SOCIÉTÉ FONCIÈRE LYONNAISE

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved for publication by the Board of Directors on 11 February 2015.

A – Consolidated Statement of Financial Position

(in thousands of euros) ASSETS	Notes Section E	31 December 2014	31 December 2013	31 December 2012
Intangible assets	VI-1	2,277	1,884	813
Property and equipment	VI-2	22,695	22,760	23,338
Investment properties	VI-3	4,392,767	3,810,524	3,528,807
Investments in associates	VI-4	-	302,341	286,560
Non-current financial assets	VI-5	716	692	770
Other non-current assets	VI-6	6,713	6,884	5,352
Total non-current assets		**4,425,168**	**4,145,084**	**3,845,640**
Investment properties held for sale	VI-7	-	-	286,777
Inventories and work in progress		-	-	-
Trade and other receivables	VI-8	67,610	63,014	59,435
Other current assets	VI-9	1,310	1,594	1,417
Cash and cash equivalents	VI-10	17,091	29,032	24,918
Total current assets		**86,011**	**93,639**	**372,547**
Total assets		**4,511,179**	**4,238,723**	**4,218,187**

(in thousands of euros) EQUITY AND LIABILITIES	Notes Section E	31 December 2014	31 December 2013	31 December 2012
Share capital		93,058	93,058	93,058
Reserves		2,034,009	1,974,378	1,760,385
Profit for the year		197,737	147,259	283,189
Equity attributable to owners of the parent		**2,324,803**	**2,214,695**	**2,136,632**
Non-controlling interests		268,571	230,871	198,031
Total non-controlling interests		**268,571**	**230,871**	**198,031**
Total equity	**VI-11**	**2,593,374**	**2,445,566**	**2,334,663**
Long-term borrowings and derivative instruments	VI-12	1,592,412	1,345,323	1,507,746
Long-term provisions	VI-13	1,112	582	1,861
Deferred tax liabilities	VI-14	156,174	133,902	117,060
Accrued taxes	VI-15	5,596	9,107	1,717
Other non-current liabilities	VI-16	15,489	15,575	14,715
Total non-current liabilities		**1,770,783**	**1,504,490**	**1,643,099**
Trade and other payables	VI-17	40,147	36,481	42,638
Short-term borrowings and other interest-bearing debt	VI-12	69,785	216,260	154,972
Short-term provisions	VI-13	442	484	316
Other current liabilities	VI-18	36,647	35,443	42,499
Total current liabilities		**147,021**	**288,668**	**240,425**
Total equity and liabilities		**4,511,179**	**4,238,723**	**4,218,187**

B - Consolidated Statement of Comprehensive Income

(in thousands of euros)	Notes Section E	2014	2013	2012
Property rentals		151,508	149,315	150,202
Property expenses, net of recoveries		(11,863)	(12,298)	(12,391)
Net property rentals	**VI-19**	**139,645**	**137,017**	**137,811**
Service and other revenues	VI-20	-	29	437
Other income	VI-21	1,932	2,479	3,581
Depreciation and amortisation expense	VI-22	(1,011)	(1,018)	(850)
Provision (expense)/reversals, net	VI-23	196	1,411	(60)
Employee benefits expense	VI-24	(11,617)	(11,599)	(11,187)
Other expenses	VI-25	(7,615)	(8,476)	(7,252)
Profit on disposal of other assets	VI-26	8,475	-	-
Profit/(loss) on disposal of investment properties		-	(196)	(4)
Gains and losses from remeasurement at fair value of investment properties	VI-27	227,542	145,310	236,260
Operating profit		**357,547**	**264,957**	**358,736**
Share of profits/(losses) of associates	VI-28	(2,176)	20,969	20,967
Finance costs and other financial expenses	VI-29	(63,546)	(64,268)	(70,825)
Financial income	VI-29	7,715	11,184	14,816
Gains and losses from remeasurement at fair value of financial instruments	VI-30	(30,791)	(18,158)	(16,028)
Discounting adjustments to receivables and payables		(374)	598	(163)
Provision expense, net - financial assets	VI-31	-	-	-
Profit before income tax		**268,375**	**215,282**	**307,503**
Income tax expense	VI-32	(28,147)	(32,585)	(8,050)
Profit for the year		**240,228**	**182,696**	**299,453**
Attributable to owners of the parent		**197,737**	**147,259**	**283,189**
Attributable to non-controlling interests	VI-33	42,491	35,437	16,264
Other comprehensive income				
Actuarial gains and losses	VI-13	(444)	84	-
Deferred tax effect			-	-
Items in the accounts of associates that will not be reclassified to profit or loss			-	-
Items that will not be reclassified to profit or loss		(444)	84	
Valuation gains and losses on financial instruments taken to equity (cash flow hedges)	VI-30	5,034	24,036	(13,076)
Deferred tax impact of valuation gains and losses on financial instruments taken to equity	VI-32	1,375	(535)	(138)
Items in the accounts of associates that may be reclassified subsequently to profit or loss	VI-4	1,980	3,879	-
Items that may be reclassified subsequently to profit or loss		8,389	27,380	(13,215)
Other comprehensive income		**7,945**	**27,464**	**(13,215)**
Comprehensive income		**248,173**	**210,160**	**286,238**
Attributable to owners of the parent		**206,991**	**174,214**	**269,974**
Attributable to non-controlling interests		41,182	35,946	16,264
Earnings per share	VI-34	€4.29	€3.20	€6.14

C – Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium account	Revaluation reserve	Treasury shares	Cash flow hedges	Other reserves	Profit for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests
Equity at 31 December 2012	**93,058**	**1,030,630**	**22,621**	**(18,289)**	**(39,666)**	**765,090**	**283,189**	**2,136,632**	**198,031**
Movements for the year									
Profit for the year							147,259	147,259	35,437
Other comprehensive income, net of tax					26,871	84		26,955	509
Comprehensive income					**26,871**	**84**	**147,259**	**174,214**	**35,946**
Appropriation of profit		(41,927)				325,116	(283,189)	-	
Treasury share transactions				46				46	
Gains and losses on sales of treasury shares				9				9	
Share-based payments						570		570	
Dividends paid to owners of the parent		(64,520)				(32,254)		(96,774)	(3,107)
Equity at 31 December 2013	**93,058**	**924,183**	**22,621**	**(18,234)**	**(12,795)**	**1,058,605**	**147,259**	**2,214,695**	**230,871**
Movements for the year									
Profit for the year							197,737	197,737	42,491
Other comprehensive income, net of tax					9,698	(444)		9,254	(1,309)
Comprehensive income					**9,698**	**(444)**	**197,737**	**206,991**	**41,183**
Appropriation of profit		44,549				102,710	(147,259)	-	
Treasury share transactions				703				703	
Gains and losses on sales of treasury shares				(986)				(986)	
Share-based payments						443		443	
Dividends paid to owners of the parent		(129,064)				32,254		(96,810)	(3,483)
Other adjustments						(232)		(232)	
Equity at 31 December 2014	**93,058**	**839,668**	**22,621**	**(18,517)**	**(3,097)**	**1,193,334**	**197,737**	**2,324,803**	**268,571**

D – Consolidated Statement of Cash Flows

(in thousands of euros)	Notes Section E	2014	2013	2012
Cash flows from operating activities				
Profit for the year attributable to owners of the parent		197,737	147,259	283,189
Gains and losses from remeasurement at fair value of investment properties	VI-27	(227,542)	(145,310)	(236,260)
Depreciation and amortisation expense (excluding impairment)	VI-22	1,011	1,018	850
Net additions to/(reversals of) provisions		44	(1,027)	81
Net (gains)/losses from disposals of assets, after tax	IV-1	(8,475)	196	4
Discounting adjustments and valuation (gains)/losses on financial instruments		31,165	17,560	16,191
Deferral of rent-free periods	VI-19	(10,230)	(4,231)	(1,250)
Employee benefits	VI-24	443	570	329
Share of (profits)/losses of associates	VI-4	2,176	(20,969)	(20,967)
Non-controlling interests in profit for the year	VI-33	42,491	35,437	16,264
Other movements		44	20	-
Cash flow after finance costs and income tax		**28,865**	**30,523**	**58,432**
Finance costs	VI-29	55,831	53,085	56,009
Income tax	VI-32	28,147	32,585	8,050
Cash flow before finance costs and income tax		**112,843**	**116,193**	**122,492**
Change in working capital		6,477	(9,991)	(12,450)
Dividends received from associates	VI-4	7,279	9,066	3,065
Interest paid		(62,219)	(58,852)	(66,937)
Interest received		237	246	2,940
Income tax paid		(4,819)	(8,057)	(4,794)
Net cash provided by operating activities		**59,797**	**48,606**	**44,315**
Cash flows from investing activities				
Acquisitions of and improvements to investment properties		(346,476)	(131,993)	(103,075)
Acquisitions of intangible assets and property and equipment		(1,482)	(3,014)	(4,689)
Acquisitions of subsidiaries, net of the cash acquired	VI-37	-	-	8,931
Proceeds from disposals of investment properties, intangible assets and property and equipment	VI-37	12	290,109	(4)
Proceeds from disposals of subsidiaries, net of cash sold	VI-37	303,351	-	-
Other cash inflows and outflows		(44)	78	(2)
Net cash provided/(used) by investing activities		**(44,639)**	**155,180**	**(98,839)**
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		-	-	-
Purchases and sales of treasury shares, net		(283)	55	1,664
Dividends paid to owners of the parent	VI-35	(96,810)	(96,774)	(96,737)
Dividends paid to non-controlling interests		(3,483)	(3,107)	(1,411)
Proceeds from new borrowings		606,978	265,867	1,140,313
Repayments of borrowings		(506,903)	(357,081)	(925,173)
Other		(22,384)	(12,881)	(47,489)
Net cash provided/(used) by financing activities		**(22,885)**	**(203,920)**	**71,167**
Net change in cash and cash equivalents		**(7,726)**	**(135)**	**16,644**
Cash and cash equivalents at beginning of year		(1,544)	(1,410)	(18,053)
Cash and cash equivalents at end of year		(9,270)	(1,544)	(1,410)
Net change in cash and cash equivalents		**(7,726)**	**(135)**	**16,644**

Cash and cash equivalents in the statement of cash flows are stated net of bank overdrafts.

E – Notes to the Consolidated Financial Statements

I - Accounting Policies

I - 1) Accounting standards

As required under European Commission regulation (EC) 16/06/2002 dated 19 July 2002, the consolidated financial statements have been prepared in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and related interpretations (SICs and IFRICs) adopted by the European Union.

The following new standards and interpretations published by the IASB had not been adopted by the European Union or were not yet applicable and were not early adopted as of 31 December 2014:

- IFRIC 21 – Levies
- IFRS 9 – Financial Instruments
- IFRS 15 -– Revenue from Contracts with Customers

The following new standards and interpretations were applicable from 1 January 2014:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- Amendments to IAS 27 – Consolidated and Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures resulting from the adoption of IFRS 10, 11 and 12
- Amendments to the transitional guidance in IFRS 10, 11 and 12
- Amendments to IFRS 10 and 12 and IAS 27 – Investment Entities
- Amendment to IAS 32 – Offsetting of Financial Assets and Financial Liabilities
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

I - 2) Accounting conventions

The consolidated financial statements are presented in thousands of euros.
The Group has chosen to measure investment properties using the fair value model (see Note II-3).

I - 3) Basis of consolidation

The consolidated financial statements include the financial statements of SFL and its subsidiaries. The financial statements of subsidiaries cover the same period as those of SFL and have been prepared according to the same accounting policies. Intragroup transactions are eliminated in consolidation.

Subsidiaries are consolidated from the date when control is acquired and are removed from the scope of consolidation when control is transferred outside the Group. When SFL ceases to exercise control over a subsidiary, the consolidated financial statements include the subsidiary's results for the period from the beginning of the year to the date when control is transferred.

Material companies in which SFL exercises exclusive control, pursuant to the terms of a shareholders' pact, through ownership of the majority of voting rights or otherwise, are fully consolidated.

I - 4) Joint ventures

Joint ventures are accounted for by the equity method. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The accounting policies applied by associates comply with IFRS and are consistent with the Group's accounting policies.

After taking control of Parholding and its subsidiaries on 31 December 2012 and following the signature of a new shareholders' pact, SFL no longer has any interests in joint ventures.

I - 5) Investments in associates

Associates are accounted for by the equity method. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture.

Under the equity method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets, less any impairment losses. The Group's consolidated profit includes its share of the associate's profit.

Negative goodwill, corresponding to the excess of the acquisition-date fair value of the Group's interest in the associate's identifiable assets and liabilities over the cost of the shares acquired is recognised directly in the statement of comprehensive income.

The accounting policies applied by associates comply with IFRS and are consistent with the Group's accounting policies.

I - 6) Business combinations

In accordance with IFRS 3R, the identifiable assets, liabilities, contingent liabilities and off-balance sheet items of entities acquired in a business combination are recognised at their fair values at the acquisition date.

General administrative expenses and other expenses not included in the cost of the business combination are recognised as an expense when incurred.

The excess of the acquisition cost over the acquisition-date fair value of the share of the net assets acquired is recognised as an asset under "Goodwill" in the consolidated statement of financial position. Any negative goodwill arising on the business combination is recognised directly in the statement of comprehensive income.

Acquisitions of property companies that do not meet the definition of a business combination under IFRS 3R are treated as direct acquisitions of the underlying property.

I - 7) Foreign currency translation

The functional and presentation currency of SFL and its subsidiaries is the euro. Transactions in foreign currency are initially recognised in the functional currency by applying the exchange rate on the transaction date. At the period-end, foreign currency monetary assets and liabilities are translated at the closing rate. Translation differences are recognised in the statement of comprehensive income.

SFL does not have any foreign currency transactions.

I - 8) Income tax expense

The results of businesses subject to income tax are taxed at the standard rate.

For businesses subject to income tax, deferred tax assets and liabilities have been recognised by the liability method for all temporary differences between the book value of assets and liabilities and their tax basis. The Group entities that have elected to be taxed as a *SIIC* are not liable for income tax and the number of companies for which deferred taxes are recognised is therefore limited.

II - Measurement Methods

II - 1) Intangible assets

Intangible assets correspond mainly to software development costs incurred in connection with the Group's systems upgrade, accounted for in accordance with IAS 38.
They are amortised by the straight-line method over five years.

II - 2) Property and equipment

Property and equipment consist mainly of furniture, computer equipment and owner-occupied property. Owner-occupied property is property held by the owner for use in the production or supply of goods or services or for administrative purposes. The only property in this category is the section of the Washington Plaza building used by the Group for administrative purposes.

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16. Depreciation is calculated by the straight-line method over the asset's estimated useful life. Each part of an item of property or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Shell	50 to 125 years
Roof, windows, doors	14 to 31 years
Fixtures and installations	10 to 50 years
Fittings and equipment	5 to 40 years

If the fair value of an asset is less than its carrying amount, an impairment loss is recognised.

The gain or loss arising from derecognition of an item of property or equipment, corresponding to the difference between the net disposal proceeds and the carrying amount of the item, is included in profit when the item is derecognised.

II - 3) Investment properties

Investment property is property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both.

SFL has chosen to measure investment properties using the fair value model as provided for in IAS 40 (paragraph 30). Under this model, investment properties are measured at fair value and gains or losses arising from changes in fair value are recognised in profit. The properties are not depreciated.

The market value of the Group's investment property is determined based on valuations performed by independent experts. The fair value of investment property is the amount at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The fair values of investment properties carried in the Group's statement of financial position correspond to the prices obtained from independent valuations performed using the method described below.
Changes in fair value, which are recognised in the statement of comprehensive income under "Gains and losses from remeasurement at fair value of investment properties", are calculated as follows:
Change in fair value = Market value at the period-end – Market value at the prior period-end – Work and other costs capitalised during the period.

The change in fair value is adjusted to exclude the effects of specific lease terms or provisions recognised under other asset captions and included in the fair value calculation, to avoid these effects being taken into account twice.

Valuation method

SFL's entire property portfolio was valued at 31 December 2014 by CBRE, Jones Lang LaSalle and BNP Paribas Real Estate.
The valuations were performed in accordance with the *Charte de l'Expertise en Evaluation Immobilière* (property valuation charter) included in the February 2000 report of France's securities regulator (COB, renamed AMF), and also complied with the standards issued by The European Group of Valuers' Associations (TEGoVA) as well as with Royal Institution of Chartered Surveyors (RICS) standards.

Independent experts are rotated in compliance with the SIIC code of ethics, which states: "Regardless of the number of independent experts used by the SIIC, the following principles must be upheld:
- Appointments should be based on a selection process evaluating each candidate's independence, qualifications and competency to value property within the asset classes and geographical locations concerned.
- When a firm of valuers is used, the SIIC should ensure that the firm's internal valuation teams are rotated after a period of seven years.
- An independent valuer may serve for no more than two four-year terms for any given client, unless that valuer is a company in which case the above team rotation rule applies."
SFL's portfolio is appraised on a half-yearly basis by a group of three independent firms, each of which is responsible for valuing part of the total portfolio, as follows (the percentages below are determined on the basis of the Group's share of the total value of the properties, excluding transfer costs):
- CBRE: 33%
- Jones Lang LaSalle: 36%
- BNP Paribas Real Estate: 31%
The firms ensure that their internal teams are rotated as required, and concurring appraisals are organised every six months on a portion of the assets in the portfolio. In addition, certain properties are assigned to different valuers each year to ensure a gradual rotation of assets among them.

The properties are valued primarily by the discounted cash flows method, which consists of discounting projected future cash flows. Assumptions concerning future revenue flows take into account passing rents, estimated market rents for the period beyond the lease expiry dates, any rent-free periods and rent step-ups, vacancy risk and projected changes in the construction cost index (ICC), office rent index (ILAT) and retail rent index (ILC). Each property was analysed in detail, based on the type of use and the surface area of each unit, lease by lease.
The valuers noted that rents on certain units were above or below market rents for the period on similar properties. These differences were taken into account to value the properties according to their current occupancy, based on the duration of the underlying leases.
Vacant units were valued on the basis of assumed rents, excluding rent for the estimated marketing period, after deducting remaining renovation costs for the period until the units are re-let and any rent-free period expected to be granted. Expenditure assumptions cover non-recoverable costs – determined on a lease-by-lease basis – and projected capital expenditure to achieve the asset's highest and best use as defined by IFRS 13.
Net cash flows for the final year of the projection period are capitalised to calculate the terminal value, corresponding to the property's resale price at the end of the period.

The results obtained are then compared to market data and adjusted, if necessary, to obtain a market-consistent value.
The appraisal values are quoted both including transfer costs (calculated on the basis of a standard rate of 6.2% or 6.9% for all properties subject to registration duty and 1.80% for properties subject to VAT) and excluding transfer costs and acquisition expenses.

However, given that these appraisal values are essentially estimates that are sensitive to changes in rental values and discount rates, the proceeds from the sale of certain property assets may be different to their appraisal value, even if the sale takes place within a few months of the period-end.

II - 4) Gains and losses arising from remeasurement of investment properties at fair value

IFRS 13 – Fair Value Measurement, applicable prospectively from 1 January 2013, establishes a single definition of fair value and describes all the information concerning fair value to be disclosed in the notes to the financial statements.

Fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation of investment properties (see Note II-3) takes into account this definition of fair value.

In IFRS 13, fair value measurements are categorised into a three-level hierarchy:

Level 1: quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Due to the nature of the investment property market in France and the characteristics of SFL's investment properties, the most meaningful inputs, particularly market rents, investment yields and/or discount rates, represent Level 3 inputs.

Some buildings could not be valued according to their highest and best use, including: Louvre des Antiquaires, 75001 Paris: layout changes could lead to an upward revaluation of the retail area of the Louvre des Antiquaires/Louvre des Entreprises complex, but these plans are not yet firm enough to be taken into account in fair value measurements.

II - 5) Recoverable amount of non-current assets

IAS 36 – Impairment of Assets defines the recoverable amount of an asset as being the higher of fair value less the costs of disposal and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.
IAS 36 applies to intangible assets, property and equipment, investments in associates, other financial assets and goodwill. No goodwill is carried in the Group's consolidated statement of financial position.

At each period-end, the Group assesses whether there is any indication that any assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount is less than its carrying amount, an impairment loss is recognised.
Indications of impairment include a change in the asset's economic or technical environment and a fall in its market value.
The appraisals referred to above serve to identify any impairments of properties or shares in property companies.

II - 6) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of property assets are capitalised as part of the cost of the asset.

II - 7) Investment properties held for sale

Investment properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

In practice, investment properties are reclassified as held for sale when their sale has been decided by the Board of Directors or a selling agent has been appointed. They continue to be measured at fair value after reclassification.

II - 8) Financial instruments (other than derivatives)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial instruments are initially recognised at fair value.

Purchases and sales of financial instruments are recognised on the transaction date, corresponding to the date when the Group becomes a party to the contractual provisions of the instrument.

Marketable securities held by the Group are measured at fair value at the period-end.

II - 9) Rental receivables

Receivables are initially recognised at fair value and are subsequently measured using the cost model. Provisions for impairment are recognised on a case-by-case basis for the difference between the receivables' carrying amount and recoverable amount.

II - 10) Cash and cash equivalents

Cash and cash equivalents carried in the statement of financial position include cash at bank and on hand and short-term deposits with original maturities of less than three months. They are short-term, highly liquid investments that are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents in the statement of cash flows correspond to cash and cash equivalents less bank overdrafts.
Cash equivalents are measured at fair value, in accordance with IAS 39.

II - 11) Assets held for sale

In accordance with IFRS 5, non-current assets and disposal groups are classified as "held for sale" when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and their sale is highly probable. Assets and disposal groups classified as held for sale are presented separately from other assets or groups of assets and liabilities when their amount is material and are measured at the lower of their carrying amount and fair value less costs to sell.

At 31 December 2014, no assets or groups of assets and liabilities were classified as held for sale.

II - 12) Interest-bearing loans and borrowings

Loans and borrowings are initially recognised at cost, corresponding to the fair value of the consideration paid or received, net of directly attributable transaction costs.

Interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. Amortised cost takes into account all debt issuance costs and any difference between the initial amount and the amount at maturity. Finance costs are recalculated based on this amortised cost figure and the related effective interest rate.

II - 13) Discounting of non-current liabilities

Non-current liabilities with fixed maturities are discounted.
This applies to the exit tax payable in four annual instalments following election for *SIIC* status.
Where the effect of the time value of money is material, non-current liabilities are measured at the present value of the expenditure expected to be required to settle the obligation. The present value measurement is performed using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability. Where discounting is used, the increase in the non-current liability due to the passage of time is recognised under "Finance costs".

II - 14) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that it will be received. In the statement of comprehensive income, the provision expense is presented net of the amount recognised for the reimbursement.

II - 15) Employee benefits

Employee benefits consist mainly of length-of-service awards payable to employees on retirement.
Long-term employee benefits are recognised in the period in which the qualifying service is rendered by the employee. They are discounted at a rate defined in IAS 19. Short-term employee benefits are recognised in current liabilities and in expenses for the period. They are calculated at six-monthly intervals based on actuarial assumptions. Actuarial gains and losses are included in "Other comprehensive income". The benefit cost is determined based on employee service rendered up to the measurement date, assuming employees retire at their own initiative.

II - 16) Treasury shares

Treasury shares are recorded as a deduction from equity.

II - 17) Share-based payments (IFRS 2)

Stock options are measured at the grant date using the Black & Scholes option-pricing model and the related expense is recognised over their vesting period.

II - 18) Finance leases

Finance leases – primarily for the acquisition of property assets – that transfer substantially all the risks and rewards incidental to ownership of the asset are recognised at the commencement of the lease term as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. It is recognised directly in finance costs.
Investment properties acquired under finance leases are measured at fair value at each period-end.

II - 19) Derivative financial instruments

The Group uses interest rate swaps and other derivative financial instruments to hedge the risk of changes in interest rates. These instruments are measured at fair value at each period-end.
Financial instruments are measured using standard market valuation methods, taking into account the risk of non-performance (particularly the Group's own credit risk), in line with IFRS 13.
For the purpose of applying hedge accounting, fair value hedges are defined as hedges of the exposure to changes in fair value of a recognised asset or liability and cash flow hedges are defined as hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable transaction.
For fair value hedges qualifying for hedge accounting, gains and losses arising from remeasuring the hedging instruments at fair value are recognised in profit or loss. Any gain or loss on the hedged item that is attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in profit or loss. Adjustments to the carrying amount of a hedged interest-bearing financial instrument are amortised through profit over the instrument's remaining period to maturity.
For cash flow hedges of firm commitments that qualify for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

For derivative instruments that do not qualify for hedge accounting, gains and losses from remeasurement at fair value are recognised in profit or loss.
Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. In this case, the cumulative gain or loss on the hedging instrument recognised directly in equity is reclassified into profit or loss when the forecast transaction occurs. If the forecast transaction is no longer highly probable, any related gain or loss on the hedging instrument recognised directly in equity is reclassified into profit or loss over the period until the date when the forecast transaction was originally expected to occur.

II - 20) Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be measured reliably. The revenue recognition criteria applied by the Group are as follows:

Property rentals
Property rentals from investment properties are recognised on a straight-line basis over the lease term.

Specific lease terms
Current leases include various specific terms concerning rent-free periods, step-up clauses, key money and eviction compensation.

In compliance with IAS 17 and SIC 15, the effects of rent-free periods and step up clauses are recognised over the non-cancellable lease term.

Key money received by the lessor is recognised in property rentals over the non-cancellable lease term.

Penalties paid by tenants for terminating their lease in advance of the expiry date are treated as revenue from the terminated lease and are recognised in revenue on the payment date.

Eviction compensation may be paid to secure the departure of a tenant, either to allow renovation work to be performed or so that the property can be re-let at a higher rent. In both cases this has the effect of increasing the asset's value and the compensation is therefore capitalised as part of the cost of the asset.

II - 21) Other revenue sources

Asset sales
Revenue from asset sales is recognised when the significant risks and rewards of ownership of the asset are transferred to the buyer and the amount of revenue can be measured reliably.

Interest income
Interest income is recognised on an accruals basis using the effective interest method, which consists of applying a rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends
Dividends are recognised when the Group's right to receive payment is established.

II - 22) Critical accounting estimates and judgements

The property portfolio is valued by independent experts using assumptions concerning future cash flows and interest rates that have a direct impact on their valuations. A reduction in the value assessed by these experts would lead to a decrease in the Group's earnings (see Note II-3).

All of the Group's financial instruments are measured using standard market valuation models (see Note II-19).

III - Segment Information

The Group's properties are similar in nature and, although they are managed separately in the same manner, none are large enough to be treated as a separate reportable segment. They are grouped into geographical segments according to the principles previously applied under IAS 14.

Comprehensive income can be analysed as follows by geographical segment:

(in thousands of euros)	Paris Central Business District	Western Crescent	Other	Headquarters	Total
Property rentals	126,650	4,756	20,102	-	151,508
Property expenses, net of recoveries	(8,657)	(2,433)	(773)	-	(11,863)
Net property rentals	**117,993**	**2,324**	**19,329**	**-**	**139,645**
Service and other revenues	-	-	-	-	-
Other income	613	(19)	74	1,265	1,932
Depreciation and amortisation expense	(466)	-	-	(545)	(1,011)
Provision (expense)/reversals, net	298	-	6	(108)	196
Employee benefits expense	-	-	-	(11,617)	-11,617
Other expenses	-	-	-	(7,615)	(7,615)
Profit on disposal of other assets	-	-	8,485	(10)	8,475
Profit on disposal of investment properties	-	-	-	-	-
Gains and losses from remeasurement at fair value of investment properties	216,770	1,417	9,355	-	227,542
Operating profit	**335,208**	**3,721**	**37,248**	**(18,630)**	**357,547**
Share of profits of associates	-	-	(2,176)	-	(2,176)
Finance costs and other financial expenses	-	-	-	(63,546)	(63,546)
Financial income	-	-	-	7,715	7,715
Gains and losses from remeasurement at fair value of financial instruments	-	-	-	(30,791)	(30,791)
Discounting adjustments to receivables and payables	-	-	-	(374)	(374)
Provision expense, net - financial assets	-	-	-	-	-
Profit before income tax	**335,208**	**3,721**	**35,072**	**(105,626)**	**268,375**
Income tax expense	(27,659)	-	-	(488)	(28,147)
Profit for the period	**307,549**	**3,721**	**35,072**	**(106,113)**	**240,228**
Attributable to owners of the parent	**261,571**	**3,721**	**35,072**	**(102,627)**	**197,737**
Attributable to non-controlling interests	45,978	-	-	(3,486)	42,491

Other comprehensive income					
Actuarial gains and losses	-	-	-	(444)	(444)
Deferred tax effect	-	-	-	-	-
Items in the accounts of associates that will not be reclassified to profit or loss	-	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	(444)	(444)
Valuation gains and losses on financial instruments taken to equity (cash flow hedges)	-	-	-	5,034	5,034
Deferred tax impact of valuation gains and losses on financial instruments taken to equity	-	-	-	1,375	1,375
Items in the accounts of associates that may be reclassified subsequently to profit or loss	-	-	-	1,980	1,980
Items that may be reclassified subsequently to profit or loss	-	-	-	8,389	8,389
Other comprehensive income	**-**	**-**	**-**	**7,945**	**7,945**
Comprehensive income	**307,549**	**3,721**	**35,072**	**(98,169)**	**248,173**
Attributable to owners of the parent	**261,571**	**3,721**	**35,072**	**(93,373)**	**206,991**
Attributable to non-controlling interests	45,978	-	-	(4,796)	41,182

(in thousands of euros)	Paris Central Business District	Western Crescent	Other	Headquarters	Total
Segment assets	3,486,209	309,406	626,417	2,271	4,424,303
Unallocated assets	-	-	-	86,876	86,876
Total assets	**3,486,209**	**309,406**	**626,417**	**89,148**	**4,511,179**

Segment assets correspond to the Group's property assets.

No segment analysis of liabilities is presented, as they correspond primarily to unsecured financing for general corporate purposes and unsecured bonds that are not allocated to any specific segment.

The Group's main geographical segments are as follows:

* Paris Central Business District: market comprising the Golden Triangle and the Financial District, spanning parts of the 1st, 2nd, 9th, 8th, 16th and 17th *arrondissements* of Paris. The segment extends from Porte Maillot, avenue de Malakoff and Trocadéro in the west to rue Montmartre and rue du Louvre in the east, and from Porte Champerret, avenue de Villiers and Saint Lazare railway station in the north to rue de Rivoli in the south.

* Western Crescent, located to the west of Paris on the other side of the Boulevard Périphérique ring-road, comprising notably Neuilly, Boulogne, Issy-les-Moulineaux and Levallois.

* Others: corresponding to the rest of Paris, outside the Central Business District.

These geographic segments have been defined by the main Paris-based real estate professionals by combining neighbourhoods with similar economic features.

IV - Significant Events of the Year

IV - 1) Construction and renovation programmes

Remodelling of the #Cloud.paris property at 81-83 rue de Richelieu, that was launched in the second half of 2012 after the tenant moved out, continued on schedule with delivery still planned for the second half of 2015.

On 5 June 2014, SFL signed an agreement with Eurosic for the sale of its entire 29.6% interest in SIIC de Paris for €304.9 million, representing an ex-dividend price per share of €23.88. The sale was completed on 23 July 2014. The capital gain recognised in the consolidated financial statements amounted to €8.5 million.

On 4 December 2014, SFL acquired from Blackstone Real Estate Partners a 25,000-sq.m. office building occupying a one-hectare plot on rue Condorcet in the 9th *arrondissement* of Paris. The property is located close to the Gare du Nord railway station and enjoys excellent public transport links. It is let to GrDF, the historical tenant, under a lease that expires in 2024. The acquisition represented an investment of €230 million.

IV - 2) Financing

In April 2014, SFL obtained a €50 million five-year loan and a €100 million five-year revolving credit facility. These two facilities replace the €150 million line of credit from BCEM.

In October 2014, a €150 million five-year revolving line of credit was obtained from BPCE, replacing an earlier €350 million syndicated revolving facility that was due to expire at the end of 2015.

On 26 November 2014, SFL carried out a €500 million 7-year bond issue, coupon rate of 1.875%.

At the same time, an offer was launched to buy back two bond issues due in May 2016 and November 2017 respectively. At the close of the offer period, on 2 December 2014, bonds with an aggregate face value of €300 million had been tendered to the offer, in line with the original objective, including €200 million worth of bonds due 2016 and €100 million worth of bonds due 2017.

These operations have extended the average maturity of debt to four years and significantly reduced the Group's cost of debt.

IV - 3) Tax audits

Following a tax audit covering the years 2010 to 2012, the tax authorities notified the Company of a proposed €2 million reassessment of the tax base that would reduce tax loss carryforwards by the same amount.

The reassessment - which concerns the allocation of expenses between *SIIC* activities and activities subject to corporate income tax - has been contested by SFL. It had no impact on the 2014 consolidated financial statements, because no deferred tax asset had been recognised for the tax loss carryforwards concerned.

IV - 4) Subsequent events

At its meeting on 27 January, the Board of Directors decided to appoint Nicolas Reynaud as Chief Executive Officer of SFL, and Dimitri Boulte as Managing Director.

V - Scope of Consolidation

Consolidated companies	Registration no.	Percentage	
		Interest	Voting rights
Parent company			
SA Société Foncière Lyonnaise	552 040 982	-	-
Fully-consolidated companies			
SA SEGPIM	326 226 032	100	100
SAS Locaparis	342 234 788	100	100
SAS Maud	444 310 247	100	100
SAS SB2	444 318 398	100	100
SAS SB3	444,318,547	100	100
SCI SB3	444 425 250	100	100
SCI Washington	432 513 299	66	66
SCI 103 Grenelle	440 960 276	100	100
SNC Condorcet Holding*	808 013 890	100	100
SNC Condorcet Propco*	537 505 414	100	100
SCI Paul Cézanne	438 339 327	100	100
SAS Parholding	404 961 351	50	50
SC Parchamps	410 233 498	50	50
SC Pargal	428 113 989	50	50
SC Parhaus	405 052 168	50	50

* Companies consolidated for the first time in 2014

Under the terms of a shareholders' pact, SFL has exclusive control over four subsidiaries that are 50%-owned by the Group. As a consequence, since the July 2014 sale of the Group's interest in SIIC de Paris, SFL has exclusive control over all its subsidiaries, all fully consolidated.

Société Foncière Lyonnaise is a fully consolidated subsidiary of Spanish company Inmobiliaria Colonial SA, which owned 53.1% of the capital at 31 December 2014.

VI - Notes to the Consolidated Statements of Financial Position and Comprehensive Income

The key items in the statement of financial position and the statement of comprehensive income are analysed below.

VI - 1) Intangible assets

(in thousands of euros)	31 December 2012	Increases	Decreases	Reclassifications	31 December 2013
Cost					
Computer software	3,859	-	-	830	4,690
Other	500	1,029	(20)	(490)	1,020
Accumulated amortisation	-	-	-	-	-
Computer software	(3,547)	(278)	-	-	(3,825)
Other	-	-	-	-	-
Carrying amount	**813**	**751**	**(20)**	**340**	**1,884**

(in thousands of euros)	31 December 2013	Increases	Decreases	Reclassifications	31 December 2014
Cost					
Computer software	4,690	-	(30)	152	4,811
Other	1,020	875	-	(388)	1,507
Accumulated amortisation					
Computer software	(3,825)	(246)	30	-	(4,041)
Other	-	-	-	-	-
Carrying amount	**1,884**	**629**	**-**	**(236)**	**2,277**

VI - 2) Property and equipment

(in thousands of euros)	31 December 2012	Increases	Decreases	Reclassifications	31 December 2013
Cost					
Owner-occupied property	21,238	-	-	-	21,238
Other	3,793	63	(157)	99	3,798
Accumulated depreciation					
Owner-occupied property	(673)	(434)	-	-	(1,107)
Other	(1,020)	(306)	157	-	(1,169)
Carrying amount	**23,338**	**(677)**	**-**	**99**	**22,760**

(in thousands of euros)	31 December 2013	Increases	Decreases	Reclassifications	31 December 2014
Cost					
Owner-occupied property	21,238	-	-	-	21,238
Other	3,798	696	(78)	81	4,498
Accumulated depreciation					
Owner-occupied property	(1,107)	(434)	-	-	(1,540)
Other	(1,169)	(332)	56	(56)	(1,500)
Carrying amount	**22,760**	**(70)**	**(22)**	**26**	**22,695**

The appraisal value of owner-occupied property – corresponding to the Company's headquarters – was €29,345 thousand at 31 December 2014 and €28,324 thousand at 31 December 2013.

VI - 3) Investment properties

(in thousands of euros)	31 December 2012	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifications	Changes in scope of consolidation	31 December 2013
Fair value								
Investment properties	3,528,807	134,445	160,263	(6)	(12,972)	(14)	-	3,810,524
Total	**3,528,807**	**134,445**	**160,263**	**(6)**	**(12,972)**	**(14)**	**-**	**3,810,524**

(in thousands of euros)	31 December 2013	Increases	Gains from remeasurement at fair value	Decreases	Losses from remeasurement at fair value	Reclassifications	Changes in scope of consolidation	31 December 2014
Fair value								
Investment properties	3,810,524	124,685	239,300	-	(11,758)	(22)	230,038	4,392,767
Total	**3,810,524**	**124,685**	**239,300**	**-**	**(11,758)**	**(22)**	**230,038**	**4,392,767**

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Appraisal value of investment properties	4,436,381	3,846,024	3,559,681
Adjustments to reflect specific lease terms	(43,614)	(35,500)	(30,874)
Fair value of investment properties in the statement of financial position	**4,392,767**	**3,810,524**	**3,528,807**

Investment properties are valued by independent experts at half-yearly intervals. The valuations are based on unobservable inputs categorised as Level 3 in the fair value hierarchy defined in IFRS 13. Given the nature of SFL's business, the characteristics of its properties and the associated risks, asset classes are based on geographical location.

The table below shows the fair value measurement parameters for each asset class:

Geographic Area	Value excluding transfer costs 31 December 2014 (in € millions, on a 100% basis)	Parameters	Range of values[(1)]	Weighted average[(1)]
Paris Central Business District	3,521	Market rent for offices	€500-€810	€662
		Exit yield	4.25-5.00%	4.57%
		Discount rate	5.25-7.50%	5.69%
Other Paris	635	Market rent for offices	€450-€659	€528
		Exit yield	4.25-5.25%	4.82%
		Discount rate	5.79-5.90%	5.86%
Western Crescent	310	Market rent for offices	€300-€456	€446
		Exit yield	5.60-6.50%	5.66%
		Discount rate	6.50-7.25%	6.74%
TOTAL	**4,466**			

(1) *Offices*

An increase in market rent for offices automatically leads to an increase in appraisal values and vice-versa, while an increase in exit yields and discount rates automatically leads to a decrease in appraisal values and vice-versa.

VI - 4) Investments in associates

(in thousands of euros)	% interest	31 December 2012	31 December 2013	Dividends received	Share of profit	Cash flow hedges	Changes in scope of consoli-dation	31 December 2014
SIIC de Paris	29.63%	286,560	302,341	(7,279)	(2,176)	1,980	(294,866)	-
Total investments in associates		**286,560**	**302,341**	**(7,279)**	**(2,176)**	**1,980**	**(294,866)**	**-**

SFL sold its interest in SIIC de Paris on 23 July 2014 for €304,937 thousand, generating a capital gain of €8,485 thousand.

VI - 5) Financial assets

(in thousands of euros)	31 December 2012	31 December 2013	Increases	Impairment losses recognised during the period	Decreases	Impairment losses reversed during the period	31 December 2014
Investments in non-consolidated companies	1,071	1,071	-	-	-	-	1,071
Provisions for impairment	(1,071)	(1,071)	-	-	-	-	(1,071)
Investments in non-consolidated companies, net	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deposits	770	692	25	-	-	-	716
Hedging instruments	-	-	-	-	-	-	-
Total	**770**	**692**	**25**	**-**	**-**	**-**	**716**

Provisions for impairment of investments in non-consolidated companies concern shares in Groupe Vendôme Rome, which have been written down in full since 31 December 2010.

VI - 6) Other non-current assets

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Deferred tax assets	6	6	12
Other receivables	126	208	163
Prepayments	6,580	6,669	5,178
Total	**6,713**	**6,884**	**5,352**

Deferred tax assets are analysed in Note VI-32.
Prepayments correspond mainly to advances paid on long-term contracts for building restructuring work.

VI - 7) Investment properties held for sale

No properties were classified as held for sale at 31 December 2014.

VI - 8) Trade and other receivables

(in thousands of euros)	31 December 2014			31 December 2013	31 December 2012
	Total	Due within 1 year	Due in more than 1 year		
Trade receivables	53,477	14,081	39,391	44,130	43,785
Provisions	(1,677)	-	(1,677)	- 1,933	(2,327)
Trade receivables	**51,800**	**14,081**	**37,713**	**42,197**	**41,458**
Prepayments to suppliers	36	36	-	30	40
Employee advances	42	42	-	39	44
Tax receivables (other than income tax)	13,628	13,628	-	19,002	16,302
Other operating receivables	1,958	1,958	-	1,569	1,305
Other receivables	146	146	-	176	285
Other receivables	**15,810**	**15,810**	**-**	**20,817**	**17,977**
Total	**67,610**	**29,891**	**37,713**	**63,014**	**59,435**

Receivables include €43,614 thousand (of which €8,983 thousand reported under current assets) corresponding to the impact of rent-free periods and other special lease terms that is deferred over the non-cancellable lease term in accordance with IFRS.

Receivables do not bear interest.

Provisions for doubtful debts can be analysed as follows:

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Increases	(88)	- (434)	- (103)
Reversals of provisions	328	818	231
Bad debt write-offs, net of recoveries	(14)	- (2)	- (12)
Total	**227**	**382**	**8**
Property rentals	151,508	149,315	150,202
Net losses as a % of property rentals	**-0.15%**	**-0.26%**	**-0.01%**

VI - 9) Other current assets

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Income tax prepayments	131	1,345	967
Other prepayments	1,179	249	450
Total	**1,310**	**1,594**	**1,417**

Prepayments correspond mainly to advances paid on short-term contracts for building restructuring work.

VI - 10) Cash and cash equivalents

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Cash at bank and in hand	3,800	344	5,625
Short-term investments	13,291	28,688	19,293
Total	**17,091**	**29,032**	**24,918**

Short-term investments are measured at fair value. They break down as follows:

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Rothschild money market fund	974	1,397	1,077
Société Générale money market fund	143	-	-
Crédit Agricole money market fund	3,066	10,271	2,967
Natixis money market fund	9,108	17,019	15,249
Total	**13,291**	**28,688**	**19,293**

VI - 11) Equity

The Company's share capital amounts to €93,058 thousand, represented by 46,528,974 ordinary shares with a par value of €2.

Treasury shares are deducted from equity. Details of treasury share transactions are presented below:

(in thousands of euros)	31 December 2012	31 December 2013	Increases	Decreases	31 December 2014
Number of shares	441,250	439,531	146,625	159,461	426,695
Average purchase/sale price, in euros	€57.38	€57.51	€44.97	€45.76	€57.59
Total	**25,321**	**25,276**	**6,594**	**(7,297)**	**24,572**

Equity is analysed in the consolidated statement of changes in equity included in the financial statements.

VI - 12) Short and long-term interest-bearing debt

	Effective interest rate	Expiry date	Long-term portion			Short-term portion		
			31 December 2014	31 December 2013	31 December 2012	31 December 2014	31 December 2013	31 December 2012
Bonds								
€500 million 4.625% bond issue, 2011-2016	4.625%	25 May 2016	300,000	500,000	500,000	8,401	14,001	14,002
€500 million 3.50% bond issue, 2012-2017	3.50%	28 Nov. 2017	400,000	500,000	500,000	1,304	1,630	1,630
€500 million 1.875% bond issue, 2014-2021	1.875%	26 Nov. 2021	500,000	0	0	925	0	0
Bank loans								
Natixis syndicated loan	3-month Euribor + spread (end of drawdown period)	29 Oct. 2014	0	0	45,000	0	0	64
2014 BPCE loan	3-month Euribor + spread (end of drawdown period)	29 Oct. 2019	0	0	0	0	0	0
BNP-Paribas syndicated loan	3-month Euribor + spread (end of drawdown period)	4 July 2018	0	50,000	0	0	149	0
2007 BECM loan	1-month Euribor + spread (end of drawdown period)	23 April 2014	0	0	150,000	0	150,013	3
2014 BECM loan	1-month Euribor + spread (end of drawdown period)	23 April 2019	100,000	0	0	236	0	0
Royal Bank of Scotland	3-month Euribor + spread (calendar quarter end)	31 Oct. 2013	0	0	0	0	0	40,801
CADIF loan	1-month Euribor + spread (end of drawdown period)		0	0	0	30,001	18,001	15,002
Natixis – Deka – Deutsche Hypotheken loan	3-month Euribor + spread (calendar quarter end)	25 Sept. 2017	199,883	202,199	204,257	2,990	2,789	2,010
Lease liabilities								
131, Wagram	3-month Euribor + spread (calendar quarter end)	14 June 2016	27,271	30,061	32,851	2,790	2,790	2,790
Rives de Seine	6-month Euribor + spread 29 April & 29 October	29 Oct. 2013	0	0	0	0	0	53,668
Hedging instruments with a negative fair value								
RBOS swaps	3.8900%	31 Oct. 2013	0	0	0	0	0	1,279
HSBC swap	2.1720%	15 Feb. 2013	0	0	2,982	0	0	3
HSBC swap	2.3050%	15 Feb. 2013	0	0	6,775	0	0	6
CM CIC swap	1.8460%	18 Feb. 2013	0	0	5,607	0	0	411
Natixis - Deka - Nord LB swaps	0.8825%	25 Sept. 2017	4,012	639	2,759	253	208	219
Bank overdrafts	Various		0	0	0	26,360	30,576	26,327
Current account advances	Various		70,016	71,994	68,888	153	365	1,398
Impact of deferred recognition of debt arranging fees			(8,770)	(9,570)	(11,373)	(3,628)	(4,262)	(4,641)
Total			**1,592,412**	**1,345,323**	**1,507,746**	**69,785**	**216,260**	**154,972**

The following table analyses borrowings by maturity:

(in thousands of euros)	31 December 2014	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	31 December 2013
Syndicated loans	-	-	-	-	50,149
Bonds	1,210,630	10,630	700,000	500,000	1,015,631
BECM loan	100,236	236	100,000	-	150,013
Natixis-Deka-Deutsche Hypotheken loan	202,873	2,990	199,883	-	204,988
Lease financing	30,061	2,790	27,271	-	32,851
CADIF loan	30,001	30,001	-	-	18,001
Current account advances (liabilities)	70,169	153	70,016	-	72,359
Deferred debt arranging fees	(12,398)	(3,628)	(8,770)	-	(13,832)
Natixis - Deka -Nord LB swaps	4,265	253	4,012	-	847
Bank overdrafts	26,360	26,360	-	-	30,576
Total	**1,662,197**	**69,785**	**1,092,412**	**500,000**	**1,561,583**

At 31 December 2014, SFL had access to confirmed undrawn lines of credit representing €600 million compared with €700 million at 31 December 2013.
Current account advances correspond to Prédica's minority interest in SCI Washington and SAS Parholding.

Hedging instruments are presented at their fair value (including credit risk) plus accrued interest payable as of 31 December 2014.

Debt covenants and early repayment clauses

Credit facility	Applicable ratios	Actual ratios at 31 December 2014	Actual ratios at 31 December 2013	Early repayment clauses
2014 BPCE loan	Loan-to-value (LTV) <= 50%	**33.4%**	-	Loan default
				Cross default
	Interest cover >= 2x	**2.2**	-	Termination of operations
				Bankruptcy proceedings
	Secured LTV <= 20%	**4.9%**	-	Breach of financial covenants
				Loss of SIIC status
	Unrestricted property portfolio value >= €2bn	**€3.9 billion**	-	Material adverse event
BNP Paribas syndicated loan	LTV <= 50%	**33.4%**	**35.8%**	Loan default
				Cross default
	Interest cover >= 2x	**2.2**	**2.3**	Termination of operations
				Bankruptcy proceedings
	Secured LTV <= 20%	**4.9%**	**5.8%**	Breach of financial covenants
				Loss of SIIC status
	Unrestricted property portfolio value >= €2bn	**€3.9 billion**	**€3.3 billion**	Material adverse event
2014 BECM loan	Loan-to-value (LTV) <= 50%	**33.4%**	-	Loan default
				Cross default
	Interest cover >= 2x	**2.2**	-	Termination of operations
				Bankruptcy proceedings
	Secured LTV <20%	**4.9%**	-	Breach of financial covenants
				Loss of SIIC status
	Property portfolio value > €2bn	**€3.9 billion**	-	Material adverse event

The Group was not in breach of any of its financial covenants at 31 December 2014.

VI - 13) Short and long-term provisions

(in thousands of euros)	31 December 2012	31 December 2013	Increases	Decreases	*o/w utilisations*	Actuarial gains and losses	31 December 2014
Provisions for taxes other than on income	968	-	-	-	-	-	-
Provisions for employee benefits	893	582	86	-	-	444	1,112
Long-term provisions	**1,861**	**582**	**86**	**-**	-	**444**	**1,112**
Provisions for refurbishment work and tenant claims	166	181	118	(181)	-	-	118
Provisions for employee benefits	150	303	22	-	-	-	324
Short-term provisions	**316**	**484**	**139**	**(181)**	-	**-**	**442**
Total	**2,176**	**1,066**	**225**	**(181)**	-	**444**	**1,554**

Provisions for employee benefits concern length-of-service awards payable to employees on retirement and jubilees for €1,112 thousand, breaking down as follows:

(in thousands of euros)	31 December 2014	31 December 2013
Projected benefit obligation at 1 January	**582**	**893**
Benefits paid during the period	-	(45)
Service cost	37	45
Interest cost	49	(226)
Actuarial gains and losses	444	(85)
Long-term provisions	**1,112**	**582**

The projected benefit obligation is calculated at six monthly intervals based on actuarial assumptions, including a discount rate of 1.49% (31 December 2013: 3.17%) and a 2.00% rate of future salary increases (31 December 2013: 2.00%). Actuarial gains and losses are recognised in equity.
A 0.25% reduction in the discount rate at 31 December 2014 would lead to a €27 thousand increase in the projected benefit obligation at that date.

The Group's employee benefit plans are as follows:

- Length-of-service awards payable to employees on retirement: benefits payable under this plan are specified in a corporate agreement signed with employee representatives.
- Post-employment medical care: this plan concerns a closed group of retired SFL employees. Benefits consist of the payment by SFL of two-thirds of the contributions due to the insurance company responsible for reimbursing medical costs.
- Jubilees: the agreements in force within the Group provide for the payment of one month's salary to administrative staff who complete 25 and 30 years' service, and one month's salary to caretakers who complete 25 years' service.

Employees are not covered by any defined benefit pension plan and are not entitled to any other post-employment benefits. As the Group does not have any such defined benefit obligations, no sensitivity analyses are presented.

Short- and long-term provisions covering benefits payable to members of senior management amounted to €41 thousand at 31 December 2014 and €20 thousand at 31 December 2013.

Provisions are recorded in the financial statements if, and only if, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

VI - 14) Deferred taxes

See Note VI-32.

VI - 15) Accrued taxes

Due	2015	2016	2017	Total
Amount payable	-	2,838	2,758	5,596

This item corresponds mainly to the exit tax due as a result of the exercise, in October 2013, of the finance lease purchase option on the Rives de Seine property. The €11.8 million tax liability is payable in four annual instalments between 2014 and 2017 and has been discounted.

VI - 16) Other non-current liabilities

This item corresponds mainly to guarantee deposits and bonds received from tenants.

VI - 17) Trade and other payables

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Trade payables	8,608	5,717	5,297
Amounts due within one year on asset acquisitions	31,539	30,764	37,341
Total	**40,147**	**36,481**	**42,638**

At 31 December 2014, amounts due within one year on asset acquisitions mainly concerned buildings undergoing redevelopment, including the #Cloud.paris building at 81-83 rue de Richelieu, the Washington Plaza building at 42 rue Washington, and the building at 90 avenue des Champs-Elysées.

VI - 18) Other current liabilities

Other current liabilities break down as follows:

(in thousands of euros)	31 December 2014	31 December 2013	31 December 2012
Deposits	1,515	1,515	1,515
Customer prepayments	14,310	12,400	15,978
Accrued payroll costs	4,765	4,873	5,611
Accrued taxes	8,228	6,831	7,172
Other liabilities	3,416	3,297	3,600
Accruals	4,411	6,528	8,623
Total	**36,647**	**35,443**	**42,499**

Accrued employee benefits expense includes statutory and discretionary profit-sharing and bonus accruals.

Accrued taxes include the 2015 exit tax instalment related to the In/Out building in Boulogne and the Rives de Seine building in Paris.

The amounts reported under "Accruals" correspond to deferred revenue.

VI - 19) Net property rentals

The Group's principal business is the rental of office and retail properties, which account for 97.7% of property rentals. Net property rentals take into account the net positive impact of recognising rent-free periods, rent step-ups and key money over the non-cancellable lease term. In 2014, this impact was €10,230 thousand.
Future minimum lease payments receivable over the remaining term of non-cancellable operating leases break down as follows:

(in thousands of euros)	**Total**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
Property rentals	759,304	156,600	441,990	160,714

(in thousands of euros)	2014	2013	2012
Property rentals	**151,508**	**149,315**	**150,202**
Property operating expenses	(38,299)	(40,710)	(39,720)
Property expenses recovered from tenants	26,436	28,412	27,329
Property expenses, net of recoveries	**(11,863)**	**(12,298)**	**(12,391)**
Net property rentals	**139,645**	**137,017**	**137,811**

VI - 20) Service and other revenues

The Group did not earn any service and other revenues in 2014. In 2013, these revenues amounted to €29 thousand.

VI - 21) Other income

(in thousands of euros)	2014	2013	2012
Own-work capitalised	1,164	792	908
Other income	768	1,687	2,673
Total	**1,932**	**2,479**	**3,581**

The caption "Other income" corresponds to work billed to third parties and redevelopment project management fees.

VI - 22) Depreciation and amortisation expense

(in thousands of euros)	2014	2013	2012
Amortisation of intangible assets	(246)	(278)	(148)
Depreciation of property and equipment	(765)	(740)	(702)
Total	**(1,011)**	**(1,018)**	**(850)**

Amortisation of intangible assets relates to computer software, and depreciation of property and equipment concerns owner-occupied property (corresponding to the Group's headquarters) and miscellaneous equipment.

VI - 23) Provision reversals/(expense), net

(in thousands of euros)	2014	2013	2012
Charges to provisions for impairment of current assets	(88)	(434)	(103)
Charges to provisions for operating contingencies and charges	(118)	(15)	(146)
Charges to provisions for other contingencies and charges	(108)	(213)	(546)
Total charges	**(313)**	**(662)**	**(796)**
Reversals of provisions for impairment of current assets	328	818	125
Reversals of provisions for operating contingencies and charges	181	-	46
Reversals of provisions for other contingencies and charges	-	1,255	565
Total reversals	**509**	**2,073**	**736**
Net	**196**	**1,411**	**(60)**

The significant reversal from provisions for other contingencies and charges recorded in 2013 mainly concerned the settlement of tax disputes, leading to the recognition of income tax expense in the same year.

VI - 24) Employee benefits expense

(in thousands of euros)	2014	2013	2012
Wages and salaries	(6,822)	(7,173)	(6,901)
Payroll taxes	(3,453)	(3,445)	(3,484)
Other employee benefits	(670)	(806)	(114)
Statutory and discretionary profit-sharing	(672)	(175)	(688)
Total	**(11,617)**	**(11,599)**	**(11,187)**

The Group had 72 administrative staff and 2 building staff at 31 December 2014, unchanged from 31 December 2013.

Stock option plans at 31 December 2014

Date of shareholder authorisation	21 April 2005
Grant date	**13 March 2007**
Number of shares under option	282,418
Issuer	SFL
Starting date of exercise period	13 March 2011
End of the exercise period	13 March 2015
Exercise price (options exercisable for newly-issued shares)	-
Exercise price (options exercisable for shares bought back for this purpose)	€58.97
Number of options at 1 January 2014	208,297
Options granted during the period	3,910
Options exercised during the period	-
Options cancelled during the period	(10,497)
Number of options outstanding at 31 December 2014	**201,710**

To calculate the cost of the stock option plans, the options were valued at the grant date using the Black & Scholes method. In 2014, the plan had no impact on profit for the year.

Details of performance share plans at 31 December 2014

	Plan no.1		
Date of shareholder authorisation	9 May 2011		
Grant date	16 February 2012	5 March 2013	4 March 2014
End of vesting period	31 December 2014	31 December 2015	31 December 2016
Expected vesting rate	70.83%	70.83%	70.83%
Target number of shares	32,988	35,144	33,981
Number of performance share rights expected to vest	23,366	24,892	24,069
Fair value per share	€29.08	€31.65	€31.48
Rights cancelled/forfeited	(2,376)	(7,450)	(10,428)
Number of shares expected to vest at 31 December 2014	**20,990**	**17,442**	**13,641**

Main features of the plan

The plan's main features are as follows:

- The shares will vest only if the grantee is still employed by the Group on the vesting date.
- Performance target: the number of shares that vest depends on SFL's ranking among a group of six listed property companies based on growth in consolidated NAV per share.
- Lock-up period: the performance shares may not be sold or otherwise transferred before the end of a period of two years as from the vesting date.

Accounting treatment

The total cost of each performance share plan is calculated by multiplying the number of performance share rights that are expected to vest by the fair value per share.

The number of performance share rights that are expected to vest corresponds to the target number of shares multiplied by the estimated vesting rate. The estimated vesting rate is 70.83%.

The fair value of the performance shares is determined using the Capital Asset Pricing Model (CAPM), based on the share price on the grant date, adjusted for the discounted present value of future dividends payable during the vesting period.

The total cost calculated as explained above is recognised on a straight-line basis over the vesting period.

The cost of performance share plans recognised in 2014 amounted to €443 thousand (excluding specific employer contributions).

During 2014, a total of 20,516 performance share rights were granted under the 2012 Plan no.2.

VI - 25) Other expenses

(in thousands of euros)	2014	2013	2012
Purchases	(95)	(109)	(128)
General subcontracting	(506)	(334)	(285)
Rent (operating leases)	(1,076)	(1,100)	(1,147)
Maintenance and repairs	(146)	(171)	(176)
Fees	(1,921)	(1,893)	(1,748)
Publications and public relations	(676)	(852)	(883)
Bank charges	(270)	(269)	(270)
Taxes other than on income	(1,271)	(1,791)	(1,225)
Travel and entertainment	(337)	(340)	(353)
Non-recurring expenses	(130)	(270)	(198)
Other	(1,186)	(1,347)	(839)
Total	**(7,615)**	**(8,476)**	**(7,252)**

VI - 26) Profit on disposal of other assets

Profit on disposals of other assets for 2014 corresponds mainly to the capital gain realised on the sale of the Group's interest in SIIC de Paris (see Note VI-4 for details).

VI - 27) Gains and losses from remeasurement at fair value of investment properties

Details of gains and losses from remeasurement of investment properties at fair value are provided in Note VI-3.

VI - 28) Share of profits/(losses) of associates

This item, representing a negative €2,176 thousand in 2014, corresponds to SFL's share of SIIC de Paris's loss for the period up to the date of sale in July 2014.

VI - 29) Finance costs and other financial income and expenses

(in thousands of euros)	2014	2013	2012
Interest on bonds and bank loans	(54,309)	(53,302)	(43,544)
Interest on lease liabilities	(819)	(1,372)	(2,489)
Interest on external current account advances	(733)	(720)	(1,434)
Hedging losses	(1,194)	(3,124)	(19,765)
Other financial expenses	(6,489)	(5,751)	(3,594)
Finance costs and other financial expenses	**(63,546)**	**(64,268)**	**(70,825)**
Interest income	9	22	9
Net gains on sales of short-term investments	129	61	77
Hedging gains	-	-	1,813
Financial expense transfers	7,473	10,937	12,014
Other financial income	103	164	904
Financial income	**7,715**	**11,184**	**14,816**
Finance costs and other financial income and expenses, net	**(55,831)**	**(53,085)**	**(56,009)**

Expense transfers for 2014 correspond to interest expense on debt allocated to the financing of remodelling work on the #Cloud.paris building at 81-83 rue de Richelieu, capitalised at the rate of 3.52%.

VI - 30) Financial instruments

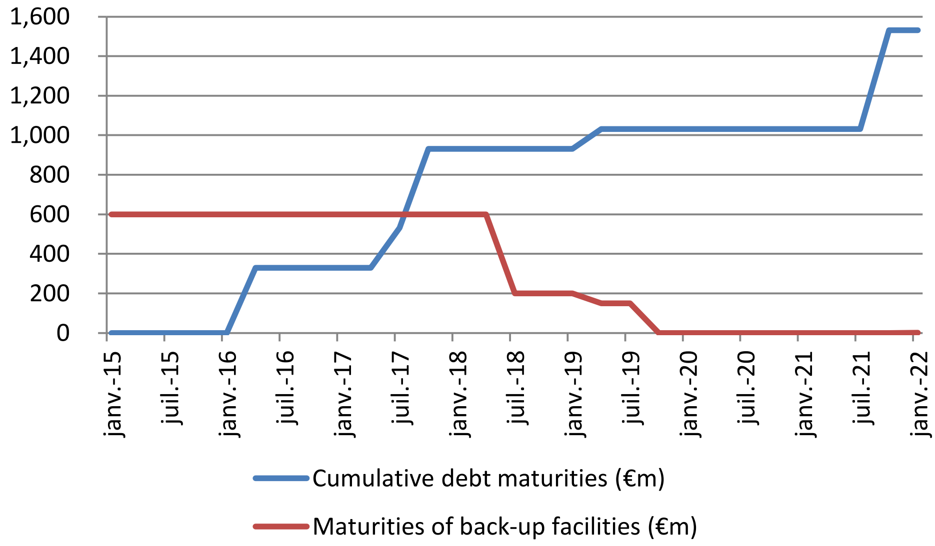
Gains and losses arising from remeasurement at fair value of financial instruments in 2014 include €22,384 thousand in bond early repayment penalties.

Financial risk management objectives and policy

In a challenging economic environment, SFL is prudently managing its various financial risks.

1 – Liquidity risk

Liquidity risk is covered by confirmed undrawn lines of credit. At 31 December 2014, SFL had access to confirmed undrawn lines of credit representing €600 million compared with €700 million at 31 December 2013. As shown in the graph below, the liquidity represented by these back-up facilities is sufficient to cover the Group's repayment obligations under its lines of credit up until November 2017.



With its available credit lines, diversified debt structure and the quality of its assets, SFL manages its liquidity risk prudently and effectively.

The early repayment clauses contained in the facility agreements are presented in Note VI.12.

2 – Counterparty risks

All financial instrument contracts are entered into with leading financial institutions. The contracts concern either interest rate hedges or the short-term investment of available cash in money market funds. It should be emphasised that these same banks finance a portion of the Group's debt. Counterparty risk is minimal because available cash is generally used to repay borrowings under the revolving lines of credit. The rental deposits obtained from tenants offer protection against the risk of rent default. SFL considers that its exposure to counterparty risk on current business is not material.

3 – Market risk

SFL had no exposure to currency risks at 31 December 2014. Interest rate risks are prudently and actively managed using an information system that tracks changes in the financial markets and calculates the fair value of hedging instruments in real time, thereby allowing the Group to efficiently quantify and analyse the risks associated with interest rate fluctuations.

a/ Objectives and strategy

Standard interest rate derivatives and fixed rate borrowings are used with the dual objective of reducing the sensitivity of borrowing costs to rising interest rates and minimising the cost of the derivatives. Steeper or flatter yield curves, market volatility, intrinsic interest rate levels and expected interest rate trends influence the choice of hedging instruments.

The recent €500 million seven-year bond issue at 1.875% will enable the Group to benefit from historically low interest rates over seven years in a period of flattening yield curves.

At 31 December 2014, 90% of debt was hedged against interest rate risks.

b/ Risk assessment

The average spot cost of debt after hedging stood at 2.86% at 31 December 2014, versus 3.34% at 31 December 2013.

A 50-basis point rise in interest rates across the yield curve in 2014 would have had the effect of increasing the average cost of debt to 2.92%, driving up finance costs by €953 thousand on the year, or 1.5%. A 50-basis point decline in interest rates across the yield curve would have lowered the average cost of debt to 2.80%, and reduced finance costs by €953 thousand on the year, or 1.5%.

Concerning hedging instruments, a 50-basis point increase in interest rates would have the effect of increasing the fair value of hedging instruments by €2,456 thousand at 31 December 2014 and €3,265 thousand at 31 December 2013, while a 50-basis point decrease would reduce their fair value by €2,503 thousand at 31 December 2014 and €3,344 thousand at 31 December 2013.

Interest rate risk

The following table provides an analysis by maturity of the notional amount of financial instruments exposed to interest rate risk:

Interest rate hedges (in thousands of euros)	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
Natixis-Deka-Deutsche Hypothekenbank swaps	-	-	185,220	-	-	-	**185,220**
Total	**-**	**-**	**185,220**	**-**	**-**	**-**	**185,220**

Floating rate debt (in thousands of euros)	Due within 1 year	Due in 1-2 years	Due in 2-3 years	Due in 3-4 years	Due in 4-5 years	Due beyond 5 years	Total
BNP Paribas loan	-	-	-	-	-	-	**-**
BECM loan	-	-	-	-	100,000	-	**100,000**
Natixis-Deka-Deutsche Hypothekenbank loan	2,315	3087	196,796	-	-	-	**202,198**
Lease liabilities	2,790	27,271	-	-	-	-	**30,061**
Current account advances	-	70,016	-	-	-	-	**70,016**
CADIF loan	30,000	-	-	-	-	-	**30,000**
Total	**35,105**	**100,374**	**196,796**		**100,000**	**-**	**432,275**

The other financial instruments used by the Group are not listed in the above table because they do not bear interest and are therefore not exposed to any interest rate risk.

Net unhedged position

The Group's net exposure to interest rate risks can be analysed as follows for the period between 31 December 2014 and 31 December 2018:

(in thousands of euros)	2014	2015	2016	2017	2018
Syndicated loans	-	-	-	-	-
BECM revolving facility	100,000	100,000	100,000	100,000	100,000
Natixis-Deka-Deutsche Hypothekenbank loan	202,198	199,883	196,796	-	-
Lease liabilities	30,061	27,271	-	-	-
Current account advances	70,016	70,016	-	-	-
CADIF loan	30,000	-	-	-	-
Total floating rate debt	**432,275**	**397,170**	**296,796**	**100,000**	**100,000**
Natixis-Deka-Deutsche Hypothekenbank swaps	185,220	185,220	185,220	-	-
Total interest rate hedges	**185,220**	**185,220**	**185,220**	**-**	**-**
Net unhedged position	**247,055**	**211,950**	**111,576**	**100,000**	**100,000**

Accounting treatment of hedging instruments

The net change in value of hedging instruments between 31 December 2013 and 31 December 2014 represented a potential loss for SFL of €3,372 thousand. Of this amount, €3,411 thousand was recorded as a deduction from equity and €39 thousand was recognised in the statement of comprehensive income (as income) along with the reclassified losses referred to below.

When a hedging relationship is discontinued, it no longer qualifies for hedge accounting and any subsequent changes in fair value of the hedging instrument are recognised directly in the statement of comprehensive income. The cumulative gains and losses on the instrument recorded in equity are reclassified to the statement of comprehensive income over the remaining life of the hedged item.

In 2014, cumulative losses of €8,446 thousand were reclassified to the statement of comprehensive income.

The net amount recorded in the statement of comprehensive income was therefore a negative €8,407 thousand in 2014.

Hedging portfolio

The hedging portfolio comprises the following two types of contract:

Interest rate hedges on the financing of the Parholding portfolio

Counterparties: Natixis/Deka/Nord LB. *Description*: cash flow hedges. This swap on a notional amount of €185,220 thousand came into effect on 25 November 2012 as a hedge of identified debt and expires on 25 November 2017. SFL pays a fixed rate of 0.8825%.

At 31 December 2014, the contract had a negative fair value of €4,036 thousand.

Measuring hedging instruments

All of SFL's hedging instruments are classified in Level 2 of the fair value hierarchy. Their fair values are estimated based on inputs other than quoted prices included within Level 1 that are observable directly (i.e. as prices) on active and liquid markets. At 31 December 2014, hedging instruments had a total negative fair value of €4,036 thousand.

The credit risk associated with hedging transactions is calculated based on the probability of default for assets marketable as collateral in the secondary market. At 31 December 2014, credit risk represented a potential gain for SFL of €24 thousand.

Fair value of bonds

The fair value of the Group's outstanding bond issues at 31 December 2014 was €1,251,121 thousand, as follows:

(in thousands of euros)	Nominal value	Maturity	Fair value
May 2011 bonds	300,000	May 2016	316,981
November 2012 bonds	400,000	November 2017	431,640
November 2014 bonds	500,000	November 2021	502,500
			1,251,121

VI - 31) Provision expense, net - financial assets

There were no movements on provisions on financial assets in 2014.

VI - 32) Income tax expense

The election for taxation as a *SIIC* led to the elimination of the tax bases of the SIICs' assets used to calculate deferred taxes. The only remaining deferred tax assets and liabilities concern partnerships that are not eligible for taxation as a *SIIC* and assets under finance leases arranged prior to 1 January 2005.

Deferred taxes recognised in the statement of comprehensive income, calculated at the tax rate applicable at the period-end, consist mainly of the following:

Deferred taxes (in thousands of euros)	Statement of financial position 31 December 2012	Statement of financial position 31 December 2013	Reclassifications	Equity	Statement of comprehensive income 2014	Statement of financial position 31 December 2014
Gains and losses from remeasurement at fair value of investment properties	(105,971)	(118,217)	-	-	(21,169)	(139,386)
Hedging instruments	950	220	-	1,375	(213)	1,382
Adjustment of depreciation	(8,770)	(13,141)	-	-	(2,150)	(15,291)
Adjustment of property rentals	(2,539)	(1,996)	-	-	494	(1,502)
Capitalisation of interest expense and transaction costs	(464)	(501)	-	-	(20)	(521)
Other	(253)	(259)	-	-	(589)	(848)
Net	**(117,046)**	**(133,894)**	**-**	**1,375**	**(23,647)**	**(156,166)**
Of which: deferred tax assets	13	6	-	-	-	6
Of which: deferred tax liabilities	117,060	133,902	-	(1,375)	23,647	156,174

Current income tax expense for the year amounted to €4,500 thousand, versus €16,272 thousand in 2013. The decrease primarily reflects the exit tax liability arising in 2013 on the exercise of the purchase option under the Rives de Seine finance lease (€11,806 thousand).

VI - 33) Non-controlling interests in net profit

(in thousands of euros)	2014	2013	2012
SCI Washington	**17,990**	**10,059**	**16,264**
Property rentals	*7,204*	*6,462*	*6,525*
Gains and losses from remeasurement at fair value of investment properties	*11,002*	*4,241*	*10,870*
Net financial expense	*(485)*	*(468)*	*(776)*
Parholding Group	**24,501**	**25,378**	**-**
Property rentals	*13,048*	*13,043*	-
Gains and losses from remeasurement at fair value of investment properties	*29,474*	*30,150*	-
Net financial expense	*(3,001)*	*(3,047)*	-
Deferred tax	*(11,466)*	*(12,490)*	-
Current tax	*(2,006)*	*(944)*	-
Total	**42,491**	**35,437**	**16,264**

VI - 34) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period, net of treasury shares held at the period-end.

(in thousands of euros)	2014	2013	2012
Profit used to calculate basic earnings per share	197,737	147,259	283,189
Number of ordinary shares at 31 December	46,528,974	46,528,974	46,528,974
Number of treasury shares at 31 December	(426,695)	(439,531)	(441,250)
Number of ordinary shares at 31 December excluding treasury shares	**46,102,279**	**46,089,443**	**46,087,724**
Earnings per share	**€4.29**	**€3.20**	**€6.14**
Weighted average number of ordinary shares	46,528,974	46,528,974	46,528,974
Number of treasury shares at 31 December	(426,695)	(439,531)	(441,250)
Weighted average number of ordinary shares excluding treasury shares	**46,102,279**	**46,089,443**	**46,087,724**
Basic earnings per weighted average share	**€4.29**	**€3.20**	**€6.14**

There were no other transactions on ordinary shares or potential ordinary shares between the period-end and the date when these financial statements were drawn up.

VI - 35) Dividends

(in thousands of euros)	**2014**		**2013**		**2012**	
	Paid	Per share	Paid	Per share	Paid	Per share
Prior year dividend paid in current year	64,542	€1.40	64,520	€1.40	64,475	€1.40
Special dividend paid in current year	32,268	€0.70	-		32,262	€0.70
Current year interim dividend	-		32,254	€0.70	-	-
Total	**96,810**	**€2.10**	**96,774**	**€2.10**	**96,737**	**€2.10**

VI - 36) Off-balance sheet commitments

Type of mortgage		Standard mortgage			Total
Company		Pargal	Parchamps	Parhaus	
Expiry date		25 September 2018	25 September 2018	25 September 2018	
Registered by Deutsche Hypothekenbank	Principal	31,278	10,072	27,250	**68,600**
	Costs and incidentals	2,189	705	1,908	**4,802**
	Total	**33,467**	**10,777**	**29,158**	**73,402**
Registered by Natixis	Principal	31,278	10,072	27,250	**68,600**
	Costs and incidentals	2,189	705	1,908	**4,802**
	Total	**33,467**	**10,777**	**29,158**	**73,402**
Registered by Deka	Principal	31,278	10,072	27,250	**68,600**
	Costs and incidentals	2,189	705	1,908	**4,802**
	Total	**33,467**	**10,777**	**29,158**	**73,402**
Total		**100,402**	**32,331**	**87,473**	**220,206**

Guarantees and other commitments

(in thousands of euros)	Total	Within 1 year	In 1 to 5 years	Beyond 5 years
Commitments given				
- Property guarantees	541	293	248	-
Commitments received				
- Guarantees received from tenants	26,772	3,085	5,016	18,671
- Guarantees received from suppliers	32,164	2,449	29,715	-
- BPCE loan	150,000	-	150,000	-
- BNP Paribas loan	400,000	-	400,000	-
- BECM loan	50,000	-	50,000	-

Employee benefit obligations at 31 December 2014

Three employees (including one person who is also an officer of the Company) are entitled to compensation if they resign or are dismissed as a result of a major change in the scope of their responsibilities following a significant direct or indirect change in the shareholder base of SFL or its controlling company.

At 31 December 2014, the aggregate compensation that would be payable to these individuals amounted to €1,930 thousand.

The terms and conditions related to this compensation were approved by SFL's Board of Directors on 9 February 2004, 25 July 2006 and 4 April 2008.

No related provisions have been recorded in the financial statements.

Contractual redevelopment and renovation obligations

At 31 December 2014, the Group's contractual commitments relating to investment properties undergoing renovation totalled €81,730 thousand and mainly concerned the #Cloud.paris property (81-83 rue de Richelieu) for €57,037 thousand, the Louvre Saint-Honoré property for €11,796 thousand and 90, avenue des Champs-Elysées for €7,492 thousand.

Note to the statement of cash flows

(in thousands of euros)	2014	2013	2012
Proceeds from disposals of subsidiaries, net of the cash sold:			
Sale price	304,937	-	-
Transaction costs	(1,585)	-	-
Capital gains tax	-	-	-
Acquisitions of subsidiaries, net of the cash acquired:			
Purchase price	-	-	-
Subsidiaries' cash acquired (Parholding)	-	-	8,931
Assets and liabilities acquired:			
Non-current assets	-	-	258,748
Current assets	-	-	13,029
Equity	-	-	94,062
Deferred taxes on investment properties	-	-	39,269
Financial liabilities	-	-	103,813
Current liabilities	-	-	34,633
Acquisitions of investment properties, intangible assets and property and equipment			
Purchase price	(229,438)	-	-
Transaction costs	(600)	-	-
Taxes	-	-	-
Proceeds from disposals of investment properties, intangible assets and property and equipment			
Sale price	12	290,371	-
Transaction costs	-	(262)	(4)
Capital gains tax	-	-	-
Cash and cash equivalents at end of period:			
Short-term investments	13,291	28,688	19,293
Cash at bank and in hand	3,800	344	5,624
Short-term bank loans and overdrafts	(26,360)	(30,576)	(26,327)

Additional information

The impact of deferring recognition of rent-free periods is included in "Cash flow" along with additions to and reversals of provisions for impairment of trade receivables.

VI - 37) Related party information

The remuneration paid to the members of the Board of Directors and Management Committee breaks down as follows:

(in thousands of euros)	2014	2013	2012
Short-term benefits, excluding payroll taxes(1)	3,712	3,480	2,694
Payroll taxes on short-term benefits	1,485	1,610	1,213
Share-based payments(2)	375	471	265
Directors' fees	323	342	342
Total	**5,895**	**5,903**	**4,514**

(1) Gross salary and other remuneration, bonuses, statutory and discretionary profit-sharing, matching Company payments and termination benefits paid during the period.
(2) Cost recognised in the statement of comprehensive income for stock options and employee rights issues.