPRA Gold Award for its non-financial reporting. Its Global Real Estate Sustainability Benchmark (GRESB) ratings once again improved significantly.

2.4.2. *Over 50% of assets now green*

In line with the Group's strategy to constantly improve the portfolio and to have this evidenced by recognized certifications and labels, Beni Stabili set itself the target of 50% of its offices to be green by the end of 2020. This figure stood at 54% at the end of 2017 and a new target of 80% by the end of 2022 was set.

Since 2016, all development and renovations have systematically undergone an environmental certification process (BREEAM, LEED, ITACA). For example, major projects such as Schievano and Symbiosis will apply for Gold/Platinium LEED certification. The construction certifications obtained or in progress are listed below.

Monitoring of environmental certifications for renovated buildings, buildings in progress and pipeline assets

Renovated assets

Building name	Location	Certification	Level
Via Messina 38 (Tower D)	Milan	BREEAM Refurbishment & Fit-out	Good

Assets in progress or undergoing renovation

Building name	Location	Certification	Level expected
Symbiosis A & B	Milan	LEED Core & Shell – Development	Platinum
Complex Corso Ferrucci 112	Turin	ITACA Renovation	Good
Via Cernaia 8	Milan	LEED Core & Shell – Renovation	Platinum
Via Colonna 4	Milan	LEED Core & Shell – Renovation	Gold
Piazza Monte Titano 10	Milan	LEED Core & Shell – Renovation	Gold
Via Certosa 218	Milan	BREEAM Refurbishment & Fit-out	Good
Via Principe Amedeo 5	Milan	LEED Core & Shell – Renovation	Gold
Via Schievano 7	Milan	LEED Core & Shell – Development	Gold

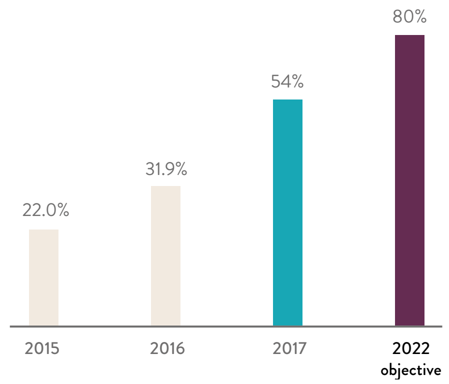
At the same time, Beni Stabili uses the BRaVe rating system for a number of assets (new or renovated) with the aim of achieving an AA rating. This system was developed by *Politecnico di Milano* in coordination with partner operators including Beni Stabili, Generali RE, and Pirelli RE. In 2008, following an analysis of the world's main existing building certifications, these partners decided to create the BRaVe rating system. This system integrates building performance and best operating practices into a single evaluation system. BRaVe takes into account energy and environmental performances, equipment features and their management, safety criteria, and dialogue with tenants – all of which contribute to the certification. The 14 targets involve 220 criteria (which can be viewed at http://www.braverating.com).

Furthermore, 14 operating assets are BREEAM In-Use certified (12 at Good level). In 2017, Beni Stabili was one of four European companies and the first Italian company to engage with BRE Global (international entity which issues BREEAM and BREEAM In-Use certificates) to test the BREEAM In-Use Volume Sampling pilot project. Aimed at companies wishing to certify an entire portfolio, this certification process minimises visits to each asset meanwhile ensuring a robust evaluation process. A representative sample of 22 buildings was selected.

The graph below shows how the percentage of green buildings in the Beni Stabili portfolio has increased, taking into account environmental certifications for building construction, renovation and operation.

› Proportion of green buildings in the Italy Offices portfolio

(% in asset value)

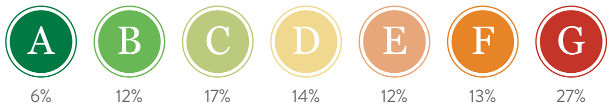


2.4.2.1. Energy trajectory

In Italy, the "National Plan for Energy Efficiency" – updated in 2014 for the 2014-20 period – set a target for reducing primary energy consumption by 25% by 2020. Italy thus aspires to surpass the European target, which is 20% over the same period. At the same time, regulations are evolving to implement a national action plan. The Decree published in 2017 by the Environment Ministry reinforced the previous Decree from 2014. It sets the minimum environmental criteria that new buildings and building renovations must adhere to: energy audits, use of renewable energy, energy efficiency obligations, etc. These measures apply to both new projects and the existing portfolio. Beni Stabili performed an energy audit on its entire directly-managed portfolio in 2015 (valid for four years); this identified five particularly energy-intensive assets and the measures required to improve their energy efficiency. In addition to this audit, the renovation policy is also influenced by the energy analysis of the directly-managed portfolio performed in 2014 and the analysis conducted with *Politecnico di Milano*.

Moreover, Beni Stabili performed an energy efficiency assessment (*Attestato di Prestazione Energetica* – APE) on over 88% of its assets. APEs involve a range of labels going from green to red, rated A to G. APEs are not based on the same calculation methodology as French energy performance certificates (DPEs), making their comparison largely insignificant. Furthermore, APEs do not include any climate (CO_2) ratings.

› APE breakdown (by number of assets, excluding Telecom Italia) at 31 December 2017



In parallel with major development and renovation projects, in 2017, Beni Stabili continued to implement a range of initiatives aimed at improving the energy performance of buildings in operation: systems to measure heat consumption, replacing windows with increased-insulation models, optimisation of heating and ventilation systems in buildings, installation of LED bulbs, etc.

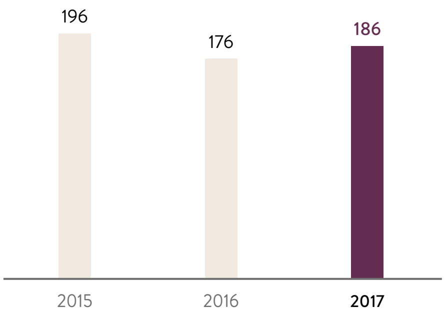
Beni Stabili is reporting on the environmental performance of its operational portfolio, covering 21 fully-managed buildings (EPRA scope). Monitoring and analysis take place on the multi-tenant asset portfolio for which Beni Stabili keeps the energy bills. The figures below are adjusted for weather variations. Section 2.10.1.2 presents the results in detail.

In 2017, primary energy consumption was 186 kWhpe/m²GLA/year, a 5.1% drop compared with 2015. Final energy consumption was 110 kWhfe/m²GLA/year.

The graphs below are adjusted for weather variations, calculated by the CSTB, so as to make them comparable year to year.

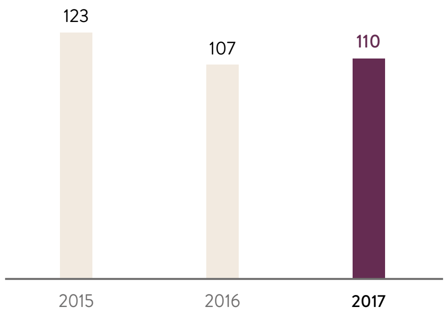
› Changes in the primary energy ratio

(kWhpe/m²/year)



› Changes in the final energy ratio

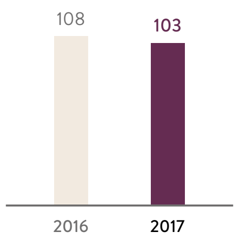
(kWhfe/m²/year)



On a like-for-like basis, consumption after weather adjustment fell 3.9% in final energy between 2016 and 2017 (2.10.1.2).

› Like-for-like building energy intensity (adjusted for weather variations)

(kWhfe/m²GLA/year)



2.4.2.2. Carbon trajectory

The national action plan for energy efficiency aims to reduce CO_2 emissions and the import of fossil fuels (fuel oil, gas, coal, etc.). It also strives to promote renewable energy and low GHG emission solutions. The European Union's Climate and Energy 2020 package sets the target of reducing carbon emissions by 20% between 1990 and 2020.

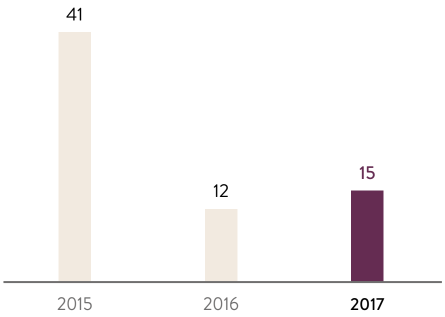
Beni Stabili has set itself a target of reducing carbon emissions by 50% between 2015 and the end of 2020 in the directly-managed portfolio. It is making changes to its renovation policy, investment policy and transport policy, and increasing the use of green electricity (amongst other measures) to achieve this. A green electricity supply agreement was signed on 1 December 2015 for the entire directly-managed portfolio, *i.e.* buildings for which Beni Stabili enters into contracts and pays bills. This electricity is called "green" because it stems from renewable sources, identified by tracking mechanisms that are recognised at the European level (guarantee of origin – TÜV certification).

Furthermore, Beni Stabili's Sustainable Development Committee encourages construction and renovation of buildings which do not rely on gas, thus promoting less carbon-intensive energy use. None of the assets under direct management use fuel oil. Furthermore, Beni Stabili has committed to sustainable mobility by installing a charging terminal for electric vehicles in each directly-managed (multi-tenant) building in Milan. In addition, four electric vehicles are available to Beni Stabili employees for their business travel.

The calculations were produced by CSTB, based on the same invoice data collected and analysed for the energy report (see section 2.10.1.2). The carbon footprint adjusted for weather variations shrank from 41 $kgCO_2e/m^2$GLA/year on average on this portfolio in 2015, to 15 $kgCO_2e$ in 2017, a decrease of 64%, as shown in the graph below:

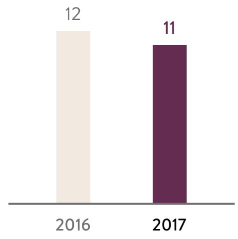
› Carbon intensity of the Italy Offices portfolio (with weather adjustment)

($kgCO_2e/m^2$/year)



› Carbon intensity on a like-for-like basis (with weather adjustment)

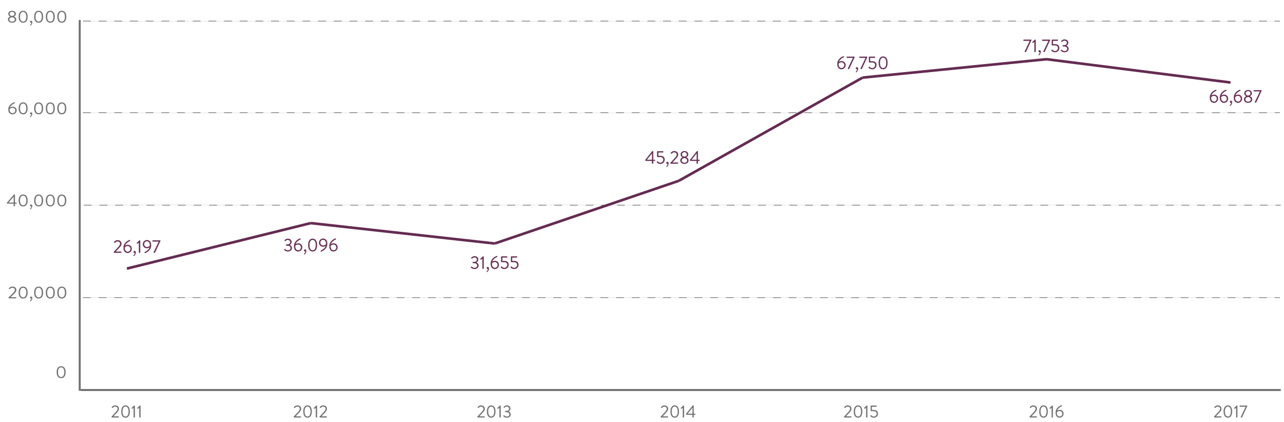
($kgCO_2e/m^2$/year)



During the renovation of the Garibaldi towers in 2011, Beni Stabili installed 804 m² of photovoltaic panels on the façade. The solar boilers on the roof are able to meet 50% of the hot water requirements of this 45,000 m² property complex. Additionally, the geothermal pre-cooling system significantly reduces the energy consumed by air conditioning units. The graph below shows changes in the green electricity generated by the photovoltaic panels. The slight decrease in 2017 is due to a drop in the hours of sunshine compared to 2016.

› Photovoltaic energy generated by the Garibaldi towers

(in kWh/year)



2.4.2.3. Water trajectory

Reporting water consumption is made more complex by the many bills generated on the basis of estimates by water distribution companies. The reporting scope for water consumption is the same as for energy and carbon; it covers the 21 buildings under direct management.

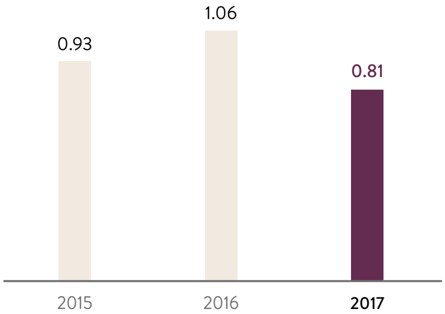
During renovation or development projects, Beni Stabili fits its buildings with systems to reduce water consumption: taps with motion detectors, aerators, etc. Rainwater harvesting systems have also been fitted on some buildings. In the case of the Garibaldi towers, 13% of the water used for flushing toilets comes from water harvested.

From 2016 to 2017, average water consumption decreased from 1.06 to 0.81 m^3/m^2GLA/year.

Consolidation of this data shows that water consumption was stable across the portfolio at around 1 m^3/m^2GLA/year, in line with Beni Stabili's target.

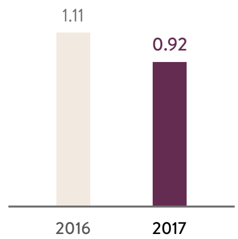
› Water intensity of the portfolio

(m^3/m^2 GLA/year)



› Water intensity of the portfolio, on a like-for-like basis

(m^3/m^2 GLA/year)



2.4.2.4. Waste monitoring

Beni Stabili is committed to reducing the amount of waste it generates and encouraging recycling. In 2015, it implemented a programme of work to improve the layout of bin areas to make waste recycling easier. Moreover, it uses high-quality materials to ensure low maintenance costs and a longer lifespan. The project implemented in partnership with *Politectnico di Milano* (2.4.1.3) also identified innovative, sustainable materials, such as sound insulators made out of vegetable fibres used in renovation or development projects.

Waste is reported (2.10.1.2) using estimates based on waste volume and the frequency with which the containers are emptied.

100% of the buildings in the portfolio are fitted with selective waste collection systems.

2.4.2.5. Health and safety

Beni Stabili introduced a tool to monitor and manage risk across all of its buildings. This software contains a specific section for environmental risks, which centralises documents relating to ground pollution at each site (land analyses, measures implemented to remedy them, etc.). During the year, Beni Stabili removed asbestos from one building. It also performed Legionella testing on the 22 assets awaiting BREEAM In-Use certification. All employees have access to this database.

In 2017, Beni Stabili was not subject to any orders to decontaminate or clean up land to enable it to be legally exploited, or to any legal ruling of non-compliance with environmental regulations, and did not needed to make any provisions or guarantees to cover environmental risks.

2.4.3. *Promoting biodiversity*

In its various projects, Beni Stabili strives to protect and promote biodiversity.

28 offices in the Beni Stabili portfolio were analysed as part of the Group's mapping exercise aiming to calculate its impact on biodiversity (2.7.5). These assets are directly managed by its teams, who are able to act directly on the landscaping of green spaces (gardens, terraces and planted walls) and their maintenance. In single-tenant assets, the tenant is free to select a landscape gardener to maintain green spaces.

Thus, for the development of one asset in Milan, rooftop gardens cover part of the roofs, providing several environmental benefits: enhancement of biodiversity in the city centre; control of carbon dioxide; absorption of heat, and management of storm water. Furthermore, biodiversity provides economic savings (a 1°C reduction in the outside temperature results in a 5% decrease in the electricity consumption used for air conditioning), enhanced comfort (socialising and relaxation area) and better sound and thermal insulation. The Via Cernaia renovation project in Milan benefited from special arrangements (large green spaces, use of reflective materials) to combat the urban heat island effect.

In 2017, Beni Stabili began the BodiverCity certification process for the Schievano development project in Milan, a first in Italy. An action plan was created prior to the certification process, so that biodiversity was included into the project's design from the beginning.

2.5. A CHANGING RESIDENTIAL PORTFOLIO

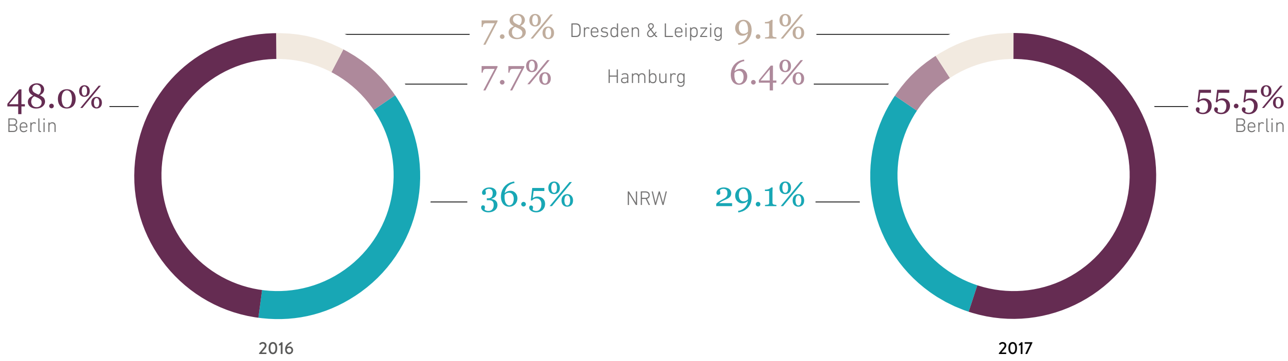
With a portfolio of 41,117 units valued at €5 billion at the end of 2017 (€3.1 billion Group Share), Foncière des Régions, *via* its subsidiary, Immeo SE, of which it owns 61.7%, is a major player in the German residential sector.

In 2017, Foncière des Régions continued to acquire properties in Germany, with acquisitions worth €556 million in Berlin, Dresden and Leipzig and the launch of a major development pipeline with projects worth €488 million identified up to 2022.

Immeo SE owns over 15,000 housing units in Berlin, and is now a key player in Berlin's residential market. This investment approach and the building renovations carried out by Immeo SE are part of a long-term portfolio enhancement strategy.

› Geographic breakdown of the portfolio – Change from 2016 to 2017

(in terms of value)



2.5.1. *Anticipating tenants' expectations*

In Germany, as in the rest of Europe, the expectations of residential tenants are changing: there is increased awareness of environmental issues, the family unit is changing (single-parent homes and households without children are becoming more common), and the digital revolution is expected to result in a shift towards connected or connectable real estate.

2.5.1.1. Co-living, a different way of living

Housing is an important social priority and a key part of the state's and city's policies. In some European capitals, real estate pressure is manifested through demand, which easily outstrips supply. In Berlin, residential rent levels and sale prices are constantly rising (rents up 9.4% in two years and sale prices up 60% in five years).

To support new ways of living, Immeo SE launched a new co-living offering in 2017. Halfway between a hotel and a traditional flat share, co-living apartments provide an "at home" experience, with fitted kitchen, modern décor, quality furniture, Wi-Fi connection, etc. The aim is to create a friendly space for students and young employees who want to move in for a given time, and give them the option to meet other people from different backgrounds.

Focusing on dynamic locations with good public transport links, Immeo SE already rents nine apartments in Berlin, *i.e.* 27 rooms, and aims to develop the concept under a separate brand and implement an online rental system to book and pay for rooms.

Co-living is a new way of thinking about housing in large cities. This concept creates value for the Foncière des Régions portfolio. It responds to the needs of some customers and to new market trends. With co-living, the main focus is less on price and more on the experience and the pursuit of community spirit. The success of the first apartments, which were quickly rented out as co-living spaces, shows that this concept has a bright future.

2.5.1.2. Accessible neighbourhoods that are pleasing to live in

Important factors in the quality of life of residents of a neighbourhood include green spaces, the availability of public transport and a range of shops and services. Immeo SE takes all these qualitative criteria into account when selecting its locations. The company, which is active in several major German cities, strengthened its position in 2017 in attractive, dynamic areas, such as Wedding, Tiergarten and Kreuzberg in Berlin. In Berlin alone, there are over 2,500 parks, which provide around 6,400 hectares of green space.

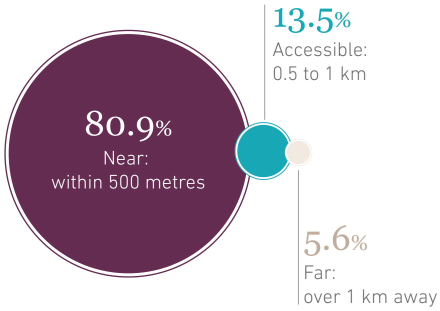
The issue of transport and asset accessibility remains of fundamental importance at a time when citizens and city councils are taking measures to limit the use of individual vehicles in order to reduce pollution and greenhouse gas emissions.

Air quality, and, more generally, the quality of life of residents is at stake. According to a study published at the end of 2017 by the European Environment Agency, air pollution causes over 500,000 early deaths per year in Europe.

By acquiring real estate in dynamic cities with an efficient public transport network, Immeo SE reduces its carbon footprint and that of its tenants. In 2017, Immeo SE conducted a study into the accessibility of its portfolio by analysing the distance between its assets and public transport links. The scope used is the representative sample described below (2.5.2.2). In 2017, 94.4% of the buildings in the sample were located less than 10 minutes' walk from a public transport link.

› Distance to public transport facilities

(in terms of value)



2.5.2. Immeo SE, a CSR leader in the German residential sector

With the signature and ratification of the Paris Agreement, the low-carbon future received a boost in Germany, as it did throughout the European Union. Since 2008, the German federal government has set itself the target of reducing greenhouse gas emissions by 40% between 1990 and 2020 under the "Integrated Energy and Climate Plan". As the proportion of nuclear energy in the German energy mix has halved since 1990, German electricity is carbon-intensive, with a reliance on coal, which currently accounts for 40% of the country's electricity production. To speed up Germany's energy transition and help it meet its target, the government has decided to step up its investment in new energies.

Immeo SE is also doing its part to reduce greenhouse gas emissions. Its ambitious renovations policy and the development of its new residential programme are part of this strategy. Considering the size of its portfolio, several thousand assets, the scope selected for environmental performance monitoring (energy, carbon, water, waste) and analysing the distance between its assets and public transport links is the representative sample scientifically selected by the CSTB, which is responsible for calculating the indicators listed in the following paragraphs and in section 2.10.1.3.

2.5.2.1. A proactive works policy

The transposition of the European Energy Performance of Buildings Directive (EPBD) resulted in German thermal regulations for buildings (in 2007, 2009 and 2014), called EnEV (*EnergieEinsparVerordnung*). The 2014 EnEV carries an obligation to improve the energy performance of new buildings by 12.5% compared with the 2009 EnEV, and improve the energy efficiency of the existing portfolio by 30% over the course of renovations. As of 2021, all building projects in Germany must be for passive buildings.

Immeo SE is implementing a works plan spanning several years, which aims to improve the energy efficiency of its residential portfolio by replacing boiler rooms and insulating façades. With a portfolio of over 41,000 units, it is an ambitious challenge. Over 85% of the portfolio already has double, or even triple, glazing. In 2017, this plan resulted in the renovation of dozens of assets at a total cost of 87 million euros (maintenance and upgrades) – a 22% increase compared with 2016. 155 more efficient heating systems were installed; 765 apartments were fitted with double or triple glazing; 3,460 m^2 of ceiling on the top floor of buildings were insulated. For tenants, these upgrades provide substantial savings.

PROJECT TO INSULATE 282 HOUSING UNITS IN BERLIN – LEHRTER STRASSE 1-4, 70-75

This project aims for superior energy efficiency by installing efficient insulation on the façade, roof and windows to improve the thermal comfort and energy and carbon performance of the buildings concerned.

Budget: €7 million

Expected performance: Before the upgrades: 120 kWh/m^2/year – After the upgrades: 67 kWh/m^2/year

An effective 44% reduction in energy use from heating – well above the 30% improvement target set out in the EnEV.

By using recycled materials for these upgrades, particularly for the external insulation of the buildings, Immeo SE incorporated circular economy principles. For example, the insulation in 2017 of 80 housing units in Ratingen, North Rhine-Westphalia, was done using glass wool for the ground, façades and roofs. The benefit of these materials is that they can be reincorporated into the value chain.

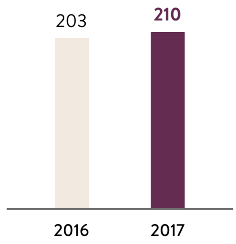
2.5.2.2. Energy trajectory

Since 2009/2010, Foncière des Régions has tasked the CSTB with the energy and environmental mapping of Immeo SE residential portfolio, based on a set of twenty indicators. This mapping highlighted the portfolio's high level of environmental performance. Since 2014, in order to track changes in the energy efficiency of its portfolio, Immeo SE monitors energy consumption across a representative sample of buildings selected by the CSTB. The scope of the study consists only of 155 buildings over which Immeo SE has operational control and for which it is directly responsible for paying the energy bills. As the portfolio profile remained similar to 2016, the sample did not change in 2017, making it easier to analyse the changes.

Energy intensity on a like-for-like basis rose slightly by 3.4% in 2017. After adjusting for weather variations, the energy intensity of the representative sample was 228 KWhpe/m^{2}Nütz/year (primary energy) and 212 KWhfe/m^{2}Nütz/year (final energy) in 2017.

› Energy intensity on a like-for-like basis

(kWhfe/m² Nütz/year)



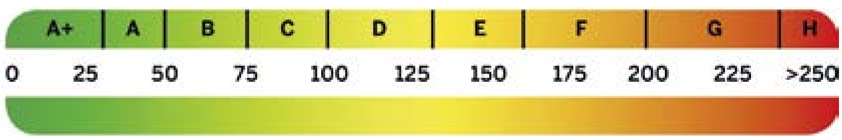
Energy efficiency diagnostics, obligatory in Europe under the directive of 16 December 2002 on the energy performance of buildings, are known as ***Energieausweis*** in Germany. Since 2007 they have been mandatory for all new buildings (residential and office). They must be updated following renovation of a building to reflect changes in its energy efficiency.

The methodology for calculating the *Energieausweis* is different from the method used for the French energy performance certificate (DPE). For example, to take into account communal areas (halls, stairways, lifts, cellars, etc.), German regulations use a multiplier coefficient of 1.2 for the surface areas of the assets tested. The energy consumption taken into account by the *Energieausweis* comprises some of the asset's energy consumption – essentially heating and hot water – but does not include lighting and household appliances.

Owners can choose between two variants of the *Energieausweis*, which was revised in 2014. The *Bedarfausweis* reports the energy requirements of the building. It must be drawn up by a specialist company using a standardised calculation method, independent of tenant behaviour. The *Verbrauchausweis* is closer to the French DPE. It is drawn up on the basis of energy consumption over the past three years, with the disadvantage that this reflects tenant behaviour rather than the intrinsic features of the building.

Almost 60% of residential units the energy consumption using the latter calculation method (*i.e.* two-thirds of the *Energieausweis* produced by Immeo) were awarded a rating above D (100-130 kWh/m², or old buildings upgraded with insulated façades and a high-efficiency heating system).

› Energieausweis rating scale



Breakdown of housing units by energy rating – *Energieausweis*

	As at 31/12/2016			As at 31/12/2017		
Class	Number	In %		Number	In %	In % of total portfolio
A+	-	0.0%	0.0%	-	0.0%	0.0%
A	-	0%	0.0%	-	0%	0.0%
B	1,637	4.3%	4.0%	2,365	6.0%	5.8%
C	5,893	15%	14.5%	6,306	16%	15.3%
D	11,396	30%	28.0%	11,21	28%	27.3%
E	9,264	24%	22.7%	8,909	22%	21.7%
F	893	2%	2.2%	852	2%	2.1%
G	7,899	21%	19.4%	8,64	22%	21.0%
H	1,192	3%	2.9%	1,336	3%	3.3%
TOTAL	**38,174**	**100%**	**93.7%**	**39,618**	**100%**	**96.4%**
Assessment remaining to be performed	2,569	100%	6.3%	1,487	100%	3.6%
TOTAL	**40,743**	**100%**	**100.0%**	**41,105**	**100%**	**100.0%**

2.5.2.3. Carbon trajectory

The carbon intensity of the Immeo SE portfolio is penalised by the high level of carbon in the German energy mix, due to a heavy reliance on fossil energy, particularly coal. This point was highlighted in the work done on the Group's 2030 carbon trajectory, which was on a European scale.

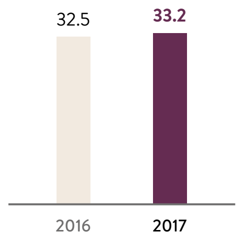
To reduce its carbon footprint, Immeo SE is involved in various renovation projects. In 2017, Immeo SE invested over €850,000 to install 155 new more efficient boilers. Since 2014, seven buildings, located in Oberhausen, Müllheim and Berlin, were connected to the urban heat co-generation network, replacing the night accumulation heating system. Photovoltaic energy is generated on several sites (see below).

To measure its progress in this area, CO_2 emissions are monitored every year based on the energy consumption of the representative sample of buildings outlined in section 2.10.1.3. Unlike France, the energy certificates (*Energieausweis* for Germany) do not enable the carbon intensity to be monitored.

The carbon intensity of the portfolio on a like-for-like basis was 33.2 $kgCO_2e/m^2$Nütz/year in 2017, a 2.2% rise over 2016. Total greenhouse gas emissions were 4,775 tCO_2e for 2017 (with weather adjustment).

› Carbon intensity on a like-for like basis

($kgCO_2e/m^2$Nütz/year)

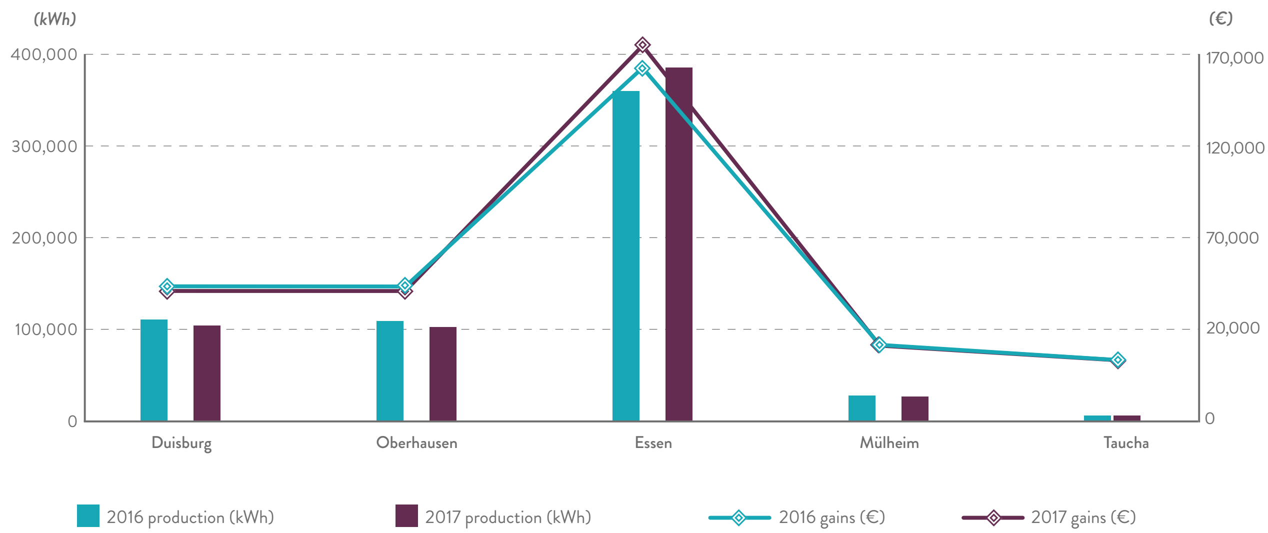


Harnessing renewable energy

Very active in reducing the carbon footprint of its portfolio, Immeo SE invests in renewable energy, namely through the installation of photovoltaic panels on the roofs of 26 buildings, mostly located in the west of the country. The power generated, as detailed below, slightly exceeds the estimates provided by feasibility studies. As a long-term player, Immeo SE has chosen to own the equipment and resell the electricity generated to local energy networks. Paid back in over nine years, these investments also provide the opportunity to develop new expertise, with a view to having passive buildings by 2020.

Solar energy generation on a like-for-like basis fell by 6% between 2016 and 2017. This decrease is due to 2017 being a less sunny year overall in Germany. For example, Düsseldorf had 119 fewer hours of sunshine than in 2016. However, taking into account the newly equipped asset in Essen, total generation increased 2%.

› Immeo photovoltaic energy generation and gains in 2016/2017



KEY FIGURES: RENEWABLE ENERGY PRODUCTION

5,529 m² of photovoltaic panels on 26 buildings across eight sites in Essen, Duisburg, Oberhausen, Müllheim and Taucha

629,101 kWh generated in 2017, *vs* 617,397 kWh in 2016

€273 thousand generated in 2017 (*vs* €266 thousand in 2016), *i.e.* **€49.3 excl. tax/m²** (*vs* €49.2 excl. tax/m² 2016)

Average investment: **€436 excl. VAT/m²**

Return on investment: **9 years on average** (based on a 20 years lifespan for the solar panels)

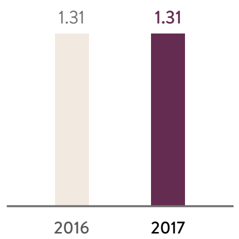
2.5.2.4. Water trajectory

To manage costs and reduce its environmental footprint, Immeo SE is working hard to reduce and monitor the water consumption of its portfolio. This monitoring is done on a representative sample of assets (2.10.1.3) based on a single count, which counts the consumption of communal areas (cleaning, green spaces, etc.) and private areas (consumption by tenants). Use of individual meters is becoming increasingly frequent to make tenants responsible for their water use and make the payment of costs fairer.

To reduce the water consumption in its portfolio, Immeo SE installs high-performance equipment during renovations, replacements or new construction projects: dual flush systems, flow regulators on taps, etc. Immeo is also raising awareness among its tenants and employees about more responsible usage. On a like-for-like basis across the representative sample, overall water consumption remained stable at around 1.3 m^3/m^2/year.

› Water intensity on a like-for-like basis

(m^3/m^2 Nütz/year)



2.5.2.5. Waste management

Since 1972, Germany has taken a proactive stance on waste management, through the implementation of a legal framework. The regulations, which have been revised on several occasions, have five dimensions: waste prevention, reuse of materials, recycling, energy recovery and waste destruction. The buildings owned by Immeo SE have their waste taken away by municipal services. Therefore, no information about the amount of waste removed is available. However, Immeo SE monitors the representative sample (2.10.1.3).

100% of the portfolio assets have waste sorting systems (household waste, paper, glass, plastic and organic waste as provided for in the German recycling decree).

In each building, waste sorting has been organised in collaboration with the city, using containers of various colours. The city authorities apply a fine if the waste is not placed in the correct container. An external provider raises tenant awareness on waste sorting; the provider is paid according to the reduction in fines paid. In 2017, Immeo SE, in cooperation with municipal waste removal services, developed a smartcard system to access bins in the buildings. The idea was to avoid the premises and bins being used by third parties and to reduce the cost of waste management.

2.5.3. *Managing health and environmental risks*

Special attention is paid to health and environmental risks. Land, water and air pollution, as well as natural and technological risks are all analysed prior to each acquisition. Immeo SE also calls upon the services of specialist professionals for some audits.

Back in 2012, Immeo SE launched a campaign to install monitoring devices on the collective domestic hot water equipment to prevent legionella in residential and commercial buildings, thus anticipating by a year the German drinking water legislation which came into force in December 2013.

In accordance with legislation, smoke detectors have been fitted in housing units in North Rhine-Westphalia and Hamburg. The installations will continue in 2018 in Berlin. Immeo SE has also decided to fit all of its gas-heated apartments with carbon monoxide detectors.

Lastly, in 2015, four incidents of soil pollution were discovered and treated. A provision for environmental risk in the amount of €25 thousand was set aside in relations to these incidents.

2.5.4. *Protecting and promoting biodiversity*

In 2017, Immeo SE took part in the Group's biodiversity mapping at the Group level. The 50 most financially significant assets in the representative sample were used for this study, which covered the various activities of Foncière des Régions (2.7.5).

As part of its development activity, Immeo SE has planned planted terraces on several residential assets, as they are located in urban areas. Planting terraces reduces heat islands in summer and helps manage rainwater from storms. They also improve the thermal insulation of the buildings and the visual comfort of tenants and local residents.

The impacts on biodiversity are often more significant prior to the construction phase than during the development and renovation of sites. In an effort to reduce these impacts on "grey" or "ex-situ" biodiversity, Immeo SE has undertaken various initiatives regarding choice of materials and the circular economy.

Aware of these various priorities, Immeo SE is trying to make each site a shining example of biodiversity. For example, in cooperation with the Leipzig association for conservation (NABU), it has installed artificial nests for swallows at the Mannheimer Straße residential complex.

2.6. A DIVERSE, EUROPEAN-WIDE PORTFOLIO OF HOTELS

Foncière des Régions, *via* its subsidiary Foncière des Murs, of which it owned 50% as of the 31 December 2017, is one of the main hotel operators in Europe, with 376 hotels owned as of the 31 December 2017.

As of the 31 December 2017, the Foncière des Régions portfolio was worth €5.3 billion (including €1.3 billion in assets for Murs et Fonds – FDM Management) and €2 billion Group Share (including €250 million for FDM Management).

The Sustainable Development reporting presented in the following pages applies to the fully consolidated scope as of the 31 December 2017 (excluding FDM Management, which is 40.7% owned) in accordance with the decree of 24 April 2012.

The Hotels and Service Sector staff belong to the Foncière des Régions Economic and Social Unit[1].

2.6.1. *A partnership strategy which adds value*

Foncière des Régions has developed recognised expertise in the acquisition and valuation of hotel portfolios run by leading operators (AccorHotels, B&B Hôtels, etc.). Foncière des Murs is also active in leisure (Club Med, Sunparks), catering (Courtepaille, Quick) and retail (Jardiland). Alongside its long-standing clients, the Group has built new partnerships with renowned real estate operators such as Motel One, NH Hotel Group and MEININGER, enabling it to diversify both the type of its assets and their location.

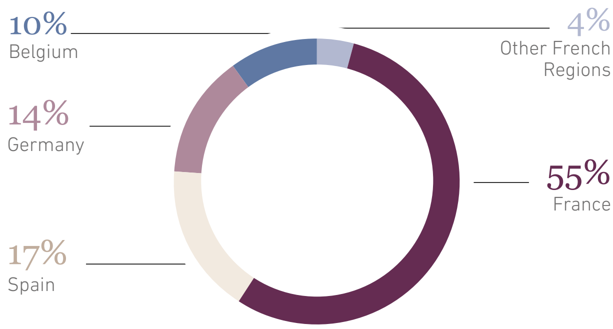
Its European exposure in Germany, Spain, Portugal and the Netherlands enables it to seize opportunities in each of these dynamic markets while safeguarding its revenue *via* geographic diversification, giving it solid foundations.

The occupancy rate of its assets remained at 100% at the end of 2017, with long leases having an average residual term of 10.7 years (compared to 10.4 years at the end of 2016). The total surface area of the consolidated portfolio (excluding FDM Management), was 1.4 million m² at the end of 2017.

The graph below shows the portfolio breakdown at 31 December 2017 (excluding FDM Management).

› Geographic breakdown of the portfolio

(by share value)



2.6.2. *Clients sensitive to the environmental transition*

Tenants of the Foncière des Régions Hotels business all have proactive policies in place to reduce energy and water expenditure, generate less waste, decrease their environmental footprint, forge closer links with stakeholders and be recognised as taking a responsible, committed approach to major environmental and social challenges.

Their own clients – individuals and businesses – are also becoming more discerning, seeking organic food and ethical products and services. For several years, Trip Advisor has had a system in place to rate the environmental performance of hotels, called "Green Leaders". This system, launched in the USA in 2013, Europe in 2014 and in the rest of the world in 2015, is used as a selection criterion by a growing number of large companies when selecting accommodation for business trips. The Trip Advisor score involves the allocation of one point on average (out of five) for green hotels; an additional point represents a 10% increase in bookings. The Trip Advisor score is based on a self-declaration on seven Sustainable Development criteria, split into one hundred actions. This free system results in:

- a four-tier score: bronze, silver, gold or platinum
- audits *via* random sampling.

For example, in the Foncière des Murs portfolio, the NH Amsterdam and NH Frankfurt hotels and the Club Med da Balaïa have been rated silver "Green Leaders".

2.6.3. *Towards 66% green certified assets*

Foncière des Régions has adopted the target of 66% green certified hotels[2] by 2020. This key target is contributing to improve the environmental performance of its portfolio and reducing its carbon footprint. This greening of the portfolio is carried out on three fronts:

- construction: certification for construction (HQE, BREEAM or equivalent) and/or an energy efficiency label (BBC, ISO 50001, etc.)
- maintenance/operation: a growing number of sites are managed according to the principles of BREEAM In-Use certification or an environmental management framework such as ISO 14001, Planet 21, Green Globe or equivalent
- use and mode of occupancy: in the hotel sector, operating expenses are often the second biggest expenditure after pay, so tenants are particularly aware of issues around energy or water consumption.

(1) Non-consolidated at the end of 2017, the FDM Management structure is not included in this Economic and Social Unit (ESU).
(2) In value – Group Share.

Labels are chosen in collaboration with tenants based on industry specifics. Other than HQE and BREEAM (for construction and/or operation), some tenants use quality indicators chosen on the basis of restrictions specific to their activities or organisational structure. Club Med secured Green Globe certification for its management of the Da Balaïa site, a Foncière des Régions asset in Portugal. This certification is suited to holiday centres. In 2016, AccorHotels opted to make changes to its Planet 21 environmental ratings system across its whole portfolio.

This scheme, launched several years ago, is increasingly stringent to the point that it has now come to replace ISO 14001, which was used by Ibis and Novotel until 2016.

At 31 December 2017, 47.7% of hotel assets owned in Europe by Foncière des Régions are "green" in light of the criteria above, compared with 26.8% at the end of 2016 – an increase of 20.9 points in just one year.

2.6.4. Reducing the portfolio's environmental footprint

Energy and environmental mapping of the portfolio was carried out in 2009-2010 with the CSTB and is updated each year. Through a set of twenty indicators (energy, carbon, water, etc.) this exercise helped define the portfolio's performance and the best ways forward. The study forms the basis of a report, which has been updated each year since 2008, the baseline year for Foncière des Régions' monitoring of energy and water consumption and carbon emissions. The entire reporting scope is detailed in section 2.10.1.4.

2.6.4.1. Energy trajectory

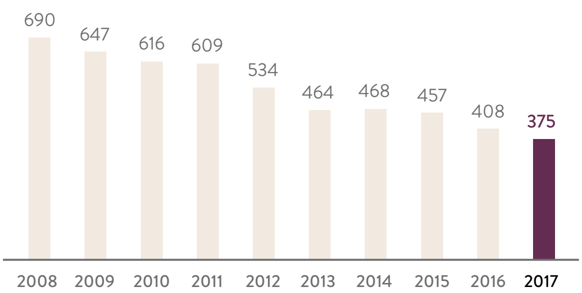
The 2015/2020 action plan sets a target for reducing primary energy consumption by 40% between 2008 and 2020, to achieve average portfolio energy consumption levels of 415 kWhpe/m²/year.

The energy consumption figures are based on invoices collected from tenants. At the end of 2017, none of them had decided to apply for ISO 50001 certification, although they are redoubling their efforts to achieve high-performance energy management. The two graphs below show the results adjusted for weather adjustments (summer and winter) calculated by the CSTB, making them more comparable since 2008. The tables in section 2.10.1.4. show details on consumption for 2016 and 2017.

Primary energy consumption fell 45.7% during the 2008/2017 period, thanks to a raft of initiatives involving building operation, raising awareness among users and implementing more energy-efficient systems (lighting, heating, etc.). The graphs below show that after a drop in 2008 (690 kWhpe/m²/year) and 2013 (464 kWhpe/m²/year), followed by stabilisation between 2014 and 2015, new significant drops were observed in 2016 and 2017. The energy intensity of the portfolio benefited from the sale of the Quick food outlets, which consumed high energy volumes over long time periods.

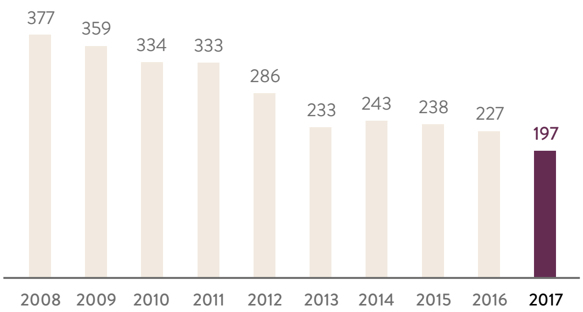
› Primary energy intensity

(kWhpe/m²/year)



› Final energy intensity

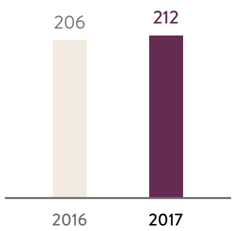
(kWhfe/m²/year)



The graph below shows that the average final energy consumption between 2016 and 2017, on a like-for-like basis adjusted for weather, rose slightly, by 2.7%.

› Final energy intensity on a like-for-like basis

(kWhpf/m²/year)



100% of Foncière des Régions' operating Hotels and Service sector assets are single-let buildings. Most of the leases are so-called "triple net" leases, meaning that the tenant is responsible for ongoing maintenance, for "major works" as set out in Article 606 of the French Civil Code, as well as taxation. Ultimately, the tenants always manage the energy use of the buildings, as well as the subscriptions and invoices related to energy.

2.6.4.2. Carbon trajectory

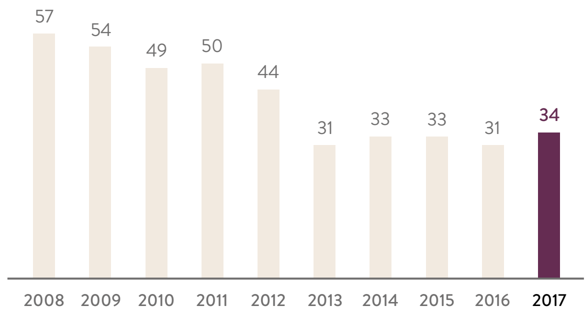
The carbon footprint is calculated by CSTB using energy consumption data collected from tenants and based on invoices. The table in section 2.10.1.4 details the results of these calculations for 2016 and 2017.

For the 2015/2020 period, the aim is to reduce CO_2 emissions by 40% between 2008 and 2020 to reach a portfolio average of 33 $kgCO_2/m^2$/year.

Since 2008, the portfolio's greenhouse gas emissions fell from 57 $kgCO_2$ e/m^2/year in 2008, the baseline year, to 34 $kgCO_2e/m^2$/year in 2017, *i.e.* down by 39%. The extension of the reporting scope in 2017 to include hotels located in Germany, Spain, Portugal etc., where the energy supply relies more heavily on carbon than in France, pushed up the overall ratio by 10.3%. On a like-for-like basis, the carbon emissions ratio remained stable in France, rising from 30.9 $kgCO_2e/m^2$/year in 2016 to 31.0 $kgCO_2e/m^2$/year in 2017.

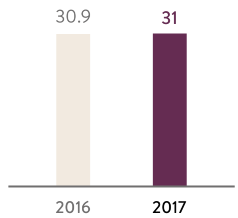
› Carbon intensity of the portfolio

(($kgCO_2e/m^2$/year)



› Like-for-like carbon intensity of the portfolio

($kgCO_2e/m^2$/year)



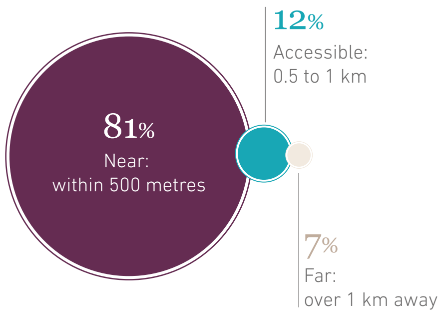
For Foncière des Régions and its Hotels and Service sector, Life Cycle Analysis (LCA) is a useful tool for measuring and analysing a project's various impacts: energy and grey energy, carbon, materials, water, waste, etc. The construction of the B&B Hôtel at Porte des Lilas resulted in the first LCA on a French hotel. This LCA was communicated to the CSTB under the HQE Performance Charter, of which the Group is a partner, and has proved very useful in analysing the Group's carbon trajectory (see chapter introduction).

2.6.4.3. Transport and accessibility

The carbon footprint is also reduced by choosing locations that promote public transport and eco-friendly modes of transport for employees and customers. Foncière des Régions has been studying the distance to and from public transport options for each of its hotel sites since 2011. Until the 2016 Reference Document, this analysis covered hotels owned in France. This year, the scope was extended to Europe. As a reminder, the 2015/2020 objective in this area is to continue holding at least 80% of hotels (by value) that can be reached by public transport. At the end of 2017, 93% of the hotels in the portfolio (*versus* 96% at the end of 2016 on France perimeter) were located less than 10 minutes' walking distance (1 km) from public transport.

› Hotel accessibility as of the 31 December 2017

(in terms of value)



2.6.4.4. Water trajectory

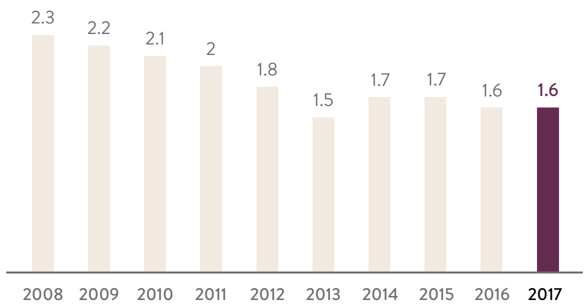
For a number of years, tenants of the Hotels and Service sector portfolio of Foncière des Régions have implemented water usage reduction programmes, which delivered some results. These initiatives are based on awareness-raising measures aimed at staff and clients.

In 2017, average consumption was 1.64 m^3/m^2/year, the same as 2016, showing a 28.9% drop in average water consumption since 2008, despite extending the reporting scope in 2017. The efforts made since this benchmark year have been a resounding success. However, it seems that a plateau has been reached, between 1.5 and 1.7 m^3/m^2/year, which is difficult to exceed.

The 2020 average water consumption objective will be to remain below 2 m^3/m^2/year on average for the entire portfolio in use.

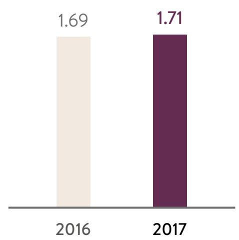
› Water intensity of the portfolio

(m^3/m^2/year)



› Like for like water intensity of the portfolio

(m^3/m^2/year)



2.6.4.5. Waste monitoring

Strict regulations for the removal of food waste apply to hotels (obligation to install waste oil vats, etc.). These provisions apply to hotel tenants (AccorHotels, B&B Hôtels, etc.) and restaurant tenants (Courtepaille, Quick), as do most consumer health and safety matters.

At the same time, in France other so-called “non-hazardous” waste is generally collected by local authorities, which do not provide information on the volumes or tonnages collected. Municipalities are moving towards widespread waste sorting: by the end of 2017, information about waste tonnage was available for 50% of buildings in the waste reporting scope. Moreover, 100% of the hotels held by Foncière des Régions benefit from selective collection of their waste.

2.6.5. Circular economy

In France, food waste (Law of 11 February 2016 and Decree of 19 August 2016) is 29 kg per year per inhabitant – of which 7 kg is still in its packaging – totalling 10 million tonnes per year and 18 billion meals discarded (ADEME figures). As such, 30% of the food produced is wasted. For Foncière des Régions and its tenants, this is an important matter. For example, the AccorHotels Group has been tackling the issue of food waste, as catering accounts for a quarter of its revenues and 90% of its biodiversity footprint. It reduced food waste by rethinking its supply and cold chains, the temperature conditions of buffet food, transforming food waste (*e.g.* orange peels used to make marmalade, etc.), or indeed by donating food to charities or employees when local legislation allows it.

With the advent of the circular economy, recycling and reusing materials will become an increasingly hot topic. Foncière des Régions is getting ready for this, in particular through one of the first Cradle-to-Cradle (C2C) studies carried out for the construction of a hotel which begun in 2016. The studies focuses on the Motel One Porte Dorée. The concept of “cradle-to-cradle” underlies the idea that in the future, raw materials used in the construction of new buildings will be largely taken from deconstructed buildings. The “C2C” approach also focuses on the health and well-being of the end user (healthy benefits of materials chosen, etc.). In terms of the Motel One Porte Dorée hotel’s construction, the current analysis is intended to identify opportunities to implement circular economy principles and generate positive impacts for occupants. The aim of the study is to measure the gaps between scheduled construction and construction which could have been done completely C2C (design, techniques, materials, etc.).

2.6.6. A specific commitment to biodiversity

Aware of the need to take action to reduce its environmental footprint at each stage of a building's life cycle, Foncière des Régions is working to preserve "ex situ" biodiversity (also known as grey biodiversity), at the start of the cycle. This involves lessening the environmental impacts in the raw materials extraction phase, notably through the choice of materials. Moreover, the hotels business of Foncière des Régions has been supporting Le Pic Vert since 2015. Its project involves the social and environmental reconversion and ecological restoration of the old CARBIEV quarry, in the *plaine de Bièvre* reserve (38). It aims to offset the impact on biodiversity of the production of construction materials.

Foncière des Régions contributed financially to a range of initiatives: fitting bird hides, creating a body of water for wildlife to encourage newts (endangered amphibians in the region), construction of a nesting site for sand martins (the first of its kind in France), etc. The project has two aims: restoring a 117 ha ecological site and opening it up to members of the group, to scientists as well as to the public (academics in particular). In 2017, Foncière des Régions took part in financing restoration of the wetland, so as to recover populations of pioneer animal species.

2.6.7. Controlling health risks

Environmental health and safety risks are monitored within Foncière des Régions' Environment Department in the Technical Department. Investigations covering asbestos, ground pollution, etc. are carried out when an asset is either purchased or sold.

The leases of the Hotels and Service sector of Foncière des Régions systematically stipulate that the tenant retains control of and responsibility for environmental risks, and that the user or the site manager is responsible for the premises' compliance with regulations governing environmental risks.

In 2017, Foncière des Régions, for its Hotels and Service sector, was not subject to a clean-up or decontamination order to carry out its operations, nor to any legal ruling of non-compliance with environmental regulations. It did not have to make any provisions or guarantees to cover environmental risks.

2.7. ACCELERATING REGIONAL TRANSFORMATION

Climate change, pollution, energy, environmental and economic issues, social cohesion, the digital world and human mobility... These are common themes across the various European regions where Foncière des Régions operates.

Aware of its status as a market leader and conscious that buildings are central to social transformation, Foncière des Régions is positioning itself as the co-constructor of a more inclusive city – one that is supportive, connected to nature, engaged in the circular economy and making the most of digital and other new technologies.

2.7.1. Emphasising our presence in major European cities

With a European development pipeline of €5.1 billion at the end of 2017, Foncière des Régions continues to strengthen its position in the heart of Europe's leading cities, particularly Paris, Berlin and Milan. While adapting its activities to local expectations and regulations, Foncière des Régions is undertaking ambitious projects whose challenges extend beyond regulatory compliance.

The 2°C target under the Paris Agreement was committed to by the European Union and the various countries where Foncière des Régions operates. A recent study of the Group's carbon trajectory is a case in point. Conducted in 2017 in conjunction with CSTB, it focused simultaneously on each of the company's activities (cf. section above 2.3) and offered a unique approach in terms of its scale (a Group scope of €21 billion) and its scientific approach.

With its holistic and international approach to social issues, Foncière des Régions is able to share good practices and innovations across its various European entities. This is the case, for example, of our socio-economic footprint study. This study began with the France Offices portfolio, but as of last year, it expanded to include the entire Offices business within the Group (France + Italy) (2.7.3). This also applies to the issue of biodiversity, which is one of the major challenges for the territories (protecting the environment, well-being of residents, etc.). A pan-European mapping of risk areas was conducted in 2017 (2.7.5).

The aim of these innovations is to create shared value with and for tenants, employees, suppliers, residents, local authorities, etc.

› European community involvement in figures

(as of 31/12/2017)

€5.1 billion
EUROPEAN DEVELOPMENT PIPELINE

7,042
JOBS SUPPORTED IN OFFICE BUSINESS IN FRANCE AND ITALY

1
PAN-EUROPEAN BIODIVERSITY MAPPING

> 100
PARTICIPANTS AT THE FIRST FDR HACKATON

83%
OF STRATEGIC EXPENSES IN FRANCE GOVERNED BY OUR RESPONSIBLE PROCUREMENT CHARTER

> 60
EMPLOYEES INVOLVED IN THE PASSERELLE AND FRATELI PROGRAMS

> 2,500
PUPILS AND STUDENTS BENEFITED SINCE 2009 FROM INITIATIVES BY FDR EMPLOYEES

2.7.2. Anticipating the city and buildings of tomorrow

The city of the future will be low-carbon and interconnected, and contribute to the circular economy. To limit the need for commuting and to provide more user-friendly living spaces, the buildings of the future will need to take into account the challenges associated with mixed use; namely, enabling city-dwellers to use these city-connected areas for everyday life, work and relaxation.

As centres for economic, social and cultural exchange, cities are constantly reinventing themselves. As a real estate company serving these cities, Foncière des Régions incorporates these new urban challenges into the design of its buildings, while also ensuring that they blend harmoniously into the urban fabric particularly in terms of accessibility, mobility and biodiversity.

2.7.2.1. Strengthening cooperation with stakeholders

The Group is located close to its stakeholders in the major European cities. In France, three regional offices (Lille, Lyon and Marseille), provide support for the staff in Paris and Metz. To support the Group's development in Germany, offices and management agencies were opened in Berlin, Dresden and Hamburg to support the teams traditionally located in Oberhausen. In Italy, the Beni Stabili teams are based in Rome and Milan. In 2017, Foncière des Régions opened an office in Spain and appointed a Country Manager to support its local development and ensure proximity to its partners.

Influencing the operations and territories, Foncière des Régions holds many annual public relations events. In Lyon, for example, Foncière des Régions took part in the 1st edition of the Architecture Biennial both as a sponsor and a presenter, sharing the design process of one of its flagship projects, Silex[2]. Located in the Part-Dieu district, it responds to the need for commercial spaces to be opened up to their urban surroundings.

2.7.2.2. Understanding regions, in order to reinvent them

Anticipating and understanding new trends, particularly in terms of user needs and expectations, are at the heart of Foncière des Régions' strategy. Studies, surveys and/or polls (available at www.foncieredes-regions.fr) are regularly conducted on a pan-European basis. These enable Foncière des Régions' teams, customers and stakeholders to better understand the challenges of the sustainable city and meet the needs of its users. Recent studies include: a study on the attractiveness of major cities (2015), *"The Sharing Economy and Working Space from the viewpoint of European employees"* (2015), *"What if offices made work appealing again?"* (2016), and *"European employees' practices and expectations"* (2017).

Many of these studies have allowed Foncière des Régions to broaden discussions with stakeholders and enabled it to deliver tangible solutions to issues relating to building design, employee comfort, and office space. Over time, quality of life in the workplace has become an essential ingredient for attracting and retaining talent – a highly competitive topic for businesses and regions today.

Foncière des Régions has adopted a European action plan for innovation. As part of the plan, the Group has partnered with the start-up incubator Immowell-Lab (2.2.4) to pursue two goals: support innovative start-ups specialising in enhancing the quality of life at work; and to be on the cutting edge of new ideas and techniques that make it possible to conceive and design commercial real estate and the city of the future. Foncière des Régions also joined the Open Innovation Alliance, a community created by the Ministry for the Economy and Finance with the purpose of promoting innovation by defining a framework of best practices between large businesses and start-ups or SMEs.

In 2017, Foncière des Régions held its first hackathon, with the support of the Ministry of Labour and in partnership with Orange, IBM, Revolution@Work and Impulse Partners. This led to the selection of four projects to improve user experience in the workplace. Over 100 participants responded to the invitation to "reprogram the office of tomorrow". Nine teams were formed to conceive, design and prototype ideas. In parallel, a collaborative digital platform entitled "Imagine with Orange" collected nearly two hundred ideas from nine countries. Foncière des Régions and Orange will provide two of these teams support to develop the four winning projects:

- "Poof": develop a connected object on which users place their smartphone to indicate, in a coworking and/or open-space environment, that the user is available for discussions
- "Wall-It": create new forms of social connection between occupants by introducing art into office buildings *via* interactive screens and a mobile application
- "Flexarium": vary work environments according to meeting types
- "Hybrid": create modular meeting rooms with interactive furniture.

The transition to the city of the future also involves the combination of a certain number of spaces and services connected to mobility and energy-related issues (smart grids). Foncière des Régions anticipates these changes and considers their implications in its prospective studies, as exemplified by its collaboration with the French Institute for Building Efficiency (IFPEB) and Enedis in the context of the *"Energy Flexibility and Smart-ready Buildings"* project. Each project participant selected a pilot building (Toulouse Riverside for Foncière des Régions) on which a number of calculations were performed to simulate production and demand-response assumptions in the regulatory and pricing environment of the future.

2.7.3. *Evaluating socio-economic contribution*

2.7.3.1. Focus on Development and Management activities

The various activities conducted by Foncière des Régions throughout the regions have significant local socio-economic impacts. Foncière des Régions has endeavoured to characterise and quantify the socio-economic impact of its France Offices (since 2014) and Italy Offices divisions (since 2016). These studies are performed with the company Utopies and use the LOCAL FOOTPRINT® methodology.

The analysis presented below covers the entire Offices operation in France and Italy: development, renovations and operational assets. As of December 2017, they collectively represented a total value of €10.3 billion, or 48.6% of the €21 billion managed by the Group.

The analysis presented below is based on data collected for the period from 1 January 2016 to 31 December 2016.

The main results were as follows:

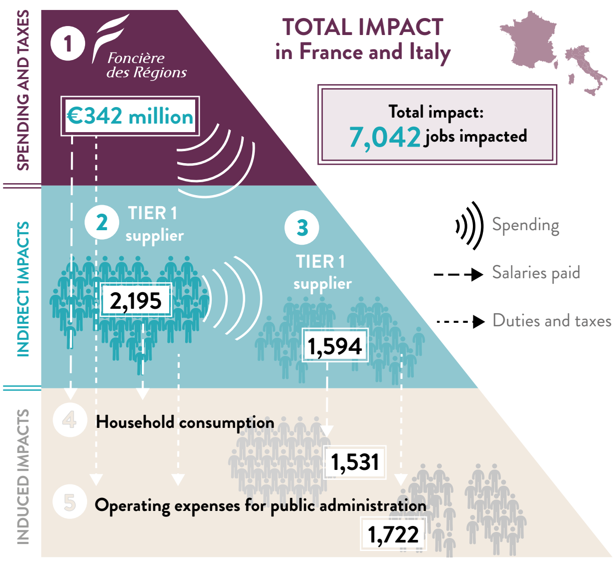
Direct impacts: Foncière des Régions directly spent[(1)] €342 million (suppliers and taxes). Three quarters of the expenses were incurred in France and totalled €262 million (€80 million in Italy). Most of this spend was in the construction sector (58%).

Indirect impacts: through its purchases and their ramifications throughout the supply chain, Foncière des Régions supports 3,789 jobs in France and Italy, split as follows: 2,195 (58%) by its Tier 1 suppliers (that is to say excluding subcontractors) and 1,594 (42%) by its Tier 2 and other suppliers (*e.g.* subcontractors). There are 2,643 jobs supported indirectly in France and 1,146 in Italy.

Induced impacts: Household consumption, supported by the earnings received indirectly by parties in the supply chain, helped maintain or create an additional 1,531 jobs in France and in Italy. Furthermore, the operating expenses for public administrations (funded by the taxes paid by Foncière des Régions and parties in its supply chain) supported approximately 1,722 jobs in France and Italy.

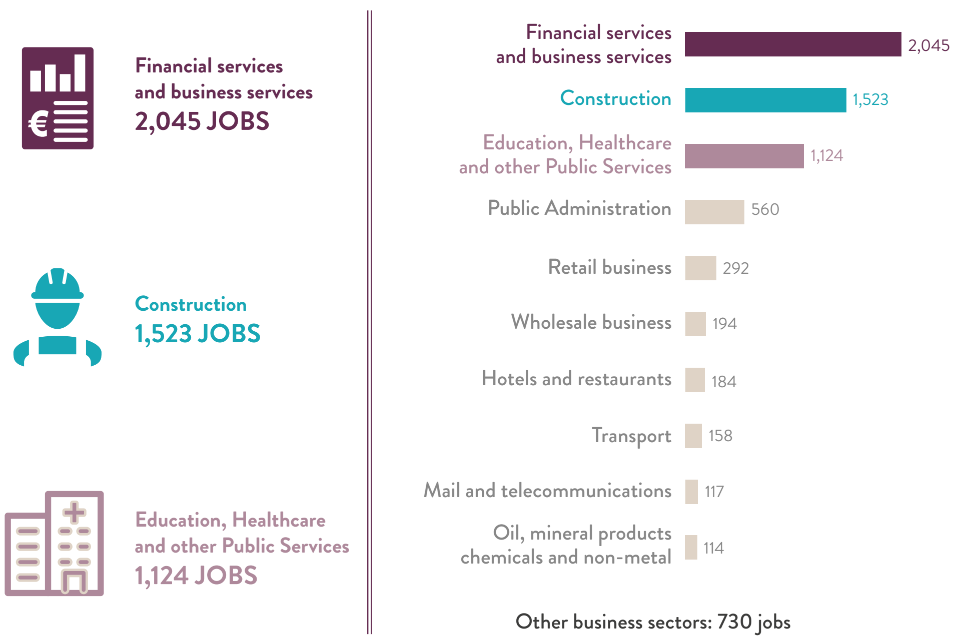
Total impact: this is the sum of direct, indirect and induced impacts. Overall, Foncière des Régions supports **7,042 full-time jobs** in France and in Italy and generates **€452 million in GDP:** €342 million in France and €110 million in Italy. The majority of these jobs are located in France: 5,224 jobs which equates to three quarters (1,818 in Italy). The Financial Services and Business Services sector, as well as the construction sector, are the most impacted.

› Breakdown of total jobs supported split by impact type (direct, indirect or induced)



Source: Utopies.

› Breakdown of total jobs supported split by sector



Source: Utopies.

(1) *Employees' wages have not been taken into account in this study.*

Catalytic impacts: Foncière des Régions also began to assess the gross economic impact of its office occupants, *i.e.* the direct, indirect and induced impact related to the operations of the companies that occupy our buildings. It is estimated that these tenant companies contribute (in a direct, indirect and induced manner) a total of 155,000 jobs in France, 146,000 in Italy or a total of 301,000 jobs, primarily in the regions where the offices are located. However, since this contribution is not directly attributed to Foncière des Régions, but rather to its tenants, it has not been added to or compared with to the economic benefits from the Offices business.

LOCAL FOOTPRINT® MODEL

The LOCAL FOOTPRINT® model is based on national trade statistics tables of exchanges between industries, in particular from Input-Output Eurostat tables (sources: Eurostat and Eora) and research on regional economics from the University of Bristol. Based on real purchasing data, payroll and corporate taxes, LOCAL FOOTPRINT® simulates the socio-economic benefits of a company in a given region.

2.7.3.2. Optimising regional impact

A socio-economic footprint assessment is a tool that helps provide a better understanding of the broad impact of a business, and helps identify potential opportunities to optimise the economic benefits created by Foncière des Régions for the regions in which it operates. This optimisation may happen by increasing the quantity of impacts on the one hand (notably the number of local jobs supported), and by improving the quality of the impacts (nature and types of jobs supported, working conditions, etc.) on the other.

Accordingly, Foncière des Régions identified two main approaches to maximising its local impact and intends on focusing on these going forward:

- the "Employment" approach: using local organisations who hire disabled people (protected workers sector) or long-term unemployed people (insertion companies)
- the "Procurement" approach: promoting local suppliers and subcontractors in the supply chain.

2.7.4. *Responsible suppliers*

Since 2011, Foncière des Régions has adopted a responsible procurement policy, making it one of the first European property developers to tackle this topic. It is a leader in this type of approach, with a system that covers the entire supply chain of the France Offices division (both development and management) and the operating expenses of the Company as a whole.

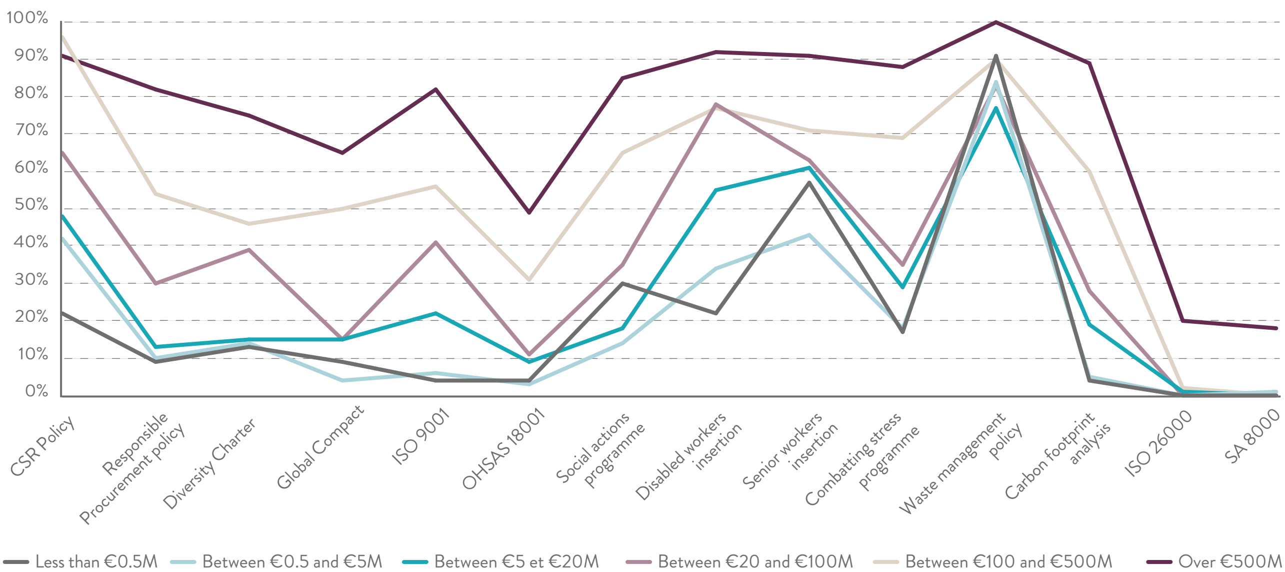
2.7.4.1. One policy, three tools

Foncière des Régions' responsible procurement policy was rolled out using three tools:

- the Responsible Procurement Charter prepared by Foncière des Régions promotes the principles of the UN Global Compact, the Diversity Charter and the ILO as well as those of its own Code of Ethics. Among other things, the Responsible Procurement Charter aims to monitor late payments, tackle corruption and money laundering, prevent economic dependency and conflicts of interest, and avoid anti-competitive practices
- the inclusion of CSR commitments in contracts agreed with suppliers, thanks to the presence of five CSR clauses in all new contracts
- a survey questionnaire issued to all suppliers receiving orders totalling over €200,000 before taxes, once or more during each consecutive 12-month period. The following transactions are excluded from this process: insurance, banking, joint ownership, tenants, duties, taxes and royalties. A score is calculated based on the responses received and weighted based on the number of employees and company revenue. Certain questions make it possible to identify possible risks (*e.g.* compliance with labour laws, etc.).

The graph below shows the percentage of positive responses to a number of topics covered by the survey questionnaire. It shows a correlation between the level of commitment of suppliers to CSR-related issues and their size, as expressed in terms of revenue.

› Percentage of positive responses to the CSR questionnaire topics by revenue category



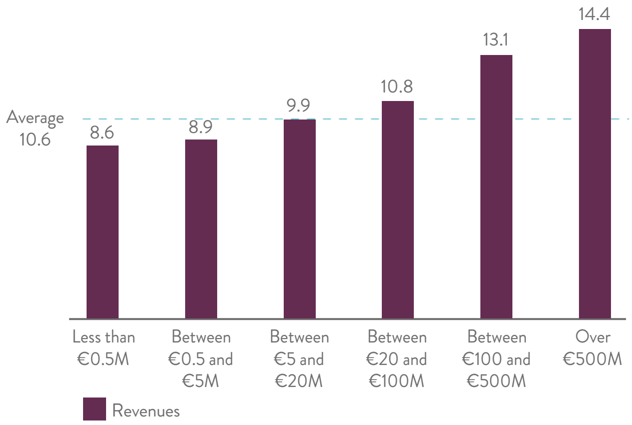
In 2015, Foncière des Régions signed the **Responsible Supplier Relations Charter** (RFR – a national initiative sponsored by the French government) representing the culmination of this work. Signing this charter is a milestone in improving relations between customers and suppliers and promotes the dissemination of ethical purchasing practices in relation to suppliers. An internal mediator, the Sustainable Development Director, represents the Group in managing any potential disputes with suppliers. As of 31 December 2017, no dispute had been reported. Foncière des Régions also published its **White Paper** on supplier relations in 2015. Available on the Foncière des Régions website(1), it explains the actions taken as part of the responsible procurement policy, the benefits of this approach and the prospects for the Company.

2.7.4.2. A Charter governing over 80% of expenses

By the end of 2017, 371 French suppliers had signed Foncière des Régions' Responsible Procurement Charter. It is available on the Company website, in both French and English. It enables suppliers to show their willingness to share in the values of Foncière des Régions.

Suppliers who accounted for 83.5% of our expenditures in 2017 signed the charter and responded to the questionnaire. The latter resulted in a weighted score based on the supplier's revenue and number of employees. The graph below shows a correlation between the size of supplier – by number of employees – and the score obtained. The average score can be seen to have eroded over time; it stood at 11.3 out of 20 in 2013, 11.2 in 2014, 11.1 in 2015 and 10.7 in 2016, reaching 10.6 out of 20 at the end of 2017. This is due to the fact that in the beginning, the majority of suppliers taking part in the questionnaire were our large suppliers (in terms of size). In the most recent years SMEs, artisans and self-employed have been participating in the questionnaire, and they tend to have a lower score than those of large groups (construction, energy, etc.) whose CSR policies are more mature.

› Average score by revenue category



Supplier statistics as of 31 December 2017

Number of suppliers:	Queried	Evaluated	Average score	Response rate	Verified (combined)	Verification rate	Received recommendations (combined)	Suppliers removed from list
2016/2017 change	**+6%**	**+7.8%**	**-0.1 points**	**-3 points**	**+16.9%**	**+2 points**	**+19.2%**	**N/A**
Total as of 31/12/2017	512	371	10.6	68%	59	16%	52	0
Total as of 31/12/2016	481	342	10.7	71%	49	14%	42	0
Total as of 31/12/2015	434	302	11.1	70%	40	13%	33	0
Total as of 31/12/2014	377	245	11.2	65%	30	12%	23	0
Total as of 31/12/2013	327	207	11.3	63%	20	10%	14	0
Total as of 31/12/2012	159	107	ND	67%	10	9%	4	0
GRI Standards Indicators					**GRI 308-1; GRI 308-2; GRI 414-1; GRI 414-2**			

2.7.4.3. Annual audit

An annual audit is performed by a specialised, independent third party involving a random sample of ten suppliers. It consists of a 1-1.5 hour meeting with the supplier, during which areas for improvement and aspects specific to the supplier's industry are discussed. This process leads to recommendations in the form of a personalised summary which is sent to each supplier interviewed.

To date, no serious anomalies have been found and no supplier have been removed from the list of approved suppliers (table in 2.8.2.2). This audit also offers an opportunity to ask suppliers questions beyond those included in the questionnaire, regarding their CSR practices, outsourcing (conditions, supervision, etc.) and any measurement of their socio-economic impacts.

Foncière des Régions does not intend to conduct or initiate on-site audits. In France, on-site inspections are performed by the Health and Safety Coordinator (*Coordonnateur SPS*) or by the Labour Inspectorate (French government body) for worker registration, working conditions, etc. In addition, suppliers have conducted a certain number of internal audits.

The 2017 audit campaign highlighted a growing awareness by suppliers of their social and environmental impact. They implemented CSR initiatives, in particular to ensure their employees' safety and employability *via* targeted training on their core business. A growing number of suppliers are helping to integrate unemployed and vulnerable people, thanks to a proactive hiring policy. Lastly, the majority of suppliers are pursuing plans to reduce their environmental impact, whether through the adoption of everyday eco-friendly initiatives, the acquisition of hybrid vehicles, the implementation of a certified environmental management system, or the use of certified products and materials.

(1) *www.foncieredesregions.fr/media/publications.*

The issue of local impact and regional socio-economic footprint is also addressed albeit to a lesser extent through employment programmes and local sourcing, but has not yet led to concrete initiatives by the suppliers interviewed.

2.7.4.4. Paying particular attention to subcontracting

The audits performed in 2017 once again revealed that suppliers are implementing specific initiatives concerning health and safety for both employees and subcontractors. Foncière des Régions carefully monitors its suppliers' use of subcontractors (work, maintenance, consulting, etc.) and contractually reserves the right to approve any potential subcontractors based on documents detailing their skills and practices. The policies developed and applied internally by the suppliers must also be distributed to their subcontractors (called "Tier 2") to ensure the long-term viability and consistency of the process.

In Italy, outsourcing is regulated by legislation. The project owner has the same obligations towards the subcontractor as it does towards the supplier. Beni Stabili requires its suppliers to sign and comply with its Code of Ethics and approves each subcontractor. Moreover, Beni Stabili classifies each supplier and subcontractor to improve the efficiency of two processes: the development and renovations processes and processes linked to health and safety issues on construction sites. These procedures ensure high standards and compliance with legislation.

In Germany, Immeo SE ensures its suppliers and their subcontractors comply with German legislation pertaining to health and safety on construction sites. It has also developed a set of specifications for its projects including: the use of subcontracting, safety on-site, personal protective equipment, first aid and accident management, handling of hazardous materials, waste management and environmental protection.

Although not directly affected by the Law on the duty to monitor subcontractors, which is aimed at companies with a minimum of 5,000 employees in France and those with over 10,000 employees worldwide, Foncière des Régions complies with the principles of this law. It has very few suppliers and subcontractors outside France. Foncière des Régions and its subsidiaries have not identified any supplier dependency on them but remain vigilant in this regard (2.9.7.3).

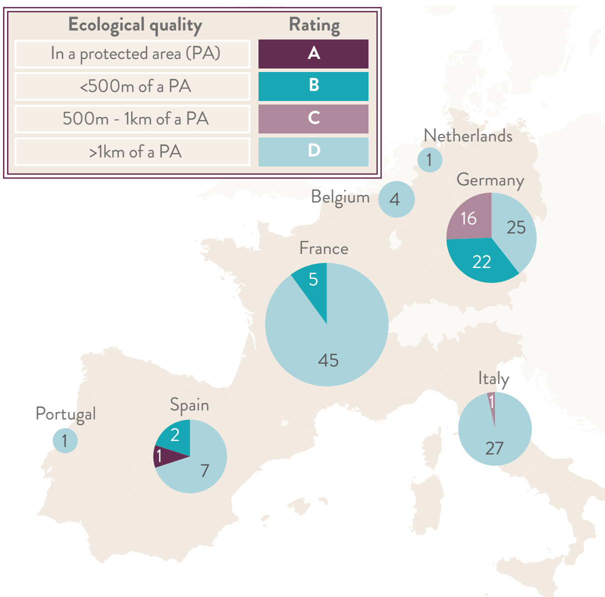
2.7.5. A European approach to biodiversity

Biodiversity may be defined as "all interacting living things, including microorganisms and services provided by ecosystems"[1]; biodiversity is the foundation of life and carries major global challenges. It poses a challenge in the construction and management of buildings, as well as upstream on the sites where raw materials are extracted and in the manufacturing sites of the materials and equipment used in the buildings.

Although its property portfolio is mainly located in urban areas, Foncière des Régions has a direct and an indirect impact on biodiversity. The development of real estate remains one of the most impactful sectors contributing to biodiversity loss. At each phase of a building's life cycle, from the extraction of raw materials to decommissioning operations, Foncière des Régions acts more or less markedly on the five major causes of biodiversity loss as identified by the CBD (Convention on Biological Diversity):

- overexploitation of natural resources
- destruction and disturbance of species and natural habitats as well as habitat fragmentation
- pollution
- the introduction and spread of invasive alien species
- climate change.

› Mapping of Foncière des Régions sites located in or adjacent to a protected area



2.7.5.1. A first European mapping of impacts

The construction and operation of buildings have indirect impacts on:

- biodiversity: use of space, destruction and fragmentation of natural habitats, artificialisation of land, soil sealing, and impacts on rainwater infiltration
- "ex situ biodiversity", *i.e.* the effect of the extraction of raw materials and the manufacture and use of construction materials on biodiversity.

2.7.5.2. GRI indicators to be measured

In 2017, Foncière des Régions commissioned a third party, Gondwana, to perform an analysis compliant with the GRI Standards version of the Global Reporting Initiative (GRI), based on a sample of 157 sites owned by the Group in Europe. These included:

- office buildings under direct management (multi-tenant): 29 in France and 28 in Italy
- 50 largest assets in a representative sample of residential assets located in Germany
- 50 largest assets in the Europe hotels portfolio (Belgium, Spain, France, Italy, the Netherlands and Portugal)

(1) *In 2015, Foncière des Régions participated in the work of* Plan Bâtiment Durable *resulting in the publication of the report "Buildings and Biodiversity" http://www.planbatimentdurable.fr/publication-du-rapport-batiment-et-biodiversite-a943.html.*

Four indicators of the organisations' biodiversity performance were analysed.

Operational sites held, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value (Disclosure GRI 304-1).

- This indicator aims to describe the location and size of the land owned, leased or managed by the organisations in, or adjacent to, protected areas and areas of high biodiversity value.
- A study was conducted in 2017 using GIS (Geographic Information System) on the 157 sites specified above. All protected areas (Natura 2000, biotope protection orders, etc.) and areas of high biodiversity value (ZNIEFF type I and II) were taken into account and identified within radii of 0.5, 1, 2 and 5 km of the sites concerned.
- The results revealed that 70% of sites are more than one kilometer away from an area of interest. 11% are in a "potentially sensitive" area within a radius of 0.5 to 1 km of a protected area, and 18% of the sites analysed are in a "sensitive" area, less than 500 metres from a protected area or area with high biodiversity value. A single asset located in Spain is built in an area of high biodiversity value as defined by the GRI Standards (see below). A study will be commissioned to propose areas for improvement with a view to optimising the promotion of biodiversity within the landscaped areas of this asset.
- Given the nature of the activities carried out on these sites and the layout of the landscaped areas, the impact of so-called "sensitive" sites can be considered low in these areas of ecological interest.
- **Conclusion: With respect to the 304-1 criterion, Foncière des Régions' activities can be considered "Effective".**

Description of impacts' activities on biodiversity (Disclosure GRI 304-2).

- This indicator sheds light on the direct and indirect impacts of Foncière des Régions' activities on biodiversity.
- An analysis of the entire value chain of the Company's real estate portfolio has shown that Foncière des Régions' activities have an effect on the five major causes of biodiversity loss.
- Upstream of a building's value chain, construction materials can have impacts on biodiversity – "ex situ biodiversity", *via* the extraction of raw materials and the manufacture and use of these materials. The operating impacts mainly relate to the design and management of the buildings and green areas.
- Foncière des Régions has implemented a number of initiatives aimed at reducing the severity of these impacts (2.3.5).
- **Conclusion: With respect to the 304-2 criterion, Foncière des Régions' activities can be considered "Effective".**

Protected or Restored Habitats (Disclosure GRI 304-3).

- This indicator is used to measure the surface area and location of protected or restored habitats on the sites of an organisation's activities.
- Of the 157 sites analysed, only one site is located within a protected area: it is a hotel located in Spain. The entire right-of-way of the hotel is located within a protected area. The protected area was designated to halt the disappearance and degradation of wetlands. Given the location of the hotel in an urban environment and the nature of the activities, the asset's impact on the protected habitats can be categorised as low.
- In France, Foncière des Régions is involved, together with "Le Pic Vert" association, in the ecological restoration of an old quarry in the Bièvre plain reserve (in French Department 38) with an area of 117 ha. (2.6.6).
- **Conclusion: On the 304-3 criterion, the activity of Foncière des Régions can be considered "Effective" to "Very Good" in terms of its performance level.**

Impact of sites on species appearing on the IUCN's Red Lists (Disclosure GRI 304-4).

- This indicator assesses, by degree based on the extinction risk, the total number of IUCN Red List species and National Conservation List species with habitats in areas affected by Foncière des Régions' operations.
- No animal or plant species on the IUCN Red Lists have been observed on the property of sites subjected to ecological diagnostic tests or environmental inventories. This impact can be considered nil.
- **Conclusion: With regard to the 304-4 criterion, Foncière des Régions' activities can be considered to be at a "Very Good Performance Level".**

2.7.6. *Disseminating and sharing knowledge*

Since 2008, Foncière des Régions has developed a partnership and collaborative approach with the education sector particularly on applied research and skills sponsorship.

2.7.6.1. Training future real-estate industry decision-makers

The Palladio Foundation was created in 2008, under the auspices of the Fondation de France, by real estate players, notably Foncière des Régions, a founding member. The objective is to ensure that real estate businesses integrate the economic, technological, environmental, demographic and anthropological changes that affect urban planning. It provides a forum where political decision-makers, investors, think tanks, sociologists and city planners come together to think about the city of the future. The Foundation supports applied research in this area, notably through Palladio grants. It also leads educational initiatives with future industry decision-makers. Foncière des Régions supports the Palladio Foundation through financial sponsorship and the involvement of its senior executives, thereby promoting the following achievements:

For business executives and decision-makers: the sixth annual cycle of the Palladio Institute of Advanced Studies on Real Estate and the City, whose theme was the City of the Future – "Will there be any place to work ?", was sponsored by Xavier Bertrand, President of the Hauts-de-France Region. The 2017 Proceedings, summarizing the work of the conference and its 27 attendees, were published in November 2017, thereby completing the Collection created in 2012. "Living in the City of the Future" is the theme of the 2018 cycle sponsored by Johanna Rolland, Mayor of Nantes and President of Nantes Métropole. In addition to the Institute, the Foundation co-organised the major plenary conference of the 2017 SIMI Trade Show on Artificial Intelligence.

For students: through the Palladio Pôle Avenir (Future Division), 16 scholarships were awarded to students, representing a total value of €135,000. The Junior Urban Real Estate Award and the SIMI Training Space were sponsored for the 10th and 7th consecutive year respectively. The Foundation and its Pôle Avenir also held the

6th edition of the Real Estate and City Trades forum (59 exhibitors and 2,500 visitors), during which Palladio presented, together with EY and Business Immo, the results of the 1st annual survey of jobs in real estate and urban construction (Real Estate and Urban Employment Monitor – France). The Palladio University Forum brought together students from 30 *grandes écoles* and universities from all over France.

For doctoral and post-doctoral students: in addition to the Palladio Papers, a collection of articles by the Foundation's doctoral scholarship-holders, Palladio's Research Centre organised the 6th Colloquium on Real Estate and Urban Construction Research, on the topic of *"Revolution and reconciliation in the territories – a transition in progress ?"*. Nine doctoral students, all Palladio 2017 scholarship-holders, presented the innovative nature of their work before a gathering of business executives and decision-makers.

For the past four years, Foncière des Régions took part in the **Real Estate Industry Employment Forum (FMI)** in Paris to showcase the businesses and their expertise, share the Company's values and identify potential new employees. The Forum is an opportunity for dynamic one-to-one exchanges between future candidates and the employer. Foncière des Régions also participates in the forums organised by *École des Hautes Études Commerciales de Paris* (HEC), ESSEC Business School, ESCP Europe, EDHEC and ESTP.

Every year in Italy, Beni Stabili provides practical knowledge and advice to students pursuing a career in real estate. In 2017, two undergraduate students and one graduate student completed their internship with the Company, allowing them to enrich their research projects (dissertation, thesis) with a rewarding professional experience. Beni Stabili elected to pay all trainees, although the remuneration of compulsory internships in the curriculum is not mandatory.

2.7.6.2. Promoting equal opportunities

Through **the Article 1 association** (resulting from the merger between Frateli and Passport Avenir), since 2015 Foncière des Régions has been involved, in a financial sponsorship and skill-development initiative, focusing on solidarity and generating equal opportunities.

Article 1 develops and supervises the sponsorship of young high-potential scholars, by industry professionals. The objective is to reveal the talents of students coming from disadvantaged backgrounds by providing them with tools, methods, access to networks and the confidence to pursue their goals. The association also provides scholars, selected through an interview process, with accommodation in university residences occupied by other CROUS students. This programme, aimed at creating a community of mutual support and learning, is based on three main pillars: "live together", "do together" and "learn together". By participating in weekend team projects (social, civic, environmental, etc.) and regular workshops, young residents learn to develop soft skills that will promote both their personal fulfilment and their future integration into the professional world.

Since 2008, through the **Passerelle** programme, Foncière des Régions has also been able to provide young people from two high schools located in priority education zones (*zones d'éducation prioritaire* or ZEPs) in Bobigny (Department 93) and Forbach (Department 57), with an opportunity to meet professionals (IT, accounting, human resources, general management, real estate, etc.). In a period of their life when they have to make significant life choices, more than 2,500 high school students and BTS or preparatory class students from both institutions benefited from various initiatives (employment interviews, CV workshops, internships, employment round tables, site visits, etc.) thanks to the volunteer effort of over 50 Group employees. Workshops and summer jobs complement this programme.

Supporting young people in employment is also reflected in the seasonal recruitment of students, 50% of which are part of the "Passerelle" partnership at the Paris and Metz sites. Young high school students from Louise Michel (Bobigny) and Blaise Pascal (Forbach) were given their first professional experience, and a graduate of Lycée Blaise Pascal was hired for a permanent contract. In 2017, a student who benefited from Passerelle then Frateli received a 6-month internship in the Sustainable Development Department.

2.7.6.3. Investing in urban life

Foncière des Régions is also involved with **EPA Bordeaux Euratlantique,** the organisation responsible for implementing the "Bordeaux 2030" modernisation programme, which aims to enhance Bordeaux's leadership position as a European city. Bordeaux-Euratlantique aims to harmonise the various development operations (business centres, modernisation and layout of a district) within the context of a sustainable urban programme with a European reach.

In Italy, Beni Stabili has developed links over the past several years with **Politecnico di Milano,** resulting in the creation of the BraVe© rating, specific to office buildings. The rating is used by Beni Stabili to assign a green rating to a number of its assets (2.4.1.3).

In Germany, Immeo SE contributes to community life in its neighbourhoods by participating in cultural activities or creating high-impact projects that benefit senior citizens and/or persons with disabilities. Several initiatives have been implemented since 2009, notably the customization of dozens of apartments to meet the needs of persons with disabilities (in Essen, Duisburg, and Oberhausen). The **Probewohnen** project, launched in 2015, aims to offer people with mental disabilities the opportunity to test their autonomy in adapted housing. The **Wohnen im Pott** project consists of opening an outreach office in Oberhausen for people with disabilities to come learn about the rights and solutions they can take advantage of in respect to housing. This multi-purpose room is open to all inhabitants and encourages residents of the neighbourhood to socialise with one another.

Since 2008, Foncière des Régions employees have been invited to participate in the "Foulées de l'Immobilier" race organised by students from Paris-Dauphine University's Master of Real Estate Management (Master 246) programme. In 2017, Foncière des Régions brought together 100 runners from its European workforce, positioning itself as the top participant in this event. All proceeds of this annual sporting event for real estate professionals, of which Foncière des Régions is one of the sponsors, go to the **Abbé-Pierre Foundation** to provide housing to people in need. Foncière des Régions also supports the **Perce-Neige association** in its efforts to assist persons with mental disabilities.

2.8. EUROPEAN HUMAN CAPITAL CREATING VALUE

Convinced its success is based on an ambitious and future-oriented human resources policy, Foncière des Régions strives, on a daily basis, to create an environment where its women and men can express themselves and realize their full potential.

2.8.1. A Human Resources policy that supports the Group's European strategy

The Human Resources (HR) policy developed by Foncière des Régions revolves around four areas of action that form part of the dynamic of the 2015-2020 objectives detailed in chapter 2.2.5, namely:

- professionalization and the pursuit of excellence at every level
- a fair remuneration policy, directly linked to performance and achievements
- exemplary management at the local team level
- a transparent and constructive social climate.

As of 31 December 2017, Foncière des Régions employed 848 people: 282 in France, 148 in Italy, 416 in Germany, one employee in Luxembourg and one employee in Spain. The report presented below concerns the 846 employees located in the Group's main countries: France, Germany and Italy (Luxembourg and Spain-based employees are operationally attached to these main entities).

While some aspects are handled locally (recruitment, negotiation of agreements, etc.) in view of local practices and regulations, others reflect shared values across the Group and are similarly deployed in all three countries. Diversity, social dialogue, professional development, quality of life at work, work/life balance and prevention of all forms of discrimination are among the common concerns that underpin Foncière des Régions' HR policy on a European basis.

Ex-aequo: promoting equal opportunities for men and women across Europe

In 2017 Foncière des Régions launched the *ex-aequo* programme with the objective of fostering the promotion of women within the Group. It consists of two main components:

- actions to raise awareness on gender equality amongst all employees through surveys and briefings, including a presentation and discussion moderated by Patricia Savin and Sigrid Duhamel, two Directors of Foncière des Régions with remarkable career paths
- a mentoring programme designed to support and guide women who wish to receive guidance on their professional career and benefit from the support of a mentor who is a member of the European Management team. Today, 22 French, Italian and German women benefit from this programme.

A leadership programme to support the development of young talent and strengthen interactions between countries

Definitely European, the leadership programme is a one-year programme allowing 20 employees of the Group (four Germans, four Italians, 12 French in 2017) to work together on their professional development, as managers of teams or transversal managers, through training initiatives and individual and group coaching. The programme's other objective is the creation of a European melting pot, a source of exchanges and development of internal networks. Focusing also on the external world and the future, it includes tours focused on topics such as innovation or the digital world.

Promoting European career paths

Foncière des Régions believes that the exchange of best practices and the strengthening of links between countries are activities to be undertaken by everyone, at all levels. Therefore, the Group strives to promote the European mobility of its employees, particularly through the establishment of student mobility programmes at the European level (*e.g.* International Voluntary Service Abroad/*Volontariat International à l'Étranger – VIE*) and the dissemination of internal job offers across the three countries. These measures, based on the recommendations of a European HR working group that met throughout 2017, and will be deployed as early as 2018. These measures will boost the number of European career paths already established.

European HR reporting protocol updated in 2017

As part of the harmonisation of processes at a European level, the HR reporting protocol was updated in 2017 in coordination with the French, German and Italian Human Resources departments. Used to develop the tables in Chapter 2.10.2, this protocol was devised by taking into account local specificities, in particular those related to applicable regulations in the three countries.

Each of the entities of the Foncière des Régions Group applies the eight conventions of the International Labour Organization (ILO) concerning: freedom of association, effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour and elimination of discrimination in employment, remuneration and occupation.

› The European workforce in figures

(Report as of the 31/12/2017)

846
EMPLOYEES
IN FRANCE, GERMANY AND ITALY
(+16% *vs* 2016)

87.7%
PERMANENT EMPLOYEES

51
INTERNAL TRANSFERS

88.7%
FULL-TIME EMPLOYEES

48% / 52%
MEN/WOMEN EMPLOYEES IN EUROPE

43%
WOMEN IN THE EUROPEAN EXECUTIVE COMMITTEE

3.1%
STUDENTS IN APPRENTICESHIP

2.8.2. *In France, a Human Resources policy designed for business growth*

2.8.2.1. Supporting the Company's strategy

In 2017, the workforce of the Economic and Social Unit (ESU) of Foncière des Régions grew in comparison to 2016, with 282 employees as of the 31 December 2017, *versus* 268 at the end of 2016. This growth is linked to an increase in permanent contracts (CDI by its French acronym), driven by the creation of new activities within the Group.

2.8.2.1.1. A growing workforce

The number of fixed-term contracts (CDD by its French acronym) as of the 31 December 2017 represent a small share of the workforce (2.1%), down from 2016 (3%). More than 80% of fixed-term contracts involved replacements of employees on maternity or parental leave and 20% were due to increased activity related to disposals of the residential portfolio.

The proportion of apprenticeship contracts remains significant (5%), in line with the policy of developing young talent, with 14 apprentices present as of the 31 December 2017, to which 14 interns were added during the year (not included in the workforce figures).

These students are systematically assigned a supervisor, a professional recognised in their field, within the Company, and are monitored throughout the year by the Human Resources Department. In 2017, all supervisors were offered a full day of training regarding their role. In addition, the Human Resources Department ensures the proper progress of apprenticeships in terms of the tasks assigned, integration into the Company and workload through a mid-year review with each apprentice.

The Company's support for the employment of young people is also reflected in the seasonal recruitment of students, 50% of whom are recruited as part of the "Passerelle" partnership at the Paris and Metz sites, which welcomes young people from two schools, namely Louise Michel (Bobigny) and Blaise Pascal (Forbach), and provides them with their first professional experience.

The geographic distribution of the teams remains stable: 73% in Paris, and, as in previous years, a strong concentration of regional teams in Metz (which represents 80% of employees in the regions). The distribution of socio-professional category (CSP by its French acronym), has seen the greatest change in the Managers category, whose share now exceeds 80% of the workforce thanks to recruitment throughout the year (97% managers) and the promotion of supervisors to manager status.

The turnover rate of permanent contracts is stable at 7.7% and allows for a natural renewal of the Foncière des Régions teams, due to the Group's attractiveness to job seekers, and generates mobility and internal promotions. In 2017, 10 Group employees changed positions (40% of these involving a promotion), *i.e.* 4% of the permanent employees as of the 31 December 2016. Three of these transfers were international and helped reinforce the links between the three main countries where the Group operates.

2.8.2.1.2. An ambitious recruitment policy

The number of new permanent employees recruited in 2017 was very high, with 36 new hires, 75% of whom entered newly-created roles. These new roles served to either strengthen the operational teams and improve the Group's capacity to meet quality requirements in Customer Relations (*e.g.* Product Development and Communication, Marketing, Structural Engineering and Tenant Relations), or to support the creation of new activities, such as coworking or the appraisal of

Office assets within the housing portfolio. In these two cases, dedicated teams were created in 2017, under the leadership of Group employees embodying Foncière des Régions' desire to encourage mobility and the promotion of internal talent. These new hires accounted for 37% of jobs created in 2017, and the coworking activity will continue to generate new hires in 2018 and 2019 as sites open.

Through four interviews, designed as discussions, candidates have the opportunity to obtain a practical overview of the Company and its strategic challenges. An interview with General Management concludes the recruitment process, and is intended as the first stage of a true working partnership. An English test is conducted during the process, in line with the Group's requirements for European integration.

With its long-standing focus on developing talent, Foncière des Régions continues to implement an "incubator" policy through the recruitment of young people under permanent contracts (47% of hires) and apprenticeships. In 2017, Foncière des Régions also strengthened its relationship with schools through its participation in four student forums (ESTP, EDHEC, ESSEC ESCP and HEC) as well as the Real Estate Professions Forum.

INDUCTION PROGRAMME

Foncière des Régions pays particular attention to the integration of new employees. In 2016, the induction programme was reorganised to include an entire day promoting the idea of a "class spirit" among the new hires in a given half-year period. During the course of the day, the Human Resources, Sustainable Development, Internal Audit and the operational departments (Asset Management, Finance, Property Management, etc.) participate in sharing the essential aspects of their roles. The programme ends with each new recruit providing a discovery report to two members of the Management Committee, followed by a breakfast discussion with the Chief Executive Officer.

To increase diversity at Foncière des Régions and take practical measures to promote equal opportunities, the Group works closely with the Article 1 association, which brings together the Frateli and *Passeport Avenir* initiatives, to provide support to promising students from diverse backgrounds (2.7.6.2).

2.8.2.1.3. Enhanced employee engagement

Foncière des Régions' Social Barometer, a survey conducted amongst employees by Kantar TNS in 2015, provided very positive results regarding employees' confidence in management, the quality of life in the workplace, support of the Company's strategy and overall engagement. In 2017, a 2nd release of the survey confirmed and reinforced these very good results.

With an 82% participation rate, the results of the survey are reliable and demonstrate the trust and satisfaction of employees with Foncière des Régions. 81% of respondents stated that they are satisfied with their job, and 82% are proud to work at Foncière des Régions and say positive things about the Company (+7pts *vs* 2015).

83% of employees believe that they can develop their abilities and skills within Foncière des Régions, while 47% agree that they have opportunities to grow and be promoted (+6 pts *vs* 2015). The study also revealed that 85% believe they have a good balance between their private and professional lives (+2 pts *vs* 2015). 80% of respondents trust their direct supervisor, and 91% trust the management team.

A particularly positive sign: 99% of respondents say they are optimistic about the future of Foncière des Régions, and 87% support its strategic direction.

The 2015 survey led to many initiatives: creation of an Innovation Department, implementation of remote-working and collective reflection on working methods and the quality of office spaces. Thus, while 87% of respondents already indicate that they have good working conditions, Foncière des Régions will continue its efforts in this area. A major project was launched in 2017 to make the Company's head office in Paris a showcase of its real estate know-how: implementation of collaborative platforms, creation of a communal space, and the complete renovation of meeting rooms, which now include innovative technologies such as clickshare (wireless shared screen).

A third release of this Barometer, which has become a central tool for measuring the social climate and expectations of employees, is expected to be deployed across all our European operations in 2019.

2.8.2.2. Ensuring skill development and rewarding individual performance

Foncière des Régions considers the development of individual and collective skills as key factors in being able to provide the best possible service to its customers and partners and in ensuring a suitable and motivating career path for each employee.

2.8.2.2.1. A training policy that supports the strategy

Foncière des Régions pays particular attention to developing the skills of its employees: overall, 95% of employees received training in 2017, either in-house or externally, individually or in groups. This rate, which saw a marked increase from the previous year, can be explained by the third edition of our Training Week, as well as through the roll-out of shorter courses that are more easily accessible to all employees. On average, each trained employee received 18 hours of training, *i.e.* more than two days.

An amount equivalent to **3.95%** of total payroll was invested in training in 2017.

In 2017, the primary focus of the training policy was job-specific training (51% of training), with the aim of staying one step ahead of technical and regulatory developments (commercial leases, IGH and ERP regulations, taxation and urban planning), followed by tools (14%), management (10%) and professional efficiency (10%). Skills assessments are also funded for employees who request it (2 employees in 2017).

Many English language courses continue to be provided and are part of the Group's international development strategy: these courses accounted for 8% of the training provided in 2017.

A Customer Relationship development programme was launched in 2017, thanks to a joint effort by the Human Resources Department and the operational departments, following the first customer satisfaction survey conducted in 2016. In particular, a special event day, bringing together over 50 Group employees, helped to establish a common direction and to promote customer values to as many people as possible. As a next step, in 2018 managers and employees will receive specific training involving direct contact with our customers.

TRAINING WEEK

This initiative, where knowledge is shared and internal expertise is highlighted, celebrated its 6th anniversary in 2017 and was attended by 115 participants. During this week, blended learning became part of the training provided by Foncière des Régions, with new teaching methods: e-learning using the platform acquired in 2016, the use of digital tools in classroom sessions for more fun and dynamic exchanges, and the use of tools to promote teamwork and to foster creative energy within the teams.

Pre-retirement training courses are regularly offered to assist those employees approaching retirement age who wish to take such courses (1 employee in 2017).

2.8.2.2.2. Digital transformation

In line with the changes started in 2016, Foncière des Régions continues to adapt its HR offering to the digital world of 2017. In 2017 a digital module was added to the collaborative HR portal open to all Group employees. This module allows employees to access their personal information and online services (certificates, copies of payslips, etc.). It offers employees the option of receiving their electronic payslip securely, and to benefit from the free services made available by the module (receipt of invoices, tax notices, etc.).

In terms of training, digital development has resulted in the creation of an e-learning platform, giving access to document resources and training modules, among which is a digital library offering a wide range of online training on office tools. An e-learning course was made available to all managers to support the annual appraisals – a crucial time for management at Foncière des Régions. Composed of diversified contents (quizzes, videos, coach's advice, document content), this course covers a range of situations that can be encountered during annual appraisals: requesting feedback from the team, jointly setting performance goals, employee motivation, etc.

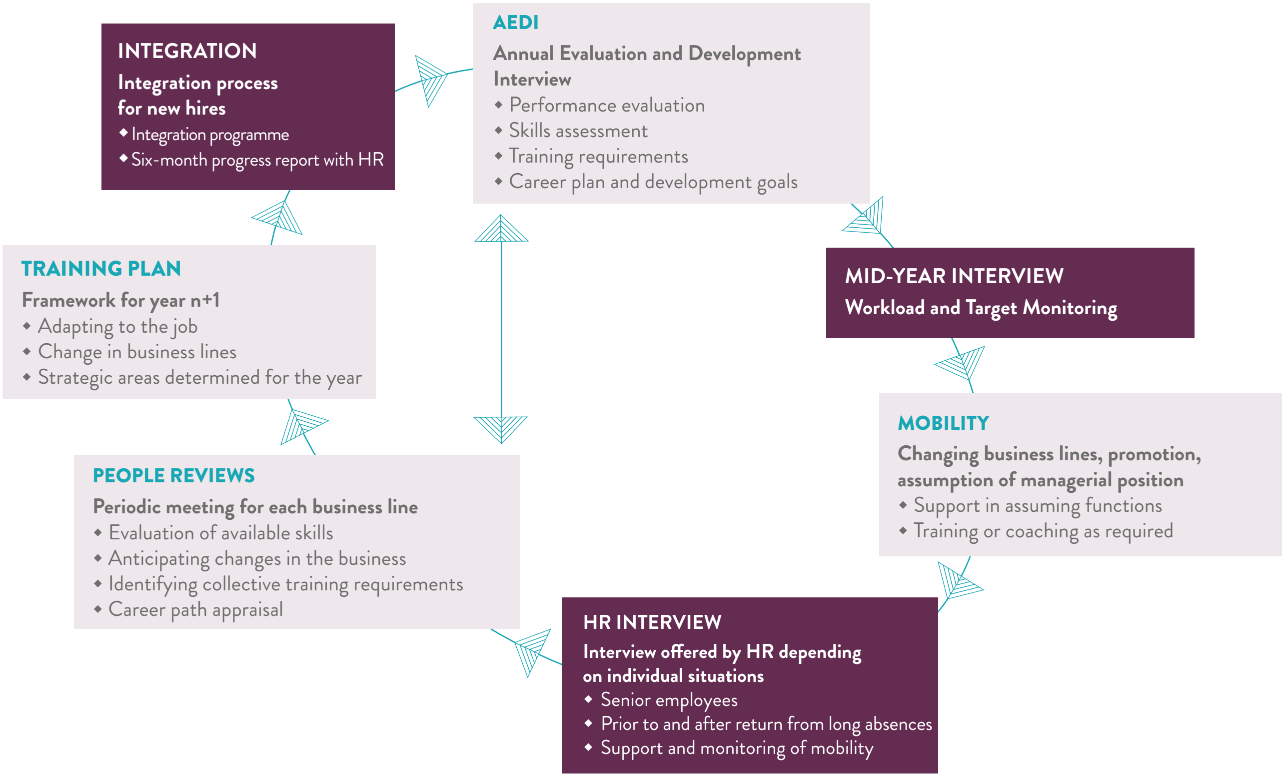
To support the change towards more digital working methods, especially with the replacement of the intranet by a digital portal offering direct links to Office 365, targeted actions have been organised to promote their endorsement by various stakeholders (internal relay network, managers and employees). They are now using new collaborative methods thanks to Office 365 technology, becoming familiar with the different applications, and quickly adapting to changing work methods. 30% of the workforce received training in 2017 – a significant effort that will continue in 2018.

Finally, new training courses in cyber security have also been set up, in connection with the challenges of securing the Group's sensitive data.

2.8.2.2.3. Integrated and dynamic career management

The annual appraisal meetings between employees and their managers, along with the various interviews conducted by the Human Resources Department, lie at the heart of the professional development programme for every employee. In 2017, 99% of employees present had their annual appraisal meeting with their manager backed by a new computer application which was fully developed in-house reflecting user needs. The interviews are based on two separate aspects of equal importance: a first part dedicated to performance, which assesses the achievement of objectives, measures the employee's main results, in terms of both quantity and quality, and sets the following year's objectives; the second part is fully dedicated to skill development and career management, which form the cornerstone of the new compulsory employee appraisal since the French Professional Training Reform came into force. If mobility is requested in the short term (1 year) or medium term (3 years) during this interview, an additional exploratory interview is scheduled with the Human Resources team to search for growth opportunities through internal postings.

› Career Management Diagram



From a common point of view, People Reviews provide an overview of a business line's talent pool and the keys to employee retention, development and recruitment, based on the business line's development, objectives, and associated job market.

2.8.2.2.4. Performance-based pay

The bonus-pay policy is incorporated into the concept of individual performance, based on the extent to which the business objectives determined during the annual appraisal meeting were achieved. The challenge is to make this measurement of an employee's contribution to the Group more objective and more transparent to our employees. Hence 66% of the individual bonuses awarded in 2017 evolved compared with 2016.

Employee incentives, profit-sharing schemes and savings agreements have been rolled out within the ESU as part of the agreements re-negotiated and signed in 2016. An average incentive of 9.66% of annual salary averages was paid to employees in 2017 based on their performance in 2016. 89% of the beneficiaries opted to invest all or part of their bonuses in the Group Savings Plan. 80% of the beneficiaries chose to invest in Foncière des Régions shares; such an investment leads to an additional contribution from the Group in order to encourage employee shareholding. This system has received increasing success as evidenced by the fact that 74% of the beneficiaries made this choice in 2016.

Since 2013, the bonus criteria for executives have included the CSR dimension, particularly in terms of improving the quality of the portfolio and its percentage of "green" buildings.

2.8.2.3. Commitment to the well-being of employees

Foncière des Régions remains committed to Quality of Life at Work, particularly within the context of the Quality of Life at Work agreement signed in 2014, according to which numerous tools were introduced:

- *ad hoc* committee composed of elected CHCST representatives, trade union representatives and management representatives (met five times in 2017)
- whistle-blowing procedure covering possible cases of harassment
- telephone counselling by qualified psychologists available twenty-four hours/seven days a week *via* a free-phone number.

In 2017, all new joiners were informed of these provisions and made aware of the prevention of psychosocial risks, in line with the actions carried out over the past two years for all employees.

In 2017, Foncière des Régions allowed employees who wanted to, to try out a new way of organising their work: working from home. An experimentation charter, based on the recommendations of an interdisciplinary working group, set out the conditions of access and the ways in which employees could work from home at Foncière des Régions. 61% of employees (which represents 100% of applications submitted as part of the experiment) have thus regularly worked from home in fixed or flexible mode, for up to five days per month.

Given the overwhelmingly positive results of the experiment, Foncière des Régions decided to continue to offer working from home through a collective agreement signed in early 2018. At 31 December 2017, 61% of the eligible workforce (employees on permanent and fixed-term contracts with more than six months of service) were working from home an average of three days per month. This compares well with the average in private sector companies also offering working from home, which is between 30% and 60% of employees working from home. Through an assessment survey, 97% of employees reported that employee well-being has improved, and 81% reported an increase in their motivation.

INTERVIEWS TO MONITOR WORKLOAD

The mid-year interviews, introduced under the agreement of 25 November 2014 on the reorganisation and reduction of working time, are an effective ways of raising the alarm in the event of work overload, in line with the measures laid down for the prevention of stress and psychosocial risks. In 2017, 20% of interviewees reported an occasional increase in workload during the year, and 100% of cases resulted in formal action plans. The Human Resources Department shares with staff representatives within the QVT Commission a summary of the alerts identified, their level of severity, as well as the action plans put in place.

In 2017, four employees had a consultation with an ergonomist and a review of their workstation; adjustments were made to two workstations following the recommendations made.

A free flu vaccination was offered to all employees in 2017.

In terms of work safety, Foncière des Régions is committed to meeting and exceeding statutory regulations, with 11% of employees holding first-aid rescue worker (SST) certificates. The prevention of electrical risks is also taken into account through the H0-B0[1] accreditation of all employees exposed to this type of risk within the Real Estate Engineering and IT Departments. The workplace accident rate remains very low at 0.79%.

2.8.2.4. Promoting diversity and equality

As a signatory of the Diversity Charter in 2010 and the Global Compact in 2011, Foncière des Régions pursues its policy by continuing to apply the agreements signed since 2011, in particular by systematically analysing wage gaps between people performing the same job, starting with any wage that is 5% below the median. Following this analysis in 2017, the salaries of five staff members were adjusted.

The gender distribution of the workforce is changing in favour of women (58% at the end of 2017 *vs* 55% at the end of 2016); likewise, with respect to managerial functions, the equality of distribution is close: as of the 31 December 2017, 48% of managers were women *vs* 42% at the end of 2016. In 2017, the proportion of women on the Foncière des Régions Senior Management Committee reached 37%, and women made up 43% of the European Management Committee.

In 2017, Foncière des Régions launched the *ex-aequo* programme with the goal of continuing to foster the promotion of women at the European level (2.8.1).

In terms of recruitment, the review of applications and invitations for job interviews has been under analysis since 2013 to ensure diversity amongst the candidates' profiles considered for each job. Every year, the Human Resources Department presents a report to the members of the Equality Diversity Commission (staff representatives) on the number of applications reviewed split by gender, age and disability, at each stage of the recruitment process (CV short-listing, feedback following the job interview, final decision).

No complaints related to discrimination issues were submitted to the Ethics Officer in 2017.

› Split between men and women in managerial positions

Concerning the support provided to the more senior workforce, Foncière des Régions introduced a systematic interview with the Human Resources Department in the year of each employee's 55th birthday. This interview, which can be renewed annually for employees at their request, examines issues relating to the workstation, desired changes, and measures to be taken in terms of ergonomics, etc. In 2017, 100% of senior employees were invited to this interview and 30% agreed to take part (compared to 64% in 2016, the decrease can be explained by a desire by senior employees to hold this interview on a bi-annual basis rather than an annual basis). In addition, Foncière des Régions allows employees over 55 to work part-time while maintaining their retirement contributions based on full-time employment. In 2017, four employees took advantage of this provision, *i.e.* nearly 15% of eligible senior employees.

2.8.2.5. Ensuring transparent social dialogue

During three Works Council (WC) meetings held in 2017, the employee representatives were informed and consulted regarding the Group's social policy, its economic and financial position, as well as its strategic priorities and their social impact (particularly with respect to changes in jobs and skills).

Social dialogue was also facilitated by two extraordinary WC meetings related to the Group's developments, one dedicated to a merger transaction involving the integration of three employees, the other regarding Foncière Développement Logements' delisting.

The WC was included and consulted regarding the rollout of the working from home experimentation charter, which was transformed into a collective agreement following the pilot project.

Staff Representative Bodies were also involved in the project to change the (Complementary) Health Insurance cover, making it possible to comply with the regulatory provisions known as "Contrat Responsable" of the French Social Security Financing Act of 2014, which imposes caps on supplementary health cover in order to make citizens and medical professions more accountable in controlling health expenditure. In order to maintain an equivalent level of cover at a similar cost, since 1 January 2018, Foncière des Régions has been financing 75% of the basic health supplement for non-managerial positions, and 65% of the supplement for managers (compared to 70% and 60% previously).

In addition, for the past few years, Foncière des Régions has obtained the agreement of the union representatives regarding salaries as part of the mandatory annual negotiations. In 2017, several measures were renewed under this process, including the allocation of bonus shares in particular.

Under the terms of a more comprehensive Sustainable Development policy, as of 1 January 2017, the Group reimburses 80% of the cost of public transport to employees (rather than the mandatory 50%).

(1) The H0-B0 electrical accreditation concerns all activities performed in electrical rooms and all electrical work carried out on a professional basis.

The signature of an agreement with union representatives on the reimbursement of mileage allowances for employees commuting to work by bike is another step forward in this direction.

2.8.2.6. Advancing together

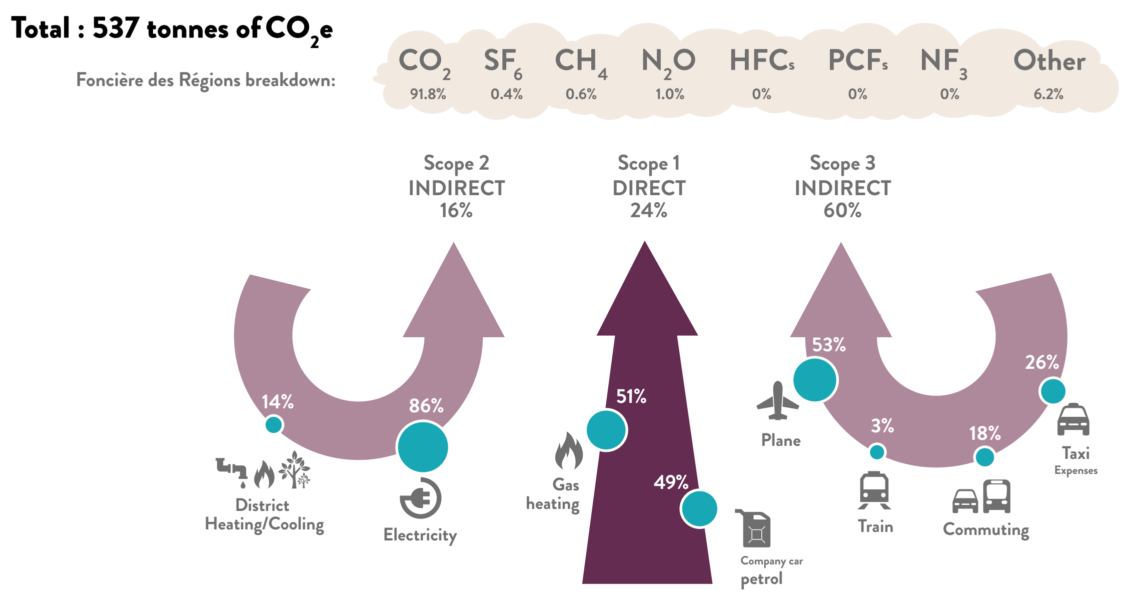
Foncière des Régions strives to be exemplary in its day-to-day operations, applying best practices to reduce the environmental footprint in its own offices. This stance is part of the Group's Sustainable Development policy and requires each employee's commitment.

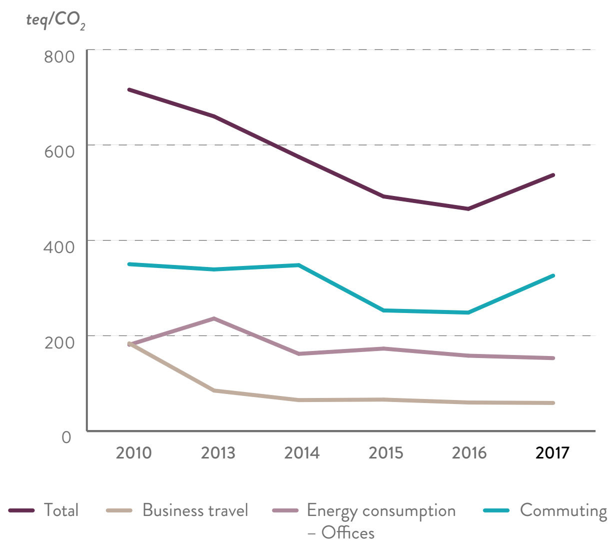
2.8.2.6.1. Annual assessment of greenhouse gas emissions

Every year, Foncière des Régions assesses the greenhouse gas emissions on its three sites: two in Paris and one in Metz (two floors of the seven-storey Le Divo building). In 2017, this scope covered 96% of the workforce of the Foncière des Régions ESU. The measurements are monitored by an independent third party, EY, as part of its engagement to verify its CSR information.

The greenhouse gas footprint is calculated based on the ADEME V7 carbon footprint table. The results are presented according to the three emission scopes defined by the GHG Protocol, a recognised international standard:

- scope 1 – direct emissions: this involves direct emissions related to the burning of fossil fuels in buildings or company vehicles. For Foncière des Régions, this corresponds to the consumption of natural gas (67 tCO_2/year) and fuel in service vehicles and company cars (64 tCO_2/year)
- scope 2 – indirect emissions from purchased electricity, heating, and cooling: for Foncière des Régions, this corresponds to the consumption of electricity (74 tCO_2/year *vs* 80 tCO_2/year in 2016) and the heating and cooling networks (12 tCO_2/year)
- scope 3 – other indirect emissions: all other indirect emissions, including passenger transport. For Foncière des Régions, other indirect emissions come primarily from transport inherent to the business (261 tCO_2/year), as well as commuting to work (59 tCO_2/year). Commuting emissions take account of the mode of transport of each employee, the type of energy of all motor vehicles used, as well as their precise mileage.





2017 saw a per-employee increase of 1.99 tCO_2 (*vs* 1.84 (1) tCO_2 in 2016, 1.93 in 2015, 2.2 in 2014, 2.3 in 2013 and 2.8 in 2010). This change is mainly due to the increase in business travel, including employee flights between the Group's various entities.

A VIRTUOUS TRAVEL POLICY

Employees are encouraged to use public transport: for business trips, air travel is restricted to trips that would take more than three hours by train. For Paris and its region, the Autolib' solution is offered as an alternative to taxi travel, and 80% of public transport costs are paid for by the Company. The reimbursement of mileage allowances for employees commuting to the office by bicycle and the provision of secure storage in Paris and Metz also help to encourage employees towards more environmentally-friendly modes of commuting to work. In 2017, Foncière des Régions set up a Mobility Plan, including the measures already in place and the areas to be developed to reduce the carbon footprint associated with employee transport.

(1) The 2016 has been modified in 2017 due to adjustments.

2.8.2.6.2. Exemplary premises

The Foncière des Régions' commitment to Sustainable Development relies on the active involvement of all employees, both in their work and through environmentally-conscious action which is gradually becoming essential in everyday life. Employees are demanding more and more tangible efforts from the Company in favour of the environment and urban life. Initiatives taken in this area contribute to their pride in working for the Company. Such initiatives are numerous:

- HQE certification for the Le Divo building and BREEAM In-Use certification for the head office at 30 and 10 avenue Kléber in Paris (16th arrondissement)
- renovation work to improve the buildings' energy efficiency: efficient heating and cooling systems, LED lighting, motion detectors in common areas, etc.
- waste sorting and recycling of all paper and cardboard (or 80% of office waste). In 2017, 23 tonnes of paper waste were collected at the two sites in Paris (*versus* 21 tonnes in 2016). The difference can be explained by the completion of the office upgrade; the relocation of staff offered them an opportunity to discard old files
- gradual extension of sorting to other waste (metal, plastic, etc.)
- collection and recycling of coffee capsules
- increased use of Ecolabel cleaning products and cleansers
- collection of printer toners, batteries and plastic caps for recycling
- water savings thanks to the introduction of motion-detector taps, and dual-flush toilets allowing significant reductions in water consumption.

2.8.2.6.3. Committed employees

The process of change relies on a set of comprehensive actions. These include the regular publication of awareness-raising articles *via* the Group's intranet, and monthly FDR Meetings, consisting of bi-monthly awareness and information meetings. Experts (start-ups, design offices, lawyers, etc.) on CSR topics (BIM, wood-based construction, biodiversity, etc.), or innovation (new uses, artificial intelligence, etc.) present innovative solutions or the results of studies mandated by Foncière des Régions (intangible value, cyber-security, etc.). These meetings can also take the form of employee tours of remarkable buildings based around the topics of innovation and Sustainable Development.

In line with the Paper Policy launched in 2013, all paper used in Foncière des Régions' printers is PEFC[1] certified (paper stemming from sustainably managed forests), and bears the European Ecolabel (taking into account the product's entire life cycle, its quality and its use). This Paper Policy applies to all printouts and external publications related to administration (reports, etc.) and marketing (brochures, etc.). In 2017, print-related paper consumption was 1.95 tonne.

2.8.2.6.4. Exemplary IT solutions

By firmly shifting its IT system towards cloud computing, mobility and collaborative tools, Foncière des Régions has confirmed its commitment to Sustainable Development and innovation.

By managing its own infrastructure and rolling out increasingly advanced tools in terms of consumption (electricity, data, etc.), Foncière des Régions is improving its carbon footprint.

In terms of security, sensitive business data is managed and secured within a dedicated data centre. A business continuity plan has been rolled out and is tested periodically. In 2017 specific studies were carried out on the issue of cyber security and specific insurance was purchased to cover the corporate levels in France, Germany and Italy.

2.8.3. *Beni Stabili*

Beni Stabili's workforce is independent of the Foncière des Régions ESU; however, its HR policy is driven by the same objectives: remuneration in line with each person's performance, ambitious career development plans, respect of work-life balance, ethical guidelines disseminated to each employee *via* a specific ethics charter (signed by each employee), and an appropriate health and safety policy.

2.8.3.1. Successful integration

In December 2016, the property management company Revalo was taken over by Beni Stabili. The workforce of the Italian subsidiary of Foncière des Régions has thus increased from 60 to 148 employees distributed between Milan and Rome.

The new entity is home to new business lines and provides new tools (Altaïx for billing and monitoring of rents and expenses, etc.). In this context, the share of fixed-term contracts rose from 3% to 10% in one year. These fixed-term contracts essentially correspond to the greater flexibility required in the property management business.

Part-time work remains undeveloped in Italy, contrary to what is observed within the Group in France, and especially in Germany (2.8.4). The proportion of employees who wish to organise their working time in this way is slowly increasing: 2% in 2015, 3% in 2016 and 4% in 2017.

One of the major effects of the integration of Revalo was the significant increase in the number of employees located in Rome: 99 as of the 31 December 2017, compared with 28 at the end of 2016.

While the development and asset management activities are mainly based in Milan, those of Revalo (property management, especially for third parties) are mainly located in Rome. In order to ensure the synergy between the teams, the Rome-based staff were grouped in the same building.

(1) Programme for the Endorsement of Forest Certification.

Beni Stabili's change in size, however, did not have a significant impact on the percentage of managers – 21% of employees (*vs.* 20% at the end of 2016) – or the gender distribution – 52% men (*vs* 53% at the end of 2016) and 48% women (*vs.* 47% at the end of 2016). The share of female managers has changed positively, from 33 to 39% of the workforce. These data are described in detail in Chapter 2.10.2.2 of this document.

Up by 5 points compared to the previous year, 14 new permanent contracts were awarded in 2017 to strengthen the development, asset management and property management teams. They correspond exactly to the number of departures, *i.e.* 9.5% of the 2017 workforce. In addition, 23 people benefited from an internal mobility process in 2017.

Beni Stabili's workforce turn-over rate fell by more than 4 points, from 13.3% in 2016 to 9.5% in 2017, demonstrating employees' confidence in the company's strategy, even within a healthy job market.

2.8.3.2. Skill development

Beni Stabili's training programme was significantly strengthened in 2017, both in terms of business skills and languages (IT, finance, English, etc.) and soft skills (management, well-being, etc.).

In 2017, the average number of training hours reached 13.9 hours per employee (women: 11.4 hours, men: 15.5 hours), including 16.5 hours for non-managerial staff and 8.8 hours for managers.

The Human Resources Department helped with the transition to in-house property management by launching 10 workshops during 2017, with the aim of unifying working methods and developing and reinforcing a number of key skills.

Some 30 employees attended these workshops and the results were communicated to the entire Beni Stabili workforce. This support for the integration of Revalo employees strengthened team spirit and played a key role in establishing the new organisation, capitalising on the skills and experience of each employee. On this occasion, the Development and Property Management teams came together to jointly develop new products and premium services to offer tenants and the company's partners.

The apprenticeship system is less developed in Italy than in France. At Beni Stabili, it represents only 1% of jobs as as of the 31 December 2017 (included as part of the social reporting scope). Nevertheless, as part of the Group's equal opportunities policy, the decision was taken to take on a greater number of work-study students within the company.

2.8.3.3. Health and safety, a core element of the Company's social policy

In accordance with Italian regulations, Beni Stabili employees are represented by a Health, Safety Committee. This Committee meets at least once a quarter. An "Employee Safety Officer" position also exists within the company. He or she is in charge of verifying that the organisation complies with applicable safety and security principles.

100% of Beni Stabili's employees are represented on joint management/employee committees on health and safety matters, the aim of which is to monitor and advise on health and safety aspects. (GRI 403-1).

The absenteeism rate remains stable at Beni Stabili – around 2% since 2015.

In 2017, four accidents occurred during employees' commute, bringing the accident rate to 2.7%. Beni Stabili has not reported any case of work-related illness or death amongst its employees. All accident information is stored in a digital Health and Safety tracking system. The severity and frequency rates are 0.34 and 18.13 respectively in 2017.

2.8.3.4. Promoting equality and diversity

Beni Stabili promotes its diversity and equality values through its recruitment and mobility actions. The principle of "equal pay for equal work" must be adapted in Italy to the principle of taking seniority into account when calculating wages.

While not exclusive of the complementary measures implemented by Beni Stabili to acknowledge performance and achievement of objectives (bonuses, free shares, retention plans), this principle laid down by the collective agreement explains a difference in the basic average level of pay for men and women occupying equivalent positions in the company: men, with higher average seniority than women, benefit from higher basic pay.

The integration of the property management activity resulted in a decrease in the company's average salary while reducing the average wage gap between men and women. It should be noted that these differences were subject to a detailed analysis in the first quarter of 2017: no unexplainable deviations have been identified. This same work will be repeated in 2018 to take into account the new scope including Revalo.

2% is the average salary gap between male and female managers.

Beni Stabili takes steps to prevent all forms of discrimination. In line with this commitment, the company has developed a recruitment guide for Human Resources and managers, in order to recall the principles of non-discrimination in hiring and applicable regulations in this area. Beni Stabili has also moved towards a wider mix of applications for all positions (2.9.1). Equal opportunities for men and women are also supported by the introduction of the *ex-aequo* programme at the European level (2.8.1).

In addition, all employees agree to the Beni Stabili Code of Conduct upon hiring. This Code makes each employee responsible for upholding the rules of honour, morality and professional ethics and specifies the actions to be taken to enforce these rules.

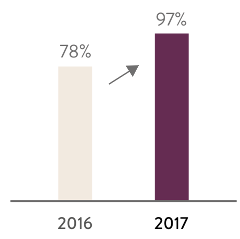
Finally, as of 31 December 2017, 4% of Beni Stabili's workforce were persons with disabilities – twice as many as at the end of 2016.

2.8.3.5. Developing a constructive social climate

Today, all members of the workforce are involved in the annual performance interviews initially set up in 2015. In 2017, 97% of interviews were conducted, up 19 points over 2016. In 2017, Revalo employees were also included in this process. Through this process, there is an opportunity for employees to identify areas for improvement and training needs in conjunction with his or her line manage.

These interviews are also used in the analysis and awarding of bonuses based on individual and collective performance. 70% of the workforce in 2017 received bonuses and/or salary increases.

› Share of employees who underwent an annual performance interview in 2017



100% of the workforce is covered by a collective bargaining agreement. As with the other subsidiaries of Foncière des Régions, Beni Stabili respects freedom of association and the right to collective bargaining.

2.8.4. *Immeo*

With 416 employees (independent of the Foncière des Régions ESU) at 31 December 2017, Immeo represents almost half of the Group's workforce.

Although Immeo's headquarters have historically been based in Oberhausen, the location of the workforce is evolving to support the strategy of geographical reallocation of assets in Berlin, Dresden, Hamburg and Leipzig. A new building development activity was also launched in Berlin in 2017.

Sharing the values and ambitions of the Group, the core focus of Immeo's Human Resources policy relies on the recruitment and retention of talent. Thus, Immeo provides employees with training to prepare them for the future and enable them to develop key skills within a work environment that promotes team productivity and cooperation.

2.8.4.1. Breakdown and evolution of the workforce in 2017

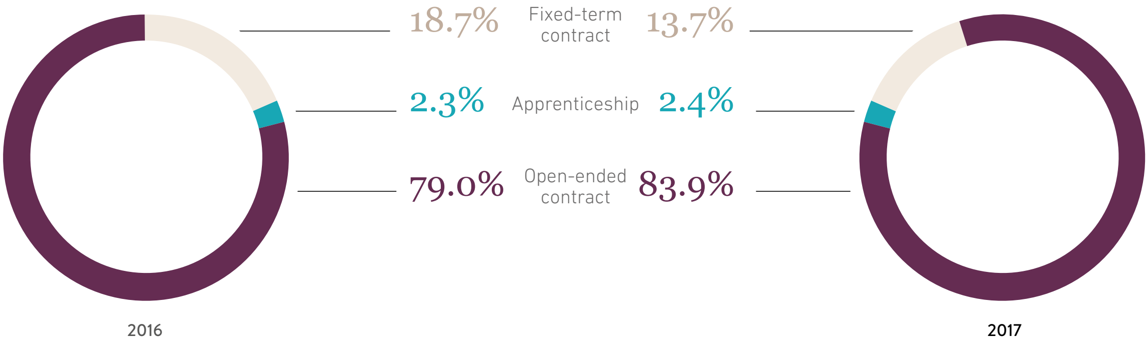
The growing role played by Berlin in recent years in Immeo's activity has had an effect on the geographical distribution of the workforce in Germany. As of 31 December 2017, 68 employees worked in Berlin – 19 more than in 2016. However, 77% of the workforce remains located in North Rhine-Westphalia, and most are in the Oberhausen head office. This trend, combined with increased exchanges between the regional branches, has given rise to specific training to increase the efficiency of remote working and facilitate better collaboration between teams.

Immeo promotes access to employment for students, with fixed-term contracts of up to 20 hours per week, as provided by German law. These contracts are not included in the total workforce numbers. In addition, the company welcomed 10 students under vocational training contracts during the year.

Immeo's workforce shows a near equal gender composition, with 51% male employees and 49% female employees. The share of female managers is increasing for the second year in a row: +7.2 points compared to 2016. These results are in line with the efforts of the European *ex-aequo* programme.

The share of employees with permanent contracts continues to grow this year, reaching 83.9% of the total workforce (*vs* 79% at the end of 2016), demonstrating the priority on talent retention within Immeo.

› Breakdown of employees by contract type



To increase its attractiveness and ensure a good renewal of teams within a dynamic job market, the company has set up a programme to strengthen its brand as an employer. Designed in 2017, it will take effect in 2018 with the redesign of its recruitment website and new benefits and services for employees (2.8.4.3). During the year, 17 people under the age of 30 were recruited, equivalent to 34% of the workforce in this age group at the end of 2017.

In 2017, Immeo welcomed 58 new employees (across all contract categories) to meet the requirements created by the departure of 39 employees (mainly due to retirement) and the growth of its business activities, particularly in Berlin. Staff turnover was 9.4% in 2017, down from 2016 for men (-3.1 points) and even more so for women (-5.3 points). Turnover was 8.5% for permanent employees. The recruitment rate is increasing, reaching 13.9% this year (*vs* 11% in 2016) – evidence of Immeo's attractiveness on the job market.

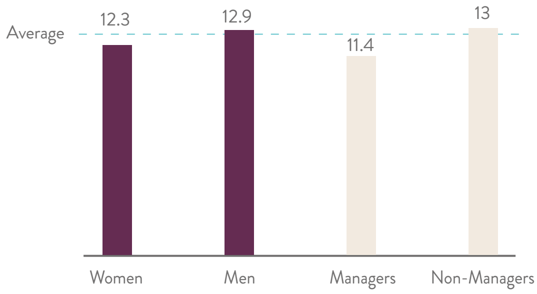
2.8.4.2. Developing and retaining talent

Immeo pays particular attention to training its employees and the development of both individual and collective skills.

The training programmes are developed by Immeo's Human Resources department in accordance with the Group's strategy. These programmes, naturally, take into account the needs and demands of each employee and aim to reinforce specific human (soft skills), technical, computer, language or even legal skills. In addition, coaching sessions and seminars are held to allow managers to learn about new coaching practices and to share their experiences. The staff in charge of marketing residences also benefitted from additional training in business techniques.

The implementation of the Ethics Charter in 2016 was the subject of a major training plan for all Immeo employees. In 2017, this plan targeted new hires, which explains the drop in the percentage of employees trained compared to last year (48% *vs* 90%). Nevertheless, the average number of hours of training per employee trained increased by 50% compared to 2016, to a level of 12:48 hours.

› Average number of training hours per employee in 2017 split by gender and managerial responsibility



In order to ensure the smooth integration of new hires and trainees, Immeo regularly arranges tours of new properties or cities with interesting features for the residential sector.

In 2017, 18 employees benefited from internal, vertical or horizontal mobility.

Immeo's pay policy has undergone significant changes in 2017 in order to open the possibility for employees who so wish to benefit from a more incentive-based compensation model linked to their performance and contribution to the company's results (2.8.4.6).

2.8.4.3. Ensuring a work environment that respects health and well-being

The Group places great importance on the safety and well-being of its employees. Immeo commissions an external health and safety specialist to ensure, through biweekly audits, its compliance with standards in this area.

At the same time, Immeo has implemented a number of initiatives supporting its employees' health and well-being, such as a flu vaccine, skin cancer detection sessions, smoking cessation coaching, a glasses purchase subsidy, installing height-adjustable desks for employees with back problems, etc. Yoga classes are also offered to the Berlin teams and a partnership with a national gym chain was signed in early 2018 to allow employees to benefit from preferential rates.

After an increase in 2016 – mainly due to a flu epidemic – absenteeism decreased this year to 3.6% (compared to 4.1% in 2016). The gap in absenteeism between men and women is not significant (3.3% and 3.9% respectively).

The organisation of working time has evolved as a result of the new company agreement concerning the revision of the remuneration model (2.8.4.6). Employees who have chosen this new method for organising their working time agree to work 40 hours per week. In such cases, the duration of business trips is included in the calculation of working time.

Immeo has set up a reintegration process for employees after a long absence due to illness, in cooperation with the company physician. After a long absence, these employees benefit from customized support which can include modified work hours, changes to the workstation or even a new role within the organisation.

Accidents in the workplace or during employee travel are monitored by the Human Resources department. Given the nature of Immeo's business, the main accident risk for employees involves business travel and commuting. Thus, in 2017, of the eight occupational accidents recorded, half occurred during such trips. Other accidents included minor incidents such as falls without serious consequences or minor injuries (cuts). In 2017, Immeo did not report any case of occupational illness or a fatal accident.

2.8.4.4. Combatting all forms of discrimination

Through the implementation of various measures, Immeo is committed to ensuring the equal treatment of all its employees.

The company provides a family-friendly environment. Irrespective of whether the employee is the mother or the father, parents can benefit from a working time arrangement during their parental leave and opt for part-time work. 100% of employees return to their positions at the end of their parental leave and can benefit, if they wish, from an adjustment to their work hours. Working from home can also be implemented on a case-by-case basis, depending on the employee's situation. Work schedules can also be made flexible for parents of children under 16 years of age.

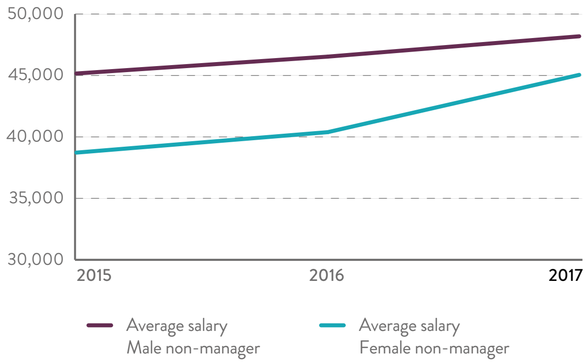
Immeo's remuneration policy is based on strict gender equality. In accordance with this key aspect of German Labour Law, set out in the AGG (Federal Directive on equal treatment), and as provided for in the Immeo collective bargaining agreement, the employer must ensure equal pay for equal skills and positions.

Remuneration levels and average gender wage differences are regularly monitored. The ratio of the average salary for women/men was 0.86 in 2017 (2.10.2.3), up 6 points compared to 2016 (0.80).

This positive trend can be explained by the increase in the number of female managers (31.3% in 2017 *vs* 25.6% in 2016). The difference between the average annual salary of women (€46,595) and that of men (€53,884) can be explained by the proportion of male managers, the higher level of seniority amongst men and the fact that 87% of employees who perform part-time work are women.

For non-managers, the trend is towards the convergence of average pay levels between men and women.

› Gender wage gap (non-manager category)



The anti-discrimination policy also covers the recruitment phase: during the recruitment process, the Human Resources Department submits at least one application from each gender to the manager of the team associated with the recruitment. Moreover, following a decision by the German Constitutional Court and ahead of its peers in addressing discrimination issues, in this case vis-à-vis transgender people, Immeo SE now adds the term "Diverse" to its job offers: "Job offer (Male/Female/Diverse)".

Under circumstances of equal qualifications, the company also promotes the recruitment of candidates with disabilities. This strong commitment is reflected in the high proportion of employees with disabilities: 5.1%.

2.8.4.5. Facilitating dialogue with employees

The social dialogue within Immeo is organised through various channels.

As in France and Italy, the German Constitution (Article 9 of the Grundgestetz) guarantees companies and their employees the freedom to join or abstain from joining a professional association or union. Every month, a meeting is organised to discuss different topics and is attended by Immeo management, the Human Resources Director and employee representative bodies. Department managers are responsible for relaying information about potential changes to working conditions. All information related to collective bargaining agreements, ethical principles, major divestments and acquisitions made by the company and the Foncière des Régions Group's strategy and news updates are made available to employees *via* the intranet. Immeo SE holds an annual seminar for all its employees. The 2017 session was held in Berlin and included presentations on the main strategic directions of the Group and the progress of the *ex-aequo* programme (2.8.1).

The Human Resources Department has set up a dispute management procedure in collaboration with staff representatives to promote a productive and peaceful working environment. This procedure, which is strictly confidential, provides for mediation support for the person or people concerned, led by the Human Resources Director and supported by a staff representative. The existence of this procedure was widely communicated to employees and has been a tool for successfully resolving several disputes.

2.8.4.6. Offering incentive compensation

In 2017, Immeo SE developed a new employee compensation model. Until then, the large majority of employees (75.8% in 2016) were covered by a collective bargaining agreement for real estate management workers.

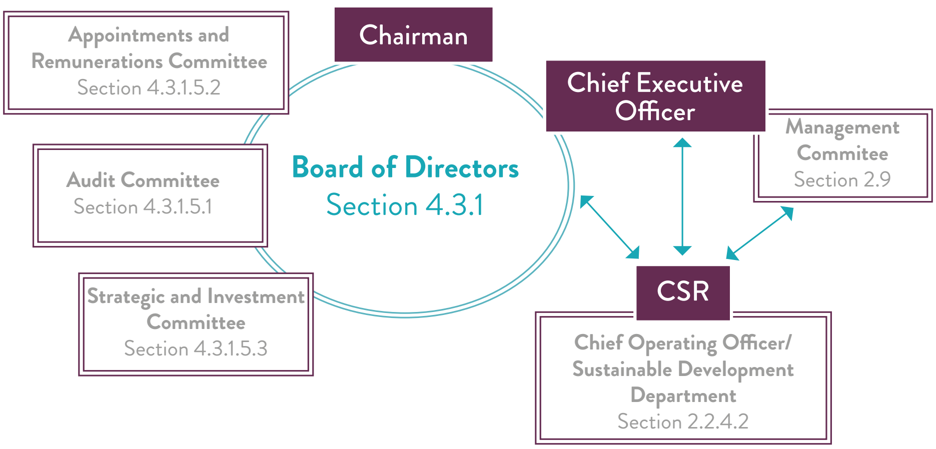
With a desire to promote a fairer, performance-based compensation system, Immeo SE entered into a collective bargaining agreement of its own, offering a new compensation model that includes a possible bonus. This agreement was negotiated and approved by staff representative bodies. Employees who so wish can choose to join this new model or remain covered by the previous collective bargaining agreement. As of 31 December 2017, 99% of the workforce was covered by one of these two collective agreements; only four executive managers are not covered due to their different contractual status.

2.9. GOVERNANCE BASED ON ETHICS AND PERFORMANCE

For the past several years, Foncière des Régions' Governance was amended in line with the changes in the Group's size. The largest shareholder, Leonardo Del Vecchio, *via* his holding company Delfin, is Italian and for several years now the composition of the Foncière des Régions Board of Directors has been diverse. The Board of Directors' strategic seminars are regularly held in locations other than in Paris (*e.g.* Berlin, Milan, etc.) with the aim of achieving a better understanding the specificities of certain products and markets. Furthermore, a European Management Committee was created in 2017 and is in charge of steering company-wide issues.

2.9.1. Open and transparent Governance

In 2011, Foncière des Régions opted to separate the functions of Chairman and Chief Executive Officer. The Chairman of the Board of Directors, who is also an independent Director, ensures that the Governance bodies are transparent and effective. His ongoing discussions with the Chief Executive Officer help bolster the operation of the Board and the efficiency of its meetings.



The Board of Directors approves the Group's strategic direction and oversees its implementation. It pays special attention to monitoring CSR performance. The Board's composition brings together individuals with complementary experiences and skills, striking a balance between the independence of its members, diversity, parity and international perspective.

› Governance in figures

15
MEMBERS OF THE BOARD OF DIRECTORS

60%
INDEPENDENT DIRECTORS

40%
OF DIRECTORS ARE FEMALE

1
EUROPEAN CODE OF ETHICS

4
2017 EPRA AWARDS FOR FONCIÈRE DES RÉGIONS AND BENI STABILI

2.9.2. *A Governance structure that follows the recommendations of the Afep-Medef code and ensures its effectiveness*

In November 2008, Foncière des Régions adopted the Afep-Medef Code as a reference framework for its corporate governance. To date it continues to refer to this code, in its revised version published on 24 November 2016, and draws on the work of the High Committee on Corporate Governance, on the various recommendations of the Financial Markets Authority, the EPRA and the Code of Ethics of the Federation of Real Estate and Land Companies (FSIF).

Since 2013, Foncière des Régions has increased the percentage of independent Directors and the number of female Board members, while ensuring greater knowledge within the Board regarding legal, environmental and financial matters.

These improvements have enabled Foncière des Régions to adopt an open, transparent, and ethical Governance system that is suited to its shareholding structure and will serve the long-term interests of the Company, its shareholders, tenants, stakeholders and employees.

These efforts were applauded by analysts and rating agencies, and notably recognised with a Silver medal in the "Governance Progress" category of the AGEFI Competition in 2016.

2.9.3. The Board of Directors at the centre of corporate governance

2.9.3.1. Composition and operation of the Board of Directors and its Committees

The Governance of Foncière des Régions is based on a Board of Directors structure, with separation of the functions of Chairman of the Board and Chief Executive Officer.

As of 31 December 2017, the Board of Directors is made up of 15 members:

Director	Role	Age	Nationality	Date first appointed to the Board	Year of expiry of term of office	Serves on which Committee(s)(1)	Independent Director	Gross amount of attendance fees
Jean Laurent	Chairman	73	French	31/01/2011	2019	C and B guest	x	-
Leonardo Del Vecchio	Vice-Chairman	82	Italian	31/01/2011	2019	C		€12,000
ACM Vie, represented by Catherine Allonas Barthe	Director	63	French	31/01/2011	2018	C		€19,000
Romolo Bardin	Director	39	Italian	17/04/2015	2018	A – C		€63,000
Delphine Benchetrit	Director	49	French	17/04/2015	2018		x	€34,000
Jean-Luc Biamonti	Director	64	Monegasque	31/01/2011	2021	A – B	x	€59,000
Sigrid Duhamel	Director	52	French and Danish	28/04/2014	2018	A	x	€35,000
Bertrand de Feydeau	Director	69	French	31/01/2011	2019	A	x	€45,000
Christophe Kullmann	Chief Executive Officer and Director	52	French	25/04/2012	2020			-
Covéa Coopérations, represented by Éric Lécuyer(2)	Director	64	French	17/02/2016	2019	C		€51,000
Sylvie Ouziel	Director	48	French	24/04/2013	2021	A	x	€40,000
Predica, represented by Jérôme Grivet	Director	56	French	31/01/2011	2021	B – C		€52,000
Patricia Savin	Director	52	French	27/04/2016	2020		x	€30,000
Catherine Soubie	Director	52	French	27/04/2016	2020	B	x	€42,125
Pierre Vaquier	Director	61	French	31/01/2011	2021	B	x	€45,000
Sergio Erede	Non-voting member	77	Italian	17/04/2015	2019	guest B – C		€52,000

(1) (A – Audit Committee/B – Appointments and Remuneration Committee/C – Strategic and Investment Committee).
(2) Laurent Tollié succeeded him as of 1 January 2018.

In 2015, the Board of Directors appointed Sergio Erede as the Board's Non-Voting Member.

In accordance with legal provisions, the Works Council has appointed three of its members as representatives at meetings of the Board of Directors. These members attend all of the Board's meetings in a consultative capacity and receive the same documents as those issued to Directors.

The list of mandates and roles exercised by each Director in office at 31 December 2017 is presented in chapter 4.3. of this Reference Document.

The following table summarises some of the corporate governance best practices adopted by Foncière des Régions in accordance with the recommendations of the Afep-Medef Code:

	Board of Directors	Audit Committee	Appointments and Remuneration Committee	Strategic and Investment Committee
Independent members/total	9/15 (60%)[(1)]	4/5 (80%)[(2)]	3/4 (75%)	1/6 (17%)
Chairman	Independent Director	Independent Director	Independent Director	Non-independent Director
Term of office	4 years, staggered	N/A	N/A	N/A
Female composition	40%[(1)]	40%	25%	17%
Average age of members	58	54	58	63
International ratio	27%	60%	25%	33%
Performance review	Annual	Annual	Annual	Annual
Number of meetings in 2017	8	3	2	5
Participation rate in 2017	79%	80%	100%	68%

(1) Same rate as 2016.
(2) Rate raised at 83% on the 14 February 2018, following the appointment of Patricia Savin in the quality of member of the Audit Committee.
N/A : Non Applicable.

2.9.3.2. A largely independent Board of Directors

Based on recommendations from the Appointments and Remunerations Committee, the Board of Directors analyses the independence of the serving Directors on an annual basis. On 14 February 2018, the Board of Directors performed its annual review and decided, upon the recommendation of the Appointments and Remunerations Committee, to maintain in 2018 the independent classification of Delphine Benchetrit, Jean-Luc Biamonti, Sigrid Duhamel, Bertrand de Feydeau, Jean Laurent, Sylvie Ouziel, Patricia Savin, Catherine Soubie and Pierre Vaquier, who together represent 60% of the Directors in office. To perform this analysis, the Board applied the Afep-Medef Code criteria and assessed them on a case-by-case basis. It also sought to establish whether any Directors who may be considered independent under the Afep-Medef Code would have any other types of relationships that may compromise their freedom of analysis and decision, or, if a Director who could be considered non-independent based on a criterion established by the code, would nevertheless be free from any constraints, since the criterion in question does not lead to any loss of independence in the case at hand in relation to the Company's particular situation (Section 4.3.1.4.3).

2.9.3.3. Greater gender balance

At the General Meeting of 27 April 2016, one year ahead of the legal deadline, the Board of Directors of Foncière des Régions reached a 40% female composition.

2.9.3.4. An efficient Board of Directors

- After conducting several internal assessments, the Company undertook an initial independent evaluation at the end of 2013, by Egon Zehnder (a specialised firm), who assessed the capacity of the Board of Directors to meet the expectations of shareholders, by reviewing its organisational structure and its functioning. Since then, the Chairman of the Board of Directors has been striving to implement all the recommendations from this evaluation. Thus the Board of Directors has:
  - strengthened its real estate and international expertise, improved the process of integrating new Directors, systematized follow-up on Board decisions and post-mortems on investment transactions, and expanded consultation regarding risk management by sharing more broadly the work of the Audit Committee on this subject
  - continued to implement the recommendations of the independent evaluation of the Board's operations, including those concerning enhancing of communication between Directors, and sharing of risk and strategy analyses.

An internal evaluation carried out by the Company at the end of 2016 – using an anonymous and very exhaustive questionnaire – underlined the balanced and effective representation of the Board and its access to all the tools needed for it to carry out its mission. The members of the Board have diversified profiles and skills that are adapted to the challenges of each business function (*i.e.* accounting, financial, banking, entrepreneurial, environmental, legal and real estate skills). Moreover, the increased attendance of managers from the various Group departments at Board meetings is appreciated, as it sheds greater light on operations. Finally, the strategic seminars held every two years make it possible to evaluate new challenges and adjust the Company's strategy accordingly.

In 2017, the Chairman of the Board applied the new recommendations resulting from this evaluation by implementing the following actions:

- at the Board's 2nd strategic seminar (in Milan, in June 2017): presenting to the Directors the Group's 2022 strategy, sectoral monitoring of internal and external growth factors, and an in-depth competitive analysis
- during 2017, discussing matters relating to the four pillars of the Group's CSR policy (sustainable buildings, human capital, governance and stakeholders), the results of the 2017 Social Barometer and the Group's Human Resources policy
- conducting new mapping of risks, including risks relating to the Group's subsidiaries and risks relating to new businesses, and presenting these to the Audit Committee on 27 September 2017.

- Through the application of the Board's internal regulations, the Company strives to prevent the occurrence of conflicts of interest, in particular when presenting investment opportunities submitted to the Board and/or to the Strategy and Investment Committee. Under these regulations, all Directors are required to do their best to determine in good faith whether or not a conflict of interest exists and to report it to the Chairman as soon as they are aware of any situation that may constitute a conflict between the Company and themselves, the company they represent, or any company of which they are employees or corporate officers.

This applies in particular when, for any transaction being considered or undertaken by the Company, a member of the Board or a company of which a Director is an employee or corporate officer might have competing interests or interests opposed to those of the company or the companies within its Group. In this case, the relevant Board member must refrain from participating in the discussions and deliberations of the Board or any committee relating to the transaction, and more generally observe a strict duty of confidentiality.

- As a compensation for their work with the Board, Directors and the non-voting member receive attendance fees, the value of which is determined by the Board of Directors based on an overall amount for all Directors that is approved by the General Meeting of Shareholders. The attendance fees include a fixed rate and a variable portion linked to attendance at meetings and effective contribution to the work of the Board and its Committees. The remuneration of the Directors and that of the non-voting member of the Board are set out in section 4.3. of this Reference Document.

2.9.3.5. A Board of Directors attentive to CSR issues

Given the significance of the challenges posed by Sustainable Development, to Foncière des Régions and its stakeholders, the Board is regularly consulted on CSR matters, so that they may be integrated into the Company's strategic direction. The actions undertaken by the Company in this area are presented annually to the Board of Directors. The latter examines the Company's performance in terms of environmental, social and corporate responsibility, monitors the progress made in relation to the established objectives, approves major opportunities for improving CSR performance and compares the progress of the companies within the Group with that of their peers in Europe.

The Board of Directors also examines the non-financial information published by the Company, with a particular focus on social and environmental matters. Moreover, it analyses the ratings issued by non-financial rating agencies. Lastly, it ensures that the ethical rules set out by the Group are applied, evaluates the sponsorship and philanthropic policies and compares them with the actions carried out. In April 2017, a status update on each of the four components of Foncière des Régions' Sustainable Development Policy was presented to the Board of Directors. The Human Resources management policy was the subject to a detailed supplementary review in November 2017.

2.9.4. A Management Committee engaged in CSR performance

During the 2017 financial year, the Company decided to group together the Executive Committee with the Management Committee, which is consulted on each major decision or transaction concerning governance, monitoring of subsidiaries/holdings and financial/asset turnover policies.

As of February 2018, the Management Committee comprises 11 members, including representatives from all of the Group's "country" and "product" divisions:

- Christophe Kullmann – Chief Executive Officer
- Olivier Estève – Deputy General Manager
- Dominique Ozanne – Deputy General Manager
- Marjolaine Alquier – Director of Audit and Internal Control
- Thierry Beaudemoulin – Head of German Residential and France Residential
- Audrey Camus – Head of France Offices Development
- Alexei Dal Pastro – General Manager Italy Offices
- Laurie Goudallier – Chief Digital Officer
- Yves Marque – Chief Operating Officer
- Tugdual Millet – Chief Financial Officer
- Marielle Seegmuller – Director of Operations France Offices.

The diversity of this Committee, both in terms of gender diversity (36% women) and in terms of nationality, age, experience and skills, equips it to support the Group's strategic challenges.

The Foncière des Régions Management Committee is responsible for approving all investments and dispositions whose value exceeds €5 million. Its members are in charge of implementing the CSR objectives of the Group within their particular area of responsibility and in coordination with the Sustainable Development Department. The results achieved in this domain are now systematically incorporated into the criteria for determining the variable portion of the remuneration of Committee members.

2.9.5. General Meetings

- Since 2013, Foncière des Régions provides an online tool to its shareholders enabling them to receive their meeting invitation and obtain details and voting instructions prior to the General Meeting.
- At the close of its General Meeting of 17 April 2015, Foncière des Régions maintained the principle of "one share = one vote". This was approved by the shareholders, thereby waiving the automatic assignment of double voting rights provided by the Florange Law of 29 March 2014.
- The results of the votes at General Meetings are published on the Company's website within two business days of the meeting.
- In accordance with current regulations and based on the Company's share capital as at 31 December 2017, shareholders wishing to submit items or draft resolutions must show equity holdings of €1,321,199, representing around 0.59% of the Company's share capital.

2.9.5.1. Minutes of the General Meeting of 26 April 2017

- In addition to the financial authorisations, the main resolutions submitted to the shareholders' vote in 2017 concerned the approval of the Company's annual and consolidated financial statements, the allocation of net income, the distribution of dividends, the approval of related-party agreements, approval of remuneration payable to executive officers, the shareholders' advisory opinion on the remuneration components for these executive officers for 2016, and the renewal of Directors' mandates.
- The 2017 General Meeting provided an opportunity to answer shareholders' questions, particularly concerning the impact for the Group of the evolution of the organisation within Accor, the financial terms attached to the bonds issued in 2014 and 2016, the wage gap between the Chairman of the Board of Directors and the Chief Executive Officer with regard to their responsibilities, the use of financial delegations for the Company's external growth projects, the reasons underlying the Company's divestment of the car park business, the Company's property and portfolio strategy, the profitability of green buildings (HQE, BREEAM certified, etc.), the Company's strategy vis-à-vis minority shareholders of its various listed subsidiaries, the Company's ability to anticipate and deal with changes in interest rates in 2017, the progress of the "Cœur d'Orly" project and the tax treatment of the 2016 dividend.

General meeting statistics

	Combined General Meeting of 27 April 2016		Combined General Meeting of 26 April 2017		2016/2017 change	
	Meeting Type Ordinary	Extraordinary	Meeting type Ordinary	Extraordinary	Meeting type Ordinary	Extraordinary
Number of shareholders present, represented or having a postal vote	1,379	1,381	1,551	1,535	+12.47%	+11.15%
Number of shares expressing a vote	54,712,228	54,688,580	59,327,799	59,303,261	+8.44%	+8.44%
Attendance rate	82.12%	82.09%	80.43%	80.40%	-1.69 points	-1.69 points
Resolution approval rate	96.16%	93.22%	96.44%	99.36%	+0.28 points	+6.14 points

2.9.5.2. Shareholder consultation on "say on pay"

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code, at the General Shareholders' Meeting of 26 April 2017 the shareholders decided for the first year on the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of any kind attributable to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy General Manager(s) under the 5th, 7th and 9th resolutions (say on pay *ex ante*).

The shareholders had a very favourable response to these resolutions with an average approval rate of 98.46%, thereby acknowledging the balance achieved in the remuneration policies.

		Percentage of votes for:
Jean Laurent	Chairman of the Board of Directors	99.82%
Christophe Kullmann	Chief Executive Officer	97.75%
Olivier Estève	Deputy General Manager	97.83%

The amounts resulting from the implementation of these remuneration policies and paid or allocated under the financial year ended 31 December 2017 will be submitted to the approval of the Shareholders at the General Meeting to be held on 19 April 2018 as part of a binding vote under the 9th to 11th resolutions (say on pay ex post), it being specified that the payment of the elements making up the variable and exceptional remuneration will be conditional on the approval of the General Assembly in 2019 of the individual remuneration elements of the Executive Directors paid or imputed in 2018.

Pursuant to the recommendation no. 26 of the Afep-Medef Code, the shareholders attending the General Meeting on 26 April 2017, were asked to provide an advisory opinion on the individual remuneration due, for the year ended 31 December 2016, to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy General Manager under its 6th, 8th and 10th resolutions. The shareholders had a very favourable response to these resolutions with an average approval rate of 99.30%.

		Percentage of votes for:
Jean Laurent	Chairman of the Board of Directors	99.89%
Christophe Kullmann	Chief Executive Officer	99.02%
Olivier Estève	Deputy General Manager	99.00%

2.9.6. *Addressing shareholder concerns and ensuring transparency of financial information*

Foncière des Régions does its utmost to provide institutional investors and individual shareholders with quality information regarding its business and strategy. It is conducting substantive work to consolidate its long-term relationship of trust with the financial community and to develop its market transparency.

The Company is also helping to raise the level of professionalism within the industry and to issue high-quality information by means of its active involvement with the IEIF (Real Estate Savings Institution), the FSIF (*Fédération des Sociétés Immobilières et Foncières*), and EPRA (European Public Real Estate Association). Every year, Foncière des Régions participates in about ten conferences aimed at international investors, organised by renowned brokerage firms (J.P. Morgan, Merrill Lynch, etc.).

Foncière des Régions also takes a proactive attitude in dealings with institutional investors. As such, management holds some 400 meetings every year with their main representatives, particularly when the annual and semi-annual results are released in the major European and US markets, and sets up around fifteen site visits of representative assets in its portfolio for these groups.

2.9.6.1. Foncière des Régions listening to individual shareholders

Foncière des Régions publishes an annual letter to its 12,500 individual shareholders, sent by post. Foncière des Régions provides them with a dedicated section on its website, a documentation service as well as a shareholders' free phone number (0 805 400 865).

2.9.6.2. A policy recognised by the 2017 EPRA Awards

The quality and transparency of Foncière des Régions and Beni Stabili's financial and non-financial reporting were recognised at the 2017 EPRA Annual Conference, as it was rewarded with four awards: Foncière des Régions and Beni Stabili each received two EPRA Gold Awards, one for the financial section of their 2016 Reference Document and a second for the quality of the non-financial reporting in this same document and their alignment with EPRA's Best Practices Recommendations.

These awards highlight the relevance of Foncière des Régions' integrated model, which is spreading out best practices across Europe.

2.9.7. *Promoting fair and ethical practices*

Foncière des Régions has been a signatory of the Diversity Charter since 2010 and is a member of the UN (Global Compact) since 2011. Beni Stabili also joined the Global Compact in 2016. That same year, Ban Ki-moon, the United Nations Secretary-General, called on businesses and the private sector to align their investment and infrastructure decisions with the seventeen Sustainable Development Goals (SDG) of the Programme by 2030 with the aim of maintaining global warming below 2° Celsius, or even 1.5° Celsius[(1)]. The table in section 2.10.4 as well as the COP 2017 of Foncière des Régions and Beni Stabili explicitly refer to this by aligning their various CSR initiatives to each of the various SDGs.

Foncière des Régions incorporates the ten principles of the UN Global Compact into its strategy and its practices and promotes them to its stakeholders; particularly to its suppliers through its Responsible Procurement Charter.

The various COP of Foncière des Régions and Beni Stabili are published on the Group's website:

- http://www.foncieredesregions.fr/Responsabilite/Politique-RSE and on the Global Compact website: http://www.unglobalcompact.org/participant/15495-Fonciere-des-Regions
- https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/398431

2.9.7.1. An Ethics Charter for greater responsibility

Cornerstone of Foncière des Régions' ethics and compliance strategy, the Ethics Charter, which has a common framework adapted to the specific legal and regulatory requirements of each country, covers all of the Group's French, German and Italian employees. It can be viewed on Foncière des Régions' websites and intranet (http://www.foncieredesregions.fr), on Beni Stabili's website (http://www.benistabili.it) and on the Immeo intranet site.

The Ethics Charter defines the ethical principles that all employees must abide to as part of their professional practices and in their behaviour with external contacts. It describes the governance of ethics, as deployed across the Company's various business lines. The basic principles contained in this Charter are:

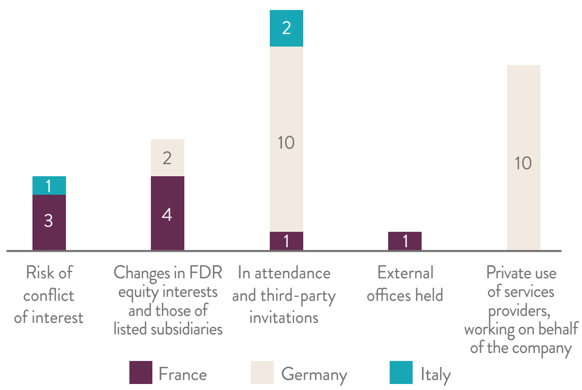
- compliance with laws and regulations
- respect for individuals (health and safety at work, prevention of discrimination, respect for third parties)
- respect for the environment
- compliance with the rules on insider trading
- prevention of conflicts of interest (links with competitors, clients, suppliers, compliance with anti-corruption rules)
- protection of Foncière des Régions' assets (protection of information, assets and resources)
- transparency and integrity of information.

(1) *http://www.un.org/apps/newsFr/storyF.asp?NewsID=37518#.V3jsIeRHY4A.*

The Ethics Charter was revised in 2015 to include the latest ethical measures introduced (such as whistle-blowing) and to reinforce and clarify recommendations to employees concerning the expected behaviour in response to conflicts of interest. It has been under review since the end of 2017 to specify the operation of the alert system and the protection of the whistle-blowing mechanism, in particular in accordance with the Sapin 2 regulations.

The Internal Audit and Control Department ensures that the Ethics Charter is distributed to all French, German and Italian employees. Each new employee is given a copy of the Charter upon being hired by the Group. In addition, every two to three years, every employee is given a refresher on the main principles of the Ethics Charter and the ethics officer's role during "Process Morning" training sessions on procedures (see section 4.1.2.2.1.3 of the Reference Document). The Ethics Officer, who is the Chief Operating Officer in France, the Head of Legal Affairs in Germany and the Internal Audit Manager in Italy, is involved in defining the rules and duties of professional ethics and ensures its compliance within the Company. This person provides assistance and advice on ethics to any employee who asks for it and supports the implementation of the Ethics Charter. In 2017, 34 consultations were received and processed by the Group's Ethics Officers. In 2017, no employee was subject to disciplinary measures related to non-compliance with the Ethics Charter. In addition, Foncière des Régions was not subject to corruption related sanctions.

› Number of requests from compliance officers in 2017



2.9.7.2. Preventing the risks of fraud and corruption through the whistle-blowing system

In compliance with the tenth principle of the UN Global Compact, which urges companies to act against corruption in all its forms, including the extortion of funds and bribes, Foncière des Régions has increased its vigilance on these matters.

Based on the findings from the updated risk mapping process, and the increased regulation in the fight against fraud and corruption, the Management Committee considered that, given its business activities and organisation, the risks of fraud and corruption were to be the subject of a specific mapping incorporating the risks to which it is exposed in Germany and Italy.

As such, Foncière des Régions has decided to seek the assistance of a specialised consultant, thus enabling greater transparency and also benchmarking itself against best practices. The mapping may lead to recommendations that will be monitored by General Management. Transactions that are deemed sensitive, such as sales of assets or companies, major construction or renovation works or calls for tenders are guided by stringent procedures, especially regarding links with intermediaries. Moreover, the separation between orders and payments reduces the risk of fraud.

During the "Process Morning" sessions, the Company makes employees who handle transactions aware of fraud risks and reminds them of the level of zero tolerance applicable within the Group. "Anti-fraud" audits are carried out regularly within the Group and have revealed no significant dysfunction.

In order to strengthen its risk prevention tools, Foncière des Régions established a whistle-blowing system in France, Italy and Germany. It is restricted to specific cases of serious and intentional acts that may affect the Company exclusively in the following areas: accounting, banking, finance, fighting corruption, unfair competition, tackling discrimination and harassment in the workplace, and protection of the environment.

In this way, any Group employee can report a risk that he or she has identified in these areas by contacting the Compliance Officer by any convenient means, including *via* a dedicated email address. The reporting processes are more fully described in the Ethics Charter.

2.9.7.3. Guaranteeing fair competition

Foncière des Régions, in its business activities and more specifically in its sales, acquisition and construction work, complies with applicable provisions regarding competition and the regulations in force in each country (including Articles L. 410-1 *et seq.* of the French Commercial Code). The Company has therefore implemented procedures to mitigate the risk of non-compliance: a competitive bidding process is mandatory above a certain threshold and the bidding framework includes procedures that have been put in place and validated by General Management.

The relevant employees have been briefed on this risk area during the "Process Morning" sessions. Depending on the amounts and type of transaction, bids from one, two or three companies must be reviewed prior to awarding a job to the best one. In the same manner, the Company uses a procedure for opening bids involving a minimum of two employees and the drafting of the opening of bids minutes for some tender processes in order to ensure the widest degree of transparency and fairest competition possible. Audits are performed each year on certain development transactions in order to ensure proper compliance with the call for tender procedure. These audits revealed no significant issues.

The risk of anti-trust behaviour is limited within the framework of Group activities as there are many owners of small real estate assets.

2.9.7.4. Combating money laundering

In 2010, Foncière des Régions and its subsidiaries introduced a system for combating money laundering and the financing of terrorism (LAB/LFT), in the form of a procedure that lists and describes actions to be taken by the employees concerned. The procedure was reviewed in 2012 to clarify its scope of application. The Audit and Internal Control Officer is the designated LAB/LFT Manager, while a Tracfin Correspondent and Registrant was appointed in the Corporate Legal Department.

This system is based on a vigilant stance adopted at the outset of a transaction when third-party contracts are initiated, in cases whereby one of the Group's company is involved as an intermediary for a third party and as a part of the sale or purchase of an asset, securities or stakes in real estate companies, as well as, in recent years, for rentals.

The implementation of the LAB mechanism was supported by an extensive training campaign that was initiated in 2010, involving some sixty employees *via* a dedicated training module set up by the Legal Department, which continuously provides updates to the system. Training more specifically for Asset Managers took place in 2012 and a refresher during "Process Morning" session was carried out in 2014 and 2015 and will be renewed in 2018.

2.9.7.5. Association with, or membership in, domestic or international organisations

Foncière des Régions undertakes no direct lobbying activity. However, the Company contributes to French government's building policy through its strong commitment within working groups and professional associations. Foncière des Régions is a member of the Sustainable Development commissions of EPRA and of the *Fédération des Sociétés Immobilières et Foncières* (FSIF), of which Christophe Kullmann, Chief Executive Officer of Foncière des Régions, has been the Chairman of since 2011. Jean-Éric Fournier, Head of Sustainable Development at Foncière des Régions, is Vice-Chairman of the French HQE-GBC Alliance, a member of the Sustainable Building Plan Office and Director of the RICS France Professional Sustainability Group and is involved with RICS's European projects: annual publication of Going Green, etc. With these associations, Foncière des Régions plays a major role in promoting environmental and CSR awareness in France and Europe. Its involvement in working groups (Orée, Valeur Immatérielle, SBA (Smart Building Alliance, etc.), in the Immowell Lab start-up incubator, its participation in national (Palladio, IFPEB, etc.) and European (RICS, EPRA, etc.) studies, as well as its commitment as a signatory of the Paris Climate Partnership Agreement bear witness of its desire to contribute to discussions on sustainable real estate.

Foncière des Régions and its subsidiaries do not contribute funds and nor provide services to any political party whatsoever, nor to any public official or candidate for any public position. Notwithstanding, the Company respects the commitments of those of its employees who participate or wish to participate in public life in the capacity of private citizens.

2.10. CSR PERFORMANCE

2.10.1. *Environmental indicators*

In accordance with the provisions of the Decree of 24 April 2012, it should be noted that the non-financial reporting scope is based on the consolidated financial reporting scope for Foncière des Régions. The information provided below relates to the following strategic activities: France Offices, Italy Offices (Beni Stabili), Germany Residential (Immeo SE), and Hotels and Service Sector Europe. In order to maintain consistency with Foncière des Régions' financial approach, assets under construction or renovation are excluded from the reporting scope, as are assets acquired or sold during the year.

Processing and analysis of consumption data by the CSTB

Once consumption figures are collected and consolidated by the Sustainable Development Department of Foncière des Régions, they are then processed by the CSTB (Scientific and technical centre for building), which works on two aspects:

- winter and summer weather variation adjustment calculations are applied to energy consumption data. This method adjusts the consumption levels of a given year under baseline weather conditions. For example: statistics for each of the three major weather zones in mainland France over a thirty-year period. This adjustment is made for consumption related to both heating and cooling. It is not applied to other consumption (lighting, etc.) and permits meaningful comparison of results from year to year
- extrapolating a number of data to the complete portfolio, based on intensity ratios per m^2 based on actual consumption. These extrapolations are calculated outside EPRA recommendations for reference purposes only and are notified to the reader.

Reporting tables and compliance with EPRA recommendations

As a member of the EPRA Sustainable Development Commission, Foncière des Régions helps promote good practices in environmental reporting in the real estate sector. Foncière des Régions has incorporated EPRA recommendations in its internal and external reporting.

In order to simplify the reading of Foncière des Régions' environmental performance, the indicators were grouped using the following colour coding:

- green background**: this is the scope covered by the EPRA recommendations.** It corresponds to the multi-let buildings over which Foncière des Régions or its subsidiaries have **"operational control"** and therefore manage directly. Environmental information relating to common areas and equipment is collected by internal or external property managers on behalf of the owner
- **white background:** this involves buildings or parts of buildings over which Foncière des Régions or its subsidiaries do not have "operational control", as they are managed directly by tenants. Information on water and energy consumption, and on waste volumes (if available), is collected from the tenants. This refers to either:
  - multi-let buildings: shared equipment and common areas
  - single-let buildings: most of the office assets held in France and all Hotels and Service Sector assets fall into this category.

The surface area types used to calculate ratios is identical to those in the portfolios for each business activity: m^{2}GIA in France – m^{2}GLA in Italy – m^{2}Nütz in Germany.

In order to ensure maximum accuracy and transparency, wherever consumption data is unavailable for a utility, it is not estimated and this affects the portfolio coverage rate. However, in the rare cases where an estimate or extrapolation is calculated, it is explained in the comments accompanying the reporting table concerned.

The table below presents an overview of the methodology and reporting process implemented by Foncière des Régions, in line with the EPRA's Best Practice Recommendations (BPR) and its general principles, in order to achieve the highest level of compliance.

Compliance with EPRA recommendations (2017 EPRA sBPR)

● Full compliance ◐ Partial compliance ○ Non-compliance

EPRA Performance Indicators	Self-assessment of compliance	The Foncière des Régions approach
Environmental indicators		
Total electricity consumption *(annual kWh)*	●	Elec-Abs – Foncière des Régions reports its electricity consumption, taking into account renewable energy production. The annual total energy consumption data is gathered based on invoices (meter readings) using the process described above. The consumption is presented in terms of final energy. The total is expressed as final energy as well as primary energy.
Total district heating & cooling consumption *(annual kWh)*	●	DH&C-Abs – Foncière des Régions reports its energy consumption from district heating and cooling, collected based on invoices (meter readings) using the process described above. The consumption is presented in terms of final energy. The total is expressed as final energy as well as primary energy.
Total fuel consumption *(annual kWh)*	●	Fuel-Abs – Foncière des Régions reports its total energy consumption from fuels (natural gas, fuel oil and wood), collected based on invoices (meter readings) using the process described above. The consumption information and totals are expressed in both final and primary energy.
Building energy intensity *(kWh/m²/year)*	●	Energy-Int – Foncière des Régions reports its energy intensity ratios calculated per m² on the basis of the invoiced amounts (meter readings): energy *(kWh)*, divided by the corresponding occupied surface area *(in m²)*. The consumption ratios are presented in terms of final energy and primary energy.
Total direct GHG emissions *(annual tCO_2e)*	●	GHG-Dir-Abs – Foncière des Régions reports on all of its carbon emissions in tonnes of CO_2 equivalent per year *(CO_2e/year)* based on the energy bills (natural gas, fuel oil and wood). These are Scope 1 emissions as described in the GHG Protocol.
Total indirect GHG emissions *(annual tCO_2e)*	●	GHG-Indir-Abs – This data is reported in tonnes of CO_2 equivalent per year *(tCO_2e/year)* based on the energy invoices for electricity and district heating and cooling. These are Scope 2 emissions as described in the GHG Protocol.
GHG emissions intensity from building energy consumption *(kgCO_2e/m²/year)*	●	GHG-Int – Foncière des Régions reports its carbon intensity ratios per m². as calculated directly from the invoice (meter readings divided by the corresponding occupied surface area (in m²).
Total water consumption by source *(annual m³)*	●	Water-Abs – Foncière des Régions reports its total annual water consumption in m³ for all of its portfolios in operation and the headquarters buildings occupied by its own employees. The total annual water consumption data is gathered on the basis of the invoiced amounts (meter readings) using the process described above.
Building water intensity *(litres/person/year or m³/m²/year)*	●	Water-Int – Data is reported in m³/m²GIA/year. The intensity ratios per m². are calculated by comparing the volumes collected to the corresponding occupied surface area (in m²GIA).
Total weight of waste by disposal route *(annual tonnes)*	●	Waste-Abs – Waste is collected by public organisations directly linked to the municipalities. Foncière des Régions pays for this service through local taxes. It is not possible to monitor the total waste mass, except for assets with private waste contractors (as specified in the comments accompanying the waste reporting tables). The proportion of waste by disposal method *(% of total waste)* is indicated when it can be monitored by the service providers.
Year-on-year like-for-like comparison	●	Elec-LfL, DH&C-LfL, Fuels-LfL, GHG-Dir-LfL, GHG-Indir-LfL, Water-LfL, Waste-LfL – The data is calculated on a like-for-like basis for energy, carbon, water and waste and is used to assess changes from one year to the next for assets owned over the last 24 months whose consumption is known for that period. Example: • in year N-1, consumption data was collected on 70 assets, with a possible reporting scope of 90 assets • in year N, consumption data was collected on 95 assets, with a possible reporting scope of 100 assets • of these, data was collected on 65 assets present in both N-1 and N, while there were 93 assets held in both N-1 and N. The like-for-like basis therefore relates to 65 of 93 assets.
Type and number of sustainably certified assets	●	Cert-Tot – This indicator is expressed by dividing the value of the assets with certification at 31 December N by the value of the total portfolio held by a business on the same date.

EPRA Performance Indicators	Self-assessment of compliance	The Foncière des Régions approach
Social Indicators		
Employee gender diversity	●	Diversity-Emp – The breakdown of workforce by gender is reported each year in the corporate reporting section of this document where Foncière des Régions provides data on each country, contract type and level of responsibility at 31/12/N.
Gender pay ratio	●	Diversity-Pay – In 2017, the three social reporting entities (ESU France, Italy and Germany) published a wage gap ratio (average annual gross salaries), broken down by level of responsibility (manager/non-manager). Wage gaps are examined and various measures have been put in place to ensure gender equality within the Group, in particular within the framework of the ex-aequo *programme*.
Employee skills training and development	●	Emp-Training – This indicator is expressed in number of hours of training per employee trained during the year. In addition, the three social reporting entities (France, Italy and Germany) also published the workforce training rate (number of employees trained in relation to the total workforce at 31/12/N). The training indicators take into account all professional training carried out internally and externally.
Employee performance appraisals	●	Emp-Dev – The individual assessment and skills development interview is a core element of the Group's Human Resources policy. It is the subject of a monitoring indicator (annual number of performance interviews/workforce) in all Group entities.
New hires and turnover	●	Emp-Turnover – Foncière des Régions publishes the total number of departures and recruitments that took place during the year. Each entity's Human Resources Department also publishes a departure turnover rate (for permanent employees) and a recruitment rate (for permanent employees).
Employee health and safety	●	H&S-Emp – Regarding workplace accidents, the following indicators are published: accident rate, severity rate and frequency rate; absenteeism; number of deaths and occupational diseases.
Asset health and safety assessments	●	H&S-Asset – Each building managed by Foncière des Régions and its subsidiaries is monitored for environmental risks, taking into account local regulations. The monitoring and analysis are explained by business activity in this document. The risks for which the occupant is responsible are excluded from the scope of this indicator.
Asset health and safety compliance	●	H&S-Comp – Foncière des Régions publishes the number of convictions related to non-compliance with environmental or health regulations. The HR section of this document also includes any incidents related to these aspects occurring within the boundaries of its own premises.
Community engagement, impact assessment and development programmes	●	Comty-Eng – Foncière des Régions has been conducting a socio-economic impact study of its office activities for several years in France and for two years in Italy. A summary of this study is presented herein. In addition, many initiatives are implemented in the various regions where the Company operates. These are discussed in section 2.7.
Company indicators		
Composition of the highest governance body	●	Gov-Board – Foncière des Régions publishes all information related to governance. Information on the Board of Directors and its Committees are: ◆ summarised in Chapter 2. 9 of this document, and ◆ discussed in more detail in chapter 5 of the 2017 Foncière des Régions Reference Document: number of executive members; number of independent Directors; attendance rate for each Director and for each Committee; list of Directors' mandates; number of members with expertise on environmental and social issues.
Process for nominating and selecting the highest governance body	●	Gov-Select – The process of selecting and appointing Directors is explained, both for the Board of Directors and its Committees, in the Governance section of this document.
Process for managing conflicts of interest	●	Gov-Col – the various initiatives in place to prevent the risk of conflicts of interest for corporate officers (publication of the list of mandates and functions exercised, family ties, etc.) are described in Chapter 5 of the 2017 Foncière des Régions Reference Document.

Recommendations ERPA overarching	Self-assessment of compliance	EPRA BPRs and methodology references
Organisational boundaries	●	As in previous years, reporting is based on what is known as "Operational Control", which corresponds to the scope within which Foncière des Régions, its subsidiaries and investments directly manage energy, water and waste. The results for this scope are printed on a green background in the tables in section 2.11.3. This environmental reporting is based on the consolidated financial reporting scope to ensure consistency with the other chapters of the management report and in line with the provisions of the Decree of 24 April 2012. The reporting scope therefore includes the following strategic activities: France Offices, Italy Offices (Beni Stabili), Germany Residential (Immeo SE), and the Hotels & Service Sector. The reporting scope for year N includes all assets owned at 31/12/N. Assets under construction, in redevelopment, vacant, or acquired or sold during the year are not included. If an asset is sold during the year, the tenant will not necessarily provide consumption data if there no longer exists any legal connection with the former owner of the asset. The environmental reporting period corresponds to the period from 1 January to 31 December, except for Germany Residential, for which the period from 1 October to 30 September is used.
Breakdown of owner and tenant consumption	●	Foncière des Régions' reporting is separated into three levels of data collection and analysis: ◆ "Corporate" scope: this includes headquarter buildings ◆ "Operational control" scope: this includes buildings under full management, for which the teams of Foncière des Régions, Beni Stabili or Immeo SE control the management of shared equipment (i.e. equipment located in common areas) and the consumption of water and energy (e.g. lighting, collective heating, *etc.*). These are Scope 1 and 2 emissions as described in the GHG Protocol. The reporting is based on invoices, with no estimates or resorting to submeters ◆ "Tenant area" scope: this relates to the tenant areas of multi-let buildings (where Foncière des Régions has "operational control" over the building's common areas, while tenants are responsible for individual energy consumption and water use) and of single-let buildings, where users are wholly responsible for managing building facilities as well as the building's energy and water consumption. Foncière des Régions does not rebill its tenants for energy, with the exception of energy used in the common areas of multi-let buildings, which is rebilled under operating expenses. Estimates are not made. However, data may be extrapolated based on the intensity ratios, thus permitting the assessment of the environmental footprint for the portfolio as a whole. Performance measurements involving extrapolated data are clearly indicated in the tables (white background, outside EPRA scope).
Consumption reporting – headquarter buildings	●	As previously indicated, Foncière des Régions reports the consumption for buildings occupied by its own employees. The results are presented in section 2.10.1.5 under the Headquarters heading.
Intensity normalisation	●	The Intensity ratios by m^2 are calculated by comparing the environmental data for a year N concerning energy, water and carbon with the corresponding occupied area, expressed in terms of m^2. These calculations are used to measure efficiency for each indicator. In France, a distinction is drawn between final energy *(fe)*, which is consumed and invoiced, and primary energy *(pe)*, which is required to produce final energy.
Segmental analysis	●	Foncière des Régions has structured its analysis by segment and business line: France Offices, Italy Offices (Beni Stabili), Germany Residential (Immeo SE), and the Hotels & Service Sector.
Coverage ratio of data collection	●	The coverage ratio is indicated by segment and business line in each reporting table (energy, carbon, water and waste). For each indicator, this coverage ratio is calculated by surface area *(% of m^2GIA)* and by number of assets.
Narrative on performance	●	Foncière des Régions provides comments and explanations on environmental performance trends and data: ◆ in chapters 2.3 to 2.6 ◆ in the section containing performance data for each business (see section 2.10.1).

Recommendations ERPA overarching	Self-assessment of compliance	EPRA BPRs and methodology references
Assurance – external verification by an independent third party	●	Since the report for the 2011 fiscal year, the environmental, social, and corporate data has been verified by an independent third party. The EPRA indicators and compliance with its methodology are verified as part of the process, as are compliance with GRI Standards (2017 version), CRESD and the GHG emissions report. The independent third party's assurance statement is included in Foncière des Régions' annual Reference Document and its Sustainable Development Report. These documents are available in both English and French on the Foncière des Régions website.
Location of EPRA Sustainability Performance Measurements	●	The performance measurements and correspondence with EPRA principles are disclosed and reported annually in the Foncière des Régions Sustainable Development Report and in its Reference Document. These documents are available in both English and French on the Foncière des Régions website.
Materiality	●	A materiality study was conducted at the Group level. It is published annually in Foncière des Régions' Reference Document and Sustainable Development Report. The most material topics are the subject of special attention and closer monitoring.

2.10.1.1. France offices

At 31 December 2017, the France Offices reporting scope pertained to 123 sites of the 256 comprising the financial scope. Assets under construction or under renovation, acquired or sold during the year, as well as the buildings located in the ASL (*Associations Syndicales Libres*), are excluded from the reporting scope. A portfolio of 60 non-core assets representing 0.7% of the value of the total portfolio was not included within the scope, since energy and environmental mapping had not yet been performed on these assets.

All consumption data is taken from meter readings, with no estimates used. The ratios are calculated for single-let buildings by comparing the consumption collected with all of the surface areas, and for other buildings, with the common areas or proportional share of tenant areas for which data could be collected. The occupancy rate has an impact on the asset's overall consumption as well as on the ratios calculated. As an exception to the "process included" principle of energy consumption, the energy consumed by telephone equipment in the buildings rented to Orange is not included in the calculations, based on an assessment performed by CSTB.

The results are presented below with weather adjustment (winter and summer). Weather-related adjustments are calculated by CSTB in order to make performance more comparable from year to year; energy and carbon results are presented in the charts in section 2.3.4.

Certifications (Cert-Tot) (see section 2.3.2)

As of the 31 December 2017, 72.8% (in value) of the Office assets owned by Foncière des Régions had HQE and/or BREEAM certification (construction and/or operation) and/or were accredited as either low energy consumption buildings (BBC) or RT Globale. This percentage is expressed relative to all the assets held on this date, including both assets under construction and in operation.

The rate rises to 77.5% at the end of 2017 if we analyse the ratio of certified and/or accredited buildings compared to the total core portfolio, *i.e.* those assets likely to remain in the portfolio in the long term.

Energy – Direct and indirect energy consumption by primary energy source and energy intensity ratio for buildings in use

The results are presented below have been adjusted for weather variations.

The consumption values reported below are based on the data collected according to two scopes:

- "operational control" scope: assets managed by Foncière des Régions' teams (multi-let buildings). The reporting is based on invoices, with no estimates. This is the scope from the EPRA BPRs
- "excluding operational control" scope: reporting based on energy invoices forwarded by the tenants, concerning:
  - the tenant areas of multi-let buildings
  - all energy consumption in single-let buildings.

Within the "operational control" scope, the coverage ratio of the data collected for 2017 is 93% of the surface area.

			Multi-let buildings							
			"Operational control" scope		"Tenant area" scope		Single-let buildings		Total portfolio	
	GRI Standards	EPRA BPRs	2016	2017	2016	2017	2016	2017	2016	2017
Reporting scope coverage by surface area *(m^2GIA)*			175,862	159,723	100,391	94,692	621,192	523,992	797,053	683,715
Reporting scope coverage by surface area *(%)*			91%	93%	70%	63%	50%	65%	56%	70%
Number of applicable properties			13/16	9/11	6/12	5/10	101/212	77/112	114/228	86/123
Proportion of estimated data			0%	0%	0%	0%	0%	0%	0%	0%
Intensity *(kWhfe/m^2GIA/year)*	**CRE1**	**Energy-Int**	**177**	**184**	**89**	**85**	**149**	**140**	**169**	**167**
Intensity *(kWhfe/m^2GIA/year)*			**274**	**282**	**229**	**218**	**329**	**297**	**354**	**338**
Total direct energy *(kWhfe)*	**302-1**	**Fuels-Abs**	**7,328,337**	**9,154,047**	**0**	**0**	**16,852,303**	**18,126,218**	**24,180,640**	**27,280,265**
Natural gas *(direct energy)* – non-renewable source	302-1	Fuels-Abs	7,328,337	9,154,047	0	0	14,609,599	17,653,589	21,937,936	26,807,636
Natural gas *(direct energy)* – renewable source	302-1		0	0	0	0	0	0	0	0
Fuel oil *(direct energy)*	302-1	Fuels-Abs	0	0	0	0	2,125,954	316,801	2,125,954	316,801
Wood *(direct energy)*	302-1	Fuels-Abs	0	0	0	0	116,750	155,827	116,750	155,827
Total indirect energy *(kWhfe)*	**302-1**	**Elec-Abs**	**23,768,692**	**20,277,997**	**8,925,117**	**8,015,899**	**75,474,639**	**55,148,499**	**110,793,441**	**87,224,851**
Electricity *(indirect energy)* – non-renewable source	302-1	Elec-Abs	10,804,482	5,086,406	8,925,117	8,015,899	70,773,124	48,923,608	93,127,715	65,808,370
Electricity *(indirect energy)* – renewable source	302-1		0	4,756,651	0	0	0	3,310,499	0	8,067,150
Renewable energy production	302-1	Elec-Abs	0	0	0	0	119,872	145,112	119,872	145,112
of which solar energy			0	0	0	0	119,872	145,112	119,872	145,112
District heating and cooling (indirect energy)	302-1	DH&C-Abs	12,964,210	10,434,940	0	0	4,821,387	3,059,503	17,785,598	13,494,443
Total energy consumption *(kWhfe)*			**31,097,030**	**29,432,043**	**8,925,117**	**8,015,899**	**92,326,942**	**73,274,717**	**134,974,081**	**114,505,116**
Total energy (GJ)			111,949	105,955	32,130	28,857	332,377	263,789	485,907	412,218
Total energy consumption *(kWhpe)*			**48,168,111**	**44,984,073**	**23,026,801**	**20,681,020**	**204,221,650**	**155,887,388**	**282,189,043**	**231,311,218**
Estimated consumption for vacant space *(kWhpe)*			0	0	0	0	0	0	0	0
Estimated consumption for occupied areas where no data is available *(kWhpe)*			4,808,274	3,488,284	9,747,128	12,119,184	213,215,515	83,665,955	223,208,537	99,334,855
Total measured + extrapolated energy consumption *(kWhpe)*			52,976,385	48,472,357	32,773,929	32,800,204	418,037,165	239,553,343	505,397,580	330,646,074

The table below presents the energy consumption paid for by the owner and reinvoiced for shared equipment and common areas in buildings. The landlord does not invoice tenants for private energy consumption. The energy consumption that the owner is responsible for includes shared equipment such as lighting, elevators, etc., as well as the shared portion of heating, cooling, etc. The corresponding costs are then divided up among the tenants.

		Total consumption (Abs) "Operational control" scope				Like-for-like (LfL) "Operational control" scope			Like-for-like (LfL) Total portfolio		
		2016	2017	Change (%)		2016	2017	Change (%)	2016	2017	Change (%)
Number of applicable properties	EPRA BPRs	13/16	9/11		EPRA BPRs	9/10			62/120		
Reporting scope coverage by surface area (m^2 GIA)	EPRA BPRs	175,862	159,723		EPRA BPRs	159,723			508,292		
Reporting scope coverage by surface area (%)	EPRA BPRs	91%	93%		EPRA BPRs	97%			55%		
Proportion of estimated data	EPRA BPRs	0%	0%		EPRA BPRs	0%			0%		
Paid by the owner											
Total Electricity *(kWh)*	Elec-Abs	10,804,482	9,843,057	-9%	Elec-LfL	9,605,476	8,523,906	-11%	61,360,322	56,620,548	-8%
of which on a tenant submeter	Elec-Abs	0	0		Elec-LfL	0	0		0	0	
of which shared services	Elec-Abs	10,804,482	9,843,057	-9%	Elec-LfL	9,605,476	8,523,906	-11%	61,360,322	56,620,548	-8%
Total District heating and cooling *(kWh)*	DH&C-Abs	12,964,210	10,434,940	-20%	DH&C-LfL	12,113,233	11,754,091	-3%	15,090,647	14,414,529	-4%
of which on a tenant submeter	DH&C-Abs	0	0		DH&C-LfL	0	0		0	0	
of which shared services	DH&C-Abs	12,964,210	10,434,940	-20%	DH&C-LfL	12,113,233	11,754,091	-3%	15,090,647	14,414,529	-4%
Total Gas-fuel oil-wood *(kWh)*	Fuels-Abs	7,328,337	9,154,047	25%	Fuels-LfL	7,286,726	9,154,047	26%	18,353,479	19,076,576	4%
of which on a tenant submeter	Fuels-Abs	0	0		Fuels-LfL	0	0		0	0	
of which shared services	Fuels-Abs	7,328,337	9,154,047	25%	Fuels-LfL	7,286,726	9,154,047	26%	18,353,479	19,076,576	4%
INTENSITY *(kWhfe/m^2GIA/year)*						181.6	184.3	1.47%	186.5	177.3	-4.9%
INTENSITY *(kWhpe/m^2GIA/year)*									377.2	353.2	-6.4%

Carbon – Total direct or indirect GHG emissions and greenhouse gas emissions from buildings

The data is calculated by the Building Scientific and Technical Centre (CSTB) based on the invoicing elements whose collection method is detailed above. The scopes covered are identical.

Within the "operational control" scope, in accordance with EPRA recommendations, the coverage ratio of the data collected in 2017 was 93%.

	GHG Protocol		Multi-let buildings "Operational control" scope Scopes 1 & 2		Multi-let buildings "Tenant area" scope Scope 3		Single-let buildings Scope 3		Total portfolio Scopes 1, 2 and 3	
	GRI Standards	EPRA BPRs	2016	2017	2016	2017	2016	2017	2016	2017
Reporting scope coverage by surface area (m^2GIA)			175,862	159,723	100,391	94,692	610,707	523,992	786,569	683,715
Reporting scope coverage by surface area (%)			91%	93%	70%	63%	49%	65%	55%	70%
Number of applicable properties			13/16	9/11	6/12	5/10	100/212	77/112	113/228	86/123
Proportion of estimated data			0%	0%	0%	0%	0%	0%	0%	0%
Carbon intensity *(kgCO_2e/m^2GIA/year)*	305-4	GHG-Int	28.9	28.9	7.5	7.1	17.7	17.1	21.1	20.9
Total emissions *(tCO_2e)*			5,086	4,621	750	673	10,783	8,967	16,618	14,261*
of which direct emissions *(tCO_2e)*	305-1	GHG-Dir-Abs	1,715	2,142	0	0	4,057	4,228	5,771	6,370
of which indirect emissions *(tCO_2e)*	305-2	GHG-Indir-Abs	3,371	2,479	750	673	6,726	4,739	10,847	7,891
Estimated emissions for vacant space *(tCO_2e)*			0	0	0	0	0	0	0	0
Estimated emissions for occupied areas where no data is available *(tCO_2e)*			508	358	317	395	11,007	4,813	13,541	6,124
Total extrapolated carbon emissions *(tCO_2e)*			5,593	4,979	1,067	1,068	21,789	13,779	30,160	20,385

* *This data takes into account the low level of emissions associated with the green electricity contracts. With coefficients that do not take it into account, the total emission of the assets would raise at 14,822 tCO_2e, with a carbon intensity of 21,7 kgCO_2e/m^2GIA/year.*

On the "operational control" scope: the results show a stability of total carbon emissions between 2016 and 2017 and a 3% change on a like-for-like basis over the same period.

	GRI Standards	EPRA BPRs	Total emissions (Abs) – "Operational control" scope 2016	2017	Change (%)		Like-for-Like (LfL) emissions – "Operational control" scope 2016	2017	Change (%)	Like-for-like (LfL) – total portfolio 2016	2017	Change (%)
Number of applicable properties			13/16	9/11			9/10			62/120		
Reporting scope coverage by surface area (m^2GIA)			175,862	159,723			159,723			508,292		
Reporting scope coverage by surface area (%)			91%	93%			97%			55%		
Proportion of estimated data			0%	0%			0%			0%		
Carbon intensity (kgCO_2e/m^2GIA/year)	305-4	GHG-Int	28.9	28.9	0.0		30.1	29.6	-3.0%	23.2	21.8	-5.9%
GHG Protocol						**EPRA BPRs**						
Scope 1 – Total direct emissions (tCO_2e)	305-1	GHG-Dir-Abs	1,715	2,142	0%	GHG-Dir-LfL	1,705	2,142	8%	4,275	4,452	4%
Scope 2 – Total indirect emissions (tCO_2e)	305-2	GHG-Indir-Abs	3,371	2,479	16%	GHG-Indir-LfL	3,108	2,583	-8%	7,524	6,650	-12%
Scope 3 – Other emissions (tCO_2e)		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0		0	0	
Total emissions (tCO_2e/year)			5,086	4,621			4,813	4,725		11,798	11,102	
CHANGE IN CARBON EMISSIONS 2017/2016			-9.1%				-1.8%			-5.9%		

Water – Total water consumption and water intensity ratio for buildings in use

In each of the buildings included in the reporting scope, the water used comes from a single source: municipal water supplies.

Multi-let buildings: the landlord receives the invoices; tenants do not have individual contracts.

Single-let buildings: the tenant has an individual contract with the water supply company. All the elements reported below are taken from the invoices.

In 2017, collected data was consolidated for 93% of the "operational control" scope based on the EPRA BPRs.

The consolidated data shows stable water consumption.

			Multi-let buildings "Operational control" scope		Multi-let buildings "Tenant area" scope		Single-let buildings		Total portfolio	
Total water consumption (Abs)	**GRI Standards**	**EPRA BPRs**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**
Reporting scope coverage by surface area (m^2GIA)			186,131	159,723	N/A		330,189	368,065	516,319	527,788
Reporting scope coverage by surface area (%)			96%	93%			27%	46%	36%	54%
Number of applicable properties			15/16	9/11			21/212	27/112	36/228	36/123
WATER INTENSITY (m^3/m^2GIA/year)	CRE2	WATER-INT	0.39	0.41			0.27	0.27	0.31	0.32
Total water consumption (m^3)	303-1	Water-Abs	72,499	65,741			88,909	100,917	161,408	166,658
Estimated water consumption in vacant space (m^3)			0	0			0	0	0	0
Estimated consumption in occupied areas for which data is not available (m^3)			2,838	5,098			243,394	119,861	284,852	141,951
Total extrapolated water consumption (m^3)			75,337	70,839			332,303	220,777	446,260	308,609
Like-for-like (LfL) water consumption										
Number of applicable properties			9/10		N/A		20/110		29/120	
Reporting scope coverage (m^2GIA)			159,723				258,636		418,359	
Reporting scope coverage by surface area (%)			97%				34%		45%	
Proportion of estimated data			0%				0%		0%	
WATER INTENSITY (m^3/m^2GIA/year)			0.41	0.41			0.26	0.25	0.32	0.31
Like-for-like water consumption (m^3)	303-1	Water-LfL	65,564	65,741			66,621	64,297	132,185	130,038
CHANGE IN WATER CONSUMPTION INTENSITY 2017/2016			0.27%				-3.49%		-1.62%	

Waste – Total of waste mass in tonnes by type and disposal method

In France, waste is collected by municipal services that do not weigh the waste or provide monitoring data. Recording tonnage data is possible only where waste is managed by private waste contractors, as is the case for eleven assets. Tonnage data were collected for six assets, *i.e.* 81% of the multi-let buildings with private waste contractors, who helped to obtain the information presented below.

			Multi-let buildings			
			"Operational control" scope		"Tenant area" scope	
Total waste production (Abs)	**GRI Standards**	**EPRA BPRs**	**2016**	**2017**	**2016**	**2017**
Reporting scope coverage by surface area *(m²GIA)*			110,090	138,667		
Scope coverage *(%)*			57%	81%		
Number of applicable properties			4/4	6/11		
Proportion of estimated data			0%	0%		
Total hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**0**	**0**		
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**483**	**560**		
of which recycled, re-used or composted waste	306-2	Waste-Abs	177	250	N/A	
or in %			*37%*	*45%*		
of which incinerated (including with energy recovery)	306-2	Waste-Abs	N/A	N/A		
of which landfill	306-2	Waste-Abs	N/A	N/A		
of which other disposal methods	306-2	Waste-Abs	N/A	N/A		
Rate of selective collection			**100%**	**100%**		
Total extrapolated production of waste *(tonnes)*			0	0		
Like-for-like (LfL) waste production						
Number of applicable properties			2/10			
Scope coverage *(m²GIA)*			92943			
Scope coverage *(%)*			56%			
Proportion of estimated data			0%			
Rate of selective collection			**100%**	**100%**		
Total hazardous waste *(tonnes)*	306-2	Waste-Abs	**0**	**0**	N/A	
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-LfL**	**362**	**374**		
of which recycled, re-used or composted waste			0	170		
or in %			*0%*	*45%*		
of which incinerated (including with energy recovery)			N/A	N/A		
of which landfill			N/A	N/A		
of which other disposal methods			N/A	N/A		
CHANGE IN TOTAL WASTE PRODUCTION 2017/2016				3.2%		

2.10.1.2. Italy offices

Since 2016, the data reported for the Beni Stabili portfolio has been adjusted for weather variations. As is the case for the assets already subject to this type of adjustment, the methodology used was developed and validated by CSTB.

Certifications and labels (Cert-Tot) (see section 2.4.2)
At 31 December 2017, 53.9% (in value) of Office buildings owned by Beni Stabili, were certified for construction (LEED/ITACA/BREEAM) or operation (BraVe/BREEAM In-Use). This percentage is expressed relative to all the assets held on this date, including both assets under construction and in operation.

The rate rises to 70% at the end of 2017 if we analyse the ratio of certified and/or accredited buildings compared to the total core portfolio, *i.e.* those intended to remain in the portfolio in the long term.

Energy – direct and indirect energy consumption by source and energy intensity ratio for the fully owned portfolio (operational control scope)
Consumption data is based on actual invoices obtained from the property management company or the energy suppliers. The results are presented with weather adjustment, as calculated by the CSTB.

	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2GLA)*			173,554	210,650
Reporting scope coverage by surface area *(%)*			96%	100%
Number of applicable properties			18/19	21/21
Proportion of estimated data			0%	0%
Intensity *(kWhfe/m^2GLA/year)*	**CRE1**	**Energy-Int**	**107**	**110**
Intensity *(kWhpe/m^2GLA/year)*			**176**	**186**
Total direct energy *(kWhfe)*	**302-1**	**Fuels-Abs**	**8,391,783**	**9,713,560**
Natural gas (direct energy) – non-renewable source	302-1	Fuels-Abs	8,391,783	9,713,560
Natural gas (direct energy) – renewable source	302-1	Fuels-Abs	0	0
Fuel oil *(direct energy)*	302-1	Fuels-Abs	0	0
Wood *(direct energy)*	302-1	Fuels-Abs	0	0
Total indirect energy *(kWhfe)*	**302-1**	**Elec-Abs**	**10,192,744**	**13,469,975**
Electricity (*indirect energy*) – non-renewable source	302-1	Elec-Abs	0	1,749,901
Electricity (*indirect energy*) – renewable source	302-1	Elec-Abs	10,192,744	11,720,074
Renewable energy production	302-1	Elec-Abs	0	0
District heating and cooling *(indirect energy)*	302-1	DH&C-Abs	0	0
Total energy consumption *(kWhfe)*			**18,584,526**	**23,183,536**
Total energy *(GJ)*			66,904	83,461
Total energy consumption *(kWhpe)*			**30,611,964**	**39,078,106**
Estimated consumption for vacant space *(kWhpe)*			0	0
Estimated consumption for occupied areas where no data is available *(kWhpe)*			1,262,374	0
Total measured + extrapolated energy consumption *(kWhpe)*			31,874,338	39,078,106

There was a 3.9% decrease on a like-for-like basis from 2016 to 2017 (2.4.2.1).

	Total consumption (Abs) "Operational control" scope				Like-for-like (LfL) "Operational control" scope			
		2016	2017			2016	2017	
Number of applicable properties	EPRA BPRs	18/19	21/21		EPRA BPRs	17/18		
Reporting scope coverage by surface area *(m²GLA)*		173,554	210,650			173,209		
Reporting scope coverage by surface area *(%)*		96%	100%			96%		
Proportion of estimated data		0%	0%			0%		
Paid by the owner				**Change** *(%)*				**Change** *(%)*
Total Electricity *(kWh)*	Elec-Abs	**10,192,744**	**13,469,975**	**32%**	Elec-LfL	**10,241,973**	**10,356,606**	**1%**
of which on a tenant submeter		0	0			0	0	
of which shared services		10,192,744	13,469,975			10,241,973	10,356,606	
Total District heating and cooling *(kWh)*	DH&C-Abs	**0**	**0**	**0%**	DH&C-LfL	**0**	**0**	**0%**
of which on a tenant submeter		0	0			0	0	
of which shared services		0	0			0	0	
Total Gas-fuel oil-wood *(kWh)*	Fuels-Abs	**8,391,783**	**9,713,560**	**16%**	Fuels-LfL	**8,393,222**	**7,553,669**	**-10%**
of which on a tenant submeter		0	0			0	0	
of which shared services		8,391,783	9,713,560			8,393,222	7,553,669	
					INTENSITY *(kWhfe/m²GLA/year)*	**108**	**103**	**-3.9%**

Carbon – Total GHG emissions and carbon intensity ratio for fully-owned assets (operational control scope)

Carbon emissions, calculated from energy bills, showed a 25% increase corresponding to the expansion of the scope and the integration of two assets for which Beni Stabili's green electricity contract was not yet effective in 2017. On a like-for-like basis, carbon emissions have decreased by 9.2%.

			Total emissions (Abs)			Like-for-like (LfL) emissions			
	GRI Standards	**EPRA BPRs**	**2016**	**2017**	**Change** *(%)*		**2016**	**2017**	**Change** *(%)*
Number of applicable properties			18/19	21/21			17/18		
Reporting scope coverage by surface area *(m²GLA)*			173,554	210,650			173,209		
Reporting scope coverage by surface area *(%)*			96%	100%			96%		
Proportion of estimated data			0%	0%			0%		
Carbon intensity *($kgCO_2e/m^2GLA/year$)*	**305-4**	**GHG-Int**	**12**	**15**	**19.7%**		**12**	**11**	**-9.2%**
GHG Protocol						**EPRA BPRs**			
Scope 1 – Total direct emissions *(tCO_2e)*	305-1	GHG-Dir-Abs	1,964	2,273	16%	GHG-Dir-LfL	1,964	1,768	-10%
Scope 2 – Total indirect emissions *(tCO_2e)*	305-2	GHG-Indir-Abs	158	940	495%	GHG-Indir-LfL	159	161	1%
Scope 3 – Other emissions *(tCO_2e)*		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions *($tCO_2e/year$)*			**2,122**	**3,123***			**2,123**	**1,928**	
CHANGE IN CARBON EMISSIONS 2017/2016			**51.4%**				**-9.2%**		

* *This data takes into account the low level of emissions associated with the green electricity contracts. With coefficients that do not take it into account, the total emission of the assets would raise at 8,012 tCO_2e, with a carbon intensity of 38 $kgCO_2e/m^2GLA/year$.*

Water – Total water consumption and water intensity ratio for fully owned buildings (operational control scope)

Water used in the portfolio comes from a single source: municipal water supplies. Consumption decreased in 2017, dropping from 1.06 to 0.81 (m^3/m^2GLA/year) between 2016 and 2017, or -23.6%.

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2GLA)*			149,742	173,782
Reporting scope coverage by surface area *(%)*			83%	82%
Number of applicable properties			16/19	17/21
Water intensity *(m^3/m^2GLA/year)*	**CRE2**	**Water-Int**	**1.06**	**0,81**
Total water consumption *(m^3)*	**303-1**	**Water-Abs**	**159,256**	**141,611**
Estimated water consumption in vacant space *(m^3)*			0	0
Estimated consumption in occupied areas for which data is not available *(m^3)*			32,619	30,043
Total extrapolated water consumption *(m^3)*			191,875	171,654
Like-for-like (LfL) water consumption				
Number of applicable properties				14/18
Reporting scope coverage *(m^2GLA)*				142,990
Reporting scope coverage by surface area *(%)*				79%
Proportion of estimated data				0%
Water intensity *(m^3/m^2GLA/year)*			**1.11**	**0.92**
Like-for-like water consumption *(m^3)*	303-1	Water-LfL	159,256	131,109
CHANGE IN WATER CONSUMPTION INTENSITY 2017/2016			**-17.7%**	

Waste – Total mass of waste in tonnes by type and disposal method

100% of the assets under full management (operational control) participated in selective collection to recycle waste.

Total waste production (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2GLA)*			0	210,650
Scope coverage *(%)*			0%	100%
Number of applicable properties			0/19	21/21
Proportion of estimated data				
Total hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**N/A**	**N/A**
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**N/A**	**13,592**
of which recycled, re-used or composted waste	306-2	Waste-Abs	N/A	6,479
or in %			N/A	48%
of which incinerated (including with energy recovery)	306-2	Waste-Abs	N/A	N/A
of which landfill	306-2	Waste-Abs	N/A	N/A
of which other disposal methods	306-2	Waste-Abs	N/A	N/A
Rate of selective collection			**100%**	**100%**
Total extrapolated production of waste (tonnes)			0	0
Like-for-like (LfL) waste production				
Number of applicable properties			0/18	
Scope coverage (m^2GLA)			0	
Scope coverage (%)			0%	
Proportion of estimated data			0%	
Rate of selective collection			N/A	N/A
Total waste *(tonnes)*	**306-2**	**Waste-LfL**	**N/A**	**N/A**
CHANGE IN TOTAL WASTE PRODUCTION 2017/2016			N/A	

2.10.1.3. Germany Residential

Given the size of the residential portfolio held by Immeo SE, the Group decided in 2014 to monitor fluid consumption and waste production for a representative sample. This sample was updated and supplemented in 2015 by CSTB to take into account changes in the portfolio. It now includes 156 assets accounting for 3% of the portfolio assets (in number). The coverage rates are based on this sample, which used the following representative criteria:

- seven geographic areas: Berlin, Duisburg, Essen, Oberhausen, Müllheim, Dresden, Other
- four construction periods: before 1945, 1945-1974, 1974-2000, After 2000
- two types of heat generation: Urban heating systems, district heating and furnaces.

Section 2.5.2 explains this approach. All reported consumption relates to the "operational control" scope.

Type and number of sustainably certified assets (Cert-Tot)

The residential assets in Germany were purchased in operation and without certifications.

Energy – Direct and indirect energy consumption by primary energy source and energy intensity ratio for buildings in use (operational control scope)

The data relates to the owner scope and is based on invoices with no estimates.

Tenants do not provide these data.

The results are presented without weather adjustment (see section 2.5.2.2).

	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2Nütz)*			135,499	139,803
Reporting scope coverage by surface area *(%)*			94%	97%
Number of applicable properties			142/155	148/155
Proportion of estimated data			0%	0%
Intensity *(kWhfe/m^2Nütz/year)*	**CRE1**	**Energy-Int**	**203**	**212**
Intensity *(kWhpe/m^2Nütz/year)*			**218**	**228**
Total direct energy *(kWhfe)*	**302-1**	**Fuels-Abs**	**8,464,895**	**9,431,202**
Natural gas *(direct energy)* – non-renewable source	302-1	Fuels-Abs	8,464,895	9,431,202
Natural gas *(direct energy)* – renewable source	302-1	Fuels-Abs	0	0
Fuel oil *(direct energy)*	302-1	Fuels-Abs	0	0
Wood *(direct energy)*	302-1	Fuels-Abs	0	0
Total indirect energy *(kWhfe)*	**302-1**	**Elec-Abs**	**18,943,031**	**20,217,678**
Electricity *(indirect energy)* – non-renewable source	302-1	Elec-Abs	279,868	302,121
Electricity *(indirect energy)* – renewable source	302-1	Elec-Abs	0	0
Renewable energy production	302-1	Elec-Abs	59,417	56,927
of which solar			59,417	56,927
District heating and cooling *(indirect energy)*	302-1	DH&C-Abs	18,722,579	19,972,484
Total energy consumption *(kWhfe)*			**27,407,926**	**29,648,880**
Total energy (GJ)			98,669	106,736
Total energy consumption *(kWhpe)*			**29,513,691**	**31,895,763**
Estimated consumption for vacant space *(kWhpe)*			0	0
Estimated consumption for occupied areas where no data is available *(kWhpe)*			1,994,827	1,107,632
Total measured + extrapolated energy consumption *(kWhpe)*			31,508,519	33,003,395

		Total consumption (Abs) "Operational control" scope				Like-for-like (LfL) "Operational control" scope		
		2016	2017			2016	2017	
Number of applicable properties	EPRA BPRs	143/156	148/155		EPRA BPRs	141/155		
Reporting scope coverage by surface area *(m^2Nütz)*		136,112	139,803			135,100		
Reporting scope coverage by surface area *(%)*		94%	97%			93%		
Proportion of estimated data		0%	0%			0%		
Paid by the owner				**Change** *(%)*				**Change** *(%)*
Total Electricity *(kWh)*	Elec-Abs	**279,868**	**302,121**	**8%**	Elec-LfL	**279,773**	**276,946**	**-1%**
of which on a tenant submeter		0	0			0	0	
of which shared services		279,868	302,121	8%		279,773	276,946	-1%
Total District heating and cooling *(kWh)*	DH&C-Abs	**18,722,579**	**19,972,484**	**7%**	DH&C-LfL	**18,722,583**	**19,760,624**	**6%**
of which on a tenant submeter		0	0			0	0	
of which shared services		18,722,579	19,972,484	7%		18,722,583	19,760,624	6%
Total Gas-fuel oil-wood *(kWh)*	Fuels-Abs	**8,464,895**	**9,431,202**	**11%**	Fuels-LfL	**8,464,898**	**8,366,325**	**-1%**
of which on a tenant submeter		0	0			0	0	
of which shared services		8,464,895	9,431,202	11%		8,464,898	8,366,325	-1%
				INTENSITY *(kWhfe/m^2Nütz/year)*		**203.3**	**210.2**	**3.4%**

Carbon – Total direct or indirect GHG emissions and greenhouse gas emissions from buildings in use (operational control scope)

The carbon emissions are calculated by CSTB using energy bills (see section 2.5.2.3).

			Total emissions (Abs)			Like-for-like (LfL) emissions			
Total carbon emission (Abs)	**GRI Standards**	**EPRA BPRs**	**2016**	**2017**	**Change** *(%)*		**2016**	**2017**	**Change** *(%)*
Number of applicable properties			143/156	148/155			141/155		
Reporting scope coverage by surface area *(m^2Nütz)*			136,112	139,803			135,100		
Reporting scope coverage by surface area *(%)*			94%	97%			93%		
Proportion of estimated data			0%	0%			0%		
Carbon intensity *($kgCO_2e/m^2$Nütz/year)*	**305-4**	**GHG-Int**	**32**	**34.2**	**5.5%**		**32.5**	**33.2**	**2%**
GHG Protocol						**EPRA BPRs**			
Scope 1 – Total direct emissions *(tCO_2e)*	305-1	GHG-Dir-Abs	1,981	2,207	11%	GHG-Dir-LfL	1,981	1,958	-1%
Scope 2 – Total indirect emissions *(tCO_2e)*	305-2	GHG-Indir-Abs	2,405	2,568	7%	GHG-Indir-LfL	2,405	2,527	5%
Scope 3 – Other emissions *(tCO_2e)*		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions *(tCO_2e/year)*			**4,386**	**4,775**			**4,386**	**4,485**	
CHANGE IN CARBON EMISSIONS 2017/2016			**8.9%**				**2.2%**		

Water – Total water consumption and water intensity ratio for buildings in use (operational control scope)

Water used in the portfolio comes from a single source: municipal water supplies.

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2 Nütz)*			141,439	143,202
Reporting scope coverage by surface area *(%)*			97%	99%
Number of applicable properties			151/156	153/155
Water intensity *(m^3/m^2 Nütz/year)*	**CRE2**	**Water-Int**	**1.31**	**1.30**
Total water consumption *(m^3)*	**303-1**	**Water-Abs**	**185,740**	**185,645**
Estimated water consumption in vacant space *(m^3)*			0	0
Estimated consumption in occupied areas for which data is not available *(m^3)*			5,032	1,887
Total extrapolated water consumption *(m^3)*			190,772	187,532
Like-for-like (LfL) water consumption				
Number of applicable properties			150/155	
Reporting scope coverage *(m^2 Nütz)*			140,826	
Reporting scope coverage by surface area *(%)*			97%	
Proportion of estimated data			0%	
Water intensity *(m^3/m^2 Nütz/year)*			**1.31**	**1.31**
Like-for-like water consumption *(m^3)*	303-1	Water-LfL	183,833	184,397
CHANGE IN WATER CONSUMPTION INTENSITY 2017/2016			**0.3%**	

Waste – Total mass of waste in tonnes by type and disposal method (operational control scope)

The waste data is estimated in volume (litres) and converted to m^3 in the table below.

Selective collection is in oper ation for all of the assets in the reporting sample.

Total waste production (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2 Nütz)*			144,279	325,887
Scope coverage *(%)*			99%	79%
Number of applicable properties			154/156	155/155
Proportion of estimated data			0%	0%
Total hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**N/A**	**N/A**
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**16,477**	**16,875**
of which recycled, re-used or composted waste	306-2	Waste-Abs	N/A	N/A
or in %			*N/A*	*N/A*
of which incinerated (including with energy recovery)	306-2	Waste-Abs	N/A	N/A
of which landfill	306-2	Waste-Abs	N/A	N/A
of which other disposal methods	306-2	Waste-Abs	N/A	N/A
Rate of selective collection			**100%**	**100%**
Total extrapolated production of waste *(tonnes)*			16,590	16,875
Like-for-like (LfL) waste production				
Number of applicable properties			153/155	
Scope coverage *(m^2 Nütz)*			143,666	
Scope coverage *(%)*			99%	
Proportion of estimated data			0%	
Rate of selective collection			**100%**	**100%**
Total hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**N/A**	**N/A**
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-LfL**	**16,352**	**16,589**
of which recycled, re-used or composted waste			N/A	N/A
or in %			*N/A*	*N/A*
of which incinerated (including with energy recovery)			N/A	N/A
of which landfill			N/A	N/A
of which other disposal methods			N/A	N/A
CHANGE IN TOTAL WASTE PRODUCTION 2017/2016			**1.4%**	

2.10.1.4. Hotels and Service Sector

The Hotels and Service sector portfolio of Foncière des Régions is made up entirely of single-let buildings. The tenants are responsible for the operation and management of energy, water and waste for each asset. As such, Foncière des Régions does not have "operational control" of the assets and is thus exempted from environmental reporting in light of the EPRA recommendations.

Nonetheless, Foncière des Régions is determined to monitor and reduce the environmental footprint of its portfolio and organises reporting with its tenants, who provide their data on waste production, energy and water consumption each year.

As of this year, the reporting scope no longer relates solely to the assets held in France by this business activity. It has been extended to hotels owned by Foncière des Murs in the rest of Europe. The scope of environmental reporting is based on the consolidated financial reporting scope for Foncière des Murs. Any assets excluded from this scope are detailed below. This reporting concern AccorHotels, B&B Hotels, Club Med, Courtepaille, Motel One and Jardiland held by Foncière des Murs and in operation in Europe, representing 83% of total portfolio area as of the 31 December 2017. Assets purchased in advance for future completion (VEFA), under promise, or acquired less than a year ago (NH Hotels) at the end of December 2017 are excluded from this scope.

Type and number of sustainably certified assets (Cert-Tot) (2.6.3)

At 31 December 2016, 47.7% of the reporting scope (in terms of value of the Group Share) had obtained a construction certification (HQE or BREEAM) and/or operation certification (BREEAM In-Use, Green Key, Planet 21 or Green Globe). Green Key, Planet21 and Green Globe are industry labels specific to hotels or holiday clubs.

Energy – Direct and indirect energy consumption by primary energy source and energy intensity ratio for buildings in use

The reporting scope coverage rate is high (89% for energy), which allows for like-for-like comparison, making the results directly comparable from one year to the next. The figures presented below correspond to Scope 3 emissions as described in the GHG protocol, since none of this consumption is managed or paid for by the owner ("operational control"). All data is based on energy invoices paid by the tenants, which show the consumption (kWh).

Total energy consumption (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2)*			723,995	1,103,866
Reporting scope coverage by surface area *(%)*			89%	89%
Number of applicable properties			319/362	385/408
Proportion of estimated data			0%	0%
Intensity *(kWhfe/m²/year)*	**CRE1**	**Energy-Int**	**227**	**197**
Intensity *(kWhpe/m²/year)*			**436**	**375**
Total direct energy *(kWhfe)*	**302-1**	**Fuels-Abs**	**59,712,644**	**76,605,892**
Natural gas *(direct energy)* – non-renewable source	302-1	Fuels-Abs	54,357,075	70,436,620
Natural gas *(direct energy)* – renewable source	302-1	Fuels-Abs	0	0
Fuel oil *(direct energy)*	302-1	Fuels-Abs	159,328	141,432
Wood *(direct energy)*	302-1	Fuels-Abs	5,196,240	6,027,840
Total indirect energy *(kWhfe)*	**302-1**	**Elec-Abs**	**104,933,987**	**140,801,122**
Electricity *(indirect energy)* – non-renewable source	302-1	Elec-Abs	96,732,748	117,173,509
Electricity *(indirect energy)* – renewable source	302-1	Elec-Abs	0	10,537,727
Renewable energy production	302-1	Elec-Abs	143,805	32,023
of which solar			*143,805*	*32,023*
District heating and cooling *(indirect energy)*	302-1	DH&C-Abs	8,345,044	13,121,909
Total energy consumption *(kWhfe)*			**164,646,631**	**217,407,013**
Total energy (GJ)			592,728	782,665
Total energy consumption *(kWhpe)*			**295,664,682**	**413,406,479**
Estimated consumption for vacant space *(kWhpe)*			0	0
Estimated consumption for occupied areas where no data is available *(kWhpe)*			36,420,708	50,497,916
Total measured + extrapolated energy consumption *(kWhpe)*			332,085,390	463,904,395

		Total consumption (Abs) "Operational control" scope				Like-for-like (LfL) "Operational control" scope		
		2016	2017	Change (%)		2016	2017	Change (%)
Number of applicable properties	EPRA BPRs	319/362	385/408		EPRA BPRs	283/330		
Reporting scope coverage by surface area *(m^2)*		723,995	1,103,866			726,616		
Reporting scope coverage by surface area *(%)*		89%	89%			89%		
Proportion of estimated data		0%	0%			0%		
Managed and paid by the tenant								
Total Electricity *(kWh)*	Elec-Abs	**96,732,748**	**127,711,236**	**32%**	Elec-LfL	**84,908,406**	**88,096,815**	**4%**
of which on a tenant submeter								
of which shared services		96,732,748	127,711,236			84,908,406	88,096,815	
Total District heating and cooling *(kWh)*	DH&C-Abs	**8,345,044**	**13,121,909**	**57%**	DH&C-LfL	**7,841,713**	**8,077,411**	**3%**
of which on a tenant submeter								
of which shared services		8,345,044	13,121,909			7,841,713	8,077,411	
Total Gas-fuel oil-wood *(kWh)*	Fuels-Abs	**59,712,644**	**76,605,892**	**28%**	Fuels-LfL	**57,175,148**	**57,820,425**	**1%**
of which on a tenant submeter								
of which shared services		59,712,644	76,605,892			57,175,148	57,820,425	
					INTENSITY *(kWhfe/m^2year)*	**206.3**	**211.9**	**2.7%**

Carbon – Total direct or indirect GHG emissions and greenhouse gas emissions from buildings

The carbon emissions are calculated according to the provisions of the Decree of 15 September 2006. The reduction in emissions since 2008 is significant. This improvement is due to a combination of factors, including the Group's carbon policy, the acquisition of energy-efficient assets and the decarbonisation of the grid. The coverage of the reporting scope for carbon emissions is also 89%, since it is based on energy invoices. The reporting scope coverage is 89% from one year to another on a like-for-like basis.

			Total emissions (Abs)			Like-for-like (LfL) emissions			
Total waste production (Abs)	**GRI Standards**	**EPRA BPRs**	**2016**	**2017**	**Change (%)**		**2016**	**2017**	**Change (%)**
Number of applicable properties			319/362	385/408			283/330		
Reporting scope coverage by surface area *(m^2)*			723,995	1,103,866			726,616		
Reporting scope coverage by surface area *(%)*			89%	89%			89%		
Proportion of estimated data			0%	0%			0%		
Carbon intensity *($kgCO_2e/m^2$/year)*	**305-4**	**GHG-Int**	**31**	**34.3**	**10.3%**		**30.9**	**31.0**	**0%**
GHG Protocol						**EPRA BPRs**			
Scope 1 – Total direct emissions *(tCO_2e)*	305-1	GHG-Dir-Abs	12,835	16,537	29%	GHG-Dir-LfL	12,365	12,336	0%
Scope 2 – Total indirect emissions *(tCO_2e)*	305-2	GHG-Indir-Abs	9,711	21,362	120%	GHG-Indir-LfL	10,100	10,194	1%
Scope 3 – Other emissions *(tCO_2e)*		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions *(tCO2e/year)*			**22,546**	**37,899***			**22,465**	**22,530**	
CHANGE IN CARBON EMISSIONS 2017/2016			**68.1%**				**0.3%**		

* *This data takes into account the low level of emissions associated with the green electricity contracts. With coefficients that do not take it into account, the total emission of the assets would raise at 40,292 tCO_2e, with a carbon intensity of 37 $kgCO_2e/m^2$/year.*

Water – Total water consumption and water intensity ratio for buildings in use

The water used in the portfolio comes from a single source: municipal water supplies. Missing consumption figures were not included in the evaluation.

Average consumption has increased from 1.63 m^3/m^2/year in 2016 to 1.64 m^3/m^2/year in 2017.

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2)*			685,433	1,033,879
Reporting scope coverage by surface area *(%)*			84%	83%
Number of applicable properties			300/362	368/398
Water intensity *(m^3/m^2/year)*	CRE2	Water-Int	**1.63**	**1.64**
Total water consumption *(m^3)*	303-1	Water-Abs	1,117,205	1,690,736
Estimated water consumption in vacant space *(m^3)*			0	0
Estimated consumption in occupied areas for which data is not available *(m^3)*			208,215	334,958
Total extrapolated water consumption *(m^3)*			1,325,420	2,025,694
Like-for-like (LfL) water consumption				
Number of applicable properties			281/330	
Reporting scope coverage *(m^2)*			700,056	
Reporting scope coverage by surface area *(%)*			86%	
Proportion of estimated data			0%	
Water intensity *(m^3/m^2/year)*			**1.69**	**1.71**
Like-for-like water consumption *(m^3)*	303-1	Water-LfL	1,183,230	1,200,144
CHANGE IN WATER CONSUMPTION INTENSITY 2017/2016			**1.4%**	

Waste – Total mass of waste in tonnes by type and disposal method

In France, the municipalities provide waste removal services. They do not provide data on the weight or exact disposal route.

Foncière des Régions is looking to identify the proportion of assets with selective waste collection. However, the tonnage is available on certain sites. Data was communicated for 50% of them. Moreover, 100% of the hotels held by Foncière des Régions benefit from selective collection of their waste.

	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2)*			515,152	325,887
Scope coverage *(%)*			63%	79%
Number of applicable properties			190/362	31/62
Proportion of estimated data			0%	0%
Total non-hazardous waste *(tonnes)*	306-2	Waste-Abs	14,071	2,205
of which recycled, re-used or composted waste	306-2	Waste-Abs	582	333.0
or in %			*4%*	*15%*
of which incinerated (including with energy recovery)	306-2	Waste-Abs	N/A	N/A
of which landfill	306-2	Waste-Abs	N/A	N/A
of which other disposal methods	306-2	Waste-Abs	N/A	N/A
Rate of selective collection			**100%**	**100%**
Total extrapolated production of waste *(tonnes)*			0	0
Like-for-like (LfL) waste production				
Number of applicable properties			11/44	
Scope coverage *(m^2)*			40,289	
Scope coverage *(%)*			30%	
Proportion of estimated data			**0%**	
Rate of selective collection			**100%**	**100%**
Total non-hazardous waste *(tonnes)*	306-2	Waste-LfL	1,098	676
of which recycled, re-used or composted waste			189	246
or in %			*17%*	*36%*
of which incinerated (including with energy recovery)			N/A	N/A
of which landfill			N/A	N/A
of which other disposal methods			N/A	N/A
CHANGE IN TOTAL WASTE PRODUCTION 2017/2016			**-38.4%**	

2.10.1.5. Headquarters Buildings

From 2017, the reporting of the headquarters includes Paris and Metz assets in France, Oberhausen and Berlin assets in Germany, Milan and Rome assets in Italy.

Type and number of sustainably certified assets (Cert-Tot): 43%
43% (in number) or three of seven major locations in Europe. The three buildings occupied in France by the Foncière des Régions' teams are certified: HQE for Divo in Metz and BREEAM In-Use for 10 and 30 Kleber in Paris.

Energy – Direct and indirect energy consumption by source and energy intensity ratio for "corporate" buildings occupied by the Foncière des Régions teams (operational control scope)
Consumption data is based on actual invoices obtained from the property management company or energy suppliers. No estimates were made. The results presented have been adjusted for weather variations; which was refined this year in order to avoid too significant a distortion resulting from an exceptionally hot year (one of the warmest in a century according to Météo France).

The intensity ratios are expressed in m²GIA for France, m²GLA for Italy and m²Nütz for Germany.

Total energy consumption (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m²)*			7,196	24,832
Reporting scope coverage by surface area *(%)*			100%	100%
Number of applicable properties			3/3	7/7
Proportion of estimated data			0%	0%
Intensity *(kWhfe/m²/year)*	**CRE1**	**Energy-Int**	**219**	**169**
Intensity *(kWhpe/m²/year)*			**431**	**301**
Total direct energy *(kWhfe)*	**302-1**	**Fuels-Abs**	**280,262**	**645,924**
Natural gas *(direct energy)* – non-renewable source	302-1	Fuels-Abs	280,262	645,924
Natural gas *(direct energy)* – renewable source			0	0
Fuel oil *(direct energy)*	302-1	Fuels-Abs	0	0
Wood *(direct energy)*	302-1	Fuels-Abs	0	0
Total indirect energy *(kWhfe)*	**302-1**	**Elec-Abs**	**1,294,818**	**3,544,085**
Electricity *(indirect energy)* – non-renewable source	302-1	Elec-Abs	965,337	1,545,129
Electricity *(indirect energy)* – renewable source			0	408,553
Renewable energy production	302-1	Elec-Abs	0	0
of which solar			*0*	*0*
District heating and cooling *(indirect energy)*	302-1	DH&C-Abs	329,481	1,590,403
Total energy consumption *(kWhfe)*			**1,575,079**	**4,190,009**
Total energy (GJ)			5,670	15,084
Total energy consumption *(kWhpe)*			**3,100,312**	**7,483,364**
Estimated consumption for vacant space *(kWhpe)*			0	0
Estimated consumption for occupied areas where no data is available *(kWhpe)*			0	0
Total measured + extrapolated energy consumption *(kWhpe)*			3,100,312	7,483,364

The total energy consumption increases sharply between 2016 and 2017 since the reporting perimeter has been extended to the European level. Nonetheless, in terms of ratios, the energy consumption decreases by 23% in final energy and by 30% in primary energy

	Total consumption (Abs) "Operational control" scope				Like-for-like (LfL) "Operational control" scope			
		2016	**2017**			**2016**	**2017**	
Number of applicable properties	EPRA BPRs	3/3	7/7		EPRA BPRs	3/3		
Reporting scope coverage by surface area *(m²)*	EPRA BPRs	7,196	24,832		EPRA BPRs	7,196		
Reporting scope coverage by surface area *(%)*	EPRA BPRs	100%	100%		EPRA BPRs	100%		
Proportion of estimated data	EPRA BPRs	0%	0%		EPRA BPRs	0%		
Paid by the owner				**Change** *(%)*				**Change** *(%)*
Total Electricity *(kWh)*	Elec-Abs	**965,337**	**1,953,682**	**102%**	Elec-LfL	**981,372**	**901,027**	**-8%**
of which on a tenant submeter	Elec-Abs	0	0		Elec-LfL	0	0	
of which shared services	Elec-Abs	965,337	1,953,682		Elec-LfL	981,372	901,027	
Total District heating and cooling *(kWh)*	DH&C-Abs	**329,481**	**1,590,403**	**383%**	DH&C-LfL	**378,100**	**321,320**	**-15%**
of which on a tenant submeter	DH&C-Abs	0	0		DH&C-LfL	0	0	
of which shared services	DH&C-Abs	329,481	1,590,403		DH&C-LfL	378,100	321,320	
Total Gas-fuel oil-wood *(kWh)*	Fuels-Abs	**280,262**	**645,924**	**130%**	Fuels-LfL	**279,716**	**305,172**	**9%**
of which on a tenant submeter	Fuels-Abs	0	0		Fuels-LfL	0	0	
of which shared services	Fuels-Abs	280,262	645,924		Fuels-LfL	279,716	305,172	
					INTENSITY *(kWhfe/m²/year)*	**227.8**	**212.3**	**-6.8%**

Carbon – Total direct or indirect GHG emissions and carbon intensity ratio for "corporate" buildings (operational control scope)

The decrease observed in the carbon emission on a like-for-like basis is the result of a relative drop in heating over the period after it was adjusted for weather variations.

			Total emissions (Abs)			Like-for-like (LfL) emissions			
Total carbon emission (Abs)	**GRI Standards**	**EPRA BPRs**	**2016**	**2017**	**Change** *(%)*		**2016**	**2017**	**Change** *(%)*
Number of applicable properties			3/3	7/7			3/3		
Reporting scope coverage by surface area *(m²)*			7,196	24,832			7,196		
Reporting scope coverage by surface area *(%)*			100%	100%			100%		
Proportion of estimated data			0%	0%			0%		
Carbon intensity *(kgCO_2e/m²/year)*	**305-4**	**GHG-Int**	**29.2**	**44.3**	**52.7%**		**29.2**	**28.9**	**-0.9%**
GHG Protocol						**EPRA BPRs**			
Scope 1 – Total direct emissions *(tCO_2e)*	305-1	GHG-Dir-Abs	66	151	129%	GHG-Dir-LfL	66	71	8%
Scope 2 – Total indirect emissions *(tCO_2e)*	305-2	GHG-Indir-Abs	144	948	559%	GHG-Indir-LfL	144	137	-5%
Scope 3 – Other emissions *(tCO_2e)*		GHG-Indir-Abs	0	0		GHG-Indir-LfL	0	0	
Total emissions *(tCO_2e/year)*			**210**	**1,100***			**210**	**208**	
CHANGE IN CARBON EMISSIONS 2017/2016			423.6%				-0.9%		

* *This data takes into account the low level of emissions associated with the green electricity contracts. With coefficients that do not take it into account, the total emission of the assets would raise at 1,265 tCO_2e, with a carbon intensity of 51 kgCO_2e/m²/year.*

Water – Total water consumption and water intensity ratio for «corporate» buildings (operational control scope)

Water used in the portfolio comes from a single source: municipal water supplies.

In 2017 water consumption was collected for the seven Foncière des Régions locations in Europe, with an average that is moderately increasing, moving from 0.25 m^3/m^2/year to 0.29 m^3/m^2/year. Water supply companies do not always bill based on the meter reading and regularly use consumption estimates, which could have an impact their monitoring.

Total water consumption (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2)*			7,196	24,832
Reporting scope coverage by surface area *(%)*			100%	100%
Number of applicable properties			3/3	7/7
Water intensity *(m^3/m^2/year)*	CRE2	Water-Int	**0.25**	**0.29**
Total water consumption *(m^3)*	**303-1**	**Water-Abs**	**1,795**	**7,122**
Estimated water consumption in vacant space *(m^3)*			0	0
Estimated consumption in occupied areas for which data is not available *(m^3)*			0	0
Total extrapolated water consumption *(m^3)*			1,795	7,122
Like-for-like (LfL) water consumption				
Number of applicable properties			3/3	
Reporting scope coverage *(m^2)*			7,196	
Reporting scope coverage by surface area *(%)*			100%	
Proportion of estimated data			0%	
Water intensity *(m^3/m^2/year)*			**0.25**	**0.31**
Like-for-like water consumption *(m^3)*	303-1	Water-LfL	1,795	2,252
CHANGE IN WATER CONSUMPTION INTENSITY 2017/2016			**25.4%**	

Waste – Total mass of waste in tonnes by type and disposal method for the «corporate» buildings (operational control scope)

The tonnage of waste produced by the three French assets is monitored monthly, while keeping paper and cardboard (of which 100% are recycled) in a separate category. The volume recorded in 2017 represents a slight increase of 3.3% on a like-for-like basis, as shown in the table below.

Total waste production (Abs)	GRI Standards	EPRA BPRs	2016	2017
Reporting scope coverage by surface area *(m^2)*			7,196	24,832
Scope coverage *(%)*			100%	100%
Number of applicable properties			3/3	7/7
Proportion of estimated data			0%	0%
Total hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**0**	**0**
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-Abs**	**58**	**259**
of which recycled, re-used or composted waste	306-2	Waste-Abs	41.5	22.8
or in %			*72%*	*9%*
of which incinerated (including with energy recovery)	306-2	Waste-Abs	N/A	N/A
of which landfill	306-2	Waste-Abs	N/A	N/A
of which other disposal methods	306-2	Waste-Abs	N/A	N/A
Rate of selective collection			**100%**	**100%**
Total extrapolated production of waste *(tonnes)*			0	0
Like-for-like (LfL) waste production				
Number of applicable properties			3/3	
Scope coverage *(m^2)*			7,196	
Scope coverage *(%)*			100%	
Proportion of estimated data			0%	
Rate of selective collection			**100%**	**100%**
Total hazardous waste *(tonnes)*	**306-2**	**Waste-LfL**	**0**	**0**
Total non-hazardous waste *(tonnes)*	**306-2**	**Waste-LfL**	**58**	**60**
of which recycled, re-used or composted waste			41	23
or in %			*72%*	*38%*
of which incinerated (including with energy recovery)			N/A	N/A
of which landfill			N/A	N/A
of which other disposal methods			N/A	N/A
CHANGE IN TOTAL WASTE PRODUCTION 2017/2016			**3.3%**	

2.10.2. Social indicators

2.10.2.1. Foncière des Régions ESU

	GRI Standards		2015	2016	2017
Number of employees		**TOTAL**	**269**	**268**	**282**
Total workforce by type of employment contract broken down by gender	102-8	**Permanent contracts**	**93.7%**	**91.8%**	**92.9%**
		Men	44.4%	46.7%	43.5%
		Women	55.5%	53.3%	56.5%
		Fixed-term contracts	**1.1%**	**3.0%**	**2.1%**
		Men	33.3%	12.5%	0.0%
		Women	66.7%	87.5%	100.0%
		CAP	**5.2%**	**5.2%**	**5.0%**
		Men	14.3%	28.6%	28.6%
		Women	85.7%	71.4%	71.4%
Total workforce by type of job broken down by gender		**Full-time**	**89.2%**	**91.4%**	**92.9%**
		Men	46.6%	47.8%	43.9%
		Women	53.3%	52.2%	56.1%
		Part-time	**10.7%**	**8.2%**	**7.1%**
		Men	10.3%	13.6%	15.0%
		Women	89.6%	86.4%	85.0%
Distribution of workforce by geographic area and broken down by gender		**Paris**	**71.7%**	**70.9%**	**73.0%**
		Men	43.0%	45.8%	41.3%
		Women	56.9%	54.2%	57.8%
		Metz	**23.0%**	**23.9%**	**22.0%**
		Men	43.5%	43.8%	43.5%
		Women	56.4%	56.3%	56.5%
		Regional offices	**5.2%**	**5.2%**	**5.7%**
		Men	35.7%	35.7%	37.5%
		Women	64.2%	64.3%	62.5%
Breakdown of workforce by professional category		**Managers**	**75.4%**	**76.1%**	**81.2%**
		Men	49.3%	50.5%	45.4%
		Women	50.7%	49.5%	54.6%
		Supervisors	**14.1%**	**15.7%**	**12.1%**
		Men	26.3%	26.2%	23.5%
		Women	73.7%	73.8%	76.5%
		Employees	**8.2%**	**8.2%**	**6.7%**
		Men	18.2%	27.3%	31.6%
		Women	81.8%	72.7%	68.4%
		Building caretakers	**2.2%**	**0.0%**	**0.0%**
		Men	16.7%	0.0%	0.0%
		Women	83.3%	0.0%	0.0%
Breakdown of workforce by gender		Men	42.7%	44.8%	41.8%
		Women	57.2%	55.2%	58.2%
Breakdown of managerial staff		Men managers	57.8%	56.1%	51.5%
		Women managers	42.1%	43.9%	48.5%
Breakdown of workforce by age group		Age < 30	15.9%	16.4%	18.4%
		30-50 years old	61.7%	61.9%	57.1%
		Age > 50	22.3%	21.6%	24.5%

	GRI Standards		2015	2016	2017
Employee turnover broken down by gender	401-1	**Total permanent contract departures**	**17**	**19**	**21**
		Turnover rate of permanent contract departure	**6.66%**	**7.5%**	**7.7%**
		Men	2.7%	3.6%	4.1%
		Women	3.9%	4.0%	3.7%
Turnover by age group		Age < 30	2.0%	1.6%	0.8%
		30-50 years old	2.4%	4.0%	5.7%
		Age > 50	2.4%	2.0%	1.2%
Turnover by geographic area		Paris	5%	7%	7%
		Metz	2%	4%	0%
		Regional offices	0%	0%	1%
Turnover rate of less than two years		**Turnover rate related to permanent contract departures of less than two years**	**3.0%**	**8.8%**	**11.0%**
Level of incoming staff by contract type		**Total joiners (first contract to staff excluding replacement caretaker staff)**	**34**	**53**	**60**
		Total number of recruits on permanent contracts	**15**	**20**	**36**
		Of which conversion to permanent contract	**1**	**3**	**6**
		Youth Policy (summer jobs or apprentices)	17	24	18
		Medium fixed-term and temporary replacement contracts	6	12	6
Average number of hours of training per employee by gender and professional category	404-1	**Per employee**	**22.4**	**23.9**	**17.9**
		Per man	23.9	23.0	17.2
		Per woman	21.2	25.0	18.4
		Per manager	24	24	18.6
		Per supervisor	21	24	14.82
		Per employee	8	21	9.6
Percentage of employees receiving regular performance and career development reviews, by gender	404-3	**TOTAL**	**98%**	**99%**	**99%**
		Per man	43%	44%	42%
		Per woman	55%	55%	58%
Rate of absenteeism by geographic area and by gender	403-2	**TOTAL**	**4.1%**	**3.9%**	**4.1%**
		Men	3.6%	3.7%	2.3%
		Women	4.5%	3.9%	5.6%
		Paris	3.7%	3.0%	3.4%
		Metz	2.0%	6.2%	6.3%
		Regional offices	19.8%	5.1%	3.6%
Work accident rate by geographic area and by gender		**Total**	**1.57%**	**1.20%**	**0.79%**
		Severity rate	**0.45**	**0.05**	**0.04**
		Frequency rate	**9.80**	**7.58**	**4.90**
		Men	0.52%	0.80%	0.00%
		Women	1.05%	0.40%	0.79%
		Paris	1.57%	1.20%	0.39%
		Metz	0.0%	0.0%	0.4%
		Regional offices	0.0%	0.0%	0.0%
Occupational illness rate by geographic area and by gender		**TOTAL**	**0%**	**0%**	**0%**
Percentage of all employees covered by collective agreements	102-41	%	100%	100%	100%

	GRI Standards		2015	2016	2017
Ratio between the base salary and remuneration for women compared with the ratio for men, by professional category and for each main operating site	405-2	Base salary for men (average) (excluding vocational training certificate contracts (CAP) and suspension)	67,711	68,517	67,242
		Base salary for women (average) (excluding vocational training certificate contracts (CAP) and suspension)	49,951	50,897	53,815
		F/M ratio (excluding vocational training certificate contracts and suspension of contract)	0.74	0.74	0.80
		Base salary, male managers	72,250	73,071	70,439
		Base salary, female managers	57,533	58,896	58,983
		F/M ratio, managers	0.80	0.81	0.84
		Average base salary, male supervisors	34,645	33,929	35,649
		Average base salary, female supervisors	32,520	31,078	32,335
		F/M ratio, supervisors	0.94	0.92	0.91
		Base salary, male office staff	26,396	24,241	27,330
		Base salary, female office staff	24,645	18,657	26,361
		F/M ratio, office staff	0.93	0.77	0.96
		Average base salary, male building caretakers	27212	N/A	N/A
		Average base salary, female building caretakers	24773	N/A	N/A
		F/M ratio, building caretakers	0.91	N/A	
Return to work and retention rates after parental leave, by gender	401-3	Number of employees with right to parental leave (with children younger than three years)	20%	18%	15%
		Women	12%	9%	8%
		Men	8%	9%	7%
		Employees who took parental leave (part-time or full-time)	15%	9%	10%
		Women	100%	75%	100%
		Men	0%	25%	0%
		Employees who returned to work after parental leave (for full-time departures only)	100%	N/A	100%
		Women	N/A	N/A	100%
		Men	100%	N/A	N/A
		Employees who returned to work after parental leave (full-time departures only) and are still employed 12 months later	100%	100%	100%
		Women	100%	100%	100%
		Men	100%	N/A	N/A
Percentage of total workforce represented in mixed Management-Employee health and safety committees, monitoring and submitting opinions on the health and safety programme	403-1		100%	100%	100%
Percentage of employees having received training	FDR indicator		97%	70%	95%
Payroll dedicated to training	FDR indicator		4.34%	3.65%	3.95%
Internal mobility	FDR indicator		7	17	10
Loans to personnel (% of employees who took out loans compared to total staff)	FDR indicator		1.1%	0.4%	1.1%
Works Council subsidies *(% of payroll)*	FDR indicator		2%	2%	2%

2.10.2.2. Beni Stabili

	GRI Standards		2015	2016	2017
Numbers of employees		**TOTAL**	**61**	**60**	**148**
Total workforce by type of employment contract broken down by gender	102-8	**Permanent contracts**	**96.7%**	**96.7%**	**88.5%**
		Men	50.8%	51.7%	54.2%
		Women	49.2%	48.3%	45.8%
		Fixed-term contracts	**3.3%**	**3.3%**	**10.1%**
		Men	50.0%	100.0%	33.3%
		Women	50.0%	0.0%	66.7%
		CAP	**0.0%**	**0.0%**	**1.4%**
		Men	0.0%	0.0%	50.0%
		Women	0.0%	0.0%	50.0%
Total workforce by type of job broken down by gender		**Full-time**	**98.4%**	**96.7%**	**95.9%**
		Men	51.7%	55.2%	54.2%
		Women	48.3%	44.8%	45.8%
		Part-time	**1.6%**	**3.3%**	**4.1%**
		Men	0.0%	0.0%	0.0%
		Women	100.0%	100.0%	100.0%
Total workforce by professional category divided by gender		**Managers**	**NC**	**20.0%**	**20.9%**
		Men	NC	66.7%	61.3%
		Women	NC	33.3%	38.7%
		Non-Managers	**NC**	**80.0%**	**79.1%**
		Men	NC	50.0%	49.6%
		Women	NC	50.0%	50.4%
Breakdown of workforce by gender		Men	50.8%	53.3%	52.0%
		Women	49.2%	46.7%	48.0%
Breakdown of workforce by age group		Age < 30	8.5%	10.0%	6.1%
		30-50 years old	69.5%	71.7%	78.4%
		Age > 50	22.0%	18.3%	15.5%
Employee turnover M/F	401-1	**Total permanent contract departures**	**8**	**8**	**14**
		Rate of permanent contract departure turnover	**13.1%**	**13.3%**	**9.5%**
		Men	12.9%	18.8%	14.3%
		Women	13.3%	7.1%	4.2%
Turnover by age group		Age < 30	38.7%	16.7%	0.0%
		30-50 years old	11.8%	11.6%	9.5%
		Age > 50	7.5%	18.2%	13.0%
Level of incoming staff by gender and age group		**Total incoming staff**	**9**	**9**	**14**
		Recruitment rate	**14.8%**	**15.0%**	**9.5%**
		Men	25.8%	21.9%	7.8%
		Women	3.3%	7.1%	11.3%
		Age < 30	77.4%	50.0%	22.2%
		30-50 years old	9.4%	11.6%	10.3%
		Age > 50	7.5%	9.1%	0.0%
Average number of hours of training per employee by gender and professional category	404-1	**Per employee**	**NC**	**NC**	**13.9**
		Per man	NC	NC	15.5
		Per woman	NC	NC	11.4
		Per manager	NC	NC	8.8
		Per non-manager	NC	NC	16.5
Percentage of employees receiving regular performance and career development reviews	404-3	**TOTAL**	**0.0%**	**78.0%**	**97.0%**
Absenteeism rate	403-2	**TOTAL**	**2.0%**	**2.0%**	**2.0%**
Accident rate, severity rate and frequency rate		**TOTAL**	**NC**	**NC**	**2.7%**
		Severity rate	NC	NC	0.34
		Frequency rate	NC	NC	18.13

	GRI Standards		2015	2016	2017
Percentage of all employees covered by collective agreements	102-41	%	100%	100%	100%
Ratio between the base salary and remuneration for women compared to the ratio for men, by professional category	405-2	Base salary for men (average) (excluding vocational training certificate contracts (CAP) and suspension)	NC	€73,500	€50,792
		Base salary for women (average) (excluding vocational training certificate contracts (CAP) and suspension)	NC	€58,870	€42,252
		F/M ratio (excluding vocational training certificate contracts and suspension of contract)	NC	0.80	0.83
		Base salary for male managers	NC	€160,262	€79,444
		Base salary for female managers	NC	€131,973	€78,095
		F/M manager ratio	NC	0.82	0.98
		Base salary for male non-managers	NC	€70,288	€42,166
		Base salary for female non-managers	NC	€65,555	€35,638
		F/M non-manager ratio	NC	0.93	0.85
Percentage of total workforce represented in mixed Management-Employee health and safety committees, monitoring and submitting opinions on the health and safety programme			NC	100%	100%
Percentage of employees having received training	FDR indicator		NC	35.0%	45.3%
Internal mobility	FDR indicator		NC	4	23
Loans to personnel *(% of employees who took out loans compared to total staff)*	FDR indicator		NC	NC	0.7%

NC = Not calculated for prior years.

2.10.2.3. Immeo SE

	GRI Standards		2015	2016	2017
Numbers of employees (CAP included)		TOTAL	409	400	416
Total workforce by type of employment contract broken down by gender	102-8	**Permanent contracts**	**77%**	**79%**	**83.9%**
		Men	55.9%	56%	51.9%
		Women	44.1%	44%	48.1%
		Fixed-term contracts	**20.5%**	**18.8%**	**13.7%**
		Men	33.3%	29.3%	45.6%
		Women	66.7%	70.7%	54.4%
		CAP	**2.4%**	**2.3%**	**2.4%**
		Men	30%	33.3%	50%
		Women	70%	66.7%	50%
Total workforce by type of job broken down by gender		**Full-time**	**88.0%**	**84.8%**	**83.7%**
		Men	56.7%	58.1%	58.3%
		Women	43.3%	41.9%	41.7%
		Part-time	**12.0%**	**15.3%**	**16.3%**
		Men	6.1%	8.2%	13.2%
		Women	93.9%	91.8%	86.8%
Total workforce by professional category divided by gender		**Managers**	**8.8%**	**9.8%**	**11.5%**
		Men	76%	74%	68.8%
		Women	24.0%	28.0%	31.2%
		Non-Managers	**91.2%**	**90.3%**	**88.5%**
		Men	49.1%	47.9%	48.6%
		Women	50.9%	52.1%	51.4%
Breakdown of workforce by gender		Men	50.6%	50.5%	51%
		Women	49.4%	49.5%	49%
Breakdown of workforce by age group		Age < 30	13.7%	10.5%	12%
		30-50 years old	54%	53.8%	52.4%
		Age > 50	32.3%	35.8%	35.6%
Permanent contract departure turnover M/F	401-1	**Total permanent contract departures**	**NC**	**14**	**33**
		Rate of permanent contract departure turnover	**NC**	**4.4%**	**9.5%**
Employee turnover M/F		**Total departures**	**30**	**54**	**39**
		Rate of departure turnover	**7.3%**	**13.5%**	**9.4%**
		Men	6.8%	13.9%	10.8%
		Women	7.9%	13.1%	7.8%
Turnover by age group		Age < 30	5.4%	26.2%	8.0%
		30-50 years old	6.3%	9%	7.8%
		Age > 50	23%	16.1%	12.2%
Level of incoming staff by gender and age group		**Total incoming staff**	**51**	**45**	**58**
		Recruitment rate	**12.5%**	**11%**	**13.9%**
		Men	8.7%	10.9%	15.1%
		Women	16.3%	11.6%	12.7%
		Age < 30	29%	26.2%	34.0%
		Age 30-50	13%	12.6%	15.6%
		Age > 50	5.3%	4.9%	4.7%
Average number of hours of training per employee by gender and professional category	404-1	**Per employee**	**14.7**	**8.1**	**12.8**
		Per man	12.4	10.3	12.3
		Per woman	17.6	5.6	12.9
		Per manager	8.5	5.1	11.4
		Per non-manager	15.2	8.5	13.0
Percentage of employees receiving regular performance and career development reviews, by gender	404-3	**TOTAL**	**13%**	**13.3%**	**35.3%**
		Men	19.8%	20.3%	34.3%
		Women	6.4%	6%	36.3%

	GRI Standards		2015	2016	2017
Absenteeism rate by gender	403-2	**TOTAL**	**1.4%**	**4.1%**	**3.6%**
		Men	1.2%	3.8%	3.3%
		Women	1.6%	4.4%	3.9%
Work accident rate by gender		**TOTAL**	**2.4%**	**1%**	**1.9%**
		Men	2.4%	1.0%	0.9%
		Women	2.5%	1.0%	2.8%
Percentage of all employees covered by collective agreements	102-41	**TOTAL**	**99.3%**	**99%**	**99.0%**
Ratio between the base salary and remuneration for women compared with the ratio for men, by professional category	405-2	Base salary for men (average) (excluding vocational training certificate contracts (CAP) and suspension)	€50,152	€52,350	€53,884
		Base salary for women (average) (excluding vocational training certificate contracts (CAP) and suspension)	€40,237	€41,637	€46,595
		F/M ratio (excluding vocational training certificate contracts and suspension of contract)	0.80	0.80	0.86
		Base salary for male managers	€85,169	€86,446	€82,704
		Base salary for female managers	€64,205	€66,064	€65,227
		F/M manager ratio	0.75	0.76	0.79
		Base salary for male non-managers	€45,161	€46,534	€48,188
		Base salary for female non-managers	€38,723	€40,388	€45,050
		F/M non-manager ratio	0.86	0.87	0.93
Percentage of employees having received training	FDR indicator		46.0%	90.0%	48.0%
Internal mobility	FDR indicator		31	40	18
Loans to personnel (% of employees who took out loans compared to total staff)	FDR indicator		5%	3%	5%

2.10.3. Cross-reference table of decrees on CSR transparency

Topics and sub-topics arising from the decrees of 24 April 2012 and 9 August 2017	Article 225/ decree of 24 April 2012	Decree of 9 August 2017	Compliance with both decrees: Foncière des Régions (France offices)	Beni Stabili (Italy offices)	Immeo SE (Residential Germany)	Foncière des Murs (Hotels and Service Sector)
Employment						
Total workforce and breakdown of employees by gender, age and geographic area	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
New hires and redundancies	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
Remuneration and changes in remuneration	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
Organisation of work						
Organisation of working hours	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
Absenteeism	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
Labour/management relations						
Organisation of staff communication, specifically employee information and consultation as well as negotiation procedures	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
Analysis of collective labour agreements	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
Health and safety						
Workplace health and safety conditions	X	X	2.8.2.3	2.8.3.3	2.8.4.3	2.8.2.3
Analysis of workplace health and safety agreements signed with trade union organisations or employee representatives	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
Workplace accidents, particularly frequency and severity, and occupational illnesses	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
Training policies implemented, particularly related to environmental protection	X	X	2.8.2.2	2.8.3.2	2.8.4.2	2.8.2.2
Total number of hours of training	X	X	2.10.2.1	2.10.2.2	2.10.2.3	2.10.2.1
Diversity and equal opportunities/equal treatment						
Policy established and steps taken to promote gender equality	X	X	2.8.2.4	2.8.3.4	2.8.4.4	2.8.2.4
Policy established and steps taken to promote hiring and integration of people with disabilities	X	X	2.8.2.4	2.8.3.4	2.8.4.4	2.8.2.4
Policy established and steps taken to combat discrimination	X	X	2.8.2.4	2.8.3.4	2.8.4.4	2.8.2.4
Promotion of and compliance with the provisions of the fundamental ILO conventions regarding						
Freedom of association and the right to bargain collectively	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
The elimination of discrimination with respect of employment and occupation	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
The elimination of forced or compulsory labour	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
The effective abolition of child labour	X	X	2.8.2.5	2.8.3.5	2.8.4.5	2.8.2.5
General environmental policy						
Company organisation to take environmental issues into account and processes in place for environmental evaluation and certification, where applicable	X	X	2.2.4.1	2.2.4.1	2.2.4.1	2.2.4.1
Employee environmental protection training and information	X	X	2.8.2.6.3	2.10.2.2	2.10.2.3	2.8.2.6.3
Resources allocated to preventing environmental and pollution risks	X	X	2.3.6	2.4.2.5	2.5.3	2.6.7
The amount of provisions and insurance for environmental risks, except if the nature of this information would cause serious harm to the Company in connection with on-going litigation	X	X	2.3.6	2.4.2.5	2.5.3	2.6.7

Topics and sub-topics arising from the decrees of 24 April 2012 and 9 August 2017	Article 225/ decree of 24 April 2012	Decree of 9 August 2017	Compliance with both decrees: Foncière des Régions (France offices)	Beni Stabili (Italy offices)	Immeo SE (Residential Germany)	Foncière des Murs (Hotels and Service Sector)
Pollution and waste management (Decree 2017/see below)						
Measures to prevent, reduce or remedy discharges into the water, air and soil that have serious environmental impacts	X	X	2.3.6	2.4.2.5	2.5.3	2.6.7
Measures to prevent, recycle and eliminate waste	X		2.3.4.5	2.4.2.4	2.5.2.5	2.6.4.5
Consideration of noise and other forms of pollution specific to a particular activity	X		2.3.6.1	2.4.2.5	2.5.3	2.6.7
Consideration of any form of pollution specific to a particular activity, especially noise and light pollution		X	2.3.6.1	2.4.2.5	2.5.3	2.6.7
Circular economy, waste prevention and management (new in 2017)						
Measures to prevent, recycle, reuse, and otherwise reclaim and eliminate waste		X	2.3.1.3	2.4.2.4	2.5.2.5	2.6.5
Measures implemented to combat food waste		X				2.6.5
Sustainable use of resources						
Water consumption and supply based on local constraints	X	X	2.3.4.4	2.4.2.4	2.5.2.4	2.6.4.4
Consumption of raw materials and steps taken to improve efficiency of use	X	X	2.3.4.1	2.4.2.1	2.5.2.2	2.6.4.1
Energy consumption, steps taken to improve energy efficiency and use of renewable energy	X	X	2.3.4.1	2.4.2.1	2.5.2.2	2.6.4.1
Land use	X	X	2.3.6.3	2.4.2.5	2.5.3	2.6.7
Climate change						
Facilities emitting significant greenhouse gas amounts	X	X	2.3.4.2	2.4.2.2	2.5.2.3	2.6.4.2
Adaptation to climate change impacts	X	X	2.3.6.4	2.4.2.2	2.5.2.2	2.6.4.2
Voluntary medium- and long-term GHG reduction targets and methods implemented		X	2.3.4.2	2.4.2.2	2.5.2.3	2.6.4.2
Protection of biodiversity						
Steps taken to promote biodiversity	X	X	2.3.5	2.4.3	2.5.4	2.6.6
Regional, economic and social impact of the Company's operations/Corporate commitments toward Sustainable Development						
Employment and regional/local development	X	X	2.7.3	2.7.3	2.5.1	2.7.3
Local and waterfront communities	X	X	2.7.6.3.	2.7.6.3.	2.7.6.3.	2.7.6.3.
Relations and quality of dialogue with these individuals or organisations/stakeholders	X	X	2.2.3	2.2.3	2.2.3	2.2.3
Partnership and sponsorship activities	X	X	2.7.6	2.7.6	2.7.6	2.7.6
Sub-contracting and suppliers						
Consideration of social and environmental issues in the Company's purchasing policy	X	X	2.7.4	2.7.4	2.7.4	2.7.4
Significance of sub-contracting and consideration, in relationships with sub-contractors and suppliers, of their social and environmental responsibility	X		2.7.4	2.7.4	2.7.4	2.7.4
Consideration, in relationships with sub-contractors and suppliers, of their social and corporate responsibility		X	2.7.4	2.7.4	2.7.4	2.7.4
Fair business practices						
Actions taken to prevent corruption	X	X	2.9.7	2.9.7	2.9.7	2.9.7
Steps taken to ensure consumer health and safety	X	X	2.3.6.5	2.4.2.5	2.5.3	2.6.7
Human Rights						
Steps taken to support human rights	X	X	2.8.4	2.10.3	2.10.3	2.8.4

Promotion of and compliance with the provisions of the fundamental ILO conventions

The current aim of the ILO is for each woman and man to have access to decent and productive work in conditions of freedom, equality, safety and dignity. Foncière des Régions and its subsidiaries apply all the ILO conventions (see section 2.9.5). In addition, the countries in which they operate their business have adopted legislation that is influenced and guided by the conventions adopted by the ILO.

2.10.4. *Index of GRI and CRESD standards, cross-referenced with EPRA and UN SDG*

The following table lists the indicators which Foncière des Régions has chosen to report in order to comply with the 2017 GRI (Core level) and its sector-specific supplement CRESD. The annex table in section 2.10.5 lists the material aspects identified by the materiality analysis conducted by Foncière des Régions and cross-references these with the indicators proposed by the GRI Standards. Accordingly, the list presented hereafter does not include all the indicators in the framework; the focus is on those deemed material with respect to the issues identified for the Group in 2017 (2.2.3.4). Foncière des Régions opted for compliance with the "essential criteria" of the GRI, and has achieved the "GRI Standards: Core Option" level.

This table provides a cross reference with the 17 UN Sustainable Development Goals (see foreword to Chapter 2) and the indicators selected by the European Public Real Estate Association (EPRA) within the September 2017 version of its Sustainability Best Practices Recommendations.

√ = examination as part of the external verification

√ = in-depth examination as part of the external verification (assurance statement: section 2.11)

General information

GRI	Indicator content	Chapters	SDGs	EPRA	External verification
Strategy and analysis					
102-14	Statement from the most senior decision-maker within the Company	2.1			√
102-15	Description of key impacts, risks, and opportunities	2.2.2			√
Organisational profile					
102-1	Name of the organisation	2.1			√
102-2	Primary activities, brands, products and services	2.2.1			√
102-3	Location of headquarters	Back cover			√
102-4	Location of operations	2.2			√
102-5	Nature of ownership and legal form	2.2			√
102-6	Markets served	2.2			√
102-7	Size of the reporting organisation	2.10.2			√
102-8	Information on employees and other workers	2.10.2	8		√
102-41	Collective bargaining agreements	2.10.2			√
102-9	Organisation's supply chain	2.7.4			√
102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	2.2	12		√
102-11	Precautionary Principle or approach	2.3.6			
102-12	External initiatives	2.7.6			
102-13	Memberships of associations	2.9.7.5	17		
Material aspects and scopes identified					
102-45	Entities included in the organisation's consolidated financial statements	3.2.3			√
102-46	Defining report content and topic Boundaries	2.2.1			√
102-47	List of material topics	2.10.5			√
103-1	Explanation of the material topic and its Boundary	2.2.3.4			√
102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	2.10.1.1 2.10.1.2 2.10.1.3 2.10.1.4			√
102-49	Changes in reporting scope and aspect boundaries	2.10.5			√
Stakeholder involvement					
102-40	List of stakeholder groups	2.2.3.1			√
102-42	Identification and selection of stakeholders	2.2.3.1			√
102-43	Approach to stakeholder engagement	2.2.3.1			√
102-44	Key subjects and concerns raised during dialogue with stakeholders	2.2.3.2			√

GRI	Indicator content	Chapters	SDGs	EPRA	External verification
Report profile					
102-50	Reporting period	2.10.1	17		✓
102-51	Date of most recent report published	2017			✓
102-52	Reporting cycle	2.10.1			✓
102-53	Person to contact for questions regarding the report or its content	Back cover			✓
102-54	Declaration of compliance with GRI standards	2.10.4			
102-55	GRI contents index	2.10.4			
102-56	External assurance	2.11			✓
Governance					
102-18	Governance structure of the organisation	2.9.2	16		✓
102-22	Composition of the highest Governance body and its Committees	2.9.3.1	5, 16	Gov-Board	✓
102-23	Chair of the highest governance body	2.9.2	16		✓
102-24	Appointment and selection process for members of the highest Governance body	2.9.2		Gov-Selec	
102-25	Processes for the highest Governance body to ensure conflicts of interest are avoided and managed	2.9.7.2		Gov-Col	✓
102-26	Role of the most senior Governance body in defining the Company's missions, values and strategy	2.9.7			✓
102-27	Measures taken to develop and enhance the highest Governance body's collective knowledge	2.9.3.4	4		✓
102-33	Process for informing the highest Governance body about major complaints	2.9.7.2			✓
102-37	Stakeholders' involvement in remuneration	2.9.5.2	16		✓
Ethics and integrity					
102-16	The organisation's values, principles, standards and norms of behaviour	2.9.7.1	16		✓
102-17	Internal and external mechanisms used to obtain advice or to report complaints of unethical conduct	2.9.7.2			✓

GRI	Indicator content	Chapters	SDGs	EPRA	External verification
CATEGORY: ECONOMIC					
Material aspect: indirect economic impact					
103-1; 103-2; 103-3	Managerial approach	2.7.3			
203-1	Infrastructure investments and services supported	2.7.3			✓
Material aspect: purchasing practices					
103-1; 103-2; 103-3	Managerial approach	2.7.4			
204-1	Proportion of spending on local suppliers	2.7.4			✓
CATEGORY: ENVIRONMENT					
Material aspect: energy					
103-1; 103-2; 103-3	Managerial approach	2.3.4.1			
302-1	Energy consumption within the organisation	2.10.1		Elec-Abs Elec-LfL DH&C-Abs DH&C-LfL Fuels-Abs Fuels-LfL	✓
302-3	Energy intensity	2.10.1			✓
302-4	Reduction of energy consumption	2.10.1			✓
Cre1	Energy intensity of buildings in operation	2.10.1		Energy-Int	✓
Material aspect: water					
103-1; 103-2; 103-3	Managerial approach	2.3.4.4			
303-1	Total water withdrawal by source	2.10.1		Water-Abs Water-LfL	✓
Cre2	Water intensity of buildings in operation	2.10.1		Water-Int	✓
Material aspect: biodiversity					
103-1; 103-2; 103-3	Managerial approach	2.7.5			
304-1	Operational sites held, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	2.7.5.1			✓
304-2	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	2.7.5.2			✓
304-3	Habitats protected or restored	2.7.5.2			✓
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	2.7.5.2			✓
Material aspect: emissions					
103-1; 103-2; 103-3	Managerial approach	2.3.4.2			
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	2.10.1		GHG-Dir-Abs	✓
305-2	Indirect greenhouse gas (GHG) emissions (Scope 2) related to energy	2.10.1		GHG-Indir-Abs	✓
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	2.10.1			✓
305-4	Greenhouse gas (GHG) emissions intensity	2.10.1			✓
305-5	Reducing Greenhouse gas (GHG) emissions				
305-7	NOx, SOx, and other significant air emissions	2.3.4.2			
Cre3	Carbon intensity of buildings in operation	2.10.1		GHG-Int	✓
Cre4	Greenhouse gas intensity from buildings under construction or renovation	2.10.1			

GRI	Indicator content	Chapters	SDGs	EPRA	External verification
Material aspect: waste					
103-1; 103-2; 103-3	Managerial approach	2.3.4.5			
306-2	Total mass of waste by type and disposal method	2.10.1	3, 6, 12, 15	Waste-Abs Waste-LfL	✓
Material aspect: compliance					
103-1; 103-2; 103-3	Managerial approach	2.3.6.5			
307-1	Non-compliance with environmental laws and regulations	2.3.6.5	16		
Material aspect: environmental assessment of suppliers					
103-1; 103-2; 103-3	Managerial approach	2.7.4.2			
308-1	Percentage of new suppliers that were screened using environmental criteria	2.7.4.2	12		
CATEGORY: SOCIAL					
Sub-category: labour practices and decent work					
Material aspect: employment					
103-1; 103-2; 103-3	Managerial approach	2.8.1			
401-1	Total number and percentage of new employee hires and employee turnover by age group, gender and geographic area	2.10.2	5, 8	Emp-Turnover	✓
401-3	Return to work and retention rates after parental leave, by gender	2.10.2			✓
Material aspect: labour/management relations					
103-1; 103-2; 103-3	Managerial approach	2.8.2			
402-1	Minimum notice periods regarding operational changes including whether they are specified in collective agreements	2.8.2			
Material aspect: Health and Safety at work					
103-1; 103-2; 103-3	Managerial approach	2.8.2.4			
403-1	Workers representation in formal joint management–worker health and safety committees, tasked with monitoring and advising on health and safety programmes	2.10.2	8		✓
403-2	Type of injury and rates of injury, occupational diseases, absenteeism, lost days, and total work-related fatalities, by geographic area and by gender	2.10.2	3, 8	H&S-Emp	✓
403-4	Health and safety issues covered in formal agreements with trade unions	2.8.2.5			✓
Cre6	Percentage of the organisation operating under a certified health and safety management system	2.11.4			
Material aspect: training and education					
103-1; 103-2; 103-3	Managerial approach	2.9.2			
404-1	Average hours of training per year per employee by gender and by professional category	2.11.4	4, 5, 8	Emp-Training	✓
404-2	Programs for upgrading employee skills and transition assistance programs	2.9.2	4, 8		✓
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and professional category	2.10.2	5, 8	Emp-Dev	✓
Material aspect: diversity and equal opportunity					
103-1; 103-2; 103-3	Managerial approach	2.9.4			
405-1	Composition of Governance bodies and breakdown of employees by professional category according to gender, age group, minority group membership, and other indicators of diversity	2.10.2.1	5, 8, 10	Diversity-Emp	✓

GRI	Indicator content	Chapters	SDGs	EPRA	External verification
Material aspect: equal remuneration for women and men					
103-1; 103-2; 103-3	Managerial approach	2.8.2.4			
405-2	Ratio between the base salary and remuneration for women compared with the ratio for men, by professional category and for each main operating site	2.9.3.1	5, 8, 10	Diversity-Pay	✓
Material aspect: supplier assessment for labour practices					
103-1; 103-2; 103-3	Managerial approach	2.8.2.3			
414-1	Percentage of new suppliers that were screened using labour practices criteria	2.10.2	5, 8, 12, 16		
Sub-category: human rights					
Material aspect: non-discrimination					
103-1; 103-2; 103-3	Managerial approach	2.8.2.4			
406-1	Total number of incidents of discrimination and corrective actions taken	2.8.2.4	5, 8, 12, 16		
Material aspect: supplier human rights assessment					
103-1; 103-2; 103-3	Managerial approach	2.7.4			
414-1	Percentage of new suppliers that were screened using human rights criteria	2.7.4.2	12		✓
Sub-category: society					
Material aspect: anti-corruption					
103-1; 103-2; 103-3	Managerial approach	2.9.7			
205-2	Communication and training on anti-corruption policies and procedures	2.9.7.1	16		
Material aspect: local communities					
103-1; 103-2; 103-3	Managerial approach	2.7.6			
413-2	Actions involving local communities, impact assessment and development of programmes promoting local communities	2.7.6.3.		Comty-Eng	
Material aspect: public policy					
103-1; 103-2; 103-3	Managerial approach	2.9.7.5			
415-1	Total value of political contributions by country and recipient/beneficiary	2.9.7.5	16		
Material aspect: compliance					
103-1; 103-2; 103-3	Managerial approach				
419-1	Non-compliance with laws and regulations on economic and social issues	No fines or sanctions in 2017	16		
Material aspect: assessment of suppliers' impact on society					
103-1; 103-2; 103-3	Managerial approach	2.7.4			
414-1	Percentage of new suppliers that were screened using criteria relating to impacts on society	2.7.4.2	12		✓
Sub-category: product responsibility					
Material aspect: consumer health and safety					
103-1; 103-2; 103-3	Managerial approach				
416-1	Assessment of health and safety impacts of products and services	2.3.6		H&S-Asset	
416-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome	No incident of this type	3, 16	H&S-Comp	

GRI	Indicator content	Chapters	SDGs	EPRA	External verification
Cre5	Land and other assets remediated or in need of remediation in order for operations to be legally permitted	2.3.6.5	3, 8, 12, 14, 15		
Cre7	Number of people voluntarily or involuntarily displaced and/or rehoused as part of development projects, by project	Nobody was displaced	11, 1		
Material aspect: certification of products and services					
103-1; 103-2; 103-3	Managerial approach				
Cre8	Type and number of certifications and accreditations for new buildings, operations and renovations	2.3.2 2.4.2 2.6.3	4, 6, 7, 8, 9, 10, 12, 13	Cert-Tot	✓
417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and certification, by type of outcome	No incident			

2.10.5. Annex: cross-reference table between Foncière des Régions' materiality matrix and the GRI indicators

Foncière des Régions issues	GRI Standards aspects	Scope of aspects (GRI 103-1)	Related GRI Standards indicators
Responsible procurement	Purchasing practices/ Environmental assessment/Human rights/Suppliers' employment practices	France Offices, France Corporate (Int Imp + Ext Imp)(1)	GRI 308-1 – Percentage of new suppliers that were screened using environmental criteria – see section 2.7.4 GRI 414-1 – Percentage of new suppliers that were screened using social criteria – see section 2.7.4
Biodiversity	Biodiversity	All portfolios (Int Imp + Ext Imp)	GRI 304-1 – Habitats protected or restored. GRI 304-2/GRI 304-3/GRI 304-4 – see section 2.7.5
Climate change	Emissions	All portfolios (Int Imp + Ext Imp)	GRI 305-1 – Direct GHG emissions (Scope 1). GRI 305-2/GRI 305-5/GRI 305-7 – see GHG section for each business activity, section 2.10.1
Skills and talent	Employment Training/education	Foncière des Régions ESU, Beni Stabili, Immeo SE (Imp Int)	GRI 404-1 – Average hours of training per year per employee by gender and by professional category GRI 404-2/GRI 404-3 – see section 2.10.2
Waste	Effluents and waste	All portfolios (Int Imp + Ext Imp)	GRI 306-2 – Total mass of waste by type and disposal method – see Waste data for each business provided in section 2.10.1
Local development	Indirect economic impact	France offices (Int Ext)	GRI 203-1 – Development and impact of infrastructure investments and services supported – see section 2.7.3.
Digital	Outside GRI Standards	All portfolios	N/A
Diversity/Equality	Diversity and equal opportunity Equal remuneration for men and women Labour/management relations	Foncière des Régions ESU, Beni Stabili, Immeo SE, Urbis Park (Int Imp)	GRI 401-1 – Total number and percentage of new employee hires and employee turnover by age group, gender and geographic area. GRI 401-3/GRI 402-1/ GRI 403-1/GRI 405-2 – see section 2.10.2
Human Rights	Non-discrimination	Foncière des Régions ESU, Beni Stabili, Immeo SE, Urbis Park (Int Imp + Ext Imp)	GRI 406-1 – Total number of incidents of discrimination and corrective actions taken – see section 2.8.2.4. GRI 412-1/GRI 409-1/GRI 414-1
Water	Water	All portfolios (Int Imp + Ext Imp)	GRI 303-1 – Total water withdrawal by source. CRE-2 – Water intensity of buildings in operation – see Water data for each business provided in section 2.10.1
Energy	Energy	All portfolios (Int Imp + Ext Imp)	GRI 302-1 – Energy consumption within the organisation, CRE1 – see Energy data for each business provided in section 2.10.1 of GRI 302-3

Foncière des Régions issues	GRI Standards aspects	Scope of aspects (GRI 103-1)	Related GRI Standards indicators
Risk management	Consumer Health and Safety	All portfolios (Int Imp + Ext Imp)	GRI 416-2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during the life cycle, by type of outcome – CRE-5 – Land and other assets remediated and in need of remediation in order for operations to be legally permitted. – see section 2.3.6
Governance/Ethics	General information Ethics and integrity/Combatting corruption/Compliance	Foncière des Régions (Imp Int)	GRI 102-18 – Governance structure of the organisation – see section 2.9.1. GRI 205-2 – Communication and training on anti-corruption policies and procedures – see section 2.9.7.2 GRI 102-16 – Organisation's values, principles, standards and norms of behaviour – see section 2.9.7.1
Mobility	Outside GRI Standards	All portfolios	N/A
New services	Outside GRI Standards	All portfolios	N/A
Tenant partnership	Outside GRI Standards	All portfolios (Int Imp + Ext Imp)	N/A
Philanthropy and sponsorship	Outside GRI Standards	All portfolios (Int Imp + Ext Imp)	N/A
Health/Safety/ Comfort	Consumer health and safety	All portfolios (Int Imp + Ext Imp)	GRI 416-2 – Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during the life cycle, by type of outcome – see section 2.3.6.5
Sustainable value	Outside GRI Standards	All portfolios (Int Imp + Ext Imp)	N/A
Sustainable inclusive city	Indirect economic impact	All portfolios (Int Imp + Ext Imp)	GRI 203-1 – Development and impact of infrastructure investments and services supported – see section 2.7.3. CRE7 – Number of people voluntarily or involuntarily displaced and/or rehoused by development projects, detailed by project

(1) Int Imp = Internal Impact/Ext Imp= External Impact.

2.11. INDEPENDENT THIRD PARTY VERIFICATION

Year ended 31 December 2017

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[(1)], under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Foncière des Régions, we present our report on the consolidated social, environmental and societal information established for the year ended on December the 31st, 2017, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L. 225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the Company (hereafter referred to as the "Criteria"), and of which a summary is included in introduction to chapter 2 of the management report and available on request at the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11-3 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information)
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria.

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of 9 December 2016 (anti-corruption).

Our verification work mobilized the skills of five people between October 2017 and March 2018 for an estimated duration of nine weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[(2)].

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the Company's CSR issues, based on interviews with the management of relevant departments, a presentation of the Company's strategy on Sustainable Development based on the social and environmental consequences linked to the activities of the Company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

(1) Scope available at www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Commercial code (*Code de commerce*) with the limitations specified in the Methodological Note in chapter 2.7 of the management report, notably.

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook nine interviews with the people responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to Sustainable Development and industry best practices.

For the CSR Information which we considered the most important[(3)]: At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information taking into account, if relevant, professional best practices formalised in the Best Practices Recommendations on Sustainability Reporting of the EPRA (European Public Real Estate Association).

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, 14th of March 2018

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Partner, Sustainable Development Éric Duvaud	Partner Bruno Perrin

(3) **Social information:**

- *Indicators (quantitative information): employment (total number and distribution of employees by sex, age and geographical area), absenteeism, the number of hours of training per person.*

Environmental and societal information:

- *Indicators (quantitative information): sustainable use of resources and climate change (energy consumption and greenhouse gas emissions from heritage, water consumption, waste collection and sorting).*
- *Qualitative information: general environmental policy (the organization of society to take into account the Environmental assessment, environmental certification), measures taken to improve energy efficiency, the use of renewable energies, relations with stakeholders (the conditions for dialogue, including the annexes Environmental factors), the integration of social and environmental issues into the purchasing policy.*

3

FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

3.1. CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

3.1.1. *Statement of financial position*

Assets

(€K)	Note 3.2.5	31/12/2017	31/12/2016
INTANGIBLE FIXED ASSETS	1.2		
Goodwill		1,572	1,572
Other intangible fixed assets		24,592	24,410
TANGIBLE FIXED ASSETS	1.2		
Operating properties		176,262	66,810
Other tangible fixed assets		8,399	8,970
Fixed assets in progress		19,120	74,761
Investment properties	1.3	18,417,648	16,763,445
Non-current financial assets	2.2	355,064	255,092
Investments in equity affiliates	3.2	368,901	345,392
Deferred tax assets	4	5,939	10,990
Long-term derivatives	11.5	30,763	24,322
Total non-current assets		**19,408,261**	**17,575,764**
Assets held for sale	1.3	519,891	297,894
Loans & receivables	5	34,441	17,851
Inventories and work-in-progress	6.2	43,237	34,683
Short-term derivatives	11.5	17,415	16,370
Trade receivables	7	279,298	270,596
Tax receivables		13,280	5,098
Other receivables	8	108,024	117,841
Prepaid expenses		12,505	12,148
Cash and cash equivalents	9	1,296,636	1,082,793
Discontinued operations(1)		0	69,391
Total current assets		**2,324,727**	**1,924,665**
TOTAL ASSETS		**21,732,988**	**19,500,429**

(1) As at 1 January 2017, following the merger of FEL with Foncière des Régions, the residual logistics operation, not material at the Group level, is no longer included under discontinued operations and have been reclassified under the France Offices sector in the financial statements.

Liabilities

(€K)	Note 3.2.5	31/12/2017	31/12/2016
Share capital		224,490	206,274
Share premium account		2,853,696	2,480,609
Own shares		-4,743	-7,496
Consolidated reserves		2,375,752	1,840,211
Net income		914,112	782,774
Total shareholders' equity, Group Share	10	**6,363,307**	**5,302,372**
Non-controlling interests		3,804,352	3,165,604
Total shareholders' equity		**10,167,659**	**8,467,976**
Long-term borrowings	11.2	8,596,316	8,384,176
Long-term derivatives	11.5	261,432	361,037
Deferred tax liabilities	4	551,030	410,044
Pension plan and other employee benefit	12.2	47,508	49,597
Other long-term liabilities		14,062	8,943
Total non-current liabilities		**9,470,348**	**9,213,797**
Liabilities held for sale		0	0
Trade payables		167,624	114,100
Short-term borrowings	11.2	1,524,243	1,353,105
Short-term derivatives	11.5	61,424	67,833
Security deposits		5,161	5,074
Advances and pre-payments received		166,062	159,329
Short-term provisions	12.2	10,909	9,599
Current tax		22,982	14,374
Other short-term liabilities	13	117,759	53,035
Deferred income		18,817	14,819
Discontinued operations		0	27,388
Total current liabilities		**2,094,981**	**1,818,656**
TOTAL LIABILITIES		21,732,988	19,500,429

3.1.2. Statement of net income

(€K)	Note	31/12/2017	31/12/2016
Rental income	3.2.6.2.1	927,410	892,734
Unrecovered rental costs	3.2.6.2.2	-43,225	-42,071
Expenses on properties	3.2.6.2.2	-30,509	-31,128
Net losses on unrecoverable receivables	3.2.6.2.2	-3,658	-4,112
Net rental income		**850,018**	**815,423**
Management and administration income		20,986	16,904
Business expenses		-7,310	-5,964
Overhead		-110,929	-103,478
Development costs (not capitalised)		-4,102	-1,038
Net cost of operations	3.2.6.2.3	**-101,355**	**-93,576**
Income from other activities		27,979	25,893
Expenses of other activities		-21,770	-12,812
Income from other activities	3.2.6.2.4	**6,209**	**13,081**
Depreciation of operating assets		-9,905	-8,546
Net allowances to provisions and other		-5,976	-9,136
OPERATING PROFIT		**738,991**	**717,246**
Proceeds from disposals of trading properties		6,069	5,405
Exit value and/or amortisations of trading properties		-10,482	-10,972
Net income from inventory properties		**-4,413**	**-5,567**
Income from asset disposals		1,055,672	1,258,782
Carrying value of investment properties sold		-1,011,971	-1,186,362
Disposals of assets		**43,701**	**72,420**
Gains in value of investment properties		1,076,102	777,819
Losses in value of investment properties		-160,247	-133,272
Net valuation gains and losses	3.2.6.3	**915,855**	**644,547**
Income from disposal of securities		**-4,139**	**17,748**
Income from changes in scope	3.2.6.4	**-3,326**	**-17,553**
OPERATING PROFIT (LOSS) after valuation impact and disposals		**1,686,669**	**1,428,841**
Income from non-consolidated companies		0	-1
Cost of net financial debt	3.2.6.5	-236,915	-236,270
Fair value adjustment on derivatives	3.2.6.6	122	27,343
Discounting of liabilities and receivables	3.2.6.6	-6,808	-3,619
Net change in financial and other provisions	3.2.6.6	-23,273	-52,801
Share in income of equity affiliates	3.2.5.3.2	43,238	27,374
PRE-TAX NET INCOME (LOSS)		**1,463,033**	**1,190,867**
Deferred tax liabilities	3.2.6.7.2	-98,438	-56,868
Recurrent tax	3.2.6.7.2	-12,014	-10,748
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**1,352,581**	**1,123,251**
Profit (loss) after tax of discontinued operations		0	-4,197
Net income (loss) from discontinued operations		**0**	**-4,197**
NET INCOME FOR THE PERIOD		**1,352,581**	**1,119,054**
Net income from non-controlling interests		-438,469	-336,280
NET INCOME FOR THE PERIOD – GROUP SHARE		**914,112**	**782,774**
Group net income per share *(€)*	3.2.7.2	**12.41**	**11.57**
Group diluted net income per share *(€)*	3.2.7.2	**12.33**	**11.50**

3.1.3. *Statement of comprehensive income*

	31/12/2017	31/12/2016
NET INCOME FOR THE PERIOD	1,352,581	1,119,054
Other items in the comprehensive income statement recognised directly in shareholders' equity and:		
Destined for subsequent reclassification in the "Net income" section of the income statement		
Actuarial losses on employee benefits	1,674	-3,829
Effective portion of gains or losses on hedging instruments	7,125	12,523
Tax on other items of comprehensive income	-471	3,060
Not destined for subsequent reclassification in the "Net income" section	0	0
Other items of comprehensive income	**8,328**	**11,754**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,360,909	1,130,808
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE		
To the owners of the parent company	916,929	788,879
To non-controlling interests	443,980	341,929
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,360,909	1,130,808
Group net income (loss) per share	**12.45**	**11.66**
Group diluted net income (loss) per share	**12.37**	**11.59**

3.1.4. Statement of changes in shareholders' equity

(€K)	Share capital	Share premium account	Treasury shares	Reserves and retained earnings	Gains and losses recognised directly in shareholders' equity	Total shareholders' equity, Group Share	Non-controlling interests	Total shareholders' equity
Position at 31 December 2015	**199,889**	**2,449,065**	**-4,264**	**2,025,208**	**-30,575**	**4,639,323**	**3,088,884**	**7,728,207**
Distribution of dividends		-80,311		-206,255		-286,566	-151,712	-438,278
Capital increase	6,385	112,472				118,857		118,857
Allocation to the legal reserve		-617		617		0		0
Other			-3,232			-3,232	4	-3,228
Total comprehensive income for the period				**782,774**	**6,105**	**788,879**	**341,929**	**1,130,808**
Of which actuarial gains and losses on post-employment benefits (IAS 19 revised)					*-469*	*-469*	*-297*	*-766*
Of which effective portion of gains or losses on hedging instruments					*6,574*	*6,574*	*5,949*	*12,523*
Of which net income (loss)				*782,774*		*782,774*	*336,277*	*1,119,051*
Impact of change in shareholding/ Capital increase				10,800		10,800	-113,501	-102,701
Impact of conversion of ORNANE-type bonds				29,253		29,253		29,253
Shared-based payments				5,058		5,058		5,058
Position at 31 December 2016	**206,274**	**2,480,609**	**-7,496**	**2,647,455**	**-24,470**	**5,302,372**	**3,165,604**	**8,467,976**
Distribution of dividends		-76,061		-248,670		-324,731	-223,158	-547,889
Capital increase	18,216	450,671		-11		468,876	66,326	535,202
Allocation to the legal reserve		-1,523		1,523		0		0
Other			2,753	-1,325		1,428	457	1,885
Total comprehensive income for the period				**914,112**	**2,817**	**916,929**	**443,980**	**1,360,909**
Of which actuarial gains and losses on post-employment benefits (IAS 19 revised)					*741*	*741*	*462*	*1,203*
Of which effective portion of gains or losses on hedging instruments					*2,076*	*2,076*	*5,049*	*7,125*
Of which net income (loss)				*914,112*		*914,112*	*438,469*	*1,352,581*
Impact of change in shareholding/ Capital increase				-7,040		-7,040	351,143	344,103
Shared-based payments				5,473		5,473		5,473
POSITION AT 31 DECEMBER 2017	**224,490**	**2,853,696**	**-4,743**	**3,311,517**	**-21,653**	**6,363,307**	**3,804,352**	**10,167,659**

Dividends paid in cash during the year amounted to €324.7 million, including €76.0 million applied to the share premium and merger accounts and €248.7 million to net income and retained earnings.

In 2017, Foncière des Régions undertook capital increases of €473.8 million (€468.9 million net of expenses) from an issue of 5,076,786 new shares in the first half-year, the asset contribution of Foncière Développement Logements shares in exchange for the creation of 916,951 Foncière des Régions shares and the vesting of 78,375 free shares.

The increase in minority interests of nearly €640 million resulted from period net income to non-controlling interests (+€444 million), capital increases in Foncière des Murs companies (+€155 million) and Immeo SE (+€89 million), the division of Central Sicaf (60% Beni Stabili, 40% other partners) (+€300 million), the division of the Silex projects (+€27 million), the buyout of non-controlling interests in Foncière Développement Logements (-€127 million) and Car Parks (-€28 million) and distributions during the period (-€223 million).

3.1.5. *Statement of cash flows*

(€K)	Note	31/12/2017	31/12/2016
Total consolidated net income of continuing operations		1,352,581	1,123,251
Total consolidated net income of discontinued operations		0	-4,197
Net consolidated income (including minority interests)		**1,352,581**	**1,119,054**
Net amortisation, depreciation and provisions (excluding provisions relating to current assets)		17,785	25,801
Unrealised gains and losses relating to changes in fair value	3.2.5.11.5 & 3.2.6.3	-915,978	-670,248
Income and expenses calculated on stock options and related share-based payments		6,672	5,457
Other calculated income and expenses		26,184	33,658
Gains or losses on disposals		-46,533	-92,240
Gains or losses from dilution – accretion		-18	-61,355
Share of income from companies accounted for under the equity method		-43,238	-27,374
Dividends (non-consolidated securities)		0	0
Cash flow from continuing operations after tax and cost of net financial debt		**397,455**	**336,950**
Cash flow from discontinued operations after tax and cost of net financial debt		**0**	**4,788**
Cash flow after tax and cost of net financial debt		**397,455**	**341,738**
Cost of net financial debt	3.2.6.5	236,915	236,270
Income tax expense (including deferred taxes)	3.2.6.7.2	110,452	67,616
Cash flow from continuing operations before tax and cost of net financial debt		**744,822**	**640,836**
Cash flow from discontinued operations before tax and cost of net financial debt		**0**	**10,175**
Cash flow before tax and cost of net financial debt		**744,822**	**651,011**
Taxes paid		-7,280	-63,705
Change in working capital requirements on continuing operations (including employee benefits liabilities)		719	-143,369
Net cash flow provided by operating activities of continuing operations		**738,261**	**433,762**
Net cash flow provided by operating activities of discontinued operations		**0**	**62,849**
Net cash flow generated from operating activities		**738,261**	**496,611**
Impact of changes in the scope of consolidation[1]		-667,541	80,974
Disbursements related to acquisition of tangible and intangible fixed assets	3.2.5.1.2	-1,114,261	-845,178
Proceeds relating to the disposal of tangible and intangible fixed assets	3.2.5.1.2	1,066,653	1,246,888
Disbursements relating to acquisition of financial assets (non-consolidated securities)		-200	-140
Proceeds relating to the disposal of financial assets (non-consolidated securities)		828	5,191
Dividends received (companies accounted for under the equity method, non-consolidated securities)		21,465	109,004
Change in loans and advances granted		-3,305	-39,642
Investment grants received		0	0
Other cash flow from investment activities		-6,365	-1,803
Net cash flow from investing activities of continuing operations		**-702,726**	**555,294**
Net cash flow from investing activities of discontinued operations		**0**	**61,841**
Net cash flow from investment activities		**-702,726**	**617,135**

(€K)	Note	31/12/2017	31/12/2016
Impact of changes in the scope of consolidation[(2)]		272,147	-191,820
Amounts received from shareholders in connection with capital increases:			
Paid by parent company shareholders		468,876	178,659
Paid by minority shareholders of consolidated companies		66,326	0
Purchases and sales of treasury shares		2,066	-3,182
Dividends paid during the reporting period:			
Dividends paid to parent company shareholders	3.1.4	-324,733	-286,566
Dividends paid to non-controlling interests of consolidated companies	3.1.4	-169,385	-151,712
Proceeds related to new borrowings	3.2.5.11.2	2,432,607	3,192,763
Repayments of borrowings (including finance lease agreements)	3.2.5.11.2	-2,226,821	-3,219,798
Net interest paid (including finance lease agreements)		-235,974	-244,239
Other cash flow from financing activities		-124,043	-89,923
Net cash flow from financing activities of continuing operations		**161,066**	**-815,818**
Net cash flow from financing activities of discontinued operations		**0**	**-128,335**
Net cash flow from financing activities		161,066	-944,153
Impact of changes in accounting policies		0	0
Change in net cash of continuing operations		**196,601**	**173,238**
Change in net cash of discontinued operations		**0**	**-3,645**
CHANGE IN NET CASH		**196,601**	**169,593**
Opening cash position		1,060,137	890,544
Closing cash position		1,256,738	1,060,137
CHANGE IN CASH AND CASH EQUIVALENTS		**196,601**	**169,593**

(€K)		31/12/2017	31/12/2016
Gross cash flow from continuing operations (a)	3.2.5.9.2	1,296,636	1,082,793
Gross cash flow from discontinued operations (a)		0	55
Debit balances and bank overdrafts from continuing operations (b)	3.2.5.11.2	-26,673	-15,797
Debit balances and bank overdrafts from discontinued operations (b)		0	-54
Net cash and cash equivalents (c) = (a)- (b)		1,269,963	1,066,997
Of which available net cash from continuing operations		**1,256,738**	**1,060,136**
Of which available net cash from discontinued operations		**0**	**1**
Of which unavailable net cash and cash equivalents		**13,225**	**6,860**
Gross debt (d)	3.2.5.11.2	10,169,440	9,788,444
Amortisation of financing costs (e)	3.2.5.11.2	-75,554	-66,960
NET DEBT (D) – (C) + (E)		**8,823,923**	**8,654,487**

(1) The impact of changes in the scope of consolidation resulting from investing activities (§ 39 of IAS 7) of -€667.5 million mainly concerns outflows for the acquisition of companies in the Germany Residential (-€494.0 million) and Hotels in Europe sectors (-€174.4 million).
(2) The +€272.1 million impact of changes in the scope of consolidation related to financing activities (§ 42A of IAS 7) primarily concerns:
- proceeds related to the sale of the investment in Central Sicaf in the Italy Offices segment (+€296.0 million net of costs)
- disbursements related to the acquisition of additional stakes in Foncière Développement Logements (-€37.4 million).

3.2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2.1. *General principles*

3.2.1.1. Accounting standards

The consolidated financial statements of the Foncière des Régions group at 31 December 2017 were prepared in accordance with the international accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union as of the preparation date. These standards include the IFRS (International Financial Reporting Standards) and their interpretations.

The statements were approved by the Board of Directors on 14 February 2018.

Accounting principles and methods used

The accounting principles applied to the consolidated financial statements as at 31 December 2017 are identical to those used for the consolidated financial statements as at 31 December 2016, with the exception of new standards and amendments whose application is mandatory as from 1 January 2017 and which were not applied early by the Group.

The new standards subject to mandatory application on or after 1 January 2017 include:

- Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealised Losses”, adopted by the European Union on 6 November 2017. The amendment provides clarification on how to estimate the existence of future taxable profits.
- Amendments to IAS 7 “Disclosure Initiative” adopted by the European Union on 6 November 2017. As part of its overall reflection on the presentation of financial statements, the IASB published amendments to IAS 7 “Statement of cash flows”. Under these amendments, entities must provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, whether or not these changes stem from cash flows.

New standards awaiting adoption by the European Union, whose application is possible as of 1 January 2017:

- Annual improvements to IFRS (2014-2016 cycle), published on 8 December 2016; its adoption by the European Union was expected in the second half-year of 2017. Early adoption of the IAS 28 Amendment is possible.

The new amendments and standards adopted by the European Union whose application was not mandatory at 1 January 2017 and which are not being applied early by the Foncière des Régions group are:

- IFRS 15 “Revenue from Contracts with Customers”, adopted by the European Union on 22 September 2016; according to the IASB, the amendments should enter into force on 1 January 2018. In May 2014, the IASB and the FASB published IFRS 15, which changes how revenue is recognised and supersedes IAS 18 “Revenue” and IAS 11 “Construction Contracts”. IFRS 15 establishes a fundamental principle that requires revenues from contracts with customers to be recognised in a way that reflects the amount to which a seller expects to be entitled when transferring control of a good or service to a customer.

  For the Group, this standard might have an impact on real estate development. The Group does not anticipate any on earnings or shareholders’ equity. On off-plan contracts, the principle of recognising revenue and margin as a percentage of completion is unaffected.

  However, the calculation of the percentage of completion will incorporate land costs, resulting in higher recognition of revenue and margin at the beginning of the contract than is the current practice.
- Amendments to IFRS adopted by the European Union on 31 October 2017; according to the IASB, the amendments should enter into force on 1 January 2018. Clarifications have been made to IFRS 15 concerning the following: identification of performance obligations, principal *versus* agent application, licenses, and transitory provisions.
- IFRS 9 “Financial Instruments: Hedge Accounting”, adopted by the European Union on 22 November 2016; according to the IASB, the standard should enter into force on 1 January 2018. This standard will replace IAS 39 concerning financial instruments. The Group will apply the provisions relating to the classification and assessment of financial instruments and to the impairment of financial assets from 1 January 2018. An impact analysis is underway, in particular as regards the treatment of debt renegotiations.

  The Group has not yet taken a decision to apply the provisions specific to hedge accounting and will continue to apply the provisions of IAS 39 in 2018.
- IFRS 16 “Leases”, adopted by the European Union on 31 October 2017; According to the IASB, the amendments should enter into force on 1 January 2019. On 13 January 2016, the IASB published IFRS 16, which will supersede IAS 17 “Leases”, as well as the corresponding interpretations (IFRIC 4, SIC 15 and SIC 27). The most significant change is that all the leases concerned will be recognised on the lessee’s balance sheet, providing better visibility on their assets and liabilities. The Group has carried out an initial survey of its leases. At this stage, this primarily involves operating leases for company vehicles, car parks and construction leases. The implications for the Group should be limited.
- Amendments to IFRS 4 “Applying IFRS 9 with IFRS 4 Insurance Contracts”, adopted by the European Union on 3 November 2017; according to the IASB, the amendments should enter into force on 1 January 2018. They are intended to remedy the temporary accounting consequences of the time-lag between the effective date of IFRS 9 and that of the new standard on insurance contracts replacing IFRS 4 (IFRS 17).

IFRS standards and amendments published by the IASB but not adopted by the European Union, not yet mandatory for financial years beginning on or after 1 January 2017:

- Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”, published on 20 June 2016; according to the IASB, the amendments should enter into force on 1 January 2018. Its adoption by the European Union is expected in the second half-year of 2018. This amendment covers three aspects that concern the following: the effects of vesting conditions on the measurement of cash-settled share-based payments and, share-based payment transactions subject to tax withholding obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- Amendments to IAS 40 "Transfers of Investment Property", published on 8 December 2016; according to the IASB, the amendments should enter into force on 1 January 2018. Its adoption by the European Union is expected in the second half-year of 2018.
- Amendments to IAS 28 "Investments in Associates and Joint Ventures", published 12 October 2017.
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation", published on 12 October 2017.
- IFRS 17 "Insurance Contracts", published on 18 May 2017; according to the IASB, the amendments should enter into force on 1 January 2021. IFRS 17 lays out the principles as to the recognition, valuation, presentation and disclosures concerning insurance contracts within the scope of application of the standard. This standard has no impact on the financial statements.
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" published on 8 December 2016.
- IFRIC 23 "Uncertainty Over Income Tax Treatments," published on 7 June 2017.
- Annual improvements to IFRS (2015-2017 cycle), published on 12 December 2017; according to the IASB, the amendments should enter into force on 1 January 2019. These improvements amend IFRS 3 "Business Combinations", IFRS 11 "Partnerships", IAS 23 "Borrowing Costs" and IAS 12 "Income Taxes".

3.2.1.2. Estimates and judgements

The financial statements have been prepared in accordance with the historic cost convention, with the exception of investment properties and certain financial instruments, which were recognised in accordance with the fair value convention. In accordance with the conceptual framework for IFRS, preparation of the financial statements requires making estimates and using assumptions that affect the amounts shown in these financial statements.

The significant estimates made by the Foncière des Régions group in preparing the financial statements mainly relate to:

- the valuations used for testing impairment, in particular assessing the recoverable value of goodwill and intangible fixed assets
- measurement of the fair value of investment properties
- assessment of the fair value of derivative financial instruments
- measurement of provisions.

Because of the uncertainties inherent in any valuation process, the Foncière des Régions group reviews its estimates based on regularly updated information. The future results of the transactions in question may differ from these estimates.

In addition to the use of estimates, Group management makes use of judgements to define the appropriate accounting treatment of certain business activities and transactions when the IFRS standards and interpretations in effect do not precisely address the accounting issues involved.

3.2.1.3. Operating segments

The operating segments of the Foncière des Régions group are detailed in paragraph 3.2.8.1.

3.2.1.4. IFRS 7 – Reference table

Liquidity risk	§ 3.2.2.2
Financial expense sensitivity	§ 3.2.2.3
Credit risk	§ 3.2.2.4
Market risk	§ 3.2.2.6
Sensitivity of the fair value of investment properties	§ 3.2.5.1.3
Covenants	§ 3.2.5.11.6

3.2.2. *Financial risk management*

The operating and financial activities of the Company are exposed to the following risks:

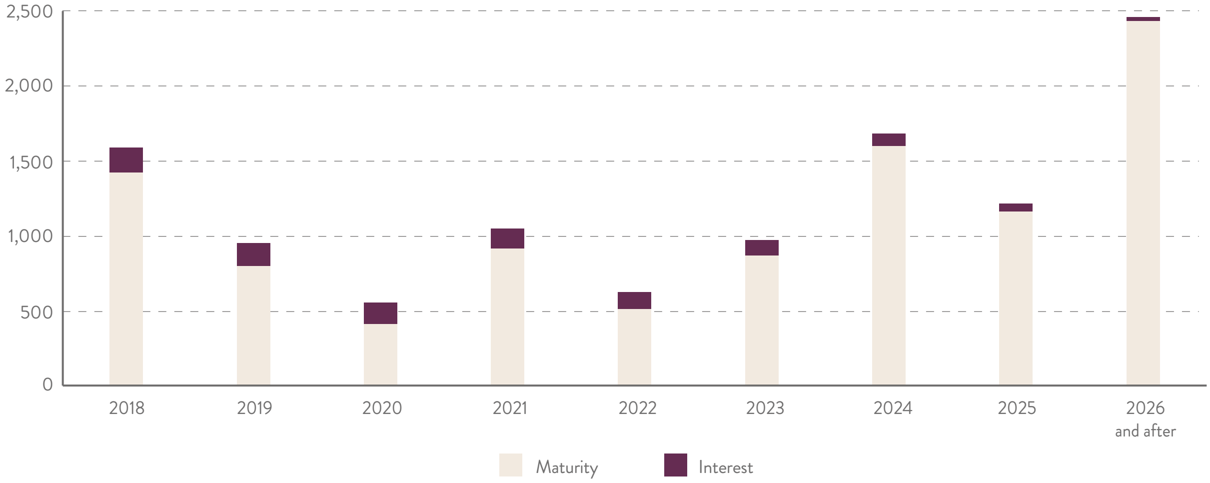
3.2.2.1. Marketing risk for properties under development

The Group is involved in property development. As such, it is exposed to a number of different risks, particularly risks associated with construction costs, completion delays and the marketing of properties. These risks can be assessed in light of the schedule of properties under development (see § 3.2.5.1.4).

3.2.2.2. Liquidity risk

Liquidity risk is managed in the medium and long term with multi-year cash management plans and, in the short term, by using confirmed and undrawn lines of credit. At 31 December 2017, Foncière des Regions' available cash and cash equivalents amounted to €2,777 million, including €1,321 million in usable unconditional credit lines, €1,296 million in investments and €160 million in unused overdraft facilities.

The graph below summarises the maturities of the borrowings (in €M), including treasury bills existing as at 31 December 2017:



2018 maturities include €730.4 million in treasury bills.

The amount of interest payable up to the maturity of the debt, estimated on the basis of the outstanding amount at 31 December 2017 and the average interest rate on the debt, totalled €986 million.

Details concerning the debt maturities are provided in Note 3.2.5.11.3, and a description of the banking covenants and accelerated payment clauses included in the loan agreements is presented in Note 3.2.5.11.6.

During the year 2017, the Group continued to diversify its sources of finance, reduce the cost of debt and extend its maturity.

- France Offices:

  In June 2017, Foncière des Régions successfully completed a €500 million bond issue, maturing in 2027, with a fixed coupon of 1.5%. At the same time, the Group redeemed €273.1 million. This amount represents 55% of the bond issue maturing in 2021 and bearing interest at the rate of 1.75%.
- Italy Offices:

  The quality of its debt has clearly been improved with the obtaining of a BBB- credit rating from Standard & Poor's this year and through €1.2 billion of refinancing and financing.

  In February 2017, Beni Stabili redeemed its €270 million ORNANE-type bond maturing in April 2019, thus reducing the risk of future dilution.

  In July 2017 and August 2017, two long-term mortgage financings with maturities of 8.5 and 10 years, totalling €336 million, were partly drawn down.

  After obtaining its BBB- rating in July 2017, Beni Stabili successfully issued a €300 million seven-year bond (maturing in 2024) with a coupon of 1.625%.
- Hotels in Europe:

  In March 2017, Foncière des Murs arranged mortgage financing of €279 million for eight years as part of the acquisition of 17 hotels in Spain.

  In April and May 2017, it obtained ten-year €105 million financing for the B&B and NH Hotels in Germany portfolios.

  In May 2017, it also refinanced a portfolio of 166 B&B assets in France in the amount of €290 million for a period of seven years.
- Germany Residential:

  During 2017, Immeo SE took out several mortgage loans as part of its acquisitions, including a 10-year €115 mortgage loan to acquire a portfolio of 1,827 units in Berlin, Dresden, Leipzig and a 10-year €176 million mortgage loan to finance acquisitions in Berlin, Dresden, Leipzig and Hamburg.

  Immeo has also continued to refinance older debts to optimise their maturity and financial conditions. Thus, a total of €165 million was raised long-term (9.9 years on average) backed by portfolios located half in Essen and Duisburg and half in Berlin.

3.2.2.3. Interest rate risk

The Group's exposure to the risk of changes in market interest rates is linked to its floating rate and long-term financial debt.

To the extent possible, bank debt is primarily hedged *via* financial instruments (see § 3.2.5.11.5). At 31 December 2017, after taking interest rate swaps into account, approximately 82% of the Group's debt was hedged, and the bulk of the remainder was covered by interest rate caps, which resulted in the following sensitivity to changes in interest rates:

The impact of a 100 bps rate increase as at 31 December 2017 is a loss of €12,764 thousand on the 2018 Group Share of recurring net income.

The impact of a 50 bps rate increase as at 31 December 2017 is a loss of €5,741 thousand on the 2018 Group Share of recurring net income.

The impact of a 50 bps rate reduction as at 31 December 2017 is an increase of €4,457 thousand on the 2018 Group Share of recurring net income.

3.2.2.4. Financial counterparty risk

Given Foncière des Régions' contractual relationships with its financial partners, the Company is exposed to counterparty risk. If one of its partners is not in a position to honour its undertakings, the Group's net income could suffer an adverse effect.

This risk primarily involves the hedging instruments entered into by the Group and which would have to be replaced by a hedging transaction at the current market rate in the event of a default by the counterparty.

The counterparty risk is limited by the fact that Foncière des Régions is a borrower, from a structural standpoint. The risk is therefore mainly restricted to the investments made by the Group and to its counterparties in derivative product transactions. The Company continually monitors its exposure to financial counterparty risk.

The Company's policy is to deal only with top-tier counterparties, while diversifying its financial partners and its sources of funding.

Counterparty risk is included in the measurement of cash instruments. It totalled €1,033 thousand in the 2017 period.

3.2.2.5. Leasing counterparty risk

Foncière des Régions' rental income is subject to a certain degree of concentration, to the extent that the principal tenants (Orange, Telecom Italia, AccorHotels, Suez, B&B and Enedis/EDF) generate the primary annual rental income.

It should be noted that in 2017, the Group split up the Telecom Italia portfolio and now holds no more than 60%. The Group made significant investments in Spain and thereby diversified its Hotels lessees.

Foncière des Régions does not believe it is significantly exposed to the risk of insolvency, since its tenants are selected based on their creditworthiness and the economic prospects of their market segments. The operating and financial performance of the main tenants is regularly reviewed. In addition, tenants grant the Group financial guarantees when leases are signed.

The Group has not recorded any significant overdue payments.

3.2.2.6. Risks related to changes in the value of the portfolio

Changes in the fair value of investment properties are recognised in the income statement. Changes in property values can thus have a material impact on the operating performance of the Group.

In addition, part of the Company's operating income is generated by the sales plan, the income of which is equally dependent on property values and on the volume of possible transactions.

Rentals and property values are cyclical in nature, the duration of the cycles being variable but generally long-term. Different domestic markets have differing cycles that vary from each other in relation to specific economic and market conditions. Within each national market, prices also follow the cycle in different ways and with varying degrees of intensity, depending on the location and category of the assets.

The macroeconomic factors that have the greatest influence on property values and determine the various cyclical trends include the following:

- interest rates
- the liquidity on the market and the availability of other profitable alternative investments
- economic growth.

Low interest rates, abundant liquidity on the market and a lack of profitable alternative investments generally lead to an increase in property asset values.

Economic growth generally increases demand for leased space and paves the way for rent levels to rise, particularly in the office sector. These two consequences lead to an increase in the price of real estate assets. Nevertheless, in the medium term, economic growth generally leads to an increase in inflation and then an increase in interest rates, expanding the availability of profitable alternative investments. Such factors exert downward pressure on property values.

The investment policy of Foncière des Régions is to minimise the impact of the various stages of the cycle by choosing investments that:

- have long-term leases and high quality tenants, which soften the blow of a reduction in market rental income and the resulting decline in real estate prices
- are located in major city centres
- have low vacancy rates, in order to avoid the risk of having to re-let vacant space in an environment where demand may be limited.

The holding of real estate assets intended for leasing exposes Foncière des Régions to the risk of fluctuation in the value of real estate assets and lease payments.

Despite the uncertainty created by the economic downturn, this exposure is limited to the extent that the rentals invoiced are derived from rental agreements, the term and diversification of which mitigate the effects of fluctuations in the rental market.

The sensitivity of the fair value of investment properties to changes in capitalisation rates is analysed in § 3.2.5.1.3.

3.2.2.7. Exchange rate risk

The Company operates in the Euro zone. It is therefore not exposed to exchange rate risk.

3.2.2.8. Risks related to changes in the value of shares and bonds

The Group is exposed to risks for two classes of shares (see § 3.2.5.2.2).

This risk primarily involves listed securities in companies consolidated according to the equity method, which are valued according to their value in use. Value in use is determined based on independent assessments of the real estate assets and financial instruments.

In addition, Foncière des Régions and Beni Stabili issued bonds (ORNANE) valued at their fair value in the income statement at each reporting date. The fair value corresponds to the bond's monthly closing price, exposing the Group to changes in the bond value. The specific features of the ORNANE are described in Note 3.2.5.11.4.

3.2.2.9. Tax environment

3.2.2.9.1. Changes in the French tax environment

The French tax environment has not seen any changes affecting the Group's fiscal situation since 1 January 2017.

3.2.2.9.2. Changes in the Italian tax environment

The changes in the Italian tax environment concern the corporation tax rate (IRES by the Italian acronym), which is lowered from 27.5% to 24% as of financial years ending in 2017.

3.2.2.9.3. Changes in the German tax environment

The Group has not observed any significant change in the German tax environment.

3.2.2.9.4. Tax risks

Given the ongoing changes to tax legislation, the Group is likely to be subject to reassessment proposals from the Tax Administration. If our counsel believes that an adjustment presents a risk of reassessment, a provision is made. The list of the main ongoing proceedings includes the following:

- Foncière des Régions tax inspection

  Foncière des Régions' accounts were audited for the 2012 and 2013 financial years, which resulted in a reassessment proposal in December 2015 for corporate value added tax (CVAE) and corporate tax generating:

  A €9.7 million tax impact on the principal, relating to (i) corporation tax, with a correlative increase in deficits on the taxable segment in the amount of €36.6 million and (ii) to the CVAE. This reassessment is being contested and, based on the analysis by the Company's legal counsel, no provision has been recorded to that effect as at 31 December 2017. The reassessment proposal concerning a reduction in deficits in the taxable segment of €1 million on a total of €240 million was accepted.

  A new reassessment proposal concerning the 2014 corporation tax was received as a follow-up to the reassessment made for 2012 and 2013, generating a financial impact of €3.9 million in principal. On the same basis as for the 2012 and 2013 financial years, this reassessment proposal is being contested and, based on the analysis by the Company's legal counsel, no provision was recorded to that effect as at 31 December 2017.

- Foncière Europe Logistique tax audit (merged with and into Foncière des Régions on 31 December 2016)

  A corporate income tax reassessment proposal was received by Foncière Europe Logistique amounting to €3.2 million for financial years 2007 and 2008, followed by a tax collection procedure and a payment during the first half of 2012. Foncière Europe Logistique is nonetheless contesting this reassessment and filed a claim against it. The Tax Administration rejected the claim on the merits but nevertheless granted an abatement of €2.4 million in principal and interest to take into account the fact that the financial consequences were spread out over 2008, 2009, 2010 and 2011. The Company therefore paid €0.8 million, which it contests on the merits.

  The case was referred to the Administrative Court, which rejected Foncière Europe Logistique's application in December 2015. The Administrative Court of Appeal of Versailles annulled the judgement of the Court in a ruling of 20 July 2017, which was appealed to the *Conseil d'État* and is still pending. Based on the analysis by legal counsel, no provision has been recorded for this dispute as at 31 December 2017.

  An accounting audit pertaining to the 2010 and 2011 financial years took place during the 2013 financial year, which ended in a reassessment proposal on the corporate tax for €3.5 million on the same grounds as the previous reassessment proposal for 2007 and 2008. This reassessment was followed by a tax collection procedure and payment. The case was referred to the Administrative Court, which rejected Foncière Europe Logistique's request in June 2016. The Administrative Court of Appeal of Versailles annulled the judgement of the Court in a ruling of 29 July 2017, which was appealed to the *Conseil d'État* and is still pending. Based on the analysis by legal counsel, no provision has been recorded for this dispute as at 31 December 2017.

  An audit of Foncière Europe Logistique's accounts was conducted covering the 2012 and 2013 financial years, and culminated in a proposed corporate tax reassessment amounting to €1.3 million, on the same merits as the previous reassessment proposal for 2007 to 2011. The case was referred to the Administrative Court, which ruled in favour of Foncière Europe Logistique's application in December 2017.

- Foncière des Murs tax audit

  Foncière des Murs was subject to an accounting audit for the 2010 and 2011 financial years, which resulted in a reassessment proposal for the CVAE in the amount of €2.4 million. This reassessment proposal was confirmed in April 2015 following administrative reviews. It gave rise to a tax collection procedure and payment in the first half of 2016. The proposal is being contested in its entirety, and, based on the analysis by the Company's legal counsel, no provision has been recorded to that effect as at 31 December 2017.

  Foncière des Murs' accounts were also audited for the 2012, 2013 and 2014 financial years, which resulted in a reassessment proposal in December 2015 for corporate value added tax (CVAE) in the amount of €2.2 million, on the same grounds as the previous reassessment proposal for 2010 and 2011. This reassessment proposal was confirmed in May 2016 following administrative reviews. It gave rise to a tax collection procedure and payment in the second half of 2016. The dispute is still pending and, based on the analysis by the Company's legal counsel, no provision was recorded to that effect as at 31 December 2017.

- SNC Otello (Foncière des Murs subsidiary) tax audit

  SNC Otello's accounts were audited for the 2011, 2012 and 2013 financial years, which resulted in a reassessment proposal for the CVAE in the amount of €0.5 million. This reassessment proposal was confirmed in April 2015 following administrative reviews. It gave rise to a tax collection procedure and payment in the first half of 2016. This proposal is being contested in its entirety, and, based on the analysis by the Company's legal counsel, no provision has been recorded to that effect as at 31 December 2017.

  The accounts of SNC Otello were also audited for the 2014, 2015 and 2016 financial years, which resulted in a reassessment proposal in November 2017 for corporate value added tax (CVAE) in the amount of €0.2 million, on the same grounds as the previous reassessment proposal for 2011, 2012 and 2013. This proposal is being contested in its entirety, and, based on the analysis by the Company's legal counsel, no provision has been recorded to that effect as at 31 December 2017.

- République tax audit

  République was subject to a tax audit for the 2008, 2009 and 2010 financial years. A tax reassessment proposal for 2008, which has no impact on the corporate income tax owed, was received at the end of December 2011. The Administrative Tribunal of Montreuil reached a ruling in the company's favour on 6 June 2017 which has not been appealed by the government.

- Tax audits of the Germany Residential segment

  Immeo and all its subsidiaries were subject to a tax audit for the 2011, 2012 and 2013 financial years. These audits are ongoing. No provision has been recorded for these audits as at 31 December 2017.

- Tax audits of the Italy Offices segment

  Comit Fund tax dispute – Beni Stabili

  On 17 April 2012, following a court decision, the Italian tax administration refunded the debt borne by Beni Stabili for the Comit Fund dispute (principal: €58.2 million and interest: €2.3 million). In April 2012, the Tax Administration appealed this decision. The Court of Appeal ruled in favour of the Tax Administration on 18 December 2015.

The dispute with the Tax Administration was settled with the payment of €55 million. The €56.2 million provision recorded in 2015 was reversed as at 31 December 2016.

However, Comit Fund and Beni Stabili have not entered a joint agreement to definitively agree that they each will pay an equal share of this adjustment. Civil arbitration proceedings were undertaken by Comit Fund and are still ongoing at 31 December 2017. No accounting provision has been recorded for them.

Tax audits

Beni Stabili was subject to a tax audit for the 2008, 2009, 2010 and 2011 financial years. The tax administration issued reassessments in the amount of €9.8 million for the principal, which is disputed by the Company in its entirety. An agreement was signed in December 2017 which put an end to the dispute concerning 2008, 2009 and 2010. The impact on the income statement was €1.7 million.

With regard to 2011, the dispute was still ongoing at 31 December 2017. A payment of €1.3 million had to be made pending a decision. No accounting provision has been recorded for this claim.

3.2.2.9.5. Deferred tax liabilities

Most of the Group's property companies have opted for the SIIC regime in France, the SIIQ regime in Italy and the SOCIMI regime in Spain. The impact of deferred tax liabilities is therefore essentially related to the Germany Residential segment and to investments in the Hotels in Europe for which the SIIC regime is not applicable (Germany, Spain, Belgium, Netherlands and Portugal). In the case of Spain, all Spanish companies have opted for the SOCIMI regime exemption. However, there are deferred tax liabilities related to assets held by the companies prior to opting for SOCIMI treatment.

3.2.3. Scope of consolidation

3.2.3.1. Accounting principles applicable to the scope of consolidation

3.2.3.1.1. Consolidated subsidiaries and structured entities – IFRS 10

These financial statements include the financial statements of Foncière des Régions and the financial statements of the entities (including structured entities) that it controls and its subsidiaries.

The Foncière des Régions group has control when it:

- has power over the issuing entity
- is exposed or is entitled to variable returns due to its ties with the issuing entity
- has the ability to exercise its power in such as manner as to affect the amount of returns that it receives.

The Foncière des Régions group must reassess whether it controls the issuing entity when facts and circumstances indicate that one or more of the three factors of control listed above have changed.

A structured entity is an entity structured in such a way that the voting rights or similar rights do not represent the determining factor in establishing control of the entity; this is particularly the case when the voting rights only involve administrative tasks and the relevant business activities are governed by contractual agreements.

If the Group does not hold a majority of the voting rights in an issuing entity in order to determine the power exercised over an entity, it analyses whether it has sufficient rights to unilaterally manage the issuing entity's relevant business activities. The Group takes into consideration any facts and circumstances when it evaluates whether the voting rights that it holds in the issuing entity are sufficient to confer power to the Group, including the following:

- the number of voting rights that the Group holds compared to the number of rights held respectively by the other holders of voting rights and their distribution
- the potential voting rights held by the Group, other holders of voting rights or other parties
- the rights under other contractual agreements
- the other facts and circumstances, where applicable, which indicate that the Group has or does not have the actual ability to manage relevant business activities at the moment when decisions must be made, including voting patterns during previous shareholders' meetings.

Subsidiaries and structured entities are fully consolidated.

3.2.3.1.2. Equity affiliates – IAS 28

An equity affiliate is an entity in which the Group has significant control. Significant control is the power to participate in decisions relating to the financial and operational policy of an issuing entity without, however, exercising control or joint control on these policies.

The results and the assets and liabilities of equity affiliates are recognised in these consolidated financial statements according to the equity method.

3.2.3.1.3. Partnerships (joint control) – IFRS 11

Joint control means the contractual agreement to share the control exercised over a company, which only exists in the event where the decisions concerning relevant business activities require the unanimous consent of the parties sharing the control.

Joint ventures

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights to its net assets.

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

Joint operations

A joint operation is a partnership in which the parties exercising joint control over the operation have rights to the assets, and obligations for the liabilities relating to it. Those parties are called joint operators.

A joint operator must recognise the following items relating to its interest in the joint operation:

- its assets, including its proportionate share of assets held jointly, where applicable
- its liabilities, including its proportionate share of liabilities undertaken jointly, where applicable
- the income that it derived from the sale of its proportionate share in the yield generated by the joint operation
- its proportionate share of income from the sale of the yield generated by the joint operation
- the expenses that it has committed, including its proportionate share of expenses committed jointly, where applicable.

The joint operator accounts for the assets, liabilities, income and expenses pertaining to its interests in a joint operation in accordance with the IFRS that apply to these assets, liabilities, income and expenses.

No Group company is considered to constitute a joint operation.

3.2.3.2. Additions to the scope of consolidation

Additions to the scope of consolidation for each business are presented in the scope reporting table detailed by company at the start of each segment. The segments concerned are France Offices, Italy Offices, Hotels in Europe and Germany Residential.

3.2.3.3. Removals from the scope of consolidation

Removals from the scope of consolidation for each business are presented in the scope reporting table detailed by company at the end of each segment. The segments concerned are France Offices, Italy Offices, Hotels in Europe, Germany Residential and France Residential.

3.2.3.4. Change in holding and/or in consolidation method

Capital increases of Foncière des Murs – Impact on the percentage held

During the first 2017 half-year Foncière des Murs undertook several capital increases in the amount of €311.1 million (€310.2 million net of costs) by issuing 13,712,124 new shares, including 4,449,129 shares following the distribution of the extraordinary dividend in shares.

As a result of these two capital increases of 28 March and 19 May 2017, Foncière des Régions holds 43,907,732 Foncière des Murs shares, or 50.00% of the equity, *versus* 49.91% as at 31 December 2016.

Acquisition of Beni Stabili shares – Impact on the percentage held

In the second 2017 half-year Foncière des Régions acquired 4,135,341 Beni Stabili shares for a total of €2.8 million. The average acquisition price is €0.68 per share. At 31 December 2017, Foncière des Régions held a 52.43% stake in Beni Stabili *versus* 52.24% at 31 December 2016.

Amendment to the Latécoère 2 shareholder agreement – Change from equity method to full consolidation

Following the amendment to the shareholders agreement in December 2017, Latécoère 2 has been fully consolidated since 31 December 2017.

Split of the Silex 1 and Silex 2 buildings with Assurances du Crédit Mutuel – Impact on the percentage held

A partnership agreement was signed in December 2017 between Foncière des Régions and Assurances du Crédit Mutuel to share the Silex 1 asset and the Silex 2 development project. Foncière des Régions maintains 50.1% of the capital and continues to fully consolidate the SCIs of 9 and 15 rue des Cuirassiers.

Market exchange offer on Foncière Développement Logements – Impact on the percentage held

Foncière des Régions initiated an MEO for the shares of Foncière Développement Logements and received 26,302,577 Foncière Développement Logements shares.

Following this transaction and the cash purchase of Foncière Développement Logements shares, Foncière des Régions holds 100% of the capital of its subsidiary, as compared to 61.3% at 31 December 2016. The company was delisted on 29 December 2017.

The contribution of Foncière Développement Logements shares was paid by issuing 916,951 shares of Foncière des Régions.

Buyback and cancellation of République shares – Impact on the percentage held

On 27 November 2017, République undertook a capital reduction not due to losses by buying and cancelling 2,612,234 shares held by Predica (41% of the capital).

At 31 December 2017 Foncière des Régions held 100% of the capital of its subsidiary République, as compared to 59.5% at 31 December 2016.

3.2.3.5. List of consolidated companies

93 companies in the France Offices segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Foncière des Régions	**France**	**Parent company**		
Opco Newwork	France	FC	100.00	-
Le Clos de Chanteloup	France	FC	100.00	-
Bordeaux Lac	France	FC	100.00	-
Sully Chartres	France	FC	100.00	-
Sucy Parc	France	FC	100.00	-
Gambetta Le Raincy	France	FC	100.00	-
Orly Promo	France	FC	100.00	-
Silex Promo	France	FC	100.00	-
21 Rue Jean Goujon	France	FC	100.00	-
Villouvette Saint-Germain	France	FC	100.00	-
La Mérina Fréjus	France	FC	100.00	-
Normandie Niemen Bobigny	France	FC	100.00	-
Le Printemps Sartrouville	France	FC	100.00	-
Gaugin Saint-Ouen l'Aumône	France	FC	100.00	-
SCI du 15 rue des Cuirassiers	France	FC	50.10	100.00
SCI du 9 rue des Cuirassiers	France	FC	50.10	100.00
SCI Latécoère 2	France	FC	50.10	50.10
SCI Rueil B2	France	FC	100.00	100.00
SCI Rueil B3 B4	France	FC	100.00	100.00
SCI Factor E	France	EM/EA	34.69	34.69
SCI Orianz	France	EM/EA	34.69	34.69
Latepromo	France	FC	100.00	100.00
SNC Promomurs	France	FC	100.00	100.00
FDR Participation	France	FC	100.00	100.00
SCI Avenue de la Marne	France	FC	100.00	100.00
Omega B	France	FC	100.00	100.00
GFR Ravinelle	France	FC	100.00	100.00
SCI du 288 rue Duguesclin	France	FC	100.00	100.00
SCI Fédérimmo	France	FC	60.00	60.00
Iméfa 127	France	FC	100.00	100.00
SCI Atlantis	France	FC	100.00	100.00
EURL Fédération	France	FC	100.00	100.00
SCI Raphaël	France	FC	100.00	100.00
SARL Foncière Margaux	France	FC	100.00	100.00
SCI du 32 avenue P Grenier	France	FC	100.00	100.00
SCI du 40 rue JJ Rousseau	France	FC	100.00	100.00
SCI du 3 place A Chaussy	France	FC	100.00	100.00
SARL BGA Transactions	France	FC	100.00	100.00
SCI 35/37 rue Louis Guérin	France	FC	100.00	100.00
SARL du 25-27 quai Félix Faure	France	FC	100.00	100.00
SCI du 10B et 11 A 13 allée des Tanneurs	France	FC	100.00	100.00
SCI du 125 avenue du Brancolar	France	FC	100.00	100.00
SCI du 8 rue M Paul	France	FC	100.00	100.00
SCI du 1 rue de Chateaudun	France	FC	100.00	100.00
SCI du 1630 Avenue de la Croix Rouge	France	FC	100.00	100.00
SCI du 682 cours de la Libération	France	FC	100.00	100.00
SARL du 106-110 rue des Troënes	France	FC	100.00	100.00
SCI du 2 rue de L'Ill	France	FC	100.00	100.00
SCI du 20 avenue Victor Hugo	France	FC	100.00	100.00
SARL du 2 rue Saint Charles	France	FC	100.00	100.00
SNC Télimob Paris	France	FC	100.00	100.00
SNC Télimob Nord	France	FC	100.00	100.00
SNC Télimob Rhône Alpes	France	FC	100.00	100.00

Companies in the France Offices segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
SNC Télimob Sud Ouest	France	FC	100.00	100.00
SNC Télimob Est	France	FC	100.00	100.00
SNC Télimob Paca	France	FC	100.00	100.00
SNC Télimob Ouest	France	FC	100.00	100.00
SARL Télimob Paris	France	FC	100.00	100.00
SNC Latécoère	France	FC	50.10	50.10
Palmer Plage SNC	France	FC	100.00	100.00
SCI Palmer Montpellier	France	FC	100.00	100.00
SCI Dual Center	France	FC	100.00	100.00
SAS Cœur d’Orly Promotion	France	EM/EA	50.00	50.00
FDR2	France	FC	100.00	100.00
SCI Bureaux Cœur d’Orly	France	EM/EA	25.00	25.00
SNC hld Bureaux Cœur d’Orly	France	EM/EA	50.00	50.00
SNC Commerces Cœur d’Orly	France	EM/EA	25.00	25.00
SNC hld Commerces Cœur d’Orly	France	EM/EA	50.00	50.00
FDR 4	France	FC	75.00	75.00
OPCI Office CB21	France	FC	75.00	75.00
SCI Euromarseille 1	France	EM/JV	50.00	50.00
SCI Euromarseille 2	France	EM/JV	50.00	50.00
SCI Euromarseille BI	France	EM/JV	50.00	50.00
SCI Euromarseille BH	France	EM/JV	50.00	50.00
SCI Euromarseille BL	France	EM/JV	50.00	50.00
SCI Euromarseille PK	France	EM/JV	50.00	50.00
SCI Euromarseille Invest	France	EM/JV	50.00	50.00
SCI Euromarseille H	France	EM/JV	50.00	50.00
SCI Euromarseille BH2	France	EM/JV	50.00	50.00
FDR 7	France	FC	100.00	100.00
Technical	France	FC	100.00	100.00
GFR Kléber	France	FC	100.00	100.00
Oméga A	France	FC	100.00	100.00
Oméga C	France	FC	100.00	100.00
Le Ponant 1986	France	FC	100.00	100.00
Ruhl Côte d’Azur	France	FC	100.00	100.00
SCI Pompidou	France	FC	100.00	100.00
SCI 11 place de l’Europe	France	FC	50.09	50.09
SCI Lenovilla	France	EM/JV	50.10	50.10
SNC Lenopromo	France	FC	100.00	100.00
SCI Meudon Saulnier	France	FC	100.00	100.00
SCI Charenton	France	FC	100.00	100.00
SCI Euromarseille 3	France	Liquidated	-	50.00
EURL Languedoc 34	France	Merger	-	100.00
Foncière Palmer SNC	France	Merger	-	100.00
Palmer Transactions SNC	France	Merger	-	100.00
SARL du 11 rue Victor Leroy	France	Merger	-	100.00
SCI du 11 avenue de Sully	France	Merger	-	100.00
SNC Sup 3	France	Merger	-	100.00
SCI Euromarseille M	France	Merger	-	50.00

The registered office of the parent company Foncière des Régions is located at 18 avenue François Mitterrand – 57000 Metz. The other fully consolidated subsidiaries in the France Offices segment have their registered office located at 10 and 30 avenue Kléber – 75116 Paris.

18 companies in the Italy Offices segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Beni Stabili S.p.A. SIIQ (parent company) 100% controlled	**Italy**	**FC**	**52.43**	**52.24**
Central Società di Investimento per Azioni a capitalo fisso Central SICAF S.p.A.	Italy	FC	31.46	
Revalo S.p.A.	Italy	FC	52.43	52.24
Investire S.p.A. SGR	Italy	EM	9.38	9.35
RGD Ferrara 2013 S.r.L.	Italy	EM	26.21	26.12
Resolution Tech S.r.L.	Italy	EM	15.73	15.67
Beni Stabili 7 S.p.A.	Italy	FC	52.43	52.24
Beni Stabili Development S.p.A.	Italy	FC	52.43	52.24
B.S. Activita commercial 1 S.r.L.	Italy	FC	52.43	52.24
B.S. Attività commercial 2 S.r.L.	Italy	FC	52.43	52.24
B.S. Attività commercial 3 S.r.L.	Italy	FC	52.43	52.24
B.S. Immobiliare 9 SINQ S.p.A.	Italy	FC	52.43	52.24
RGD Gestioni S.r.L.	Italy	FC	52.43	52.24
Beni Stabili Retail S.r.l.	Italy	FC	28.83	28.73
Beni Stabili Real Estate Advisory S.r.L.	Italy	FC	52.43	52.24
B.S. Engineering S.r.l.	Italy	FC	52.43	52.24
Imser Securitisation S.r.L.	Italy	FC	52.43	52.24
Imser Securitisation 2 S.r.L.	Italy	FC	52.43	52.24
B.S. Immobiliare 5 S.r.L.	Italy	Merger	-	52.24
Beni Stabili Development Milano Greenway S.p.A.	Italy	Merger	-	52.24
Sviluppo Ripamonti S.r.L.	Italy	Merger	-	52.24

The registered office of the parent company Beni Stabili is located at 38 Via Piemonte – 00187 Rome.

126 companies in the Hotels in Europe segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
SCA Foncière des Murs (Parent company) 100% controlled	**France**	**FC**	**49.91**	**49.91**
Constance	France	EM/EA	20.35	-
Constance Lux 1	Luxembourg	EM/EA	20.35	-
Constance Lux 2	Luxembourg	EM/EA	20.35	-
So Hospitality	Luxembourg	EM/EA	20.35	-
Nice-M	France	EM/EA	20.35	-
H Invest Lux 2	Luxembourg	FC	50.00	-
Hotel Amsterdam Noord FDM	Netherlands	FC	50.00	-
Hotel Amersfoort FDM	Netherlands	FC	50.00	-
Investment FDM Rocatiera	Spain	FC	50.00	-
Bardiomar	Spain	FC	50.00	-
Trade Center Hotel	Spain	FC	50.00	-
Airport Garden Hotel NV	Belgium	EM/EA	20.35	20.31
H Invest Lux	Luxembourg	FC	50.00	49.91
Samoens SAS	France	FC	12.55	12.53
Foncière B4 Hôtel Invest	France	FC	25.10	25.05
B&B Invest Espagne SLU	Spain	FC	50.00	49.91
Rock-Lux	Luxembourg	EM/EA	20.35	20.31
Société Liloise Investissement Immobilier Hôtelier SA	France	EM/EA	20.35	20.31
Spiegelrei HLD SA	Belgium	EM/EA	20.35	20.31
Alliance et Compagnie SAS	France	EM/EA	20.35	20.31
Spiegelrei SA M&F	Belgium	EM/EA	20.35	20.31
Résidence Cour Saint Georges SA	Belgium	EM/EA	20.35	20.31
Hermitage Holdco	France	EM/EA	20.35	20.31
Berlin I (Propco Westin Grand Berlin)	Germany	EM/EA	19.31	19.28
Opco Grand Hôtel Berlin Betriebs (Westin berlin)	Germany	EM/EA	19.31	19.28
Berlin II (Propco Park Inn Alexanderplatz)	Germany	EM/EA	19.31	19.28
Opco Hôtel Stadt Berlin Betriebs (Park-Inn)	Germany	EM/EA	19.31	19.28
Berlin III (Propco Mercure Potsdam)	Germany	EM/EA	19.31	19.28

Companies in the Hotels in Europe segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Opco Hôtel Potsdam Betriebs (Mercure Potsdam)	Germany	EM/EA	19.31	19.28
Dresden I (Propco Westin Bellevue)	Germany	EM/EA	19.31	19.28
Opco Hôtel Bellevue Dresden Betriebs (Westein Bellevue)	Germany	EM/EA	19.31	19.28
Dresden II (Propco Ibis Hôtel Dresden)	Germany	EM/EA	19.31	19.28
Dresden III (Propco Ibis Hôtel Dresden)	Germany	EM/EA	19.31	19.28
Dresden IV (Propco Ibis Hôtel Dresden)	Germany	EM/EA	19.31	19.28
Opco BKL Hotelbetriebsgesellschaft (Dresden II to IV)	Germany	EM/EA	19.31	19.28
Dresden V (Propco Pullman Newa Dresden)	Germany	EM/EA	19.31	19.28
Opco Hôtel Newa Dresden Betriebs (Pullman)	Germany	EM/EA	19.31	19.28
Leipzig I (Propco Westin Leipzig)	Germany	EM/EA	19.31	19.28
Opco HotelgesellschaftGeberst, Betriebs (Westin Leipzig)	Germany	EM/EA	19.31	19.28
Leipzig II (Propco Radisson Blu Leipzig)	Germany	EM/EA	19.31	19.28
Opco Hôtel Deutschland Leipzig Betriebs (Radisson Blu)	Germany	EM/EA	19.31	19.28
Erfurt I (Propco Radisson Blu Erfurt)	Germany	EM/EA	19.31	19.28
Opco Hôtel Kosmos Erfurt (Radisson Blu)	Germany	EM/EA	19.31	19.28
Foncière Développement Tourisme	France	FC	25.05	25.00
FDM Management	France	EM/EA	20.35	20.31
LHM Holding Lux SARL	Luxembourg	EM/EA	20.35	20.31
LHM ProCo Lux SARL	Germany	EM/EA	24.49	20.31
SCI Rosace	France	EM/EA	20.35	20.31
Mo First Five	Germany	EM/EA	23.02	19.09
Star Budget Hôtel GmbH	Germany	EM/EA	20.35	20.31
Financière Hope SAS	France	EM/EA	20.35	20.31
SCI Hôtel Porte Dorée	France	EM/JV	25.00	24.95
FDM M Lux	Luxembourg	EM/EA	20.35	20.31
OPCO Rosace	France	EM/EA	20.35	20.31
Exco Hôtel	Belgium	EM/EA	20.35	20.31
Invest Hôtel	Belgium	EM/EA	20.35	20.31
Mo Lux 1	Luxembourg	FC	50.00	49.91
Mo Drelinden, Niederrad, Düsseldorf	Germany	FC	47.00	46.91
Mo Berlin	Germany	FC	47.00	46.91
Ringer	Germany	FC	50.00	49.91
B&B Invest Lux 5	Germany	FC	46.50	46.41
B&B Invest Lux 6	Germany	FC	46.50	46.41
SARL Loire	France	FC	50.00	49.91
Foncière Otello	France	FC	50.00	49.91
SNC Hôtel René Clair	France	FC	50.00	49.91
Foncière Manon	France	FC	50.00	49.91
Foncière Ulysse	France	FC	50.00	49.91
Ulysse Belgique	Belgium	FC	50.00	49.91
Ulysse Trefonds	Belgium	FC	50.00	49.91
Foncière No Bruxelles Grand Place	Belgium	FC	50.00	49.91
Foncière No Bruxelles Aéroport	Belgium	FC	50.00	49.91
Foncière No Bruges Centre	Belgium	FC	50.00	49.91
Foncière Gand Centre	Belgium	FC	50.00	49.91
Foncière Gand Opéra	Belgium	FC	50.00	49.91
Foncière IB Bruxelles Grand-Place	Belgium	FC	50.00	49.91
Foncière IB Bruxelles Aéroport	Belgium	FC	50.00	49.91
Foncière IB Bruges Centre	Belgium	FC	50.00	49.91
Foncière Antwerp Centre	Belgium	FC	50.00	49.91
Foncière Bruxelles Expo Atomium	Belgium	FC	50.00	49.91
Murdelux SARL	Luxembourg	FC	50.00	49.91
Portmurs	Portugal	FC	50.00	49.91
Beni Stabili Hôtel	Luxembourg	FC	50.49	50.38

Companies in the Hotels in Europe segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Sunparks de Haan	Belgium	FC	50.00	49.91
Sunparks Oostduinkerke	Belgium	FC	50.00	49.91
Foncière Vielsam	Belgium	FC	50.00	49.91
Sunparks Trefonds	Belgium	FC	50.00	49.91
Foncière Kempense Meren	Belgium	FC	50.00	49.91
FDM Gestion Immobilière	France	FC	50.00	49.91
Iris Holding France	France	EM/EA	9.95	9.93
OPCI Iris Invest 2010	France	EM/EA	9.95	9.93
Foncière Iris SAS	France	EM/EA	9.95	9.93
Sables d'Olonne SAS	France	EM/EA	9.95	9.93
Iris investor Holding GmbH	Germany	EM/EA	9.95	9.93
Iris General Partner GmbH	Germany	EM/EA	5.00	4.99
Iris Berlin GmbH	Germany	EM/EA	9.95	9.93
Iris Bochum & Essen GmbH	Germany	EM/EA	9.95	9.93
Iris Frankfurt GmbH	Germany	EM/EA	9.95	9.93
Iris Verwaltungs GmbH & co KG	Germany	EM/EA	9.95	9.93
Iris Nurnberg GmbH	Germany	EM/EA	9.95	9.93
Iris Stuttgart GmbH	Germany	EM/EA	9.95	9.93
Narcisse Holding Belgique	Belgium	EM/EA	9.95	9.93
Foncière B3 Hôtel Invest	France	FC	25.10	25.05
B&B Invest Lux 4	Germany	FC	50.00	49.91
NH Amsterdam Center Hotel HLD	Netherlands	FC	50.00	49.91
Hotel Amsterdam Centre Propco	Netherlands	FC	50.00	49.91
Foncière Bruxelles Tour Noire	Belgium	EM/EA	9.95	9.93
Foncière Louvain	Belgium	EM/EA	9.95	9.93
Foncière Malines	Belgium	EM/EA	9.95	9.93
Foncière Bruxelles Centre Gare	Belgium	EM/EA	9.95	9.93
Foncière Namur	Belgium	EM/EA	9.95	9.93
Tulipe Holding Belgique	Belgium	EM/EA	9.95	9.93
Iris Tréfonds	Belgium	EM/EA	9.95	9.93
Foncière Louvain Centre	Belgium	EM/EA	9.95	9.93
Foncière Liège	Belgium	EM/EA	9.95	9.93
Foncière Bruxelles Aéroport	Belgium	EM/EA	9.95	9.93
Foncière Bruxelles Sud	Belgium	EM/EA	9.95	9.93
Foncière Bruge Station	Belgium	EM/EA	9.95	9.93
B&B Invest Lux 1	Germany	FC	50.00	49.91
B&B Invest Lux 2	Germany	FC	50.00	49.91
B&B Invest Lux 3	Germany	FC	50.00	49.91
OPCI Camp Invest	France	EM/EA	9.95	9.93
Campeli	France	EM/EA	9.95	9.93
Dahlia	France	EM/EA	10.00	9.98
Foncière B2 Hôtel Invest	France	FC	25.10	25.05
OPCI B2 Hôtel Invest	France	FC	25.10	25.05
Murdespagne SLU	Spain	Merger	-	49.91

The registered office of the parent company Foncière des Murs and of all of its fully consolidated French subsidiaries is located at 30 avenue Kléber, 75116 Paris.

94 companies in the Germany Residential segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Immeo SE (parent company) 99.74% controlled	**Germany**	**FC**	**61.70**	**60.98**
Immeo Rehbergen	Germany	FC	65.57	-
Immeo Handlesliegenschaften	Germany	FC	65.57	-
Immeo Alexandrinenstrasse	Germany	FC	65.57	-
Immeo Spree Wohnen 1	Germany	FC	65.53	-
Immeo Spree Wohnen 2	Germany	FC	65.53	-
Immeo Spree Wohnen 6	Germany	FC	65.53	-
Immeo Spree Wohnen 7	Germany	FC	65.53	-
Immeo Spree Wohnen 8	Germany	FC	65.53	-
Nordens Immobilien III	Germany	FC	65.53	-
Montana-Portfolio	Germany	FC	65.53	-
Immeo Cantianstrasse 18 Grundbesitz	Germany	FC	65.53	-
Immeo Konstanzer Str.54/ Zahringerstr.28, 28a Grundbesitz	Germany	FC	65.53	-
Immeo Mariend.Damm28/Markgrafenstr.17 Grundbesitz	Germany	FC	65.53	-
Immeo Markstrasse 3 Grundbesitz	Germany	FC	65.53	-
Immeo Schnellerstrasse 44 Grundbesitz	Germany	FC	65.53	-
Immeo Schnönwalder Str.69 Grundbesitz	Germany	FC	65.53	-
Immeo Schulstrasse 16/17 Grundbesitz	Germany	FC	65.53	-
Immeo Sophie-Charlotten Strasse 31,32 Grundbesitz	Germany	FC	65.53	-
Immeo Yorckstrasse 60 Grundbesitz	Germany	FC	65.53	-
Immeo Zelterstrasse 3 Grundbesitz	Germany	FC	65.53	-
Immeo Zinshäuser Alpha	Germany	FC	65.53	-
Immeo Zinshäuser Gamma	Germany	FC	65.53	-
Second Ragland	Germany	FC	65.53	-
FDR Zehnte GmbH	Germany	FC	100.00	98.02
IW-FDL Beteiligungs GmbH & Co KG	Germany	FC	100.00	98.12
FDR Lux	Luxembourg	FC	100.00	100.00
Immeo Berolina Verwaltungs GmbH	Germany	FC	63.66	62.98
Residenz Berolina GmbH & Co KG	Germany	FC	65.51	64.87
Immeo Quadrigua IV GmbH	Germany	FC	63.66	62.97
Real Property Versicherungsmakler GmbH	Germany	FC	61.70	62.97
Immeo Quadrigua 15 GmbH	Germany	FC	65.51	64.86
Immeo Quadrigua 45 GmbH	Germany	FC	65.51	64.86
Immeo Quadrigua 36 GmbH	Germany	FC	65.51	64.86
Immeo Quadrigua 46 GmbH	Germany	FC	65.51	64.86
Immeo Quadrigua 40 GmbH	Germany	FC	65.51	64.86
Immeo Quadrigua 47 GmbH	Germany	FC	65.51	64.86
Immeo Quadrigua 48 GmbH	Germany	FC	65.51	64.86
Immeo Fischerinsel GmbH	Germany	FC	65.57	64.93
Immeo Berlin Home GmbH	Germany	FC	65.57	64.93
Immeo Berolina Fischenrinsel GmbH & Co KG	Germany	FC	65.57	65.93
Amber Properties Sarl	Germany	FC	65.53	64.89
Immeo Gettmore	Germany	FC	65.53	64.89
Saturn Properties Sarl	Germany	FC	65.53	64.89
Venus Properties Sarl	Germany	FC	65.53	64.89
Immeo Vinetree	Germany	FC	65.53	64.89
Acopio Facility GmbH & Co KG	Germany	FC	65.53	64.89
Immeo Planungs- und Projektsteuerungsgesellschaft mbH	Germany	FC	31.47	31.10
Immeo Berlin Prime SarL	Germany	FC	48.99	48.42
Berlin Prime Commercial SarL	Germany	FC	58.56	57.87
Acopio GmbH	Germany	FC	100.00	100.00
Immeo Hambourg Holding ApS	Denmark	FC	65.57	64.93

Companies in the Germany Residential segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Immeo Hambourg 1 ApS	Germany	FC	65.57	64.93
Immeo Hambourg 2 ApS	Germany	FC	65.57	64.93
Immeo Hambourg 3 ApS	Germany	FC	65.57	64.93
Immeo Hambourg 4 ApS	Germany	FC	65.57	64.93
Immeo North ApS	Germany	FC	65.57	64.93
Immeo Arian	Germany	FC	65.53	64.89
Immeo Bennet	Germany	FC	65.53	64.89
Immeo Marien-Carré	Germany	FC	65.57	64.93
Immeo Berlin IV ApS	Germany	FC	61.70	60.98
Imméo Wohnen Verwaltungs GMBH	Germany	FC	61.70	60.98
Imméo Grundstücks GMBH	Germany	FC	61.70	60.98
Imméo Grundvermögen GMBH	Germany	FC	61.70	60.98
Immeo Wohnen Service GMBH	Germany	FC	61.70	60.98
Immeo SE & CO KG 1	Germany	FC	61.70	60.98
Immeo SE & CO KG 2	Germany	FC	61.70	60.98
Immeo SE & CO KG 3	Germany	FC	61.70	60.98
Immeo SE & CO KG 4	Germany	FC	61.70	60.98
FDL Wohnen GmbH	Germany	FC	61.70	60.98
RRW FDL Wohnen GmbH	Germany	FC	64.00	63.33
Immeo Gesellschaft für Wohnen Datteln mbH	Germany	FC	61.84	61.13
Immeo Stadthaus GmbH	Germany	FC	61.84	61.13
Imméo Wohnbau GMBH	Germany	FC	62.07	61.36
Immeo Wohnungsgesellechaft GMBH Dümpten	Germany	FC	62.07	61.36
Immeo GFR GmbH	Germany	FC	61.70	60.98
Immeo Lux	Germany	FC	61.82	61.10
Berolinum 1	Germany	FC	61.82	61.10
Berolinum 2	Germany	FC	61.82	61.10
Berolinum 3	Germany	FC	61.82	61.10
FDR Remscheid	Germany	FC	61.82	61.10
Immeo Valore 4	Germany	FC	61.82	61.11
Valore 6	Germany	FC	61.82	61.11
Immeo SE&Co Residential KG	Germany	FC	61.70	60.98
Immeo Berlin 67 GmbH	Germany	FC	64.00	63.33
Immeo Berlin 78 GmbH	Germany	FC	64.00	63.33
Immeo Berlin 79 GmbH	Germany	FC	64.00	63.33
Immeo Dresden GmbH	Germany	FC	63.66	62.98
Immeo Berlin I SARL	Germany	FC	63.66	62.97
Immeo Berlin V SARL	Germany	FC	63.85	63.17
Immeo Berlin C GmbH	Germany	FC	63.66	62.97
Immeo Dansk Holding Aps	Denmark	FC	61.70	60.98
FC Immeo Dasnk L Aps	Germany	FC	63.66	62.97
Immeo Rewo Holding GmbH	Germany	FC	100.00	100.00
IW Verwaltungs GmbH	Germany	Merger	-	100.00
RRW Verwaltungs GmbH	Germany	Merger	-	100.00
Immeo Stadtwohnung GmbH	Germany	Merger	-	60.98

The registered office of the parent company Immeo SE is at Kleplerstrasse 110-112 – 45147 Essen.

20 companies in the France Residential segment	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
Foncière Développement Logements (Parent company) 100% controlled	**France**	**FC**	**100.00**	**61.25**
Iméfa 97	France	FC	100.00	61.25
Bagatelle Courbevoie	France	FC	100.00	61.25
Iméfa 65	France	FC	100.00	61.25
Iméfa 71	France	FC	100.00	61.25
Iméfa 93	France	FC	100.00	61.25
Iméfa 88	France	FC	100.00	61.25
Iméfa 46	France	FC	100.00	61.25
Iméfa 95	France	FC	100.00	61.25
Suresnes 2	France	FC	100.00	61.25
25 rue Abbé Carton	France	FC	100.00	61.25
40 rue Abbé Groult	France	FC	100.00	61.25
24-26 rue Duranton	France	FC	100.00	61.25
25 rue Gutenberg	France	FC	100.00	61.25
Montrouge 3	France	FC	100.00	61.25
SCI Le Chesnay 1	France	FC	100.00	61.25
Rueil 1	France	FC	100.00	61.25
Saint Maurice 2	France	FC	100.00	61.25
SCI Dulud	France	FC	100.00	61.25
Batisica	Luxembourg	FC	100.00	61.25
SCI Saint Jacques	France	Merger	-	61.25

The registered office of the parent company Foncière Développement Logements and of all its fully consolidated French subsidiaries is located at 30 avenue Kléber – 75116 Paris.

10 other companies (Car Parks, Services)	Country	Consolidation method in 2017	Percentage held in 2017	Percentage held in 2016
6 Car Park companies:				
SAS Republique (Parent company) 100% controlled	France	FC	100.00	59.50
SNC Comédie	France	FC	100.00	59.54
SNC Gare	France	FC	50.80	30.23
Trinité	France	FC	100.00	59.50
SCI Esplanade Belvédère II	France	FC	100.00	100.00
SCI Gespar	France	FC	50.00	50.00
4 Services companies:				
FDM Gestion	France	FC	100.00	100.00
FDR Property SNC	France	FC	100.00	100.00
FDR Développement	France	FC	100.00	100.00
Foncière des Régions SGP	France	FC	100.00	100.00

FC: Full Consolidation.
EM/EA: Equity Method – Associates.
EM-JV: Equity Method – Joint Ventures.
NC: Not Consolidated.
PC: Proportionate Consolidation.

There are 361 companies in the Group, including 268 fully consolidated companies and 93 equity affiliates.

3.2.3.6. Evaluation of control

SCI 11 place de l'Europe (consolidated structured entity)

As at 31 December 2017, SCI 11 place de l'Europe was 50.1% held by Foncière des Régions and fully consolidated. The partnership with the Crédit Agricole Assurances group (49.9%) was established as of 18 December 2013 as part of the Campus Eiffage project. Considering the rules of governance conferring on Foncière des Régions powers that give it the ability to affect asset yields, the company is fully consolidated.

SCIs of 9 and 15 rue des Cuirassiers (consolidated structured entities)

At 31 December 2017 the SCIs 9 and 15 rue des Cuirassiers were 50.1% held by Foncière des Régions and fully consolidated. The partnership with Assurances du Crédit Mutuel (49.9%) was created in early December 2017 as part of the Silex 1 and Silex 2 office projects in Lyon, Part-Dieu. Considering the rules of governance conferring on Foncière des Régions powers that give it the ability to affect asset yields, the company is fully consolidated.

SCI Latécoère 2 (change from joint venture to consolidated structured entity)

Latécoère 2 is 50.10% held by Foncière des Régions at 31 December 2017 and has been fully consolidated since 31 December 2017, whereas it was consolidated according to the equity method at 31 December 2016. The partnership with the Crédit Agricole Assurances group (49.90%) was established starting in June 2015 as part of the Extension Dassault project in Vélizy. The shareholder agreement was amended in December 2017. Considering the rules of governance that confer on Foncière des Régions powers that give it the ability to affect asset yields, the company is fully consolidated.

SCI Lenovilla (joint venture)

As at 31 December 2017, Lenovilla was 50.09% held by Foncière des Régions and is consolidated according to the equity method. The partnership with the Crédit Agricole Assurances Group (49.91%) was established in January 2013 as part of the New Vélizy (Campus Thalès) project. The shareholder agreement stipulates that decisions be made unanimously. The parties exercising joint control have rights to the net assets of the partnership arrangement. The partnership meets the criteria for joint ventures and is consolidated according to the equity method.

SAS FDM Management (equity affiliate)

FDM Management was 40.7% held by Foncière des Murs at 31 December 2017 and is consolidated according to the equity method.

Strategic decisions are adopted by a two-thirds majority, and major decisions are made by a three-quarters majority.

SCI Porte Dorée (joint venture)

SCI Porte Dorée was 50% held by Foncière des Murs at 31 December 2017 and is consolidated according to the equity method. The partnership with the Caisse des Dépôts et Consignations group (50%) was established starting in December 2015 as part of the Motel One hotel development project. The shareholder agreement stipulates that decisions be made unanimously. The parties exercising joint control have rights to the net assets of the partnership arrangement. The partnership meets the criteria for joint ventures and is consolidated according to the equity method.

SAS Samoëns (consolidated structured entity) and Foncière Développement Tourisme

SAS Samoëns was 25.10% held by Foncière des Murs at 31 December 2017 and is fully consolidated. The partnership with OPCI Lagune (49.9%) and Foncière Développement Tourisme (50.1%) was established as of October 2016 as part of the project to develop a Club Med holiday village in Samoëns.

As manager of Samoëns, Foncière des Murs has the widest powers to act in the name and on behalf of the company in all circumstances, in keeping with its corporate purpose. Considering the rules of governance that confer on Foncière des Murs powers that give it the ability to affect asset yields, the company is fully consolidated.

3.2.4. Significant events of the period

The significant events of the period are the acquisitions representing over €1.4 billion and the asset disposals of nearly €1.1 billion, excluding splitting Central SICAF (60% Beni Stabili) which holds a portfolio of assets leased to Telecom Italia of about €1.5 billion.

By segment, the significant events of the period were as follows.

3.2.4.1. France Offices segment

3.2.4.1.1. Disposals (€300 million – profit or loss on disposals: +€5 million) and assets under preliminary agreement (€112 million)

During the period, Foncière des Régions disposed of assets for a total sale price of €300 million, including 2 assets portfolios leased to Orange (€77.7 million) and the Issy-les-Moulineaux-V. Hugo asset (€38 million), 3 Logistics assets (€33.5 million), the Chevilly asset (€30.3 million) and Saint-Germain-en-Laye Winchester asset (€22.7 million).

As at 31 December 2017, assets under preliminary agreement amounted to €112.3 million.

3.2.4.1.2. Development portfolio

The asset development programme is presented in Note 3.2.5.1.4.

2017 saw the delivery of six projects in the pipeline representing €489 million:

- in January 2017, Silex 1, a 10,586 m^2 building located in the heart of the Part-Dieu business district of Lyon, was delivered. This office building is spread over nine levels and also boasts 615 m^2 of retail, 610 m^2 of green space and two landscaped patios of 100 m^2
- the Thaïs office building of 5,468 m^2 in Levallois-Perret was delivered in April 2017. Ideally located and fully served by public transport, this building has large office floors offering maximum flexibility as well as many accessible gardens and terraces making a total of 1,200 m^2 of green space in the city centre
- in June 2017, the Nancy O'rigin building of 6,331 m^2 was also delivered. With easy access to the Nancy TGV train station, this operation is truly a gateway to the future "Green Wharf" located in Nancy's Grand Cœur section
- in July 2017, the EDO building was also delivered. Located in the heart of the 3rd largest office centre in Paris Region, this office building of 10,760 m^2, enjoys all the advantages of an attractive and dynamic city such as Issy-les-Moulineaux. It boasts a garden, terraces and modular and creative spaces with a view of Paris
- in August 2017, the first phase of the New Saint Charles building of 10,282 m^2 in Reims was delivered. This asset is 100% leased to Enedis
- lastly, in November 2017, the Art&Co building (13,433 m^2), located in front of the Gare de Lyon station in Paris, was delivered. Already fully pre-let, the building will constitute one of the first sites for the Group's new flexible office and co-working activity (5,210 m^2).

During the 2017 financial year, occured saw the deliveries of the Hermione and Floréal office buildings as part of the completion of the Euromed Centre project in Marseille. These assets, held by equity affiliates, were sold at the beginning of October 2017.

3.2.4.1.3. Refinancing and redemption

On 2 January 2017, the balance of the 2011 ORNANE-type bonds was fully redeemed in the amount of €79.7 million (928,197 bonds).

In June 2017, Foncière des Régions placed a 2027 bond issue of €500 million at 1.5% and at the same time repurchased and cancelled 55% (€273.1 million) of the 2021 bond at 1.75%.

3.2.4.2. Italy Offices segment

3.2.4.2.1. Disposals (€206 million) and assets under preliminary agreement (€22 million)

In 2017, 11 assets were sold for a total price of €206 million, including an asset located in Piazza San Nicolao, Milan for €114 million.

As at 31 December 2017, assets under preliminary agreement amounted to €22.5 million.

3.2.4.2.2. Acquisitions (€189 million)

Assets located in Milan were acquired during the period for €188.7 million. This involved 4 transactions:

- a group of 18 properties for €117.8 million
- an asset on Via Marostica for €24.7 million
- an asset to be redeveloped on Via Principe Amedeo for €41.9 million, before deducting a €5 million advance payment made in 2015
- additional space in the Symbiosis development project for €9.3 million.

3.2.4.2.3. Partnership Central Sicaf, Crédit Agricole Assurances and EDF Invest

A partnership was signed between Beni Stabili, Crédit Agricole Assurances and EDF Invest to share a portfolio of 145 real estate assets in Italy and leased to Telecom Italia for a firm average residual maturity of 12.9 years as at 31 December 2017. The transfer of these assets and the associated debt was made in an unlisted regulated fund, Central SICAF, in which Crédit Agricole Assurances and EDF Invest each invested 20%. Beni Stabili retains 60% of the equity and continues to fully consolidate Central Sicaf.

3.2.4.2.4. Redemption of the 2019 ORNANE bond and refinancing

Beni Stabili purchased the 2019 ORNANE-type bonds at the face value of €270 million for a total of €299.3 million (costs and premiums included) at the same time as setting up a corporate financing of €250 million. This corporate borrowing was redeemed in full in October 2017 and refinanced by the subscription of two mortgage loans for €336 million with an average maturity of nine years.

In October 2017, Beni Stabili placed an inaugural issue (rating BBB-) of €300 million at a fixed rate of 1.625% and maturing in 2024.

3.2.4.3. Hotels in Europe segment

3.2.4.3.1. Disposals (€138 million) and assets under preliminary agreement (€207 million)

During the 2017 financial year, Foncière des Murs sold 33 Quick properties for a total of €101.2 million, four Accorhotels hotels for €16.5 million, a portion of the Sunparks Vielsalm cottages for €12.6 million, three Jardiland assets for €5.3 million and a Health asset at Colombes for €1.7 million.

At 31 December 2017, preliminary sales agreements stood at €207.4 million, including preliminary sales agreements on 48 Quick assets signed on 16 November for €162.9 million, preliminary sales agreements on five Jardiland assets signed on 22 November for €22.5 million and preliminary sales agreement on one AccorHotel asset signed on 28 July for €18 million.

3.2.4.3.2. Acquisitions (€673 million)

During the period, Foncière des Murs exercised the call options on five four-star hotels leased to NH for €70.9 million (a €58.1 million down payment made in 2016). These assets are located in Stuttgart, Oberhausen, Frankfurt, Nuremberg and Düsseldorf.

In Spain, 17 hotels were acquired early in the year for €578 million (after accounting for lease payments at 1 January 2017), including two share-deal assets for €204.9 million. The transaction was made with a deferred payment, maturing in September 2018 and February 2019 and discounted to €54 million.

In October Foncière des Murs acquired call options on the shares of two Dutch companies (owning two NH hotels) for €21.1 million and on an NH hotel in Berlin for €3.5 million. The transaction will unwind in financial years 2018 and 2019.

3.2.4.3.3. Development portfolio

2017 saw the delivery of three developments: the Samoens Club Med and two B&B hotels in Nanterre and Lyon Berthelot.

3.2.4.3.4. Financing

In March 2017, Foncière des Murs took mortgage financing of €278.5 million for 8 years as part of the acquisition of 17 hotels in Spain.

The B&B debt (OPCI B2HI) was refinanced in May for €290 million (7 years maturity).

3.2.4.4. Germany Residential segment

3.2.4.4.1. Asset disposals (€251 million – profit or loss on disposals: +€30 million)

€250.7 million of disposals were made during 2017.

At 31 December 2017, the amount of assets under agreement totalled €138.2 million (net of costs).

3.2.4.4.2. Acquisitions (shares: €489 million/ assets: €92 million)

In 2017 Immeo SE acquired several companies holding assets located mostly in Berlin, Potsdam, Dresden and Leipzig (€489 million).

Other acquisitions included a directly held portfolio of assets in Berlin, Potsdam and Dusseldorf for €92.4 million, after deduction of the €9 million advance payment paid in 2016.

Advance payments were made of €124 million for the acquisition of shares, a transaction that will unwind in 2018

3.2.4.5. France Residential segment

3.2.4.5.1. Asset disposals

In France, Foncière Développement Logements continued its sales plan and made disposals for a sale price of €152.8 million (net of costs).

At 31 December 2017, the amount of assets under agreement totalled €39.5 million (net of costs).

3.2.5. Notes to the statement of financial position

3.2.5.1. Portfolio

3.2.5.1.1. Accounting principles applicable to tangible and intangible fixed assets

Intangible fixed assets

Identifiable intangible fixed assets are amortised on a straight line basis over their expected useful lives. Intangible fixed assets acquired are recorded on the balance sheet at acquisition cost. They primarily include entry fees (long-term leases conferring ad rem rights and occupancy rights for car parks) and computer software.

Intangible fixed assets are amortised on a straight-line basis, as follows:

- software: over a period of one to three years
- occupancy rights: 30 years.

Fixed assets in the concession segment – Concession activity

The Foncière des Régions group has applied IFRIC 12 to the consolidated financial statements since 1 January 2008. An analysis of the Group's concession agreements results in classifying agreements as intangible assets as the Group is paid directly by users for all car parks operated without a subsidy from public authorities. These concession assets are assessed at historical cost less accumulated depreciation and any impairment. Note that the Group no longer has wholly owned car parks; accordingly it no longer has "Car Parks" tangible assets.

Business combinations (IFRS 3)

An entity must determine whether a transaction or event constitutes a business combination within the meaning of the definition of IFRS 3, which stipulates that a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors in the form of dividends, lower costs or other economic advantages.

In this case, the acquisition cost is set at the fair value on the date of the exchange of the assets and liabilities and equity instruments issued for the purpose of acquiring the entity. Goodwill is recognised as an asset for the surplus of the acquisition cost on the portion of the buyer's interest in the fair value of the assets and liabilities acquired, net of any deferred taxes. Negative goodwill is recorded in the income statement.

To determine whether a transaction constitutes a business combination, the Group considers whether an integrated set of businesses is acquired in addition to real estate. The criteria the Group uses may be the number of assets and the existence of a process such as asset management or sales and marketing units.

Related acquisition costs are recognised in expense in accordance with IFRS 3 under "Income from changes in consolidation scope" in the income statement.

If the Group concludes that the transaction is not a business combination, then it recognises the transaction as an acquisition of assets and applies the standards appropriate to acquired assets.

Investment properties (IAS 40)

Investment properties are real estate properties held for purposes of leasing within the context of operating leases or long-term capital appreciation (or both).

Investment properties represent the majority of the Group's portfolio. The buildings occupied by the Foncière des Régions group are recognised as operating properties (corporate headquarters, office buildings occupied by employees and spaces operated for its own account as co-working spaces.)

Under the option offered by IAS 40, investment properties are assessed at their fair value. Changes in fair value are recorded in the income statement. Investment properties are not depreciated.

Valuations are carried out in accordance with the Code of Conduct applicable to SIICs and the Charter of Property Valuation Expertise, the recommendations of the COB/CNCC working group chaired by Mr Barthès de Ruyter and the International Plan in accordance with European TEGoVA standards and those of the Red Book of the Royal Institution of Chartered Surveyors (RICS).

The real estate portfolio directly held by the Group was appraised in full on 31 December 2017 by independent real estate experts including BNP Real Estate, JLL, DTZ, CBRE, Cushman, Yard Valltech, CFE, MKG, VIF, REAG and Christie & Co.

The assets were estimated at values excluding and/or including duties, and rents at market value. Estimates were made using the comparative method, the rent capitalisation method and the discounted future cash flows method.

The assets are recognised at their net market value.

- For France Offices and Italy Offices, the valuations are primarily performed according to two methods:
  - the yield (or income capitalisation) method:

    This approach consists of capitalising an annual income, which, in general, is rental income from occupied assets, with the possible impact of a reversion potential, and market rent for vacant assets, taking into account the time needed to find new tenants, any renovation work and other costs
  - the discounted cash flow (DCF) method:

    This method consists of determining the useful value of an asset by discounting the forecast cash flows that it is likely to generate over a given time frame. The discount rate is determined on the basis of the risk-free rate plus a risk premium associated with the asset and defined by comparison with the discount rates applied to cash flows generated by similar assets.
- For Hotels in Europe, the methodology changes according to the type of assets:
  - the rent capitalisation method is used for restaurants, garden centres and Club Med holiday villages
  - the DCF method is used for hotels (including the revenue forecasts determined by the appraiser) and Sunparks holiday villages.
- For the Residential segment, the methodology changes according to the type of asset:

  The assets are recognised at their net fair value. The fair value is determined based on:
  - a block value for assets for which no sales strategy has been developed or which have not been marketed
  - an occupied retail value for assets on which at least one offer has been made before the reporting date.

  The following valuation methods were used:
  - for assets located in France: the leasing revenue discount method and the comparison method
  - for assets located in Germany: the Discounted Cash Flow method.

The resulting values are also compared with the initial rate of return and the monetary values per square metre of comparable transactions and transactions carried out by the Group.

IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy that categorises the inputs used in valuation techniques into three levels:

- level 1: the valuation refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- level 2: the valuation refers to valuation methods using inputs that are observable for the asset or liability, either directly or indirectly, in an active market
- level 3: the valuation refers to valuation methods using inputs that are unobservable in an active market.

The fair value measurement of investment properties requires the use of different valuation methods using unobservable or observable inputs to which some adjustments have been applied. Accordingly, the Group's portfolio is mainly categorised as level 3 according to the IFRS 13 fair value hierarchy.

Assets under development (revised IAS 40)

Since 1 January 2009, in accordance with amended IAS 40, assets under construction are recognised according to the general fair-value principle, except where it is not possible to determine this fair value on a reliable and ongoing basis. In such cases, the asset is carried at cost.

As a result, development programmes and extensions or remodelling of existing assets that are not yet commissioned are recognised at their fair value, and are treated as investment properties whenever the administrative and technical fair-value reliability criteria – *i.e.* administrative, technical and commercial criteria – are met.

In accordance with revised IAS 23, the borrowing cost during a period of construction and renovation is included in the cost of the assets. The capitalised amount is determined on the basis of fees paid for specific borrowings and, where applicable, for financing from general borrowings based on the weighted average rate of the particular debt.

Tangible fixed assets (IAS 16)

Pursuant to the preferred method proposed by IAS 16, operating assets (occupied or operated by Group employees) and wholly-owned car parks are carried at historical cost less accumulated depreciation and any potential impairment.

Non-current assets held for sale (IFRS 5)

In accordance with IFRS 5, when Foncière des Régions decides to dispose of an asset or group of assets, it classifies it or them as an asset or assets held for sale if:

- the asset or group of assets is available for immediate sale in its current condition, subject only to normal and customary conditions for the sale of such assets
- its or their sale is likely within one year and marketing for the property has been initiated.

For the Foncière des Régions group, only assets corresponding to the above criteria and included in a planned sales programme drawn up by the Board of Directors are classified as assets held for sale.

The conditions for valuing these assets are identical to those expressed above for investment properties if no sale commitment has been signed. If a sale commitment exists on the account closing date, the price of the commitment net of expenses constitutes the fair value of the asset held for sale.

3.2.5.1.2. Table of changes in fixed assets

(€K)	31/12/2016	Change in scope and interest rates	Increase/ Allocation	Disposal/ Recovery	Change in fair value	Transfers	31/12/2017
Goodwill	**1,572**	**0**	**0**	**0**	**0**	**0**	**1,572**
Intangible fixed assets	**24,410**	**0**	**-1,381**	**-97**	**0**	**1,660**	**24,592**(1)
Gross amounts	97,079	29	2,186	-7,477	0	4,320	96,137
Depreciation	-72,669	-29	-3,567	7,380	0	-2,660	-71,545
Tangible fixed assets	**150,541**	**486**	**16,366**	**-2,547**	**0**	**38,935**	**203,781**
Operating properties	66,810	-1	-2,495	-1,336	0	113,284(2)	176,262
Gross amounts	84,714	-1	582	-2,612	0	120,247	202,930
Depreciation	-17,904	0	-3,077	1,276	0	-6,963	-26,668
Other tangible fixed assets	8,970	116	-138	-1,219	0	670	8,399
Gross amounts	22,164	130	3,121	-1,668	0	-2,967	20,780
Depreciation	-13,194	-14	-3,259	449	0	3,637	-12,381
Fixed assets in progress	74,761	371	18,999	8	0	-75,019(3)	19,120
Gross amounts	74,761	371	18,999(3)	8	0	-75,019	19,120
Depreciation	0	0	0	0	0	0	0
Investment properties	**16,763,445**	**780,229**	**1,152,054**	**-13,000**	**899,860**	**-1,164,940**	**18,417,648**
Operating properties	15,859,637	780,229(5)	846,021(6)	-12,205	755,869	-496,783	17,732,768
Properties under development	903,808	0	306,033	-795	143,991	-668,157	684,880
Assets held for sale	**297,894**	**0**	**1,713**	**-970,863**	**15,995**	**1,175,152**	**519,891**
Assets held for sale	297,894	0	1,713	-970,863(7)	15,995	1,175,152	519,891
TOTAL	**17,237,862**	**780,715**	**1,168,752**	**-986,507**	**915,855**	**50,807***	**19,167,484**

* *Including Re-consolidation (€60.7 million) of the residual logistics segment at 1 January 2017 not material at the Group level.*
(1) The "intangible fixed assets" line includes €22.1 million in Car Park assets held under concession.
(2) Including €111 million of investment property transferred into operating property following the decision to operate as own spaces for co-working (The Line and Art&Co).
(3) Including works done on the co-working asset The Line (€5.1 million) and on an operating property (€4.7 million).
Instalments on a call option to purchase a hotel in Berlin (€3.5 million) and on asset acquisitions in Germany (€3.6 million).
(4) Use of a €58.1 million advance payment following the exercise of purchase options on five NH hotels, €9.0 million following the acquisition of buildings in Germany and €5 million following the acquisition of the asset located in Milan on Via Principe Amedeo.
(5) Corresponds to "Share deals" transactions, including:
the acquisition of companies that own assets located in Berlin, Potsdam and Leipzig for €488.9 million
the acquisition of companies (Trade Centre Hotel and Bardiomar) owning two hotels in Spain for €204.9 million (Gran Marina and AC Forum)
the full consolidation of the Dassault Systèmes extension for €86.4 million.
(6) The acquisitions in asset deals are detailed in § 3.2.5.1.3 Investment properties.
(7) The decreases are detailed in § 3.2.5.1.3 Investment properties.

The "Disbursements related to the acquisition of tangible and intangible fixed assets" line item on the Statement of Cash Flows (€1,114.3 million) refers to increases in the table of changes in the portfolio excluding the effect of depreciation (€1,178.6 million), to changes in inventories of the property dealer (€7.1 million) and adjusted for change in trade payables for fixed assets (-€62.7 million).

The "Proceeds relating to the disposal of tangible and intangible fixed assets" line item in the Statement of Cash Flows (€1,066.7 million) primarily corresponds to income from disposals as presented in the Net Income Statement (€1,055.6 million), proceeds from the disposal of assets in inventory (€6.1 million), less asset disposal costs (-€19.7 million), and restated for the reduction from receivables from asset disposals (€24.7 million).

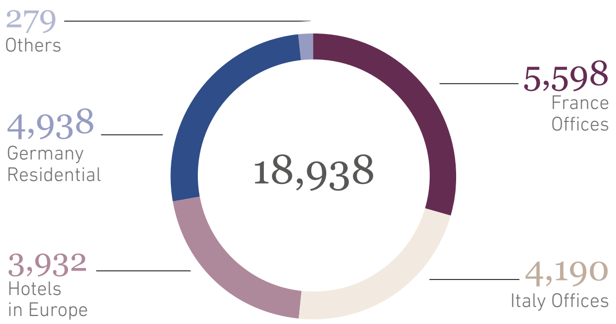
3.2.5.1.3. Investment properties

(€K)	31/12/2016	Change in scope and interest rates	Increase	Disposal	Change in fair value	Transfers	31/12/2017
Investment properties	**16,763,445**	**780,229**	**1,152,054**	**-13,000**	**899,860**	**-1,164,940**	**18,417,648**
Operating properties	15,859,637	780,229	846,021	-12,205	755,869	-496,783	17,732,768
France Offices	4,891,390	86,450	38,408(1)	0	125,767	177,965	5,319,980
Italy Offices	3,612,251	0	159,659(2)	-12,205	53,224	-74,460	3,738,469
Hotels in Europe	2,999,592	204,850	485,061(3)	0	93,772	-148,642	3,634,633
Germany Residential	3,968,790	488,929	162,026(4)	0	483,400	-303,252	4,799,893
France Residential	387,614	0	867	0	-294	-148,394	239,793
Properties under development	903,808	0	306,033	-795	143,991	-668,157	684,880
France Offices	434,859	0	103,064	0	116,903	-488,780	166,046
Italy Offices	355,370	0	119,105	0	13,076	-58,651	428,900
Hotels in Europe	113,579	0	83,864	-795	14,012	-120,726	89,934
Assets held for sale	**297,894**	**0**	**1,713**	**-970,863**	**15,995**	**1,175,152**	**519,891**
Assets held for sale	297,894	0	1,713	-970,863	15,995	1,175,152	519,891
France Offices	140,110	0	1,713	-286,713(5)	7,908	249,325	112,343
Italy Offices	76,601	0	0	-189,890(6)	-3,112	138,854	22,453
Hotels in Europe	19,417	0	0	-131,820(7)	-7,623	327,422	207,396
Germany Residential	23,749	0	0	-215,517	18,822	311,157	138,211
France Residential	38,017	0	0	-146,923	0	148,394	39,488
TOTAL	**17,061,339**	**780,229**	**1,153,767**	**-983,863**	**915,855**	**10,212**	**18,937,539**

(1) Refers to the acquisition of an office asset located in Paris (VTA Orange) for €3.0 million and to works done in the amount of €35.4 million.
(2) Acquisition of a group of 18 assets for €117.7 million and of the asset Via Marostica for €24.7 million, both in Milan, and works done for €17.2 million.
(3) Acquisition of 15 hotels in Spain for €372.6 million, exercise of five options on NH hotels in Germany for €70.9 million and works done during the period of €41.5 million.
(4) Acquisition of assets located in Berlin, Potsdam and Düsseldorf for €92.4 million and capex done during the period totalling €69.6 million.
(5) Including assets disposal of Issy-Les-Moulineaux/Victor Hugo (€32.5 million), Chevilly (€30 million), Saint Germain en Laye Winchester (€21.9 million) and three logistics assets (€35.9 million).
(6) Including the disposal of three assets located in Milan: Piazza San Nicolao (€111.2 million), Via Verri 4 (€34 million) and Via Durini (€27 million).
(7) Including the disposal of 33 Quick assets (€98 million).

The amounts in the "Disposals" column correspond to the appraisal figures published on 31 December 2016.

› Consolidated portfolio of assets at 31 December 2017 by business segment (in €M)



The Group has not identified the best use of an asset as being different from its current use. Consequently, the application of IFRS 13 did not lead to a modification of the assumptions used for the valuation of the portfolio.

In accordance with IFRS 13, the tables below provide details of the ranges of unobservable inputs by business segment (level 3) used by the real estate appraisers:

France Offices, Italy Offices and Hotels In Europe

Grouping of similar assets	Level	Portfolio (€M)	Yield rate (excluding duties)	Yield rate (excluding duties, weighted average)	Discounted cash flow rate	Discounted cash flow rate (weighted average)
Paris Centre West	Level 3	863	3.1% – 7.8%	4.2%	4.0% – 7.0%	4.9%
Paris North East	Level 3	374	3.7% – 8.3%	5.3%	4.5% – 6.8%	5.7%
Paris South	Level 3	702	3.4% – 5.7%	3.9%	4.5% – 6.5%	4.6%
Western Crescent	Level 3	1,571	4.0% – 7.5%	5.3%	4.5% – 7.3%	5.0%
Inner suburbs	Level 3	1,166	4.2% – 6.9%	5.2%	4.5% – 8.0%	5.3%
Outer suburbs	Level 3	91	4.8% – 13.7%	8.4%	4.5% – 11.5%	6.2%
Total Paris region		**4,768**	**3.1% – 13.7%**		**4.0% – 11.5%**	
Major Regional Cities	Level 3	573	3.9% – 8.4%	5.4%	4.5% – 10.5%	5.8%
Other French regions	Level 3	235	4.6% – 13.1%	8.9%	4.5% – 12.0%	6.7%
Total Regions		**808**	**3.9% – 13.1%**		**4.5% – 12.0%**	
Total Logistics assets		**23**				
TOTAL FRANCE OFFICES		**5,598**	**3.1% – 13.7%**		**4.0% – 12.0%**	
Milan	Level 3	1,883	2.6% – 11.1%	4.5%	4.5% – 7.0%	5.3%
Rome	Level 3	236	3.3% – 21.4%	5.3%	4.5% – 10.4%	6.3%
Other	Level 3	1,641	2.0% – 15.7%	6.8%	5.0% – 9.0%	6.9%
Total in operation		**3,761**	**2.0% – 21.4%**		**4.5% – 10.4%**	
Development portfolio	Level 3	429			5.8% – 10.3%	
TOTAL ITALY OFFICES		**4,190**	**2.0% – 21.4%**		**4.5% – 10.4%**	
Hotels	Level 3	3,395	3.6% – 6.4%	5.4%	4.0% – 7.9%	6.0%
Retail	Level 3	447	6.3% – 6.8%	6.9%	6.2% – 8.3%	7.0%
Total in operation		**3,842**	**3.6% – 6.8%**		**4.0% – 8.3%**	
Development portfolio	Level 3	90			5.0% – 7.0%	
TOTAL HOTELS IN EUROPE		**3,932**	**3.6% – 6.8%**		**4.0% – 8.3%**	

Germany Residential and France Residential

Grouping of similar assets	Level	Portfolio (€M)	Yield(1) Rate Total portfolio	Yield(1) Rate black valued properties	Discounted cash flow rate	Average value (€/m²)
Great East	Level 3	6	4.5% – 6.5%	N/A	N/A	1,545
Provence-Alpes-Côte d'Azur region	Level 3	64	3.0% – 6.5%	3.5% – 6.0%	N/A	2,234
Paris-Neuilly	Level 3	105	2.5% – 4.0%	5.0%	N/A	8,044
Rest of Paris region	Level 3	67	3.0% – 5.5%	N/A	N/A	5,052
Rhône-Alpes region	Level 3	27	3.0% – 6.0%	N/A	N/A	3,113
South West-Great West	Level 3	9	4.0% – 7.0%	N/A	N/A	2,053
TOTAL FRANCE RESIDENTIAL		**279**	**2.5% – 7.0%**	**3.5% – 6.0%**	**N/A**	**3,849**
Duisburg	Level 3	282	4.3% – 5.8%	4.3% – 5.8%	4.8% – 10.1%	1,077
Essen	Level 3	500	4.0% – 6.8%	4.0% – 6.8%	4.0% – 7.6%	1,321
Mülheim	Level 3	171	4.0% – 6.3%	4.0% – 6.3%	4.4% – 8.6%	1,195
Oberhausen	Level 3	148	4.5% – 8.0%	4.5% – 8.0%	5.2% – 8.1%	991
Datteln	Level 3	122	3.5% – 5.8%	3.5% – 5.8%	4.4% – 7.8%	921
Berlin	Level 3	2,746	3.0% – 5.8%	3.0% – 5.8%	1.5% – 7.7%	2,275
Düsseldorf	Level 3	102	3.5% – 4.5%	3.5% – 4.5%	3.6% – 5.2%	1,865
Dresden	Level 3	321	3.8% – 5.3%	3.8% – 5.3%	4.4% – 6.4%	1,561
Leipzig	Level 3	120	3.5% – 6.0%	3.5% – 6.0%	4.2% – 6.9%	1,126
Hamburg	Level 3	302	3.8% – 5.0%	3.8% – 5.0%	4.0% – 7.2%	2,458
Other	Level 3	125	4.3% – 5.8%	4.3% – 5.8%	4.8% – 9.3%	1,404
TOTAL GERMANY RESIDENTIAL		**4,938**	**3.0% – 8.0%**	**3.0% – 8.0%**	**1.5% – 10.1%**	**1,712**

(1) Yield rate:
- France Residential: Potential yield rate excluding taxes (potential rents calculated by the appraiser/appraisal values excluding taxes determined by the appraiser)
- Germany Residential: Potential yield rate assumed excluding taxes (actual rents/appraisal values excluding taxes).

Impact of changes in the yield rate on changes in the fair value of real estate assets, by operating segment

(€M)	Yield(2)	Yield rate -50 bps	Yield rate +50 bps
France Offices(1)	5.2%	583.6	-480.4
Italy Offices	5.5%	375.2	-312.8
Hotels in Europe(1)	5.5%	387.1	-321.9
Germany Residential	4.7%	588.2	-475.1
France Residential	3.9%	40.7	-31.5
TOTAL*	**5.1%**	**1,974.9**	**-1,621.7**

(1) Including assets held by equity affiliates (excluding FDM Management).
(2) Return on operating portfolio – excluding duties.

- If the yield rate excluding taxes drops 50 bps (-0.5 point), the market value excluding taxes of the real estate assets will increase by €1,974.9 million.
- If the yield rate excluding taxes increases 50 bps (+0.5 point), the market value excluding taxes of the real estate assets will decrease by €1,621.7 million.

3.2.5.1.4. Properties under development

Properties under development relate to building or redevelopment programmes that fall within the application of IAS 40 (revised).

(€K)	31/12/2016	Acquisitions and works	Capitalised interest	Change in fair value	Transfers and disposals	31/12/2017
France Offices	434,859	95,260	7,804	116,903	-488,780 (1)	166,046
Italy Offices	355,370	102,147 (3)	16,958	13,076	-58,651 (2)	428,900
Hotels in Europe	113,579	80,032 (4)	3,832	14,012	-121,521 (5)	89,934
TOTAL	**903,808**	**277,439**	**28,594**	**143,991**	**-668,952**	**684,880**

(1) Assets Thaïs (Levallois-Perret), Art&Co (Paris), New Saint Charles (Reims), Edo (Issy-Les-Moulineaux), Silex 1 (Lyon) and O'Rigin (Nancy) were delivered (reclassification as investment properties in the amount of -€421.9 million and as operating properties in the amount of -€66.9 million).
(2) Delivery of the Via Cernaia asset in Milan (-€63.7 million) and transfer of the deposit of €5 million paid upon acquisition of Principe Amedeo in Milan.
(3) Including one new project in development (Principe Amedeo) located in Milan, acquired for €41.9 million before deduction of the deposit paid in 2016 (-€5 million), an additional parcel of land in Milan on the Symbiosis project (€9.3 million) and works for €55.9 million.
(4) Corresponds to the following disbursements:
- €39.8 million for the construction of a Club Med in Samoëns
- works on four B&B hotels in France (€15.1 million)
- works on two Meininger hotels, one in Paris (€4.3 million) and the other in Lyon (€5.7 million)
- works on the two development projects in Germany (€15.1 million).
(5) Including delivery of the Club Med Samoëns asset (-€98.5 million) and two B&B assets in France (-€23.1 million).

The list of projects in development is presented in Part 1 of this Reference Document (cf §1.4).

3.2.5.2. Financial assets

3.2.5.2.1. Accounting principles

Other financial assets

Other financial assets consist of investment-fund holdings, which cannot be classified as cash or cash equivalents.

These securities are recognised upon acquisition at cost plus transaction costs. They are then recognised at fair value in the income statement on the reporting date. The fair value is arrived at on the basis of recognised valuation techniques (reference to recent transactions, Discounted Cash Flows, etc.). Some securities that cannot be reliably measured at fair value are recognised at acquisition cost.

Securities available for sale of listed and not consolidated companies are recorded at their stock-market price with an offsetting entry in share-holders' equity in accordance with IAS 39.

Dividends received are recognised when they have been approved by vote.

Loans

At each reporting date, loans are recorded at their amortised cost. Moreover, impairment is recognised and recorded on the income statement when there is an objective indication of impairment as a result of an event occurring after the initial recognition of the asset.

3.2.5.2.2. Table of financial assets

(€K)	31/12/2016	Increase	Decrease	Change in fair value	Change in scope	Transfers	31/12/2017
Ordinary loans(1)	192,653	8,553	-27,329	0	-18,507	6,749	162,119
Total loans and current accounts	**192,653**	**8,553**	**-27,329**	**0**	**-18,507**	**6,749**	**162,119**
Advances and pre-payments on acquisition of shares	13,400	147,120	0	0	-13,400	0	147,120
Securities at historic cost	44,154	200	-842	0	0	139	43,651
Subscribed capital not paid up	20,160	0	-120	0	0	0	20,040
Total other financial assets(2)	**77,714**	**147,320**	**-962**	**0**	**-13,400**	**139**	**210,811**
Finance-lease receivables	2	0	-2,042	0	0	2,040	0
Total finance-lease receivables	**2**	**0**	**-2,042**	**0**	**0**	**2,040**	**0**
Receivables on financial assets	13,765	11	-916	0	0	0	12,860
Total receivables on financial assets	**13,765**	**11**	**-916**	**0**	**0**	**0**	**12,860**
TOTAL	**284,134**	**155,884**	**-31,249**	**0**	**-31,907**	**8,928**	**385,790**
Depreciation and amortisation(3)	-29,042	-2,541	997	0	-1	-139	-30,726
NET TOTAL	**255,092**	**153,343**	**-30,252**	**0**	**-31,908**	**8,789**	**355,064**

(1) Ordinary loans include receivables from equity investments held in equity affiliates.
(2) Total other financial assets are broken down as follows:
- *Advances and deposits made to acquire shares of companies:*
  In Germany, an advance payment of €126.1 million made to acquire shares of companies that will be consolidated and €13.4 million of used to acquire the shares of companies.
  A deposit of €21 million was paid for the acquisition of shares in two companies that own NH hotels in the Netherlands.
- *Securities at historic cost:*
  The investments held by Beni Stabili in property funds (€30.5 million) are valued at their historical cost. Potential impairments are recorded in the income statement.
- *Share capital of Foncière Développement Tourisme subscribed by the Caisse des Dépôts et Consignations and not paid-up (€20 million).*

(3) Includes impairment losses on securities at historical cost held by Beni Stabili (€25.1 million) and impairment losses on receivables for disposals of more than one year (€3.3 million) and for receivables related to financial assets (€2.3 million).

3.2.5.3. Investments in equity affiliates and joint ventures

3.2.5.3.1. Accounting principles

Investments in equity affiliates and joint ventures are recognised by the equity method. According to this method, the Group's investment in the equity affiliate or the joint venture is initially recognised at cost, increased or reduced by the changes, subsequent to the acquisition, in the share of the net assets of the affiliate. The goodwill related to an equity affiliate or joint venture is included in the book value of the investment, if it is not impaired. The share in the earnings for the period is shown in the line item "Share in income of equity affiliates".

The financial statements of associates and joint ventures are prepared for the same accounting period as for the parent company, and adjustments are made, where relevant, to adapt the accounting methods to those of the Foncière des Régions group.

3.2.5.3.2. Table of investments in equity affiliates and joint ventures

(€K)	% held	Operating segment	Country	31/12/2016	31/12/2017	Change	Of which share of net income	Of which distribution and change in scope
Latécoère 2 (DS Campus extension)[1]	50.10%	France offices	France	1,528	0	-1,528	2,743	-4,272
SCI Factor E and SCI Orianz	34.69%	France Offices (Properties under development)	France	2,073	5,194	3,120	3,120	0
Lenovilla (New Vélizy)	50.10%	France offices	France	59,579	71,236	11,656	11,656	0
Euromarseille (Euromed)	50.00%	France offices	France	41,219	39,325	-1,894	10,606	-12,500
Cœur d'Orly (Askia)	25.00%	France offices	France	-597	2,883	3,480	-1,705	5,184
Investire Immobiliare and others		Italy offices	Italy	19,042	17,762	-1,280	-693	-587
Iris Holding France	19.90%	Hotels in Europe	Belgium, Germany	11,933	14,141	2,208	2,647	-439
OPCI IRIS Invest 2010	19.90%	Hotels in Europe	France	27,423	28,226	804	2,171	-1,368
OPCI Camp Invest	19.90%	Hotels in Europe	France	18,919	19,951	1,032	2,148	-1,116
Dahlia	20.00%	Hotels in Europe	France	15,842	16,784	942	1,703	-761
SCI Porte Dorée	50.00%	Hotels in Europe (Assets under development)	France	5,933	10,328	4,395	4,395	0
FDM Management	40.70%	Hotels in Europe	France and Germany	142,498	143,072	574	4,446	-3,871
TOTAL				**345,392**	**368,901**	**23,509**	**43,238**	**-19,729**

(1) Fully consolidated at 31 December 2017 following amendment of the shareholders agreement.

The investments in equity affiliates as at 31 December 2017 amounted to €368.9 million, compared with €345.4 million as at 31 December 2016. The change over the period (+€23.5 million) was the result of the net income of the period (+€43.2 million), the allocation of Cœur d'Orly losses to the partners (+€5.2 million) and dividend distributions (-€24.9 million).

3.2.5.3.3. Breakdown of shareholdings in the main equity affiliates and joint ventures

Ownership	Cœur d'Orly	Euromed Group	SCI Lenovilla (New Vélizy)	SCI Factor E/SCI Orianz (Bordeaux Armagnac)
Foncière des Régions	**25%**	**50%**	**50.09%**	**34.69%**
Non-group third parties	**75%**	**50%**	**49.91%**	**65.31%**
Altaréa	25%			
Crédit Agricole Assurances		50%	49.91%	
Aéroport de Paris	50%			
ANF Immobilier				65.31%
TOTAL	**100%**	**100%**	**100%**	**100%**

Indirect ownership	Iris Holding France	OPCI Iris Invest 2010	OPCI Campinvest	SCI Dahlia	FDM Management	SCI Porte Dorée
Foncière des Murs	**19.9%**	**19.9%**	**19.9%**	**20.0%**	**40.70%**	**50.00%**
Non-group third parties	**80.1%**	**80.1%**	**80.1%**	**80.0%**	**59.30%**	**50.00%**
Crédit Agricole Assurances	80.1%	80.1%	68.8%	80.0%	11.63%	
Pacifica			11.3%			
Cardif Assurance Vie					11.63%	
Assurances du Crédit Mutuel Vie					11.63%	
SOGECAP					11.63%	
Caisse des Dépôts et Consignations					11.63%	50.00%
Maro Lux					1.15%	
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

3.2.5.3.4. Key financial information on equity affiliates and joint ventures

(€K)	Asset name	Total balance sheet	Total non-current assets	Cash	Total non-current liabilities excluding financial debt	Total current liabilities excluding financial debt	Financial debt	Rental income	Cost of net financial debt	Consolidated net income
Cœur d'Orly (Askia)	Cœur d'Orly	87,769	70,166	15,221	611	11,490	62,869	951	-1,652	-9,564
Lenovilla (New Vélizy)	New Vélizy and extension	303,946	270,019	14,554	0	342	161,406	11,354	-1,847	23,268
Euromarseille (Euromed)	Euromed Center	208,911	190,084	8,452	860	10,999	118,372	4,433	-2,167	21,324
SCI Factor E and SCI Orianz	Bordeaux Armagnac	72,824	69,732	926	0	4,191	53,661	0	0	8,995
Iris Holding France	AccorHotels Hotels	198,538	180,646	16,536	104,382	2,793	111,785	12,449	-2,952	13,299
OPCI IRIS Invest 2010	AccorHotels Hotels	255,588	241,748	12,603	3,930	652	109,165	16,092	-2,865	10,912
OPCI Camp Invest	Campanile Hotels	179,080	168,929	8,086	0	341	78,481	11,519	-3,071	10,794
Dahlia	AccorHotels Hotels	165,199	161,688	2,979	0	557	80,724	7,642	-1,538	8,513
FDM Management	Hotels and Service Sector	1,245,692	1,130,309	80,808	72,102	97,292	710,897	226,881	-20,886	11,087
SCI Porte Dorée	Motel One Porte Dorée hotel	49,889	47,657	807	0	6,358	22,876	0	0	8,790

3.2.5.4. Deferred tax liabilities on the reporting date

(€K)	Balance sheet at 31/12/2016	Increases: First time consolidations	Increases: By net income for the year	Increases: Shareholder's equity	Other changes and transfers	Decreases: By net income for the year	Decreases: Effect of foreign tax rates	Decreases: Shareholder's equity	Balance sheet at 31/12/2017
DTA									
Losses carried forward	48,304	2,909	397		8,586	-7,628	-891		51,677
Fair value of properties	1,624		142						1,766
Derivatives	10,672		117			-4,871			5,918
Temporary differences	26,511		1,094		-9,057	-2,220	-437		15,891
	87,111								**75,252**
DTA/DTL offset	-76,121								-69,313
TOTAL DTA	**10,990**	**2,909**	**1,750**	**0**	**-471**	**-14,719**	**-1,328**	**0**	**5,939**

(€K)	Balance sheet at 31/12/2016	Increases: First time consolidations	Increases: By net income for the year	Increases: Shareholder's equity	Other changes and transfers	Decreases: By net income for the year	Decreases: Effect of foreign tax rates	Decreases: Shareholder's equity	Balance sheet at 31/12/2017
DTL									
Fair value of properties	465,834	49,981	100,111			-12,082	-12,227		591,617
Derivatives	454		459						913
Temporary differences	19,877	56	8,402			-506	-16		27,813
	486,165								620,343
DTA/DTL offset	-76,121								-69,313
Total DTL	**410,044**	**50,037**	**108,972**	**0**	**0**	**-12,588**	**-12,243**	**0**	**551,030**
NET TOTAL	**-399,054**	**-47,128**	**-107,222**	**0**	**-471**	**-2,131**	**10,915**	**0**	**-545,091**
	TOTAL IMPACT ON THE INCOME STATEMENT:				**-98,438**				

At 31 December 2017, the consolidated deferred tax position showed a deferred tax asset of €6 million (*versus* €11 million as at 31 December 2016) and a deferred tax liability of €551 million (*versus* €410 million as at 31 December 2016).

The primary contributors to the net balance of deferred taxes are:

- Germany Residential: €430.7 million
- Hotels in Europe: +€117.5 million
- Italy Offices: €2.7 million

The impact on net income is detailed in paragraph 3.2.6.7.2.

In accordance with IAS 12, deferred tax assets and liabilities are offset for each tax entity when they involve taxes paid to the same tax authority.

The non-recognised tax loss carryforwards, calculated at the standard rate, amounted to €884 million, as detailed below:

(€K)	Non-recognised DTA	Non-recognised tax loss carryforwards
France offices	96,653	280,699
Italy offices	18,647	77,695
Hotels in Europe	26,353	76,535
Germany Residential	10,894	68,839
France residential	118,677	364,643
Car Parks	5,590	16,235
TOTAL FOR CONTINUING OPERATIONS	**276,814**	**884,646**

3.2.5.5. Short-term loans and finance lease receivables – current portion

(€K)	31/12/2016	Change in scope	Increase	Decrease	Transfers	31/12/2017
Short-term loans	15,795	0	34,257	-8,879	-6,762	34,411
Finance-lease receivables	2,069	0	1	0	-2,040	30
TOTAL	**17,864**	**0**	**34,258**	**-8,879**	**-8,802**	**34,441**
Amortisations and provisions	-13	0	0	0	13	0
NET TOTAL	**17,851**	**0**	**34,258**	**-8,879**	**-8,789**	**34,441**

3.2.5.6. Inventories and work-in-progress

3.2.5.6.1. Accounting principles applicable to inventories

The inventories held by the Foncière des Régions group relate mainly to Beni Stabili's "Trading portfolio" and the Germany Residential segment. They are intended to be sold during the normal course of business. They are recorded at acquisition price and, as applicable, are depreciated in relation to the sale value (independent appraisal value).

3.2.5.6.2. Inventories and work-in-progress at 31 December 2017

The "Inventories and work-in-progress" line item on the balance sheet primarily consists of trading inventories in Italy Offices (€22.6 million), Germany Residential (€6.6 million) and France Residential (€1.7 million). In addition, this item includes assets intended for future real estate developments in the France Offices segment (€12.3 million).

3.2.5.7. Trade receivables

3.2.5.7.1. Accounting principles applicable to trade receivables

Trade receivables consist mainly of operating and finance lease receivables. These items are measured at amortised cost. In the event that the recoverable value is lower than the net book value, the Group may be required to account for an impairment charge through profit or loss.

Receivables from operating lease transactions

For operating-lease receivables, a provision is made at the first non-payment. The impairment rates applied by Foncière des Régions are as follows:

- no provision is recorded for existing or vacated tenants whose receivables are less than three months overdue
- 50% of the total amount of receivables for existing tenants whose receivables are between three and six months overdue
- 100% of the total amount of receivables for existing tenants whose receivables are more than six months overdue
- 100% of the total amount of receivables for vacated tenants whose receivables are more than three months overdue.

The receivables and theoretical provisions arising from the rules above are reviewed on a case-by-case basis in order to factor in any specific situations.

Finance lease receivables

The receivables are recognised at their amortised value. When the financial position of the debtor gives grounds for the likelihood of non-recovery, a provision is made.

Provisions for doubtful unpaid receivables in relation to financial contracts are made for at least the interest billed according to the terms of the contract.

Termination fees are recognised when invoiced. Given the significant possibility of non-recovery, these revenues are generally depreciated by an identical amount.

Moreover, finance-lease assets related to doubtful contracts manifesting termination risks that are considered significant are independently appraised at market value. When these valuations, net of transfer taxes, and line-by-line, are lower than the net financial value, an impairment provision equal to the difference is recognised.

3.2.5.7.2. Trade receivables

(€K)	31/12/2017	31/12/2016	Change
Expenses to be reinvoiced to tenants	141,028	126,551	14,477
Rent-free periods	110,717	117,622	-6,905
Trade receivables	54,179	54,166	13
Total trade receivables	**305,924**	**298,339**	**7,585**
Impairment of receivables	-26,626	-27,743	1,117
NET TOTAL TRADE RECEIVABLES	**279,298**	**270,596**	**8,702**

The balance of net trade receivables includes mainly expenses to be invoiced to tenants for €141 million, net trade receivables for €27.6 million and receivables related to the linearisation of relief granted on rent for €110.7 million.

The line item "Expenses to be re-invoiced to tenants" is best understood in connection with the liability item "Advances and deposits received" (€166 million), referring to claims for projected expenses incurred with tenants.

The line "Change in working capital requirements on continuing operations" on the Cash Flow Statement consists of:

(€K)	31/12/2017
Impact of changes in inventories and work in progress	-8
Impact of changes in trade & other receivables	-4,761
Impact of changes in trade & other payables	5,488
CHANGE IN WORKING CAPITAL REQUIREMENTS ON CONTINUING OPERATIONS (INCLUDING EMPLOYEE BENEFITS LIABILITIES)	**719**

3.2.5.8. Other receivables

(€K)	31/12/2017	31/12/2016	Variation
Government receivables	71,951	67,822	4,129
Other receivables	26,216	15,791	10,425
Security deposits received	5,281	29,800	-24,519
Current accounts	4,576	4,428	148
TOTAL	**108,024**	**117,841**	**-9,817**

- €71.9 million in government receivables comprise €35.6 million for France Offices, €18.9 million for Italy Offices, €15.1 million for Hotels in Europe and €1.6 million for Corporate. The receivables are mainly VAT and government receivables following the payment of tax adjustments recognised and for which no provision is recorded, amounting to €34.7 million (cf § 3.2.2.9.4).

  Note that in 2017 we recognised the reclassification of receivables from the State related to tax audits of our Logistics division, presented in "Discontinued operations as at 31 December 2016" (+€5.7 million).
- The change in receivables from disposals comes from France Residential (-€19.7 million), Germany Residential (-€2 million), France Offices (-€2 million) and Car Parks (-€0.8 million).

3.2.5.9. Cash and cash equivalents

3.2.5.9.1. Accounting principles applicable to cash and cash equivalents

Cash and cash equivalents include cash, short-term deposits, and money-market funds. These are short-term, highly liquid assets that are easily convertible into a known cash amount, and for which the risk of a change in value is negligible.

3.2.5.9.2. Table of cash and cash equivalents

(€K)	31/12/2017	31/12/2016
Money-market securities available for sale	732,582	875,790
Cash at bank	564,054	207,003
TOTAL	**1,296,636**	**1,082,793**

At 31 December 2017, the portfolio of money market securities available for sale consisted mainly of traditional money market funds (Level 2).

- Level 1 of the portfolio corresponds to instruments whose price is listed on an active market for an identical instrument.
- Level 2 corresponds to instruments whose fair value is determined using data other than the prices mentioned for level 1 and observable directly or indirectly (*i.e.* price-related data).

Foncière des Régions holds no investments subject to capital risk.

3.2.5.10. Total shareholders' equity

3.2.5.10.1. Accounting principles applicable to equity

Own shares

If the Group buys back its own equity instruments (treasury shares), these are deducted from shareholders' equity. No profit or loss is recognised in the income statement when Group equity capital instruments are purchased, sold, issued or cancelled.

3.2.5.10.2. Statement of changes in shareholders' equity

The capital of Foncière des Régions totaled €224.5 million as at 31 December 2017.

In 2017, Foncière des Régions undertook capital increases of €473.8 million (€468.9 million net of costs) with the issue of 6,072,112 new shares including 5,076,786 shares as part of the addition to equity, the contribution of Foncière Développement Logements shares (916,951 Foncière des Régions shares) and the allocation of 78,375 vested free shares.

Reserves correspond to parent company retained earnings and reserves, together with reserves from consolidation.

As at 31 December 2017, the share capital broke down as follows:

Number of authorised shares:	74,829,964
Number of shares issued and fully paid-up:	74,829,964
Number of shares issued and not fully paid-up:	0
Par value of shares:	€3.00
Share classes:	none
Restriction on payment of dividends:	none
Shares held by the Company or its subsidiaries:	56,006

Changes in the number of shares during the period

Date	Transaction	Shares issued	Own shares	Shares outstanding
31/12/2016		**68,757,852**	**96,809**	**68,661,043**
	Capital increase – delivery of bonus share plan	78,375		
	Capital increase – cash issue	5,076,786		
	Increase in capital – contribution of FDL shares	916,951		
	Own shares – liquidity agreement		-19,378	
	Own shares – employee award		-21,425	
31/12/2017		**74,829,964**	**56,006**	**74,773,958**

The statement of changes in shareholders' equity is presented in Note 3.1.4.

3.2.5.11. Statement of liabilities

3.2.5.11.1. Accounting principles applicable to debt

Financial liabilities include borrowings and other interest-bearing debt.

At initial recognition, financial liabilities are measured at fair value, minus the transaction costs directly attributable to the issue of the liability. They are then recognised at amortised cost based on the effective interest rate. The effective rate includes the nominal rate and actuarial amortisation of issue expenses and issue and redemption premiums.

Financial liabilities of less than one year are posted under "Current financial liabilities".

Convertible bonds (ORNANE-type) issued by the Foncière des Régions group are either (i) recognised at fair value in the income statement or (ii) recognised separately as a financial liability at amortised cost and an embedded derivative measured at fair value in the income statement.

For Foncière des Régions, the fair value is determined according to the closing bond price.

In the case of financial liabilities resulting from the recognition of finance lease agreements, the financial liability recognised against the tangible fixed asset is initially recognised at the leased asset's fair value, or if lower, at the discounted value of the minimum lease payments.

Tenants' security deposits

The Foncière des Régions group discounts security deposits at the average financing rate of the structure and over the average remaining term of the leases determined for each type of asset.

Derivatives and hedging instruments

The Foncière des Régions group uses derivatives to hedge its floating rate debt against interest rate risk (hedging of future cash flows).

Derivative financial instruments are recorded on the balance sheet at fair value. The fair value is calculated using valuation techniques that use mathematical calculations based on recognised financial theories and parameters that incorporate the prices of market-traded instruments. This valuation is carried out by an external service provider.

The Group has been applying IFRS 13 since 1 January 2013. This standard requires accounting for counterparty risk (*i.e.* the risk of a counterparty defaulting on its commitments) in the assessment of the fair value of financial assets and liabilities.

The majority of the financial instruments in the Italy Offices segment qualify for hedge accounting as defined by IAS 39.

In this case, changes in the fair value of the effective portion of the hedge are recognised net of tax in shareholders' equity until the hedged transaction occurs. The ineffective portion is recorded in the income statement.

Only Beni Stabili used hedge accounting as at 31 December 2017.

In other cases, given the characteristics of its debt, as of 1 January 2007 the Foncière des Régions group no longer qualifies for hedge accounting under IAS 39. All derivative instruments are therefore recognised at their fair value, and changes are reflected in the income statement.

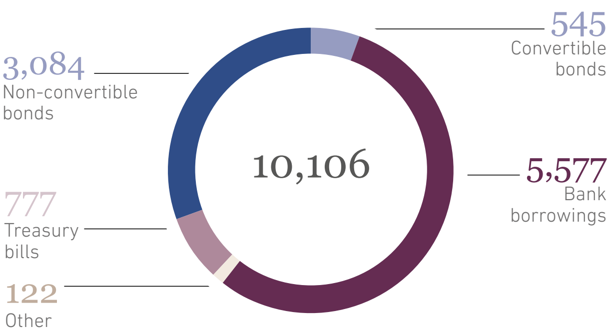
3.2.5.11.2. Table of debt

(€K)	31/12/2016	Increase	Decrease	Change in scope	Other changes	31/12/2017
Bank borrowings	5,158,577	1,590,699	-1,292,873	120,965	0	5,577,368
Other borrowings	75,715	23,232	-3,537	22,588	0	117,998
Treasury bills	1,035,400	47,000	-305,000	0	0	777,400
Securitised loans	3,978	0	0	0	0	3,978
Non-convertible bonds	2,559,129	800,927	-275,716	0	0	3,084,340
Convertible bonds[(1)]	894,695	0	-349,695	0	0	545,000
Subtotal interest-bearing loans	**9,727,494**	**2,461,858**	**-2,226,821**	**143,553**	**0**	**10,106,084**
Accrued interest	60,950	63,144	-60,935	156	41	63,356
Deferral of loan expenses	-66,960	21,410	-28,324	-1,002	-678	-75,554
Creditor banks	15,797	0	0	0	10,876	26,673
Total borrowings (LT/ST) excl. Fair Value of ORNANE-type bonds	**9,737,281**	**2,546,412**	**-2,316,080**	**142,707**	**10,239**	**10,120,559**
of which Long-term	8,384,176					8,596,316
of which Short-term	1,353,105					1,524,243
Valuation of financial instruments	340,160	0	0	1,509	-155,657	186,012
Convertible bond derivatives	48,018	0	0	0	40,648	88,666
Total derivatives	**388,178**	**0**	**0**	**1,509**	**-115,009**	**274,678**
of which Assets	-40,692					-48,178
of which Liabilities	428,870					322,856
TOTAL BANK DEBT	10,125,459	2,546,412	-2,316,080	144,216	-104,770	10,395,237

(1) Convertible bond movements are presented in 3.2.5.11.4 – Convertible bonds.

The new financing taken out during the year is presented in 3.3.2.2 – Liquidity risk and in 3.2.5.11.3 – Bank borrowings.

› Debt by type as at 31 December 2017 (in €M)



The “Proceeds relating to new borrowings” line item of the Statement of Cash Flows (+€2,432.6 million) refers to:

- increases in interest-bearing borrowings (+€2,461.8 million)
- less new debt issuance costs (-€28.3 million).

The “Repayments of borrowings” line item of the Statement of Cash Flows (-€2,226.8 million) corresponds to decreases in interest-bearing borrowings.

3.2.5.11.3. Bank borrowings

The table below outlines the characteristics of the borrowings taken out by Foncière des Régions and the amount of the associated guarantees (principal amount over €100 million):

(€K)	Outstanding debt (> or < €100 M)	Debt	Appraisal values at 31/12/2017[1]	Outstanding debt 31/12/2017	Date of signature	Initial amount of debt	Maturity
France Offices	> €100 M	€280 M (2015) and €145 M (2015) – Tour CB21 and Carré Suffren		415,800	29/07/2015 and 01/12/2015	280.000 and 145,000	29/07/2025 and 30/11/2023
	> €100 M	€167.5 M (2015) – DS Campus		162,894	23/03/2015	167,500	20/04/2023
		€300 M (2016) – Orange		300,000	18/02/2016	300,000	18/02/2026
	> €100 M		**2,157,937**	878,694			
	< €100 M		**322,605**	132,641			
		Total France Offices	**2,480,542**	1,011,334			
Italy Offices	> €100 M	€252 M (2015) – Europe		249,486	09/06/2015	255,000	09/06/2025
		€760 M (2016) – Central		783,124	15/09/2016	760,000	14/09/2024
	> €100 M		**2,042,063**	1,032,610			
	< €100 M		**170,000**	87,023			
		Total Italy Offices	**2,212,063**	1,119,633			
Hotels in Europe	> €100 M	€447 M (2013)		226,277	25/10/2013	447,000	31/01/2023
	> €100 M	€255 million (2012) – Covered bonds		186,553	14/11/2012	255,000	16/11/2021
	> €100 M	€350 M (2013)		103,088	15/07/2013	350,000	31/07/2022
		€345 M (2017) – Rocca		**200,635**	**29/03/2017**	**277,188**	**29/03/2025**
	> €100 M	€290 M (2017) – OPCI B2 HI (B&B)		**267,000**	**10/05/2017**	**290,000**	**10/05/2024**
	> €100 M		**2,524,652**	**983,553**			
	< €100 M		**984,824**	**419,499**			
		Total Hotels in Europe	**3,509,475**	1,403,053			
Germany Residential	> €100 M	Lyndon Immeo 01		119,924	12/12/2011	169,470	12/12/2021
	> €100 M	Refinancing of Indigo, Eagle, Faust, Berlinum 2		160,863	09/03/2012	200,000	14/03/2022
	> €100 M	Cornerstone		128,570	01/10/2014	145,003	30/09/2024
	> €100 M	Refinancing Wohnbau/Dümpten/Aurélia/Duomo		124,063	20/01/2015	150,000	30/01/2025
	> €100 M	Refinancing Amadeus/Herbstlaub/Valore/Valartis/Sunflower		163,854	28/10/2015	147,095	30/04/2026
	> €100 M	Quadriga		204,159	16/06/2015	131,851	30/06/2025
	> €100 M	Golddust		113,922	23/03/2016	223,656	31/01/2024
	> €100 M	Lego		134,831	24/06/2016	165,251	31/03/2024
	> €100 M	Lyndon Immeo 02		**164,463**	**26/01/2017**	**140,000**	**29/01/2027**
	> €100 M		**3,106,522**	**1,314,650**			
	< €100 M		**1,710,404**	**827,040**			
		Total Germany Residential	**4,816,927**	**2,141,690**			
Total collaterised			13,019,007	5,675,710			

(€K)	Outstanding debt (> or < €100 M)	Debt	Appraisal values at 31/12/2017[1]	Outstanding debt 31/12/2017	Date of signature	Initial amount of debt	Maturity
France Offices		€345 M (2013) – ORNANE		345,000	20/11/2013	345,000	01/04/2019
		€500 M (2012) – Bonds		266,400	16/10/2012	500,000	16/01/2018
		Treasury bills BT/BMTN		777,400			
		€180 M (2013) – Private placement		180,000	28/03/2013	180,000	30/04/2020
		€500 M (2014) – Bonds		226,387	10/09/2014	500,000	30/09/2021
		€500 M (2016) – Green bond		500,000	20/05/2016	500,000	20/05/2026
		€500 M (2017) – Bonds		500,000	**21/06/2017**	**500,000**	**21/06/2027**
	> €100 M			**2,795,187**			
	< €100 M			**0**			
		Total France Offices	**3,359,956**	**2,795,187**			
Italy Offices		€350 M (2014) – Bonds		350,000	22/01/2014	350,000	22/01/2018
		€250 M (2014) – Bonds		250,000	31/03/2014	250,000	01/04/2019
		€125 M (2015) – Bonds		125,000	30/03/2015	125,000	30/03/2022
		€200 M (2015) – Convertible bonds		200,000	03/08/2015	200,000	31/01/2021
		€300 M (2017) – Bonds		300,000	**17/10/2017**	**300,000**	**17/10/2024**
	> €100 M		**2,021,393**	**1,225,000**			
	< €100 M			**3,978**			
		Total Italy Offices	**2,021,393**	**1,228,978**			
Hotels in Europe		€200 M (2015) – Private placement		200,000	29/05/015	200,000	29/05/2023
	> €100 M		**422,492**	**200,000**			
	< €100 M			**50,000**			
		Total Hotels in Europe	**422,492**	**250,000**			
France Residential	**< €100 M**	**Total France Residential**	**281,400**	**40,000**			
Germany Residential	**< €100 M**	**Total Germany Residential**	**121,211**				
Car Parks		**Total Corporate**	**54,020**	**0**			
Total unencumbered			6,260,472	4,314,165			
		Other debt		116,209			
GRAND TOTAL			**19,279,479**	**10,106,084**			

(1) The portfolio includes the fair value of occupied assets and real estate inventories (trading, development)

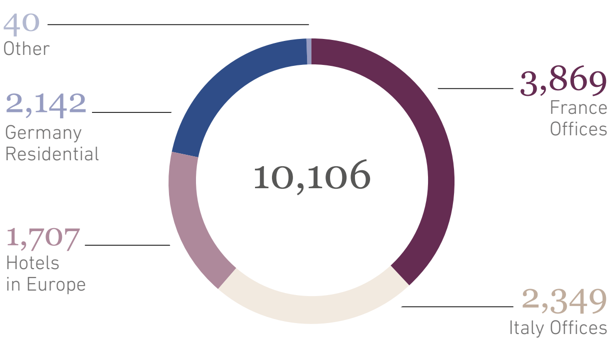
The borrowings are valued after their initial recognition at cost, amortised based on the effective interest rate. The average interest rate on Foncière des Régions' consolidated debt stood at 1.87% as at 31 December 2017.

Breakdown of borrowings at their nominal value according to the time left to maturity and by interest-rate type:

(€K)	Balance as at 31 December 2017	Maturity in < 1 year	Balance as at 31 December 2018	Maturity from 2 to 5 years	Outstanding at 31 December 2022 (over 5 years)
Fixed-rate long-term financial liabilities	5,533,438	1,334,330	4,199,107	1,857,320	2,341,787
France Offices – Bank borrowings	149,681	1,538	148,144	7,431	140,713
France Offices – Ornane[1]	345,000	0	345,000	345,000	0
France Offices – Other	62,374	0	62,374	41,776	20,598
Italy Offices – Bank borrowings	65,267	0	65,267		65,267
Italy Offices – Convertible bonds[1]	200,000	0	200,000	200,000	0
Hotels in Europe – Bank borrowings	107,013	1,088	105,925	4,894	101,031
Hotels in Europe – Other	53,830	0	53,830	22,708	31,121
Germany Residential – Bank borrowings	762,760	13,590	749,170	266,278	482,892
Germany Residential – Other	1,794	476	1,319	1,154	165
Total borrowings and convertible bonds	**1,747,719**	**16,691**	**1,731,028**	**889,241**	**841,787**
France Offices – Bonds	1,672,787	266,261	1,406,526	406,526	1,000,000
France Offices – Treasury bills	697,400	697,400	0	0	0
Italy Offices – Bonds	1,025,000	350,000	675,000	375,000	300,000
Italy Offices – Securitisation	3,978	3,978	0	0	0
Hotels in Europe – Bonds	386,553	0	386,553	186,553	200,000
Total debts represented by securities	**3,785,718**	**1,317,639**	**2,468,079**	**968,079**	**1,500,000**
Floating-rate financial debt	4,572,647	85,693	4,486,953	772,885	3,714,069
France Offices – Bank borrowings	861,653	6,715	854,937	110,346	744,591
Italy Offices – Bank borrowings	1,054,366	10,839	1,043,527	187,266	856,261
Hotels in Europe – Bank borrowings	1,159,487	14,433	1,145,054	250,322	894,732
France Residential – Bank borrowings	40,000	0	40,000	40,000	0
Germany Residential – Bank borrowings	1,377,140	20,705	1,356,435	137,951	1,218,485
Total borrowings and convertible bonds	**4,492,647**	**52,693**	**4,439,953**	**725,885**	**3,714,069**
France Offices – Treasury bills	80,000	33,000	47,000	47,000	0
Total debts represented by securities	**80,000**	**33,000**	**47,000**	**47,000**	**0**
TOTAL	10,106,084	1,420,023	8,686,061	2,630,205	6,055,856

(1) The ORNANE bonds are presented at nominal value.

› Debt by operating segment as at 31 December 2017 (in €M)



3.2.5.11.4. Convertible bonds

France Offices

The characteristic features of these convertible bonds are as follows:

Features	ORNANE-type bonds France Offices	ORNANE-type bonds France Offices
Issue date	24/05/2011	20/11/2013
Issue amount *(€M)*	550	345
Issue price *(€)*	85.86	84.73
Conversion rate	1.18	1.11
Nominal rate	3.34%	0.88%
Maturity	1/01/2017	01/04/2019
Number of convertible bonds issued	6,405,776	4,071,757
Number of convertible bonds as at 31 December 2016	928,197	4,071,757
Number of bonds redeemed at maturity on 2 January 2017	-928,197	0
Number of convertible bonds as at 31 December 2017	0	4,071,757
Number of potential shares (maximum)		4,519,650
Amount of the issue after redemption and conversion *(€M)*	0	345

On 2 January 2017, the remainder of 928,197 ORNANE-type bonds issued in 2011 entailed a final payment of €79.7 million.

The interest is payable half-yearly on 1 April and 1 October for the ORNANE-type bonds issued in 2013.

Based on the quoted price on 31 December 2017, the fair value of the 2019 ORNANE-type bonds is €104.96, giving a fair value of €427.4 million at 31 December 2017 (4,071,757 bonds).

Bond holders will have the option to convert their bonds either into cash and existing and/or new shares, or only into shares, based on the stock market prices over a determined period, at the Company's discretion.

Italy Offices

In accordance with paragraph 11A of IAS 39, the Italy Offices ORNANE-type bonds are hybrid instruments and are recognised as a Host contract (debt at amortised cost) and as an embedded derivative (financial instrument at fair value through the income statement).

In February 2017, the 2,700,000 ORNANE-type bonds issued in October 2013 were entirely redeemed for €299.3 million (costs and incentive premium included).

At 31 December 2017, the ORNANE derivative maturing in 2021 of Beni Stabili was valued at €17.7 million.

The characteristic features of these convertible bonds are as follows:

Features	ORNANE-type bonds Italy Offices	ORNANE-type bonds Italy Offices
Issue date	October 2013	August 2015
Issue amount *(€M)*	270	200
Issue price *(€)*	100	100
Conversion rate	151.722	101.492
Nominal rate	2.625%	0.875%
Maturity	March 2019	February 2021
Number of convertible bonds issued	2,700,000	2,000,000
Number of convertible bonds as at 31 December 2016	2,700,000	2,000,000
Number of bonds redeemed in February 2017	-2,700,000	
Number of convertible bonds as at 31 December 2017	0	2,000,000
Number of potential shares	0	202,983,863

3.2.5.11.5. Derivatives

Derivative instruments consist mainly of rate hedging instruments put in place as part of the Group's interest rate hedging policy.

Fair value of net derivative instruments:

(€K)	31/12/2017 Net	31/12/2016 Net
France Offices	141,370	175,618
Italy Offices	-3,927	28,913
Hotels in Europe	33,030	80,816
Germany Residential	15,540	47,391
France Residential	-1	7,422
Total financial instruments	**186,012**	**340,160**
France Offices	82,406	58,795
Italy Offices	6,260	-10,777
Total derivatives of convertible borrowing	**88,666**	**48,018**
TOTAL	**274,678**	**388,178**
Of which counterparty risk	**1,033**	**8,562**

The total impact of the value adjustments on the derivatives on the income statement was €0.1 million.

It primarily consists of changes in the value of the cash instruments (+€55.4 million), and the change in the value of the ORNANE-type bonds (-€55.3 million). In accordance with IFRS 13, the fair values include the counterparty default risk (€1.0 million).

The "Unrealised gains and losses relating to changes in fair value" line item in the Statement of Cash Flows (-€915.9 million), which makes it possible to calculate cash flows from operating activities, mainly incorporates the impact of changes in the value of cash instruments (-€55.4 million), the change in the value of the ORNANE-type bonds (+€55.3 million) and the change in the value of the portfolio (€915.8 million).

Breakdown of hedging instruments by maturity of notional values

(€K)	At 31/12/2017	Less than one year	From 1 to 5 years	Over 5 years
FIXED HEDGE				
Fixed rate payer swap	1,454,000	435,000	760,000	259,000
Fixed rate receiver swap	4,050,087	-336,976	720,169	3,666,894
Total swaps	**2,596,087**	**-771,976**	**-39,831**	**3,407,894**
OPTIONAL HEDGE				
Purchase of fixed rate payer swaption	0	-100,000	-320,000	420,000
Sale of fixed rate borrower swaption	0	-250,000	-370,000	620,000
Cap purchase	951,011	142,433	460,670	347,908
Floor purchase	275,570	150,520	77,080	47,970
Floor sale	48,000	0	0	48,000
TOTAL	**6,778,668**	**40,977**	**1,327,919**	**5,409,772**

Balance as at 31 December 2017

(€K)	Fixed rate	Floating rate
Financial liabilities	5,533,438	4,599,320
NET FINANCIAL LIABILITIES BEFORE HEDGING	**5,533,438**	**4,599,320**
Swaps		-2,596,087
Caps		-951,011
TOTAL HEDGES		**-3,547,098**

3.2.5.11.6. Banking covenants

Excluding debts raised without recourse to the Group's property companies, the debts of Foncière des Régions and its subsidiaries generally include bank covenants (interest coverage ratio (ICR) and loan to value (LTV)), applying to the borrower's consolidated financial statements. If these covenants are breached, early debt repayment may be triggered. These covenants were established in Group Share for Foncière des Régions on a consolidated or Group-share basis depending on the seniority of the debt with respect to Foncière des Murs, Foncière Développement Logements and Beni Stabili (if their debts include them).

With respect to Immeo, for which the debt raised is "non-recourse" debt, there are no consolidated covenants associated with portfolio financing.

The most restrictive consolidated LTV covenants at 31 December 2017 were 60% for Foncière des Régions, Foncière des Murs and Foncière Développement Logements. Lastly, a limited portion of Beni Stabili financing included a consolidated LTV covenant (Beni Stabili scope), the most restrictive level of which was also 60%.

The threshold for the consolidated ICR covenants differs from one REIT to another, depending on the type of assets, and may be different from one debt to another even for the same REIT, depending on debt seniority. Lastly, only a portion of the Beni Stabili loans has a consolidated ICR covenant.

The most restrictive ICR consolidated covenants applicable to the REITs are as follows:

- for Foncière des Régions: 200%
- for Foncière des Murs: 200%
- for Foncière Développement Logements: 150%
- for Beni Stabili: 150%.

All these LTV or ICR covenants were in strict compliance as at 31 December 2017.

Concerning Foncière des Régions, the bank consolidated leverage ratios at 31 December 2017 were 44.2% for the LTV in Group Share and 436% for the ICR in Group Share (compared to 49.5% and 360% respectively at the end of 2016).

Another type of covenant was added to the consolidated LTV and ICR Group Share covenants of Foncière des Régions as part of the corporate loans taken out by Foncière des Régions: an asset-secured debt covenant (100% scope), the cap on which is set at 25% and which measures the ratio of secured debt (or debt with guarantees of any nature) to asset value.

This covenant was fully complied with as at 31 December 2017.

No loan has an accelerated payment clause contingent on Foncière des Régions' rating, which is currently BBB, stable outlook (Standard & Poor's rating).

Covenant LTV	Company	Scope	Covenant	Ratio
€300 M (2016) – Orange	Foncière des Régions	France Offices	≤ 60%	In compliance
€350 M (2013)	Foncière des Murs	Hotels in Europe	≤ 60%	In compliance
€447 M (2013)	Foncière des Murs	Hotels in Europe	≤ 60%	In compliance
€208 M (2014)	Foncière des Murs	Hotels in Europe	≤ 60%	In compliance
€255 M (2012) – Covered bonds	Foncière des Murs	Hotels in Europe	≤ 65%	In compliance
€200 M (2015) – Private placement	Foncière des Murs	Hotels in Europe	≤ 60%	In compliance
€279 M (2017) – Roca	Foncière des Murs	Hotels in Europe	< 60%	In compliance
€254 M (2015) – Europe	Beni Stabili	Italy Offices	≤ 60%	In compliance

Consolidated ICR	Company	Scope	Covenant	Ratio
€300 M (2016) – Orange	Foncière des Régions	France Offices	≥ 200%	In compliance
€350 M (2013)	Foncière des Murs	Hotels in Europe	> 200%	In compliance
€447 M (2013)	Foncière des Murs	Hotels in Europe	> 200%	In compliance
€208 M (2014)	Foncière des Murs	Hotels in Europe	> 200%	In compliance
€255 M (2012) – Covered bonds	Foncière des Murs	Hotels in Europe	≥ 200%	In compliance
€200 M (2015) – Private placement	Foncière des Murs	Hotels in Europe	≥ 200%	In compliance
€279 M (2017) – Roca	Foncière des Murs	Hotels in Europe	> 200%	In compliance
€254 M (2015) – Europe	Beni Stabili	Italy Offices	> 150%	In compliance

These covenants, moreover, most often include specific covenants for the scopes financed. The purpose of these covenants, generally scope LTV, is mainly to limit the use of financing lines by correlating it with the value of the underlying assets provided as collateral.

3.2.5.12. Provisions for contingencies and losses

3.2.5.12.1. Accounting principles applicable to provisions for contingencies and losses

Retirement commitments

The retirement commitments are recognised in accordance with revised IAS 19. Provisions are recorded on the balance sheet for the liabilities arising from defined benefits pension schemes for existing staff at the reporting date. They are calculated according to the projected credit units method based on valuations made at each reporting date. The past service cost corresponds to the benefits granted, either when the Company adopts a new defined benefits scheme, or when it changes the level of benefits of an existing scheme. When new benefits are granted upon adoption of a new scheme or change in an existing scheme, the past service cost is immediately recognised in the income statement.

Conversely, when the adoption of a new scheme or change in an existing scheme gives rise to the vesting of benefits after its implementation date, the past service cost is recognised as an expense on a straight-line basis over the average remaining period until the benefits become fully vested. Actuarial gains and losses result from the effects of changes in actuarial assumptions and experience adjustments (differences between actuarial assumptions and what has actually occurred). The change in these actuarial gains and losses is recognised in "Other items" of comprehensive income. The expense recognised in operating income includes the cost of the services rendered during the year, amortisation of past service costs and the effects of any reduction or liquidation of the scheme; the cost of discounting is recognised in net financial income. The valuations are made taking into account the Collective Agreements applicable in each country and in keeping with the various local regulations. For each employee, the retirement age is the social security eligibility age.

3.2.5.12.2. Provisions

(€K)	31/12/2016	Change in scope	Charges	Transfer	Change in actuarial gains and losses	Reversal of provision Used	Reversal of provision Unused	31/12/2017
Other provisions for disputes	3,682	0	217	0		-88	-1,939	1,872
Provisions for guarantees	0	0	0			0	0	0
Provisions for taxes	1,210	0	15	0		-176	-526	523
Provisions for renovating sites	345	0	0			0	0	345
Other provisions	4,362	0	4,185	-25		-322	-31	8,169
Provision subtotal – current liabilities	**9,599**	**0**	**4,417**	**-25**	**0**	**-586**	**-2,496**	**10,909**
Provisions for retirement benefit	48,364	0	8,229	0	-1,674	-1,906	-6,686	46,327
Provisions for long-service awards	1,233	0	8			-60	0	1,181
Provision subtotal – non-current liabilities	**49,597**	**0**	**8,237**	**0**	**-1,674**	**-1,966**	**-6,686**	**47,508**
TOTAL PROVISIONS	**59,196**	**0**	**12,654**	**-25**	**-1,674**	**-2,552**	**-9,182**	**58,417**

The provisions for litigation are broken down into €1.3 million for France Offices, €0.3 million for Italy Offices and €0.3 million for France Residential.

Provisions for taxes concern only the Italy Offices segment, in the amount of €0.5 million.

Other provisions consist primarily of the following:

- provisions for losses on contracts: 4.0 million
- other provisions for contingencies and losses: €4.0 million
- provisions relating to grantor rights (Car Parks): €0.2 million.

The provision for retirement benefits totalled €46.3 million at 31 December 2017 (including €43.5 million for the Germany Residential segment).

The main actuarial assumptions used to estimate the commitments of Foncière des Régions in France were as follows:

- rate of pay increase: managers 4%, non-managers 3%
- discounting rate: 1.11% (TEC 10 n +50 bps).

The main actuarial assumptions used to estimate the commitments in Germany were as follows:

Assumptions used in calculating provisions for retirement benefit obligations in Germany	31/12/2017	31/12/2016
Discount rate	2.1%	1.9%
Annual wage growth	2.5%	2.5%
Rate of social security charges	1%/2%	1.0%
Impact of provisions for retirement benefits on the income statement *(€K)*		
Cost of services rendered during the year	-581	-623
Financial cost	-849	-1,031
Effects of plan reductions/settlements		
TOTAL IMPACT ON THE INCOME STATEMENT	**-1,430**	**-1,654**

If the discount rate increases by 50 bps (it is presently 2.1%), the provision will be lowered, down to €40.3 million. Conversely, if its decreases 50 bps, the provision will increase, up to €46.8 million.

3.2.5.13. Other short-term liabilities

(€K)	31/12/2017	31/12/2016	Change
Social debt	20,733	19,660	1,073
Tax debt	19,028	15,172	3,856
Current accounts – liabilities	8,569	3,230	5,339
Dividends to be paid	0	0	0
Other debt	69,429	14,973	54,456
TOTAL	**117,759**	**53,035**	**64,724**

- The change in tax liabilities was €3.9 million (including €2.7 million of change for Hotels in Europe, €0.7 million for Offices France and €0.5 million for Offices Italy).
- The change in other liabilities includes €55 million of deferred payment on the acquisition of hotels in Spain, for which payment is planned late in 2018.

3.2.5.14. Recognition of financial assets and liabilities

IAS 39 categories (€K)	Line item in statement of financial position	31/12/2017 Net	Amount shown in the statement of financial position measured at: Amortised cost	Fair value through shareholders' equity	Fair value through profit or loss	Fair Value
Assets at amortised cost	Non-current financial assets	165,656	165,656			165,656
Loans and receivables	Non-current financial assets	169,368	169,368			169,368
Subscribed capital not paid up	Non-current financial assets	20,040	20,040			20,040
	Total non-current financial assets	**355,064**				**355,064**
Loans and receivables	Trade receivables[1]	168,581	168,581			168,581
Assets at fair value through profit or loss	Derivatives at fair value through profit or loss	48,178			48,178	48,178
Assets at fair value through profit or loss	Cash and cash equivalents	732,582			732,582	732,582
TOTAL FINANCIAL ASSETS		**1,304,405**	**523,645**	**0**	**780,760**	**1,304,405**
Liabilities at fair value through profit or loss	ORNANE-type bonds	633,666	188,532		445,134	636,346
Liabilities at amortised cost	Financial debt	9,561,084	9,561,084			9,605,864[2]
Liabilities at fair value through profit or loss	Financial instruments (excluding ORNANE)	234,190		8,818	225,372	234,190
Liabilities at amortised cost	Security deposits	18,369	18,369			18,369
Liabilities at amortised cost	Trade payables	167,624	167,624			167,624
TOTAL FINANCIAL LIABILITIES		**10,614,933**	**9,935,609**	**8,818**	**670,506**	**10,662,393**

(1) Excluding rent-free periods.
(2) The difference between the net book value and the fair value of the fixed rate debt is €44,780 thousand.

Breakdown of financial assets and liabilities at fair value

The table below presents the financial instruments at fair value broken down by level:

- Level 1: financial instruments listed in an active market
- Level 2: financial instruments whose fair value is evaluated through comparisons with observable market transactions on similar instruments or based on an evaluation method whose variables include only observable market data
- Level 3: financial instruments whose fair value is determined entirely or partly by using an evaluation method using an estimate that is not based on market transaction prices on similar instruments.

(€K)	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit or loss		48,178		48,178
Money-market securities available for sale		732,582		732,582
Total financial assets	**0**	**780,760**	**0**	**780,760**
ORNANE-type bonds	636,346			636,346
Derivatives at fair value through profit or loss		234,190		234,190
Total financial liabilities	**636,346**	**234,190**	**0**	**870,536**

3.2.6. Notes to the statement of net income

3.2.6.1. Accounting principles

3.2.6.1.1. Rental income

According to the presentation of the income statement, rental income is treated as revenues. Car park receipts, disposals of assets in inventory and service charges are now shown in specific lines of the income statement below net rental income.

As a general rule, invoicing is quarterly. The rental income of investment properties is recognised on a straight-line basis over the term of the ongoing leases. Any benefits granted to tenants (rent-free periods, step rental leases) are amortised on a straight-line basis over the duration of the lease agreement, in compliance with SIC 15.

3.2.6.1.2. Share-based payments (IFRS 2)

The application of IFRS 2 has resulted in the recognition of an expense for benefits granted to employees as share-based payments. This expense is recorded in income for the year.

Bonus shares are valued by Foncière des Régions at the date of their award according to a binomial valuation model. This model takes into account the features of the plan (price and exercise period), market data upon award (risk free rate, share price, volatility and expected dividends), and assumptions of beneficiary behaviour. The benefits thus granted are recognised as expenses over the vesting period, and offset by an increase in the consolidated reserves.

3.2.6.2. Operating profit

3.2.6.2.1. Rental income

(€K)	31/12/2017	31/12/2016	Change *(€K)*	Change *(%)*
France offices	272,131	274,847	-2,716	-1.0%
Italy offices	204,837	199,651	5,186	2.6%
Total Offices rental income	**476,968**	**474,498**	**2,470**	**0.5%**
Hotels in Europe	208,847	190,548	18,299	9.6%
Germany Residential	230,154	212,501	17,653	8.3%
France residential	11,441	15,187	-3,746	-24.7%
TOTAL RENTAL INCOME	**927,410**	**892,734**	**34,676**	**3.9%**

The rental income consists of rental and similar income (*e.g.* occupancy fees and entry rights) invoiced for investment properties during the period. Rent exemptions, step rental schemes and entry rights are spread out over the fixed term of the lease.

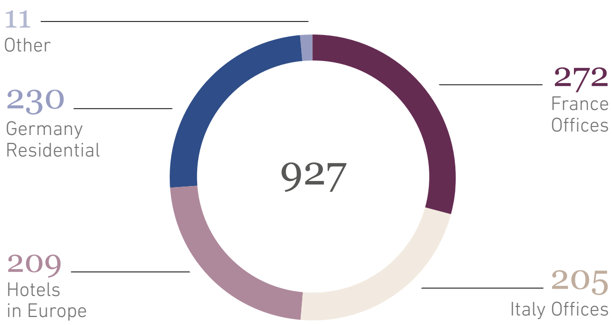
Rental income amounted to €927.4 million as at 31 December 2017, *versus* €892.7 million at 31 December 2016, up by €34.7 million.

The changes by asset-type break down as follows:

- a decrease in rental income at France Offices (-1.0%) attributable primarily to the effect of asset disposals (-€8.4 million) and assets made vacant for renovation (-€3.4 million), less the delivery of assets under development in 2016 and 2017 (+€5.4 million) and acquisitions (+€3.6 million)
- an increase in Italy Offices rents (+2.6%) due to acquisitions (+€7.9 million), as well as the arrival of new tenants and renewals of leases (+€3.7 million) minus the effect of disposals (-€4.7 million) and asset vacancies (-€2.9 million)
- an increase in rental income at Hotels in Europe (+9.6%) principally as a result of acquisitions (+€38.5 million), increased rents at AccorHotels (+€2.8 million) and the deliveries of assets under development in France and Germany (+€1.5 million) and rent indexing (+€0.8 million), less the effect of disposals in the hotel segment (-€13.5 million), the retail segment (-€2.2) and the healthcare segment (-€9.7 million)
- an increase in rental income from the Germany Residential segment (+8.3%) following acquisitions (+€23 million), rent indexing (+€7 million), less the impact of disposals (-€13 million)
- a 24.7% decrease in the France Residential segment due to disposals and assets made vacant for their disposal.

Note that the tenant Telecom Italia accounts for 48% of total revenues in the Italy Offices segment (€98.9 million).

2017 rental income by operating segment in € millions



3.2.6.2.2. Real estate expenses

(€K)	31/12/2017	31/12/2016	Change (€K)	Change (%)
Rental income	927,410	892,734	34,676	3.9%
Unrecovered rental costs	-43,225	-42,071	-1,154	2.7%
Expenses on properties	-30,509	-31,128	619	-2.0%
Net losses on unrecoverable receivables	-3,658	-4,112	454	-11.0%
NET RENTAL INCOME	**850,018**	**815,423**	**34,595**	**4.2%**
Rate for property expenses	-8.3%	-8.7%		

- Unrecovered rental costs: These expenses are net of re-invoicing to tenants, and basically correspond to charges on vacant premises.

  The change in the period (-€1.2 million) is due mainly to the effects of land taxes on the developments of France Offices (-€2.3 million), the reconsolidation of Logistics (-€0.7 million) and the effect of acquisitions in Spain (-€2.0 million), offset by a decline in Germany Residential (+€2.4 million) and gains from the decline in rents in France Residential (+€1.2 million.)
- Expenses on properties: These consist of rental expenses that are borne by the owner, expenses related to works and expenses related to property management.
- Net losses on unrecoverable receivables: These consist of losses on unrecoverable receivables and net provisions on doubtful receivables.

3.2.6.2.3. Net cost of operations

These consist of head office expenses and operating costs net of revenues from management and administration activities.

(€K)	31/12/2017	31/12/2016	Change (€K)	Change (%)
Management and administration income	20,986	16,904	4,082	24.1%
Business expenses	-7,310	-5,964	-1,346	22.6%
Overhead	-110,929	-103,478	-7,451	7.2%
Development costs (not capitalised)	-4,102	-1,038	-3,064	N/A
TOTAL NET OPERATING COSTS	**-101,355**	**-93,576**	**-7,779**	**8.3%**

- Management and administration income rose by €4.1 million. These primarily include the consolidation of Revalo in Italy, a company specialising in the management of real estate portfolios, for €4.6 million.
- Overheads rose by €7.5 million, particularly for payroll following the increase in headcount in Italy (Revalo) and Germany.
- Development costs relate to various discontinued projects in the France Offices segment (-€3 million) and Germany Residential segment (-€1 million.)

3.2.6.2.4. Results from other activities

The net income from other activities declined by €6.9 million. This change is attributable to lower earnings in Car Park companies (-€3.2 million) and by lower earnings from real estate development in the France Offices segment (€2.4 million) at 31 December 2017 *versus* (€5.5 million) at 31 December 2016.

3.2.6.3. Change in the fair value of assets

(€K)	31/12/2017	31/12/2016	Change *(€K)*
France offices	250,578	277,489	-26,911
Italy offices	63,188	74,292	-11,104
Hotels in Europe	100,161	34,838	65,323
Germany Residential	502,222	259,019	243,203
France residential	-294	-1,091	797
TOTAL CHANGE IN FAIR VALUE OF PROPERTIES	915,855	644,547	271,308

- At France Offices, the fair value is driven by creating value in the assets delivered in 2017 (+28% on average).
- In Hotels in Europe, value creation depends largely on the acquisition of the Spanish portfolio acquisition in early 2017 (+7.2%).
- At Germany Residential, the asset values benefited from indexing and the compression of present-value discount rates, particularly in Berlin, Dresden and Leipzig (yield rate on the total portfolio at 31 December 2017 was 4.7% *versus* 5.4% at 31 December 2016).

3.2.6.4. Income from changes in scope

A loss of €3.3 million was recognised under income from changes in consolidation scope, primarily due to acquisitions of shares in the Germany Residential segment (-€3.1 million). In accordance with IFRS3R, this must be recognised in profit or loss.

3.2.6.5. Costs of the net financial debt

(€K)	31/12/2017	31/12/2016	Change *(€K)*	Change *(%)*
Interest income on cash transactions	13,286	13,255	31	0.2%
Interest expense on financing operations	-201,395	-198,051	-3,344	1.7%
Net expenses on hedges	-48,806	-51,474	2,668	-5.2%
NET FINANCING COST	-236,915	-236,270	-645	0.3%

Excluding costs to repurchase fixed-rate debt and penalties (€58.3 million at 31 December 2017 *versus* €27.3 million at 31 December 2016), the cost of debt declined by €30 million, under the effect of refinancings and restructured hedges.

3.2.6.6. Net financial income

(€K)	31/12/2017	31/12/2016	Change *(€K)*	Change *(%)*
Cost of net financial debt	-236,915	-236,270	-645	0.3%
Positive changes in the fair value of financial instruments	59,435	122,566	-63,131	
Negative changes in the fair value of financial instruments	-59,313	-95,223	35,910	
Changes in the fair value of financial instruments	**122**	**27,343**	**-27,221**	**-99.6%**
Financial income from discounting	1,871	2,216	-345	
Financial expenses from discounting	-8,679	-5,835	-2,844	
Discounting	**-6,808**	**-3,619**	**-3,189**	**88.1%**
Impact of discounting and changes in fair value	-6,686	23,724	-30,410	-128.2%
Expenses net of financial provisions and other	-23,273	-52,801	29,528	-55.9%
TOTAL NET FINANCIAL INCOME	-266,874	-265,347	-1,527	0.6%

The net financial provisions and other expenses improved by €29.5 million. They mainly reflect the deferral of loan issue costs for -€21.7 million (of which -€6.4 million was extraordinary amortisation after the refinancings) *versus* -€34.6 million at 31 December 2016.

Note that this item was impacted in 2016 by the redemption penalties in France Offices of -€16.7 million.

3.2.6.7. Taxes payable and deferred taxes (including the Exit Tax)

3.2.6.7.1. Accounting principles applicable to current and deferred taxes

SIIC tax regime (French companies)

Opting for the SIIC tax regime involves the immediate liability for an exit tax at the reduced rate of 19% on unrealised capital gains relating to assets and securities of entities not subject to corporation tax. The exit tax is payable over four years, in four instalments, starting with the year the option is taken up. In return, the Company is exempted from income tax on the SIIC business and is subject to distribution obligations.

(1) Exemption of SIIC revenues

The revenues of the SIIC are exempt from taxes concerning:

- income from the leasing of assets
- capital gains realised on asset disposals, investments in companies having opted for the tax treatment or companies not subject to corporation tax in the same business, as well as the rights under a lease contract and real estate rights under certain conditions
- dividends of SIIC subsidiaries.

(2) Distribution obligations

The distribution obligations associated with exemption profits are the following:

- 95% of the earnings derived from asset leasing
- 60% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment or subsidiaries not subject to corporation tax with a SIIC corporate purpose for two years
- 100% of dividends from subsidiaries that have opted for the tax treatment.

The Exit Tax liability is discounted on the basis of the initial payment schedule determined from the first day the relevant entities adopted SIIC status.

The liability initially recognised is discounted and an interest charge is applied at each closing, allowing the liability to reflect the net discounted value as at the closing date. The discount rate used is based on the yield curve, given the deferred payment.

Ordinary law regime and deferred taxes

Deferred taxes result from temporary differences in taxation or deduction and are calculated using the liability method, and on all temporary differences in the Company financial statements, or resulting from consolidation adjustments. The valuation of the deferred tax assets and liabilities must reflect the tax consequences that would result from the method by which the Company seeks to recover or settle the book value of its assets and liabilities at year-end. Deferred taxes are applicable to Foncière des Régions' entities that are not eligible for the SIIC tax regime.

A deferred tax asset is recognised in the case of deferrable tax losses in the likely event that the entity in question, not eligible for the SIIC regime, will have taxable future profits against which the tax losses may be offset.

In the case where a French company intends to opt directly or indirectly for SIIC tax treatment in the near future, an exception under the ordinary law regime is applied by anticipating the application of the reduced rate (Exit Tax) in the valuation of deferred taxes.

SIIQ tax regime (Italian companies)

Opting for the SIIQ tax regime triggers immediate liability for exit tax at a reduced 20% tax rate on the unrealised capital gains relating to the assets eligible for SIIQ tax treatment. The exit tax is payable over a maximum of five years.

Note that in 2014, a new decree was enacted (Law Decree No. 133/2014). Previously, the Company was exempted from tax on the SIIQ revenues ("rental" asset rental income and dividends of subsidiaries subject to the tax regime) on condition of an 85% distribution ceiling. This ceiling has now been lowered to 70%.

Moreover, the decree requires that 50% of the capital gains on the disposal of assets eligible for the SIIQ regime be distributed within two years following their recognition.

In compensation, no tax is payable on capital gains from asset disposals and earnings from this business activity.

SOCIMI tax regime (Spanish companies)

The Spanish companies held by Foncière des Murs opted for the SOCIMI tax regime, effective 1 January 2017. Opting for SOCIMI does not trigger an exit tax upon making the option. However, the capital gains on the period outside of the SOCIMI regime during which assets were held are taxable when disposing of said assets.

The rental income from the leasing of assets and proceeds from disposals of assets held under the SOCIMI regime are exempt, provided 80% of rental profits and 50% of asset disposal profits are distributed. These capital gains are determined by allocating the taxable gains to the period outside the SOCIMI regime in a linear basis, over the total holding period.

3.2.6.7.2. Taxes and theoretical tax rate by geographical area

(€K)	Taxes payable	Deferred tax liabilities	Total	Deferred tax rate
France	1,121	-11	1,110	34.43%
Italy	-2,747	3,230	483	27.90%
Germany	-7,104	-103,930	-111,034	15.83%
Belgium	-2,232	8,074	5,842	29.58%
Luxembourg	-478	-1,590	-2,068	30.00%
Netherlands	-248	-2,503	-2,751	25.00%
Portugal	-311	-1,708	-2,019	23.00%
Spain	-15	0	-15	25.00%
TOTAL	**-12,014**	**-98,438**	**-110,452**	

(-) corresponds to a tax expense; (+) corresponds to a tax income.

Income taxes payable in France relate to the 3% contribution on dividends paid for the 2016 reporting period (-€1 million) and the source withholding paid on the Beni Stabili dividend (-€2 million), less the rebates on the 3% tax requested for fiscal years 2013 to 2016 (+€4 million).

Taxes payable on disposals were €6.3 million, including (€2.7 million) on Italy Offices, (€2.8 million) on Germany Residential and (€0.8 million) on Hotels in Belgium.

Impact of deferred taxes on income

(€K)	31/12/2017	31/12/2016	Change
France offices	0	500	-500
Italy offices	3,230	-2,781	6,011
Hotels in Europe	-1,813	-17,328	15,515
Germany Residential	-99,844	-37,699	-62,145
Corporate and not attributable	-11	440	-451
TOTAL	**-98,438**	**-56,868**	**-41,570**

- The deferred tax income of Italy Offices equals a downward adjustment of the deferred tax liability after the asset disposals and moving assets under development into the SIIQ regime as of 1 January 2018.

Note that the deferred tax expense of the Italy Offices segment for the 2016 fiscal year is mainly due to a decrease in the deferred tax assets following the use of tax credits.

- The deferred tax charge of the Hotels in Europe segment is largely due to the increases in value of assets in Portugal, the Netherlands and Germany, offset by a decrease in the amount of deferred tax liability on assets in Belgium following a reduction in the deferred tax rate from 33.99% to 29.58%.
- The deferred tax expense of the Germany Residential segment mainly relates to an increase in the value of assets.

3.2.6.7.3. Tax proof

The management companies that opted for the SIIC/SIIQ/SOCIMI tax regime in previous years do not pay corporate income tax, except for those that also have a taxable business activity.

Net income before taxes and before income of equity affiliates is neutralised, including for their taxable activities and their transparent taxable subsidiaries.

Accordingly, the tax proof is required solely for taxable French and international companies.

Breakdown of tax by taxable segment *(€K)*	France (SIIC) Italy (SIIQ) Spain (SOCIMI)	France Common law	Outside France Common law	31/12/2017
Net income before tax, before income of equity affiliates	709,140	2,182	708,473	1,419,795
Income tax expense recorded	2,022	-444	-112,030	-110,452

The actual tax income recognised in the SIIC/SIIQ/SOCIMI tax segment is detailed in paragraph 3.2.6.7.2.

(€K)		31/12/2017
Net income before tax		1,463,033
Share of income from equity affiliates		-43,238
Goodwill		
Net income before tax, before income of equity affiliates		**1,419,795**
of which SIIC/SIIQ/SOCIMI companies		709,140
of which companies subject to tax		**710,655**
Theoretical tax rate of 34.43%	(A)	**-244,703**
Impact of rate differentials		133,653
Impact of tax credits and fixed tax rates		-283
Impact of permanent differences		-6,463
Charged to prior year losses without DTA		2,748
Tax losses for the year without DTA		-4,725
Total tax impacts for the period	(B)	**124,930**
Impact of tax audits and taxes on prior years	(C)	**7,300**
INCOME TAX EXPENSE RECORDED	(A)+(B)+(C)	-112,475
Overall effective tax rate		15.83%

The actual income tax expense recognised relates mainly to the Germany Residential segment.

3.2.7. Other information

3.2.7.1. Personnel remuneration and benefits

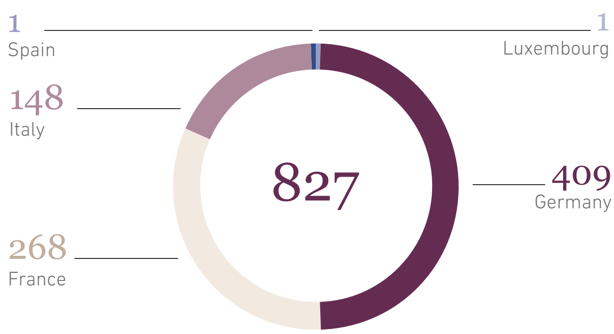
3.2.7.1.1. Personnel expenses

At 31 December 2017, personnel expenses amounted to €65.6 million, compared with €63.9 million at 31 December 2016. This increase is mostly attributable to adding personnel in Germany Residential and Italy Offices (consolidation of Revalo in December 2016.)

Headcount

At 31 December 2017, the headcount of fully consolidated companies was 827.

› Headcount by country in number of employees



The average headcount for 2017 was 811 employees.

3.2.7.1.2. Description of share-based payments

Foncière des Régions awarded free shares in 2017. The following assumptions were made for the free shares:

Plan of 15 February 2017	France without performance condition	France with performance condition – performance scenario	France with performance condition – FDR internal objective	Germany without performance condition
Date awarded	15/02/2017	15/02/2017	15/02/2017	15/02/2017
Number of shares awarded	8,423	12,000	12,000	4,000
Share price on the date awarded	€78.16	€78.16	€78.16	€78.16
Exercise period for rights	3 years	3 years	3 years	3 years
Cost of non-collection of dividends	-€13.74	-€13.74	-€13.74	-€13.74
Actuarial value of the share net of dividends not collected during the vesting period	€64.42	€64.42	€64.42	€64.42
Revenue-related discount				
In number of shares	1,358	1,411	1,411	645
As percentage of share price on the date awarded	16%	12%	12%	16%
Value of the benefit per share	€51.82	€38.39	€41.42	€51.82

Plan of 15 February 2017	Italy with performance condition – performance scenario	Italy with performance condition – FDR internal objective
Date awarded	15/02/2017	15/02/2017
Number of shares awarded	750	750
Share price on the date awarded	€78.16	€78.16
Exercise period for rights	3 years	3 years
Cost of non-collection of dividends	-€13.74	-€13.74
Actuarial value of the share net of dividends not collected during the vesting period	€64.42	€64.42
Revenue-related discount		
In number of shares	88	88
As percentage of share price on the date awarded	12%	12%
Value of the benefit per share	€31.94	€41.42

Plan of 22 November 2017	Executives without performance condition	Employees without performance condition
Date awarded	22/11/2017	22/11/2017
Number of shares awarded	27,900	65,130
Share price on the date awarded	€88.83	€88.83
Exercise period for rights	2 years	3 years
Cost of non-collection of dividends	-€9.39	-€14.20
Actuarial value of the share net of dividends not collected during the vesting period	€79.44	€74.63
Revenue-related discount		
In number of shares	2,433	10,705
As percentage of share price on the date awarded	8.72%	16.44%
Value of the benefit per share	€71.69	€60.03

In 2017 the total number of free shares awarded was 130,953 shares. As stated elsewhere, the corresponding expense is recognised in income over the entire vesting period.

The cost of the free share awards recognised at 31 December 2017 amounted to €5,473 thousand, while the related social security contribution was €1,199 thousand. These expenses are presented in the income statement on the "Discounting of liabilities and receivables" line.

The cost of the free share awards includes the impact of the 2013 plan for €43 thousand, the 2014 plan for €1,148 thousand, the 2015 plan for €1,471 thousand, the 2016 plan for €2,082 thousand, and the 2017 plan for €729 thousand.

3.2.7.2. Earnings per share and diluted earnings per share

Earnings per share (IAS 33)

Basic earnings per share are calculated by dividing the income attributable to holders of ordinary Foncière des Régions shares (the numerator) by the average weighted number of ordinary shares outstanding (the denominator) over the period.

In accordance with the rules set out in IAS 33, when shares are issued with preferential subscription rights, the number of ordinary shares to take into account when calculating basic and diluted earnings per share for all periods prior to the rights issue is the number of ordinary shares outstanding before the issue, multiplied by the following factor:

Fair value per share immediately prior to exercise of the right/ Theoretical fair value per share ex-right.

To calculate the diluted earnings per share, the average number of shares outstanding is adjusted to reflect the conversion of all dilutive potential ordinary shares, including free shares being vested and convertible bonds (ORNANE) type.

The impact of the dilution is only taken into account if it is dilutive.

The dilutive effect is calculated using the treasury stock method. The number calculated using this method is added to the average number of shares outstanding and becomes the denominator. To calculate the diluted earnings, the income attributable to the holders of ordinary Foncière des Régions shares is adjusted by:

- all dividends or other items under potentially dilutive ordinary shares that were deducted to arrive at the income attributable to the holders of ordinary shares
- interest recognised during the fiscal year to the potentially dilutive ordinary shares
- any change in the income and expenses resulting from the conversion of the dilutive potential ordinary shares.

	Net income
GROUP SHARE *(€K)*	**914,112**
Interest on ORNANE-type bonds	3,019
Change in fair value of ORNANE-type bonds	23,611
GROUP SHARE AFTER CONVERSION OF ORNANE-TYPE BONDS *(€K)*	**940,741**
Average number of undiluted shares	**73,656,016**
Impact of dilution – free shares(1)	**473,300**
Share options	*0*
Number of free shares(1)	*473,300*
Average number of shares diluted by free shares	**74,129,316**
Dilution impact of conversion of France 2019 ORNANE-type bonds	**4,519,650**
Conversion of ORNANE-type bonds	*4,519,650*
Average number of fully diluted shares after conversion of ORNANE-type bonds	**78,648,966**
Net profit (loss) per non-diluted share *(€)*	**12.41**
Impact of dilution – free shares *(€)*	**-0.08**
DILUTED EARNINGS PER SHARE OF FREE SHARES *(€)*	**12.33**
DILUTED EARNINGS PER SHARE OF FREE SHARES AND ORNANE-TYPE BONDS *(€)*	**11.96**

(1) The number of shares being vested is broken down according to the following plans:

2014 Plan	*107,659*
2015 Plan	*33,571*
2016 Plan	*201,397*
2017 Plan	*130,673*
Total	***473,300***

In accordance with IAS 33 § 49 “Earnings per share”, the impact from the dilution related to the conversion of the France Ornane-type bonds maturing in 2019 as at 1 January 2017 is taken into account, because the latter is dilutive.

3.2.7.3. Off-balance sheet commitments

3.2.7.3.1. Commitments given

Fully consolidated companies

Off-balance sheet commitments given *(€M)*	Maturity	31/12/2017	31/12/2016
Commitments related to consolidated companies		**28.9**	**175.3**
Investment commitments		0.0	138.0
Commitments given for specific transactions		0.0	8.4
Commitments given for disposal of equity interests – Liabilities guarantees[(1)]	2018-2020	28.9	28.9
Commitments related to financing		**5,675.7**	**3,158.7**
Financial guarantees given (CRD of pledged debt)		5,675.7	3,158.7
Commitments related to operating activities		**993.2**	**1,733.0**
Commitments given related to business development		**347.4**	**735.0**
Work commitments outstanding on assets under development[(2)]		308.8	273.3
Purchase commitments		0.0	421.7
Bank guarantees and other guarantees given	2019-2020	38.6	40.0
Commitments related to the implementation of operating contracts		**125.9**	**117.1**
Work commitments outstanding on investment properties[(3)]		86.3	117.1
Other contractual commitments given in "rental income owed"	2050-2052	39.6	0.0
Commitments related to asset disposals		**519.9**	**880.9**
Preliminary sale agreements given		519.9	880.9

(1) Foncière des Régions has guaranteed liabilities in the context of asset disposals:
- Logistics (instead of Foncière Europe Logistique), in the amount of €15.5 million maturing in 2018 and 2020
- Car parks, in the amount of €13.4 million maturing at the end of 2018.

(2) Commitments relating to work on assets under development:

(€M)	Cost of works budgets signed*	Amounts of works recognised	Total works commitment outstanding	Delivery date
Montrouge/Marne	25.4	21.9	3.5	> 2019
Meudon Canopée	13.7	10.4	3.3	> 2019
Meudon Opale	13.9	13.4	0.5	> 2019
Meudon Ducasse	18.0	0.7	17.3	
Lezennes – Helios	21.1	12.4	8.7	Q4-2018
Lyon Silex 2	173.8	26.9	146.9	2019
Montpellier Pompignane	4.2	3.1	1.2	2018
Reims New St Charles (Phase 2)	4.0	0.8	3.2	
Toulouse Riverside	27.7	19.7	8.0	Q1-2018
Total France Offices	**301.8**	**109.3**	**192.5**	
Ferrucci	29.5	19.2	10.3	2018-2019
Milan	25.3	11.4	13.9	2018
Symbiosis (Buildings A&B)	94.0	71.1	22.9	2018
Total Italy Offices	**148.8**	**101.7**	**47.1**	
Berlin	8.6	1.2	7.4	2018-2019
Essen	9.0	0.1	8.9	2019
Total Germany Residential	**17.6**	**1.3**	**16.3**	
B&B Berlin	10.9	8.5	2.4	Q2-2018
Meininger Munich	28.6	26.1	2.5	Q2-2018
B&B Châtenay-Malabry	8.6	6.9	1.7	Q2-2018
B&B Lyon Berthelot	7.8	0.9	6.9	2019
Meininger Porte de Vincennes	44.9	21.4	23.4	Q1-2019
Meininger Lyon Zimmermann	18.2	5.7	12.5	Q3-2019
B&B Cergy	4.8	1.3	3.6	2019
Total Hotels in Europe	**123.7**	**70.8**	**52.9**	
GRAND TOTAL	**591.9**	**283.1**	**308.8**	

* *The budgets for building works signed are monitored and updated regularly.*

(3) Commitments relating to work on investment properties:

(€M)	Cost of works budgets signed*	Amounts of works recognised	Total works commitment outstanding	Maturity
Commitments to works on lease or lease renewal	28.7	11.2	17.5	
Lift upgrade works	11.0	5.5	5.5	2018-2020
Telecom Italia	37.8	7.4	30.4	
Total France and Italy Offices	**77.5**	**24.2**	**53.3**	
Accor Hotels	10.4	2.7	7.7	2018-2019
Club Med Dabalaia	8.3	5.6	2.7	2018
Hotels B&B	54.4	31.9	22.5	
Total Hotels in Europe	**73.1**	**40.2**	**33.0**	
GRAND TOTAL	**150.6**	**64.3**	**86.3**	

** The budgets for building works signed are monitored and updated regularly.*

Other commitments given related to consolidated companies

Other commitments:

- Under its SIIC status, the Group has specific obligations, as set out in section 3.2.1.6.7.1.
- Under the free share plans awarded (see § 3.2.7.2), Foncière des Régions has undertaken to deliver (through acquisition or creation) 473,300 shares to the beneficiaries present at the end of the vesting period.
- After the partial disposal of the cottage in Sunparks Vielsam (held by a subsidiary of Foncière des Murs), Pierre et Vacances agreed to buy the remaining cottages after two-years. There is also a preliminary contribution agreement on the Central Facility by a joint venture (FDM 36%) with the option for Foncière des Murs to exercise a sale option at the end of the tenth year.
- As part of the Dassault Systems extension project managed by SCI Latécoère 2, Foncière des Régions granted a yield guarantee to SCI DS Campus on 18 June 2015 subject to the following terms:
  - 3.5% per year on amounts invested during the 18 month period beginning on 1 December 2016
  - 7% per year during the period commencing on 1 June 2018 and ending on the date of the first rent.
- As part of the partnership with ACM VIE in the SCIs 9 and 15 rue des Cuirassiers (with the Silex properties), Foncière des Régions granted a guaranteed return dated 7 December 2017, which works as follows:
  - 2.80% per year beginning 7 December 2017 and ending at the close of the Silex incentive period, or sixteen (16) months after delivery, for up to a minimum of fifty-four (54) months from the signing of this guarantee.
  - This is after deducting any money paid by one of the SCIs to ACM VIE as a dividend (or interim dividend), repayment of premium, or interest during the guaranteed return period.
  - In the event that subsequently to the end of the term of this guarantee, money were paid by the SCIs to ACM VIE, the partner would have to pay back these amounts to Foncière des Régions within ten (10) working days of their receipt.

Companies consolidated by the equity method

Information is presented for the Group Share.

Off-balance sheet commitments given *(€M)*	Maturity	31/12/2017	31/12/2016
Commitments related to consolidated companies		**0.0**	**12.7**
Investment commitments		0.0	4.2
Commitments given for specific transactions		0.0	8.5
Commitments related to financing		**235.8**	**251.6**
Financial guarantees given		235.8	251.6
Commitments related to operating activities		**19.3**	**35.0**
Financial instruments contracted for the purpose of receipt or delivery of a non-financial item (own use contracts)			
Commitments given related to business development		**18.5**	**31.4**
Works commitment outstanding on assets under development[1]		13.6	27.6
Bank guarantees and other guarantees given	2018	4.9	0.0
"Claw back" clause		0.0	3.8
Commitments related to the implementation of operating contracts		**0.8**	**3.6**
Works commitment outstanding on investment properties		0.0	0.6
Exercise of finance lease options		0.8	3.0

(1) Commitments relating to work on assets under development:

(€M)	Cost of works budgets signed	Amounts of works recognised	Total works commitment outstanding	Delivery date
Bordeaux Armagnac (Factor E)	10.9	6.1	4.8	Q3-2018
Bordeaux Armagnac (Orianz)	21.8	13.0	8.8	Q3-2018
Total France Offices	**32.7**	**19.1**	**13.6**	
GRAND TOTAL	**32.7**	**19.1**	**13.6**	

3.2.7.3.2. Commitments received

Fully consolidated companies

Off-balance sheet commitments received *(€M)*	**Maturity**	**31/12/2017**	**31/12/2016**
Commitments related to consolidated companies		**2.0**	**8.5**
Other[1]	2018	2.0	8.5
Commitments related to financing		**1,548.9**	**1,137.7**
Financial guarantees received (authorised lines of credit not used)		1,548.9	1,137.7
Commitments related to operating activities		**4,091.4**	**4,605.1**
Other contractual commitments received related to "rental income due" activities[2]		2,784,1	2,486.5
Assets received in pledge, mortgage or collateral and guarantees received		392.3	287.5
Preliminary sale agreements received		519.9	880.9
Works commitment outstanding (fixed assets) = (2) + (3) commitments given		395.1	390.5
Acquisition commitments (fixed assets)		0.0	559.7

(1) Foncière des Régions received, as part of the Car Parks disposal (the Verdi deal) a performance-based earn-out payment equal to 10% of the difference between the actual 2018 revenue and the benchmark revenue up to a maximum of €2 million, terminating on 30 June 2019.

(2) Others contractual commitments received related to the activity "Rent to be collected":

(€M)	France offices	Hotels and Service Sector	Total
Less than 1 year	236.2	131.3	367.4
1 to 5 years	751.2	603.5	1,354,7
Over 5 years	235.8	826.5	1,062.3
TOTAL	**1,223.1**	**1,561.3**	**2,784.4**

Companies consolidated by the equity method

Information is presented for the Group Share.

Off-balance sheet commitments received *(€M)*	**Maturity**	**31/12/017**	**31/12/016**
Commitments related to consolidated companies		**0.0**	**12.7**
Commitments received on specific transactions		0.0	12.7
Commitments related to financing		**11.8**	**5.1**
Commitments related to financing not specifically required by IFRS 7			
Financial guarantees received (authorised lines of credit not used)		11.8	5.1
Commitments related to operating activities		**18.8**	**28.2**
Assets received in pledge, mortgage or collateral and guarantees received		5.2	0.0
Works commitment outstanding (fixed assets) = (1) commitments given		13.6	28.2

Commitments on operating leases

General overview of the main provisions of simple operating lease agreements.

France Offices

Lease types	Office	
	Orange	Other offices
Conditions for renewal or purchase options	Proposal for renewal 6 or 12 months before the expiration of the lease (according to lease)	Proposal for renewal 6 or 12 months before the expiration of the lease (according to lease)
Indexing clauses	ILAT	ICC/ILAT
Term	3-6-9-12 years	3-6-9-12 years

The firm residual duration of leases of France Offices was 5 years, *versus* 5.6 years as at 31 December 2016.

Hotels in Europe

Lease types	AccorHotels Hotels	Sunparks	Club Med
Basis for determining contingent rents	Per hotel revenue	Per lease	Per lease
Conditions for renewal or purchase options	Proposal for renewal 18 months before the expiration of the lease The tenant has 6 months to accept or refuse the renewal	Proposal for renewal 15 months before lease expiry for a 10-year term	Proposal for renewal 9 months before the expiration of the term of validity. Renewal on the same terms as the existing lease – 15 years, of which 8 are fixed and irrevocable
Indexing clauses	Based on Hotel revenues	In line with the change in the healthcare index published by Moniteur Belge	In line with the value of the Eurostat CPI index
Term	12 years firm	15 years firm	15 years firm

Lease types	Courtepaille restaurants	Jardiland	Quick restaurants
Basis for determining contingent rents	Per lease	Per lease	Per lease
Conditions for renewal or purchase options	Renewal at the end of the lease with the same conditions and charges as the initial lease	Renewable for a period of 9 years For the first renewal, the tenant commits to a fixed and irreducible term of 6 years From the second renewal the tenant may cancel after each 3-year period	Renewal at the end of the lease with the same conditions and charges as the initial lease
Indexing clauses	In line with the change in the commercial rent index (ILC)	In line with the change in the commercial rent index (ILC)	In line with the change in the commercial rent index (ILC)
Term	Leases for 3-6-9 years	Leases for 6-12 years, 6-9-12 years or 12 years firm	12 years firm

Lease types	B&B Hotels France	B&B Hotels Germany	B&B Hotels Spain
Basis for determining contingent rents	Per lease	Per lease	Per lease
Conditions for renewal or purchase options	Renewable twice for 12 years, then once for 9 years (with the option to terminate every 3 years)	Two 5-year renewal options under the same conditions and charges	Renewable twice for 15 years on the tenant's request
Indexing clauses	In line with the change in the commercial rent index (ILC)	In line with the change in the German consumer price index (VPI)	100% of the Spanish CPI
Term	12 years firm	20 years firm	15 years firm

Lease types	NH Hotel	Motel One Hotels	B&B Hotels Germany 2
Basis for determining contingent rents	Per lease		
Conditions for renewal or purchase options	Renewal at expiration of the lease Four 10-year renewal options	Two 5-year renewal options under the same conditions and charges	Two 5-year extensions possible on the tenant's request
Indexing clauses	In line with the change in the consumer price index (CPI)	In line with the change in the German consumer price index (VPI)	100% of the German CPI
Term	20 years firm	20 years firm	20 years firm

Lease types	Bardiomar	Trade Center Hotel	Rocatierra
Conditions for renewal or purchase options	N/A	N/A	N/A
Indexing clauses	Variable rent with minimum guarantee Variable depending on revenue	Based on the Spanish CPI	Based on the Spanish CPI – Variable depending on revenue
Term	45 years firm	20 years firm	12 years firm

The firm residual duration of leases of Hotels in Europe was 10.7 years, *versus* 10.4 years at 31 December 2016.

3.2.7.4. Related-party transactions

The information mentioned below concerns the main related-parties, namely equity affiliates.

Details of related-party transactions (in €K)

Partner	Type of partner	Operating profit	Net financial income	Balance sheet	Comments
Cœur d'Orly	Equity affiliates	918	175	16,670	Monitoring of projects and investments, Loans, Asset fees
Euromed	Equity affiliates	722	707	34,596	Monitoring of projects and investments, Loans, Asset and property fees
Lenovilla	Equity affiliates	339	0	27,102	Loans, Asset and property fees
Latécoère 2	Equity affiliates	2,907	0	0	Monitoring of projects and investments, Loans, Asset and property fees
SCI Factor E and SCI Orianz	Equity affiliates	0	114	9,344	Loans

3.2.7.5. Executive Compensation

(€K)	31/12/2017	31/12/2016
MANAGEMENT		
Short-term benefits (fixed/variable)	2,311	2,312
Post-retirement benefits		
Long-term benefits		
Benefits in kind	84	83
Compensation for termination of contract		
TOTAL	**2,395**	**2,395**
DIRECTORS		
ATTENDANCE FEES	**579**	**383**

The variable portion does not include the shares awarded in 2017. Moreover, 37,923 shares were awarded to the senior executives in 2017 (including 25,500 shares awarded subject to performance conditions) and will vest in 2020.

In case of involuntary departure, an indemnity will be awarded to the following senior executives:

- Christophe Kullmann (Chief Executive Officer):

  The indemnity will be equal to 12 months' salary (fixed and variable) increased by one month for each year of service, limited in total to 24 months' salary.
- Olivier Estève (Deputy General Manager):

  The indemnity will be equal to 12 months' salary (fixed and variable) increased by one month for each year of service, limited in total to 24 months' salary.

3.2.7.6. Statutory Auditors' fees

	Mazars				Ernst & Young and Others				Other			
	Amount		%		Amount		%		Amount		%	
(€K)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Statutory Auditors, auditing, Review of statutory and consolidated financial statements	**1,291**	**1,483**	**42%**	**46%**	**1,674**	**1,651**	**55%**	**51%**	**89**	**89**	**3%**	**3%**
Issuer	349	349	50%	50%	349	349	50%	50%				
Fully consolidated affiliates	887	1 058	57%	64%	621	594	40%	36%	37	37	2%	
Equity affiliates	55	76	7%	9%	704	708	87%	85%	52	52	6%	6%
Other verifications and procedures directly linked to the Statutory Auditors' mission	**54**	**567**	**11%**	**52%**	**414**	**525**	**89%**	**48%**	**0**	**0**		
Issuer	21	48	21%		78	63	79%	57%				
Fully consolidated affiliates	13	19	5%	6%	250	300	95%	94%				
Equity affiliates	20	500	19%	76%	86	162	81%	24%				
TOTAL	**1,344**	**2,049**	**38%**	**48%**	**2,088**	**2,175**	**59%**	**50%**	**89**	**89**	**3%**	**2%**

(1) Other services than auditing realised in 2017 relate to the CSR for €111,0 thousand, market transaction, diligence requiring an AMF visa for €158,0 thousand and other operations for €199,0 thousand.

3.2.8. Segment reporting

3.2.8.1. Accounting principles as regards operating segments – IFRS 8

The Foncière des Régions group holds a wide range of real estate assets to collect rental income and benefit from appreciation in the assets held. Segment reporting is organised by asset type.

The operating segments are as follows:

- France Offices: office real estate assets located in France
- Italy Offices: office real estate assets located in Italy held by Beni Stabili
- Hotels in Europe: commercial buildings in the hotel and retail segment held by Foncière des Murs
- Germany Residential: real estate assets in Germany held by Foncière des Régions through its subsidiary Immeo SE
- France Residential: residential real estate assets in France held by Foncière Développement Logements.

These segments are reported on and analysed regularly by Group management in order to make decisions on what resources to allocate to the segment and to evaluate their performance.

As of 1 January 2017, following the merger of FEL with Foncière des Régions, the residual logistics operations, not material at the Group level, are no longer included under discontinued operations and have been reclassified under France Offices in the financial statements.

3.2.8.2. Intangible fixed assets

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Concessions and other fixed assets	1,609	2,083	0	359	1	22,112	26,164
NET	**1,609**	**2,083**	**0**	**359**	**1**	**22,112**	**26,164**

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Concessions and other fixed assets	1,564	2,142	0	433	1	21,842	25,982
NET	**1,564**	**2,142**	**0**	**433**	**1**	**21,842**	**25,982**

The "Corporate and not chargeable" column includes the intangible fixed assets of the remaining Car Park companies.

3.2.8.3. Tangible fixed assets

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Operating properties	152,572	18,086	1	5,603	0	0	176,262
Other fixed assets	1,693	1,508	423	4,590	12	173	8,399
Fixed assets in progress	10,155	0	3,478	5,487	0	0	19,120
NET	**164,420**	**19,594**	**3,902**	**15,680**	**12**	**173**	**203,781**

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Operating properties	42,037	19,348	2	5,371	0	52	66,810
Other tangible fixed assets	1,230	3,188	442	3,066	18	1,026	8,970
Fixed assets in progress	1,562	5,000	58,054	9,365	0	780	74,761
NET	**44,829**	**27,536**	**58,498**	**17,802**	**18**	**1,858**	**150,541**

The increase of (+€119.6 million) in France Offices includes the transfer of the assets operated by a Group company for the co-working business (The Line and Art&Co +€111 million).

Tangible fixed assets changed in Hotels in Europe by -€54.6 million following the exercise of call options on five NH hotels in Germany (-€58.1 million) and the instalment paid on the purchase of a call option on a hotel in Berlin (+€3.5 million). The -€2.1 million change in Germany Residential was due to the acquisition of buildings in Germany (-€9 million) and the instalment paid on the future acquisition of buildings in Germany (+€3.6 million).

The -7.9 million decrease in Italy Offices was mainly due to the use of a -€5 million instalment payment to acquire the asset under development via Principe Amédéo in Milan.

3.2.8.4. Investment properties/Assets held for sale

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Investment properties	5,319,980	3,738,469	3,634,633	4,799,893	239,793	0	17,732,768
Operating assets held for sale	112,343	22,453	207,396	138,211	39,488	0	519,891
Properties under development	166,046	428,900	89,934	0	0	0	684,880
TOTAL	**5,598,369**	**4,189,822**	**3,931,963**	**4,938,104**	**279,281**	**0**	**18,937,539**

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Investment properties	4,891,390	3,612,251	2,999,592	3,968,790	387,614	0	15,859,637
Operating assets held for sale	140,110	76,601	19,417	23,749	38,017	0	297,894
Properties under development	434,859	355,370	113,579	0	0	0	903,808
TOTAL	**5,466,359**	**4,044,222**	**3,132,588**	**3,992,539**	**425,631**	**0**	**17,061,339**

In France Offices, the change in total assets (€5,320 million in 2017 as compared to €4,891 million in 2016) was attributable to acquisitions (+€3 million), construction done during the period (+€35.4 million), the change in fair value (+€125.8 million), the deliveries of assets under development (+€421.9 million), the full consolidation of the Dassault Systèmes expansion (€86.4 million), the transfer into tangible fixed assets of the co-working property The Line (-€44 million) and the reclassification as assets held for sale (-€199.9 million).

At Italy Offices, the increase (+€126.2 million) resulted from asset acquisitions (+€142.4 million), reclassification as assets held for sale (-€74.5 million), a change in the fair value (+€53.2 million) and to construction (+€17.2 million).

The total of investment properties rose sharply at Germany Residential (+€831 million), largely due to the acquisitions of asset-holding companies (+€488.9 million), the acquisitions of assets (+€92.4 million), changes in asset values (+€483.4 million) and construction (+€69.6 million).

The same applies to the Hotels in Europe (+€635 million), an increase due primarily to acquisitions of asset-holding companies (+€204.9 million), direct acquisitions of assets (+€372.6 million), the exercise of five purchase options on NH hotels in Germany (+€70.9 million) and works (+€41.5 million).

The decrease in the France Residential segment resulted mainly from disposals made in 2017 (-€147 million).

3.2.8.5. Financial assets

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Loans	88,051	0	73,086	734	158	90	162,119
Current accounts	0	0	0	0	0	0	0
Other financial assets	650	7,078	41,359	124,685	2	11,922	185,696
Finance lease receivables	0	0	0	0	0	0	0
Receivables on financial assets	0	6,773	0	476	0	0	7,249
Investments in equity affiliates	118,637	17,762	232,502	0	0	0	368,901
NET	**207,338**	**31,613**	**346,947**	**125,895**	**160**	**12,012**	**723,965**

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Loans	128,466	0	63,945	4	144	94	192,653
Current accounts	0	0	0	0	0	0	0
Other financial assets	651	7,746	20,161	24,743	2	2	53,305
Finance lease receivables	0	0	0	0	0	2	2
Receivables on financial assets	0	8,667	0	465	0	0	9,132
Investments in equity affiliates	103,803	19,042	222,547	0	0	0	345,392
NET	**232,920**	**35,455**	**306,653**	**25,212**	**146**	**98**	**600,484**

The decrease in financial assets of France Offices was largely due to the decline in loans granted to equity affiliates (-€30.5 million), including Euromarseille following the disposals of the Hermione and Floréal assets (-€25.8 million) and Latécoère 2 (the Dassault Systèmes expansion) after the change to full consolidation (-€19.4 million), offset by the increase in loans granted to the companies that own the Bordeaux Armagnac project (Orianz and Factor E) in the amount of +€4.1 million.

The increase in the financial assets of the Germany Residential segment resulted from the use of advances given in 2016 (-€13.4 million) to acquire shares of companies in Germany (the Ferdinand and Golddust transactions) and the payment of €126.1 million to acquire the shares of unconsolidated companies in Germany.

3.2.8.6. Inventories and work-in-progress

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Inventories and work-in-progress	12,284	22,560	0	6,627	1,766	0	43,237
TOTAL	**12,284**	**22,560**	**0**	**6,627**	**1,766**	**0**	**43,237**

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Inventories and work-in-progress	631	27,465	0	4,765	1,822	0	34,683
TOTAL	**631**	**27,465**	**0**	**4,765**	**1,822**	**0**	**34,683**

The increase in inventories in France Offices was primarily due to the transfer of five assets in Residential development (+€11.3 million).

3.2.8.7. Contribution to shareholders' equity

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Group shareholders' equity before elimination of securities	5,966,557	976,690	1,094,352	1,500,677	368,516	965,574	10,872,366
Elimination of securities	0	-1,245,504	-918,276	-1,025,966	-278,067	-1,041,246	-4,509,059
Shareholders' equity Group Share	**5,966,557**	**-268,814**	**176,076**	**474,711**	**90,449**	**-75,672**	**6,363,307**
Minority interests	342,609	1,221,753	1,317,964	919,972	0	2,054	3,804,352
SHAREHOLDERS' EQUITY	6,309,166	952,939	1,494,040	1,394,683	90,449	-73,618	10,167,659

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Discontinued operations	Total
Group shareholders' equity before elimination of securities	5,403,809	966,105	926,584	1,069,877	265,422	857,247	163,475	9,652,519
Elimination of securities	0	-1,242,708	-760,954	-891,433	-166,868	-856,014	-432,170	-4,350,147
Shareholders' equity Group Share	**5,403,809**	**-276,603**	**165,630**	**178,444**	**98,554**	**1,233**	**-268,695**	**5,302,372**
Minority interests	300,638	899,354	1,134,720	656,568	144,742	29,582		3,165,604
SHAREHOLDERS' EQUITY	5,704,447	622,751	1,300,350	835,012	243,296	30,815	-268,695	8,467,976

3.2.8.8. Financial liabilities

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Total long-term interest-bearing loans	1,057,502	1,965,242	1,673,578	2,072,778	39,902	1,787,314	8,596,316
Total short-term interest-bearing loans	9,991	390,350	36,955	58,359	-34	1,028,622	1,524,243
TOTAL LT AND ST LOANS	1,067,493	2,355,592	1,710,533	2,131,137	39,868	2,815,936	10,120,559

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Total long-term interest-bearing loans	979,305	2,179,732	1,273,103	1,832,476	119,230	2,000,330	8,384,176
Total short-term interest-bearing loans	10,301	106,255	45,510	25,499	-478	1,166,018	1,353,105
TOTAL LT AND ST LOANS	989,606	2,285,987	1,318,613	1,857,975	118,752	3,166,348	9,737,281

3.2.8.9. Derivatives

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Financial instruments – assets	430	8,306	5,748	6,663	1	27,030	48,178
Financial instruments – liabilities	14,640	10,639	38,778	22,203	0	236,596	322,856
NET FINANCIAL INSTRUMENTS	14,210	2,333	33,030	15,540	-1	209,566	274,678

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Total
Financial instruments – assets	514	0	7,523	3,336	16	29,303	40,692
Financial instruments – liabilities	19,648	18,136	88,339	50,727	7,438	244,582	428,870
NET FINANCIAL INSTRUMENTS	19,134	18,136	80,816	47,391	7,422	215,279	388,178

3.2.8.10. Statement of net income by operating segments

In accordance with IFRS 12, paragraph B11, inter-segment transactions, in particular management fees, are indicated separately in this presentation.

2017 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Intercos Inter-sector	31/12/2017
Rental income	273,095	204,837	208,847	230,154	11,441	0	-964	927,410
Unrecovered rental costs	-10,957	-23,875	-2,036	-3,666	-2,721	-29	59	-43,225
Expenses on properties	-9,981	-7,372	-3,267	-18,802	-1,207	-40	10,160	-30,509
Net losses on unrecoverable receivables	-887	-788	-9	-1,845	-132	3	0	-3,658
Net rental income	**251,270**	**172,802**	**203,535**	**205,841**	**7,381**	**-66**	**9,255**	**850,018**
Management and administration income	16,044	4,882	6,469	5,684	147	10,682	-22,922	20,986
Business expenses	-2,144	-1,451	-5,417	-1,261	-509	-53	3,525	-7,310
Overhead	-29,493	-25,480	-11,938	-39,949	-2,063	-12,159	10,153	-110,929
Development expenses	-3,013	0	-11	-1,078	0	0	0	-4,102
Net cost of operations	**-18,606**	**-22,049**	**-10,897**	**-36,604**	**-2,425**	**-1,530**	**-9,244**	**-101,355**
Income from other activities	3,207	0	0	4,329	0	20,445	-2	27,979
Expenses of other activities	-685	-963	0	-3,544	0	-16,578	0	-21,770
Income from other activities	**2,522**	**-963**	**0**	**785**	**0**	**3,867**	**-2**	**6,209**
Depreciation of operating assets	-3,504	-2,633	-19	-1,564	-6	-2,179	0	-9,905
Net allowances to provisions and other	1,263	-7,496	-1,299	-172	223	1,514	-9	-5,976
OPERATING PROFIT	**232,945**	**139,661**	**191,320**	**168,286**	**5,173**	**1,606**	**0**	**738,991**
Proceeds from disposals of trading properties	0	14	0	5,932	123	0	0	6,069
Net change in trading properties	-51	-5,833	0	-4,542	-56	0	0	-10,482
Net income from inventory properties	**-51**	**-5,819**	**0**	**1,390**	**67**	**0**	**0**	**-4,413**
Income from asset disposals	300,530	205,603	138,460	251,946	159,120	13	0	1,055,672
Carrying value of investment properties sold	-295,212	-207,682	-133,888	-221,892	-153,275	-22	0	-1,011,971
Disposals of assets	**5,318**	**-2,079**	**4,572**	**30,054**	**5,845**	**-9**	**0**	**43,701**
Gains in value of investment properties	274,411	143,810	128,588	528,621	672	0	0	1,076,102
Losses in value of investment properties	-23,833	-80,622	-28,427	-26,399	-966	0	0	-160,247
Net valuation gains and losses	**250,578**	**63,188**	**100,161**	**502,222**	**-294**	**0**	**0**	**915,855**
Income from disposal of securities	**0**	**-3,742**	**0**	**0**	**0**	**-397**	**0**	**-4,139**
Income from changes in scope	**0**	**0**	**247**	**-3,135**	**-59**	**-379**	**0**	**-3,326**
OPERATING PROFIT (LOSS) after valuation impact and disposals	**488,790**	**191,209**	**296,300**	**698,817**	**10,732**	**821**	**0**	**1,686,669**
Income from non-consolidated companies	-1	0	0	1	0	0	0	0
Cost of net financial debt	-45,387	-50,729	-35,140	-64,162	-1,108	-40,389	0	-236,915
Fair value adjustment on derivatives	6,433	-30,922	13,764	15,940	-203	-4,890	0	122
Discounting of liabilities and receivables	-6,476	0	626	-849	-36	-73	0	-6,808
Net change in financial and other provisions	-6,058	-7,884	-5,142	-3,292	-897	0	0	-23,273
Share in income of equity affiliates	26,422	-693	17,509	0	0	0	0	43,238
PRE-TAX NET INCOME (LOSS)	**463,723**	**100,981**	**287,917**	**646,455**	**8,488**	**-44,531**	**0**	**1,463,033**
Deferred tax liabilities	0	3,230	-1,813	-99,844	0	-11	0	-98,438
Recurrent Tax	-1,204	-2,747	-2,244	-6,612	1,475	-682	0	-12,014
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**462,519**	**101,464**	**283,860**	**539,999**	**9,963**	**-45,224**	**0**	**1,352,581**
Net income (loss) from discontinued operations								0
NET INCOME FOR THE PERIOD	**462,519**	**101,464**	**283,860**	**539,999**	**9,963**	**-45,224**	**0**	**1,352,581**
Minority interest	-16,248	-56,616	-157,806	-203,539	-3,824	-437	0	-438,469
NET INCOME FOR THE PERIOD – GROUP SHARE	**446,271**	**44,848**	**126,054**	**336,460**	**6,139**	**-45,661**	**0**	**914,112**

2016 (€K)	France Offices	Italy Offices	Hotels in Europe	Germany Residential	France Residential	Corporate and not attributable	Intercos Inter-sector	31/12/2016
Rental income	276,036	199,651	190,548	212,501	15,187	0	-1,189	892,734
Unrecovered rental costs	-7,669	-24,407	-22	-6,090	-3,890	-179	186	-42,071
Expenses on properties	-9,049	-9,031	-2,825	-16,674	-1,975	-308	8,734	-31,128
Net losses on unrecoverable receivables	211	-2,023	12	-2,045	-267	0	0	-4,112
Net rental income	**259,529**	**164,190**	**187,713**	**187,692**	**9,055**	**-487**	**7,731**	**815,423**
Management and administration income	3,251	597	9,679	5,242	132	21,278	-23,275	16,904
Business expenses	-2,393	-837	-6,112	-803	-379	-16	4,576	-5,964
Overhead	-19,313	-17,785	-10,808	-39,346	-2,501	-23,244	9,518	-103,478
Development expenses	-924	0	-499	0	3	0	382	-1,038
Net cost of operations	**-19,379**	**-18,025**	**-7,740**	**-34,907**	**-2,744**	**-1,982**	**-8,799**	**-93,576**
Income from other activities	5,535	0	0	1,379	0	18,995	-16	25,893
Expenses of other activities	120	-10	0	-1,052	0	-11,870	0	-12,812
Income from other activities	**5,655**	**-10**	**0**	**327**	**0**	**7,125**	**-16**	**13,081**
Depreciation of operating assets	-2,290	-1,235	-17	-1,310	-8	-3,686	0	-8,546
Net allowances to provisions and other	-1,370	-5,024	-1,400	233	-266	-2,393	1,084	-9,136
OPERATING PROFIT	**242,145**	**139,896**	**178,556**	**152,035**	**6,037**	**-1,423**	**0**	**717,246**
Proceeds from disposals of trading properties	43	0	0	4,514	848	0	0	5,405
Net change in trading properties	-229	-6,836	0	-2,809	-1,098	0	0	-10,972
Net income from inventory properties	**-186**	**-6,836**	**0**	**1,705**	**-250**	**0**	**0**	**-5,567**
Income from asset disposals	124,138	62,235	662,643	231,026	178,700	40	0	1,258,782
Carrying value of investment properties sold	-124,512	-62,809	-603,183	-218,478	-177,302	-78	0	-1,186,362
Disposals of assets	**-374**	**-574**	**59,460**	**12,548**	**1,398**	**-38**	**0**	**72,420**
Gains in value of investment properties	331,629	110,267	67,386	268,228	309	0	0	777,819
Losses in value of investment properties	-54,140	-35,975	-32,548	-9,209	-1,400	0	0	-133,272
Net valuation gains and losses	**277,489**	**74,292**	**34,838**	**259,019**	**-1,091**	**0**	**0**	**644,547**
Income from disposal of securities	**1,708**	**0**	**-24**	**578**	**189**	**15,297**	**0**	**17,748**
Income from changes in scope	**-1,221**	**-3,000**	**-152**	**-12,547**	**0**	**-633**	**0**	**-17,553**
OPERATING PROFIT (LOSS) after valuation impact and disposals	**519,561**	**203,778**	**272,678**	**413,338**	**6,283**	**13,203**	**0**	**1,428,841**
Income from non-consolidated companies	-1	0	0	0	0	0	0	-1
Cost of net financial debt	-34,219	-45,467	-43,163	-61,596	-4,985	-46,840	0	-236,270
Fair value adjustment on derivatives	12,277	17,325	-11,813	-6,839	300	40,647	0	27,343
Discounting of liabilities and receivables	-5,521	0	1,931	0	-9	-20	0	-3,619
Net change in financial and other provisions	-27,845	-11,868	-6,181	-4,855	-1,889	-163	0	-52,801
Share in income of equity affiliates	22,043	1,665	3,666	0	0	0	0	27,374
PRE-TAX NET INCOME (LOSS)	**461,741**	**165,433**	**217,118**	**340,048**	**-300**	**6,827**	**0**	**1,190,867**
Deferred tax liabilities	500	-2,781	-17,328	-37,699	0	440	0	-56,868
Recurrent Tax	-103	-3,348	-2,686	-4,558	-79	26	0	-10,748
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**462,138**	**159,304**	**197,104**	**297,791**	**-379**	**7,293**	**0**	**1,123,251**
Net income (loss) from discontinued operations								-4,197
NET INCOME FOR THE PERIOD	**462,138**	**159,304**	**197,104**	**297,791**	**-379**	**7,293**	**0**	**1,119,054**
Minority interest	-31,926	-79,110	-105,215	-114,476	147	-5,701	0	-336,280
NET INCOME FOR THE PERIOD – GROUP SHARE	**430,212**	**80,194**	**91,890**	**183,315**	**-232**	**1,592**	**0**	**782,774**

3.2.9. *Subsequent events*

- **France Offices segment**

  Signing of the agreement to buy the equity investment in Cœur d'Orly Bureaux held by Altaréa. The ownership will be 50% *versus* 25% once the condition precedent has been met and will remain consolidated as an associate.

- **Italy Offices segment**

  Agreements were signed as to the sale of 9% of the equity investments in Sicaf – Central. Beni Stabili retains control of the company and consolidates it as a full consolidation at 51%. Foncière des Régions will hold a 26.73% stake *versus* 31.46% at 31 December 2017.

- **Hotels in Europe segment**

  Subsequent to the Extraordinary Shareholders Meeting of 24 January 2018, FDM Management was merged into Foncière des Murs. The exchange ratio is 29 FDM Management shares for 9 Foncière des Murs shares. 17,460,738 new shares were issued.

  Alongside the merger of FDM Management into Foncière des Murs, Caisse de Depôt et Consignation contributed 50% of interest in the SCI Porte Dorée (the asset in development Motel One). As compensation for this contribution, new Foncière des Murs 975,237 shares were issued. Porte Dorée SCI is thus wholly-owned and fully consolidated.

3.3. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2017

To the shareholders of Foncière des Régions,

Opinion

In compliance with the engagement conferred on us by your general meetings, we have performed an audit of the accompanying consolidated financial statements of Foncière des Régions for the financial year ended 31 December 2017.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the entities included in the Group's scope of consolidation as at 31 December 2017, and of the results of their operations for the year then ended, in accordance with the IFRS accounting framework as adopted in the European Union.

The audit opinion thus formulated is consistent with the content of our report to the Company's Audit Committee.

Basis for the audit opinion

Audit framework

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

Our responsibilities by virtue of those professional standards are set out in the latter part of the present report under the heading "Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements".

Independence

We performed our audit engagement in compliance with the independence requirements applicable to us during the period from 1 January 2017 to the date of issue of our report; in particular, we performed no services prohibited under article 5, paragraph 1 of EU regulation n° 537/2014 or by virtue of France's *Code de déontologie de la profession de Commissaire aux comptes.*

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Code of commercial law relating to the justification of our assessments, we bring to your attention the following key audit matters relating to the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying consolidated financial statements, as well as the manner in which we have responded to those risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report. We do not express any opinion on isolated elements of the consolidated financial statements.

Valuation of investment property

Risk identified	Our response
Given the activity engaged in by Foncière des Régions, the fair value of the Group's investment property amounted at 31 December 2017 to 85% of consolidated assets or €18.4 billion. In accordance with the option provided by IAS 40, the Group's investment property is recognised on the basis of its fair value with changes in fair value recognised in profit or loss. Investment property is not amortised. Note 3.2.5.1.1. to the consolidated financial statements states that the Group's investment property is subject to valuation by independent professional property valuers. Property valuation is a complex matter requiring the exercise of significant judgement by the Group's professional property valuers based on the data communicated by the Group's management. Given the weight of the Group's investment property and the sensitivity of their valuation to the applicable assumptions requiring the exercise of judgement, we considered their valuation as a key audit matter.	We obtained an understanding of the Group's process of valuation of its investment property. Our procedures also involved: • assessing the independence of the Group's professional property valuers on the basis of the requirements for rotation and bases of remuneration defined by the Group, and assessing their competence • obtaining an understanding of entities' written instructions to their professional property valuers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the entities • assessing, on a test basis, the relevancy of the information provided by the entities' finance departments to the professional property valuers for the purpose of determining the fair value of their investment property, including rent schedules, other accounting data and capital expenditure budgets • analysing the professional property valuers' valuation assumptions such as, in particular, the applicable yield rates, discount factors, estimated rents and market rental values, by comparison with the available market data • interviewing certain professional property valuers in the presence of the entities' finance departments and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement • reconciling the resulting property valuations with the amounts included in the consolidated financial statements.

Verification of the information on the Group included in the Company's management report

We have also performed in accordance with professional standards applicable in France, the specific verifications required by French law, on the information included in the Board of Directors' management report.

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

Information reflecting other legal and regulatory requirements

Statutory audit appointments

We were appointed as Statutory Auditors of Foncière des Régions by your Company's general meeting held on 22 May 2000 in the case of MAZARS and 24 April 2013 in the case of ERNST & YOUNG et Autres.

At 31 December 2017, MAZARS was in its eighteenth year of engagement without interruption and ERNST & YOUNG et Autres in its fifth year.

Responsibilities of the Group's management, and of the persons involved in the Group's corporate governance, in respect of the consolidated financial statements

The Group's management is responsible for the preparation of consolidated financial statements presenting a true and fair view in accordance with the IFRS accounting framework as adopted in the European Union and for the implementation of the system of internal control it deems necessary for the preparation of consolidated financial statements free from material misstatement whether resulting from fraud or error.

When preparing the consolidated financial statements, it is incumbent on the Group's management to assess the Company's capacity to continue to operate as a going concern, make any necessary disclosure in that respect and present the consolidated financial statements on a going concern basis unless there is an intention to liquidate the Company or cease its business.

It is incumbent on the Group's Audit Committee to oversee the Group's financial reporting process and assess the effectiveness of its systems of internal control and risk management, and of any internal audit function, with regard to the preparation and processing of financial and accounting information.

The consolidated financial statements have been authorised for issuance by the Company's Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

Audit purpose and audit approach

We are required to prepare a report on the consolidated financial statements. Our purpose is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from material misstatement. Reasonable assurance implies a significant level of assurance which nevertheless does not provide any guarantee that an audit performed in accordance with professional auditing standards will systematically enable the detection of any material misstatement. Misstatements may result from fraud or error and are considered to be material whenever it may reasonably be expected that, taken individually or in aggregate, they may influence the economic decisions taken by users of the financial statements on the basis of those financial statements.

As mentioned by article L. 823-10-1 of the French Code of commercial law, our statutory audit engagement does not guarantee your Company's viability or the quality of its management.

In the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and:

- identifies the risks of material misstatement in the consolidated financial statements, whether resulting from fraud or from error, defines and deploys audit procedures with regard to those risks and gathers the audit evidence deemed sufficient and appropriate to support the audit opinion. The risk of non-detection of a material misstatement attributable to a fraud is greater than that for a material misstatement attributable to error, since fraud may imply the existence of collusion, falsification, voluntary omission, false statements or bypassing of internal controls
- obtains an understanding of the internal controls relevant to the audit for the purpose of defining appropriate audit procedures but not with the intention of expressing an audit opinion on the effectiveness of the Group's system of internal control
- assesses the appropriateness of the Group's accounting policies, the reasonableness of management's estimates and the adequacy of the related additional disclosures provided in the consolidated financial statements
- assesses the appropriateness of management's application of the going concern convention as well as, based on the audit evidence collected, the existence of any material uncertainty with regard to events or circumstances liable to compromise the Company's ability to continue to operate as a going concern. The assessment is based on the audit evidence collected up to the date of the audit report and it must be noted in that respect that subsequent circumstances or events may also compromise the Company's ability to continue as a going concern. If the auditor concludes as to the existence of any material uncertainty, the attention of readers of the audit report is drawn to the information provided in that respect in the consolidated financial statements or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion
- assesses the overall presentation of the consolidated financial statements and judges whether the consolidated financial statements reflect the Group's transactions and underlying events in such a way as to provide a true and fair view
- with regard to the financial information provided by the entities included in the Group's scope of consolidation, gathers the audit evidence deemed sufficient and appropriate for the expression of an audit opinion on the consolidated financial statements. The Statutory Auditor has overall responsibility for the direction, supervision and performance of the audit of the consolidated financial statements and for the audit opinion thereon.

Report to the Audit Committee

We remit to the Audit Committee a report which presents the scope of the audit procedures, the work programme implemented and the associated conclusions. We also inform the Audit Committee of any internal control weaknesses identified in respect of the procedures governing the preparation and processing of the Group's financial and accounting information.

The elements communicated in the report to the Audit Committee equally include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying consolidated financial statements and which as such constitute the key audit points we are required to describe in the present report.

We also provide the Audit Committee with the statement required by article 6 of EU regulation n° 537-2014 and confirming our independence in accordance with the requirements applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Code of commercial law and by our profession's *Code de déontologie de la profession de Commissaire aux comptes*. If appropriate, we discuss with the Audit Committee any risks threatening our independence and the corresponding safeguards applied.

Courbevoie and Paris-La Défense, 28 February 2018

The Statutory Auditors

Mazars	**Ernst & Young et Autres**
Gilles Magnan	Jean-Roch Varon

COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

3.4. COMPANY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

3.4.1. Balance sheet

Assets

(€K)	Note	31/12/2017 Gross	Amortisation, depreciation and provisions	Net	31/12/2016 Net
Intangible fixed assets:	3.5.3.1.1	**11,449**	**9,912**	**1,537**	**1,565**
Start-up costs		0	0	0	0
Software and similar rights		10,946	9,912	1,034	1,349
Goodwill(1)		0	0	0	0
Intangible assets in progress		503	0	503	215
Tangible fixed assets:	3.5.3.1.1	**837,610**	**161,224**	**676,386**	**769,447**
Land		195,684	11,449	184,234	209,062
Buildings		563,442	145,223	418,219	466,188
Fixtures, fittings and technical equipment		0	0	0	0
Other		38,926	4,552	34,374	36,974
Tangible fixed assets in progress		39,558	0	39,558	57,223
Advances and pre-payments		0	0	0	0
Financial assets:		**5,454,324**	**257,265**	**5,197,060**	**4,756,260**
Investments	3.5.3.1.2	4,575,328	252,192	4,323,137	3,878,932
Investment-related receivables		0	0	0	0
Long-term investment securities for the portfolio business		0	0	0	0
Other long-term investment securities	3.5.3.1.4	18,805	104	18,702	20,261
Loans	3.5.3.1.3	860,144	4,969	855,175	857,066
Other		47	0	47	1
Total I – Fixed assets	3.5.3.1	**6,303,383**	**428,401**	**5,874,983**	**5,527,272**
Inventories and work-in-progress		0	0	0	0
Advances and pre-payments		0	0	0	0
Operating receivables:	3.5.3.2.1	**114,530**	**12,338**	**102,193**	**165,767**
Trade receivables and related accounts		15,305	1,280	14,025	14,322
Current accounts and other receivables		99,226	11,057	88,168	151,445
Marketable securities:	3.5.3.2.2	**701,236**	**0**	**701,236**	**791,323**
Treasury shares		2,269	0	2,269	3,945
Other securities		698,967	0	698,967	787,378
Cash and near cash		82,703	0	82,703	32,923
Prepaid expenses and accruals	3.5.3.2.3	55,591	0	55,591	5,105
Treasury instruments	3.5.3.2.3	939	0	939	2,100
Total II – Current assets	3.5.3.2	**955,000**	**12,338**	**942,663**	**997,219**
Deferred expenses (III)	3.5.3.2.3	8,158	0	8,158	9,193
Bond redemption premiums (IV)		6,438	0	6,438	2,820
Currency translation gains (V)		0	0	0	0
GRAND TOTAL (I + II + III + IV + V)		**7,272,980**	**440,738**	**6,832,242**	**6,536,504**

(1) In accordance with ANC Regulation 2015-06, since the 2016 fiscal year, merger deficits have been allocated to the underlying fixed assets.

Balance sheet liabilities

(€K)	Note	31/12/2017	31/12/2016
SHAREHOLDERS' EQUITY:		**3,161,638**	**2,770,382**
Capital [of which €224,490 thousand paid]		224,490	206,274
Issue premium, merger premium and additional paid-in capital		2,853,696	2,480,609
Revaluation reserves		83,453	83,499
Reserves and retained earnings:		**14,141**	**20,781**
Legal reserve		22,150	20,606
Statutory or contractual reserves		0	0
Revaluation reserves available for distribution		46	98
Other		0	0
Retained earnings		-,8,056	76
Earnings for the year		443,008	248,815
Investment subsidies			
Regulated provisions		51,143	50,801
Total I – Shareholders' equity	3.5.3.3	**3,669,930**	**3,090,779**
Other shareholders' equity:		0	0
Proceeds from issue of participating shares		0	0
Conditional advances		0	0
Total I bis – Equity		**0**	**0**
Provisions for contingencies		42,230	72,792
Provisions for losses		2,425	2,446
Total II – Provisions for contingencies and losses	3.5.3.4	**44,655**	**75,237**
LIABILITIES			
Financial liabilities:	3.5.3.5	**3,030,197**	**3,336,160**
Convertible bonds	3.5.3.5.1	345,763	426,789
Other bonds		1,698,223	1,468,817
Borrowings and debt from credit institutions[1]		785,517	1,281,743
Current accounts and various financial debts		200,694	158,812
Advances and pre-payments received		4,367	4,248
Operating payables:		**16,434**	**15,851**
Trade payables and related accounts		8,426	3,891
Tax and social security liabilities		8,008	11,959
Sundry liabilities:		**13,864**	**13,874**
Debt on fixed assets and related accounts		6,875	6,177
Other		6,990	7,697
Treasury instruments		49,888	0
Pre-booked income		2,907	355
Total III – Current liabilities	3.5.3.5	**3,117,657**	**3,370,488**
Currency translation losses (IV)		0	0
GRAND TOTAL (I + I BIS + II + III + IV)		**6,832,242**	**6,536,504**
(1) Of which current bank borrowings and bank overdraft.		*6,930*	*10,988*

3.4.2. Income statement

(€K)	Note	31/12/2017	31/12/2016
OPERATING INCOME			
Sales (goods and services)		84,416	73,203
Net revenues	3.5.4.1.1	**84,416**	**73,203**
Reversals of provisions (and depreciation) and transferred charges	3.5.4.1.2	15,191	7,929
Other income		155	1,645
Total I – Operating income		**99,762**	**82,778**
OPERATING EXPENSES			
Other purchases and external expenses		22,930	22,216
Duties, taxes and related payments		10,502	8,040
Salaries and wages		14,259	16,273
Payroll taxes		6,392	6,620
Allowance for depreciation and provisions:			
On fixed assets: amortisation charges		27,345	23,009
On fixed assets: depreciation charges		1,566	6,906
On current assets: depreciation charges		444	23
For contingencies and liabilities provisions		995	2,772
Other expenses		2,532	1,485
Total II – Operating expenses	3.5.4.1.3	**86,965**	**87,344**
1. Operating income (I - II)		**12,797**	**-4,566**
FINANCIAL INCOME			
Share of income from joint operations			
Profit or loss transferred (III)		**0**	**0**
Losses or profit transferred (IV)		**0**	**0**
Financial income from investments	3.5.4.2.1	430,415	358,131
From other marketable securities and fixed asset receivables		7,470	7,758
Other interest and similar income		42,574	47,561
Merger premiums		12,393	7,134
Reversals of provisions and transferred expenses	3.5.4.2.3	50,228	77,666
Net income from disposal of marketable securities		0	0
Total V – Financial income	3.5.4.2	**543,079**	**498,250**
FINANCIAL EXPENSES			
Allowance for depreciation and provisions		10,804	13,827
Interest and similar expenses		113,472	100,258
Merger deficits		2,112	129,501
Net expenses from disposal of marketable securities		1,688	15
Total VI – Financial expenses	3.5.4.2	**128,077**	**243,602**
2. Net financial income (V - VI)	3.5.4.2	**415,002**	**254,649**
3. Net income from ordinary operations before tax (I - II + III - IV + V - VI)		**427,799**	**250,083**

(€K)	Note	31/12/2017	31/12/2016
NON-RECURRING INCOME			
On management transactions		308	126
On capital transactions		186,315	70,650
Reversals of provisions and transferred expenses		2,602	4,720
Total VII – Non-recurring income	3.5.4.3	189,225	75,496
NON-RECURRING EXPENSES			
On management transactions		1,950	1,042
On capital transactions		168,609	74,449
Allowance for depreciation and provisions		1,559	1,149
Total VIII – Non-recurring expenses	3.5.4.3	172,118	76,640
4. Net non-recurring income (VII - VIII)	3.5.4.3	**17,106**	**-1,144**
Employee profit-sharing (IX)		538	0
Corporate income tax (X)	3.5.4.4	1,359	124
Total income (I + III + V + VII)		**832,066**	**656,524**
Total expenses (II + IV + VI + VIII + IX + X)		**389,057**	**407,709**
NET INCOME OR LOSS		443,008	248,815

3.5. NOTES TO THE COMPANY FINANCIAL STATEMENTS

3.5.1. *Significant events during the year*

3.5.1.1. Acquisitions and construction work on properties under development

- In the third quarter of 2017 Foncière des Régions rehabilitated and delivered a building (EDO) of 10,800 m² in Issy-les-Moulineaux. This building is leased to the Transdev company.
- Foncière des Régions delivered a 6,400 m² building in Nancy – ZAC Grand Cœur.

3.5.1.2. Disposals of real estate assets

Main assets sold over the year (excluding finance-lease business):

(€K)	Net book value	Disposal price	Capital gains or losses	Market value at 31/12/2016
Lille J. Maillotte	918	540	-378	530
Issy-les-Moulineaux/Victor Hugo	19,769	38,000	18,231	32,490
Lyon/Villardière	4,990	10,284	5,294	8,780
Évry Lisses Edison	12,706	7,300	-5,406	13,180
Corbas 24 août	14,827	12,400	-2,427	11,760
Bussy-St-Georges/Eiffel	15,019	13,800	-1,219	11,000
Chevilly	21,661	30,300	8,639	30,100
Saint-Germain-en-Laye/Winchester	16,757	22,720	5,963	21,900
Disposal of equipment Urbis Park	10	8	-2	
TOTAL	**106,657**	**135,352**	**28,695**	**129,740**

3.5.1.3. Change in equity investments

Change in the ownership interest in subsidiaries

- Foncière des Régions participated in a capital increase by Foncière des Murs on 9 March 2017 in the amount of €100 million, or 4,629,630 shares, and received 2,295,665 shares worth €57,323 thousand as a dividend. The investment in Foncière des Murs thus increased by €157,323 thousand and the ownership percentage in Foncière des Murs went from 48.91% to 50%.
- Foncière des Régions acquired 4,135,341 shares of Beni Stabili for €2,795 thousand in the third quarter of 2017. The ownership rate went from 52.24% to 52.42%.
- On 19 October 2017, Foncière des Régions signed an in-kind contribution agreement with CARDIF, PREDICA and GENERALI VIE covering Foncière Développement Logements securities and acquired 26,198,595 shares. For this transaction, Foncière des Régions raised its capital by issuing 916,951 shares in consideration for the contribution. In addition to the shares transaction Foncière des Régions acquired 103,982 shares of Foncière Développement Logements for €838 thousand, bringing its ownership to 100%.

Other changes in equity interests

- Foncière des Régions participated in the capital increase of Immeo ReWo Holding GmbH for the amount of €202.8 million, and it now fully owns the Company.
- Foncière des Régions participated in the capital increase of Télimob Paris for €10 million, and it now fully owns the Company.
- On 22 March 2017, Foncière des Régions created OPCO Newwork. The sole business of this company is co-working. It is 100% owned.
- On 20 November 2017, Foncière des Régions created SCI du 21 rue Jean Goujon. This wholly-owned company will acquire a building located in rue Jean Goujon in Paris.
- On 7 December 2017, Foncière des Régions sold equity shares in SCI 15 rue des Cuirassiers to ACM Vie, lowering its 100% ownership to 50.1%. This company owns the asset Silex1 (10,600 m²) located in the business district of La Part-Dieu in Lyon, which is fully leased out.
- ACM Vie participated in the capital increase of SCI 9 rue Cuirassiers on 7 December 2017. Foncière des Régions now holds 50.10% of the capital. This company owns a development project (Silex2) of 30,900 m² in Lyon Part-Dieu.
- In the fourth quarter of 2017, Foncière des Régions created general partnerships (*Société en Nom Collectif* – SNC) for the purpose of carrying out real estate development: SNC Le Clos Chanteloup, SNC Bordeaux Lac, SNC Sully Chartres, SNC Sucy Parc, SNC Gambetta Le Raincy, SNC Orly Promo, SNC Silex Promo, SNC Villouvette Saint Germain, SNC La Marina Fréjus, SNC Normandie Niemen Bobigny, SNC Le Printemps de Sartrouville and SNC Gauguin Saint Ouen L'Aumône.

3.5.1.4. Corporate structure simplification

Liquidation mergers with full transfer of assets and liabilities (French *Transmission Universelle du Patrimoine* – TUP) without a retroactive accounting effect were carried out in 2017 to simplify the Group's corporate structure.

Subsidiary involved	Nature and date of the transaction	Corporate purpose
SARL 11 rue Victor Leroy	FTA on 31/03/2017 with retroactive fiscal effect	Acquisition and management of the asset located at 11 rue Victor Leroy
SCI Euromarseille 3	Liquidation 24/10/2017	Real estate investment company
SNC Palmer Transaction	FTA on 31/10/2017 with retroactive fiscal effect	Acquisition of any land, assets and real estate rights built or not built with a view to their resale, and in general, the business of a real estate company
EURL Languedoc 34	FTA on 30/11/2017 with retroactive fiscal effect	Acquisition, construction, ownership, administration, leasing operations, value creation of buildings and/or real estate rights
SCI 11 avenue de Sully	FTA on 31/12/2017 without retroactive fiscal effect	Real estate investment company
SNC Foncière Palmer	FTA on 31/12/2017 without retroactive fiscal effect	Acquisition, ownership, administration and leasing of assets and real estate rights

3.5.1.5. Tax audit

Foncière des Régions' accounts were audited for the 2012 and 2013 fiscal years, which resulted in a reassessment proposal in December 2015 for its corporate income tax and corporate value added tax (CVAE).

A new reassessment proposal concerning the 2014 corporate income tax was received as a follow-up to the reassessment made for 2012 and 2013.

These reassessment were followed by a tax collection procedure for a total amount of €14.6 million (including interest).

The Group is disputing these reassessments and, based on the analysis by the Company's legal counsel, no provision was recorded to that effect as at 31 December 2017. A reassessment proposal concerning the reduction in deficits in the taxable segment of €1 million on a total of €240 million was accepted.

Tax audit of Foncière Europe Logistique (merged with and into Foncière des Régions on 30 December 2016):

A corporate income tax reassessment proposal was received by Foncière Europe Logistique amounting to €3.2 million for fiscal years 2007 and 2008, followed by a tax collection procedure and a payment during the first half of 2012. Foncière Europe Logistique is nonetheless contesting this reassessment and filed a claim against it. The Tax Administration rejected the claim on the merits but nevertheless granted an abatement of €2.4 million in principal and interest to take into account the fact that the financial consequences were spread out over 2008, 2009, 2010 and 2011. Since 2009 was prescribed, a final abatement of €0.8 million was obtained.

The case was referred to the Administrative Court, which rejected Foncière Europe Logistique's application in December 2015. Foncière Europe Logistique maintains its position and has submitted an appeal to the Administrative Appeals Court.

An abatement was granted on 21 August 2017 for fiscal 2008 for €0.8 million of principal and interest but has not been refunded as of 31 December 2017.

Two accounting audits pertaining to the 2010-2011 and 2012-2013 fiscal years were carried out and resulted in two reassessment proposals on the corporate income tax for €3.5 million (including interest) and €1.3 million respectively, on the same grounds as the previous reassessment proposal for 2007 and 2008.

These reassessments were followed by tax collection procedures and were paid.

These cases have been referred to the Administrative Court.

An abatement was granted on 15 September 2017 for fiscal 2010 and 2011 for €3.5 million of principal and interest but has not been refunded as of 31 December 2017.

Based on the analysis by legal counsel, these disputes were not provisioned as at 31 December 2017.

3.5.1.6. Capital increase

During the year, the share capital changed as follows:

- creation of 5,076,786 shares with a par value of €15,230,358
- creation of 78,375 shares with a par value of €235,125 in the context of grants under bonus share plans
- creation of 916,951 shares, as part of the Foncière Développement Logements equity contribution agreements, with a par value of €2,750,853.

The total capital as at 31 December 2017 stood at €224,489,892, up from €206,273,556 at 31 December 2016, an increase of €18,216,336. It is made up of 74,829,964 shares, all of the same class with a par value of €3 each, amounting to €224,489,892.

At 31 December 2017, the Company held 56,006 treasury shares.

3.5.1.7. Diversification of financing and repayment of bank debt

In 2017, Foncière des Régions issued a new bond, treasury bills and took out credit lines totalling €547 million, and repaid €891.8 million in debt.

3.5.1.8. Main indicators

The main financial aggregates for the 2017 fiscal year are:

(€K)	
Balance sheet total	6,832,242
Revenues	84,416
Dividends received from subsidiaries	430,414
Financial expenses	128,077
Earnings for the year	443,008

3.5.2. Accounting policies and methods

Foncière des Régions is the parent company of the Foncière des Régions group, and draws up its consolidated financial statements according to IFRS.

Foncière des Régions is consolidated *via* the equity method by Delfin.

The balance sheet and income statement are drawn up in accordance with French legislation and generally accepted accounting principles in France.

The notes are prepared in accordance with ANC Regulation No. 2014-03 published by the Decree of 8 September 2014 *et seq.* currently in force.

General accounting conventions were applied, respecting the prudence principle, in accordance with the following basic assumptions:

- going concern
- consistency of accounting policies from one year to the next
- independent fiscal years,

and in accordance with the rules for preparing and presenting annual financial statements pursuant to the French Law of 30 April 1983 and the Implementation Decree of 29 November 1983.

The historical cost method was adopted as the basic method of accounting.

Tangible fixed assets have been recorded under the component method since 1 January 2005.

3.5.2.1. Intangible fixed assets

Intangible fixed assets are valued at cost.

- Software is amortised on a straight-line basis over three years. Software acquired after moving the company headquarters to Divo is depreciated over ten years.
- Merger deficits were recorded as intangibles following the mergers of Foncière des Régions with Bail Investissement in 2006, with AKAMA in 2011, and with FR IMMO in 2013, based on the value of the assets contributed. At each sale of assets, a reversal of these deficits is made. Similarly, a provision is recorded on the merger deficit when an unrealised capital loss emerges between the appraised value and the net book value at each year-end.

  The change in accounting treatment of merger deficits further to ANC Regulation No. 2015-06 modified the accounting rules applicable to merger deficits for fiscal years starting from 1 January 2016.

  Since 2016, merger deficits are allocated to the assets contributed (underlying assets) in specific accounts for asset categories and they are amortised, depreciated and removed from the assets in accordance with the same methods as for the underlying assets:

  - breakdown of merger deficit on intangible fixed assets
  - breakdown of merger deficit on tangible fixed assets
  - breakdown of merger deficit on financial assets
  - breakdown of merger deficit on current assets.

3.5.2.2. Tangible fixed assets

Tangible fixed assets are valued at cost, which corresponds to the purchase price and related costs, or their contribution value.

The Company has not opted for borrowing costs to be capitalised in the acquisition cost of assets.

Tangible fixed assets are depreciated on a straight-line basis according to the expected useful life of the various components of the portfolio.

The breakdown by components is based on the professional grid recommended by the French Real estate and real estate management federation (FSIF), according to the type of asset in question.

Depreciation schedules for the various types of fixed assets (residential or office):

Breakdown of the buildings	Method	Term
Building structures	L	60 and 80 years
Facades and external joinery	L	30 and 40 years
General and technical facilities	L	20 and 25 years
Fittings	L	10 years

These periods are adjusted with obsolescence factors applied to each asset.

Breakdown of other tangible fixed assets	Method	Term
Miscellaneous fixtures and fittings	L	10 years
IT equipment	L	5 years
Office equipment	L	10 years

At each balance sheet date, the Company assesses if there are any indications that an asset has been materially impaired. In such cases, an impairment charge may be recorded in income or reversed, as appropriate.

The amount of any significant impairment is determined on an asset-by-asset basis in line with a comparison between the market value (excluding charges), calculated on the basis of independent appraisals, and the net book value.

In order to limit the impact of circumstantial variations on appraisal values, any impairment charges are recognised after taking into account a minimum threshold of €150 thousand, the period in which the book value of the asset is lower than its market value, and an evaluation of the relative nature of the impairment. An impairment charge is recognised when either of the following two conditions is met:

- if the negative difference between the appraisal value is greater than 10% of the net book value (reduced to 6% for properties appraised at more than €30 million) provided a threshold of €150 thousand is reached

  and/or

- the appraisal value is below the net book value for a continuous period of at least three years (with no percentage condition), regardless of whether a threshold of €150 thousand is reached.

Such impairments, which recognise the non-definitive and non-irreversible reduction in the value of certain portfolio assets in relation to their book value, are recognised in assets under "Depreciation and impairments".

The impairment is charged to each component on a pro rata basis.

The recording of an impairment results in a revision of the depreciable base and, if applicable, the depreciation schedule for the assets concerned.

Building works, major renovation works, and significant upgrading works, together with the restoration of apartments or premises upon re-letting, are capitalised.

Conversely, maintenance work, which ensures the optimum preservation of the real estate portfolio (renovation) and regular maintenance are recognised as expenses during the period in which they are carried out.

3.5.2.3. Financial assets

Financial assets are valued at cost or at their contribution value after deducting any provisions required to restore them to their value in use (if necessary). At year-end, the carrying value of investments is compared to their current value. The lowest of these is retained in the financials. The inventory value of the securities corresponds to their value in use for the Company.

When the investments are held for the long term, the value in use is determined on the basis of the net asset value and unrealised capital gains on the fixed assets. For the public subsidiaries, the Company uses the published triple net asset value.

The acquisition costs are incorporated in the cost price of financial assets and amortised over five years in the form of additional amortisation to benefit from tax incentives.

3.5.2.4. Trade receivables and related accounts

Receivables are stated at their par value. A provision for impairment is recorded when the recoverable value is lower than the book value.

A provision for impairment is recorded for each tenant with unpaid receivables, based on the risk incurred. The general criteria for establishing provisions, except in particular cases, are as follows:

- for current tenants:
  - no provision for tenants whose payables are less than three months overdue
  - 50% of the total amount of receivables for tenants whose receivables are between three and six months overdue
  - 100% of the total amount of the receivable for tenants whose receivables are more than six months overdue, or involving a departed tenant
- for departed tenants:
  - no provision for tenants whose payables are less than three months overdue
  - 100% of the total amount of the receivable for tenants whose payables are more than three months overdue.

For commercial customers, receivables and theoretical provisions deriving from the above rules are examined case-by-case to take specific situations into consideration.

3.5.2.5. Derivatives

Application of Regulation No. 2015-05 of 2 July 2015 of the French accounting standards authority (*Autorité des Normes Comptables* – ANC) concerning financial instruments and hedging has been mandatory since 1 January 2017.

In this regard, FDR uses only simple, standard and liquid derivative instruments available on the markets, namely: swaps, caps and option tunnels (buy the cap and sell the floor) primarily for purposes of dynamic hedging of the total interest rate risk existing on its fixed-rate debt and the debt of certain subsidiaries. (The option chosen is to maintain the financial instruments in FDR from a legal point of view and invoice the entities benefiting from the hedge and the associated income and expense).

Accordingly, in FDR's separate financial statements the instruments hedging FDR debt qualify as hedges and those hedging the debt of subsidiaries are to be regarded as derivatives in standalone open position. Over-hedging can also occur temporarily in dynamic hedging.

With regard to instruments qualifying as hedges:

- these are not recorded in the financial statements but shown in the off-balance sheet commitments
- the difference between the rate paid or received under these agreements is recognised as a financial income or expense for the year
- the premiums paid or received when hedges are placed are amortised in profit and loss over the hedge period
- in the event of an early unwinding of a hedge, the balance paid or received is amortised over the remaining life of the terminated hedging instrument
- in the event of early repayment of the liability hedged, the hedge is disqualified and the MTM at the repayment date of the items hedged is recognised is profit and loss.

With regard to derivatives qualifying as Standalone Open Positions (SOP):

- their change in fair value must be recognised on the balance sheet, offsetting a provisional account
- whenever this change in fair value is negative, a provision is recognised for an unrealised capital loss.

Its first application is retrospective and therefore constitutes a change in accounting method; the after-tax impacts on the year's opening were charged to retained earnings.

3.5.2.6. Provisions for contingencies and losses

Provisions are defined as liabilities of uncertain duration or amount. A liability is a bond issued to a third party, which is likely or certain to cause an outflow of resources to that third party, without at least an equivalent amount expected from that party.

A risk provision related to investments is established to cover the negative net equity of subsidiaries and when all of the subsidiary's shares and loans have been depreciated.

3.5.2.7. Retirement benefits

Foncière des Régions applies recommendation No. 2014-03 issued by the French accounting standards authority (*Autorité des Normes Comptables* – ANC) regarding recognition and measurement of retirement commitments and similar benefits. This recommendation allows the evaluation of the provision for post-employment benefits in accordance with IAS 19R. Regarding the recognition of these retirement commitments, Foncière des Régions opted for the immediate and full recognition in profit or loss of the result of the recognition of actuarial gains and losses.

3.5.2.8. Provisions for financial contingencies and losses

The provisions for risks and financial charges on financial instruments are explained in Section 3.5.2.5.

3.5.2.9. Borrowings, financial debt and bonds

Bank financing usually consists of six bond issues and medium- and long-term credit agreements with varying draw-down periods. Successive draw-downs are recognised in the financial statements at their par value. These agreements include covenant clauses, which are reported under off-balance-sheet commitments.

3.5.2.10. Deferred expenses

Deferred expenses correspond to the issue cost of borrowings and are amortised over the loan period. An exceptional impairment is booked if the borrowing is redeemed early.

3.5.2.11. Bond redemption premium

These are amortised over the life of the bond.

3.5.2.12. Revenues

Revenues mainly include income related to the following activities:

- rental income
- services income.

Rental income corresponds to rent and expenses charged to building tenants, which are recorded as the service advances.

As a general rule, invoicing is quarterly for tertiary sector assets (offices, etc.) and monthly for residential assets.

For services, revenues are recognised as the service progresses.

3.5.3. *Explanation of balance sheet items*

3.5.3.1. Non-current assets

3.5.3.1.1. Adjustment to gross values

(€K)	Note	Gross amounts at 31/12/2016	Augmentations		Decreases		Gross amounts at 31/12/2017
			Acquisitions and works	Transfers	Sales and other disposals	FTA and Merger	
Intangible fixed assets		**17,792**	**828**	**0**	**7,171**	**0**	**11,449**
Concessions and software		17,577		540	7,171[2]		10,946
Merger deficit		0					0
Fixed assets in progress		215	828[1]	-540			503
Tangible fixed assets		**955,095**	**42,047**	**0**	**159,532**	**0**	**837,610**
Land		221,368		5,122[3]	30,977[4]		195,513
Land under finance leases		2,211			2,040		171
Buildings		630,433		54,249[3]	121,611[4]		563,071
Leased buildings		3,832			3,462		370
Other tangible fixed assets		40,028		340[5]	1,442[5]		38,926
Fixed assets in progress		57,223	42,047[6]	-59,711[3]			39,559[7]
Financial assets		**5,035,226**	**624,368**	**0**	**184,902**	**20,367**	**5,454,325**
Equity investments	3.5.3.1.2	4,151,085	474,132	10,000	48,005	11,885	4,575,328
Loans	3.5.3.1.3	863,757	123,517	-10,000	109,130	8,000	860,144
Long-term investment securities		16,805				483	16,322
Treasury shares	3.5.3.1.4	3,578	26,673		27,767		2,483
Other non-current financial assets		1	46				47
TOTAL FIXED ASSETS		**6,008,113**	**667,243**	**0**	**351,605**	**20,367**	**6,303,384**

(1) The increase in intangible assets in progress relates to the development of new modules for existing software.
(2) Refers to the scrapping of software nearly 100% impaired (NBV of €65 thousand).
(3) Impact of deliveries of projects in development (Issy-les-Moulineaux, Nancy Grand Cœur).
(4) In addition to the disposals described under "Significant events", scrapping of components for a gross amount of €15,474 thousand and NBV of €10,283 thousand was registered during the year.
(5) The increase in "Other tangible fixed assets" relates to the acquisition of furniture and the development of our IT infrastructure for €340 thousand. The decrease of €1,442 thousand refers to the scrapping of almost fully depreciated assets (€79 thousand) and the reversal of merger losses following the sale of the buildings in Issy-les-Moulineaux (Victor Hugo -€718 thousand) and in Évry (Lisses Edison -€645 thousand).
(6) Refers mainly to construction on Issy Grenelle (€14,854 thousand), Meudon (€905 thousand), Villeneuve d'Ascq Lezennes Hélios (€8,724 thousand), Nancy Grand Cœur (€5,649 thousand) and The Line (€7,395 thousand).
(7) The balance of fixed assets in progress mainly includes development projects: Lezennes Hélios (€10,332 thousand) and Meudon Canopée (€11,058 thousand).

3.5.3.1.2. Change in equity investments

At 31 December 2017, Foncière des Régions held an interest in 85 companies.

The three largest investments are:

- Foncière des Murs: €929 million
- Immeo Rewo Holding GmbH: €964 million
- Beni Stabili: €1,245 million.

		Securities valuation (€K)
Amount at 31/12/2016		**4,151,085**
Acquisition of securities and other assets		
	Foncière des Logements	111,200
	Beni Stabili SPA	2,796
Capital increase		
	Foncière des Murs	157,323
	Télimob Paris	10,000
	Imméo ReWo Holding GmbH	192,800
	SCI OPCO Newwork	1
	SCI du 21 rue Jean Goujon	1
	Other(1)	12
Total increase relating to acquisitions		**474,132**
Increase in shares through incorporation of a loan or current account		
	Imméo ReWo Holding GmbH	10,000
Total increase in securities through incorporation of a loan		**10,000**
Decrease (disposal)		
	SCI 15 rue Cuirassiers	1,068
	SCI Euromarseille 3	1
Reduction of share capital		
	FDR7	44,688
	EURL Languedoc 34	2,248
Total decrease		**48,005**
Securities released from the Company following FTAs		
	SCI 11 avenue de Sully	505
	SCI 11 rue Victor Hugo	2
	SNC Palmer Transaction	453
	Foncière Palmer	1,932
	EURL Languedoc 34	8,993
Total decrease relating to FTA		**11,885**
AMOUNT AT 31/12/2017		**4,575,328**

(1) Subscription to the capital of the 12 development companies listed in 3.5.1.3 (€1 thousand per company).

3.5.3.1.3. Details on loans

The loans consist of:

Type of loan	(€K)
Loans to subsidiaries	850,725
Accrued interest on subordinated loans	2,932
Accrued interest on Swaps	6,285
Loans to personnel	138
Other loans	64
TOTAL AT 31/12/2017	**860,144**

Capital to subsidiaries relate to financing for development operations, which primarily comprise the following loans as at 31 December 2017:

(€K)	Outstanding principal due	Accrued interest
SCI Charenton	130,047	
SCI Rueil B2	80,909	
Immeo ReWo Holding GmbH	66,450	7
SNC Palmer Plage	46,700	
SCI Rueil B3 B4	37,469	
SCI 15 rue des Cuirassiers	33,000	
SCI Meudon Saulnier(1)	29,000	
SCI Lenovilla	27,102	
SCI Atlantis	26,000	
SCI 11 Place de l'Europe	23,050	
SCI Euromarseille 2	22,143	
Fédération	22,000	949
SCI avenue de la Marne(2)	21,500	
SARL BGA Transaction	20,700	440
SCI 9 rue Cuirassiers	20,681	
SCI 35/37 rue L. Guérin	19,800	
SCI Latécoère 2	19,398	
SCI Raphaël	19,000	
SCI Oméga A	15,500	
SARL 2 rue Saint Charles	13,300	293
SCI du 288 rue Duguesclin	12,700	
SCI Euromarseille 1	12,453	
SCI 32 av. P. Grenier	12,100	
SARL Oméga C	11,200	
SCI Oméga B	11,059	477
SCI Ruhl Côte d'Azur	10,500	
IW FDL Beteiligungs GmbH & Co KG	10,200	1
SCI 10/14 rue des Tanneurs	8,500	
SCI 40 rue J.J. Rousseau	6,400	
SCI 125 avenue Brancolar	6,400	
SCI Orianz	6,292	23
SCI Pompidou	6,000	
SCI GFR Kléber	4,800	193
SCI 3 Place à Chaussy	4,400	176
SARL 25/27 quai F. Faure	4,200	168
SNC Palmer Montpellier(3)	1,700	
Other	28,071	204
TOTAL	**850,725**	**2,932**

Loans to subsidiaries are not covered by a repayment schedule. They are repaid based on each borrower's free cash flow. Nevertheless, a final repayment date, ranging from January 2018 at the earliest to December 2027 at the latest, is stipulated in the agreement.
(1) Subject to a €2,661 thousand provision (see 3.5.3.1.2).
(2) Subject to a €608 thousand provision (see 3.5.3.1.2).
(3) Subject to a €1,700 thousand provision (see 3.5.3.1.2).

3.5.3.1.4. Other securities

Breakdown of merger deficit on financial assets

Breakdown of merger deficit among financial assets	Amount (€K)
Latécoère	13,914
Palmer Plage	2,175
Dual Center	136
Palmer Montpellier	95
	16,320

Breakdown of treasury shares

Treasury shares consist of:	Number of shares	(€K)
Shares held by the Company – liquidity agreement	27,093	2,483
Shares held by the Company – external growth	0	0

A provision was set up for the treasury shares under the liquidity agreement in the amount of €9 thousand on the basis of the average share price in December 2017.

3.5.3.1.5. Change in amortisation, depreciation and provisions

			Increases		Decreases			
(€K)	Note	Amort. 31/12/2016	Charges	FTA and Merger	Reversal and disposal	Allocation of components	FTA and Merger	Amort. 31/12/2017
Intangible fixed assets		**16,228**	**790**		**7,106**	**0**	**0**	**9,912**
Concessions and software		16,228	790		7,106			9,912
Merger deficit								0
Tangible fixed assets		**185,649**	**25,657**	**0**	**50,082**	**0**	**0**	**161,224**
Buildings		142,036	22,453		36,967			127,522
Leased buildings		2,342			2,077			265
Other tangible fixed assets		3,054	1,638		140			4,552
Provisions on land and buildings		36,557	1,566		9,513			28,610(1)
Provisions on land and buildings under finance leases		1,660			1,385			275
Financial assets		**278,966**	**2,171**	**0**	**20,307**	**0**	**3,565**	**257,265**
Investments	3.5.3.1.2	272,153	1,021		20,023		959	252,192
Loans	3.5.3.1.3	6,691	1,141		257		2,606	4,969
Long-term investment securities		95	9		27			77
Treasury shares		27						27
TOTAL AMORTISATION AND DEPRECIATION		480,843	28,618	0	77,495	0	3,565	428,401

(1) Each year, the book value of the assets is compared against their estimated market value. An independent appraisal, carried out every half-year, is used as a benchmark for all real estate assets.
At 31 December 2017, two assets were impaired by €28,610 thousand respectively Meudon Canopée by €16,495 thousand and Saint-Martin-de-Crau by €12,115 thousand.

3.5.3.1.6. Breakdown of provisions for equity investments

When the investments are held for the long term, the value in use is determined on the basis of the net asset value and unrealised capital gains on the fixed assets. For the public subsidiaries, the Company uses the published net asset value.

(€K)	31/12/2016	Charges	FTA and Merger	Reversals of provisions	31/12/2017
Beni Stabili	266,249	0	0	19,673	246,577
FDR Property	1,636	993	0	0	2,629
FDR Développement[1]	1,852	0	0	0	1,852
FDR 2[1]	927	0	0	0	927
GFR Ravinelle	104	11	0	0	115
SCI avenue de la Marne[1]	50	0	0	0	50
FDR LUX	26	0	0	3	23
Comédie[1]	0	5	0	0	5
FDR Participations[1]	1	0	0	0	1
SCI Meudon Saulnier[1]	1	0	0	0	1
SNC OPCO Newwork[1]	0	1	0	0	1
SNC Bordeaux Lac[1]	0	1	0	0	1
Other[2]	0	10	0	0	10
Palmer Montpellier[1]	0	0	0	0	0
EB2	96	0	0	96	0
Gespar	56	0	0	56	0
FDR SGP	196	0	0	196	0
SCI avenue de Sully	505	0	-505	0	0
Palmer Transaction	453	0	-453	0	0
SNC Promomur	0	0	0	0	0
SCI Euromarseille 3	1	0	0	1	0
Omega B	0	0	0	0	0
TOTAL DEPRECIATION	**272,153**	**1,021**	**-958**	**20,024**	**252,192**

(1) Since the impairment of shares in FDR Développement, FDR2, SCI avenue de la Marne, Parking de la Comédie, FDR Participations, SCI Meudon Saulnier, Palmer Montpellier, OPCO Newwork and Bordeaux Lac was not sufficient to cover their net negative position, the loans or advances in the associates' current accounts that they were granted were impaired in the amount of their net position and when necessary a provision was recognised.
(2) Companies whose impairments are less than €1 thousand.

Market prices and NAV of public subsidiaries

Name of public subsidiaries	Average share price of December 2017	EPRA triple net NAV at 31/12/2017
Foncière des Murs	28.63	25.35
Beni Stabili	0.76	0.82

Since the triple net asset value of Foncière des Murs was greater than the value of the shares, no impairment loss was recognised.

3.5.3.1.7. Details of provisions for loans and current accounts

Receivables and amortisations and provisions (€K)	Gross receivables amounts at 31/12/2017	Amortisations and provisions at 31/12/2016	Charges	Reversals of provisions	Reversals of FTA and Merger	Amortisations and provisions at 31/12/2017
Meudon Saulnier	29,000	1,813	848	0	0	2,661
Palmer Montpellier	1,700	1,700	0	0	0	1,700
SCI avenue de la Marne	21,500	315	293	0	0	608
FDR Développement	0	257	0	257	0	0
SCI 11 avenue de Sully	0	351	0	0	351	0
Palmer Transaction	0	2,255	0	0	2,255	0
Loans	**52,200**	**6,691**	**1,141**	**257**	**0**	**4,969**
FDR 2	17,107	3,946	3,114	0	0	7,060
FDR Développement	2,720	0	2,720	0	0	2,720
Palmer Montpellier	1,723	353	392	0	0	745
SNC OPCO Newwork	6,020	0	492	0	0	492
FDR Participations	18	9	11	0	0	20
SNC Bordeaux Lac	8,250	0	2	0	0	2
Current accounts(1)	**35,837**	**4,308**	**6,730**	**0**	**0**	**11,038**
Purchaser unpaid	24	30	9	20	0	19
Debtor accounts	**24**	**30**	**9**	**20**	**0**	**19**

(1) Provisions for current accounts are recorded taking into account the negative net equity of subsidiaries and provisions booked on other receivables.

3.5.3.2. Current assets

3.5.3.2.1. Breakdown of receivables by maturity

(€K)	Gross amount at 31/12/2017	Amount due in less than 1 year	Gross amount at 31/12/2016
Trade receivables and related accounts(1)	**15,305**	**15,305**	**16,264**
Expenses that may be recovered from tenants(2)	4,525	4,525	4,831
Invoice not yet submitted	7,354	7,354	7,804
Other receivables	**99,226**	**99,226**	**155,783**
Current accounts(3)	72,973	72,973	128,367
Miscellaneous receivables	701	701	4,445
Tax receivable(4)	22,471	22,471	20,874
VAT	2,997	2,997	2,015
Principal's current account	83	83	82
TOTAL RECEIVABLES	**114,530**	**114,530**	**172,047**

(1) Application of the amortisation rules presented in the accounting rules and policies resulted in a provision for trade receivables during the year being recognised for an amount of €789 thousand. At 31 December 2017, total amortisations were €1,280 thousand compared with €1,942 thousand at 31 December 2016 and mostly related to finance lease receivables.
(2) These expenses result in pre-payment requests issued to tenants being recorded as liabilities on the balance sheet under "Advances and pre-payments" in the amount of €4,367 thousand (see Section 3.5.3.5 Financial debt).
(3) An impairment of €11,038 thousand was recorded to the current accounts of FDR2, FDR Développement, Palmer Montpellier, OPCO Newwork, FDR Participations and Bordeaux Lac due to their net negative position (see 3.5.3.1.7).
(4) Including €14,760 thousand of payables following payment of the tax assessment contested by the Company (see 3.5.1.5).

3.5.3.2.2. Marketable securities

The realisable value of the marketable securities was €7,773 thousand as at 31 December 2017. There was no significant unrealised gain, as the Group states the unrealised gains in the last week of each fiscal year (sale/repurchase).

(€K)	Gross amount at 31/12/2016	Acquisitions	Disposals	Transfer	Gross amount at 31/12/2017
Shares held by the Company for allocation to employees[1]	3,919		1,680		2,239
Treasury shares with rights attached – ORNANE-type bonds[1]	31		0		31
	3,949	**0**	**1,680**	**0**	**2,269**
Term account	780,000	535,000	625,000		690,000
Marketable securities[2]	5,524	15,322	13,073		7,773
Accrued interest on investments	1,854	1,179	1,854		1,179
BMTN to be received	0	15	0		15
	787,378	**551,515**	**639,927**		**698,967**
TOTAL	**791,327**	**551,515**	**641,606**	**0**	**701,236**

(1) 28,275 shares held for allocation to employees and 338 treasury shares with attached rights – ORNANE.
(2) As at 31 December 2017, the portfolio of marketable securities comprised traditional money market investment funds (SICAV). The Company does not make any speculative investments involving a capital risk.

3.5.3.2.3. Accruals – assets

(€K)	Gross amount at 31/12/2017	Gross amount at 31/12/2016
Accrued operating expenses[1]	**1,046**	**771**
Accrued financial expenses	**54,545**	**4,334**
Agent commissions	11	90
Spreading of equalisation payments	14,802	4,245
Standalone open positions[2]	39,732	0
Total prepaid expenses	**55,591**	**5,105**
Treasury instruments	**939**	**2,100**
Cap/Floor premiums	939	2,100
Total treasury instruments	**939**	**2,100**
Deferred expenses	**8,158**	**9,193**
Loan issue costs[3]	8,158	9,193
TOTAL	**10,144**	**12,064**

(1) Accrued operating expenses are external charges relating to services to be rendered after 31 December 2017.
(2) ANC Regulation 2015-05 requires P&L matching of the items hedged and the hedging Instruments. The equalisation payments made to cancel hedging instruments must be spread out over the remaining life of the terminated instruments. When a new hedge is placed with receipt of a payment, if it is traded off-market, the apportionment must be made over the life of the new instrument. The effect of this apportionment is to recognise the new instrument at its original market value. Whenever the instrument no longer meets the qualification criteria, or if the Company drops the hedging relationship, hedge accounting continues to apply to the accumulated unrealised gains or losses on the hedging instrument up to the date the hedge ended, which must then be recognised in a suspense account offsetting a cash instruments account (SOP).
(3) Deferred expenses exclusively comprise the bond issue costs spread over the term of the bond.

3.5.3.3. Shareholders' equity

(€K)	31/12/2016	Increase	Decreases			31/12/2017
		Capital increase	Other changes during the year	Allocation of net income/ Dividend	Line-by-line transfers	
Share capital(1)	206,273	18,217				224,490
Share premium account(1)	2,178,726	378,616				2,557,342
Additional paid-in capital	301,884	70,520		-76,061		225,823
Merger premiums	0		11			11
Revaluation reserve(2)	83,499				-46	83,453
Legal reserve	20,606	1,523		21		22,150
Other reserves	98			-98	46	46
Retained earnings(3)	76		-8,354	222		-8,056
Allocation of 2016 income(4)	248,815			-248,815		0
Net income for the 2017 fiscal year			443,008			443,008
Regulated provisions	50,801		342			51,143
SHAREHOLDERS' EQUITY	**3,090,779**	**468,876**	**435,007**	**-324,731**	**0**	**3,669,930**

(1) The capital increase involved the creation of 5,076,786 shares on 17 January 2017, of 78,375 shares as part of bonus share award plans, and of 916,951 shares under Foncière Développement Logements share contribution agreements.
(2) During the transition to the SIIC regime, Foncière des Regions recognised revaluation gains or losses. The disposals carried out in 2017 made it possible to allocate this revaluation difference in an available reserves account (amount of the period: €46 thousand).
(3) The application of ANC Regulation 2015-05 constitutes a change in accounting method. An impact of -€8,354 thousand was recognised in retained earnings.
(4) The Ordinary and Extraordinary General Meeting on 26 April 2017 allocated income as described below and paid a dividend of €4.40 per share.

(€K)	
Income for the year ended 31/12/2016	248,815
Additional paid-in capital	76,061
Merger premiums	0
Retained earnings	-222
Distributable revaluation reserve	98
TOTAL TO BE ALLOCATED	**324,753**
Legal reserve	21
Dividends paid out	324,731
TOTAL ALLOCATED	**324,753**

3.5.3.4. Provisions

(€K)	Note	31/12/2016	Increase: Operating charges	Increase: Financial charges	Decrease: Reversals of operating provisions (amount used)	Decrease: Reversals of operating provisions (amount not used)	Decrease: Reversals of financial provisions (amount used)	Decrease: Reversals of financial provisions (amount not used)	31/12/2017
Provisions for contingencies		**72,792**	**949**	**431**	**172**	**1,853**	**1,453**	**28,463**	**42,230**
Portfolio-related litigation[(1)]		3,209	118		172	1,853			1,302
Provisions for litigation		0							0
Provisions for swap risks[(2)]		67,799		396				28,463	39,732
Provisions relating to investments		1,532		35			1,453		114
Yield-guarantee provision		0							0
Provisions for URSSAF AGA		251	831						1,082
Provisions for losses		**2,446**	**46**	**0**	**57**	**10**	**0**	**0**	**2,425**
End-of-career benefits	3.5.3.4.1	1,516				10			1,506
Provisions for taxes		0							0
Long service award		915			43				872
Provisions for departure		14	46		14				46
TOTAL		**75,237**	**995**	**431**	**229**	**1,864**	**1,453**	**28,463**	**44,655**

(1) Provisions for real estate risks and charges were expensed in 2017 in the amount of €118 thousand, including for the Hiram France 11 avenue Delcassé dispute (€38 thousand) and Grande Armée (€80 thousand) and had reversals of €2,025 thousand, including for Sirius (€94 thousand), FSB (€1,674 thousand) and Syndicat du Bâtiment – Tour Maine Montparnasse (€86 thousand).
(2) The provision for hedging on swaps related to debt restructuring was updated and is now €39,732 thousand.

3.5.3.4.1. End-of-career benefits

Foncière des Régions applies recommendation No. 2014-03 issued by the French accounting standards authority (*Autorité des Normes Comptables* – ANC) regarding recognition and measurement of retirement commitments and similar benefits. This recommendation allows the evaluation of the provision for post-employment benefits in accordance with IAS 19R.

Regarding the recognition of these retirement commitments, Foncière des Régions opted for the immediate and full recognition in profit or loss of the result of the recognition of actuarial gains and losses.

Main assumptions used for end-of-career benefits and long-service awards

Parameters	31/12/2017	31/12/2016
Discount rate	1.11%	1.15%
Annual inflation		
Annual wage growth		
Managers	4%	4%
Non-managers	3%	3%
Payroll tax rate (IFC only)	50.56%	47.86%
Mortality rate	TGF05/TGH05	TGF05/TGH05
Turnover		
Up to 49	12.53%	10.00%
50 and over	0%	0%
Reason for retirement	100% voluntary	100% voluntary

3.5.3.5. Debt

(€K)	Note	31/12/2017	Amount due in less than 1 year	Amount due in 1 to 5 years	Amount due in over 5 years	31/12/2016
Convertible bonds	3.5.3.5.1	345,763	763	345,000		426,789
Bonds	3.5.3.5.1	1,698,223	291,323	406,900	1,000,000	1,468,817
Borrowings and debt from credit institutions(1)		785,517	738,517	47,000		1,281,743
Current accounts and various financial debts		200,694	200,694			158,812
Advances and pre-payments(2)		4,367	4,367			4,248
Trade payables and related accounts(3)		8,426	8,426			3,891
Debt on fixed assets and related accounts(3)		6,875	6,875			6,177
Tax and social security liabilities(4)		8,008	8,008			11,959
Other debt(5)		6,990	6,990			7,697
TOTAL		**3,064,862**	**1,265,962**	**798,900**	**1,000,000**	**3,370,133**

(1) Breakdown of Borrowings and debt from credit institutions:
- *the outstanding payable due on the credit lines and treasury bills was €777,400 thousand*
- *accrued unpaid interest amounted to €1,170 thousand*
- *€6,930 thousand in bank overdrafts*
- *€17 thousand in bank charges.*

The amount of borrowings taken out and credit lines drawn totalled €258,000 thousand.

(2) This line refers to calls for funds from tenants.

(3) Breakdown of trade payables and fixed asset suppliers.

(€K)	31/12/2017
Operating payables	**8,426**
Trade payables and related accounts	288
Suppliers – Invoices not received	8,064
Not used commission payable	74
Debt on fixed assets and related accounts	**6,875**
Fixed asset suppliers and related accounts	3,783
Suppliers – Hold-backs	98
Fixed asset suppliers – Invoices not received	2,994
TOTAL TRADE PAYABLES AND FIXED ASSET SUPPLIERS	**15,301**

(4) Breakdown of tax and social security liabilities:
- *€1,082 thousand in VAT*
- *€1,735 thousand in payroll and social security expenses*
- *personnel expenses of €4,009 thousand, including provisions for paid leave of €1,183 thousand*
- *€101 thousand in Organic*
- *€1,081 thousand in tax liabilities.*

(5) The line "Other debt" corresponds to the amount of the accounts managed by GENEFIM (finance lease business), client credit accounts for €4,409 thousand and credit to be raised in the amount of €1,468 thousand.

3.5.3.5.1. Bonds

The bond principal outstanding is €2,018.3 million, of which €25,715 thousand is accrued interest.

The table below summarises the major features of these swap contracts:

Issue date	16/12/2012
Issue amount *(€M)*	€500 million
Amount of bond redemption	€233.6 million
Repurchase date	18/05/2016
Outstanding principal due at 31/12/2017	€266.4 million
Nominal rate	3.875%
Maturity	16/01/2018

Issue date	28/03/2013
Issue amount *(€M)*	€180 million
Nominal rate	3.300%
Maturity	30/04/2020

Issue date	20/11/2013
Feature	Convertible ORNANE-type bonds
Issue amount (€M)	€345 million
Number of convertible bonds issued	4,071,757
Nominal rate	0.880%
Maturity	01/04/2019

Issue date	10/09/2014
Issue amount *(€M)*	€500 million
Amount of bond redemption	€273.1 million
Repurchase date	22/06/2017
Outstanding principal due at 31/12/2017	€226.9 million
Nominal rate	1.750%
Maturity	10/09/2021

Issue date	20/05/2016
Issue amount *(€M)*	€500 million
Nominal rate	1.875%
Maturity	20/05/2026

Issue date	21/06/2017
Issue amount *(€M)*	€500 million
Nominal rate	1.500%
Maturity	21/06/2027

3.5.3.5.2. Treasury instruments

This line refers to the fair value at closing of the financial instruments qualified as standalone open positions offset by a provisional account "Adjustment account – Assets".

3.5.3.5.3. Banking covenants

As at 31 December 2017, the consolidated ICR and LTV Crédit Corporate bank covenants had all been met:

- LTV < 60% (with possibility to overrun in a half-year within the limit of 65%)
- ICR > 200%.

3.5.3.5.4. Accrued expenses

(€K)	31/12/2017	31/12/2016
Suppliers – Invoices not received	8,064	2,829
Fixed asset suppliers – Invoices not received	2,994	5,401
Paid leave	1,183	1,140
Other tax and social security liabilities	5,449	5,884
Accrued bank interest – Charges	17	27
Accrued interest on borrowings	28,253	25,838
Unused commission to be paid	74	91
TOTAL	**46,034**	**41,211**

The accrued interest is from bank loans (€1,170 thousand) and bonds (€25,715 thousand).

3.5.4. Notes to the income statement

In 2017, the net income amounted to €443,008 thousand, compared with €248,815 thousand in 2016. The change in accounting profit is attributable primarily to the increase in dividends (up €72.3 million) and revenue (up €11 million) as well as the decrease in financial expenses (down €116 million).

3.5.4.1. Income from operations

3.5.4.1.1. Revenues

(€K)	31/12/2017	31/12/2016
Rental income	**57,191**	**46,969**
Offices	44,872	45,486
Logistics	12,250	1,135
Finance leases	68	348
Provision of services	**27,226**	**26,234**
TOTAL	**84,416**	**73,203**

The increase in rents of €10.2 million is mainly related to the leasing of Logistics assets following the merger of Foncière Europe Logistique into Foncière des Régions at 30 December 2016 and of the Pleyel building in Saint-Denis acquired in 2016.

3.5.4.1.2. Reversal of provisions and transferred expenses

The reversals of provisions and transfers of operating expenses mainly consist of:

(€K)	31/12/2017
Reversals of provisions for operating contingencies and charges	**2,092**
Provisions for litigation related to the portfolio(1)	2,025
Provisions for end-of-career benefits	10
Provisions for long-service awards	43
Provisions for employment litigation	14
Reversals of provisions on tangible fixed assets	**8,296**
Reversals of provisions for doubtful receivables and purchasers	**1,117**
Transferred charges	**3,685**
Loan issue costs	2,636
Benefits in kind awarded to staff	118
Incentive plan invested in shares	819
Batisica reinvoicing	10
Repayment of insurance	102
TOTAL REVERSALS OF PROVISIONS, IMPAIRMENTS AND TRANSFERS OF CHARGES	**15,191**

(1) Mainly involves the FSB dispute, which resulted in a payment of €1,674 thousand.

3.5.4.1.3. Operating expenses

(€K)	31/12/2017	31/12/2016
Other purchases and external expenses(1)	22,930	22,216
Taxes and related payments(1)	10,502	8,040
Personnel expenses	20,650	22,892
Depreciation, amortisation and provisions(2)	30,350	32,710
Other operating expenses(3)	2,532	1,485
TOTAL OPERATING EXPENSES	**86,965**	**87,344**

(1) The increase in "Other purchases and external charges" and "Taxes" of €3 million essentially corresponds to expenses related to logistics properties following the merger of Foncière Europe Logistique into Foncière des Régions and of the Pleyel building in Saint-Denis.
(2) Breakdown of depreciation, amortisation and provisions.

(€K)	31/12/2017	31/12/2016
Amortisation of intangible assets	790	647
Depreciation of rental assets	21,237	16,763
Depreciation of furniture and equipment	484	472
Depreciation of merger deficit	1,163	243
Deferred expenses	3,671	4,883
Sub-total for depreciation and amortisation	**27,345**	**23,009**
Provisions for trade receivables	444	23
Provisions for fixed assets	1,566	6,906
Provisions for contingencies and losses(4)	995	2,772
Sub-total for provisions	**3,005**	**9,701**
TOTAL	**30,350**	**32,710**

(3) The increase in "Other operating expenses" mainly consists of lease receivables being classified as unrecoverable.
(4) The details concerning provisions for risks and charges is given in Section 3.5.3.4. These expenses concern the provisions related to the portfolio, the URSSAF rules concerning bonus shares and provisions for breach of contract.

3.5.4.2. Net financial income

(€K)	Note	31/12/2017	31/12/2016
Financial income from investments		**430,415**	**358,131**
Dividends received from subsidiaries and equity investments	3.5.4.2.1	430,414	358,128
Financial income on guarantees given		1	4
Other marketable securities and fixed asset receivables income		**7,470**	**7,758**
Income from loans to employees		3	3
Income from loans to subsidiaries		7,467	7,754
Other interest and similar income		**54,966**	**54,695**
Interest on group current accounts		613	1,036
Income on cash instruments		23,801	29,282
Income from treasury notes (BT-BMTN)		2,286	502
Revenue from term accounts		5,160	7,511
Premiums and cash adjustments		2,927	0
Other income		360	493
Statutory interest		7,428	8,737
Merger premiums	3.5.4.2.2	12,393	7,134
Reversals of provisions and transferred expenses	3.5.4.2.3	**50,228**	**77,666**
Reversals of provisions for financial contingencies and charges		1,453	74
Reversals of provisions for swap risks		28,463	0
Reversals of provisions on financial assets	3.5.3.1.6	20,311	77,592
Transferred financial expenses		0	0
Net income from disposal of marketable securities		**0**	**0**
Total financial income		**543,080**	**498,250**
Provisions for financial contingencies and losses		**10,804**	**13,827**
Provisions for financial contingencies		6,765	7,321
Amortisation of LT cash instruments		396	0
Provisions on financial assets(1)	3.5.3.1.6	2,171	5,620
Provisions for merger deficit on financial assets		0	95
Other financial provisions		1,472	790
Interest and similar expenses		**115,585**	**229,760**
Interest on loans and swaps		80,214	91,633
Interest on group current accounts		1,748	1,809
Bank interest and financing operations		4,193	4,294
Merger deficits	3.5.4.2.2	2,112	129,501
Premiums and cash adjustments		27,318	2,522
Net expenses from disposal of marketable securities		**8**	**15**
Net expenses on disposals of treasury shares		**1,680**	**0**
Total financial expenses		**128,077**	**243,602**
NET FINANCIAL INCOME		**415,003**	**254,649**

(1) Refers to impairment of equity investments and loans (see 3.5.3.1.6 and 3.5.3.1.7) for €2,162 thousand and on treasury shares for €9 thousand (liquidity agreement and pending the allocation of shares to employees as part of the incentive plan).

3.5.4.2.1. Breakdown of dividends

The dividends received from subsidiaries are as follows:

Companies distributing dividends (€K)	Dividends received in 2017	Dividends received in 2016
Foncière des Murs SCA	114,646	49,560
Immeo Rewo Holding GmbH	100,000	0
Technical SAS	45,000	63,474
Beni Stabili	39,112	27,289
Télimob Paris	36,800	22,818
Foncière Développement Logements	32,411	27,009
OPCI CB21	17,448	6,221
SCI Euromarseille 1	12,500	0
FDR 7	5,548	6,407
SCI Charenton	4,994	1,500
SCI 32 avenue P. Grenier	3,000	0
SCI 11 place de l'Europe	2,605	1,614
SCI RUEL B2	1,948	0
Latécoère	1,403	969
SCI 1630 avenue Croix Rouge	1,015	0
Ruhl Côte d'Azur	1,000	1,500
SCI Raphael	999	1,740
SCI du 40 rue JJ Rousseau	801	760
SARL du 2 rue Saint Charles	755	513
Le Ponant 1986	700	800
SCI du 125 avenue du Brancolar	679	1,125
SARL du 25/27 quai Félix Faure	646	580
SCI du 1 rue de Châteaudun	597	675
SCI du 10/14 rue des Tanneurs	580	1,000
SARL du 11 rue Victor Leroy	528	465
SCI du 3 place à Chaussy	526	424
SCI RUEL B3 B4	509	0
SCI du 20 avenue Victor Hugo	490	645
Languedoc 34	485	500
Bga Transactions	433	0
SCI du 682 Cours de la Libération	408	635
SCI du 2 rue de L'Ill	395	640
SCI Pompidou	309	560
Foncière Europe Logistique	0	131,707
SCI Lenovilla	0	1,967
SCI du 288 rue de Duguesclin	0	1,700
Omega A	0	1,500
Other(1)	1,143	1,831
TOTAL	**430,414**	**358,128**

(1) The line "Other" includes distributions of less than €400 thousand in 2016 and 2017.

3.5.4.2.2. Breakdown of merger premiums and deficits for the fiscal year

(€K) Company	Accounting treatment			
	Financial income (merger premium)	Financial expense (merger deficit)	Allocation to the account of the underlying	Allocation to shareholders' equity (merger premium)
SARL 11 rue Victor Leroy	4,457			11
SNC Palmer Transaction		94		
EURL Languedoc 34	4,382			
SCI 11 avenue de Sully		2,019		
SNC Foncière Palmer	3,554			
TOTAL	**12,393**	**2,112**	**0**	**11**

3.5.4.2.3. Breakdown of reversals of provisions and transferred expenses

(€K)	31/12/2017
Reversals of provisions for financial contingencies and charges	**50,227**
Reversals of provisions on investments[1]	20,280
Reversals of provisions on treasury shares	31
Reversals of provisions for swap risks	28,463
Reversals of provisions for operating contingencies and charges	1,453
TOTAL	**50,227**

(1) Including reversal of provision on Beni Stabili shares of €19,672 thousand.

3.5.4.3. Net non-recurring income

Income (€K)	31/12/2017	31/12/2016	Expenses (€K)	31/12/2017	31/12/2016	2017 Net
Non-recurring income on management transactions	**308**	**126**	**Non-recurring expenses on management transactions**	**1,950**	**1,042**	**-1,642**
Miscellaneous income	194	44	Miscellaneous expenses	1	2	
Non-recurring income on finance leases	59	81	Expenses on finance leases	35	1	
			Discontinued operation[4]	1,780	935	
Non-recurring income on leasing	55		Non-recurring expenses on operating leases	135	104	
Income on capital transactions	**186,315**	**70,650**	**Expenses on capital transactions**	**168,609**	**74,449**	**17,705**
Non-recurring income on disposal of buildings	135,391	37,284	Book value of buildings sold off	107,339	23,652	
			NBV of other fixed assets sold	10,258	300	
Non-recurring income on exercise of finance lease purchase options[2]	2,040	0	NBV from exercise of finance lease purchase options[2]	3,425	0	
			NBV of intangible fixed assets	65	0	
Income on disposals of treasury shares	28,629	32,327	NBV of treasury shares sold	27,767	32,275	
Income from disposal of securities[1]	19,743	989	Book value of securities sold[1]	1,069	1,955	
			Loss on share-bond repurchases[3]	17,235	16,211	
Miscellaneous non-recurring income	512	50	Miscellaneous expenses	1,452	56	
Reversals of provisions	**2,602**	**4,720**	**Depreciation and provisions**	**1,559**	**1,149**	**1,043**
Provisions for capital cost allowances		4,246	Capital cost allowances	342	582	
Finance leases – Reversals of Art. 64 provisions[2]	1,385	0	Finance leases – Art. 64 provisions	0	0	
Finance leases – Reversals of Art. 57 provisions[2]		0	Finance leases – Art. 57 provisions	0	94	
Reversals of construction provisions	1,217	473	Depreciation and amortisation charges	1,217	473	
Non-recurring income	**189,225**	**75,496**	**Non-recurring expenses**	**172,118**	**76,640**	**17,106**
NET NON-RECURRING INCOME	**17,106**	**-1,144**				

(1) Income from disposal of securities and book values of securities disposed of.

(€K)	Disposal price	Net book value	Income from disposal
SCI Euromarseille 3 securities	0	1	0
SCI 15 rue Cuirassiers securities	19,743	1,068	18,675
TOTAL	**19,743**	**1,069**	**18,674**

(2) The reversal of Art. 64 and Art. 57 provisions are proportional to the net book value of the exercise of lease purchase options.
(3) Equals the cost of redeeming the principle of the bond maturing in 2021 (€17,235 thousand).
(4) Refers to the costs incurred on unsuccessful calls for tender, including Saint-Denis Pleyel (€1,151 thousand), Place de la Bourse (€308 thousand), Tri Postal Toulouse (€126 thousand), Les Groues (€126 thousand) and Euralille 3000 (€49 thousand).

3.5.4.4. Corporate income tax

Foncière des Régions is subject to the SIIC regime; for 2017, taxable net income was a loss of €14,481,553.

The SIIC regime allows the exemption of:

- income from the leasing of assets
- capital gains from the sale of assets to non-related companies
- dividends from subsidiaries are either subject to corporate income tax and opting for the SIIC regime or not subject to corporate income tax.

In return, the Company is subject to the following obligations concerning dividends:

- 95% of the taxable income from the leasing of assets must be distributed before the end of the year after the one in which said income was generated
- 60% of the capital gains from disposals of assets and shares in subsidiaries having opted for the tax treatment must be distributed before the end of the second fiscal year following the one in which they were realised
- 100% of the dividends from subsidiaries that have opted for the tax treatment must be distributed during the year after the year they are received.

The total distribution obligation is calculated by applying the appropriate distribution coefficient to each income category, limited to the taxable income from the entire exempt sector.

The tax credits amounted to €224,629 for fiscal year 2017.

The Group has opted to deduct the CICE (competitiveness and employment tax credit) tax credit from payroll, except for the tax credit arising from tax transparent companies, or €113,220.

The CICE tax credit is used to fund training and development at Foncière des Régions. It is not used to increase the Company's dividend.

3.5.4.5. Increase in and relief of future tax liabilities

As at 31 December 2016, the amount of Foncière des Régions' tax loss carryforwards was €239,636,053.

For the 2017 fiscal year, the net income was a loss of €14,481,553.

The tax loss carryforwards now amount to €254,117,606.

3.5.4.6. Non-tax-deductible expenses

In accordance with the provisions of Article 223 *quater* of the French General Tax Code, it should be noted that the financial statements for the past year include a total of €49,247 corresponding to non-tax-deductible expenses (depreciation and excess rent on leased vehicles).

During the past fiscal year, Foncière des Régions incurred no expenses subject to Articles 223 *quinquies* and 39-5 of the French General Tax Code.

It is recalled that the expenses covered by these articles are sumptuary expenses, such as for hunting, yachting and pleasure craft such as sail boats or motor boats.

Article 223 *quater* states that enterprises liable for corporate income tax must show these expenses in their financial statements and submit them every year for the approval by the Ordinary General Meeting.

3.5.4.7. 3% tax on distributions

Foncière des Régions made dividend distributions to its shareholders for fiscal years 2013, 2015 and 2016 and so is subject to the additional tax on the corporate income tax for the amounts distributed. In this connection the Company paid the sum of €1,553 thousand. The French Constitutional Council, in its Decision No. 2017-660 QPC, dated 6 October 2017, found Article 235 *ter* ZCA, I-*al.* 1 of the French General Tax Code to be unconstitutional. A claim with the *Direction Générale de l'Entreprise* to obtain a refund of this tax was filed during fiscal 2017. The amount, excluding late interest charges, is €1,553 thousand.

3.5.5. *Off-balance sheet commitments*

3.5.5.1. Commitments given

Off-balance sheet commitments given (€M)	Maturity	31/12/2017	31/12/2016
Commitments related to consolidated companies		15.5	15.5
Commitments given for specific transactions(1)	2018-2020	15.5	15.5
Commitments related to financing		0.0	0.0
Commitments related to operating activities (A + B + C)		43.8	56.2
A- Commitments given related to business development		**29.3**	**43.1**
Work commitments outstanding on assets under development(2)		29.3	43.1
B- Commitments related to the implementation of operating contracts		**14.5**	**1.9**
Earn-out payments		0.0	0.0
Other contractual commitments related to the "rental income owed" activity	2050	12.5	0.0
Work commitments outstanding on investment properties(3)		1.9	1.9
C- Commitments related to asset disposals		**0.0**	**11.3**
Preliminary sale agreements given		0.0	11.3

(1) In connection with the transfer of the Logistics assets, Foncière des Régions (in place of Foncière Europe Logistique) agreed to guarantee liabilities amounting to €15.5 million which will mature in 2018 and 2020.

(2) Commitments relating to work on assets under development (2017):

(€M)	Cost of works budgets signed*	Amounts of works accounted for	Amounts for works commitments outstanding	Delivery date
Lezennes Helios (3165)	21.1	12.4	8.7	Q4-2018
Meudon Canopée	13.7	10.4	3.3	>2019
Meudon Ducasse	18.0	0.7	17.3	
TOTAL	**52.8**	**23.5**	**29.3**	

(3) Commitments relating to work on investment properties (2017):

(€M)	Cost of works budgets signed*	Amounts of works accounted for	Amounts for works commitments outstanding	Delivery date
Commitments to works on lease or lease renewal	2.0	0.1	1.9	
TOTAL	**2.0**	**0.1**	**1.9**	

* *The budgets for building works signed are monitored and updated regularly.*

- Under its SIIC status, the Foncière des Régions group has specific obligations, as set out in Section 3.5.4.4.
- Under the bonus share plans awarded (see 3.5.6.5), Foncière des Régions has undertaken to deliver (through acquisition or creation) 473,300 shares to the beneficiaries present at the end of the vesting period.
- As part of the Dassault Systems extension project managed by SCI Latécoère 2, Foncière des Régions granted a yield guarantee to SCI DS Campus on 18 June 2015 subject to the following terms:
  - 3.5% per annum on amounts invested during the 18-month period beginning on 1 December 2016
  - 7% per annum during the period commencing on 1 June 2018 and ending on the date of the first rent receipt.
- As part of the partnership with ACM VIE in the real estate investment companies (*Société Civile Immobilière* – SCI) SCI 9 Cuirassiers and SCI 15 Cuirassiers (with the Silex properties), Foncière des Régions granted a guaranteed return dated 7 December 2017, which works as follows:
  - 2.80% per year beginning 7 December 2017 and ending at the close of the Silex incentive period, or sixteen (16) months after delivery, for up to a minimum of fifty-four (54) months from the signing of this guarantee
  - this is after deducting any money paid by one of the companies to ASM VIE as a dividend (or interim dividend), repayment of premium, or interest during the guaranteed return period
  - in the event that subsequently to the end of the term of this guarantee, money were paid by the companies to ACM VIE, the partner would have to pay back these amounts to Foncière des Régions within ten (10) working days of their receipt.

3.5.5.1.1. Swaps

As a variable-rate borrower, Foncière des Régions is subject to the risk of interest rates rising over time. The exposure to this risk is limited through hedging (swaps, caps and floors).

Foncière des Régions' borrowings and debt with credit institutions have been covered by swap agreements.

The table below summarises the major features of these swap contracts:

Start date	End date	Ref.	Bank	Rate type	Notional (€K)	Fair value (€K)
29/12/2006	31/12/2019	swaps	Natixis	3.78%	100,000	-8,113
31/12/2010	31/12/2019	swaps	Natixis	3.75%	75,000	-6,039
30/11/2010	30/11/2020	swaps	HSBC	3.91%	150,000	-17,695
30/09/2011	31/12/2020	swaps	Dexia	3.80%	100,000	-11,768
30/09/2011	31/12/2020	swaps	HSBC	3.86%	100,000	-11,966
16/10/2012	16/01/2018	swaps	Natixis	0.98%	250,000	118
28/03/2013	30/04/2020	swaps	Natixis	1.17%	170,000	5,314
18/09/2013	18/09/2020	swaps	HSBC	1.58%	200,000	9,342
31/12/2013	29/12/2023	swaps	PAL	2.00%	20,000	-2,014
28/11/2014	31/05/2023	swaps	SG	2.97%	125,000	-18,469
10/09/2014	10/09/2021	swaps	LCL	0.77%	150,000	3,193
31/12/2014	31/12/2024	swaps	CA	3.25%	200,000	-39,336
31/03/2016	31/12/2018	swaps	LCL	3.75%	75,000	3,086
18/02/2016	18/02/2026	swaps	CM CIC	0.50%	50,000	-396
30/12/2016	31/12/2018	swaps	Natixis	4.25%	110,000	5,083
30/12/2016	31/12/2025	swaps	Natixis	1.56%	75,000	-9,346
20/05/2016	20/05/2026	swaps	CACIB	0.53%	200,000	-4,085
30/12/2016	31/12/2019	swaps	LCL	3.75%	35,000	2,818
21/06/2017	21/06/2027	swaps	ING	0.76%	75,000	-707
29/12/2017	31/12/2027	swaps	CACIB	0.84%	75,000	-598
29/12/2017	29/12/2023	swaps	SG	1.80%	150,000	-13,288
TOTAL					**2,485,000**	**-114,866**

3.5.5.1.2. Caps and floors

Foncière des Régions' loans and debts with credit institutions are subject to a cap and floor contract.

The table below summarises the major features of these swap contracts:

Start date	End date	Ref.	Bank	Rate type	Notional (€K)	Fair value (€K)
30/12/2011	31/12/2018	A – Cap	BNP	3.25%	75,000	0
30/12/2011	31/12/2018	A – Cap	BNP	3.25%	75,000	0
31/12/2018	29/12/2028	A – Call swaption	LCL	3.15%	100,000	1
31/12/2018	29/12/2028	V – Put swaption	LCL	2.21%	100,000	-12,101
30/09/2016	29/06/2018	A – Floor	CACIB	0.50%	150,000	618
29/06/2018	30/06/2026	V – Put swaption	CACIB	0.25%	150,000	-52
31/12/2019	31/12/2027	A – Call swaption	LCL	2.50%	70,000	153
31/12/2019	31/12/2027	V – Put swaption	LCL	1.39%	70,000	-2,923
06/01/2017	28/06/2019	A – Cap	BNP	0.00%	50,000	10
30/09/2019	30/06/2026	A – Call swaption	CIC	0.95%	100,000	1,421
30/09/2019	30/06/2026	V – Put swaption	CIC	0.48%	150,000	-993

3.5.5.2. Commitments received

Off-balance sheet commitments received *(€M)*	Maturity	31/12/2017	31/12/2016
Commitments related to consolidated companies		**0.0**	**0.0**
Commitments related to financing		**889.0**	**605.0**
Commitments related to financing not specifically required by IFRS 7		0.0	0.0
Financial guarantees received (authorised lines of credit not used)		889.0	605.0
Commitments related to operating activities		**43.7**	**69.6**
Assets received in pledge, mortgage or collateral, as well as guarantees received		12.4	13.4
Preliminary sale agreements received = Preliminary sale agreements given		0.0	11.3
Works commitment outstanding (fixed assets) = (2) + (3) of the commitments given		31.3	45.0

3.5.6. *Sundry information*

3.5.6.1. Average headcount during the year and at the end of the period

	2017	2016
Managers	129	121
Supervisors	17	22
Employees	4	7
TOTAL EXCLUDING APPRENTICES	**150**	**150**
Apprentices	6	5
TOTAL	**156**	**155**

The average headcount for 2017 was 151.17.

3.5.6.2. Management and Directors' remuneration

3.5.6.2.1. Attendance fees

The attendance fees paid over the year by Foncière des Régions amounted to €579,125 *versus* €383,000 in 2016.

3.5.6.2.2. Remuneration of General Management

The members of the General Management and the Chairman of the Foncière des Régions Board of Directors received overall remuneration of €2,395 thousand for their roles, excluding the valuation of bonus shares.

The members of the General Management do not receive any post-retirement benefits, other than payment of the following compensation:

In the event of forced departure as a result of a change in control or strategy, the following Directors will receive compensation, provided that the performance conditions are met:

- Christophe Kullmann (Chief Executive Officer): the indemnity will be equal to 12 months' salary (fixed and variable) increased by one month for each year of service, limited in total to 24 months' salary.
- Olivier Estève (Deputy General Manager): the indemnity will be equal to 12 months' salary (fixed and variable) increased by one month for each year of service, limited in total to 24 months' salary.

3.5.6.3. Information regarding related-party transactions

All related-party transactions are concluded under normal market conditions.

As a reminder, the term "related parties" is broader than related companies, since it covers all consolidated businesses regardless of the consolidation method used. It also i ncludes close family members of the primary executives.

3.5.6.4. Information on items with related companies

(€K)	Amount
Advances and pre-payments on fixed assets	0
Investments	4,575,321
Investment-related receivables	0
Loans	853,655
Trade receivables and related accounts	81,032
Other receivables	0
Other sundry long-term loans and borrowings	0
Other sundry short-term loans and borrowings	0
Advances and deposits received on orders in progress	168
Trade payables and related accounts	201,904
Debt on fixed assets and related accounts	0
Other debt	94
Income from investments	430,564
Other financial income	15,678
Financial expenses	-1,748

It is recalled that an enterprise is considered related to another whenever it is liable to be fully consolidated in the same group. The list of fully consolidated companies is given in Section 3.3 of the consolidated financial statements.

3.5.6.5. Bonus share

In 2017, a total of 130,953 bonus shares were awarded by Foncière des Régions. The following fair-value assumptions were made for the bonus shares:

	2017		
	France with performance condition – Performance scenario	France with performance condition – FDR internal objective	France without performance conditions
Date awarded	15/02/2017	15/02/2017	15/02/2017
Number of shares awarded	12,000	12,000	8,423
Share price on the date awarded	€78.16	€78.16	€78.16
Acquisition period	3 years	3 years	3 years
Lock-up period			
2017 dividend per share	4.50	4.50	4.50
2018 dividend per share	4.50	4.50	4.50
2019 dividend per share	4.64	4.64	4.64
2020 dividend per share			
Value of bonus share	€64.42	€64.42	€64.42
Value of the benefit	€38.39	€41.42	€51.82

As at 31 December 2017, 473,300 bonus shares had been granted but were not yet vested.

3.5.6.6. Subsidiaries and equity investments

Companies or groups of companies	Share capital	Reserves and retained earnings before allocation of income	Capital interest (%)	Book value of securities held	
				Gross	Net
I. DETAILED INFORMATION					
A. Subsidiaries (at least 50% of the capital held by the Company)					
1) Real estate activities					
a) Rental property					
Foncière Développement Logements	116,711	72,067	100.00	301,689	301,689
Fédération	16,151	20,950	100.00	27,411	27,411
SCI Raphaël	9	8,704	100.00	8,004	8,004
FDR7	3	822	100.00	825	825
SA Technical	105,543	159,945	100.00	382,583	382,583
GFR Kléber	6,001	31	100.00	6,001	6,001
SCI Omega A	13,606	2,484	100.00	14,163	14,163
SCI Omega C	7,447	3,923	100.00	8,843	8,843
SCI Le Ponant 1986	15	7,029	100.00	4,162	4,162
SCI Atlantis	2	5,171	100.00	28,429	28,429
SCI Iméfa 127	81,788	7,259	100.00	103,476	103,476
SCI Ruhl Côte d'Azur	1	4,131	100.00	29,584	29,584
Latécoère	4,714	-3,792	50.10	30,851	30,851
SCI du 32 avenue P. Grenier	157	7,816	100.00	20,610	20,610
SCI du 40 rue JJ. Rousseau	24	5	100.00	12	12
SCI du 3 place A Chaussy	15	0	100.00	234	234
SARL BGA TranSActions	50	3,658	100.00	3,210	3,210
SCI du 288 rue Duguesclin	319	4,981	100.00	4,498	4,498
SCI du 9 rue des Cuirassiers	85	2,604	50.10	5,693	5,693
SCI 35/37 rue Louis Guérin	34	-2,612	100.00	967	967
SCI du 15 rue des Cuirassiers	159	1,240	50.10	1,072	1,072
SARL du 25/27 quai Félix Faure	18	165	100.00	1,231	1,231

2017				
Germany without performance conditions	Italy with performance condition – Performance scenario	Italy with performance condition – FDR internal objective	Executives without performance condition	Employees without performance condition
15/02/2017	15/02/2017	15/02/2017	22/11/2017	22/11/2017
4,000	750	750	27,900	65,130
€78.16	€78.16	€78.16	€88.83	€88.83
3 years	3 years	3 years	2 years	3 years
4.50	4.50	4.50		
4.50	4.50	4.50	4.58	4.58
4.64	4.64	4.64	4.75	4.75
				4.75
€64.42	€64.42	€64.42	€79.44	€74.63
€51.82	€31.94	€41.42	€71.69	€60.03

Outstanding loans and advances granted by the Company and not reimbursed	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year
0		9,451	47,416	32,411
22,000		0	5,001	0
21,307		2,611	250	999
16,282		3,784	11,973	5,548
0		74,199	66,810	45,000
4,811		1,005	197	160
15,500		3,030	1,824	0
11,222		2,416	1,417	0
2,200		1,291	857	700
26,000		5,383	3,915	0
1,002		1,249	-5,388	0
10,500		3,159	2,107	1,000
0		21,493	-6,112	1,403
12,100		3,567	2,197	3,000
6,400		1,152	826	801
4,400		1,195	547	526
23,990		2,015	604	433
16,145		5,600	884	0
20,681		224	-5,126	0
19,800		2,598	1,150	0
33,000		653	-1,439	0
4,200		1,266	695	646

Companies or groups of companies	Share capital	Reserves and retained earnings before allocation of income	Capital interest (%)	Book value of securities held Gross	Net
SCI du 10B ET 11A 13 allée des Tanneurs	32	551	100.00	1,441	1,441
SCI du 11 avenue de Sully	14	-366	100.00	0	0
SCI du 8 rue M. Paul	11	241	100.00	285	285
SCI du 1 rue de Châteaudun	17	2,113	100.00	2,048	2,048
SCI du 1630 avenue de la Croix Rouge	12	-1	100.00	83	83
SCI du 125 avenue du Brancolar	25	101	100.00	7	7
SCI du 682 cours de la Libération	15	16	100.00	644	644
SARL du 106/110 rue des Troënes	9	15	100.00	9	9
SARL du 11 rue Victor Leroy (all assets transferred on 31/03/2017)	13	0	100.00	0	0
SCI du 2 rue de l'Ill	14	270	100.00	198	198
SCI du 20 avenue Victor Hugo	12	124	100.00	3	3
SARL du 2 rue Saint Charles	16	180	100.00	7	7
SNC Palmer Transaction (all assets transferred on 31/10/2017)	4,356	-6,611	100.00	0	0
SNC Foncière Palmer (all assets transferred on 31/12/2017)	320	2,443	100.00	0	0
SNC Palmer Plage	4,605	-6,434	100.00	1,916	1,916
SCI Palmer Montpellier	292	-2,345	100.00	0	0
SCI Dual Center	1,352	1,404	100.00	1,500	1,500
Beni Stabili	226,959	1,564,232	52.43	1,245,719	999,142
SCI Pompidou	966	4,040	100.00	5,000	5,000
SCI 11 Place de l'Europe	4	5,916	50.09	10,026	10,026
SCI Languedoc 34 (all assets transferred on 30/11/2017)	8,993	89	100.00	0	0
Office CB 21	330,447	-2,082	75.00	247,695	247,695
SCI Lenovilla	8	29,153	50.09	24,286	24,286
SCI Latécoère 2	2	-735	50.10	1	0
SCI Meudon Saulnier	1	-3,887	99.90	1	0
SCI Charenton	3,201	13,136	100.00	16,001	16,001
SCI avenue de la Marne	50	-493	100.00	50	0
SCI Euromarseille 3 (liquidation on 16/10/2017)	0	0	50.00	0	0
Omega B	5,963	4,987	100.00	15,977	15,977
FDR LUX	13	24	100.00	63	40
SCI Rueil B2	1	7	99.90	1	1
SCI Rueil B3 B4	1	0	99.90	1	1
SNC OPCO Newwork	1	0	99.90	1	0
b) Real estate company					
SARL GFR Ravinelle	952	693	99.98	1,733	1,618
c) Real estate development					
Lenopromo	1	4,056	99.90	1	1
Latepromo	1	12,115	99.90	1	1
Promomurs	1	82	100.00	1	1
SNC le clos de chanteloup	1	0	99.90	1	0
SNC Bordeaux lac	1	0	99.90	1	0
SNC Sully Chartres	1	0	99.90	1	0
SNC Sucy parc	1	0	99.90	1	0
SNC Gambetta le Raincy	1	0	99.90	1	0
SNC Orly promo	1	0	99.90	1	0

Outstanding loans and advances granted by the Company and not reimbursed	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year
8,500		2,061	1,475	580
0		521	-2,017	0
2,700		835	524	296
2,150		1,012	575	597
0		386	2,903	1,015
6,400		1,630	937	679
3,400		640	293	408
2,000		495	267	253
0		28	4,456	528
3,100		854	520	395
2,850		988	691	490
13,416		1,942	-1,304	755
0		0	-94	0
0		82	3,205	0
46,876		5,981	704	0
3,423		0	-392	0
2,200		533	161	0
0		0	92,080	39,112
6,000		1,008	341	309
23,050		6,358	-2,160	2,605
0		922	4,291	485
0		0	7,903	17,448
27,102		15,033	3,604	0
19,398		376	-3,493	0
29,470		0	-1,442	0
130,047		11,665	5,153	4,994
23,350		0	-1,015	0
0		0	0	0
11,059		1,269	-327	0
3,148		0	3	0
80,909		7,882	437	1,948
37,469		3,385	-333	509
6,020		5,454	-493	0
0		10	-27	0
0		0	17	0
0		2,612	2,895	0
0		2,987	165	0
721		0	-1	0
8,250		0	-3	0
761		0	-1	0
599		0	-1	0
1,649		0	-1	0
1		0	-1	0

Companies or groups of companies	Share capital	Reserves and retained earnings before allocation of income	Capital interest (%)	Book value of securities held – Gross	Book value of securities held – Net
Silexpromo	1	0	99.90	1	1
SCI du 21 rue Jean Goujon	1	0	99.90	1	0
SNC Villouvette Saint Germain	1	0	99.90	1	0
SNC la marina Fréjus	1	0	99.90	1	0
SNC Normandie Niemen Bobigny	1	0	99.90	1	0
SNC le printemps Sartrouville	1	0	99.90	1	1
SNC Gauguin St-Ouen-l'Aumône	1	0	99.90	1	1
2) Car parks					
SCI Esplanade Belvédère II	366	1	100.00	451	451
République	3,838	20,754	59.50	50,145	50,145
Gespar	30	1	50.00	56	56
3) Services					
SNC FDR Property	2,037	-936	100.00	2,737	108
FDR Développement	200	-1,988	100.00	1,852	0
FDM Gestion	37	4	100.00	37	37
Foncière Margaux	40	10	100.00	34	34
FDR 2	927	-5,062	100.00	927	0
Euromarseille 1	3,501	-21,624	50.00	3,587	3,587
Euromarseille 2	3,501	2,910	50.00	3,564	3,564
Foncière des Régions SGP	592	607	100.00	1,395	1,395
Télimob Paris SARL	552	50,358	100.00	57,670	57,670
Imméo ReWo Holding GmbH	25	896,917	100.00	964,043	964,043
FDR Participations	1	-10	100.00	1	0
B. Investment (10% to 50% of capital held by the Company)					
1) Real estate activities					
a) Rental property					
Cœur d'Orly Promotion	37		50.00	19	19
Foncière des Murs SCA	351,264	840,775	50.00	929,168	929,168
SCI Factor E	10	529	34.69	486	486
SCI Orianz	10	928	34.69	885	885
II. GENERAL INFORMATION ON OTHER HOLDINGS					
A. Subsidiaries not included in Section 1					
a) French subsidiaries (total)					
b) Foreign subsidiaries (total)					
B. Investments not included in Section 1					
a) In French companies (comédie/oséo/Finantex/MRDIC/FNAIM)	152	1,836	0.10	5	0
b) In foreign companies					
III. GENERAL INFORMATION ON HOLDINGS					
A. Subsidiaries I + II					
a) French subsidiaries (total)	730,208	410,408		1,434,997	1,429,387
b) Foreign subsidiaries (total)	226,984	2,461,149		2,209,762	1,963,185
B. Investments I + II					
a) In French companies	351,473	844,068		930,562	930,557
b) In foreign companies					

(1) Information not available on the closing date.

Outstanding loans and advances granted by the Company and not reimbursed	Guarantees and sureties given by the Company	Revenues net of tax for the most recent year ended	Profit (loss) for the most recent year ended	Dividends received by the Company over the year
121		22,533	5,083	0
61		0	-1	0
1		0	-1	0
1		0	-1	0
0		0	-1	0
0		0	0	0
0		0	0	0
0		48	20	19
0		16,385	-1,825	0
0		48	31	15
0		9,730	-993	0
2,720		8,502	-1,011	0
0		1,114	452	400
0		0	-12	0
17,107		0	-4,145	0
12,453		0	24,629	12,500
22,143		0	431	0
0		952	215	0
0		0	38,160	36,800
66,450		0	36,056	100,000
18		0	-8	0
4,571		-1,139	1,391	0
0		84,930	79,582	114,646
3,052		0	-21	0
6,292		0	-42	0
0		1,213	615	0
832,184		283,604	220,043	176,656
66,450		0	128,136	139,112
13,914		85,003	81,526	114,646

3.5.6.7. Subsequent events

- On 9 January 2018, Foncière des Régions participated in the capital increase of its wholly-owned subsidiary Imméo ReWo Holding Gmbh for €57 million. This company remains wholly owned.
- On 31 January 2018, a reciprocal contract for the sale of the properties located at 10 and 30 avenue Kléber for, respectively, €24,815 thousand and €78,700 thousand by the GFR Kléber and Raphael companies, and the purchase of the building at 19-21 rue Jean Goujon for €132,000 million by SCI 21 rue Jean Goujon. These companies are wholly owned.

3.5.6.8. Company earnings over the past five fiscal years

(€)	
I – Capital at year-end	
a.	Share capital
b.	Number of ordinary shares outstanding
c.	Number of priority dividend shares (without voting rights) outstanding
d.	Maximum number of future shares to be created
d1.	Through conversion of bonds
d2.	Through exercise of subscription rights
II – Operations and net income for the fiscal year	
a.	Revenues net of tax
b.	Income before tax, employee profit sharing, depreciation and provisions
c.	Corporate income tax
d.	Employee profit-sharing due for the year
e.	Income after tax, employee profit-sharing, depreciation and provisions
f.	Distributed income
III – Earnings per share	
a.	Income after tax and employee profit sharing, but before depreciation and provisions
b.	Income after tax, employee profit-sharing, depreciation and provisions
c.	Dividend per share
IV – Personnel	
a.	Average salaried headcount over the fiscal year
b.	Total payroll for the fiscal year
c.	Amount paid in employee benefits for the fiscal year (social security, benefits, etc.)

3.5.6.9. Research and development activities

Foncière des Régions did not conduct any research and development during the past fiscal year.

3.5.6.10. Payment deadlines for suppliers and customers

	Article D.441 I.- 1°: Invoices received and not paid on the closing date whose term is due					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total 1 day and over
(A) Late payment tranches						
Number of invoices concerned	133					9
Total amount of invoices concerned including tax	2,259,819.91	1,792,946.69	-	-	116,369.56	1,909,316.25
Percentage of the total amount of purchases including tax during the fiscal year	5.01%	3.97%			0.26%	4.23%
Percentage of revenues including tax during the fiscal year						
(B) Invoices excluded from (A) related to debt and litigious or unaccounted receivables						
Number of invoices excluded						N/A
Total amount of excluded invoices						N/A
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or L. 43-1 of the French Commercial Code						
Payment terms used for the calculation of late payments	√					Contractual terms: Legal terms: 60 days

	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
	188,049,264	188,050,671	199,889,196	206,273,556	224,489,892
	62,683,088	62,683,557	66,629,732	68,757,852	74,829,964
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	311,561	310,056	371,557	438,544	473,300
	72,992,648	74,203,034	67,946,138	73,203,471	84,416,438
	192,350,072	303,487,063	307,764,301	210,672,329	423,283,200
	789,695	2,387,437	315,121	123,615	1,359,463
	0	0	0	0	537,616
	180,571,839	186,513,137	205,606,731	248,815,409	443,008,272
	263,268,970	263,270,939	286,507,848	302,534,549	336,734,838
	3.06	4.80	4.61	3.06	5.64
	2.88	2.98	3.09	3.62	5.92
	4.20	4.30	4.30	4.40	4.50
	141	156	152	149	151
	16,858,351	15,964,832	15,515,470	16,272,553	14,258,503
	6,457,459	7,264,791	6,495,142	6,619,556	6,391,613

Article D.441 I.- 2°: Invoices issued and not paid on the closing date whose term is due

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	1 day and over
	-					153
	-	1,075,714.55	449,063.78	151,533.52	1,749,842.73	3,426,154.58
	0.00%	1.07%	0.45%	0.15%	1.74%	3.41%
						N/A
						0.00
						Contractual terms: Legal terms: Comments: no invoicing of late interest

3.6. STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ending 31 December 2017

To the shareholders of Foncière des Régions,

Opinion

In compliance with the engagement conferred on us by your General Meetings, we have performed an audit of the accompanying annual financial statements of Foncière des Régions for the financial year ended 31 December 2017.

In our opinion, the accompanying annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2017, and of the results of its operations for the year then ended, in accordance with French accounting standards.

The audit opinion thus formulated is consistent with the content of our report to the Company's Audit Committee.

Basis for the audit opinion

Audit framework

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

Our responsibilities by virtue of those professional standards are set out in the latter part of the present report under the heading "Responsibilities of the Statutory Auditors for the audit of the annual financial statements".

Independence

We performed our audit engagement in compliance with the independence requirements applicable to us during the period from 1 January 2017 to the date of issue of our report; in particular, we performed no services prohibited under article 5, paragraph 1 of EU regulation n° 537/2014 or by virtue of France's *Code de déontologie de la profession de Commissaire aux comptes*.

Observation

Without qualifying our opinion, we draw your attention to Note 3.5.2.5, "Derivative financial instruments", to your Company's annual financial statements detailing the change in accounting policy resulting from application of regulation 2015-05 on the subject of hedge accounting.

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Code of commercial law relating to the justification of our assessments, we bring to your attention the following key audit matters relating to the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying annual financial statements, as well as the manner in which we have responded to those risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report. We do not express any opinion on isolated elements of the annual financial statements.

Valuation of equity investments and any associated impairment allowances or provisions

Risk identified	Our response
At 31 December 2017, the Company's equity investments were included in its statement of financial position at a carrying amount of €4,323 million or 63% of the Company's total assets. As stated in Note 3.5.2.3, "Non-current financial assets", they are measured at cost or at the applicable contribution value less any impairment allowance required to reduce them to their value in use. In the case of investments held for the long term, value in use is assessed on the basis of the investee's net assets plus any unrecognised capital gains associated with the investee's non-current assets. For listed subsidiaries, use is made of their published triple net asset values. As stated in Note 3.5.2.6, provisions may also be recognised in the amount of any negative revalued equity associated with subsidiaries for which any associated assets have already been treated as impaired. Given the weight of the Company's equity investments and the sensitivity of their valuation to the applicable assumptions in particular as regards the estimation of the applicable unrecognised capital gains, we considered their valuation and that of any applicable provisions as a key audit matter.	We obtained an understanding of the process of determination of the value in use of equity investments. Our procedures also involved: ◆ obtaining an understanding of the applicable valuation methods and of the underlying assumptions for the determination of value in use ◆ comparing the net asset values retained by management for valuation purposes with the available accounting source data for subsidiaries subject to audit or analytical procedures and examining any adjustments applied ◆ for listed subsidiaries, comparing the values in use retained by management with the corresponding published triple net asset values ◆ testing, on a sample basis, the arithmetical accuracy of the calculations resulting in the final carrying amounts ◆ recalculating, on a sample basis, the impairment allowances calculated by the Company. Our procedures in respect of the applicable unrecognised capital gains also involved: ◆ assessing the independence of the Company's professional property valuers on the basis of the requirements for rotation and bases of remuneration defined by the Company, and assessing their competence ◆ obtaining an understanding of the Company's written instructions to its professional property valuers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the Company ◆ assessing, on a test basis, the relevancy of the information provided by the Company's finance department to the professional property valuers for the purpose of determining the fair value of the Company's property assets, including rent schedules, other accounting data and capital expenditure budgets ◆ analysing the professional property valuers' valuation assumptions such as, in particular, the applicable yield rates, discount factors, estimated rents and market rental values, by comparison with the available market data ◆ interviewing certain professional property valuers in the presence of the Company's finance department and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement. In addition to the assessment of the value in use of the Company's equity investments, our procedures also involved assessing any requirement for the recognition of provisions to cover the amount of any negative revalued equity associated with subsidiaries for which any associated assets have already been treated as impaired.

Valuation of property assets

Risk identified	Our response
At 31 December 2017, the Company's property assets (mainly comprising buildings owned by the Company) were valued at €676 million. They are recognised at acquisition cost or contribution value and are amortised on a straight-line basis. As indicated in Note 3.5.2.2, "Property, plant and equipment", at each reporting date the Company assesses the existence of any indications of lasting impairment of its assets and, if necessary, recognises impairment allowances for any excess of the existing carrying amounts over the assets' market values (excluding costs) calculated by independent professional property valuers. Property valuation is a complex matter requiring the exercise of significant judgement by the Company's professional property valuers based on the data communicated by the Company. Given the weight of the Company's property assets and the sensitivity of their valuation to the applicable assumptions requiring the exercise of judgement, we considered their valuation as a key audit matter.	We obtained an understanding of the Company's process of valuation of its property assets. Our procedures also involved: • assessing the independence of the Company's professional property valuers on the basis of the requirements for rotation and bases of remuneration defined by the Company, and assessing their competence • obtaining an understanding of the Company's written instructions to its professional property valuers describing the nature of the services required and the scope and limitations of the applicable procedures with particular regard to the verification of the information provided by the Company • assessing, on a test basis, the relevancy of the information provided by the Company's finance department to the professional property valuers for the purpose of determining the fair value of the Company's property assets, including rent schedules, other accounting data and capital expenditure budgets • analysing the professional property valuers' valuation assumptions such as, in particular, the applicable yield rates, discount factors, estimated rents and market rental values, by comparison with the available market data • interviewing certain professional property valuers in the presence of the Company's finance department and assessing, by the inclusion of valuation specialists within our audit teams, the consistency and relevancy of the valuation approach applied and of the main associated instances of the exercise of professional judgement • verifying, on a sample basis, that impairment allowances are recognised when assets' market values (excluding costs) calculated by independent professional property valuers are lower than the existing carrying amounts and the criteria defined in Note 3.5.2.2 are met • recalculating, on a sample basis, the impairment allowances calculated by the Company and the corresponding charges or credits for increases or decreases in the existing allowances.

Verification of the Company's management report and other documents addressed to shareholders

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

Information on the Company's financial position and annual financial statements included in the Company's management report and other documents addressed to shareholders

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information on the Company's financial position and annual financial statements included in its management report and other documents addressed to shareholders.

Corporate governance report

We confirm the existence, in the Board of Directors' corporate governance report, of the information required by articles L. 225-37-3 and L. 225-37-4 of the French Code of commercial law.

As regards the information on the remuneration and other benefits paid to Company Officers, and on any guarantees provided on their behalf, required by article L. 225-37-3 of the French Code of commercial law, we vouched its agreement with the Company's annual financial statements or underlying data and, if necessary, with the elements gathered by your Company from other companies controlling your Company or under its control. Based on this work, we confirm the accuracy and fair presentation of that information.

As regards the information on matters liable, in the view of your Company, to have an impact in the event of any public offer for the purchase or exchange of the Company's securities and required by application of article L. 225-37-5 of the French Code of commercial law, we vouched its agreement with the applicable source documents communicated to us. Based on this work, we have no matters to report in respect of this information.

Other information

As required by law, we verified that the requisite information on purchases of shares and controlling interests and the identity of the Company's shareholders, and their voting rights, have been communicated to you in the management report.

Information reflecting other legal and regulatory requirements

Statutory audit appointments

We were appointed as Statutory Auditors of Foncière des Régions by your Company's General Meeting held on 22 May 2000 in the case of MAZARS and 24 April 2013 in the case of ERNST & YOUNG et Autres.

At 31 December 2017 MAZARS was in its eighteenth year of engagement without interruption and ERNST & YOUNG et Autres in its fifth year.

Responsibilities of the Company's management, and of the persons involved in the Company's corporate governance, in respect of the annual financial statements

The Company's management is responsible for the preparation of annual financial statements presenting a true and fair view in accordance with French accounting standards and for the implementation of the system of internal control it deems necessary for the preparation of annual financial statements free from material misstatement whether resulting from fraud or error.

When preparing the annual financial statements, it is incumbent on the Company's management to assess the Company's capacity to continue to operate as a going concern, make any necessary disclosure in that respect and present the annual financial statements on a going concern basis unless there is an intention to liquidate the Company or cease its business.

It is incumbent on the Company's Audit Committee to oversee the Company's financial reporting process and assess the effectiveness of its systems of internal control and risk management, and of any internal audit function, with regard to the preparation and processing of financial and accounting information.

The annual financial statements have been authorised for issuance by the Company's Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Audit purpose and audit approach

We are required to prepare a report on the Company's annual financial statements. Our purpose is to obtain reasonable assurance about whether the annual financial statements, taken as a whole, are free from material misstatement. Reasonable assurance implies a significant level of assurance which nevertheless does not provide any guarantee that an audit performed in accordance with professional auditing standards will systematically enable the detection of any material misstatement. Misstatements may result from fraud or error and are considered to be material whenever it may reasonably be expected that, taken individually or in aggregate, they may influence the economic decisions taken by users of the financial statements on the basis of those financial statements.

As mentioned by article L. 823-10-1 of the French Code of commercial law, our statutory audit engagement does not guarantee your Company's viability or the quality of its management.

In the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and:

- identifies the risks of material misstatement in the annual financial statements, whether resulting from fraud or from error, defines and deploys audit procedures with regard to those risks and gathers the audit evidence deemed sufficient and appropriate to support the audit opinion. The risk of non-detection of a material misstatement attributable to a fraud is greater than that for a material misstatement attributable to error, since fraud may imply the existence of collusion, falsification, voluntary omission, false statements or bypassing of internal controls
- obtains an understanding of the internal controls relevant to the audit for the purpose of defining appropriate audit procedures but not with the intention of expressing an audit opinion on the effectiveness of the Company's system of internal control
- assesses the appropriateness of the Company's accounting policies, the reasonableness of management's estimates and the adequacy of the related additional disclosures provided in the annual financial statements
- assesses the appropriateness of management's application of the going concern convention as well as, based on the audit evidence collected, the existence of any material uncertainty with regard to events or circumstances liable to compromise the Company's ability to continue to operate as a going concern. The assessment is based on the audit evidence collected up to the date of the audit report and it must be noted in that respect that subsequent circumstances or events may also compromise the Company's ability to continue as a going concern. If the auditor concludes as to the existence of any material uncertainty, the attention of readers of the audit report is drawn to the information provided in that respect in the annual financial statements or, if such information is not provided or is not relevant, the auditor formulates a qualified audit opinion or a disclaimer of opinion
- assesses the overall presentation of the annual financial statements and judges whether the annual financial statements reflect the Company's transactions and underlying events in such a way as to provide a true and fair view.

Report to the Audit Committee

We remit to the Audit Committee a report which presents the scope of the audit procedures, the work programme implemented and the associated conclusions. We also inform the Audit Committee of any internal control weaknesses identified in respect of the procedures governing the preparation and processing of the Company's financial and accounting information.

The elements communicated in the report to the Audit Committee equally include the risks of material misstatement which, in our professional view, have presented the greatest significance for the audit of the accompanying annual financial statements and which as such constitute the key audit matters we are required to describe in the present report.

We also provide the Audit Committee with the statement required by article 6 of EU regulation n° 537-2014 and confirming our independence in accordance with the requirements applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French Code of commercial law and by our profession's *Code de déontologie de la profession de Commissaire aux comptes*. If appropriate, we discuss with the Audit Committee any risks threatening our independence and the corresponding safeguards applied.

Courbevoie and Paris-La Défense, 28 February 2018

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Gilles Magnan	Jean-Roch Varon

4

GENERAL MEETING AND CORPORATE GOVERNANCE

4.1 AGENDA AND DRAFT RESOLUTIONS FOR THE COMBINED GENERAL MEETING OF 19 APRIL 2018

All shareholders of Foncière des Régions are invited to the Combined General Meeting to be held on Thursday 19 April 2018, at 2:30 pm in the Pavillon Kléber, 7 rue Cimarosa, Paris (75116) to deliberate on the following agenda items:

4.1.1 Agenda

4.1.1.1 Ordinary resolutions

- Approval of the Company's financial statements for the year ended 31 December 2017
- Approval of the consolidated financial statements for the year ended 31 December 2017
- Allocation of income – Distribution of dividends
- Approval of the Statutory Auditors' special report prepared in accordance with Article L. 225-40 of the French Commercial Code and the regulated agreements covered by Article L. 225-38 of the French Commercial Code referred to therein
- Approval of the Statutory Auditors' special report, prepared in accordance with Article L. 225-40 of the French Commercial Code, and of the undertaking in favour of Dominique Ozanne, Deputy General Manager
- Approval of the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Chairman of the Board of Directors
- Approval of the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Chief Executive Officer
- Approval of the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Deputy General Managers
- Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Jean Laurent in his capacity of Chairman of the Board of Directors
- Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Christophe Kullmann in his capacity of Chief Executive Officer
- Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Olivier Estève in his capacity of Deputy General Manager
- Renewal of the term of office of the company ACM Vie as a Director
- Renewal of the term of office of Romolo Bardin as a Director
- Renewal of the term of office of Delphine Benchetrit as a Director
- Renewal of the term of office of Sigrid Duhamel as a Director
- Renewal of the term of office of Mazars as Principal Statutory Auditor
- Setting of the annual attendance fees
- Authorisation to be granted to the Board of Directors for the purposes of the Company's purchase of its own shares.

4.1.1.2. Extraordinary resolutions

- Delegation of authority to the Board of Directors to increase the Company's share capital through the capitalisation of reserves, profits or premiums
- Authorisation to be granted to the Board of Directors to reduce the Company's share capital through the cancellation of shares
- Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the Company's share capital, maintaining the shareholders' preferential right of subscription
- Delegation of authority to the Board of Directors to issue, through public offering, company shares and/ or securities giving access to the Company's capital, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues
- Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the Company's capital, with waiver of shareholders' preferential subscription rights, in the event of a public exchange offer initiated by the Company
- Delegation of authority to the Board of Directors to issue shares and/or transferable securities giving access to the Company's capital, in order to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities giving access to equity, with waiver of shareholders' preferential subscription rights
- Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of the Company and companies in the Foncière des Régions Group that are members of a company savings plan, with waiver of shareholders' preferential subscription right
- Powers for formal recording requirements.

4.1.2. *Text of the draft resolutions*

4.1.2.1. Ordinary resolutions

Resolution 1

(Approval of the Company's financial statements for the year ended 31 December 2017)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Company's financial statements for the fiscal year ended 31 December 2017 and the reports of the Board of Directors and Statutory Auditors on these annual financial statements, approves in full the report of the Board of Directors and the financial statements for the year ended 31 December 2017, which include the balance sheet, income statement and notes, as presented, showing a profit of €443,008,272.25.

The General Meeting consequently approves the transactions posted to these accounts or summarised in these reports.

The General Meeting notes that there were no expenditure and expenses covered by Article 39-4 of the French General Tax Code, and observes that there is no corporate income tax payable in this respect.

Resolution 2

(Approval of the consolidated financial statements for the year ended 31 December 2017)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the reports of the Board of Directors and Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2017, which include the balance sheet, income statement and notes, as presented, as well as the transactions posted to these accounts or summarised in these reports.

The General Meeting notes that the consolidated net income of the Group as at 31 December 2017 was €914,112 thousand.

Resolution 3

(Allocation of income – Distribution of dividends)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, resolves, on the proposal of the Board of Directors, to allocate the earnings for the year, amounting to €443,008,272.25, less the losses carried forward of (€8,055,628.35), giving a total of €434,952,643.90, as follows:

(i) €298,597.80 to the legal reserve, bringing the amount of the legal reserve to 10% of the share capital at the end of the fiscal year, *i.e.* €22,448,989.20

(ii) €336,883,657.50 to the distribution of dividends

(iii) €97,770,388.60 to the retained earnings account.

Thus, each share will receive a dividend of €4.50.

Please note that in the event of changes to the number of shares giving the right to dividends, and in particular in the event of the conversion of any net share settled bonds redeemable into new and/or existing shares ("ORNANE") and/or the definitive acquisition of free shares taking place prior to the dividend payment date, the overall amount of the dividend will be adjusted correspondingly *via* a withdrawal from the "Retained earnings" account.

The General Meeting resolves that, pursuant to the provisions of Article L. 225-210 of the French Commercial Code, the amount the shareholders may have waived, as well as the amount corresponding to treasury shares on the dividend payment date, which do not grant a right to dividends, will be allocated to the "Retained earnings" account.

The dividend will be distributed on 17 May 2018.

Based on the total number of shares which made up the share capital at 31 December 2017, plus 33,071 new shares issued as part of the final allocation of free shares carrying entitlement to dividends for the 2017 fiscal year, *i.e.* 74,863,035 shares, a total dividend of €336,883,657.50 will be allocated. This dividend does not carry entitlement to the 40% rebate, except in the event of the income tax scale option under Article 200 A 2 of the French General Tax Code, and only for the portion of this dividend deducted from earnings liable for corporate income tax. In accordance with Article 158-3 of the French General Tax Code, this rebate does not apply to earnings exempt from corporate income tax.

The dividend drawn against the Company's profits exempt from corporation tax pursuant to Article 208 C of the French General Tax Code totals €336,883,657.50.

The dividend drawn against the Company's profits exempt from corporation tax pursuant to Article 208-3 *quater* of the French General Tax Code totals €0.

In accordance with the law, the General Meeting confirms that the dividends distributed for the previous three fiscal years were as follows:

Fiscal year	Type of dividend	Dividend paid per share	Amount of dividend eligible for the 40% rebate	Amount of dividend not eligible for the 40% rebate
2014	Current	€4.30	-	€4.30
2015	Current	€4.30	€0.0329	€4.2671
2016	Current	€4.40	€0.5115	€3.8885

Resolution 4

(Approval of the Statutory Auditors' special report prepared in accordance with Article L. 225-40 of the French Commercial Code and the regulated agreements referred to in Article L. 225-38 of the French Commercial Code referred to therein)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Statutory Auditors' special report on the regulated agreements referred to in Article L. 225-38 of the French Commercial Code, approves this report and such agreements entered into or executed during the fiscal year ended 31 December 2017.

Resolution 5

(Approval of the Statutory Auditors' special report prepared in accordance with Article L. 225-40 of the French Commercial Code and with the undertaking in favour of Dominique Ozanne, Deputy General Manager)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors and the Statutory Auditors' special report on the regulated agreements and commitments referred to in Articles L. 225-38 *et seq.* of the French Commercial Code, and deliberating in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, acknowledges said report and approves the commitment referred to therein concerning the compensation paid to Dominique Ozanne in the event of termination of his appointment as Deputy General Manager; this compensation would only be payable in the event of a forced departure.

Resolution 6

(Approval of the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Chairman of the Board of Directors)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Chairman of the Board of Directors as outlined in said report, presented in Section 4.3.2.3.1 of the Company's Reference Document.

Resolution 7

(Approval of the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Chief Executive Officer)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Chief Executive Officer as outlined in said report, presented in Section 4.3.2.3.2 of the Company's Reference Document (*Document de référence*).

Resolution 8

(Approval of the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Deputy General Managers)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code, approves the principles and criteria used to set, distribute and allocate the fixed, variable and exceptional components of the total compensation and benefits of any kind applicable to the Deputy General Managers as outlined in said report, presented in Section 4.3.2.3.2 of the Company's Reference Document.

Resolution 9

(Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Jean Laurent in his capacity of Chairman of the Board of Directors)

The General Meeting, consulted pursuant to Article L. 225-100 of the French Commercial Code, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Jean Laurent in his capacity of Chairman of the Board of Directors, as presented in Section 4.3.2.1.1 of the Company's Reference Document.

Resolution 10

(Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Christophe Kullmann in his capacity of Chief Executive Officer)

The General Meeting, consulted pursuant to Article L. 225-100 of the French Commercial Code, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Christophe Kullmann in his capacity of Chief Executive Officer, as presented in Section 4.3.2.1.2 of the Company's Reference Document.

Resolution 11

(Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Olivier Estève in his capacity of Deputy General Manager)

The General Meeting, consulted pursuant to Article L. 225-100 of the French Commercial Code, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors on corporate governance, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or allocated in respect of the fiscal year ended 31 December 2017 to Olivier Estève in his capacity of Deputy General Manager, as presented in Section 4.3.2.1.2 of the Company's Reference Document.

Resolution 12

(Renewal of the term of office of the company ACM Vie as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of the company ACM Vie as a Director is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of the company ACM Vie as a Director for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2022 to approve the financial statements for the fiscal year ended 31 December 2021.

Resolution 13

(Renewal of the term of office of Romolo Bardin as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Romolo Bardin as a Director is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of Romolo Bardin as a Director for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2022 to approve the financial statements for the fiscal year ended 31 December 2021.

Resolution 14

(Renewal of the term of office of Delphine Benchetrit as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Delphine Benchetrit as a Director is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of Delphine Benchetrit as a Director for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2022 to approve the financial statements for the fiscal year ended 31 December 2021.

Resolution 15

(Renewal of the term of office of Sigrid Duhamel as a Director)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Sigrid Duhamel as a Director is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of Sigrid Duhamel as a Director for a period of four (4) years expiring at the end of the General Meeting of Shareholders called in 2022 to approve the financial statements for the fiscal year ended 31 December 2021.

Resolution 16

(Renewal of the term of office of Mazars as Principal Statutory Auditor)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, and having noted that the term of office of Mazars as Principal Statutory Auditor is due to expire at this General Meeting, resolves to renew, as of this day, the term of office of Mazars as Principal Statutory Auditor for a period of six (6) fiscal years expiring at the end of the General Meeting of Shareholders called in 2024 to approve the financial statements for the fiscal year ended 31 December 2023.

Resolution 17

(Setting of the annual attendance fees)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report by the Board of Directors, resolves to allocate to the Board of Directors a total gross amount of eight hundred thousand euros (€800,000) in attendance fees for the current fiscal year and subsequent fiscal years, until further notice from the General Meeting.

Resolution 18

(Permission to be granted to the Board of Directors for the Company to purchase its own shares)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Board of Directors and in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, EC Regulation No. 596/2014 of 16 April 2014 and the market practices allowed by the *Autorité des Marchés Financiers* (French Financial Markets Authority):

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 26 April 2017
- authorises the Board of Directors, which may further delegate such authority under the conditions provided for by legal and regulatory provisions, to purchase treasury shares or cause them to be purchased, all at once or in several instances at the time of its choosing and
- decides that purchases of Company shares as described in the paragraph above may be for a number of shares such that the number of shares that the Company would purchase during the buyback program does not exceed 10% of the shares making up the share capital of the Company (at any time whatsoever, and this percentage applies to adjusted capital based on transactions that affect it after this Meeting). It is stipulated that (i) a maximum of 5% of the shares comprising the Company's share capital may be allocated for holding purposes and subsequent payment or exchange within the framework of a merger, split or contribution, and (ii) in the event of an acquisition within the context of a liquidity agreement, the number of shares taken into account for calculating the 10% limit on the total share capital mentioned above corresponds to the number of shares purchased less the number of shares resold during the term of this authorisation, and (iii) purchases made by the Company may not under any circumstances lead to it owning more than 10% of the share capital of the Company.

The maximum purchase price paid by the Company for its own shares must not exceed one hundred and five euros (€105) per share (excluding acquisition expenses). In case of capital transactions, specifically through the incorporation of reserves and the allocation of free shares and/or the splitting or consolidation of shares, this price will be adjusted by a multiplier coefficient equal to the ratio between the number of shares comprising the share capital prior to the transaction and the same number after the transaction. Therefore, in the event of a change in the share par value, a capital increase through the incorporation of reserves, the allocation of free shares, the splitting or consolidation of shares, the distribution of reserves or any other assets, the amortisation of capital or any other transaction affecting shareholders' equity, the General Meeting delegates to the Board of Directors the authority to adjust the aforementioned purchase price in order to take these transactions into consideration in the share value.

The maximum amount of funds reserved for the share buyback programme will be one hundred and fifty million euros (€150,000,000).

Transactions relating to purchases, disposals, exchanges or transfers may be executed by any means, *i.e.* on the market or over the counter, including by acquisition or sale of blocks, as well as by recourse to financial instruments, specifically derivative financial instruments traded on a regulated or over-the-counter market, such as calls or puts options or any combinations thereof, or by recourse to warrants, under the conditions authorised by the competent market authorities and at such times as the Company's Board of Directors deems fitting. The maximum portion of the share capital acquired or transferred in the form of blocks of shares may comprise up to the entire programme.

These transactions may take place at any time, subject to compliance with regulations in effect, unless a third party files a public offering for the shares of the Company, until the end of the offer period.

This authorisation is intended to allow the Company to pursue the following objectives, in compliance with the applicable legal and regulatory provisions:

- allocate shares to executive corporate officers or employees of the Company and/or of companies belonging to its group, in accordance with the terms and conditions set out in the laws and regulations applicable to (i) the sharing in the benefits due to the Company's growth, (ii) the stock option scheme provided for by Articles L. 225-177 *et seq.* of the French Commercial Code, (iii) the system for the allocation of free shares as provided for in Articles L. 225-197-1 *et seq.* of the French Commercial Code and (iv) any employee savings plan, as well as to engage in any hedging transaction relating to these transactions, under the conditions stipulated by the market authorities and at such times as the Board of Directors or the individual acting on behalf of the Board of Directors deems fitting
- remit the shares during the exercise of rights attached to securities giving the right, immediately or in the future, through redemption, conversion, exchange, presentation of a warrant or any other manner, to the allocation of Company shares, as well as to engage in any hedging transaction in relation to the issuance of such securities, under the conditions stipulated by the market authorities and at such times as the Board of Directors or the individual acting on behalf of the Board of Directors deems fitting
- keep the shares and remit them later as payment or in exchange in the context of potential transactions for external growth, merger, split or contribution
- cancel all or part of the shares through a reduction in the share capital (specifically in order to optimize cash management, return on equity or income per share), subject to this General Meeting adopting Resolution 20 below
- facilitate the liquidity of transactions and consistency in the trading of the Company's shares or to prevent price swings not justified by market trends within the framework of a liquidity agreement entered into with an investment services provider operating in complete independence, under the conditions and in accordance with the methods set by regulation and recognised market practice and consistent with a code of ethics recognised by the *Autorité des Marchés Financiers*
- and also with a view to any other practice that could be recognised by the law or the *Autorité des Marchés Financiers* or any other purpose to be authorised by the law or regulations in effect in future. In such a case, the Company would inform its shareholders by sending out a notice.

This authorisation is given for eighteen (18) months as at the date of this General Meeting.

The General Meeting grants complete authority to the Board of Directors, which may further delegate such authority under the conditions stipulated by the applicable legal and regulatory provisions, for the purposes of implementing this authorisation, and specifically:

- to place all orders on the securities exchange or over the counter
- to enter into any agreements specifically with a view to maintaining records on the purchase and sale of shares
- to prepare any documents, specifically for information purposes
- to allocate or reallocate the shares acquired for the various purposes in question, under the applicable legal and regulatory conditions and
- to prepare any statements and execute any recording requirements of the *Autorité des Marchés Financiers* or any other public authority and, in general, to take all necessary measures.

The General Meeting acknowledges that, in the event that the Board of Directors uses this authorisation, the Board of Directors must report on it pursuant to Article L. 225-100 of the French Commercial Code, in accordance with Article L. 225-211 of the French Commercial Code.

4.1.2.2. Extraordinary resolutions

Resolution 19

(Delegation of authority to the Board of Directors to increase the Company's share capital through the capitalisation of reserves, profits or premiums)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, and having reviewed the report of the Board of Directors:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017
- hereby fully authorises the Board of Directors, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code, which may further delegate such authority, to decide to increase the Company's share capital, on one or more occasions, in the proportions and at the times that it deems relevant, by incorporating all or part of the reserves, profits, premiums or any other sums that may be capitalised, to be executed through the issue of new free shares or an increase in the par value of the Company shares or a combination of these two procedures
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover bid on the Company's shares, and until the end of the offer period
- resolves that the maximum nominal amount of the capital increases performed under this delegation, immediately or in the future, may not exceed a total of twenty-two million, four hundred thousand euros (€22,400,000), plus, if applicable, the par value of the additional shares to be issued in order to protect the rights of the holders of securities convertible to equity as required by legal, regulatory and contractual stipulations; this amount has been set independently and separately from the ceilings on capital increases as a result of share or securities issues authorised by Resolutions 21 to 25
- resolves that this delegation is valid for a period of twenty-six (26) months from the date of this General Meeting
- resolves that the rights forming fractional shares will be neither tradable nor transferable and that the corresponding shares will be sold; the sums resulting from the sale will be awarded to the holders of the rights as provided for under the legislative and regulatory provisions applicable and
- resolves that the Board of Directors, which may further delegate such authority under the conditions stipulated by the legal and regulatory provisions, will have all powers to implement this delegation, specifically for the purposes of:

(i) determining the terms and conditions of the operations authorised above, and more specifically determining in this respect the amount of sums to be capitalised and the shareholders' equity account or accounts against which they will be drawn

(ii) setting the amounts to be issued and the dividend entitlement date, applied retroactively or not, for the securities to be issued

(iii) making any adjustments in order to take into account the impact of operations on the Company's share capital

(iv) setting the terms and conditions under which the rights of holders of securities giving access to the share capital will be maintained, as relevant, in accordance with the legal and regulatory provisions in force and the conditions stipulated in any contracts in force

(v) performing, either on its own or through an agent, all acts and formalities to make definitive any capital increases that may be carried out as authorised under this resolution and

(vi) amending the Articles of Association accordingly and, in general, doing whatever is necessary.

Resolution 20

(Authorisation to be granted to the Board of Directors to reduce the Company's share capital through the cancellation of shares)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and Statutory Auditors' special report, and in accordance with the provisions of Article L. 225-209 of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the authorisation given by the Combined General Meeting of 26 April 2017
- authorises the Board of Directors, which may further delegate such authority, for a period of eighteen (18) months from the date of this General Meeting, to cancel, on one or more occasions and at the times it deems fit, the shares acquired by the Company under the authority of Resolution 18 or any other resolution with the same purpose and same legal basis, within the limit of 10% of the Company's share capital per period of twenty-four (24) months, and to reduce the share capital accordingly, on the understanding that this percentage applies to the capital following any adjustments to take into account the impact of transactions subsequent to this General Meeting and
- authorises the Board of Directors to allocate the difference between the purchase value of the cancelled shares and their par value to the "Share premium" *(prime d'émission)* account or to any available reserves account, including legal reserves, to a maximum of 10% of the realised capital reduction.

The General Meeting grants all authority to the Board of Directors, which may further delegate such authority under the conditions stipulated by the legal and regulatory provisions, to undertake this (these) transaction(s) involving share cancellations and capital reductions, specifically to set the final value of the capital reduction, setting the conditions and confirming its fulfilment and undertaking the corresponding amendment of the Company's Articles of Association, to take any formal recording measures, to make any efforts and statements to any public entities and, in general, to do anything necessary.

Resolution 21

(Delegation of authority to the Board of Directors to issue shares and/or securities convertible to equity, maintaining the shareholders' preferential right of subscription)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 228-91 *et seq.* of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017
- delegates the authority to the Board of Directors, which may further delegate said authority, for a period of twenty-six (26) months as from the date of this General Meeting, to decide, on one or more occasions, in the proportions and at the times it deems fit, both in France and abroad, on the issuance, in euros or in foreign currency, maintaining the shareholders' preferential subscription rights, of Company shares and/or securities (including warrants to subscribe for new or existing shares), giving immediate or future access by any means to the Company's share capital, whether issued free of charge or in return for payment. It is specified that this delegation may allow the issuance of transferable securities under the conditions set forth by Article L. 228-93 of the French Commercial Code
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover bid on the Company's shares, and until the end of the offer period;
- resolves that the maximum nominal amount of the share capital increases performed under this delegation, immediately or in the future, may not exceed a total of fifty-six million euros (€56,000,000), plus the par value of any additional shares to be issued to protect the rights of the holders of securities convertible to equity as required by applicable legal, regulatory and contractual stipulations; this amount has been set independently and separately from the caps on capital increases as a result of share and/or other securities issues authorised by Resolutions 19 and 22 to 25 and
- also resolves that the par value of securities representing receivables providing access to the Company's share capital immediately and/or in the future that may be issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000) or the equivalent of this on the date of this issuance decision in the case of an issuance in foreign currency or in a unit of account set by reference to several currencies. Please note that the nominal amount of the securities representing receivables convertible in equity immediately and/or in the future issued under this delegation and Resolutions 22 to 24 may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall cap for all debt securities.

Shares or securities convertible in equity may be subscribed for either in cash or by offsetting receivables against the Company.

Shareholders have a preferential right, in proportion to the value of their shares, to subscribe the shares and securities issued under this resolution. The Board of Directors may establish, for shareholders, a subscription right on a reducible basis for the shares or securities issued, which will be issued in proportion to their subscription rights and up to the maximum of their orders.

Consequently, if subscriptions on an irreducible basis and, where applicable, on a reducible basis, have not absorbed the entire issue of shares or securities as defined above, the Board of Directors may use all or some of the options below in the order it deems appropriate:

- to restrict the issue to the amount of subscriptions, it being specified that in the event of a share issue, this limit may only be applied by the Board of Directors on condition that the subscriptions amount to at least three quarters (3/4) of the issue decided
- to freely distribute all or part of any securities not subscribed on an irreducible basis and, where relevant, on a reducible basis and
- to offer to the public all or part of the non-subscribed shares on the French and/or international markets and/or abroad.

The General Meeting acknowledges that the authorisation implies, as applicable, in favour of the holders of such securities convertible to equity as may be issued under this delegation, automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

The General Meeting resolves that Company's stock warrants may be issued by subscription offer, as well as by free allocations to owners of old shares, and that, in the event of a free allocation of stock warrants, the Board of Directors will be entitled to resolve that fractional allocation rights will not be negotiable and that the corresponding securities must be sold.

The General Meeting grants all powers to the Board of Directors which may further delegate such authority to implement this delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- determining the dates, prices and other conditions of the issues as well as the form and features of the transferable securities to be created
- setting the amounts to be issued and the dividend entitlement date, applied retroactively or not, for the securities to be issued
- determining the method of release for the shares or other securities issued and, if applicable, the conditions for their purchase or exchange
- suspending, if applicable, the exercise of the share allocation rights attached to the securities to be issued, for a period no longer than three (3) months
- setting the terms and conditions under which the rights of holders of securities providing access to the Company's share capital will be maintained, as relevant, in accordance with the legal and regulatory provisions in force and the conditions of any applicable contracts providing for other adjustments

- charging any amounts against the share premium as required, in particular the fees triggered by the issuance, to deduct from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- undertaking any formalities required for the listing for trading on a regulated market in France or abroad, of the rights, shares or securities issued, and recording both the capital increase or increases resulting from any issuance made through the use of this delegation and providing the financial services of the securities in question and exercise of the corresponding rights
- deciding, in the event of an issue of transferable securities representing debt securities providing access to the Company's share capital, subject to the conditions defined by law, whether or not they are subordinated, setting the interest rate and the currency, the maturity, which may be perpetual if applicable, the fixed or variable redemption price with or without premium, the conditions for amortisation based on market conditions, and the conditions under which these securities will give entitlement to shares of the Company and the other conditions for issue (including the act of granting guarantees or securities) and amortisation and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the Company's Articles of Association accordingly.

Resolution 22

(Delegation of authority to the Board of Directors to issue, through public offering, company shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 *et seq.* of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017
- delegates to the Board of Directors, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times it deems fit, on the issuance of Company shares and/or securities convertible to equity immediately or in the future, through public offering, in France or abroad, in euros or in foreign currency, with waiver of shareholders' preferential subscription rights. It is specified that this delegation of authority may allow for the issue of transferable securities under the conditions set forth by Article L. 228-93 of the French Commercial Code
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover bid on the Company's shares, and until the end of the offer period
- resolves that the par value of all debt securities issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall cap for debt securities provided for herein and in Resolutions 21, 23 and 24, or the equivalent of this amount on the date of the issuance decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code and
- resolves that the maximum nominal value of increases in the Company's share capital made immediately or in the future under this delegation may not exceed twenty-two million, four hundred thousand euros (€22,400,000). Added to this cap, as necessary, will be the additional par value of the shares or other equity instruments to be issued, in accordance with the applicable legal and regulatory provisions and any applicable contractual stipulations providing for other cases of adjustment, to preserve the rights of holders of securities representing receivables convertible to equity. This amount is set independently and separately from the caps on share capital increases as a result of share and/or securities issues authorised by Resolutions 19, 21 and 23 to 25.

Issuances decided under this delegation will be completed through public offering.

This delegation of authority expressly excludes the issue of preference shares or marketable securities giving access by any means to preference shares either immediately or in the future.

Shares or securities convertible to equity may be subscribed for either in cash or by offsetting receivables against the Company.

The General Meeting resolves:

- to waive the shareholders' preferential subscription right to the shares and other securities issued under this delegation
- to grant shareholders, in connection with share issues, a priority period of at least three (3) trading days for all share issues through public offering carried out by the Board of Directors in accordance with Articles L. 225-135, paragraph 5 and R. 225-131 of the French Commercial Code and
- to delegate to the Board of Directors the option of granting a similar priority period for other non-equity issues.

A priority subscription period that does not lead to the creation of negotiable rights must be exercised in proportion to the portion of equity owned by each shareholder and could potentially be topped up by a subscription on a reducible basis, in the understanding that unsubscribed shares will be sold to public investors in France or, where applicable, abroad.

In accordance with Article L. 225-136 of the French Commercial Code, the General Meeting resolves that:

- the issue price of the new shares will be at least equal to the weighted average market price quoted for Foncière des Régions shares on Euronext Paris over the last three trading days preceding its setting, less, where applicable, a maximum discount of 5% and
- the issue price of securities convertible to equity (whether immediately or in the future), issued under this delegation will be such that the sum immediately received by the Company, plus any amount it might receive subsequently, for each share or other equity security issued as a consequence of the issuance of these securities, will be at least equal to the minimum subscription price defined in the previous paragraph, after a possible adjustment of that amount to cover any difference in dividend eligibility dates.

If subscriptions have not absorbed the entire issue of shares or other securities as defined above, the Board of Directors may use all or some of the options below, as it deems fit, and in the order it deems appropriate:

- limit the issuance to the amount subscribed, provided that this is equal to at least three quarters (3/4) of the agreed value of the issuance
- freely distribute all or part of the unsubscribed securities and
- offer all or part of the unsubscribed securities to the public.

The General Meeting acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription right to the shares or other equity instruments of the Company to which the securities to be issued on the basis of this delegation may entitle them.

The General Meeting grants all powers to the Board of Directors which may further delegate such authority to implement this delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- determining the dates and conditions of the issues as well as the features of the transferable securities and shares to be created or associated with them
- setting the number of shares and/or other securities to be issued, as well as their terms and conditions, in particular their issue price and, as applicable, the amount of the premium
- determining the terms of payment for the shares and/or other securities issued
- setting the dividend entitlement date, with or without retroactive effect, of the securities to be issued and, as applicable, the conditions for their buy-back or exchange
- suspending, as applicable, exercise of the rights attached to the securities for period no longer than of three (3) months under the limits stipulated by the applicable legal and regulatory provisions
- setting the conditions to ensure the preservation of the rights of holders of securities or other instruments giving access to the share capital, in accordance with applicable legal and regulatory provisions and, as necessary, the applicable contractual stipulations providing for other adjustments;
- charging any amounts against the share premium as required, in particular the fees triggered by the issuance, to deduct from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- undertaking any formalities required for the listing for trading on a regulated market in France or abroad, of the rights, shares or securities issued, and ensuring both the capital increase or increases resulting from any issuance made through the use of this delegation and the providing the financial services of the securities in question and exercise of the corresponding rights
- deciding, in the event of the issue of transferable debt securities giving access to the Company's share capital as provided for under French law, whether these securities should be subordinated or not (and setting their subordination rank where applicable), setting their interest rate, currency, maturity (which may be perpetual), their fixed or variable redemption price (with or without premium), amortisation conditions based on market conditions, conditions under which these securities will entitle holders to Company shares, and other conditions concerning their issuance (including the act of granting guarantees or securities) and amortisation and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the Company's Articles of Association accordingly.

Resolution 23

(Delegation of authority to the Board of Directors to issue shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights, in the event of a public exchange offer initiated by the Company)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.*, L. 225-148, and L. 228-91 *et seq.* of the French Commercial Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017
- delegates to the Board of Directors, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, on one or more occasions, in the proportions and at the times it deems fit, on the issuance of Company shares and/or securities convertible to equity, immediately or in the future, and by any means, through a public exchange offering launched by the Company, in France or (depending on local criteria and regulations) abroad, for shares of another company whose securities are admitted for trading on a regulated market pursuant to Article L. 225-148 of the French Commercial Code
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover bid on the Company's shares, and until the end of the offer period;
- resolves to waive, as required, the shareholders' preferential subscription right to the shares and/or securities issued under this delegation

- acknowledges that the authorisation implies, in favour of the holders of such securities giving access to the Company's share capital as may be issued under this delegation, automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities
- resolves that the maximum nominal value of increases in the Company's share capital made immediately or in the future under this delegation may not exceed 10% of the share capital of the Company (corresponding to its amount on the date of use of this delegation by the Board of Directors). Please note that the maximum nominal value of increases in the Company's share capital made under this delegation and the delegation granted pursuant to Resolution 24 may not exceed 10% of the share capital of the Company, the overall ceiling for all capital increases, now or in future, provided for under this resolution and Resolution 24 and
- resolves that the par value of all debt securities issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall cap for debt securities provided for herein and in Resolutions 21, 22 and 24, or the equivalent of this amount on the date of the issuance decision in the event of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code.

The General Meeting grants all powers to the Board of Directors which may further delegate such authority to implement this delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- defining the terms, conditions and details of the operation, within the limits set by this resolution and applicable legal and regulatory provisions
- determining the exchange ratio as well as any amount payable in cash
- recording the number of securities tendered to the exchange offer
- determining the dates and issue conditions, in particular the price of the shares to be issued and their dividend entitlement date (possibly retroactive), or where applicable the dates and issue conditions of securities granting access, now or in future, to Company shares to be issued
- taking all required measures to protect the rights of holders of securities or other instruments providing access to the share capital, in accordance with applicable legal and regulatory provisions and any contractual stipulations providing for other adjustments
- recording the difference between the issue price of the new shares and their par value in the "Liabilities" section of the balance sheet under an "Additional paid-in capital" account which will cover the rights of all shareholders
- at its sole initiative, charging the fees for any issuance to the amount of the "Additional paid-in capital" and to deduct from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- performing all required formalities for the rights and shares issued to be listed on a regulated market in France or abroad, providing financial services of the securities in question and ensure the exercise of their attached rights and
- in general, taking any measure that may be required, entering into any agreements, requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increases resulting from any issue performed through the use of this delegation, and amending the Company's Articles of Association accordingly.

Resolution 24

(Delegation of authority to the Board of Directors to issue shares and/or transferable securities convertible to equity, to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities convertible to equity, with waiver of shareholders' preferential subscription rights)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, in particular Article L. 225-147, paragraph 6, of said code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017
- delegates to the Board of Directors, which may further delegate such authority, for a period of twenty-six (26) months as from the date of this General Meeting, the power to decide, based on the report of the contribution auditor(s) (*commissaire aux apports*) mentioned in Paragraphs 1 and 2 of Article L. 225-147 of the French Commercial Code, on the issuance of existing or new Company shares and/or securities convertible to equity, immediately or in the future and by any means, pursuant to Articles L. 228-91 *et seq.* of the French Commercial Code, to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities convertible to equity, when the provisions of Article L. 225-148 of the French Commercial Code do not apply
- the above notwithstanding, resolves that the Board of Directors may not, unless with the prior authorisation of the General Meeting, use this delegation of authority as of the date of the filing by a third party of a proposed public takeover bid on the Company's shares, and until the end of the offer period
- resolves that the maximum nominal amount of the increases in the Company's share capital performed under this delegation, immediately or in the future, will be set at 10% of the Company's share capital (as at the date of the Board of Director's use of this delegation), the overall cap for capital increases now or in future set forth in this resolution and in Resolution 23
- resolves that the par value of all debt securities issued under this delegation may not exceed a total of seven hundred and fifty million euros (€750,000,000), the overall ceiling for debt securities provided for herein and in Resolutions 21 to 23, or the equivalent of this amount on the date of the issuance decision in the case of issuance in foreign currency or in a unit of account set by reference to several currencies. This amount is independent of the amount of the debt securities for which issuance was decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code

- resolves to waive the preferential subscription right of shareholders to the shares and securities issued under this delegation, as their purpose is solely to compensate contributions in kind and
- acknowledges that the authorisation implies automatic waiver by the holders of any securities convertible to equity issued under this delegation of their preferential subscription right to shares in connection with such securities.

The General Meeting grants all powers to the Board of Directors which may further delegate such authority to implement this delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- ruling on the report of the contribution auditor(s) regarding the capital contributions
- defining the terms, conditions and details of the operation, within the limits set by this resolution and applicable legal and regulatory provisions
- determining the exchange ratio as well as any amount payable in cash
- recording the number of securities issued in remuneration for the contributions in kind
- determining the dates and issue conditions, in particular the price and the entitlement date (even retroactive) of the new shares or other equity securities and, if relevant, the securities giving immediate or future access to the Company's share capital, evaluating the contributions and any special benefits that may be granted, and reducing the evaluation of the contributions and any special benefits if agreed by the tenderers
- recording the difference between the issue price of the new shares and their par value in the "Liabilities" section of the balance sheet under an "Additional paid-in capital" account which will cover the rights of all shareholders
- at its sole initiative, charging the fees for any issuance to the amount of the "Additional paid-in capital" and to deduct from this amount the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase and
- in general, taking any measure that may be required, entering into any agreements (in particular to ensure the successful outcome of the issue), requesting any authorisations, performing any formalities, and doing whatever is necessary to ensure the successful outcome of the issues planned, or to postpone them, and specifically recording the capital increase(s) resulting from any issue carried out under this delegation, amending the Company's Articles of Association accordingly, requesting the listing on Euronext Paris of all securities issued under this delegation and ensuring the financial servicing of the securities in question and exercise of the corresponding rights.

Resolution 25

(Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of the Company and companies in the Foncière des Régions group that are members of a company savings plan, with waiver of shareholders' preferential subscription right)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report and Statutory Auditors' special report, to enable a capital increase to take place, reserved for employees belonging to a company savings plan at a level that remains consistent with the amount of the share capital, and in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138 *et seq.* of the French Commercial Code, and L. 3331-1 *et seq.* of the French Labour Code:

- terminates, effective immediately, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017
- delegates to the Board of Directors, which may further delegate such authority, the authority to decide, on one or more occasions, in the proportions and at the times it deems appropriate, for twenty-six (26) months as from this General Meeting, the issuance of shares and/or securities convertible to equity, up to a maximum par value of five hundred thousand euros (€500,000) reserved for participants in a savings scheme provided by the Company and companies and economic interest groups associated with the Company under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code. However, this amount is set independently and separately from the ceilings on share capital increases resulting from share and/or securities issues authorised by Resolution 19 and 21 to 24
- resolves to cancel, in favour of said participants, the preferential right of shareholders to subscribe for shares or securities convertible to equity issued pursuant to this delegation
- resolves, in accordance with Articles L. 3332-18 to L. 3332-24 of the French Labour Code, that the discount offered may not exceed 20% of the average most recent prices listed for the Company's shares over the twenty trading days prior to the subscription opening date, and 30% of the same average when the expected period of unavailability under the plan is ten years or more; however, the General Meeting explicitly authorises the Board of Directors to cancel or reduce the aforementioned discount, if it deems this appropriate, in response, *inter alia*, to local legal, accounting fiscal and social security regimes. The Board of Directors may also replace all or part of the discount through the allocation of shares or other securities pursuant to the aforementioned provisions and

- resolves that the Board of Directors may provide for the allocating free shares or marketable securities convertible to equity (other than preferred stock), on the understanding that the total benefit resulting from this allocation for the contribution or, where applicable, discount from the subscription price may not exceed the legal and regulatory limits, and the Company's shareholders waive all rights to any securities that may be issued free of charge pursuant to this resolution.

The General Meeting grants all powers to the Board of Directors to implement this delegation, with a right of sub-delegation, under the conditions provided for by the legal and regulatory provisions, specifically for the purposes of:

- determining, within the above-mentioned limits, the features, amount and conditions for any issue
- determining that the issues or allocations may be made directly to the beneficiaries or through an intermediate collective body
- conducting the capital increases resulting from this delegation, up to the cap set above
- setting the subscription price of the shares in cash pursuant to legal provisions
- providing, as needed, for the establishment of a Group savings plan or the modification of existing plans
- determining the list of the companies whose employees will be the beneficiaries of the issues conducted under this delegation, set the period for payment of the shares and, as applicable, the seniority required for employees to participate in the operations, within the legal limits
- making all adjustments in order to take into account the impact of operations on the Company's share capital, particularly in the case of a change in the par value of the share, a capital increase through capitalisation of reserves, a free allocation of shares, a stock split or reverse split, a distribution of reserves or any other assets, the amortisation of capital, or any other operation involving shareholders' equity
- as required, charging the fees incurred by the share capital increases to the amount of the related premiums and to deduct from these amounts the necessary amounts corresponding to 10% of the nominal value of each issue for the legal reserve after each increase
- undertaking any formalities necessary for the listing for trading on a regulated market of the rights, shares or securities issued, and ensuring the financial servicing of the securities issued under this delegation and the exercise of the corresponding rights
- performing, either on its own or through an agent, all acts and formalities to make definitive any capital increases that may be carried out as authorised under this resolution and
- amending the Articles of Association accordingly and, in general, doing whatever is necessary.

Resolution 26

(Powers for formal recording requirements)

The General Meeting, ruling under the conditions of quorum and majority required by law, grants complete authority to the bearer of an original, a copy or an extract of these minutes recording its resolutions, in order to fulfil all legal or administrative requirements and to undertake any filings or notifications required by current law.

4.2. REPORT OF THE BOARD OF DIRECTORS ON THE DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF 19 APRIL 2018

Ladies and Gentlemen,

We have convened a Combined General Meeting for the purpose of submitting draft Resolutions to you. The purpose of this report is to provide you with comments on these drafts, the complete text of which will later be sent to you in the Company's Reference Document that will be submitted to the *Autorité des Marchés Financiers* and made available to you in accordance with the legal and regulatory requirements.

4.2.1. *Ordinary resolutions*

Resolutions 1 to 18 fall within the scope of the Ordinary General Meeting.

4.2.1.1. Approval of the annual and consolidated financial statements, allocation of income and dividend (Resolutions 1, 2 and 3)

The drafts of **Resolutions 1 and 2** concern approval of the annual and consolidated financial statements for the fiscal year ending 31 December 2017, approved by the Board of Directors on 14 February 2018, in accordance with the provisions of Article L. 232-1 of the French Commercial Code.

Under the **Resolution 3,** you are hereby called upon to allocate the income for the 2017 fiscal year in the amount of €443,008,272.25, and to proceed with a dividend distribution in the unit amount of €4.50 per share, an increase of approximately 2.3% compared to the 2016 fiscal year.

The dividend for the 2017 fiscal year will be removed from the share on Tuesday, 15 May 2018 and will be paid out on Thursday, 17 May 2018. Based on the total number of shares comprising the share capital at 31 December 2017, plus 33,071 new shares issued as part of the final award of dividend-paying free shares for the 2017 fiscal year, *i.e.* 74,863,035 shares, a total dividend of €336,883,657.50 will be allocated.

4.2.1.2. Approval of the agreements and undertakings referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code (Resolutions 4 and 5)

The purpose of **Resolution 4** is to approve (i) the Statutory Auditors' special report on the agreements described in Article L. 225-38 of the French Commercial Code, as well as (ii) the agreements entered into or executed by the Company during the fiscal year ended 31 December 2017. For more information, please refer to the Statutory Auditors' special report on related-party agreements, set out in Section 4.4 of the Reference Document.

The regulated agreements entered into during the fiscal year ended 31 December 2017 are listed below:

- **Addendum to the Partnership Agreement of 18 June 2015 entered into on 26 December 2017 between Foncière des Régions and SCI DS Campus in the presence of Predica and SCI Latécoère relating to the proposed expansion of "DS Campus"**

  It is hereby recalled that in the framework of the expansion works on the real estate complex located in Vélizy-Villacoublay, on 18 June 2015 Foncière des Régions and SCI DS Campus (a Predica subsidiary) concluded a partnership agreement in the presence of SCI Latécoère 2 concerning the apportionment of the real estate asset.

  This addendum to the partnership agreement, authorised by the Board of Directors on 22 November 2017, amends the terms and conditions for continuation of such agreement, enhances the methods of control exercised by Foncière des Régions' over SCI Latécoère 2, and enables Foncière des Régions to consolidate such investment under full consolidation.

  Given that this is an addendum to a related-party agreement between the Company and one of its Directors, it must be approved in accordance with Article L. 225-38 of the French Commercial Code.

- **Partnership Agreement concluded on 7 December 2017 between Foncière des Régions and ACM Vie as part of the apportionment of two real estate complexes located in the La Part-Dieu business district in Lyon ("Silex 1&2") and performance guarantee concluded on 7 December 2017 between Foncière des Régions and ACM Vie as part of the "Silex 2" project**

  The signing of the partnership agreement concluded in the presence of SCI du 15 rue des Cuirassiers is part of the apportionment of the Silex 1 real estate asset, a new 10,650 m² building delivered in January 2017 and fully let.

  The signing of the partnership agreement concluded in the presence of SCI du 9 rue des Cuirassiers is part of the apportionment of the Silex 2 real estate asset, an innovative new project consisting of 30,880 m² of office space through the major renovation and extension of an existing IGH tower, to be delivered in 2020. This partnership agreement was supplemented by a performance guarantee granted by Foncière des Régions in favour of ACM Vie, the financial terms of which are set out in the Statutory Auditors' report.

  These partnerships, the conclusion of which was approved by the Board of Directors on 19 October 2017, authorise Foncière des Régions to:

  - limit its exposure to the Part-Dieu market
  - reduce the unit risk of speculative development on a large asset
  - lock in some of the value creation related to these projects.

  These agreements, concluded between Foncière des Régions and one of its Directors, were the subject of an equity report issued by an independent expert and made available to shareholders on the Company's website, at the time of this General Meeting.

The **Resolution 5** that we put before you concerns the appointment by the Board of Directors of Dominique Ozanne as Deputy General Manager, effective 14 February 2018, which implies that it must be submitted for the approval of the General Meeting, the conditional commitment made by Foncière des Régions toward Dominique Ozanne in his capacity as Deputy General Manager in return for the termination, without compensation, of his employment contract. This commitment corresponds to a compensation that could be paid to him in the event of termination of his duties as Deputy General Manager, it being hereby specified that this compensation would be payable only in the event of forced departure, in accordance with the recommendations set forth in the Afep-Medef Code.

The theoretical compensation amount would be equal to 12 months' total remuneration including the fixed salary and the annual variable part, plus one month's additional remuneration per year of service at the Company regardless of the positions held, it being understood that the current remuneration system does not include payment of an exceptional bonus.

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code and the recommendations of the Afep-Medef Code, this compensation is subject to demanding internal and external performance conditions:

- 50% of the theoretical compensation amount is linked to changes in the NAV during the three years prior to the termination of office: if the Foncière des Régions EPRA NAV drops 25% below the average of the REITs that make up the EPRA index, the fraction of the severance pay linked to this requirement will not be paid. Otherwise, the theoretical amount of this fraction of the compensation will be adjusted by the variation in the NAV for the period considered
- 50% of the theoretical compensation amount is linked to achieving target performance during the three years prior to the termination of office. The criteria for allocation of the target bonus are reviewed every year by the Appointments and Compensations Committee, based on ambitious operational and strategic targets. Their achievement is assessed according to a table of pre-set criteria. If the average rate of fulfilment of the objectives over the last three years is less than 80%, the fraction of the severance pay linked to that criterion is not paid. Otherwise, the amount of the theoretical compensation will be adjusted by the average of the coefficients of achievement of the last three variable portions.

In any case, although the exceeding of one of the two fractions of the compensation may compensate for a possible deduction from the other fraction, the total amount of the end-of-office compensation is capped at two years of total remuneration. This cap rule applies to all forms of severance pay and includes any other compensation paid for any other reason at the end of a term of office, it being hereby stated that Dominique Ozanne will not receive any remuneration from Foncière des Régions other than that paid for his term of office.

As a result of the performance criteria listed above being set, the Board will be able, where appropriate, to reflect the target and actual performance of Dominique Ozanne on the severance pay. Since the targets that are the conditions for payment of the variable portion are themselves linked to operational performance, and implementing strategy, the compensation paid cannot help but be proportional to the results obtained, thus more fully meeting the requirements of the recommendations made by the Afep-Medef Code.

Dominique Ozanne's compensation for the end of his term of office, awarded under the same conditions as those granted to Christophe Kullmann, Chief Executive Officer, and to Olivier Estève, Deputy General Manager, may only be paid after the Board of Directors has first noted the achievement of these performance conditions, assessed at the date of termination of his office as Deputy General Manager.

The potential benefit of this compensation was approved by the Board of Directors on 14 February 2018. The amount and conditions for awarding this compensation were the subject of a press release published on 15 February 2018 on the Foncière des Régions website.

4.2.1.3. Approval of the compensation policy for executive corporate officers (Resolutions 6, 7 and 8)

Pursuant to the provisions of Articles 26.1 of the Afep-Medef Code reviewed in November 2016, and the guidance on how to comply with the provision thereof drawn up by the High Committee on Corporate Governance, the Board of Directors now puts before you the compensation policy for executive corporate officers.

By voting on the **Resolutions 6, 7 and 8,** you are called on to approve the principles and criteria for determining, distributing, and allocating the fixed, variable and exceptional elements making up the total compensation and benefits of any kind applicable to the Chairman of the Board of Directors (**Resolution 6**), to the Chief Executive Officer (**Resolution 7**) and to the Deputy General Managers (**Resolution 8**).

These principles and criteria for determining, distributing, and allocating these compensations are described in the Board of Directors' report on corporate governance presented in Section 4.3.2.3 of the Company's Reference Document.

4.2.1.4. Approval of the individual compensation paid or allocated to executive corporate officers for the fiscal year ending on 31 December 2017 (Resolutions 9, 10 and 11)

By voting on the **Resolutions 9, 10 and 11,** you are called on to approve the fixed, variable and exceptional elements making up the total remuneration and benefits of any kind paid or awarded in 2017 to the executive corporate officers, resulting from the implementation of the compensation policies approved by the General Meeting of 26 April 2017 by voting on the Resolutions 5, 7 and 9, it being specified that the payment of variable or exceptional compensation items will be subject to the approval of the shareholders of the individual elements of the compensation applicable to executive corporate officers.

The compensation elements described below concern:

- Jean Laurent (**Resolution 9**)
- Christophe Kullmann (**Resolution 10**) and
- Olivier Estève (**Resolution 11**).

4.2.1.4.1. Remuneration of the Chairman of the Board of Directors for 2017

The role and tasks of the Chairman of the Board of Directors are described in Section 4.3.1.2 of the 2017 Reference Document.

On 17 April 2015, the Board set the compensation for his new four-year term at an overall fixed amount of €400 thousand. There was no change in this compensation from the previous term. It has therefore remained unchanged since 2011.

Such fixed compensation is not accompanied by any variable remuneration, performance bonus or compensation paid in Company shares.

In 2017, this €400 thousand compensation broke down as follows:

- €391 thousand fixed compensation
- €9 thousand benefits in kind (company car).

In 2017, Jean Laurent also received €46 thousand in attendance fees paid by Beni Stabili, an Italian subsidiary of Foncière des Régions.

4.2.1.4.2. Compensation of the Chief Executive Officer and Deputy General Manager in respect of 2017

The amounts resulting from the implementation of the compensation policies as applicable to the Chief Executive Officer and the Deputy General Manager and paid or awarded for the fiscal year ended 31 December 2017, are set out in the Board of Directors' corporate governance report as presented in Section 4.3.2.1.2 of the Company's Reference Document.

These elements are therefore summarised in the tables below:

Summary table of the compensation of Christophe Kullmann, Chief Executive Officer, for 2017

Elements of compensation due for the fiscal year ended	Amounts, or valuation for accounting purposes, subject to vote	Presentation
Fixed compensation	€600 thousand paid in 2017	• On 5 December 2014, the Board of Directors decided to renew the term of office of Christophe Kullmann for a term of four (4) years, setting his fixed remuneration to €600 thousand. As such, his fixed compensation remained unchanged in 2017.
Annual variable compensation	€767 thousand, including €600 thousand in cash and €167 thousand in free shares allocated in 2021	• The target variable remuneration equals 100% of the fixed annual salary. • An *upside* of as much as 50% of the target is provided for in the event of objectives being exceeded. Where applicable, it is paid in bonus shares, which are conditional on the beneficiary remaining in the Company's workforce for three years after the award. • After examining performance in 2017 described in Section 4.3.2.1.2.2 of the 2017 Reference Document, the Board approved a bonus that represents 128% of the target. • This variable remuneration of €600 thousand is paid in cash with the upside of €167 thousand being paid in Company shares definitively allocated at the end of the vesting period in 2021. • The payment of this annual variable compensation is subject to approval by the General Meeting of 19 April 2018 of the compensation elements for Christophe Kullmann.
Deferred variable compensation	€0	• Not applicable
Multiannual variable compensation	€0	• Not applicable
Extraordinary compensation	€0	• Not applicable
Share options	N/A	• Not applicable
Performance shares	€603 thousand	• The principles for the allocation of performance shares, as well as the performance conditions, are described in Section 4.3.2.1.2.3 of the 2017 Reference Document. • This long-term incentive accounts for approximately one third of the overall compensation.
Attendance fees	€49 thousand	• The Chief Executive Officer is a Director of Beni Stabili, an Italian subsidiary of Foncière des Régions. As such, in 2017, he received €49 thousand in attendance fees for his directorship.
Valuation of benefits of any kind	€38 thousand	• This amount comprises a company car and GSC unemployment insurance.

Elements of compensation due or granted for the fiscal year ended which are subject, or have been subject, to a vote by the General Meeting under the related-party agreements procedure	Amount subject to a vote	Presentation
Severance pay (detailed in Section 4.3.2.1.2.6 of the 2017 Reference Document)	€0	• The theoretical compensation amount is equal to 12 months of total remuneration (fixed salary and the variable portion), plus one month of additional compensation per year of employment with the Company. • Receiving this compensation is subject to achieving strict internal and external performance criteria: ◦ 50% of the theoretical compensation amount is linked to changes in the NAV during the three fiscal years prior to the termination of office ◦ 50% of the theoretical compensation amount is linked to achieving target performance during the three years prior to the termination of office. • The potential compensation described above would only be paid in the event of involuntary termination of office related to a change of control or strategy, which does not include cases where the Chief Executive Officer voluntarily leaves the Company, changes jobs within the Company or exercises his right to early retirement. • It was approved by the Board of Directors on 5 December 2014, and then by the shareholders during the General Meeting of 17 April 2015 through a vote on Resolution 5.
Compensation for non-compete clause	Not applicable	• There is no non-compete clause.
Supplementary pension scheme	€0	• There is no supplementary pension scheme in place.
Employment contract	€0	• There is no employment contract.

Summary table of the compensation of Olivier Estève, Deputy General Manager, for 2017

Elements of compensation due for the fiscal year ended	Amounts, or valuation for accounting purposes, subject to vote	Presentation
Fixed compensation	€360 thousand paid in 2017	• On 5 December 2014, the Board of Directors decided to renew the term of office of Olivier Estève for a term of four (4) years, setting his fixed compensation to €360 thousand. As such, his fixed remuneration remained unchanged in 2017.
Annual variable compensation	€412 thousand, including €360 thousand in cash and €52 thousand in bonus shares awarded in 2021	• The target variable remuneration equals 100% of the fixed annual salary. • An *upside* of as much as 50% of the target is provided for in the event of objectives being exceeded. With a view to aligning with the interests of shareholders, where applicable, it is paid in free shares, which are conditional on the recipient remaining in the Company's employ for three years after the award. • After examining performance in 2017 described in Section 4.3.2.1.2.2 of the 2017 Reference Document, the Board approved a 2017 bonus that represents 114% of the target. • This variable compensation of €360 thousand is paid in cash with the upside of €52 thousand being paid in Company shares definitively awarded at the end of the vesting period in 2021. • The payment of this annual variable compensation is subject to approval by the General Meeting of 19 April 2018 of the compensation elements for Olivier Estève.
Deferred variable compensation	€0	• Not applicable
Multiannual variable compensation	€0	• Not applicable
Extraordinary compensation	€0	• Not applicable
Share options	N/A	• Not applicable
Performance shares	€371 thousand	• The principles for the allocation of performance shares, as well as the performance conditions, are described in Section 4.3.2.1.2.3 of the 2017 Reference Document. • This long-term incentive accounts for approximately one third of the overall compensation.
Attendance fees	€0	
Valuation of benefits of any kind	€38 thousand	• This amount comprises a company car and GSC unemployment insurance.

Elements of compensation due or granted for the fiscal year ended which are subject, or have been subject, to a vote by the General Meeting under the related-party agreements and commitments procedure	Amount subject to a vote	Presentation
Severance pay	€0	• This potential compensation is granted under exactly the same conditions as those pertaining to the Chief Executive Officer, described above and in Section 4.3.2.1.2.6 of the 2017 Reference Document. • It was approved by the Board of Directors on 5 December 2014 and then by the shareholders during the General Meeting of 17 April 2015, through a vote on Resolution 6.
Compensation for non-compete clause	Not applicable	• There is no non-compete clause.
Supplementary pension scheme	€0	• There is no supplementary pension scheme in place.
Employment contract	€0	• There is no employment contract.

4.2.1.5. Renewal of the terms of office of Directors (Resolutions 12, 13, 14 and 15)

Because the terms of office as Directors of ACM Vie represented by Catherine Allonas Barthe (**Resolution 12**), Romolo Bardin (**Resolution 13**), Delphine Benchetrit (**Resolution 14**) and Sigrid Duhamel (**Resolution 15**) expire at the end of the Combined General Meeting of 19 April 2018, you will be called upon, under the **Resolutions 12 through 15**, to renew their terms of office for a term of four (4) years, to expire at the end of the General Meeting of Shareholders convened in 2022 to approve the financial statements of the fiscal year ending on 31 December 2021.

Subject to the approval of the **Resolution 12,** ACM Vie will remain represented on the Board of Directors by Catherine Allonas Barthe.

A brief biography, list of all mandates and positions held over the course of the five previous fiscal years, their attendance rates and the number of shares owned as at 31 December 2017, are set forth in Section 4.3.2.4.2 of the 2017 Reference Document.

4.2.1.6. Renewal of the term of office of a Statutory Auditor (Resolution 16)

The General Meeting of 25 April 2012 renewed Mazars as Principal Statutory Auditor for a period of six fiscal years, *i.e.* until the Ordinary General Meeting convened in 2018 to approve the financial statements for the fiscal year ending on 31 December 2017.

You are hereby requested, under the **Resolution 16,** to renew this term of office for a period of six fiscal years expiring at the end of the General Meeting convened in 2024 to approve the financial statements for the fiscal year ending on 31 December 2023.

Mazars is world renowned for its expertise in auditing international groups. It will continue to be represented by Gilles Magnan until expiry of the period set by Article L. 822-14 of the French Commercial Code and a rotation will be made for another partner of the firm at the end of this period.

Since Mazars was appointed as Principal Statutory Auditor by the General Meeting of 22 May 2000, it will exercise, subject to the approval of its reappointment, its final term of office within Foncière des Régions.

This reappointment was recommended by the Company's Audit Committee on 27 September 2017 and was put to a vote of the Board of Directors on 19 October 2017 and 14 February 2018 as part of the agenda and draft resolutions of this General Meeting.

4.2.1.7. Determination of the annual amount of attendance fees (Resolution 17)

Given the evolution of the composition of the governance committees, the increase in the number of Directors and the number of meetings, and the increase in the fixed portion of the remuneration of the Chairmen of the Appointments and Compensations Committee and the Audit Committee, we call on you, under the **Resolution 17,** to increase the attendance fees payable to all Directors and the non-voting member of the Board of Directors from €600,000 to €800,000 for the current fiscal year and subsequent fiscal years, until such time as a new decision is taken by you.

We remind you that this annual overall budget was set by the General Meeting of 27 April 2016, the allocation procedures of which, as adopted by the Board of Directors, are broken down into:

- a fixed annual amount for serving as a Board member and, if applicable, as a member of one of the Board's committees and
- a predominant variable amount, which takes into account the rate of attendance on the Board and the committees.

The rules for allocating attendance fees are detailed in Section 4.3.2.2 of the 2017 Registration Document.

The Board reminds you that Directors who are also executive corporate officers (including the Chairman of the Board of Directors) do not receive attendance fees.

4.2.1.8. Authorisation to be granted to the Board of Directors for the Company to purchase treasury shares (Resolution 18)

In **Resolution 18,** it is proposed that you authorise a share buyback programme. The principal characteristics of this programme will be the following:

- the number of shares bought back may not exceed 10% of the Company's share capital
- the purchase price may not exceed €105 per share (excluding acquisition costs)
- the maximum amount of funds allocated to the buyback programme would be €150 million
- this programme may not be implemented during a public takeover bid.

The buyback by the Company of its treasury shares would result in:

- allocating shares to corporate officers or employees of the Company and/or of companies belonging to its group
- delivering shares upon the exercise of rights attached to securities entitled to the award of Company shares
- delivering as payment or exchange (up to a limit of 5% of the capital), specifically within the context of potential external growth, merger, spin-off or contribution operations
- cancelling shares in whole or in part, subject to the adoption of the Resolution 20
- setting up a liquidity agreement, noting that by law, in the event of acquisition under a liquidity agreement, the number of shares considered for calculation of the 10% limit of the share capital amount would match the number of shares purchased, deducting the number of shares resold during the authorisation granted by the General Meeting and
- any other practice that may be recognised by the law or the *Autorité des Marchés Financiers* or any other purpose that could be authorised by the law or regulations in effect, in the understanding that in such a case, the Company would inform its shareholders by sending out a notice.

This authorisation would be given to the Board of Directors for a period of eighteen (18) months with effect from the date of the General Meeting of 19 April 2018 and would immediately terminate, for the unused portion, the authorisation given by the Combined General Meeting of 26 April 2017.

Prior to implementing it, the Company would publish a description of the programme in the form set out under Article 241-1 of the AMF Regulations.

4.2.2. Extraordinary resolutions

4.2.2.1. Financial authorisations to confer upon the Board of Directors (Resolutions 19 to 25)

In the Extraordinary General Meeting, you will be asked to grant certain financial authorisations to your Board of Directors and to authorise it, within the limits and conditions that you will set, to decide on the issuance of shares and/or securities directly or indirectly convertible to equity.

The Board of Directors wishes to continue having the means that enable it, if necessary, by calling upon the markets, to gather the financial resources needed for the development of your Company.

It is being proposed that you grant the Board of Directors the following financial authorisations:

- **Resolution 19:** capital increase through the incorporation of reserves, profits or premiums
- **Resolution 21:** issuance of shares and/or securities convertible to equity, maintaining shareholders' preferential subscription rights
- **Resolution 22:** issuance of shares and/or securities convertible to equity, through public offering, with waiver of shareholders' preferential subscription right and a mandatory priority period for share issues
- **Resolution 23:** issuance of shares and/or securities convertible to equity, through a public exchange offer launched by the Company, with waiver of shareholders' preferential subscription right
- **Resolution 24:** issuance of shares and/or securities convertible to equity, with a view to compensating in-kind contributions given to the Company made up of equity or securities convertible to equity, with waiver of shareholders' preferential subscription right
- **Resolution 25:** capital increases reserved for employees of the Company and the companies of the Foncière des Régions group covered by a company savings plan, with waiver of shareholders' preferential subscription right.

You will also be asked, in **Resolution 20,** to authorise the Board of Directors to reduce the Company's share capital by cancelling shares purchased within share buyback programmes adopted by the Company.

In proposing to you that you grant these authorisations, the Board of Directors seeks to clearly explain to you the impact of the corresponding resolutions submitted to your approval.

In accordance with the relevant applicable regulations, the Board of Directors will prepare a supplementary report relating to the use of this delegation mentioning, in particular, the following:

- the impact of the issuance on the situation of holders of equity securities and securities convertible to equity (especially as regards their portion of shareholders' equity) and
- the theoretical impact of the aforementioned issuance on the stock market value of the Company's shares.

The Statutory Auditors will prepare their own reports on the financial authorisations, which will be made available to you in accordance with the legal and regulatory conditions.

4.2.2.1.1. Delegation of authority to be granted to the Board of Directors to increase the share capital of the Company through the capitalisation of reserves, earnings or premiums (Resolution 19)

Under **Resolution 19,** you will be called upon to decide on the authorisation to be granted to the Board of Directors, which may further delegate its authority, to carry out a capital increase, through capitalisation of all or part of the reserves, earnings, premiums or other sums for which capitalisation would be permitted. This transaction would not necessarily translate into the issue of new shares.

This delegation of authority would allow your Board of Directors to decide to perform one or more capital increases, up to a maximum nominal amount of €22.4 million (excluding adjustments to protect holders of securities convertible to equity), representing approximately 10% of the share capital. This cap would be set independently and separately from the capital increase caps resulting from share or security issues likely to be approved under **Resolutions 21 to 25.**

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

This delegation, given for a period of 26 months, would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.1.2. Authorisation to the Board of Directors to reduce the Company's share capital through the cancellation of shares (Resolution 20)

Concurrently with the authorisation given to the Company to conduct transactions in its own shares under **Resolution 18,** it is proposed in **Resolution 20,** that you should authorise the Board of Directors, which may sub-delegate this authority, to cancel shares acquired by the Company under the buyback programme authorisation submitted in **Resolution 18,** or in any resolution having the same purpose and the same legal basis.

As provided for under French law, shares may only be cancelled up to a limit of no more than 10% of the share capital per 24 month period.

Consequently, you will be asked to authorise the Board of Directors to reduce the share capital under the applicable legal conditions.

This authorisation, given for a period of 18 months, would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.1.3. Delegation of authority to be granted to the Board of Directors to issue shares and/or securities convertible to equity, maintaining shareholders' preferential subscription rights (Resolution 21)

In **Resolution 21,** it is proposed that you delegate to the Board of Directors, which may further delegate such authority, powers to issue shares in the Company and/or other securities (including warrants for new or existing shares), convertible by any means, immediately or in the future, to equity in the Company, in a subsidiary in which the Company holds more than 50% of the shares directly or indirectly, or in a company directly or indirectly holding more than 50% of the Company's shares, issued for free or against payment, maintaining shareholders' preferential subscription rights.

The Board of Directors may use this authority, in order to have the necessary funds available at the appropriate time to develop the Company's business.

In proportion to the value of their shares, shareholders would have preferential subscription rights to the shares and securities issued under this delegation. In case of deferred access to shares of the Company – *i.e.* by transferable securities granting access to Company shares by any means – your approval of this resolution would imply a waiver by the shareholders of their preferential right to subscribe for the shares to which these securities would be entitled.

The maximum nominal amount of the capital increases likely to be made would be set at €56 million, representing approximately 25% of the share capital. This amount would be set independently and separately from the capital increase caps resulting from share and/or security issues approved under **Resolutions 19 and 22 to 25.**

The nominal amount of the debt instruments convertible to equity that are likely to be issued may not exceed a total amount of €750 million. This amount would also constitute an overall nominal cap for securities issues made under **Resolutions 21 to 24.**

The issue price of the securities convertible to equity would be determined by the Board of Directors if and when it implements this delegation, complying with legal and regulatory provisions.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 19 April 2018 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.1.4. Delegation of authority to the Board of Directors to issue, through public offering, Company shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues (Resolution 22)

The Board of Directors may, in the interest of the Company and its shareholders, in order to seize the opportunities offered by the financial markets, be led to issue such securities without preferential subscription rights.

You are also asked, through **Resolution 22,** to grant the Board of Directors the power, which may further delegate such authority, to issue by means of a public offering, without preferential subscription rights for shareholders, Company shares or debt securities providing access to existing or new Company shares, or shares in a subsidiary which is majority-held by the Company, whether directly or indirectly, or a company which directly or indirectly holds more than 50% of the Company's shares.

Your decision would imply a waiver of your preferential subscription right to the shares and other equity securities and securities that could be issued based on this delegation, in the understanding that this authorisation implies, in favour of the holders of such securities convertible to equity as may be issued under this delegation of authority automatic waiver by the shareholders of their preferential right of subscription to shares in connection with such securities.

We would like to point out that the Board of Directors would be obliged to grant shareholders a priority subscription period of at least three (3) trading days, solely for issues of shares through public offering conducted by the Board of Directors, in accordance with Articles L. 225-135, paragraph 5, and R. 225-131 of the French Commercial Code; this priority period is an option for the issuance of all securities other than shares.

The nominal amount of the total debt securities issued may not exceed €750 million, the overall cap for all debt instruments set by **Resolution 21.**

The maximum nominal amount of the capital increases likely to be carried out by the Company under this delegation may not exceed €22.4 million, representing around 10% of the share capital, and would be independent and separate from the caps for capital increases resulting from the issuance of shares and/or transferable securities authorised by **Resolutions 19, 21 and 23 to 25.**

The issue price of the shares and/or securities convertible to equity would be determined by the Board of Directors if and when it implements this delegation, complying with legal and regulatory provisions.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 19 April 2018 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.1.5. Delegation of authority to the Board of Directors to issue shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights, in the event of a public exchange offer initiated by the Company (Resolution 23)

In **Resolution 23,** you are asked to approve the delegation of authority granted to the Board of Directors, which may further delegate such authority, to proceed to issue shares and/or securities convertible to equity, on one or more occasions, in the event of a public exchange offer initiated by the Company.

You will therefore be expressly asked to waive your preferential subscription rights to the new shares and/or securities convertible to equity that could be issued based on this delegation, in the understanding this authorisation implies, for the holders of such securities convertible to the Company's share capital as may be issued under this delegation of authority automatic waiver by the shareholders of their preferential subscription right to shares in connection with such securities.

The maximum nominal value of increases in the Company's share capital that might be made immediately or in the future may not exceed 10% of the share capital of the Company (corresponding to its amount on the date of use of this delegation by the Board of Directors), in the understanding that the overall maximum nominal value of the capital increases to be made under **Resolutions 23 and 24** may not exceed 10% of the share capital of the Company, the overall cap for all capital increases that might be made immediately or in the future under **Resolutions 23 and 24.**

The nominal amount of the total debt securities issued may not exceed €750 million, the overall cap for all debt instruments set by **Resolution 21.**

For each individual offer, the Board of Directors would have to determine the nature and characteristics of the shares to be issued. The amount of the increase in share capital would depend on the result of the offer and the number of securities tendered under the exchange offer, taking into account the exchange ratio and the shares issued.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

It would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 19 April 2018 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.1.6. Delegation of authority to the Board of Directors to issue shares and/or transferable securities convertible to equity, in order to pay for the contributions in kind granted to the Company consisting of capital shares or transferable securities convertible to equity, with waiver of shareholders' preferential subscription rights (Resolution 24)

In accordance with the option offered by Article L. 225-147, paragraph 6, of the French Commercial Code, you are asked, under **Resolution 24,** to authorise the Board of Directors, which may furhter delegate such authority, to issue shares and/or transferable securities convertible to equity, in consideration for the contributions in kind made to the Company consisting of shares or transferable securities convertible to equity, when Article L. 225-148 of the French Commercial Code is not applicable.

The maximum nominal amount of capital increases in the Company's share capital that may be performed under this delegation, immediately or in the future, will be set at 10% of the Company's share capital (existing at the date of the Board of Director's use of this delegation), the overall cap for all capital increases that might be made immediately or in the future under **Resolutions 23 and 24.**

The nominal amount of the total debt securities issued may not exceed €750 million, the overall cap for all debt instruments set by **Resolution 21.**

You will be requested to expressly waive your shareholder's preferential subscription right to new shares and/or to securities convertible to equity in favour of holders of shares or transferable securities forming the object of a contribution in kind, in the understanding this delegation of authority automatically entails that the shareholders waive, to the benefit of the holders of securities that may be issued and convertible to equity, their preferential subscription rights to the shares to which these securities give right.

This delegation could not be used without your formal agreement during periods of public purchase or exchange offers on the Company's shares.

The Board of Directors would, notably, be required to approve the report of the contribution auditor(s) to be appointed, set the exchange ratio and, if applicable the amount of the balance to be paid in cash, record the number of securities to be issued in remuneration for contributions, determine the dates and conditions of issues of shares and/or transferable securities giving immediate or future access to the Company's capital, and value the contributions.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 19 April 2018 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.1.7. Delegation of authority to the Board of Directors to undertake capital increases reserved for employees of the Company and companies in the Foncière des Régions group that are members of a company savings plan, with waiver of shareholders' preferential subscription rights (Resolution 25)

You will be asked, under **Resolution 25,** to authorise the Board of Directors, which may further delegate such authority, to decide to increase the share capital under the provisions of the French Commercial Code and French Labour Code relating to the issuance of shares or securities convertible to existing Company shares or shares to be issued, for the benefit of employees covered by a company savings plan offered by the Company and/or its affiliates within the meaning of Article L. 225-180 of the French Commercial Code.

This delegation of authority would be granted for a maximum nominal amount of the capital increase immediately or in the future, resulting from the issues made pursuant to this delegation (including the capitalisation of reserves, earnings or premiums), of €500,000, representing 0.22% of the share capital, set irrespective of the par value of the shares that may be issued as a result of adjustments made to protect the holders of transferable securities giving future access to shares. This cap would be independent of any other authorisation granted by the General Meeting.

You will be requested to expressly waive your shareholder's preferential subscription right to new shares or to securities convertible to equity in favour of these employees.

The subscription price of the shares and the discount offered will be set by the Board of Directors on the understanding that the discount offered may not exceed 20% of the average share price for the twenty trading days preceding the date of the decision to open the subscription period, and 30% of this same average when the retention period provided for in the plan is greater than or equal to ten years, provided that the Board of Directors may also replace all or part of said discount by the allocation of shares or other securities.

The Board of Directors may likewise provide for the allocation of free shares or other securities convertible to equity, it being understood that the total benefit resulting from this allocation as a company contribution or, where applicable, the discount on the subscription price, may not exceed the legal and regulatory limits and that the shareholders would waive all rights to shares or other securities convertible to equity that may be issued by virtue of this resolution.

This delegation would be given to the Board of Directors for a period of 26 months with effect from the General Meeting of 19 April 2018 and would immediately terminate, for the unused portion, the delegation granted by the Combined General Meeting of 26 April 2017.

4.2.2.2. Powers for formal recording requirements (Resolution 26)

Resolution 26 is a standard resolution concerning the granting of the powers required to make announcements and perform legal formalities relating to holding the General Meeting.

We believe that these transactions, under these conditions, are a timely measure and we ask you to approve the resolutions to be presented to you.

The Board of Directors

4.3. REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Foncière des Régions continuously analyses the best practices in corporate governance as consolidated in the Afep-Medef Code, revised in November 2016 and is committed to applying them. For example, in 2017 Foncière des Régions strengthened the proportion of independent members of the Appointments and Compensations Committee. The Company's Board of Directors also endeavoured to continue to implement the recommendations issued following the performance review of the Board of Directors, for example by providing Directors with more information on the status of competition and the strategy of peers. These initiatives are part of a relentless drive to consolidate an open, transparent, efficient and pragmatic governance, in order to serve the long-term interests of the Company, its shareholders, tenants, employees and all of its stakeholders.

This report, drawn up by the Board of Directors pursuant to the provisions of Article L. 225-37, paragraph 6, of the French Commercial Code, provides an account to the shareholders in accordance with the provisions of Articles L. 225-37-2 to L. 225-37-5 of the French Commercial Code, on the composition of the Board and the application of the principles of balanced gender representation, the conditions for preparing and organising its work as well as the limitations imposed by the Board on the powers of the Chief Executive Officer and the Deputy General Managers. This report also presents the individual remuneration of the corporate officers for the 2017 fiscal year and the draft resolutions relating to the ex-ante vote on the remuneration policies applicable to the executive corporate officers, and sets out the mandates and functions of the corporate officers. Lastly, it sets out the special terms and conditions of shareholder attendance at the General Meeting, the elements likely to have an impact in the event of a public offer, the agreements entered into between a corporate officer or a shareholder holding more than 10% of the Company's voting rights and a subsidiary, as well as the ongoing financial delegations for capital increases.

This report was prepared with the assistance of the Legal Department, Corporate M&A, the Human Resources Department, the Financial Department and the Corporate Office, all of which used the work of the High Committee on Corporate Governance and various recommendations of the *Autorité des Marchés Financiers* as references.

It was approved by the Board of Directors on 14 February 2018 and was subject to a certification by the Statutory Auditors included in the report on the annual accounts.

These reports were made public at the date of being published on the Company's website after the filing of the Reference Document with the *Autorité des Marchés Financiers* on 14 March 2018.

4.3.1. Composition of the Board of Directors and conditions for preparing and organising its work

4.3.1.1. General management method

Since 31 January 2011, Foncière des Régions has been organised according to a one-tier board system, with a Board of Directors which, at its meeting on the same date, decided to separate the functions of Chairman and Chief Executive Officer.

This sructure ensures a clear distinction between the Chairman's duty, which consists of in ensuring the proper functioning of the Board of Directors, and the operational and executive functions for which General Management is responsible. The appointment, in 2012, of the Chief Executive Officer as a Director has allowed him to be involved, in the same way as the other Directors, in defining and making decisions relating to Company strategy, which he is responsible for implementing.

The composition of the governance bodies and the diversity of expertise of the members of the Board are a guarantee to shareholders and the market that the missions of the Board are carried out with the necessary independence and objectivity.

4.3.1.2. Role of the Chairman of the Board of Directors

The Board of Directors is chaired by Jean Laurent, appointed to this position on 31 January 2011 and renewed on 17 April 2015 for the duration of his term of office as Director.

He represents the Board of Directors, working in close coordination with the Chief Executive Officer. He acts and speaks on its behalf and oversees the organisation of the Board of Directors and its committees, as well as ensures that they are working smoothly. Discussions with the Chief Executive Officer prior to Board meetings help to strenghthen the operations of the Board and the efficiency of its meetings. He ensures that all Directors are always kept fully notified of any information complete and relevant to the implementation of the strategy. He leads the Board's discussions and helps to summarise its views. In close coordination with the initiatives implemented in these matters by General Management, the Chairman ensures that the quality of the Board's relationships with the Company's shareholders, major partners and customers of the Group as well as with public authorities, institutional and regulatory authorities, the media and investors deemed to be economic players, are maintained. The Chairman also presides over the Company's General Meetings and participates in the oversight of the governance of the Company's subsidiaries. Moreover, he oversees the proper functioning of the audit and risk management bodies.

The Chairman provides the Chief Executive Officer with help and advice on designing and implementing the strategy, whilst not infringing on the latter's executive responsibilities. At the request of the Chief Executive Officer, he can attend internal meetings with the Company's primary executives and teams to shed light on strategic issues. He also helps to promote the image and values of Foncière des Régions, both within and outside the Group.

As non-executive Chairman, he attends meetings of the Appointments and Compensations Committee as a guest and participates in the process of recruiting new Directors.

In 2017, Jean Laurent chaired all meetings of the Board of Directors and attended in all of the meetings of the Strategic and Investment Committee, of which he is a member. He also met with individual Directors during the year and met several times with the members of the Company's Management Committee.

4.3.1.3. Reference texts

French and EU legislation and regulations as well as the rules set forth by financial market regulatory authorities apply to the corporate governance of the Company.

Foncière des Régions has adopted the Afep-Medef Code as a frame of reference for corporate governance. This decision was published by Foncière des Régions on 29 December 2008. Therefore, the Company now refers to the Afep-Medef Code in the version that was revised and updated on 24 November 2016, which can be consulted at: http://www.afep.com/publications/code-afep-medef/.

The Company's corporate governance policy widely reflects the principles and recommendations of the Afep-Medef Code insofar as these are compatible with the Company's organisation, operation and situation. However, certain provisions of the code have not yet been fully implemented by the Company. In accordance with the provisions of Article L. 225-37, paragraph 4, of the French Commercial Code and of Article 27.1 of the Afep-Medef Code relating to the "comply or explain" rule, the exceptions to the implementation of the code are described in the table below:

Afep-Medef Code	Foncière des Régions practices
Independence of Directors who have served as Company Directors for more than 12 years or served as a Director of the parent company or a company consolidated by it (or having served in such capacity in the last five fiscal years)	In assessing the independence of each Director, the Board of Directors draws on the criteria set out in the Afep-Medef Code. It then seeks to establish whether a Director, although he or she may be presumed to be non-independent under one of the criteria established by the Code, is not entirely free from constraints. During this review, the Board considers that the criteria for the terms of office and directorships in other Group companies do not lead to any loss of independence in view of the particular situation of the Company and the Director in question. This analysis is detailed and explained on a case-by-case basis in Section 4.3.1.4.3.

Foncière des Régions' corporate governance is also reflected by the Company's Articles of Association, supplemented by the provisions of the Internal Regulations of the Board of Directors adopted on 31 January 2011 and updated on 25 April 2012, 20 February 2013, 24 April 2013, 26 February 2014, 19 February 2015, 17 April 2015, 26 November 2015, 27 April 2016, 23 November 2016, 15 February 2017, 1 and 26 April 2017, 20 July 2017 and 14 February 2018.

The Internal Regulations of the Board will be regularly reviewed to ensure they are adapted to ongoing developments in governance rules and practices.

As such, when the Board of Directors met in 2017, it continued to adapt its Internal Regulations:

- the governance changes introduced by the November 2016 review of the Afep-Medef Code and by the European audit reform, in particular on (i) the sale of significant assets, (ii) independence criteria, (iii) evaluating the Board, and (iv) the tasks entrusted to the Appointments and Compensations Committee and the Audit Committee
- to the latest changes to EU Regulation No. 596/2014 on abuse of the market, which came into effect on 3 July 2016, in the context of updating its appendix related to the guide on preventing insider trading.

In addition, the Board of Directors, meeting on 14 February 2018, has updated certain provisions of its Internal Regulations relating to (i) the procedures for attending Board meetings by videoconference or by telecommunication means, (ii) preventing conflicts of interest, (iii) the allocation of attendance fees, (iv) the composition of committees and (v) the duties of the Appointments and Compensations Committee and the Audit Committee.

The complete version of the Articles of Association and the updated Internal Regulations of the Board of Directors can be consulted on the Company's website at the following address: http://www.foncieredes-regions.fr/groupe/gouvernance/conseil_d_administration.

4.3.1.4. Methods of organisation and operation of the Board of Directors

4.3.1.4.1. Missions of the Board of Directors

The Board of Directors determines the strategy for the Company's business and oversees its implementation. Subject to the powers expressly reserved for General Meetings of Shareholders and within the limits of the corporate purpose, the Board of Directors may seize any question affecting the operation of the Company and govern its business through its deliberations. It also conducts the controls and verifications it deems appropriate.

In addition to the operations already listed in the Internal Regulations that specifically require the Board's prior authorisation, any significant operation requires prior authorisation by the Board of Directors. Further details are given hereunder in Section 4.3.1.6.2 on the limitations to the powers of the Chief Executive Officer and Deputy General Managers.

The Board is also kept informed of changes in the market and competitive environment and of any significant events, including in the domain of corporate, social and environmental responsibility for the Company. Furthermore, it receives regular updates on the financial situation, cash flow situation, and commitments of the Company. It is the Board's responsibility to approve the Company's financial communication policy and to oversee its relevance and quality.

The Board also defines whether the General Management of the Company is assumed by the Chairman or by another natural person with the title of Chief Executive Officer, who is appointed by the Board and who may or may not be a Board member. Since this last method of management is currently in force, the Board has determined the limitations to the power of the Chief Executive Officer and the Deputy General Managers.

The Board implements the authorisations and delegations of powers and competence conferred upon it by the General Meeting and decides whether or not to approve the related-party agreements referred to it.

The Board of Directors determines the amount, methods of calculation and payment of the Chairman's remuneration, if any. It also determines and motivates its decisions regarding the remuneration of the Chief Executive Officer and the Deputy General Managers, which are detailed in Section 4.3.2.1.2 below.

Finally, it ensures that shareholders and investors receive relevant, balanced and instructive information on the Company's strategy, development model, consideration of significant non-financial concerns, and long-term outlook.

4.3.1.4.2. Composition of the Board of Directors

Article 12 of the Articles of Association provides that the Board of Directors must be composed of 3 to 18 members, appointed by the Ordinary General Meeting of Shareholders. In addition to the Chairman, the Board of Directors may elect one or more Vice-Chairmen from among its members. The Vice-Chairman acts on the Chairman's behalf in the event of incapacity or absence. In a case of temporary incapacity, this delegation is given for a limited period and may be renewed. If the Chairman dies, this delegation is valid until the appointment of a new Chairman of the Board.

Changes made to the composition of the governance bodies during 2017

Governance body	Date	Departure	Appointment	Renewal
Board of Directors	1 April 2017	Philippe Narzul, permanent representative of Covéa Coopérations	Éric Lécuyer, permanent representative of Covéa Coopérations	
	26 April 2017			Jean-Luc Biamonti
				Sylvie Ouziel
				Predica, represented by Jérôme Grivet
				Pierre Vaquier
Audit Committee	26 April 2017			Jean-Luc Biamonti
				Sylvie Ouziel
Appointments and Compensations Committee	26 April 2017		Catherine Soubie	Jean-Luc Biamonti
				Jérôme Grivet
				Pierre Vaquier
Strategic and Investment Committee	1 April 2017	Philippe Narzul	Éric Lécuyer	
	26 April 2017			Jérôme Grivet

Impact of the 2017 changes to the governance bodies in terms of diversification

	Number of members		Percentage of independent		Percentage of women		Percentage of international		Average age	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Board of Directors	15	15	60%	60%	40%	40%	27%	27%	57 years old	58 years old
Audit Committee	5	5	80%	80%	40%	40%	60%	60%	53 years old	54 years old
Appointments and Compensations Committee	3	4	67%	75%	0%	25%	33%	25%	59 years old	58 years old
Strategic and Investment Committee	6	6	17%	17%	17%	17%	33%	33%	62 years old	63 years old

The composition of the Board of Directors was maintained at 15 members during the 2017 fiscal year.

The renewal of Directors' mandates that expired in 2017 allowed the Board to maintain, with its 15 members, the balance sought in terms of the skills and expertise deemed necessary for the proper administration of the Company:

	Real Estate/ Hotels	Bank/Finance	Environment/ CSR	Strategy and M&A	Experience in public companies	International experience
Jean Laurent		X	X	X	X	X
Leonardo Del Vecchio	X	X		X	X	X
Catherine Allonas Barthe	X	X		X	X	
Romolo Bardin	X	X		X	X	X
Delphine Benchetrit	X	X		X		X
Jean-Luc Biamonti	X	X		X	X	X
Sigrid Duhamel	X		X	X	X	X
Bertrand de Feydeau	X	X	X	X	X	
Jérôme Grivet	X	X		X	X	X
Christophe Kullmann	X	X	X	X	X	X
Sylvie Ouziel			X	X	X	X
Patricia Savin	X		X	X		
Catherine Soubie	X	X		X	X	
Laurent Tollié	X	X		X	X	
Pierre Vaquier	X	X		X	X	X

In addition to drawing on the experience of its members in all these areas of expertise, the Board also strives for a balanced gender representation, a diversity of nationalities, as these facilitate knowledge of the Company's primary markets, and a balance between ages and between levels of seniority, with on the one hand, Directors who have been in office for several years and who have in-depth knowledge of the Group and, on the other hand, Directors who bring new experience that can serve the Group's interests and its development.

At its meeting on 14 February 2018, the Board of Directors, on the recommendation of the Appointments and Compensations Committee, proposed to renew the terms of office as Directors of ACM Vie, represented on the Board by Catherine Allonas Barthe, and Romolo Bardin, Delphine Benchetrit and Sigrid Duhamel, whose terms of office will are set to expire in 2018.

Subject to their approval by the Combined General Meeting of 19 April 2018, the aforementioned re-appointments will have no impact on the composition of the Board, which will be maintained at 15 members, 40% of whom will be women and 60% of whom will be independent Directors.

At 31 December 2017, the Board of Directors had 15 members and one non-voting member, it being hereby stated that, effective 1 January 2018, Laurent Tollié was appointed as the new permanent representative of Covéa Coopérations, replacing Éric Lécuyer:

Member's first and last name or company name	Title	Gender	Nationality	Age	Date of first appointment to the Board of Directors	Date of renewal	Year of expiry of term of office
Jean Laurent	Chairman of the Board	Male	French	73	31/01/2011	17/04/2015	2019
Leonardo Del Vecchio	Vice-Chairman of the Board	Male	Italian	82	31/01/2011	17/04/2015	2019
ACM Vie represented by Catherine Allonas Barthe	Director	Female	French	63	31/01/2011	17/04/2015	2018
Romolo Bardin	Director	Male	Italian	39	17/04/2015	/	2018
Delphine Benchetrit	Director	Female	French	49	17/04/2015	/	2018
Jean-Luc Biamonti	Director	Male	Monegasque	64	31/01/2011	17/04/2015 26/04/2017	2021
Sigrid Duhamel	Director	Female	French and Danish	52	28/04/2014	/	2018
Bertrand de Feydeau	Director	Male	French	69	31/01/2011	17/04/2015	2019
Christophe Kullmann	Chief Executive Officer Director	Male	French	52	25/04/2012	27/04/2016	2020
Covéa Coopérations represented by Éric Lécuyer	Director	Male	French	64	17/02/2016	/	2019
Sylvie Ouziel	Director	Female	French	48	24/04/2013	26/04/2017	2021
Predica represented by Jérôme Grivet	Director	Male	French	56	31/01/2011	17/04/2015 26/04/2017	2021
Patricia Savin	Director	Female	French	52	27/04/2016	/	2020
Catherine Soubie	Director	Female	French	52	27/04/2016	/	2020
Pierre Vaquier	Director	Male	French	61	31/01/2011	17/04/2015 26/04/2017	2021
Sergio Erede	Non-voting member of the Board of Directors	Male	Italian	77	17/04/2015	/	2019

(1) To which 24,000 beneficially-owned shares are added following a bare ownership transfer.

Independent member	Attendance rate at meetings of the Board of Directors	Attendance rate at Audit Committee meetings	Attendance rate at Appointments and Compensations Committee meetings	Attendance rate at Strategic and Investment Committee meetings	Gross amount of attendance fees	Number of directorships in public companies outside the Foncière des Régions group	Number of shares held at 31 December 2017	Main function
	Number of meetings of the Board of Directors: 8	Number of Audit Committee meetings: 3	Number of meetings of the Appointments and Compensations Committee: 2	Number of meetings of the Strategic and Investment Committee: 5				
yes	100%	/	/	100%	/	1	575	Chairman of the Board of Directors of Foncière des Régions
no	0%	/	/	0%	€12,000	1	1	Chairman and Chief Executive Officer of Luxottica Group SpA
no	25%	/	/	20%	€19,000	0	Legal entity: 6,269,881 Physical person: 0	ACM Chief Financial Officer
no	100%	100%	/	100%	€63,000	1	4,585	Deputy Manager of Delfin Sarl
yes	87.50%	/	/	/	€34,000	1	189	Managing Partner of Finae Advisors
yes	100%	100%	100%	/	€59,000	1	460	Deputy Chairman of Société des Bains de Mer Monaco
yes	62.50%	66.67%	/	/	€35,000	1	252	Chairman of the Management Board of BNP Paribas REIM France
yes	75%	100%	/	/	€45,000	1	362	Chairman of Fondation Palladio
no	87.50%	/	/	/	/	0	67,464 (1)	Chief Executive Officer of Foncière des Régions
no	100%	/	/	100%	€51,000	0	Legal entity: 500 Physical person: 0	Director of Steering, Performance, Equity interests of Covéa
yes	87.50%	33.33%	/	/	€40,000	2	425	Allianz Worldwide Partners – Global Assistance CEO – Asia Pacific CEO
no	87.50%	/	100%	80%	€52,000	2	Legal entity: 5,305,619 Physical person: 0	Assistant General Manager of Crédit Agricole in charge of the Group Finance Division
yes	75%	/	/	/	€30,000	0	0	Partner at DS Avocats
yes	100%	/	100%		€42,125	1	650	General Manager of Arflia
yes	100%	/	100%	/	€45,000	0	272	Deputy General Manager of Real Assets Investment Managers SAS
no	87.50%	/	100%	80%	€52,000	N/A	N/A	N/A
Average attendance rate	79%	80%	100%	68%	Total: €579,125			

A list of all the offices held and functions currently or previously performed by each of the corporate officers over the last five years is presented in Section 4.3.2.4 below.

The attendance rate of Directors is mentionned in Section 4.3.1.4.9.

Non-voting member of the Board of Directors

The Board of Directors may appoint one or more non-voting members (physical persons or legal entities). It defines their term of office and any remuneration if they are assigned a particular mission. The non-voting members of the Board of Directors attend meetings of the Board as observers and may be consulted by the Board. They must be called to every meeting of the Board of Directors. They receive the same attendance fees as Directors.

At the end of his Director's term of office expiring on 17 April 2015, the Board of Directors appointed Sergio Erede as non-voting Director for a term of four (4) years expiring at the end of the General Meeting convened in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

As a non-voting Director, Sergio Erede provides the Board with his legal expertise as a recognised Italian business lawyer and attends the Board of Directors meetings on a consultative basis. He also attends the meetings of the committees of which he was previously a member.

Secretary of the Board

The Board of Directors also appoints a Secretary, who may be a Board member or an external appointee. It defines the Secretary's duties, which it may terminate at any time. The Secretary ensures that procedures relating to the Board's operation are followed and records the minutes at its meetings.

These functions are currently held by Yves Marque, the Chief Operating Officer of Foncière des Régions, who was appointed by the Board of Directors on 31 January 2011, and reappointed on 17 April 2015 for a term of four (4) years expiring at the end of the General Meeting convened in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

Employee representatives

The Board of Directors does not include members representing employees. This lack of representation on the Board is due to the fact that Foncière des Régions does not fall under the scope of the provisions laid down in Article L. 225-27-1 of the French Commercial Code.

Employee shareholder representatives

Since employee shareholder investment in Foncière des Régions is below the threshold of 3% of the capital set by the provisions of Article L. 225-23, paragraph 1, of the French Commercial Code, the Board of Directors does not include members representing employee shareholders.

However, three employees who are Works Council representatives are invited to each meeting, and attend with access to the same information as the Directors.

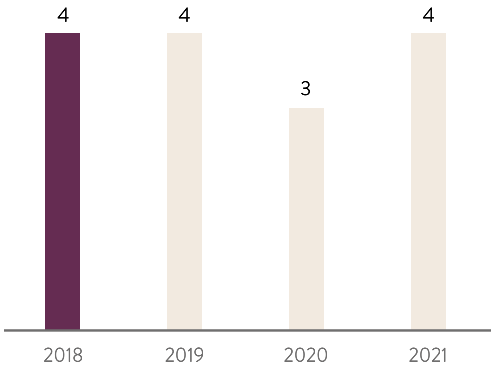
4.3.1.4.2.1. Duration and staggering of terms of office

Directors are appointed for a four-year term so that shareholders can have a frequent say on their election. The term of a Director expires at the end of the Ordinary General Meeting called to approve the financial statements for the previous year, held in the year in which the term of the said Director expires.

To promote the Board's harmonious renewal, the Directors' terms of office are now staggered over time since 2015.

The shareholders' regular renewal of Directors has thus been facilitated, both due to the limitation of their terms of office to four years, and to the staggering of expiration dates for the various tenures, allowing the General Meeting to vote on several directorships every year.

› Status of the staggered expiration of terms of office



4.3.1.4.2.2. Lead Director

Given the separation of the functions of the Chairman and Chief Executive Officer, the Board of Directors decided that there is no need to appoint a lead Director.

4.3.1.4.2.3. Gender parity

Occupational gender equality and diversity are key to effectiveness and economic and social performance and have been amongst Foncière des Régions' core concerns over recent years. With 40% of the Board of Directors' members being women, the Company has fulfilled the recommendations of the Afep-Medef Code, doing so a year earlier than the legal deadline set for April 2017.

4.3.1.4.2.4. Nationality

Of the Directors on the board, 27% are non-French, including two Italians, one person from Monaco and one Dane. This diversity ensures that its discussions encompass a wide range of views and that the topics reviewed at its meetings are analysed from a broader perspective.

4.3.1.4.2.5. Training

This year, the Company continued with its induction programme for new Directors to enable them to gain a better understanding of the Company and its business sector. As such, Directors who were not familiar with the industry and the Company have had the opportunity to meet with the Chief Executive Officer of the Company, the Deputy General Manager, the Chief Operating Officer, and the Chief Financial Officer several times, and are also entitled to additional training on the specifics of the Company, its work and its industry, if they so request.

4.3.1.4.2.6. Chief Executive Officer's presence on the Board of Directors

The appointment in 2012 of Christophe Kullmann (who is also the Company's Chief Executive Officer) as a Director has enabled him to be even more directly involved in the Company's strategy, for which he is responsible at the same level as the other Directors.

4.3.1.4.2.7. Recruitment procedure

When new Directors are recruited, the Board requests that the Appointments and Compensations Committee put forward candidates. The committee compiles a current skills map and works out the additional expertise sought from future Directors. In addition to the technical expertise sought, candidates should have solid experience as active Management or Executive Committee members, be willing and able both to contribute constructive opinions to discussions and to help summarise views and take part in decision-making. The candidates, who may in certain cases be pre-selected by a specialised firm, meet with the Chairman of the Board, the Chairman of the Appointments and Compensations Committee, the Chief Executive Officer and, wherever possible, with other Directors. Finally, once the Chairman of the Appointments and Compensations Committee has presented the candidates' profiles, the Board selects the candidate to be put to the vote at the General Meeting of Shareholders.

4.3.1.4.3. Independence of Directors

The Internal Regulations of the Company stipulate that the Board of Directors must include a significant proportion of independent Directors and specify in Article 6 that an independent Director is one who has no relationships of any kind with the Company, its group or its Management that might compromise his or her independent judgement.

Each year, based on the recommendations of the Appointments and Compensations Committee, the Board of Directors devotes one item on its agenda to assessing the independence of its members in terms of the independence criteria implemented by the Company.

In assessing the independence of each Director, the Board of Directors initially draws on the criteria set out in the Afep-Medef Code as a reference, which state that an independent Director must meet all of the following independence criteria:

Criterion 1	He or she is not and has not been within the previous five years: ◈ an employee or executive corporate officer of the Company ◈ an employee, executive corporate officer or Director of a company that the Company consolidates ◈ employee, executive corporate officer or Director of the parent company of the Company or of a company consolidated by that parent company.
Criterion 2	He or she is not an executive corporate officer of a company in which the Company directly or indirectly holds the office of Director, or in which an employee designated as such or an executive corporate officer of the Company (currently or within the last five years) holds a position as Director.
Criterion 3	He or she is not a client, supplier, business banker, significant finance banker of the Company or its group, or for which the Company or its group represents a significant portion of business.
Criterion 4	He or she has no close family ties with a corporate officer of the Company.
Criterion 5	He or she has not served as a Statutory Auditor for the Company during the past five years.
Criterion 6	He or she has not been a Director of the Company in more than 12 years, in the understanding that status as Independent Director will no longer prevail after the 12-year anniversary.
Criterion 7	He or she is not and does not represent a shareholder who owns more than 10% of the capital or voting rights in the Company or its parent company.

As a second step, and in accordance with Article 8.4 of the Afep-Medef Code, beyond the mere observation of compliance or non-compliance with these criteria, the Board seeks, in particular, to establish whether a Director, who could be presumed independent in terms of the Afep-Medef Code, has no other important ties (frequent or materially significant professional or personal ties in relation to Foncière des Régions' operating costs) which may restrict his or her freedom of analysis and of decision-making. Conversely, the Board also seeks to establish whether a Director, who may be presumed non-independent according to one of the criteria set out in the Code, is not considered as free of constraints, if the criterion in itself not leading to any loss of independence with respect to the Company's particular situation. This case-by-case analysis is particularly justified by the specific nature of the real estate sector, which focuses on an identified number of players and is led by well-known individuals.

The Board of Directors conducted this annual review at its meeting of 14 February 2018. Taking into account the recommendations of the *Autorité des Marchés Financiers* and the High Committee on Corporate Governance, the Board also assessed, where appropriate, the material or non-material nature of the business relationships between the Directors and the Company or its group, particularly with regard to the type of relationship and amounts involved therein.

The Board has adopted a multi-criteria approach to the material nature of a business relationship, with a focus on qualitative analysis. To this end, it took into account all of the following criteria:

Qualitative criterion	◈ Significance of the business relationship for the Director and the Company (potential economic dependence, exclusivity or influence of the business relationship within the sector, etc.). ◈ Structure of the relationship, including the position of the Director concerned in the contracting company (seniority of the mandate as director, existence of an operational function within the entity concerned, direct decision-making power over the contracts constituting the business relationship, direct interest for the Director or contract-related remuneration paid to the Director, etc.). ◈ Term and continuity of the business relationship.
Quantitative criterion	◈ Share of the Company's turnover in the business relationship with the entities to which the Director is related.

Following these examinations, the Board of Directors decided, on a proposal from the Appointments and Compensations Committee, to maintain in 2018 the independence qualification of Delphine Benchetrit, Jean-Luc Biamonti, Sigrid Duhamel, Bertrand de Feydeau, Jean Laurent, Sylvie Ouziel, Patricia Savin, Catherine Soubie and Pierre Vaquier, in view of the following observations:

- **Delphine Benchetrit** has been a member of the Board of Directors in a personal capacity since 17 April 2015.

  She has never directly or indirectly been in significant business relations or occupied any executive function within Foncière des Régions or a company in its group or under its management. Moreover, she meets all of the independence criteria contained in the Afep-Medef Code. The Board therefore considers Delphine Benchetrit as an independent Director.

- **Jean-Luc Biamonti** has been a member of the Board of Directors in a personal capacity since 31 January 2011.

  He meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Foncière des Régions or a company of its group or under its management. He has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Jean-Luc Biamonti as an independent Director.

- **Sigrid Duhamel** has been a member of the Board of Directors in a personal capacity since 28 April 2014.

  She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a significant direct or indirect business relationship or held any executive position within Foncière des Régions or a company of its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Sigrid Duhamel to be an independent Director.

- **Bertrand de Feydeau** has been a member of the Board of Directors in a personal capacity since 31 January 2011. He was previously a member of the Supervisory Board of Foncière des Régions, having serviced in such capacity since 23 October 2006. This position may call into question the presumption of independence under the sixth criterion of the Afep-Medef Code. However, he will not exceed 12 years of corporate office within Foncière des Régions until 23 October 2018.

  He has never held an executive position within Foncière des Régions or a company of its group.

  The Board noted that he is also the non-executive Chairman of the Board of Directors of Foncière Développement Logements, consolidated by Foncière des Régions since August 2013, and of which Foncière des Régions holds 100% of the capital at the end of the public repurchase offer, followed by a squeeze-out on 29 December 2017. This position may call into question the presumption of independence under the first criterion of the Afep-Medef Code. The Board, however, considered that this non-executive role contributes to strategic coherence within the Group and is not likely to lead to conflicts of interest, as Bertrand de Feydeau is not considered as independent within the subsidiary, Foncière Développement Logements, and abstains, at the Foncière des Régions level, from participating in Board deliberations that may affect the interests of the subsidiary. This practice is in line with the criteria set forth by the French Management Association (*Association Française de Gestion*, AFG) and with the recommendation of the Commission of the European Communities dated 15 February 2005: these two texts, which are well-suited to the European scale of Foncière des Régions' business, consider that being an independent Director of a group company has no adverse impact on the position of independence within another of this group's companies, and that only an executive position within one of the group's companies may call this independence into question.

  Moreover, considering the other offices held in the past or currently by Bertrand de Feydeau in predominantly real-estate companies, his real estate and financial expertise and his independent-mindedness, which is unanimously recognised within the sector, he undeniably contributes to the debates of the Board of Directors of Foncière des Régions in an independent manner. The Board is committed to guaranteeing this independence by granting the Board of Directors its own operational resources, providing Directors with easy access to information and by securing all the conditions necessary to ensure transparent debates which respect the work of the Directors.

- **Jean Laurent** has been a member of the Board of Directors in a personal capacity since 31 January 2011, and has been its Chairman since the same date.

  He has never been in a business relationship with the Company and does not represent any of its shareholders.

  Given the segregation of the duties of Chairman and Chief Executive Officer implemented by the Board of Directors, Jean Laurent has no management or executive prerogative within the Company and, pursuant to Article L. 225-51 of the French Commercial Code, limits his duties as Chairman to the organisation and direction of the work of the Board of Directors and oversight of the smooth operation of the corporate bodies. His role is therefore non-executive. The remuneration for this role only includes a fixed portion proportionate to the scope of his role and is not such as to compromise his independence.

  In terms of his status as an independent Director of Foncière des Régions, he is also a non-executive Director on the Board of Directors of Beni Stabili, a company which is 52.40% owned by Foncière des Régions. This non-executive role contributes to strategic coherence within the Group and is not likely to lead to conflicts of interest, as Jean Laurent abstains, at the Foncière des Régions level, from participating in Board deliberations that may affect the interests of the subsidiary. Accordingly, for the same reasons as those stated for Bertrand de Feydeau, this directorship does not have any bearing on Jean Laurent's status as an independent Director.

- **Sylvie Ouziel** has been a member of the Board of Directors in a personal capacity since 24 April 2013.

  She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Foncière des Régions or a company of its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Sylvie Ouziel to be an independent Director.

- **Patricia Savin** has been a member of the Board of Directors in a personal capacity since 27 April 2016.

  Apart from occasional involvement with the teams from Foncière des Régions regarding environmental issues, and for which she was not subject to any such request by Foncière des Régions in 2017, she has never been directly or indirectly in a significant business relationship. Furthermore, she has never held any executive function within Foncière des Régions or a company in its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. In view of these factors, the Board considers that the business relationships listed above are not sufficiently significant in nature to create a conflict of interest or to call into question her independence. The Board of Directors therefore considers that she meets all the Afep-Medef criteria mentioned above.

- **Catherine Soubie** has been a member of the Board of Directors in a personal capacity since 27 April 2016.

  She meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a direct or indirect business relationship or held any executive position within Foncière des Régions or a company of its group or under its management. She has no dealings with members of the Board of Directors, Executive Managers or majority shareholders that may call into question the criteria-based analysis. The Board of Directors therefore considers Catherine Soubie to be an independent Director.

- **Pierre Vaquier** has been a member of the Board of Directors in a personal capacity since 31 January 2011. Prior to that, he was a member of Foncière des Régions' Supervisory Board from 2 April 2001.

  He meets all of the aforementioned Afep-Medef criteria and, in particular, has never been in a business relationship or held any executive position within Foncière des Régions or a company of its group or under its management.

  The duration of his term, which is more than 12 years as of 2013, does not impair his independent status.

  The Board noted that:

  - the Company, its business, its portfolio, structure of governance and shareholder base have changed considerably since 2001
  - in light of all of these changes, particularly in terms of governance, shareholding structure and management, the reappointment of Pierre Vaquier as Director reflects the reality of his independence
  - the real estate industry operates in long cycles: the time lapse between the moment the decision to launch a project is made and its delivery can take roughly ten years. Moreover, Foncière des Régions has a long-term ownership policy for its acquired or developed assets. This characteristic justifies the long-term presence of the Directors, in order to assess and bear responsibility for the strategic decisions made by the Board
  - the length of Pierre Vaquier's term has in no way altered his critical faculties with regard to General Management. On the contrary, his personality and expertise acquired within the Board have strengthened his freedom of speech and his independence of judgement. These qualities support his ability to challenge management's suggestions, contribute to placing the Company's strategy into perspective and also make it possible to provide a genuine base for the independent Directors (the other independent Directors have considerably less years of service to their names – four years on average).

  The Board of Directors therefore considers that Pierre Vaquier's long-standing tenure does not have any bearing on his status as independent Director. It also noted that by derogating from the sixth criterion of the Afep-Medef Code, the proportion of independent members of the Board of Directors increased from 53% to 60%, and within the Appointment and Compensations Committee from 50% to 75%. Without this position, the composition of the Company's governance bodies would therefore remain in line with the recommendations of the Afep-Medef Code.

Given that 60% of its Directors are independent, the Company complies with the threshold recommended by the Afep-Medef Code for independent Directors.

In line with AMF Recommendation No. 2012-02, as revised on 22 November 2017, the table below shows the situation of the independent members of the Board of Directors in light of the independence criteria defined by the Afep-Medef Code; an X represents an independence criterion that has been met:

Criteria used by the Afep-Medef Code	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Qualification adopted by the Board of Directors
ACM Vie represented by Catherine Allonas Barthe		X		X	X	X	X	Non-independent
Romolo Bardin	X	X	X	X	X	X		Non-independent
Delphine Benchetrit	X	X	X	X	X	X	X	Independent
Jean-Luc Biamonti	X	X	X	X	X	X	X	Independent
Leonardo Del Vecchio		X	X	X	X	X		Non-independent
Sigrid Duhamel	X	X	X	X	X	X	X	Independent
Bertrand de Feydeau		X	X	X	X	X	X	Independent
Predica, represented by Jérôme Grivet		X		X	X	X	X	Non-independent
Christophe Kullmann			X	X	X	X	X	Non-independent
Jean Laurent		X	X	X	X	X	X	Independent
Covéa Coopérations, represented by Laurent Tollié	X	X		X	X	X	X	Non-independent
Sylvie Ouziel	X	X	X	X	X	X	X	Independent
Patricia Savin	X	X	X	X	X	X	X	Independent
Catherine Soubie	X	X	X	X	X	X	X	Independent
Pierre Vaquier	X	X	X	X	X		X	Independent

4.3.1.4.4. Procedure to prevent conflicts of interest

Article 9 of the Internal Regulations of the Board of Directors establishes a procedure to prevent conflicts of interests, even potential ones, in the presentation of investment projects submitted to the Board and/or to the Strategic and Investment Committee.

Prior to sending the investment files, and if there are serious reasons to believe that a member of the Board or the Strategic and Investment Committee is in a situation presenting a conflict of interest, the Company's Chief Operating Officer ensures the prevention of any conflict of interest for the latter, by providing the member with information on each of the investment files submitted, thus allowing the member to determine in good faith the existence or absence of a conflict of interest. It is further hereby stated that each member of the Board or the Strategic and Investment Committee is under an obligation to notify the Company's Chief Operating Officer, at all times, of any intention to take a position, directly or indirectly, on any investment file that he or she believes, in good faith, is likely to interest and be considered by the Company.

Any member of the Board or Strategic and Investment Committee who fails to confirm the absence of a conflict of interest will not receive the presentation of the investment projects in question and will not be able to participate in the Board or Strategic and Investment Committee meeting during the discussion of the corresponding agenda items.

In the event that, despite these precautions, the members of the Board or the Strategic and Investment Committee would be privy to the investment files and would believe, on reading the latter, that they are in a situation of conflict of interest, they must notify it to the Chief Operating Officer as soon as possible prior to the governance meeting. As such, they will not be able to attend the Board or Strategic and Investment Committee meeting during the discussion of the agenda items subject to the conflict of interest. This fact will also be reported to the Chairman of the Board and/or to the Chairman of the Strategic and Investment Committee.

If a conflict of interest situation arises during the review of the investment project, the member concerned must, as soon as he or she is aware of the conflict, notify the Chairman and the Chairman of the Strategic and Investment Committee. He or she will no longer attend the Board or Strategic and Investment Committee meetings devoted to a discussion of the agenda items relating to this investment project, and more generally, shall be under strict duty of confidentiality.

If a conflict of interest situation ceases to exist, the Board or Strategic and Investment Committee member may once again participate in the deliberations of the Board or the Strategic and Investment Committee as of receipt, by the Chairman of the Strategic and Investment Committee and the Chairman of the Board, of notification of the conflict of interest's disappearance from the member concerned.

Any decision by the Board regarding conflicts of interest will be recorded in the Board minutes.

During the presentation of investment projects submitted to the Board and/or to the Strategic and Investment Committee, in 2017, the Company became aware of an identified potential conflict of interest situation. The Board has managed it in accordance with the provisions set out above.

4.3.1.4.5. Ethical guidelines for the members of the Board of Directors

The rules of ethics and duties of the members of the Board of Directors are defined in Article 5 of the Company's Internal Regulations:

4.3.1.4.5.1. Skills

Before taking up their duties, Board members must be familiar with the legal or regulatory texts governing their duties, the Company's Articles of Association and the Board's Internal Regulations. All Board members must ensure that they fully comply with legal requirements related to the holding of multiple terms of office (no more than four other terms of office in public companies outside of the Group, including foreign companies), and must inform the Board of terms of office as Director held in other companies, including their participation in the Board committees of any French or foreign companies. Whenever a Board member also holds an executive position, he or she must, in addition to seeking authorisation from the Board prior to accepting any other new term of office in a public company outside the Group, refrain from accepting more than two other terms of office in public companies, including foreign companies, outside the Group.

4.3.1.4.5.2. Shareholding

The Company shares held by each member of the Board at the time he or she takes office must be recorded in registered form (pure or administered). The same will apply for any shares acquired at a later date.

As an internal guideline and as a way to reflect their involvement in the Company's management, the members of the Board must hold a number of Company shares equivalent to around a year's worth of the attendance fees received.

4.3.1.4.5.3. Transparency

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and the applicable provisions of the General Regulations of the AMF, each member of the Board is required to declare to the Company and to the AMF any transaction, in particular any purchase, sale, subscription, conservation, borrowing, lending or exchange transactions that he or she has made on Company securities, as well as on any related financial instruments. This declaration must be made within three trading days after the execution of such transactions, when the total amount of the transactions made during the calendar year is greater than €20,000.

Any agreement governed by the provisions of Article L. 225-38 of the French Commercial Code is furthermore subject to the communication, authorisation and control formalities required by Articles L. 225-38 to L. 225-42 of the same code.

4.3.1.4.5.4. Duty of loyalty

Each person participating in the work of the Board, whether Board members or permanent representatives of a legal-entity Board member, must make their best efforts to determine in good faith whether a conflict of interest, even potential ones, exists. Such person is bound to inform the Chairman of the Board thereof as soon as he or she learns of any situation that could constitute a conflict of interest between (i) him or herself or the company for which he or she is the permanent representative, or any company of which he or she is an employee or executive corporate officer, or any company of the same group and (ii) the Company or any company in its Group.

In case of a standing conflict of interest, the Board member concerned (or the permanent representative of the legal-entity Board member concerned) must submit his or her resignation.

Moreover, each member of the Board is required to make a sworn statement on the existence of any conflict of interest, even potential, at the time of his or her appointment, and each year in response to a request in this regard by the Company during preparation of the Reference Document.

4.3.1.4.5.5. Duty of diligence

Each member of the Board is required to devote the time and attention necessary to the performance of his or her duties. He or she must be diligent and, to the extent possible, attend all of the meetings of the Board and, as the case may be, the committees of which he or she is a member as well as the General Meetings of Shareholders.

4.3.1.4.5.6. Duty of confidentiality

In the case of non-public information acquired in connection with his or her duties and deemed to be confidential, each person attending to the Board will be bound to professional secrecy, beyond the simple obligation of discretion provided for by Article L. 225-37 of the French Commercial Code, and must strictly preserve its confidentiality.

4.3.1.4.5.7. Duty of abstention on securities

Each member of the Board must also refrain from trading Company securities pursuant to the rules on insider dealing and from trading securities of companies on which he or she has privileged information due to his or her duties, pursuant to the principles stipulated by the Guide on the Prevention of Insider Trading attached to the Board's Internal Regulations.

4.3.1.4.6. Declaration of corporate officers pursuant to Articles 14.1 and 14.2 of Annex 1 to Regulation (EC) No. 809/2004

As part of the review of the annual declarations of the corporate officers submitted in response to a request in this regard by the Company during preparation of the Reference Document, the Company's corporate officers have indicated to the Company:

- that they have not been convicted of fraud during at least the last five years
- that they have not been involved in bankruptcy, receivership or liquidation proceedings during at least the last five years
- that they have not been subject to any official public incrimination or sanction by a statutory or regulatory authority
- that they have not been prevented by a court from serving as a member of an administrative, management or supervisory body, or from being involved in managing or leading a company's business during at least the last five years
- that he or she has no close family ties with a corporate officers of the Company
- not be aware of potential conflicts of interest between his or her duties towards the Company, and his or her private interests and/or other duties towards third parties.

4.3.1.4.7. Organisation of the Board of Directors

4.3.1.4.7.1. Governance timetable

The provisional governance timetable for year N+1 is sent to the members, to the non-voting member and the Statutory Auditors during the meeting of the Board of Directors called to review and approve the half-year financial statements. The final governance timetable is sent to them in September.

4.3.1.4.7.2. Meetings

The Board of Directors meets as often as required by the interests of the Company and whenever the Chairman deems necessary, upon notice from the Chairman. The Board of Directors meets once a year without the presence of the executive corporate officers. For this purpose, the Board expressly defines the participants at this meeting and ensures that the conditions of free expression of each participant are ensured.

A simultaneous French/Italian interpretation system is used during meetings for the benefit of all participants.

In addition, since 2015, the Board meets every two years for two full days for a strategic seminar, which is also an opportunity to visit some of the Group's real estate holdings.

4.3.1.4.7.3. Form of notice of the meeting

Notices of meeting, to Directors and the other attendees, are made by any written method at least five days in advance. This five-day period may be reduced if one third of the Directors agree to a shorter notification period. Meetings are held at the Company's registered office or any other location indicated in the notice of meeting.

4.3.1.4.7.4. Other attendees

The Deputy General Manager and certain members of the Management Committee attend the meetings of the Board as guests.

The non-voting Director, appointed by the Board of Directors, attends Board of Directors meetings on an advisory basis.

In accordance with the provisions of Article L. 2323-62 of the French Labour Code, three representatives of the Works Council, designated by said Council, attend Board meetings on an advisory basis. These representatives have the same documents at their disposal as those provided to Board members.

The Statutory Auditors are called to attend meetings during which the annual and half-yearly corporate or consolidated financial statements are examined or prepared.

The Secretary of the Board also attends the meetings but has no vote.

Depending on the items on the agenda, the Chairman may deem it useful to invite employees or outside consultants to attend.

4.3.1.4.7.5. Information for the members of the Board

The Company provides the Directors and the non-voting member with the information they need to effectively participate in the Board's work in order to enable them to perform their role in appropriate conditions. This ongoing information must include all relevant items concerning the Company, including press articles and financial analysis reports.

At each Board meeting, the Chairman informs the members of the main facts and significant events affecting the Group's business since the previous Board meeting. In addition, the files to be sent to the Directors, and to any non-voting members of the Board of Directors and employee representatives attending Board meetings, and, if relevant, to the Statutory Auditors, which contain the information and documents required to perform their mission (including all documents relating to transactions that the Board is required to review in order to enable the Board to assess the impact), are prepared before each Board meeting and made available to attendees in a timely manner, with a reasonable notification period before the date of the meeting.

Since 2015, the Company has been using a digital platform wherein all governance files are made available in a secure digital format along with a historical electronic management of the documentation of the Board and committees (files, minutes, Internal Regulations, etc.) with complete confidentiality.

4.3.1.4.7.6. Board deliberations

The Board of Directors validly deliberates only if at least one half of its members are present. Subject to the applicable laws and regulations, the meetings of the Board of Directors may be held *via* videoconference or telecommunications or any other method allowed under the law and the regulations under the conditions defined by the Internal Regulations adopted by the Board of Directors.

Decisions are adopted by a majority of the members present or represented. In the event of a tied vote, the meeting's Chairman does not have the casting vote.

The deliberations of the Board of Directors are recorded in minutes prepared by the Secretary of the Board at the end of each meeting. After approval, they are transcribed in the register of minutes of Board meetings.

4.3.1.4.8. Evaluation of the Board's work

The Board assesses its ability to meet the expectations of shareholders who have entrusted it with the mandate of managing the Company, periodically reviewing its composition, organisation and working methods, which also involves a review of its committees.

In accordance with the provisions of its Internal Regulations, the Board holds an annual discussion on its working methods and that of its committees and carries out a formal evaluation at least every three years, with the help of an external consultant.

The assessment of the Board's work aims to review the Board of Directors' working methods (and where appropriate, the relevance of the governance procedures implemented by the Company), verify that important matters are correctly prepared and discussed, and may also allow for an opinion on the measure of each Director's actual contribution to the Board's work. At this time, non-executive Directors, under the leadership of the Appointments and Compensations Committee, may also evaluate the performance of the Chairman, the Chief Executive Officer and the Deputy General Managers.

In accordance with the recommendations of the Afep-Medef Code, at the end of the 2013 fiscal year, the Company undertook an initial independent evaluation, performed by the specialised agency Egon Zehnder, three years after the implementation of the new governance, at the end of which the Chairman of the Board of Directors committed itself to take steps to apply all the recommendations resulting from this evaluation.

At the end of the 2016 fiscal year, the Company performed a formal evaluation of the capacity of the Board of Directors and its committees to meet the expectations of shareholders who gave them the task of managing the Company, by sending out a very exhaustive and anonymous questionnaire through the Secretary of the Board, reviewing the composition, organisation, and working methods of the Board and the committees during 2016.

The results of this evaluation, which were presented to the Board of Directors on 15 February 2017, highlighted the following points:

- a balanced, efficient Board of Directors endowed with all of the tools it needs to properly perform its task
- improvements compared with the last evaluation in 2014, in particular on the more strategic content of meetings.

The strengths highlighted by the Directors are the following:

- the members of the Board have diversified profiles and skills, appropriate to the challenges of this business sector
- quality meetings promote good relations between the Directors and encourage their involvement in debate
- increased presence of Directors, which strengthens operational clarity
- the importance of strategic seminars to analyse new challenges and position the strategy of the Company was highlighted
- efficient committees (Appointments and Compensations Committee, Strategic and Investment Committee and Audit Committee).

The Directors proposed strategies for improvement focusing mainly on two themes:

- content of discussions:
  - need to have more information on the status of competition and strategy of peers
  - devote more time to CSR, HR, communication and risk management topics
- organisation of meetings:
  - make presentations less numbers-heavy to focus more on strategy.

In 2017, the Chairman of the Board ensured the enforcement of the new recommendations resulting from the evaluation, by implementing the following actions:

- at the 2nd edition of the strategic seminar held by the Board (in Milan, in June 2017):
  - presentation to the Directors of the Group's strategy through 2022
  - sectoral monitoring on internal and external growth topics, and in-depth analysis of the competition
- during 2017, discussion of the following topics:
  - at the Board meeting of 26 April 2017, the four pillars of the Group's CSR policy: sustainable buildings, human capital, governance and stakeholders
  - at the meeting of 20 July 2017, results of the 2017 commitment barometer
  - at the Board meeting of 22 November 2017, the Group HR policy
- introduction of new risk mapping, presented at the Audit Committee on 27 September 2017, including risks relating to the Group's subsidiaries and risks relating to new businesses.

4.3.1.4.9. Attendance of the members of the Board of Directors

The average attendance of Directors at Board meetings was 79% (up more than 5% compared to 2016) and nearly 82% for all Board and committee meetings.

In 2017, for personal or professional reasons, some Directors were unable to attend some Board of Directors meetings. Their lower attendance rates do not, however, diminish their strong involvement and contribution to the preparatory work of the Board, given the opinions that they have previously issued on the information and transactions presented during meetings. Regarding the Directors whose term of office comes to renewal at the General Assembly of 19 April it should be noted that the decrease in the attendance rate of Sigrid Duhamel in 2017 (63%) is exceptional compared to previous years (80% and 100%), and is due to her becoming the Executive Chairman of BNP PARIBAS REIM in 2017.

4.3.1.4.10. Meetings and subjects discussed by the Board of Directors in 2017

During the 2017 fiscal year, the Board of Directors met eight times, convened by its Chairman.

Each time certain Directors were unable to attend meetings, the Chairman and the Chief Executive Officer arranged to send them the reports reviewed during the meetings, asked for their opinions and shared them with the rest of the Board.

In addition to issues relating to its legal or regulatory powers, the Board of Directors regularly ruled on the Group's strategy and on major decisions affecting its business (both acquisitions or disposals and internal restructuring).

On the occasion of a strategic seminar, held over two days in Milan in June 2017 (not counted in the attendance rate), the Board of Directors notably worked on updating the strategic plan, the sectoral watch, the CSR policy with its four pillars (sustainable development, human capital, governance and stakeholder management), the identity of Foncière des Régions, the development of new activities (hotel business and coworking), and the strategy to simplify the Group organisation. This seminar, which also allowed to visit the Company's assets in Milan and strengthen the links between the Directors, brought together almost all of the Board, demonstrating the Directors' strong commitment to the Company.

The average duration of the meetings of the Board of Directors was two hours.

In particular, the Board's work involved a review of the following points:

Meeting of 15 February 2017

Follow-up of the decisions taken at the previous Board meetings – Review and approval of the Company and consolidated financial statements at 31 December 2016 – Report of the Audit Committee of 13 February 2017 – Financial press release – Proposal for dividend payment – Report of the Strategic and Investment Committee of 15 February 2017: Presentation and approval of investment and disposal projects – Minutes of the Appointments and Compensations Committee of 7 February 2017: review of the composition of the Board, assessment of the independence of the Directors, review and approval of the compensation of executive corporate officers, implementation of a bonus share plan, evaluation of the operations of the Board and its committees – Convocation of the General Meeting – Review of the regulated agreements of 2016 – Update of the Internal Regulations.

Meeting of 26 April 2017

Report of the Strategic and Investment Committee of 26 April 2017: Presentation and approval of investment and disposal projects – Presentation of calls for urban projects – Review of the real estate activity, review of the results of the first quarter of 2017 – Annual review of the actions carried out in terms of social and environmental responsibility policy – Implementation of the resolutions voted at the General Meeting – Update of the Internal Regulations – Presentation and approval of a refinancing – Convocation of the General Meeting of holders of ORNANE 2013 bonds.

Meeting of 12 June 2017

Presentation and review of an investment project.

Meeting of 21 June 2017

Approval of the buyback offer for the bonds issued on 10 September 2014.

Meeting of 20 July 2017

Review and approval of the consolidated financial statements as at 30 June 2017 – Report of the Audit Committee of 17 July 2017 – Preparation of the financial press release – Report of the Strategic and Investment Committee of 20 July 2017: Presentation and approval of development and disposal projects – Presentation and review of operations simplifying the Group organisation – Update on asset deliveries in 2017 – Review of changes in the share price – Review of Beni Stabili rating and approval of a Beni Stabili bond issue – Review of the management of privileged information within the Company – Update of the guide on preventing insider trading included in the appendix of the Internal Regulations – Presentation of the results of the 2017 commitment barometer.

Meeting of 25 July 2017

Presentation and review of an investment project.

Meeting of 19 October 2017

Topical issues – Presentation and review of operations to simplify the Group organisation – Report of the Audit Committee of 27 September 2017 – Adoption of the EPRA Earnings indicator – Report of the Strategic and Investment Committee of 19 October 2017: Presentation and approval of investment, development and divestment projects – Presentation and approval of regulated agreements – Update on sectoral monitoring – Presentation and approval of financing – Presentation of key indicators as at 30 September 2017 – Feedback on the FDR-Orange Hackathon – Review of insider trading management.

Meeting of 22 November 2017

Presentation of the 2017 year-end budget adjustments – Presentation and approval of the 2018 Budget – Presentation and review of investment and disposal projects – Update on improvement of the debt profile – Presentation of the human resources policy – Report of the Appointments and Compensations Committee of 22 November 2017 – Presentation of regulated agreements authorised in previous fiscal years, the execution of which continued in 2017 – Presentation and approval of a regulated agreement.

4.3.1.5. Specialised committees contributing to the work of the Board of Directors

In order to improve the quality of its work, and in line with the corporate governance principles, the Board of Directors relies on three specialised committees tasked with researching and preparing for certain Board decisions by submitting their opinions, proposals or recommendations.

The Board of Directors' Internal Regulations, of which the full text is available on the Company's website, determine each committee's responsibilities and mode of operation. A description of their activity is included each year in the Company's annual report.

The composition of the specialised committees shows the Company's desire to promote the presence of independent Directors on these committees.

Yves Marque is the Secretary of the Board and as such acts as secretary of the committees.

Audit Committee	Attendance rate in 2017	Appointments and Compensations Committee	Attendance rate in 2017	Strategic and Investment Committee	Attendance rate in 2017
Bertrand de Feydeau[1], Chairman	100%	Jean-Luc Biamonti[1], Chairman	100%	Leonardo Del Vecchio, Chairman	0%
Romolo Bardin, Member	100%	Pierre Vaquier[1], Member	100%	Catherine Allonas Barthe, Member	20%
Jean-Luc Biamonti[1], Member	100%	Jérôme Grivet, Member	100%	Romolo Bardin, Member	100%
Sigrid Duhamel[1], Member	66.67%	Catherine Soubie[1], Member	100%	Jérôme Grivet, Member	80%
Sylvie Ouziel[1], Member	33.33%	Sergio Erede, Guest	100%	Jean Laurent[1], Member	100%
Jean Laurent[1], Guest	66.67%	Jean Laurent[1], Guest	100%	Éric Lécuyer, Member	100%
				Sergio Erede, Guest	80%

(1) Independent members.

The Company has decided to not set up a specific committee under the Board of Directors on corporate social and environmental responsibility (CSR). In fact, the Chairman wishes that the actions undertaken by the Company in this area be presented and debated directly in the Board of Directors.

4.3.1.5.1. Audit Committee

Its missions, composition and organisation are governed by Articles L. 823-19 *et seq.* of the French Commercial Code. The Company's Internal Regulations comply with the provisions on the Audit Committee stipulated by the aforementioned articles.

4.3.1.5.1.1. Composition

At the end of the 2017 fiscal year, the Audit Committee, whose composition complies with the requirements of the Afep-Medef Code, had five members including four independent Directors (80%): Jean-Luc Biamonti, Sigrid Duhamel, Bertrand de Feydeau and Sylvie Ouziel.

The Board of Directors resolved, at its meeting of 14 February 2018, to appoint Patricia Savin as a member of the Audit Committee, thus increasing its composition to six members, of which five are independent Directors (83%).

Bertrand de Feydeau, an independent Director, serves as Chairman of the Audit Committee. In addition, Jean Laurent, in his capacity as independent Chairman of the Board of Directors, takes part in all Audit Committee meetings, but has no vote.

The committee has one Italian member, one Danish member and one Monegasque member.

The Audit Committee members are chosen on the strength of their financial and accounting expertise, appraised in light of their educational backgrounds and professional experience.

Bertrand de Feydeau, Chairman of the Audit Committee, is very well known in the real estate sector and has special financial and accounting expertise as a former Chief Financial Officer for the Union Internationale Immobilière and then Central Director of the Axa Group's real estate assets. He is a member of the Royal Institution of Chartered Surveyors (RICS).

The other members of the Audit Committee also have considerable financial and/or accounting expertise:

- Jean-Luc Biamonti holds an MBA from Columbia University, is an ESSEC graduate, and is a former investment banker
- Romolo Bardin is Chief Financial Officer at Delfin SARL
- Sigrid Duhamel has recognised real estate expertise stemming from her engineering degree and career in real estate since 2005. Since 29 September 2017, she has served as Chairwoman of BNP Paribas REIM France and has been responsible for fundraising, development and marketing, funds, investments, disposals and asset management as well as all functional activities
- Sylvie Ouziel, Centrale Paris graduate, was the Assistant General Manager of Accenture Management Consulting (formerly Andersen Consulting) and Chairwoman and Chief Executive Officer of Allianz Managed Operations & Services (Amos), the shared services entity created by Allianz to develop synergy between its different subsidiaries. Since 2016, she has been the Global CEO of Assistance (known in France under the brand Mondial Assistance) and CEO Asia Pacific of Allianz Worldwide Partners.

No member of the Audit Committee is also an executive corporate officer.

4.3.1.5.1.2. Missions

Under the terms of Article 23 of the Internal Regulations, the Audit Committee must monitor matters related to the preparation and control of accounting and financial information. In particular, it is responsible for:

(i) monitoring the process of preparing financial information and, where applicable, making recommendations to ensure its integrity

(ii) reviewing the accounting methods and conditions for valuing the assets of the Foncière des Régions group

(iii) reviewing the preliminary company and consolidated financial statements prepared by the Company before they are presented to the Board

(iv) preparing Board decisions on the monitoring of internal audits

(v) monitoring the effectiveness of internal control and risk management systems as well as internal audits involving procedures relating to the creation and processing of financial and accounting information; to achieve this, it reviews the information in the management report of the Board of Directors on the internal control and risk management mechanisms and, where applicable, makes comments, giving its opinion on the organisation of the internal audit service and risk mitigation measures

(vi) monitoring the statutory audit of the annual and consolidated financial statements by the Statutory Auditors

(vii) ensuring the independence of the Statutory Auditors

(viii) reviewing the agreements executed between the Company and those who hold a direct or indirect investment in the Company

(ix) reviewing appointment proposals involving the Statutory Auditors and issuing recommendations on the Statutory Auditors to be proposed for approval by the General Meeting

(x) ensuring oversight of the management of the information to be provided to the shareholders and the markets and verification of its clarity

(xi) reviewing press releases on financial results

(xii) reviewing significant risks and off-balance sheet commitments

(xiii) giving their approval for services other than the certification of the financial statements provided by the Statutory Auditors to the Company before such services are completed and

(xiv) examining the additional report of the Statutory Auditors drawn up pursuant to the provisions of Article 11 of Regulation (EU) No. 537/2014.

The Audit Committee reports to the Board of Directors on its work, expresses any opinions or suggestions it deems advisable, and informs the Board of any points that require a Board decision. In performing its tasks, the Audit Committee may examine the scope of the consolidated companies and, where applicable, the reasons for which companies are not included. It may use the services of external experts as required. However, the Audit Committee did not deem it necessary to do so in 2017.

4.3.1.5.1.3. Operation

The Audit Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice a year to review the half-yearly and annual financial statements and, in principle, before Board meetings when the agenda includes a decision that the Board deems within the jurisdiction of the Audit Committee as determined by the Board.

The Chairman of the Audit Committee sets the agenda for the committee's meetings, directs the discussions and organises the vote on motions submitted to the committee.

The committee members are notified of meetings by any written method at least five days in advance (unless the matter is urgent) and the committee's documentation is forwarded at least two days prior to the committee meeting.

The Audit Committee has an average of two days to review the financial statements before they are reviewed by the Board.

At least half of all Audit Committee members must be presented or represented for meetings to be valid. The meetings are also attended by the Chief Financial Officer, the Accounts Director and the Audit and Internal Control Director.

The opinions of the Audit Committee are adopted by simple majority vote of the members present or represented.

4.3.1.5.1.4. Work of the Audit Committee in 2017

The Audit Committee met three times, with an 80% attendance rate by its members.

Several specific meetings were also held between the Statutory Auditors and the Chief Financial Officer which were not attended by the Chief Executive Officer.

The review of the financial statements by the Audit Committee included a presentation by the Statutory Auditors who stressed the essential points, not only concerning the results but also the accounting options used, and a presentation from the Chief Financial Officer describing the Company's risk exposure and significant off-balance sheet commitments. The Audit Committee works in consultation with the Audit and Internal Control Director, who attends all meetings. It discusses operational risk perception and any changes to it over time with her.

At its meetings in 2017, the Audit Committee examined the following issues in particular:

Meeting of 13 February 2017

Examination of the significant events of the 2016 fiscal year – Report on real estate appraisals – Review of the Company and consolidated financial statements of the fiscal year ending 31 December 2016 – Review of the press release on net financial income – Review of capital adequacy in terms of risk – General presentation of the 2017 audit plan.

Meeting of 17 July 2017

Examination of the significant events of the first half of 2017 – Report on real estate appraisals – Review of the Company and consolidated financial statements as at 30 June 2017 – Review of the press release on net financial income – Progress report on the main pending tax disputes – Discussion on the EPRA indicators and on the mandates of the Statutory Auditors.

Meeting of 27 September 2017

Reminder of the organisation and working methods of the Audit and Internal Control Department – Review of internal control tools and systems in place within the Group – Presentation of the risk mapping and action plans envisaged for each major risk – Follow-up of the 2017 audit plan – Approval of the 2018 audit plan – Review of the EPRA indicators – Examination of prudential ratios – Examination of the renewal of the mandate of the Statutory Auditors.

Following the meeting of 27 September 2017, a meeting was held between the Statutory Auditors and the members of the Audit Committee, at which the Company's management was not present.

At that time, the Statutory Auditors underscored the quality of the relationship with the Financial Department and the Audit and Internal Control Department.

4.3.1.5.2. Appointments and Compensations Committee

The role of the Appointments and Compensations Committee is to ensure that the Board of Directors is in the best possible position to determine all remuneration and benefits for the executive corporate officers. Its scope also include making recommendations to the Board on the composition of the executive bodies, the appointment of new Directors, the renewal of the terms of office due to expire, and succession plans for the executive corporate officers.

4.3.1.5.2.1. Composition

On 26 April 2017, the Board of Directors appointed Catherine Soubie as a member of the Appointments and Compensations Committee. The Appointments and Compensations Committee is thus composed of four members and invites the non-voting members to its meetings. Independent Directors account for 75% of the members, including the

Chairman of the committee. The Appointments and Compensations Committee includes a Monegasque national.

The committee is chaired by Jean-Luc Biamonti, Independent Director.

There is no executive corporate officer on this committee. However, the Chief Executive Officer is consulted by the Appointments and Compensations Committee on the subjects of appointments and succession plans.

The composition of this committee, chaired by an independent Director, and the discussions that take place between this independent Director and the other independent members of the Board of Directors, ensure the adequate representation of the interests of the various shareholders of the Company. In addition, pursuant to the provisions of the Afep-Medef Code, the Chairman of the Board of Directors is involved in the work of the committee with regard to matters involving the appointment of corporate officers.

4.3.1.5.2.2. Missions

Under Article 19 of the Internal Regulations, the Appointments and Compensations Committee is responsible for:

(i) evaluating any candidate for appointment to the Board or to the position of Chief Executive Officer or Deputy General Manager, searching for or assessing possible candidates and expressing an opinion and/or recommendation to the Board, taking into consideration the desirable balance among Board members based on the composition of and changes in the Company's shareholders

(ii) evaluating the opportunity for reappointments, particularly with regard to Directors, their rate of attendance at governance meetings and their effective contribution to the work of the Board and the committees

(iii) supervising the establishment of succession plans for the executive corporate officers

(iv) proposing the appointment or renewal of the term of the Chairman of the Audit Committee

(v) proposing the total amount for attendance fees and the methods for distributing them, to be submitted for the approval of the General Meeting

(vi) formulating proposals for the remuneration of the Chairman, Chief Executive Officer and Deputy General Managers (the amount of fixed remuneration and definition of the rules for variable remuneration, ensuring that these rules are consistent with the annual assessment of the performance of the executive corporate officers and with the Company's medium-term strategy, as well as monitoring the annual application of these rules)

(vii) issuing a preliminary opinion on any proposal for exceptional remuneration proposed by the Board to remunerate one of its members to whom it has assigned a mission or task pursuant to Article L. 225-46 of the French Commercial Code

(viii) making proposals to the Board, as necessary, on stock option programmes and the allotment and award of bonus shares

(ix) giving the Board an opinion on the qualifications of Board members based on the Company's independence criteria

(x) making recommendations for the financial conditions on termination of corporate appointments.

The committee also looks into retirement schemes for the Company's management and employees, the tax arrangements for different compensation methods, as well as changes to such arrangements, and the potential succession of various executive corporate officers.

4.3.1.5.2.3. Operation

The Appointments and Compensations Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors. It meets at least twice a year and, in principle, before Board meetings when the agenda involves making a decision within the scope of the duties assigned to the Appointments and Compensations Committee by the Board.

The Chairman of the Appointments and Compensations Committee or, in his absence, the Chairman of the Board of Directors sets the agenda for the committee's meetings. He presides over the discussions and organises the vote on the issues submitted to the Appointments and Compensations Committee.

The presence of at least half of the members of the Appointments and Compensations Committee is required for meetings to be valid, in the understanding that members who are represented are included in the calculation of the quorum. The opinions of the Appointments and Compensations Committee are adopted by simple majority vote of the members present or represented, and the committee reports on its work at the next Board meeting.

4.3.1.5.2.4. Work of the Appointments and Compensations Committee in 2017

The Appointments and Compensations Committee met twice, with a 100% attendance rate by its members.

The Appointments and Compensations Committee works closely with the Chief Operating Officer, who is the head of the Company's Human Resources Department. He attends committee meetings as a guest and Secretary.

In its 2017 meetings, the Appointments and Compensations Committee examined the following subjects in particular:

Meeting of 10 February 2017

Review of the composition of the Board of Directors: proposal for the renewal of the term of office of four Directors, review of the independence of the Directors – Remuneration of executive corporate officers: review of 2016 fixed and variable remuneration, setting of 2017 criteria for awarding bonuses, examination of 2016 bonuses with regard to the achievement of targets, review of the conditions relating to the 2013 long-term incentive – Allocation of free shares for corporate officers of the Group.

Meeting of 22 November 2017

Examination of the composition of the Board of Directors – Review of the implementation of a retention plan – Review of the succession plan of the executive corporate officers – Allocation of free shares for corporate officers and Group employees.

4.3.1.5.3. Strategic and Investment Committee

The Strategic and Investment Committee is in charge of studying and preparing for the Board's deliberations on strategy, investments and sales. All Board members are informed of its meetings and agenda and receive the documents sent to it. They may also attend its meetings, should they wish to do so. The committee submits its opinions to the Board.

4.3.1.5.3.1. Composition

Following the change of permanent representative for Covéa Coopérations, the Board of Directors, at its meeting of 15 February 2017 appointed, effective 1 April 2017, Éric Lécuyer as a member of the Strategic and Investment Committee, replacing Philippe Narzul.

Following the end of the fiscal year, Laurent Tollié, new permanent representative of Covéa Coopérations since 1 January 2018, joined the Strategic and Investment Committee on 14 February 2018.

The Strategic and Investment Committee is composed of six members and invites the non-voting Director to its meetings.

The Strategic and Investment Committee has one independent member, Jean Laurent, and two members of Italian nationality.

4.3.1.5.3.2. Missions

Under the terms of Article 15 of the Internal Regulations, the Strategic and Investment Committee is in charge of reviewing and issuing an opinion on the following transactions prior to any decision by the Board:

(i) investment made directly by the Company or through a fully consolidated subsidiary, when the total amount of the investment, plus any liabilities attached to the assets in question, is greater than €100 million (Group Share)

(ii) the sale by the Company or through a fully consolidated subsidiary, with the exception of companies whose shares are listed for trading on a regulated market, of any business division, any investment in any company or any assets, whenever the total amount of the corresponding disinvestment, plus any liabilities attached and transferred, is greater than €100 million (with the exception of intra-group transactions).

In addition, the Strategic and Investment Committee is in charge of reviewing and authorising the following transactions prior to any decision by the Chief Executive Officer:

(i) investment made directly by the Company or through a fully consolidated subsidiary, when the total amount of the investment, plus any liabilities attached to the assets in question, is greater than €30 million (Group Share)

(ii) the sale by the Company or through a fully consolidated subsidiary, with the exception of companies whose shares are listed for trading on a regulated market, of any business division, any investment in any company or any assets, whenever the total amount of the corresponding disinvestment, plus any liabilities attached and transferred, is greater than €30 million (with the exception of intra-group transactions).

More generally, the Strategic and Investment Committee is in charge of:

(i) reviewing major strategic projects for development through mergers and acquisitions or partnerships

(ii) analysing the medium-term plans and projections of the Foncière des Régions group, as applicable

(iii) meeting with experts to review the opportunities presented by the strategic choices considered, as necessary and

(iv) keeping the Board's strategy considerations up-to-date between meetings specifically dedicated to these issues.

4.3.1.5.3.3. Operation

The Strategic and Investment Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors and, in principle, before Board meetings when the agenda includes a decision that falls within the scope of the duties assigned to the committee by the Board.

The Chairman of the Strategic and Investment Committee or, in his absence, the Chairman of the Board of Directors sets the agenda for the committee's meetings. He presides over the discussions and organises the vote on the issues submitted to the Strategic and Investment Committee.

The presence of at least half of the members of the Strategic and Investment Committee is required for meetings to be valid, in the understanding that members who are represented are included in the calculation of the quorum. The opinions of the Strategic and Investment Committee are adopted by simple majority vote of the members present or represented, and the committee reports on its work at the next Board meeting.

When the committee looks into subjects directly related to Company strategy, all Directors are invited to take part in discussions if they are available. A wide-ranging report on their work is compiled for the Board so that it can make fully informed decisions on Company strategy, based on the preparatory work done by the committee.

4.3.1.5.3.4. Work of the Strategic and Investment Committee in 2017

The Strategic and Investment Committee met five times, with an attendance rate of 68% by its members; please note that the committee meetings were monitored by a significant number of invited Directors.

In its 2017 meetings, the Strategic and Investment Committee examined the following subjects in particular:

Meeting of 15 February 2017

Examination of the residential strategy in Germany – Presentation and approval of various investment and disposal projects.

Meeting of 26 April 2017

Follow-up of the 2017 investment budget – Presentation and approval of various investment projects – Follow-up of the 2017 disposal budget – Presentation and approval of various disposal projects.

Meeting of 20 July 2017

Progress report of the various projects presented in April 2017 – Presentation and approval of various development and disposal projects.

Meeting of 19 October 2017

Progress report on the various projects presented in July 2017 – Presentation and approval of various investment, development and disposal projects – Analysis of the risk for developments – Post mortem on investment transactions.

Meeting of 14 December 2017

Presentation and approval of a residential acquisition project in Germany.

4.3.1.6. General Management of the Company

Since 31 January 2011, the Company has been under the management of Christophe Kullmann, Chief Executive Officer, with the assistance of Olivier Estève, Deputy General Manager.

Upon the recommendation of the Appointments and Compensations Committee, the Board of Directors chose not to have the terms of office of the Chief Executive Officer and Deputy General Manager end on the date of the General Meeting, so that the Appointments and Compensations Committee and the Board of Directors can fully devote itself to the calm discussion of the renewal of their terms of office and the remuneration conditions of the executive corporate officers outside the time of the General Meeting.

Subsequent to the end of the fiscal year, the Board of Directors proceeded, at its meeting of 14 February 2018, on the proposal of the Appointments and Compensations Committee, with the appointment of Dominique Ozanne as Deputy General Manager for a term of four years, ending on 31 December 2021.

First name/last name	Title	Nationality	Date of first appointment	Term of office	Date of renewal	Date term expires
Christophe Kullmann	Chief Executive Officer	French	31/01/2011	4 years	01/01/2015	31/12/2018
Olivier Estève	Deputy General Manager	French	31/01/2011	4 years	01/01/2015	31/12/2018
Dominique Ozanne	Deputy General Manager	French	14/02/2018	4 years	-	31/12/2021

The term of Christophe Kullmann as a Director allows him to be even more directly aligned with the Company's strategy, for which he is responsible at the same level as the other Directors.

4.3.1.6.1. Powers of the Chief Executive Officer and Deputy General Managers

The Chief Executive Officer is fully empowered to act in any situation on behalf of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to the powers granted expressly by law and the Articles of Association to General Meetings of Shareholders and the Board of Directors. The Chief Executive Officer represents the Company in its relationships with third parties.

In agreement with the Chief Executive Officer, the Board of Directors will determine the scope and duration of the powers granted to the Deputy General Managers. With respect to third parties, the Deputy General Managers have the same powers as the Chief Executive Officer.

4.3.1.6.2. Limitations on the powers of the Chief Executive Officer and Deputy General Managers

The powers of the Chief Executive Officer and the Deputy General Managers are limited by the provisions of Article 4.2 of the Internal Regulations of the Board of Directors. The following decisions cannot be made without approval from the Strategic and Investment Committee and/or the Board:

(i) any decision involving any investment made directly by the Company or through a fully consolidated subsidiary, when the total amount of the investment, plus any liabilities attached to the assets in question, is equal to or greater than €30 million (Group Share)

(ii) the sale by the Company or through a fully consolidated subsidiary, with the exception of companies whose shares are listed for trading on a regulated market, of any business division, any investment in any company or any assets, whenever the total amount of the corresponding disinvestment, plus any liabilities attached and transferred, is equal to or greater than €30 million (Group Share) with the exception of intra-group transactions.

In addition, the prior authorisation of the Board is required for the adoption of the following decisions:

(i) approval of the annual budget and the strategic business plan and any subsequent significant amendments to them

(ii) incurrence of any debt (including bond issues) or the assumption of liabilities whenever, in each case, the total amount (Group Share) exceeds €100 million (except for intra-group transactions), in the understanding that the Chief Executive Officer is authorised to conclude financing transactions for less than that amount and may also sign the related sureties

(iii) signature of contracts for any merger, divestment or contribution of assets, except for intra-group transactions, or if the transactions have been approved by the said committee and/or the Board.

Furthermore, acceptance by an executive corporate officer of the Company of a new directorship in a non-group company, listed on a French or foreign regulated market, requires prior authorisation by the Board of Directors.

The decisions described in this section are made by a simple majority vote of the Board.

In accordance with the relevant legal provisions, these limitations are not binding on third parties.

4.3.1.6.3. Role of the Management Committee in the operation of the General Management

The General Management of the Company is structured around a Management Committee. This committee, at the heart of the corporate governance system, is a forum for reflection, consultation and decision-making on the Group's major strategies. It aims at ensuring coordination and consultation between its members whenever a transaction or an important decision affecting the general approach of the Company or group must be considered or taken. In particular, it is consulted for each major decision or transaction of Foncière des Régions concerning governance, monitoring of subsidiaries and holdings, and financial/asset turnover policies. It validates all investment and disposal files whose value exceeds €5 million. In addition, its members are in charge of implementing the CSR objectives of the Group within their particular area of responsibility in coordination with the Sustainable Development Department.

As of February 2018, the Management Committee is composed of 11 members (36% women), including representatives from all of the Group's "country" and "product" activities:

- Christophe Kullmann – Chief Executive Officer
- Olivier Estève – Deputy General Manager
- Dominique Ozanne – Deputy General Manager
- Marjolaine Alquier – Head of Audit and Internal Control
- Thierry Beaudemoulin – Head of Germany Residential and France Residential
- Audrey Camus – Head of France Offices Development
- Alexei Dal Pastro – General Manager Italy Offices
- Laurie Goudallier – Chief Digital Officer
- Yves Marque – Chief Operating Officer
- Tugdual Millet – Chief Financial Officer
- Marielle Seegmuller – Director of Operations France Offices.

It has an average age (44)/average seniority (10) mix that demonstrates Foncière des Régions' internal promotion policy.

4.3.2. *Compensation of corporate officers and information relating to their terms of office and functions*

4.3.2.1. Compensation of executive corporate officers

4.3.2.1.1. Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors of Foncière des Régions, whose role is set out in Section 4.3.1.2 above, was set on 17 April 2015 by the Board for his full four-year term of office, at the overall fixed amount of €400 thousand. There was no change in this remuneration from the previous term. It has therefore remained unchanged since 2011.

Such fixed compensation is not accompanied by any variable compensation, performance bonus or compensation paid in Company shares.

In 2017, this €400 thousand compensation broke down as follows:

- €391 thousand fixed compensation
- €9 thousand benefits in kind (company car).

In 2017, Jean Laurent also received €46 thousand in attendance fees paid by Beni Stabili, an Italian subsidiary of Foncière des Régions, in which he has an oversight role.

Table 2 – Summary table of the remuneration of each executive corporate officer

Name and function of the executive corporate officer Jean Laurent: Chairman of the Board of Directors since 31/01/2011	2016 Amounts due for 2016	2016 Amounts paid in 2016	2017 Amounts due for 2017	2017 Amounts paid in 2017
Fixed compensation	392,060	392,060	390,922	390,922
Annual variable compensation	0	0	0	0
Multiannual variable compensation	0	0	0	0
Extraordinary compensation	0	0	0	0
FDR attendance fees	0	0	0	0
Beni Stabili attendance fees	48,000	48,000	46,000	46,000
Benefits in kind (company car)	7,940	7,940	9,078	9,078
TOTAL	**448,000**	**448,000**	**446,000**	**446,000**

Table 1 – Summary table of the compensation, options and shares allocated to each executive corporate officer

Name and function of the executive corporate officer Jean Laurent: Chairman of the Board of Directors since 31/01/2011	2016	2017
Compensation *(detailed in Table 2)*	448,000	446,000
Valuation of the multiannual variable compensation paid during the fiscal year	0	0
Valuation of the options granted during the fiscal year	None	None
Valuation of the performance shares allocated during the fiscal year	None	None
TOTAL	**448,000**	**446,000**

4.3.2.1.2. General Management

The compensation policy for the Chief Executive Officer and Deputy General Managers is determined by the Board of Directors based on work carried out and proposals made by the Appointments and Compensations Committee. This committee met two times in 2017, to ensure the compliance of this policy with the principles listed by the latest changes to the Afep-Medef Code of corporate governance.

The committee and the Board are particularly keen to follow these guidelines:

- the compensation is granted exhaustively through three main components: fixed portion, variable portion, allocation of performance shares
- the basic principles sought are:
  - a balance between the different short-term and long-term components, fixed and variable
  - a compensation correctly situated in the market and designed to foster loyalty
  - simple tools, legible for the market and shareholders
  - a strong link between compensation and operational performance
  - a variable portion based on objective quantifiable performance criteria that combine the interests of the Company, its staff and its shareholders, at the same time providing an incentive for outperformance and a "circuit breaker" system to sanction any deterioration of key Company indicators
  - financial alignment with the interests of long-term shareholders.

The committee and the Board use industry-based benchmarks and general research studies simply to check that overall compensation packages are in line with market rates.

4.3.2.1.2.1. Fixed portion

The Appointments and Compensations Committee and the Board of Directors ensure, on a regular basis, that the amount of fixed remuneration paid to executive corporate officers is positioned correctly in relation to the market by using benchmarks relating to Directors of SBF80 companies and those companies with equivalent stock market capitalisation to that of Foncière des Régions, supplemented by French and European sector-based research. In principle, the Board only reviews this compensation at regular set intervals, in line with any potential changes to responsibilities or events that have affected the Company.

On 5 December 2014, upon the proposal of the Appointments and Compensations Committee, the Board of Directors reappointed Christophe Kullmann for four years, and increased his fixed remuneration to **€600 thousand** for his term of office. This compensation remained unchanged in 2017. The term of office of Olivier Estève was also renewed for four years, with his fixed compensation increased to **€360 thousand.** It also remained unchanged in 2017.

4.3.2.1.2.2. Variable portion

With respect to the variable portion of compensation (bonuses), the Appointments and Compensations Committee wished for each Director to be assessed and compensated on the basis of targets that are clear, precise, quantifiable and operational. These targets are determined every February, by the Board of Directors based on proposals put forward by the Appointments and Compensations Committee. They are determined according to the strategic plan, the budget approved by the Board of Directors for the year under way, and the Company's priorities at the time.

The target bonus for the Chief Executive Officer and Deputy General Managers equals 100% of their fixed annual salary.

In an effort to provide differentiation, motivation and an incentive to outperform, provision is made for an upside of as much as 50% of the target bonus to reward performance that goes beyond the targets set at the beginning of the year. In an effort to align this with the interests of shareholders, the committee proposes that this upside portion of the bonus be paid, if at all, not in cash but in bonus shares, which are to be conditional on the beneficiary remaining in the Company's employment for three years after the allocation.

Finally, a "circuit breaker" system provides for bonuses to be withheld in the event of a significant deterioration in the Company's performance over the year. For 2017, the "circuit breaker" was based on a Loan To Value (LTV) threshold, the crossing of which would have entailed non-payment of the bonus.

For 2017, the criteria for allocating the variable portion of the Chief Executive Officer's compensation were set as follows:

- **70%** based on **quantitative** targets
- **30%** based on **qualitative** targets.

On 5 February 2018, the Appointments and Compensations Committee reviewed the achievement of these targets using precise analytical frameworks. Regarding the qualitative objectives, the Appointments and Compensations Committee has established an evaluation grid assigning a score to each criterion out of 10, focusing on assessing the concrete achievements for each of them during the year. The bonus target was an average of 7/10 and the upside was 10/10. This method has made it possible not to discount objectives of strategic importance that the Lead Director of the Company is expected to meet and whose measurement cannot be obtained using a standardised numerical indicator. The committee thus recorded the following levels of achievement for each target:

			(in €K)			Bonus allocated	
	Chief Executive Officer	**% of bonus**	**Min.**	**Target**	**Max.**	*(as a % of target)*	*(in €K)*
Quantitative = 70% of the variable	RNI/share	15%	0	90	135	105%	94
	EPRA NAV/share	15%	0	90	135	150%	135
	Broadening the range of business lines to capture the sources of value creation and improve the quality of the assets = development of the residential property business in France (*quantified criteria for number of projects, investment amount and value creation*), set up of a coworking offer for the France Offices segment (*criteria on number of open sites, number of m^2 and potential turnover*), integration of property management in Italy (*criteria on turnover for third parties, quality indicators for the release and implementation of tools*) and residential development in Germany (*criteria for the amounts of investments, potential m^2 created and potential value creation*) Reinforcement of shareholders' equity and reduction of the risk profile: raising of capital and decrease of the LTV (*quantified objectives in €M and in % of LTV*) Strengthening the quality of customer relations (*targets on residual average duration of leases, occupancy rates and new leases signed + trade negotiations identified in the budget with key accounts*)	40%	0	240	360	126%	304
Qualitative = 30% of the variable	Quality of strategic thinking Continued European integration of Group teams Building up of the reference image in our strategic markets Continuation of the Innovation approach in terms of real estate products and tenant service offerings Maintaining a dynamic Management Team and developing talent	30%	0	180	270	130%	234
TOTAL		**100%**	**0**	**600**	**900**	**128%**	**767**

The details of these criteria cannot however be made public for reasons of confidentiality. The Appointments and Compensations Committee and the Board ensure that these ambitious targets are linked to the Company's budgetary and strategic challenges, with exacting calibration.

Consequently, the committee made a proposal to the Board, which it approved on 14 February 2018, that the bonus should be paid at 128% of the target. This variable portion amounts to **€767 thousand.** Subject to its approval by the General Meeting of 19 April 2018, **€600 thousand** of this amount will be paid in cash with the upside of €167 thousand being paid in Company shares definitively allocated at the end of the vesting period in 2021, subject to continued service.

The 2017 bonus for the **Deputy General Manager** was calculated as follows:

- **70%** based on **quantitative** targets
- **30%** based on **qualitative** targets.

On 5 February 2018, the Appointments and Compensations Committee reviewed the achievement of these targets using precise analytical frameworks. Regarding the qualitative objectives, the Appointments and Compensations Committee has established an evaluation grid assigning a score to each criterion out of 10, focusing on assessing the concrete achievements for each of them during the year. The bonus target was an average of 7/10 and the upside was 10/10. This method has made it possible not to discount objectives of strategic importance that the Deputy General Manager of the Company is expected to meet and whose measurement cannot be obtained using a standardised numerical indicator. The committee thus recorded the following levels of achievement for each target:

			(in €K)			Actual	
	Deputy General Manager	**% of bonus**	**Min.**	**Target**	**Max.**	*(as a % of target)*	*(in €K)*
Quantitative = 70% of the variable	RNI/share	15%	0	54	81	105%	57
	EPRA NAV/share	15%	0	54	81	150%	81
	Marketing of development projects and operating assets (*measured in m²*) Launch of turnkey rentals (*measured in number*) Value creation on projects delivered (*measured in €M*) Occupancy rate (*measured in %*) Disposals (*measured in €M*) Acquisitions (*measured in €M*) Asset management: lease terms (*in years*), changes in lease payments (*measured as % like-for-like scope*) Disengagement from non-strategic activities (*measured as % of total portfolio*) Establishment of the coworking activity (*measured in number of sites and m²*) Establishment of the residential property business (*quantified criteria for number of projects, investment amount and value creation*)	40%	0	144	216	102%	147
Qualitative = 30% of the variable	Leading position in the Group (all countries) on development projects Strengthening the quality of customer services Continuation of Innovation projects launched in 2016 Influence in its business activity sector and representation of Foncière des Régions with respect to third parties	30%	0	108	162	118%	127
TOTAL		**100%**	**0**	**360**	**540**	**114%**	**412**

The details of these objectives cannot however be made public for reasons of confidentiality. The Appointments and Compensations Committee and the Board ensure that these ambitious targets are linked to the Company's budgetary and strategic challenges, with exacting calibration.

Consequently, the committee made a proposal to the Board, which it approved on 14 February 2018, that the bonus should be paid at 114% of the target. This variable portion amounts to **€412 thousand.**

Subject to its approval by the General Meeting of 19 April 2018, **€360 thousand** of this amount will be paid in cash with the upside of €52 thousand being paid in Company shares definitively allocated at the end of the vesting period in 2021, subject to continued service.

The following tables summarise, for each corporate officer, the fixed and variable compensation paid in 2017 to the corporate officers, as compared with that paid in the 2016 fiscal year.

Table 2

	2016		2017	
Name and function of the executive corporate officer Christophe Kullmann: Chief Executive Officer	**Amounts due for 2016**	**Amounts paid in 2016**	**Amounts due for 2017**	**Amounts paid in 2017**
Fixed compensation	600,000	600,000	600,000	600,000
Annual variable compensation(1)	800,000	750,000	767,000	800,000
Multiannual variable compensation	0	0	0	0
Extraordinary compensation	0	0	0	0
Attendance fees (Beni Stabili)	49,000	49,000	49,000	49,000
Benefits in kind (company car, GSC type unemployment insurance, etc.)	37,279	37,279	37,563	37,563
TOTAL	**1,486,279**	**1,436,279**	**1,453,563**	**1,486,563**

(1) *The variable amount due for 2014 of €694 thousand is comprised of €540 thousand paid in* ***cash*** *during 2015 and 2,263 free shares allocated in 2015.*
The variable amount due for 2015 of €750 thousand is comprised of €600 thousand paid in ***cash*** *during 2016 and 2,534 free shares allocated in 2016.*
The variable amount due for 2016 of €800 thousand is comprised of €600 thousand paid in ***cash*** *during 2017 and 3,859 free shares allocated in 2017.*
The variable amount due for 2017 of €767 thousand is comprised of €600 thousand paid in ***cash*** *during 2018 and 2,877 free shares allocated in 2018, subject to approval by the General Meeting on 19 April 2018.*

Table 2

Name and function of the executive corporate officer Olivier Estève: Deputy General Manager	2016 Amounts due for 2016	2016 Amounts paid in 2016	2017 Amounts due for 2017	2017 Amounts paid in 2017
Fixed compensation	360,000	360,000	360,000	360,000
Annual variable compensation(1)	454,000	390,000	412,000	454,000
Multiannual variable compensation	0	0	0	0
Extraordinary compensation	0	0	0	0
Attendance fees	0	0	0	0
Benefits in kind (company car and GSC-type unemployment insurance, etc.)	37,348	37,348	37,836	37,836
TOTAL	**851,348**	**787,348**	**809,836**	**851,836**

*(1) The variable amount due for 2014 of €317 thousand is comprised of €262 thousand paid in **cash** during 2015 and 808 free shares allocated in 2015.*
*The variable amount due for 2015 of €390 thousand is comprised of €360 thousand paid in **cash** during 2016 and 507 free shares allocated in 2016.*
*The variable amount due for 2016 of €454 thousand is comprised of €360 thousand paid in **cash** during 2017 and 1,814 free shares allocated in 2017.*
*The variable amount due for 2017 of €412 thousand is comprised of €360 thousand paid in **cash** during 2018 and 896 free shares allocated in 2018, subject to approval by the General Meeting on 19 April 2018.*

4.3.2.1.2.3. Long-Term Incentive

The guidelines on allocating performance shares to corporate officers are as follows:

- the allocation of shares, the third component of the compensation, constitutes a long-term incentive, in addition to the fixed and variable portion of remuneration
- for executive corporate officers, the LTI for year-N is allocated once the accounts are closed, at the start of year N+1
- this lag, suggested by the Appointments and Compensations Committee, makes it possible to allocate shares contingent on the achievement of operational results and the achievement of individual targets, and to record the performances in consideration of the closing of the financial statements for year N
- the Appointments and Compensations Committee, in setting this annual allocation period for share allocation, has made it possible to avoid any windfall effect through any share price volatility.

This long-term incentive plan has the following aims for the beneficiaries of the shares:

- foster loyalty: the shares are not definitively allocated until the end of the vesting period, on the condition that beneficiaries are still employed by the Company
- motivation and involvement: long-term share values ultimately depend on the Company's performance in its sector, which is reflected in the share price
- aligning the interest of executive corporate officers with those of shareholders: shares are only definitively allocated when performance targets are achieved
- lastly, enabling executive corporate officers to create a pension scheme, given the lack of a supplementary pension scheme in the Company.

100% of share allocations will be subject to the following performance conditions, each analysed over the three-year vesting period, given that the number of shares allocated, subject to performance requirements, may not exceed the target number listed at the time of allocation:

50%	**Presence condition and performance relative to the market:** ◈ Overall performance on the stock market of Foncière des Régions compared with the "Eurozone" EPRA index, defined by the changes to the share price over the 3-year benchmark, taking into consideration all dividends or advances on gross dividends. ◈ The target number of shares will be allocated in the event of outperformance by 2 points compared with the index. An outperformance of 5 points will lead to an allocation representing 110% of the target (130% for 20 points). Performance equal to the index will lead to a 95% allocation of the target number of shares. An underperformance of 20 points will lead to the cancellation of 30% of the target shares, and an underperformance of 30 points will cancel all share allocations.
50%	**Presence conditions and internal performance condition not affected by the market:** ◈ The number of performance shares is weighted by a coefficient corresponding to the average rate of achievement of the bonus objectives between the year of allocation and the year preceding the acknowledgement of the achievement of the performance target. ◈ This average performance rate will be applied to the target number of shares.

These conditions combine external and internal performances, thus providing shareholders with assurances that:

- the long-term compensation of executive corporate officers is directly linked to Foncière des Régions' stock market performance
- it is also linked to the Company's sustainable performance: the second criterion, linked to the achievement of annual bonuses during the vesting period, is a sustainable strategic performance objective, insofar as the award criteria are linked each year to objectives directly related to the implementation of the strategy, the growth of the key indicators for a real estate company ensuring the long-term value creation for the shareholders (RNI and NAV), as well as the financial policy, and criteria related to the Group's CSR policy, also based on long-term objectives.

The executive corporate officers receiving performance shares have entered into a formal undertaking not to hedge their risk.

The 2017 ILT was allocated in February 2018 in accordance with all of these principles.

The number of shares allocated is the following:

- Christophe Kullmann: **13,000** performance shares, *i.e.* potentially to a **maximum of 0.02%** of the share capital
- Olivier Estève: **8,000** performance shares, *i.e.* potentially to a **maximum of 0.01%** of the share capital.

Furthermore, on 5 February 2018, the Appointments and Compensations Committee examined the achievement of the performance criteria set for the shares allocated in February 2015 for 2014, and in particular noted that the overall stock market performance of Foncière des Régions exceeded that of the EPRA Eurozone index for 2015, 2016 and 2017 (+1%). It also noted that the attainment rate of these targets over the period exceeded the target, both for Christophe Kullmann (+19%) and for Olivier Estève (+11%). Consequently, the performance shares allocated in February 2015 (13,000 shares for Christophe Kullmann and 7,000 shares for Olivier Estève) were received in February 2018, together with the free shares allocated as the upside for the 2014 bonus, *i.e.* 2,263 shares for Christophe Kullmann and 808 shares for Olivier Estève.

Since 2008, the Board of Directors, on the recommendation of the Appointments and Compensations Committee, has put an end to schemes for allocation of stock options that were previously activated in parallel with the schemes for allocation of bonus shares.

The overall compensation of corporate officers including LTIs is shown in the tables below:

Table 1(1)

Name and function of the executive corporate officer Christophe Kullmann: Chief Executive Officer	2016 Amounts due for 2016	2016 Amounts paid in 2016	2017 Amounts due for 2017	2017 Amounts paid in 2017
Compensation *(detailed in Table 2)*	1,486,279	1,436,279	1,453,563	1,486,563
Valuation of the multiannual variable compensation paid during the fiscal year	0	0	0	0
Valuation of the options granted during the fiscal year	None	None	None	None
Valuation of the performance shares allocated *(detailed in Table 6)(2)*	598,650	623,357	602,680	598,650
TOTAL	**2,084,929**	**2,059,636**	**2,056,243**	**2,085,213**

(1) Since the allocation of performance shares allocated for fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those due for each fiscal year.
(2) The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.
Note: The share valuations are calculated by an independent expert.

Since 2015, the cash portion of compensation to Christophe Kullmann has been stable. His total compensation in 2017 is slightly lower than in 2016, by 1.4%.

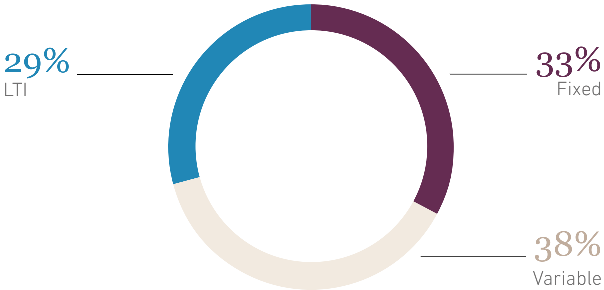
The graph below reflects the change in the cash/non-cash mix from 2016 to 2017.

› 2016

› 2017

The change in the Fixed/Variable/LTI mix between 2016 and 2017 shows that 66% of the Chief Executive Officer's compensation is subject to performance requirements.

› 2016



› 2017

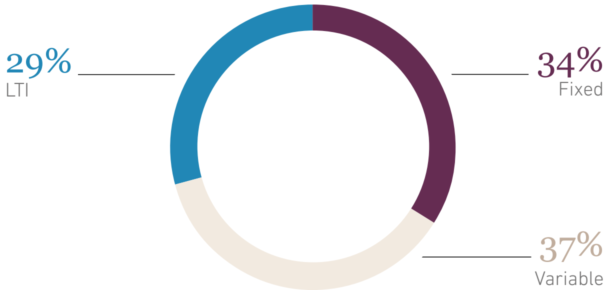


Table 1(1)

Name and function of the executive corporate officer Olivier Estève: Deputy General Manager	2016 Amounts due for 2016	 Amounts paid in 2016	2017 Amounts due for 2017	 Amounts paid in 2017
Compensation *(detailed in Table 2)*	851,348	787,348	809,836	851,836
Valuation of the multiannual variable compensation paid during the fiscal year	0	0	0	0
Valuation of the options granted during the fiscal year	None	None	None	None
Valuation of the performance shares allocated during the fiscal year *(detailed in Table 6)*(2)	359,190	374,440	370,880	359,190
TOTAL	**1,210,538**	**1,161,788**	**1,180,716**	**1,211,026**

(1) Since the allocation of performance shares in fiscal year N is delayed until N+1, for the purposes of the accuracy and completeness of the information provided, Table 1 distinguishes between amounts paid and those due for each fiscal year.
(2) The valuation of the shares does not include the portion of the bonus paid in free shares, already included, where applicable, in Table 2.
Note: The share valuations are calculated by an independent expert.

Since 2015, the cash portion of the compensation of Olivier Estève has also remained the stable. His total compensation in 2017 is slightly lower than in 2016, by 2%.

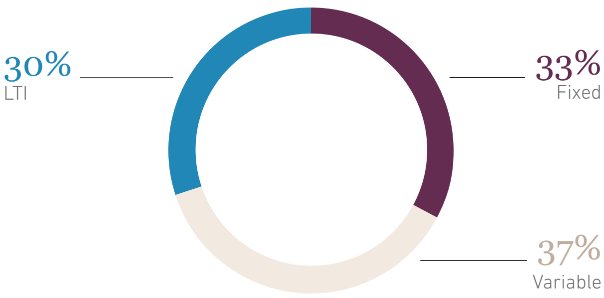
The graph below reflects the change in the cash/non-cash mix from 2016 to 2017.

› 2016

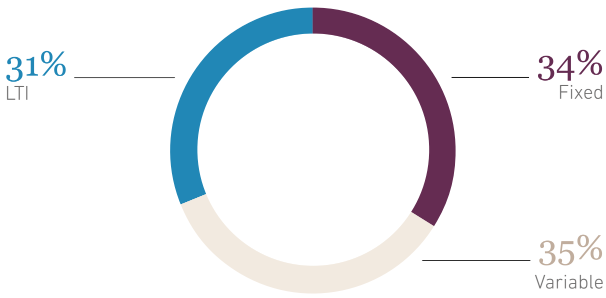
› 2017

The change in the Fixed/Variable/LTI mix between 2016 and 2017 shows that 66% of the Deputy General Manager's compensation is subject to performance requirements.

› 2016



› 2017



4.3.2.1.2.4. Share retention obligation for executive corporate officers

The Afep-Medef Code recommends that the Board set a share retention obligation for corporate officers on free shares and shares from the exercise of stock option that is sufficiently restrictive. This makes it possible to adequately take into account the Company's long-term performance. The Board of Directors of Foncière des Régions has set a retention obligation of 50% for performance shares throughout the term of office, until corporate officers hold shares equivalent to two years' worth of fixed compensation. Beyond that threshold, the executive corporate officers will be free to transfer shares.

The tables below show the transactions completed by the corporate officers during the fiscal year relating to stock options and free shares.

Table 4 – Share subscription or purchase options allocated during the fiscal year to each executive corporate officer

Options granted to each executive corporate officer by the issuer and by any company of the Group (list by name)	No. and date of plan	Type of option (purchase or subscription)	Valuation of the options based on the method used for the consolidated financial statements	Number of options awarded during the fiscal year	Exercise price	Exercise period
Jean Laurent	None	None	None	None		
Christophe Kullmann	None	None	None	None		
Olivier Estève	None	None	None	None		

Table 5 – Share subscription or purchase options exercised during the fiscal year by each executive corporate officer

Options exercised by the executive corporate officers (list by name)	No. and date of plan	Type of options exercised during the fiscal year	Exercise price
Jean Laurent	None	None	None
Christophe Kullmann	None	None	None
Olivier Estève	None	None	None

Table 6 – Performance shares allocated to each executive corporate officer[1]

Performance shares allocated during the fiscal year to each executive corporate officer by the issuer and by any company in the Group (list by name)	Plan date	Number of shares allocated during the fiscal year [1]	Valuation of the shares based on the method used for the consolidated financial statements[3]	Vesting date	Date available	Performance conditions
Jean Laurent		None	None			
Christophe Kullmann	15/02/2017	15,000	€39.91	15/02/2020	15/02/2020	- 50% = overall stock market performance compared to EPRA - 50% = rate of achievement of individual goals
Christophe Kullmann	15/02/2017	3,859[2]	€51.82	15/02/2020	15/02/2020	
Olivier Estève	15/02/2017	9,000	€39.91	15/02/2020	15/02/2020	
Olivier Estève	15/02/2017	1,814[2]	€51.82	15/02/2020	15/02/2020	

(1) During the year N-1.
(2) Upside portion of bonus, paid in shares without performance conditions.
(3) Value of the share calculated by an independent expert.

Table 7 – Performance shares becoming available during the fiscal year for each executive corporate officer

Free shares becoming available for the executive corporate officers (list by name)	Plan date	Number of shares available during the fiscal year	Vesting conditions	Vesting date
Jean Laurent		None		
Christophe Kullmann	26/02/2014	17,065	Continued service requirement + relative stock market performance requirement (1/2) and target achievement requirement (1/2)	26/02/2017
Olivier Estève	26/02/2014	8,459		26/02/2017

4.3.2.1.2.5. Combining corporate office and an employment contract

Pursuant to the Afep-Medef recommendation, which provides that: "when a Director becomes a corporate officer of the Company, [it is recommended] that their employment contract with the Company be terminated, either by mutual agreed termination or resignation." The employment contract of Christophe Kullmann's employment contract was terminated by mutual agreement between Foncière des Régions and Kullmann, on 26 November 2008, without payment of any compensation.

Christophe Kullmann has since that date received GSC unemployment insurance.

He also has supplementary group mutual insurance covering healthcare expenses. He does not benefit from the Group Incentive Plan.

Similarly, Olivier Estève's employment contract, was terminated on 1 November 2012, without payment of compensation. Since that date, he also receives GSC unemployment insurance, as well as supplementary group mutual insurance covering healthcare expenses.

4.3.2.1.2.6. Compensation to be paid out upon termination of office

After terminating without compensation their employment contracts, which provided for the payment of a termination benefit in the event of forced departure, the Board of Directors proposed implementing an end-of-service benefit for Christophe Kullmann, the Chief Executive Officer, and Olivier Estève, the Deputy General Manager.

Such benefit would be paid only in the event of forced departure due to a change of control or a change of strategy. This would exclude cases in which they were to leave the Company at their own initiative, change roles within the Group or be able to collect retirement benefits within a short period of time.

Theoretical amount of the compensation

The theoretical compensation amount would be equal to 12 months' total compensation including the fixed salary and the annual variable part, plus one month's additional compensation per year of service at the Company regardless of the positions held, it being understood that the current compensation system does not include payment of an exceptional bonus.

Performance criteria

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code and the recommendations of the Afep-Medef Code, this compensation is subject to demanding internal and external performance conditions:

- 50% of the theoretical compensation amount is linked to changes in the NAV during the three years prior to the termination of office: if the Foncière des Régions EPRA NAV drops 25% below the average of the REITs that make up the EPRA index, the fraction of the severance pay linked to this requirement will not be paid. Otherwise, the theoretical amount of this fraction of the compensation will be adjusted by the variation in the NAV for the period considered
- 50% of the theoretical compensation amount is linked to achieving target performance during the three years prior to the termination of office. The criteria for allocation of the target bonus are reviewed every year by the Appointments and Compensations Committee, based on ambitious operational and strategic targets. Their achievement is assessed according to pre-set criteria. If the average rate of fulfilment of the objectives over the last three years is less than 80%, the fraction of the severance pay linked to that criterion is not paid. Otherwise, the amount of the theoretical compensation will be adjusted by the average of the coefficients of achievement of the last three variable portions.

In any case, although the exceeding of one of the two fractions of the compensation may compensate for a possible deduction from the other fraction, the total amount of the end-of-office compensation is capped at two years of total compensation (*i.e.* at present, €2,734 thousand for the Chief Executive Officer and €1,544 thousand for the Deputy General Manager). This cap rule applies to all forms of severance pay and includes any other compensation paid for any other reason at the end of a term of office, it being specified that the Chief Executive Officer and Deputy General Manager will not receive any compensation from Foncière des Régions other than that paid for their term of office.

As a result of the performance criteria listed above being set, the Board will be able, where appropriate, to reflect the target and actual performance of the Chief Executive Officer and Deputy General Manager on the severance pay. Since the targets that are the conditions for payment of the variable portion are themselves linked to operational performance, and implementing strategy, the compensation paid cannot help but be proportional to the results obtained, thus more fully meeting the requirements of the recommendations made by the Afep-Medef Code.

The compensation payable to the Chief Executive Officer and Deputy General Manager were approved by the Board of Directors on 5 December 2014 and by the shareholders at the General Meeting of 17 April 2015, when voting on Resolutions 5 and 6.

The amount and the conditions for that must be fulfilled in order to allocate this compensation were disclosed on 15 December 2014.

4.3.2.1.2.7. Supplementary pension scheme

No corporate officer within the Group benefits from a specific defined benefits or defined contributions retirement scheme.

The table below shows the situations of the executive corporate officers.

Table 11

Executive corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or likely to be due by reason of cessation of or change in position		Compensation for non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean Laurent Start of term of office: 17 April 2015		X		X		X		X
Christophe Kullmann Start of term of office: 1 January 2015		X		X	X			X
Olivier Estève Start of term of office: 1 January 2015		X		X	X			X

4.3.2.2. Gross remuneration of the members of the Board of Directors

The attendance fees, paid annually, represent the compensation allocated to the members of the Board of Directors for participating in the meetings and the work of the Board and the specialised committees, it being hereby stated that:

- the Board of Directors at its meeting of 19 February 2015 decided that the non-voting member of the Board would receive the same attendance fees as the Directors
- the Combined General Meeting of 27 April 2016 awarded the Board of Directors a gross annual amount of €600 thousand in attendance fees for the current year and subsequent years, until a new decision is made by a General Meeting
- the members of the Board of Directors and committees, together with the non-voting member of the Board, are entitled to reimbursement for travel expenses and costs incurred from attending Board and committee meetings, upon producing supporting documents.

As regards the rules for the payment of attendance fees in the Foncière des Régions group, at its meeting on 5 December 2014, the Board of Directors, upon the proposal of the Appointments and Compensations Committee, decided that, from 1 January 2015, the executive corporate officers would no longer receive attendance fees from French subsidiaries for the exercise of their offices.

The terms and conditions for the allocation of attendance fees, approved by the Board of Directors, are broken down into a fixed annual amount for serving as a Board member and, if applicable, as a member of one of the Board's committees, and a predominant variable component, which takes into account the attendance rate at the meetings of the Board and the committees.

On 14 February 2018, the Board of Directors decided to increase the fixed portion allocated to the Chairman of the Audit Committee from €6,000 to €20,000 and that of the Chairman of the Appointments and Compensations Committee from €5,000 to €10,000, as of 2018.

Board of Directors	
Fixed annual portion allocated to the Chairman	€10,000
Fixed annual portion allocated to each member	€6,000
Variable portion for attendance allocated to the Chairman and to each member for every meeting that is attended	€4,000

Specialised committees	
Fixed annual portion allocated to the **Chairman** of the **Audit Committee**	€20,000
Fixed annual portion allocated to the **Chairman** of the **Appointments and Compensations Committee**	€10,000
Fixed annual portion of the **Strategic and Investment Committee**	€6,000
Fixed annual portion allocated to each **member** of the **committees**	€3,000
Variable portion for attendance allocated to the **Chairmen and members of the Strategic and Investment Committee** and the **Appointments and Compensations Committee**, every time a meeting is attended	€2,000
Variable portion for attendance allocated to the **Chairman** and to **each member** of the **Audit Committee**, every time a meeting is attended	€3,000

The gross amount for attendance fees allocated in 2017 to members of the Board of Directors and to the non-voting Board member for their involvement in the work of the Board and the specialised committees amounted to €579,125. Jean Laurent and Christophe Kullmann receive no attendance fees:

Board and Committee members	2017 gross attendance fees paid *(in €)*	2017 net attendance fees paid *(in €)*
Jean Laurent	/	/
Leonardo Del Vecchio	12,000	8,400
ACM Vie represented by Catherine Allonas Barthe	19,000	19,000
Romolo Bardin	63,000	49,770
Jean-Luc Biamonti	59,000	41,300
Covéa Coopérations represented by Éric Lécuyer	51,000	51,000
Bertrand de Feydeau	45,000	28,575
Predica represented by Jérôme Grivet	52,000	33,020
Pierre Vaquier	45,000	28,575
Christophe Kullmann	/	/
Sylvie Ouziel	40,000	25,400
Sigrid Duhamel	35,000	22,225
Delphine Benchetrit	34,000	21,590
Patricia Savin	30,000	19,050
Catherine Soubie	42,125	26,749
Sergio Erede (non-voting member of the Board)	52,000	41,080
TOTAL	**579,125**	**415,734**

Tax levies (withheld at source, mandatory 21% deduction at source and 15.5% social security contributions), totalling €163,391 were paid by the Company directly to the tax authorities.

The average gross value of the attendance fees per Director, established based on all the executive officers who received attendance fees for the 2017 fiscal year, amounts to €41,366.07.

Given the appointment of a new member of the Audit Committee, the increase of the fixed portion of the attendance fees of the Chairmen of the Audit Committee and the Appointments and Compensations Committee, of the strategy focused on rotation of portfolio assets being likely to generate an increased number of meetings of the Board and the Strategic and Investment Committee and an assumption of an increase in the attendance rate, a proposal will be put before the Combined General Meeting of 19 April 2018 to bring the allocation of attendance fees that may be paid to all Directors as well as the non-voting member from €600,000 to €800,000 for the current and subsequent fiscal years, until such time as a new shareholders' decision is made.

Table showing other attendance fees (excluding attendance fees paid by Foncière des Régions) and other compensation received by non-executive corporate officers *(in €)*

Non-executive officers[1]	Amounts paid during 2016	Amounts paid during 2017
Jean Laurent		
Attendance fees (Beni Stabili)	48,000	46,000
Other compensation	400,000	400,000
Leonardo Del Vecchio		
Attendance fees (Beni Stabili)	33,300	25,000
Other compensation		
Bertrand de Feydeau		
Attendance fees (Foncière Développement Logements)	4,900	5,300
Other compensation (Foncière Développement Logements)	140,448	140,448
Catherine Allonas Barthe (permanent representative of ACM Vie)[2]		
Attendance fees (Foncière des Murs)	5,200	3,100
Other compensation		
TOTAL	**631,848**	**619,848**

(1) This table only takes into account people who were non-executive officers in 2017.
(2) The attendance fees were paid to the company in its capacity as Director, not to its permanent representative.

4.3.2.3. Presentation of the draft resolutions regarding the principles and criteria for determining, distributing and allocating fixed, variable and exceptional components of the total compensation and benefits of all kinds attributable to executive corporate officers, due to their mandate as Directors

Pursuant to the provisions of Article L. 225-37-2, paragraph 2, of the French Commercial Code, the draft resolutions drawn up by the Board of Directors regarding the principles and criteria for determining, distributing and allocating fixed, variable and exceptional items making up the total compensation and benefits of any kind (the "Compensation Policies") attributable to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy General Managers, due to their term of office as Directors, are presented in the report of the Board of Directors on corporate governance.

Pursuant to the provisions of Article L. 225-37-2 paragraph 1 of the French Commercial Code, the Compensation Policies presented in the sixth, seventh and eighth resolutions will be submitted to the approval of the Combined General Meeting of 19 April 2018.

The amounts resulting from the implementation of these Compensation Policies that are paid or allocated during the 2017 fiscal year will be submitted for the approval of shareholders during the Annual General Meeting to be called in 2019 for the approval of the accounts for the fiscal year ending on 31 December 2018, pursuant to Article L. 225-100 of the French Commercial Code; it being hereby stated that the elements composing the variable and exceptional compensation may only be paid out after approval in 2019 by the aforementioned General Meeting of the individual compensation of executive corporate officers paid or allocated during the 2018 fiscal year.

4.3.2.3.1. Description of the principles and criteria governing the compensation of the Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors of Foncière des Régions is set by the Board for the duration of his four-year term.

This compensation comprises only a fixed portion. There is no variable remuneration, performance bonus or compensation paid in Company shares. This compensation is not usually reviewed during the course of the mandate. The Board ensures that the compensation is consistent with the compensation of non-executive Chairmen of the SBF 120.

The Chairman of the Board of Directors does not receive attendance fees from Foncière des Régions or its French subsidiaries. Where applicable, he may receive attendance fees from foreign subsidiaries of Foncière des Régions if he is performing an active oversight role.

The Chairman of the Board of Directors has no labour contract, severance payment or non-compete agreement.

4.3.2.3.2. Description of the principles and criteria governing the compensation of the Chief Executive Officer and the Deputy General Managers

The policy for the compensation of the Chief Executive Officer and the Deputy General Managers is set by the Board of Directors; based on the work and proposals of the Appointments and Compensations Committee, it notably ensures the compliance of this policy with the principles set forth in the Afep-Medef Corporate Governance Code.

The committee and the Board are particularly keen to follow these guidelines:

- the compensation is granted exhaustively *via* three main components: a fixed portion, a variable portion, and the allocation of bonus shares; in-kind benefits mainly consist of a company vehicle and covering the cost of job loss insurance.

The basic principles sought are:

- a balance between the various components, short term and long term, fixed and variable
- compensation correctly situated in the market and designed to foster loyalty
- simple and transparent tools for the market and shareholders
- a strong link between remuneration and operational performance
- a variable portion based on objective quantifiable performance criteria that combine the interests of the Company, its staff and its shareholders, at the same time providing an incentive for outperformance and a "circuit breaker" system to sanction any deterioration of key Company indicators
- a financial alignment with the long-term interests of shareholders.

The committee and the Board use industry-based benchmarks and general research studies simply to check that overall remuneration packages are in line with market rates.

a) Fixed portion

The Appointments and Compensations Committee and the Board of Directors ensure, on a regular basis, that the amount of fixed compensation paid to executive corporate officers is positioned correctly in relation to the market by using benchmarks relating to Directors of SBF80 companies and those companies with equivalent stock market capitalisation to that of Foncière des Régions, supplemented by French and European sector-based research. In principle, the Board only reviews this compensation at regular set intervals, in line with any potential changes to responsibilities or events that have affected the Company.

b) Variable portion

For the variable portion of compensation (bonus), the Appointments and Compensations Committee evaluates executive corporate officers based on clear, specific, measurable and operational targets. These targets are determined every February, by the Board of Directors based on proposals put forward by the Appointments and Compensations Committee. They are determined according to the strategic plan, the budget approved by the Board of Directors for the year under way, and the Company's priorities at the time.

The target bonus for the Chief Executive Officer and Deputy General Managers equals 100% of their fixed annual salary.

In an effort to provide differentiation, motivation and an incentive to outperform, provision is made for an upside of as much as 50% of the target bonus to reward performance that goes beyond the targets set at the beginning of the year. In an effort to align this with the interests of shareholders, the committee proposes that this upside portion of the bonus be paid, if at all, not in cash but in free shares, which are to be conditional on the beneficiary remaining in the Company's employment for three years after the award.

Finally, a "circuit breaker" system provides for bonuses to be withheld in the event of a significant deterioration in the Company's performance over the year.

c) Exceptional bonus

The variable remuneration scheme explained in b) is designed not to have any exceptional bonus paid out. As such, the Board of Directors has not paid any exceptional bonus to executive corporate officers since the variable portion of compensation was implemented as described in section b).

The only way that the Board would consider paying any exceptional bonus is under exceptional circumstances:

- situations that do not fall within the framework of the annual strategic and operational goals determined at the beginning of the year
- situations that were not foreseeable at the time that the criteria were set for determining the annual variable portion
- situations that affect the Company in terms of its size, scope or strategy.

In all cases, this exceptional bonus would be determined so as not to exceed 50% of the target bonus of the Chief Executive Officer and the Deputy General Managers.

d) Long-term incentive plan

The principles used to allocate performance shares to the Chief Executive Officer and Deputy General Managers are as follows:

- the allocation of shares, which is the third component of compensation, is a long-term incentive plan, and is a top-up for the fixed and variable portion of salary
- LTI for year N is allocated after the financial statements are approved, at the beginning of year N + 1
- this lag, suggested by the Appointments and Compensations Committee, makes it possible to allocate shares contingent on the achievement of operational results and the achievement of individual targets, and to record the performances in consideration of the closing of the financial statements for year N
- the Appointments and Compensations Committee, in setting this annual share allocation period, has made it possible to avoid any windfall effect through any share price volatility.

This long-term incentive plan has the following aims for the beneficiaries of the shares:

- foster loyalty: employee retention shares are not definitively allocated until the end of the vesting period, on the condition that beneficiaries are still employed by the Company
- motivation and involvement: long-term share values ultimately depend on the Company's performance in its sector, which is reflected in the share price
- aligning the interest of executive corporate officers with those of shareholders: shares are only definitively allocated when performance targets are achieved
- lastly, enabling executive corporate officers to create a pension scheme, given the lack of a supplementary pension scheme in the Company.

100% of share allocations will be subject to the following performance conditions, each analysed over the three-year vesting period, given that the number of shares allocated, subject to performance requirements, may not exceed the target number listed at the time of allocation:

50%	Presence condition and performance relative to the market: ◈ Overall performance on the stock market of Foncière des Régions compared with the "Eurozone" EPRA index, defined by the changes to the share price over the 3-year benchmark, taking into consideration all dividends or advances on gross dividends. ◈ The target number of shares will be allocated in the event of outperformance by two points compared with the index. An outperformance of 5 points will lead to an allocation representing 110% of the target (130% for 20 points). Performance equal to the index will lead to a 95% allocation of the target number of shares. An underperformance of 20 points will lead to the cancellation of 30% of the target shares, and an underperformance of 30 points will cancel all share allocations.
50%	Presence conditions and internal performance condition not affected by the market: ◈ The number of performance shares is weighted by a coefficient corresponding to the average rate of achievement of the bonus objectives between the year of allocation and the year preceding the acknowledgement of the achievement of the performance target. ◈ This average performance rate will be applied to the target number of shares.

These conditions combine external and internal performances, thus providing shareholders with assurances that:

- the long term compensation of executive corporate officers is directly linked to Foncière des Régions' stock market performance
- it is also linked to the Company's operating performance: yearly bonuses are linked to targets in line with budgets, the roll-out of the strategy, growth of indicators, the financial policy, etc.

The Chief Executive Officer and the Deputy General Managers formally undertake to refrain from entering into any risk hedging transactions.

In the event of involuntary termination of office (excluding voluntary resignation), the Board may, under circumstances, be required to maintain all or part of the performance shares under the vesting period. This possibility will only be exercised in the event of "good leaver" departure, excluding in particular any departure related to misconduct. Furthermore, in such a situation, the Board would evaluate whether performance criteria had been achieved by the deadline, to determine the percentage of shares that would still be allocated.

For information purposes, the number of performance shares allocated to the Chief Executive Officer and Deputy General Manager represented 23% of all shares allocated for 2017 within the Group.

Since 2008, the Board of Directors, on the recommendation of the Appointments and Compensations Committee, has put an end to schemes for allocation of stock options that were previously activated in parallel with the schemes for allocation of free shares.

e) Other benefits

The Chief Executive Officer and the Deputy General Managers also receive the following benefits:

- a company car
- the same health and pension plan as employees of the Group in France, with the same employer contribution
- job loss insurance with GSC.

f) Compensation to be paid out upon termination of office

In exchange for waiving the right to receive severance benefits, the Board of Directors has implemented a termination benefit for the Chief Executive Officer and the Deputy General Managers.

It was approved by the Board of Directors on 5 December 2014, and then by the shareholders during the General Meeting of 17 April 2015, by a vote on Resolutions 5 and 6. Compensation to be paid out to Dominique Ozanne upon termination of his term of office was approved by the Board of Directors on 14 February 2018 and will be submitted to the General Meeting of 19 April 2018 for approval under the fifth resolution.

This compensation would only be paid out in the event of involuntary termination, which excludes cases where they would leave the Company of their own volition, change jobs within the Group or exercise their right to early retirement.

(i) Theoretical amount of the remuneration

The theoretical compensation amount would be equal to 12 months' total compensation including the fixed salary and the annual variable part, plus one month's additional compensation per year of service at the Company regardless of the positions held, it being understood that the current compensation system does not include payment of an exceptional bonus.

(ii) Performance criteria

In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code and the recommendations of the Afep-Medef Code, this compensation is subject to fulfilment of both internal and external performance conditions:

- 50% of the theoretical compensation amount is linked to changes in the NAV during the three years prior to the termination of office: if the Foncière des Régions EPRA NAV drops 25% below the average of the REITs that make up the EPRA index, the fraction of the severance pay linked to this requirement will not be paid. Otherwise, the theoretical amount of this fraction of the compensation will be adjusted by the variation in the NAV for the period considered
- 50% of the theoretical compensation amount is linked to achieving target performance during the three years prior to the termination of office. The criteria for allocation of the target bonus are reviewed every year by the Appointments and Compensations Committee, based on ambitious operational and strategic targets. Their achievement is assessed according to pre-set criteria. If the average rate of fulfilment of the objectives over the last three years is less than 80%, the fraction of the severance pay linked to that criterion is not paid. Otherwise, the amount of the theoretical compensation will be adjusted by the average of the coefficients of achievement of the last three variable portions.

In any case, although the exceeding of one of the two fractions of the compensation may compensate for a possible deduction from the other fraction, the total amount of the end-of-office compensation is capped at two years of total compensation. This cap rule applies to all forms of severance pay and includes any other compensation paid for any other reason at the end of a term of office, it being specified that the Chief Executive Officer and Deputy General Managers will not receive any compensation from Foncière des Régions other than that paid for their term of office.

As a result of the performance criteria listed above being set, the Board will be able, where appropriate, to reflect the target and actual performance of the Chief Executive Officer and Deputy General Managers on the severance pay. Since the targets that are the conditions for payment of the variable portion are themselves linked to operational performance, and implementing strategy, the compensation paid cannot help but be proportional to the results obtained, thus more fully meeting the requirements of the recommendations made by the Afep-Medef Code.

g) Attendance fees

Neither the Chief Executive Officer nor the Deputy General Managers receive any attendance fees related to their potential participation in any Board of Directors or Supervisory Board meetings of the French subsidiaries of the Group. However, they can receive attendance fees if they participate in the Boards of foreign subsidiaries.

h) Supplementary pension schemes

Neither the Chief Executive Officer nor the Deputy General Managers benefits from a specific defined benefits or defined contributions pension scheme.

i) Employment contract

Neither the Chief Executive Officer nor the Deputy General Managers has an employment contract.

j) Compensation for non-compete clause

Neither the Chief Executive Officer nor the Deputy General Managers receives any remuneration related to a non-compete clause.

k) Signing on bonus (or "Welcome bonus" or "Golden hello")

Foncière des Régions has never paid any signing bonus to a Chief Executive Officer or Deputy General Manager. If such a situation arose, the Board would ensure that the premium was calculated in such a way as to cover the losses caused by the recruitment of the officer due to having left his previous employment.

4.3.2.4. Corporate officers' terms of office and functions

In accordance with the provisions of Article L. 225-37-4, paragraph 1, of the French Commercial Code, and with Article 14.1 of Appendix 1 to Regulation (EC) No. 809/2004, please find below a list of all terms of office and functions exercised in all companies, in France and abroad during the past five years, by each of the Company's executive corporate officers who are in office on 31 December 2017.

4.3.2.4.1. List of mandates and functions exercised by the members of the General Management

Monsieur Christophe Kullmann

Born on 15 October 1965 in Metz (57)
French national
Business address: 30, avenue Kléber, 75116 Paris

Main function:
Chief Executive Officer of Foncière des Régions

Biography:

Christophe Kullmann has spent his whole career in the real estate industry. He was in charge of financial management at Immobilière Batibail, a publicly traded real estate development company, from 1992 until its merger in 1999 with Gecina, where he oversaw its financial management.

At the helm of Foncière des Régions since its creation in 2001, Christophe Kullmann serves as Chief Executive Officer and is a member of the Board of Directors. Since 2015, he also serves as Deputy Director of Beni Stabili, a subsidiary of Foncière des Régions in Italy.

Since 2012, Christophe Kullmann serves as the president of the French Federation of Real Estate Companies (FSIF), a trade association in the listed real estate sector. In addition, he is a member of the EPRA Board of Directors and member-founder of the Palladio Foundation.

Number of shares held as at 31 December 2017: 67,464 (to which 24,000 beneficially owned shares are added following a bare ownership transfer)

Offices held within the Foncière des Régions group:

Chief Executive Officer
Date of appointment: 31 January 2011
Date of renewal: 1 January 2015
Date of expiration of the term of office: 31 December 2018

Director
Date of appointment: 25 April 2012
Date of renewal: 27 April 2016
Date of expiration of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ended 31 December 2019

Other offices held within the Foncière des Régions group:

Chairman of the Supervisory Board: Foncière des Murs SCA (public company)

Chairman of the Strategic Committee: FDM Management SAS (until 24 January 2018)

Member of the Supervisory Board: Immeo SE (European company)

Member of the Appointments and Compensations Committee: Foncière Développement Logements – FDL SA (until 22 January 2018)

Member of the Executive and Investment Committee: Beni Stabili S.p.A. SIIQ (Italian public company)

Deputy Director: Beni Stabili S.p.A. SIIQ (Italian public company)

Director: Foncière Développement Logements – FDL SA

General Manager: GFR Kléber SARL

Legal representative of Foncière des Régions, General Manager (Chairman): Technical SAS

Legal representative of Foncière des Régions, General Manager: SCI Esplanade Belvédère II, SCI Raphaël, SCI Le Ponant 1986, SCI Omega A, SCI Omega C, SCI Ruhl Côte d'Azur, SCI Latécoère, SCI Latécoère 2, SCI Lenovilla, SCI Meudon Saulnier, SCI 11 Place de l'Europe, SCI du 15 Rue des Cuirassiers, SCI du 288 Rue Duguesclin, SCI du 9 rue des Cuirassiers (since 7 December 2017)

Offices held outside the Foncière des Régions group:

Chairman of the Board of Directors: FSIF (trade association)

Director: IEIF (Association)

Offices held outside the Foncière des Régions group over the past five fiscal years:

Director: IPD France SAS (ended in 2013)

Member of the Executive Board: EPRA (ended in 2017)

Permanent representative of Republic, Director: BP 3000 SA (ended in 2016)

Olivier Estève

Born on 18 September 1964 in Algiers – Algeria
French national
Business address: 30, avenue Kléber, 75116 Paris

Main function:
Deputy General Manager of Foncière des Régions

Biography:

Olivier Estève is a graduate of École Spéciale des Travaux Publics (ESTP). After a 12-year career in the Bouygues Group (1990-2001), where in particular he served as Director of Development in the SCREG Bâtiment subsidiary, he joined Foncière des Régions in September 2002.

After being Real Estate Director responsible for Major Commercial Property Development Projects, he currently supervises all Foncière des Régions Offices activities (development, asset management, property management).

Olivier Estève is a member of the Management Committee and Deputy General Manager of Foncière des Régions.

Number of shares held at 31 December 2017: 45,019

Offices held within the Foncière des Régions group:

Deputy General Manager
Date of appointment: 31 January 2011
Date of renewal: 1 January 2015

Date of expiration of the term of office: 31 December 2018

Other offices held within the Foncière des Régions group:

General Manager: FDR 2 SAS

Chairman and Chief Executive Officer: République SA

Chairman of the Board of Directors: Office CB 21 SPPICAV (until 7 March 2018)

Permanent representative of Foncière des Régions, Director: Foncière Développement Logements – FDL SA (since 1 January 2018)

Chairman of the Investment Committee: Foncière des Murs SCA (public company)

Member of the Supervisory Board: Foncière des Murs SCA (public company), Immeo SE (European company)

General Manager: Foncière des Régions Développement SNC, GFR Ravinelle SARL, Euromarseille Invest EURL, SCI Euromarseille 1, SCI Euromarseille 2, FDR 4 EURL, FDR 7 EURL, Fédération EURL, BGA Transaction SARL, Foncière Margaux SARL, SARL du 2 rue Saint Charles, SARL du 25-27 Quai Félix Faure, SARL du 106-110 rue des Troènes, Telimob Paris SARL, Imefa 127 SCI, SCI Atlantis, SCI Pompidou Metz, SNC Palmer Plage, SCI Palmer Montpellier, SCI Dual Center, SCI Charenton, Latepromo SNC, Lenopromo SNC, Promomurs SNC, FDR Participations EURL, SCI Avenue de la Marne, Omega B SARL, Foncière des Régions Property, SCI Rueil B2, SCI Rueil B3 B4, Wellio (formerly SNC OPCO Newwork – since 28 March 2017), SNC Le Clos de Chanteloup (since 26 September 2017), SNC Bordeaux Lac (since 19 October 2017), SNC Sully Chartres (since 19 October 2017), SNC Sucy Parc (since 19 October 2017), SNC Gambetta Le Raincy (since 19 October 2017), Orly Promo SNC (since 24 October 2017), Silexpromo SNC (since 26 October 2017), SCI du 21 Rue Jean Goujon (since 20 November 2017), SNC La Marina Fréjus (since 4 December 2017), SNC Villouvette Saint Germain (since 4 December 2017), SNC Gauguin St Ouen l'Aumone (since 4 December 2017), SNC Le Printemps Sartrouville (since 4 December 2017), SNC Normandie Niemen Bobigny (since 4 December 2017), SCI Cité Numérique (since 7 March 2018)

Legal representative of Fédération, General Manager: Federimmo SCI

Legal representative of République, General Manager: Gespar SC, Parking de la Comédie SNC, Parking de la Gare Charles de Gaulle SNC

Legal Representative of République, Chairman: Société du Parc Trinité d'Estienne d'Orves SAS

Legal representative of Telimob Paris SARL, General Manager: Telimob Est SNC, Telimob Nord SNC, Telimob Ouest SNC, Telimob Paca SNC, Telimob Paris SNC, Telimob Rhône-Alpes SNC, Telimob Sud-Ouest SNC

Legal representative of Foncière Margaux, General Manager: SCI du 1 Rue de Châteaudun, SCI du 2 Rue de l'Ill, SCI du 3 Place A. Chaussy, SCI du 8 Rue M. Paul, SCI du 10 Bis et 11 à 13 Allée des Tanneurs, SCI du 20 Avenue Victor Hugo, SCI du 32 Avenue P. Grenier, SCI du 35/37 Rue Louis Guerin, SCI du 40 Rue Jean-Jacques Rousseau, SCI du 125 Avenue du Brancolar, SCI du 682 Cours de la Libération, SCI du 1630 Avenue de la Croix Rouge

Legal representative of SCI Euromarseille 1, General Manager: SCI Euromarseille BL, SCI Euromarseille BI, SCI Euromarseille BH, SCI Euromarseille BH2

Legal representative of SCI Euromarseille 2, General Manager: SCI Euromarseille PK, SCI Euromarseille H

Offices held outside the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group over the past five fiscal years:

Chairman of the Board of Directors: BP 3000 SA (ended in 2016)

Permanent representative of Foncière des Régions, member of the Supervisory Board: Altarea SCA (public company – ended in 2013)

Permanent representative of Foncière des Régions, Director: Technical Property Fund 1 SPPICAV (ended in 2014)

Subsequent to the end of the fiscal year, the Board of Directors, at its meeting of 14 February 2018, having heard on the proposal of the Appointments and Compensations Committee, appointed Dominique Ozanne as Deputy General Manager, effective on the same day and for a period of four years ending on 31 December 2021.

Dominique Ozanne

Born on 1 July 1978 in Paris (75)
French national
Business address: 10, avenue Kléber, 75116 Paris

Main function:
Chief Executive Officer of Foncière des Murs

Biography:

A graduate of ESTP and HEC (MS), Dominique Ozanne joined Foncière des Régions in 2003 as adviser to the Chief Executive Officer. In 2005, with the creation of Foncière des Murs (Foncière des Régions' SIIC subsidiary through which outsourced portfolios are acquired in hotels and operating premises), he was appointed Chief Operating Officer, then Head of Development and Asset Management.

In 2011, he became Chief Executive Officer of Foncière des Murs, which manages more than 400 hotels. In 2014, he participated in the creation of FDM Management SAS, a vehicle dedicated to investments in operating hotel properties in the hotel industry, and where he now serves as Chairman.

He is one of the founders of AHTOP, an association whose aim is to foster loyalty among hotel industry professional and economic stakeholders as a whole who strive to provide quality lodging, to help boost the appeal of tourism in France.

Dominique Ozanne is Deputy General Manager of Foncière des Régions since 14 February 2018.

Number of shares held at 31 December 2017: 16,863

Offices held within the Foncière des Régions group:

Deputy General Manager
Date of appointment: 14 February 2018
Date of expiration of the term of office: 31 December 2021

Other offices held within the Foncière des Régions group:

Chairman of the Board of Directors: B2 Hotel Invest SPPICAV

Chairman: Foncière Iris SAS, Sables d'Olonne SAS, Campeli (SAS), FDM Gestion SAS, Foncière Ulysse SAS, Foncière B2 Hotel Invest SAS, Foncière B3 Hotel Invest SAS, FDM Management SAS (until 24 January 2018), Foncière B4 Hotel Invest, Constance SAS (from 26 September 2017 to 9 February 2018), SO Hospitality SAS (from 1 December 2017 to 9 February 2018), Nice – M SAS (since 21 December 2017)

Chief Executive Officer: Iris Holding France SAS

Chairman of FDM Gestion, Managing Partner: Foncière des Murs SCA, public company

Chairman of FDM Gestion, Managing Partner Foncière des Murs, General Manager: Foncière Otello SNC, Hôtel 37 Place René Clair SNC, SCI Hôtel Porte Dorée

Chairman of SO Hospitality, Chairman: Hermitage Holdco (from 24 January 2018 to 9 February 2018)

Chairman of FDM Management SAS, Chairman: Financial Hope SAS (until 24 January 2018), OPCO Rosace SAS (until 24 January 2018), Hermitage Holdco SAS (until 24 January 2018)

Chairman of Constance, Chairman: OPCO Rosace (from 24 January 2018 to 9 February 2018)

Chairman of FDM Management SAS, Chairman of Hermitage Holdco SAS, Chairman: Alliance and Compagnie SAS (until 24 January 2018), Société Lilloise d'Investissement Hôtelier SAS (until 24 January 2018)

Chairman of SO Hospitality, Chairman of Hermitage Holdco SAS, Chairman: Alliance et Compagnie SAS (from 24 January 2018 to 9 February 2018), Société Lilloise d'Investissement Hôtelier (SAS) (from 24 January 2018 to 9 February 2018)

Chairman of FDM Gestion, Managing Partner Foncière des Murs, Chairman: SAS Samoëns

General Manager: Foncière Manon SARL, Loire SARL, FDM Gestion Immobilière SNC, SCI Rosace

Director of Belgian public limited companies: Airport Garden Hotel, Exco Hotel KVK, Invest Hotel KVK, Foncière Vielsalm, Sunparks de Haan, Sunparks Oostduinkerke, Foncière Kempense Meren, Foncière No Bruges Centre, Foncière No Bruxelles Grand Place, Foncière IB Bruges Centre, Foncière IB Bruxelles Aeroport, Foncière IB Bruxelles Grand Place, Foncière Gand Opera, Foncière Gand Centre, Foncière Bruxelles Expo Atomium, Foncière Antwerp Centre, Foncière No Bruxelles Aeroport, Tulipe Holding Belgique, Narcisse Holding Belgique, Foncière Brugge Station, Foncière Bruxelles Sud, Foncière Louvain Centre, Foncière Liege, Foncière Bruxelles Aeroport, Foncière Bruxelles Tour Noire, Foncière Louvain, Foncière Malines, Foncière Bruxelles Gare Centrale, Foncière Namur

Chief Executive Officers of German companies: Iris Berlin GmbH, Iris Essen Bochum GmbH, Iris Frankfurt GmbH, Iris General Partner GmbH, Iris Investor Holding GmbH, Iris Nurnberg GmbH, Iris Stuttgart GmbH, Star Budget Hotel GmbH, BRE/GH II Berlin I Investor GmbH, BRE/GH II Berlin II Investor GmbH, BRE/GH II Berlin III Investor GmbH, BRE/GH II Dresden I Investor GmbH, BRE/GH II Dresden Ii Investor GmbH, BRE/GH II Dresden III Investor GmbH, BRE/GH II Dresden IV Investor GmbH, BRE/GH II Dresden V Investor GmbH, BRE/GH II Erfurt I Investor GmbH, BRE/GH II Leipzig I Investor GmbH, BRE/GH II Leipzig II Investor GmbH

Director of Spanish companies: Investment FDM Rocatierra S.L, Bardiomar S.L, Trade Center Hotel S.L.U

Alternate Member: Foncière Développement Tourisme (SPPICAV) Partnership Committee

Member of the following committees: SAS Samoëns Partnership Committee, Iris Holding France SAS Strategic Committee, SCI Dahlia Management Board, SCI Hôtel Porte Dorée Partnership Committee (until 24 January 2018)

Offices held outside the Foncière des Régions group:

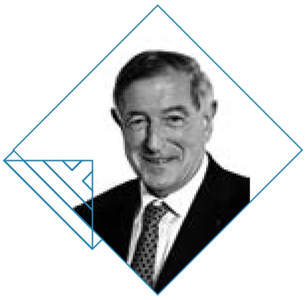
Director: Iris Invest 2010 SPPICAV, Camp Invest SPPICAV

General Manager of Luxembourg companies: Maro Lux SARL, Roma Lux

Offices held outside the Foncière des Régions group over the past five fiscal years:

None

4.3.2.4.2. List of terms of office and functions held by the members of the Board of Directors



Jean Laurent

Born on 31 July 1944 in Mazamet (81)
French national
Business address: 30, avenue Kléber, 75116 Paris

Main function:
Chairman of the Board of Directors of Foncière des Régions

Biography:

Jean Laurent is a graduate of École Nationale Supérieure de l'Aéronautique (1967) and holds a Master of Science from Wichita State University.

He has spent his entire career within the Crédit Agricole Group, initially in the Crédit Agricole branches in Toulouse, then in Loiret and in Paris Region where he held or supervised various roles in retail banking.

He then joined Caisse Nationale du Crédit Agricole, first as Deputy General Manager (1993-1999), and then as Chief Executive Officer (1999-2005). In this capacity, he handled the IPO of Crédit Agricole SA (2001), then the acquisition and integration of Crédit Lyonnais in the Crédit Agricole group.

Director of public companies, he was appointed Chairman of the Board of Directors of Foncière des Régions in 2011.

Number of shares held at 31 December 2017: 575

Offices held within the Foncière des Régions group:

Chairman of the Board of Directors, Independent Director
Member of the Strategic and Investment Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015
Date of expiration of the term of office: General Meeting of 2019 approving the annual financial statements for the fiscal year ended 31 December 2018

Other offices held within the Foncière des Régions group:

Director: Beni Stabili SpA SIIQ (foreign public company)

Offices held outside the Foncière des Régions group:

Director, Lead Director, Chairman of the Appointments and Compensations Committee: Danone SA (public company)

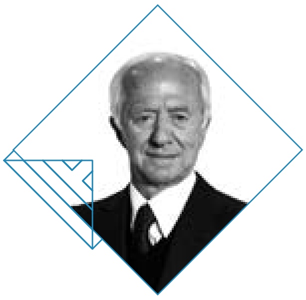
Terms of office expired within the last five fiscal years:

Vice-Chairman of the Supervisory Board, Chairman of the Audit Committee and member of the Finance Committee: Eurazeo SA (public company – ended in 2017)

Director: Unigrains SA (ended in 2014)

Chairman of the Corporate Social Responsibility Committee: Danone SA (public company)

Chairman of the Board of Directors: Institut Europlace de Finance (foundation)



Leonardo Del Vecchio

Born on 22 May 1935 in Milan – Italy
Italian national
Business address: 24, avenue Princess Grace – Le Roccabella, 98000 Monaco

Main function:
Chairman and Chief Executive Officer of Luxottica Group SpA

Biography:

Leonardo Del Vecchio is the Chairman and founder of the Luxottica Group, a world leader in the design, manufacturing and distribution of eyewear, which has been listed on the New York Stock Exchange since 1990. Since 2000, the Group has also been listed on the Milan Stock Exchange where it holds a prominent position in the S&P/MIB index of blue chip companies, with a market capitalisation in excess of €24 billion. In 1986, Leonardo Del Vecchio was named "Cavaliere del Lavoro", an honour awarded by the President of Italy.

Number of shares held at 31 December 2017: 1

Offices held within the Foncière des Régions group:

Director and Vice-Chairman of the Board of Directors
Chairman of the Strategic and Investment Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015
Date of expiration of the term of office: General Meeting of 2019 approving the annual financial statements for the fiscal year ended 31 December 2018

Other offices held within the Foncière des Régions group:

Director: Beni Stabili SpA SIIQ (foreign public company)

Offices held outside the Foncière des Régions group:

Director: Delfin SARL (foreign company), Aterno SARL (foreign company), Luxottica Group SpA (foreign public company), GIVI Holding SpA (foreign company)

Terms of office expired within the last five fiscal years:

Director: Julius Baer SGR SpA (foreign company), Gianni Versace SpA (foreign company)

ACM VIE SA

34, rue du Wacken, 67000 Strasbourg
Strasbourg Trade and Companies Register TI 332 377 597
Number of shares held as at 31 December 2017: 6,269,881

Offices held within the Foncière des Régions group:

Director
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015
Date of expiration of the term of office: General Meeting of 2018 approving the annual financial statements for the fiscal year ended 31 December 2017

Other offices held within the Foncière des Régions group:

Member of the Supervisory Board: Foncière des Murs SCA (public company)

Offices held outside the Foncière des Régions group:

Director: Serenis Assurances SA, ACM GIE, ACM Services SA, Foncière Masséna SA, ACM Ré SA (foreign company), Agrupacion ACMI SA (foreign company), AMGEN Seguros (foreign company), GACM Espagne (foreign company), Valinvest Gestion

Member of the Supervisory Board: SCPI CMCIC Pierre Investissement, SCPI Crédit Mutuel Pierre 1, SCPI Selectipierre 1, SCPI Logipierre 1, SCPI Logipierre 3

Member of the Audit Committee: GACM Espagne SA (foreign company), AMGEN, Atlantis Vida, Agrupacion AMCI, AMSYR

Terms of office expired within the last five fiscal years:

Member of the Supervisory Board: Foncière Massena SCA (change of form in 2015), SCPI Ouest Pierre Investissement (ended in 2017)

Director: Korian (public company – ended in 2014), Foncière Développement Logements – FDL (public company – ended in 2013), Foncière des 6e et 7e arrdts de Paris SA (public company – merged in 2015), Serenis Vie SA (merged in 2016), ACMN IARD (ended in 2016), Partners Assurances SA (foreign company – until 9 March 2017)

Ms Catherine Allonas Barthe

Born on 18 January 1955 in Strasbourg (67)
French national
Business address: 42, rue des Mathurins, 75008 Paris

Main function:
Chief Financial Officer of Assurances du Crédit Mutuel

Biography:

Catherine Allonas Barthe has a Master's degree in mathematics. She is a graduate of École Nationale de la Statistique et de l'Administration Économique (ENSAE), and has served as Chief Financial Officer of Assurances du Crédit Mutuel since 2003. In addition, she is Chief Executive Officer of ACM Vie Mutuelle. Previously, Catherine Allonas Barthe served as Chief Financial Officer of SOCAPI, a subsidiary of the CIC banks, from 1992 to 2003.

Number of shares held at 31 December 2017: None

Offices held within the Foncière des Régions group:

Permanent representative of ACM Vie, Director
Member of the Strategic and Investment Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015
Date of expiration of the term of office: General Meeting of 2018 approving the annual financial statements for the fiscal year ended 31 December 2017

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Chief Executive Officer: Assurances du Crédit Mutuel Vie SAM

Deputy General Manager: Assurances du Crédit Mutuel Vie SA

Chairwoman of the Board of Directors: Foncière Masséna SA

Chairman: Mutuelles Investissement SAS

Member of the Management Board, Deputy General Manager: Groupe des Assurances du Crédit Mutuel SA

Permanent representative of ACM Vie SA, Director: Serenis Assurances SA, Valinvest Gestion SICAV

Permanent representative of ACM Vie SAM, Director: GIE ACM

Permanent representative of Adepi SA, Director: CM-CIC Asset Management SAS

Permanent representative of GACM SA, Director: GACM Espagne SA (foreign company)

Permanent representative of BFCM, Director: CIC SA

Permanent representative of Placinvest, member of the Supervisory Board: CM-CIC Investissement SA

General Manager: ACM SCI

Terms of office expired within the last five fiscal years:

Director: CIC SA (public company – ended in 2017)

Permanent representative of ACM Vie SAM, member of the Supervisory Board: CM-CIC Asset Management (ended in 2013)

Permanent representative of ACM Vie SA, Director: Foncière de Paris (public company – ended in 2015)

Permanent representative of Paragestion 2, Director: CM-CIC Asset Management SAS (ended in 2014)

General Manager: Masséna Property SAS (merger in November 2015)

Romolo Bardin

Born on 23 April 1978 in Belluno – Italy
Italian national
Business address: 7, rue de la Chapelle, L-1325 Luxembourg

Main function:
Deputy Manager of Delfin SARL

Biography:

Romolo Bardin is a graduate of Business Management at Ca'Foscari University in Venice. He is Deputy Manager of Delfin SARL. Prior to that he held positions at Sunglass Hut Europe in London, and Luxottica Group in Italy.

Number of shares held at 31 December 2017: 4,585

Offices held within the Foncière des Régions group:

Director
Member of the Strategic and Investment Committee
Member of the Audit Committee
Date of appointment: 17 April 2015
Date of expiration of the term of office: General Meeting of 2018 approving the annual financial statements for the fiscal year ended 31 December 2017

Other offices held within the Foncière des Régions group:

General Manager: Batistica SARL, Immeo Berlin I SARL, Immeo Berlin V SARL, Immeo Lux SARL, Immeo Berlin Prime SARL, Berlin Prime Commercial SARL, Immeo Valore 4 SARL, Immeo Valore 6 SARL

Offices held outside the Foncière des Régions group:

Deputy Manager: Delfin SARL (foreign company)

Member of the Board of Directors: Assicurazioni Generali S.p.a. (foreign public company)

Member of the Board of Directors and Chairman and Chief Executive Officer: Aterno SARL, DFR Investment SARL, Delfin Finance SA, Immochapelle SA, Vast Gain SARL

Terms of office expired within the last five fiscal years:

Permanent representative of Aterno, Director: Foncière des Régions SA (public company – ended in 2015)

Member of the Board of Directors: Molmed SpA (foreign public company – ended in 2014), Acciaitalia S.p.a. (foreign company – ended in 2017)

Member of the Board of Directors and Chairman and Chief Executive Officer: DFR Holding SARL (ended in 2017), Redfern SARL (ended in 2017)

Delphine Benchetrit

Born on 1 September 1968 in Paris (75)
French national
Business address: 76, avenue d'Iéna, 75116 Paris

Main function:
Managing Partner of Finae Advisors

Biography:

Delphine Benchetrit is a graduate of École Supérieure de Commerce de Paris and has a Master's degree in Corporate Finance. She started her career in 1994 as an investor within the Affine Group, and then was a banker at Natixis. As Executive Director, in 2004 she created the real estate department of Lehman Brothers France.

Delphine Benchetrit founded and has managed since 2009 the company Finae Advisors, an independent financial advisory company for real estate investors.

Number of shares held at 31 December 2017: 189

Offices held within the Foncière des Régions group:

Independent Director
Date of appointment: 17 April 2015
Date of expiration of the term of office: General Meeting of 2018 approving the annual financial statements for the fiscal year ended 31 December 2017

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Director and member of the Compensations Committee: Affine SA (public company)

Terms of office expired within the last five fiscal years:

Director and member of the Audit Committee: Züblin Immobilière France (ended in 2015)

Jean-Luc Biamonti

Born on 17 August 1953 in Monaco
Monegasque
Business address: 8, rue du Gabian, MC 98000 Monaco, Principality of Monaco

Main function:
Deputy Chairman of the Société des Bains de Mer Monaco

Biography:

Holder of an MBA from Columbia University and a graduate of ESSEC, Jean-Luc Biamonti joined Goldman Sachs as an investment banker and held various offices there for 16 years. As a partner in the firm, he was responsible for banking business in France and for coverage of the distribution and mass market consumer goods industry in Europe. After having left the bank in 2008, he founded Calcium Capital and developed an SME investment business via this group.

Since January 2013, he has been Deputy Chairman of Société des Bains de Mer Monaco, where he has been a Director since 1985 and Chairman of the Board of Directors since 1995.

Number of shares held at 31 December 2017: 460

Offices held within the Foncière des Régions group:

Independent Director
Member of the Audit Committee
Chairman of the Appointments and Compensations Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015 and 26 April 2017
Date of expiration of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Director, Chairman of the Board and Chief Executive Officer: Société des Bains de Mer Monaco SA (S.B.M. – foreign public company)

Director: S.F.E.

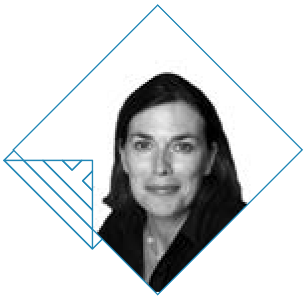
Chairman: S. B. M. USA Inc.

Permanent representative of SB M, Director: S.H.L

Chairman of the Board Committee: Betclic Everest Group

Terms of office expired within the last five fiscal years:

None



Ms Sigrid Duhamel

Born on 1 December 1965 in Paris (75)
French and Danish
Business address: 167, quai de la Bataille de Stalingrad, 92867 Issy-les-Moulineaux

Main function:
Chairman of the Management Board of BNP Paribas REIM France

Biography:

Sigrid Duhamel has been Chairman of the Management Board of BNP Paribas REIM France since 29 September 2017. Previously, she was Chairwoman of CBRE Global Investors France.

After graduating from ESTP in 1990, she joined Bouygues Construction and spent four years managing major industrial renovation and construction projects. She then earned an MBA at INSEAD and joined the US group, United Technologies, where she spent three years managing mergers and acquisitions. After four years' experience in executive recruitment at Eric Salmon & Partners, in 2005, she moved into the real estate business at Tishman Speyer in London, where she spent four years in charge of business development in Europe. In 2008, she joined Carrefour Property, where she was international portfolio Director for three years, before joining the PSA Peugeot Citroën Group in June 2011 as Real Estate Director.

Number of shares held at 31 December 2017: 252

Offices held within the Foncière des Régions group:

Independent Director
Member of the Audit Committee
Date of appointment: 28 April 2014
Date of expiration of the term of office: General Meeting of 2018 approving the annual financial statements for the fiscal year ended 31 December 2017

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Independent Director and member of the Strategic and Audit Committees: CNIM (public company)

Trustee: ULI (Urban Land Institute)

Member: CFI (*Cercle des Femmes de l'Immobilier*)

Terms of office expired within the last five fiscal years:

Member of the Supervisory Board: SA Selectirente (public company – ended in September 2017)

Chairman: ULI (Urban Land Institute) France (association – ended in 2016)

Director: *Association des Directeurs Immobiliers* (ADI) – ended in 2015

Bertrand de Feydeau

Born on 5 August 1948 in Paris (75)
French national
Business address: 5bis rue Volney, 75002 Paris

Main function:
Chairman of Fondation Palladio

Biography:

After legal sciences training at Sciences Po and École du Louvre, Bertrand de Feydeau embarked on his career in real estate at Groupe de l'Union Internationale Immobilière and participated in its development worldwide as its Chief Financial Officer between 1972 and 1982.

In 1982, he joined Claude Bébéar's team at the regional insurance group, which in a few years would become one of the world's top financial groups, under the name AXA. He headed the Group's real estate activity for 18 years, participating in the structuring of the business in order to give it an international and financial dimension.

In 2000, he was called by Monseigneur Lustiger to join the Paris diocese as its General Manager for Economic Affairs, and he led the restoration of Collège des Bernardins, inaugurated in September 2008.

In July 2010, he became Chairman of Fondation des Bernardins.

He is currently Chairman of Foncière Développement Logements and a Director on the boards of various real estate companies (Affine, Foncière des Régions), in addition to being Chairman of the Palladio Foundation.

He is also Vice-Chairman of Fondation du Patrimoine and Vice-Chairman of *Vieilles Maisons Françaises*.

Number of shares held at 31 December 2017: 362

Offices held within the Foncière des Régions group:

Independent Director
Chairman of the Audit Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015
Date of expiration of the term of office: General Meeting of 2019 approving the annual financial statements for the fiscal year ended 31 December 2018

Other offices held within the Foncière des Régions group:

Chairman of the Board of Directors: Foncière Développement Logements – FDL SA

Chairman of the Investment Committee and member of the Appointments and Compensation Committee: Foncière Développement Logements – FDL SA (until 22 January 2018)

Offices held outside the Foncière des Régions group:

Chairman and Chief Executive Officer: Société des Manuscrits des Assureurs Français

Director: Affine (public company), Société Beaujon SAS, Sefri-Cime

Offices held in associations: Chairman of *Fondation des Bernardins*, Chairman of *Fondation Palladio*, Director of *Fondation du Patrimoine* (Vice-Chairman), Director of *Vieilles Maisons Françaises* (Vice-Chairman), Director of F.S.I.F. (*Fédération des Sociétés Immobilières et Foncières*), Director of *Club de l'Immobilier*

Terms of office expired within the last five fiscal years:

Director: Klemurs (public company), Klepierre (public company – ended in 2017)

COVÉA COOPÉRATIONS

14, boulevard Marie et Alexandre Oyon, 72030 Le Mans
Le Mans Trade and Companies Register 439 881 137
Number of shares held at 31 December 2017: 500

Offices held within the Foncière des Régions group:

Director
Date of appointment: 17 February 2016
Date of expiration of the term of office: General Meeting of 2019 approving the annual financial statements for the fiscal year ended 31 December 2018

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Director: Assurland.com SA, Caja de Seguros Reunidos – Compania de Seguros y Reaseguros SA (CASER – foreign company), Carma SA, Covéa Agora GIE, DAS SA, Gespre Europe SA, GMF Assurances SA, Lybernet Assurances SA, MAAF Assurances SA, MAAF Vie SA, MMA IARD SA, MMA Vie SA

Chairman of the Strategy Committee: CAT.SA SAS

General Manager: CAT.SA SAS, Cesvi France SAS

Member: Cibail GIE, Covéa Immobilier Support GIE

Member of the Supervisory Board: Lybernet Assurances SA

Terms of office expired within the last five fiscal years:

Director: AZ Plus SA (ended in 2015), Covéa Caution SA (ended in 2015), E-Santé SA (ended in 2014), Eurosic SA (ended in 2017), Le Mans Conseil SA (ended in 2015)

Member of the Supervisory Board: Covéa Fleet SA (ended in 2015), Covéa Risks SA (ended in 2015), Fincorp SAS (ended in 2015)

Member of the Investments Committee: Eurosic SA (ended in 2017)

Member of the Sustainable Development Committee: Eurosic SA (ended in 2017)

Éric Lécuyer

Born on 7 August 1969 in Orléans (45)
French national
Business address: 86, rue Saint Lazare, CS 10020, 75009 Paris

Main function:
Director of Steering, Performance, Equity interests of Covéa

Biography:

Holder of a DEA in Economy and Finance, Éric Lécuyer started his career in 1996 at Groupe AZUR-GMF where he held different positions in analysis, reporting, audit. From 2004 to 2011, at Covéa Finance, a company managing the assets of Covéa, Éric Lécuyer oversaw the Operation, Risk management, Information systems and Communication-Marketing departments.

From 2012 to 2015, he became Central Director Accounting and Economic Control at MMA then Covéa.

Éric Lécuyer is currently Head of Steering, Performance, Equity interests at Covéa, Responsible for Strategic and Economic steering, Actuary and Monitoring Covéa's equity interests.

Number of shares held at 31 December 2017: None

Offices held within the Foncière des Régions group until 31 December 2017:

Permanent Representative of Covéa Coopérations, Director
Member of the Strategic and Investment Committee
Date of appointment: 1 April 2017

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Representative of MMA Vie Assurances Mutuelles, Member of the Supervisory Committee: Covéa Finance

Representative of MMA Vie Assurances Mutuelles, Chairman: MIDEPP

Representative of MAAF Assurances SA, member of the Supervisory Board: Effi Invest 1

Terms of office expired within the last five fiscal years:

None

Subsequent to the end of the 2017 fiscal year, Laurent Tollié was appointed as the new permanent representative of Covéa Coopérations to the Board of Directors of Foncière des Régions in place of Éric Lécuyer, starting from 1 January 2018.

Laurent Tollié

Born on 9 October 1963 in Saigon – Vietnam
French national
Business address: 86, rue Saint-Lazare, CS 10020, 75009 Paris

Main function:
Chief Investment Officer at Covéa

Biography:

Polytechnicien (holding a diploma in civil engineering) a graduate of ENSAE and Actuary (IAF), Laurent Tollié started his career in 1990 as a statistical studies manager responsible for management control at GMF. In 1994 he was appointed Technical Director at GMF, then Technical Director and IT Director of AZUR-GMF, while serving as a member of the Executive Committee of the AZUR-GMF Group.

In 2006, he was appointed Deputy Chief Insurance Officer at GMF and became a member of the Covéa General Management Committee, and then a member of Covéa's Executive Committee.

In July 2013, he was appointed General Manager of GMF Assurances.

Since 1 January 2018, he has served as Chief Investment Officer at Covéa and Chief Executive Officer at Covéa Coopérations.

Number of shares held: None

Offices held within the Foncière des Régions group:

Permanent representative of Covéa Coopérations from 1 January 2018, Director
Member of the Strategic and Investment Committee since 14 February 2018
Date of appointment: 1 January 2018
Date of expiration of the term of office: General Meeting of 2019 approving the annual financial statements for the fiscal year ended 31 December 2018

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Chairman of the Board of Directors: Téléassurances SA

Chief Executive Officer: GMF Assurances SA

Chairman – Chief Executive Officer: La Sauvegarde SA

Director: UGM Défense Sécurité

Member of the Technical Committee: ANS GMF Vie (association)

Representative of Assistance Protection Juridique SA, Director: GMF Vie SA

Representative of Assurances Mutuelles de France, Director: Groupement de Fournitures et de Moyens Informatiques GIE

Representative of Garantie Mutuelle des Fonctionnaires, Director: GMF Assurances SA

Representative of GMF Assurances SA, Member of the Supervisory Committee: Covéa Finance SAS, Covéa Immobilier SAS

Representative of GMF Assurances SA, Director: Cibail GIE, Covéa Immobilier Support GIE

Representative of La Sauvegarde SA, Director: Assistance Protection Juridique SA, Fidélia Assistance SA, Fidélia Services SA, AGSI GIE

Terms of office expired within the last five fiscal years:

Chairman of the Board of Directors: Assistance Protection Juridique SA (ended in 2013), GMF Vie (ended in 2015), AGSI GIE (ended in 2015), Groupement de Fournitures et de Moyens Informatiques GIE (ended in 2015)

Chairman: Covéa Technologies SAS (ended in 2013)

Chief Executive Officer: Covéa Purchases GIE (ended in 2013)

Director and Vice-Chairman: DreamIt Fondation partenariale (ended in 2015)

Representative of GMF Assurances SA, Director: Novéa Assurances SA (ended in 2013), Covéa Immobilier Services GIE (ended in 2014)

Representative of La Sauvegarde SA, Director: GMF Vie SA (ended in 2013)

Ms Sylvie Ouziel

Born on 18 March 1970 in Boulogne-Billancourt (92)
French national
Business address: 7 rue Dora Maar, 93400 Saint-Ouen

Main function:
Allianz Worldwide Partners – Global Assistance CEO – Asia Pacific CEO

Biography:

Since 2016, Sylvie Ouziel has been the Global CEO Assistance (known in France under the brand Mondial Assistance) and CEO Asia Pacific of Allianz Worldwide Partners.

Sylvia Ouziel is a Centrale Paris graduate who was previously Chairwoman and Chief Executive Officer of Allianz Managed Operations & Services (Amos), a shared services entity established by Allianz to develop synergies between various subsidiaries.

She previously held the position of Assistant General Manager World at Accenture Management Consulting (formerly Andersen Consulting), where she started her career, and where she occupied various leadership posts over 20 years affording her heavy exposure to the international scene.

Number of shares held at 31 December 2017: 425

Offices held within the Foncière des Régions group:

Independent Director
Member of the Audit Committee
Date of appointment: 24 April 2013
Date of renewal: 26 April 2017
Date of expiration of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Member of the Board of Directors: AWP Health & Life, AWP P&C

Member of the Supervisory Board: M6 Métropole TV (public company)

Terms of office expired within the last five fiscal years:

Member of the Board: AMOSA (Amos of America – foreign company)

Chairman and Chief Executive Officer: Allianz Managed Operations & Services (Amos – foreign company)

PREDICA

50/56, rue de la Procession, 75015 Paris
Paris Trade and Companies Register 334 028 123
Number of shares held as at 31 December 2017: 5,305,619

Offices held within the Foncière des Régions group:

Director
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015 and 26 April 2017
Date of expiration of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Foncière des Régions group:

Member of the Supervisory Board: Foncière des Murs SCA (public company)

Administrator: B2 Hotel Invest OPPCI

Offices held outside the Foncière des Régions group:

Director: AEW Immocommercial OPCI, CAA Commerces 2 OPCI, Aéroports de Paris SA (public company), Gecina SA (public company), Eurosic SA (public company), Previseo Obsèques SA, La Médicale de France SA, CAAM Mone Cash SICAV, Predica Habitation OPCI, Predica Bureaux OPCI, Predica Commerces OPCI, River Ouest OPCI, Sanef SA (public company), Korian-Medica SA (public company), Frey SA (public company), Lesica, Messidor OPCI, CA Life Greece SA (foreign company), Louvresses Development I SAS, Fonds Nouvel Investissement 1 (SICAV), Fonds Nouvel Investissement 2 (SICAV), Fonds Stratégique de Participations (SICAV), Ramsay Générale de Santé SA (public company), Patrimoine et Commerce SCA, Carmila, B Immobilier

Member of the Supervisory Board: Altarea SCA (public company), Effi-Invest I SCA, Effi-Invest II SCA, Ofelia SAS, Unipierre Assurance SCPI, CA Grands Crus SAS, Sopresa SA, Interfimo SA, Preim Healthcare

Co-General Manager: Predicare SARL

Non-voting member of the Board of Directors: Siparex Associés SA, Tivana France Holding SAS

Terms of office expired within the last five fiscal years:

Member of the Supervisory Board: Lion SCPI (ended in 2015)

General Manager: Citadel SAS, Citadel Holding SAS

Director: République (until 29 December 2017, Foncière Développement Logements – FDL (until 22 November 2017), Logistis

Jérôme Grivet

Born on 26 March 1962 in London
French national
Business address: 12, place des États-Unis, 92120 Montrouge

Main function:
Assistant General Manager of Crédit Agricole SA in charge of the Group Finance Division

Biography:

Jérôme Grivet is a graduate of ESSEC, the Paris Institute of Political Sciences (Sciences Po), and of ENA. He spent his early career in administration (general inspection of finances, advisor to the Prime Minister for European Affairs) and went on to join Crédit Lyonnais in 1998, first as Financial Director of the retail banking business in France, and then as Director of Strategy. He was Deputy General Manager of Calyon from 2007 to 2010. From 2010 to 2015, he served as Chief Executive Officer of Crédit Agricole Assurances and Chief Executive Officer of Predica. He is a member of the Executive Committee of Crédit Agricole SA. Since 21 May 2015, he has been serving as Assistant General Manager of Crédit Agricole SA responsible for the Group Finance Division.

Number of shares held at 31 December 2017: None

Offices held within the Foncière des Régions group:

Permanent representative of Predica, Director
Member of the Strategic and Investment Committee
Member of the Appointments and Compensations Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015 and 26 April 2017
Date of expiration of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Assistant General Manager and member of the Executive Committee: Crédit Agricole SA (public company)

Director: Crédit Agricole Assurances SA, Korian SA (public company), Nexity (public company), CACEIS, CACEIS Bank France

Member of the Supervisory Board: Fonds de Garantie des Dépôts

Terms of office expired within the last five fiscal years:

Chairman: CA Life Greece SA (foreign company)

Permanent Representative of Predica, Chairman: Fonds Stratégique de Participations (SICAV)

Director, Chairman of the Board of Directors: Spirica SA

Vice-Chairman: BES Vida

Chief Executive Officer: Crédit Agricole Assurances SA, Predica SA

Director: Icade SA (public company), Caagis SAS, Crédit Agricole Vita SpA (foreign company), Pacifica SA, CA Indosuez Private Banking, CA Cheuvreux, Cedicam, Ubaf, Newedge Group, LCL Obligation Euro

Deputy General Manager, member of the Executive Committee: Calyon

Managing Director: CLSA BV, Stichting CLSA Foundation

Permanent representative of Calyon, Director: Fletirec

Permanent representative of Predica, Director: Siparex Associés, La Médicale de France

Permanent representative of Crédit Agricole Assurances SA, Director: Caci SA

Permanent representative of Predica, member of the Supervisory Board: CA Grands Crus SAS, Cape

Chairman and Chief Executive Officer, Director: Mescas

General Manager: SNGI, CA Assurances Italie Holding, Dolcea Vie

Non-voting member of the Board: Aéroports de Paris, CA Immobilier, La Médicale de France SA

Ms Patricia Savin

Born on 19 March 1966 in Grenoble (38)
French national
Business address: 6, rue Duret, 75116 Paris

Main function:
Partner at DS Avocats

Biography:

A graduate of Institut de Droit Public des Affaires (IDPA), and a lawyer registered with the Paris Bar, Patricia Savin holds a PhD in private law from IHEDN (Economic Intelligence Session). A Partner at DS Avocats, she co-manages the Environment and Sustainable Development Department where she is specifically tasked with cases involving logistics, polluted soils and sustainable urban environments. Patricia Savin was elected member of the French National Bar Council, of which she was Secretary General for the 2010-2013 period. As Chairwoman of the Orée association and the Environment and Sustainable Development Commission of the French Bar Association (Ordre des Avocats de Paris), she is regularly consulted by the Ministries of Ecology and Justice on the draft texts under discussion (environment charter, ecological damage, etc.). Before joining DS Avocats, Patricia Savin held posts with the Moquet Borde (now Paul Hastings) law firm, then the Pardieu Brocas law firm, before becoming Co-Manager of the law firm Savin Martinet Associés from 2001 to 2015.

Number of shares held at 31 December 2017: None

Offices held within the Foncière des Régions group:

Independent Director
Member of the Audit Committee since 14 February 2018
Date of appointment: 27 April 2016
Date of expiration of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ended 31 December 2019

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

None

Terms of office expired within the last five fiscal years:

None

Ms Catherine Soubie

Born on 20 October 1965 in Lyon (69)
French national
Business address: 137, rue de l'Université, 75007 Paris

Main function:
General Manager of Arfilia

Biography:

A graduate of ESCP Europe, Catherine Soubie started her career in 1989 at Lazard in London then in Paris. She subsequently held various posts at Morgan Stanley in Paris, before becoming Assistant General Manager of Rallye, from 2005 to 2010. In 2010, Catherine Soubie joined Barclays where she was, until 2016, Managing Director in charge of Investment Banking France-Belgium-Luxembourg.

She is now General Manager of Arfilia and also independent Director on the Board of Directors of Korian.

Number of shares held at 31 December 2017: 650

Offices held within the Foncière des Régions group:

Independent Director
Member of the Appointments and Compensations Committee since 26 April 2017
Date of appointment: 27 April 2016
Date of expiration of the term of office: General Meeting of 2020 approving the annual financial statements for the fiscal year ended 31 December 2019

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Chief Executive Officer: Arfilia

Director, Chairwoman of the Audit Committee and member of the Appointments and Compensations Committee: Korian SA (public company)

Chairwoman: Financial Verbateam

Terms of office expired within the last five fiscal years:

Director, member of the Audit Committee: Medica SA (public company)

Managing Director, Head of Banking France & Belgium – Luxembourg: Barclays

Pierre Vaquier

Born on 30 December 1956 in Bourganeuf (23)
French national
Business address: 7 Allée des Pins, 92100 Boulogne-Billancourt

Main function:
Deputy General Manager of Real Assets Investment Managers SAS

Biography:

Pierre Vaquier has over 35 years of experience in finance and real estate investment.

Pierre Vaquier has held several positions at Paribas and at AXA in France and in the United States. He graduated from HEC in 1980 and became a Partner at the Paribas investment bank's international department for two years. He then went to New York as Manager of real estate-related investment activities, before being named Chief Executive Officer of Paribas Properties Inc. until 1992, then Partner of Paribas Asset Management.

In 1993, he returned to AXA as Director of Development for AXA Immobilier in Paris.

He became Chairman and Chief Executive Officer of Colisées Services (AXA group) in 1995. In 1999, he was named Chairman and Chief Executive Officer of AXA REIM until January 2017.

Pierre Vaquier is a member of the Royal Institution of Chartered Surveyors.

Number of shares held at 31 December 2017: 272

Offices held within the Foncière des Régions group:

Independent Director
Member of the Appointments and Compensations Committee
Date of appointment: 31 January 2011
Date of renewal: 17 April 2015 and 26 April 2017
Date of expiration of the term of office: General Meeting of 2021 approving the annual financial statements for the fiscal year ended 31 December 2020

Other offices held within the Foncière des Régions group:

None

Offices held outside the Foncière des Régions group:

Deputy General Manager: Real Assets Investment Managers SAS

Terms of office expired within the last five fiscal years:

Director, member of the Audit Committee and member of the Investment Committee: Mercialys (public company)

Chairman of the Board of Directors: FDV Venture SA (foreign company – ended in 2017), AXA REIM SGP SA (ended in 2017), FDVII Venture SA (foreign company – ended in 2017), AXA Reim Italia SARL (foreign company), Dolmea Real Estate SA

Permanent Representative of AXA REIM France: AXA Reim SGP SA, IPD France SAS, AXA Aedificandi SICAV

Permanent representative of AXA France Vie, Director: Segece SCS

Director: Drouot Pierre SPPICAV, Pierre Croissance SPPICAV, Ugimmo SPPICAV, AXA Selectiv'immo SPPICAV (ended in 2017), Axa Real Estate Investment Managers US LLC (foreign company – ended in 2017), FDV II Participation Company SA (ended in 2017), DV III General Partner SA (ended in 2017), DV IV General Partner (ended in 2017), FSIF (ended in 2017), Ahorro Familiar SA (foreign company – ended in 2017), EOIV Management Company (foreign company), European Retail Venture SA (foreign company), FDV II Participation Company SA (foreign company)

Chairman of the Appointments and Compensations Committee: Foncière des Régions SA (public company – until 17 April 2015)

Director and Chief Executive Officer: AXA REIM SA (ended in 2017)

Director and Chief Executive Officer: AXA REIM France SA (ended in 2017)

Chairman: Colisée Gérance SAS (ended in 2017)

Member of the Management Committee: Axa Suduiraut SAS (ended in 2017)

Vice-Chairman and member of the Supervisory Board: Logement Français SA (formerly SAPE) (ended in 2017)

Chairman and member of the Supervisory Board: AXA Investment Managers Deutschland GmbH (foreign company) (ended in 2017)

Director and Chairman of the Investments Committee: Carmilla SAS (ended in 2017)

Member of the Supervisory Board: Sefricime Activité et Services SAS (ended in 2017)

4.3.3. Transactions carried out by corporate officers in the Company shares

4.3.3.1. Transactions carried out by members of General Management in Foncière des Régions shares during 2017

General Management members	Purchase of financial instruments	Average value (in €)	Sale of financial instruments	Average value (in €)	Number of shares held at 31 December 2017 (to the best of the Company's knowledge)
Christophe Kullmann	17,065 shares(1)	34.01	-	-	67,464(2)
Olivier Estève	8,459 shares(1)	33.28	-	-	45,019

(1) Allocation of free shares that became available in 2017.
(2) Fully-owned shares to which may be added 24,000 shares beneficially owned resulting from a bare ownership transfer.

Subsequent to the end of the fiscal year:

- Christophe Kullmann has full ownership over 82,727 shares following the final allocation of 15,263 free shares delivered on 19 February 2018
- Olivier Estève owns 52,827 shares following the final allocation of 7,808 free shares delivered on 19 February 2018.

4.3.3.2 Transactions carried out by members of the Board of Directors in Foncière des Régions shares during 2017

Members of the Board of Directors	Purchase of financial instruments	Average value (in €)	Sale of financial instruments	Average value (in €)	Number of shares held at 31 December 2017 (to the best of the Company's knowledge)
Jean Laurent	-	-	-	-	575
Leonardo Del Vecchio	-	-	-	-	1
ACM Vie	253,839	78.79	-	-	6,269,881
Catherine Allonas Barthe	-	-	-	-	0
Romolo Bardin	315	78.79	-	-	4,585
(persons related to Romolo Bardin)	2,194,050	79.59	-	-	21,288,050
Delphine Benchetrit	189	79.813	-	-	189
Jean-Luc Biamonti	31	78.79	-	-	460
Covéa Coopérations	-	-	-	-	500
(persons related to Covéa Coopérations)	113,613	76.82	2,296,147	82.76	6,333,241
Éric Lécuyer	-	-	-	-	0
Sigrid Duhamel	-	-	-	-	252
Bertrand de Feydeau	-	-	-	-	362
Sylvie Ouziel	-	-	-	-	425
Predica	706,854(1)	79.68	-	-	5,305,619
Jérôme Grivet	-	-	-	-	0
Patricia Savin	-	-	-	-	0
Catherine Soubie	-	-	-	-	650
Pierre Vaquier	-	-	-	-	272

(1) Of which 367,302 shares received as compensation for the contribution in kind allocated to the company in respect of 10,494,348 Foncière Développement Logements shares.

After the end of the fiscal year, Romolo Bardin sold 1,200 Foncière des Régions shares, bringing his holding to 3,385 shares.

4.3.4. Special procedures for shareholder participation in General Meetings

Shareholder participation at General Meetings is governed by the legal and regulatory provisions in force and applicable to companies whose shares are listed for trading on a regulated market.

These procedures are described in Article 22 of the Company's Articles of Association, the content of which is presented in full in Section 5.2.1.12 of the Reference Document, it being hereby stated that Foncière des Régions has maintained, at the end of its General Meeting of 17 April 2015, the principle "One share = one vote", approved by the shareholders by waiving the automatic allocation of the double voting right provided by the Florange Law of 29 March 2014.

Any shareholder, regardless of the number of shares held, may attend the General Meeting.

Pursuant to Article R. 225-85 of the French Commercial Code, the right of any shareholder to attend the General Meeting or to be represented at the meeting is subject to book-entry of his shares either in his name or in the name of the intermediary registering the shares on his behalf, by no later than midnight on the second business day preceding the meeting, Paris time (record date), or in the registered share accounts kept for the Company by its proxy holder, BNP Paribas Securities Services, or in the bearer share accounts held by the authorised intermediary.

The registration of the securities in the bearer share accounts held by the authorised intermediary must be recorded by a participation certificate issued by the intermediary, if necessary by electronic means pursuant to the conditions set out in Article R. 225-61 of the French Commercial Code, as an appendix to the remote or proxy voting form or to the application for an admission card issued in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary.

The record date of the Combined General Meeting of 19 April 2018 is set for Tuesday, 17 April 2018.

Consequently, the date on which the share must be traded in order to entitle the holder to attend the General Meeting (ex date) is 12 April 2018 (*i.e.* in France D-5 before the General Meeting).

Shareholders may exercise their voting right in three ways:

- personally attend the General Meeting by requesting an admission card
- use a postal or proxy voting form, which gives the shareholder the option of choosing one of the following three options:
  - give proxy to the Chairman of the General Meeting: the latter will then vote in the shareholder's name in favour of the adoption of the draft resolutions presented or approved by the Board of Directors and vote against the adoption of all other projects
  - vote by post by following the voting instructions provided
  - give proxy to any other physical or legal person of his choice attending the General Meeting by registering the contact details of this person
- vote online before the General Meeting.

After each General Meeting, the Company publishes a summary of the meeting, including the results of the vote for each of the resolutions presented to shareholders.

4.3.5. Elements that could be relevant in the event of a public offer

In accordance with the provisions of Article L. 225-37-5 of the French Commercial Code, please find hereafter our report on the elements likely to have an impact in the event of a public offer.

4.3.5.1. Structure of the Company's share capital

The capital structure is presented in Sections 5.3.2 and 5.3.3 of the Reference Document.

4.3.5.2. Statutory restrictions on the exercise of voting rights and share transfers

Article 8.1 of the Articles of Association establishes an obligation to declare to the Company every instance in which a shareholder's stakehold exceeds the threshold of 1% (or any multiple of this percentage) of the capital or the voting rights relating thereto, including the legal and regulatory thresholds. Such notification must be made by registered letter with return receipt addressed to the registered office within the time limit stipulated in Article R. 233-1 of the French Commercial Code. Mutual fund management firms must carry out such reporting for the entirety of the shares of the Company held by the funds that they manage.

Unless a declaration has been made under the conditions outlined above, shares above the fraction which should have been declared will have no voting rights attached for any General Meeting held within two (2) years after the date of regularisation of the declaration, at the request, recorded in the minutes of the General Meeting, of one or several shareholders together holding at least one per cent (1%) of the share capital.

Under Article 8.2 of the Company's Articles of Association, if any corporate entity holds more than 10% of the share capital directly or indirectly and its shares have not been registered by the second working day prior to any General Meeting of the Company's shareholders, their voting rights will be capped at one tenth of the number of shares held. This situation may be resolved by ensuring that all the shares held directly or indirectly are registered no later than the second working day prior to the General Meeting in question.

At the date of the Reference Document, the Company is not aware of clauses of agreements providing for preferential sale or acquisition terms for shares involving at least 0.5% of the capital or voting rights in the Company.

4.3.5.3. Direct or indirect interests in the Company's equity that are known to the Company

These elements are described in Section 5.3.4 of the Reference Document.

4.3.5.4. Holders of securities providing special control rights and a description thereof

Nil.

4.3.5.5. Control mechanisms provided for in any employee shareholding scheme where rights of control are not exercised by the latter

Nil.

4.3.5.6. Agreements between shareholders that are known to the Company and that could restrict the transfer of shares and the exercise of voting rights

There are no agreements between shareholders that are known to the Company and that could restrict the transfer of shares and the exercise of Company voting rights.

4.3.5.7. Rules applicable to the appointment and replacement of members of the Board of Directors and changes in the Company's Articles of Association

The Company's Articles of Association on these matters do not differ from the generally accepted guidelines for French public limited companies.

4.3.5.8 Powers of the Board of Directors, in particular as regards the issue or redemption of shares

This information is provided in Section 4.3.1.4.1 above and in Sections 5.3.8 and 5.5.1.4 of the Reference Document. The capital increase authorisations granted by the General Meeting to the Board of Directors are mentioned in Section 4.3.7 below.

4.3.5.9. Agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company, unless such disclosure, except in the case of a legal obligation to disclose, would seriously affect its interests

The majority of Foncière des Régions' financing agreements contain clauses concerning a change of control, which, if triggered, could result in the cancellation or early repayment of the debts concerned, provided the lenders so require.

4.3.5.10. Agreements providing for compensation for members of the Board of Directors and employees, if they resign or are dismissed without cause or if their employment ceases due to a public offer

The compensation granted under certain circumstances to executive corporate officers of the Company is set forth in Sections 4.3.2.1.2.6 and 4.3.2.3.2 above.

4.3.6. Agreements referred to in Article L. 225-37-4 of the French Commercial Code

Pursuant to the provisions of Article L. 225-37-4, paragraph 2, of the French Commercial Code, we hereby inform you of the following agreements entered into during the 2017 fiscal year, directly or by an intermediary, between firstly a corporate officer or shareholder holding more than 10% of the voting rights of the Company, and secondly, a subsidiary whose capital is owned over 50% directly or indirectly by the Company, excluding of agreements relating to day-to-day transactions concluded under normal conditions.

- Shareholders' agreement concluded on 7 December 2017 between Foncière des Régions and Assurances du Crédit Mutuel Vie SA in the presence of SCI du 15 rue des Cuirassiers related to the Silex 1 transaction
- Shareholders' agreement concluded on 7 December 2017 between Foncière des Régions and Assurances du Crédit Mutuel Vie SA in the presence of SCI du 9 rue des Cuirassiers related to the Silex 2 transaction
- Addendum no 1. to the Partnership Agreement of 18 June 2015 entered into on 26 December 2017 between Foncière des Régions and SCI DS Campus in the presence of Predica and SCI Latécoère related to the DS Campus operation.

4.3.7. *Summary of financial authorisations currently in force in the area of capital increases*

The General Meeting regularly grants the Board of Directors financial authorisations to increase the Company's share capital by issuing shares and/or securities convertible to equity.

In accordance with the provisions of Article L. 225-37-4, paragraph 3, of the French Commercial Code, we hereby present to you a summary of these delegations currently in force granted by the Shareholders' General Meetings of 27 April 2016 and 26 April 2017 concerning capital increases and the use made of them in 2017 and after the year end.

General Meeting date	Description of the authorisation	Validity of the authorisation	Use of the authorisation		
27 April 2016 Resolution 22	Authorisation granted to the Board of Directors to allocate new or existing free shares to employees and/ or executive officers of the Company and its affiliates, with waiver of the shareholders' preferential subscription right. Cap set at 1% of the share capital on the day of the decision to allocate them by the Board of Directors.	38 months Expiry on 27 June 2019	2016: Allocation of 212,501 free shares	2017: Allocation of 130,953 free shares	2018: Allocation of 144,523 free shares
26 April 2017 Resolution 16	Delegation of authority granted to the Board of Directors to increase the Company's share capital through the capitalisation of reserves, profits or premiums. Nominal capital increase cap set at €22 million.	26 months Expiry on 26 June 2019			None
26 April 2017 Resolution 18	Delegation of authority to the Board of Directors to issue shares and/or securities convertible to equity, maintaining the shareholders' preferential subscription right. Nominal capital increase cap set at €55 million. Nominal security providing access to the Company's share capital issue cap set at €750 million.	26 months Expiry on 26 June 2019			None
26 April 2017 Resolution 19	Delegation of authority to the Board of Directors to issue, through public offering, company shares and/ or securities convertible to equity, with waiver of shareholders' preferential subscription rights and a mandatory priority period for share issues. Nominal debt security issue cap set at €750 million. Nominal capital increase cap set at €22 million.	26 months Expiry on 26 June 2019			None
26 April 2017 Resolution 20	Delegation of authority granted to the Board of Directors to issue shares and/or securities convertible to equity, with waiver of shareholders' preferential subscription rights, in the event of a public exchange offer initiated by the Company up to a limit of 10% of the Company's equity. Nominal debt security issue cap set at €750 million.	26 months Expiry on 26 June 2019			None

General Meeting date	Description of the authorisation	Validity of the authorisation	Use of the authorisation
26 April 2017 Resolution 21	Delegation of authority granted to the Board of Directors for the purpose of issuing shares and/or securities convertible to equity in remuneration for the contributions in kind granted to the Company and consisting of equity securities or securities convertible to equity, with cancellation of the shareholders' preferential subscription right, within the limit of 10% of the share capital. Nominal debt security issue cap set at €750 million.	26 months Expiry on 26 June 2019	22 November 2017: issue of 916,951 shares in remuneration for the contributions in kind by Predica, Cardif Assurance Vie, and Generali Vie of all of their shares in Foncière Développement Logements
26 April 2017 Resolution 22	Delegation of authority granted to the Board of Directors for the purpose of carrying out capital increases reserved for employees of the Company and the companies of the Foncière des Régions group covered by a company savings plan, with waiver of shareholders' preferential subscription right. Nominal capital increase cap set at €500,000.	26 months Expiry on 26 June 2019	None

4.4. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND REGULATED COMMITMENTS

To the shareholders of Foncière des Régions,

In our capacity as statutory auditors of your company, we hereby report on related party agreements and commitments.

We are required to inform you, based on the information we have been given, of the terms and conditions and interest for the company of those agreements and commitments indicated to us, or that we may have discovered during our assignment. We are not required to comment on whether they are beneficial or appropriate or to ascertain if any other agreements and commitments exist. It is your responsibility, in accordance with the terms of article R. 225-31 of the French code of commercial law, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you, in accordance with article R. 225-31 of the French code of commercial law, of any agreements and commitments previously approved by shareholders which were executed during the year.

We have performed the procedures that we deemed necessary to comply with the professional standards applicable in France to such engagements. Those procedures consisted in verifying that the information we were given was consistent with the underlying documentation.

Agreements and commitments submitted for approval by the General Meeting

Agreements and commitments authorised during the year

In accordance with article L. 225-40 of the French code of commercial law, we were advised of the following agreements and commitments which were previously approved by your Board of Directors.

1. With S.C.I. DS Campus, in the presence of Predica and of S.C.I. Latécoère 2

Person concerned

Predica, a director of your company, represented by Mr Jérôme Grivet and a shareholder in S.C.I. DS Campus.

Nature and purpose

Addendum dated 26 December 2017 to the shareholders' agreement of 18 June 2015 related to S.C.I. Latécoère 2.

Terms and conditions

On 18 June 2015 your company, Predica and S.C.I. DS Campus designated Holding Predica signed a shareholders' agreement in the framework of the extension of the Dassault Systèmes campus in Vélizy-Villacoublay ("DS Campus") as provided for by the investment agreement signed on 18 June 2015.

At its meeting of 22 November 2017, your Board of Directors authorised the signature of an addendum taking effect on 26 December 2017 and designed to modify the terms and conditions of the shareholders' agreement and reinforce your company's control over SCI Latécoère 2.

Interest of the agreement for the company

Your Board of Directors motivated the interest of the agreement for the company as follows:

Your company's Board of Directors considered that the signature of the addendum to the shareholders' agreement would reinforce your company's control over S.C.I. Latécoère 2 and enable it henceforth to subject the company to full consolidation.

2. With Assurances du Crédit Mutuel Vie S.A., in the presence of S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers, related to the Silex 1 and Silex 2 developments

Person concerned

Assurances du Crédit Mutuel Vie S.A., a director of your company, represented by Mrs Catherine Allonas and a shareholder in S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers.

a) Nature and purpose

Shareholders' agreements related to S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers.

Terms and conditions

On 19 October 2017 your Board of Directors authorised the signature of two shareholders' agreements with Assurances du Crédit Mutuel Vie S.A. in the framework of the division of the Silex 1 and Silex 2 real estate assets, located in Lyon Part-Dieu, the applicable financial terms and conditions for which were the subject of a fairness opinion dated 17 November 2017 issued by an independent expert and submitted to your Board of Directors.

The shareholders' agreements dated 7 December 2017 were intended to organise the shareholder relationships within S.C.I. du 9 rue des Cuirassiers and S.C.I. du 15 rue des Cuirassiers with regard to the Silex 1 and Silex 2 developments. Your company will be in charge of the operational management of the companies and their assets. The companies now have ad hoc steering committees responsible for supervising each company's general manager.

The shareholders' agreements will expire on 7 December 2032 but be tacitly renewable for successive periods of two years.

b) Nature and purpose

The provision of a yield guarantee between your company and Assurances du Crédit Mutuel Vie S.A.

Terms and conditions

In the framework of the Silex project and of the determination of the financial terms and conditions of its investment in the companies, Assurances du Crédit Mutuel Vie S.A. has required your company to provide a yield guarantee in respect of the sums invested.

The yield guarantee provided by your company to Assurances du Crédit Mutuel Vie S.A. has the following characteristics:

- A guaranteed yield of 2.8% per year during the period from the signature of the yield guarantee up to the end of Silex 2's rent-free period, namely sixteen months after the development's delivery, subject to a maximum period of fifty-four months from the date of signature of the yield guarantee.
- Including any sum paid by one or other of the SCIs to Assurances du Crédit Mutuel Vie SA in the form of any interim or final dividend, reimbursement of share premium or payment of interest, during the period of the yield guarantee.
- In the event of any payment by one or other of the SCIs to Assurances du Crédit Mutuel Vie SA subsequent to the period of the yield guarantee, the partner is required to repay the amount thereof to your company within ten working days of receipt.

The cost of the guarantee to your company in 2017 amounted to €0.2 million.

Interest of the agreements for the company

Your Board of Directors motivated the interest of the agreements for the company as follows:

Your company's Board of Directors considered that the formation of these partnerships with Assurances du Crédit Mutuel Vie S.A. would enable your company to:

- restrict its exposure to the Lyon Part-Dieu market,
- reduce the unit risk of speculative investment in a major asset,
- crystallise part of the value creation for these developments.

Agreements and commitments authorised since the year-end

We were advised of the following agreements and commitments approved by your Board of Directors since the year-end.

3. With Mr Dominique Ozanne, Deputy Managing Director of your company

Nature and purpose

Commitment towards Mr Dominique Ozanne, Deputy Managing Director, regarding the compensation eventually payable in the event of his forced departure following a change of strategy or control as provided for by paragraphs II and III of article L. 233-16 of the French code of commercial law.

Terms and conditions

On 14 February 2018 your Board of Directors, following recommendation to that effect by the Compensation and Appointments Committee, granted Mr Dominique Ozanne, subject to prior confirmation by the Board of Directors of achievement of the performance criteria mentioned below assessed at the time of termination of his term of office as Deputy Managing Director, and in return for his abandonment without compensation of his contract of employment, the potential benefit of compensation for his departure, in the event of termination of his term of office as Deputy Managing Director, only payable in the event of his forced departure following a change of strategy or control and therefore excluding the hypotheses of his voluntary resignation, of any change of function within the Group or of his faculty of rapidly taking retirement.

The theoretical amount of the compensation payable to Mr Dominique Ozanne would equate with twelve months' total fixed and variable salary increased by one month's extra compensation per year of past service within the company in any capacity and subject to an overall limit of two years' total compensation.

As provided for by article L 225-42-1 of the French code of commercial law and the recommendations of the *Code Afep-Medef*, the benefit of this compensation granted on the same basis as that conferred on the company's current Managing Director and Deputy Managing Director would be subordinated to the achievement of stringent internal and external performance criteria as applicable in the framework of the company's compensation policy for its Managing Director and Deputy Managing Directors:

- 50% of the theoretical amount of the compensation will be conditioned by the trend in the company's revalued net assets during the three financial years preceding the cessation of functions. Should the company's revalued net assets as defined by EPRA increase by no more than 75% of the average for the property companies included in the EPRA index, the portion of compensation associated with this criterion will not be paid. If the contrary applies, the theoretical amount of this portion of the compensation will be adjusted to reflect the change in the company's revalued net assets during the applicable period.
- 50% of the theoretical amount of the compensation will be conditioned by achievement of the targeted levels of performance for the three financial years preceding the termination of term of office. The criteria for allocation of performance bonus will be reviewed annually by the Compensation and Appointments Committee and based on ambitious operating and strategic goals. Their achievement will be assessed on the basis of a range of precise criteria. Should the average achievement of the targeted levels of performance for the last three financial years be less than 80%, the portion of compensation associated with this criterion will not be paid. If the contrary applies, the theoretical amount of this portion of the compensation will be adjusted to reflect the average achievement of the last three financial years.

In any event, albeit any excess performance for one of the two aforementioned criteria may offset any eventual shortfall for the other criterion, the total amount of the aforementioned termination compensation is limited to two years' total remuneration. The limit applies to all forms of compensation for termination including any other compensation paid on termination of Mr Dominique Ozanne's term of office, it being noted that he does not receive any compensation from your company other than that paid in respect of his appointment as a director.

The Board of Directors has thus considered that the determination of the aforementioned performance criteria will enable it, if necessary, to take due account, for the determination of any termination compensation, of the objective and actual performance of Dominique Ozanne. As the goals conditioning the payment of the variable portion of compensation are aligned on the company's operating performance and on the deployment of its strategy, any compensation paid would necessarily be proportional to the results achieved, thus fully meeting the requirements of the recommendations included in the *Code Afep-Medef*.

Mr Dominique Ozanne's compensation was authorised by your Board of Directors on 14 February 2018 and will be submitted for approval at your General Meeting on 19 April 2018.

Interest of the undertaking for the company

Your company's Board of Directors considered that the potential benefit of the compensation granted to Mr Dominique Ozanne, and equating with that granted to the current Managing Director and Deputy Managing Director, was justified by his abandonment without compensation of his contract of employment in the framework of his appointment as a Deputy Managing Director.

Agreements and commitments previously approved by the General Meeting

In accordance with Article R225-30 of the French code of commercial law, we were informed that the following agreements and commitments, previously approved by General Meetings of previous years, were executed during the year.

1. Shareholders' agreement with S.C.I. DS Campus, in the presence of Predica and S.C.I. Latécoère 2, and specific guarantee for the benefit of S.C.I. DS Campus in the framework of the "DS Campus" extension project

Person concerned

Predica, a director of your company, represented by Mr Jérôme Grivet and a shareholder in S.C.I. DS Campus.

a) Nature and purpose

Shareholders' agreement with S.C.I. DS Campus, in the presence of Predica and S.C.I. Latécoère 2, in the framework of the "DS Campus" extension project.

Terms and conditions

The shareholders' agreement signed on 18 June 2015 is intended to govern the relationships between the shareholders of S.C.I. Latécoère 2 in the framework of the "DS Campus" extension project. Your company remains the general manager of S.C.I. Latécoère 2 which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager. Shareholders' decisions require the shareholders' unanimous consent. The provisions of the shareholders' agreement applied up to the signature of the addendum on 26 December 2017.

b) Nature and purpose

Specific guarantee for the benefit of S.C.I. DS Campus in the framework of the "DS Campus" extension project.

Terms and conditions

In the framework of the "DS Campus" extension project, on 18 June 2015 your company provided S.C.I. DS Campus with a yield guarantee with the following characteristics:

- a guaranteed yield of 3% per annum during the period from the signature of the yield guarantee on 18 June 2015 and up to the earlier of the following two dates (the "3% Termination Date"):
  - the date of delivery planned for 30 November 2016; and
  - 28 February 2017, i.e. the end of the third month following the planned date of delivery of 30 November 2016;
- 3.5% per year during the period of eighteen months following the 3% Termination Date (the "3.5% Termination Date");
- 7% per year during the period following the 3.5% Termination Date and ending with the first rent date if occurring after the 3.5% Termination Date.

The cost of the guarantee to your company in 2017 amounted to €0.7 million.

2. Commitments for the benefit of Messrs Christophe Kullmann and Olivier Estève

Persons concerned

Messrs Christophe Kullmann and Olivier Estève, Managing Director and Deputy Managing Director of your company.

a) Nature and purpose

Commitments towards Messrs Christophe Kullmann, Managing Director and Olivier Estève, Deputy Managing Director, regarding the compensation eventually payable in the event of their forced departure following a change of strategy or control as provided for by paragraphs II and III of article L. 233-16 of the French code of commercial law.

Terms and conditions

On 5 December 2014 your Board of Directors authorised the renewal of the commitment to pay Messrs Christophe Kullmann and Olivier Estève compensation, subject to prior confirmation by the Board of Directors of achievement of the cumulative performance criteria mentioned below, in the event of termination of their respective terms of office as Managing Director and Deputy Managing Director, only payable in the event of their forced departure following a change of strategy or control as provided for by paragraphs II and III of article L. 233-16 of the French code of commercial law.

As provided for by article L. 225-42-1 of the French code of commercial law and the recommendations of the *Code Afep-Medef*, the benefit of this compensation would be subordinated to the achievement of the following stringent internal and external performance criteria:

- 50% of the theoretical amount of the compensation will be conditioned by the trend in the company's revalued net assets during the three financial years preceding the termination of term of office. Should the company's revalued net assets as defined by EPRA increase by no more than 75% of the average for the property companies included in the EPRA index, the portion of compensation associated with this criterion will not be paid. If the contrary applies, the theoretical amount of this portion of the compensation will be adjusted to reflect the change in the company's revalued net assets during the applicable period.
- 50% of the theoretical amount of the compensation will be conditioned by achievement of the targeted levels of performance for the three financial years preceding the termination of term of office. The criteria for allocation of performance bonus will be reviewed annually by the Compensation and Appointments Committee and based on ambitious operating and strategic goals. Their achievement will be assessed on the basis of a range of precise criteria. Should the average achievement of the targeted levels of performance for the last three financial years be less than 80%, the portion of compensation associated with this criterion will not be paid. If the contrary applies, the theoretical amount of this portion of the compensation will be adjusted to reflect the average achievement of the last three financial years.

In any event, albeit any excess performance for one of the two aforementioned criteria may offset any eventual shortfall for the other criterion, the total amount of the aforementioned termination compensation is limited to two years' total compensation. The limit applies to all forms of compensation for termination including any other compensation paid on termination of term of office, it being noted that the Managing Director and Deputy Managing Director do not receive any compensation from your company other than that paid in respect of their appointments as directors.

These commitments took effect on 1st January 2015 and were approved by you at the General Meeting held on 17 April 2015.

3. Shareholders' agreement and guarantee for the benefit of Predica in the framework of the "Campus Eiffage" development

Person concerned

Predica, a director of your company, represented by Mr Jérôme Grivet.

a) Nature and purpose

Definition of the relationships between the shareholders of S.C.I. 11 place de l'Europe in the framework of the "Campus Eiffage" development.

Terms and conditions

The shareholders' agreement between your company and Predica signed on 19 December 2013 is intended to govern the relationships between the shareholders of S.C.I. 11 place de l'Europe in the framework of the "Campus Eiffage" development. Your company remains the general manager of S.C.I. 11 place de l'Europe which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager. Shareholders' decisions are taken in accordance with the usual legal requirements.

b) Nature and purpose

Specific guarantee for the benefit of Predica in the framework of the "Campus Eiffage" project.

Terms and conditions

In the framework of the "Campus Eiffage" project contracted for by S.C.I. 11 place de l'Europe, on 19 December 2013 your company provided Predica with a yield guarantee with the following characteristics:

- 4% per year of the sums invested by Predica for the benefit of S.C.I. 11 place de l'Europe during the period from the contractual date of completion to the final day of the rent-free period;
- subject to deduction of any and all dividends or interest paid during that period to Predica by S.C.I. 11 place de l'Europe.

The yield guarantee thus ended on the final day of the rent-free period namely at the end of September 2017; your company incurred no charge in respect of the guarantee in 2017.

4. Shareholders' agreement with S.C.I. New Vélizy, in the presence of Predica, in the framework of the "New Vélizy" project

Person concerned

Predica, a director of your company, represented by Mr Jérôme Grivet and a shareholder in S.C.I. New Vélizy.

Nature and purpose

Definition of the relationships between the shareholders of S.C.I. Lenovilla in the framework of the "New Vélizy" development.

Terms and conditions

The shareholders' agreement signed on 1st February 2013 between your company and S.C.I. New Vélizy, in the presence of Predica, is intended to govern the relationships between the shareholders of S.C.I. Lenovilla in the framework of the "New Vélizy" project. Your company remains the general manager of S.C.I. Lenovilla which possesses an ad hoc committee (the "Partnership Committee") whose role is to supervise the company's general manager. Shareholders' decisions require the shareholders' unanimous consent.

5. Addendum to the shareholders' agreement with S.C.I. DS Campus related to S.C.I. Latécoère, in the presence of Predica and S.C.I. Latécoère

Nature and purpose

Definition of the relationships between the shareholders of S.C.I. Latécoère in the framework of the "DS Campus" development.

Terms and conditions

The shareholders' agreement signed on 19 October 2012 between your company and S.C.I. DS Campus, in the presence of Predica, was intended to govern the relationships of the shareholders of S.C.I. Latécoère in the framework of the "DS Campus" project and to fix Predica's subscription price to any share capital increase decided in the event of any extension of the "DS Campus" project.

At its meeting of 19 February 2015, your Board of Directors athorised the signature of an addendum designed to modify the functioning of the agreement and reinforce the extent of your company's control over S.C.I. Latécoère. The changes, essentially impacting the decision-taking scope of the Partnership Committee, took effect on the date of signature of the addendum on 20 April 2015. The addendum applies until 20 April 2025 but may be tacitly renewed for a further period of two years.

Courbevoie and Paris-La Défense, 14 March 2018

The statutory auditors

MAZARS	ERNST & YOUNG et Autres
Gilles Magnan	Jean-Roch Varon

4.5. STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL

Combined General Meeting of 19 April 2018

Twentieth resolution

To the shareholders of Foncière des Régions,

In our capacity as statutory auditors of your company and in compliance with article L. 225-209 of the French code of commercial law in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorized, for a period of eighteen months starting on the date of the present General Meeting, to proceed with the cancellation of shares the company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital by period of twenty four months, in compliance with the article mentioned above.

We have performed the procedures which we considered necessary in accordance with professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux Comptes*) for this type of engagement. The procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Courbevoie and Paris-La Défense, 14 March 2018

The statutory auditors

MAZARS	ERNST & YOUNG et Autres
Gilles Magnan	Jean-Roch Varon

4.6. STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND OTHER SECURITIES WITH OR WITHOUT WAIVER OF EXISTING SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHT

To the shareholders of Foncière des Régions,

In our capacity as your company's statutory auditors and in accordance with articles L. 228-92 and L. 225-135 and following of the French code of commercial law, we hereby report to you on the proposals, submitted for your authorisation, for delegation to the Board of Directors of authority to decide on various issues of shares and/or other securities.

On the basis of its report, the Board of Directors proposes:

- that you authorise it, for a period of twenty-six months with effect from the date of this General Meeting, to decide on the following issues of securities, eventually subject to waiver of your existing preferential subscription right, and to decide on the final terms and conditions applicable to any such issues of securities:
  - the issue, subject to existing shareholders' preferential subscription right (twenty-first resolution), of shares or other securities conferring immediate or deferred access to the share capital of the company, it being specified that the present authorisation may be used for the issue of securities as provided for by article L. 228-93 of the French code of commercial law;
  - the issue, subject to suppression of existing shareholders' preferential subscription right and by means of a public offering (twenty-second resolution), of ordinary shares and/or other securities conferring immediate or deferred access to the share capital of the company, it being specified that the present authorisation may be used for the issue of securities as provided for by article L. 228-93 of the French code of commercial law;
  - the issue, in the event of any public exchange offer initiated by your company (twenty-third resolution), of shares and/or other securities conferring immediate or deferred access to the share capital of the company;
- that you authorise it, for a period of twenty-six months with effect from the date of this General Meeting, to make any issue of shares and/or other securities conferring immediate or deferred access to the share capital of the company, or to other existing or future equity securities of the company, for the purpose of remunerating the contribution to the company of shares or other securities conferring access to share capital (twenty-fourth resolution), within the limit of 10% of the company's share capital.

The maximum nominal amount of the increases in capital that may be achieved immediately or in the future may not exceed €56,000,000 in respect of the twenty-first resolution and €22,400,000 in respect of the twenty-second resolution. The maximum nominal amount of the increases in capital that may be achieved immediately or in the future may not exceed 10% of the company's share capital in respect of the twenty-third and twenty-fourth resolutions.

The maximum nominal amount of the debt securities that may be issued may not exceed €750,000,000 in respect of the twenty-first to twenty-fourth resolutions.

It is the Board of Directors' responsibility to prepare and submit a report in accordance with articles R. 225-113 and following of the French code of commercial law. Our role is to report on the fairness of any financial data extracted from the company's financial statements, on the proposal for waiver of existing shareholders' preferential subscription right, and on certain other information relating to the issue of securities provided in that report.

We carried out the work we deemed necessary in the light of the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* applicable to this responsibility. Our procedures consisted in verifying the content of the report of the Board of Directors and the bases of determination of the issue prices.

Subject to ulterior examination of the terms and conditions applicable to any issue of securities actually decided on, we have no matters to report with regard to the bases of determination of the issue prices for the equity securities to be issued as described in the report of the Board of Directors with regard to the twenty-second resolution.

As the bases of determination of the issue prices for the equity securities to be issued in the framework of the twenty-first, twenty-third and twenty-fourth resolutions have not been established in the report of the Board of Directors, we do not at present express any opinion in their respect.

As the final terms and conditions applicable to any actual issues of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal of the twenty-second resolution for waiver of existing shareholders' preferential subscription right.

In accordance with article R. 225-116 of the French code of commercial law, we will prepare an additional report on those matters in the event of any actual use by the Board of Directors of the proposed delegations of authority for the issue of shares, other equity securities conferring access to the share capital of the company or providing rights of allocation of debt securities, other securities providing access to equity securities to be issued subsequently, or shares issued subject to suppression of existing shareholders' preferential subscription right.

Courbevoie and Paris-La Défense, 14 March 2018

The statutory auditors

MAZARS	ERNST & YOUNG et Autres
Gilles Magnan	Jean-Roch Varon

4.7. STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES OR OTHER SECURITIES PROVIDING ACCESS TO THE SHARE CAPITAL OF THE COMPANY RESERVED FOR THE BENEFIT OF SUBSCRIBERS TO A CORPORATE SAVINGS PLAN

Combined General Meeting of 19 April 2018

Twenty-fifth resolution

To the shareholders of Foncière des Régions,

In our capacity as your company's statutory auditors and in accordance with articles L. 228-92 and L. 225-135 and following of the French code of commercial law, we hereby report to you on the proposal, submitted for your authorisation, for delegation to the Board of Directors of authority to decide on the issue of shares or other securities providing access to the share capital of the company, subject to waiver of existing shareholders' preferential subscription right, reserved for the benefit of employees subscribing to a corporate savings plan of the company and related companies and other entities, as provided for by article L. 225-180 of the French code of commercial law and article L. 3344-1 of the French code of employment law, within the limit of a total nominal amount of €500,000.

The aforementioned proposal is submitted for your authorisation in accordance with articles L. 225-129-6 of the French code of commercial law and L. 3332-18 and following of the French code of employment law.

On the basis of its report, the Board of Directors proposes that you authorise it, with power to further delegate such authority and for a period of twenty-six months with effect from the date of this General Meeting, to decide on any such issue of securities subject to waiver of your existing preferential subscription right. The Board of Directors would also be empowered to decide on the final terms and conditions applicable to any such issue of securities.

It is the Board of Directors' responsibility to prepare and submit a report in accordance with articles R. 225-113 and following of the French code of commercial law. Our role is to report on the fairness of any financial data extracted from the company's financial statements, on the proposal for waiver of existing shareholders' preferential subscription right, and on certain other information related to the issue of securities provided in that report.

We carried out the work we deemed necessary in the light of the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* applicable to this responsibility. Our procedures consisted in verifying the content of the report of the Board of Directors and the bases of determination of the issue prices.

Subject to ulterior examination of the terms and conditions applicable to any issue of securities actually decided on, we have no matters to report with regard to the bases of determination of the issue prices for the equity securities to be issued as described in the report of the Board of Directors.

As the final terms and conditions applicable to any actual issue of securities have not been established, we do not at present express any opinion in their respect nor, therefore, in respect of the proposal for waiver of existing shareholders' preferential subscription right.

In accordance with article R. 225-116 of the French code of commercial law, we will prepare an additional report on those matters in the event of any actual use by the Board of Directors of the proposed delegation of authority for the issue of shares, other equity securities providing access to the share capital of the company or other securities providing access to equity securities to be issued subsequently.

Signed in Courbevoie and Paris-La Défense on 14 March 2018

The statutory auditors

MAZARS	**ERNST & YOUNG et Autres**
Gilles Magnan	Jean-Roch Varon

4.8. PARTIES RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

	Statutory Auditors	Date of appointment	Date of renewal	Expiry of term of office
Principal	**Cabinet Mazars** Tour Exaltis 61, rue Henri-Regnault 92400 Courbevoie	22/05/2000	25/04/2012	OGM approving the annual financial statements for the year ended 31/12/2017
	Ernst & Young et Autres 1-2, place des Saisons Paris-La Défense 1 92400 Courbevoie	24/04/2013		OGM approving the annual financial statements for the year ended 31/12/2018
Alternates	**Cyrille Brouard** Tour Exaltis 61, rue Henri-Regnault 92400 Courbevoie	22/05/2000	25/04/2012	OGM approving the annual financial statements for the year ended 31/12/2017
	Cabinet Auditex 1-2, place des Saisons Paris-La Défense 1 92400 Courbevoie	24/04/2013		OGM approving the annual financial statements for the year ended 31/12/2018

5

INFORMATION AND MANAGEMENT

5.1. PRESENTATION OF THE COMPANY

5.1.1. History of the Company (Group Share data)

1963	The Company is formed under the name "Société des Garages Souterrains et du centre commercial Esplanade – Belvédère". Its original purpose was to operate the first underground car park built in Metz.
1998	The Company acquires a set of mainly residential assets from Immobilière Batibail and changes its corporate name to "Garages Souterrains et Foncière des Régions" (GSFR).
1999	Merger between Immobilière Batibail and Gecina. GSFR is brought under the control of the Batipart family holding company chaired by Charles Ruggieri.
2001	Acquisition from Axa of a real estate portfolio of 107,000 m² The value of the Company's holdings increases 2.5 fold. Signature of an exclusive partnership agreement with the MSREF fund (Morgan Stanley) as part of the acquisition of service sector assets. Acquisition of 56 regional head offices from EDF.
2002	Corporate name change: GSFR becomes "Foncière des Régions". Acquisitions of: ◈ 457 France Télécom assets distributed throughout France, 92,000 m² offices and business premises located in Vélizy-Villacoublay (in partnership with MSREF) ◈ the real estate company Sovaklé, a housing subsidiary of the French Atomic Energy Commission (Commissariat à l'Énergie Atomique or CEA): 4,000 housing units in France and sites in the major regional cities ◈ six EDF real estate complexes acquired in partnership with MSREF. Subsidiarisation of the Car Parks business: creation of the company Parcs GFR.
2003	Foncière des Régions opts for the tax status of a "Société Immobilière d'Investissement Cotée" (SIIC, a public real estate investment company). The year's highlights were: ◈ the acquisition of full ownership of the assets acquired in partnership with Morgan Stanley and leased to EDF or France Télécom. These assets represent 1.15 million m² valued at €850 million ◈ the acquisition of 133 buildings from the insurer Azur-GMF.
2004	Acquisition of the headquarters of the French Atomic Energy Commission (CEA) in Paris: 25,500 m² of offices on rue de la Fédération. Creation of Foncière des Murs (a public real estate company with SIIC tax status), which acquires and manages operating properties in the hotel, health and recreation sectors. Foncière des Régions launches a friendly takeover bid for Bail Investissement Foncière.
2005	At the end of the friendly takeover of Bail Investissement Foncière, Foncière des Régions holds nearly 37% of the capital of Bail Investissement. Acquisition of 5,500 housing units in Germany. Creation of Foncière Développement Logements and transfer of housing assets to this entity.
2006	Acquisition by Foncière des Régions of Technical, which owns 206 office assets leased to France Télécom, through Bail Investissement Foncière in partnership with GE Real Estate. Launch of construction, at the Vélizy-Villacoublay site, of the world headquarters of Dassault Systèmes (60,000 m²) and the launch of renovation work on the CEA headquarters in Paris (Carré Suffren operation). Foncière des Régions reaffirms its development strategy with the launch of Euromed projects in Marseille and the ZAC de l'Amphithéâtre project in Metz. Signature of an agreement with the Autonomous Port of Dunkirk for the development of several logistics zones and the acquisition of an 85,000 m² logistics platform in Saint-Martin-de-Crau. Merger through absorption of Bail Investissement Foncière into Foncière des Régions.
2007	Foncière des Régions acquires 68% of Beni Stabili, the second-largest public real estate company in Italy. Acquisition of the convertible bonds, held by GE Real Estate, in the company Technical, which owns a portfolio of over 200 office assets leased to France Télécom. Acquisition of Gan Tower, the future CB 21 Tower, in the La Défense business district. Creation of Foncière Europe Logistique, a public entity (SIIC tax status) dedicated to the logistics business, and transfer of assets to this entity.
2008	Acquisition from Eiffage of a portfolio of 190,000 m² valued at €102 million and leased to Eiffage on a nine-year firm lease. Cœur d'Orly project: the grouping of composed Aéroports de Paris/Altarea/Foncière des Régions develops a first-tier real estate project near Orly Airport south of Paris with 160,000 m² of offices, stores and a hotel. Delivery of the "Vélizy Campus" programme, the world headquarters of Dassault Systèmes, comprising 60,000 m² of offices. Refinancing of €240 million for the CB 21 project at La Défense. Foncière des Régions becomes part of the SBF 120.

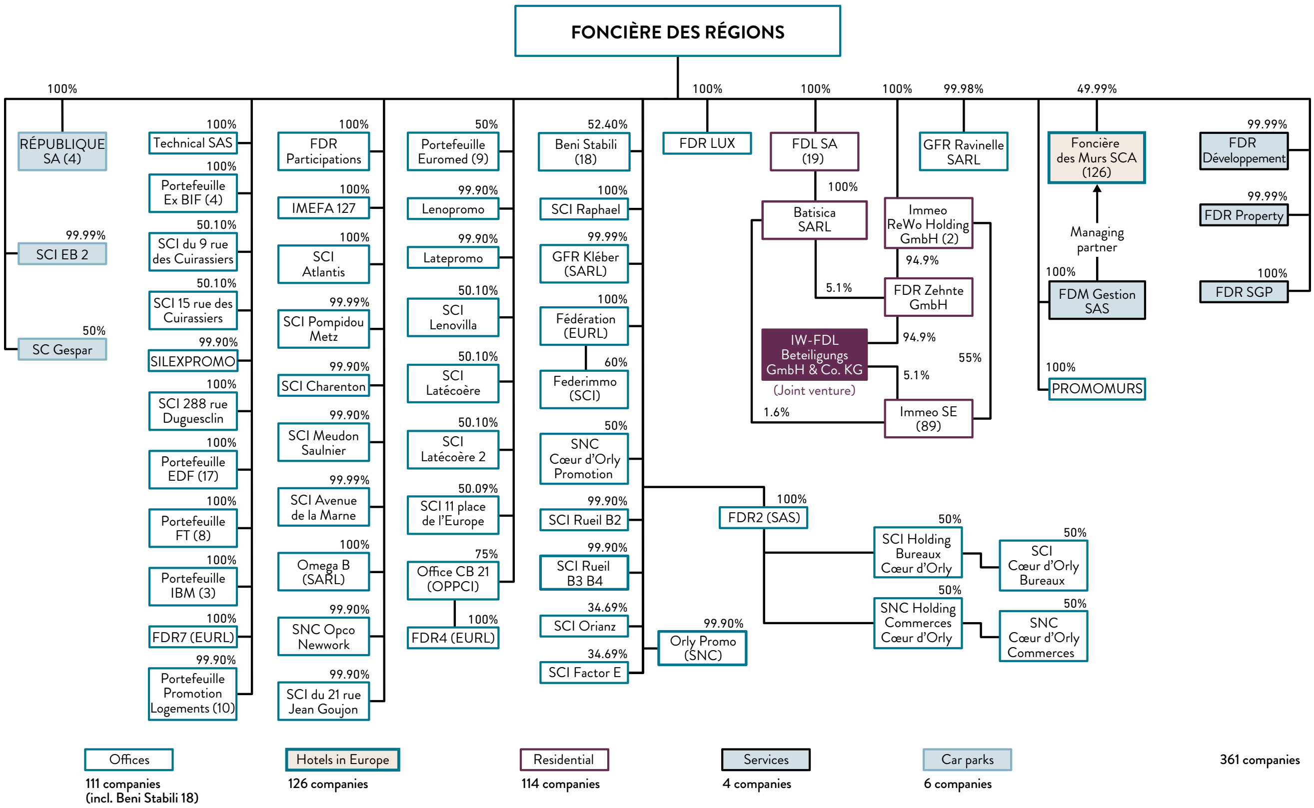
2009	Signature of an agreement with Suez Environnement for the lease of 42,000 m² in the CB 21 Tower. Launch of renovation work on the CB 21 Tower. Sale of 65 assets to France Télécom and negociations for lease extensions for the other assets. Increase of €267 million in equity through the contribution of five office assets and the creation of new shares issued to Groupama and Predica, and an additional €200 million in shareholders' equity in the event of the exercise of equity warrants allotted free of charge to the shareholders of Foncière des Régions (option exercisable until 31 December 2010). Ongoing portfolio rotation through the sale of €504 million of assets (Group Share) and investments of €457 million in Offices in the Paris region. Ongoing debt reduction.
2010	Purchase of Morgan Stanley's 75% equity stake in the MSREF/Foncière des Régions joint venture, which has an office portfolio of 115,000 m². Approval for payment of the 2009 dividend: payment in cash (optional payment in Foncière des Régions shares) and in Beni Stabili shares. Signing of a new memorandum of understanding with France Telecom: lease extensions of 6, 9 and 12 years firm, involving €35 million of yearly rental income. Changes in shareholder structure and governance: Batipart sells a large proportion of its investment in Foncière des Régions to Delfin, Predica and Assurances du Crédit Mutuel Vie (ACM Vie). Charles Ruggieri, Chairman of Batipart, resigns as Chairman of the Supervisory Board of Foncière des Régions. Jean Laurent is appointed Director and named Chairman of the Supervisory Board. Delivery of the renovated CB 21 Tower and distribution: Foncière des Régions signs a disposal agreement for 25% of the CB 21 Tower with CNP Assurances. In the third quarter of 2010, Foncière des Régions signs a new financial agreement for the CB 21 Tower for €270 million over 7 years. Leasing of 23,000 m² of the Carré Suffren asset to AON, the French Ministry of Education and Institut Français. Ongoing portfolio rotation through the sale of €439 million of assets (Group Share) and €149 million in acquisitions (Group Share). Ongoing debt reduction. Foncière des Régions boosts shareholder equity by nearly €200 million following the exercise of nearly all the equity warrants (BSA) outstanding since December 2009.
2011	Adoption on 31 January 2011 by the General Meeting of Foncière des Régions and the subsequent Board of Directors of a new Governance: ◈ adoption of the legal form of a company with a Board of Directors ◈ segregation of the duties of Chairman of the Board of Directors and Chief Executive Officer, assigned respectively to Jean Laurent and Christophe Kullmann ◈ strengthening of the influence of independent Directors, who now represent 40% of the Board of Directors (four out of ten members). Ongoing partnership with Suez Environnement via the acquisition of Degrémont's head office at Rueil-Malmaison for €43 million. This asset is 100% leased under a firm 12-year lease. Increased stake in Foncière Europe Logistique (82%). Inaugural issue of bonds redeemable in cash and/or new and/or existing shares (ORNANE) for a total of €550 million, maturing on 1 January 2017. This issue was carried out with an annual interest rate of 3.34%. The development projects of "32 Grenier" in Boulogne, "Galleria del Corso" in Milan, and the Eiffage Construction head office at Vélizy were delivered and leased. Ongoing portfolio rotation through the sale of €309 million of assets (Group Share) and €157 million in acquisitions (Group Share). Ongoing debt reduction.
2012	Appointment of two new Directors: Christophe Kullmann and Micaela Le Divelec Lemmi. Foncière des Régions boosted its shareholders' equity by €150 million by opting to pay the 2011 dividend in shares, underwritten at the rate of 66% of value. Strengthening of the partnership with Thales *via* the development of a 49,000 m² campus at Vélizy-Villacoublay with a budget of €192 million. This Campus, which is called "New Vélizy", delivered in 2014, will be occupied by Thales under a nine-year lease. Signature of a 50/50 sharing agreement with Predica on a two site transaction in Vélizy: New Vélizy and DS Campus (world headquarters of Dassault Systèmes with a surface area of 60,000 m² that is leased under a firm 12-year lease expiring in 2020). Acquisition in early July of the Citroën headquarters (Paris 17th district) for €62 million, tax included, leased under a firm six-year lease. Launch of Phase 1 of the Euromed Center in Marseille. This development, which represents a budget of €48 million (for Foncière des Régions' 50% share), is located in the heart of the largest redevelopment project in Europe, and includes 14,000 m² of office space, a four-star, 210-room hotel, and an 846-space car park. Purchase of Sophia GE's investment in Foncière Europe Logistique (FEL) by Foncière des Régions, and squeeze-out followed by a mandatory delisting by Foncière des Régions of FEL. Award of a BBB- rating with a stable outlook by the Standard & Poor's rating agency. Inaugural issue of a €500 million bond maturing in January 2018 with a fixed interest rate of 3.875%. Securing of €2 billion in bank financing (including the inaugural issue of a €500 million bond). Acquisition of a portfolio of 165 B&B hotels for €508 million excluding taxes, through an OPCI management company held by Foncière des Murs (50.2%), the Crédit Agricole Assurances Group (40%) and Assurances du Crédit Mutuel (9.8%). Ongoing portfolio rotation through the sale of almost €665 million of assets (Group Share) and over €300 million in investment. Ongoing debt reduction. Foncière des Régions tops the 2012 Novethic Barometer and receives many other awards, including: IPD European Investment Award 2012, EPRA Silver Award 2012, Shareholder Relations Award 2012 (Les Échos-Mazars) and Investor Relations Awards 2012.

2013	Appointment a new Director: Sylvie Ouziel. Beni Stabili issues a €175 million convertible bond offer. Completion of a €180 million private placement maturing in April 2020 (7 years), with a coupon of 3.30%. Euromed Center Project: Foncière des Régions and Crédit Agricole Assurances sign an agreement with Louvre Hôtel Group for a four-star, 210-room Golden Tulip hotel to be delivered in 2016. Launch of the Green Corner transaction in Saint-Denis, a project covering 20,400 m², pre-leased for nearly 70%, with the signature of a ten-year firm lease with the French Health Authority. Launch of the high-profile Cœur d'Orly urban project for Greater Paris with the start of work on the first asset, Askia (18,500 m² of office space), 50% pre-leased to a key account. Separation of France and Germany portfolios in the residential business. Strengthening of Foncière des Régions in Germany: ◈ success of the public exchange offer on Foncière Développement Logements: Following the transaction, Foncière des Régions holds a 59.7% stake in Foncière Développement Logements ◈ €351 million acquisition of housing units in Germany, in Berlin and Dresden. Foncière des Régions sells its entire remaining investment in Altarea Cogedim (7.65% of the capital) for €115 million. Issue of bonds redeemable in cash and/or new and/or existing shares (ORNANE) for a total of €345 million, maturing on 1 April 2019 and offering a coupon of 0.875%; Purchase by Foncière des Régions of approximately €110 million in bonds redeemable in cash and/or new and/or existing shares maturing 1 January 2017. Foncière des Régions is awarded two EPRA Awards for the quality of its financial and non-financial reporting, and confirmation of its position in the DJSI, FTSE4Good and Vigéo indexes.
2014	Appointment of a new Director: Sigrid Duhamel. Acquisition by Foncière des Régions and Crédit Agricole Assurances of the future Eiffage Group campus at Vélizy-Villacoublay. CB 21, new rentals: nearly 11,400 m² let in 2014. Foncière des Régions forges a new partnership with the acquisition, via a sale and lease back transaction, of two office assets from Natixis, in Charenton-le-Pont. Foncière des Régions and Crédit Agricole Assurances deliver the New Vélizy campus to Thales. Foncière des Régions and Demathieu & Bard Immobilier develop the future headquarters for Bose France in Saint-Germain-en-Laye. Foncière des Régions supports B&B in its European expansion and opening of the B&B hotel Paris Porte des Lilas. Foncière des Régions and Meininger Hotels announce a strategic partnership. Foncière des Régions acquires a four-star hotel in Amsterdam from the operator NH Hotel Group. Foncière des Régions continues to build up its presence in the German residential market, with further investments of €240 million. The foundation stone is laid for the four-star Golden Tulip hotel at the new Euromed Center business and cultural complex. Foncière des Régions speeds up its strategic refocus, disposing of nearly 60% of its logistics assets for €473 million. Foncière des Régions announces the creation of FDM Management, a subsidiary and investment partnership specialising in the acquisition of hotel assets on behalf of leading operators. Foncière des Régions successfully places a €500 million seven-year bond issue. Beni Stabili issues a €350 million convertible bond offer. Foncière des Régions receives two EPRA Gold Awards for the quality of its financial and non-financial reporting, for the 2013 Reference Document *(Document de référence)* and the 2013 Sustainable Development Report.
2015	Appointment of two new Directors: Romolo Bardin and Delphine Benchetrit, and appointment of a non-voting member of the Board of Directors: Sergio Erede. Major investment in Hotel real estate with an increased stake in the Foncière des Murs subsidiary (43.1%). Successful capital increase of €255 million. Foncière des Régions delivers nine France Offices projects in 2015, covering more than 100,000 m². Foncière des Régions enters into a new hotel partnership with Motel One and Meininger to expand its hotel management activities. Foncière des Régions, *via* its subsidiary FDM Management, finalises the raising of €172 million in funds. Foncière des Régions reinforces its real estate partnership with AccorHotels by extending the leases of 78 hotels (€1 billion in value), under the same conditions, for 12 years firm, and by selling 46 assets to AccorHotels for €388.5 million. Foncière des Régions continues to pursue its strategy in Germany Residential properties with major investments in Berlin and Hamburg for €500 million. Foncière des Régions signs an agreement with Telecom Italia regarding the extension of leases for an additional nine years and the disposal of two assets. Foncière des Régions signs the acquisition of two assets in Milan for €81 million, then speeds up its value-creation strategy in Italy by appointing Christophe Kullmann as General Manager following the resignation of Aldo Mazzocco. Foncière des Régions sells €101 million in logistics assets and €130 million in France Residential assets. Foncière des Régions negotiates €2.6 billion in new debt/refinancing. S&P raises the Foncière des Régions rating to BBB with a stable outlook. Foncière des Régions receives two 2015 EPRA Gold Awards. Carbon Disclosure Project: Foncière des Régions is recognised as a global benchmark for its actions against climate change.

2016	Appointment of two new Directors: Patricia Savin and Catherine Soubie. Foncière des Régions appoints Alexeï Dal Pastro as General Manager of its subsidiary Beni Stabili. Foncière des Régions delivers six France offices projects in 2016, covering more than 45,000 m^2. Acquisition of an office complex in central Paris for €129 million. Foncière des Régions signs a pre-let agreement for a third of its Silex 1 building in Lyon. Foncière des Region pre-leases all of its EDO building in the business district of Issy-Val de Seine. Pursuit of its strategy in Italy with the signature of a partnership agreement with Crédit Agricole Assurances and EDF Invest to share 40% of the Telecom Italia portfolio. Foncière des Régions signs a first rental agreement for the Symbiosis project in Milan for 16,000 m^2. Foncière des Régions pursues its strategy to strengthen Germany Residential with €277 million of new investments, primarily in Berlin. Foncière des Régions strengthens its German hotel market position with the acquisition of five NH hotels for €62 million. Foncière des Régions pursues its hotels diversification strategy with the acquisition of a portfolio of 19 hotels in Spain for €542 million. Foncière des Régions, through its autonomous investment in FDM Management, acquires €192 million in hotel assets in Belgium, France, and Germany. Launch of partnership with Caisse des Dépôts of Foncière Développement Tourisme, a subsidiary specialising in development activities in tourist zones in France. Foncière des Régions sells its Healthcare portfolio for €301 million. Foncière des Régions increases its equity in its Foncière des Murs subsidiary and now holds 49.9% of the equity. Foncière des Régions increases its equity in its Beni Stabili subsidiary and now holds 52.2% of the equity. Foncière des Régions places its first Green Bond in the amount of €500 million with a ten-year maturity and interest rate of 1.875%. Foncière des Régions signs a partnership agreement with the start-up incubator Immowell Lab. Foncière des Régions receives two 2016 EPRA Gold Awards. Global Compact: Foncière des Régions receives the Trophy for the Best Communication on Progress (COP).
2017	Foncière des Régions delivers nine projects in France Offices and Italy Offices in 2017 totalling 89,000 m^2 with a rental rate of 98%. Foncière des Régions signs a partnership with ACM to split off 49.9% of the Silex1 asset in Lyon and the Silex2 project, undertaken at the end of 2017. Launch of Foncière des Régions' new flex-office and co-working offer in three buildings in Paris and Marseille. Foncière des Régions acquires a portfolio of 17 assets in Italy from the Credito Valtellinese group for €118 million, principally in Milan. Ongoing strategy in Italy with the splitting of 40% of the Telecom Italia portfolio with Crédit Agricole Assurances and EDF Invest at the end of the first half of 2017. Strengthening of Germany Residential with €556 million of new acquisitions, principally in Berlin. Launch of the Germany Residential development pipeline, representing €488 million in construction or extension projects, largely in Berlin. Acquisition of a portfolio of 17 hotels in Spain, located primarily in Barcelona and Madrid, for €559 million. Acquisition of purchase options on 4 NH hotels in Germany and the Netherlands, representing 637 rooms. Improved exposure to the hotel business with the merger-absorption of FDM Management by Foncière des Murs, approved by the shareholders in January 2018. Foncière des Régions consolidates its partnership with B&B through the renewal of 158 hotel leases in France for 12 years firm. Addition to the partnership with Meininger with the launch of a hotel development project in Lyon of 169 rooms. Foncière des Régions signs sales agreements on €290 million of non-strategic retail assets in France. Foncière des Régions increases its investment in its subsidiary Foncière Développement Logements, wholly owned as of 31 December. The company was de-listed from the exchange. Foncière des Régions raises €400 million of equity through a capital increase in January 2017. Through its subsidiary Foncière des Murs, Foncière des Régions raises €200 million of equity through a capital increase with preferential subscription rights in March 2017. Successful placement of €500 million of 10-year bonds at 1.5% Beni Stabili, a subsidiary of Foncière des Régions, obtains a BBB- rating from S&P. Foncière des Régions organises a hackathon on "the office of tomorrow" in partnership with Orange and IBM. Foncière des Régions receives two 2017 EPRA Gold Awards.

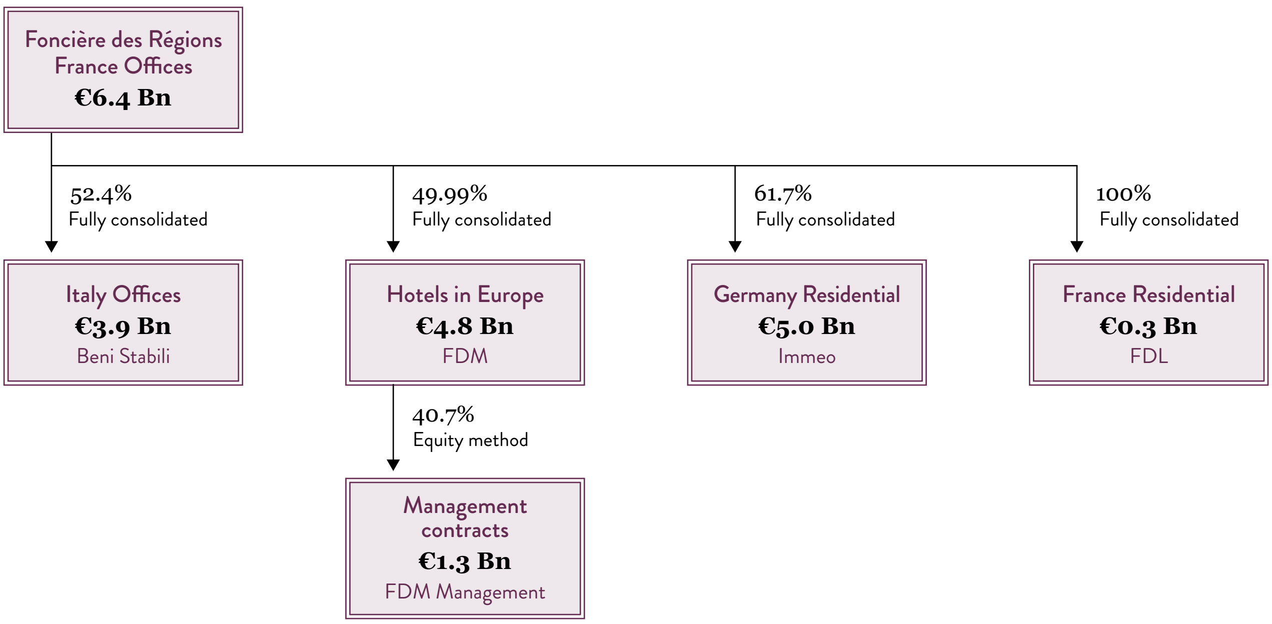
5.1.2. *Group organisation chart*

5.1.2.1. Simplified Group organisation chart as of 31 December 2017 (based on the scope of consolidation)



Following the conclusion on 24 January 2018 of the merger of FDM Management SAS into Foncière des Murs and the contribution of the shares of SCI Hotel Porte Dorée by Caisse des Dépôts et Consignations to Foncière des Murs, Foncière des Régions' share of the equity in Foncière des Murs was reduced to 42.02%.

5.1.2.2. Simplified portfolio of the Group as at 31 December 2017



5.2. GENERAL INFORMATION CONCERNING THE ISSUER AND ITS SHARE CAPITAL

5.2.1. General information concerning the issuer

5.2.1.1. Corporate name (Article 2 of the Articles of Association)

Foncière des Régions.

5.2.1.2. Legal form (Article 1 of the Articles of Association)

The Combined General Meeting of 31 January 2011 adopted the form of a public limited company (*société anonyme*) with a Board of Directors.

5.2.1.3. Registered office (Article 4 of the Articles of Association) and the Company's administrative offices

The registered office of Foncière des Régions is located at 18, avenue François Mitterrand – 57000 Metz (Telephone: +33 (0)3 87 39 55 00).

Its administrative offices are located at 30, avenue Kléber, 75116 Paris, France (Telephone: +33 (0)1 58 97 50 00).

5.2.1.4. Trade and Companies Register

Foncière des Régions is registered in the Metz Trade and Companies Register under number TI 364 800 060.

Its APE code is 6820 B.

The SIRET number of the Company is 364 800 060 00287.

5.2.1.5. Market on which the shares and bonds are listed

Foncière des Régions' shares (ISIN code: FR0000064578 – FDR) are listed for trading on the Euronext Paris market – Compartment A and admitted on the SRD. Foncière des Régions' shares are included in the MSCI, SBF 120, Euronext IEIF "SIIC France", CAC Mid100 composite indices, in the European REIT indices (EPRA and GPR 250), as well as the ethics indices FTSE4 Good, DJSI World and Europe, Euronext Vigeo (World 120, Eurozone 120, Europe 120 and France 20), Oekom, Ethibel and Gaïa.

The bonds optionally redeemable in cash and/or new and/or existing shares (ORNANEs) issued in November 2013 at an annual interest rate of 0.875% for a face value of €345 million, redeemable 1 April 2019 are admitted for trading on the Euronext regulated market in Paris under ISIN code FR0011629344.

The Foncière des Régions bonds issued in October 2012, for a total amount of €500 million, maturing in January 2018, carry a fixed coupon of 3.875% and are listed on the Euronext regulated market in Paris (ISIN code: FR0011345545).

The Foncière des Régions bonds issued in March 2013, for a total amount of €180 million, maturing in April 2020, carry a fixed coupon of 3.30% and are listed on the Euronext regulated market in Paris (ISIN code: FR0011442979).

The Foncière des Régions bonds issued in September 2014 for a total amount of €500 million, maturing in September 2021, carry a fixed coupon of 1.75% and are listed on the Euronext Paris regulated market under ISIN code FR0012146744. On 22 June 2017, the Company purchased €273.1 million of these bonds.

The Foncière des Régions bonds issued in May 2016 (Green Bond), for a total amount of €500 million, maturing in May 2026, carry a fixed coupon of 1.875% and are listed on the Euronext regulated market in Paris (ISIN code: FR0013170834).

The Foncière des Régions bonds issued in June 2017, for a total amount of €500 million, maturing in June 2027, carry a fixed coupon of 1.5% and are listed on the Euronext regulated market in Paris (ISIN code: FR0013262698).

5.2.1.6. Nationality

The Company is governed by French law.

5.2.1.7. Term of the Company (Article 5 of the Articles of Association)

The Company was created on 2 December 1963 for a period of 99 years.

5.2.1.8. Company purpose (Article 3 of the Articles of Association)

The purpose of Foncière des Régions, both in France and abroad, for itself or in partnership with third parties, involves:

- primarily:
  - the acquisition of any land, real estate rights or assets, including through construction leases, emphyteutic leases, authorisations for temporary occupancy of public property and finance leases, as well as all assets and rights that may be accessory or attached to the said real estate properties
  - the construction of assets, and any transactions directly or indirectly related to the construction of such assets
  - the operation and creation of value of such real estate assets through rental
  - directly or indirectly, the holding of equity investments in entities stipulated in Article 8 and paragraphs 1, 2 and 3 of Article 206 of the French General Tax Code and, in general, the acquisition of investments in companies whose primary purpose is the operation of rental real estate portfolio, and the promotion, management and assistance of such entities and companies
- secondarily and directly or indirectly:
  - the leasing of all real estate properties
  - the acquisition, including through concession, of temporary authorisation to occupy public property and the operation of parking facilities

- the management and administration real estate rights and assets for the account of third parties and of direct and indirect subsidiaries
- the promotion, management and assistance of all direct and indirect subsidiaries

- in exceptional circumstances, the transfer, through sale, contribution, exchange or merger, of the assets of the Company
- and more generally:
  - the participation as borrower and lender in any intra-group loan or cash transactions and the possibility of granting for this purpose any personal guarantees or security interests in real or personal property, whether mortgages or other borrowings
  - and all civil, financial, commercial, industrial, personal and real property transactions deemed useful for the development of any one of the aforementioned purposes of the Company.

5.2.1.9. Documents available to the public

The shareholders have several media and tools to keep informed about the Company and the share: the website www.en.foncieredesregions.fr, the financial news in the press, the letter to the shareholders, a special email address (actionnaires@fdr.fr), a special toll-free line (+33 (0) 805 400 865) and the annual report.

This Reference Document is available free of charge and obtained upon request to the Company's administrative offices from the Investor Relations Department. It can also be viewed on the Company's website and on the website of the *Autorité des Marchés Financiers* (French Financial markets authority) (www.amf-france.org).

The corporate documents relating to the last three fiscal years, and more generally all documents sent or made available to shareholders in accordance with legal requirements, can be consulted at the Company's registered office (18, avenue François Mitterrand – 57000 Metz).

The Company's Articles of Association and the Internal Regulations of the Board of Directors, in the most up to date version, are available at its website at the following address: https://www.en.foncieredesregions.fr/group/governance/board_of_directors.

Moreover, the Company's historic financial information can be viewed on its website in the section on regulated information, at the following address: https://www.en.foncieredesregions.fr/finance_en/financial_information/regulated_information. This section groups all the regulated information disclosed by the Company pursuant to the provisions of Articles 221-1 *et seq.* of the General Regulations of the *Autorité des Marchés Financiers.*

5.2.1.10. Fiscal year (Article 24 of the Articles of Association)

Each fiscal year lasts for 12 months, beginning on 1 January and ending on 31 December of each calendar year.

5.2.1.11. Statutory distribution of profits (Article 25 of the Articles of Association)

- At least five per cent (5%) of the profits for the year less any prior losses, must be withdrawn and allocated to the legal reserve fund. This deduction ceases to be required when the reserve amounts to one tenth (1/10) of the share capital.

  Distributable earnings consist of the profit for the year, minus prior losses and sums to be allocated in the reserve as required by law and the Articles of Association, plus any retained earnings.

  The General Meeting may take from this profit any sums it deems appropriate to be allocated to optional, ordinary or extraordinary reserves, or to be carried forward.

  Any balance left over is distributed by the General Meeting among the shareholders in proportion with the number of shares they hold.

  In addition, the General Meeting may decide to distribute sums taken from the reserves at its disposal, expressly indicating the reserve items from which the sums are to be withdrawn. However, dividends are taken primarily from the profit for the year.

  Except in case of a reduction in capital, no distribution may be made to shareholders when the shareholders' equity is, or would become following such a distribution, less than the amount of the capital plus the reserves that may not be distributed by law or the Articles of Association. The revaluation reserve may not be distributed. It may be capitalised in whole or in part.

  Any losses are carried forward, after approval of the financial statements by the Ordinary General Meeting, to be compensated with the profits from subsequent years until extinction.

  The Board of Directors may decide to distribute interim dividend payments prior to the approval of the financial statements for the fiscal year, under the conditions provided for by law.

- The terms for payment of dividends approved by the General Meeting are decided by the General Meeting or by the Board of Directors. However, the payment of dividends must take place within a maximum period of nine (9) months after the end of the fiscal year. An extension of this time period may be granted by court decision.

  The General Meeting may offer shareholders an option between payment in cash or payment in new shares of Company shares for all or a portion of the dividend or interim dividend distributed, under the conditions established by law.

  The Ordinary General Meeting may approve the distribution of profits or reserves through the distribution of negotiable securities owned by the Company; shareholders will be responsible for grouping themselves, if necessary, to obtain a whole number of securities thus distributed.

- Any Concerned Shareholder whose own situation or that of its partners makes the Company liable for the withholding (the **"Withholding"**) as referred to in Article 208 C II ter of the French General Tax Code (a **"Shareholder subject to Withholding"**) will be required to compensate the Company for the deduction tax due arising from a distribution of dividends, reserves, premiums or "income deemed distributed" within the meaning of the French General Tax Code.

  Any Concerned Shareholder is assumed to be a Shareholder subject to Withholding. If he or she states that he or she is not a Shareholder subject to Withholding, he or she must prove this to the Company no later than five (5) business days prior to the payment of distributions by providing a satisfactory legal opinion without reservations, issued by an internationally renowned law firm with recognised expertise in French tax law, certifying that he or she is not a Shareholder subject to Withholding and that the distributions paid to him or her do not make the Company liable for Withholding.

  In the event that the Company holds, directly or indirectly, a percentage of dividend rights at least equal to that stipulated in Article 208 C II ter of the French General Tax Code or more than one or several listed real estate investments trusts mentioned in Article 208 C of the French General Tax Code (a **"Subsidiary**

SIIC"), and when the Subsidiary SIIC, because of the situation of a Shareholder subject to Withholding, has paid the Withholding, the Tax-Paying Shareholder must, as applicable, compensate the Company either for the amount paid as compensation by the Company to the Subsidiary SIIC for the payment of the Withholding by the Subsidiary SIIC or, if there has been no compensation of the Subsidiary SIIC by the Company, for an amount equal to the Withholding paid by the Subsidiary SIIC multiplied by the percentage of the Company's dividend rights in the Subsidiary SIIC, so that the other shareholders of the Company do not bear economically any portion of the Withholding paid by any one of the SIICs in the chain of equity interests on account of the Tax-Paying Shareholder (the **"Additional Compensation"**). The amount of the Additional Compensation will be paid by each of the Shareholders subject to Withholding proportionately to their respective dividend rights divided by the total dividend rights of the Shareholders subject to Withholding.

The Company will be entitled to offset the compensation receivable from any Shareholder subject to Withholding with the sums to be paid by the Company for his or her benefit. Thus, the sums withheld on the Company's profits which are exempt from corporate income tax pursuant to Article 208 C II of the French General Tax Code which must, for each share held by the said Shareholder subject to Withholding, be paid to pursuant to the aforementioned distribution decision or buyback of shares, will be reduced by the amount of the Withholding due by the Company for the distribution of these sums and/or the Additional Compensation.

The amount of any compensation owed by a Shareholder subject to Withholding will be calculated in such a manner that, after payment thereof and taking into account any specific tax regime that maybe applicable to it, the Company will be placed in the same situation as if the Withholding had never become due.

The Company and the Concerned Shareholders must cooperate in good faith to ensure that all reasonable measures are taken to limit the amount of Withholding due or to become due and the compensation arising or that could arise from it.

- In the event that (i) subsequent to a distribution of dividends, reserves or premiums, or "income deemed distributed" pursuant to the French General Tax Code taken from the profits of the Company or of a Subsidiary SIIC exempt from corporate income tax pursuant to Article 208 C II of the French General Tax Code, it should prove that a Shareholder was a Shareholder subject to Withholding on the date of payment of the said sums or (ii) the Company or the Subsidiary SIIC should have made payment of Withholding on the sums thus paid, without the said sums being offset as provided for in Article 25.3 above, the Shareholder subject to Withholding will be required to pay the Company a compensation for the loss borne by it in an amount equal to the Withholding that should have been paid at that time by the Company for each Company share he or she held on the date of payment of the distribution of dividends, reserves or premiums concerned and the amount of the Additional Compensation (the "Compensation"), where applicable.

  Where relevant, the Company will be entitled to make an offset, in the appropriate amount, between its receivables under the Indemnity and any sums that may subsequently become due to this Shareholder subject to Withholding, without prejudice, as appropriate, to the prior allocation to the said sums of the offset as provided for in paragraph 4 of Article 25.3 above. In the event that, after such an offset is made, the Company has still not been paid the amounts owed by Shareholder subject to Withholding under the Indemnity, the Company will be entitled to make a new offset, in the appropriate amount, against any sums that may subsequently be payable to this Shareholder subject to Withholding until the final extinguishment of the said debt.

5.2.1.12. General Meetings (Article 22 of the Articles of Association)

General Meetings are called under the conditions set by the laws and regulations in force.

Meetings are to be held at the registered office or at any other location indicated in the notice of meeting.

Every shareholder has the right to attend General Meetings and to participate in the deliberations, in person or by proxy, upon presentation, under the applicable legal and regulatory conditions, of his or her identity and of the registration of the shares in the books in the name of the shareholder or of an intermediary registered on his or her behalf.

The General Meetings are chaired by the Chairman of the Board of Directors or, failing this, by a Vice-Chairman or, in the absence of the latter, by a Director specially appointed for this purpose by the Board. Failing this, the General Meeting elects the Chairman of the meeting.

The two (2) shareholders attending the General Meeting with the highest number of votes are elected scrutineers, if they so accept.

The Executive Board (bureau) will appoint the Secretary, who may be chosen from outside the shareholders.

At each General Meeting, an attendance sheet must be compiled under the conditions provided by law.

Copies or excerpts of the minutes of the General Meetings will be validly certified by the Chairman of the Board of Directors, a member of the Board or the Secretary of the General Meeting.

Ordinary and Extraordinary General Meetings, deliberating under the conditions of quorum and majority set forth in the respective provisions governing them, will exercise the powers attributed to them by law.

Shareholders may vote by post, appoint a proxy or send their proxy form by any means permitted under the laws and regulations in force. In particular, shareholders may send the Company proxy or postal voting forms by fax or e-mail before the General Meeting, under the conditions set by law. The proxy and postal vote forms may be signed electronically if the electronic signature satisfies the requirements defined in the first sentence of paragraph 2 of Article 1316-4 of the French Civil Code.

On the decision of the Board of Directors, the shareholders may take part in the General Meeting by videoconference or vote by any remote means of communication and teletransmission, including the internet, under the conditions set forth in the regulations applicable at the time the communication method is used. This decision must be included in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO).

Shareholders will be considered as being present for quorum and majority calculations if they participate in the General Meeting by videoconference or by any remote means of communication and teletransmission, including the internet, which enables shareholders to be identified under the conditions provided for by laws and regulations.

5.2.1.13. Statutory threshold crossing (Article 8 of the Articles of Association)

- In addition to the legal obligation to notify the Company of the holding of certain fractions of the capital and to make any resultant declarations of intent, any physical person or legal entity, acting alone or in concert, who has come to hold or stops holding, directly or indirectly, at least one per cent (1%) of the Company's capital or voting rights, or any multiple of this percentage, must notify the Company, by registered post with proof of receipt request to the registered office within the period provided for in Article R. 233-1 of the French Commercial Code, also indicating the number of securities ultimately giving access to the share capital it holds, the number of related voting rights as well as all the information referred to in Article L. 233-7 I of the French Commercial Code. Mutual fund management firms must carry out such reporting for the entirety of the shares of the Company held by the funds that they manage.

  This reporting obligation applies to all cases of exceeded thresholds mentioned above, including beyond the statutory and regulatory thresholds. Unless a declaration has been made under the conditions outlined above, shares above the fraction which should have been declared will have no voting rights attached for any General Meeting held within two (2) years after the date of regularisation of the declaration, at the request, recorded in the minutes of the General Meeting, of one or several shareholders together holding at least one per cent (1%) of the share capital.
- Any shareholder other than a physical person who comes to hold, directly or through entities that it controls pursuant to Article L. 233-3 of the French Commercial Code, a percentage of rights to Company dividends at least equal to that mentioned in Article 208 C II *ter* of the French General Tax Code (a **"Concerned Shareholder"**) must register all the shares that it owns in registered form and ensure that the entities that it controls pursuant to Article L. 233-3 of the French Commercial Code register all their shares in registered form. Any Concerned Shareholder which has not met these obligations by the second working day prior to a General Meeting will have the voting rights it holds, either directly or *via* entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, capped at a tenth (1/10) of the number of shares that they hold, respectively, at the relevant General Meeting. The Concerned Shareholder referred to above will regain all of the voting rights attached to the shares it holds, directly or *via* entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, at the following General Meeting, provided that it regularises its situation by registering all the shares it holds, directly or *via* entities it controls within the meaning of Article L. 233-3 of the French Commercial Code, in registered form, by the second working day prior to that General Meeting.

5.2.2. General information concerning the share capital

5.2.2.1. Form of shares – Identification of holders (Article 7 of the Articles of Association)

- Shares will be registered or bearer shares, at the shareholder's choice.
- Shares will be registered in the account of their owner under the conditions and the terms provided for by the legal provisions in force.
- The Company may use the provisions outlined in Articles L. 228-2 *et seq.* of the French Commercial Code at any time to identify (i) holders of securities conferring immediately or in the future voting rights in its own General Meetings of Shareholders (a "General Meeting") and (ii) holders of bonds issued by the Company.

5.2.2.2. Transfer of shares (Article 9 of the Articles of Association)

The shares are freely negotiable.

5.2.2.3. Rights and obligations attached to shares (Article 10 of the Articles of Association)

Each share gives the right to ownership of the corporate assets and a share of the profits and the proceeds of liquidation in proportion to the number of existing shares.

Shareholders are only responsible for Company debts up to the limit of their contribution, *i.e.* the par value of their shares.

Each shareholder will have the same number of votes as the number of shares owned or represented. No double voting rights are conferred pursuant to Article L. 225-123, last paragraph, of the French Commercial Code.

Ownership of one share legally implies compliance with the Articles of Association and decisions of the General Meetings.

Whenever it is necessary to hold several shares to exercise any right, in the event of exchange, reverse split or share allotments, or in the event of a capital increase or reduction, merger or other corporate transactions, the owners of only one share or a number of shares less than the number required may exercise these rights only if they personally ensure the grouping or purchase or sales of the necessary number of shares or allotment rights.

Shares are indivisible with respect to the Company, which recognises only one owner for each share. Joint owners are required to be represented in relation to the Company by one person only. The voting right attached to a share belongs to the beneficial owner for Ordinary General Meetings and to the bare owner for Extraordinary General Meetings.

5.2.2.4. Conditions for modification of the share capital

The Company's Articles of Association do no provide any rules in order to change the share capital. These decisions are subject to the legal and regulatory provisions that allow the Extraordinary General Meeting to delegate to the Board of Directors, which may sub-delegate, the powers or authority necessary to modify the Company's share capital and the number of shares, particularly in the event of a capital increase or reduction.

You will be asked in an Extraordinary General Meeting to delegate certain financial authority to the Board of Directors in terms of capital increases and decreased by the cancellation of shares acquired in share buyback programmes. The financial delegations are presented in the report of the Board of Directors on the text of the draft resolutions in Section 4.2.2.1.

5.3. SHAREHOLDING STRUCTURE

The Delfin, Covéa, Crédit Agricole Assurances and Assurances du Crédit Mutuel groups are among Foncière des Régions' significant shareholders.

5.3.1. Information on the share capital

As at 1 January 2017, Foncière des Régions' share capital was €206,273,556 divided into 68,757,852 fully paid-up shares, each with a par value of €3 and all of the same class.

At year-end, and taking into account the capital increases completed in 2017, Foncière des Régions' share capital was €224,489,892 divided into 74,829,964 fully paid-up shares, each with a par value of €3 and all of the same class.

Since the close of 2017, the Company's share capital has increased to €224,589,105. It now comprises 74,863,035 shares.

5.3.2. Securities giving access to the share capital

Bonds redeemable in cash and/or new and/or existing shares (ORNANE)

	Balance of ORNANE bonds at 01/01/2017	Number of ORNANE bonds redeemed in 2017	Number of ORNANE bonds redeemed by the Company in 2017	Number of ORNANE bonds delisted in 2017	Balance of ORNANE bonds at 31/12/2017
ORNANE 2013 bonds	4,071,757	None	None	None	4,071,757

Following adjustments to the conversion rate of the ORNANE 2013 bonds undertaken in connection with the 2016 fiscal year deduction on premiums and reserves as well as the surplus dividend withheld from profit, the conversion rate of ORNANE 2013 was increased from 1.09 to 1.11.

According to information known by the Company, all ORNANE 2013 are held by the Public.

Free shares: the number of shares that may be issued under free share grants implemented by the Company stood at 473,300. These shares may be new or existing shares.

Information on the allocation of free shares is provided in Section 5.3.9.2 below of this chapter.

No other securities giving access to the share capital of the Company exist.

Potential share capital at 31 December 2017: the table below reflects the theoretical change in the Company's share capital taking into account the creation of the maximum number of shares resulting from exercise of all the ORNANE 2013 bonds and final allocation of free shares.

Number of shares issued at 31/12/2017	74,829,964
Number of potential shares to issue in relation TO the ORNANE 2013 bonds (deduction of 338 treasury shares allocated to "Delivering shares upon the exercise of rights attached to securities")	4,519,312, or a potential dilution of 5.66%
Number of potential shares to issue in relation to free shares	473,300, or a potential dilution of 0.59%
Maximum total number of shares to issue	4,992,612, or a potential dilution of 6.25%
Total number of shares in the share capital	79,822,576

5.3.3. *Breakdown of share capital and voting rights*

In accordance with the provisions of Article 10 of the Articles of Association amended by the General Meeting of 17 April 2015, each shareholder will continue to have the same number of votes as he or she has shares. No double voting rights are conferred pursuant to Article L. 225-123, last paragraph, of the French Commercial Code. Nevertheless, the number of voting rights exercisable in a General Meeting is adjusted to take account of treasury shares, which do not bear voting rights.

The table below shows the share capital structure and voting rights over the past three fiscal years, among shareholders or groups of shareholders who, to the Company's knowledge, own or may come to own, given the shares and voting rights attached to them pursuant to Article L. 233-9 of the French Commercial Code, 5% or more of the capital or voting rights.

	31/12/2017				31/12/2016				31/12/2015			
	Number of shares	% of share capital	% of theoretical voting rights[1]	% of voting rights exercisable in GM[2]	Number of shares	% of share capital	% of theoretical voting rights	% of voting rights exercisable in GM	Number of shares	% of share capital	% of theoretical voting rights	% of voting rights exercisable in GM
Public	35,277,831	47.14	47.14	47.18	30,155,684	43.86	43.86	43.92	29,103,685	43.68	43.68	43.72
Delfin Group[3]	21,288,050	28.45	28.45	28.47	19,094,000	27.77	27.77	27.81	18,897,481	28.36	28.36	28.38
Covéa Group	6,333,741	8.46	8.46	8.47	8,516,275	12.38	12.38	12.40	8,515,775	12.78	12.78	12.79
Assurances du Crédit Mutuel	6,269,881	8.38	8.38	8.39	6,016,042	8.75	8.75	8.76	5,191,628	7.79	7.79	7.80
Groupe Crédit Agricole Assurances	5,604,455	7.49	7.49	7.49	4,879,042	7.10	7.10	7.11	4,868,844	7.31	7.31	7.31
Treasury shares	56,006	0.08	0.08	/	96,809	0.14	0.14	/	52,319	0.08	0.08	/
TOTAL	**74,829,964**	**100%**	**100%**	**100%**	**68,757,852**	**100%**	**100%**	**100%**	**66,629,732**	**100%**	**100%**	**100%**

(1) These percentages are calculated on the basis of all shares with voting rights attached, including shares temporarily stripped of voting rights.
(2) These percentages are calculated by excluding shares held by the Company that do not have voting rights.
(3) Delfin SARL is a holding company that belongs to the Del Vecchio family. Delfin SARL is primarily involved in financial business and equity investments and controls Aterno and DFR Investment. It also controls the Luxottica Group, the world leader in the production, wholesale distribution and retail sale of glasses and sunglasses.

To the Company's knowledge:

- there has been no significant change in the share capital structure and voting rights since year-end
- there are no other shareholders owning, directly or indirectly, alone or in concert, more than 5% of the capital or voting rights
- there are no shareholder agreements involving at least 0.5% of the capital or voting rights in the Company, nor any concerted actions.

The Company is neither directly nor indirectly controlled within the meaning of Article L. 233-3 of the French Commercial Code.

As at 31 December 2017, Foncière des Régions directly held, outside the terms of the liquidity agreement (27,093), 28,913 treasury shares.

A description of the share buyback programmes implemented during the fiscal year is provided in Section 5.3.8.

There is no cross-shareholding: Foncière des Régions has no direct or indirect capital interest in any company which, in turn, has a controlling interest in Foncière des Régions.

Using the services of Euroclear, the Company has identified the holders of shares that entitles to voting rights, either immediately or in the future, in its own General Meetings. The findings identified some 10,654 individuals and almost 1,468 financial institutions as shareholders of the Company.

5.3.4. Threshold crossing disclosures

During 2017, the Company was informed of the following legal and statutory threshold crossings:

		Upward threshold crossing		Downward threshold crossing					
Shareholder	Date limit exceeded	Legal	Articles of Association	Legal	Articles of Association	Shares	Voting rights	% of the share capital	% of the voting rights
BNP Paribas Investment Partners(1)	16 January 2017	/	/	/	3%	1,563,620	1,562,403	2.2741%	2.2724%
GMF Assurances SA	17 January 2017	/	/	/	1%	720,899	720,899	0.98%	0.98%
Covéa	17 January 2017	/	/	/	12%	8,516,275	8,516,275	11.53%	11.53%
Delfin	17 January 2017	/	28%	/	/	20,878,375	20,878,375	28.28%	28.28%
Amundi	25 January 2017	/	/	/	1%	729,278	729,278	0.98%	0.98%
Amundi	2 March 2017	/	1%	/	/	832,966	832,966	1.12%	1.12%
BNP Paribas Investment Partners(1)	3 March 2017	/	/	/	2%	1,377,827	1,376,610	1.8661%	1.8644%
Amundi	4 April 2017	/	/	/	1%	621,800	621,800	0.84%	0.84%
Axa Investment Managers	6 April 2017	/	1%	/	/	764,873	764,873	1.04%	1.04%
GMF Vie	7 June 2017	/	/	/	6%	4,365,089	4,365,089	5.91%	5.91%
Covéa	9 June 2017	/	/	/	11%	8,111,088	8,111,088	10.98%	10.98%
Amundi	12 June 2017	/	1%	/	/	814,470	814,470	1.1%	1.1%
MAAF Vie SA	30 August 2017	/	/	/	1%	728,921	728,921	0.99%	0.99%
GMF Vie	30 August 2017	/	/	5%	5%	3,687,758	3,687,758	4.99%	4.99%
Covéa	30 August 2017	/	/	10%	10%	7,278,460	7,278,460	9.85%	9.85%
Covéa	11 September 2017	/	/	/	9%	6,333,741	6,333,741	8.57%	8.57%
DFR Investment	11 September 2017	/	12%	/	/	9,047,355	9,047,355	12.25%	12.25%
BNP Paribas Asset Management(1)	21 September 2017	/	2%	/	/	1,478,642	1,470,868	2.0017%	1.9912%
BNP Paribas Asset Management(1)	3 October 2017	/	/	/	2%	1,463,439	1,455,038	1.9811%	1.9698%
BNP Paribas Asset Management(1)	17 October 2017	/	2%	/	/	1,482,841	1,474,440	2.0074%	1.996%
Cohen & Steers	24 October 2017	/	/	/	2%	752,970	346,172	1.02%	0.47%
BNP Paribas Asset Management(1)	2 November 2017	/	/	/	2%	1,475,221	1,466,820	1.9971%	1.9857%
Predica	22 November 2017	/	7%	/	/	5,305,619	5,305,619	7.18%	7.18%

(1) Disclosure including the number of shares to which the ORNANE give rights.

Starting on 1 January 2018, the Company was informed of the following legal and statutory threshold crossings:

		Upward threshold crossing		Downward threshold crossing					
Shareholder	Date limit exceeded	Legal	Articles of Association	Legal	Articles of Association	Shares	Voting rights	% of share capital	% of voting rights
GMF Vie	8 January 2018	/	/	/	4%	2,945,758	2,945,758	3.94%	3.94%
Covéa	9 January 2018	/	/	/	8%	5,880,417	5,880,417	7.86%	7.86%

5.3.5. Declarations of intent

No declaration of intent was made during 2017.

5.3.6. *Change in the capital over the last five years*

The Company's share capital has evolved as follows over the last five years:

	31 December 2013	31 December 2014	31 December 2015	31 December 2016	31 December 2017
Share capital	€188,049,264	€188,050,671	€199,889,196	€206,273,556	€224,489,892
Number of shares	62,683,088	62,683,557	66,629,732	68,757,852	74,829,964

The changes in the Company's share capital arise from the transactions described below:

Date	Type	Number of shares issued	Share premium amount *(in €)*	Number of shares	Capital amount *(in €)*
12 August 2013	Capital increase (first public exchange offer period on Foncière Développement Logements shares)	5,099,890	304,463,394.83	62,996,582	188,989,746
3 September 2013	Capital increase (second public exchange offer period on Foncière Développement Logements shares)	529	29,505.93	62,997,111	188,991,333
29 November 2013	Capital reduction by cancellation of treasury shares	- 314,023	/	62,683,088	188,049,264
13 October 2014	Exercise of stock options	469	35,470.47	62,683,557	188,050,671
23 March 2015	Capital increase with preferential subscription rights	3,917,722	242,898,764	66,601,279	199,803,837
2 November 2015	Final allocation of free shares	27,953	/	66,629,232	199,887,696
4 November 2015	Final allocation of free shares	500	/	66,629,732	199,889,196
22 February 2016	Final allocation of free shares	31,624	/	66,661,356	199,984,068
27 April 2016	Capital increase remunerating contributions in kind	1,072,923	68,559,779.70	67,734,279	203,202,837
31 May 2016	Capital increase reserved for employees	18,004	1,195,465.60	67,752,283	203,256,849
28 June 2016	Capital increase resulting from the first public exchange offer on Foncière des Murs	528,071	39,288,405	68,280,354	204,841,062
22 July 2016	Capital increase resulting from the second public exchange offer on Foncière des Murs	68,445	5,483,813.40	68,348,799	205,046,397
2 November 2016	Final allocation of free shares	38,780	/	68,387,579	205,162,737
16 December 2016	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2011	2,783	205,515.41	68,390,362	205,171,086
23 December 2016	Capital increase resulting from the exercise of the right to allocate shares under ORNANE 2011	367,490	28,220,574.93	68,757,852	206,273,556
17 January 2017	Capital increase without preferential subscription right and with a priority period	5,076,786	384,769,610.94	73,834,638	221,503,914
15 February 2017	Final allocation of free shares	35,812	/	73,870,450	221,611,350
6 November 2017	Final allocation of free shares	5,493	/	73,875,943	221,627,829
22 November 2017	Capital increase remunerating contributions in kind	916,951	16,721,090	74,792,894	224,378,682
4 December 2017	Final allocation of free shares	37,070	/	74,829,964	224,489,892

After the end of the fiscal year, 33,071 new shares were issued as final allocation of free shares, bringing the share capital to €224,589,105 divided into 74,863,035 shares.

5.3.7. *Employee shareholding*

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, you will find hereafter a report on employee shareholding in the Company's share capital as at the last day of the fiscal year, representing 135,458 Foncière des Régions shares, *i.e.* 0.18% of the capital.

5.3.8. *Information about the share buyback programme*

In 2017, Foncière des Régions used the authorisation conferred upon it by the General Meeting on 27 April 2016, and by the General Meeting on 26 April 2017, and implemented on the same day by decision of the Board of Directors, in order to renew and continue the liquidity agreement with Exane BNP Paribas under the same conditions.

This share buyback programme, which cannot be implemented during public offer periods, has the following characteristics and procedures:

- the maximum purchase price is €100 per share (excluding acquisition expenses)
- the maximum amount of funds allocated to the buyback programme would be €150 million
- purchase, sale, exchange or transfer transactions may be executed by any means, whether on the market or over the counter, including block purchases or sales, or by using financial instruments, with the following primary aims:
  - implementing a liquidity agreement with an investment service provider under the conditions and according to the methods set by the regulations in place and recognised market practices
  - allocating grants to employees and corporate officers of the Company and/or companies in its group
  - delivering shares upon the exercise of rights attached to securities entitled to the allocation of shares
  - holding and delivering them as payment or in exchange under potential external growth transactions, mergers, spin-offs or contributions
  - cancelling shares
  - using them in any other practice that may come to be recognized by law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*) or any other purpose that would provide a basis for the presumption of legitimacy.

The last authorisation brought an end to the previous share buyback programme, which amounted to 104,518 treasury shares held by the Company at 26 April 2017, of which:

- 54,180 shares from the liquidity agreement
- 50,000 shares allocated for delivery to the employees of the Company and/or the companies of its group
- 338 shares allocated to delivering shares upon the exercise of rights attached to securities.

The terms and conditions relating to the new buyback programme were set forth in the share buyback programme description posted on the Company's website on 26 April 2017.

The treasury share movements in terms of transactions and use in 2017 shown by type of objective being pursued by the Company were as follows:

(in number of shares)	Position at 31/12/2016	Movements over the period: Acquisition	Sale	Transfer	Reallocation	Cancellation	Position at 31/12/2017	Fraction of share capital at 31/12/2017	Nominal value at 31/12/2017 *(in €)*
Liquidity agreement	46,471	321,421	340,799	-	-	-	27,093	0.04%	81,279
Allocation to employees	50,000	-	-	21,425	-	-	28,575	0.04%	85,725
Delivering shares upon the exercise of rights attached to securities	338	-	-	-	-	-	338	NS	1,014
Shares held by the Company	96,809						56,006	0.08%	168,018

The transactions completed under the liquidity agreement during 2017 broke down as follows:

Share buyback programme	Acquisition: Number of shares	Acquisition: Average price per share *(in €)*	Sale: Number of shares	Sale: Average price per share *(in €)*
General Meeting of 27 April 2016	90,480	77.88	82,771	77.67
General Meeting of 26 April 2017	230,941	84.98	258,028	82.70
TOTAL	**321,421**	**82.98**	**340,799**	**81.48**

As at 31 December 2017, Foncière des Régions held 56,006 treasury shares representing 0.08% of the share capital, valued at €4,752,478.55, or €84.86 per share, and representing a par value of €168,018.

The Company did not use derivatives in its share buyback programmes in 2017.

The transaction costs during 2017 amounted to €14,422.55 ex-tax.

As the authorisation that was granted by the General Meeting on 26 April 2017 was for a period of 18 months, a new share buyback programme will be submitted to the General Meeting on 19 April 2018.

5.3.9. *Share subscription and share purchase options and allocation of free shares*

5.3.9.1. Share subscription and share purchase options

Since 2008, the Company has not implemented a share subscription or share purchase options plan.

Since the last plan in force (plan No. 1403008 of 4 May 2007) expired on 11 October 2014, there are no longer any share subscription options that can be exercised within the Foncière des Régions group.

5.3.9.2. Allocation of free shares

The allocation of free shares within the Foncière des Régions group is to motivate and foster loyalty with employees who contributed to the Company's growth by sharing the Company earnings with them.

During the fiscal year 2017, the Board of Directors, at the proposal of the Appointments and Compensations Committee and pursuant to the delegation of powers granted by the General Meeting of 27 April 2016, awarded 130,953 bonus shares as detailed below, representing 0.18% of the capital as at 31 December 2017:

<table>
<tr><th rowspan="2">Date of the free share plans</th><th rowspan="2">Number of free shares allocated</th><th rowspan="2">Beneficiaries of the free shares</th><th colspan="4">Unit value, as estimated by an independent actuary</th><th colspan="4">Vesting period</th><th colspan="4">Retention period</th></tr>
<tr><th>France</th><th>Italy</th><th>Germany</th><th>Spain</th><th>France</th><th>Italy</th><th>Germany</th><th>Spain</th><th>France</th><th>Italy</th><th>Germany</th><th>Spain</th></tr>
<tr><td rowspan="2">15 February 2017</td><td rowspan="2">37,923</td><td rowspan="2">Corporate officers of the Company and management of companies related to the Company</td><td>€51.82(1)</td><td>€51.82(1)</td><td rowspan="2">€51.82(1)</td><td rowspan="2">N/A</td><td colspan="3" rowspan="2">3 years</td><td rowspan="2">N/A</td><td colspan="3" rowspan="2">/</td><td rowspan="2">N/A</td></tr>
<tr><td>€39.91(2)</td><td>€36.68(2)</td></tr>
<tr><td rowspan="3">22 November 2017</td><td>11,280</td><td>Employees of the Foncière des Régions group (group plan)</td><td>€60.03(1)</td><td colspan="3">N/A</td><td>3 years</td><td colspan="3">N/A</td><td>/</td><td colspan="3">N/A</td></tr>
<tr><td>27,900</td><td>Employees of the Foncière des Régions group (discretionary plan)</td><td>€71.69(1)</td><td colspan="3">N/A</td><td>2 years</td><td colspan="3">N/A</td><td>/</td><td colspan="3">N/A</td></tr>
<tr><td>36,200</td><td>Employees of the Foncière des Régions group (discretionary plan)</td><td colspan="4">€60.03(1)</td><td colspan="4">3 years</td><td colspan="4">/</td></tr>
</table>

(1) Allocations not subject to performance requirements.
(2) Allocations subject to performance requirements.

The free share allocation plan in 2017 with respect to executive officers is presented in Section 4.3.2.1.2 of the Board's report on corporate governance.

The criteria for allocating free shares to staff members of the Foncière des Régions group are linked to performance and growth potential, the goal being to build loyalty and an association with the Company's stock market performance.

After the end of the fiscal year, on 14 February 2018, the Board of Directors awarded 144,523 free shares.

During the fiscal year 2017, 78,375 bonus shares were granted to the beneficiaries indicated below:

		Number of bonus shares delivered in 2016			
Delivery date of bonus shares	**Date of the bonus share plans**	**French beneficiaries**	**Italian beneficiaries**	**German beneficiaries**	**Number of beneficiaries**
20 February 2017	20 February 2013	-	5,000	2,000	3
26 February 2017	26 February 2014	28,812	-	-	4
7 November 2017	7 November 2013	-	4,793	700	16
5 December 2017	5 December 2014	37,070	-	-	219

After the end of the fiscal year, on 19 and 26 February 2018, 33,071 free shares were delivered.

The free shares allocated over the last five years are presented below.

	History of performance shre allocations							
	Information on performance shares							
	Plan of 21 February 2011	**Plan of 9 November 2011**	**Plan of 22 February 2012**	**Plan of 8 November 2012**	**Plan of 20 February 2013**	**Plan of 7 November 2013**	**Plan of 26 February 2014**	**Plan of 25 June 2014**
General Meeting date	31/01/2011	06/05/2011	06/05/2011	06/05/2011	06/05/2011	06/05/2011	06/05/2011	28/04/2014
Board of Directors date	21/02/2011	09/11/2011	22/02/2012	08/11/2012	20/02/2013	07/11/2013	26/02/2014	25/06/2014
Total number of shares awared o/w the number awarded to:	**25.721**	**34.250**	**24.607**	**38.815**	**31.924**	**45.510**	**36.812**	**106.500**
◆ Jean Laurent	0	0	0	0	0	0	0	0
◆ Christophe Kullmann	8.236	0	8.900	0	14.468	0	17.065	0
◆ Olivier Estève	3.795	0	5.675	0	7.283	0	8.459	0
Vesting date of France shares	21/02/2014	09/11/2014	22/02/2015	08/11/2015	20/02/2016	07/11/2016	26/02/2017	25/06/2018
End of retention period for France shares	21/02/2016	09/11/2016	22/02/2017	08/11/2017	20/02/2018	07/11/2018	26/02/2019	25/06/2018
Vesting date of Germany and Italy shares	21/02/2015	09/11/2015	22/02/2016	08/11/2016	20/02/2017	07/11/2017	26/02/2018	25/06/2018
End of retention period for Germany, Italy and Spain shares	21/02/2015	09/11/2015	22/02/2016	08/11/2016	20/02/2017	07/11/2017	26/02/2018	25/06/2018
Performance conditions	Presence	Presence	For French executive corporate officers, **presence** + 1/3 linked to the relative **stock market performance** compared to the EPRA, and 1/3 linked to the annual individual **target achievement** rates	Presence	For French executive corporate officers, **presence** + 1/3 linked to the relative **stock market performance** compared to the EPRA, and 1/3 linked to the annual individual **target achievement** rates	Presence	For executive corporate officers, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rates	For all beneficiaries, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rates
Number of shares vested at 31 December 2017	25.721	31.400	24.607	34.700	31.924	38.923	28.812	0
Number of cancelled or lapsed shares	0	2.850	0	4.115	0	6.587	0	14.000
Bonus shares still being vested at the end of the year	0	0	0	0	0	0	8.000	92.500

History of performance share allocations

Information on performance shares

Plan of 5 December 2014	**Plan of 19 February 2015**	**Plan 3 of 27 April 2016**	**Plan 1 & 2 of 27 April 2016**	**Plan 3 of 27 April 2016**	**Plan 3 of 27 April 2016**	**Plan of 23 November 2016**	**Plan of 15 February 2017**	**Plan of 22 November 2017**	**Plan 2 of 22 November 2017**
28/04/2014	28/04/2014	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
05/12/2014	19/02/2015	27/04/2016	27/04/2016	27/04/2016	27/04/2016	23/11/2016	15/02/2017	22/11/2017	22/11/2017
49.760	**33.571**	**31.491**	**59.410**	**47.500**	**15.000**	**58.145**	**37.923**	**65.130**	**27.900**
0	0	0	0	0	0	0	0	0	0
0	15.263	17.184	0	0	0	0	18.859	0	0
0	7.808	9.307	0	0	0	0	10.814	0	0
05/12/2017	19/02/2018	27/02/2019	27/11/2018	27/04/2020	27/04/2019	23/11/2019	15/02/2020	22/11/2020	22/11/2019
05/12/2019	19/02/2020	27/02/2019	27/11/2018	27/04/2020	/	/	/	/	/
05/12/2018	19/02/2019	27/02/2019	27/11/2018	27/04/2020	27/04/2019	23/11/2019	15/02/2020	22/11/2020	/
05/12/2018	19/02/2019	/	/	/	/	/	/	/	/
Presence	For executive corporate officers, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rates	For executive corporate officers, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rates	Presence	Retention plan, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rate	3 performance criteria	Presence	For executive corporate officers, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rates	For executive corporate officers, **presence** + 50% linked to the relative **stock market performance** compared to the EPRA, and 50% linked to the annual individual **target achievement** rates	Presence
37.070	0	0	0	0	0	0	0	0	0
5.531	0	0	7.544	0	0	2.605	0	280	0
7.159	33.571	31.491	51.866	47.500	15.000	55.540	37.923	64.850	27.900

5.3.9.3. Details of adjustments made to share subscription options and free shares

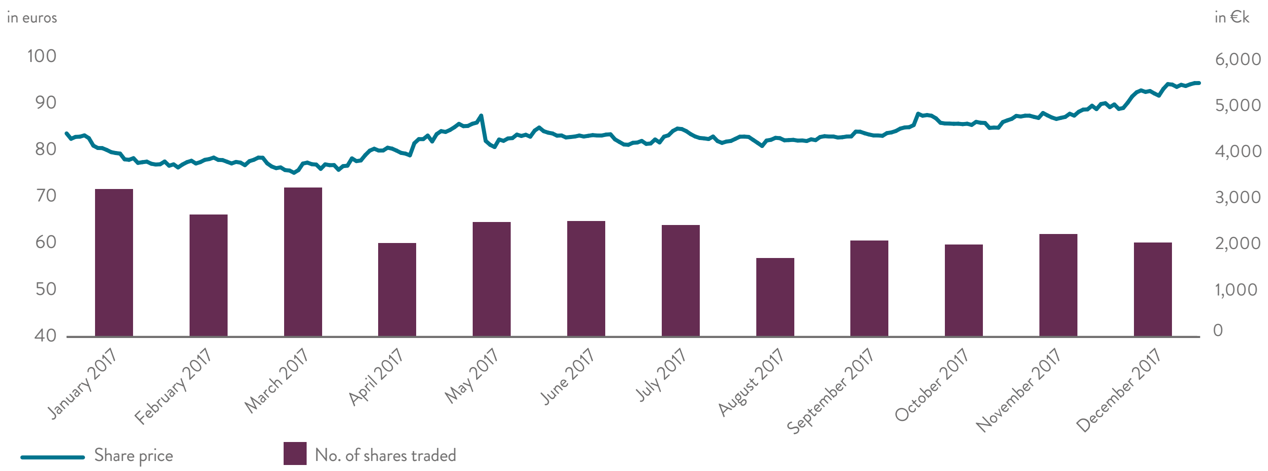
No adjustments were made in 2017.

5.4. STOCK MARKET – DIVIDENDS

5.4.1. *Market price at 31 December 2017*

The closing Foncière des Régions' share price for the year was €94.48, bringing stock market capitalisation to €7.07 billion at the end of 2017. In 2017, the Foncière des Régions share price increased by 13.9% and the performance of the reinvested dividend amounted to 19.2%.

Change in Foncière des Régions' share price over the year



5.4.2. *Dividends distributed within the last five fiscal years*

In the last five fiscal years, the dividends distributed and the corresponding tax rebate were as follows:

Fiscal year	Type of dividend	Dividend paid per share	Amount of dividend eligible for the 40% rebate	Amount of dividend not eligible for the 40% rebate
2012	Current	€4.20	/	€4.20
2013	Current	€4.20	€0.11907	€4.08093
2014	Current	€4.30	/	€4.30
2015	Current	€4.30	€0.0329	€4.2671
2016	Current	€4.40	€0.5115	€3.8885
2017(1)	Current	€4.50	/	€4.50

(1) Dividend proposed to the Combined General Meeting of 19 April 2018.

The SIIC status adopted on 1 January 2003 involve the exemption of rental income, real estate capital gains and dividends from SIIC subsidiaries, provided that at least 95% of earnings from asset rentals, 60% of capital gains and 100% of dividends are distributed to shareholders.

The Company's distribution policy naturally takes regulatory requirements into account.

5.4.3. *Appropriation of earnings for the fiscal year*

A proposal will be made to the General Meeting of the Shareholders of 19 April 2018 by the Board of Directors, to distribute the period's earnings of €443,008,272.25, minus the loss carried to retained earnings of negative €8,055,628.35, *i.e.* €434,952,643.90, in the following manner:

(i) €298,597.80 to the legal reserve, bringing the amount of the legal reserve to 10% of the share capital at year-end, *i.e.* €22,448,989.20

(ii) the payment of a €336,883,657.50 in dividend to shareholders

(iii) €97,770,388.60 to the retained earnings account.

Thus, each share will receive a dividend of €4.50.

It will be proposed to the General Meeting to determine:

- that in the event of changes to the number of shares entitling to dividends, and in particular in the event of the conversion of any net share settled bonds redeemable in cash and/or new and/or existing shares ("ORNANE") and/or the definitive acquisition of free shares taking place before the payment date for the dividend, the overall amount of the dividend will be adjusted correspondingly through a withdrawal from the "Retained earnings" account
- that pursuant to the provisions of Article L. 225-210 of the French Commercial Code, the amount the shareholders may have waived, as well as the amount corresponding to treasury shares on the dividend payment date, which are not entitled to dividends, will be allocated to the "Retained earnings" account.

The dividend will be distributed on 17 May 2018.

Based on the total number of shares which make up the share capital at 31 December 2017, plus 33,071 new shares issued as part of the final award of bonus shares carrying entitlement to dividends for the 2017 fiscal year, *i.e.* 74,863,035 shares, a total dividend of €336,883,657.50 will be allocated. This dividend does not carry entitlement to the 40% rebate, except in the event of the income tax scale option in accordance with Article 200 A 2 of the French General Tax Code, and only for any portion of this dividend deducted from earnings liable for corporate income tax. In accordance with Article 158-3 of the French General Tax Code, this rebate does not apply to earnings exempt from corporate income tax.

The dividend drawn against the Company's profits exempt from corporate income tax pursuant to Article 208 C of the French General Tax Code amounts to €336,883,657.50.

The dividend drawn against the Company's profits exempt from corporate income tax pursuant to Article 208-3 *quater* of the French General Tax Code totals €0.

5.5. ADMINISTRATION AND MANAGEMENT

5.5.1. *Board of Directors*

At the General Meeting of 31 January 2011, Foncière des Régions adopted the form of a public limited company (*société anonyme*) with a Board of Directors, segregating the duties of Chairman and Chief Executive Officer. This structure establishes a clear distinction between the strategy, decision-making and control functions, which are the responsibility of the Board of Directors, and the operational and executive functions, which are the responsibility of General Management.

5.5.1.1. Appointments – Composition – Term of office – Dismissal (Articles 12 and 13 of the Articles of Association)

The Company is administered by a Board of Directors comprising at least three members and no more than eighteen members, subject to statutory exemptions. The Board members are appointed by the Ordinary General Meeting.

A legal entity may be appointed as a Director, but it must, pursuant to applicable legal provisions, appoint a natural person to serve as its permanent representative to the Board of Directors. The permanent representatives are subject to the same conditions and obligations and have the same responsibilities as if they were Directors.

The term of office of Directors is four years. However, as an exception, the General Meeting may, upon suggestion of the Board of Directors, appoint or reappoint some Directors for a term of office of two or three years to allow for a staggered renewal of the Board of Directors. The term of a Director expires at the end of the Ordinary General Meeting called to approve the financial statements for the previous year, held in the year in which the term of the said Director expires.

The number of members of the Board of Directors over the age of 75 may not be greater than one third of the members in office. When this number is exceeded, and if a member of the Board of Directors aged 75 or over does not resign voluntarily within three months from the date the statutory limit was exceeded, the oldest member will be automatically considered to have resigned.

Directors may be reappointed indefinitely, subject to the afore-mentioned provisions governing the age limit.

Directors may be dismissed at any time by the General Meeting, without indemnity or prior notice.

In the event of vacancy resulting from the death or resignation from one or several Directors, the Board of Directors may make provisional appointments subject to ratification by the next Ordinary General Meeting, in accordance with the time frames and conditions provided for by law. Decisions taken and actions carried out remain valid even if the appointment is not ratified.

In the event of vacancy resulting from the death, resignation or dismissal of a Director, the Director appointed by the General Meeting or the Board of Directors as a replacement to that Director will hold that position only up to the remaining office of his or her predecessor.

If the number of Directors falls to less than three, the remaining Directors (or the Statutory Auditors, or an officer designated, at the request of any interested party, by the President of the Commercial Court) must immediately call an Ordinary General Meeting to appoint one or more new Directors in order to complete the Board to the minimum legal number.

5.5.1.2. Executive Board (Article 14 of the Articles of Association)

The Board of Directors appoints a Chairman, who must be a natural person, from among its members and one or more Vice-Chairmen if needed. It defines the terms of office, which may not exceed the appointee's term as a Board member, and which the Board may terminate at any time. The Chairman and Vice-Chairmen may be reappointed.

The age limit for the Chairman of the Board of Directors is 75. When the Chairman of the Board reaches this age limit during his or her term of office, he or she will be automatically deemed to have resigned.

If the Chairman is temporarily incapacitated or dies, the oldest Vice-Chairman is delegated to serve as Chairman. In a case of temporary incapacity, this delegation is given for a limited period and may be renewed. If the Chairman dies, this delegation is valid until the appointment of a new Chairman.

Meetings of the Board of Directors are chaired by the Chairman. If the Chairman is absent, the meeting is chaired by one of the Vice-Chairmen present, appointed for each meeting by the Board of Directors. In the absence of the Chairman and Vice-Chairmen, the Board of Directors must designate, for each meeting, one of the Directors present to chair the meeting.

The Board of Directors also appoints a Secretary, who does not have to be a member. It defines the term and scope of the Secretary's duties, which it may terminate at any time.

5.5.1.3. Notice of meetings and deliberations of the Board of Directors (Article 15 of the Articles of Association)

The Board of Directors meets as often as required by the interests of the Company and whenever the Chairman deems appropriate, upon notice from the Chairman.

Directors representing at least one third of the members of the Board of Directors may ask the Chairman to call a Board meeting at any time for a specific purpose.

If the roles of the Chief Executive Officer and the Chairman are separate, the Chief Executive Officer may ask the Chairman to call a Board of Directors meeting at any time for a specific purpose.

The Chairman is bound by the requests made to him or her in line with the afore-mentioned provisions, and must defer to them without delay.

Notices of meetings are conveyed by any written method at least five (5) days in advance. This five-day period may be reduced if one third of the Directors agree to a shorter notification period. Meetings are held at the Company's registered office or any other location indicated in the notice of meeting.

The Board of Directors validly deliberates only if at least half (1/2) of its members are present.

A Director may give a written proxy to another Director to represent him or her at a meeting of the Board of Directors in accordance with legal and regulatory provisions.

Decisions are adopted by a majority of the members present or represented. In the event of a tied vote, the meeting's Chairman does not have the casting vote.

In compliance with the applicable laws and regulations, the meetings of the Board of Directors may be held *via* videoconference or telecommunication or any other method allowed under the law and the regulations under the conditions defined by the Internal Regulations adopted by the Board of Directors.

The deliberations of the Board of Directors are recorded in meeting minutes prepared in accordance with the law.

5.5.1.4. Powers of the Board of Directors (Article 16 of the Articles of Association)

The Board of Directors determines the strategy for the Company's business and oversees its implementation. In compliance with the powers expressly reserved for General Meetings and within the limits of the corporate purpose, the Board of Directors handles all matters affecting the operation of the Company and governs its business through its deliberations.

In its relations with third parties, the Company is also bound by the acts of the Board of Directors that are not within the Company purpose, unless it proves that the third party was aware that the act exceeded such purpose or that the third party should have been aware of this in view of the circumstances.

The Board of Directors carries out the checks and verifications that it considers necessary.

Each Director will receive all the information necessary to perform his or her duties and may obtain from the Chairman or Chief Executive Officer all documents necessary to perform his or her mission.

The Board of Directors may confer special assignments for one or more specific purposes to one or more of its members, or to third parties who do not need to be shareholders.

The Board of Directors may also create one or more permanent or temporary specialised committees charged with studying matters which the Board or the Chairman submit for their opinion, and in particular an Audit Committee, an Appointments and Compensations Committee and a Strategic and Investment Committee. These committees, the members and duties of which are defined by the Board, will conduct their activities under the responsibility of the Board.

5.5.1.5. Remuneration of Directors (Article 17 of the Articles of Association)

The members of the Board of Directors may receive remuneration in the form of attendance fees, the total amount of which is determined by the General Meeting and distributed freely by the Board of Directors.

The Board of Directors may allocate exceptional remuneration to Directors performing special assignments or mandates.

5.5.1.6. Powers of the Chairman of the Board of Directors (Article 18 of the Articles of Association)

The Chairman of the Board of Directors organises and directs the work of the Board and reports to the General Meeting.

He or she oversees the various corporate bodies of the Company to ensure they are working smoothly and, in particular, that the Directors are in a position to fulfil their required duties.

The Board of Directors determines the amount, methods of calculation and payment of the Chairman's remuneration, if any.

The Chairman of the Board of Directors may also assume the General Management of the Company, in accordance with Article 19 of the Articles of Association.

5.5.1.7. Non-voting members (Article 20 of the Articles of Association)

The Board of Directors may appoint one or more non-voting members (natural persons or legal entities). It defines their term of office and any remuneration if they are assigned a particular mission.

The non-voting members of the Board of Directors attend meetings of the Board as observers and may be consulted by the Board. They must be called to every meeting of the Board of Directors, which may task them with specific missions.

The Board of Directors may decide to pay the non-voting members of the Board of Directors a portion of the attendance fees allocated by the General Meeting and authorise the reimbursement of expenses incurred by the non-voting members of the Board of Directors in the interests of the Company.

The non-voting members of the Board of Directors are subject to obligations, in particular to the confidentiality obligations stipulated by the Board of Directors in its Internal Regulations.

5.5.2. General Management

5.5.2.1. General Management of the Company (Article 19.1 of the Articles of Association)

The Company's General Management is led, at the choice of the Board of Directors, either by the Chairman of the Board of Directors, or by another physical person appointed by the Board of Directors with the title of Chief Executive Officer.

The choice between these two methods of General Management is made by the Board of Directors, which must inform the shareholders and third parties under the conditions provided by law.

The Board of Directors' decision on the choice of General Management method is made by a majority of the Directors present or represented.

5.5.2.2. Chief Executive Officer (Article 19.1 of the Articles of Association)

When the General Management of the Company is led by the Chairman of the Board of Directors, the provisions below on the Chief Executive Officer are then applicable to him or her in addition to the provisions specific to his or her role as Chairman of the Board of Directors.

When the Board of Directors chooses to separate the roles of Chairman and Chief Executive Officer, it will appoint the Chief Executive Officer, define his or her term of office and determine his or her compensation and any limits on his or her powers.

The Chief Executive Officer may be reappointed.

The age limit for holding the position of Chief Executive Officer, separate from the position of Chairman, is 67. Irrespective of the term for which it is granted, the Chief Executive Officer's office expires at the very latest at the end of the Ordinary General Meeting called upon to approve the financial statements for the previous year and held the year during which the Chief Executive Officer turns 67.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided upon without just cause, it may result in damages being paid, except when the Chief Executive Officer is also the Chairman of the Board of Directors.

The Chief Executive Officer is fully empowered to act in any situation on behalf of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to the powers granted expressly by law and these Articles of Association to General Meetings and the Board of Directors.

The Chief Executive Officer represents the Company in its relationships with third parties. The Company is also bound by the acts of the Chief Executive Officer that are not within the limits of its corporate purpose, unless it proves that the third party was aware that the act exceeded such purpose or that the third party should have been aware of this in view of the circumstances. The publication of the Articles of Association is not on its own sufficient basis for such proof.

5.5.2.3. Deputy General Manager (Article 19.2 of the Articles of Association)

At the suggestion of the Chief Executive Officer, the Board of Directors may appoint, within its membership or not, one or several natural persons to assist the Chief Executive Officer, bearing the title of Deputy General Manager.

The maximum number of Deputy General Managers is set at five.

In agreement with the Chief Executive Officer, the Board of Directors will determine the scope and duration of the powers granted to the Deputy General Managers.

With respect to third parties, the Deputy General Managers have the same powers as the Chief Executive Officer.

The age limit for holding the position of Deputy General Manager is 67.

Irrespective of the term for which they have been granted, the functions of Deputy General Manager expire at the very latest at the end of the Ordinary General Meeting called upon to approve the financial statements for the previous year and held in the year during which the Deputy General Manager turns 67.

The Board of Directors determines the remuneration of the Deputy General Managers.

If the Chief Executive Officer relinquishes his or her duties or is prevented from carrying them out, the Deputy General Managers will retain their functions and powers unless otherwise decided by the Board of Directors, until such time as a new Chief Executive Officer is appointed.

Deputy General Managers may be dismissed at any time by the Board of Directors, at the suggestion of the Chief Executive Officer. If the dismissal is decided upon without just cause, it may result in damages being paid.

5.6. INFORMATION ABOUT THE COMPANY AND ITS INTERESTS

The main activities of the Company's principal subsidiaries and investments are presented in Section 1.6 of the Reference Document.

5.6.1. Group organisation

Foncière des Régions is an investor in the office real estate sector in France and Italy (*via* its subsidiary Beni Stabili), with investments in commercial and residential real estate companies:

- equity investments in commercial real estate through the company Foncière des Murs (SIIC), owner of hotels and service sector property in France, Germany, the Netherlands, Belgium, Portugal and Spain and the company République, owner of parking facilities
- an equity investment in residential real estate in France through Foncière Développement Logements (a SIIC unlisted since 29 December 2017) and in Germany through Immeo SE (an unlisted company).

Accordingly, as at 31 December 2017, the Foncière des Régions group consisted of 361 separate legal entities, of which 111 were in the Office sector, 126 in the Hotels in Europe, 94 in the Germany Residential sector, 20 in the France Residential sector, 6 in parking facilities and 4 in service companies.

Foncière des Régions has teams responsible for managing its growth and for the management of its assets throughout the territory. Each main group company relies upon a dedicated asset management team.

This services provider activity developed within the Foncière des Régions group concentrates on enhancing portfolio value through:

- Asset Management services: this function is focused on the real estate strategy to adopt regarding the assets held (disposal, renovations, financial management, etc.). Asset by asset, it consists of creating value to meet the expectations of the Group's companies by optimising the "profitability/risk" ratio
- Asset Development services: this function consists of assisting Group companies in activities to enhance the value of assets in the portfolio through real estate development. This function requires extensive expertise in real estate development
- Property Management services: management of all aspects of the life cycle of real estate assets (payments, ongoing and preventive maintenance, etc.). Property Management requires extensive expertise in leases, expense management, technical management, etc.

For development operations, on large projects, Foncière des Régions has a dedicated team, *via* its subsidiary, Foncière des Régions Développement.

The rental property management of Foncière des Régions and Foncière des Murs is provided by Foncière des Régions Property, a subsidiary of Foncière des Régions, a shared platform of central departments and personnel who work in regional offices. Foncière Développement Logements (FDL), which had managed its French residential portfolio directly since 1 January 2009, turned over the management of its assets to Quadral Property, effective as of 1 April 2012.

The service agreements are straightforward and non-exclusive contracts.

The specialisation of the various sector companies of the Foncière des Régions group by type of asset means that the companies concerned are not exposed to potential conflicts of interest, in terms of investments, divestments or asset management.

5.6.2. Results of subsidiaries and investments

The table of results of subsidiaries and investments is shown in the separate financial statements (Section 3.5.6.6).

5.6.3. Company earnings over the past five fiscal years

The table of earnings of the Company over the past five fiscal years is shown in the individual financial statement (Section 3.5.6.8).

5.6.4. Information on cross-shareholding

Nil.

5.6.5. Extraordinary events and litigation

The Group may be involved in court or administrative proceedings and is liable to be subject to a notice of deficiency from the French Tax administration.

To the Company's knowledge, to date, except for the main proceedings underway set out in Part 3 (Sections 3.2.2.9.4 and 3.2.5.12), there are no other extraordinary events or litigation likely to materially affect the portfolio, financial position, business or results of Foncière des Régions or its subsidiaries.

5.6.6. Ratings

Less than three years after Foncière des Régions obtained an inaugural rating of BBB- with a stable outlook, Standard & Poor's raised the Group's rating to BBB with a stable outlook in July 2015.

This significant upgrade recognises the work performed since 2012 to improve the quality of the portfolio and continually strengthen cash flow. It moreover reflects the sound balance sheet of Foncière des Régions.

5.7. INFORMATION ABOUT SOCIAL AND ENVIRONMENTAL IMPACT

The information on social and environmental matters required by provisions of the Decree of 24 April 2012 and of the Law of 17 August 2015 are addressed in a detailed manner in the second part of the Reference Document "Sustainable development".

5.8. SIGNIFICANT AGREEMENTS

The significant agreements to which the Company and/or certain of its subsidiaries are party are presented below.

5.8.1. Partnership agreements

5.8.1.1. Agreement between shareholders of Foncière des Murs, concluded between Foncière des Régions, ACM Vie, Predica, Pacifica and Generali Vie

In order to organise their relationship within Foncière des Murs SCA, Foncière des Régions, Predica, Pacifica, ACM Vie and Generali Vie signed a shareholders' agreement on 29 November 2004. In particular, this agreement provides a right of first offer in the event that any of the parties to the agreement seeks to sell some or all of its shares in the company, if the shares whose sale is proposed constitute a block, as defined by Article 516-2 of the General Regulations of the *Autorité des Marchés Financiers*. The agreement also sets forth a commitment to discussion in good faith in the event that any party to the agreement seeks to sell on the market some or all of its shares in the company, representing at least 1% of the company's share capital. The parties to the agreement also agreed to distribute among themselves the seats on the Supervisory Board of Foncière des Murs SCA proportionately to their investments in the capital of the company.

5.8.1.2. Partnership between SARL Fédération (a wholly-owned subsidiary of the Foncière des Régions group) and Predica for the Carré Suffren asset

An agreement was signed on 14 December 2004 between SARL Fédération and Predica (the "Partners") in the presence of Foncière des Régions for the acquisition of an asset located in Paris at 31-35, rue de la Fédération and 8-14, rue du Capitaine Scott by Federimmo, in which Predica holds a 40% investment under a partnership with Foncière des Régions. The purpose of this agreement was to establish the terms of this partnership by, in particular, contractually agreeing on the functioning and control of the company. The partners agreed to vote in favour of any proposed resolution for a capital increase of the company or subscription of a shareholder loan that is proposed, according to the company's financing needs, specifying that the additional contributions will be made by the Partners in proportion to their investment in the company.

The addendum n°1 to this agreement was signed on 30 October 2017.

5.8.1.3. A framework partnership agreement between Foncière des Régions and Predica concerning République

A framework partnership agreement was entered into on 6 April 2006 between Foncière des Régions, Predica, Heulin Frères, Xavier Heulin and Frédéric Heulin. The purpose of this agreement was to reorganise and accelerate the development of the Parking business of République and determine the general principles that will govern their cooperation for the purpose of investing in parking facilities. The main provisions of the partnership agreement concern the establishment of rules for (i) contributions of equity for the acquisition or development of assets, (ii) corporate governance, and (iii) transferring shares, right of first offer, drag-along right as well as the implementation of service, management, and development agreements.

An addendum to this agreement was signed on 25 August 2008.

Following the sale of République and Urbis Park Services shares in December 2009, the Heulin Frères, XH Invest and FH Invest companies, and Xavier Heulin and Frédéric Heulin are no longer parties to the agreement.

This agreement was terminated on 29 December 2017 at the conclusion of the buyback-cancellation of the Predica investment by République.

5.8.1.4. Shareholders' agreement concerning Foncière Développement Logements between Foncière des Régions, Predica, ACM Vie, Generali Vie, GMF Vie and GMF Assurances

On 29 November 2006, a shareholders' agreement regarding Foncière Développement Logements entered into between Foncière des Régions and the above-mentioned parties terminated and replaced the agreement that had entered into effect on 21 December 2005 between the same parties, under which the parties sought to frame their relations within Foncière Développement Logements, alongside the provisions of the company's Articles of Association, by organising a right of first offer as well as a right or pre-emption and share transfers within a group. This agreement does not constitute a concerted action by its signatories.

Following of the tendering of Foncière Développement Logements securities by ACM Vie and Covéa to the public exchange offer initiated by Foncière des Régions in August 2013, ACM Vie, GMF Vie and GMF Assurances are no longer parties to the agreement.

This agreement terminated on 22 November 2017 once the contribution of Foncière Développement Logements shares to Foncière des Régions had been completed by Predica and General Vie.

5.8.1.5. Memorandum of understanding between Foncière des Régions and Predica concerning the Euromed project

The purpose of the memorandum of understanding signed on 15 September 2006 is to define the principles of the partnership in order to finalise the project for which Predica was designated as the lead investor. It sets forth the terms of cooperation between Predica and Foncière des Régions to achieve, with the assistance of developers, the completion of four assets for office use, a hotel, a multiplex and a parking facility.

Under this memorandum of understanding, shareholder agreements were concluded governing relations between the shareholders of SCI Euromarseille 1 and SCI Euromarseille 2 and their subsidiaries. The addendum n°1 to this agreement was signed on 24 July 2017.

5.8.1.6. Memorandum of understanding between Aéroports de Paris, Altarea and Foncière des Régions regarding the Cœur d'Orly project

As part of a 50/50 consortium, Altarea and Foncière des Régions were selected following a consultation of developers-investors to develop, together with Aéroports de Paris, the first tranche of 160,000 m^2 gross internal area (GIA) of the Cœur d'Orly project. This partnership was finalised in 2008 through the creation of specialised development companies depending on the type of assets (office or retail) and controlled by Aéroports de Paris (50%) and Altarea and Foncière des Régions (25% each). The companies' shareholders are bound by a memorandum of understanding entered into on 10 March 2008 and amended by various successive instruments as well as by partnership agreements governing their rights and obligations within SCI Cœur d'Orly Bureaux and SNC Cœur d'Orly Commerces, signed on 10 March 2008 and amended by riders dated 11 December 2008.

5.8.1.7. Shareholders' agreement between Foncière des Régions and CNP Assurances in the presence of Office CB 21 and Foncière des Régions SGP

This agreement follows the signing on 25 November 2010 of a memorandum of understanding to define the principal terms and conditions of the partnership agreement relating to the shared ownership of the CB 21 Tower between CNP Assurances (25%) and Foncière des Régions (75%). A real estate collective investment vehicle (OPCI), Office CB 21, was formed to indirectly hold the CB 21 Tower. As a result, on 20 December 2010, Foncière des Régions and CNP Assurances entered into a shareholder agreement to organise their relations within the Office CB 21 SPPICAV, and to determine their respective commitments and the conditions for the sale of their shareholdings.

In particular, the agreement provides for:

- a period of non-transferability of the securities of the Office CB 21 SPPICAV, the CB 21 Tower and the securities of FDR 4 for four years from the date of signature of the agreement

- a right of first refusal in the event that one of the shareholders seeks to sell its shareholdings at the expiration of the period of non-transferability, and a right of joint sale
- a right of first offer in the event of the sale by the Office CB 21 SPPICAV of the securities of FDR 4 or of the CB 21 Tower at the end of the period of non-transferability.

5.8.1.8. Investment agreement between Foncière des Régions and Predica – Prévoyance Dialogue of Crédit Agricole in the presence of SCI Latécoère

The investment agreement signed on 19 July 2012 sets out the terms and conditions of the acquisition by Predica of 49.9% of the capital of SCI Latécoère by subscribing to a capital increase in cash reserved for Predica. SCI Latécoère is the owner of a real estate development known as "DS Campus" located at Vélizy-Villacoublay and fully leased to Dassault Systèmes on a firm 12-year lease coming due in 2020, by subscribing to a capital increase in cash reserved for Predica.

A shareholders' agreement regulating shareholder relations within SCI Latécoère, the subject of the partnership, was concluded on 19 October 2012. The addendum n°1 to this agreement was signed on 20 April 2015 and the addendum n°2 on 24 July 2017.

5.8.1.9. Investment agreement between Foncière des Régions and Predica – Prévoyance Dialogue of Crédit Agricole in the presence of SCI Lénovilla

The investment agreement signed on 19 July 2012 sets out the terms and conditions of the partnership between Foncière des Régions and Predica for completing a real estate development project known as "New Vélizy" in the Inovel Parc zone of Vélizy-Villacoublay and fully pre-leased to Thales.

The agreement states the principal contracts that SCI Lénovilla must conclude under the project implementation process and sets the completion schedule for the project.

A shareholders' agreement regulating shareholder relations within SCI Lénovilla, the subject of the partnership, was concluded on 1 February 2013. The addendum n°1 to this agreement was signed on 24 July 2017.

5.8.1.10. Investment agreement between Foncière des Régions and Predica – Prévoyance Dialogue of Crédit Agricole in the presence of SCI 11 Place de l'Europe

The investment agreement signed on 19 December 2013 sets out the terms and conditions of the acquisition by Predica of 49.9% of the capital of SCI 11 Place de l'Europe, by subscribing to a capital increase in cash reserved for Predica. SCI 11 Place de l'Europe is the owner (i) of a real estate complex known as "Eiffage Construction", located at Vélizy-Villacoublay and fully leased to Eiffage Construction on a firm 12-year lease, and (ii) of an asset under construction, mainly for office use, known as "Eiffage Campus" located at Vélizy-Villacoublay and fully leased to Eiffage Construction from its delivery on a firm 12-year lease.

A shareholder's agreement regulating shareholder relations within SCI 11 Place de l'Europe, the subject of the partnership, was concluded on 19 December 2013 and was amended by Rider No. 1 on 24 July 2017.

5.8.1.11. Investment agreement between Foncière des Régions and Predica – Prévoyance Dialogue of Crédit Agricole and SCI DS Campus in the presence of SCI Latécoère 2

The investment agreement signed on 18 June 2015 sets out the terms and conditions of the acquisition by Predica, through its subsidiary SCI DS Campus, of 49.9% of the capital of SCI Latécoère 2, by subscribing to a capital increase in cash reserved for SCI DS Campus. SCI Latécoère 2 has acquired the land ownership enabling the real estate development known as "DS Campus" located at Vélizy-Villacoublay.

A shareholders' agreement regulating shareholder relations within SCI Latécoère 2, the subject of the partnership, was concluded on the same day and was amended by rider No. 1 on 24 July 2017.

5.8.1.12. Shareholders' agreement between Foncière des Régions and ANF Immobilier in the presence of SCI Orianz and SCI Factor E

The shareholders' agreement was signed after the conclusion of a term sheet on 1 July 2016 between the Company and ANF Immobilier in connection with a partnership regarding a real estate development in Bordeaux and focused primarily on the three office building assets ("Immeubles B – C" and "Immeuble E") and the parking spaces attached to said buildings, contributed by SCI Orianz and SCI Factor E, it being specified that at the conclusion of their construction, Foncière des Régions would be the sole owner of Immeuble E.

The shareholders' agreement concluded between the Company and ANF Immobilier on 1 September 2016 for a term of ten years and automatically renewable for successive one-year periods, (i) establishes the rules of governance (including management of the real estate assets) and the financing conditions within SCI Orianz and SCI Factor E, (ii) provides restrictions on the transfer of shares of the real estate investment companies with a temporary lock-up period, and (iii) defines the conditions associated with the exit of shareholders by providing a right of first offer, a right of first refusal, a pre-emption right, a tag-along right and a drag-along right.

5.8.1.13. Partnership agreement between Foncière des Régions and Assurances du Crédit Mutuel Vie SA in the presence of SCI 15 rue des Cuirassiers

The partnership agreement concluded between Foncière des Régions and ACM Vie on 7 December 2017 is part of the 49.9% minority position taken by ACM Vie in the share capital of SCI 15 rue des Cuirassiers, owner of a new office and retail mixed-use building called Silex 1 in Lyon Part-Dieu, with 10,650 m^2 of floor space, delivered in January 2017 and fully leased.

This agreement, which defines and governs the relationship between the partners within SCI 15 rue des Cuirassiers was entered into for a term of 15 years, automatically renewable without renegotiation for successive periods of two years. It governs, *inter alia*, the governance and management of the company (including rules for managing the asset), sets a lock-up period for the shares, defines the terms and conditions governing the transfer of the real property and the equity, and also institutes a purchase option in the event of a change in control of either partner.

5.8.1.14. Partnership agreement between Foncière des Régions and Assurances du Crédit Mutuel Vie SA in the presence of SCI 9 rue des Cuirassiers

The partnership agreement concluded between Foncière des Régions and ACM Vie on 7 December 2017 is part of the 49.9% minority position taken by ACM Vie in the share capital of SCI 9 rue des Cuirassiers, the owner of a new real estate complex called Silex 2 in Lyon Part-Dieu, for which major reconstruction is planned in order to build an architectural whole for office and retail use, with 31,000 m² of floor space, consisting of nine stories of 10,100 m² and a 24-storey tower with 20,900 m². Delivery is expected at the end of 2020.

This agreement, which defines and governs the relationship between the partners within SCI 9 rue des Cuirassiers was entered into for a term of 15 years, automatically renewable without renegotiation for successive periods of two years. It defines how the partners shall contribute equity and *inter alia* the governance and management of the company (including rules for construction and managing the asset), sets a lock-up period for the shares, defines the terms and conditions governing the transfer of the real property and the equity, and also institutes a purchase option in the event of a change in control of either partner.

5.8.2. Other contracts

5.8.2.1. Bond issue of €500 million

The Company carried out a bond issue for a total amount of €500 million on 9 October 2012 with French and European investors. The issue involves 5,000 bonds priced at €100,000 each maturing in January 2018, with a coupon of 3.875% and a spread of 295 basis points. The issue was carried out after obtaining a BBB- with a stable outlook from Standard & Poor's on 28 September 2012. On 20 May 2016, the Company redeemed 2,336 bonds.

5.8.2.2. Bond issue of €180 million

The Company carried out a private bond issue in the amount of €180 million on 12 March 2013 with French and European investors. The issue involves 1,800 bonds priced at €100,000 each maturing in April 2020, with a coupon of 3.30% and a spread of 197 basis points.

5.8.2.3. ORNANE bond issue of €345 million

In November 2013, the Company issued of bonds redeemable in cash and/or in new or existing shares (ORNANE), maturing on 1 April 2019, for a nominal amount of €345 million after fully exercising the extension clause, representing 4,071,757 bonds. This issue was made at an annual interest rate of 0.875% and a unit value of bonds of €84.73. The proceeds of this issue were dedicated principally to refinancing a part of the Company's existing debt for the amount of some €170 million and carrying out the buyback for €110 million and the redemption of a portion of the ORNANE issued on 24 May 2011. For the balance, proceeds from the issue of bonds were dedicated to financing the Company's general requirements.

5.8.2.4. Bond issue of €500 million

The Company carried out a bond issue for a total amount of €500 million on 4 September 2014 with French and European investors. The issue involves 5,000 bonds priced at €100,000 each maturing in September 2021, with a coupon of 1.75% and a spread of 105 basis points.

On 22 June 2017, the Company repurchased a portion of these bonds for €273.1 million in cash.

5.8.2.5. Green Bond issue of €500 million

On 9 May 2016, the Company issued a Green Bond of €500 million with investors. This issue of 5,000 bonds of €100,000 maturing in May 2026 offers a coupon of 1.875%, or a spread of 137 basis points. This bond issue will finance or refinance office assets under development or recently delivered and benefiting from HQE certification (minimum target of 9/14) or BREEAM certification (Very Good as a minimum).

5.8.2.6. Bond issue of €500 million

On 13 June 2017, the Company conducted a €500 million bond issue maturing in 2027 and offering a fixed coupon of 1.5%, or a spread of 85 basis points. The delivery-settlement and admission to trading of these bonds on Euronext Paris occurred on 21 June 2017.

5.8.3. Principal financial agreements

The principal financial agreements are detailed in the notes to the consolidated financial statements presented in Part 3 (Section 3.2.5.11.4) and Part 1 (Section 1.7.4) of this Reference Document.

5.9. PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

5.9.1. Person responsible for the Reference Document

Christophe Kullmann
Chief Executive Officer

5.9.2. Certification of the person responsible for the Reference Document including the annual financial report

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, liabilities, financial position and profit or loss of the Company and all of its consolidated companies, and that the information in the management report of the Board of Directors, including the concordance table at the end of the reference document, fairly reflects the development of the business, the profit or loss and the financial position of the Company and all of its consolidated companies, as well as a description of the main risks and uncertainties they face.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this Reference Document about the financial position and financial statements and that they have read this document in its entirety.

5.9.3. Declaration by the person responsible

Paul Arkwright
Corporate Finance and Investor Relations Manager
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5.9.3.1. Provisional timetable for financial reporting

General Meeting: 19 April 2018

Publication of revenue of the first quarter of 2018: 26 April 2018

Publication of 2018 half-year results: 19 July 2018

Publication of revenue of the third quarter of 2018: 25 October 2018

5.9.3.2. Historic financial information

Pursuant to Article 28 of European Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is incorporated by reference in this Reference Document:

- the consolidated financial statement and the annual statements for the period ended 31 December 2016 and the report by the statutory auditors concerning same appear on pages 279 and 319-320 of the 2016 Reference Document filed with the AMF on 22 March 2017 under No. D.17-0202
- the consolidated financial statement and the annual statements for the period ended 31 December 2015 and the report by the statutory auditors concerning same appear on pages 273 and 313 of the 2015 Reference Document filed with the AMF on 23 March 2016 under No. D.16-0192.

TABLE OF CONCORDANCE

TABLE OF CONCORDANCE FOR THE REFERENCE DOCUMENT

(pursuant to the sections of Appendix I of (EC) Regulation No. 809/2004 of 29 April 2004)

	Type of information	Relevant parts	Pages
1.	**Responsible parties**		
1.1.	Parties responsible for information	5.9.1	441
1.2.	Statements made by the responsible parties	5.9.2	441
2.	**Statutory auditors**		
2.1.	Names and addresses	4.8	410
2.2.	Resignations/non-renewals	N/A	
2.3.	Remuneration	3.2.7.6	269
3.	**Selected financial information**		
3.1.	Presentation of selected historical financial information	1.6 1.7 3.1 3.2	49 and seq. 57 and seq. 208 and seq. 216 and seq.
3.2.	Interim periods	N/A	
4.	**Risk factors**		
4.1.	Risks relating to Foncière des Régions' activity and strategy	1.10.1.1 and 1.10.1.2	81 and 82
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6.2.	Primary markands	1.5	25 and seq.
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1 – Annual financial statements	3.4; 3.5	280 and seq.
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4 – Statement of individuals assuming responsibility for the document	5.9.2	441
5 – Statutory Auditors' report on the annual financial statements (including observations on corporate governance) and the consolidated financial statements	3.3 3.6	276 and seq. 320 and seq.
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TABLE OF CONCORDANCE WITH THE MANAGEMENT REPORT

The table of concordance below cross-references information in this Registration Document with information in the Company's and the Group's management report, as required by legal and regulatory provisions.

Type of information	Relevant parts	Pages
Overview of the position of the Company and Group over the past year (Articles L. 232-1 II and L. 233-26 of the French Commercial Code); analysis of changes in the business, earnings, financial position of the Company and Group and key financial and non-financial performance indicators (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	1.3 à 1.9	12 à 79
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Significant events between the balance sheet date and the drafting of the management report (Articles L. 232-1 II and L. 233-26 of the French Commercial Code)	3.2.9	275
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Description of the main risks and uncertainties (Article L. 225-100-1-3 and L. 225-1003 of the French Commercial Code)	1.10.1	80 and seq.
Financial risks related to the effects of climate change and measures taken to reduce them (L. 225-100-1-I-4 of the French Commercial Code)	1.10.3	86
Internal control and risk management procedures (L. 225-100-1-I-5 of the French Commercial Code)	1.10.4	86 and seq.
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Information relating to the Company's shareholding structure, statement of employee shareholding at the year end (Article L. 225-102 of the French Commercial Code); possible adjustments for securities providing access to the share capital (Article L. 228-99 and R. 228-89 of the French Commercial Code)	5.3	423 and seq.
Information on the number of shares purchased and sold during the year under a share buyback programme, and characteristics of these transactions (Article L. 225-211 of the French Commercial Code)	5.3.8	427
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Report from the Board of Directors on corporate governance (Article L. 225-37 and L. 225-37-4 of the French Commercial Code)	4.3	347 and seq.
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Total remuneration and benefits in kind received by each corporate officer over the past year (L. 225-102-1 of the French Commercial Code)	4.2.1.4 and 4.3.2	339 and seq. 367 and seq.
Allocation and holding of free shares by executive corporate officers (L.225-197-1 II of the French Commercial Code)	4.3.2.1.2.4	374 and 375
List of offices and functions held in all organisations by each of the Company Officers during the financial year (L. 225-37-4 of the French Commercial Code)	4.3.2.4	381 and seq.
Agreements between a corporate officer or a major shareholder and a subsidiary (Article L. 225-37-4-2 of the French Commercial Code)	5.8.1	437 and seq.
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GLOSSARY

Cost of development projects

This indicator is calculated including interest costs. It includes the costs of the property and costs of construction.

Debt interest rate

- **Average cost:**

$$\frac{\text{Financial Cost of Financial net Debt for the period} + \text{Financial Cost of Hedges for the period}}{\text{Average used financial net debt outstanding in the year}}$$

- **Spot rate:** Definition equivalent to average interest rate over a period of time restricted to the last day of the period.

Definition of the acronyms and abbreviations used:

- **MRC:** Major regional cities, *i.e.* Bordeaux, Grenoble, Lille, Lyon, Metz, Aix-Marseille, Montpellier, Nantes, Nice, Rennes, Strasbourg and Toulouse
- **ED:** Excluding Duties
- **ID:** Including Duties
- **IDF:** Paris region (Île-de-France)
- **ILAT:** French office rental index
- **CCI:** Construction Cost Index
- **CPI:** Consumer Price Index
- **RRI:** Rental Reference Index
- **PACA:** Provence-Alpes-Côte-d'Azur
- **LFL:** Like-for-Like
- **GS:** Group Share
- **CBD:** Central Business District
- **Rtn:** Yield
- **Chg:** Change
- **MRV:** Market Rental Value

EPRA NAV per share and EPRA NNNAV per share

EPRA NAV per share (EPRA NNNAV) is calculated pursuant to the EPRA recommendations, based on the shares outstanding as at year-end (excluding treasury shares) and adjusted for the effect of dilution.

Firm residual term of leases

Average outstanding period remaining of a lease calculated from the date a tenant first takes up an exit option.

Green Assets

"Green" buildings, according to IPD, are those where the building and/or its operating status are certified as HQE, BREEAM, LEED, etc. and/or which have a recognised level of energy performance such as the BBC-effinergieR, HPE, THPE or RT Global certifications.

Like-for-like change in rent

This indicator compares rents recognised from one financial year to another without accounting for changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties. The change is calculated on the basis of rental income under IFRS for strategic activities. Given specificities and common practices in German residential, the Like-for-Like change is computed based on the rent in €/m^2 spot N *versus* N-1 (without vacancy impact) on the basis of accounted rents.

This change is restated for certain severance pay and income associated with the Italian real estate (IMU) tax.

The current scope includes all portfolio assets except assets under development.

Like-for-like change in value

This indicator is used to compare asset values from one financial year to another without accounting for changes in scope: acquisitions, disposals, developments including the vacating and delivery of properties.

The like-for-like change presented in portfolio tables is a variation taking into account CAPEX works done on the existing portfolio. The restated like-for-like change in value of this work is cited in the comments section.

The current scope includes all portfolio assets.

Loan To Value (LTV)

The LTV calculation is detailed in Part 5 "Financial Resources"

Occupancy rate

The occupancy rate corresponds to the spot financial occupancy rate at the end of the period and is calculated using the following formula:

$$\frac{1 - \text{Loss of rental income through vacancies (calculated at MRV)}}{\text{rental income of occupied assets + loss of rental income}}$$

This indicator is calculated solely for properties on which asset management work has been done and therefore does not include assets available under pre-leasing agreements. Occupancy rate are calculated using annualised data solely on the strategic activities portfolio.

The indicator "Occupancy rate" includes all portfolio assets except assets under development.

Operating assets

Properties leased or available for rent and actively marketed.

Portfolio

The portfolio presented includes investment properties, properties under development, as well as operating properties and properties in inventory for each of the entities, stated at their fair value. For the hotel operating properties it includes the valuation of the portfolio consolidated under the quity method. For offices in France, the portfolio includes asset valuations of Euromed and New Vélizy, which are consolidated under the equity method.

Projects

- **Committed projects:** these are projects for which promotion or construction contracts have been signed and/or work has begun and has not yet been completed at the closing date. The delivery date for the relevant asset has already been scheduled. They might pertain to VEFA (pre-construction) projects or to the repositioning of existing assets.
- **Controlled projects:** These are projects that might be undertaken and that have no scheduled delivery date. In other words, projects for which the decision to launch operations has not been finalised.

Recurring Net Income

The RNI is defined as the recurring result from operational activities and it is used as a measure of the company performance. The RNI per share is calculated on the diluted average number of shares over the period (excluding auto-control).

- **Calculation:**

(+) Net Rental Income

(-) Net Operating Costs (including costs of structure, costs on development projects, revenues from administration and management and costs related to business activity)

(+) Results from other activities

(+) Costs of the net financial debt

(+) RNI from non-consolidated affiliates

(-) Recurrent Tax

(+) RNI from discontinued operations

(=) Recurring Net Income

Rental activity

Rental activity includes mention of the total surface areas and the annualised rental income for renewed leases, vacated premises and new lettings during the period under review.

For renewed leases and new lettings, the figures provided take into account all contracts signed in the period so as to reflect the transactions completed, even if the start of the leases is subsequent to the period.

Lettings relating to assets under development (becoming effective at the delivery of the project) are identified under the heading "Pre-lets".

Rental income

- **Recorded rent** corresponds to gross rental income accounted for over the year by taking into account deferment of any relief granted to tenants, in accordance with IFRS standards.
- **The like-for-like rental income** posted allows comparisons to be made between rental income from one year to the next, before taking changes to the portfolio (*e.g.* acquisitions, disposals, building works and development deliveries) into account. This indicator is based on assets in operation, *i.e.* properties leased or available for rent and actively marketed.
- **Annualised "topped-up" rental income** corresponds to the gross amount of guaranteed rent for the full year based on existing assets at the period end, excluding any relief.

Surface

- **SHON:** Gross surface
- **SUB:** Gross used surface

Unpaid rent (%)

Unpaid rent corresponds to the net difference between charges, reversals and unrecoverable loss of income divided by rent invoiced. These appear directly in the income statement under net cost of unrecoverable income (except in Italy where unpaid amounts not relating to rents were restated).

Yields/return

- **The portfolio returns** are calculated according to the following formula:

$$\frac{\text{Gross annualised rent (not corrected for vacancy)}}{\text{Value excl. duties for the relevant scope (operating or development)}}$$

- **The returns on asset disposals or acquisitions** are calculated according to the following formula:

$$\frac{\text{Gross annualised rent (not corrected for vacancy)}}{\text{Acquisition value including duties or disposal value excluding duties}}$$

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