CeGeREAL

ACTIVITY REPORT as at 31 March 2006

PROFILE

Our business is the ownership and rental of office property assets.

In this vast marketplace, CeGeREAL has developed a significant breakthrough position. The Company owns three major property complexes of the highest standing. Each is located in the Paris region: Europlaza at La Défense, Arcs de Seine at Boulogne-Billancourt and Rives de Bercy at Charenton-le-Pont.

This specialization is the result of a management policy tending towards selective rental with assets being fully let to high profile corporations operating on a national or international scale. Confident in this strategy, the Company believes in its long-term profitability.

Since March 2006, CeGeREAL is listed on the Eurolist of Euronext Paris with the constitution of a quoted real estate investment company (SIIC) with the stated goal of increasing its assets and paying increased and regular dividends to its shareholders.

This Activity Report details the accounting period commencing on 1st January 2006 to its finalisation on 31st March 2006.

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HIGHLIGHTS

COMPANY'S ASSETS OF
867
MILLION EUROS.
Valuation by CBRE
as at 31/03/2006

THE **11TH**
LARGEST SIIC BASED ON
ASSET VALUE.
Classification carried out 31/12/2005

ONE OF THE FEW
SPECIALIST
FRENCH REAL ESTATE
OPERATORS IN THE ILE-DE-
FRANCE OFFICE PROPERTY
MARKET.

3
RECENT PROPERTIES
OF HIGH STANDING WITHIN
THE PARIS INNER SUBURBS.

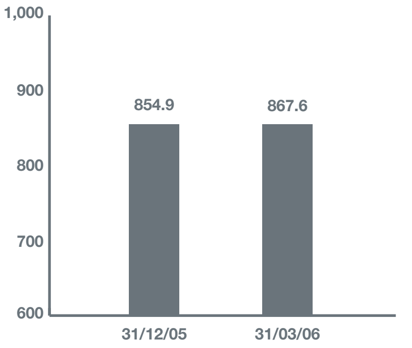
AREAS BETWEEN
30,000 m² AND
50,000 m²

FULLY LET*

A **DIVIDEND**
GOAL FOR ITS SHAREHOLDERS
OF 4.5% TO 5% WITH RELATION
TO OF THE REVALUED NET
ASSET WORTH.

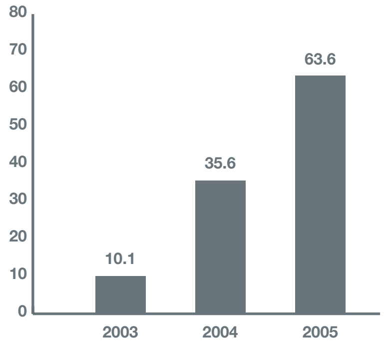
** Vacancy rates not materially significant*

COMPANY'S ASSETS VALUE
IN MILLION EUROS*



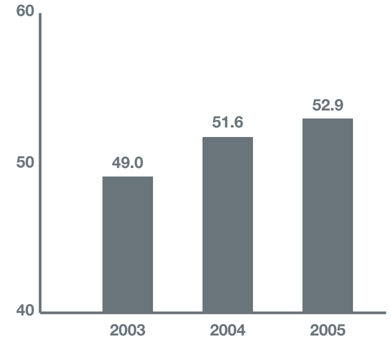
** Valuation by CBRE*

NET PROFIT
IN MILLION EUROS*



** Pro forma result in French accounting standards for 2003, in IFRS standards for 2004 and 2005*

RENT INCOME
IN MILLION EUROS*



** Pro forma income in French accounting standards for 2003, in IFRS standards for 2004 and 2005*

A **successful** stock market listing

MESSAGE FROM THE CHAIRMAN

The listing of CeGeREAL on the Stock Market has proved a success. Subscriptions reached almost twice the number of shares offered and the whole of the greenshoe option* has been exercised which testifies to the value of the product on offer, in line with investors' expectations and quite unusual in the marketplace.

CeGeREAL offers an altogether attractive profile comprising not only a project to be set up, but also a property equity operation having significant assets and specialising in a sector which is growing favourably in terms of prosperous income.

The first quarter results for 2006 confirm a healthy position.
An increase of almost 7% on the same period for 2005 in the Company's turnover - 14.3 million euros - is in line with our forecasts. The rentals during the initial three months of 2006 already stand at more than a quarter of the rental income for 2005. Furthermore, the vacancy rate for the three properties owned by the Company is not materially significant.

The movement in today's Parisian office property market together with sustained demand, particularly for large area complexes, and rentals tending upwards, points to an assured outlook for the Company.

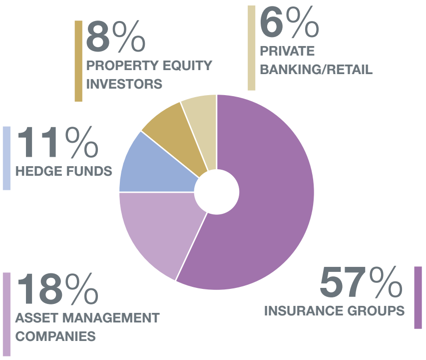
Richard Wrigley

** Legally referred to as an over-allotment option, a provision contained in an underwriting agreement which gives the underwriter the right to sell investors more shares than originally planned by the issuer. This would normally be done if the demand for a security issue proves higher than expected.*

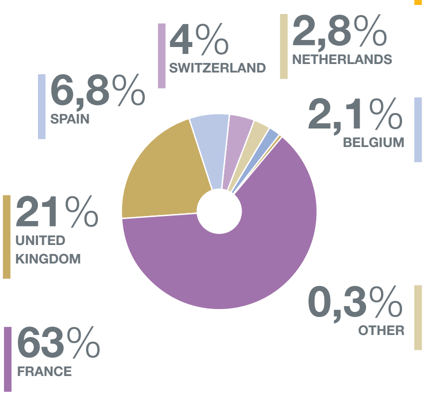
Solid foundations

CeGeREAL is part of the German group Commerz Grundbesitz, with a world renowned expertise in asset property management. Subsequent to its IPO in March 2006, significant institutional investors are now shareholders of the company, which guarantees a solid footing.

DISTRIBUTION
OF FLOATING CAPITAL
BY TYPE OF SHAREHOLDER
as at 28 March 2006



DISTRIBUTION
OF FLOATING CAPITAL BY
GEOGRAPHICAL ORIGIN
OF INVESTOR
as at 28 March 2006



SEVEN YEARS EXPERIENCE IN THE ILE-DE-FRANCE MARKETPLACE

CeGeREAL has been active in the Ile-de-France office property marketplace for seven years. The Company was formed in April 1999 under the name of Commerz Grundbesitz France (CGF). It was then 100% owned by Commerz Grundbesitz Investmentgesellschaft (CGI), German subsidiary of Commerz Grundbesitz Gesellschaft, on account for one of the principal investment funds in European real estate: hausInvest europa.

Until last year, CGF held a single asset: the complex Europlaza in Paris La Défense. At the end of 2005, CGF had merged with two sister companies, both also subsidiaries of CGI and exercising the same property equity activity: CG Arcs de Seine, which had been in existence since the year 2000 and which held the property complex Arcs de Seine at Boulogne-Billancourt, and CGF II, founded in 2001 and was the owner of Rives de Bercy at Charenton-le-Pont. Subsequent to this merger, CGF took the name Sopreal and then CeGeREAL.

INVESTORS OF HIGH STANDING

At the end of March 2006, CeGeREAL was listed in Compartiment B of the Eurolist on Euronext Paris, in order to obtain the constitution of a quoted real estate investment company (SIIC) and to achieve the taxation advantages attached to this.

Thirty-three percent of the Company's capital - 4.4 million shares representing 140.3 million euros* - are henceforth on the market. At the time of its IPO, this floating capital ranked the Company tenth among quoted French property equity companies, just behind the heavyweight companies of the sector.

CeGeREAL has attracted shareholders of high standing. At the issue of the offer, 98% of the opening capital was acquired by 40 institutional investors - the first ten of whom holding between them 70% of the entire shareholding which came to market. The rest, as part of the public offer, was taken up by banks.

Insurance groups number in the majority amongst the institutional investors, and these offer long term investment interest.

As at March 2006, the big names such as Azur GMF, via its subsidiary Boissy Gestion, Cardif, insurance arm of the group BNP Paribas, and the Caisse Nationale de Prévoyance owned a material amount of the Company's shares.
Furthermore, CeGeREAL has appealed broadly to an international public: alongside French investment, there is almost a 40% foreign investment, particularly from the United Kingdom. This reliable and diversified shareholding underlines the attractive nature of the Company which offers a stable investment product and a secured level of dividend earnings.

A VISION FOR THE LONG TERM

CGI retains, in its own right 67% of the capital of CeGeREAL on account for hausInvest europa, and maintains its intention to remain a long-term partner in the valorization of its assets. This is a material advantage. Not only does this group possess substantial expertise in office property asset management, but, its presence guarantees the stability of the security of CeGeREAL. High visibility with regard to their investment is available therefore to the company's new shareholders.

** As at 26 April 2006*

THE SUPPORT OF A LEADER

WITH 8 BILLION EUROS OF NET ASSET WORTH AS OF 31ST MARCH 2006, THE FUND HAUSINVEST EUROPA ON ACCOUNT FOR WHICH CGI HOLDS 67% OF THE CAPITAL OF CeGeREAL, CONSTITUTES THE THIRD LARGEST PROPERTY INVESTMENT FUND IN EUROPE* AND THE LARGEST "OPEN" ENDED FUND IN GERMANY.
SPECIALISING IN OFFICE PROPERTY AND WITH A PRESENCE IN THE MAJOR EUROPEAN CITIES HAUSINVEST EUROPA IS ALSO THE PREMIER GERMAN FUND TO HAVE INVESTED IN FRANCE, IN 1998. AS AT 31ST MARCH 2006, IT HOLDS 15 (NOT INCLUDING THE 3 PROPERTIES OF CeGeREAL) OFFICE PROPERTIES, ALL SITUATED IN ILE-DE-FRANCE, THE ESTIMATED VALUATION OF WHICH TOPS 2.36 BILLION EUROS. OWING TO ITS STATUS AS A SUBSIDIARY, CeGeREAL BENEFITS FROM AN EXPERTISE OF THE PREMIER RANK WITHIN ITS MARKETPLACE.

** Source: Global Property Research*

KEY DATES

31/12/**05**
MERGER OF THE THREE COMPANIES FORMING CeGeREAL.

29/03/**06**
CeGeREAL SHARES FIRST TRADED ON THE EUROLIST OF EURONEXT PARIS.

31/03/**06**
FINANCIAL YEAR STARTING JANUARY 1ST, 2006 WAS CLOSED BY ANTICIPATION ON 31 MARCH 2006.

01/04/**06**
NEW NINE MONTH ACCOUNTING PERIOD COMMENCES.

01/06/**06**
ELECTION EXERCISED FOR TAXATION UNDER SIIC SCHEDULES, BACKDATED TO 01/04/06

Standards of **good Corporate Governance**

THE CORPORATE GOVERNANCE OF CeGeREAL IS VESTED IN A MANAGEMENT TEAM REPORTING TO A BOARD OF DIRECTORS, ITSELF ASSISTED BY THREE COMMITTEES WITH A VIEW TO MAINTAINING TRANSPARENCY. THE BOARD OF DIRECTORS AND ITS COMMITTEES HAVE ADOPTED THE STANDARDS BASED ON RECOMMENDATIONS MADE IN THE 2002 BOUTON REPORT WHICH OUTLINED GUIDELINES FOR IMPROVEMENT OF CORPORATE MANAGEMENT IN FRANCE.

THE MANAGEMENT TEAM

Coming from CGI, the Chief Executive Officer and the Executive Vice Presidents of the Company have been in post from the outset in the three entities regrouped under the name of CeGeREAL. They ally wide-ranging expertise in property asset management with in-depth knowledge of the Ile-de-France marketplace together with the background of the three CeGeREAL properties.

FROM LEFT TO RIGHT

1 - **MARTIN WEINBRENNER**
CHIEF EXECUTIVE OFFICER
Age 40, a former financial consultant at Eschner & Partners, a German property corporation, joined CGI in 1994 where he is the director of the property management department.

2 - **KLAUS WALDHERR**
EXECUTIVE VICE PRESIDENT - LEGAL
Age 41, Doctor of Law and qualified attorney holding degrees from the University of Nancy II and from the University of Mainz, specialist in international real estate investments, he has worked as an attorney for CGI since 1998.

3 - **AXEL PORTZ**
EXECUTIVE VICE PRESIDENT - FINANCE
Age 42, economist, was an auditor at PricewaterhouseCoopers in Frankfurt, before joining CGI in 1998. He is the director of the Control and Assessment Department and is responsible for financial matters.

4 - **RALF SCHWARZER**
EXECUTIVE VICE PRESIDENT - TAXATION
Age 40, holds a degree from the University of Applied Sciences in Mainz and is the tax director of CGI, which he joined in 1998.

Standards of good Corporate Governance

BOARD OF DIRECTORS

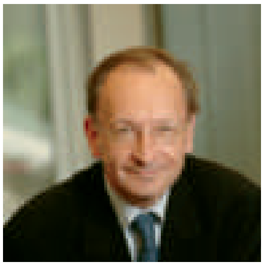
The Board of Directors of CeGeREAL is supported by individuals of recognised competencies within the sphere of asset property management. Two of these six directors are independent within the terms of the Daniel Bouton report.
In the same manner, two of the three members of each of the committees of the Board are independent.

RICHARD WRIGLEY
CHAIRMAN OF THE BOARD OF DIRECTORS, INDEPENDENT DIRECTOR
Age 57, holder of a Bachelor of Science Estate Management degree from London University.
Specialist in property asset management, he has been, notably, the Chief Executive Officer of the French property subsidiary of Imperial Chemical Industries Pensions Funds. In 1985, he set up the company Corporate Property Management Services, which managed a property equity of a million m² on account for international investors.

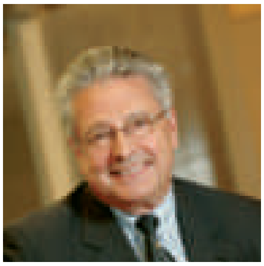
DETLEV DIETZ
DIRECTOR, PERMANENT REPRESENTATIVE OF CGI, CHIEF EXECUTIVE OFFICER OF CGI FROM 2003
Age 48, holder of a Doctorate in Law from the University of Tübingen, he was Chief Executive Officer of ECE Projektmanagement G.m.b.h. & Co. KG, one of the leading companies in the development of commercial centres.

LEO LOUSBERG
DIRECTOR, MEMBER OF THE CGI BOARD OF DIRECTORS
Age 55, holder of a degree in planning, management, urban organization and industrial development from the University of Amsterdam, he has worked with two property equity companies before joining CGI in 2005.

FRANK PÖRSCHKE
DIRECTOR, CHAIRMAN OF THE CGI MANAGEMENT BOARD
Age 41, Doctor of Law with a degree from the University of Hamburg, managed ECE Projektmanagement International G.m.b.h. & Co. KG, before coming to the CG Group in 2004.



DANIEL TERMINET
DIRECTOR, PERMANENT REPRENSENTATIVE OF THE CAISSE CENTRALE DE RÉESCOMPTE, CHAIRMAN OF THE CAISSE CENTRALE DE RÉESCOMPTE SUPERVISORY BOARD
Age 59, with a degree from the Ecole Supérieure de Commerce in Paris, he has been from 1987 on the general board of the Caisse Centrale de Réescompte, a group specializing in asset management, and of which the Commerzbank, parent company of Commerz Grundbesitz, is shareholder.



JEAN-PIERRE BONNEFOND
INDEPENDENT DIRECTOR
Age 60, holder of a DESS in Private Law from the University of Sorbonne-Panthéon, and has worked until 2004 as Chairman of the Groupement Foncier Français, subsidiary of the Groupe Caisse des Dépôts. He currently works as a consultant in capital strategy.

AUDIT COMMITTEE

Principal missions: to assist the Board of Directors in the review and finalisation of the interim and annual accounts, to ensure the independence of the Auditors of CeGeREAL, to review internal procedures as applicable to audit, accountancy or company management and to ensure that the Company possesses the means suitable for the prevention of risks and anomalies in the running of its business.

COMPOSITION:

RICHARD WRIGLEY
JEAN-PIERRE BONNEFOND*,
DETLEV DIETZ

* Jean-Pierre Bonnefond replaced Nicolas Reynaud as of 21 June 2006.

NOMINATION AND REMUNERATION COMMITTEE

Principal missions: to prepare the determination of the amount of the remuneration of the Management team, to wholly estimate any other emoluments and allowances which may be due to them, to evaluate candidates to the posts of Chief Executive Officer, Executive Vice President and Director, to evaluate the situation of each director in terms of independence of decision, to undertake a regular evaluation of the Board of Directors.

COMPOSITION:

JEAN-PIERRE BONNEFOND*
GRAHAM SPENSLEY
HENK J. JACOBS

INVESTMENT COMMITTEE

Principal missions: to assist the Board of Directors with regard to investments (namely in the case of sale, acquisition, development or significant renovation of a property asset), to give advice on draft investment plans and the annual investment budget, to evaluate the strategy of investment operations already effected, to be aware of any action which may have a material impact on investments.

COMPOSITION:

RICHARD WRIGLEY
GRAHAM SPENSLEY
HENK J. JACOBS

126,000 m² of office space
in the **service sector** hub development areas

EUROPLAZA
47,500 m²

IN THE HEART OF THE PREMIER EUROPEAN BUSINESS CENTRE

Within easy reach of Paris, at La Défense are concentrated 3.5 million m² of office space, 1,500 businesses, thirty of which are the premier groups in France and in the World, and 150,000 salaried office workers. Europlaza is at the heart of this highly influential quarter, close to the towers of General Electric, Axa, BNP Paribas, Total, Société Générale et EDF.

Highly accessible by general transport systems, the property is equally accessible by car given it is close to the La Défense ring road.

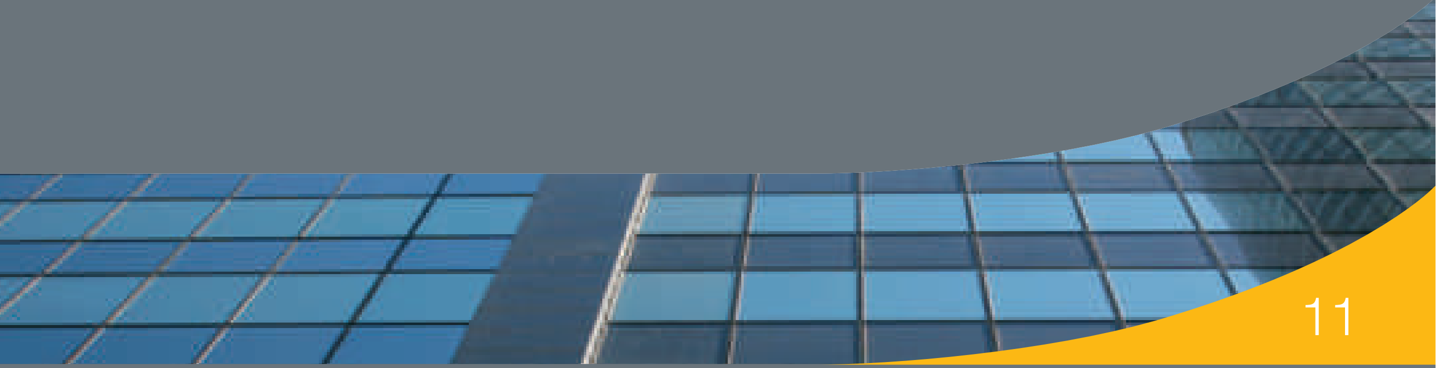
The surrounding area has been entirely renovated at the time of the construction of the new tower blocks.

ARCS DE SEINE
42,000 m²

AT THE GATES OF PARIS

Close neighbour to Paris, Boulogne-Billancourt, second city in the Ile-de-France having more than 100,000 inhabitants, is home to a large number of businesses. The whole of the Arcs de Seine is situated in one of the principal business hubs of the conglomeration: Le Point du Jour, which is home to major businesses in the service sector such as TF1, Canal + and Neuf Telecom.

Accessibility is by metro, bus and tramway, and the quarter is also linked to the Paris ring road, the Périphérique, and to the Seine, which again allows speedy access to the centre of Paris by the express way along the river embankment.



CeGeREAL owns three office properties. They are considerable in size, very modern, fully let and all situated within the Paris inner suburbs. Two of them are in the traditional business quarters of the West: La Défense and Boulogne-Billancourt. The third is situated in one of the new service sector hub development areas in the South-East at Charenton-le-Pont. These are sites adapted to the many and diverse needs of business.

RIVES DE BERCY
30,000 m²

IN A QUARTER OF RISING VALUES

For a long time centered on the West, the economic development of the Ile-de-France is being re-orientated. This is of especial advantage in the premier Eastern outskirts where it is envisaged that some very attractive business quarters will develop. As easily as accessible as those of the Western side, they are offering the same quality of premises for lower rentals. Rives de Bercy is situated in one of these new service sector hubs at Charenton-le-Pont, a city which counts among its large corporations Natexis Banques Populaires, Essilor and CSC Peat Marwick. The property is situated within close proximity of Paris, close to the 'Quais de Seine', and on the A4 motorway (Paris-Strasbourg) as well as close to metro line 8.

EUROPLAZA

Formerly known as Tour Septentrion, this complex comprises two buildings of 31 and 4 floors dating from 1972.
Its redevelopment, in 1998-1999, was one of the largest operations of this type on the first generation tower blocks of La Défense. The two buildings have been given totally new façades and from now on enjoy ultra-modern design and amenities.
The Company acquired them in April 1999. Given their high standing, they have always been almost fully let from this date on and, as at today, they are fully let.

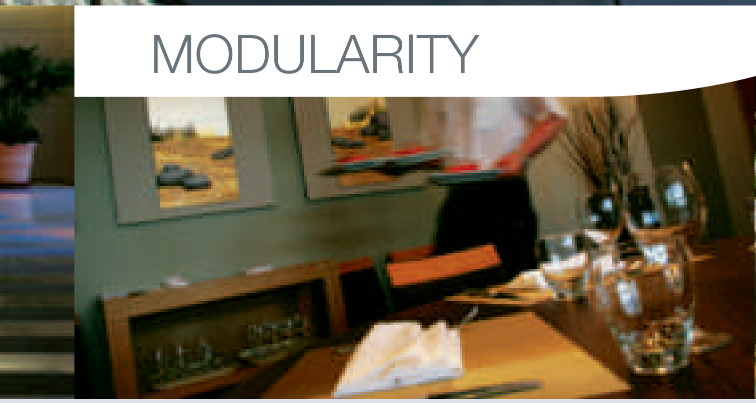
STANDING

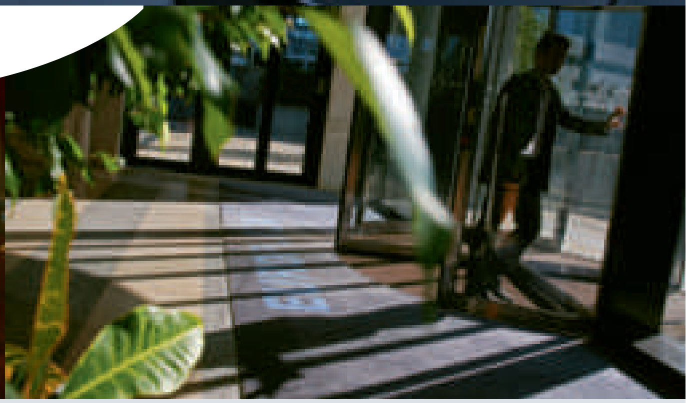
MODERNITY

GUIDED VISIT

- Vast rental surface area: 49,322 m^2, comprising 47,567 m^2 office space, 1,755 m^2 storage space and parking areas.
- Excellent general condition, the premises conform to the latest standards of safety and comfort: fire prevention, video-surveillance, air-conditioning…

MODULARITY





- Extensive modularity, with office space which can be configured to meet tenants' needs.
- Amenities in keeping with the expectations of major corporations: auditorium, directors' restaurant, business restaurant, snack-bar, cafeteria, sports hall…

KEY FIGURES

- Valorization: 355.3 million euros*
- Capitalization rate: 6.2%*
- Occupation rate: 97.95% in 2003, 100% in 2004, 99.4% in 2005
- Rental amounts as at 1st January 2006: 23 million euros

**Valorization effected by CB Richard Ellis as at 31/03/2006*

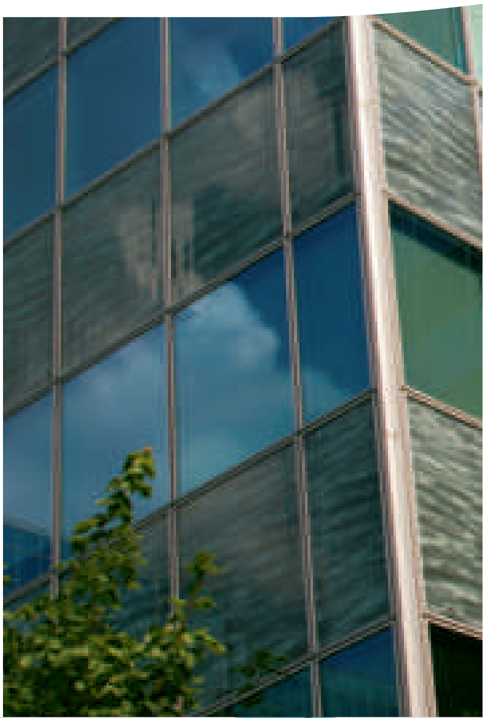
TENANTS

Europlaza is home to several high profile companies including Cap Gemini France and Cap Gemini Telecom & Media, who occupy almost half the surface area, GE Capital, subsidiary of a high-profile American financial services, energy and health multinational and Galderma Laboratories set up in 1981 by Nestlé and l'Oréal. The two companies, Cap Gemini and GE Capital represent more than 60% of the rentals.

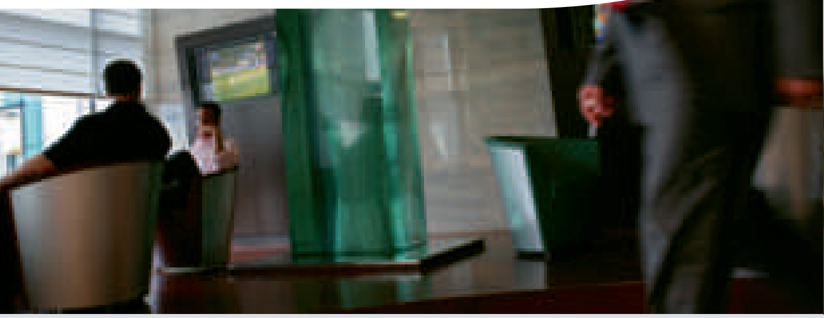
ARCS DE SEINE

This development is highly attractive architecturally and comprises three buildings of five, seven and eight floors organized around a private park and each having an independent entrance. One of the buildings was constructed in the year 2000, the other two having been redeveloped in 1999 and 2000. The Company bought the complex in February 2000.

STANDING



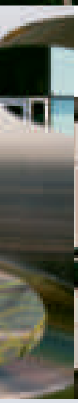
QUALITY

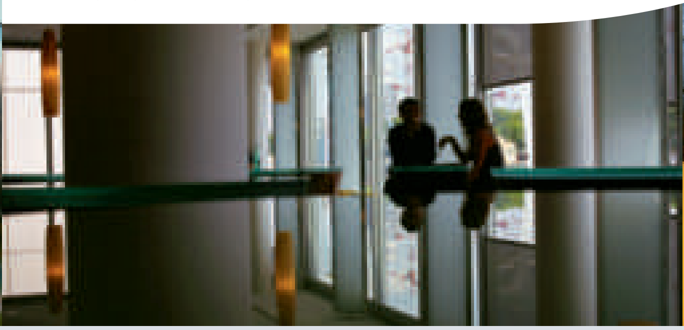


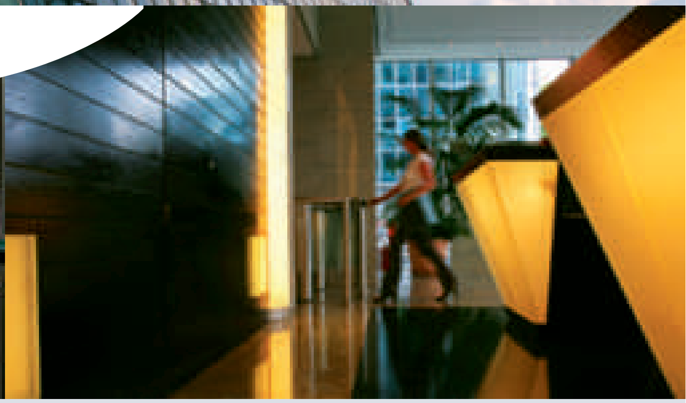
GUIDED VISIT

- Three independent buildings of 25,547 m², 10,571 m² and 9,033 m².
- The highest quality in office design: each floor planned to provide the most functional configuration of the space.
- Modularity of surface area in line with user requirement.

COMFORT







- Excellent condition of the premises, offering the highest conditions of comfort and safety: air conditioning, video-surveillance, etc.
- Amenities of the highest standards: auditorium, meeting rooms, directors' restaurant, inter-company restaurant, cafeteria, snack-bar, etc.

KEY FIGURES

- Valorization: 340.9 million euros*
- Capitalization rate: 5.5%*
- Occupation rate: 100% over the last three years
- Rental amounts: 22.4 million euros

**Valorization effected by CB Richard Ellis as at 31/03/2006*

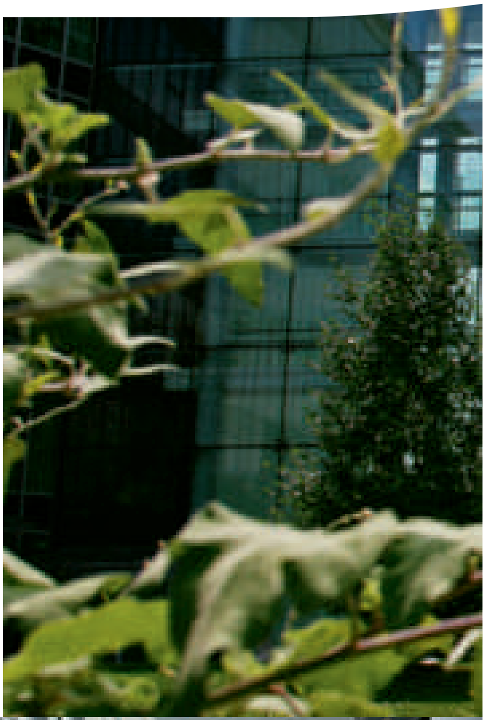
TENANTS

Arcs de Seine is occupied by the mobile phone operator Bouygues Telecom, which has brought its head office to the site, by the television channel TF1 and by Boursorama, one of the leading on-line brokers and financial information sites in France.

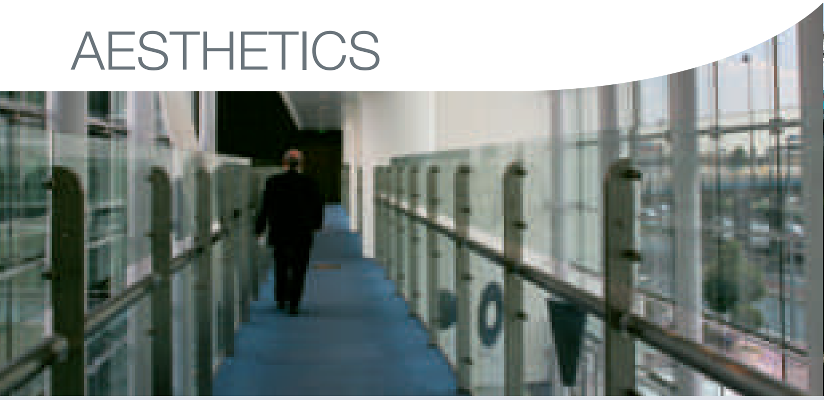
RIVES DE BERCY

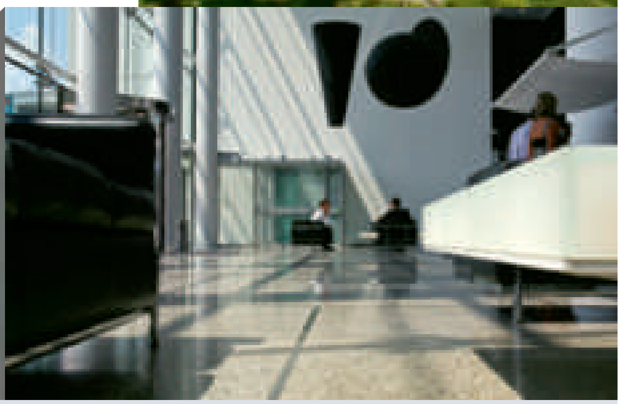
The Company acquired this complex of seven floors in September 2001, at the commencement of building. Completed in 2003, the building was conceived to fulfil the expectations of the most demanding of companies. Highly modern in style and particularly attractive, it appealed so much to Crédit Foncier, which abandoned its historic head office location and took up residence here.

STANDING



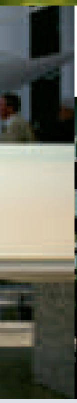
AESTHETICS



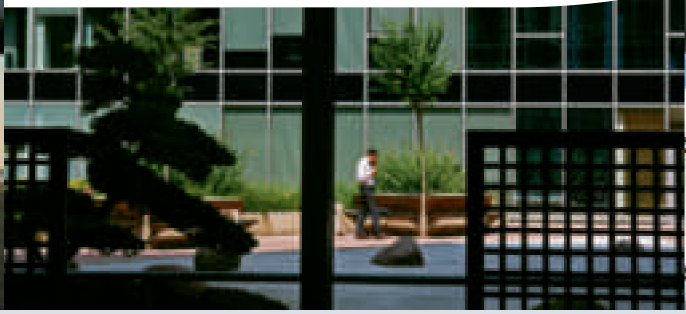


GUIDED VISIT

- Vast surface area: 31,942 m^2, two levels of which in the basement provide 657 parking lot spaces, the whole upon 16,374 m^2 of ground.
- High standard of architecture: the buildings comprise different wings linked by suspended walkways and a reception hall of monumental proportions giving on to the quai de Bercy.



FUNCTIONAL



- The amenities are of particularly high standing: business restaurant, cafeteria, auditorium which can accommodate conferences, meeting rooms of different sizes and which have been adapted to the diversity of tenant requirement, sport hall, lawned terraces with panoramic views and embellished with a Japanese garden.

KEY FIGURES

- Valorization: 171.3 million euros*
- Capitalization rate: 5.75%*
- Occupation rate: 100% from outset
- Rental amounts: 11 million euros

**Valorization effected by CB Richard Ellis as at 31/03/2006*

TENANTS

Since 2003, Rives de Bercy has been completely occupied by Crédit Foncier. However, the building could be divided to provide a home for several tenants.

Significant breakthrough position

CeGeREAL is one of the few French real estate operators to have specialised in a single sector of the marketplace - that of Ile-de-France office property-, and is offering developments of the highest standing adapted to the latest demands of business. Additionally, the Company's assets are fully let. This position is a solid base for its profitability both today and in the future.

THE PREMIER EUROPEAN SERVICE SECTOR HUB

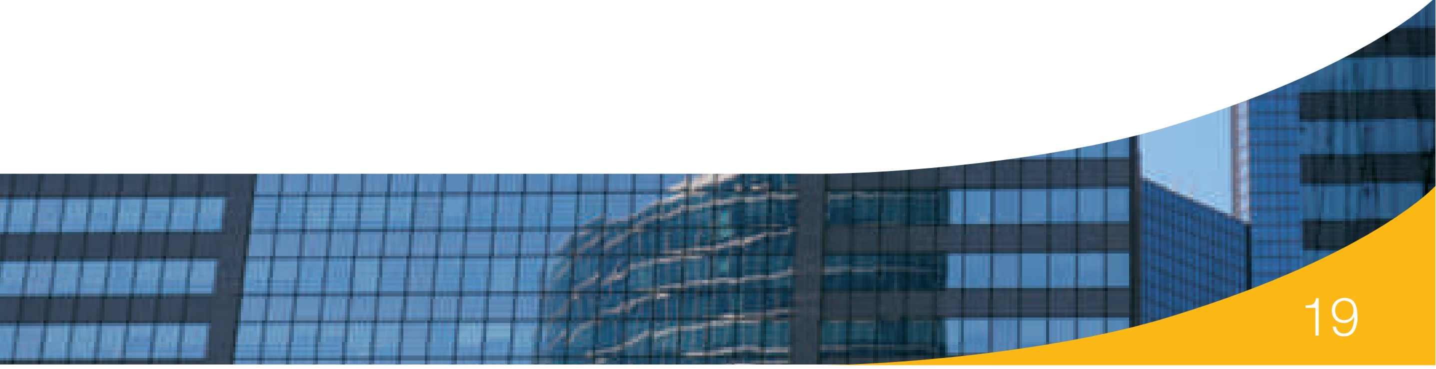
In pinpointing the Ile-de-France, CeGeREAL has opted for a significant and stable marketplace. With 47.6 million of m^2 office space, the region constitutes the premier service sector hub in Europe, outstripping London (33.7 million m^2) and other capital cities of the continent. It is also the premier rental marketplace in Europe in terms of office property with rentals representing more than 90% of the transactions.

Overlying the dense fabric of small and medium businesses, there is a significant concentration in the Paris region of the majority of company head offices belonging to large French corporations and the French subsidiaries of overseas corporations. Furthermore, every sector of activity is represented. The state of health of the office property market is not allied to that of any one specific sector nor is it dependent on growth in the economy on a solely national basis. In periods of economic slowdown as have occured in recent years, companies trading globally continue to do well, supported by overall global growth.

GREEN LIGHT ON GROWTH

Ile-de-France office property seems moreover to be undergoing once more a favourable upswing. 2005 was in fact the second best year of the decade after the year 2000 in terms of take-up: close to 2.2 million m^2, that is an increase of 12% on 2004 and an increase of 28% on 2003.

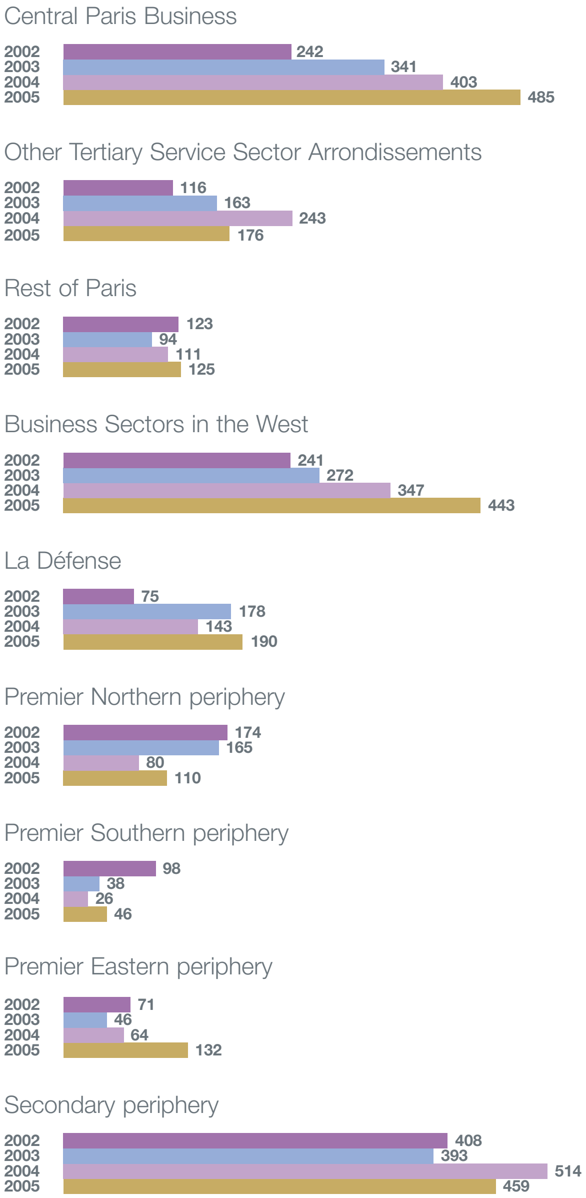
The first quarter 2006 confirms this trend with record volumes: 780,500 m^2 commercialised- twice that of the first quarter 2005 and more than a third of the total for 2005. Correspondingly, the percentage of vacant surface area has contracted, coming down to 6.3% in January 2005, to 5.7% in December, then reaching 5.3% in April 2006. This is a level markedly lower than in other European capital cities: for example, at the end of December 2005, the vacancy rate exceeded 15% in Frankfurt and 9% in London and Madrid. The consequence was: after three years of downturn, the mean facial rent in the Ile-de-France underwent a slight readjustment, prime rents increasing more markedly.



SUSTAINED DEMAND

AFTER HAVING REGRESSED BY 10% IN 2002, THE TAKE-UP HAS NOT STOPPED CLIMBING. ALWAYS HEAVILY SUBSCRIBED, THE BUSINESS QUARTERS IN THE WEST AND AT LA DÉFENSE, WHERE CEGEREAL OWNS TWO PROPERTIES, HAVE TAPPED 29% OF THE VOLUMES COMMERCIALISED IN 2005, AS OPPOSED TO 36% FOR CENTRAL PARIS. IN THE FIRST QUARTER 2006, THIS PERCENTAGE CLIMBED TO OVER 33% AS AGAINST 30% FOR PARIS. DEMAND IS EQUALLY MORE DYNAMIC IN THE PREMIER SOUTHERN PERIPHERY WHERE THE RIVES DE BERCY BUILDING IS SITUATED: IN 2005, THE OFFICE SURFACE AREA ACQUIRED OR LET IN THIS ZONE HAS INCREASED BY NEARLY 80%.

TAKE-UP GROWTH CURVES FOR THE ILE-DE-FRANCE OFFICE SPACE MARKET IN M^2



Source: CB Richard Ellis/Immostat

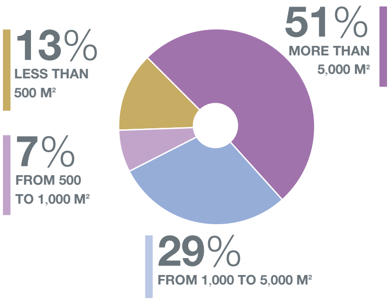
PRIORITIES FOR LARGE SURFACE AREAS…

GeGeREAL is positioned in the market place with a product adapted to today's business requirements. Its buildings are between 30,000 m^2 and 50,000 m^2 and consequently correspond to the sustained demand for large surface areas: for several years, between 35% to 40% of business premises commercialised in the Ile-de-France have been in excess of 5,000 m^2. In the first quarter 2006, this percentage exceeded the 50% mark.
This requirement represents the commitment among businesses to rationalise their set-up in adapting it to their organisation and using it as a management tool, notably in order to bring together their teams to work together. This is a result of markedly increased tendencies towards mergers/acquisitions in the modern business world.

… AND FOR PRACTICAL PREMISES

The three property complexes of CeGeREAL are, in addition, very recent or have been recently redeveloped. The constituent companies of CeGeREAL acquired them during their construction or modernisation and have proceeded to completion then to commercialisation in partnership with the developer. These three buildings, therefore, provide modern, extremely practical spaces of high standing, and are notably exceptionally modular, guaranteeing efficacy for their tenants: they consist of basic open-plan floor areas where partition walls may be used to adjust the configuration of the space to suit changes in business organisation, namely organisation by project, and, this, in addition, allows optimisation of the ratio between area in m^2 and work-station.

DISTRIBUTION
BY SIZE OF SURFACES COMMERCIALISED
in the first quarter 2006



THE STRONG DEMAND FOR LARGE SURFACE AREAS IS DRIVEN BY LARGE CORPORATIONS REGROUPING THEIR SERVICES OR REORGANISING AS A RESULT OF MERGERS/ACQUISITIONS. GIVEN THEIR SIGNIFICANT SIZE, THE PROPERTIES OF CEGEREAL ARE WELL-SUITED TO MEET THIS REQUIREMENT.

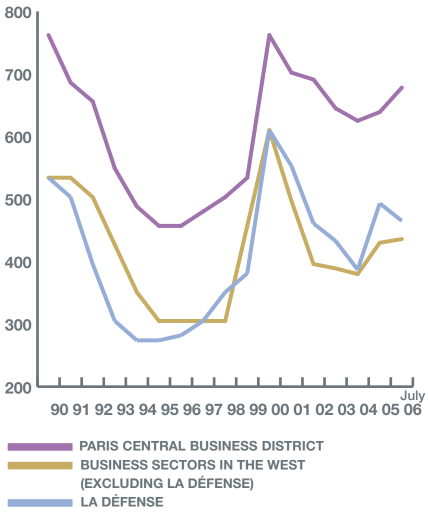
Source: CB Richard Ellis/Immostat

This arrangement corresponds therefore, to the businesses requirement to rationalise set-up, which behind the desire to reduce rental costs, is the primary motivation for relocation. It is unsurprising, then, that the fundamental requirement of business is for new or redeveloped premises (43% of transactions in 2005) or for renovated premises (23% in 2005), which provide these types of amenities.

SOLID FUTURE TRENDS

The trends seen last year and in the opening months of 2006 should continue from now to the end of the year. The forecasts in the rate of growth of French GDP are somewhat better than in 2005 and global growth rates remain strong. The opinion of experts such as CB Richard Ellis, the commercialized office space square meterage could reach 2.5 million square meter, the year 2000 record. Furthermore, the stock of un-let surfaces is likely to continue to decline. This fall will be compensated for, in part, by renovation and redevelopment projects which will feed future provision. However, the rentals should continue to grow in a reasonable way.

GROWTH IN RENTALS



PRIME* RENTALS GROWTH CURVE (IN CURRENT EUROS EXCLUSIVE OF CHARGES PER M² AND PER YEAR)

Source: CB Richard Ellis

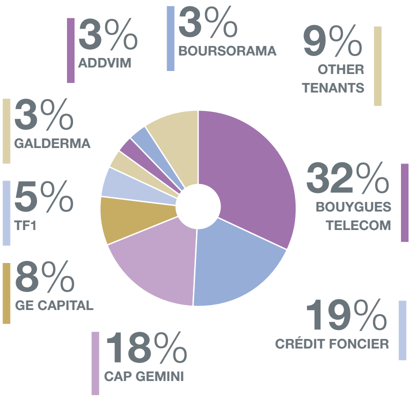
IN THE ZONES WHERE CeGeREAL IS ESTABLISHED, RENTALS ARE GROWING. AFTER FOUR YEARS OF DOWNTURN, THE PRIME RENTAL AT LA DÉFENSE HAS CLIMBED BY 27% IN 2005. DESPITE A DOWNWARD CORRECTION IN THE FIRST QUARTER 2006, THE PRIME RENTAL HAS STAYED CONSIDERABLY ITS 2004 LEVEL. IN THE BUSINESS SECTORS OF THE WEST, THE PRIME RENTAL CLIMBED BACK BY 13% IN 2005, AN IMPROVEMENT CONFIRMED IN THE OPENING MONTHS OF 2006. THE EMERGING BUSINESS ZONES OF THE PREMIER PERIPHERY HAVE BEEN UNTOUCHED BY THESE FLUCTUATIONS. MEAN FACIAL RENTALS IN THAT AREA WERE HIGHER IN 2005 THAN IN 2000.

** Weighted average of the ten most significant transactions for a surface area greater or equal to 500 m², taken over the last six months.*

Long term letting policy

To sponsor a clientele of high profile tenants and to be the best in meeting their requirements in order to enhance their loyalty: the letting policy of CeGeREAL is committed to the long term. Aim: to secure the Company's income.

DISTRIBUTION
OF RENTAL BY TENANT
in the first quarter 2006



HIGH PROFILE TENANTS

Bouygues Telecom, Le Crédit Foncier, Cap Gemini France, Cap Gemini Telecom & Media, GE Capital, TF1… CeGeREAL is dedicated to take-up with tenants of the highest profile. These tenants are major national or international corporations who are likely to have very little risk of default.

LONG TERM LEASES

Wherever possible, CeGeREAL tends towards the conclusion of commercial leases with, as is often the case, long term end dates- six or nine years -, and this provides that the whole of the operating costs and the upkeep along with certain repair works are transferred to the tenant. In addition, associated property asset taxes due are passed on to the tenants.

AN EVEN DISTRIBUTION OF EXPIRING LEASES

From now until 2014, the annual percentage of the Company's rentals on expiring leases or on leases under which tenants have available an option to give notice is evenly distributed over the time span. Consequently, CeGeREAL's risk on rental void is minimized. This fact together with the site and the size of the properties and also the high standard of the amenities on offer favours lease renewal.

CLOSE CLIENT RELATIONSHIPS

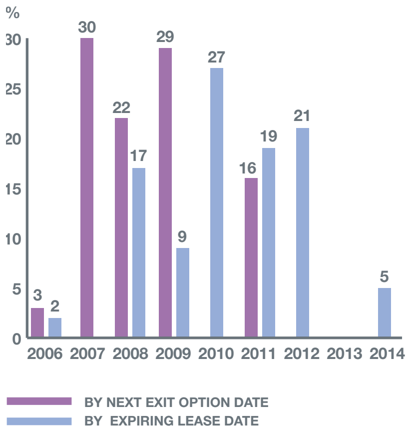
With a view to ensure in the long term the best rates of occupation for its properties, CeGeREAL has put at the core of its rental policy the quality of its client relationships. The Company's watch words are ‘accessibility’ and ‘transparency’.

The teams charged with the day to day running of the properties are on round the clock stand-by providing all the requisite services for the tenants (caretaking, maintenance…) responding to tenants' requests and solving problems. A management representative meets each tenant on a regular basis to evaluate requirements and suggestions as they arise.

GREATER VISIBILITY

This policy not only greatly enhances tenant loyalty, but also fosters a relationship of confidence with them. For their part, the company's tenants give notice well in advance of likely changes in their real estate intentions. Consequently, CeGeREAL can plan ahead, offering tenants solutions which respond to the scope of their requirements.

DISTRIBUTION
OF EXPIRING LEASES*



** Expiring leases for each year based on current lease - Sum equal to 100% for each series.*

Management costs

To take advantage of the availability of expertise second to none while optimising operational costs, CeGeREAL has elected to devolve these asset and rental management functions on CGI its historical corporate partner.

ASSET MANAGEMENT CONTRACT WITH CGI

CeGeREAL is devolving its asset management upon its parent company. This solution allows it to profit from economies of scale and to benefit from CGI's in-depth knowledge of and expertise in the Ile-de-France office property marketplace, and also from the reactivity of its commercialization and management teams.
To this end, the Company has engaged in an asset management contract with CGI, embracing investment advice tasks with regard to its property capital assets and asset management analysis tasks. This includes amongst other tasks the drafting of an annual business plan concerning the investments made by CeGeREAL, an evaluation of its assets and its performance, data analysis on property market changes, trends in leases and other recommendations. Accordingly, CGI is to produce an annual report on products offered by CeGeREAL's competitors, quarterly inspection reports on the Company's properties (namely on adaptations carried out by tenants and equipments held in common). Finally, CGI is to analyse the Company's letting strategy and advise on optimisation of same.

PROPERTY MANAGEMENT CONTRACT WITH AN EXPERT

Likewise, CeGeREAL is outsourcing the management of its three properties to a qualified independent partner: the company Asset & Property Management (A&PM), which took on this function at the time of the acquisition of Europlaza, Arcs de Seine and Rives de Bercy by the constituent companies of CeGeREAL and who, therefore, have a thorough understanding of the background and an excellent knowledge of the tenants in each building.

As a result, CeGeREAL can roll up the costs of the rental management into the operational costs of the buildings charged to the tenants.

Included in the scope of A&PM' s mission is the interface with the tenants (ensuring adherence to the clauses in the leases, full compliance with contractual obligations in terms of maintenance of the premises, insurance, compliance with standards for the interior …).

A&PM also undertake the administrative and accountancy function for the buildings, namely billing, rent collection and the management of non payments before dispute arises. Additionally, A&PM handles the technical management of the buildings Europlaza et Arcs de Seine: negotiating maintenance contracts for supplies and services, setting up and monitoring operating contracts and the maintenance of all of the technical facilities.

The technical management of the Rives de Bercy building is undertaken by its tenant under the control of A&PM. In order to best accomplish its tasks, A&PM has put in place teams of experienced building managers and has carried out an annual questionnaire assessing tenant satisfaction.

Finally, A&PM aids CeGeREAL in the commercialization of vacant surface area.

ECONOMIES OF SCALE

A&PM WAS SET UP IN 1999. AT THAT TIME, THIS COMPANY EMPLOYED FORTY SALARIED STAFF AND MANAGED 30 BUILDINGS CORRESPONDING TO IN EXCESS OF 600,000 M² IN THE ILE-DE-FRANCE, AND THIS INCLUDED ALL THE ASSETS OF CGI IN FRANCE. THE DEPTH OF THIS PROPERTY PORTFOLIO ALLOWED A&PM TO DEVELOP A STRONG EXPERTISE IN THE BUSINESS OF RENTAL MANAGEMENT AND ALSO BROUGHT WITH IT THE ECONOMIES OF SCALE WHICH NOW BENEFIT CeGeREAL.

Creating value for **our shareholders**

CeGeREAL strategy comprises key principals: to increase asset capital and to distribute increased and regular dividends to its shareholders. This is an intention in keeping with the commitment to transparency with its investors.

INCREASING THE VALUE OF OUR PROPERTY PORTFOLIO

CeGeREAL aims to grow and to provide in the long term the returns on its capital. This goal is achieved by the pursuit of a proactive rental policy, by assuring excellent occupation and rent collection rates, and by the optimisation of rentals contingent on the Ile-de-France marketplace. However CeGeREAL also looks to maintain its properties in perfect condition and, should the need arise, the Company will invest to enhance their value and attraction.

A DIVIDEND OF 4.5% TO 5% OF THE REVALUED NET ASSET IS THE GOAL

Confident in its strategy, CeGeREAL intends to guarantee a level of raised distributions to its shareholders, which will also be in keeping with its new constitution as a quoted real estate investment company (SIIC). By means of paying an exit tax to the government, SIIC companies are effectively exempted from corporation tax for that part of their net profit deriving from their activities in the area of property rental. Such companies must distribute 85% of their exempt net profit to their shareholders. CeGeREAL intends to achive as soon as possible dividends of the order of 4.5% to 5% of its revalued net asset.

A COMMITMENT TO TRANSPARENCY

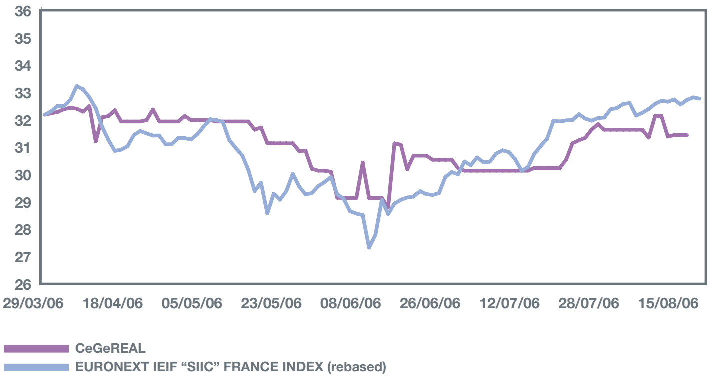
CeGeREAL is committed, moreover, to develop a transparent relationship with its shareholders. To do this, the Company has made available to them an Internet site and will meet on a regular basis the main investors. The first general shareholders' meeting will be held on 28th September at 10.00 a.m.

FURTHER INFORMATION

Relation with shareholders:
Ralf Schwarzer
Ralf.Schwarzer@cegereal.com
Tel.: +49 611 710 51 27
www.cegereal.com

REGISTRATION DOCUMENT AVAILABLE ON THE INTERNET SITE OF CEGEREAL.

CeGeREAL'S STOCK PRICE VERSUS STOCK MARKET COMPARABLES*



*** EURONEXT - IEIF "SIIC" FRANCE**

INDEX COVERING ALL FRENCH REAL ESTATE COMPANIES UNDER THE "SIIC*" STATUS.

(SIIC: Sociétés d'investissements Immobiliers cotées)*

Summary **financial results**

Simplified financial data
ANNUAL FINANCIAL STATEMENTS

In EUR thousand	31/03 2006	31/12 2005
Balance sheet asset		
Fully owned properties	621,136	626,094
Deposits paid	19	19
Fixed assets	**621,155**	**626,113**
Accounts receivable	12,160	14,961
Other receivables	16,655	12,357
Cash and cash equivalents	34,303	31,408
Prepaid expenses	2,794	
Other assets	**65,912**	**58,726**
Total asset	**687,067**	**684,840**

In EUR thousand	31/03 2006	31/12 2005
Equity and liabilities		
Share capital	160,470	160,470
Merger premium and retained earnings	61,327	51,342
Net income for the period	(3,588)	9,985
Shareholder's equity	**218,209**	**221,797**
Loss and contingency provisions	53,127	53,642
Financial debt	381,120	380,453
Other liabilities	34,611	28,947
Liabilities & provisions	**468,858**	**463,043**
Total equity & liabilities	**687,067**	**684,840**

Income statement	**3 months**	**12 months**
Rent	14,344	49,632
Operating income	726	28,685
Net financial expenses	(4,830)	(13,843)
Corporate income tax	516	(4,858)
Net result	**(3,588)**	**9,985**

Simplified financial data
IFRS ACCOUNTS

In EUR thousand

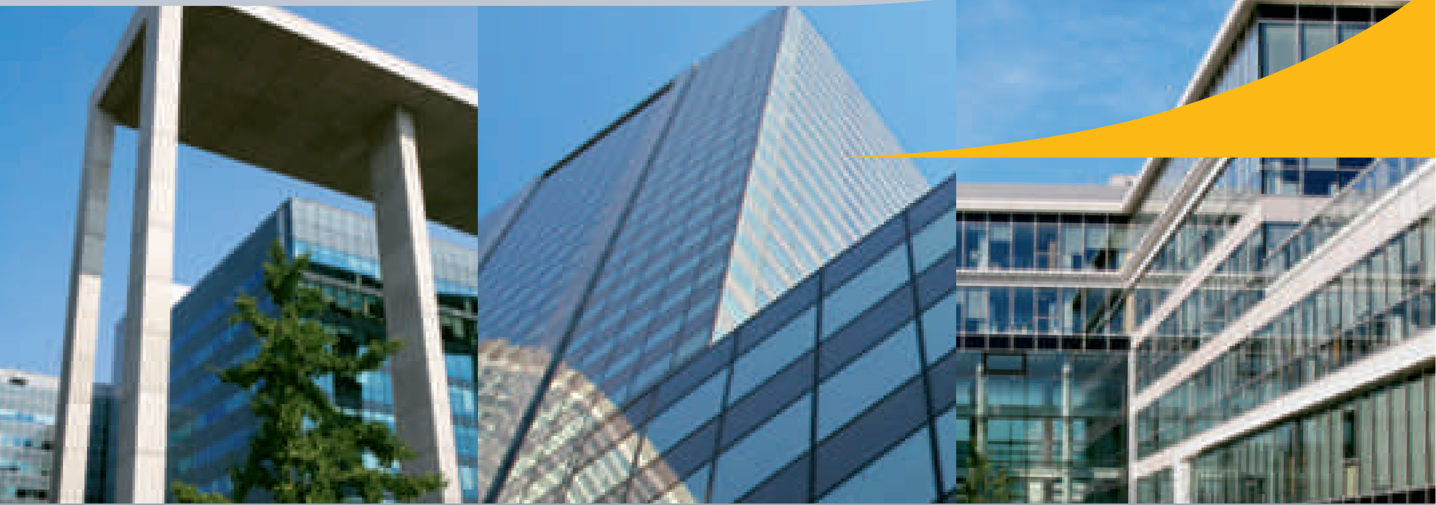
Pro forma balance sheet assets	31/03 2006	31/03 2005	31/12 2005
Investment property	867,560	814,322	854,960
Other non-current assets	19	19	19
Non current assets	**867,579**	**814,341**	**854,979**
Accounts receivable	12,387	11,207	14,961
Other operating receivables	20,401	7,761	12,347
Cash and cash equivalents	37,040	23,282	35,016
Current assets	**69,828**	**42,250**	**62,324**
Total asset	**937,407**	**856,591**	**917,303**

In EUR thousand

Equity and liabilities	31/03 2006	31/03 2005	31/12 2005
Capital	160,470	160,470	160,470
Merger premium and retained earnings	184,436	120,862	120,862
Result for the period	98,090	21,664	63,574
Shareholder’s equity	**442,996**	**302,996**	**344,906**
Non-current liabilities	438,967	360,492	380,333
Current borrowings	22	166,327	164,480
Other current liabilities	55,422	26,776	27,584
Liabilities	**494,411**	**553,595**	**572,397**
Total equity & liabilities	**937,407**	**856,591**	**917,303**

Pro forma income statement	3 months	3 months	12 months
Net rental income (*)	12,794	14,238	53,,628
Change in the fair value of investment property	12,600	13,560	54,198
Operating income	22,320	27,674	107,226
Net financial result	(18,948)	1,748	(12,603)
Tax expense	94,718	(7,758)	(31,049)
Net income	**98,090**	**21,664**	**63,574**

(*) Rent + other services - building related costs



FINANCIAL REPORT **as at 31 March 2006**

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Management report

OF THE BOARD OF DIRECTORS TO THE GENERAL ORDINARY SHAREHOLDERS' MEETING TO APPROVE THE ACCOUNTS OF THE FINANCIAL YEAR CLOSED ON 31 MARCH 2006

Dear Sirs,

This report has been drawn up in accordance with the law and the articles of association, in order to present to you the business of the company throughout the financial year closed on 31 March 2006, the profit/loss made from such business, progress made, difficulties encountered, foreseeable evolution of the situation of the company and its future prospects, the material events occurred since the date of closing of the financial year and the activities of the company in relation to research and development. This report also contains the financial and non-financial information required by paragraph three to six of article L. 225-100, pursuant to article L. 225-100-1 [of the French commercial code].
This report was also drawn up in order to submit for your approval the accounts of the past financial year and the allocation of profit / loss resulting from these accounts.

The notices provided by law have been duly sent to you and all documents and elements provided for by the regulations in force have been made available to you within the legal time limits.

1. SITUATION AND BUSINESS OF THE COMPANY WITHIN THE FINANCIAL YEAR CLOSED ON 31 MARCH 2006 - FUTURE OUTLOOK

1.1 Business of the Company throughout the financial year

We remind you that since the merger with the single-member *sociétés à responsabilité limitée* CGF II and CG - Arcs de Seine, the main business of your Company is the management of three real-estate groupings known as “Europlaza” (located at 20 avenue André Prothin, 92927 Paris La Défense), “Arcs de Seine” (located at Quai du Point du Jour, 92100 Boulogne-Billancourt), and “Rives de Bercy” (located at 4 quai de Bercy, 94220 Charenton le Pont), which are owned by the Company.

These real-estate groupings are leased at 100% in respect of Europlaza, 100% in respect of Arcs de Seine, and 100% in respect of Rives de Bercy. The lessees are companies of national and international renown. The yearly average rent amounts to EUR 452.69 per square meter. The leases entered into with the lessees are commercial leases of a general term of nine years.

The Company made a net turnover of EUR 14,344,429 during the past financial year.

We remind you that the former corporate name of the Company was Sopreal SA.

On 20 February 2006 the shareholders' meeting resolved to amend the corporate name of the Company, the new corporate name being CeGeREAL SA.

At the same shareholders' meeting, the shareholders approved the amendments to the articles of association which had become necessary as a result of the planned stock market listing and subject to such stock market listing taking place.

On 1 March 2006, the shareholders resolved to slightly amend the corporate objects of the Company in order to enter into a credit agreement.

On 6 March 2006, the French stock market authority (*Autorité des Marchés Financiers* (“AMF”) filed the information memorandum presented by your company in the scope of the initial offering of its securities for trading on the Eurolist market of Euronext Paris S.A. and on 20 March 2006, AMF granted the visa n°06-078 to the prospectus consisting in the information memorandum and an offering circular.

The initial offering price of the securities for trading on the Eurolist market of Euronext Paris S.A. has been set to EUR 31.80 and the listing of the shares has started on 29 March 2006. This initial offering was carried out through a sale of shares by the reference shareholder, CGI, in the scope of an OPO [open price offering], mainly intended for individuals in France, and of a global placement intended for institutional investors in France and abroad, with the exception of, *inter alia*, the United States of America.

In accordance with the resolution adopted by the shareholders of the Company at the general shareholders' meeting of 20 February 2006, the financial year has been closed by anticipation as at the last day of the month of settlement-delivery, i.e. on 31 March 2006. The shareholders, at said general shareholders' meeting, acknowledged that this exceptional closing of the financial year did not entail an amendment to the articles of association of the Company.

On 26 April 2006, further to the successful initial offering of the Company, BNP Paribas, global coordinator and sole bookkeeper, announced the full exercise of the overallocation option that CGI had granted, at the offering price, i.e. EUR 31.80 per share.

This overallocation option refers to 575,599 shares, representing a total amount of 18.3 million euros. Therefore, the number of Company shares offered to the public was increased to 4,412,925 shares, i.e. approximately 33% of the share capital of the Company.

1.2 Evolution of business, profit/loss and financial situation of the company (corporate accounts)

• **Financial situation / annual accounts**

The net shareholders' equity, which amounted to K EUR 221,797 as at the first day of the financial year, amounted to K EUR 218,209 as at 31 March 2006, date of the closing of the financial year.

In parallel:

- the total amount of the debts went from K EUR 409,400 at the opening to K EUR 415,731 at the closing of the fiscal year. This increase is due to an increase of the loans (around + 0.7 million Euros), of the furnisher's debts and related accounts (around + 3.85 million Euros) and other debts (around + 2.94 million Euros) and to the decrease of tax and social debts (around - 1.15 million euros).

- the cash available amounts to K EUR 34,303 as of 31 March 2006.

The impact of the option for the SIIC rax regime is not taken into account in the annual accounts for the fiscal year closed on 31 March 2006.

• **Results of the fiscal year / annual accounts**

The length of the fiscal year closed on 31 March 2006 was of 3 months versus 12 months for the previous fiscal year. Mergers (with or without retraoctive effect) took place during the previous fiscal year. The direct comparison between the accounts for the fiscal years closed on 31 March 2006 and 31 December 2005 is therefore inapplicable.

Please note that the current fiscal year will last 9 months and will be closed on 31 December 2006.

The turnover for the fiscal year closed on 31 March 2006 amount to K EUR 14,344. This number reflects primarily rental fees and is in conformity with our expectations as there was no vacancy during the fiscal year in the 3 buildings owned by the Company.

The operating expenses for the fiscal year closed on 31 March 2006 amount to K EUR 14,510. They are mainly made up of “other purchases and external charges” amounting to K EUR 7,744 and of amortization of buildings amounting to K EUR 4,958. These operating expenses comprise recurrent expenses amounting to K EUR 6,739 including:

- K EUR 4,172 connected to the refinancing of the Company debt (fees of the notary and of the *conservateur des hypothèques*, fee to set-up the new loan),

- K EUR 2,567 connected to the fees relating to the initial offering on the stock market. The commission paid to the bank involved in the initial offering was not paid by the Company.

Having taken into account these non-recurring fees, the operating result amounts to a profit of K EUR 726. In the absence of the non-recurring fees previously mentioned, the operating result would have amounted to a benefit of K EUR 7,465.

The financial result for the fiscal year closed on 31 March 2006 is a loss of K EUR 4,830.

It includes financial expenses of K EUR 5,071 and financial income of K EUR 241. The financial expenses are interest expenses (K EUR 4,036) and non-recurring expenses connected to the cancellation of former loans (K EUR 1,035). The financial result less these non-recurring elements would have amounted to a loss of K EUR 3,795.

There is no exceptional result for the fiscal year closed on 31 March 2006.

Having taken into account a company tax amounting to K EUR 516 corresponding to a tax provision, the result of the fiscal year closed on 31 March 2006 is a loss of K EUR 3,588.

In the absence of the non-recurring elements previously mentioned, the result of the fiscal year closed on 31 March 2006 would have been a profit of K EUR 4,186.

• **Result of the fiscal year / pro forma IFRS accounts**

The fiscal year's result in pro forma IFRS accounts, i.e. a profit of K EUR 98,090, differs from the result obtained following French accounting rules, principles and methods (a loss of K EUR 3,588, see previous comments).

This difference of K EUR 101,678 can be primarily explained as follows:

- Impact of the SIIC tax regime

The consequences of the option for the SIIC tax regime were anticipated in the pro forma IFRS accounts, this decision having been taken by the shareholders' meeting of 20 February 2006 and exercised before the date of the closing of the accounts.

The impact of this decision was a change in the mode of calculation of the postponed tax regime on the buildings owned by the Company. Indeed, until the accounts for the fiscal year closed on 31 December 2005, this postponed tax was calculated at the usual common rate of 34.43%. For the fiscal year closed on 31 March 2006, the tax rate provided for by the SIIC tax regime of 16.50% has been applied.

The global impact amounts in the pro forma IFRS accounts on 31 March 2006 to a revenue of K EUR 80,783.

- Valuation of the buildings at their real value

The variation of the real value of the buildings during the first trimester of 2006 represents K EUR 12,600 and the cancellation of the amortizations in the annual accounts represents K EUR 4,958. In total, the impact of the valuation of the buildings at the real value in the pro forma IFRS accounts amounts to K EUR 17,558 (income).

- Reconsideration of the expenses connected to the setting up of the new loans

These expenses were recorded as expenditures in the annual accounts. In contrast, they were treated in the pro forma IFRS accounts as deferments according to the method of the effective rate.

The result (including deferred taxation) is an income of K EUR 3,337.

• Evolution of the Reevaluated Net Assets (RNA)

As of 31 December 2005, the RNA in liquidation value following pro forma IFRS accounts, having taken into account the option for the SIIC tax regime, was estimated at K EUR 425,642.

As of 31 March 2006, this same index amounts to 442,996 K€, i.e. an increase of K EUR 17,354 primarily explained by the increase of the real value of the buildings determined during the first trimester of 2006.

• Potentiel of distribution

As of 31 March 2006, the merger premiums and the result which may be distributed amount to K EUR 41,692.

1.3 Material events which occurred since the date of closing of the financial year

No material event has occurred since the date of the closing of the financial year, with the exception of the election of the SIIC tax regime.

1.4 Difficulties encountered during the financial year and future prospects

The Company has not experienced any particular difficulty during the financial year closed on 31 March 2006.

The loss of the financial year of 3 months closed on 31 March 2006 is mainly due to the non-recurring expenses in connection with the transactions carried out in the scope of the initial offering of the securities on the Eurolist market of Euronext Paris S.A., for an approximate amount of K EUR 7,774.

The Company, as previously announced, has elected to benefit from the SIIC regime, effective from the financial year opened on 1 April 2006. This election will enable the Company to benefit from a corporate tax exemption on profits made from the lease of its real estate assets and from the sale of its buildings, provided that the company distributes a minimum of 85% of the profits resulting from the lease of buildings and 50% of the capital gains resulting from the sale of buildings.

In order to benefit from this election, the Company will need to pay a 16.5% exit tax on unrealized capital gains as at 1 April 2006 on its real estate assets. This exit tax will amount to approximately 90 million euros and 25% of this amount will be paid for each year within the next four financial years, and for the first instance on 15 December 2006.

As the company intends to reassess, in the corporate accounts of its next financial year, the value of its buildings in order to adjust them to the market value as at 1 April 2006, and as the exit tax is chargeable to the reassessment reserve, the payment of such tax is not likely to decrease the amount of the distributable profits of the Company.

1.5 Activities of the company in relation to research and development

We remind you that the company has not engaged into any research or development programme within the past financial year.

2. SHAREHOLDING AND CONTROL, CONTROLLED COMPANIES

We remind you that the Company has not acquired any interest or control in any other company during the past financial year.

3. DERIVED FINANCIAL INSTRUMENTS

The Company does not have any derived financial instruments.

4. RISKS

Risk of dependency in respect of certain lessees: The company currently depends on certain lessees, mainly Bouygues Telecom, Crédit Foncier de France, Cap Gemini, GE Capital and TF1 who account for approximately 81% of the total rents received as at 31 March 2006.

Although the assets of the Company are already leased or may be leased to several users, financial difficulties of any one of such users, the request for a renegotiation of the leases at the time of their renewal, or any of such lessees leaving may have a negative impact on the financial situation, profit/loss and prospects of the Company.

5. EMPLOYEE SHAREHOLDING

Pursuant to article L. 225-102 of the French commercial code, we inform you that no employee shareholding in the company has been recorded as at the last day of the financial year.

6. INFORMATION IN RELATION TO SHARE ACQUISITIONS OF THE COMPANY CARRIED OUT FOR THE BENEFIT OF THE EMPLOYEES

We inform you that the company has not carried out any repurchase of its own shares for allocation to its employees, neither in the scope of an employee profit-sharing scheme, nor in the scope of any share purchase options.

7. TABLE LISTING ALL DELEGATIONS OF POWERS IN RELATION TO SHARE CAPITAL INCREASE

In accordance with article L. 225-100, 4th paragraph of the French commercial code as amended by order (ordonnance) of 24 June 2004, the board of directors must report, in its management report, on the delegations of powers in force which have been granted by the general shareholders' meeting in relation to share capital increase, pursuant to articles L. 225-129-1 and L. 225-129-2 of the French commercial code.

A table listing all delegations of powers currently in force which have been granted to your board of directors in relation to share capital increase, as well as their use during the financial year closed on 31 March 2006, is attached to this report.

8. AGREEMENTS REFERRED TO IN ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

In their special report, the statutory auditors of the Company report on the agreements entered into pursuant to article L. 225-38 et seq. of the French commercial code which have been entered into during the past financial year. A list of such agreements is attached hereto. We inform you that no ordinary agreement referred to in article L. 225-38 has been entered into under ordinary terms during the past financial year.

9. PRESENTATION OF THE ANNUAL ACCOUNTS

The presentation rules and appraisal methods used for drawing up the accounting documents are in compliance with the regulations in force, and have not been amended since the previous financial year, unless by implementation of new legal or regulatory provisions.

Your statutory auditors will report, in their general report, on the performance of their duties.

10. PROFIT / LOSS - ALLOCATION OF PROFIT / LOSS

The accounts of the company as at the closing of the financial year show a loss of an amount of EUR 3,587,827, which we suggest to be allocated to the carry forward account, which will therefore show a negative balance of EUR 1,946,965.

Moreover, we inform you that the non-tax-deductible expenses and charges incurred during the past financial year amount to an aggregate amount of EUR 23,750.

Furthermore, we remind you that pursuant to article 243 bis of the French general tax code, no dividend has been distributed since the incorporation of the company.

In accordance with the provisions of article 148 of the decree of 23 March 1967, a table showing the profits/losses recorded our company during the financial years passed since the merger transactions is attached hereto.

11. TYPE OF GENERAL MANAGEMENT

We remind you that the board of directors, at its meeting of 31 December 2005, has elected the type of general management to be used, in accordance with article L. 225-51-1 of the French commercial code. It has thus decided that the general management would be performed by Mr Martin Weinbrenner as from 31 December 2005, who will perform the duties of managing director of the company.

12. STATUS OF TERM OF OFFICE OF BOARD MEMBERS AND STATUTORY AUDITORS

We remind you that no term of office of a board member or of a statutory auditor is to expire at the end of this meeting.

13. INFORMATION IN RELATION TO CORPORATE OFFICERS

In accordance with article L.225-102-1 of the French commercial code, this report must provide information in relation to the total remuneration and benefits of any kind granted to each corporate officer during the past financial year. It must also include a list of the mandates and duties performed in any company by each of the corporate officers during the financial year. This information are set out in the table below.

Information in relation to corporate officers

(TABLE DRAWN UP PURSUANT TO ARTICLE L. 225-102-1 OF THE FRENCH COMMERCIAL CODE)

Corporate officers:	Remuneration and benefits granted by the company		Remuneration and benefits granted by companies controlled within the meaning of article L. 233-16 du code du commerce		Corporate mandates held in any company (in France or abroad)	
	Gross amount of remuneration	Amount of benefits in kind	Gross amount of remuneration	Amount of benefits in kind	Name of company	Mandate and/or duties performed
Richard Wrigley	–	–	–	–	CPAS SAS	Member of the Board
	–	–	–	–	Manitoba France SA	Member of the Board
	–	–	–	–	CPMS SAS	Chairman
	–	–	–	–	CPI SARL	Manager
	–	–	–	–	CPI Massy	Manager
	–	–	–	–	SCI Galopinvest	Manager
	–	–	–	–	SCI Le Barragiste	Manager
	–	–	–	–	Princeton France	Manager
	–	–	–	–	SNC Foncière Meudon	Manager
	–	–	–	–	Stamford Holdings	Manager
	–	–	–	–	Scandimmo SA	Chairman
	–	–	–	–	SCI Hume	Manager
Leo Lousberg	–	–	–	–	Commerz Grundbesitzgesell-schaft mbH	Manager
	–	–	–	–	Commerz Grundbesitz-Investmentgesell-schaft mbH	Manager
	–	–	–	–	Commerz Grundbesitz-Spezialfondsgesell-schaft mbH	Manager

Corporate officers:	Remuneration and benefits granted by the company		Remuneration and benefits granted by companies controlled within the meaning of article L. 233-16 of the French commercial code		Corporate mandates held in any company (in France or abroad)	
	Gross amount of remuneration	Amount of benefits in kind	Gross amount of remuneration	Amount of benefits in kind	Name of company	Mandate and/or duties performed
Frank Pörschke	—	—	—	—	Commerz Grundbesitzgesellschaft mbH	Manager
	—	—	—	—	CGI mbH	Manager
	—	—	—	—	Commerz Grundbesitz-Spezialfondsgesell-schaft mbH	Member of the supervisory board
COMMERZ GRUNDBESITZIN VESTMENTGE SELLSCHAFT mbH (permanent representative: Detlev Dietz)	—	—	—	—	Commerz Grundbesitzgesellschaft mbH	Manager
	—	—	—	—	Commerz Grundbesitz-Spezialfondsgesellschaft mbH	Member of the supervisory board
	—	—	—	—	Commerz Grundbesitz Investmentgesellschaft mbH	Member of the supervisory board
	—	—	—	—	CCR	Member of the supervisory board
	—	—	—	—	Cominvest Asset Management GmbH	Manager
	—	—	—	—	Commerz Asset Management Holding GmbH	Manager
	—	—	—	—	Commerz Europe (Ireland)	Manager
	—	—	—	—	European Bank for Fund Services GmbH (ebase)	Member of the supervisory board
CAISSE CENTRALE DE RÉESCOMPTE (permanent representative: Daniel Terminet)	—	—	—	—	Caisse Centrale de Réescompte	Chairman of the management board *(directoire)*
	—	—	—	—	CCR Gestion	Member of the board
	—	—	—	—	Compagnie Monégasque de Banque	Member of the board and member of the executive committee
	—	—	—	—	CCR Actions	Permanent representative of Caisse Centrale de Réescompte

Corporate officers:	Remuneration and benefits granted by the company		Remuneration and benefits granted by companies controlled within the meaning of article L. 233-16 of the French commercial code		Corporate mandates held in any company (in France or abroad)	
	Gross amount of remuneration	Amount of benefits in kind	Gross amount of remuneration	Amount of benefits in kind	Name of company	Mandate and/or duties performed
CAISSE CENTRALE DE RÉESCOMPTE (permanent representative: Daniel Terminet) (continued)	-	—	—	—	CCR Chevrillon Philippe	Permanent representative of Caisse Centrale de Réescompte
	—	—	—	—	SICAV Centrale Actions Avenir	Permanent representative of Caisse Centrale de Réescompte
	—	—	—	—	SICAV Centrale Actions Euro	Permanent representative of Caisse Centrale de Réescompte
	—	—	—	—	SICAV Centrale Actions France	Permanent representative of Caisse Centrale de Réescompte
	—	—	—	—	SICAV Centrale Convertibles Euro	Permanent representative of Caisse Centrale de Réescompte
	—	—	—	—	SICAV Centrale Court Terme	Permanent representative of Caisse Centrale de Réescompte
Jean-Pierre Bonnefond	—	—	—	—	JPB & A	Chairman
	—	—	—	—	SCPI Hoche Placement Pierre	Chairman of the supervisory board
Martin Weinbrenner	—	—	—	—	Immobilière de Croisades SA	Corporate officer
	—	—	—	—	CGI Victoria Square Ltd	Corporate officer
	—	—	—	—	CGI Victoria Square Nominees Ltd	Corporate officer
	—	—	—	—	Manmall LLC	Corporate officer
	—	—	—	—	Houston Main GP LLC	Corporate officer
	—	—	—	—	HK Immobilen AG	Corporate officer

Corporate officers:	Remuneration and benefits granted by the company		Remuneration and benefits granted by companies controlled within the meaning of article L. 233-16 of the French commercial code		Corporate mandates held in any company (in France or abroad)	
	Gross amount of remuneration	Amount of benefits in kind	Gross amount of remuneration	Amount of benefits in kind	Name of company	Mandate and/or duties performed
Klaus Waldherr	—	—	—	—	Commerz Grundbesitz-Gestao de Centros Comerciais, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Forum Almada - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Forum Algarve - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	CGI Metropole s.r.o.	Corporate officer
	—	—	—	—	CGI Victoria Square Ltd	Corporate officer
	—	—	—	—	CGI Victoria Square Nominees Ltd	Corporate officer
	—	—	—	—	CGC Canada Grundbesitz GmbH	Corporate officer
	—	—	—	—	Manmall LLC	Corporate officer
	—	—	—	—	Houston Main GP LLC	Corporate officer
	—	—	—	—	4239440 Canada Inc	Corporate officer
	—	—	—	—	4239474 Canada Inc	Corporate officer
	—	—	—	—	4239466 Canada Inc	Corporate officer
	—	—	—	—	4239431 Canada Inc	Corporate officer
	—	—	—	—	Ivanhoe Ste-Foy Inc	Corporate officer
	—	—	—	—	Ivanhoe Rive Nord Inc	Corporate officer

Corporate officers:	Remuneration and benefits granted by the company		Remuneration and benefits granted by companies controlled within the meaning of article L. 233-16 of the French commercial code		Corporate mandates held in any company (in France or abroad)	
	Gross amount of remuneration	Amount of benefits in kind	Gross amount of remuneration	Amount of benefits in kind	Name of company	Mandate and/or duties performed
Axel Portz	—	—	—	—	Commerz Grundbesitz-Gestao de Centros Comerciais, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Forum Almada - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Forum Algarve - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Brafero-Sociedade Imobiliàra SA	Corporate officer
	—	—	—	—	Forum Montijo - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Regensburg Arcaden Verwaltungs-GmbH	Corporate officer
	—	—	—	—	CGI Metropole s.r.o.	Corporate officer
	—	—	—	—	CGC Canada Grundbesitz GmbH	Corporate officer
	—	—	—	—	Manmall LLC	Corporate officer
	—	—	—	—	Houston Main GP LLC	Corporate officer
Ralf Schwarzer	—	—	—	—	EuREAM GmbH	Corporate officer
	—	—	—	—	CGI Victoria Square Ltd	Corporate officer
	—	—	—	—	CGI Victoria Square Nominees Ltd	Corporate officer
	—	—	—	—	Forum Montijo - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Forum Algarve - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Forum Almada - Gestao de Centro Comercial, Sociedade Unipessoal Lda	Corporate officer
	—	—	—	—	Commerz Grundbesitz-Gestao de Centros Comerciais, Sociedade Unipessoal Lda	Corporate officer

14. INFORMATION IN RELATION TO EMPLOYEES

The total headcount of the Company is one person. Indeed, your company hired Rose-Marie Pastor on 2 February 2006 under an undefined term contract. Your company has not encountered any particular difficulties in the hiring of employees. There has been no redundancy during the past financial year.

Furthermore, your company does not use any external workforce.

No staff reduction or employment protection plan has been introduced.

The employment agreement of Rose-Mary Pastor was initially a part-time contract, which then became a full-time contract, which provides for a full-time employment of a maximum of 218 days per year.

The remunerations and social contribution amount respectively to 1,566 and 627 euros for the financial year closed on 31 March 2006.

Due to the very low number of employees, there is no employee representative in your company.

In relation to vocational training, English refresher courses are given to Rose-Marie Pastor, twice a week for one and a half hours.

15. MAIN SUBCONTRACTING AGREEMENTS

Your company subcontracts the asset management and property management duties to external service providers.

Your company thus granted the property management activity to A&PM. This activity consists mainly in: (i) relations with the lessees, in particular the monitoring of the compliance with the terms of the leases and the proper performance by the lessees of their contractual obligations, inter alia as regards the maintenance of the premises, the subscription of insurance, compliance with the internal regulations and, upon request of the Company, the renewal of the leases which have come to expiration (termination, offer of renewal, potential negotiation for the determination of the rent of the new lease), (ii) administrative and accounting management of the sites, including billing, rent collection, pre-litigation management and (under the lead of the Company) litigation in relation to a default of payment, charges and taxes (property taxes and office taxes) which will be subject to monthly reporting (billing and cash-in status, assessment of late payment of rents and property expenses) to the Company, (iii) assistance to the Company for the marketing of vacant spaces and for a potential full or partial sale of the real estate grouping.

In the scope of its technical duties, A&PM is bound to carry out the following tasks: (i) draw up, on a yearly basis, a projected "operating budget" for maintenance works, which will be reported for on a quarterly basis; (ii) manage from a technical point of view the Europlaza and Arcs de Seine buildings, in particular in respect of the negotiation of the maintenance, supply and service agreements of any nature; (iii) implement and follow-up the operation and maintenance agreements of all technical equipment of the real estate grouping, elect service providers in agreement with the Company, and follow-up and monitorthe performance of such agreements, preparation of bids, verification of bills and matching with the projected budget and (iv) carry out major repair and valuation works after prior written agreement of the Company. In the scope of these tasks, A&PM is also in charge of the implementation of the insurance policies, including contractor's liability insurance for losses in respect of the ten-year guaranteeand comprehensive insurance policies.

Asset management tasks are granted to CGI. Indeed, on 8 February 2006, your Company entered into an asset management agreement with CGI under which the latter undertakes advisory tasks at the benefit of the Company in relation to its real estate asset investments, the investment decision remaining however at the discretion of the Company.

The asset management activity refers, *inter alia*, to advisory activities in relation to strategy and investment opportunities.

These types of services consists, inter alia, to agree with the Company on an investment strategy, including an indebtedness and asset holding/disposal strategy, as well as an analysis of the investment opportunities and of their adequacy with the investment strategy of the Company. CGI must, in that respect, submit investment suggestions and recommendations in relation to the structure of the real estate assets of the company and is also bound to advise the Company in relation to the implementation of its investment strategy.

CIG may, as the case may be, also provide its advisory services in the scope of sales or acquisitions of buildings. CGI will thus be in charge of negotiating the acquisition and sale agreements of real estate assets. It will also assist the Company in the assessment of the relevant assets as well as in the process of transfer of investments. As such, CGI will submit to the Company recommendations in relation to the holding / sale of the assets and to the election of the real estate agent. CGI will also act, by analyzing the investment offers, in the due diligence process and will recommend potential acquirors (in particular based on the offered price and on the credibility of the latter) to the Company.

Under this asset management agreement, CGI is also bound to provide analysis services.

This analysis task refers to, *inter alia*, the operation of the assets. As such, CGI will draw up an annual business plan including a summary of the investments, performances, valuation of assets, of the real estate market, of lease orientations, recommendations and analysis in relation to the holding and transfer of assets, as well as priority issues and tasks. Such annual business plan will then be submitted to the Company along with recommendations. CGI also advises the Company on the implementation of this annual business plan. Besides, CGI presents on a yearly basis a report on the real estate assets of the Company and the French real-estate market, and also carries out an appraisal of the real estate assets. This analysis task also includes (i) operation methods of the assets and risk management policy in order to determine their adequacy with market norms; (ii) assessment of the insurances coverage; (iii) the operational budget. As such, CGI must submit recommendations to the Company based, *inter alia*, on the analysis of the operations and in relation to the lease strategy, operating income and expenses, adjustments, cash flow and income allocation.

This analysis task consists, moreover, in drawing up the following reports: (i) a detailed report in relation to the real estate market, updated annually, including, inter alia, economic projections, information in relation to supply and demand in the real estate sector and the real estate market trends, a follow-up of the evolution of the rents on the market, of the lease activity, of investments and new development projects; (ii) an annual analysis report on other buildings on the sub-market, including their location, size, quality, available surface, rent level and main advantages; and (iii) quarterly site inspection reports including, *inter alia*, adjustments carried out by the lessees and joint equipments.

Besides, CGI also carries out an analysis in relation to the lease strategy of your Company, which includes a review of lease offers, solvency of potential lessees and economic terms of the draft leases. CGI meets on a quarterly basis with the lease management team in order to analysis progress made and issue recommendations for the improvement of the lease strategy. This analysis task also includes the follow-up of the lease market and sub-market in order to advise the Company on material trends of the real estate market.

CGI issues on a yearly basis an analysis in relation to the evolution of the real estate assets of the Company based, *inter alia*, on a quantitative and qualitative assessment of the real estate market circumstances and trends.

CGI also coordinates the annual operating budgets, lease strategy, and assessment and analysis in relation to the holding / sale of assets of the Company and is in charge of assessing and recommending, as the case may be, alternatives of asset management.

Lastly, under the terms of this asset management agreement, CGI is also in charge of assisting the Company in obtaining loans.

16. CONSEQUENCES OF THE BUSINESS OF THE COMPANY ON THE ENVIRONMENT

The business of the company has no consequence on the environment.

In each of the three buildings held by the company, the management system has been amended in order to save energy. Indeed, all bulbs have been replaced in the sanitary installations, which resulted in a 20% decrease in electricity consumption. In the Arcs de Seine building, a waste management agreement was entered into on 1 January 2006 in order to enable, *inter alia*, recycling.

Moreover, APM, the manager of the buildings, projected that a environmental safety charter bye drafter, in order to:

- anticipate potential risks (flooding, fire, theft, etc.) of the managed buildings, in relation to management staff and lessees, through audits and information delivered to occupiers;

- analyse and verify all relevant regulations and legislation in force or currently applied, as well as potential consequences on the buildings;

- determine measurable goals in relation to energy savings (analysis of thermal insulation, etc.), sustainable development (waste recycling, etc.), personnel safety (asbestos, lead, water quality, LD, etc.)

17. SHARE CAPITAL STRUCTURE

As at 31 March 2006, the share capital was 160,470,000 euros, divided into 13,372,500 shares of twelve euros each, fully paid-up, and allocated as follows:

CGI and directors	8,959,575 shares	66.66%
- CGI alone	8,959,564 shares	66.66%
Public	4,412,925 shares	33.34%
- GMF Vie alone	683,718 shares	5.11%
Total	**13,372,500 shares**	**100.00%**

Between 29 March 2006, date of the first trading on Eurolist and 31 March 2006, 137,645 shares of the company have been exchanged.

The stock price of the share were, at the lowest of EUR 31.80 on 29 March 2006, and at the highest of EUR 32.89 on 29 March 2006, with a closing price for the financial year of EUR 32.15.

As at 31 March 2006, market capitalization amounted to EUR 429,925,875, i.e. 13,372,500 shares at a stock price of EUR 32.15.

18. RESTRICTIONS IN THE ARTICLES OF ASSOCIATION TO THE EXERCISE OF VOTING RIGHTS AND SHARE TRANSFERS

Shares are tradable without restrictions, subject to contrary legal or regulatory provisions. Shares registered on shareholders' accounts may be transferred without restrictions from and to shareholders' accounts. Registration on accounts, transfers and sales are carried out in accordance with the law and regulations in force. Shares which have not been duly paid-up may not be transferred.

In addition to the thresholds prescribed by applicable laws and regulations, any individual or entity, acting alone or in concert, which comes or ceases to hold, directly or indirectly through one or several companies controlled on a majority basis, an interest exceeding or equal to 3% of the share capital and/or voting rights is bound to inform the Company of the holding of each 2% stake of the share capital and/or voting rights up to 33%, within five business days as from the crossing of such threshold(s), by registered mail with acknowledgement of receipt sent to the registered office, indicating the total number of shares or securities granting access to the share capital as well as the number of voting rights held, alone or indirectly or in concert, based on the last number of voting rights published by the Company.

In the event of non-compliance with this information duty, one or several shareholders, holding a stake of share capital or voting rights at least equal to 5%, may request that the shares in excess of the fraction which should have been declared be deprived from voting rights at any shareholders' meetings which will take place until the expiration of a term of two years following the date of regularization of the information. The request is recorded in the minutes of the shareholders' meeting. In the same circumstances, the voting rights attached to such shares which have not been duly notified may not be delegated by the shareholder in default.

In addition to the information duty set out above, the information duty of crossing of thresholds provided by law, and in particular by article 233-7 of the French commercial code, also apply.

19. MEMBERS OF THE BOARD APPOINTMENT AND REPLACEMENT RULES

Members of the board are appointed and replaced in accordance with the law. They may be dismissed at any time by the general ordinary shareholders' meeting. The chairman is appointed by the board of directors and may be dismissed at any time by the latter.

20. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The general extraordinary shareholders' meeting alone has the power to amend all provisions of the articles of association, it being specified, however, that it may not increase shareholders' contributions, unless unanimously agreed by the latter.

21. AUTHORITY OF THE BOARD OF DIRECTORS

The board of directors has the authority and performs its duties within the terms of article L. 225-35 of the French commercial code and of the articles of association of the company.

22. AMENDMENT OF THE TERMS OF THE AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS BY THE SHAREHOLDERS' MEETING OF 20 FEBRUARY 2006 IN ORDER TO TRANSACT ON THE SHARES OF THE COMPANY

We remind you that the general ordinary shareholders' meeting of 20 February 2006 authorised the Board to transact on the stock market or otherwise with the shares of the Company, in order to enable the Company to use the intervention options on its own shares, in view of permitting, through an investment services provider acting on an independent basis within the scope of a liquidity agreement in accordance with the ethical standards of AFEI, the animation of the market, the liquidity of transaction and the reliability of the listing of the shares of the Company.

This shareholders' meeting resolved that the number of shares to be held at any time by the Company may not exceed 10% of the shares making up the share capital of the Company, and that the maximum amount of funds that the Company may dedicate to the repurchase of its own shares may not exceed EUR 20,000.

We suggest that you propose the shareholders' meeting to increase this amount of EUR 20,000, considered as too low, and to set it to EUR 16,047,000, i.e. the nominal value of each share (EUR 12) multiplied by 1,337,250 (10% of the shares based on the capital as at the date hereof).

23. ALLOCATION OF DIRECTORS' EMOLUMENTS:

We remind you that the general ordinary shareholders' meeting of 20 February 2006 set to EUR 45,000 the maximum amount of emoluments granted to the board of directors for the financial years of 2006, and that the board of 21 June 2006 decided to allocate an amount of EUR 22,500 as director's emoluments to the members of the board, as follows:

- EUR 7,500 to Richard WRIGLEY
- EUR 7,500 to Daniel TERMINET, representative of CCR
- EUR 7,500 to Jean-Pierre BONNEFOND

24. AMENDMENT OF THE PROVISIONS OF ARTICLE 9.3 OF THE INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

As needed, we inform you that, for practical reasons, the board of directors, in its meeting of 21 June 2006, amended the wording of article 9.3 of the Internal Regulations of the Board of Directors in order to enable the legal representatives of the Company, to enter into, substantially amend, or terminate, in the name and on behalf of the Company, and lease or rental agreement of an annual amount in excess of EUR 2,000,000.

We would appreciate if you could kindly approve the resolutions submitted to your vote.

THE BOARD OF DIRECTORS

Table of profit/loss for the last two financial years

	31/12 2005	31/03 2006
Share capital as at year end		
Called-up, paid-up share capital	160,470,000	160,470,000
Non-called-up, non-paid-up share capital		
Number of ordinary shares	13,372,500	13,372,500
Operations and profit/loss		
Turnover (tax exclusive)	49,362,097	14,344,429
Earnings before interest, taxes, depreciation and amortization	31,548,246	1,370,403
Taxes on benefits, revenues /(expenses)	4,857,541	(516,320)
Employee profit-sharing		
Earnings after interest, taxes, depreciation and amortization	9,984,885	(3,587,827)
Distributed profit		
Earnings per share		
Earnings before interest, taxes, depreciation and amortization	2.36	-
Earnings after interest, taxes, depreciation and amortization	0.75	(0.27)
Allocated dividend		
Employees		
Average headcount		1
Total payroll		1,566
Amount of social contributions paid		627

Table listing the delegations

OF POWERS IN FORCE GRANTED TO THE BOARD OF DIRECTORS IN RELATION TO INCREASES IN SHARE CAPITAL AND USE THEREOF

DURING THE PAST FINANCIAL YEAR CLOSED ON 31 MARCH 2006

In accordance with the fourteenth resolution approved by the general shareholders' meeting of 20 February 2006, the global amount of the financial authorisations set out below has been set to EUR 16,047,000.

Delegations granted (during prior financial years or during the past financial year) and currently in force				Use of such delegations during the past financial year:			Balance
Date	Term	Maximum amount of authorised increase in share capital	Terms of authorised increase in share capital	Date	Amount of increase in share capital carried out	Terms of increase in share capital carried out	
20/02/2006 (11th resolution)	20/04/2008	EUR 16,047,000	Delegation of powers for increasing the share capital of the company (Articles L.225 129 et seq of the French commercial code)	N/A	N/A	N/A	EUR 16,047,000

Chairman's report

TO THE GENERAL ORDINARY SHAREHOLDERS' MEETING

- FINANCIAL YEAR CLOSED ON 31 MARCH 2006 -

Dear Sirs,

This report was drawn up in accordance with the provisions of last paragraph of article L.225-37 of the French commercial code, in order to report on the conditions of preparation and organisation of the works of the board of directors as well as the internal control procedures implemented by the company. This report also indicates the limitations imposed by the board of directors to the authority of the managing director.

This report, which is based on the information provided by the managing director and the board of directors, will be attached to the management report of the board of directors, in accordance with the law.

In addition to the provisions of law and of the articles of association, the terms of organisation and work of the board of directors were approved in the scope of the adoption by the board of directors of its internal regulations in December 2005, as subsequently amended. These regulations also determine the regulations of the three expert committees. A director's charter, approved at the same time as the internal regulations, lists the rights and obligations of the members of the board.

Richard Wrigley

1. PREPARATION AND ORGANISATION OF THE WORKS OF THE BOARD OF DIRECTORS:

1.1 Members of the board of directors:

May I remind you, pursuant to the articles of association of the company, that the members of the board are appointed for a term of six years, and that they must hold one share of the company.

Currently, the members of the board of directors are as follows:

	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Mr Richard WRIGLEY	31 December 2005	General shareholders' meeting to resolve on the accounts of the financial year to be closed on 31 December 2010
Mr Leo LOUSBERG	31 December 2005	General shareholders' meeting to resolve on the accounts of the financial year to be closed on 31 December 2010
Mr Frank PÖRSCHKE	31 December 2005	General shareholders' meeting to resolve on the accounts of the financial year to be closed on 31 December 2010
Commerz Grundbesitz Investment Gesellschaft MBH	31 December 2005	General shareholders' meeting to resolve on the accounts of the financial year to be closed on 31 December 2010
Caisse Centrale de Réescompte	31 December 2005	General shareholders' meeting to resolve on the accounts of the financial year to be closed on 31 December 2010
Mr Jean-Pierre BONNEFOND	20 February 2006	General shareholders' meeting to resolve on the accounts of the financial year to be closed on 31 December 2011

No member of the board has been elected by the employees, pursuant to article L. 225-27 of the French commercial code, and the articles of association provide for the appointment of consulting members (*censeurs*) who may attend the board meetings alongside the members of the board, however at the date of closing of the financial year, no consulting member has been appointed.

I also inform you that there is no approval of any co-option of a member of the board, pursuant to article L. 225-24 of the French commercial code, to be added to the agenda of the next shareholders' meeting.

1.2 Status and work of the board of directors:

Pursuant to the law, the board determines the orientations of the business of the company and monitors their implementation. Subject to the powers expressly conferred on shareholders' meetings and within the limits of the objects of the company, the board handles any issue in relation to the proper operation of the company and resolves over its business through its deliberations.

Due to its structure, the board has internal regulations, the purpose of which is to govern the organisation of the meetings of the board and the powers and authority of the managing director in relation to the board. The internal regulations also lay down the rules of corporate governance and specify the authority and organisation rules of the audit committee, the investment committee and of the appointment and remuneration committee.

Directors are convened to the meetings of the board by all means, and are provided, at such time, with all the necessary information for the performance of their duty.

In accordance with the articles of association and the legal provisions, meetings of the board may take place by way of videoconference for some of its deliberations. Meetings of the board take place either at the registered office or at any other location, including in Wiesbaden, upon being convened by myself.

During the past financial year, the board met on six occasions and the attendance rate of the members was approximately of 100%. The members of the board and the relations existing between them do not make necessary the implementation of a formal assessment procedure for its work. Indeed, the members of the board discuss freely with me of all suggestions in relation to the holding of the meetings.

The main issues dealt with at these meetings were as follows:

- The listing of the shares of the company on Eurolist by Euronext Paris SA.;

- The financing transactions of the company;

- The strategy of the company, including the entering into new leases.

An audit committee, a compensation and appointments committee and an investment committee have been created by the board of directors. Their initial members were decided upon by the board of directors in its meeting of 3 February 2006. Their authority and organisation rules are set out in the internal regulations.

As at 31 March 2006, the audit committee included Richard Wrigley, Nicolas Reynaud and Detlev Dietz. The latter have been appointed for a renewable term of three years. Richard Wrigley has been appointed as chairman of the audit committee.

As at 31 March 2006, the compensation and appointments committee included Nicolas Reynaud, Graham Spensley and Henk J. Jacobs. The latter have been appointed for a renewable term of three years. Nicolas Reynaud has been appointed as chairman of the compensation and appointments committee.

The investment committee currently includes Richard Wrigley, Graham Spensley and Henk J. Jacobs. The latter have been appointed for a renewable term of three years. Richard Wrigley has been appointed as chairman of the investment committee.

Nicolas Reynaud has informed the company of his resignation from his duties of member of the audit committee and of the compensation and appointments committee, effective as from 13 June 2006. The board of directors, in its meeting of 21 June 2006, appointed Jean-Pierre Bonnefond as member of the audit committee and of the compensation and appointments committee as a replacement of Nicolas Reynaud and for the remaining term of office of the latter.

1.3 Limitations to the authority of the managing director:

The managing director is vested with, and exercises the authority within the terms of article L. 225-56 of the French commercial code, of the internal regulations approved by the board of directors and of the articles of association of the company. He therefore exercises the following powers subject to the following limitations:

- he exercises, under his own responsibility, the general management of the company;

- he represents the company in its relations with third parties;

- he is vested with the most extensive powers to act in all circumstances on behalf of the company, subject to complying with the following conditions : (i) his action must be in the scope of the objects of the company, and (ii) his action cannot be solely reserved to the shareholders' meeting.

I remind you that, as an internal measure, Martin Weinbrenner may not grant any undertaking on behalf of the company without the joint signature of a deputy managing director.

I also remind you that in respect of the board and as a limitation of authority, the managing director or the deputy managing directors may not take or carry out, in the name and on behalf of the Company, the following actions or transactions, without prior agreement from the board of directors:

A. entering into sale or purchase agreements or granting a security or a guarantee, with the exception of security interests and/or mortgages, transfer (“Dailly” transfer) and/or assignment of insurance and/or rents (and other attached amounts) in relation to the building(s) owned by the company.

B. entering into any loan agreement to which the Company is a party in its capacity as borrower, it being reminded that the company may not enter into a loan agreement as lender;

C. entering into, materially amending, or terminating any lease or rental agreement or of an annual amount in excess of EUR 500,000;

D. entering into, materially amending, or terminating any real estate management agreement;

E. entering into any agreement of any nature whatsoever, of an amount in excess of EUR 250,000;

F. issuing any initial process document (acte introductif d'instance) in relation to which a material interest of the company is likely to be at stake, or whose amount is or is likely to be in excess of EUR 50,000;

G. agreeing to any judicial, administrative or arbitration decision issued partly or fully against the company or to any out-of-court settlement involving the company;

H. hiring employees for the company in excess of the annual budget approved by the board of directors, and/or a high-level executive;

I. creating, moving or shutting down any branches, agencies, offices, both in France or abroad, creating, acquiring or subscribing for the share capital of any subsidiary or acquisition of an interest in any company or entity of any nature whatsoever, the increase or reduction of any existing interest;

J. and more generally, any measure or transaction outside of a careful and wise management (*en bon père de famille*) of the company.

The board of directors determines the orientations of the business of the Company and ensures the implementation thereof, and may carry out any control and verification that it deems fit.

Even though the operational management is taking charge of by the managing director, the board of directors may take care of any issue in relation to the operation of the company.

2. INTERNAL CONTROL OF THE COMPANY:

In addition to the description of the work methods of the board, the law requires that the internal control procedures existing in the company be described. As such, I believe that it would be appropriate to specify what are the goals of such procedures.

2.1 Company goals in terms of internal control:

One of the various goals that may be assigned to internal control is to prevent and master the risks resulting from the operation of the company, *inter alia* the risks of error or fraud in the accounting and financial fields. Nevertheless, as for any control system, no such risk may be totally discarded by any internal control procedure.

Internal control also aims at making sure that the management measures, the performance of the various transactions undertaken by the company, and the activity of the employees, remain in the scope of the orientations defined by the management for the activity of the company.

Lastly, internal control aims at verifying that the account, financial and management information provided to the corporate bodies of the company truly reflect the activity and situation of the company.

2.2 Internal control procedures implemented by the company:

The various procedures applied within the company are described below:

2.2.1 General organisation of control within the company:

• Persons or bodies in charge of control:

As specified above, the audit committee, the compensation and appointments committee and the investment committee have been set up for this purpose.

• Role of various parties or structures exercising activities in terms of internal control procedures:

(i) The tasks of the audit committee are as follows:

(1) to assist the board of directors in its work in relation to the review and the closing of the annual and half-year accounts,

(2) to review the annual and half-year financial statements of the company and the relevant reports prior to their submission to the board of directors;

(3) to hear the statutory auditors and to receive a copy of their analysis works and findings;

(4) to review and provide an opinion in relation to the candidates to the duties of statutory auditors of the company;

(5) to make sure of the independence of the statutory auditors with whom the committee has regular contacts, to review, as such, all of the relations held with the company and to provide an opinion in relation to the fees requested;

(6) to review on a regular basis the internal control procedures and more generally the audit, accounting or management procedures implemented within the Company

in relation to the managing director, the internal audit services, and the statutory auditors;

(7) to take charge of any transaction or any fact or event which may have a material impact on the situation of the company in terms of undertakings and/or risks; and

(8) to ensure that the company has appropriate means (audit, accounting and legal) for the prevention of risks and anomalies in the management of the business of the company.

(ii) The tasks of the compensation and appointments committee are as follows:

(1) prepare the determination of the remuneration of the managing director and of the deputy managing director(s), and suggest, where applicable, the qualitative and quantitative criteria of determination of the variable portion of such remuneration;

(2) assess all of the other benefits or indemnities which the managing director and deputy managing director(s) benefit from;

(3) review the projects of share subscription or acquisition schemes and of allocation of shares free of charge for the benefit of the employees and managers in order to enable the Board to establish the global and/or individual number of options or shares allocated as well as the terms and conditions of allocation;

(4) review the making-up of the board of directors;

(5) review the applications to the duties of members of the board, in consideration of the candidates' experience of business life, skills and economic, social and cultural representative character;

(6) review the applications to the duties of managing director and deputy managing director;

(7) obtain any relevant information in relation to the terms of hiring, remunerations and status of the senior executives of the company;

(8) make any suggestion and issue any opinion in relation to the directors' emoluments or other remunerations and benefits of members of the board and consulting members;

(9) assess the status of each member of the board in respect of the relations held, as the case may be, with the company, which may undermine his/her freedom of judgement or cause potential conflicts of interest with the company; and

(10) carry out a periodic assessment of the board of directors.

(iii) The investment committee:

(1) To assist the board of directors (i) in its task in relation to the investments of the Company, *inter alia* in the event of the sale, acquisition or development of a real estate asset (ii) in the event of a major renovation of the real estate assets of the Company (iii) in the setting up of the lease strategy of the Company (hereafter the "**Investments**");

(2) to review and provide an opinion on the Investment projects and to draw up any relevant report to be submitted to the Board of directors; as such, the investment committee is periodically informed by the board of directors or the managing director in relation to the Investment projects;

(3) to review the strategy in relation to Investment transactions already completed as well as their implementation and to draw up, as the case may be, any relevant report to be submitted to the board of directors;

(4) to review and issue an opinion in relation to the annual Investment budget;

(5) to be informed of the analysis tasks in relation to Investments which may be carried out, as the case may be, by the statutory auditors;

(6) to review the internal operation of the Company in order to provide the Board, on a regular basis, with information items which may be likely to help assess its performance in the focus of the Investments made and to be made; and

(7) to take charge of any transaction, fact or event which may materially impact the Investments.

• Internal or external support for the setting up of control procedures:

The company implements a transparency and information policy in relation to the public in order to fully satisfy the interest of its shareholders and potential investors.

The Company wished to introduce into its internal regulations similar provisions inspired by the recommendations of the report of the working group chaired by Mr. Daniel BOUTON in relation to the improvement of corporate governance.

The company intends to have the actions and organisation of the board of directors comply with the best practice in terms of corporate governance, and apply, inter alia, the recommendations of the French association of private companies (*Association française des entreprises privées*) and of the French companies organisation (*Mouvement des entreprises de France*) (October 2003) in that respect, to the extent that these recommendations are compatible with the size and organisation of the company.

Furthermore, the internal regulations lay down a directors' charter, which offers an ethical framework for the performance of the duties of the members of the board.

In particular, the directors' charter provides that:

1. each member of the board, independent of its method of appointment, represents all of the shareholders;

2. each member of the board permanently endeavours to improve his/her knowledge of the company and of its business sector;

3. each member of the board maintains in all circumstances its independence of analysis, judgement, decision and action;

4. each member of the board undertakes not to seek or accept any benefit which may be likely to undermine his/her independence;

5. each member of the board, prior to accepting his/her duties, must review the general and particular obligations attached to his/her duties, including the applicable provisions of the law, the regulations, the articles of association, the internal regulations as well as of this charter as well as any addendum that the board of directors deems appropriate to be delivered to him/her;

6. each member of the board (either on his/her own behalf or in his/her capacity as permanent representative of a legal entity) must own at least one share of the company. Should he/she fail to hold such share when he/she accepts his/her duties, or in the event he/she ceases to own such share during his/her term of office, the member of the board must comply with this obligation within a term of three months;

7. each member of the board avoids carrying out transactions on the securities on which (and to the extent that) he/she has, as a result from his/her duties, access to information which has not yet been made public;

8. each member of the board must inform the board of directors of any conflict of interests, including potential conflicts, in which he/she may be directly or indirectly implied. He/she avoids participating to deliberations and to decision taking in relation to such issues.

The directors' charter also recalls, as needed, the applicable stock market regulations in relation to insider dealing, violation of information obligations and price manipulation.

2.2.2 Short description of internal control procedures applied by the company:

• Financial and accounting data processing:

The accounting and financial data processing procedures are currently organised as follows:

(i) Buildings operation cycle

The tasks of CGI, as asset manager, include supervising the management of the property.

Bills and invoices for additional property expenses are issued by the trustee (*administrateur de biens*) who also takes charge of the collection thereof. This billing is recorded by the bookkeeping service of the trustee on the SAP ERP specifically developed by the asset manager. The asset manager controls the billing.

The budget for additional property expenses in relation to a building is set up by the trustee and approved by the asset manager. The expenses in relation to the operation of the building are received and recorded on SAP by the trustee. The asset manager pays for such expenses (excluding utilities) and approves the bills received.

(ii) Corporate bookkeeping

The bookkeeping is taken care of by a chartered accounting firm on a French accounting software. The tax lawyers of the company are consulted with on a regular basis.

The necessary information for the bookkeeping is obtained from the trustee, the asset manager and the banks.

The bills are approved and paid by the asset manager.

The tasks of the asset manager include supervising the accounting services and external service providers carrying out accounting tasks.

(iii) Periodical financial information

An interim statement of accounts is drawn up on a monthly basis by the chartered accountant, who transfers it to the financial department of the asset manager for control and approval.

(iv) Drawing up of financial statements

The financial statements are drawn up by the chartered accountant in connection with the asset manager and its counsels.

The audit committee reviews the consistency of the main retained hypothesis.

The financial statements are submitted to the control of the statutory auditors.

• Information and reporting procedures:

In order to ensure an efficient processing of financial information, the company intends to implement information and reporting obligations pursuant to which the managing director will, *inter alia*, (i) draw up reports and recommendations for the board of directors in relation to the decisions to be submitted to his/her approval, (ii) deliver to the board of directors, for control purposes, within thirty days as from the end of the first half-year, a non-audited balance-sheet (established as at the last day of the relevant half-year), a profit and loss account and a cash-flow statement (for the half-year), the comparison between the balance sheet, the profit and loss account and the budget, as well as the comparison between these statements and the budget and revised profit and loss projections for the current financial year or (iii) draw up monthly reports in relation to the lease and real estate management of the assets of the Company.

• Nature of other procedures:

The company recurs to various external service providers for the management of the company and of its assets. Thus, the asset management tasks are conferred on CGI, the property management tasks are performed by the historical partner A&PM, and the chartered accounting activity is provided by PriceWaterhouseCoopers. The company exercises a regular control on all of these various external service providers through daily exchanges and contacts with each of them. Meetings are also organised as needed.

These measures enable the company to reasonably meet the internal control goals for the past financial year. Taking into account the recent nature of the company in its current structure, the company considers strengthening its internal control with the permanent goal of reducing risks in view of protecting its assets.

I hope that this report will enable you to understand better the procedures and work methods applied within the company, as well as the distribution of powers between the various corporate bodies, which are to take decisions in relation to the management of the company. I also hope that it will provide you with a clear view of the internal control procedures applied in order to protect the property and the assets of your company.

THE CHAIRMAN OF THE BOARD OF DIRECTORS

Statutory auditors' report

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

Sir/Madam,

In our capacity as auditors to CeGeREAL S.A. and in application of the provisions contained in Article L. 225-235 of the Commercial Code, we hereby present our report on the report prepared by the Chairman of your company in accordance with the provisions contained in Article L. 225-37 of the Commercial Code for the period ended 31 March 2006.

It is the responsibility of the Chairman to make particular mention in his report of the conditions under which the work of the Board of Directors is prepared and organised, and the internal control procedures implemented within the company.

It is our responsibility to inform you of any observations we may have regarding the information and declarations contained in the Chairman's report, as these relate to the internal control procedures applying to the preparation and treatment of accounting and financial information.

We have conducted our work in accordance with the professional standards applicable in France. These require us to take all due care to ensure the truthfulness of the information and declarations contained in the Chairman's report in respect of the internal control procedures applying to the preparation and treatment of accounting and financial information. Exercising this due consists chiefly of:

- familiarising ourselves with the objectives and general organisation of internal controls and those internal control procedures applying to the preparation and treatment of the accounting and financial information presented in the Chairman's report;
- examining the appraisal made of the suitability and effectiveness of these procedures, and, more particularly, considering the relevance of the evaluation process implemented and tests conducted;
- applying such tests that we may deem necessary to the design and operation of these procedures (in addition to those included in our audit of the accounts) in order to corroborate the information and associated declarations contained in the Chairman's report.

Having completed this work, we have no observation to make in respect of the information and declarations regarding the internal controls applied by the company to the preparation and treatment of the accounting and financial information contained in the report of the Chairman of the Board of Directors, as prepared in accordance with the provisions contained in the final paragraph of Article L. 225-37 of the Commercial Code.

Done in Paris and Paris La Défense, 22 June 2006

Charles LEGUIDE	**KPMG Audit** **A division of KPMG S.A.**
Charles LEGUIDE – Partner	**Fabrice ODENT - Partner**

Annual financial statements

FOR THE PERIODS ENDED MARCH 31, 2006 AND DECEMBER 31, 2005

Balance sheet Assets

In EUR

	Gross amount	Depr./ Amort./ Prov.	31/03 2006	31/12 2005
Uncalled subscribed capital				
Intangible fixed assets				
Start-up costs				
Research & development costs				
Licenses, patents and similar concessions				
Goodwill				
Other intangible fixed assets				
Advances/down payments on intangible assets				
Property, plant and equipment				
Land	236,387,907		236,387,907	236,387,907
Buildings	489,528,295	105,685,224	383,843,071	388,775,453
Technical plant, equipment and industrial machinery	910,612	293,671	616,941	639,706
Other property, plant and equipment	423,753	135,443	288,311	291,393
Property, plant and equipment in progress				
Advances and down payments				
Financial fixed assets				
Measured investments				
Other investments				
Receivables from controlled entities				
Other long-term investments				
Loans				
Other financial fixed assets	18,860		18,860	18,860
Fixed assets	**727,269,428**	**106,114,338**	**621,155,090**	**626,113,320**
Inventories and work in-progress				
Raw materials and other supplies				
Manufactured products in-progress				
Services in-progress				
Semi-finished and finished goods				
Goods held for resale				
Advances/down payments on orders				-
Receivables				
Trade accounts receivable	12,160,129	411	12,159,717	14,961,268
Other receivables	16,654,494		16,654,494	12,357,201
Subscribed capital, called up but not paid				
Short-term investment securities				
Cash and cash equivalents	34,303,373		34,303,373	31,407,771
Current assets	**63,117,996**	**411**	**63,117,585**	**58,726,242**
Prepaid expenses	2,793,894		2,793,894	
Adjustment accounts				
Total assets	**793,181,319**	**106,114,750**	**687,066,569**	**684,839,563**

Balance sheet Equity and liabilities

In EUR

	31/03 2006	31/12 2005
Capital		
Share capital (including paid-up capital: 160,470,000)	160,470,000	160,470,,000
Additional paid-in capital	39,745,105	39,745,105
Revaluation reserves		
Reserves		
Legal reserve	16,047,000	16,047,000
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Income/(loss)		
Retained earnings (loss carried forward)	5,534,792	(4,450,092)
Income/(loss) for the period	(3,587,827)	9,984,885
Investment subsidies		
Regulated provisions		
Shareholders' equity	**218,209,069**	**221,796,898**
Income from the issue of equity instruments		
Contingent advances		
Other equity		
Contingency provisions		
Provision for losses	53,126,150	53,642,469
Loss and contingency provisions	**53,126,150**	**53,642,469**
Borrowings		
Convertible bonds		
Other bonds		
Bank borrowings	379,900,026	197,327,924
Miscellaneous borrowings and financial debt	1,220,329	183,125,481
Accounts payable and other current liabilities		
Advances/down payments received on orders in-progress		
Trade accounts payable	5,247,827	1,400,550
Tax and social liabilities	4,394,992	5,539,402
Amounts owed to fixed asset suppliers	84,736	84,736
Other current liabilities	11,343,496	8,407,157
Prepaid revenue	13,539,943	13,514,946
Liabilities	**415,731,349**	**409,400,196**
Adjustment accounts		
Total liabilities	**687,066,569**	**684,839,563**

CeGeREAL SA Income statement

In EUR

	France	Exports	31/03 2006 3 months Total	31/12 2005 12 months
Sales of goods for resale				
Sales of manufactured products				
Sales of services	14,344,429		14,344,429	49,632,097
Net revenue			**14,344,429**	**49,632,097**
Change in finished goods and in-progress inventory				
In-house production				
Operating subsidies				
Release of amortization and depreciation charges, provisions and expense transfers			883,107	140,745
Other revenue			8,715	12
Total operating revenue			**15,236,251**	**49,772,854**
Purchases of goods				
Changes in inventories of goods held for resale				
Purchases of raw materials and other supplies				
Changes in inventories (raw materials and other supplies)				
Other purchases and external charges			7,743,688	1,779,403
Taxes, duties and other levies			904,485	2,540,573
Wages and salaries			1,566	
Social security charges			627	
On fixed assets: depreciation, amortization			4,958,231	16,720,775
On fixed assets: provisions				
On current assets: provisions				
Loss and contingency provisions				
Other expenses			901,397	46,818
Total operating expenses			**14,509,996**	**21,087,571**
Operating income			**726,255**	**28,685,283**
Allocated income or transferred loss				
Loss incurred or transferred income				
Financial income from controlled entities				
Income from other securities and receivables			68,999	54,259
Other interest income			172,111	254,586
Release of provisions and expense transfers				
Foreign exchange gains				
Net income on sales of short-term investment securities				
Total financial income			**241,110**	**308,845**
Financial depreciation charges and provisions				
Interest expenses			5,071,513	14,151,793
Foreign exchange losses				
Net expenses on sales of short-term investment securities				
Total financial expenses			**5,071,513**	**14,151,793**
Net financial expense			**(4,830,403)**	**(13,842,947)**
Current income/(loss) before tax			**(4,104,147)**	**14,842,336**

In EUR

	31/03 **2006** 3 months	31/12 **2005** 12 months
Non-recurring income on management transactions		
Non-recurring income on capital transactions		
Release of provisions and expense transfers		
Total non-recurring income		
Non-recurring expenses on management transactions		
Non-recurring expenses on capital transactions		
Non-recurring charges for depreciation, amortization and provisions		
Total non-recurring expenses		
Net non-recurring income/(expense)		
Employee profit-sharing		
Income tax	(516,320)	4, 857,541
Total income	**15,993,682**	**51,938,880**
Total expenses	**19,581,510**	**41,953,995**
Net income/(loss)	**(3,587,827)**	**9,984,885**

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1. KEY EVENTS

Change of corporate name

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders approved the decision to change the Company's corporate name from SOPREAL SA to CeGeREAL SA. Article 3 of the bylaws was modified accordingly.

Stock market listing

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders authorized the listing of the Company's shares on the Eurolist market of Euronext Paris SA.

The listing involved 3,837,326 shares stemming from a Retail Public Offering (81,412 shares allocated between March 21 and March 27, 2006) and an Underwriting Agreement (3,755,914 shares allocated between March 21 and March 28, 2006). The issue price was set at EUR 31.80.

The shares were first listed on March 28, 2006 and trading on Eurolist commenced on March 29 (FR 0010309096).

Early close

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders authorized, on an exceptional basis, the early close of the financial year in progress. The financial statements for the period ended March 31, 2006 cover a three-month period compared with twelve months at December 31, 2005.

Refinancing

During the first quarter of 2006, the Company refinanced its debt.

The group loan and bank loan, which are stated at EUR 180 million and EUR 197 million respectively in the financial statements for the year ended December 31, 2005, were repaid in full on March 2, 2006.

These two loans were replaced by a bank loan for a total of EUR 425 million, to be provided in three tranches. The last tranche of EUR 45 million will be set aside specifically to finance exit tax. At March 31, 2006, the balance of bank borrowings was equivalent to the sum of the first two tranches, namely EUR 380 million.

Approval of the decision to opt for SIIC tax treatment

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders approved the Company's decision to opt for the “SIIC” preferential tax treatment granted to listed companies whose main business activity is the ownership and management of real estate assets. This treatment is due to come into effect for CeGeREAL within four months of the accounts closing date and is retroactive from April 1, 2006.

The financial statements for the period ended March 31, 2006 do not reflect the impact of this treatment.

Impact of refinancing and stock market listing on the financial statements for the period ended March 31, 2006

The refinancing and the stock market listing gave rise to the following entries in the income statement for the period ended March 31, 2006:

In EUR thousand	Operating income	Financial income	Total
Refinancing			
Charges relating to the termination of former loans and the arrangement of the new loan	4,172	1,035	5,207
Stock market listing charges			
Fees, advertising, listing charges	2,567		2,567
Net charges excluding tax	**6,739**	**1,035**	**7,774**

2. ACCOUNTING RULES AND METHODS

The Company's annual financial statements for the period ended March 31, 2006, were prepared in accordance with the 1999 French general chart of accounts and with the accounting principles generally accepted in France.

Accounting policies were applied in accordance with the conservatism principle, and the following basic assumptions:
- going concern assumption,
- consistency principle,
- accrual basis principle.

The basic method chosen for valuing items recorded in the accounts was the historical cost method.

As part of French GAAP/IFRS convergence, the Company applied the rules adopted by the French Accounting Regulations Committee (*Comité de la Réglementation Comptable*), which are applicable to financial periods beginning on or after January 1, 2005 and concern the definition, recognition and measurement of assets (CRC Regulations Nos. 2004-6 and 2002-10).

The main accounting principles applied for the period ended March 31, 2006 are described below.

Property, plant and equipment

Property, plant and equipment appear at acquisition cost in the balance sheet. Changes in gross values and accumulated depreciation are shown in Notes 4 and 5. Acquisition cost does not include financial charges.

• Component-based method

The component-based approach recommended by Article 5.2 of CRC Regulation No. 2002-10 was applied for the financial year ended December 31, 2005.

Upkeep and repair costs are expensed over the period unless they correspond to the definition of an asset under CRC Regulation No. 2004-06 of December 24, 2004.

Depreciation is calculated on a straight-line basis over the residual useful life of the different components.

The average residual useful lives per nature of component and per building are as follows:

	Residual life in years		
	Europlaza	Arcs de Seine	Rives de Bercy
Shell	40	42	55
Façades	24	20	25
Fixtures and fittings	9	10	10
Technical plant and industrial machinery	14	15	15

• Depreciable amount

Depreciable amount represents the cost of an asset less its residual value.

Residual value corresponds to the amount that the Company expects to obtain for an asset, at the end of its useful life, at current market prices and after deducting the expected costs of disposal. However, residual value is only taken into account if it is material and can be measured.

The residual value of an asset can only be measured if it is possible to reliably measure, upon first-time adoption of these new accounting regulations, the market resale value of the asset at the end of its useful life.

In the case in point, the residual value is not taken into account to calculate the depreciable amount, as the Company intends to use all of its buildings up to the end of their theoretical useful life.

• Impairment

The impairment of assets is dealt with by CRC Regulation No. 2002-10. Under the terms of Article 322-5 of the French general chart of accounts, impairment must be calculated by companies at each balance sheet date using impairment tests, once there is objective evidence that the asset may have suffered a decline in value.

Article 322-1.4 of the French general chart of accounts provides that impairment must not be recorded unless there is evidence that the present value of the fixed asset has fallen below its book value. An impairment expense is then recorded if material (Article 322-5.3 of the French general chart of accounts).

In accordance with Article 322-1 of the French general chart of accounts, present value is measured based on the higher of fair value and value in use.

Fair value is the amount for which an asset could be exchanged at the balance sheet date in an arm's length transaction, net of disposal costs. Value in use represents the value of future economic benefits expected to flow from the asset.

All of the Company's real estate was valued in March 2006 by an independent real estate valuer.

According to the valuer's calculations, the present value of each building exceeds its net book value. As a result, no impairment expense was recorded.

Receivables

Receivables are measured at nominal value. A provision for impairment is set aside when realizable value falls below the nominal amount.

Provision for losses

Provisions for corporate income tax liability were recognized to deal with the impact of adding back to taxable income deferred capital gains on depreciable fixed assets, resulting from the application of the preferential tax treatment provided for under Article 210-A of the French tax code in respect of mergers that took place prior to December 31, 2005 (see Note 6).

The outstanding amount of corporate income tax was adjusted in line with the corporate income tax rate, social security tax, and the tax surcharge (*contribution additionnelle*) payable.

However, the capital gains generated on depreciable fixed assets must be added back to taxable income over a period not exceeding the period of depreciation for the building, namely 25 years up to December 31, 2004. This depreciation period has been modified following the application of the component-based method as from January 1, 2005.

The period over which capital gains are added back to taxable income must be in line with the depreciation period of the asset in question.

Consequently, and in accordance with the French tax authorities' instruction 4-A-13-05 of December 30, 2005, the weighted average depreciation period for the asset components is taken into account where appropriate.

Similarly, the corresponding provision for corporate income tax liability must be released at the same rate. Since December 31, 2005, the release of the provision for corporate income tax has been classified under “Income tax” instead of under “Release of provisions and expense transfers”. As of March 31, 2006, this item is comprised solely of this release of provision.

Revenue recognition

In accordance with Opinion No. 29 of the French association of chartered accountants (*Ordre des Experts-Comptables*) of November 15, 1995, the financial impact of all the lease contract provisions is recognized on a straight-line basis over the shorter of the lease term or the date at which the lessee may terminate the lease without suffering any material financial consequences (usually at the end of six years).

Lease payments are thus recognized over the lease term.

Therefore, in order to reflect the economic benefits of the lease, material rent-free periods are recognized over the firm term of the lease.

Termination indemnities received from former lessees are recognized in operating income.

Rental expenses

Rental expenses incurred by the lessor on behalf of lessees, consisting of both expenditure and accrued rental expenses rebilled to lessees, are recorded in the balance sheet in disbursement accounts under “Other receivables” and “Other expenses”. These accounts are closed out once annual rental expenses have been correctly rebilled and recorded.

Rental expenses concerning vacant premises are recorded in the income statement. Given the low vacancy rate in the three buildings, the amount in question is not material.

Charges relating to the arrangement the new loan

The charges relating to the arrangement of the new loan were taken in full to income.

3. CHANGE IN ACCOUNTING METHODS

There was no change in accounting methods during the period.

4. STATEMENT OF FIXED ASSETS

(i) Changes in the gross value of fixed assets can be broken down as follows:

In EUR	Gross value at January 1, 2006	Increases	Decreases	Gross value at March 31, 2006
Property, plant and equipment				
Land	**236,387,908**	**-**	**-**	**236,387,908**
Europlaza	85,019,763			85,019,763
Arcs de Seine	115,291,573			115,291,573
Rives de Bercy	36,076,571			36,076,571
Buildings	**489,199,495**	**-**	**-**	**489,199,495**
Europlaza	195,647,971			195,647,971
Arcs de Seine	195,162,352			195,162,352
Rives de Bercy	98,389,172			98,389,172
Technical plant, equipment and industrial machinery	**1,663,166**	**-**	**-**	**1,663,166**
Europlaza	586,981			586,981
Arcs de Seine	44,013			44,013
Rives de Bercy	1,032,172			1,032,172
Financial fixed assets				
Security guarantees and deposits	**18,860**	**-**	**-**	**18,860**
Total fixed assets	**727,269,428**	**-**	**-**	**727,269,428**

(ii) All of the Company's real estate was valued at March 31, 2006 by an independent real estate valuer. According to the valuer's calculations, the present value of each building exceeds its net book value.

As a result, no impairment expense was recorded.

(iii) Security given on property, plant and equipment is analyzed in Note 13.

5. STATEMENT OF DEPRECIATION/AMORTIZATION

Changes in accumulated depreciation/amortization can be broken down as follows:

In EUR	Accumulated depreciation at January 1, 2006	Increases	Decreases	Gross value at March 31, 2006
Property, plant and equipment				
Buildings	**100,644,029**	**4,924,162**	**-**	**105,568,191**
Europlaza	49,479,174	1,960,178		51,439,352
Arcs de Seine	39,324,908	1,949,457		41,274,365
Rives de Bercy	11,839,947	1,014,527		12,854,474
Technical plant, equipment and industrial machinery	**512,077**	**34,068**	**-**	**546,145**
Europlaza	241,171	11,303		252,474
Rives de Bercy	270,906	22,765		293,671
Total accumulated depreciation	**101,156,107**	**4,958,230**	**-**	**106,114,337**

6. STATEMENT OF PROVISIONS

Changes in provisions for losses set aside under the rules set out in Note 2 were as follows:

In EUR	At January 1, 2006	Addition	Release	At March 31, 2006
Contingency and loss provisions				
Provision for taxes (1)				
CGF	27,617,980		270,525	27,347,455
CGF II	6,008,241		63,117	5,945,124
CGA	20,016,249		182,678	19,833,571
Provision for impairment				
On amounts receivable	411			411
Other provisions on miscellaneous debtors	877,716		877,716	-
Total provisions	**54,520,597**	**-**	**1,394,036**	**53,126,561**

(1) As indicated in Note 2, the provision released in the period is deducted against "Income taxes".

The release of the provision on miscellaneous debtors reflects receivables cancelled for the same amount, which were recorded in "Other expenses" in the income statement.

7. STATEMENT OF AGED RECEIVABLES AND PAYABLES

Aged receivables and payables at March 31, 2006 can be broken down as follows:

Receivables *In EUR*	Gross amount	Due in 1 year at most	Due in 1 year or more
Receivables related to current assets			
Accounts receivable	12,159,717	12,159,717	
Other receivables	16,654,494	11,216,131	5,438,363
Total receivables	**28,814,211**	**23,375,848**	**5,438,363**

"Other receivables" due in more than one year represent deferred rent-free periods.

Liabilities *In EUR*	Gross amount	Due in 1 year at most	Due in 1 year or more	Due in 5 years or more
Bank borrowings	379,900,000	-	-	379,900,000
Miscellaneous borrowings and financial debt	1,220,329	22,113	-	1,198,216
Trade accounts payable	5,247,827	5,247,827	-	-
Tax and social liabilities	4,394,992	4,394,992	-	-
Amounts owed to fixed asset suppliers	84,736	84,736	-	-
Other current liabilities	11,343,496	11,343,496	-	-
Total liabilities	**402,191,380**	**21,093,164**	**-**	**381,098,216**

Borrowings taken out during the period	**379,900,000**
Borrowings reimbursed during the period	**377,327,924**

Repayment schedules for "Bank borrowings" are subject to financial ratios or contractual clauses that may affect the timing of repayments.

Collateral provided on borrowings at March 31, 2006 is analyzed in Note 13.

Security deposits paid by lessees appear in "Miscellaneous borrowings and financial debt" for an amount of EUR 1,198,216. They are deemed to be long-term debt (maturing in over 5 years) on the assumption that lessees will seek to renew their leases.

8. ITEMS AFFECTING SEVERAL BALANCE SHEET HEADINGS/ ACCRUED EXPENSES & ACCRUED INCOME

Assets *In EUR*	Accrued income	Commercial paper	Related companies
Trade accounts receivable	2,174,951	-	-
Other receivables (deferred rent-free periods)	6,634,445	-	-
Total	**8,809,396**	**-**	**-**

Liabilities *In EUR*	Accrued expenses	Commercial paper	Related companies
Trade accounts payable	4,696,377	-	-
Tax and social liabilities	682,317	-	-
Other current liabilities	62,318	-	-
Total	**5,441,012**	**-**	**-**

9. PREPAID EXPENSES AND REVENUE

In EUR	Expense	Income
Operating income/expenses		13,539,943
Financial income/finance costs	2,793,894	
Non-recurring income/expense		
Total	**2,793,894**	**13,539,943**

Prepaid revenue consists mainly of rents billed in respect of the second quarter of 2006. Prepaid expenses consist mainly of loan interest relating to a later period paid in the first quarter of 2006.

10. COMPOSITION OF SHARE CAPITAL

The share capital is fixed at €160,470,000, divided into 13,372,500 fully paid up shares of EUR 12 each.

11. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Statement of changes in shareholders' equity *In EUR*	Capital	Premium	Reserves and income	Shareholders' equity before appropriation
December 31, 2005	**160,470,000**	**39,745,105**	**21,581,792**	**221,796,898**
Reduction of capital	-	-	-	-
Capital increase	-	-	-	-
Transfers from reserves	-	-	-	-
Income for the period	-	-	(3,587,827)	-
March 31, 2006	**160,470,000**	**39,745,105**	**17,993,965**	**218,209,071**

12. INCREASE IN FUTURE TAX EXPENSE AND TAX RELIEF

As indicated in Note 2 under "Provision for losses", mergers that took place prior to the merger in the previous financial period are subject to preferential tax treatment under Article 210-A of the French tax code. As such, the Company is required to calculate any capital gains arising on the subsequent sale of non-depreciable assets contributed within the scope of the merger, based on the value of these assets for tax purposes in the financial statements of the absorbed companies. This value will be used to calculate the exit tax when the Company changes over to SIIC tax treatment.

From the time that the Company changes over to the SIIC tax regime it will be exempt from corporate income tax on the basis that its business activity consists solely of real property leasing.

Information on the increase in future tax expense and tax relief is therefore not disclosed in this report.

13. OFF-BALANCE SHEET COMMITMENTS

Guarantees provided in relation to bank borrowings are as follows:

Guarantee	"Rives de Bercy"	"Europlaza"	"Arcs de Seine"
Delegation of insurance pursuant to Articles L. 121-13 of the French insurance code	X	X	X
Assignment of rent receivables under the Dailly Law mechanism	X	X	X
Money lender's lien on the building		X	
Registration of traditional mortgages given on the building	X	X	X
Bank account-related pledges pursuant to Articles 2073 et seq. of the French civil code and Articles L. 521-1 et seq. of the French commercial code	**X**	**X**	**X**

The Company did not have any derivative financial instruments.

14. EXECUTIVE REMUNERATION

In accordance with a decision by the Board of Directors on January 19, 2006, remueration for the Chairman of the Board of Directors is fixed at EUR 50,000 per annum.

At the Extraordinary General Meeting of February 20, 2006, the shareholders set the total annual attendance fees for all directors at EUR 45,000.

In the financial statements for the period ended March 31, 2006, a provision of EUR 23,750 was set aside in respect of executive remuneration.

15. AVERAGE HEADCOUNT

The Company had one employee as of March 31, 2006.

16. PROPOSED INCOME APPROPRIATION FOR THE PERIOD

In EUR	31/03 2006	
Source		
Retained earnings	5,534,792	
Income/(loss) for the period	(3,587,827)	
Transfers from reserves		
Other sources		
Uses		
Appropriation of reserves:		
Legal reserve		
Special reserve for long-term capital gains		
Other reserves		
Dividends		
Other uses		
Retained earnings		1,946,965
Grand total	**1,946,965**	**1,946,965**

The income appropriation for the period is subject to the approval of the shareholders at their general meeting.

17. FIVE-YEAR FINANCIAL SUMMARY

In EUR	31/03 2003	31/03 2004	31/12 2004	31/12 2005	31/03 2006
Capital at period-end					
Share capital	99,125,000	99,125,000	99,125,000	160,470,000	160,470,000
Including paid-up capital	99,125,000	99,125,000	99,125,000	160,470,000	160,470,000
Number of existing ordinary shares	6,500,000	6,500,000	6,500,000	13,372,500	13,372,500
Transactions & income for the period					
Net revenue excl. tax	23,527,610	21,579,842	17,030,075	49,632,097	14,344,429
Income before tax, employee profit sharing, and provisions for depreciation and amortization	16,675,389	13,815,708	11,936,361	31,548,246	1,370,403
Earnings per share					
Income after tax and employee profit sharing, but before provisions for depreciation and amortization	1.88	1.56	1.33	2.00	0.10
Income after tax, employee profit sharing, and provisions for depreciation and amortization	0.90	0.59	0.72	0.75	(0.27)
Personnel					
Average headcount	_	_	_	_	1
Total payroll	_	_	_	_	1,566
Social security and benefit scheme payments	_	_	_	_	627

Statement of cash flows

In EUR

	31/03 2006	31/12 2005
SOURCES		
Funds from operations	(23,633)	26,690,796
- Merger fees charged to shareholders' equity	-	(996,395)
= Available cash flow	**(23,633)**	**25,694,401**
Proceeds from sales of fixed assets	-	1
Decrease in financial fixed assets	-	-
Increase in equity and current account advances	2,450	21,139,522
Increase in long-term debt	379,900,000	-
Total sources of funds	**379,878,817**	**46,833,924**
USES		
Dividends paid	-	-
Decrease in equity and current account advances	-	21,126,575
Fixed asset additions	-	14,715
Decrease in long-term debt	379,235,525	10,769,794
Total uses of funds	**379,235,525**	**31,911,084**
NET CHANGE IN WORKING CAPITAL	**643,292**	**14,922,840**

In EUR

	31/03 2006 Uses	31/03 2006 Sources	31/03 2006	31/12 2005
CHANGE IN OPERATING WORKING CAPITAL				
Change in operating assets				
Advances and down payments to suppliers	-	-	-	(10,102)
Trade accounts receivable	-	3,009,464	3,009,464	(13,675,967)
Other receivables	3,181,571	-	(3,181,571)	(2,577,925)
Tax and social liabilities	269,623	-	(269,623)	(1,229,560)
Adjustment accounts	2,793,894	-	(2,793,894)	172,620
Change in operating liabilities				
Advances and down payments from customers	-	-	-	-
Trade accounts payable	-	3,868,827	3,868,827	724,389
Tax and social liabilities	1,144,410	-	(1,144,410)	4,037,781
Provision for corporate income tax	-	-	-	(1,857,180)
Other liabilities		2,738,496	2,738,496	2,262,043
Adjustment accounts		24,996	24,996	10,250,439
Net change in operating working capital	**7,389,499**	**9,641,783**	**2,252,284**	**(1,903,462)**
CHANGE IN NON-OPERATING WORKING CAPITAL				
Change in other receivables				
Change in other payables				
Net change in non-operating working capital	**0**	**0**	**0**	**0**
Increase or decrease in working capital			**2,252,284**	**(1,903,462)**
Change in cash on hand		2,895,576	2,895,576	13,019,378
Change in bank loans and overdrafts	-	-	-	-
Net change in cash and cash equivalents	**0**	**2,895,576**	**2,895,576**	**13,019,378**
NET CHANGE IN WORKING CAPITAL			**643,292**	**14,922,840**

IFRS Pro Forma

FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2006 AND 2005

Balance sheet *(in EUR thousand)*

	Notes	31/03 2006	31/03 2005	31/12 2005
ASSETS				
Investment property	5.1	867,560	814,322	854,960
Others non-current assets		19	19	19
Total non-current assets		**867,579**	**814,341**	**854,979**
Accounts receivable	5.2	12,387	11,207	14,961
Other operating receivables	5.3	16,655	6,938	12,347
Corporate income tax receivable		890	0	0
Other receivables		0	0	0
Prepaid expenses		2,856	823	0
Total receivables		**32,788**	**18,968**	**27,308**
Cash and cash equivalents	5.4	37,040	23,282	35,016
Total cash and cash equivalents		**37,040**	**23,282**	**35,016**
Total current assets		**69,828**	**42,250**	**62,324**
TOTAL ASSETS		**937,407**	**856,591**	**917,303**
EQUITY AND LIABILITIES				
Capital		160,470	160,470	160,470
Legal reserve		16,047	16,047	16,047
Merger premium		39,745	39,745	39,745
Retained earnings		128,644	65,070	65,070
Income for the period		98,090	21,664	63,574
Shareholder's equity	5.5	**442,996**	**302,996**	**344,906**
Non-current loans	5.7	375,966	214,756	214,756
Other financial debt	5.8	1,198	1,198	1,218
Corporate income tax liability	5.9	61,144	33,380	34,067
Deferred tax liabilities	5.6	659	111,158	130,292
Total non-current liabilities		**438,967**	**360,492**	**380,333**
Current loans		22	166,327	164,480
Accounts payable		5,248	3,970	1,485
Acccrued corporate income tax	5.9	21,952	7,019	822
Others operating expenses	5.10	14,683	2,085	11,763
Prepaid revenue	5.11	13,540	13,702	13,514
Total current liabilities		**55,444**	**193,103**	**192,064**
TOTAL EQUITY AND LIABILITIES		**937,407**	**856,591**	**917,303**

Income statement (*in EUR thousand*)

	Notes	31/03 2006	31/03 2005	31/12 2005
Rental income	5.12	13,382	13,234	52,937
Other services	5.13	976	2,394	5,297
Building-related costs	5.14	(1,564)	(1,390)	(4,606)
Net rental income		**12,794**	**14,238**	**53,628**
Administrative costs	5.15	(3,074)	(158)	(599)
Other operating income and expenses		0	34	(1)
Increase in the fair value of investment property		12,600	13,560	54,198
Decrease in the fair value of investment property				
Total change in the fair value of investment property		**12,600**	**13,560**	**54,198**
Operating income		**22,320**	**27,674**	**107,226**
Net financial income/(expense)	5.16	**(18,948)**	**1,748**	**(12,603)**
Tax expense	5.17	**94,718**	**(7,758)**	**(31,049)**
Net income		**98,090**	**21,664**	**63,574**

Statement of changes in shareholders' equity (*in EUR thousand*)

	Share capital	Additional paid-in capital	Undistributed reserves and retained earnings	Total shareholders' equity
At March 31, 2005	**160,470**	**39,745**	**102,781**	**302,996**
Net aggregate income (9 months)			41,910	41,910
At December 31, 2005	**160,470**	**39,745**	**144,691**	**344,906**
Net aggregate income (3 months)			98,090	98,090
At March 31, 2006	**160,470**	**39,745**	**242,781**	**442,996**

Cash flow statement (*in EUR thousand*)

	31/03 2006	31/12 2005
Cash flow from operating activities		
Net income	98,090	63,574
Elimination of income/expense items with no cash flow impact:		
Depreciation, amortization and provisions		15
Reversal of depreciation, amortization and provisions	(516)	(2,051)
Allocation of merger costs to the merger premium		(997)
Exit tax liability	35,431	
Adjustments for loans at amortized cost	(3,996)	
Remeasurement of buildings at fair value	(12,600)	(54,198)
Change in provision for deferred taxation	(129,633)	25,489
Discounting	14,078	(3,746)
Cash flow from operating activities	**854**	**28,086**
Change in working capital requirements	506	(5,976)
Net cash from operating activities	**1,360**	**22,110**
Investing activities		
Acquisition of investment property	0	(42)
Cash flow used in investing activities	**0**	**(42)**
Financing activities		
Increase/decrease in outstanding borrowings	664	(13,200)
Cash flow from (used in) financing activities	**664**	**(13,200)**
Change in cash and cash equivalents	**2,024**	**8,868**
Cash and cash equivalents at the beginning of the period	35,016	26,148
Cash and cash equivalents at the end of the period	**37,040**	**35,016**

Notes
TO THE IFRS PRO FORMA FINANCIAL STATEMENTS

1. BACKGROUND AND ASSUMPTIONS USED TO PREPARE THE IFRS PRO FORMA FINANCIAL STATEMENTS AT MARCH 31, 2006

1.1 Regulatory and operational context

In the absence of any subsidiary companies, the Company does not prepare any consolidated financial statements. The Company's annual financial statements are prepared under French GAAP in accordance with current accounting regulations.

The Company has prepared pro forma financial statements under IFRS for the three-month period ended March 31, 2006, based on the pro forma financial statements prepared for the 12-month period ended December 31, 2005.

The main assumptions used to prepare the IFRS pro forma financial statements at December 31, 2005 were described in the prospectus (document de base) drawn up by the Company at the time of its stock market listing.

The Company's pro forma financial statements were prepared under international accounting standards (IAS/IFRS) applicable to the accounting period ended March 31, 2006 and adopted for use by the European Union (hereafter referred to as "IFRS").

1.2 Additional background information

• **Change of corporate name**

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders approved the decision to change the Company's corporate name from SOPREAL SA to CeGeREAL SA. Article 3 of the bylaws was modified accordingly.

• **Stock market listing**

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders authorized the listing of the Company's shares on the Eurolist market of Euronext Paris SA.

The listing involved 3,837,326 shares stemming from a Retail Public Offering (81,412 shares allocated between March 21 and March 27, 2006) and an Underwriting Agreement (3,755,914 shares allocated between March 21 and March 28, 2006). The issue price was set at EUR 31.80.

The shares were first listed on March 28, 2006 and trading on Eurolist commenced on March 29 (FR 0010309096).

• **Early accounts closing**

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders authorized, on an exceptional basis, the early close of the financial year in progress. The financial statements for the period ended March 31, 2006 cover a three-month period compared with 12 months at December 31, 2005.

It is for this reason that the Company has prepared its pro forma financial statements under IFRS for the three-month periods ended March 31, 2006 and 2005.

• **Refinancing**

During the first quarter of 2006, the Company refinanced its debt.

The group loan and bank loan, which are stated at EUR 180 million and EUR 197 million respectively in the financial statements for the year ended December 31, 2005, were repaid in full onMarch 2, 2006.

These two loans were replaced by a bank loan for a total of EUR 425 million, to be provided in three tranches. The last tranche of EUR 45 million will be set aside specifically to finance exit tax. At March 31, 2006, the balance of bank borrowings was equivalent to the sum of the first two tranches, namely EUR 380 million.

• **Approval of the decision to opt for SIIC tax treatment**

At the ordinary and extraordinary general meeting of February 20, 2006, the shareholders approved the Company's decision to opt for the "SIIC" preferential tax treatment granted to listed companies whose main business activity is the ownership and management of real estate assets. Notification was provided to the tax authorities on June 1, 2006 and the new tax regime is retroactive from April 1, 2006.

The financial statements for the period ended March 31, 2006 do not reflect the impact of this treatment (see paragraph 2.7).

1.3 Main assumptions used to prepare the IFRS pro forma statements for the period ended March 31, 2005

On November 30, 2005, Commerz Grundbesitz France EURL (CGF), CG-Arcs de Seine EURL (CGA) and Commerz Grundbesitz France (II) EURL (CGF II) entered into an agreement with respect to the merger of CG-Arcs de Seine EURL and Commerz Grundbesitz France (II) EURL into Commerz Grundbesitz France EURL.

At March 31, 2005, CGF - which became SOPREAL and then CeGeREAL - was unable to close off its financial statements taking account of the merger.

Accordingly, the information presented in respect of March 31, 2005 was mainly obtained by pro-rating IFRS pro forma income at December 31, 2005 on a quarterly basis.

This assumption is deemed reasonable by the Company for the following reasons:

- There was no change in the number of buildings owned in 2005;
- The vacancy rates recorded in 2005 were not material;
- The rent indexes do not correspond to a fixed date, but are staggered throughout the year in accordance with the anniversary date of the lease;
- The low volume and recurring nature of overheads;
- Low interest rate volatility over the 2005 period.

Similarly, the increase in fair value in 2005 was recognized on a straight-line basis over the 12 months to December 31, 2005; one-fourth of this increase was therefore recorded at March 31, 2005.

On the other hand, due to the non-recurring nature of termination indemnities and insurance payments, an in-depth analysis was carried out in order to determine the timing of such payments.

At the same time, the present value of the corporate tax liability was recalculated, taking as a reference the actual risk-free rate at March 31, 2005, i.e., 3.82%, compared with 3.43% at December 31, 2005.

2. ACCOUNTING PRINCIPLES, RULES AND METHODS USED TO PREPARE IFRS PRO FORMA FINANCIAL STATEMENTS AT MARCH 31, 2006

2.1 Presentation of the pro forma financial statements

According to Regulation (EC) No. 1606/2002 of July 19, 2002 concerning the application of international financial reporting standards, the Company's pro forma financial statements at March 31, 2006 and 2005 have been prepared in accordance with international accounting standards (IAS/IFRS), the interpretations of the Standing Interpretations Committee (SIC) and the Financial Reporting Interpretations Committee (IFRIC) as published by the International Accounting Standards Board (IASB) at March 31, 2006 and applicable at that date.

2.2 Segment reporting

A business segment is a component of an enterprise that (a) provides a single product or service or a group of related products and services and (b) that is subject to risks and returns that are different from those of other business segments.

The Company has not identified different business segments insofar as its assets and liabilities are composed solely of commercial real estate located in the greater Paris area.

2.3 Investment property

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

Investment property is initially measured at cost, including transaction costs. After initial measurement, investment property is remeasured at fair value. Fair value is measured net of registration tax based on the fair value calculated by an external real estate valuer at the balance sheet date. The methodology used by the real estate valuer is described below. Fair value is calculated net of taxes.

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

2.4 Estimate of the fair value of investment property

In order to measure investment property at each period-end, the Company uses the services of an external real estate valuer. When preparing the pro forma financial statements, management and the external real estate valuer are required to use estimates and assumptions that are likely to affect the amounts of assets, liabilities, income and expenses reported in the financial statements and in the notes to the financial statements. The Company and the expert are required to review these estimates and appraisals on an ongoing basis in light of past experience and other factors deemed of material importance with regard to economic conditions. The amounts appearing in future financial statements may differ from these estimates as a result of changes in assumptions or different circumstances.

The best indicators of fair value are the current prices paid on an active market in a real estate lease agreement or another similar contract. If this information is unavailable, the real estate valuer determines the fair value based on a range of reasonable estimates. In order to carry out the appraisal, the expert draws on information from different sources, including:

- Current prices on an active market for properties of different nature, condition or location (or subject to different lease contracts), adjusted to reflect those differences;
- Recent prices on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (where possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information regarding current or recent prices concerning the present value of cash flows associated with investment property is unavailable, fair value is calculated using discounted cash flow valuation techniques. The Company uses assumptions based on year-end market conditions.

The main assumptions used when estimating fair values include rent payment patterns, future expected rental payments under firm term leases, tax treatment applicable to the lessor, periods of vacancy, the current occupancy rate for the building, future requirements in terms of upkeep, and the appropriate discount rates equivalent to the return on the buildings. The resulting valuations are regularly compared to market data concerning return on investment, transactions carried out by the Company and transactions published by the market.

All valuations are calculated net of tax.

2.5 Accounts receivable

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

2.6 Share capital

The Company's ordinary shares are classified in shareholders' equity. Incremental costs directly attributable to new share issues are shown in shareholders' equity as a deduction, net of tax, from the proceeds.

2.7 Corporate income tax liability

A provision for corporate income tax liability was recognized under IFRS to deal with the impact of opting for SIIC tax treatment as approved by the ordinary and extraordinary general meeting of shareholders of February 20, 2006, and formally adopted by the Company on June 1, 2006. This provision was discounted due to the fact that the payment of the liability will be staggered until December 15, 2009.

The provision for corporate income tax relating to the impact of adding back to taxable income deferred capital gains on depreciable fixed assets resulting from the application of the preferential tax treatment provided for under Article 210-A of the French tax code regarding mergers that took place prior to December 31, 2005, was reversed in light of the impact of the option, as set out below.

Terms and conditions and impact of the SIIC tax treatment

A Company must opt for the SIIC regime before the end of the fourth month of the financial period in respect of which it wishes to benefit from such preferential tax treatment. The option takes effect the first day of the financial period in respect of which it is exercised and is irreversible. The ensuing change in tax treatment has a similar impact to that of a discontinuance of business (taxation of unrealized capital gains, income which is subject to tax deferral and as yet untaxed operating income).

Corporate income tax of 16.5%, generally referred to as “exit tax”, must be paid in four installments on December 15 of the year on which the option takes effect and each of the three following years.

Listed real estate investment companies (“SIIC”) and their subsidiaries that have opted for the preferential treatment shall be exempt from paying corporate income tax on their share of income resulting from:

- the lease of buildings, on condition that 85% of this income is distributed before the end of the financial period following the period in which the income is generated;
- capital gains generated when buildings are sold, shareholdings in partnerships falling within the scope of Article 8 of the French tax code and having the same purpose as that of the SIIC, or shareholdings in subsidiaries having opted for preferential yax treatement, on condition that 50% of these capital gains are distributed during the second financial period following the period in which they were generated;
- dividends received from subsidiaries having opted for preferential tax treatment and resulting from income subject to tax relief or capital gains provided that that they are redistributed in full during the financial period following the period in which they were received.

2.8 Bank borrowings

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

They are subsequently measured at amortized cost under the effective interest rate method. The long-term portion (due in more than 12 months after the balance sheet date) is classified in non-current borrowings, while the short-term portion (due in less than 12 months) is classified in current borrowings.

2.9 Deferred taxation

Deferred taxes are recognized using the liability method for all temporary differences arising before the Company opted for SIIC status, due to the differences between the carrying amount of assets and liabilities shown in the IFRS pro forma financial statements, and their tax basis.

In anticipation of the impact of the SIIC regime on the IFRS pro forma financial statements (see note 2.7), deferred taxes relating to capital gains on investment property and previously recorded at a rate of 34.43% have been released through the income statement at March 31, 2006.

2.10 Lease payments

The Company leases out its real estate under operating leases. Assets leased under operating leases are recognized in the balance sheet in investment property.

Lease payments are recognized over the lease term.

The financial impact of all of the lease contract provisions are recognized on a straight-line basis over the shorter of the lease term or the date at which the lessee may terminate the lease without suffering any material financial consequences (usually at the end of six years). Therefore, in order to reflect the economic benefits of the lease, material rent-free periods are recognized over the firm term of the lease.

Termination indemnities are recognized in “Other services” in operating income.

2.11 Recognition of rental expenses

Rental expenses incurred by the lessor on behalf of lessees, consisting of both expenditure and accrued rental expenses rebilled to lessees, are recorded in the balance sheet in disbursement accounts under “Other operating receivables” and “Other operating expenses”. These accounts are closed out once the annual rental expenses have been correctly rebilled and recorded.

Rental expenses concerning vacant premises are recorded in the income statement.

2.12 Rebilled charges

Charges incurred by the lessor and rebilled to the lessee under the terms of the lease appear in the income statement under:

- “Other services” (income items);
- “Building-related costs” (expense items).

2.13 Stock market listing charges

These have been recorded as charges for the period.

3. MANAGEMENT OF FINANCIAL RISKS

3.1 Financial risk factors

The Company is exposed to a certain number of financial risks within the scope of its business activities: market risk (including price risk), credit risk, liquidity risk and cash flow risk linked to interest rate fluctuations.

3.2 Market risks

• Foreign exchange risks

As the Company only carries out its business activity in the euro zone, it is not exposed to any foreign exchange risk.

• Price risk

The Company is exposed to risks affecting rents and real estate prices.

• Counterparty risk

Company procedures ensure that lease agreements are only entered into with lessees of suitable credit standing. The Company has developed policies that limit the exposure to credit risk in relation to financial institutions.

• Liquidity risk

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

• Cash flow risk linked to interest rate fluctuations

As the Compay refinanced its debt using a fixed-rate loan, it was not exposed to any cash flow or fair value risk as at March 31, 2006.

4. USE OF ESTIMATES

Estimates and assumptions with a significant degree of inherent risk may give rise to material adjustments to assets and liabilities over the following period. These can be analyzed as follows:

4.1 Estimates of the fair value of investment property

These are analyzed in note 2.4.

5. COMMENTS ON THE IFRS PRO FORMA BALANCE SHEET AT MARCH 31, 2005 AND THE INCOME STATEMENT FOR THE YEAR THEN ENDED

5.1 Investment property

Changes in the net book value of investment property can be broken down by building as follows:

In EUR thousand	"Rives de Bercy"	"Europlaza"	"Arcs de Seine"	Total
December 31, 2005	**168,150**	**346,310**	**340,500**	**854,960**
Acquisitions				0
Disposals				0
Change in fair value	3,150	9,030	420	12,600
March 31, 2006	**171,300**	**355,340**	**340,920**	**867,560**

5.2 Accounts receivable

Year-on-year changes in this item can be broken down as follows:

In EUR thousand	31/03 2006	31/12 2005
Accounts receivable	12,387	14,961
(provision for impairment of accounts receivable)	0	0
Accounts receivable	**12,387**	**14,961**

The decrease in accounts receivable reflects rents billed in the first quarter of 2006 in respect of the second quarter of 2006. Unlike the previous year, in 2006 some clients paid in advance, which explains the period-on-period decrease.

The fair value of accounts receivable corresponds to their net book value at December 31, 2005.

5.3 Other operating receivables

"Other operating receivables" can be analyzed as follows:

In EUR thousand	31/03 2006	31/12 2005
Rental expenses	7,443	6,351
Accrued income - rent-free periods	6,634	5,793
Notary	2,123	
Input VAT	423	154
Amounts receivable from suppliers	5	27
Sundry receivables	27	22
Other operating receivables	**16,655**	**12,347**

"Rental expenses" are expenses incurred by the lessor on behalf of the lessee and are recorded in disbursement accounts. These accounts are closed out once annual rental expenses have been correctly rebilled and recorded, which generally occurs in the following calendar year.

"Accrued income - rent-free periods" offsets the amounts recorded in the income statement relating to the deferral of rent-free periods granted to lessees.

The "Notary" account relates to refinancing-related expenses. Provisions are set aside for these expenses under "Trade accounts payable".

5.4 Cash and cash equivalents

"Cash and cash equivalents" are composed of either bank account balances or risk-free bank deposits that may be considered as cash equivalents.

5.5 Shareholders' equity

At December 31, 2005, shareholders' equity is equal to the statutory equity of Sopreal (formerly CGF) following the merger operations, plus adjustments to income recorded in the IFRS pro forma financial statements.

At March 31, 2006, shareholders' equity is equal to the statutory equity of CeGeREAL (formerly Sopreal), plus adjustments to income recorded in the IFRS pro forma financial statements.

At March 31, 2006, the Company's share capital consisted of 13,372,500 shares with a par value of EUR 12 each. The authorized and issued share capital has been fully paid up.

5.6 Deferred tax liabilities

In EUR thousand	Fair value adjustment	Other adjustments	Total
December 31, 2005	**130,292**	**0**	**130,292**
Recorded in shareholders' equity			0
Recorded in income	(130,292)	659	(129,633)
March 31, 2006	**0**	**659**	**659**

The Company has opted for the preferential tax treatment granted to listed companies whose main business activity is the ownership and management of real estate assets (SIIC), as referred to under Article 208 C of the French tax code, with effect from June 1, 2006.

Consequently:

- All deferred tax liabilties relating to capital gains on buildings have been cancelled;
- Corporate income tax liabilties relating to adding back to taxable income deferred capital gains on depreciable fixed assets resulting from the application of the preferential tax treatment provided for under Article 210-A of the French tax code have been fully reversed;
- A tax liability corresponding to the total balance of exit tax was recorded for approximately EUR 90 million (excluding the impact of discounting).

Deferred tax liabilities concern latent taxation on the restatement of transaction costs directly attributable to the new loan, and were calculated at a rate of 16.5%.

Deferred tax liabilities are deemed non-current items insofar as the Company does not intend to dispose of all or part of its existing assets.

5.7 Borrowings

On March 2, 2006, the Company refinanced its debt (see note 1.1.) and took out a bank loan for K EUR 375,966.

Transaction costs directly attributable to the operation amounted to K EUR 4,036.

The loan is broken down into several tranches:

	Principal	Repayment date	Interest	Rate
Refinancing of financial debt	199,900,000	March 2, 2013	Fixed with Option	4.15%
Refinancing of intra-group debt	180,000,000	March 2, 2013	Fixed with Option	4.15%
Financing of exit tax	45,000,000	March 2, 2013	variable	Euribor 3m.
	424,900,000			

At March 31, 2006, the third tranche of EUR 45 million had not been drawn down.

The guaranties granted on the loans are recorded as off-balance sheet commitments (5.19)·

The effective interest rates on borrowings are as follows:

	March 2006	2005	2004
Bank borrowings	4.15%	4.50%	4.57%
CGI borrowings		4.23%	4.56%

The loan matures on March 2, 2013.

The repayment schedule is subject to financial ratios or contractual clauses that may effect the timing of repayment.

5.8 Other non-current debt

Other non-current debt mainly consists of security deposits paid by lessees. These security deposits do not bear interest and are not discounted.

5.9 Provision for corporate income tax

This consists of the corporate income tax liability as described in note 2.7.

5.10 Other operating expenses

These can be broken down as follows:

Breakdown of other operating expenses (*EUR thousand*)

	31/03 2006	31/12 2005
Accrued VAT and other taxes	3,468	3,608
Accrued rental expenses rebilled to lessees	10,651	8,113
Rent paid in advance to lessees	564	42
Other operating expenses	**14,683**	**11,763**

Rental expenses rebilled to lessees are recorded in disbursement accounts which are closed out once annual rental expenses have been correctly rebilled and recorded.
This generally occurs in the following calendar year.

5.11 Prepaid revenue

At March 31, 2006 and 2005, prepaid revenue consisted of rents billed in advance in respect of the second quarter of 2006.

5.12 Rents

After taking account of the impact of rent-free periods granted, rents by building can be broken down as follows:

In EUR thousand

	31/03 2006	2005	31/03 2005
"EuroPlaza"	5,305	20,825	5,206
"Arcs de Seine"	5,498	21,880	5,470
"Rives de Bercy"	2,579	10,232	2,558
Rents	**13,382**	**52,937**	**13,234**

5.13 Other services

Other services can be analyzed as follows:

In EUR thousand	31/03 2006	Year 2005	31/03 2005
Real estate taxes rebilled to lessees	722	3,034	759
Other amounts rebilled to lessees and miscellaneous income	254	2,263	1,635
Other services	**976**	**5,297**	**2,394**

5.14 Building-related costs

These consist of costs directly attributable to the buildings, most of which are rebilled to lessees, and mainly include real property tax and tax on office premises for amounts of K EUR 722 at March 31, 2006, K EUR 3,029 at December 31, 2005, and K EUR 757 at March 31, 2005.

5.15 Administrative costs

At March 31, 2006, these mainly included stock market listing charges for a total of K EUR 2,567.

5.16 Net financial income/(expense)

This can be broken down as follows:

In EUR thousand	31/03 2006	Year 2005	31/03 2005
Financial income	241	434	108
Finance costs (a)	(5,111)	(16,783)	(4,321)
Discounting of corporate income tax provision	(20,985)	3,746	5,961
Discounting of exit tax provision	6,907		
Net financial income/(expense)	**(18,948)**	**(12,603)**	**1,748**
(a) Breakdown of finance costs			
Interest on bank borrowings	(2,873)	(9,024)	(2,300)
Termination fees related to previous loans	(1,036)		
Interest on other financial debt	(1,202)	(7,760)	(2,021)
Total finance costs	**(5,111)**	**(16,783)**	**(4,321)**

5.17 Tax expense

This can be broken down as follows:

Tax expense *In EUR thousand*	31/03 2006	31/12 2005	31/03 2005
Income tax	(516)	7,597	1,912
Cancellation of corporate tax liability	(54,536)	(2,037)	(509)
Exit tax liability (excluding discounting)	89,967		
Total accrued tax payable	**34,915**	**5,560**	**1,403**
Deferred taxation (charge = +; income = (-))	(129,633)	25,489	6,355
+ Tax charge / (-) income	**(94,718)**	**31,049**	**7,758**

5.18 Earnings per share

Earnings per share are calculated by dividing net profit attributable to shareholders by the number of the Company's ordinary shares at March 31, 2006, December 31, 2004 and December 31, 2005.

The Company has no dilutive instruments. Therefore, undiluted earnings per share and earnings per share are identical.

5.19 Off-balance sheet commitments

(i) The loan guarantees are mainly as follows:

- Delegation of insurance pursuant to Articles L. 121-13 of the French insurance code relating to all existing real estate assets;

- Assignment of rent receivables under the Dailly law mechanism relating to all existing real estate assets;

- Recording of contractual mortgages relating to all existing real estate assets;

- Pledges on bank accounts pursuant to Articles 2073 et seq. of the French civil code and Articles L. 521-1 et seq. of the French commercial code.

(ii) Under the terms of the loan agreement, the Company has undertaken:

- to ensure that the ratio of projected net annual rental income to annual interest and charges is at least equal to 150% (ICR);

- to ensure that the ratio of bank debt to the market value of buildings (LTV) remains below 70%;

- in the event of a default in payment, not to pay dividends above the amount required by Article 208 C-II of the French tax code;

- in the event that the Company decides to opt out of the SIIC regime, to pay dividends or repay intra-group loans only out of available cash and, in the event of default, not to pay dividends or repay intra-group loans.

(iii) There are no derivative financial instruments.

5.20 Transactions with related parties

The following transactions with Commerz Grundbesitz Investmentgesellschaft ("CGI", the fund manager for hausInvest europa) were identified as related-party agreements:

In EUR thousand

	31/03 2006	31/12 2005	31/03 2005
Operating income impact			
Asset management fees	448		
Financial income/(expense) impact			
Loan interest	1,202	7,760	2,022
Income statement total	**1,650**	**7,760**	**2,022**
Balance sheet impact			
Balance of borrowings and accrued interest	0	181,908	182,022
Balance of miscellaneous current accounts	22	20	20
Balance sheet total	**22**	**181,928**	**182,042**

5.21 Personnel

The Company had one employee as of March 31, 2006.

The impact of the Company's application of IAS 19 has not been considered material.

Statutory auditors' report on the financial statements

YEAR ENDED 31 MARCH 2006

Dear Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the period of 3 months ended 31 March 2006, on:

- the audit of the accompanying financial statements of CeGeREAL S.A.;
- the justification of our assessments
- the specific verifications and information required by law.

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

1. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of 31 March 2006, and of the results of its operations for the period of 3 months then ended in accordance with the accounting rules and principles applicable in France.

2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Estimates

As detailed in note 4 to the financial statements, and on the basis of the report of the independent expert designated by the company to evaluate its properties, the current value of each property is higher than the net book value, that is why no depreciation was booked on those assets.

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

3. SPECIFIC VERIFICATIONS AND INFORMATION

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

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris La Défense, 22 June 2006

KPMG Audit
A division of KPMG S.A.

Represented by Fabrice Odent
Partner

Paris, 22 June 2006

Charles Leguide

Charles Leguide
Partner

Special report of the auditors

ON THE REGULATED AGREEMENTS

YEAR ENDED 31 MARCH 2006

Sir/Madam,

In our capacity as auditors to your company, we hereby present our report on regulated agreements.

AGREEMENTS AUTHORIZED DURING THE PERIOD

In accordance with Article L. 225-40 of the Commercial Code, we have been advised of agreements approved in advance by your Board of Directors.

Our remit is not to establish whether any other such agreements exist but to inform you, on the basis of the information we have been given, of the characteristics and principal terms and conditions of those agreements of which we have been advised. We are not required to give our opinion on the usefulness or merits of those agreements. Under the terms of article 92 of the Decree of 23 March 1967, it is your responsibility to assess the value of entering into such agreements, with a view to approving them.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we take due care to ensure that the information provided to us is consistent with the source documents from which it is derived.

- **Contract headed "Asset Management Agreement"**

Directors concerned:
Commerz Grundbesitz-Investmentgesellschaft mbH (C.G.I.).

Nature and Purpose:
A contract, "Asset Management Agreement", for the provision by C.G.I. of investment advice concerning the company's property assets.

Terms and Conditions: The remuneration provided in the contract is:
- 0.35% per annum calculated on the gross value of properties valued by an independent expert appointed by the company.

- 1% calculated on the purchase price or selling price of properties in the case of purchases or sales of properties by the company.

- 1% of the final purchase price of the company's construction projects payable quarterly in accordance with progress of the work, to which may be added a fee negotiated on a case by case basis for supervision of the progress of the work.

The contract will terminate at the end of six years or on the date of cessation of the company's activity, after the sale of all buildings.

- **Signature of the "Credit Facility Agreement" letter**

Directors concerned:
Commerz Grundbesitz-Investmentgesellschaft mbH (C.G.I.).

Nature and Purpose:
Signature of a document in the context of the refinancing with the Eurohypo Bank AG of loans taken from that bank relating to the financing of the "Europlaza", "Arcs de Seine" and "Rives de Bercy" buildings. Signature of a letter between C.G.I. and Eurohypo Bank AG to which is annexed a draft contract headed "Credit Facility Agreement", which sets out the terms and conditions of the refinancing loan to be put in place. The letter provides that the said "Credit Facility Agreement" will be translated into the French language to be signed duly certified, and may be subject to amendments or additions subject to certain conditions.

Terms and Conditions:
The letter and the appended draft contract headed "Credit Facility Agreement", translated into the French language, set out the principal terms and conditions of the loan which would be put in place and states the documents to be signed under the "Credit Facility Agreement", including in particular the sureties and guarantees to be provided to Eurohypo Bank AG, and any agreement between creditors and any interest-hedging agreement. Sureties which could be granted include:

- On each of the properties, and as applicable, a subrogation in the lender's prior claim and/or the mortgage by contract granted to the previous lender, and a new mortgage by contract, the subrogations and registrations coming in first rank and in subsequent ranks giving priority to all third parties without limit as to amount,

- a Dailly cession/assignment of certain receivables owned by the company.

- **Placement and guarantee contract**

Directors concerned:
Commerz Grundbesitz-Investmentgesellschaft mbH (C.G.I.).

Nature and Purpose:
Investment and guarantee contract headed "Underwriting Agreement" concerning all the shares issued by C.G.I. in the context of its public floatation, concluded between C.G.I., B.N.P. Paribas and Natexis Bleichroeder S.A.

Terms and Conditions:
Under the terms of this contract, the guarantor institutions each undertake up to a maximum number of shares to place or, if necessary, acquire themselves, the shares issued at the introductory price, at the latest on the settlement-delivery date. The contract also defines the terms and conditions for placement of existing shares in the company which are the subject of an over-allocation option intended to cover any over-allocations and to allow price stabilization measures to be taken in accordance with the applicable regulations. The contract comprises statements and guarantees by the company normal in this type of transaction. Under the terms of the contract, the company would, in particular, undertake to the guarantor institutions not directly or indirectly to issue, offer, sell, pledge or otherwise transfer shares or securities giving access to the company's capital for a period of 180 calendar days following the settlement-delivery date, without the prior agreement of B.N.P. Paribas. The

contract must be signed as soon as the final price of the shares sold by C.G.I. in the context of its public floatation.

AGREEMENTS WITH CONTINUING EFFECT DURING THE PERIOD

In addition, pursuant to the decree of March 23, 1967, we have been advised that the following agreements have had continuing effect during the year.

• Commercial lease

Directors concerned:
Commerz Grundbesitz-Investmentgesellschaft mbH (C.G.I.).

Nature and Purpose:
Commercial lease for the benefit of CeGeREAL.

Terms and Conditions:
Commercial lease 3/6/9 years from 1 January 2006.
Address: 21-25, rue Balzac – 75008 Paris.
Area: 254 m^2.
Rent: EUR 114,300 exclusive of tax per annum, indexed per the INSEE index.
Rent-free period: 3 months; no guarantee deposit paid.
Provision for charges: EUR 4,762.50 exclusive of tax per quarter.

• "Heads of Agreement" contract to allow C.G.I. to comply with German investment law

Directors concerned:
Commerz Grundbesitz-Investmentgesellschaft mbH (C.G.I.).

Nature and purpose:
Contract to allow C.G.I. to comply with laws and regulations applicable in Germany relating to its status as a management company, and in particular the provisions which require a depository bank responsibility to control the acts of the management company.

Terms and conditions:
Undertaking by CeGeREAL to comply with German investment law. The Heads of Agreement will lapse entirely when C.G.I. ceases to have any obligation towards Commerzbank AG with respect to the applicable funds regulation.

• Advances of funds

Directors concerned:
Commerz Grundbesitz-Investmentgesellschaft mbH (C.G.I.).

Nature and Purpose:
Advances of funds to CeGeREAL.

Terms and conditions:

1. Contract for the opening of a credit facility between C.G.I. and the company CeGeREAL (ex SOPREAL) on 24 June 1999 and renewed by amendment on 23 June 2004, up to a maximum amount of 144,826,566 and a term of 5 years, remunerated at the rate set out in article 39-1-3 of the General Tax Code. On 31 March 2006, the amount of the advance was repaid in the context of the refinancing transaction with the Eurohypo Bank AG. The amount of interest paid at 31 March 2006 was EUR 796,036.

2. Contract for the opening of a credit facility between C.G.I. and the company Commerz Grundbesitz France (II) E.U.R.L. on 28 November 2001, up to a maximum amount of 9,700,000 (facility A) and 40,300,000 (facility B) for a term of 5 years, remunerated at the rate set out in article 39-1-3 of the General Tax Code. On 31 March 2006, the amount of the advance was repaid in the context of the refinancing transaction with the Eurohypo Bank AG. The amount of interest paid at 31 March 2006 was EUR 221,505.

3. Contract for the opening of a credit facility between C.G.I. and the company C.G. - Arcs de Seine E.U.R.L. on 24 June 1999, and renewed by amendment on 28 August 2000 and renewed by amendment on 26 August 2005, for a maximum amount of

EUR 135,000,000 for a term of 5 years, remunerated at the rate set out in article 39-1-3 of the General Tax Code. On 31 March 2006, the amount of the advance was repaid in the context of the refinancing transaction with the Eurohypo Bank AG. The amount of interest paid at 31 March 2006 was EUR 229,034.

We recall that the companies C.G. - Arcs de Seine E.U.R.L. and Commerz Grundbesitz France (II) E.U.R.L. were absorbed by CeGeREAL (ex C.G.F.) on 31 December 2005 and that the company CeGeREAL thereby acquired the rights of those companies under the 2nd and 3rd credit contracts mentioned above.

The latter agreement had not been the subject of authorisation, since at the time the companies concerned were private limited companies under sole ownership (E.U.R.L). As required, this agreement was ratified by your Board of Directors on 19 January 2006.

Done in Paris and Paris La Défense, on 22 June 2006

Charles LEGUIDE

Charles LEGUIDE – Partner

KPMG Audit
A division of KPMG S.A.

Fabrice ODENT - Partner

Auditors' report on the consolidated financial statements

AS OF 31 MARCH 2006

UNDER IFRS RULES

Dear shareholders,

Following your request and as statutory auditors of CeGeREAL S.A., we have audited the accompanying proforma IFRS financial statements for the period of 3 months ended 31 March 2006.

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

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at

31 March 2006 and of the results of its operations for the period then ended in accordance with IFRS as detailed in notes to financial statements.

Paris La Défense, 22 June 2006	Paris, 22 June 2006
KPMG Audit	**Charles Leguide**
A division of KPMG S.A.	
Fabrice Odent	**Charles Leguide**
Partner	**Partner**

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September 2006

CeGeREAL

21-25 rue Balzac - 75008 Paris
www.cegereal.com